PROJECT REPORT

ON

"A STUDY OF AWARENESS ABOUT EQUITY MARKET AND MUTUAL FUND WITH REFERENCE TO BADLAPUR REGION"

A Project Submitted to

University of Mumbai for Partial Completion of the Degree of

Masters in Commerce Studies

By:

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UNDER THE GUIDANCE OF

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COLLEGE CERTIFICATE

DECLARATION

I the undersigned **Miss Prachi Madhukar More** here by, declare that the work embodied in this project work titled **"A STUDY OF AWARENESS ABOUT EQUITY MARKET AND MUTUAL FUND WITH REFERENCE TO BADLAPUR REGION"** forms my own. Contribution to the research work carried out under the guidance of **Deepika Valecha madam** is a result of my own research work and has not been previously submitted to any other University for any other Degree / Diploma to this or any other University.

Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography.

PRACHI MADHUKAR MORE

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I would like to acknowledge the following as being idealistic channels and fresh dimensions in the completion of this project.

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NEED FOR THE STUDY

The main significance of doing this project was to know about Equity Market and Mutual Fund's functioning. To know in detail about Equity Market and Mutual Fund industries

The project study was done to ascertain the assets allocation, entry load, exit load, as in connected to Equity Market and Mutual Funds. Eventually this would help to understand the benefits of Equity Market and Mutual Funds to investors.

OBJECTIVES

- To spread awareness about Equity Market & Mutual Fund.
- To discuss the market trends of Equity Investment and Mutual Fund Investment.
- To study some of the Equity and Mutual Fund Schemes.
- To study Market strategies.
- To give idea about the regulations.
- To provide additional information about Equity Market and Mutual Fund.
- Selection of Mutual Fund schemes with point of attractiveness to investors.

EXECUTIVE SUMMERY

Chapter No. 1: Introduction
In this chapter Selection and relevance of the problem, historical background of the problem, brief profile of the study area, definition/s of related aspects, characteristics, different concepts pertaining to the problem etc can be incorporated by the learner.

Chapter No. 2: Research Methodology
This chapter will include Objectives, Hypothesis, Scope of the study, limitations of the study, significance of the study, Selection of the problem, Sample size, Data collection, Tabulation of data, Techniques and tools to be used, etc can be incorporated by the learner.

Chapter No. 3: Literature Review
This chapter will provide information about studies done on the respective issue. This would specify how the study undertaken is relevant and contribute for value addition in information/ knowledge/ application of study area which ultimately helps the learner to undertake further study on same issue.

Chapter No. 4: Data Analysis, Interpretation and Presentation
This chapter is the core part of the study. The analysis pertaining to collected data will be done by the learner. The application of selected tools or techniques will be used to arrive at findings. In this, table of information's, presentation of graphs etc. can be provided with interpretation by the learner.

Chapter No. 5: Conclusions and Suggestions
In this chapter of project work, findings of work will be covered and suggestion will be enlisted to validate the objectives and hypotheses.

INDEX

INDEX	
PARTICULARS	**PAGE NO.**
CHAPER 1: Introduction	8-42
1. Introduction of Equity Market and Mutual Fund. 2. Investment option in India. 3. Types of Equity Market. 4. Types of Mutual Funds. 5. Advantages and Disadvantages of Mutual Fund and Equity Market. 6. Mutual Fund Schemes.	
CHAPTER 2: REVIEW AND LITERATURE	42-58
1. Introduction	
CHAPTER 3: RESEARCH METHODOLOGY	59-63
1. Introduction 2. Advantages of Research Methodology 3. Scope of study 4. Questionnaire design and Sampling	
CHAPTER 4: DATA ANALYSIS, INTERCEPTION AND PRESENTATION	64-80
1. Data Analysis, Interpretation and Presentation	
CHAPTER 5: CONCLUSION	81-85
1. Conclusion 2. Bibliography 3. Appendix	

CHAPTER – 1

INTRODUCTION

1. INTRODUCTION OF EQUITY MARKET AND MUTUAL FUND.
2. INVESTMENT OPTIONS IN INDIA.
3. TYPES OF EQUITY MARKETS
4. TYPES OF MUTUAL FUNDS
5. ADVANTAGES AND DISADVANTAGES OF EQUITY MARKET AND MUTUAL FUND
6. MUTUAL FUND SCHEMES

1. INTRODUCTION OF EQUITY MARKET AND MUTUAL FUND.

EQUITY MARKET:

Equity market is a place where stocks and shares of companies are traded. The equities that are traded in an equity market are either over the counter or at stock exchanges. Often called as stock market or share market, an equity market allows sellers and buyers to deal in equity or shares in the same platform. It is important to begin with a good understanding of what is equity market in the Indian context. There are multiple buyers and sellers of the same equity/share. Hence, you stand a good chance to strike a nice deal at the **equity market**.

Indian Equity Market is semi-efficient by nature, is considered one of the most respected Equity Markets, where information is quickly and widely spreads. Mainly after the introduction of electronic trading system, the information flow has become much faster.

The equity market is a marketplace for traders where they buy or sell stocks. Investors can invest in public or private stocks. Public stocks are traded on exchanges, unlike private stocks which are traded privately. Initially, when an organization is set up it is private and later it goes on to launch its IPO. IPO launch makes the private company available for public investors. Whereas private stocks of a company are available to limited investors like employees or other specific traders. Companies get listed on stock exchanges with a motive to earn capital from public investors and use it for their growth or expansion. On contrary to equity financing debt financing involves loans and other borrowing methods to earn capital.

Traders look for investment opportunities in small companies which have greater growth potential. Investors are generally attracted by such growth stocks and make big bids in the live equity market. They invest in both Indian stocks and global stocks with higher growth potential.

Every market is a meeting point of buyer and seller**.** Markets are all about transactions. Somebody buys, somebody sells. In the equity market, trading keeps on happening at an incredible speed. Investors are able to deal in shares in a fraction of a second. Every day, thousands of crore worth of equities are transacted in the equity market in India.

An equity market is a platform that allows companies to raise capital via different investors. A company thus issues stocks that investors or traders purchase in expectation of earning gains from future sales of said stock.

Often, the equity market is also interchangeably used with the stock market, which more or less, serves the same purpose of facilitating stock trading. Nevertheless, equity markets also encompass over-the-counter trading markets alongside exchanges.

Thereby, equity markets serve as a platform for both private stocks traded over the counter and public stocks listed on exchanges such as BSC, NSC etc.

Traders can realize gains based on the future performance of a stock they have invested in. Equity markets can also be represented as a common point where sellers and buyers of the stock meet to trade.

Indian stock market is semi-efficient in nature and is considered to be one of the most respected stock market. Importantly after the introduction of electronic trading system, the information flow has been much faster. With the help of electronic trading system one person can watch over his portfolio anytime and anywhere. He can also diversify, buy and sell the equities. Direct investment offers capital growth but at high risk.

Stock Exchange

Stock exchanges can be either physical places or virtual gathering spots. NASDAQ is an example of a virtual trading post, in which stocks are traded electronically through a network of computers. Electronic trading posts are becoming more common and a preferred method of trading over physical exchanges.

The New York Stock Exchange (NYSE) on Wall Street is a famous example of a physical stock exchange; however, there is also the option to trade in online exchanges from that location, so it is technically a hybrid market.

Most large companies have stocks that are listed on multiple stock exchanges throughout the world. However, companies with stocks in the equity market range from large-scale to small, and traders range from big companies to individual investors.

Most buyers and sellers tend to prefer trading at larger exchanges, where there are more options and opportunities than at smaller exchanges. However, in recent years, there has been an uptick in the number of exchanges through third-party markets, which bypass the commission of a stock exchange, but pose a greater risk of adverse selection and don't guarantee the payment or delivery of the stock.

Stock market is a place where people buy/sell shares of publicly listed companies. It offers a platform to facilitate seamless exchange of shares. In simple terms, if A wants to sell shares of Reliance Industries, the stock market will help him to meet the seller who is willing to buy Reliance Industries. However, it is important to note that a person can trade in the stock market only through a registered intermediary known as a stock broker. The buying and selling of shares take place through electronic medium. We will discuss more about the stock brokers at a later point.

There are two main stock exchanges in India where majority of the trades take place - Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). Apart from these two exchanges, there are some other regional stock exchanges like Bangalore Stock Exchange, Madras Stock Exchange etc but these exchanges do not play a meaningful role anymore.

National Stock Exchange (NSC)

NSE is the leading stock exchange in India where one can buy/sell shares of publicly listed companies. It was established in the year 1992 and is located in Mumbai. NSE has a flagship index named as NIFTY50. The index comprises of the top 50 companies based on its trading volume and market capitalization. This index is widely used by investors in India as well as globally as the barometer of the Indian capital oil markets.

Bombay Stock Exchange (BSC)

BSE is Asia's first as well as the oldest stock exchange in India. It was established in 1875 and is located in Mumbai. It has a total of ~5,295 companies listed out of which ~3,972 are available for trading as on August 21, 2017. BSE Sensex is the flagship index of BSE. It measures the performance of the 30 largest, most liquid and financially stable companies across key sectors.

Historically, stock trades likely took place in a physical marketplace. With the invent of new technologies and due to the covid-19 pandemic, the stock market works electronically, through the internet and online stockbrokers. Each trade happens on a stock-by-stock basis, but overall stock prices often move in tandem because of news, political events, economic reports and other factors.

Physical Exchange

In a physical exchange, orders are made in open outcry format, which is reminiscent of depictions of Wall Street in the movies: traders shout and display hand signals across the floor in order to place trades. Physical exchanges are made on the trading floor and filter through a floor broker, who finds the trading post specialist for that stock to put through the order.

Physical exchanges are still very much human environments, although there are a lot of functions performed by computers. Brokers are paid commissions on the stocks they work. This form of trading has become rare and replaced by electronic communication.

Trading Mechanism:

Trading at both the exchanges takes place through an open electronic limit order book in which order matching is done by the trading computer. There are no market makers and the entire process is order-driven, which means that market orders placed by investors are automatically matched with the best limit orders. As a result, buyers and sellers remain anonymous.

The advantage of an order-driven market is that it brings more transparency by displaying all buy and sell orders in the trading system. However, in the absence of market makers, there is no guarantee that orders will be executed.

All orders in the trading system need to be placed through brokers, many of which provide an online trading facility to retail customers. Institutional investors can also take advantage of the direct market access (DMA) option in which they use trading terminals provided by brokers for placing orders directly into the stock market trading system.

Settlement and Trading Hours:

Equity spot markets follow a T+2 rolling settlement. This means that any trade taking place on Monday gets settled by Wednesday. All trading on stock exchanges takes place between 9:55 a.m. and 3:30 p.m., Indian Standard Time (+ 5.5 hours GMT), Monday through Friday. Delivery of shares must be made in dematerialized form, and each exchange has its own clearing house, which assumes all settlement risk by serving as a central counterparty.

Market Index:

The two prominent Indian market indexes are Sensex and Nifty. Sensex is the oldest market index for equities; it includes shares of 30 firms listed on the BSE, which represent about 47% of the index's free-float market capitalization. It was created in 1986 and provides time series data from April 1979, onward.

Another index is the Standard and Poor's CNX Nifty, it includes 50 shares listed on the NSE, which represent about 46.9% of its free-float market capitalization. It was created in 1996 and provides time series data from July 1990, onward.

Market Regulation:

India started permitting outside investments only in the 1990s. Foreign investments are classified into two categories: foreign direct investment (FDI) and foreign portfolio investment (FPI). All investments in which an investor takes part in the day-to-day management and operations of the company are treated as FDI, whereas investments in shares without any control over management and operations are treated as FPI.

For making portfolio investments in India, one should be registered either as a foreign institutional investor (FII) or as one of the sub-accounts of one of the registered FIIs. Both registrations are granted by the market regulator, SEBI.

Foreign institutional investors mainly consist of mutual funds, pension funds, endowments, sovereign wealth funds, insurance companies, banks, and asset management companies. At present, India does not allow foreign individuals to invest directly in its stock market. However, high-net-worth individuals (those with a net worth of at least $50 million) can be registered as sub-accounts of an FII.

Foreign institutional investors and their sub-accounts can invest directly into any of the stocks listed on any of the stock exchanges. Most portfolio investments consist of investment in securities in the primary and secondary markets, including shares, debentures, and warrants of companies listed or to be listed on a recognized stock exchange in India. FIIs can also invest in unlisted securities outside stock exchanges, subject to the approval of the price by the Reserve Bank of India. Finally, they can invest in units of mutual funds and derivatives traded on any stock exchange.

An FII registered as a debt-only FII can invest 100% of its investment into debt instruments. Other FIIs must invest a minimum of 70% of their investments in equity. The balance of 30% can be invested in debt. FIIs must use special non-resident rupee bank accounts in order to move money in and out of India. The balances held in such an account can be fully repatriated.

Restrictions and Investment Ceiling:

The government of India prescribes the FDI limit, and different ceilings have been prescribed for different sectors. Over a period of time, the government has been progressively increasing the ceilings. FDI ceilings mostly fall in the range of 26% to 100%.

By default, the maximum limit for portfolio investment in a particular listed firm is decided by the FDI limit prescribed for the sector to which the firm belongs. However, there are two additional restrictions on portfolio investment. First, the aggregate limit of investment by all FIIs, inclusive of their sub-accounts in any particular firm, has been fixed at 24% of the paid-up capital.

However, the same can be raised up to the sector cap, with the approval of the company's boards and shareholders.

Secondly, investment by any single FII in any particular firm should not exceed 10% of the paid-up capital of the company. Regulations permit a separate 10% ceiling on investment for each of the sub-accounts of an FII, in any particular firm. However, in the case of foreign corporations or individuals investing as a sub-account, the same ceiling is only 5%. Regulations also impose limits for investment in equity-based derivatives trading on stock exchanges.

Investment for Foreign Entities:

Foreign entities and individuals can gain exposure to Indian stocks through institutional investors. Many India-focused mutual funds are becoming popular among retail investors. Investments could also be made through some of the offshore instruments, like participatory notes (PNs), depositary receipts, such as American depositary receipts (ADRs) and global depositary receipts (GDRs), exchange-traded funds (ETFs), and exchange-traded notes (ETNs).

As per Indian regulations, participatory notes representing underlying Indian stocks can be issued offshore by FIIs, only to regulated entities. However, even small investors can invest in American depositary receipts representing the underlying stocks of some of the well-known Indian firms, listed on the New York Stock Exchange and NASDAQ. ADRs are denominated in dollars and subject to the regulations of the U.S. Securities and Exchange Commission (SEC). Likewise, global depositary receipts are listed on European stock exchanges. However, many promising Indian firms are not yet using ADRs or GDRs to access offshore investors.

Retail investors also have the option of investing in ETFs and ETNs, based on Indian stocks. India focused ETFs mostly make investments in indexes made up of Indian stocks. Most of the stocks included in the index are the ones already listed on the NYSE and NASDAQ.

As of 2020, two of the most prominent ETFs based on Indian stocks are iShares MSCI India ETF (INDA) and the Wisdom-Tree India Earnings Fund (EPI). The most prominent ETN is the iPath MSCI India Index Exchange Traded Note (INPTF). Both ETFs and ETNs provide a good investment opportunity for outside investors.

The Bottom Line:

Emerging markets like India are fast becoming engines for future growth. Currently, only a very low percentage of the household savings of Indians are invested in the domestic stock market, but with gross domestic product (GDP) growing at 7% to 8% annually for the last few years, though in the 6% range for 2018 and 2019, and a stable financial market, we might see more money joining the race. Maybe it's the right time for outside investors to seriously think about joining the India bandwagon.

MUTUAL FUND

Mutual fund’s first introduction in India was occurred in 1963, when the Government of India launched Unit Trust of India (UTI). UTI enjoyed a monopoly in the Indian mutual fund market until 1987, when a host of other government-controlled Indian financial companies established their own funds, including State Bank of India, Canara Bank and by Punjab National Bank. This market was made open to private in 1993. As a result of historical constitutional amendments brought forward by the congress-led government under the existing regime of Liberalization, Privatization and Globalization (LPG).

Mutual funds are pools of money that are managed by an investment company. They offer investors a variety of goals, depending on the funds and investment charter. Some funds for example, seek to generate income on regular basis. Other seeks to preserve an investor’s money. Some others seek to invest in the companies which are rapidly growing. Mutual funds are investment companies regulated by Investment Company Act of 1940.

The average mutual fund holds over a hundred different securities, which means mutual fund shareholders gain important diversification at a low price. Consider an investor who buys only Google stock before the company has a bad quarter. He stands to lose a great deal of value because all of his dollars are tied to one

company. On the other hand, a different investor may buy shares of a mutual fund that happens to own some Google stock. When Google has a bad quarter, she loses significantly less because Google is just a small part of the fund's portfolio.

A pool of liquidity that an investment company places in various securities and derivatives with the goal of producing a certain return. Mutual funds may carry greater or lower risk, depending upon their particular investment goal. Mutual funds are actively managed by the company to maintain the investment goals. The company issue share that represent a portion of ownership in each of the securities underlying the funds. Mutual funds are designed for the investors who wish to take advantage of a highly diversified portfolio without a large amount of capital.

A Mutual fund is a scheme in which several people invest for a common financial cause. The collected money invest in the capital market and the money which they earned, is divided based on the number of units which they hold. Mutual funds are easy to buy and sell. You can either buy them directly from the fund company or through the third party.

A mutual fund is a professionally managed investment product that sells shares to investors and pools the ca pital it raises to purchase investments.

A fund typically buys a diversified portfolio of stock, bonds, and money market securities, or a combination of stock and bonds, depending on the investment objectives of the fund. Mutual funds may also hold other in vestments, such as derivatives.

A fund that makes a continuous offering of its shares to the public and will buy any shares an investor wishe s to redeem, or sell back, is known as an open-end fund. An open-end fund trades at net asset value (NAV).

The NAV is the value of the fund's portfolio plus money waiting to be invested, minus operating expenses, d ivided by the number of outstanding shares.

Income is earned from dividends on stocks and interest on bonds held in the fund's portfolio. A fund pays out nearly all of the income it receives over the year to fund owners in the form of a distribution. Funds often give investors a choice either to receive a check for distributions or to reinvest the earnings and get more shares.

If the fund sells securities that have increased in price, the fund has a capital gain. Most funds also pass on these gains to investors in a distribution.

If fund holdings increase in price but are not sold by the fund manager, the fund's shares increase in price. You can then sell your mutual fund shares for a profit in the market.

