

A

PROJECT REPORT

On

“Study on Marketing Strategies Related to Mutual Fund at Karvy stock broking ltd.”

A Training report submitted in the partial fulfillment of the requirement of the degree of
MBA (MASTER OF BUSINESS ADMINISTRATION)
(2013-2015)

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BABA FARID COLLEGE, DEON (BATHINDA)

DECLARATION

(Rectify the font distortions)

I declare that the summer training project report submitted to my college BABA FARID COLLAGE. In partial fulfillment for the degree of bachelor of business administration on “**Study on Marketing Strategies Related to Mutual Fund at Karvy stock broking Ltd.**”

KARVY” is a result of my own work under continuous guidance and kind co-operation of our college faculty member. I have not submitted this training report to any other university for the award of degree.

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ACKNOWLEDGEMENT

I have prepared this project with the help of the many persons working in the organization. I collected primary data from the **personnel department** but secondary and supporting data was provided by many others. A project work is never the work of a one person; rather it is a combination of ideas, suggestions, views & contribution involving various folks.

I want to thank several people for their professional assistance. They devoted their precious time and rendered generous support for my research and writing. I also want to thank all **the person of the personnel department** who gave their full support in completing my project. All the persons mentioned above not only helped me but also provided guidance for completing the project by their vast experience and professional attitude

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Add review of literature if u can

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EXECUTIVE SUMMARY

(why haven't u mentioned mutual fund)

The commencement of E-Trading and Demat has transformed the capital market in India. With the help of Demat and Trading account, buying and selling of shares has become a much faster and even process than trading with the assistance of physical broker. It provides for the assimilation of bank, broker, stock exchange and Depository Participants. This helps to get rid of the painstaking procedure of investing in stock exchange. Today, if one wants to invest in stock market, he has to contact a broker on phone or meet him personally to place order. A broker generally gives such importance and additional service only to high net worth customers. But the introduction of internet trading, even a common or a small investor gets an opportunity to avail the service at an affordable price which is much lesser than what is charged by a physical broker over the phone. Online trading has given customer a real time access to account information, stock quotes elaborated market research and interactive trading. The prerequisites of internet trading are a computer, a modem and a telephone connection, registration with broker, a bank account and depository account. The introduction of depository service is considered as the beginning of the trading of stocks @click. This means that you can arrange delivery of scrips sold anytime, anywhere to anyone by click of a mouse. Dematerialization facilities to keep the securities in electronic form instead of paper form. It offers more advantageous than the physical certificate form. Despite the advantages of Dematerialization, the awareness levels among the investors relating to Demat account is not adequate because of numerous reasons.

CHAPTER 1
INTRODUCTION TO
COMPANY & TOPIC

INTRODUCTION TO THE COMPANY

KARVY is a premier integrated financial services provider, and ranked among the top five in the country in all its business segments, services over 20 million individual investors in various capacities, and provides investor services to over 300 corporates, comprising the who's who of Corporate India. KARVY covers the entire spectrum of financial services such as Stock broking, Depository Participants, Distribution of financial products like mutual funds, bonds, fixed deposit, Merchant Banking & Corporate Finance, Insurance Broking, Commodities Broking, Realty Services, Personal Finance Advisory Services, placement of equity, IPOs, among others. Karvy has a professional management team and ranks among the best in technology, operations, and more importantly, in research of various industrial segments.

HISTORY OF KARVY

The birth of Karvy was on a modest scale in 1981. It began with the vision and enterprise of a small group of practicing Chartered Accountants who founded the flagship company ...Karvy Consultants Limited. We started with consulting and financial accounting automation, and carved inroads into the field of registry and share accounting by 1985. Since then, we have utilized our experience and superlative expertise to go from strength to strength...to better our services, to provide new ones, to innovate, diversify and in the process, evolved Karvy as one of India's premier integrated financial service enterprise.

Thus over the last 20 years Karvy has traveled the success route, towards building a reputation as an integrated financial services provider, offering a wide spectrum of services. And we have made this journey by taking the route of quality service, path breaking innovations in service, versatility in service and finally...totality in service. Our highly qualified manpower, cutting-edge technology, comprehensive infrastructure and total customer-focus has secured for us the position of an emerging financial services giant enjoying the confidence and support of an enviable clientele across diverse fields in the financial world.

Our values and vision of attaining total competence in our servicing has served as the building block for creating a great financial enterprise, which stands solid on our fortresses of financial strength - our various companies.

With the experience of years of holistic financial servicing behind us and years of complete expertise in the industry to look forward to, we have now emerged as a premier integrated financial services provider.

And today, we can look with pride at the fruits of our mastery and experience – comprehensive financial services that are competently segregated to service and manage a diverse range of customer requirements.



As the flagship company of the Karvy Group, Karvy Consultants Limited has always remained at the helm of organizational affairs, pioneering business policies, work ethic and channels of progress.

Having emerged as a leader in the registry business, the first of the businesses that we ventured into, we have now transferred this business into a joint venture with Computershare Limited of Australia, the world's largest registrar. With the advent of depositories in the Indian capital market and the relationships that we have created in the registry business, we believe that we were best positioned to venture into this activity as a Depository Participant. We were one of the early entrants registered as Depository Participant with NSDL (National Securities Depository Limited), the first Depository in the country and then with CDSL (Central Depository Services Limited). Today, we service over 6 lakhs customer accounts in this business spread across over 250 cities/towns in India and are ranked amongst the largest Depository Participants in the country. With a growing secondary market presence, we have transferred this business to Karvy Stock Broking Limited (KSBL), our associate and a member of NSE, BSE and HSE.

IT enabled services

Our Technology Services division forms the ideal platform to unleash our technology initiatives and make our presence felt on the Internet. Our past achievements include many quality websites designed, developed and deployed by us. We also possess our own web hosting facilities with dedicated bandwidth and a state-of-the-art server farm (data center) with services functioning on a variety of operating platforms such as Windows, Solaris-Linux-Unix etc.

The corporate website of the company, “www.karvy.com”, gives access to in-depth information on financial matters including Mutual Funds, IPOs, Fixed Income Schemes, Insurance, Stock Market and much more. A link called ‘Resource Center’, devoted solely to research conducted by our team of experts on various financial aspects like ‘Sector Research’, deals exclusively with in-depth analysis of the key sectors of the Indian economy. Besides, a host of other links like ‘My Portfolio’ which acts as a personalized and customized financial measure, makes this site extremely informative about investment options, market trends, news as also about our company and each of the services offered here.

STOCK BROKING SERVICES



It is an undisputed fact that the stock market is unpredictable and yet enjoys a high success rate as a wealth management and wealth accumulation option. The difference between unpredictability and a safety anchor in the market is provided by in-depth knowledge of market functioning and changing trends, planning with foresight and choosing one's options with care. This is what we provide in our Stock Broking services.

