ASSETS MANAGEMENT IN MUTUAL FUNDS IN INDIA
(A CASE STUDY ON HDFC MUTUAL FUND)

A
RESEARCH SUMMARY
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RESEARCH SUMMARY

The purpose of the study is to determine the Indian capital market has been increasing tremendously during last few years. With the reforms of economy, reforms of industrial policy, reforms of public sector and reforms of financial sector, the economy has been opened up and many developments have been taking place in the Indian money market and capital market. In order to help the small investors, asset management mutual fund industry has come to occupy an important place.

Investing in equities requires time, knowledge and constant monitoring of the market. For those who need an expert to help to manage their investments assets management in mutual funds in India. Comes as an answer.

The business of assets management in mutual funds in India has never been an easy one. Juggling the limited choice at hand with the twin requirements of adequate safety and sizeable returns in a task fraught with complexities. Given the unpredictable nature of the market it requires sold experience and strong research to make the right decision at the right time. That’s where the expert come in. the term asset management in common practice refers to selection of securities and their continuous shifting in a way that the holders gets maximum returns at minimum possible risk.

Stock exchange are peculiar in nature and most of the investors feel insecure in managing their investment on the stock market because it is difficult for an individual to identify companies. Which have growth prospects for investment further due to volatile nature of the market. Its requires constant reshuffling of assets to capitalize on the growth opportunities. Even after indentifying the growth oriented companies and their securities. The trading practices are also complicated, making it a difficult task for investors to trade in all the exchange and follow up on post trading formalities investors choose to hold group of securities rather than single securities that offer the greater expected returns. They believe that a combination of securities held together will give a beneficial result if they are grouped in a manner to secure higher return after taking into consideration the risk element. That is why professional investment advice thought assets management services can help the investors to make an intelligent and informed choice between alternative investments opportunities without the worry of past trading hassles.

Asset managers are facing an extremely challenging market, with some investors veering towards alternative investments and others choosing passive investments. Traditional investment managers need support in
developing an appropriate client strategy, in renewing their technology, and in revamping global back-office services.

Small investors face a lot of problems in the share market, limited resources, lack of professional advice, lack of information etc. Assets manager have come as a much needed help to these investors. It is a special type of institutional device or an investment vehicle through which the investors pool their savings & which are to be invested under the guidance of a team of experts in wide variety of portfolios of corporate securities in such a way, so as to minimize risk, while ensuring safety and steady return on investment. It forms an important part of the capital market, providing the benefits of a diversified portfolio and expert fund management to a large number, particularly small investors.

Asset management activities and responsibilities impact on a wide range of roles within an organization are not confined to a specific department. However, in a large organization, effective asset management will benefit from the existence of recognized asset management personnel with expertise in specific areas.

Assets management or investment helps investors in effective and efficient management or their investment to achieve this goal. The rapid growth of capital markets in India has opened up new investment avenues for investors.

The stock market have become attractive investment options for the common man. But the need is to be able to effectively and efficiently manage investment in order to keep maximum return with minimum risk.

While this can provide greater opportunity, it also can limit the options of each individual investor to investments in which the company feels confidant. Once an investment plan is generated and implemented, asset management companies then monitor the strategy and provide clients with regular earnings and performance statements.

Asset management company:-

The asset management company, also known as the investment management company, is one of the largest global industries. This handles transactions worth trillions of dollars annually. Because of this, participants are constantly developing the market. The asset management industry is an important part of the financial sector throughout the world. This industry manages huge amounts of investments and helps clients reach a financial goal within a specific period of time. Asset management company offers a wide
range of investment options. However, with the growing complexity in financial markets, investors are demanding more options. The asset management company is constantly looking to develop new options. According to present trends, the asset management industry is trying to develop profitability by reducing expenditures. Because of trends, a reformation activity is taking place in the global asset management company.

The asset management company of every country has problems, but there are several factors that are global. Worldwide factors are related to the development of the industry in various ways. Important factors are fund governance, regulation of the industry, developing alternative investment options, product rationalization, introduction of new technology, identifying talented professionals, and making efficient investment decisions. For development of the asset management company throughout the world, it is necessary to have a proper corporate governing structure.

The regulators of the industry are constantly working to make developments in this field. As a result, the standard of corporate governance is rising rapidly. At the same time, the regulations are becoming stricter because of incidents of misconduct throughout the industry. Real estate, hedge funds, and other options are emerging as an alternative investment option. These investments can yield substantial returns, so the investors are turning towards these products. The asset management company professionals understand the changing trends and so they are also offering these products. Regulatory bodies are trying to make these products secure for the investors. In addition, the asset management companies realize the product rationalization factor. They know that the funds need to be shaped, because large funds are problematic and small funds generate small amounts of profit. Another important factor is the technology that is used by the asset management company. With the growing investor base and demands, the industry is trying to introduce new technologies to make the transactions easy. The asset management company is also bringing talented professionals to the industry so that the industry can develop rapidly.

The Institutional asset managers are professionals who construct and maintain investment portfolios on behalf of clients, individual investors, companies, banks or pension funds. Assets under Management include fixed income securities, equities and commercial real estate. The worldwide growth of the institutional asset management industry has been accompanied by a fundamental restructuring of the industry. This section examines sources of overall growth in the industry as well as structural changes.

As a result, the industry is characterized by increasing complexity,
which also affects the agency relationships involved in delegating asset management decisions. The instruments used to deal with the need to align the interests of fund owners and managers, including public regulation, can, in turn, affect the behavior of market participants and, thus, market outcomes. Therefore, ongoing industry trends have an obvious potential to change institutional investor behavior in ways that can be important for global financial markets, given the size of institutionally managed portfolios and their central role in managing private and public savings. Based on available research and two rounds of interviews with market participants, this report documents many of those industry trends and highlights possible implications.

The regulatory aspects of AMC’s are as-

AMFI (ASSOCIATION OF MUTUAL FUND IN INDIA) –

AMFI is not a self-regulatory organization (SRO). It’s made to promote mutual fund in the masses and give recommendation in order to uphold the interest of the investor.

Objective of AMFI - :

➢ To define and maintain high professional and ethical standards in all areas of operation of asset management mutual fund company.
➢ Recommend and promote best business practices and code of conduct to be followed by members and others engaged in the activities of mutual fund and
asset management including agencies connected or involved in the field of capital markets and financial services.