Mutual funds are trusts, which accept savings from the investors and invest the same in diversified financial investments in terms of objectives set out in the trusts deed with the view to reduce the risk and maximize the income and capital appreciation for distribution. Mutual fund is a corporation and the funds manager's interest is to professionally manage the funds provided by the investors and provide a return on them after deducting reasonable management fees.

- ❖ There are many types of Mutual funds. One can classify funds based structure (open-ended, close-ended), Nature (equity, debt, balanced), Investment objective (growth, income, money market) etc.

A code of conduct and registration structure for mutual fund intermediaries, which were subsequently mandated by SEBI. Recently AMFI (Association of Mutual Fund in India) was involved in a number of developments to the regulatory framework.

If a mutual fund is construed as a virtual company, its CEO is the fund manager, sometimes called its investment adviser. The fund manager is hired by a board of directors and is legally obligated to work in the best interest of mutual fund shareholders. Most fund managers are also owners of the fund. There are very few other employees in a mutual fund company. The investment adviser or fund manager may employ some analysts to help pick investments or perform market research. A fund accountant is kept on staff to calculate the fund's NAV, the daily value of the portfolio that determines if share prices go up or down. Mutual funds need to have a compliance officer or two, and probably an attorney, to keep up with government regulations.

2. INVESTMENT OPTIONS IN INDIA.

❖ Equity shares: Equity shares are the shares of the company which are traded in secondary market. The investors gets the profits or benefits by change in price of shared and by dividend given by the company. After purchasing the shares a person becomes the shareholder of the company. These are characterized into following broad categories.

- Growth shares
- Blue chip shares
- Income shares
- Cyclic shares

❖ Non-Marketable financial assets: These are the financial assets which are not traded in the market. But they give high returns.

- Fixed Deposit.
- Recurring Deposit
- PPF

❖ Bonds: Bonds are units of corporate debt issued by companies and securitized as tradable assets.

  - RBI bonds
  - Government agency funds
  - Debenture of private company

❖ Mutual Fund: A mutual fund is professionally managed investment fund product that sells shares to investors and pools the capital arises to purchase investment.

- Index fund
- Balanced fund
- Debt fund

❖ Financial derivatives: They can also be used as a hedge, or to minimize the risks of a short term trade where you could be affected by fluctuations in the price of the asset.

- Future
- Option

❖ Other: Investors can also invest in the objects which have value.

- Gold
- Silver
- Diamond
- Art work

- ❖ Life Insurance: Now-a-days Life Insurance is also considered as an investment avenue. Insurance premiums represent the sacrifice and assured sum benefits.
- Term assurance policy
- Money back policy
- Endowment assurance policy
- Whole life policy

What are the procedures in equity market?

Trading, settlement/clearance and risk management are the three procedures followed by stock exchanges for trading in stocks and securities.

Trading: Here, the stock exchanges provide an open trade platform for buying and selling of stocks and securities. This is completely automatic and computerized, and traders can see the trades on a screen before placing orders

Settlement and Clearing: Stock exchanges settle the trade during a day's session with respect to a settlement cycle. In India, stock exchanges have adopted the T+2 settlement cycle. This means that after completion of a day's trading session, traders receive the credits or sale proceeds within two working days.

Risk Management: To prevent fraudulent activities and mitigate risk to investors, stock exchanges have a sound risk management system in place. Some of the risk management practices include:

- ❖ Margin requirements
- ❖ Liquid assets
- ❖ Pay ins
- ❖ Voluntary close-out.

3. TYPES OF EQUITY MARKET

Equity Market consists of two markets: Primary Market and Secondary market..

- ❖ **Primary Market:** These are the shares offered to general investors through IPOs. Once the IPO is closed, the shares of a company are listed in the stock exchange. The two major stock exchanges facilitating trading in stocks are: The NSE and BSE. The primary market is a part of the capital market which helps in the creation of securities for its sale to the public. It is in the primary market that securities are created or new securities are issued for the first time to be purchased by the investors. This is generally a way of raising capital by the companies by issuing securities in a recognized stock exchange.

  The primary market has no physical existence and exists in the form of stock exchanges. It provides for the origination, underwriting and distribution of securities. Origination involves assessing and creation of new securities. Underwriting is the process wherein a bank or any financial institution acts as a medium between the issuers and the investors. The selling of the securities to new investors is referred to as distribution.

  The company issuing the securities, the underwriter and the investor are the three entities that are involved in the functions of a primary market. The primary market is also known as the new issue market since securities are issued for the first time in a primary market through an Initial Public Offering. The sale price is determined by the underwriters, who also facilitate the new issue offering. Investors then purchase the new securities in the primary market. Issuance of securities can take

place in the form of public issues, private placements, rights or bonus issues. Securities can be issued at face value, premium value or par value. After the securities are issued in the primary market, trading of the securities begins in the secondary market.

When a company decides to go public for the first time by raising an Initial Public Offer (IPO), it is done in the primary market. Since the securities are sold for the first time here, a primary market is also known as the New Issue Market (NIM).

During an IPO, the company sells its shares directly to the investors in the primary market. The entire process of raising investment capital by selling new stock to investors through an IPO is known as underwriting.

FUNCTIONS OF PRIMARY MARKET

- **New Issue Offer:** This is one of the major primary market functions. It is this market that organizes offering of a new issue, which has not been traded on any other exchange before. It's because of this reason that the primary market is also called new issue market. There's a lot that goes into issuing a new offer. It involves a detailed assessment of the viability of a project and among the financial arrangement for the purpose involves taking into consideration the promoter's debt-equity ratio, liquidity ratio, and equity ratio, among others.

- **Underwriting Services:** One of the most important and vital aspects of offering a new issue offer is underwriting. The role of an underwriter in the primary marketplace is to buy unsold shares. Often financial institutions play the role of underwriters, earning a commission in the process.
  Often investors depend on underwriters to gauge whether undertaking the risk would be worth the returns. It may also happen that the underwriter buys the entire IPO issue, subsequently selling it to investors.

- **Distribution of New Issue:** This is another vital function of primary market. The distribution process is initiated with a new prospectus issue. The public is invited at large to purchase the new issue, and detailed information is given on the company and the issue along with the underwriters.

TYPES OF DISTRIBUTIONS IN PRIMARY MARKET

Once securities are issued, investors can purchase them in various ways in the primary market. They are as follows:

a) **Public Issue:** It is one of the most common methods of issuing securities to the public at large. Done primarily through an initial public offering (IPO) whereby companies raise capital for business, the securities are then listed on the stock exchange for trading.
   One of the features of the primary market is that a private limited company can become a publically-traded entity through IPO. The capital raised by a company can also be deployed to improve the firm's existing infrastructure and repay debts, among others. It also improves a company's liquidity.
   The Securities and Exchange Board of India (SEBI) is the watchdog that monitors IPO, and before a firm goes for an IPO, proper enquiry is done to establish its authenticity.

b) **Private Placements:** Private placement happens when a company offers securities to a small group of investors. These primary securities may be stocks, bonds, or any other type of security. In private

placement, investors can be either institutional or individual. It’s easy to issue private placement compared to an IPO as the regulatory norms are significantly less. Also, it incurs reduced cost and time. Private placement is more suitable for companies that have just commenced operations and are in their formative years.

c) **Preferential Issue:** It is one of the quickest methods through which companies can raise capital for their business. Here, both listed and unlisted companies can issue securities to a particular select group of investors. It is essential to note that preferential issues are neither public nor rights issue. In this type of issue, preference shareholders are paid dividends before ordinary shareholders.

d) **Qualified Institutional placements:** It is another type of fundraising tool used by listed companies to raise capital by issuing primary securities to qualified institutional buyers (QIBs). Capital market regulator SEBI introduced it to make it easier for companies to raise capital in the domestic market. Note that QIBs are investors who have the requisite expertise and financial knowledge to invest in the capital markets. They are generally foreign institutional investors registered with SEBI, public financial institutions, and scheduled commercial banks, among others.

e) **Rights and Bonus Issues:** This is another type of issuance in the primary market. Here the company issues securities to existing investors by allowing them to buy more securities at a pre-fixed price (in case of rights issue) and avail allotment of extra shares in the case of bonus issue. In case of rights issue, investors have the choice of purchasing stocks at a discounted price within a specific period. On the other hand, in the case of bonus issue, a firm's stocks are issued to its existing shareholders.

Advantages of Primary Market:

- **A Cost-Effective Way to Raise Capital:** Companies can raise capital for their business cost-effectively and seamlessly in a primary market. Also, securities offered in the primary market can almost be instantly sold in the secondary market, thus providing high liquidity.

- **Less chances of Price Manipulation:** As compared to secondary market, there are less chances of price manipulation in the primary market. This leads to better transparency and operations.

- **Offers Diversification:** Primary market serves as a potential avenue for diversification for investors, thus bringing down the quantum of risk. Investors can allocate their investments across asset classes in multiple financial instruments.

Disadvantages of Primary Market:

- **Limited Information Available to the Investors:** Often there may be limited information available to investors before they invest in an IPO. This is because unlisted companies are outside the purview of SEBI’s regulations.
- **No Historical Trading Data**: As shares are issued for the first time, there’s no historical data available to analyze the IPO shares. This can make investment a little difficult. Also, if a share is oversubscribed, then small investors may not be able to receive their allocation.

- ❖ **SECONDARY MARKET:** The securities after being initially offered to the public in the primary market are traded in the secondary market. The secondary market constitutes the equity market and the debt market. The secondary market provides an efficient platform for trading securities for any investor. It is also considered as an equity trading platform wherein pre-existing or pre-issued securities are traded amongst investors. The secondary market can either consist of the stock exchange, which is the part of an auction market or Over-the-Counter (OTC) which is a part of the dealer market. It is different from the primary market as the primary market deals with raising capital or funds by offering the securities to the public for subscription to investor.

  There are various departments of SEBI that regulate the activities in the secondary market such as the Market Intermediaries Registration and Supervision Department (MIRSD) which deals with registration, compliance, supervision and inspection of market intermediaries with respect to all segments of markets, the Market Regulation Department (MRD) which formulate new policies and supervise the functioning and operations of securities exchanges, their subsidiaries and market institutions and Derivatives and New Products Department(DNPD) which supervise trading at derivatives segments of the stock exchange, introduce new products to be traded and consequent policy changes. The types of securities dealt in a secondary market are equity and debentures.

  What if you did not purchase stocks of a company at the time of an IPO? You can purchase and sell these shares in the secondary market. Here, you can plan your investment by deciding an entry and exit point. You must remember that you can only trade in equities through a stock broker, who is registered with a government-regulated depository, and acts as a link between an investor and the stock exchange.

<u>Different Instruments of Secondary Market</u>

The instruments traded in the secondary market consist of fixed income instruments, variable income instruments, and hybrid instruments.

- ❖ **Fixed Income Instruments:** Fixed Income Instruments are primarily debt instruments ensuring a regular form of payment such as interest, and the principle is repaid on the maturity. Examples of Fixed Income Instruments are – debentures, bonds and preference shares. Debentures are unsecured debt instruments, i.e., not secured by collateral. Returns generated from debentures are thus dependent on the issuer’s credibility.
  As for bonds, they are essentially a contract between two parties, whereby a government or company issues these financial instruments. As investors buy these bonds, it allows the issuing entity to secure a large amount of funds this way. Investors are paid interests at fixed intervals, and the principal is repaid on maturity.
  Individuals owning preference shares in a company receive dividends before payment to equity shareholders. If a company faces bankruptcy, preference shareholders have the right to be paid before other shareholders

- ❖ **Variable Income Instruments:** Investment in variable income instruments generates an effective rate of return to the investor, and various market factors determine the quantum of such return. These securities expose investors to higher risks as well as higher rewards. Examples of variable income instruments are – equity and derivatives.
  Equity shares are instruments that allow a company to raise finance. Also, investors holding equity shares have a claim over net profits of a company along with its assets if it goes into liquidation.

As for derivatives, they are a contractual obligation between two different parties involving pay-off for stipulated performance.

- **Hybrid Instruments:** Two or more different financial instruments are combined to form hybrid instruments. Convertible debentures serve as an example of hybrid instruments.
  Convertible debentures are available as a loan or debt securities which may be converted into equity shares after a predetermined period.

FUNCTIONS OF SECONDARY MARKET:

- Transactions can be entered into at any time, and the market allows for active trading so that there can be immediate purchase or selling with little variation in price among different transactions. Also, there is continuity in trading, which increases the liquidity of assets that are traded in this market.
- Investors find a proper platform, such as an organized exchange to liquidate the holdings. The securities that they hold can be sold in various stock exchanges

- A stock exchange provides a platform to investors to enter into a trading transaction of bonds, shares, debentures and such other financial instruments.

- Investors find a proper platform, such as an organized exchange to liquidate the holdings. The securities that they hold can be sold in various stock exchanges.

- A secondary market acts as a medium of determining the pricing of assets in a transaction consistent with the demand and supply. The information about transactions price is within the public domain that enables investors to decide accordingly.

- It is indicative of a nation's economy as well, and also serves as a link between savings and investments. As in, savings are mobilized via investments by way of securities

Types of Secondary Market

- **Stock Exchange:** Stock exchanges are centralized platforms where securities trading take place, sans any contact between the buyer and the seller. National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) are examples of such platforms.
  Transactions in stock exchanges are subjected to stringent regulations in securities trading. A stock exchange itself acts as a guarantor, and the counterparty risk is almost non-existent. Such a safety net is obtained via a higher transaction cost being levied on investments in the form of commission and exchange fees.

- **Over-the- counter (OTC) Market:** Over-the-counter markets are decentralized, comprising participants engaging in trading among themselves. OTC market retains higher counterparty risks in the absence of regulatory oversight, with the parties directly dealing with each other. Foreign exchange market (FOREX) is an example of an over-the-counter market. In an OTC market, there exists tremendous competition in acquiring higher volume. Due to this factor, the securities' price differs from one seller to another.
  Apart from the stock exchange and OTC market, other **types of secondary market** include auction market and dealer market.

The former is essentially a platform for buyers and sellers to arrive at an understanding of the rate at which the securities are to be traded. The information related to pricing is put out in the public domain, including the bidding price of the offer.

Dealer market is another type of secondary market in which various dealers indicate prices of specific securities for a transaction. Foreign exchange trade and bonds are traded primarily in a dealer market.

Advantages of Secondary Market

- Investors can ease their liquidity problems in a secondary market conveniently. Like, an investor in need of liquid cash can sell the shares held quite easily as a large number of buyers are present in the secondary market.
- The secondary market indicates a benchmark for fair valuation of a particular company.
- Price adjustments of securities in a secondary market takes place within a short span in tune with the availability of new information about the company.
- Investor's funds remain relatively safe due to heavy regulations governing a secondary stock market**.** The regulations are stringent as the market is a source of liquidity and capital formation for both investors and companies.
- Mobilization of savings becomes easier as investors' money is held in the form of securities.

Disadvantages of Secondary Market

- Prices of securities in a secondary market are subject to high volatility, and such price fluctuation may lead to sudden and unpredictable loss to investors.
- Before buying or selling in a secondary market, investors have to duly complete the procedures involved, which are usually a time-consuming process.
- Investors' profit margin may experience a dent due to brokerage commissions levied on each transaction of buying or selling of securities.
- Investments in a secondary capital market are subject to high risk due to the influence of multiple external factors, and the existing valuation may alter within a span of a few minutes.

4. TYPES OF MUTUAL FUNDS

Mutual funds offer one of the most comprehensive, easy and flexible ways to create a diversified portfolio of investments. There are different types of mutual funds that offer different options to suit investors diverse risk appetites.

Broadly, every mutual fund will either invest in equities, debts or a mix of both. Further, they can be open-ended and close-ended.

- **Open-ended Funds:** In an open-ended mutual fund, an investor can invest or enter or redeem or exit at any point of time. It does not have a fixed maturity period.
- **Close-ended Funds:** Close-ended mutual fund has a fixed maturity period. An investor can only invest or enter in these types of schemes during the initial period known as the New Fund Offer.

Types of Equity and Debt Mutual Funds available in India

These are one of the most popular mutual fund schemes. They allow investors to participate in stock markets. Though categorized as high risk, these schemes also have a high return potential in the long run.

They are ideal for investors in their prime earning stage, looking to build a portfolio that gives them superior returns over the long-term. Normally an equity fund or diversified equity fund as it is commonly called invests over a range of sectors to distribute the risk.

1. **Equity or Growth Scheme:** These are one of the most popular mutual fund schemes. They allow investors to participate in stock markets. Though categorized as high risk, these schemes also have a high return potential in the long run. They are ideal for investors in their prime earning stage, looking to build a portfolio that gives them superior returns over the long-term. Normally an equity fund or diversified equity fund as it is commonly called invests over a range of sectors to distribute the risk.

Equity funds are further divided into three categories:

- **Sector specific Fund:** These are mutual funds that invest in a specific sector. These can be sectors like infrastructure, banking, mining, etc. or specific segments like mid-cap, small-cap or large-cap segments. They are suitable for investors having a high risk appetite and have the potential to give high returns.
- **Index fund:** Index funds are ideal for investors who want to invest in equity mutual fund but at the same time don't want to depend on the fund manager. An index mutual fund follows the same strategy as the index it is based on**.** For example, if an index fund follows the BSE Index as the replicating index and if it has a 20% weight age in let's say Stock A, then the index fund will also invest 20% of its assets in Stock A.
  Index funds promise returns in line with the index they mirror. Further, they also limit the loss to the proportional loss of the index they follows, making them suitable for investors with a medium risk appetite.
- **Tax saving fund:** These funds offer tax benefits to investors. They invest in equities and are also called Equity Linked Saving Schemes (ELSS). These type of schemes have a 3 year lock-in period. The investments in the scheme are eligible for tax deduction u/s 80C of the Income-Tax Act, 1961.

2. **Money Market Funds or Liquidity funds**: These funds invest in short-term debt instruments, looking to give a reasonable return to investors over a short period of time. These funds are suitable for investors with a low risk appetite who are looking at parking their surplus funds over a short-term. These are an alternative to putting money in a savings bank account.
3. **Fixed income or debt mutual fund**: These funds invest a majority of the money in debt - fixed income i.e. fixed coupon bearing instruments like government securities, bonds, debentures, etc. They have a low-risk-low-return outlook and are ideal for investors with a low risk appetite looking at generating a steady income. However, they are subject to credit risk.
4. **Balanced fund**: As the name suggests, these are mutual fund schemes that divide their investments between equity and debt. The allocation may keep changing based on market risks. They are more suitable for investors who are looking at a combination of moderate returns with comparatively low risk.
5. **Hybrid/ Monthly income plans (MIP)**: These funds are similar to balanced funds but the proportion of equity assets is lesser compared to balanced funds. Hence, they are also called marginal equity funds. They are especially suitable for investors who are retired and want a regular income with comparatively low risk.
6. **Gilt fund**: These funds invest only in government securities. They are preferred by investors who are risk averse and want no credit risk associated with their investment. However, they are subject to high interest rate risk.