We offer services that are beyond just a medium for buying and selling stocks and shares. Instead we provide services which are multi dimensional and multi-focused in their scope. There are several advantages in utilizing our Stock Broking services, which are the reasons why it is one of the best in the country.

We offer trading on a vast platform; National Stock Exchange, Bombay Stock Exchange and Hyderabad Stock Exchange. More importantly, we make trading safe to the maximum possible extent, by accounting for several risk factors and planning accordingly. We are assisted in this task by our in-depth research, constant feedback and sound advisory facilities. Our highly skilled research team, comprising of technical analysts as well as fundamental specialists, secure result-oriented information on market trends, market analysis and market predictions.

you more informed on the immediate trends in the stock market. In addition, our specific industry reports give comprehensive information on various industries. Besides this, we also offer special portfolio analysis packages that provide daily technical advice on scrips for successful portfolio management and provide customized advisory services to help you make the right financial moves that are specifically suited to your portfolio..

To empower the investor further we have made serious efforts to ensure that our research calls are disseminated systematically to all our stock broking clients through various delivery channels like email, chat, SMS, phone calls etc.

Our foray into commodities broking has been path breaking and we are in the process of converting existing traders in commodities into the more organized mainstream of trading in commodity futures, both as a trading and risk hedging mechanism.

In the future, our focus will be on the emerging businesses and to meet this objective, we have enhanced our manpower and revitalized our knowledge base with enhanced focus on Futures and Options as well as the commodities business.

DEPOSITORY PARTICIPANTS



The onset of the technology revolution in financial services Industry saw the emergence

of Karvy as an electronic custodian registered with **National Securities Depository Ltd (NSDL) and Central Securities Depository Ltd (CSDL)** in 1998. Karvy set standards enabling further comfort to the investor by promoting paperless trading across the country and emerged as the **top 3 Depository Participants** in the country in terms of customer serviced.

Offering a wide trading platform with a dual membership at both NSDL and CDSL, we are a powerful medium for trading and settlement of dematerialized shares. We have established live DPMs, Internet access to accounts and an easier transaction process in order to offer more convenience to individual and corporate investors. A team of professional and the latest technological expertise allocated exclusively to our demat division including technological enhancements like SPEED-e, make our response time quick and our delivery impeccable. A wide national network makes our efficiencies accessible to all.

UTI MUTUL FUND



UTI MUTUL FUND:

To be the most Preferred Mutual Fund.

Our mission is to make UTI Mutual Fund:

- The most trusted brand, admired by all stakeholders.
- The largest and most efficient money manager with global presence.
- The best in class customer service provider.
- The most preferred employer.
- The most innovative and best wealth creator.

Assets under Management

UTIAMC presently manages a corpus of over Rs. 67,978 Crores* as on 30th June 2009 (source: www.amfiindia.com). UTI Mutual Fund has a track record of managing a variety of schemes catering to the needs of every class of citizens. It has a nationwide network consisting 114 UTI Financial Centres (UFCs) and UTI International offices in London, Dubai and Bahrain. With a view to reach to common investors at district level, 1 satellite office have also been opened.

UTIAMC has a well-qualified, professional fund management team, which has been fully empowered to manage funds with greater efficiency and accountability in the sole interest of the unit holders. The fund managers are ably supported by a strong in-house securities research department. To ensure investors' interests, a risk management department is also in operation.

Reliability

UTIMF has consistently reset and upgraded transparency standards. All the branches, UFCs and registrar offices are connected on a robust IT network to ensure cost-effective quick and efficient service. All these have evolved UTIMF to position as a dynamic, responsive, restructured, efficient and transparent entity, fully compliant with SEBI regulations.

Achievements

Awards received by UTI Mutual Fund

- UTI MF CNBC Award 2009...more
- UTI Mutual Fund sweeps ICRA mutual fund Award 2009...
- UTI MF wins the Best Debt Fund House Award...
- Golden Peacock Innovative Product/Service Award-2008...
- Loyalty Awards - 2009...
- Lipper Fund Awards09-UTI Mahila Unit-5 yrs...
- Lipper Fund Awards09-UTI Mahila Unit-3 yrs...
- Reader's Digest Trusted Brand 2008...
- Lipper Fund Awards - Gulf 2008...
- Top Performing Infrastructure Fund - Income...
- Brand loyalty Awards 2008...
- Four ICRA 7 Star Gold Award...
- Four ICRA 5 Star Award...
- ICRA Mutual Fund Award 2007...
- Lipper Fund Awards 2007...
- CRISIL-CNBC-TV18-Mutual Fund of the year Award 2007...
- ICRA Mutual Fund Award 2006...
- Lipper Fund Awards...
- CNBC India Mutual Fund of the Year Award...
- UTI Nifty Index Fund wins Gold at ICRA Online...
- UTI Dynamic Equity Fund wins Silver at ICRA Online...

Investment Philosophy

UTI Mutual Fund's investment philosophy is to deliver consistent and stable returns in the medium to long term with a fairly lower volatility of fund returns compared to the broad market. It believes in having a balanced and well-diversified portfolio for all the funds and a rigorous in-house research based approach to all its investments. It is committed to adopt and maintain good fund management practices and a process based investment management.

UTI Mutual Fund follows an investment approach of giving as equal an importance to asset allocation and sectoral allocation, as is given to security selection while managing any fund. It combines top-down and bottom-up approaches to enable the portfolios/funds to adapt to different market conditions so as to prevent missing an investment opportunity.

In terms of its funds performance, UTI Mutual Fund aims to consistently remain in the top quartile vis-à-vis the funds in the peer group.

Mumbai

1st Feb 2003

Sponsors

Three leading public sector banks – Bank of Baroda, Punjab National Bank and State Bank of India and Life Insurance Corporation of India (LIC), the largest public financial investment institution and life insurer in India are the sponsors of UTI Mutual Fund.

Bank of Baroda:-

Bank of Baroda is a commercial bank performing activities in terms of Banking Companies (Acquisition and Transfer of Undertakings Act 1970) under which the Undertaking of the Bank was taken over by the Central Government. During the period since inception, it has always maintained its practice of sound value based banking to emerge as one of the premier public sector Banks of the country today. It has a track record of uninterrupted profits since inception in 1908. The financial strength of the Bank and its long tradition of efficient customer service are drawn substantially from the extensive reach of its 2732 strong branch network (as of 31.03.2007) covering almost every State and Union Territory in the Country. The Bank is also one of the few Indian Banks with a formidable presence overseas with 40 branches. Thus, the total branch network is 2,772 as at 31.03.2007.

Life Insurance Corporation of India

Life Insurance Corporation of India (LIC) is amongst the largest insurance companies in the world, with 2048 branches and having a Fund size of Rs.-5,60,806.33 crore.