- Interact with the securities and exchange board of India (SEBI) and to represent to SEBI on all matters concerning the asset management mutual fund industry.
- Represent to the government, reserve bank of India and other bodies on all matters relating to the asset management mutual fund companies.
- Develop a cadre of well trained agent distributors and certification for all intermediaries and other engaged in the industry.
- Undertaken nationwide investor awareness programmer so as to promote proper understanding of the concept and working of asset management mutual fund company.

**SEBI (SECURITY AND EXCHANGE BOARD OF INDIA) –**

Security and exchange board of India “SEBI” the capital market regulator has clearly defined rules, which govern asset management mutual funds companies. These rules relate to the formation, administration and management of asset management mutual funds companies SEBI investment advisers regulations 2013. and also prescribe disclosure and accounting requirements. Such a high level of regulation seeks to protect the interest of investors.

All asset management mutual funds companies are registered with SEBI and they function within the provision of strict regulations designed to protect the interests of investors. The operations of mutual funds are regularly monitored by SEBI and Realizing the importance of assets management services, the SEBI has laid down certain guidelines for the proper and professional conduct of assets management services as per guidelines only recognized merchant bankers registered with SEBI are authorized to offer these services.

**RBI (RESERVE BANK OF INDIA) –**

Reserve bank of India was the regulator of asset management mutual funds companies before SEBI. it regulated asset management mutual funds companies initially and there were only few schemes in the market. but now with coming with SEBI, it has now become the main regulator of the asset management mutual funds companies. RBI now only governs bank sponsored asset management mutual funds companies.

**MINISTRY OF FINANCE –**

The ministry of finance, which is charged with implementing the government policies, ultimately supervises both the RBI and the SEBI. besides
being the ultimate policy making and supervising entity, the ministry of finance has also been playing the role of an appellate authority for any major disputes over SEBI guidelines on certain specific capital market related guidelines – in particular any cases of insider trading or mergers and acquisition.

**COMPANY LAW BOARD –**

Mutual fund asset management companies and corporate trustees are companies registered under the companies act, 1956, and are therefore answerable to regulatory authorities empowered by the companies act.

The primary legal interface for all companies in the register of companies. the department of company affairs in turn supervise register of companies. the department of company affairs forms part of company law, board which is part of ministry of law and justice of the government of India. The register of company ensures that the asset management company or the trustee company as the case may be in compliance with all companies act provisions. All asset management company with all companies act provisions. All asset management company accounts and records are filed with the register of company, who may demand additional information and documents from the company. the register of companies plays the role of a watchdog with respect to regulatory compliance by companies.

The company law board in the apex regulatory authority under the companies act. While the company law board guides the department of company affairs, another arm of the company law board called the company law bench is the appellate authority for corporate offences. The company law board is a body specially constituted by the central government for carrying out judicial proceedings with respect to company affairs. since mutual fund assets management company are companies. The company law board’s role assumes importance.

As the member of asset management companies or trustee companies will usually be the sponsors and their joint venture partners or associates it is unlikely that mutual fund investors will have anything to do with any of these regulators. The authorities would generally regulate the asset management companies whose shareholders may have recourse to them in specific cases.

**INVESTORS RIGHTS –**

- Proportionate right to beneficial ownership of schemes assets.
- Right to obtain information from trustees.
- Entitled to receive dividend warrants within 30 days of declaration of dividend.
- Inspect major documents of the fund.
Appointment of the assets management company can be terminated by 75% of the unit holders of the scheme present and voting.

Right to approve of changes in fundamental attributes of a close ended scheme (75% of unit holders should approve) – right to be informed so in open ended schemes so that they can redeem.

Right to receive a copy of annual financial statements of fund and periodic transaction statements.

75% of the unit holders can resolve to wind up the scheme.

**LEGAL LIMITATIONS TO INVESTORS –**

- Unit holders cannot sue the trust.
- Can initiate legal proceedings against trustees.
- Sponsor of mutual funds have no obligation to meet any shortfall in the assured return unless explicitly guaranteed in the offer document.
- No rights to a prospective investor.

**INVESTORS OBLIGATIONS –**

- Carefully study the offer document before investing.
- Monitor his investment in a scheme by referring financial statements, performance updates and research reports sent by the asset management company.

**ASSET MANAGEMENT SERVICES –**

Asset management services are offered by a number of firms throughout the whole world. These firms allocate funds for the assets, prepare the strategy for asset development and monitor the development of the assets. The basic aim behind these activities is to achieve a definite financial target.

Asset management companies offer various asset management services for different sectors. These sectors have their own assets and set of expectations from those assets. The risk factor and growth rate of these assets are also different. So it is hard to make a single plan to manage assets for all these sectors. Depending upon the demands of the client and the market conditions, the asset management companies have developed their services.

**ASSET MANAGEMENT PLAN –**

Asset management plans are prepared for the systematic development of the asset in the long term. These are formulated so that the investment portfolio of the institution or the individual is going to perform well even in the worst market situations. The asset management plans are designed to ensure better performance of an investment portfolio. The investment portfolios are created and nurtured according to this plan.
There are certain components of an asset management plan. They are as follows:

- Deciding the long-term financial goals
- Deciding the strategies
- Performance assumption
- Risk assumption
- Risk tolerance level
- Monitoring growth of the investment portfolio.
- Regular review of the investment portfolio

Deciding the financial goals of the investment is the most important factor for an asset management plan. The goals are decided by the investors or sometimes by the asset management firms. All other aspects of the asset management plan are associated with the financial goal of the investment portfolio.

Once the goals are in place, it becomes easier to set a particular strategy for the portfolio. This is important because these strategies play a decisive role in fulfilling the financial goals in the future. Performance of the investment portfolio is also dependent on these strategies. If the strategies are flexible enough, then the portfolio would perform well even in the worst market conditions. Again, to perform well in the falling markets, the portfolio should contain various assets. This diversification of the portfolio is also decided by the strategy.

Calculating the future risks is also an important part of the asset management plan. There are a number of theories and formulas that can help the plan to assess the risks related to the investment portfolio. Analyzing the market data of earlier years can assist in getting a clear picture of risk factors. Once these are decided, the hedging strategies can be designed.

The risk tolerance capacity of the portfolio is also important because there are investors with different levels of risk tolerance capacity. Regular monitoring of the performance of an asset management plan helps in determining the effectiveness of the plan. If the plan is not performing well, then some modifications are made in the existing plan to achieve the financial goals.