Advantages of Mutual Funds

The average mutual fund holds over a hundred different securities, which means mutual fund shareholders gain important diversification at a low price. Consider an investor who buys only Google stock before the company has a bad quarter. He stands to lose a great deal of value because all of his dollars are tied to one company. On the other hand, a different investor may buy shares of a mutual fund that happens to own some Google stock. When Google has a bad quarter, she loses significantly less because Google is just a small part of the fund's portfolio. The following are the major advantages of Mutual Fund.

1. **Diversification:**

Diversification, or the mixing of investments and assets within a portfolio to reduce risk, is one of the advantages of investing in mutual funds. Experts advocate diversification as a way of enhancing a portfolio's returns, while reducing its risk. Buying individual company stocks and offsetting them with industrial sector stocks, for example, offers some diversification. However, a truly diversified portfolio has securities with different capitalizations and industries and bonds with varying maturities and issuers. Buying a mutual fund can achieve diversification cheaper and faster than by buying individual securities. Large mutual funds typically own hundreds of different stocks in many different industries. It wouldn't be practical for an investor to build this kind of a portfolio with a small amount of money

2. **Easy Access:**

Trading on the major stock exchanges, mutual funds can be bought and sold with relative ease, making them highly liquid investments. Also, when it comes to certain types of assets, like foreign equities or exotic commodities, mutual funds are often the most feasible way—in fact, sometimes the only way—for individual investors to participate.

3. **Professional Management:**

A primary advantage of mutual funds is not having to pick stocks and manage investments. Instead, a professional investment manager takes care of all of this using careful research and skillful trading. Investors purchase funds because they often do not have the time or the expertise to manage their own portfolios, or they don't have access to the same kind of information that a professional fund has. A mutual fund is a relatively inexpensive way for a small investor to get a full-time manager to make and monitor investments. Most private, non-institutional money managers deal only with high-net-worth individuals people with at least six figures to invest. However, mutual funds, as noted above, require much lower investment minimums. So, these funds provide a low-cost way for individual investors to experience and hopefully benefit from professional money management.

4. **Economies of Scale:**

Mutual funds also provide economies of scale. Buying one spares the investor of the numerous commission charges needed to create a diversified portfolio. Buying only one security at a time leads to large transaction fees, which will eat up a good chunk of the investment. Also, the $100 to $200 an individual investor might be able to afford is usually not enough to buy a round lot of the stock, but it will purchase many mutual fund shares. The smaller denominations of mutual funds allow investors to take advantage of dollar cost averaging.

Because a mutual fund buys and sells large amounts of securities at a time, its transaction costs are lower than what an individual would pay for securities transactions. Moreover, a mutual fund, since it pools money from many smaller investors, can invest in certain assets or take larger positions than a smaller investor

could. For example, the fund may have access to IPO placements or certain structured products only available to institutional investors.

5. Advanced Portfolio Management:

When you buy a mutual fund, you pay a management fee as part of your expense ratio, which is used to hire a professional portfolio manager who buys and sells stocks, bonds, etc.

This is a relatively small price to pay for getting professional help in the management of an investment portfolio.

6. Dividend Reinvestment:

As dividends and other interest income sources are declared for the fund, they can be used to purchase additional shares in the mutual fund, therefore helping your investment grow

7. Variety of Freedom and Choice:

Investors have the freedom to research and select from managers with a variety of styles and management goals. For instance, a fund manager may focus on value investing, growth investing, developed markets, emerging markets, income, or macroeconomic investing, among many other styles. One manager may also oversee funds that employ several different styles. This variety allows investors to gain exposure to not only stocks and bonds but also commodities, foreign assets, and real estate through specialized mutual funds. Some mutual funds are even structured to profit from a falling market (known as bear funds). Mutual funds provide opportunities for foreign and domestic investment that may not otherwise be directly accessible to ordinary investors.

8. Risk Reduction:

Reduced portfolio risk is achieved through the use of diversification, as most mutual funds will invest in anywhere from 50 to 200 different securities-depending on the focus. Numerous stock index mutual funds own 1,000 or more individual stock positions.

9. Convenience and Fair Pricing:

Mutual funds are easy to buy and easy to understand. They typically have low minimum investments and they are traded only once per day at the closing net asset value (NAV). These eliminate price fluctuation throughout the day and various arbitrage opportunities that day traders practice.

10. Transparency:

You get regular information on the value of your investment in disclosure on the specific investment made by your scheme, the proportion invested in each class of assets and fund manager's investment strategy and outlook.

11. You can start in Small Amount:

Unlike other investments like real estate or stocks, mutual funds allow you to start as small as Rs 500. One can start with mutual funds with as low as Rs 500 or Rs 1000. Some funds, like Reliance Small Cap Fund allow you to start with just Rs 100.

12. Match your Style:

If you have more knowledge about certain industries or sectors, but don't have enough expertise to know which company to invest in, you can make use of sector mutual funds.

By doing so, you are ensuring your money gets invested in a certain industry without having to research which company to invest in.

Sector mutual funds stick to investing primarily in a certain sector only. Some common types of sector mutual funds are mining funds, energy funds, automobile funds, etc.

Disadvantages of Mutual Fund

1) Cost:

Some mutual funds have a high cost associated with them. Mutual funds charge for managing the funds, fund managers salary, distribution costs, etc. Depending on the fund, these charges can be significant.

When you exit from your mutual fund, you might be charged an extra cost as exit load. Do check out exit loads before investing in a fund. Typically, exit loads are applicable if you sell your investments within a specified duration.

Investors should note that different funds have different expense ratios. Passively managed funds like index funds or ETFs (Exchange Traded Funds) have lower expense ratios than actively managed funds.

This is because passively managed funds track the underlying index and do not require a fund manager to take active investment calls. Lower costs reflect the operational efficiency of a mutual fund house.

2) High Expense Ratio and Sales Charge:

If you're not paying attention to mutual fund expense ratios and sales charges, they can get out of hand. Be very cautious when investing in funds with expense ratios higher than 1.50%, as they are considered to be on the higher cost end. There are several good fund companies out there that have no sales charges. Fees reduce overall investment returns.

3) Management Abuse:

Churning, turnover, and window dressing may happen if your manager is abusing their authority. This includes unnecessary trading, excessive replacement, and selling the losers prior to quarter-end to fix the books.

4) Poor Trade Execution:

If you place your mutual fund trade anytime before the cut-off time for same-day NAV, you'll receive the same closing price NAV for your buy or sell on the mutual fund.For investors looking for faster execution times, maybe because of short investment horizons, day trading, or timing the market, mutual funds provide a weak execution strategy

5) **Dilution:**

This is the most prominent of all the disadvantages. Diversification has an averaging effect on your investments. While diversification saves you from suffering any major losses, it also prevents you from making any major gains! Thus, major gains get diluted.

This is exactly why it is recommended that you do not invest in too many mutual funds. Mutual funds are themselves diversifying investments. Therefore, buying many mutual funds in the name of diversifying dilutes your gains.

6) Tax Inefficiency:

Like it or not, investors do not have a choice when it comes to capital gains payouts in mutual funds. Due to the turnover, redemptions, gains, and losses in security holdings throughout the year, investors typically receive distributions from the fund that are an uncontrollable tax event.

7) The Wisdom of Professional Management:

That's right, this is not an advantage. The average mutual fund manager is no better at picking stocks than the average non professional, but charges fees.

8) Buried Cost:

Many Mutual Funds specialize in burying their costs and in hiring salesman who does not who do not make those costs clear to their clients.

Advantages of Equity Market Investment

- **Capital Gain, income and dividend:** When the share price of the company rises or the company makes a profit, you will receive a return on investment in terms of capital gains and dividends: these are the 2 main sources of income on your investments.
- **Limited Liability:** The liability of your shares is limited to the extent of the investment made in a company. When the company incurs loss above your investment, you don't have to bear that loss.
- **Exercise Control:** When you own shares of a company, you gain ownership of that company. This gives you voting rights in the company.
- **Bonus shares:** On some occasions, companies decide to issue bonus shares to its existing shareholders. These shares are free shares which you receive.
- **Liquidity:** The shares you buy in a stock market have high liquidity. This means your shares can be easily transferred to a different owner. Contrast this with a real estate investment, which would be significantly more difficult to transfer.
- **Stock Split:** Sometimes, companies decide to split their stocks into parts. This reduces the share price of the company but your capital holding remains the same. The major advantage of this is that it increases the liquidity of the share.
- **Claim over assets and income**: An investor of equity share is the owner of the company and so is the owner of the assets of that company. He enjoys a share of the incomes of the company. He will receive some part of that income in cash in the form of dividend and remaining capital is reinvested in the company.
- **Stock Split:** Stock split means splitting a share into parts. How should an investor be benefited by this? By splitting of share, the per-share price reduces in the market which eventually increases the readability of share. At the end, stock split results in higher volumes with a number of investors leading to high liquidity of the share.

Disadvantage of Equity Market Investment

Risk of losing investment: Stock markets are highly volatile and dynamic, there are lots of risks involved in investing in the stock market, as share prices may fall multiple times in a single day and can break its own record low price, there is a high chance of losing your money.

You may loose all your capital if you are not well educated enough and mentally prepared about the stock you are investing in.

If a company performs poorly in its annual financial statements and having any management issue within the company then people start selling their shares because of fear and resulting in crashing down of stock price.

However, there is a very low chance of happening this all sudden but it takes several years for the market to recover from the impact of the crash. So, if you invest in the stock market blindly the there is a chance of losing your capital and High Brokerage Low Margin. The investor has to pay a certain amount of brokerage fees to the brokers whenever he buys or sells the shares irrespective of his profit or loss**.**

All the trading or investing platforms charge a certain amount of money for the services they provide which are already fixed or depend upon a margin of your transactions. This can seriously affect your profits.

There are many brokers who charge more than the usual amount. If you are not familiar with brokerage charges then you may select the wrong broker where you would end up to pay higher brokerage charges.

But some brokers exist in the markets who charge fewer amounts of brokerage charges and they are known as discount brokers.

Loss of time: If an investor is investing on his own then he must do research on each company and analyze both the company's fundamentals as well as management. This analysis is a must-see of how profitable he could be before investing in a stock.

You must grasp to read financial statements and annual reports and watch your company's growth in financial news. You also need to keep a track of the stock market and the stock price on your own which requires a lot of time in the beginning stage of learning.

Even after you gain an understanding of stocks you have to devote time every day or week to do research about your investments and businesses you are invested in, for future investment, and not everyone can afford to devote that much time unless if you are going to do it for full time which is quite rare.

Lack of knowledge: Investors who don't have enough knowledge of the stock market and they are just trying their luck can suffer huge losses. As they don't know to shortlist the stocks which they have to buy or sell and even not aware of the entry and exit points of trade should stay away from the stock market.

Many new investors lack the sincerity, commitment, will to devote their time learning about the stock market first before diving into it. They just try to go with their luck and think they can earn easy money without any sweat but that's not the case.

The market will thrash you away if you go against it. So people with just money without any knowledge, practice, and experience have higher chances to loose their money, so it is better to first learn and understand the stock market and do paper trading before investing real money directly into stock.

Loss of investment is one of the major disadvantages of Equity: If you invested money into an equity share, there is a chance that you will not be able to receive any of it back. This happens when investors are forced to sell off their shares before they can find another buyer- meaning anyone who bought those shares would then own part of the business and would be able to claim the assets. If this happens, you could lose your entire investment and would not receive any dividends or share of profits from that business in the future.

Tata Large Cap Fund – Direct Plan – Growth

Large Cap Fund : Fund has 98.08% investment in Indian stocks of which 77.23% is in large cap stocks, 7.53% is in mid cap stocks, 4.29% in small cap stocks.

Suitable For : Investors who are looking to invest money for at least 3-4 years and looking for high returns. At the same time, these investors should also be ready for possibility of moderate losses in their investments.

RETURNS **(NAV as on 31st December, 2021)**

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Annualized Returns	Category Avg	Rank within Category
1 Week	24-Dec-21	10193.50	1.94%	-	1.17%	20/33
1 Month	30-Nov-21	10225.10	2.25%	-	1.39%	17/33
3 Month	30-Sep-21	9975.80	-0.24%	-	-0.37%	12/33
6 Month	30-Jun-21	11159.80	11.60%	-	11.21%	13/33
YTD	01-Jan-21	13324.20	33.24%	-	27.34%	3/32
1 Year	31-Dec-20	13369.90	33.70%	33.70%	27.34%	3/32
2 Year	31-Dec-19	14603.10	46.03%	20.81%	21.04%	19/29
3 Year	31-Dec-18	16518.40	65.18%	18.19%	18.19%	16/28
5 Year	30-Dec-16	21270.20	112.70%	16.27%	16.66%	17/27
Since Inception	02-Jan-13	33584.30	235.84%	14.41%	16.46%	20/33

Returns Calculator Detailed Returns Analysis

SIP RETURNS **(NAV as on 31st December, 2021)**

Period Invested for	₹1000 SIP Started on	Investments	Latest Value	Absolute Returns	Annualized Returns
1 Year	31-Dec-20	12000	13614.87	13.46 %	25.69 %

Period Invested for	₹1000 SIP Started on	Investments	Latest Value	Absolute Returns	Annualized Returns
2 Year	31-Dec-19	24000	33512.55	39.64 %	35.7 %
3 Year	31-Dec-18	36000	52195.5	44.99 %	25.62 %
5 Year	30-Dec-16	60000	93863.22	56.44 %	17.92 %

Top 10 Stocks in Portfolio

Stock Invested in	Sector	Value(Mn)	% of Total Holdings	1M Change	1Y Highest Holding	1Y Lowest Holding	Quantity	1M Change in Qty
ICICI Bank Ltd.	Banks	957.2	8.91%	-0.84%	9.86% (Jul 2021)	8.91% (Nov 2021)	13.40 L	0.00
Infosys Ltd.	Computers - software	769.8	7.17%	0.37%	9.01% (Dec 2020)	6.75% (May 2021)	4.50 L	0.00
HDFC Bank Ltd.	Banks	751.3	6.99%	-0.23%	9.01% (Feb 2021)	6.99% (Nov 2021)	5.03 L	0.00
Reliance Industries Ltd.	Refineries/marketing	726.4	6.76%	-0.19%	8.55% (Dec 2020)	6.7% (Jul 2021)	3.02 L	0.00
State Bank Of India	Banks	621.3	5.78%	-0.37%	8.4% (Feb 2021)	5.78% (Nov 2021)	13.49 L	0.00
Bharti Airtel Ltd.	Telecom - services	400.5	3.73%	0.31%	5.44% (Jan 2021)	3.42% (Oct 2021)	5.50 L	0.00
Tata Consultancy Services Ltd.	Computers - software	391.7	3.65%	0.41%	3.81% (Aug 2021)	2.78% (Feb 2021)	1.11 L	5.75 k

Stock Invested in	Sector	Value(Mn)	% of Total Holdings	1M Change	1Y Highest Holding	1Y Lowest Holding	Quantity	1M Change in Qty
Axis Bank Ltd.	Banks	386.8	3.60%	-0.24%	4.67% (Feb 2021)	3.6% (Nov 2021)	5.90 L	20.00 k
Larsen & Toubro Ltd.	Engineering, designing, construction	351.2	3.27%	0.08%	3.27% (Nov 2021)	1.54% (Dec 2020)	1.99 L	0.00
Wipro Ltd.	Computers - software	254.9	2.37%	0.02%	2.45% (Aug 2021)	1.85% (Feb 2021)	4.00 L	0.00

Mirae Asset Emerging Blue-chip Fund - Direct Plan – Growth

Large & Mid Cap Fund : Fund has 99.79% investment in Indian stocks of which 44.22% is in large cap stocks, 28.36% is in mid cap stocks, 9.87% in small cap stocks.

Suitable For : Investors who are looking to invest money for at least 3-4 years and looking for high returns. At the same time, these investors should also be ready for possibility of moderate losses in their investments.