Punjab National Bank

Punjab National Bank is a commercial bank performing activities in terms of Banking Companies (Acquisition and Transfer of Undertakings Act 1970) under which the Undertaking of the Bank was taken over by the Central Government. The main object of the bank under the said Act is as below:- An act to provide for the acquisition and transfer of the undertaking of certain banking companies, having regard to their size, resources coverage and organisation, in order to further to control the heights of the economy, to meet progressively and serve better, the needs of the development of the economy and to

promote the welfare of the people, in conformity with the policy of the State towards securing the principles laid down in clause (b) and (c) of Article 39 of the Constitution of India and for matter connected therewith or incidental therein. As on 31.03.2007 Punjab National Bank has 4539 domestic offices including 421 extension counters, 2 subsidiaries and a deposit size of Rs.1, 39,860 crores.

State Bank of India:

The State Bank of India is the largest public sector bank in India with 9517 branches in India and 83 offices in 32 countries worldwide. In addition to this, SBI also has 21 subsidiaries.

The sponsors are not responsible nor liable for any loss resulting from the operation of the scheme beyond the contribution of an amount of Rs.10,000/- made by them towards setting up of the Mutual Fund.

UTI MF Overview

UTI Asset Management Co. Ltd. (UTIAMC) is a company incorporated under The Companies Act, 1956.

The paid up capital of UTIAMC has been subscribed equally by four sponsors: State Bank of India, Life Insurance Corporation of India, Bank of Baroda and Punjab National Bank. UTIAMC, apart from managing the schemes of UTI Mutual Fund, also manages the schemes transferred/migrated from the erstwhile Unit Trust of India, in accordance with the provisions of the Investment Management Agreement, the Trust Deed, the SEBI (Mutual Funds) Regulations and the objectives of the schemes.

UTIAMC has also entered into a service agreement with the Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI) to provide them with back office support for

Subsidiaries

UTI Retirement Solutions Ltd. (UTIRSL), is a 100% subsidiary of UTIAMC which was incorporated in December, 2007 and started operations w.e.f. March, 2008. UTIRSL has been set up to carry out the operations as a Pension Fund Manager under the New Pension System set up by Pension Fund Regulatory and Development Authority (PFRDA).

UTIRSL was initially appointed by the NPS to manage the pension funds of the government employees. In March, 2009, the Company has also been appointed by NPS for management of pension funds for non-government employees.

RELIANCE MUTUAL FUND

Reliance Mutual Fund (RMF) is one of India's leading Mutual Funds, with Assets Under Management (AUM) of Rs. 93,532 crore (AUM as on 29th Feb 08) and an investor base of over 65.73 Lakhs. Reliance Mutual Fund, a part of the Reliance - Anil Dhirubhai Ambani Group, is one of the fastest growing mutual funds in the country. RMF offers investors a well-rounded portfolio of products to meet varying investor requirements and has presence in 115 cities across the country. Reliance Mutual Fund constantly endeavors to launch innovative products and customer service initiatives to increase value to investors. "Reliance Mutual Fund schemes are managed by Reliance Capital Asset Management Limited., a subsidiary of Reliance Capital Limited, which holds 93.37% of the paid-up capital of RCAM, the balance paid up capital being held by minority shareholders."Reliance Capital Ltd. is one of India's leading and fastest growing private sector financial services companies, and ranks among the top 3 private sector financial services and banking companies, in terms of net worth. Reliance Capital Ltd. has interests in asset management, life and general insurance, private equity and proprietary investments, stock broking and other financial services.



About Us

HDFC Asset Management Company Limited (AMC)

HDFC Asset Management Company Ltd (AMC) was incorporated under the Companies Act, 1956, on December 10, 1999, and was approved to act as an Asset Management Company for the HDFC Mutual Fund by SEBI vide its letter dated July 3, 2000.

The registered office of the AMC is situated at Ramon House, 3rd Floor, H.T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai - 400 020.

In terms of the Investment Management Agreement, the Trustee has appointed the HDFC Asset Management Company Limited to manage the Mutual Fund. The paid up capital of the AMC is Rs. 25.161 crore.

ICICI PRU. MUTUL FUND



ICICI Prudential mutual fund is a joint venture between ICICI Bank, a premier financial powerhouse, and Prudential plc, a leading international financial services group headquartered in the United Kingdom. ICICI Prudential was amongst the first private sector insurance companies to begin operations in December 2000 after receiving approval from Insurance Regulatory Development Authority (IRDA).

ICICI Prudential's capital base stands at Rs. 20.26 billion with ICICI Bank and Prudential plc holding 74% and 26% stake respectively. For the past five years, ICICI Prudential has retained its position as the No. 1 private life insurance in the country, with the wide range of flexible products that meet the needs of the Indian customer at every step in life. In the first quarter of financial year 2006-07 we have crossed the new milestone of insuring the lives of more than 2.5 million policy holders. Today our nation-wide team comprises of over 580 offices, over 234000 advisors; and 22 bank assurance partners.

This rating is determined after a thorough evolution of company's financial processes, risk management framework, product mix, market share, etc. Over the past five years

INTRODUCTION TO PROJECT

MUTUAL FUND

A Mutual Fund is a body corporate registered with SEBI (Securities Exchange Board of India) that pools money from individuals/corporate investors and invests the same in a variety of different financial instruments or securities such as equity shares, Government securities, Bonds, debentures etc. Mutual funds can thus be considered as financial intermediaries in the investment business that collect funds from the public and invest on behalf of the investors. Mutual funds issue units to the investors. The appreciation of the portfolio or securities in which the mutual fund has invested the money leads to an appreciation in the value of the units held by investors. The investment objectives outlined by a Mutual Fund in its prospectus are binding on the Mutual Fund scheme. The investment objectives specify the class of securities a Mutual Fund can invest in. Mutual Funds invest in various asset classes like equity, bonds, debentures, commercial paper and government securities. The schemes offered by mutual funds vary from fund to fund. Some are pure equity schemes; others are a mix of equity and bonds. Investors are also given the option of getting dividends, which are declared periodically by the mutual fund, or to participate only in the capital appreciation of the scheme.

TYPES OF MUTUAL FUNDS

Mutual funds are classified in the following manner:

(a) On the basis of Objective

Equity Funds/ Growth Funds

Funds that invest in equity shares are called equity funds. They carry the principal objective of capital appreciation of the investment over the medium to long-term. They are best suited for investors who are seeking capital appreciation. There are different types of equity funds such as Diversified funds, Sector specific funds and Index based funds.

Diversified funds

These funds invest in companies spread across sectors. These funds are generally meant for risk-averse investors who want a diversified portfolio across sectors.

Sector funds

These funds invest primarily in equity shares of companies in a particular business sector or industry. These funds are targeted at investors who are bullish or fancy the prospects of particular sector funds.

Tax Saving Funds

These funds offer tax benefits to investors under the Income Tax Act. Opportunities provided under this scheme are in the form of tax rebates under the Income Tax act.

Debt/Income Funds

These funds invest predominantly in high-rated fixed-income-bearing instruments like bonds, debentures, government securities, commercial paper and other money market

instruments. They are best suited for the medium to long-term investors who are averse to risk and seek capital preservation. They provide a regular income to the investor.

