

CAMPAIGNING, PROMOTING AND SELLING OF
MUTUAL FUNDS WITH SPECIAL REFERENCE TO
NATIONAL CAPITAL REGION

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TO WHOM SO EVER IT MAY CONCERN

This is to certify that the project entitled, “CAMPAIGNING PROMOTING AND SELLING MUTUAL FUNDS WITH SPECIAL REFERENCE TO NATIONAL CAPITAL REGION”, project done for INDIAINFOLINE LIMITED MANAGERS”, submitted by Mr Jaagrit Hooda, for the partial fulfillment of the requirements for the award of two year Post Graduate Diploma in Business Management is a bonafied record of the work done by him under my guidance and that this has not been submitted by him for any other Degree or Diploma.

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Before going to the thick of things I would like to add some heartfelt words. I owe a huge debt of thanks and deep sense of gratitude to my learned guide Ms. RASHMI AWASTHI [SALES MANAGER] at INDIAINFOLINE LIMITED Kirti Nagar(Delhi) branch under whose guidance, supervision and encouragement the present study was undertaken and completed. Their sympathetic, accommodating and constructive nature remained a constant source of inspiration for me throughout the duration of this summer project.

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PREFACE

Mutual fund is a trust that pools money from a group of investors (sharing common financial goals) and invests the money thus collected into asset classes that match the stated investment objectives of the schemes. Since the stated investment objectives of a mutual fund scheme generally forms the basis for an investor's decision to contribute money to the pool, a mutual fund can not deviate from its stated objective at any point of time.

Every mutual fund is managed by a fund manager, who using his investment management skills and necessary research works ensures much better return than what an investor can manage on his own. The capital appreciation and other incomes earned from these investments are passed on to the investor (also known as unit holders) in proportion of the number of units they own. Every Asset Management Company (AMC) sells its product with the help of distributor. The distributor gets the fixed commission in return. Each Asset Management Company adopt different ways to promote their mutual fund so that they can attract more and more money.

The project focus on different ways of promoting and selling mutual funds. The project also focuses on the core basic of mutual funds, their types, their promotional schemes and my experiences of promoting and selling mutual funds.

The project also covers the new product of DEUTCH BANK i.e CAP GURD in detail.

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INTRODUCTION

1.1 EXECUTIVE SUMMARY:

The project covers an over view of the MUTUAL FUND industry. The total corpus of the AMC industry recently crossed 6 Trillion Rupees. which is around 6% of current GDP of India. This means that people in India are getting their focus shifted towards investing in a way which is safe as well as providing returns.

The project also covers CAP GUARD, a new DEUTCH BANK product. Comparison of Cap Guard with other project has also been discussed in details.

Various factors which affect the decision of investor while investing in mutual fund have been discussed in detail in the project. By the use of various statistical tools it has been find out that past return is the most important factor considered by the investors' while investing in the mutual fund scheme.

In this report we have discussed about **“Sales and Promotion of Mutual Fund in India”**

The project also discusses various ways to promote mutual funds and different ways which are adopted by AMCs to sell mutual fund in India.

To complete the project during summer training various industries and retail investors had been visited to promote mutual fund , tried to convince them to invest in mutual fund and & even personal relationships have been generated with them. The database helps India Infoline to find new clients and expands its institutional client base. This gives India Infoline monetary benefits.

1.2 OBJECTIVE:

- The characteristics, needs and importance of Mutual Fund in India.
- To find the various factors which affects the decision of investors while investing in mutual fund scheme
- To find various methods adopted by AMCs to sell Mutual Fund in India

1.3 METHODOLOGY:

TYPE OF RESEARCH

In this project **descriptive research** is used.

DATA SOURCES

Information has been gathered through **primary sources**.

QUESTIONNAIRE DESIGN

For research purpose questionnaire has been designed with **closed-ended** questions keeping in mind the objective of the research. Some questions have been designed using ordinal scale.

LOCALE

The locale of the study is **industries and people of NCR region**. It is restricted to NCR only because of time and resource constraints.

SAMPLE SIZE

The size of the sample is around 50 people considering the time constraint

INTRODUCTION OF MUTUAL FUND

2.1 INTRODUCTION OF MUTUAL FUNDS:

A mutual fund is simply a financial intermediary that allows a group of investors to pool their money together with a predetermined investment objective. The mutual fund will have a fund manager who is responsible for investing the pooled money into specific securities (usually stocks or bonds). When you invest in a mutual fund, you are buying shares (or portions) of the mutual fund and become a shareholder of the fund. Mutual funds are one of the best investments ever created because they are very cost efficient and very easy to invest in (you don't have to figure out which stocks or bonds to buy).

By pooling money together in a mutual fund, investors can purchase stocks or bonds with much lower trading costs than if they tried to do it on their own. But the biggest advantage to mutual funds is diversification.

ACCORDING TO AMFI(ASSOCIATION OF MUTUAL FUND OF INDIA) :

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them.

Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. The flow chart below describes broadly the working of a mutual fund.

2.2 CHARACTERISTICS OF A MUTUAL FUND:

- Investors own the mutual fund.
- Professional managers manage the affairs for a fee.
- The funds are invested in a portfolio of marketable
- Securities, reflecting the investment objective.
- Value of the portfolio and investors' holdings, alters with

- Change in market value of investments.

2.3 ADVANTAGES OF MUTUAL FUNDS:

The advantages of investing in a Mutual Fund are:

- Professional Management
- Diversification
- Convenient Administration
- Return Potential
- Low Costs
- Liquidity
- Transparency
- Flexibility
- Choice of schemes
- Tax benefits
- Well regulated

2.4 DISADVANTAGES OF MUTUAL FUNDS:

- No control over cost
- No tailor-made portfolio
- Managing a portfolio of fund

2.5 HISTORY OF THE INDIAN MUTUAL FUND INDUSTRY IN INDIA:

The mutual fund industry in India started in 1963 with the formation of Unit Trust of India, at the initiative of the Government of India and Reserve Bank the. The history of mutual funds in India can be broadly divided into four distinct phases

FIRST PHASE – 1964-87 Unit Trust of India (UTI) was established on 1963 by an Act of Parliament. It was set up by the Reserve Bank of India and functioned under the Regulatory and administrative control of the Reserve Bank of India. In 1978 UTI was de-linked from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. The first scheme launched by UTI

was Unit Scheme 1964. At the end of 1988 UTI had Rs.6,700 crores of assets under management.

- MF Industry started in India in 1963 with formation of UTI
- Asset under management in 1987- 88: Rs. 6700 crores
- Launch of First Scheme - US 64
- Followed by ULIP in 1971, CGGA (1986), Mastershare (1987)
- UTI was the only player in the market enjoying monopoly position huge mobilization on funds.

SECOND PHASE – 1987-1993 (Entry of Public Sector Funds) 1987 marked the entry of non- UTI, public sector mutual funds set up by public sector banks and Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC). SBI Mutual Fund was the first non- UTI Mutual Fund established in June 1987 followed by Canbank Mutual Fund (Dec 87), Punjab National Bank Mutual Fund (Aug 89), Indian Bank Mutual Fund (Nov 89), Bank of India (Jun 90), Bank of Baroda Mutual Fund (Oct 92). LIC established its mutual fund in June 1989 while GIC had set up its mutual fund in December 1990. At the end of 1993, the mutual fund industry had assets under management of Rs.47, 004 crores.

- Establishment of SBI MF – the first non UTI MF.
- Followed by Canbank MF, LIC MF, BOI MF.
- Change in the mindset of the investors
- UTI was still the undisputed leader of the market.

THIRD PHASE – 1993-2003 (Entry of Private Sector Funds) with the entry of private sector funds in 1993, a new era started in the Indian mutual fund industry, giving the Indian investors a wider choice of fund families. Also, 1993 was the year in which the first Mutual Fund Regulations came into being, under which all mutual funds, except UTI were to be registered and governed. The erstwhile Kothari Pioneer (now merged with Franklin Templeton) was the first private sector mutual fund registered in July 1993. The 1993 SEBI (Mutual Fund) Regulations were substituted by a more comprehensive and revised Mutual Fund Regulations in 1996. The industry now functions under the SEBI (Mutual Fund) Regulations 1996. The number of mutual fund houses went on

increasing, with many foreign mutual funds setting up funds in India and also the industry has witnessed several mergers and acquisitions. As at the end of January 2003, there were 33 mutual funds with total assets of Rs. 1, 21,805 crores. The Unit Trust of India with Rs.44, 541 crores of assets under management was way ahead of other mutual funds.

- Entry of the Pvt. Sector funds in 1993
- JV of foreign fund management companies with Indian promoters
- Competition increased investors servicing techniques
- Investors started becoming selective.