**Institutional Investors**

Institutional investors have been categorized as collective investment vehicles, pension funds or insurance companies. Increasingly, however, the distinctions underlying these categories no longer fully capture the most significant differences among industry players. Many insurance companies, for example, have launched their own investment funds and have
become involved in pensions provision. Defined benefit pension funds have a life insurance component to them, while banks are acquiring and launching money management and insurance companies. Thus, our use in this report of traditional breakdowns of institutional asset management is meant to capture the functional characteristics, as opposed to the institutional definitions, of industry players.

1. **Collective Investment Vehicles**

The fact that the overall costs of diversification tend to be large generates an incentive for individual investors and firms to place their money in pooled investment vehicles, which include mutual funds, hedge funds and private investment partnerships. These vehicles aim at achieving an attractive risk/return profile by pooling the assets of many investors. This lowers average costs through better diversification (due to indivisibilities of share size), more efficient information collection and processing, the spreading of fixed operational costs over a larger asset base (particularly true for “generic” fund management, such as index funds), and the use of size as a tool in the market environment to obtain better trading terms (lower bid-ask spreads and commissions).

Investors in collective investment vehicles are individuals (in the retail part of the business) or firms and charitable foundations (in the wholesale business). These investors are entitled to the net returns on the investment portfolio and bear all associated risks. In a number of countries, mutual funds have become the primary tool for individual investors’ investment in marketable securities. The term mutual fund comprises both open-end and closed-end funds, the majority of which are actively managed. Open-end mutual funds include index funds, with portfolios constructed to replicate the performance of a particular market index, while closed-end funds may include hedge funds and similar vehicles whose shares are not publicly offered at all.

2. **Investment Management**

A generic term that most commonly refers to the buying and selling of investments within a portfolio. Investment management can also include banking and budgeting duties, as well as taxes. But the term most often refers to portfolio management and the trading of securities to achieve a specific investment objective.

Investment management, also known as asset management, is pretty much what it sounds like: a client gives money to an asset manager, who then invests it to meet the client’s objectives. In other words, investment
management seeks to grow capital and generate income for individuals and institutional investors alike. The potential clients of an asset manager can vary widely. Asset managers who work for mutual funds, for example, manage money for retail clients, while asset managers at investment banks often invest money for institutional investors like companies or municipalities (often for pools of money like pension funds). Asset managers can also work for hedge funds, which combine outside capital with capital contributed by the partners of the fund, and invest the money using complex and sometimes risky techniques, attempting to receive extraordinary gains.

Asset managers buy their stocks, bonds and other financial products from salespeople at investment banks, who are on what is called the “sell-side.” (asset managers are on the “buy-side.”) Because they make commissions on every trade they facilitate, salespeople provide information (research, ideas) to asset managers, in an effort to get the asset managers to trade through them. For this reason,

Salespeople often shower asset managers with perks like sports tickets and expensive dinners at fancy restaurants. Asset management basically boils down to this: researching and analyzing potential.

Investments, and deciding where exactly to allocate funds. In recent years global financial services companies and investment banks made efforts to grow their asset management businesses. That’s because investment managers’ fees are based on the amount of money they’re given to invest—so as long as they have clients, they’ll make money for the bank. This fee-based arrangement stands in contrast to businesses like mergers and acquisitions advisory, which can be highly variable depending on market conditions.

That there is a lot of uncertainty in the world’s financial markets and among its top financial services firms. However, it also means that it is sure to be an exciting and interesting time to work in finance—and, in particular, in the investment management industry so investment management can take many forms. It can be done either by the consumer or a professional and can be passive, active, aggressive or conservative. It can refer to sophisticated trading techniques involving derivatives and alternative investments or merely the rolling over of cds.

3. **Insurance Companies**

Life insurance companies, which represent the largest segment of the insurance industry, offer products such as annuities and guaranteed investment contracts tailored to the needs of individual and collective pension plans. The payoff of a life insurance product is determined by the return on the
insurer’s asset portfolio and insurance elements. Life insurance companies tend to differ from other institutional investors in

Terms of their liability structure. Insurance products are, therefore, an indirect channel for providing ultimate beneficiaries with asset management services. However, Life insurers’ liabilities are primarily actuarial in character, with fixed income-like payout structures.

This may explain the large portion of fixed income products in insurance portfolios observed in many countries, though equity allocations tended to increase in the course of the 1990s. Insurance company assets are often managed in-house, rather than being handed over to outside asset managers.

This organizational preference has led insurers to purchase external asset management firms as a means of bringing investment expertise in-house. As a result, in some cases, insurance companies may offer portfolio management and administrative services to pension funds. In addition, there has been a recent trend among insurers to invest in or acquire specialized investment vehicles and to purchase specific asset management service providers.

4. Asset Allocation-

![Asset Allocation Diagram](image)

**Asset Allocation – Review, analysis and management**

- **Strategic Allocations**
  - Build portfolios based on strategic risk and return assumptions and models.

- **Tactical Adjustments**
  - Further adjustments are made based on short-term insights.

- Asset allocation does not ensure profit or protect against loss.

When an asset class is overweighted, other asset classes are underweighted by a compensating percentage so that the total allocation remains 100%.

**FIGURE - ASSET ALLOCATIONS**
5. Hedging And Monetization Strategies:

![Hedging and Monetization Strategies Diagram]

FIGURE - Hedging And Monetization Strategies

6. Pension Funds:

A pension plan is an asset pool that accumulates over an individual’s working years and is paid out during the nonworking years. Developed as Americans began relying less on children for care during their later years. Also became popular as life expectancy increased. Pension and retirement plans are available in a number of types that are known as either defined contribution or defined benefit plans. Funded Occupational or Individual Pension Schemes Are the Private Sector Counterparts of Funded and Non-Funded, So-Called Pay-As-You-Go, Public Social Security Schemes. Occupational Pension Funds, Typically Sponsored By Large Employers or Trade Unions, Collect And invest contributions from the beneficiaries and sponsors for the purpose of providing for the beneficiaries’ retirement entitlements. The management of the investments may either be performed by the fund itself (“in-house”), or may be delegated to independent external asset managers.

The working group’s interviews with pension fund managers suggest that the use of outside managers is becoming standard in most countries. The two main types of pension funds, defined benefit (db) and defined contribution
(DC) schemes differ significantly in the distribution of investment risk between the sponsor and the beneficiary. In db schemes, entitlements are typically calculated on the basis of the employee's salary profile and formally represent liabilities of the sponsor, who is responsible for making contractual pension payments - notwithstanding the investment performance. Hence, the beneficiary's risk tends to be limited to default by the sponsor.