Gilt Funds

These funds invest in Central and State Government securities. Since they are Government backed bonds they give a secured return and also ensure safety of the principal amount. They are best suited for the medium to long-term investors who are averse to risk.

b) On the basis of Flexibility

Open-ended Funds

These funds do not have a fixed date of redemption. Generally they are open for subscription and redemption throughout the year. Their prices are linked to the daily net asset value (NAV). From the investors' perspective, they are much more liquid than closed-ended funds.

Close-ended Funds

These funds are open initially for entry during the Initial Public Offering (IPO) and thereafter closed for entry as well as exit. These funds have a fixed date of redemption. One of the characteristics of the close-ended schemes is that they are generally traded at a discount to NAV; but the discount narrows as maturity nears. These funds are open for subscription only once and can be redeemed only on the fixed date of redemption. The units of these funds are listed on stock exchanges (with certain exceptions), are tradable and the subscribers to the fund would be able to exit from the fund at any time through the secondary market.

Different investment plans that Mutual Funds offer

The term 'investment plans' generally refers to the services that the funds provide to investors offering different ways to invest or reinvest. The different investment plans are

an important consideration in the investment decision, because they determine the flexibility available to the investor. Some of the investment plans offered by mutual funds in India are:

Growth Plan and Dividend Plan

A growth plan is a plan under a scheme wherein the returns from investments are reinvested and very few income distributions, if any, are made. The investor thus only realizes capital appreciation on the investment. Under the dividend plan, income is distributed from time to time. This plan is ideal to those investors requiring regular income.

As per SEBI Regulations on Mutual Funds, an investor is entitled to:

1. Receive Unit certificates or statements of accounts confirming your title within 6 weeks from the date your request for a unit certificate is received by the Mutual Fund.
2. Receive information about the investment policies, investment objectives, financial position and general affairs of the scheme.
3. Receive dividend within 42 days of their declaration and receive the redemption or repurchase proceeds within 10 days from the date of redemption or repurchase.
4. The trustees shall be bound to make such disclosures to the unit holders as are essential in order to keep them informed about any information, which may have an adverse bearing on their investments.
5. 75% of the unit holders with the prior approval of SEBI can terminate the AMC of the fund.

ADVANTAGES OF MUTUL FUND

Mutual Funds offer several benefits to an investor that unmatched by the other investment options. The major benefits are good post-tax returns and reasonable safety, the other benefits in investing in Mutual Funds are

PROFESSIONAL MANAGEMENT:

Mutual Funds employ the services of experienced and skilled professionals and dedicated investment research team. The whole team analyses the performance and balance sheet of companies and selects them to achieve the objectives of the scheme.

POTENTIAL RETURN:

Mutual Funds have the potential to provide a higher return to an investor than any other option over a reasonable period of time.

DIVERSIFICATION:

Mutual Funds invest in a number of companies across a wide cross section of industries and sectors.

LIQUIDITY:

The investor can get the money promptly at the net asset value related prices from the Mutual Funds open-ended schemes. In close-ended schemes, the units can be sold on a stock exchange at the prevailing market price.

TRANSPARENCY:

Mutual Funds have to disclose their holdings, investment pattern and the necessary information before all investors under a regulation framework.

FLEXIBILITY:

Investment in Mutual Funds offers a lot of flexibility with features of schemes such as regular investment plan, regular withdrawal plans and dividend reinvestment plans enabling systematic investment or withdrawal of funds.

WELL REGULATED:

All Mutual Funds are registered with SEBI, and SEBI acts a watchdog, so the Mutual Funds are well regulated

DISADVANTAGES OF MUTUAL FUNDS

FLUCTUATING RETURNS:

Mutual funds are like many other investments without a guaranteed return. There is always the possibility that the value of your mutual fund will depreciate. Unlike fixed-income products, such as bonds and Treasury bills, mutual funds experience price fluctuations along with the stocks that make up the fund.

DIVERSIFICATION:

Although diversification is one of the keys to successful investing, many mutual fund investors tend to over diversify. The idea of diversification is to reduce the risks associated with holding a single security; over diversification (also known as diworsification) occurs when investors acquire many funds that are highly related and so don't get the risk reducing benefits of diversification.

CASH, CASH AND MORE CASH:

Mutual funds pool money from thousands of investors, so everyday investors are putting money into the fund as well as withdrawing investments. To maintain liquidity and the capacity to accommodate withdrawals, funds typically have to keep a large portion of their portfolio as cash. Having ample cash is great for liquidity, but money sitting around as cash is not working for you and thus is not very advantageous.

COSTS:

In mutual funds the fees are classified into two categories: shareholder fees and annual fund-operating fees.

The shareholder fees, in the forms of loads and redemption fees are paid directly by shareholders purchasing or selling the funds. The annual fund operating fees are charged as an annual percentage - usually ranging from 1-3%. These fees are assessed to mutual fund investors regardless of the performance of the fund. When the fund doesn't make money these fees only magnify losses.

MISLEADING ADVERTISEMENTS:

The misleading advertisements of different funds can guide investors down the wrong path. Some funds may be incorrectly labeled as growth funds, while others are classified as small-cap or income.

EVALUATING FUNDS:

Another disadvantage of mutual funds is the difficulty they pose for investors interested in researching and evaluating the different funds. Unlike stocks, mutual funds do not offer investors the opportunity to compare the P/E ratio, sales growth, earnings per share, etc.

TAX ASPECT OF MUTUAL FUND

DIVIDEND MADE TAX-FREE

Dividend received from a domestic company and income distributed by UTI-I or any MF, to its unit holders has been made tax-free from 1.4.03 onwards. However, dividend declared, distributed or paid by such sources shall be charged a distribution tax of @16.995% flat. This distribution tax is in addition to the normal income tax payable by them.

CAPITAL GAIN TAX:

Capital gains are generated through the sale of stocks, bonds and other investments, which have appreciated in value, from the fund's portfolio. There are no capital gain tax on MF and stock market. While STCG are subject to Tax@10% even traded through stock exchange and security from stock exchange and security from action tax has been paid. Unquoted shares/ MF are subject to tax at normal rate of tax.

INCOME RECEIVED FROM MUTUAL FUND:

The Internal Revenue Service might depend upon the nature of your mutual fund investment. Generally, most income generated from a mutual fund account, with the exception of tax-exempt money market or municipal bond funds, is subject to federal taxes as ordinary income or capital gains

WEALTH TAX:

Under sec 2(1)(e) of Wealth tax Act it is not treated as an asset. Therefore this is exempted from tax liability.

GIFT TAX:

Mutual Fund may be given as a gift and no tax is applicable by donor or donee

TDS ON REDEMPTION:

No TDS is required to be deducted from capital gain at the time of redemption in case of mutual fund.