FOURTH PHASE – SINCE FEBRUARY 2003 In February 2003, following the repeal of the Unit Trust of India Act 1963 UTI was bifurcated into two separate entities. One is the Specified Undertaking of the Unit Trust of India with assets under management of Rs.29,835 crores as at the end of January 2003, representing broadly, the assets of US 64 scheme, assured return and certain other schemes. The Specified Undertaking of Unit Trust of India, functioning under an administrator and under the rules framed by Government of India and does not come under the purview of the Mutual Fund Regulations. The second is the UTI Mutual Fund Ltd, sponsored by SBI, PNB, BOB and LIC. It is registered with SEBI and functions under the Mutual Fund Regulations. With the bifurcation of the erstwhile UTI which had in March 2000 more than Rs.76,000 crores of assets under management and with the setting up of a UTI Mutual Fund, conforming to the SEBI Mutual Fund Regulations, and with recent mergers taking place among different private sector funds, the mutual fund industry has entered its current phase of consolidation and growth. As at the end of September, 2004, there were 29 funds, which manage assets of Rs.153108 crores under 421 schemes.

- SEBI -the regulatory authority
- UTI comes under SEBI regulation voluntarily
- Government's step for investor's protection

2.6 TYPES OF MUTUAL FUNDS:

I. Closed-end or Open-end

Open-end Funds: An open-end fund is one that has units available for sale and repurchase at all time. An investor can buy or redeem units from the fund itself at a price based on the Net Asset Value (NAV) per unit.

Close-end Funds: A close ended fund makes a one-time sale of a fixed number of unit. It does not allow investors to buy or redeem units directly from the funds. However, to provide liquidity to investors many closed-end funds get themselves listed on stock exchange. Funds do offer “buy-back of funds/units” thus offering another avenue for liquidity to closed-end fund investor.

II. Load vs. No Load: Marketing of a new mutual fund scheme involves initial expense. These expenses may be recovered from the investors in different ways at different times. Three usual ways in which a fund’s sales expenses may be recovered from the investors are:

1. At the time of investor’s entry into the fund/scheme, by deducting a specific amount from his initial contribution: front-end or entry load.
2. By charging the fund/scheme with a fixed amount each year, during the stated number of years: deferred load.
3. At the time of the investor’s exit from the fund/scheme, by deducting a specific amount from the redemption proceeds payable to the investor: back end or exit load These charges made by the fund managers to the investors to cover distribution/sales/marketing expenses are often called “loads”. Funds that charge front-end, back-end or deferred loads are called load funds. Funds that make no such charges or loads for sales expenses are called no-load funds.

In India, SEBI has defined a “load” as the one-time fee payable by the investor to allow the fund to meet initial issue expenses including brokers’/agents’/distributors’ commissions, advertising and marketing expenses.

A load fund’s declared NAV does not include load charges

III. Tax-exempt vs. Non-Tax exempt Funds: Generally, when a fund invests in tax-exempt securities, it is called a tax-exempt fund. In India, after the 1999 Union Government Budget, all of the dividend income received from any of the mutual funds is tax-free in the hands of the investors. However, funds other than Equity Funds have to pay a distribution tax, before distributing income to investors. In other words, equity

mutual fund schemes are tax-exempt investment avenues, while other funds are taxable for distributable income.

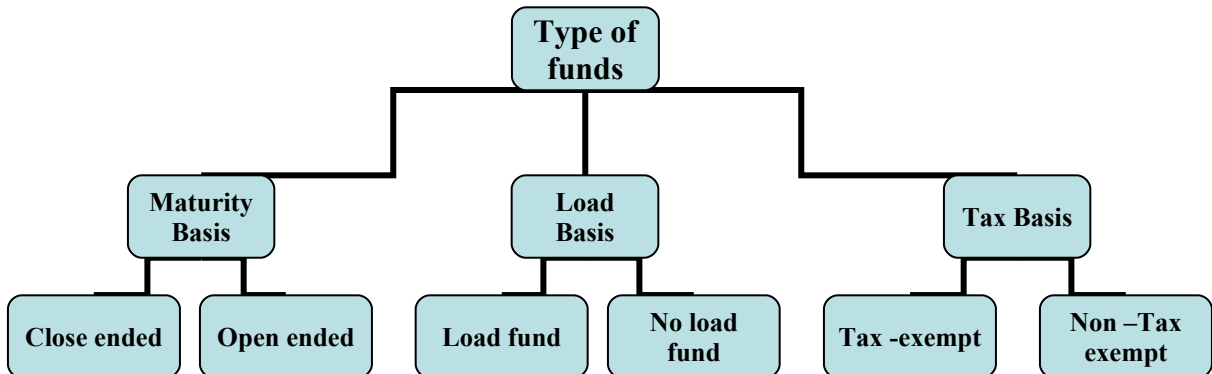


Fig 2.1 Different types of mutual fund

Types of Mutual Fund:

Once we have reviewed the fund classes, we are ready to discuss more specific fund types. Funds are generally distinguished from each other by their investment objectives and types of securities they invest in.

A. Broad Fund Types by Nature of Investments

Mutual funds may invest in equities, bonds or other fixed income securities, or short-term money market securities. So we have *Equity, Bonds and Money Market Funds*. All of them invest in financial assets. But there are funds that invest in physical assets. For example, we may have Gold or other Precious Metal Funds, or Real Estate Funds.

B. Broad Fund Types by Investment Objective

Investors and hence the mutual funds pursue different objectives while investing. Thus,

Growth Funds invest for medium to long term capital appreciation.

Income Funds invest to generate regular income, and less for capital appreciation.

Value Funds invest in equities that are considered under-valued today, whose value will be unlocked in the future.

C. Broad Fund Types by Risk Profile

The nature of a fund’s portfolio and its investment objective imply different levels of risk undertaken. Funds are therefore often grouped in order of risk. Thus, Equity Funds have a greater risk of capital loss than a Debt Fund that seeks to protect the capital while looking for income. Money Market Funds are exposed to less risk than even the For internal use

by Training Department of Prudential ICICI Mutual Fund Bond Funds, since they invest in short-term fixed income securities, as compared to longer-term portfolios of Bond Funds.

Money Market Funds: Lowest rung in the order of risk level, Money Market Funds invest in securities of a short-term nature, which generally means securities of less than one-year maturity.

Gilt Funds: Gilts are government securities with medium to long-term maturities, typically of over one year (under one-year instruments being money market securities).

Debt Funds (or Income Funds): Next in the order of risk level, we have the general category Debt Funds. Debt funds invest in debt instruments issued not only by governments, but also by private companies, banks and financial institutions and other entities such as infrastructure companies/utilities.

Diversified Debt Funds: A debt fund that invests in all available types of debt securities, issued by entities across all industries and sectors is a properly diversified debt fund. A diversified debt fund is less risky than a narrow-focus fund that invests in debt securities of a particular sector or industry.

Focused Debt Funds: Some debt funds have a narrow focus, with less diversification in its investment. Examples include sector, specialized and offshore debt funds. Other examples of focused funds include those that invest only in Corporate Debentures and Bonds or only in Tax Free Infrastructure or Municipal Bonds.

High yield Debt Funds: There are funds which seek to obtain higher interest rates by investing in debt instruments that are considered “below investment grade”. e.g. Junk Bond Funds.

Assured Return Funds – an Indian Variant: The SEBI permits only those funds whose sponsors have adequate net-worth to offer assurance of return. For e.g. MIPs. Investors have some lock-in period.

Fixed Term Plan Series – Another Indian Variant: These are essentially closed-end. These plans do not generally offer guaranteed returns. This scheme is for short-term investors who otherwise place money as fixed term bank deposits or inter corporate bonds.

Equity Fund: As investors move from Debt Fund category to Equity Funds,

they face increased risk level.

- No guarantee returns
- High potential for growth of capital

Types of Equity Fund

a) Aggressive Growth Fund

- Maximum capital appreciation
- Invests in less researched or speculative shares.
- Very volatile & riskier.

b) Growth Fund

- Growth fund invest in companies whose earnings are expected to
- Rise above average rate. *e.g. Technology Fund*
- Capital appreciation in 3 – 5 years
- Less volatile than aggressive growth fund.

c) Specialty Fund

They invest in companies that meet predefined criteria.

i) Sector Funds

- Technology Fund
- Pharmaceutical Fund
- FMCG Fund

ii) Offshore Funds

Invest in equities in one or more foreign countries.

iii) Small-Cap equity Funds

Invest in shares of companies with relative lower market capital.

d) Diversified Equity Funds

A fund that seeks to invest only in equities, except for a very small portion in liquid money market securities, but is not focused on any one or few sectors or shares, may be termed a diversified equity fund. While exposed to all equity price risks, diversified equity funds seek to reduce the sector or stock specific risks through diversification.

i) Equity Linked Savings Schemes: An Indian Variant

Investment in these schemes entitles the investor to claim an income tax rebate, but usually has a lock-in period before the end of which funds cannot be withdrawn.

e) Equity Index Funds

An index fund tracks the performance of a specific stock market index. The objective is to match the performance of the stock market by tracking an index that represents the overall market. The funds invest in share that constitute the index and in the same proportion on the index.

f) Value Funds

Value Funds try to seek out fundamentally sound companies whose shares are currently under-priced in the market. Value Funds will add only those shares to their portfolios that are selling at low price-earnings ratios, low market to book value ratios and are undervalued by other yardsticks. Fund concentrate on future growth prospect having good potential.

g) Equity Income Funds

There are equity funds that can be designed to give the investor a high level of current income along with some steady capital appreciation, investing mainly in shares of companies with high dividend yields.