RETURNS **(NAV as on 31st December, 2021)**

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Annualized Returns	Category Avg	Rank within Category
1 Week	24-Dec-21	10241.60	2.42%	-	1.34%	13/29
1 Month	30-Nov-21	10246.90	2.47%	-	2.79%	19/28
3 Month	30-Sep-21	10087.90	0.88%	-	1.81%	21/28
6 Month	30-Jun-21	11250.60	12.51%	-	14.03%	20/28
YTD	01-Jan-21	13960.10	39.60%	-	39.09%	10/28
1 Year	31-Dec-20	14056.50	40.56%	40.57%	39.09%	10/28
2 Year	31-Dec-19	17378.00	73.78%	31.78%	27.63%	6/27
3 Year	31-Dec-18	20145.20	101.45%	26.27%	21.04%	2/23
5 Year	30-Dec-16	28819.20	188.19%	23.55%	18.13%	1/22
Since Inception	02-Jan-13	75734.80	657.35%	25.23%	19.71%	6/29

Returns Calculator Detailed Returns Analysis

SIP RETURNS **(NAV as on 31st December, 2021)**

Period Invested for	₹1000 SIP Started on	Investments	Latest Value	Absolute Returns	Annualized Returns
1 Year	31-Dec-20	12000	13928.78	16.07 %	30.88 %

Period Invested for	₹1000 SIP Started on	Investments	Latest Value	Absolute Returns	Annualized Returns
2 Year	31-Dec-19	24000	35986.22	49.94 %	44.34 %
3 Year	31-Dec-18	36000	58992.29	63.87 %	34.77 %
5 Year	30-Dec-16	60000	111336.24	85.56 %	24.96 %

Top 10 Stocks in Portfolio

Stock Invested in	Sector	Value(Mn)	% of Total Holdings	1M Change	1Y Highest Holding	1Y Lowest Holding	Quantity	1M Change in Qty
ICICI Bank Ltd.	Banks	12376	5.83%	-0.34%	6.56% (Feb 2021)	5.71% (Sep 2021)	1.73 Cr	6.75 L
HDFC Bank Ltd.	Banks	12073.9	5.69%	-0.09%	7.24% (Jan 2021)	5.49% (Jul 2021)	80.84 L	1.90 L
Infosys Ltd.	Computers - software	10477.3	4.93%	0.35%	5.35% (Dec 2020)	4.28% (Sep 2021)	61.18 L	1.75 L
Axis Bank Ltd.	Banks	8982.5	4.23%	-0.28%	5.13% (Jan 2021)	4.23% (Nov 2021)	1.37 Cr	5.60 L
State Bank Of India	Banks	7569.3	3.57%	-0.25%	3.81% (Oct 2021)	2.85% (Dec 2020)	1.64 Cr	0.00
Reliance Industries Ltd.	Refineries/marketing	5983	2.82%	2.79%	2.82% (Nov 2021)	0.03% (Aug 2021)	24.87 L	24.63 L
J.K. Cement Ltd.	Cement	5727.9	2.70%	-0.02%	2.88% (Jul 2021)	1.77% (Dec 2020)	17.71 L	0.00

Stock Invested in	Sector	Value(Mn)	% of Total Holdings	1M Change	1Y Highest Holding	1Y Lowest Holding	Quantity	1M Change in Qty
Voltas Limited	Engineering, designing, construction	5482.8	2.58%	-0.24%	2.9% (Sep 2021)	2.34% (Jun 2021)	45.65 L	-5.00 L
Tata Consultancy Services Ltd.	Computers - software	5346.7	2.52%	0.14%	3% (Mar 2021)	2.37% (Sep 2021)	15.15 L	0.00
Gujarat State Petronet Ltd.	Gas transmission/marketing	5343.4	2.52%	0.21%	2.52% (Nov 2021)	1.83% (Jan 2021)	1.71 Cr	6.94 L

Axis Midcap Fund - Direct Plan – Growth

Mid Cap Fund : Fund has 91.41% investment in Indian stocks of which 11.68% is in large cap stocks, 53.5% is in mid cap stocks, 12.8% in small cap stocks.

Suitable For: Investors who are looking to invest money for at least 3-4 years and looking for high returns. At the same time, these investors should also be ready for possibility of moderate losses in their investments.

RETURNS **(NAV as on 31st December, 2021)**

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Annualized Returns	Category Avg	Rank within Category
1 Week	24-Dec-21	10285.30	2.85%	-	1.48%	12/29
1 Month	30-Nov-21	10200.80	2.01%	-	1.64%	23/28
3 Month	30-Sep-21	10215.50	2.15%	-	2.11%	15/28
6 Month	30-Jun-21	11583.00	15.83%	-	14.07%	10/27
YTD	01-Jan-21	14093.70	40.94%	-	46.31%	18/26
1 Year	31-Dec-20	14178.00	41.78%	41.78%	46.31%	18/26
2 Year	31-Dec-19	18114.90	81.15%	34.54%	35.37%	13/25
3 Year	31-Dec-18	20433.60	104.34%	26.87%	23.92%	5/23
5 Year	30-Dec-16	30698.60	206.99%	25.12%	19.61%	2/21
Since Inception	02-Jan-13	56804.60	468.05%	21.29%	22.03%	9/28

Returns Calculator Detailed Returns Analysis

SIP RETURNS **(NAV as on 31st December, 2021)**

Period Invested for	₹1000 SIP Started on	Investments	Latest Value	Absolute Returns	Annualized Returns
1 Year	31-Dec-20	12000	14250.79	18.76 %	36.27 %
2 Year	31-Dec-19	24000	36003	50.01 %	44.4 %

Period Invested for	₹1000 SIP Started on	Investments	Latest Value	Absolute Returns	Annualized Returns
3 Year	31-Dec-18	36000	59898.47	66.38 %	35.94 %
5 Year	30-Dec-16	60000	116218.53	93.7 %	26.75 %

Top 10 Stocks in Portfolio

Stock Invested in	Sector	Value(Mn)	% of Total Holdings	1M Change	1Y Highest Holding	1Y Lowest Holding	Quantity	1M Change in Qty
Cholamandalam Investment & Finance Co. Ltd.	Nbfc	6233.6	3.87%	-0.48%	5.78% (Mar 2021)	3.87% (Nov 2021)	1.13 Cr	0.00
ICICI Bank Ltd.	Banks	6135.4	3.81%	-0.50%	4.31% (Oct 2021)	2.43% (Jan 2021)	85.89 L	0.00
Coforge Ltd.	Computers - software	6103.6	3.79%	0.37%	4.13% (Jul 2021)	2.16% (Jan 2021)	11.24 L	0.00
- Astral Ltd.	Plastic products	5153.6	3.20%	0.00%	3.72% (May 2021)	3.2% (Oct 2021)	23.45 L	0.00
Avenue Supermarts Ltd.	Retailing	4993.6	3.10%	0.03%	3.25% (Feb 2021)	2.68% (Jul 2021)	10.60 L	0.00
Mindtree Ltd.	Computers - software	4961.9	3.08%	-0.14%	3.51% (Sep 2021)	1.37% (Feb 2021)	11.46 L	0.00
Bajaj Finance Ltd.	Nbfc	4653.2	2.89%	-0.19%	3.45% (Apr 2021)	2.89% (Nov 2021)	6.65 L	0.00

Stock Invested in	Sector	Value(Mn)	% of Total Holdings	1M Change	1Y Highest Holding	1Y Lowest Holding	Quantity	1M Change in Qty
Apollo Hospitals Enterprises Ltd.	Hospital	4645.5	2.88%	0.87%	2.88% (Nov 2021)	0% (Dec 2020)	8.17 L	62.50 k
Crompton Greaves Consumer Electricals Ltd.	Home appliances	4643.9	2.88%	-0.14%	3.65% (Jul 2021)	2.32% (Mar 2021)	1.04 Cr	0.00
HDFC Bank Ltd.	Banks	4638.2	2.88%	-0.19%	3.32% (Aug 2021)	2.88% (Nov 2021)	31.06 L	0.00

Aditya Birla Sun Life Midcap Fund - Direct Plan – Growth

Mid Cap Fund : Fund has 97.6% investment in Indian stocks of which 6.88% is in large cap stocks, 57.64% is in mid cap stocks, 13.01% in small cap stocks.

Suitable For: Investors who are looking to invest money for at least 3-4 years and looking for high returns. At the same time, these investors should also be ready for possibility of moderate losses in their investments.

RETURNS **(NAV as on 31st December, 2021)**

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Annualized Returns	Category Avg	Rank within Category
1 Week	24-Dec-21	10288.00	2.88%	-	1.48%	9/29
1 Month	30-Nov-21	10315.40	3.15%	-	1.64%	9/28
3 Month	30-Sep-21	10425.80	4.26%	-	2.11%	8/28
6 Month	30-Jun-21	11936.20	19.36%	-	14.07%	4/27
YTD	01-Jan-21	15029.70	50.30%	-	46.31%	9/26
1 Year	31-Dec-20	15170.90	51.71%	51.71%	46.31%	9/26
2 Year	31-Dec-19	17700.20	77.00%	32.99%	35.37%	16/25
3 Year	31-Dec-18	17194.20	71.94%	19.78%	23.92%	18/23
5 Year	30-Dec-16	21297.90	112.98%	16.30%	19.61%	20/21
Since Inception	02-Jan-13	42781.40	327.81%	17.53%	22.03%	21/28

Returns Calculator Detailed Returns Analysis

SIP RETURNS **(NAV as on 31st December, 2021)**

Period Invested for	₹1000 SIP Started on	Investments	Latest Value	Absolute Returns	Annualized Returns
1 Year	31-Dec-20	12000	14832.84	23.61 %	46.16 %

Period Invested for	₹1000 SIP Started on	Investments	Latest Value	Absolute Returns	Annualized Returns
2 Year	31-Dec-19	24000	38214.13	59.23 %	51.93 %
3 Year	31-Dec-18	36000	59596.49	65.55 %	35.55 %
5 Year	30-Dec-16	60000	99921.62	66.54 %	20.48 %

Top 10 Stocks in Portfolio

Stock Invested in	Sector	Value(Mn)	% of Total Holdings	1M Change	1Y Highest Holding	1Y Lowest Holding	Quantity	1M Change in Qty
Mphasis Ltd.	Computers - software	1841.4	5.53%	-0.56%	6.51% (Aug 2021)	4.33% (Dec 2020)	6.36 L	0.00
Tata Power Co. Ltd.	Power	1273.7	3.82%	0.10%	3.89% (Sep 2021)	2.94% (Dec 2020)	58.75 L	0.00
Mindtree Ltd.	Computers - software	1073.1	3.22%	-0.07%	3.37% (Aug 2021)	1.81% (Feb 2021)	2.48 L	0.00
Cholamandalam Financial Holdings Ltd.	Other financial services	1012.1	3.04%	0.04%	3.28% (Feb 2021)	2.93% (Jan 2021)	14.49 L	0.00
Cholamandalam Investment & Finance Co. Ltd.	Nbfc	1002.8	3.01%	-0.30%	3.94% (Mar 2021)	2.43% (Jul 2021)	18.22 L	0.00
Voltas Limited	Engineering, designing, construction	960.8	2.88%	0.03%	2.92% (Sep 2021)	2.24% (Dec 2020)	8.00 L	0.00
Gujarat Fluoro chemicals Ltd.	Chemicals - specialty	945	2.84%	0.26%	2.84% (Nov 2021)	1.29% (Mar 2021)	4.80 L	0.00
K.P.R. Mill Ltd.	Fabrics and garments	893.2	2.68%	0.43%	2.68% (Nov 2021)	1.34% (Feb 2021)	16.94 L	0.00

Stock Invested in	Sector	Value(Mn)	% of Total Holdings	1M Change	1Y Highest Holding	1Y Lowest Holding	Quantity	1M Change in Qty
Sona BLW Precision Forgings Ltd.	Auto ancillaries	885.9	2.66%	0.39%	2.66% (Nov 2021)	0% (Dec 2020)	11.84 L	0.00
Coromandel International Ltd.	Fertilisers-phosphatic	864.4	2.59%	-0.12%	4.53% (Jan 2021)	2.59% (Nov 2021)	11.68 L	0.00

SBI Small Cap Fund - Direct Plan - Growth

Small Cap Fund: Fund has 90.62% investment in Indian stocks of which , 9.01% is in mid cap stocks, 65.35% in small cap stocks.

Suitable For: Investors who are looking to invest money for at least 3-4 years and looking for very high returns. At the same time, these investors should also be ready for possibility of higher losses in their investments.

Crisil Rank Change: Fund Crisil rank was updated from 3 to 2 in the previous quarter.

RETURNS **(NAV as on 31st December, 2021)**

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Annualized Returns	Category Avg	Rank within Category
1 Week	24-Dec-21	10310.60	3.11%	-	2.05%	3/3
1 Month	30-Nov-21	10166.40	1.66%	-	1.46%	3/3
3 Month	30-Sep-21	10576.10	5.76%	-	4.23%	2/3
6 Month	30-Jun-21	11538.80	15.39%	-	15.13%	3/3
YTD	01-Jan-21	14755.80	47.56%	-	52.88%	3/3
1 Year	31-Dec-20	14910.90	49.11%	49.11%	52.88%	3/3
2 Year	31-Dec-19	20154.80	101.55%	41.90%	41.94%	3/3
3 Year	31-Dec-18	21646.10	116.46%	29.33%	27.41%	2/3
5 Year	30-Dec-16	31779.50	217.79%	25.99%	22.50%	2/3
Since Inception	02-Jan-13	90531.10	805.31%	27.74%	21.31%	2/3

Returns Calculator Detailed Returns Analysis

SIP RETURNS **(NAV as on 31st December, 2021)**

Period Invested for	₹1000 SIP Started on	Investments	Latest Value	Absolute Returns	Annualized Returns

Period Invested for	₹1000 SIP Started on	Investments	Latest Value	Absolute Returns	Annualized Returns
1 Year	31-Dec-20	12000	14564.12	21.37 %	41.57 %
2 Year	31-Dec-19	24000	39180.87	63.25 %	55.17 %
3 Year	31-Dec-18	36000	64857.74	80.16 %	42.13 %
5 Year	30-Dec-16	60000	119301.17	98.84 %	27.85 %

Top 10 Stocks in Portfolio

Stock Invested in	Sector	V0061lue(Mn)	% of Total Holdings	1M Change	1Y Highest Holding	1Y Lowest Holding	Quantity	1M Change in Qty
Sheela Foam Ltd.	House ware	5184.5	4.77%	1.00%	4.77% (Nov 2021)	3.05% (Sep 2021)	15.90 L	-0.32 L
Elgi Equipments Ltd.	Compressors / pumps	4376.5	4.02%	1.00%	5.37% (Feb 2021)	3.02% (Oct 2021)	1.59 Cr	-2.29 L
Blue Star Ltd.	Air conditioner	3795.2	3.49%	-0.12%	3.61% (Oct 2021)	2.31% (Aug 2021)	40.00 L	0.00
Hatsun Agro Products Ltd.	Consumer food	3791.9	3.49%	-0.09%	3.94% (Sep 2021)	2.73% (Mar 2021)	28.47 L	0.00
Carborundum Universal Ltd.	Abrasives	3762.6	3.46%	-0.50%	4.53% (Aug 2021)	3.24% (Dec 2020)	41.00 L	-9.08 L
Finolex Industries Ltd.	Plastic products	3601.5	3.31%	-0.21%	3.52% (Oct 2021)	1.58% (Mar 2021)	1.70 Cr	0.00

Stock Invested in	Sector	V0061lue(Mn)	% of Total Holdings	1M Change	1Y Highest Holding	1Y Lowest Holding	Quantity	1M Change in Qty
J.K. Cement Ltd.	Cement	3235	2.97%	-0.15%	5.49% (Jan 2021)	2.97% (Nov 2021)	10.00 L	0.00
V-Guard Industries Ltd.	Industrial electronics	3105.8	2.86%	-0.21%	4.17% (Jan 2021)	2.82% (Apr 2021)	1.27 Cr	0.00
V-Mart Retail Ltd.	Retailing	2958.1	2.72%	-0.14%	3.02% (Jul 2021)	1.08% (Jan 2021)	7.49 L	0.00
Navin Flourine International Ltd.	Chemicals - inorganic	2955.4	2.72%	0.24%	3.42% (Apr 2021)	2.48% (Oct 2021)	7.90 L	0.00

CHAPTER 2

REVIEW AND LITERATURE

Introduction:

Equity markets come with long-entrenched histories, with debt issuances dating back to the 1300s. The first stock market was established in Belgium in 1531. The exchange dealt primarily with promissory notes and bonds, but not with actual stocks.

Throughout the 1600s, the British, Dutch, and French governments gave charters to companies that included 'East India' in their monikers. The countries would take stakes in the profits from India and Asia by funding sea voyages that would bring back goods - although it was risky due to the abundance of pirates, poor weather, and faulty navigation.

Instead of bearing all the risk for themselves, ship owners would seek out investors to help fund voyages, and in return, provide investors with a percentage of the profits should the voyage be successful.

They were the earliest forms of limited liability companies (LLCs) that would last a single voyage. Ship-owners could send their ships without bearing the risk for themselves, and investors could diversify their risk by investing in multiple different ships and voyages.

The East India companies eventually began paying dividends from the proceeds collected from multiple voyages instead of creating single-time LLCs for each voyage. It was the first form of joint-stock companies in which the companies could demand more capital, build larger fleets, and provide larger returns for investors.

India is a developing country. Nowadays many people are interested to invest in financial markets especially on equities to get high returns, and to save tax in honest ways. Equities are playing a major role in contribution of capital to the business from the beginning of capital markets. Since the introduction of the concept of shares, large numbers of investors have shown interest to invest in the stock market. In industries plagued with skepticism and a stock market increasingly difficult to predict and contend with, if one looks hard enough there may still be a genuine aid for the Day Trader and Short Term Investor.

During the eighteenth and nineteenth centuries, India supplied Britain with raw materials and a market for manufactured products. Britain became increasingly reliant on India for raw materials such as cotton, especially during the American Civil War. The resultant wealth generation in India created a need for legitimate means of investment rather than rampant unorganized speculation in securities. To this end, a group of brokers created the Native Share and Stockbrokers Association, which later became the Bombay Stock Exchange (BSE) in 1875. The Bombay Stock Exchange Limited is the oldest stock exchange in Asia and was the first stock exchange to be recognized by the Indian government, in 1956. Today, the BSE is professionally managed under the overall direction of the board of directors, which formulates larger policy issues and exercises overall control. The board comprises eminent professionals, representatives of trading members and the managing director of the BSE. In addition to the BSE, there are two other main exchanged – the National Stock Exchange (NSE) and the Over the Counter Exchange of India Limited (OTCEI) – which operate at a national level. The NSE is the world's third largest stock exchange in terms of transactions and is also located in Mumbai. The OTCEI, which operates from Mumbai, Kolkata and New Delhi, is a unique stock exchange suited to small and medium-sized firms looking to gain access to the capital markets. It is often the exchange of choice for technology and growth stocks.

A. Visible Fragmentation:

A series of papers examine the entry of new lit venues as competitors to previously dominant exchanges following the implementation of the Markets in Financial Instruments Directive ("MiFID") in Europe in 2007. Gresse (2012), Spankowsky, Wagener, and Burghof (2012), Degryse, de Jong, and van Kervel (2011),

Fioravanti and Gentile (2011), Riordan, Storkenmaier, and Wagener (2012), and Chlistalla and Lutat (2010) find that the enhanced competition led to an increased level of visible fragmentation as the new entrants captured significant order flow. The papers generally find that the visible fragmentation resulted in market quality improvements in the form of reduced transaction costs, though Fioravanti and Gentile (2011) find that increased visible fragmentation reduces price efficiency.

Two caveats are worth noting for the findings of these papers regarding visible fragmentation. First, there may be a point at which too much visible fragmentation leads to deteriorating market quality, and this turning point may vary depending on the market capitalization of a stock. In this regard, all of the papers examining MiFID dealt with relatively low levels of visible fragmentation following the introduction of competition in a market that previously was dominated by a single exchange.

Degryse, de Jong, and van Kervel (2011) find that visible fragmentation may cease to be beneficial when it exceeds a certain level. The authors measure fragmentation using the Herfindahl-Hirschman Index, and they calculate visible fragmentation as one minus the sum of the squared market shares of lit venues. They find that the benefits of visible fragmentation in the form of narrower spreads and increased depth are consistently higher for large company stocks than small company stocks. For small company stocks, they find that displayed depth is negatively affected when their measure of fragmentation exceeds 0.36.