In contrast, under defined contribution schemes, the beneficiary is typically provided with a menu of alternative investment choices (including mutual funds) among which to allocate regular contributions. The investment risk is borne entirely by the beneficiaries, with payouts determined by the cumulative performance of the investments.

Due to these differences, db pension liabilities tend to most closely resemble those of life insurers, abstracting from asset return-based components, in that they are guaranteed by the sponsor. Due to the long-term nature of defined benefit liabilities, which are effectively like inflation-indexed long-term bonds, there is a potential for large volatility in fund surpluses and deficits. This, in turn, leads to a lot of attention being placed on asset-liability management by defined benefits pension funds, with db liabilities being difficult to match on the asset side.

As temporary swings in surpluses are unavoidable, investment horizons will have to be relatively long.

The management of defined contribution schemes, on the other hand, resembles more closely that of a mutual fund. Given the wider product mix offered and as defined contribution funds do not have fixed liabilities, investment horizons can be in the short-, medium- or long-term range and will tend to differ across firms and products.

**Types Of Pensions**

1. **Defined-benefit pension plans**: a plan where the sponsor promises the employee a specific benefit when they retire.
2. For example, annual retirement payment = 2% average of final 3 years' income years of service
3. Defined-benefit pension plans place a burden on the employer to properly fund the expected retirement benefit payouts.
   a. **Fully funded**: sufficient funds are available to meet payouts
   b. **Overfunded**: funds exceed the expected payout.
   c. **Underfunded**: funds are not expected to meet the required benefit payouts
4. **Defined-contribution pension plan**: a plan where a set amount is invested for retirement, but the benefit payout is uncertain.
5. With this plan the employee’s benefits during retirement depend on the contributions made to and the investment performance of the assets in his or her account, rather than on the employee’s years of service or earnings history.

6. Private pension plans: any pension plan set up by employers, groups, or individuals

7. Examples of defined-contribution plans include 401(k) plans, 403(b) plans, and 457 plans

8. Public pension plan: any pension plan set up by a government body for the general public (e.g., social security)

7. Alternative Investment Strategies-

![Alternative Investment Strategies](image)

**Figure -Alternative Investment Strategies**

8. OTHER INDUSTRY PLAYERS IN AMC’S

(a) Investment Consultants

The importance of investment consultants, who primarily advise institutional asset holders on the choice of outside investment managers, has tended to rise over recent years. Traditionally, investment consultants have been of greatest value to smaller pension funds, since large pension funds have
been less inclined to hire outside asset managers. But recently, as asset management has increasingly been outsourced, pension fund trustees have lost some of their in-house support and tended to increasingly rely on investment consultants as a result.

Their influence also varies markedly across countries, and appears to be most central in those countries with larger funded pension schemes, such as the United Kingdom and the United States, as well as those in which tendering processes are required in the selection of external fund managers, such as France. In the United Kingdom, consultants tend to advise their clients, pension fund trustees, not only on the specific risk managers to be selected, but also on issues like strategic portfolio allocation and ongoing performance monitoring. The working group’s interviewees partially attributed the reliance on consultants to the fact that UK trustees tend to be non-professionals without specific expertise, an issue that was also highlighted in the myners report. In addition, that report also commented on the fact that the UK investment consulting industry is highly concentrated.

This might have contributed to a lack of diversity in investment advice, a phenomenon that seems to apply also to other countries. Consultants tend to advise trustees on all aspects of the investment process and, in doing so, implicitly certify prudent behavior on the part of trustees.

(b) Rating Agencies, Investment Advisers and Sales agents

Fund rating agencies specialize in providing market participants with information for investment decision-making in the form of formal scores of the rated company’s “quality”. In terms of generating these scores, fund raters tend to distinguish themselves through the use of either the quantitative ranking- or the qualitative ratings-based approach.

While fund rankings try to help investors to evaluate pooled investment vehicles based purely on measures of historical performance, fund ratings seek to evaluate investment funds against the background of the investment fund’s investment philosophy, its policies and procedures, as well as the track record of its fund managers. With their services targeted mostly at the retail market, both types of fund raters distinguish themselves from the investment consultants Which, in turn, concentrate on the wholesale side of the business.

Recently, investment fund classifications have become a focal topic among fund rating agencies and fund managers. One of the main concerns of fund managers is that the span of many existing fund categories may be too large; framing a possibly ill-defined competitive universe between what might essentially be very different products. In addition, the existing scoring systems
have been criticized for being dominated by recent historical performance and for skewing investors’ decisions towards the best-performing funds, with up to 80% of new cash being invested in the most highly rated funds.

Similarly, sales networks and investment advisers, given that their own incentive structures might be subject to conflicts of interest, have been criticized for potentially skewing their clients’ investment choices, for example, towards products generating the biggest sales fees.

(c) Index Providers

Index providers create and maintain market indices, which measure the price performance of a hypothetical investment. Over time, the role of these index providers has become increasingly visible in the asset management industry. As market indices have become the benchmarks to which the performance of asset managers is compared, they have come to strongly influence the structure of asset managers’ incentives.

Conceptually, financial market indices are easy to understand and interpret. The practical calculation and publication of financial market indices, however, is a resource-intensive task. The incentive structures of index providers are influenced not only by competition among existing suppliers of index products, but also by potential new entrants into the business.

For exchange-traded securities, competition could arise from financial intermediaries or firms that are not financial intermediaries, while for OTC securities, potential competitors are limited to other dealers active in the OTC market. Competition for benchmark indices cannot arise overnight, however, as there are sizeable fixed costs involved and as credibility concerning accuracy and integrity of index numbers and of the indexation process takes time to develop. As a result, certain network externalities might arise, favoring early entrants into the market.

Some providers also sell index-related information and services to their clients. This type of business model appears prevalent in indices involving the OTC markets, where financial intermediaries have certain information advantages. In such cases, the index provider employs its proprietary knowledge of its own market index to offer services designed to provide competitive advantages to investors.

The structure of the index provision industry is also influenced by differences in index maintenance costs, particularly between indices for exchange-traded and OTC securities. While price information for exchange-traded securities is publicly available, prices of securities that trade strictly OTC are often not published.
Furthermore, the tracking of additional information (such as amounts outstanding) may also become more burdensome. Therefore, OTC indices tend to be provided by financial intermediaries who, in the course of their business, maintain proprietary databases for the data required for index construction and maintenance.