- **Hybrid Funds – Quasi Equity/Quasi Debt:** Many mutual funds mix these (money market, debt and equity) different types of securities in their portfolios. Such funds are termed “hybrid funds” as they have a dual equity/bond focus.
- **Commodity Funds:** While all of the debt/equity/money market funds invest in financial assets, the mutual fund vehicle is suited for investment in any other- for examples- physical assets.
- **Real Estate Funds:** Specialized Real Estate Funds would invest in Real Estate directly, or may fund real estate developers, or lend to them, or buy shares of housing finance companies or may even buy their securities assets.

2.7 FUND STRUCTURE & CONSTITUENTS

- In USA Mutual Funds are investment companies
- In UK, its unit trust or investment trusts
- In India, there is only unit trust (i.e. trust form)

- They are all under SEBI regulations
- Sponsor – Person or a body who sets up or form the trust
 - Appoints board of trustees, AMC, custodian,
 - Qualification
- Contribution 40 % net worth of AMC
- Should have firm financial track record for 5 years
- Hands over trust deed to trustees.
- Trustees – There can be a trustee company (comes under companies act, too) or board of trustees (comes under Indian Trust Act only)
- The role of the Trustees is to safeguard the interest of the investor/unit-holder of the fund – Fiduciary Capacity
- The trustees make sure that the funds are invested according to the investor's mandate and objective.
- The board of trustees is appointed by Sponsor with SEBI approval At least 4 trustees of which at least 2/3rd of the board of trustees should be independent
- Trustees of one mutual fund cannot be trustee of another mutual fund
- Right to seek regular information and remedial action All major decisions need trustee approval
- The board of trustees are required to meet at least 4 times in a year to review the AMC
- Trust created through a document called the 'Trust Deed', executed by the Fund Sponsor in favor of the Trustees.

Asset Management Company:

AMCs are fund managers Registered with SEBI

- The AMC is also formed as a private limited company
- Responsible for operational aspects of the MF
- Investment management agreement with trustees
- The AMC gets fee for managing the funds according to the mandate of the investors.

- An AMC's net worth (Share Capital + Reserves & Surplus) should be at least Rs.10 crores at all times
- At least 40% of AMC capital must be contributed by the Sponsor
- At least half (50%) of the directors of the AMC must be independent
- Appoints other constituents - Custodian , Registrar & Transfer Agent
- Cannot have any other business interest
- AMC of one MF cannot be trustee/AMC of another MF
- Quarterly reporting to Trustees
- An AMC cannot engage in any business other than portfolio advisory and management
- Custodian – Appointed by board of trustees for safe keeping of securities as independent entity of sponsors
- Transfer Agents – Issue and redeem units and other related services such as preparation of transfer documents and updating investor records
- Distributors – Are appointed by AMC and may act on behalf of different funds
Independent individuals are appointed as agent
- In merger of two AMCs, SEBI approval and consent of 75% unit holders are required

AMC takeover by another sponsor

- SEBI approval required
- Inform the unit holders

Scheme takeover

- SEBI approval required
- Investors should be given option to redeem units incase they do not consent for it

REGULATORS IN INDIA

- **SEBI** - The capital markets regulators also regulates the mutual funds in India. SEBI requires all mutual funds to be registered with them. SEBI issues guidelines for all mutual funds operations - investment, accounts, expenses etc.

- **RBI** as supervisor of banks owned mutual funds - As banks in India came under the regulatory jurisdiction of RBI, bank owned funds to be under supervision of RBI and SEBI.
- **RBI** as supervisor of Money Market Mutual Funds - RBI has supervisory responsibility over all entities that operate in the money markets. Hence in the past Money Market Mutual Funds scheme of Mutual funds had to be abide by policies laid down by RBI.

Recently, it has been decided that Money Market Mutual Funds of registered mutual funds will be regulated by SEBI through SEBI (Mutual Fund) Regulations 1996.

CHAPTER 3

COMPANY PROFILE

3.1 INTRODUCTION OF INDIAINFOLINE:

COMPANY OVERVIEW:

INDIAINFOLINE carry out the business of broking, distribution of personal finance products including mutual funds, fixed deposits, government bonds etc., corporate agency of life insurance and commodities broking in our separate wholly owned subsidiaries, as outlined in our corporate structure. Each subsidiary is managed like a Strategic Business Unit (SBU). INDIAINFOLINE is one-stop financial services shop, most respected for quality of its advice, personalized service and cutting-edge technology

3.2 VISION OF THE COMPANY:

The vision of INDIAINFOLINE is to be the most respected company in the financial services space

India Infoline Group:

The India Infoline group, comprising the holding company, India Infoline Limited and its wholly-owned subsidiaries, straddle the entire financial services space with offerings ranging from Equity research, Equities and derivatives trading, Commodities trading, Portfolio Management Services, Mutual Funds, Life Insurance, Fixed deposits, GoI bonds and other small savings instruments to loan products and Investment banking. India Infoline also owns and manages the websites www.indiainfoline.com and www.5paisa.com The company has a network of 596 branches spread across 345 cities and towns. It has more than 500,000 customers

India Infoline Ltd:

India Infoline Limited is listed on both the leading stock exchanges in India, viz. the Stock Exchange, Mumbai (BSE) and the National Stock Exchange (NSE) and is also a member of both the exchanges. It is engaged in the businesses of Equities broking, Wealth Advisory Services and Portfolio Management Services. It offers broking services

in the Cash and Derivatives segments of the NSE as well as the Cash segment of the BSE. It is registered with NSDL as well as CDSL as a depository participant, providing a one-stop solution for clients trading in the equities market. It has recently launched its Investment banking and Institutional Broking business.

3.3 HISTORY

INDIAINFOLNE is a retail investment advisory and intermediary company. It commenced our operations in October 1995 as Probit Research and Services Private Limited, as an independent provider of information, analysis and research covering Indian businesses, financial markets and economy, for institutional customers. In 1999, it had identified the potential of the Internet to cater to a mass retail segment and transformed their business model from providing information services to institutional to retail customers. Hence, it launched its own Internet portal, www.indiainfoline.com and started providing news and market information, independent research, interviews with business leaders and other specialized features. In May 2000, the name of Company was changed to India Infoline Limited to reflect the transformation. Over a period of time, it has emerged as one of the leading business and financial information services provider in India. In the year 2000, company leveraged its position as a provider of financial information and analysis by diversifying into transactional services, primarily for online trading in shares and securities and online as well as offline distribution of personal financial products, like mutual funds and RBI Bonds. These activities are carried on through their wholly owned subsidiaries. Broking service of the company was launched under the brand name of 5paisa through their subsidiary, India Infoline Securities Private Limited and www.5paisa.com, the e-broking portal, was launched for online trading in June 2000. It combined competitive brokerage rates and research, supported by Internet technology. Besides investment advice from an experienced team of research analysts, company also offer real time stock quotes, market news and price charts with multiple tools for technical analysis. In December 2000, its subsidiary, India Infoline Insurance Services Limited became a corporate agent for ICICI Prudential Life Insurance Company Limited. It mobilized Rs. 36.17 million of Weighted Annualized Premium during FY2003. In FY 2004, it rose by 287.42% to Rs. 103.96 million. Company has consolidated our position even further in the current financial year. In the year 2004, it

launched commodities broking through our subsidiary India Infoline Commodities Private Limited. India infoline also received a license for Portfolio Management Services from SEBI for our broking subsidiary. The key promoters of our company are Mr. Nirmal Jain and Mr. R Venkataraman, professionals with a good academic and work experience. Mr. Jain is a Chartered Accountant and holds a MBA from IIM Ahmedabad. Mr. Venkataraman is an Electronics engineer from IIT Kharagpur and holds a MBA from IIM Bangalore. India infoline consolidated total income has grown from Rs. 106.54 million in FY 2003 to Rs. 359.94 million in FY 2004. That same year, company made a turnaround and reported a consolidated cash profit of Rs. 103.84 million and a net profit of Rs. 74.8 million. In the first nine months of the FY 2005, we have reported a consolidated total income of 475.03 million

3.4 YEAR WISE MILESTONES OF INDIA INFOLINE Ltd EVOLUTION

- October 1995 Incorporated as Probity Research and Services Private Limited
- March 1996 Launched Probity 200, research reports on 200 leading listed Indian companies
- June 1998 Launched Probity Sector reports
- May 1999 Launched their internet portal www.indiainfoline.com and changed their name to India Infoline Limited
- April 2000 Forayed into distribution of mutual funds, fixed deposits, RBI bonds and other small savings products
- July 2000 Launched www.5paisa.com, the e-broking portal and started online trading with membership of BSE & NSE. December 2000 Corporate agency for ICICI Prudential Life Insurance Company Limited
- September 2001 INDIAINFOLINE became the Depository Participant of NSDL
- March 2004 Launched commodities trading by taking membership of MCX
- April 2004 Received license from SEBI to offer Portfolio Management Services

3.5 INDIAINFOLINE COMPETITIVE ADVANTAGES

Company is strategically positioned to leverage our strength in the domestic market, due to our competitive advantages that include the following:

Research

INDIAINFOLINE have our roots in equity research. Their original business model was to provide research and information services on Indian business and capital markets to institutional customers. INDIAINFOLINE executive directors have equity research and investment experience in leading banks and brokerage houses.