Gresse (2012) finds that the marginal benefits of visible fragmentation become relatively low when an equilibrium level of fragmentation is reached, and that increased visible fragmentation may harm the market depth of smaller company stocks.

The second caveat regarding visible fragmentation relates to its effect during periods of high volatility. All of the papers examining MiFID measure market quality across extended time periods and do not focus on isolated periods of high volatility. Madhavan (2012), in contrast, addresses the effect of "quote fragmentation" in U.S. equities during the Flash Crash of May 6, 2010. He measures quote fragmentation as the extent to which multiple trading venues quote at the best prices. He finds that higher levels of quote fragmentation are associated with larger price moves in equity products during the afternoon of the Flash Crash.

Jiang, McInish, and Upson (2012) and O'Hara and Ye (2011) address off exchange fragmentation in U.S. equities during a time period when off-exchange volume includes a substantial amount of volume from both lit venues and dark venues. Both papers find that inc0072eased levels of off-exchange fragmentation are associated with improved market quality. Their results are difficult to interpret, however, because their measure of fragmentation encompassed a large amount of both lit and dark venue volume. Each paper measures fragmentation as the extent of off-exchange trading in U.S. equities during the first six months of 2008, when two lit venues appear to have executed approximately 50% of off-exchange volume.24 The papers consequently do not allow finer distinctions regarding the respective effects of visible and dark fragmentation on market quality.

B. Dark Fragmentation:

Comerton-Forde and Putnins (2012) examine the 500 largest Australian stocks. Using an instrumental variables approach to address endogeneity concerns, they conclude that informational efficiency deteriorates when dark trading of less than block size exceeds 10% of total volume. They find no evidence that block-sized dark trading harms aggregate price discovery. ASIC (2013), in turn, examines the 300 most active Australian stocks and reaches a similar conclusion regarding the 10% threshold for when non-block dark trading leads to harmful effects on quoted spreads and quoted depth.

Degryse, de Jong, and van Kervel (2011) examine Dutch mid- and large-cap stocks during a time period when dark trading in those stocks represented approximately 37% of total volume. After controlling for the level of visible fragmentation and other factors, they find that an increase in dark trading of one standard deviation in a stock reduces liquidity by 9%. Several papers focus on dark venue trading in U.S. stocks. Weaver (2011) examines trading in more than 4,000 U.S. stocks and finds that increased dark trading is associated in a linear fashion with wider spreads and higher volatility.

The CFA Institute (2012) examines dark venue trading in 450 U.S. stocks stratified across market capitalization. They also separately analyze the effect of broker-dealer internalization and dark pools. They find that some levels of dark venue trading are beneficial for quoted spreads, but estimate levels of activity at which internalization and dark pool trading become harmful. Estimates of these critical levels vary by market capitalization, ranging from 12.6% and 19.3%, respectively, for internalization and dark pool trading in large cap stocks, to 44.4% and 63.9%, respectively, for internalization and dark pool trading in small cap stocks. When analyzing the aggregate volume of dark venue trading, they estimate that 46.7% is the turning point beyond which dark trading becomes harmful.

Hatheway, Kwan, and Zheng (2013) examine a sample of 116 U.S. stocks also stratified across market capitalization. They find that non-block dark trading volume is associated with higher market-wide transaction costs, but only when controlling for the level of informed trading on a particular day. Specifically, when they apply one of the models used in O'Hara and Ye (2011) to their data sample (which does not include significant amounts of lit trading volume, as did the O'Hara and Ye (2011) sample discussed above), they find that dark trading volume is associated with narrower effective spreads. But, when controlling for the level of informed trading on a particular day, they find that non block dark trading volume is associated with wider effective spreads and lower price efficiency. Similar to Comerton-Forde and Putnins (2012), they find that trading largesized orders on dark venues is not harmful to market quality.

Van Kervel, Vincent, 2012, Liquidity: what you see is what you get?

Van Kervel (2012) examines the magnitude of order cancellations in a market structure with multiple limit order book venues when a trade occurs on one of the venues. His sample is trading during November 2009 in ten FTSE 100 stocks that were randomly selected from each market cap decile. At that time, the LSE executed 66% of lit trading volume, leaving the remaining 34% to four competing lit venues.

The author finds that trades on one venue were followed by limit order cancellations on competing venues. For example, within 100 milliseconds, trades on the three most active trading venues are followed by cancellations on the same side of competing limit order books of 38 to 85% of the trade size. He also finds that trades on one side of the market were followed by additional new limit orders on the other side of the market. For example, a trade on the ask side was followed by new limit orders on the bid side of 30 to 70% of the trade size.

The author concludes that, while previous research typically shows a beneficial effect of visible fragmentation on liquidity, the benefits, while still positive, are mitigated because of duplicate limit orders. He emphasizes, however, that the magnitude of cancellations will depend on the fraction of investors that have access to smart order routing technology that enables them to access several venues simultaneously.

C. <u>High Frequency Trading</u>:

Equity Market Structure recognized that HFT is one of the most significant market structure developments in recent years. It noted, for example, that estimates of HFT typically exceeded 50% of total volume in U.S.-listed equities and concluded that, "by any measure, HFT is a dominant component of the current market

structure and likely to affect nearly all aspects of its performance." The Concept Release also noted that the term "HFT" was not clearly defined. To deal with this problem, the Concept Release first generally defined "proprietary firm" as "professional traders acting in a proprietary capacity that generate a large number of trades on a daily basis." These traders could be organized in a variety of ways, including as a proprietary trading firm (which may or may not be a registered broker dealer and a member of FINRA), as the proprietary trading desk of a multi-service broker-dealer, or as a hedge fund.

In the absence of trading account data, the use of general proxies for HFT that can be calculated with publicly available, market-wide data may capture a great deal of algorithmic and computer-assisted trading that should not be classified as HFT. Examples of such HFT proxies derived from market-wide data include high message rates, bursts of order cancellations and modifications, high order-to-trade ratios, small trade sizes, and increases in trading speed. These market-wide proxies are associated with the broader phenomena of algorithmic trading and computer-assisted trading in all their forms. As discussed below, HFT represents a large subset, but by no means all, of algorithmic and computer-assisted trading.

For example, algorithmic trading encompasses a broad range of activity, including particularly the large order execution algorithms often used by or on behalf of institutional investors. This type of algorithm takes institutional investor orders, which typically are too large to be executed all at once without excessive price impact, and slices them into many small orders that are fed into the marketplace over time. The staff notes that these large order algorithms should not be classified as HFT because they typically enable institutional investors to establish or liquidate positions with time horizons far beyond the primarily intraday horizons characteristic of HFT.

In addition, other types of computer-assisted trading tools are common in today's markets that may generate market activity that is difficult to distinguish from HFT, at least in the absence of datasets that can tie market activity to particular trading accounts. These tools include smart order routing systems that are designed to deal with the large number of trading venues in the fragmented U.S. equity market structure. They also include trading systems with automated functionalities that, while perhaps not falling within the definition of an algorithm (and therefore not appropriately classified as HFT), nevertheless enable orders to be submitted to the marketplace in ways that are far beyond the manual capacities of a human trader.

Clark-Joseph (2013) uses a dataset with trader identifiers for the E-Mini S&P 500 futures contract ("E-Mini") to classify 30 trading accounts as HFT. These 30 accounts included 8 large accounts that engaged in primarily aggressive strategies, in contrast to the primarily passive strategies that often generate a large number of order book messages. The 30 accounts classified as HFT represented 46.7% of total trading volume in the dataset, but initiated only 31.9% of all order entry, order modification, and order cancellation messages. For this dataset, an HFT proxy derived solely from order book messages would not capture a large segment of aggressive HFT.

HFT strategy:

The Concept Release noted that the lack of a clear definition of HFT complicated the SEC's review of market structure. Proprietary firms may engage in a variety of different strategies, some of which may benefit market quality and some of which may be harmful. Rather than "attempt any single, precise definition of HFT,"8 the Concept Release focused on the particular strategies and tools that may be used by proprietary firms and inquired whether any of them raised concerns that needed to be addressed.

Passive market making primarily involves the submission of non-marketable resting orders that provide liquidity to the marketplace at specified prices. The Concept Release noted that profits for these strategies do not depend primarily on directional price moves, but rather on earning a spread between bids and offers, as

often supplemented by liquidity rebates offered by most markets for resting liquidity. Because these passive orders generally are not executed immediately and must rest on an order book, their prices may need to be updated frequently to reflect changing market conditions. The Concept Release noted that a passive market making strategy may generate an enormous number of order cancellations or modifications as orders are updated.

An arbitrage strategy generally seeks to capture pricing disparities between related products or markets, such as between an exchange traded product ("ETP") and its underlying basket of stocks. Arbitrage strategies also do not depend on directional price moves, but rather on price convergence.

Structural strategies attempt to exploit structural vulnerabilities in the market or in certain market participants. For example, traders with access to the lowest latency market data and trading tools may be able to profit by trading with market participants on a trading venue that is offering executions at stale prices.

Directional strategies generally involve establishing a long or short position in anticipation of a price move up or down. The Concept Release requested comment on two types of directional strategies – order anticipation and momentum ignition – that "may pose particular problems for long-term investors" and "may present serious problems in today's market structure." An order anticipation strategy seeks to ascertain the existence of large buyers or sellers in the marketplace and then trade ahead of those buyers or sellers in anticipation that their large orders will move market prices (up for large buyers and down for large sellers). A momentum ignition strategy involves initiating a series of orders and trades in an attempt to ignite a rapid price move up or down. As noted in the Concept Release, any market participant that manipulates the market has engaged in conduct that already is illegal. The Concept Release focused on the issue of whether additional regulatory tools were needed to address illegal practices, as well as any other practices associated with momentum ignition strategies.

The Concept Release noted that many of the strategies it discussed were not new, but that technology may allow proprietary firms to better identify and execute the strategies. For example, it asked whether the speed of trading and the ability to generate a large number of orders might render momentum ignition strategies more of a problem today than in the past. Comment generally was sought on the extent to which such strategies were used and their effect on market quality, particularly from the standpoint of long term investors.

Private Equity Business Cycle:

According to Jain and Manna (2009) research study on ―Evolution of Global Private Equity Market‖ the business cycle of a private equity comprise four stages:

Phase I: Establishment of Investment Fund

In this phase limiters partners involving pension funds, hedge funds, sovereign wealth funds, bilateral development institutions, multi-lateral development banks, wealthy individuals, insurance companies, etc. contribute towards the development of private equity fund. These institutional investors usually have no professional expertise as a result of which professional fund managers are appointed to manage private equity funds. The time duration of private equity fund ranges from six months to one year.

Phase II: Buying Equity Stakes

The fund collected through various institutional investors is then used to purchase equity stakes in high growth potential companies. Such investments are usually made within a period of five years from the

establishment of private equity fund. Private equity investments are made in various ways. For example, in case of direct investments the interests of venture capital and private equity investors are aligned, under funds of fund strategy collected amount is invested in other funds, whereas collateralized fund obligations involves securitization of private equity funds of fund, etc.

Phase III: Exit the Investments:

Private equity funds take infinite control of the target company. Their strategy involves acquiring the target company, adding value to it and then realizing gains by disposition their position of from the company's capital structure. This process takes around three to five years only. They believe in timely and profitable exit so that they can capture new targets and for this process to happen favorable and smooth functioning public markets must exist.

Phase IV: Reimbursement

Capital redeemed after the exit is redistributed amongst the investors depending upon their contribution in the form of initial investments. This way a private equity business cycle completed and fund manager may call private equity capital for establishing another private equity fund.

Private Equity in India

Venture capital and private equity industry has emerged as a potential source of capital for the corporate sector and over the years, they have made their presence felt in Indian economy too. Evolution of private equity in South Asian market can be linked to the emergence of venture capital firms in mid 80s. Initially the venture capital funds showed similar characteristics of private equity funds. Institutions like ICICI and IFCI played an important role in the emergence of private equity market in India. ICICI launched a venture capital scheme to encourage start up ventures in the private sector specifically in the technology sector. Later IFCI sponsored and helped in the development of ―Risk Capital and Technology Finance Corporation of India Ltd. that further supported newly start up businesses. Commercial banks like Canara Bank came up with its own venture capital fund. Various regional venture capital funds also came up which then led to establishment of various PE funds in early 90s. Period of 1995 and 2000 witnessed increased flow of foreign private equity investments and among them leading foreign firms that penetrated Indian PE market were Baring PE Partners, CDC Capital, HSBC Private Equity, Warbug Pincus, etc. In 1996, Securities Exchange Board of India issued regulations with regard to venture capital funds. Indian private equity market slowed down in 2001-03 on account of technology boom burst of US followed by a revival in 2004 with increased domestic private equity players flooding the market.

Indian private equity market has been emerging as an attractive destination in terms of corporate financing as an alternative source of financing against the conventional sources. The major factors that contribute to the flow of private equity investments in Indian markets are increasing risk appetite of investors, increased domestic liquidity, favorable macroeconomic fundamentals, growth in savings, growth in overall economy, booming secondary market acting as buyer to private equity investments, changing regulatory system, etc. The number of private equity deals in India increased from 82 in 2004 to 439 in 2007 to s further decline of 399 in 2008 (Private Equity Impact, 2009, Venture Intelligence). Private equity in India has mainly targeted banking and financial services sector, construction and real estate and information technology and media sectors. Also, if we compare the performance of private equity backed companies with non private equity backed companies, the former has performed better over a period ranging from 2000 to 2008. At the end of 2007, before the distortions induced by the financial crisis, the average long-term return was around 10.7% over a 10-year period in India.

Gaughan (2007) has discussed the growing role of private equity and hedge funds in various mergers and acquisition deals during the fifth merger wave in which there was substantial increase in deal values during 1990s. According to the study, ever increasing costs of being a public company on account of which many public companies became inclined towards private ownership, regulatory practices and audit requirements are the factors that primarily contributed to a series of mergers and acquisitions. Research argues that private equity investors can either take minority interest or majority position in the equity of a company; either they can buy 100 percent equity of a company by making it a leveraged buyout deal or through organizing venture capital fund and allowing the targets the benefit of having access to more financing options. According to the author, targets sold through private equity exit strategy (IPO) continue to have acquisition opportunities. During 2005, many private equity firms joined with other private equity firms to complete many leveraged deals and at the same time private equity firms were competing against each other while bidding for various takeover targets. The various private equity bidders were Kohlberg Kravis Roberts, Apollo Management, Warburg Pincus, Carlyle Group, Bain Capital, etc. It was found that the borrowing capacity of the private equity buyers has increased on account of their enlarged fund sizes. Study highlights the various sources through which private equity firms raise their capital are various institutional investors and wealthy individuals. They invest in private equity funds in the anticipation of higher returns but have to bear the high risk involved along with the illiquid nature of such funds. Thompson Venture Economics has reported that the average rate of return on private equity funds has been 12.5 percent over the period 1995–2004. These returns were higher than the returns on equity in the market resulted in high management fees being charged by private equity managers. Hedge Fund Industry was reported to be as large as $1 trillion, having around 8,000 active hedge fund managers in United States. They account for as much as half of all the trading on the New York Stock Exchange (Hansard, S. (2005, November 14) Standardized hedge fund reporting). In hedge funds only limited numbers of investors were invited to participate in the fund and they were expected to remain happy with whatever returns are given to them but with the collapse of an emerging and distinguishing firm having expertise in managing investments having lost around $2 billion within one month the scenario changed and hedge funds started looking forward to mergers and acquisition deals, giving competition to private equity funds.

Conroy and Harris (2007) evaluated that the average net returns to investors in private equity have not been nearly as attractive as many investors presume. It has been found that risks are often devalued whereas returns are usually overvalued in private equity investments. But when investments are made in superior private equity funds the returns outperform the returns from public equities as indicated in a recent study conducted by National Venture Capital Market (NVCM) where investors earned average annual returns of 14.3 percent in PE funds as compared to 11.2 percent on S&P 500 and 12.6 percent in case of NASDAQ. Investments in top funds accompanied by value adding strategies being adopted by fund managers are the key reasons behind the success in private equity investments. Study also highlights various challenges involved while measuring private equity returns: non availability of information for pricing of private equity investments, illiquid nature of such investments and information asymmetries and investor skills. In one study conducted by Kaplan and Schoar (2005) it was reported that private and public equity carries equivalent risk. Another study by Lerner, Schoar and Wong (2005) segmented returns based on the form of institutional investor and the main findings were that endowments significantly outperformed while investment advisors and banks did poor. It has been concluded that private equity investments have a small potential for huge payoffs along with a material probability of complete loss of capital. Research showed that firms investing only in private equity business and quoted on exchange provide quite limited liquidity as compared to other public stocks and their average annual returns estimates are lower and risk estimates are higher after adjustments. Whereas contradictory results were shown by a research of Venture Economics, where mean returns from private equity outperform public stocks and bonds and private equity ratio shows

lower risk as measure by standard deviation and beta. Author summarized that addition of private equity to portfolio significantly improves the efficient frontier relative to the case with only public bonds and stocks.

Lopez (2008) defines private equity investments as investment in private and public firms. It refers to investments made by private equity professional fund managers in the equity of private companies. Research found that leveraged buyouts increased from US $24 billion in 2001 to US $320 billion in 2006. By midyear 2007 they reached around US $ 200 billion and from then onwards this growth slowed down markedly. Symposium talks about economic factors that led to increased leveraged buyout activity in the U.S. market and the factors responsible for slow growth of private equity market from 2007 onwards. Symposium distinguishes between the institutional investors as limited partners and fund managers as general partners. Limited partners are end investors investing in private equity funds. Private equity funds are managed by the professionals from private equity firms. They manage several funds at once. Their compensation comprise of two components: percentage of money under management in these funds and portion of realized gains (through public sector offering or sale of firm to other investors). Leverage buyout term is used when a firm is acquired using a financing combination of debt (issued by the company in the form of bonds, loans, etc) and equity (PE). This combination has changed over time as indicated by increase in the share of equity used in LBOs and decreased share of loans from banks. As the market began to shrink, the share of bank holding in buyout deals also decline over the years. On the contrary, the share of leveraged loan by institutional investors grew from 30 percent to 50 percent till 2006. The factors responsible for such scenario were: changes in the financial sources on account of development of loan securitization instruments and changes in the financing terms and conditions as terms became more favorable for private equity firms, on account of decline in interest rates and risk premium and debt financing becoming more attractive and so on. Such changes contributed significantly to the U.S. subprime mortgage crisis. Value additions made by private equity players involve changes in the capital structure, full tax deductible interest expenses in debt financing, reduced reporting requirements and alignment of firm’s management resulting in increasing the firm’s value.