The financial intermediaries who maintain benchmark indexes recognize the potential for conflicts of interest between those in their Organization who maintain the benchmark index and those who trade the securities in that index. As a result, firms stress their sensitivity to the need for implementing objective criteria for the construction and maintenance of their indices.

9. Mutual Fund-

Mutual fund is the pool of the money, based on the trust who invests the savings of a number of investors who shares a common financial goal, like the capital appreciation and dividend earning. The money thus collect is then invested in capital market instruments such as shares, debenture, and foreign market. Investors invest money and get the units as per the unit value which we called as NAV (net assets value).

Mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in diversified portfolio management, good research team, professionally managed Indian stock as well as the foreign market, the main aim of the fund manager is to taking the scrip that have under value and future will rising, then fund manager sell out the stock. Fund manager concentration on risk – return trade off, where minimize the risk and maximize the return through diversification of the portfolio. The most common features of the mutual fund unit are low cost. The below I mention the how the transactions will done or working with mutual fund.

Origin of Mutual Fund in India -:

The history of mutual funds dates back to 19th century when it was introduced in Europe, in particular, great Britain. Robert Fleming set up in 1968 the first investment trust called foreign and colonial investment trust which promised to manage the finances of the moneyed classes of Scotland by spreading the investment over a number of different stocks. This investment trust and other investments trusts which were subsequently set up in Britain and the us, resembled today’s close – ended mutual funds. The first mutual in the U.S., Massa Chust Settes investor’s trust, was set up in march 1924. This was the open – ended mutual fund.
The stock market crash in 1929, the great depression, and the outbreak of the second world war slackened the pace of mutual fund industry, innovations in products and services increased the popularity of mutual funds in the 1990s and 1960s. The first international stock mutual fund was introduced in the U.S. in 1940. In 1976, the first tax-exempt municipal bond funds emerged and in 1979, the first money market mutual funds were created. The latest additions are the international bond fund in 1986 and arm funds in 1990. This industry witnessed substantial growth in the eighties and nineties when there was a significant increase in the number of mutual funds, schemes, assets, and shareholders. In us, the mutual fund industry registered a ten-fold growth the eighties. Since 1996, mutual fund assets have exceeded bank deposits. The mutual fund industry and the banking industry virtually rival each other in size.

**Growth of Mutual Funds in India**

By the year 1970, the industry had 361 funds with combined total assets of 47.6 billion dollars in 10.7 million shareholder's account. However, from 1970 and onwards rising interest rates, stock market stagnation, inflation and investors some other reservations about the profitability of mutual funds, adversely affected the growth of mutual funds. Hence mutual funds realized the need to introduce new types of mutual funds, which were in tune with changing requirements and interests of the investors. The 1970's saw a new kind of fund innovation; funds with no sales commissions called “no load “funds. The largest and most successful no load family of funds is the vanguard funds, created by john Bogle in 1977.

In the series of new product, the first money market mutual fund (MMMIF) i.g. The reserve fund” was started in November 1971. This new concept signaled a dramatic change in mutual fund industry. Most importantly, it attracted new small and individual investors to mutual fund concept and sparked a surge of creativity in the industry.

**Current Industry Assessment –**

The Indian mutual fund industry has shown relatively slow growth in the period FY 10-13 growing at a CAGR of approximately 3.2 per cent. Average (AUM) stood at inr 8,140 billion as of September 2013. However, AUM increased to INR 8,800 billion as of December 2013.
Growth of the AUM:

Source: The Association of Mutual Funds in India (AMFI); Data as of September 2013
Note: Figures from FY11 - FY13 corresponds to average AUM for the quarter Jan - Mar (Q4)

Lackluster stock market performance, rising inflation and anticipation of a rise in interest rates has led to a tapering of growth in the Indian mutual fund industry in the recent years. In comparison to global markets, India’s AUM penetration as a per cent of GDP is between 5-6 per cent while it is around 77 per cent for the U.S., 40 per cent for Brazil and 31 per cent for South Africa.

Growth in Markets:

Source: BSE Sensex and NSE Nifty data as on December 2013

CHART 4.4 Growth in Markets
Despite the relatively low penetration of mutual funds in India, the market is highly concentrated. Though, there are 44 AMCs operating in the sector, approximately 80 per cent of the AUM is concentrated with 8 of the leading players in the market. There have been recent instances of consolidation in the market and market concentration is expected to remain in the near-term.

**Market Share of leading Mutual Funds (basis AUM)**

![Market Share of leading Mutual Funds Chart](chart.png)

**Source:** The Association of Mutual Funds in India (AMFI); Data as of September 2013

**CHART 4.5 - Market Share of leading Mutual Funds**

**Mutual Fund Investment Strategies**

- **Systematic Investment Plan (Sips):**
  These are best suited for young people who have started their careers and need to build their wealth. Sips entail an investor to invest a fixed sum of money at regular intervals in mutual fund scheme the investor has chosen. For instance an investor opting for sip in xyz mutual fund scheme will need to invest a certain sum of money every month / quarter /half year in the scheme.

- **Systematic Withdrawal Plan (swps):**
  These plans are best suited for people nearing retirement. In these plans an investor invests in a mutual fund scheme and is allowed to withdraw a fixed sum of money at regular intervals to take care of expenses.

- **Systematic Transfer Plan (stps):**
  They allow the investors to transfer on a periodic basis a specified amount from one scheme to another with in the same fund family meaning two schemes belonging to the same mutual fund. A transfer will be treated as
redemption of units from the scheme from which the transfer is made such redemption or investment will beat the applicable nav. This service allows the investor to manage his investment actively to achieve his objectives. Many funds do not even charge even any transaction fee for this service an added advantage for the active investor.