Integrated technology platform

Since the launch of their website, www.indiainfoline.com, and their online trading platform, www.5paisa.com, INDIAINFOLINE have invested in building a technology platform. INDIAINFOLINE use a mix of in-house and outsourced technologies to offer a user-friendly interface for online trading. Their Trader Terminal is an application which allows customers to trade on both the BSE and the NSE. INDIAINFOLINE believe that our technology strengths will enable us to scale up the business without a proportionate increase in operating costs.

Multiple product offerings makes us a “one stop” shop

INDIAINFOLINE provide a range of products and services to our customers, either directly or through any one of their wholly owned subsidiaries. These multiple offerings across multiple channels – either online through Internet or offline through any of the branches or over the telephone enables us to emerge as a financial “one stop” shop. This also offers significant cross selling opportunities, which helps company in strengthening customer relationships and loyalty.

Pan - India distribution network

INDIAINFOLINE have 73 branches across 36 towns and cities in India. These branches help in customer acquisition as well as customer service. This is a part of a conscious “bricks and clicks” strategy to reach out to their customers.

“India Infoline.com” and “5paisa.com” have developed into brands

India Infoline.com and 5paisa.com are well known brands amongst retail investors across India. In all the cities that they have expanded into, INDIAINFOLINE have been able to leverage upon brand awareness and have established a customer base.

Experienced management team

Management team has hands on experience in financial services, especially targeted at retail sales and relationship management.

Customer relationship management

INDIAINFOLINE have developed a team of Customer Relationship Managers across India to handle key customer accounts. These people are experienced in financial services and have undergone in-house training. This allows them to offer unbiased advice on not only equities but also on other investment products like mutual funds and insurance.

Robust Risk Management Systems:

INDIAINFOLINE manage the risks associated with their risk management procedures rely primarily on internally developed Risk Management System and systems provided by their vendors.

3.6 OBJECTS OF THE COMPANY

The main objects as contained in our Memorandum of Association are:

1. To engage or undertake software and internet based services, data processing, IT enabled services, software development services, selling advertisement space on the site, web consulting and related services including web designing and web maintenance, software product development and marketing, software supply services, computer consultancy services, e-commerce of all types including electronic financial intermediation business and e-broking, market research, business and management consultancy.
2. To undertake, conduct, study, carry on, help, promote any kind of research, probe, investigation, survey, developmental work on economy, industries. corporates, business houses, agricultural and mineral, financial institutions, foreign financial institutions, capital market on matters related to investment decisions primary equity market, secondary equity market, debentures, bond, ventures, capital funding proposals,

competitive analysis, preparation of corporate/industry profile etc. and trade/invest in researched securities.

3.7 BUSINESS MODEL

INDIAINFOLINE range of products and services offerings today includes:

- _ Brokerage services in equities, derivatives and commodities
- _ Mobilization of Mutual Funds and retail distribution of personal investment products
- _ Retail distribution of life insurance products
- _ Portfolio management services
- _ Fee-based content services

3.8 COMPETITORS

Broking – Company face competition from small local brokers (traditional) and pan India brokers like Kotak Securities Limited, S. S. Kantilal Ishwarlal Securities Private Limited, Indiabulls Securities Limited, ICICI Web Trade Limited, Geojit Financial Services Limited etc. INDIAINFOLINE strengths are their content and research, online technology platform and customer service.

Distribution – Company face competition from small retail distributors (typically single outlet unorganized units), brokers who have a distribution set up, old and established distribution companies like Blue Chip Corporate Investment Centre Limited, Bajaj Capital Limited, Karvy Securities Limited and banks including their PMS and Wealth Management desks.

3.9 SWOT ANALYSIS

STRENGTHS

- Original research
- Integrated technology platform
- “One Stop “ shop
- Pan – India distribution
- “India Infoline.com” and”5paisa.com” have developed into brands

WEAKNESS

- Lack of banking arm to complete the bank broker depositary chain
- Insignificance presence in institutional segments

OPPORTUNITIES

- Changing demographic with higher disposable income and increasing complex financial instruments will drive the demand for investment advisory services
- Rapid penetration of internet and computer needs that technology enabled services will gain market share

THREATS

- Economic slowdown
- Stock market fall will have a cascading effect on mutual fund mobilization
- Increase or decrease in interest rates can effect debt or income mobilizations
- Future changes in personal taxation rules can impact insurance sales
- Increasing competition from large and particularly foreign players

3.10 MANAGEMENT

Composition of our Board of Directors

INDIAINFOLINE currently have 6 Directors on our Board, of which Mr. Nirmal Jain is our Chairman and Managing Director and Mr. R Venkataraman is an Executive Director. Other Members of their Board, i.e., Mr. Sat Pal Khattar is a non-Executive Director and Mr. Sanjiv Ahuja, Mr. Kranti Sinha and Mr. Nilesh S. Vikamsey are non-Executive and Independent Directors.

BRIEF BIOGRAPHY OF THE DIRECTORS

Mr. Nirmal Jain, Chairman and Managing Director

Mr. Nirmal Jain has been the Chairman and Managing Director of the Company since its incorporation, i.e., October 18, 1995. Mr. Nirmal Jain holds a MBA degree from IIM Ahmedabad and is a member of the Institute of Chartered Accountants of India and the Institute of Cost Accountants of India. He started his career in 1989 with Hindustan Lever Limited, a subsidiary of Unilever Plc, in their commodities trading and exports division. Mr. Jain has a total experience of more than 15 years.

Mr. R. Venkataraman, Executive Director

Mr. R. Venkataraman joined the Board with effect from July 5, 1999. He holds a B. Tech degree in Electronics and Electrical Communications Engineering from IIT Kharagpur and an MBA degree from IIM Bangalore. He has held senior managerial positions in various divisions of ICICI Limited, including ICICI Securities Limited, their investment banking joint venture with J P Morgan of USA. He also worked as an equity analyst with BZW and Taib Capital Corporation Limited. He has also held the position of Assistant Vice President with G E Capital Services India Limited in their private equity division. He has varied experience of more than 14 years in the financial services sector.

Mr. Sat Pal Khattar, Non-Executive Director

Mr. Sat Pal Khattar joined the Board with effect from April 20, 2001. Mr. Sat Pal Khattar is a lawyer by profession He was the founding partner of a firm of solicitors in Singapore named KhattarWong and at present is a Consultant in the said firm. He is also a director of a number of public companies in Singapore and India. He is the Chairman of 'Network India', a body sponsored by the Government of Singapore, which promotes two way business contacts between Singapore and Indian business interests.

Mr. Sanjiv Ahuja, Non-Executive and Independent Director

Mr. Sanjiv Ahuja joined the Board with effect from August 28, 2002. Mr. Ahuja graduated from National University of Singapore with a degree in Computer Science and is also a Certified Public Accountant. He started his career in 1988 with Accenture (formerly Andersen Consulting) and has worked on several large projects particularly in the electronics and utilities industries. He joined the Thakral Group of Companies in 1991 as the Chief Executive of their electronics packaging and warehousing company in Singapore and has also headed the group's Indian Investments division. He started his own investment advisory and consulting company in 2001 named, Centennial Management Consultants Private Limited, focusing on investment mediation and investment management and advice. At present, he is also an Executive Director with Corporate Brokers International Private Limited, a reputed Singapore based mergers and acquisitions firm focusing on the SME space and also a board member of the Singapore Indian Chamber of Commerce and Industry, a post he has held since 2002. He is very

familiar with the South Asian and South East Asian Markets and has direct investment experience in a variety of industries including real estate development, distribution and information technology. Mr. Ahuja has an experience of more than 17 years.

Mr. Kranti Sinha, Non-Executive and Independent Director

Mr. Kranti Sinha joined the Board with effect from January 27, 2005. Mr. Sinha graduated from the Agra University with a Masters degree. He started his career in 1965 as a direct recruit Class I officer with Life Insurance Corporation of India and has worked in various capacities and at different locations throughout the country. He worked at various managerial levels and rose through the hierarchy to serve as the Director and Chief Executive of LIC Housing Finance Limited from August 1998 to December 2002 and concurrently as the Managing Director of LICHL Care Homes (a wholly owned subsidiary of LIC Housing Finance Limited). He retired from the permanent cadre of the Executive Director of LIC. He has also served as the Deputy President of the Governing Council of Insurance Institute of India and as a member of the Governing Council of National Insurance Academy, Pune apart from various other such bodies. He is currently the Managing Director of The Global Institute for Financial and Education Services (India) Private Limited (a wholly owned subsidiary of The Global Institute, LLC, USA). Mr. Sinha is also on the Board of Directors of Hindustan Motors Limited, Larsen & Toubro Limited and LICHL Care Homes Ltd.