Klier, Welge and Harrigan (2009) have documented that private equity market environment has changed significantly as many successful private equity players have become active investors in the market. Research has found that there is easy access to capital on account of increased investments from institutional investors and sovereign wealth funds to leading private equity firms in anticipation of higher returns from the market. Financial institutions are willing to provide large amounts of debt for financing of various buyout deals and the competition between the traditional and new private equity investors has increased. Private equity firms have changed their management models and started focusing on operations aspects of managing their investments in businesses. They have adopted an interventionist model which aims at active participation and ownership in a relatively related diversified portfolio. The model aims at exploiting the knowledge of professionals and actively participating in the strategic decision making and believes that professionals from diverse background create value throughout the holding period of the investment. There are certain limitations to this model as interventionist may reduce the tradability of private equity firm’s investment portfolio and the cost involved is high as it requires large number of professionals. The findings of the research were that interventionist’s managers outperform less active management models by a considerable margin and substantial value to the investment portfolio of the private equity firm and such performance to happen, the performance of such managers must be viewed over a considerable period of time. For measuring the performance of interventionists tools used were Jensen’s alpha, Sharpe measure and Treynor measure.

Avijan Dutta, Gautam Bandopadhyay & Suchismita Sengupta (2012) use logistic regression (LR) and various financial ratios as independent variables to investigate indicators that significantly affect the performance of stocks actively traded on the Indian stock market. The study sample consists of the ratios of 30 large market capitalization companies over a four-year period. The study identifies and examines eight

financial ratios that can classify the companies up to a 74.6% level of accuracy into two categories – “good” or “poor” – based on their rate of return.

Conroy and Harris (2007) have shown that private equity, on an average, has failed to provide returns that are competent as against the returns of public equity considering the illiquidity and greater risk involved in private equity investments. Only top private equity funds have performed consistently better and endowments have outperformed various other institutional investors. Research has revealed that private equity as a general alternative investment asset class has been overstated in terms of expected returns and understated in terms of risk. But in an attempt to compare the PEQR (private equity returns) and returns from stocks and bonds by Venture Economics, it has been found that the addition of private equity to a portfolio significantly improves the efficient frontier than with only public bonds and stocks if few issues relating to private equity are dealt with like its illiquid nature, non information asymmetries and non availability of ready market.

S. Umamaheshwari, M. Ashok Kumar (2014) Awareness, environment level of exposure intensions, beliefs, and responsibilities are the factors responsible for deciding investment policies. Behavioral pattern helps in preparing various schemes for investments. Investment temperament of salaried strata based on investment awareness and expected rate of investment return.

Kian –Pinhg Lim & Robert Brooks (2011) provides a systematic review of the weak-form market efficiency literature that examines return predictability from past price changes, with an exclusive focus on the stock markets. Our survey shows that the bulk of the empirical studies examine whether the stock market under study is or is not weak-form efficient in the absolute sense, assuming that the level of market efficiency remains unchanged throughout the estimation period. However, the possibility of time-varying week-form market efficiency has received increasing attention in recent years. We categorize these emerging studies based on the research framework adopted, namely non- overlapping sub-period analysis, time-varying parameter model and rolling estimation window.

N. Dharani, et. al. (2014) Investment attracts all people irrespective of their occupation, education and social status. Women also involve in investment activities. Women’s below age of 30 are involved in investment activities. Women’s with graduation are involved in more investment activities. Women’s with income of 50001 to 100000 are involved in investment activities.

Ross Levine & Sara Zervos empirically evaluate the relationship between stock market development and long-term growth. The data suggest that stock market development is positively associated with economic growth. Moreover, instrumental variables procedures indicate a strong connection between the predetermined component of stock market development and economic growth in the long run. While cross-country regressions imply a strong link between stock market development and economic growth, the results should be viewed as suggestive partial correlations that stimulate additional research rather than as conclusive findings. Much work remains to be done to shed light on the relationship between stock market development and economic growth. Careful case studies might help identify causal relationships and further research could be done on the time-series property of such relationships. Research should also be done to identify policies that facilitate the development of sound securities markets.

Bhawana Bhardwaj, et. al. (2013) National output is increase for future by investment. Investment dependents upon awareness about investment opportunity, level of knowledge, evaluation of investment opportunities and selection of investment options. Research states that maximum respondents have selected as Bank deposits and Provident fund as Investment Avenue. Investors preferred stability in return of investment.

S. Umambheswari, M. Ashok Kumar (2013) when one knows the existence of a new thing is known as awareness. External sources are responsible for creating, modifying and shaping investment decision of investors. Televisions, Radio, Print media, personal consultation for expert, relatives, friends etc are responsible for decision investment decision.

R. Sreepriya, P. Gurusamy (2013) Additional income or growth in value can be achieved by investment. Waiting for rewards is the main characteristic of investment. Investment is allocation monetary resources to get returns over given period. Surplus funds are invested with different channels by salaried class people. This research analyses the different investment avenues. 81 percent respondents faced problem at the time of investment.

L. Pandiyan, T. Aranganathan. (2012) Decision making process on savings and investment is affected by the attitude of the respondent. Study analyses shows that level of attitude of male and female, female group are not interested in investment but more wrong investment decisions are made by male group. Respondent of 520 years of age are neutral opinion on investment. Investment pattern is affected by the family size too.

S. Umamaheshwari, M. Ashok Kumar (2014) this study is to find the relationship between Demographic and social factors that affects the invest decision of respondent like investment attitude, investment awareness and return on investment. This study analyses the priorities of salary classed people regarding investments. Different factors that affect the decision of respondents such as age, gender, Income scale, marital status etc

J. Sidharthul Munthaga, M. Nazer (2013) Employment of funds with intension of getting returns on it is called as investment. Study examines the impact of factors on investment behavior of people, and to understand the attitude of investors towards various investment options. Data analyses reveals that 56 percent private employees, 30 percent Self employed and 14 percent public sector employees adopted professional services for investment. Graduate respondents are more attentive towards investments.

Varsha Virani (2013) Investment plans are important to meet consequences in future, to meet financial goals. Economic development is boosted with the help of investments. Investment in Bank helps in circulation of funds for nation’s development. Financial independence, increase in wealth, and personal goals can be achieved through investments. Investment avenues are divided into high risk and low risk instruments.

V. R. Palanivelu, K. Chandrakumar (2013) This study divides the investment in different categories like Equity with high rate of return and risk , Debts with fixed interest rate on investments, Fixed deposits with bank , insurance , public provident fund low rate of return on investment and secured. Data analyses reveals that 40percent respondents like to invest in insurance, 30 percent respondents like to invest in bank deposits, 18 percent like to invest in Gold and real estate.

J. Sidharthul Munthaga, M. Nazer (2013) Employment of funds with intension of getting returns on it is called as investment. Study examines the impact of factors on investment behavior of people, and to understand the attitude of investors towards various investment options. Data analyses reveals that 56 percent private employees, 30 percent Self employed and 14 percent public sector employees adopted professional services for investment. Graduate respondents are more attentive towards investments.

Juwairiya P. P. (2014) an economical activity which fascinates people from all walks of life is called as investment. Investors face problem in choosing Investment Avenue from various options. Systematic investment plan is a tool to create a wealth by investing small amount of money every month over a period of time. Systematic investment plan is easy.

Naila Iqbal (2013) the study examines the how a product or service has become entrenched with a given consumer market. Penetration is checked with the amount of sales that is generated in market. Product generating 20 percent of sales within given market would said to have higher rate of market penetration. Mutual fund industry is known as urban industry. Mutual funds are considered to be less risk and more profit.

B. N. Panda, J. K. Panda (2012) the study analyses the difference in perception of investors in decision of investing on the basis of age and gender. Various investment options are examined in these research such as Secured deposits, Life insurance policies, Provident fund , Pension schemes, Bonds, Debentures, Equity shares, Mutual funds, Real estate, postal schemes etc. investment decisions are to be taken by self and has to wait to see the results of it, which fascinates some investors.

Odoemenem, et. al. (2013) Investment is laying money now for return in future. Study reveals that a policy maker does not make comprehensive and adequate saving schemes for rural area. This leads to inadequate savings and Investments by small scale farmers. The study analyses socio-economical status of the respondents. Purpose of saving is to take care of families and not to invest.

S. Prasanna Kumar (2014) Investment and savings are two different things. Investment means saving with a hop that some benefit will arise in future. Investment options are available like Bank deposits , NRO funds, Real Estate, Shares and Bonds etc. Respondent of the study reveals that majority of respondents selected deposit as a mode of investment.

Sharpe (1966) in order to evaluate the risk-adjusted performance of mutual funds introduced the measure known as reward-to-variability ratio (Currently Sharpe Ratio). With the help of this ratio he evaluated the return of 34 open-end mutual funds in the period 1945-1963. The results showed that to a major extent the capital market was highly efficient due to which majority of the sample had lower performance as compared to the Dow Jones Index. Sharpe (1966) found that from 1954 to 1963 only 11 funds outperformed the Dow-Jones Industrial Average (DJIA) while 23 funds were outperformed by the DJIA. Study concluded that the mutual funds were inferior investments during the period. Results also showed that good managers concentrate on evaluating risk and providing diversification.

Carlson (1970) conducted a research to analyze the predictive value of past results in forecasting future performance of mutual funds for the period 1948-1667. The author also examined the efficiency of market and identified the factors related to the fund performance. First of all he constructed indices for three types of mutual funds (Diversified common stock, Balanced, Income) and compared these indices with the market indices. In order to analyze the performance regression was used. The results provide empirical support to the return-risk postulate of the capital asset pricing model and concluded that whether mutual funds outperform the market depends on the selection of both the time period and market proxy. The author also concluded that past performance showed little predictive value and that the performance was positively related to the availability of new cash resources for investment purposes.

Jensen (1968) developed own measure known as Jensen's Alpha to examine the risk- portfolios' risk-adjusted performance and estimate the predictive ability of mutual fund managers. The measure was based on the theory of the pricing of capital assets. For this purpose a sample of 115 open end mutual funds (for which net asset and dividend information was available) was taken for the period 1955-1964. After applying the Jensen measure he concluded that stock prices could not be forecasted accurately with the help of mutual funds therefore buy and hold strategy could not be used to take any advantage. Similarly there is slight evidence that an individual mutual fund can achieve returns higher than a portfolio comprised of randomly selected shares.

McDonald (1973) developed a model to evaluate the investment performance of funds holding securities in two countries. For this purpose a sample of eight of the oldest French mutual funds was taken. The monthly returns of these funds were calculated and analyzed for the period 1964-1969. The results showed that the funds generally produced superior risk-adjusted returns and that the French market was inefficient with respect to the completeness and speed of dissemination of information. The author concluded that those funds which invested in the French market in 1964-69 generally achieved lower return at a given level of variance than that reflected in the U.S. market returns. McDonald (1973) also found that the funds were generally able to attain superior returns relative to naive portfolio strategy.

Arditti (1971) criticized the reward-to-variability criterion proposed by Sharpe (1966) on the grounds that it utilized only the first two moments of the probability distribution of returns. Author proposed that the third moment, a measure of the direction and size of the distribution's tail, be included in the analysis. Arditti (1971) further argued that investors preferred positive skewness because positive skewness implied greater probability of higher return. Therefore assets with relatively low reward-to-variability ratios would not be inferior investments if ratios also have relatively high third moments (high positive skewness). Furthermore author reexamined the Sharpe (1966) data with this additional requirement and found that average fund performance was not inferior to Dow Jones Industrial Average (DJIA) performance because the skewness of the Dow Jones Industrial Average (DJIA) return distribution was significantly less than fund skewness.

McDonald (1974) conducted a research to examine the objectives and performance (risk and return) of American mutual funds in the period 1960-1669. Sample of 123 American mutual funds was analyzed by using Treynor (1965) and Sharpe (1966) indexes. The results indicated that stated objectives were significantly related to subsequent measures of systematic risk and total variability. Therefore the funds with aggressive objectives generally produced better performance. The results also showed that 67 funds perform better than the stock market average in case of Treynor's (1965) index while in case of Sharpe's (1966) index only 39 mutual funds showed higher performance than the stock market average. The author concluded that Average fund return increases with increase in risk.

Miller and Nicholas (1980) conducted a research to examine the risk-return relationships in the presence of nonstationarity in order to obtain more precise estimates of alpha and beta. For this purpose this study applied partition regression and a partition selection rule for estimating the traditional CAPM in case of nonstationarity. Study applied these procedures to price appreciation data for the market and 28 mutual funds for the period of 1973-1974. The results indicated a good deal of noncosistency in the risk-return relationships. The results showed some weak positive relationships and some weak negative relationships between betas and the rate of return for the market. On the other hand results showed some weak positive relationships and some weak negative relationships between betas and alphas. However, no general, statistically significant relationships of either type were found.

In order to analyze the market-timing performance of mutual funds a study was conducted by Henriksson (1984). For this purpose a sample of 116 open-end mutual funds from February 1968 to June1980 was taken. By using parametric and nonparametric techniques author examined the performance of these open-end mutual funds using monthly data. The returns data included all dividends paid by the fund and were net of all management costs and fees. Both the parametric and nonparametric tests showed that mutual fund managers were unable to follow a successful investment strategy. The results also showed that no evidence was found that forecasters were more successful in the market-timing activity with respect to predicting large changes in the value of the market portfolio relative to smaller changes.

Grinblatt and Sheridan (1992) conducted a research to analyze whether mutual fund performance relates to past performance. For this purpose a sample of 279 funds was taken. Study divided the sample into two

five year sub periods and calculated the abnormal returns of each fund for each five year sub period. Similarly the slope coefficient of abnormal returns was computed in a cross-sectional regression. The results indicated a positive persistence in mutual fund performance and fund managers were able to earn abnormal returns. Therefore study concluded that the past performance of a fund provides useful information for investors who were considering an investment in mutual funds.

A research was conducted by Martin et al. (1993) to examine the performance of bond mutual funds. Samples of bond fund: first sample was designed to eliminate survivorship bias and was comprised of the 46 non-municipal bond funds for the 10-year period from the beginning of 1979 to the end of 1988. The second sample consisted of all bond funds that existed at the end of 1991. Researcher used linear and nonlinear models in order to examine the two samples. The results showed that bond funds underperform relevant indexes post expenses.

Malkiel (1995) conducted a research to analyze the performance of equity mutual funds for the period 1971 to 1991. For this purpose study involved a data set that included the returns from all mutual funds in existence in each year of the period. After analyzing the returns from all funds he found that mutual funds underperformed the market. Survivorship bias was considered to be the important part of the analysis. Study also examined the fund returns in the context of the capital asset pricing framework and neither found any evidence of excess return nor observed any risk return relationship stated by the capital asset pricing model. Study concluded that it was better for the investors to purchase a low expense index fund than to select an active fund manager.

Cai et al. (1996) evaluated the performance of Japanese open-type equity funds from 1981 to 1992. For this purpose a sample of 800 open-type mutual funds run by 9 management companies was taken. Two benchmarks (value-weighted single-index benchmark and three-factor benchmark) were used in the analysis. This research used Jensen Measure, Positive Period Weighting (PPW) Measure and Conditional Jensen Measure in order to evaluate the performance of these funds. The results showed that value-weighted and equal-weighted portfolios of 800 mutual funds underperform the single-index benchmark by approximately 7.0% and 6.0%. The results also showed that most of the funds were inclined to invest more in large stocks.

Otten and Dennis (1999) analyzed the performance of European mutual funds from 1991 through December 1998. Study also investigated the performance of fund managers along with the influence of fund characteristics on risk-adjusted performance. For this purpose a sample of 506 funds was taken and 4-factor model was used. The results indicated that the European mutual funds especially small cap funds were able to add value and 4 out of 5 countries exhibit significant outperformance at an aggregate level. The results also revealed positive relation between risk-adjusted return and fund size and negative relation between risk-adjusted and funds' expense ratio.

Stehle and Olaf (2001) conducted a research to evaluate the open-ended mutual funds risk-adjusted performance. Study used a data set that included all German funds sold to the public in 1972. The research analyzed covers the time period of 1973 to 1998. DAX, which included the 30 largest German stocks and DAX100, which included the 100 largest German stocks were used as benchmarks for comparison. First of all researchers examined the rates of return of individual funds with the help of Sharpe (1966) and Jensen measures and then applied the same measures to evaluate the unweighted average rates of return of all funds. In case of the rates of return of individual funds, results showed that the funds underperform the appropriate benchmarks by approximately 1.5 % per year. On the other hand underperformance was reduced by 40 % in case of unweighted average rates of return. Study also concluded that the large German stock mutual funds, on the average, performed better than the small ones.

A study was conducted by Otten, and Mark (2002) to compare the performance of European mutual fund industry with performance of United States fund industry. Sample of 506 European open-ended mutual funds and 2096 American open-ended mutual funds was taken from January 1991 to December 19979. Study was restricted the sample to purely domestic equity funds with at least 24 months of data. Results also indicated that European mutual funds had on average a better performance than the American counterparts and that the small cap mutual funds in both Europe and the United States outperformed the benchmark and all other mutual funds.

Noulas, John and John (2005) evaluated the risk adjusted performance of Greek equity funds during the period 1997-2000. This study is based on weekly data for equity mutual funds and includes 23 equity funds that existed for the whole period under consideration. Mutual funds were ranked on the techniques used by Treynor (1965), Sharpe (1966) and Jensen. Results showed positive returns of the stock market for the first three years and negative returns for the fourth year. The results also indicated that the beta of all funds is smaller than 1 for four-year period. The authors concluded that the equity funds have neither the same risk nor the same return. The investor needs to know the long-term behavior of mutual funds in order to make the right investment decision.

Leite and Cortez (2006) conducted a research to analyze the impact of using conditioning information in evaluating the performance of mutual funds. For this purpose two different samples of Portuguese-owned open end equity funds were built, over the period of June 2000 to June 2004. The first sample contained surviving 24 funds (10 National funds and 14 European Union funds) at the end of June 2004. While the second sample included all surviving and 20 non-surviving funds during the sample period. Both conditional and unconditional models were used to evaluate the performance. The results of unconditional model indicated that the performance of National funds was neutral while the performance of European Union funds was negative. On the other hand conditional models suggested that conditional betas (but not alphas) are time-varying and dependent on the dividend yield variable.