**Category-wise Mutual fund performance:**

<table>
<thead>
<tr>
<th>Category average return %</th>
<th>1 Year</th>
<th>2Years</th>
<th>3Year s</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity And Hybrid Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Cap Equity Fund</td>
<td>2.9</td>
<td>6</td>
<td>1.9</td>
</tr>
<tr>
<td>Diversified Equity Fund</td>
<td>2.1</td>
<td>6.1</td>
<td>1.7</td>
</tr>
<tr>
<td>Small and Mid Cap Equity Fund</td>
<td>3.4</td>
<td>8.5</td>
<td>2.8</td>
</tr>
<tr>
<td>Equity Oriented Hybrid Specialty Fund</td>
<td>3.6</td>
<td>5.3</td>
<td>2.8</td>
</tr>
<tr>
<td>International/Global Commodities</td>
<td>8.6</td>
<td>5</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Benchmarks Indices</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CNX Nifty</td>
<td>3.6</td>
<td>24.9</td>
<td>10.4</td>
</tr>
<tr>
<td>S&amp;P Sensex</td>
<td>5.5</td>
<td>26.7</td>
<td>11.3</td>
</tr>
<tr>
<td>S&amp;P Small cap</td>
<td>-11.4</td>
<td>4</td>
<td>-26.7</td>
</tr>
<tr>
<td>S&amp;P Midcap</td>
<td>-8.4</td>
<td>15.4</td>
<td>-8.7</td>
</tr>
<tr>
<td><strong>Debt And Hybrid Debt</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Term Income Funds</td>
<td>4.8</td>
<td>3.6</td>
<td>3.6</td>
</tr>
<tr>
<td>Short Term Income Funds</td>
<td>7.8</td>
<td>5.2</td>
<td>4.9</td>
</tr>
<tr>
<td>Liquid Funds</td>
<td>7.8</td>
<td>5.3</td>
<td>5</td>
</tr>
<tr>
<td>Ultra Short Funds</td>
<td>8.2</td>
<td>5.2</td>
<td>5.2</td>
</tr>
<tr>
<td>Gilt Short term funds</td>
<td>4.4</td>
<td>3.2</td>
<td>2.9</td>
</tr>
<tr>
<td>Gilt Long term funds</td>
<td>3.4</td>
<td>3.4</td>
<td>3.5</td>
</tr>
<tr>
<td>Balanced</td>
<td>4.4</td>
<td>5.9</td>
<td>2.8</td>
</tr>
</tbody>
</table>

As on 20 Jan 2014  
Source: Money control; Returns over 1 year are annualized.  
**TABLE 4.10**: Category-wise Mutual fund performance
Classification of Mutual Funds and Schemes

Types of Mutual Funds -

Figure 4.12: Types of Mutual Funds
Recent Developments -:

1. Investment in Foreign Debt -

SEBI has permitted the Indian mutual funds to make investments in foreign debt securities. As per the circular issued by SEBI, mutual funds have been allowed to invest in foreign debt securities with highest credit rating (such as a-1/AAA by standard and poor, p- 1/AAA by moody’s, f1/AAA by Fitch IBCA, etc.) In the countries with fully convertible currencies provided the guidelines laid down in the circular are complied with. Similarly, the Indian mutual funds have also been permitted to make investments in non-Indian government securities where the countries are AAA rated.

However, such investment is permitted subject to an overall cap of 10% of the net assets of a mutual fund, subject to the maximum of USD 50 million, per mutual fund for making investments in the foreign debt securities and American depository receipts/global depository receipts issued by Indian companies (“ADRS/GDRS”). This has opened up newer opportunities for domestic mutual funds for investing in foreign securities. This also enables mutual funds to hedge their country risk by spreading their investments amongst different countries. Several funds have announced schemes for such overseas investments.

2. Investment by Resident in Foreign Securities -

The reserve bank of India, as a part of its ongoing liberalization and with a view to usher in full convertibility of rupee, has recently permitted Indian residents, including mutual funds, subject to an overall cap of USD 1 billion. Such investment will have to be made in foreign companies whose shares are listed on an overseas exchange and which has at least 10% holding in an Indian company which is also listed on the Indian stock exchange. While these conditions may sound restrictive, it is only a matter of time when the RBI will look at further relaxations. This has opened up an opportunity for Indian investors to invest in the overseas market and this also throws up an opportunity for mutual funds to tap into these investments since individual investors would be more comfortable to invest through a mutual fund Vis-À-Vis a direct exposure to foreign securities.

3. Compulsory Certification of Sales/Marketing Personnel

SEBI together with the association of mutual funds of India has made it mandatory for the sales and marketing personnel of mutual funds to obtain a certification. This requires such personnel to appear for a test which is currently conducted by the amfi. The move is to educate the sales personnel on the basics of investment and on the current regulations so as to ensure that no
false representations are made to the investors by the sales personnel and is a move towards bringing in more accountability to the asset management company.

4. **Mutual Fund Schemes for Real Estate**
   AMFI has recently submitted to SEBI, draft guidelines for allowing mutual funds to invest in real estate. The move is in response to a growing need of the real estate sector and also the fact that this sector has provided to be an attractive investment opportunity for investors. Real estate investment trusts (REITs) are a popular investment vehicles in the development markets of the US and the UK and have contributed significantly to the

   Development of those economy. A need was felt for implementing such REITs structure in India and in response to that SEBI constituted a committee to examine the current regulations governing mutual funds and to recommend a set of guidelines for setting up schemes under the current framework for investing in real estate. The report has been submitted by the committee to the SEBI which has been put-up for public comments. It is expected that shortly, the SEBI would notify these new set of regulations.

5. **Splitting Up Of UTI**
   An ordinance was recently passed by the president of India which repealed the unit trust of India act, 1963 thereby splitting UTI Into two funds viz. UTI i and UTI ii. The ordinance was issued in wake of the severe payment crisis that UTI had faced on account of its assured return schemes which resulted in an adverse impact to the Indian capital markets. UTI being the first mutual fund set-up in India has always been a symbol of trust and currently is the largest mutual fund in India. Also, since it was constituted under a special enactment, it was not strictly governed by the SEBI regulations. A need was felt to bring UTI within the SEBI purview and also to ensure that the units are made NAV linked. UTI i now consists of all assured return scheme (including us 64) whereas UTI ii now consists of all other schemes which are NAV linked. UTI i has a government guarantee and will be managed by an AMC formed by the life insurance corporation of India, the bank of Baroda and the Punjab national bank. Over a period of time, the asset management function of UTI ii will be privatized.

   A mutual fund manager’s goal is to steadily maintain and grow an investor’s wealth. Whether a mutual fund or a hedge fund, an asset management company typically charges investors layers of fees. Investors should become familiar with the fee structure of an asset management Company before placing any money there so that there are no surprises.
**HDFC Mutual Fund**

HDFC mutual fund is one of the largest mutual funds and well-established fund house in the country with consistent and above average fund performance across categories since its incorporation on December 10, 1999. While our past experience does make us a veteran, but when it comes to investments, we have never believed that the experience is enough.

**HDFC Asset Management Company Limited**

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.