Mr. Nilesh Shivji Vikamsey, Non-Executive and Independent Director

Mr. Nilesh Shivji Vikamsey joined the Board with effect from February 11, 2005. Mr. Vikamsey qualified as a Chartered Accountant in 1985 and has been a member of the Institute of Chartered Accountants of India since 1985. He has a Diploma in Information System Audit (“DISA”) from the Institute of Chartered Accountants of India in 2003. In 1985, Mr. Vikamsey was inducted as partner in M/s. Khimji Kunverji and Company, Chartered Accountants and was given charge of the audit department till 1990 and thereafter to handle assignments related to financial services, consultancy, investigations, mergers and acquisitions, valuations etc. Mr. Vikamsey is a director of Alpha Garments Private Limited & English Apparels Private Limited and HLB Technologies (Mumbai) Private Limited. Mr. Vikamsey is also a member of the Expert Committee of Law and

Company Affairs formed by the Indian Merchants' Chamber and a member of Insurance Committee and Legal Affairs Committee of Bombay Chamber of Commerce & Industry.

3.11 INDIAINFOLINE SUBSIDIARIES

INDIAINFOLINE have the following subsidiaries

India Infoline Securities Private Limited (IISPL)

IISPL was incorporated as "India Infoline.com Securities Private Limited", on March 22, 2000 as a private limited company under the Companies Act, 1956. Subsequently on May 1, 2001, it was renamed as "India Infoline Securities Private Limited". IISPL was incorporated with the objective to carry on the business as share and stock brokers, agents, market makers and dealers for dealing in stocks, shares, debentures, bonds, units, options, participation certificates, company deposits, deposit certificates, money market instruments, treasury bills, government securities, savings certificates and generally for securities of all kinds by way of e-broking or through other media, e-commerce etc.

IISPL has membership of the cash segment of the BSE and the cash and derivatives segment of the NSE. It is also a depository participant with National Securities Depository Limited and also a SEBI approved portfolio manager. IISPL commenced offering an online trading product under the brand name of "5paisa.com" from July 2000.

India Infoline.com Distribution Company Limited (IIDCL)

IIDCL was incorporated as "Agri Marketing Services India Private Limited" ("Agri"), on March 21, 1996, as a private limited company under the Companies Act, 1956. In March 2000, we acquired 100% of the equity shares of Agri, from their owners in exchange for the issuance of 508,482 of our Company's Equity Shares. Subsequently on May 8, 2000, it was renamed as "India Infoline.com Distribution Company Limited". Agri was a direct selling agent of personal financial products including mutual funds, fixed deposits, corporate bonds and government bonds and other small saving instruments. Prior to acquisition, Agri operated 32 branches in southern and western India serving more than 30,000 customers with a staff of approximately 180 employees.

India Infoline Insurance Services Limited (IISL)

IISL was incorporated on November 13, 2000 as a private limited company under the Companies Act, 1956. IISL is a corporate agent of ICICI Prudential Life Insurance

Company Limited and in a short span of time has made its mark in the corporate agency business of life insurance.

India Infoline Commodities Private Limited (IICPL): IICPL was incorporated on March 29, 2004 as a private limited company under the Companies Act, 1956. IICPL is a member of the National Commodities and Derivatives Exchange Limited (NCDEX) and the Multi Commodities Exchange of India Limited (MCX) and offers commodities derivatives trading facility to its customers.

India Infoline Investment Services Private Limited (IISPL): IISPL was incorporated on July 7, 2004 as a private limited company under the Companies Act, 1956. IISPL was incorporated to provide margin funding to the Company's broking customers. IISPL has made an application dated July 28, 2004 to the RBI for being issued a Certificate of Registration as a NBFC to enable it commence business as a non-banking financial company and is awaiting the same.

CHAPTER 4

CAP GUARD AND ITS FEATURES



4.1 Major Objectives of Cap Guard

- Capital Protection
- Lower Taxation
- Beats Inflation
- Outperformance through Equity Participation

4.2 Product Features

- 100% Capital Guarantee
- 24% Guaranteed Fixed Coupon
- 39 Months Lock In Period
- 46% Nifty Participation on upside till 100% returns*
- As Nifty touches 100% returns
- Fixed return of 46% as final payout
- If Nifty gives Zero to -ve 39.99% , 24% guaranteed payout

- If Nifty gives Zero to +99.99%, then $24\% + (46\% * \text{Nifty returns})$

4.3 Fee Structure & Investment Amount

- Minimum Amount to be invested – INR 5 Lacs per ticket
- There after multiples of INR 1 Lac.
- NRIs not allowed to Invest
- Individuals & Non Individuals allowed investing
- Fee Structure – 2.25% Up front charge on the amount invested
- Cheque would be taken for a minimum amount of 5, 11250/-
- There after multiples of 102250/=
- This is inclusive of the Price paid to buy the product
- Cheque would be drawn in favor of “IIFL Wealth Management Limited”

4.4 Offerings

- Product is offered through Non Discretionary Portfolio Management
Services of IIFL Wealth Management Limited (An Indiainfoline Group Co)
- Capital is guaranteed by Deutsche Investments Pvt Limited (a subsidiary of Deutsche Bank), AAA rated by leading rating agency in India CRISIL. Deutsche bank has its registered office at Theodor-Heuss-Allee 70, 60486 Frankfurt am Main, Germany. Deutsche Bank is the largest bank in Germany and one of the largest financial institutions in Europe and the world measured by total assets. As of March 31, 2008, on an unaudited basis, Deutsche Bank had total assets of INR184400 billion, total liabilities of INR 181520 billion and total shareholders’ equity of INR 2720 billion.

CHAPTER 5

DIFFERENT METHODS OF SALES AND PROMOTION OF MUTUAL FUND

5.1 DIFFERENT METHODS ADOPTED BY VARIOUS ASSET MANAGEMENT COMPANIES TO SELL THEIR MUTUAL FUNDS

1. Get in touch with Customers

Various AMC directly contact the customers through various database. Then the AMC convince the client to invest in their mutual fund. Many of the times due to promotion the customers also contact AMC for investment.

- [ABN AMRO Mutual Fund](#) ,
- [Birla Sun Life Mutual Fund](#)
- [BOB Mutual Fund](#)
- [Chola Mutual Fund](#)
- [Deutsche Mutual Fund](#)
- [DSP Merrill Lynch Mutual Fund](#)
- [Fidelity Mutual Fund](#)
- [Franklin Templeton Mutual Fund](#)
- [HDFC Mutual Fund](#)
- [HSBC Mutual Fund](#)
- [ING Vysya Mutual Fund](#)
- [J M Financial Mutual Fund](#)
- [Kotak Mahindra Mutual Fund](#)
- [LIC Mutual Fund](#)
- [Morgan Stanley Mutual Fund](#)
- [Principal Mutual Fund](#)
- [Prudential ICICI Mutual Fund](#)
- [Reliance Mutual Fund](#)

- Sahara Mutual Fund
- SBI Mutual Fund
- Standard Chartered Mutual Fund
- Sundaram Mutual Fund
- Tata Mutual Fund
- Taurus Mutual Fund
- UTI Mutual Fund

2. ONLINE INVESTMENT

Some mutual fund Web sites allow customers to invest online. However, the customer must have an account with the banks AMC have partnered with. For example, Prudential ICICI Mutual Fund allows customers to buy funds online if he have a banking account with any of the following banks: Centurion Bank, HDFC Bank , ICICI Bank, IDBI Bank and UTI Bank.

3.THROUGH DISTRIBUTORS

Each AMCs sell its products through various distribution channels. The distributor in turn gets a variable commission from the AMC.The distributor have a client base of their own in which they promote the mutual fund. Some of the major distributors are listed below:

- Indiainfoline Limited
- Karvy
- Sherkhan
- Religare
- Blue Chip India Limited

4 .THROUGH BANKS

Some of the AMCs are sister concern of the bank example **Prudential ICICI Mutual Fund** is a sister concern of ICICI BANK. These AMCs aggressively promote their mutual fund to their client and develop a interest in them to invest in mutual fund in order to get higher returns.

5. THROUGH ONLINE FINANCE PORTALS

Some of the AMCs sell their Mutual Fund through online trading account example ICICI Direct sell funds online through online trading account. But the client must have a trading

account with them. Some of the AMCs which sell their product through online trading accounts are:

- **HDFC Securities**
- **ICICI Direct**
- **Kotak Street**

5.2 METHODS ADOPTED BY AMCs PROMOTION AND CAMPAIGNING OF MUTUAL FUNDS

1. Through Advertisement

Each AMCs spends a lot of money in order to advertise for its Mutual Fund. The amount spend is high in case New Fund Offers i.e NFOs. Various mediums of advertisement use are given below:

- Television
- Radio
- Print Media
- Hoardings

2. Online Blogs:

Various AMC's promote their product through online blogs. They advertise their product on various online sites.

3. Telephonic Calls:

Almost all the distributors promote the Mutual Fund with the help of telephone. They have the phone numbers of existing clients and potential clients. A trained person makes a call to the clients and promotes the Mutual Fund.

4. By Providing More Commission to Distributors:

The distributor gets a variable commission from the AMC when they sell their Mutual Fund. The commission varies from 0.5% to 5%. Thus by providing more commission to the distributor, the AMCs influence the distributor to promote their products only.

5. By Putting Canopies: This method is adopted by both distributor and AMCs in order to campaign for the product. They put canopy at a place where they could interact with maximum number of probable clients.

CHAPTER 6
RESEARCH

6.1 CUSTOMER'S FEEDBACK FORM

NAME :

GENDER : a) MALE b) FEMALE

AGE(years) : a)less than 25 b) 25 – 35
c)35 – 45 d) above 45

OCCUPATION :

PHONE NUMBER :

1) Does the entry and exit load of the mutual fund affects your decision while investing in a particular mutual fund?