TAX BENEFITS ON INVESTMENT IN MUTUAL FUND:

- (1) 100% Income Tax Exemption on all Mutual Fund dividends.
- (2) Capital Gains tax to be lower of –
 - 10% on the capital gains without factoring indexation benefits and
 - 20% on the capital gains after factoring indexation benefits.
- (3) Open-end funds with equity exposure of more than 50% are exempt of dividend tax for a period of 3 years from 1999-2000.

MUTUAL FUNDS IN INDIA



reLIANCE Mutual Fund

Anil Dhirubhai Ambani Group



CHAPTER 2
OBJECTIVES TO STUDY

OBJECTIVE OF THE STUDY

The specific objective can be enumerated as following-

1. To study the marketing strategies related to Mutual Fund at Karvy Stock Broking Ltd.
2. **To analyse the current** trends of Mutual Funds in the Indian Market.

CHAPTER 3
RESEARCH METHODOLOGY
LIMITATIONS

RESEARCH METHODOLOGY

Research Design:

The sample was selected of them who are the customers/visitors of Karvy Stock Broking Ltd, Mall Road Bathinda, irrespective of them being investors of not or availing the services of not. It was also collected through **personal visits** ? to persons, by formal and informal talks and through filling up the questionnaire prepared. The data has been analyzed by using mathematical/Statistical tool.

- **Descriptive Research:** It is that type of research which can explain what had happened and what is happening
- **Data Collection**
- **Primary Data**

Primary data are those, which are collected a fresh and for the first time, and thus happen to be original in character. It is the backbone of any study. In this project, Data is collected through a questionnaire.

- **Secondary Data**

Secondary data are those which have already been collected by someone else and which have already been passed through the statistical process. Secondary sources are books, internet, magazines etc.

Sampling Design

Data has been presented with the help of bar graph, picture charts, line graph etc.

- **Sampling Unit:** Bathinda
- **Sampling Size:** The sample of my project is limited to 100 people only. Out of which only 75 people had invested in Mutual Fund. Other 25 people did not have invested in Mutual Fund.—How u knew this in starting ?

LIMITATIONS OF THE STUDY

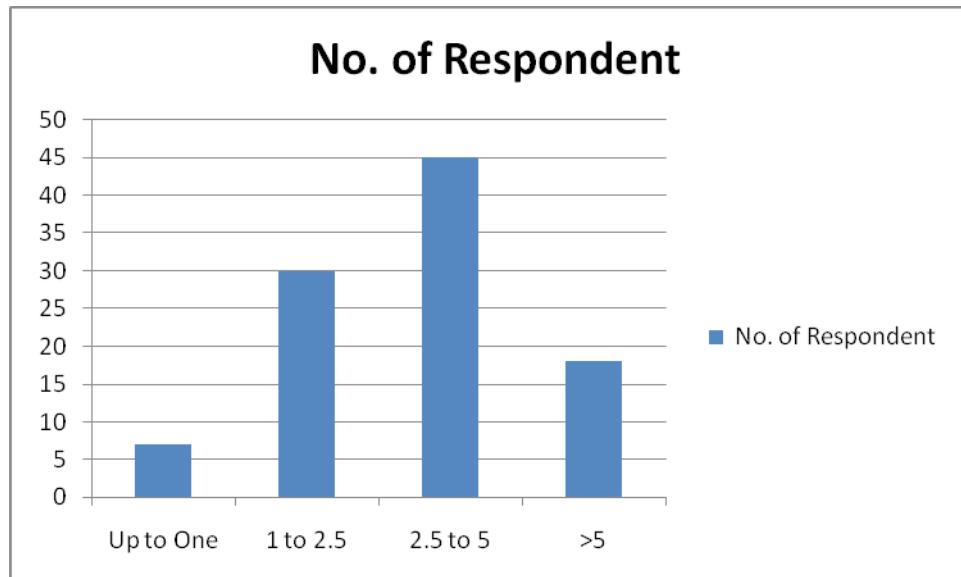
- Lead provided me was not sufficient.
- Due to paucity of time, sample size limited up to 120(it was 100 in last para) respondents only.
- Most of the investors did not respond well & might have replied incorrectly.
- it was difficult to fix appointment with clients due to their tight schedule.
- The reliability of data collected and analyzed depends upon the sources of data.
- Some investors did not want to reveal fact figures of their earnings and investment.
- The lead provided me was limited to Bathinda only. It was not enough for my summer training Topic.

CHAPTER 4

ANALYSIS & INTERPRETATION

Q.1 Which Income bracket best describe your annual income?

Income (Rs. in lakh)	No. of Respondent
Up to One	7
1 to 2.5	30
2.5 to 5	45
>5	18
Total	100

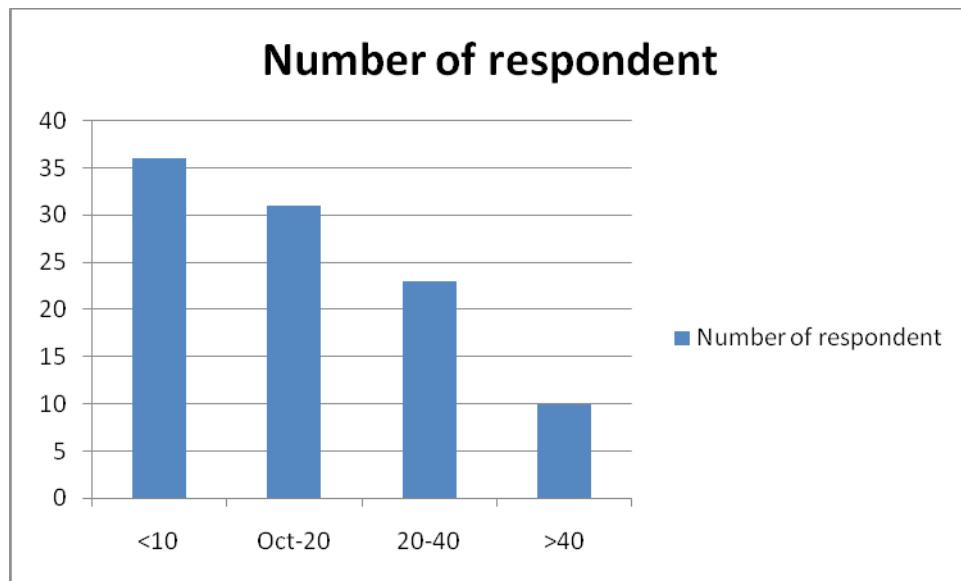


Description:

- Majority of the investors comes under the income 2.5 to 5 lakh.
- About 18 respondents come under the income more than 5 lakh.
- Least 7 respondents come under the income up to 1 lakh.

Q.2 How much of total investment do you invest in mutual fund?