HDFC asset management company limited launched its scheme HDFC equity fund in the year January 1995 since then it focused on different class of schemes for many years and launched several innovative products that went to become bourgeoning categories in the Indian mutual fund industry.

Some of these were HDFC growth fund, HDFC top 200 funds and HDFC balance fund, HDFC prudence fund etc. So that the HDFC asset management company ltd. Is a privately owned investment manager. The firm manages equity, fixed income, and balanced mutual funds for its clients. It also manages hedge funds for its clients.

It also invests in private equity with a focus on real estate. The firm invests in public equity and fixed income markets. It employs fundamental analysis to make its investments. The firm was founded in 1999 and is based in Mumbai, Maharashtra. HDFC asset management company ltd. Operates as a subsidiary of housing development finance corporation limited.

HDFC asset management company limited have office in 29 cities and currently manage assets in excess of Rs. 113354.1755 Crs. (as on 31-mar-2014).

The present share holding pattern of the HDFC AMC is as follow :-

<table>
<thead>
<tr>
<th>Particulars</th>
<th>% Of The Paid Up Share Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC</td>
<td>50.10</td>
</tr>
<tr>
<td>Stander Life Investment Ltd.</td>
<td>49.90</td>
</tr>
</tbody>
</table>

**FIGURE 5.1:- HDFC Share Holding Pattern**

The distributors largely should prepare sales, promotional or any other literature regarding products/schemes of HDFC mf from the prevailing HDFC mf library of marketing/sales related documents. To enable the AMC to have a proactive oversight, the distributors should file with HDFC mutual fund all
sales, promotional or any other literature regarding products/schemes of HDFC mutual fund circulated by them.

The same should be filed within 7 days from the date of issue at the following address: the chief compliance officer, HDFC asset management company limited, “HUL house”, 2nd floor, h. T. Parekh Marg, 165-166, Backbay reclamation, church gate, Mumbai - 400 020.

**Portfolio Management Advisory Services**

The HDFC asset management company is also providing portfolio management advisory services and such activities are not in conflict with the activities if the mutual funds -:

1. HDFC asset management company’s punch lines is “continuing a traditional of trust”.
2. In Rajasthan HDFC asset management company is located at Jaipur.
3. HDFC asset management company is working from 9.30 am. On words.
4. HDFC asset management company have 200 and more distributors in JAIPUR.
5. HDFC asset management company provide account statements to investors according to investors requirement.
6. HDFC asset management company provide good services to investors.
7. Continue to develop products and services that reduce our cost of funds; and focus on high earning in growth with low volatility.

**Types Of Mutual Fund Scheme -:**

**1. Open-Ended Fund/ Scheme**-

An open-ended fund or scheme is one that is available for subscription and repurchase on a continuous basis. These schemes do not have a fixed maturity period. Investors can conveniently buy and sell units at net asset value (NAV related prices which are declared on a daily basis. The key feature of open-end schemes is liquidity.

**2. Close-Ended Fund/ Scheme**-

A close-ended fund or scheme has a stipulated maturity period e.g. 5-7 years. The fund is open for subscription only during a specified period at the time of launch of the scheme. Investors can invest in the scheme at the time of the initial public issue and thereafter they can buy or sell the units of the scheme on the stock exchanges where the units are listed. In order to provide an exit route to the investors, some close-ended funds give an option of selling back the units to the mutual fund through periodic repurchase at NAV related prices. SEBI regulations stipulate that at least one of the two exit routes is provided to the investor. either repurchase facility or through listing on stock
exchanges. These mutual funds schemes disclose NAV generally on weekly basis.

3. **Sector Specific Funds/Schemes**

   These are the funds/schemes which invest in the securities of only sectors or industries as specified in the offer documents. E.g. Pharmaceuticals, software, fast moving consumer goods (FMCG), petroleum stocks, etc. The returns in these funds are dependent on the performance of the respective sectors/industries. While these funds may give higher returns, they are more risky compared to diversified funds. Investors need to keep a watch on performance of those sector/industries and must exit at an appropriate time. They may also seek advice of an expert.

4. **Tax Saving Schemes**

   These schemes offer tax rebates to the investors under specific provisions of the income tax act, 1961 as the government offers tax incentives for investment in specified avenues. E.g. Equity linked savings schemes (ELSS). Pension schemes launched by the mutual funds also offer tax benefits. These schemes are growth oriented and invest predominantly in equities. Their growth opportunities and risk associated are like any equity-oriented scheme.

**INVESTMENT PLAN:-**

1. **Systematic Investment Plan (SIP)**

   HDFC MF SIP is similar to a recurring deposit. Every month on a specified date an amount you choose is invested in a mutual fund scheme of your choice. The dates currently available for sips are the 1st, 5th, 10th, 15th, 20th and the 25th of a month. You’ll be amazed to learn about the many benefits of investing through HDFC MF SIP.

2. **Systematic Transfer Plan (STP)**:

   STP refers to systematic transfer plan where in an investor invests a lump sum amount in one scheme and regularly transfers (i.e. switches) a pre-defined amount into another scheme. Every month on a specified date an amount you choose is transferred from one mutual fund scheme to another of your choice.

   Currently, fixed systematic transfer plan (FSTP) - monthly interval and capital appreciation systematic transfer plan (CASTP) - monthly interval facility is available to the unit holders on 1st, 5th, 10th, 15th, 20th and 25th of a month and FSTP - quarterly interval and CASTP - quarterly interval facility is available to the unit holders on 1st, 5th, 10th, 15th, 20th and 25th of the first month of each quarter.
**Detailed Schemes Of HDFC AMC:-**