Dietze, Oliver and Macro (2009) conducted a research to evaluate the risk-adjusted performance of European investment grade corporate bond mutual funds. Sample of 19 investment-grade corporate bond funds was used for the period of 5 years (July 2000 – June 2005). Funds were evaluated on the basis of single-index model and several multi-index and asset-class-factor models. Both maturity-based indices and rating based indices were used to account for the risk and return characteristics of investment grade corporate bond funds. The results indicated that the corporate bond funds, on average, underperformed the benchmark portfolios and there was not a single fund exhibiting a significant positive performance. Results also indicated that the risk-adjusted performance of larger and older funds, and funds charging lower fees was higher.

Arugaslan and Ajay (2008) examined the risk-adjusted performance of US-based international equity funds from 1994-2003. The analysis was done for five-year period 1999-2003 and ten-year period 1994-2003. For this a sample of 50 large US-based international equity funds was taken and a new method of measurement Modigliani and Modigliani (M squared) was applied. The performance was compared with both domestic and international benchmark indices. The results showed that the risk has great impact on the attractiveness of Funds. Higher return funds may loose attractiveness due to higher risk while the lower return funds may be attractive to investors due to the lower risk.

Boudreaux and Suzanne (2007) conducted a study to examine the risk adjusted returns of international mutual funds for the period of 2000-2006. For this purpose a sample of ten portfolios of international mutual fund was taken and risk-adjusted performance was calculated by using Sharpe (1966)'s Index of Reward to Variability ratio. US market of mutual funds was taken as the benchmark. The results showed that the

performance of nine out of ten of the international mutual fund was higher than the U.S. market. Those portfolios which contained only U.S stock mutual funds underperform on a risk adjusted the funds that contained all international mutual funds. The authors concluded that Investors may not fully take advantage of possible portfolio risk reduction and higher returns if international mutual funds were excluded.

Inceptions of Mutual Fund in India

The History of Mutual Fund can be divided in 5 important phases.

1963 - 1987

The Unit Trust of India was the sole player in the industry. Created by an Act of Parliament in 1963, UTI launched its first product, the Unit Scheme 1964. Which are even today the single largest mutual fund schemes. UTI created a number of products such as monthly income plans, children plans, and equity-oriented schemes and off shore funds during this period. UTI managed assets of Rs 6,700 crores at the end of the phase.

1987-1993

In 1987 public sector banks and financial institutions entered the Mutual Fund Industry. SBI mutual fund was the first non- UTI fund to be set up in 1987. Significant shift of investors from deposits to mutual fund industry happened during this period. Most funds were Growth-oriented Close-ended funds. By the end of this period, assets under UTI's management grew to Rs.38, 247 crores and public sector fund managed Rs. 8,750 crores.

1993-1996

In 1993, Mutual fund industry was open to private sector players, both Indian and Foreign. SEBI's first set of regulation for the industry were formulated in 1993, and substantially revised in 1996. Significant innovations in servicing, product design and information disclosure happened in this phase, mostly initiated by private players.

1996-1999

The implementation of the new SEBI regulations and the restructuring of the mutual fund industry led to rapid asset growth. Bank mutual funds were recast according to the SEBI recommended structure, and the UTI came under voluntary SEBI supervision.

1999-2002

This phase was marked by the rapid growth in the industry, and significant increase in market shares of private sector players. Assets crossed Rs. 1,00,000 crores. The tax break offered to mutual fund in 1999 created arbitrage opportunities for the number of institutional players. Bond funds and Liquid funds registered the highest growth in this period, accounting for nearly 60% of the assets. UTI's share of the industry dropped to nearly 50%.

CHAPTER 3

RESEARCH METHODOLOGY

1. INTRODUCTION
2. ADVANTAGES OF RESEARCH METHODOLOGY
3. SCOPE OF STUDY
4. QUESTIONNAIRE DESIGN AND SAMPLING

Introduction:

Research in common parlance refers to a research for knowledge. One can also define research as a scientific and systemic search for pertinent information on a specific topic. Research is an art of investigation. The advanced Learner's Dictionary of Current English lays down the meaning of research as "a careful investigation or inquiry especially through search for new facts in any branch of knowledge." Some people consider research as a movement, a movement from known to unknown. It is indeed a voyage of discovery.

Research Methodology mean what method apply to do any type of research and how can you collect the data from the field. Before conducting any type of research and analysis and inference based on it, the first and the foremost thing is to collect the data and after the proceeding in a systemic manner to finally reach at result.

One of the most important use of research methodology is that it helps in identifying the problem, collecting and analyzing the required information and providing an alternative solution to the problem. It also helps in collecting the vital information that is required by the top management to assist them for the better decision making both day to day decisions and critical ones.

The process used to collect information and data for the purpose of making business decisions. The methodology may include publication research, interviews, surveys and other research techniques, and could include both present and historical information. Research Methodology play a very important role in any research work by which can systematically solve the research problems. The Research Methodology can be divided into two types.

Mutual funds are the avenues for common investors to reap the benefit of share market performance. Investing directly by investors is fraught with highest level of risk &uncertainty. Retail investors do not actively participate in share market. Therefore there is a necessity to create awareness of the utility of investing in mutual funds schemes to enjoy a return.

Various methods and techniques used to present the research beautifully is called research methodology. The procedures enhance the research process and it exposes the way research is carried out. It helps to explain the methods used in research and presents the idea to the audience in an elegant manner that depends mainly on the researcher. Various methods are used in the research to explain the ideas and we will see the types in this article. Research methods are classified based on different criteria. They are a general category, nature of the study, the purpose of the study, and research design.

Quantitative Research: As the name suggests, quantitative refers to the numbers where data is collected based on numbers, and a summary is taken from these numbers. Graphs help to quantify the results in quantitative research.

Qualitative Research: Qualitative refers to the non- numerical elements in the research. When the information or data cannot be grasped in terms of numbers, qualitative research comes for the rescue. Though not reliable as much as quantitative, qualitative research helps to form a better summary in terms of theories in the data. Based on the nature of the research.

Descriptive Research: Facts are considered in descriptive methods and surveys and case studies are done to clarify the facts. These help to determine and explain with examples, the facts, and they are not rejected. Many variables can be used in descriptive research to explain the facts.

Analytical Research: Analytical research uses the facts that have been confirmed already to form the basis for the research and critical evaluation of the material is carried out in this method. Analytical methods make use of quantitative methods as well.

Applied Research: Applied research is action research where only one domain is considered and mostly the facts are generalized. Variables are considered constant and forecasting is done so that the methods can be found out easily in applied research. The technical language is used in the research and the summary is based on technical facts.

Fundamental Research: Fundamental research is the basic or pure research done to find out an element or a theory that has never been in the world yet. Several domains are connected and the aim is to find out how traditional things can be changed or something new can be developed. The summary is purely in common language and logical findings are applied in the research.

Exploratory Research: Exploratory studies are based on the theories and their explanation and it does not provide any conclusion for the research topic. The structure is not proper and the methods offer a flexible and investigative approach for the study. The hypothesis is not tested and the result will not be of much help to the outside world. The findings will be topic related that helps in improving the research more.

Conclusive Research: Conclusive Research aims at providing an answer to the research topic and has a proper design in the methodology. A well-designed structure helps in formulating and solving the hypotheses and gives the results. The results will be generic and help the outside world. Researchers will have an inner pleasure to solve the problems and to help society in general.

Surveys: Not least considered, but Surveys play a main role in the research methodology. It helps to collect a vast amount of real-time data and helps in the research process. It is done at a low cost and can be done faster than any other method. Surveys can be done in both quantitative and qualitative methods. Always, quantitative surveys must be considered above qualitative surveys as they provide numerical outputs and the data is real. Surveys are mainly used in the business to know the demand for a product in the market and to forecast the production based on the results from the survey.

Case Study: Case studies are another method of research methodology where different cases are considered and the proper one for the research is selected. Case studies help to form an idea of the research and helps in the foundation of the research. Various facts and theories can be considered from the case studies that help to form proper reviews about the research topic. Researchers can either make the topic general or specific according to the literature reviews from the studies. A proper understanding of the research can be made from the case study.

Also, we have focus groups and research interviews to understand the research methods in a well-defined manner. Structured and unstructured methods can be followed by various methods.

Advantages of Research Methodology:

- In a research, critical evaluation of the topic is important to analyze and verify the research. This helps the researcher to explore the research more effectively. Various methods in the research help to explore the research from different perspectives and to analyze in a fact-driven manner.
- Quantitative methods and surveys help to gain numerical outputs that help in all the research. Results can be formed easily without explaining much in the thesis with the help of numbers.

- Reliable researches are important to make use of them and the methods help to make it valid and useful to the topic and in a generalized manner. Several methods help researchers formulate the research area and to improve their knowledge.

Mutual fund penetration in the Indian markets is low when compared to its global peers. However, the long term horizon offers potential to capitalize on financial savings. India has assets under management (AUM) to GDP ratio of 12% and this is after China, which has an AUM to GDP ratio of 13%. The world average AUM to GDP ratio is at 63% with developed markets such as the US and Canada at 120% and 81%. Crisil during its India Investment Research Conclave stated that the mutual fund industry is expected to channelize individual savings going forward. The growth drivers for the Indian mutual fund industry would be the likely pick-up in the economy, growing investor base, higher disposable incomes, greater investible surplus, and deeper geographical penetration.

Better awareness, ease of investing through digitization and a gradual pick up in corporate earnings expected to support growth. Crisil said assets under management (AUM) in equities saw a CAGR growth rate of close to 13.5% in the decade between March 2010 to March 2020. Additionally, from the period between March 2020 to March 2025, the AUM is projected to be at 15% CAGR.

Ashu Suyash, MD and CEO of Crisil said, "The mutual fund industry has seen a large rate of growth over the last 20 years, that growth rate has been a spectacular CAGR of 18%. Despite such a strong growth rate, the penetration of mutual funds in India continues to remain low; the AUM to GDP ratio is 12%. It just tells us the strong growth that is still to come for the mutual fund industry." She also explained that globally and in India the theme of investment research, data driven platforms, among others have gained importance.

The current study is based on primary data collected from 30 respondents from different part of Badlapur Region. A well organized questionnaire was designed to collect the information from the respondents the questionnaire was designed to study awareness of the respondents towards Equity Market and Mutual Fund. The responses have been collected by means of face to face interview.

Scope of the Study

Geographical Scope: The data for research was collected from Badlapur region.

Product Scope: The research was conducted to find out about the preference of the target population about Equity Market and Mutual Fund. In addition this research was conducted to know about the preferring of the population about investment. Which investment does an individual prefer to invest.

Research design: First an exploratory research was conducted to get some perception about the topic. Then secondary data analysis was performed. It was done by filling questionnaire.

Data Collection

Primary Data: In primary data, structured questionnaire was made and the targeted respondents were asked to fill the questionnaire.

Secondary Data: Secondary Data was collected from various sources such as internet and financial magazines.

Questionnaire Design

The objective was to make the respondents a little familiar with the context of the questions. This was also aimed at collecting data about the sample profile that will be eventually analyzed so that the scope of the project is fully explored.

Sampling: Research is basically depends upon the data and that data depends upon the size of the samples we want. So deciding of sample size is mainly based on the nature of objective of the research. Sample size has to confirm the objective on each and every respect. Suppose we are going to decide any effective decision on the base of this report or set up any new facts. On that position we have require large size of sample on comparison to find out a course.

- **Sampling Unit**

This call is for defining the target population to be surveyed. In this research the sampling unit was the customers who were investing in equity market and mutual fund.

- **Sample Size**

In this survey the sample size chosen was 40 respondents.

- **Sampling Procedure**

It decides about the technique to be used in selecting the items of the sample. The procedure of deciding the sample is done in Badlapur region. Purpose of the research was first told to the respondents and questions were explained to them in case there was any need for understanding any specific question.

- **Sampling Area**

All the respondents from which questionnaire was filled were from Badlapur region.

- **Research Approach**

A structured questionnaire was used for collecting data from the respondents through survey method.

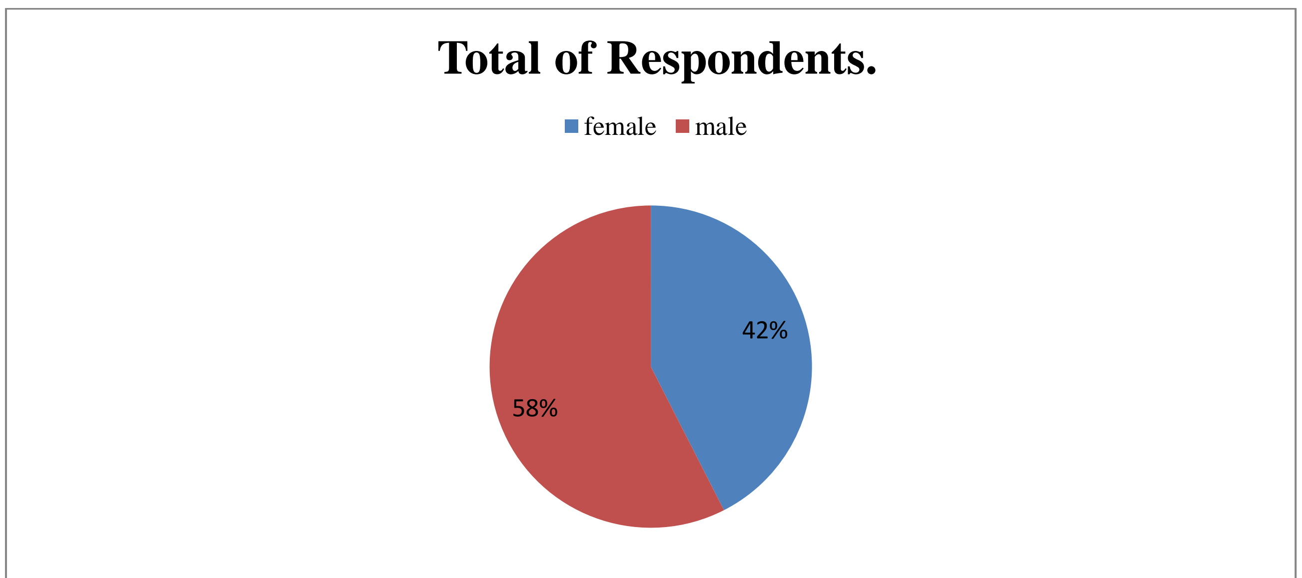
CHAPTER 4

DATA ANALYSIS, INTERPRETATION AND PRESENTATION

Introduction:

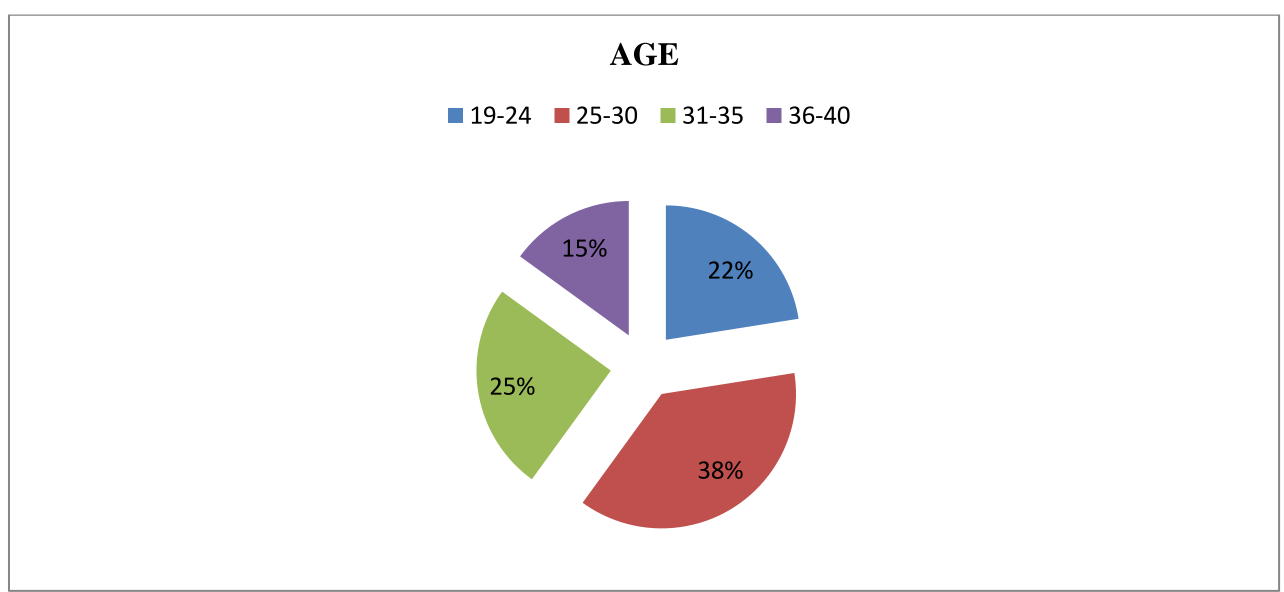
The primary research was taken over and a questionnaire was prepared through Google forms and data was collected from 40 respondents. The information about Equity Market and Mutual Fund was collected from these 40 respondents. 14 questions related to Equity Market and Mutual Fund was asked to the respective 40 respondents. The questionnaire was divided into personal information about Equity Market and Mutual Fund.