Investment (in %)	Number of respondent
<10	36
10-20	31
20-40	23
>40	10
Total	100

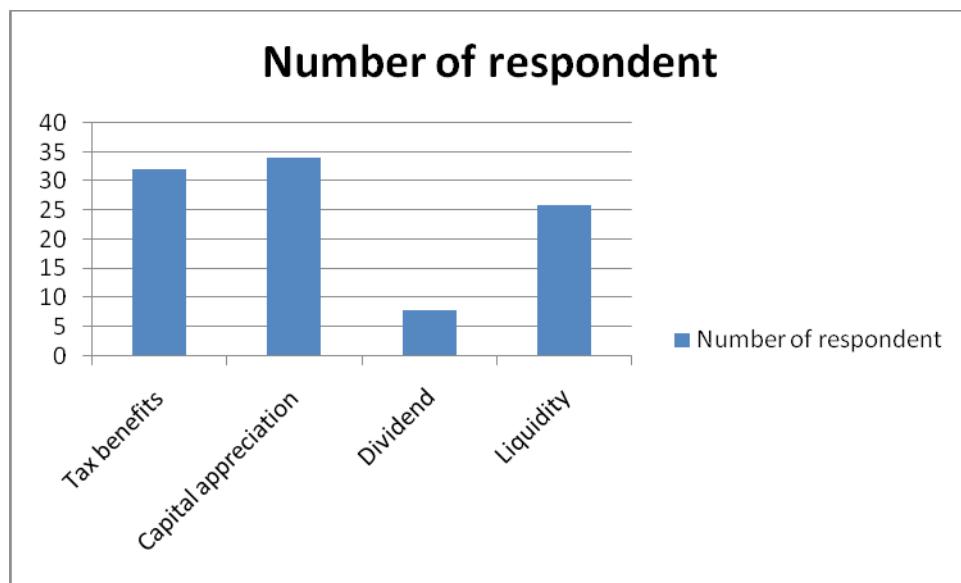


Description:

- 36 of the respondents invest less than 10% in mutual fund out of their total investment compare to 31 who invest their 10-20(Put % wherever required) of their total investment.
- 23% respondents invest 20-40 of their total investment where as respondent greater than 40 invest of their total investment in mutual fund.

Q.3 What is the Primary objective of your investment?

Objectives	Number of respondent
Tax benefits	32
Capital appreciation	34
Dividend	08
Liquidity	26
Total	100

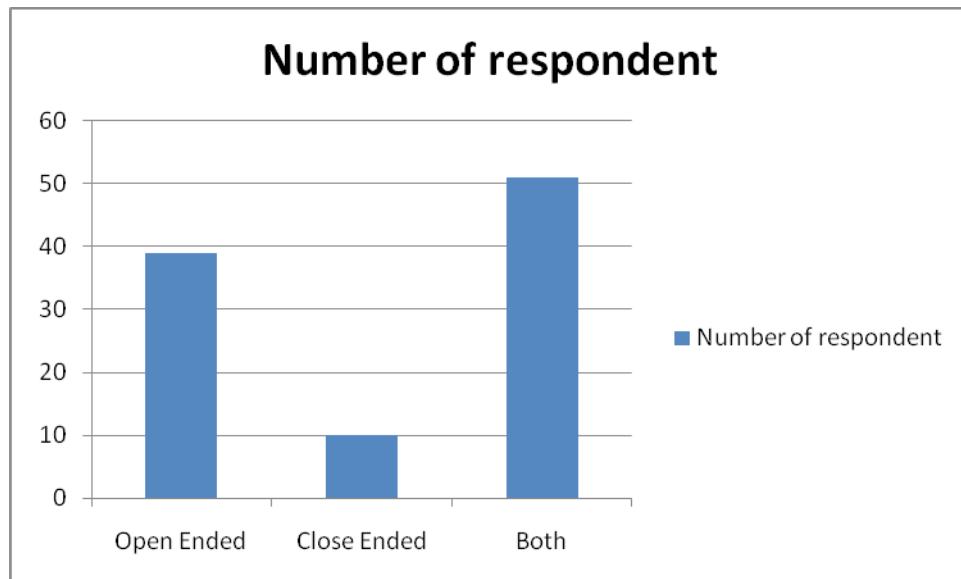


Description:

- About 34 of the respondent's primary objective is capital appreciation. Tax benefit is the second objective of the respondent 31.
- Liquidity as a primary objective constitute only 26. 8 invest for the objective of dividend.

Q.4 Which of the following types of Mutual Fund do you invest in?

Types of Mutual Fund	Number of respondent
Open Ended	39
Close Ended	10
Both	51
Total	100

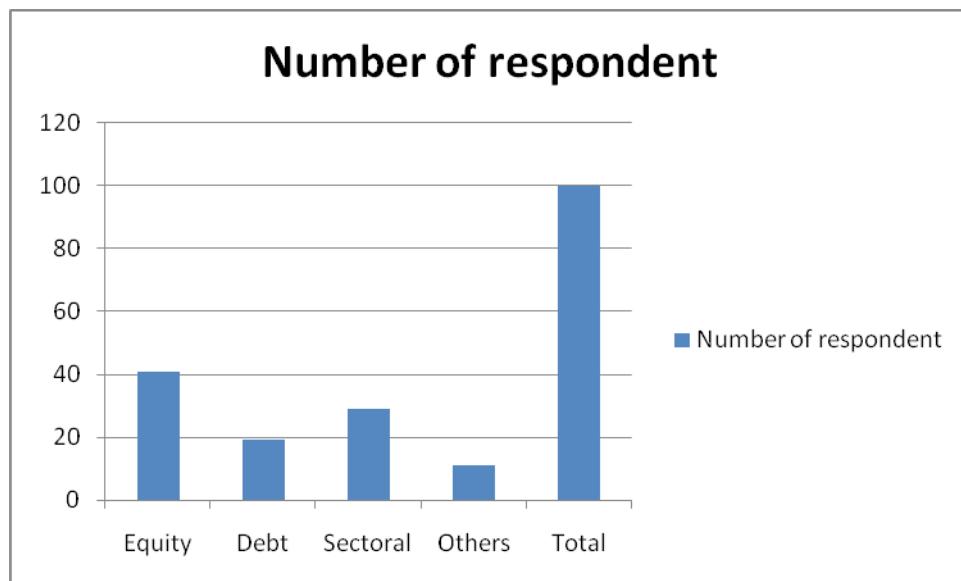


Description:

- Open ended schemes constitute 39 of the total respondents. Where as only 10 constitute close ended schemes.
- Both open ended and close ended constitute about half of the respondent (51).

Q.5 What is your preference of investment among the following schemes?