YES

NO

2) Performance of similar other mutual funds is important for you while investing in a particular mutual fund?

YES

NO

3) Rank in the order of preferences from 1 to 4, the factors which affect your decision while investing in a particular mutual fund?

NAV of the Fund ()

PAST RETURNS ()

DISTRIBUTOR RECOMMENDATION ()

DIVERSIFIED PORTFOLIO ()

4) Risk involved of capital loss in a mutual fund affect your decision while investing in a particular mutual fund?

YES

NO

5) While investing in a mutual fund reputation of AMC affect your decision?

YES

NO

6) While investing in a mutual fund additional services like SIP, SWP, STP affect your decision?

YES

NO

7) While investing in a mutual fund fluctuation in the stock market affect your decision?

YES

NO

8) Degree of deviation from the benchmark index of the particular mutual fund affects your decision while investing in it?

YES

NO

9) Pass back option of the particular mutual fund affects your decision while investing in it?

YES

NO

10) Friends and family recommendation is important for you while investing in a particular mutual fund?

YES

NO

6.2 RESULT AND ANALYSIS OF FEEDBACK FORM

Effect of entry and exit load while investing in mutual fund:

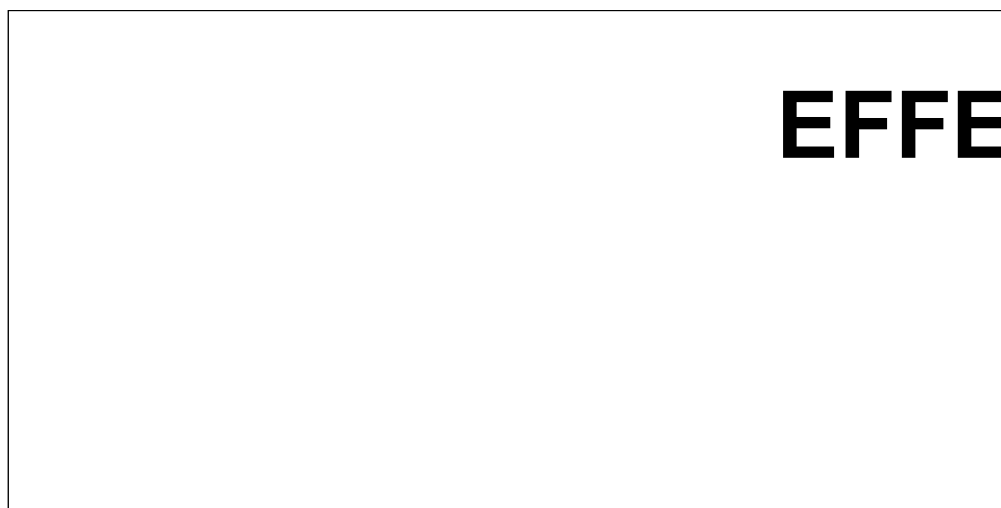


Fig6.1 Effect of entry and exit load

38%

NULL HYPOTHESIS: H0: There is no significant difference between the investors whose decision is being affected by entry and exit load.

ALTERNATE HYPOTHESIS: H1: There is a significant difference between the investors whose decision is being affected entry and exit load.

Binomial Test

		Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)
ENTRYEXITLOAD	Group 1	YES	31	.62	.50	.119(a)
	Group 2	NO	19	.38		
	Total		50	1.00		

a Based on Z Approximation.

Table 6.1 Binomial test table for entry and exit load

Interpretation

Majority of the respondents considers entry and exit load an important factor while taking decision of investing in a mutual fund. As the asymptote significance is 0.119 which is more than 0.05. Hence the Null Hypothesis is rejected. Thus we can conclude that there is a significance difference between the responses of the investors who take into consider entry and exit load while investing in a mutual fund

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Fig6.2 Effect of performance similar mutual fund scheme

NULL HYPOTHESIS: H0: There is no significant difference between the investors whose decision is being affected by performance of similar mutual fund scheme.

ALTERNATE HYPOTHESIS: H1: There is a significant difference between the investors whose decision is being affected by performance of similar mutual fund scheme.

Binomial Test

		Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)
PERFORMAN	Group	YES	36	.72	.50	.103(a)
CEOFSIMILAR	1					
FUNDS	Group	NO	14	.28		
	2					
	Total		50	1.00		

A based on z approximation.

Table6.2 Binomial test table for performance of similar funds

INTERPRETATION

Majority of the respondents does not consider performance of similar mutual fund scheme as an important factor while taking decision of investing in a mutual fund.

As the asymptote significance is 0.109 which is more than 0.05. Hence the Null Hypothesis is rejected. Thus we can conclude that there is significance differences between the responses of the investors who take into consider performance of similar mutual fund schemes while investing in a mutual fund.

KRUSKAL WALLIS TEST

NULL HYPOTHESIS:H0 : There is no significant difference between the factors that affect the decision while investing in the mutual funds.

ALTERNATE HYPOTHESIS: H1: There is a significant difference between the factors that affect the decision while investing in the mutual funds.

Ranks

V1	N	Mean Rank
V3 NAV	50	108.49
PASTRETURN	50	113.46
DISTRIBUTORSUG	50	92.29
GESTION	50	87.76
DIVERSIFIEDPORT	50	87.76
FOLIO	50	87.76
Total	200	

Test Statistics (a, b)

	V3
Chi-Square	6.989
df	3
Asymp. Sig.	.062

a. Kruskal Wallis Test

b. Grouping Variable: V1

Table6.3 kruskal wallis table

Interpretation:

As the asymptote significance is 0.062 which is more than 0.05. Hence the Null Hypothesis is rejected and Alternate Hypothesis is accepted. Thus we can conclude that there is a significant difference between the four selected factors that affect the decision while investing in the mutual funds

Furthermore depending on the value of mean rank we can conclude that past return of the mutual fund is the most important factor for the investors while investing in a mutual fund scheme. Investors gives next importance to NAV and then to distributor recommendation while taking the decision of investment in mutual fund scheme. Diversified portfolio is the least important factor out of the four factors which affects the decision while investing in mutual fund.

FACTOR	RANK
PAST RETURN	1
NAV	2
DISTRIBUTOR RECOMMENDATION	3
DIVERSIFIED PORTFOLIO	4

EFFECT OF RISK INVOLVED IN CAPITAL LOSS

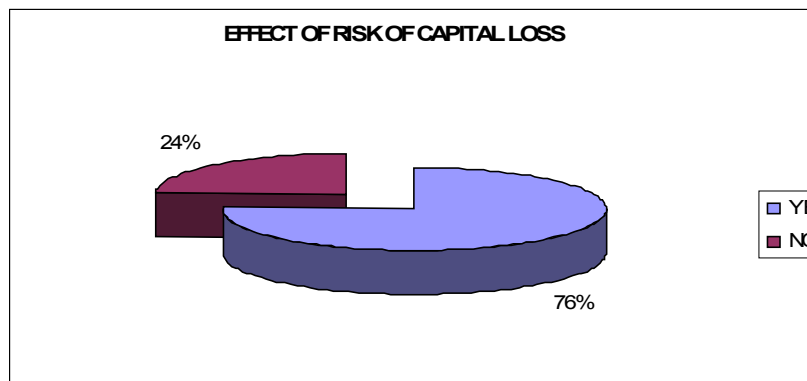


Fig6.3 EFFECT OF RISK INVOLVED IN CAPITAL LOSS

Majority of the respondents consider risk involved in capital loss as an important factor while taking decision of investing in a mutual fund.

EFFECT OF REPUTATION OF AMC

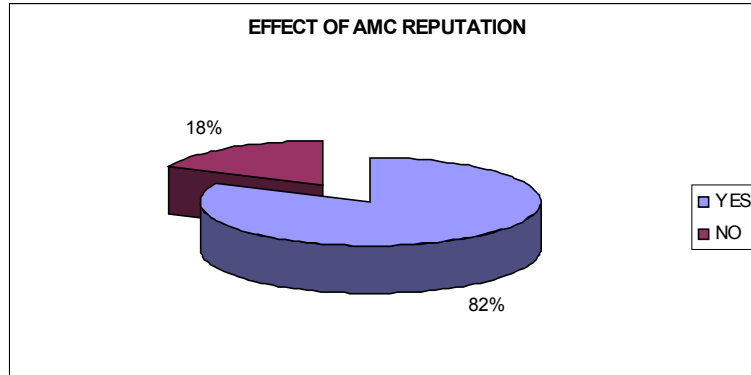


Fig6.4 EFFECT OF REPUTATION OF AMC

Majority of the respondents consider reputation of AMC as an important factor while taking decision of investing in a mutual fund.

