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Mutual Funds in India
(An Emerging Trends and Prospects)

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Abstract: Mutual Fund is an American Concept and the terms 'Investment Trust', 'Investment Company', 'Mutual Fund', 'Money Fund' etc are being used interchangeably in American Literature. Investment Company as defined in the us Investment Company Act of 1940 is any issuer that is or holds out as being engaged primarily or proposes to engaged primarily in the business of investing, reinvesting or trading is securities is known as Mutual Fund Company. In British literature, Mutual Fund has not been explained, however it is considered as synonym of Investment Trust of the USA, similarly in India also Mutual Fund & Investment Trust are used as interchangeably terms.

Key Words-Investment Trust, Investment Company, Similarly, Interchangeably, Primarily, Reinvesting.

I. INTRODUCTION

Mutual Funds come in India within the establishment of Unit Trust of India in 1964. The trust was setup to mobilize. The saving of the community and channelize them in to productive investment with a view to providing a unique opportunities to non- resident Indian and persons of Indian origin residing aboard and individual institution residing outside India to invest in the security market of India. The UTI crossed national frontiers and brought out off-shore fund, VIZ, India Fund Unit 1986 and India Growth Fund 1988 which were listed in London and New York stock exchange.

As we know Mutual Funds are gaining important day by day among the small as well as institutional investors. Not only in India but also in Abroad Mutual Funds becomes first choice of Investors like USA, UK, Australia, Europe, Japan, Africa, Russia, Argentina & Romania. This fact attracts various scholars, Academician and Government and Non-Government agencies to conduct surveys and studies relating to Mutual Funds.

India economy in general and Indian Capital Market in particular has experienced a remarkable change, especially after the initiation of Liberalization, Privatization & Globalization in 1992.

Besides, Mutual Funds have special features as to Income Tax provisions. Under section is 10 (23D) of Income Tax Act 1961. A Mutual Fund has been conferred total tax exemption from Income Tax on all its income provided it is a recognized fund. Recognized Fund implies the fund should be registered under SEBI (Mutual Fund) Regulation 1993.

Mutual Funds offer varied benefits to Mutual Funds investors to reduce the risk and yield comparatively high rate of returns. At the same time, Mutual Funds are also effective agencies for the Mobilization of Funds for the stable and balanced growth of Capital Market.

Ten Advantages of Investing in Mutual Funds

- Professional Management
- Diversification
- Convenient Administration
- Return Potential
- Low Costs
- Liquidity

- Transparency
- Flexibility
- Choice of Schemes
- Well Regulated

Objectives of the Research

- To know about the opportunities in Indian Market.
- To give a brief idea about the benefits available from Mutual Fund Investment.
- To give an Idea of the types of scheme available.
- To discuss about the market trends of Mutual Fund Investment.
- To give an Idea about the regulations of Mutual Funds.

Discussion and Analysis of Results

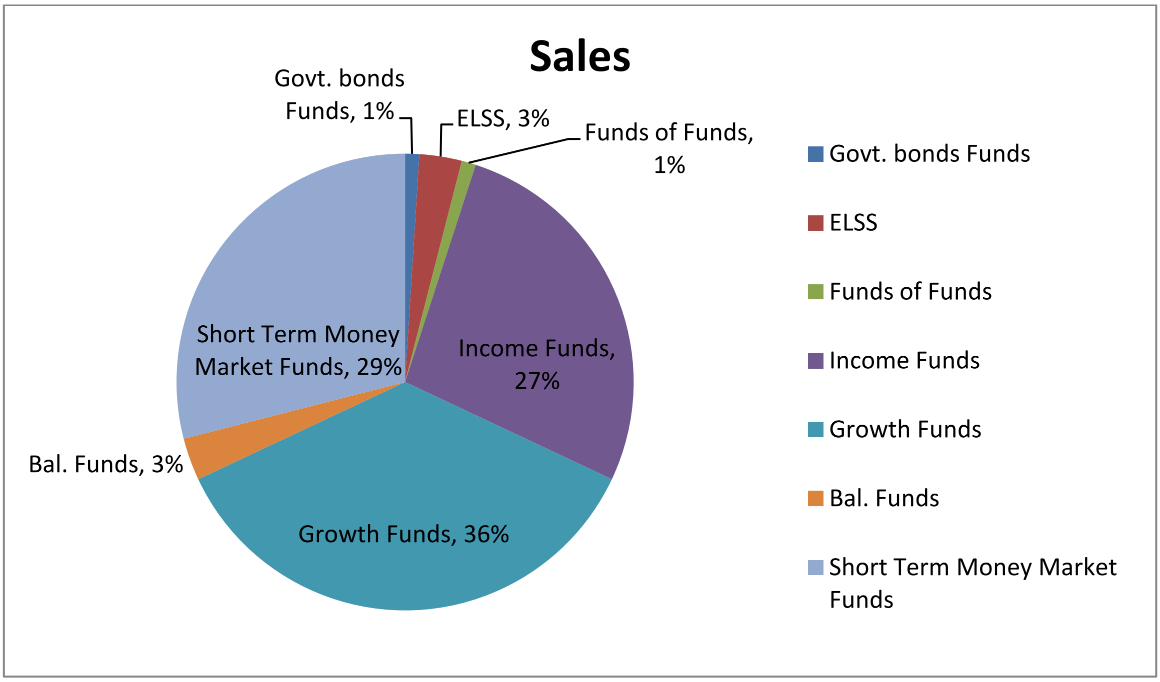
After evaluating the result there are lots of opportunities in investment in Indian Market.

The net asset value of the fund is the cumulative market value of the assets fund net of its liabilities. In other words, if the fund is dissolved or liquidated, by selling of all the assets in the fund, this is the amount that the shareholders would collectively own. This gives rise to the concept of net asset value per unit, which is the value, represented by the ownership of one unit in the fund. It is calculated simply by dividing the net asset value of the fund by the number of units.

Interest Rate Risk: In a free market economy interest rates are difficult if not impossible to predict. Changes in interest rates affect the prices of bonds as well as equities. If interest rates rise the prices of bonds fall and vice versa. Equity might be negatively affected as well a rising interest rate environment. A well-diversified portfolio might help mitigate this risk.

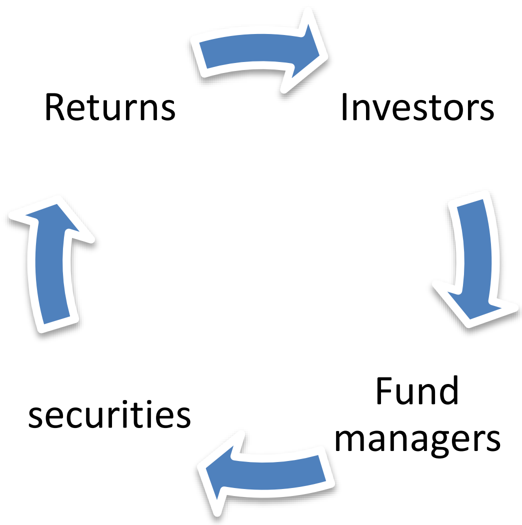
Exhibit: Breakdown by Asset Class

Growth of Assets Rs. in Crores



Limitations

- The time constraint was one of the Major Problems.
- The study is limited to the different schemes available under the Mutual Funds selected.
- The study is limited to select Mutual Fund Schemes.
- The lack of information sources for the analysis part.



Conclusion

Looking at the part developments and combining it with the current trends it can be concluded that the future of Mutual Funds in India has lot of positive things to offer to its investors.

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