Schemes	Number of respondent
Equity	41
Debt	19
Sectoral	29
Others	11
Total	100

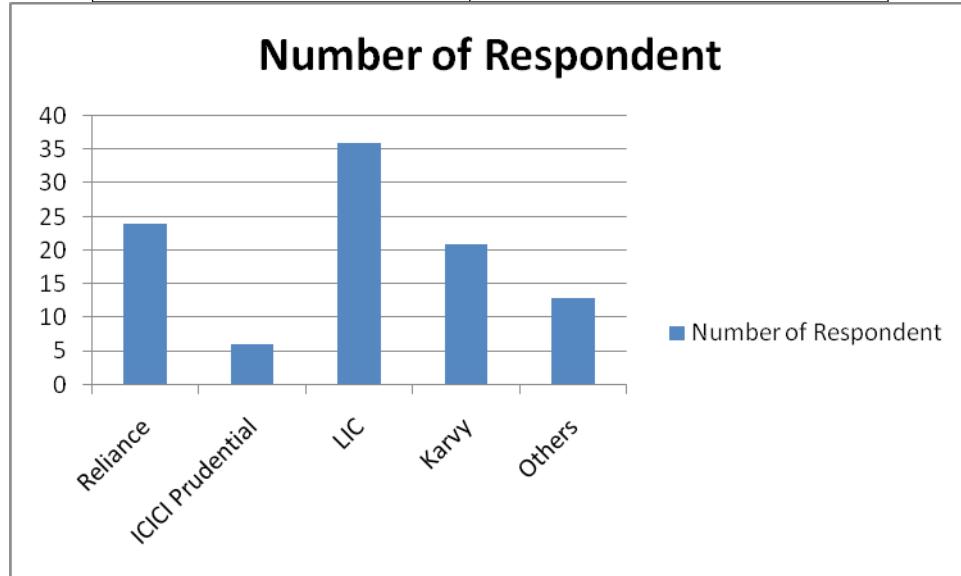


Description:

- Equity schemes are the most preferred (41), then sectoral schemes (29).
- Debt schemes constitute 19 and others constitute only 11.

Q.6 Which of the following company's (Mutual Fund) did you make maximum investment in?

Companies	Number of Respondent
Reliance	24
ICICI Prudential	06
LIC	36
Karvy	21
Others	13
Total	100

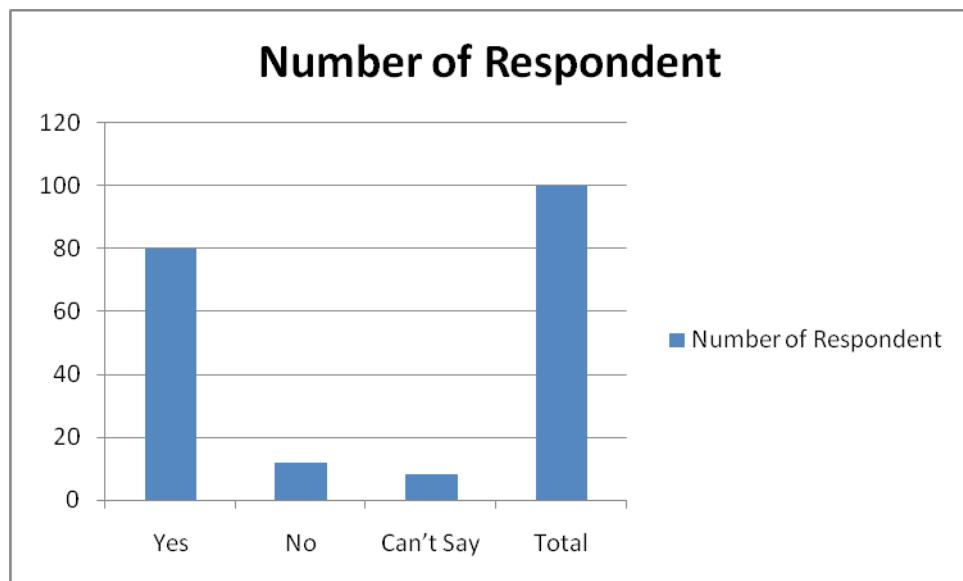


Description:

- Reliance mutual fund is widely expected (second position) just after LIC which constitute 36 of the respondents. Karvy on 3rd (21).
- ICICI Prudential is least popular (only 6).
- Others mutual funds constitute 13 of the respondents.

Q.7 Do you think that the performance of Mutual Fund Company effect the criteria of Investment?

Opinion	Number of Respondent
Yes	80
No	12
Can't Say	08
Total	100

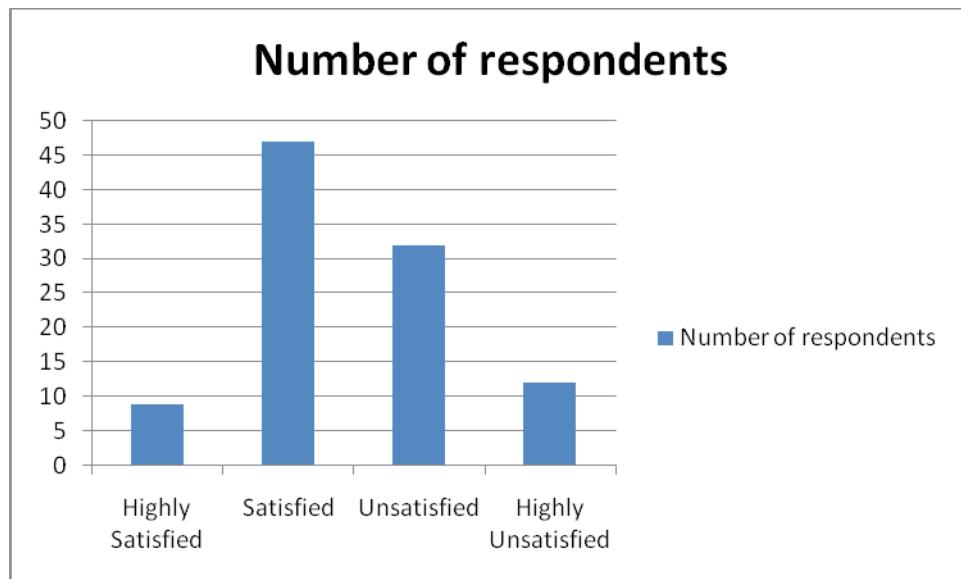


Description:

- Maximum of the respondents (80) think that the performance of Mutual Fund Company effect the criteria of investment whereas 12 don't believe so.
- 8 are unable to say anything.

Q.8 Are you satisfy with the return or your present investment?