EFFECT OF ADDITIONAL SERVICE (SIP, SWP, STP)

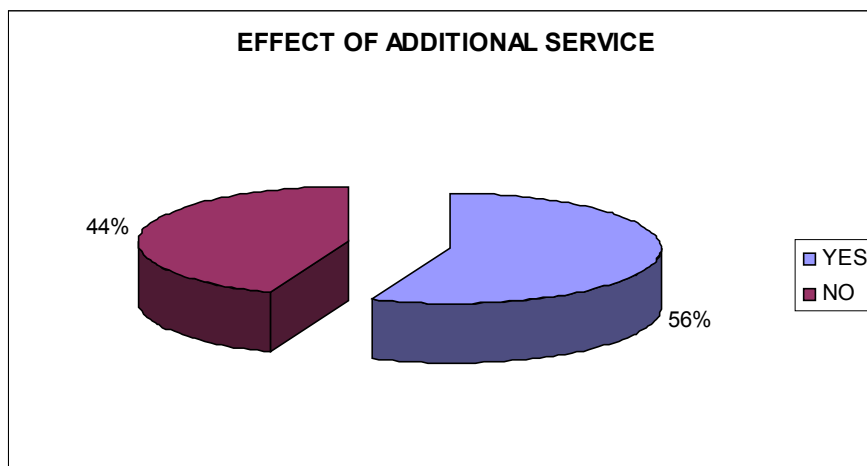


Fig6.5 EFFECT OF ADDITIONAL SERVICE

There is comparatively less effect of additional schemes on the customers while taking their investment decision. But it provides an edge over the other investment options.

EFFECT OF STOCK MARKET FLUCTUATION

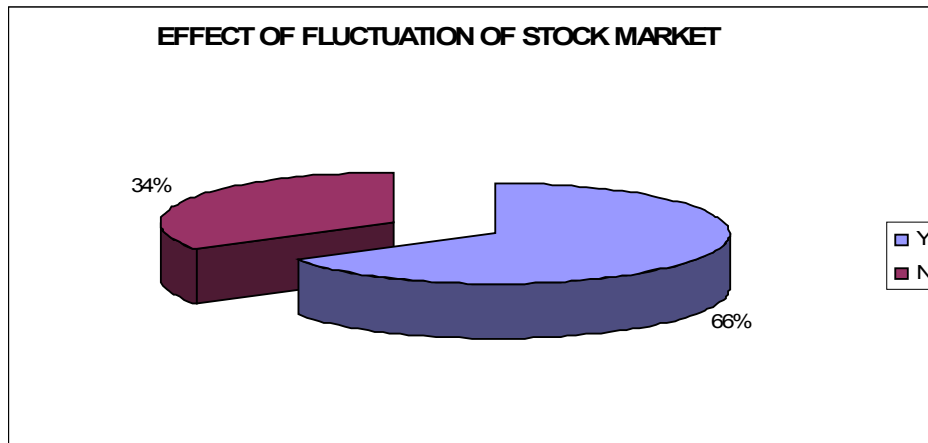


Fig6.6 EFFECT OF STOCK MARKET FLUCTUATION

Majority of the respondent's decision is affected by stock market fluctuations while investing in a particular mutual fund

EFFECT OF DEGREE OF DEVIATION FROM BENCHMARK INDEX

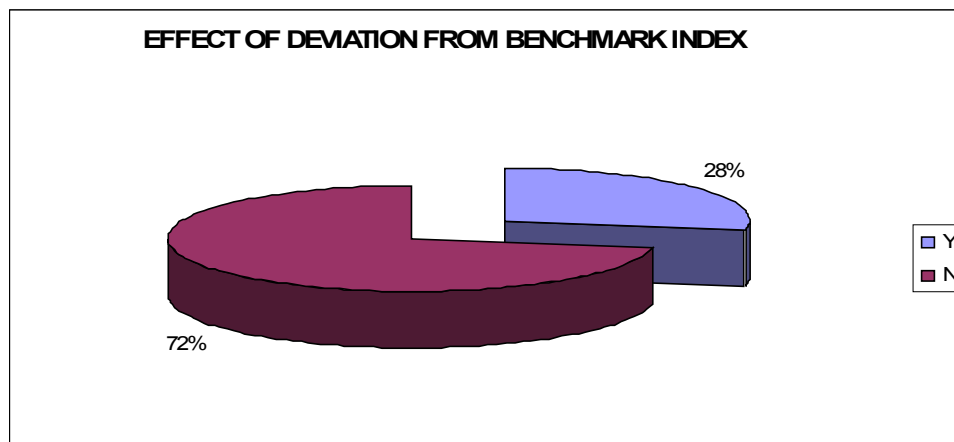


Fig6.7 EFFECT OF DEGREE OF DEVIATION FROM BENCHMARK INDEX

Majority of the respondents does not consider degree of deviation from benchmark index as an important factor while taking decision of investing in a mutual fund.

EFFECT OF PASS BACK

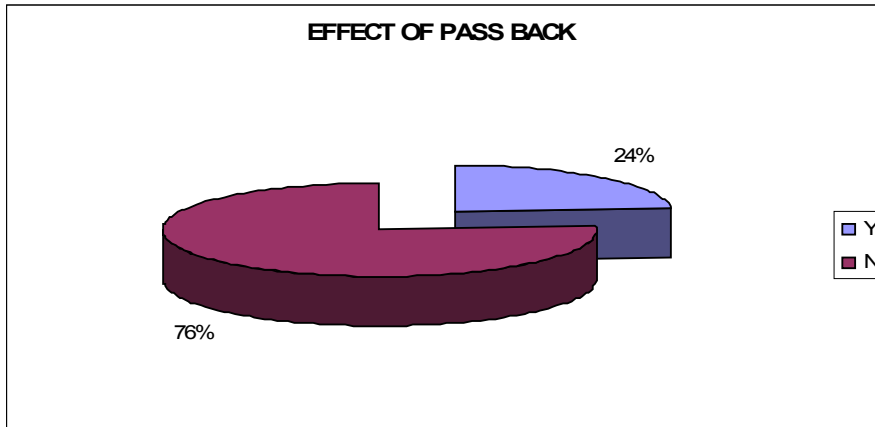


Fig6.8 EFFECT OF PASS BACK

Majority of the respondents does not consider pass back as an important factor while taking decision of investing in a mutual fund.

EFFECT OF FRIENDS AND FAMILY RECOMMENDATION

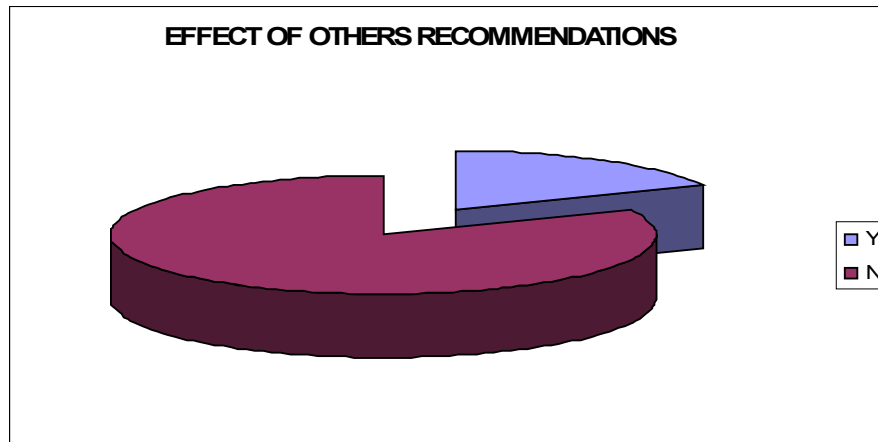


Fig6.9 EFFECT OF FRIENDS AND FAMILY RECOMMENDATION

Majority of the respondents does not consider pass back as an important factor while taking decision of investing in a mutual fund.

CHAPTER 7
FINDINGS

7.1 CONCLUSION

- Mutual Fund industry is growing at a brisk pace.
- But there are some hurdles which the industry has to overcome. The biggest hurdle is to change the mind set of people.
- A lot of skills are required to convince a person in order to invest in Mutual Fund.
- Every customer has different needs i.e whether he wants higher returns or safety of his capital. Depending on his appetite towards risk a particular fund was suggested to him.
- Past return is the most important factor considered by the investors while investing in the mutual fund scheme.
- Pass back plays an important role for well know how customers in choosing the distributor for buying any mutual fund. Pass back is the amount which the distributor gives to the customer from the commission which a distributor gets from the AMCs.
- The amount of pass back is variable and depends on the amount invested. Retail investor can save the entry load if they directly contact AMC with no role of distributor. But a distributor offers better service and advice than AMC.

7.2 RECOMMENDATIONS

- The commission which the distributor gets from AMCs is variable and may even vary from different Mutual Funds of same AMCs. SEBI (Security Exchange Board of India) should make guidelines in fixing or setting the limits of commission.
- There should be transparency in case of commission between AMC and distributor.

- Majority of the customers are unaware of the pass back option. The distributor should give a fixed pass back to each client who invest more than 2 lakhs rupees.

7.3LIMITATIONS

- GEOGRAPHICAL LIMITATION

The sample size was confined to Delhi and National Capital Region only.

- TIME LIMITATION

Time period was confined to two months only.