<table>
<thead>
<tr>
<th>EQUITY GROWTH FUND</th>
<th>DEBT / INCOME FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC Growth Fund</td>
<td>HDFC MF Monthly Income Plan - short term Plan</td>
</tr>
<tr>
<td>HDFC Top 200 Fund</td>
<td>HDFC Multiple Yield Fund</td>
</tr>
<tr>
<td>HDFC Core and Satellite Fund</td>
<td>HDFC Income Fund</td>
</tr>
<tr>
<td>HDFC Index Fund – Sensex Plan</td>
<td>HDFC Short Term Plan</td>
</tr>
<tr>
<td>HDFC Index Fund – Sensex Plus Plan</td>
<td>HDFC Gilt Fund - Short Term Plan</td>
</tr>
<tr>
<td>HDFC Balanced Fund</td>
<td>HDFC Floating Rate Income Fund - short term Plan</td>
</tr>
<tr>
<td>HDFC Long Term Advantage Fund (ELSS)</td>
<td>HDFC Cash Management Fund - Savings plus plan</td>
</tr>
<tr>
<td>HDFC Long Term Equity Fund</td>
<td>HDFC MF Monthly Income Plan - Long term Plan</td>
</tr>
<tr>
<td>HDFC Infrastructure Fund</td>
<td>HDFC Multiple Yield Fund - Plan 2005</td>
</tr>
<tr>
<td>HDFC Capital Builder Fund</td>
<td>HDFC High Interest Fund</td>
</tr>
<tr>
<td>HDFC Primier Muilt – Cap</td>
<td>HDFC High Interest Fund - Short term Plan</td>
</tr>
<tr>
<td>HDFC Index Fund – Nifty Plan</td>
<td>HDFC Gilt Fund - Long Term Plan</td>
</tr>
<tr>
<td>HDFC Arbitrage Fund</td>
<td>HDFC Floating Rate Income Fund - long term Plan</td>
</tr>
<tr>
<td>HDFC Equity Fund</td>
<td></td>
</tr>
<tr>
<td>HDFC Prudence Fund</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIQUID FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC Tax Saver (ELSS)</td>
</tr>
<tr>
<td>HDFC Mid-Cap Opportunities Fund</td>
</tr>
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<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>CHILDREN’S GIFT FUND</td>
</tr>
</tbody>
</table>

| HDFC Children’s Gift Fund - Investment Plan | |
| HDFC Children’s Gift Fund - Savings Plan | |

**Table 5.3:- Detailed Schemes of HDFC AMC**
Future Growth And Market Approach Of HDFC Mutual Fund In India:

The HDFC mutual fund industry has involved in many aspects in the last decade or so. Be it product innovation. Distribution reach, investors education or leveraging technology. At present, only small portions of public savings reach the capital markets through the HDFC MF route will raise gradually. Innovations like arbitrage funds, exchange -traded funds are going to benefit investors is a very tangible way. However again within the exchange traded funds category, products like real estate exchange traded funds will take some time to be introduced in the Indian market. The industry one of the most regulated and has so far seen a very small numbers of issues. This fact alone should illustrate the likely future development of the HDFC mutual funds industry.

Although The Competitive Scenario Is Getting Tougher By The Day. It Actually Helps In The Expansion Of The Market. Competition Will Also Lead To Innovation In Product Development And A Race For Better Returns. Going by India’s demography, the purchasing power and the savings rate and the kind of money people earn will increase in the future. Obviously, they need investment opportunities and HDFC mutual funds will be one of the best opportunities for the future, because of the kind of returns they yield which no other class can give the risks.

The HDFC mutual fund industry future seems bright for the coming years. It has great potential to grow and is already on the path.

The HDFC mutual fund In India has gone through sea- changes in the last decade or so and has witnessed very impressive growth rates. However, even now, it is poised for many far reaching changes that can unleash a further period of very high growth in the near future as well.

At HDFC bank we understand the value of your time and the opportunities it holds for you. Your personal finances may not get the attention they deserve while you attend to your business and professional needs. We are pleased to offer to you our tailors made private banking services. Created exclusively for valued customer for managing and enhancing your wealth.

CONCLUSION:

Through the asset under management in the mutual fund industry has risen to a level of Rs. 4014 trillion as on may 31, 2007. Growth in yearly collection of mutual funds showed an uneven trend, as mentioned above. Reasons could be many but the shaky confidence of investors is of paramount importance. The comparison of the Indian mutual fund industry with respect global standards showed that India has a lot of catching up to do in terms of
penetration the diversity of products and the risk mitigation techniques used. Indian mutual fund industry is possible at a point of inflection on the verge of explosive growth. The factors that point towards this are existence of robust capital markets and the presence of an impartial regulation.

In order to reap the benefits of this growth the mutual fund industry has to introduce certain changes. These changes include the introduction of newer products, improvements in mutual fund distribution, better. The mutual fund regulation (SEBI) should increase the accountability of all major players including the AMC’s, distributors and brokers to build trust among retail investors. The Indian regulatory must think to enhance the fund management’s ability and accountability, as well as operations transparency, which would ultimately increase the safety of the investors fund and improve returns.

Investor confidence and country economy are the synonyms and here above reflects that the asset-management mutual fund industry and need proper direction for sustainable growth. If this takes place, the impact on economy will automatically be in robust health.

**SUGGESTION :-**

The stock market should concentrate more on professional investors so that they invest more in shares & funds. Investors can make the public more aware of their products through advertisements and personal involvements.

The mutual funds market should concentrate more on line services. Information about the mutual funds market schemes should reach the public in an easy and attractive way. Provide up-to-date information to investors regarding mutual fund and share investment objectives, strategies, risk involved, fees and competence of fund managers.

Provide efficient investor service with the help of computer technology for enhancing a sound investor base. The awareness programmers must fall the people, what share market is how it benefits the investors, how the shares operate, and what are the opportunities and risks associated with them etc. The organization is advised to monitor the satisfaction of investors through proper customer relationship management techniques, as this can improve the satisfaction of investors. The broking firms play a vital role in selecting the share market they should provide not only proper guidance and good service but also organize awareness programmers about the share market.

Mutual funds market should appoint efficient and well-qualified technical analysts for analyzing various options in the share market.

At least from the above discussion it is clear that assets functioning is based on market risk. So one can get the help from the professional assets
manager. If required before investment because applicability of partial knowledge though technical analysis can help an investor to reduce risk. In other words securities prices are determined by money manager, students and strikers, doctors and dog catchers, lawyers and landscapers, the wealthy and the wanting. This breadth of market participants guarantees and element of unpredictability and excitement. If we were all totally logical and could separate our emotions from our investment decisions, the determination of price based on future earnings would work magnificently and since we would all have the same completely logical expectations, price would only change when quarterly reports or relevant news was released.

“I believe the future is only the past again, entered through another gate” – Sir Arthur Wing Pinero - 1893.

If prices are based on investors expectations, then knowing what a security should sell for become less important then knowing what other investors expect it to sell for, “There are two time of a man’s life when he should not speculate when he can’t afford it and when he can “- Mark Twain, 1897.

It provide greater liquidity to the investors, mutual funds should develop a wide infrastructure of self-sufficient branches. Mutual funds should develop their own modern market research. It will be helpful for better and efficient portfolio management. The mutual fund companies should adopt transparency in operation to win the investor confidence.