Opinion	Number of respondents
Highly Satisfied	09
Satisfied	47
Unsatisfied	32
Highly Unsatisfied	12
Total	100

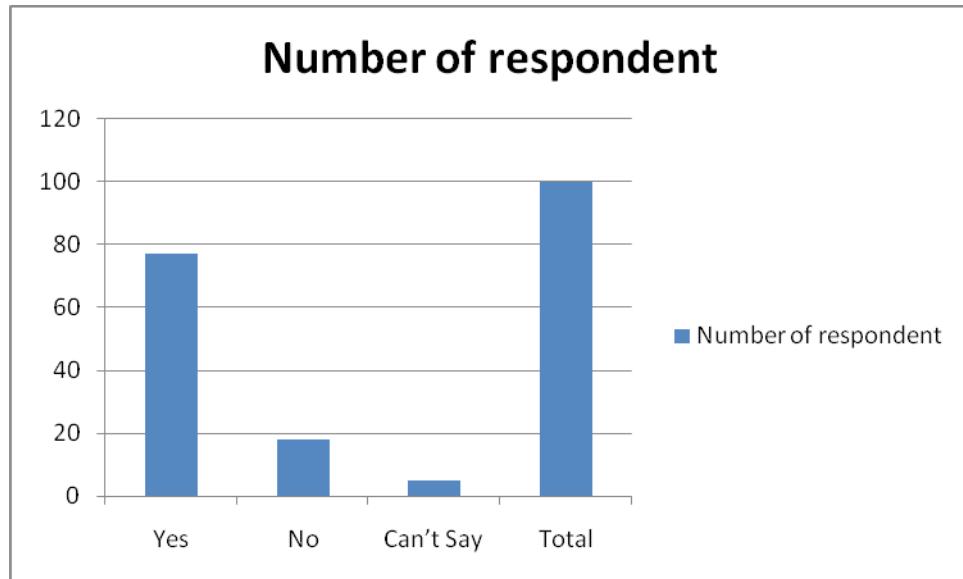


Description:

- About half of the respondents (47) are satisfied with return of their present investment. On the other hand 32 are unsatisfied also.
- 9 of the respondents are highly satisfied compare to 12 who are highly unsatisfied.

Q.9 Do you think that mandatory of permanent account number (PAN) effect the investment?

Opinion	Number of respondent
Yes	77
No	18
Can't Say	05
Total	100

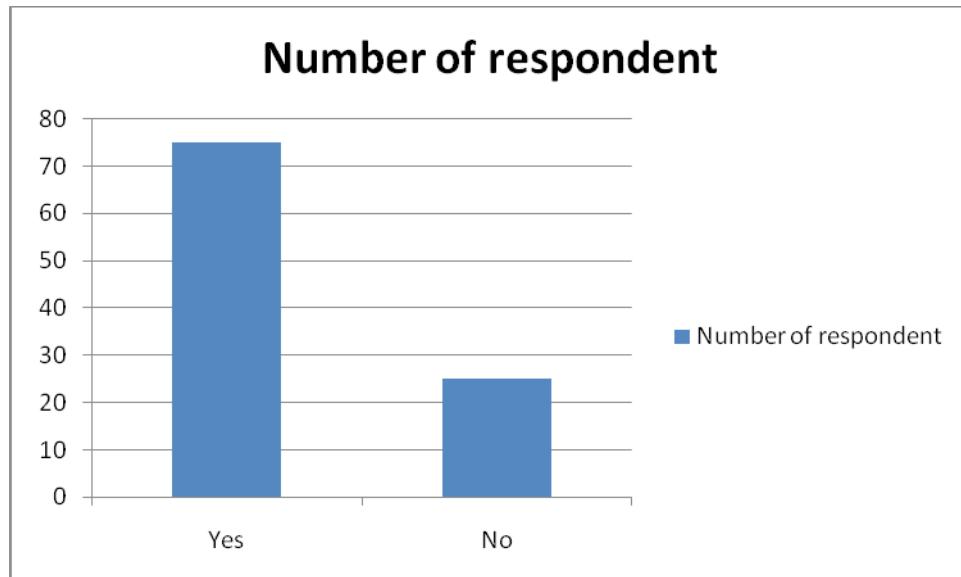


Description:

- 77 of the respondents think that mandatory PAN effect the investment. On the other hand, 18 don't believe so.
- 5 are unable to say anything.

Q.10 Do you think that Mutual Fund Investment is Profitable ?.

Opinion	Number of respondent
Yes	75
No	25



Description:

- 75 of the respondent says yes mutual Fund Investment is profitable
- 25 says no

CHAPTER 5

FINDINGS

FINDINGS

- 1) Majority of the respondent we met were Male in the age group of 30-40 yrs.
- 2) More than 65 of the investor invest only about 20(Put %) of their total investment in Mutual fund.
- 3) Majority of investors have invested in LIC(how u know this), as perhaps it's oldest and reliable trust.
- 4) Amongst the private player, Karvy Mutual fund is rapidly becoming popular among investors.
- 5) People invest in Mutual Fund Primarily for capital growth and secondarily for tax benefits % liquidity.
- 6) Majority of the investors opt for equity schemes.
- 7) Open ended schemes have more preference to close ended schemes
- 8) **Add more findings**

CHAPTER-6
RECOMMENDATIONS AND
CONCLUSION

RECOMMENDATIONS AND CONCLUSION

- 1) There is a large scope of Mutual Funds to invest in especially in suburban area.
- 2) There is need to have more promotional activities from the very grass root level such as installing canopy, advertising through print & electronic media.
- 3) People invest their savings in a trust not in a company. So investors trust should be maintained and developed by delivering best services and after sale services, value added services and after sale services.
- 4) The objective of the investment for mutual fund should be capital growth and fund should be invested in equities.
- 5) Equity schemes of Mutual Fund are the most preferred amongst investors as they give high returns over the other schemes.
- 6) Open ended scheme is highly preferred amongst customers as there may be reasons for redemption of unit at any period of time.
- 7) Performance of mutual fund should be focused on by providing necessary facts figures, award & other achievement of the trust.
- 8) Investors got their expected returns from the investment they have made already and thus it widens the scope of investment further.

Where is conclusion ??????????????

QUESTIONNAIRE

Q.1 Which Income bracket best describe your annual income?

Income (Rs. in lakh)	
Up to One	
1 to 2.5	
2.5 to 5	
>5	

Q.2 How much of total investment do you invest in mutual fund?

Investment (in %)	
<10	
10-20	
20-40	
>40	

Q.3 What is the Primary objective of your investment?

Objectives	
Tax benefits	
Capital appreciation	
Dividend	
Liquidity	

Q.4 Which of the following types of Mutual Fund do you invest in?

Types of Mutual Fund	
Open Ended	
Close Ended	
Both	

Q.5 What is your preference of investment among the following schemes?

Schemes	
Equity	
Debt	
Sectoral	
Others	

Q.6 Which of the following AMC'S (Mutual Fund) did you make maximum investment in?

AMC'S (Mutual Fund)	
Reliance	
ICICI Prudential	
LIC	
Karvy	
Others	

Q.7 Do you think that the performance of AMC effect the criteria of Investment?

Opinion	
Yes	
No	
Can't Say	

Q.8 Are you satisfy with the return or your present investment?

Highly Satisfied	
Satisfied	
Unsatisfied	
Highly Unsatisfied	

Q.9 Do you think that mandatory of permanent account number (PAN) effect the investment?

Yes	
No	
Can't Say	

Q.10 Do you think that Mutual Fund Investment is Profitable ?.

Opinion	Number of respondent
Yes	75
No	25

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