- SEASONAL LIMITATION

The demand of mutual funds varies according to different months. The project was carried out in the month of May and June. The demand may vary in other months

REFERENCES

ANNEXURE 1

LIST OF COMPANIES VISITED FOR SELLING CAP GUARD

<u>NAME OF COMPANY</u>	<u>PERSON NAME</u>	<u>PERSONS DESIGNATION</u>	<u>PHONE NO</u>	<u>REMARKS</u>
OSRAM PVT LTD	NISHANT GARG		011-4150100	HEAD OFFICE IS IN GURGAON SO CONTACT HEAD OFFICE
GOLDLINE MILK FOOD PVT LTD	SATISH ARORA	ACCOUNTS OFFICER	0130-22219550 , 2219660	MET HIM, HE WILL SEND PROPOSAL TO MANAGEMEMENT. GIVEN TO HIM SHEET CONTAINING VARIOUS SCHEMES
VIMLESH IND PVT LTD	ANIL JHA	ACCOUNTS OFFICER	0130-223187	AUDIT IS GOING IN COMPANY. SO CANT MEET ANY ONE
JASCH INDUSTRIES PVT LTD	S.K VERMA	V.P	9355044003	NOT INTERESTED
POWER TRADING COMPANY	Mr DEVESH	G.M	9974698706	MET HIM , HE WAS INTERESTED
OKADO EXPORTS PVT LTD	PARDEEP	ACCOUNTS OFFICER	9215335225	OWNER NOT PRESENT IN THE FACTORY
MODERN FABRIC PVT LTD	SUSHIL KHANNA	FACTORY MANAGER		I MET HIM, HE SAYS THEY INVESTS MONEY IN THEIR OWN COMPANY

HALLS VICTORIA MANUFACT URING AND PACKAGING			0130- 2219391, 2219390	OWNER NOT AVAILABLE
G.N.B BROSS PVT LTD	S.K JAIN	SENIOR FACTORY MANAGER	99111 95347	HE WAS HAVING MEETING WITH LABOUR OFFICER
ROULUNDS BRAKING INDIA LTD	ANIL CHADDA	ACCOUNTS MANAGER	0130- 2381163, 2381164	HE WAS BUSY IN MEETING
SATNAAM OVERSEAS FOOD DIVISION				NOT ALLOWED TO ENTER AND EVEN NOT ALLOWED TO TALK TO ANYONE WITHOUT PRIOR APPOINTMENT

NAME OF COMPANY	PERSON NAME	PERSONS DESIGNATION	PHONE NO	REMARKS
SUNSTAR OVERSEAS LTD	Y.K. GUPTA	V.P	99961 00066	V.P NOT PRESENT IN THE COMPANY
KALINGA SLS GOLD	AMANPREET SINGH	ACCOUNTS OFFICER	011- 25795092 25796323	COMPANY HEAD OFFICE IS IN NARAINA INDUSTRIAL AREA
SABARWAL FOODS PVT LTD	SAMEER SABARWAL			I MET HIM. HE WAS LEAST INTERESTED IN ANY

				INVESTMENT
E.C.E INDUSTRIES	RAJBIR SINGH	ACCOUNTS OFFICER	0130- 2230115	FACTORY AUDIT WAS GOING ON SO I CANT MEET ANYONE
ONGC	Mr AMARJEET	FINANCE HEAD	97594 09371	HE WAS INTERESTED AND KEPT THE RECOMMENDED SCHEMES PAPER WITH HIM
NORHLAND RUBBER LTD				HEAD OFFICE IS IN DELHI
LION BRO RADIATOR LTD	SATMAL SINGH	DIRECTOR	MOB: 9811089742 PH: 27442424	DIRECTOR NOT AVAILABLE IN THE COMPANY
STERLING EXPORTS LTD	GANGADHAR SHARMA	ACCOUNTS OFFICER	27220190	EVERYONE IS IN THE MEETING
DD INDUSTRIES LTD	G S MEHRA	ACCOUNTS OFFICER	27453333\34 \35	CALL AFTER 1:00
HELIX LATEX INDUSTRIES LTD	NEELAM SETHI	ACCOUNTS OFFICER	27252024	MET HER, COMPANY HAS NO PLAN FOR ANY INVESTMENTS
KUMAR ENGG WORKS	RAHUL	OWNER	27425281	HAD CONVERSATION WITH HIM,HE

				WAS NOT AT ALL INTERESTED IN ANY INVESTMENT
GOD FREY PHILIPS INDIA LIMITED	Mr HARISH	FINANCE HEAD	99875 33056	ASKED TO SENT A EMAIL
PADAM ELECTRICALS LTD	MUKESH GUPTA	DIRECTOR	7425074 (3 LINES)	NOT ALLOWED TO MEET HIM WITHOUT PRIOR APPOINTMENT
J D EXPORTS	SATISH KUMAR AGGARWAL	ACCOUNTS OFFICER	27210726	PERSON GONE TO BANK
MANGLA APPARELS INDIA PVT LTD	RAJENDER KUMAR		9310211597	MET ACCOUNTS OFFICER AND HE HAD GIVEN THE CARD
CHOPRA PLASTIC INDUSTRIES	RANJEET	RECEPTIONIST	27464623	TALKED TO HIM, HE SAID CALL ON THURSDAY i.e 22/05/08

NAME OF COMPANY	ADDRESS	PERSON NAME	PERSON' DESIGNATION	PHONE NUMBER
VIPUL MOTORS	FARIDABAD	LT COL	ADMIN-	0129-

PVT LTD		OP GUPTA	MANAGER	2267141, 9811448927
TECHNOFEB ENGINEERING LTD	FARIDABAD	MR. GULSHAN CHAWLA	executive admin	0129- 2270202, 9953306541
SILICON CITY	NEHRU PALACE	MR. ANIL GULATI		9899358700
KAMDHENU ISPAT LTD	GGN	MS. TEENA		0124- 4604500
ATLAS COPCO	GGN	MR VINAY JAIN		0124- 3027901, 9312504774
OSRAM	GGN	MS RAKHI		0124- 4081581
GATI INFRASTRU CTURE	GGN	MS REKHA		0124- 4304681
EON PREMEDIA PVT LTD	NOIDA	Mr.KULWANT	ADMIN DEPTT.	0120- 4346099
HYUNDAI MOTOR	NOIDA	Mr.ARUN	HR HEAD	9958994274
COPERION IDEAL PVT LTD	NOIDA	Mr.SAMSHER SINGH RAINA	ADMIN DEPTT.	0120- 2401686
T-SERIES	NOIDA	Mr. PRADEEP KUMAR	HOF	9212764768
GAIL TRAINING INSTITUTE	NOIDA	Ms.MEENA RAWAT	ADMIN RECEPTION	0120- 2515353-54
NTPC	NOIDA		RECEPTION	0120 -2515214 – 17
MANGLA STEEL UDHYOG PVT.LTD	NOIDA		RECEPTION	120- 4224005 ,4324227
BL INTERNATIONAL	NOIDA		RECEPTION	120- 4381500
COLWELL&SALMON (COMMUNICATION INDIA LTD)	NOIDA	SASINDRAN K	ADMIN CONCERNED	120- 2589901

OXFORD UNIVERSITY PRESS HCL BPO SERVICES	NOIDA		RECEPTION	120- 2587742,43
	NOIDA		RECEPTION	0120- 2589690- EXT-4400
BRICKRED TECHNOLOGIES PVT.LTD.	NOIDA	POOJA CHOWDHURY	SR.EXECUTIV E ADMIN	9818644318
NAME OF COMPANY	ADDRESS	PERSON NAME	PERSON' DESIGNATION	PHONE NUMBER
MD EVERYWHERE	NOIDA	R.K PANT	ADMIN MANAGER	0120- 4322029
AIRCEL	VASANT KUNJ	MR RAKESH		9873563272
NOBLE SYSTEM	NEHRU PLACE	MS MANJU		66606500
HERO MOTORS	NEHRU PLACE	MR PAWAN		9873598502
KPMG	NEHRU PLACE	MR KAMAL		9899021818
INFRES METHODEX LTD	DELHI	MR. BRIG PK DHIR	MANAGER- ADMIN	26945232 , 26944210
ROHDE&SCHWARZ	DELHI	MISS MEENA BISHT	SR. CO- ORDINATOR- ADMIN	9899020229 ,42535401 (direct)
SONY INDIA PVT LTD	DELHI	MR. ALOK MALHOTRA	MANAGER- ADMIN	66006600
SAMSUNG ENGINEERING	DELHI	MR SUJIT	MANAGER- ADMIN	40510700
EVEREST INDUSTRIES LTD	DELHI	MR. SUNIL SHARMA	MANAGER- ADMIN	40512373
BIOMETRIX INDIA PVT LTD	DELHI	MR. HARISH	MANAGER- ADMIN	4209880
HITACHI	DELHI	MR. MP SURESH	MANAGER- ADMIN	9312025285
TRANSWITCH	DELHI	MR. RAJAN	MANAGER-	40530000

		KUMAR	ADMIN	
SERVICE CITY	DELHI	MR. MANOJ	MANAGER- ADMIN	40635555
GLOBAL LOGIC INDIA PVT LTD	NOIDA	DINESH Kr.SHARMA	ADMIN- EXECUTIVE	0120- 4342000 EXT:3008
BRICKRED TECHNOLOGIES	NOIDA	SANDEEP SHARMA	EXECUTIVE- ADMIN	9911571100, 0120- 4007100
Allianz Automobiles	DELHI	MrJ.S.Sethi	GM	46007200