Row Labels	Count of 1. gender
Female	17
Male	23
Grand Total	40



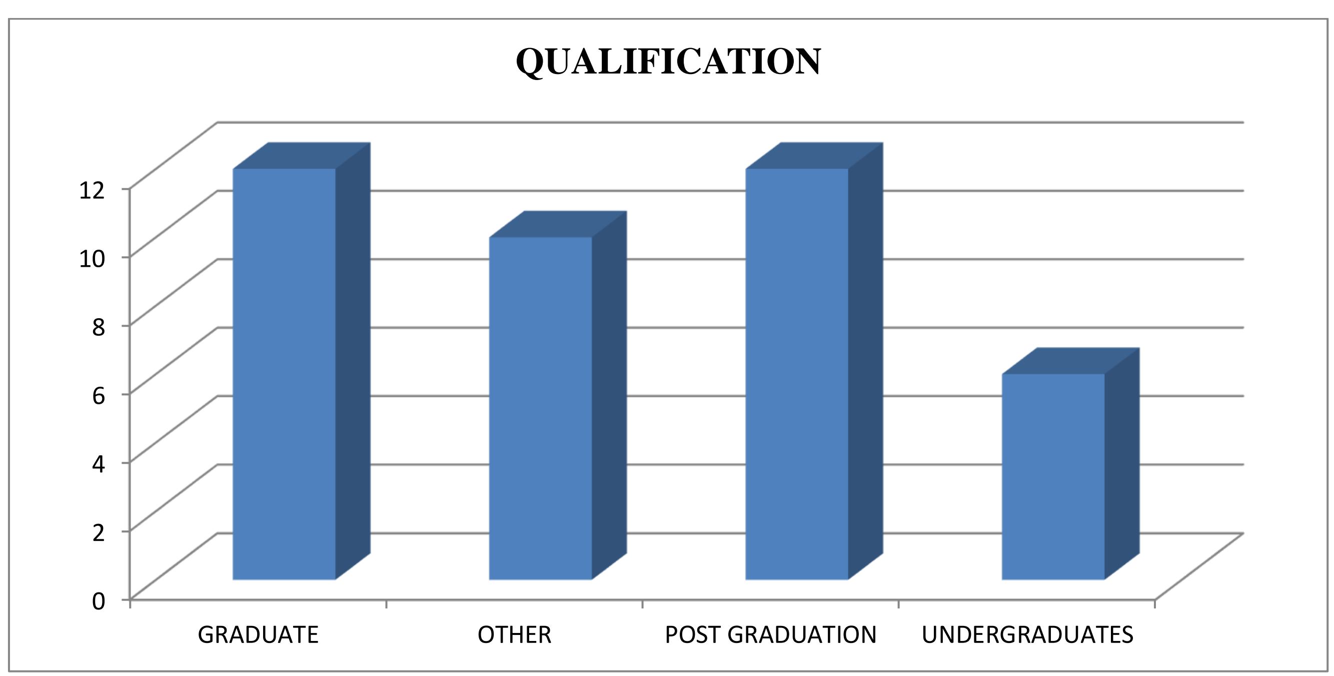
The above diagram shows the division as per the gender. In respondents 58% were male respondents and 42% were female respondents.

QN1. Analyzing according to age



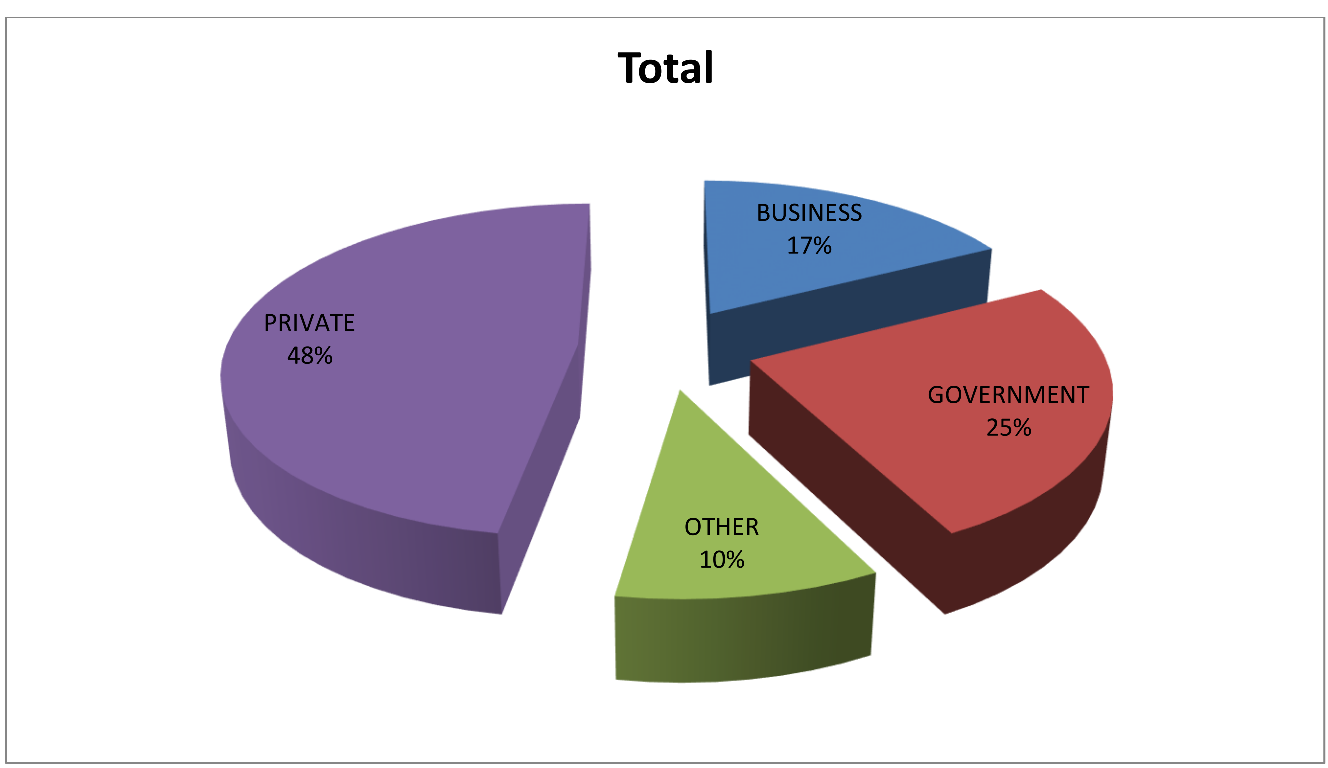
Interception: Here, the above diagram shows the age division as per 40 respondents of percentage. The questionnaire was asked between 19-40 age. The highest numbers of respondents were between 25-30 age the responses were 38%. As follows the 19-24 age respondents were 15%, 31-35 were 25% and 36-40 age were 15%.

QN2. Analyzing according to Qualification



Interpretation: Out of my survey of 40 respondents, 30% of the respondents were Graduates and Post Graduates were also 30%. Under Graduates respondents were 15% and others were 25%, which may include persons who have passed 10th standard and 12th standard.

QN3. Analyzing according to Occupation

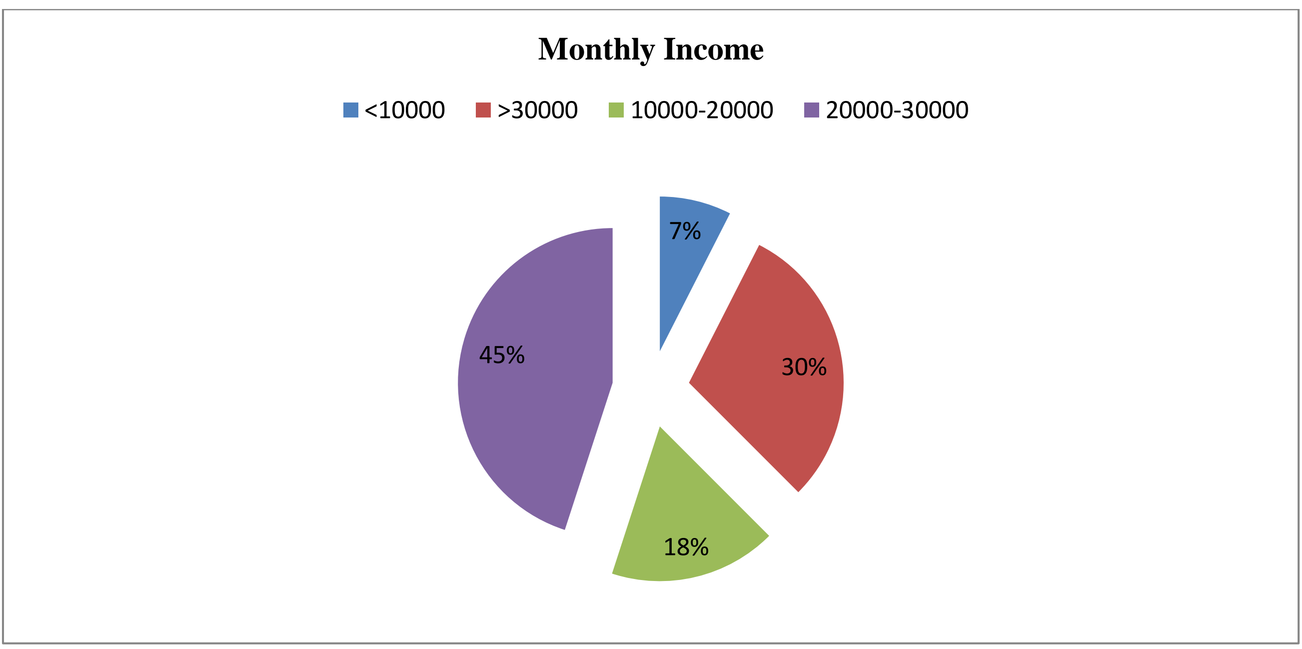


Interpretation: Here we are astonished to see that around 48% of the respondents are working in private sector, according to them investing in Equity Market has high risk and investing in Mutual Fund is safer as well as investing in proper Mutual Fund can be gainer.

Then we find that the people who are doing business are 17%, according to them investing in mutual fund is more preferable, they think that investing in mutual fund is less risky than investing in shares as according to them investing in equity market has high risk.

Next we see that 25% are working in Government and other is 10%, some of them think that investing in Equity Market and Mutual fund both are good as an investment option.

QN4. Analyzing according to Monthly Income

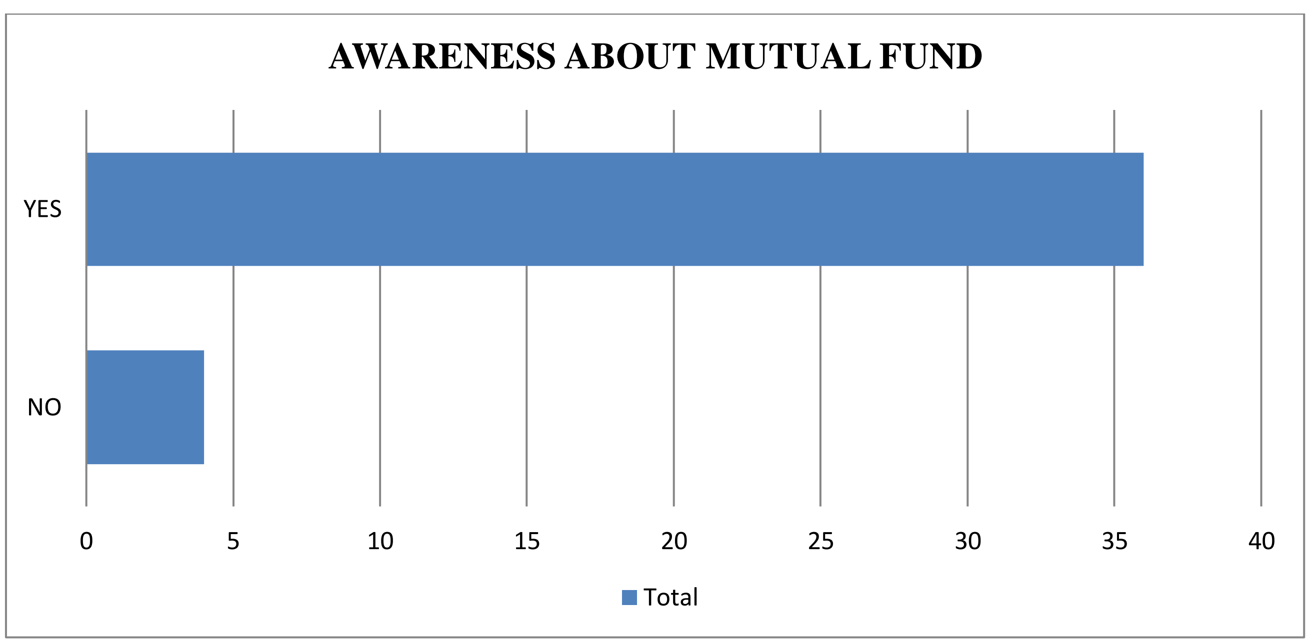


Interpretation: Here, we can see that 7% of the respondents have their monthly income below Rs 10000, similarly 10000-20000 is 18%, and above 30000 is 30% and the highest is 45% which is 20000-30000.

In the research is seen that below 10000 family income respondents were in the favor of Mutual Fund investment.

The 10000-20000 and 20000 too considered that investing in Mutual Fund is safer than investing in Equity Market. Above 30000 considered that first studying about the stock and ups and downs of the stock and then investing in equity is better option, with that investing in Mutual Fund for a long period is preferable.

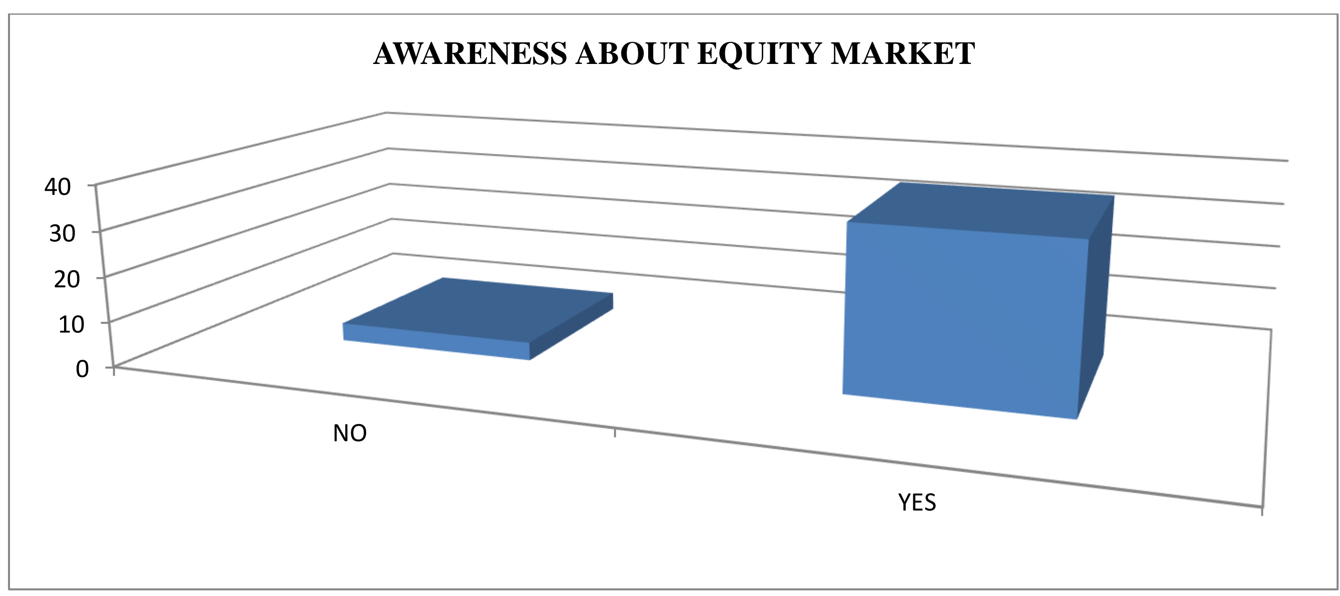
QN5. Analyzing data according to awareness about Mutual Fund



Interpretation: Here, from the total lot of 40 respondents, 35 respondents are actually aware of the fact of Mutual fund and some of them are regular investor of Mutual Funds.

5 respondents were there who have just heard the name or rather are just aware of the fact of existence of the word called Mutual Funds.

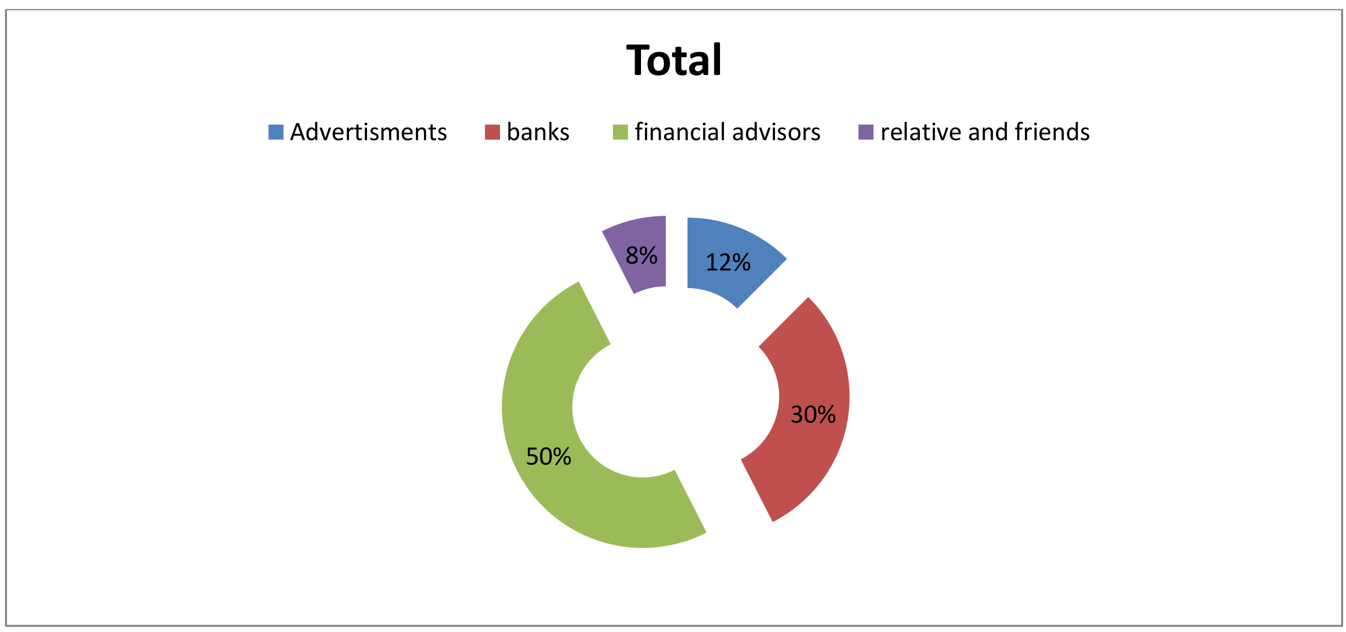
QN6. Analyzing data according to awareness about Equity market



Interpretation: From the total lot of 40 respondents, 36 respondents were actually aware of the fact Equity Market and few of them were regular trader in Equity market.

4 respondents were there who have just heard the name or rather are just aware of the fact of existence of the word called Equity market, but doesn’t know anything else about equity Market.

QN7. Analyzing data according to, from where they came to know about Mutual Fund

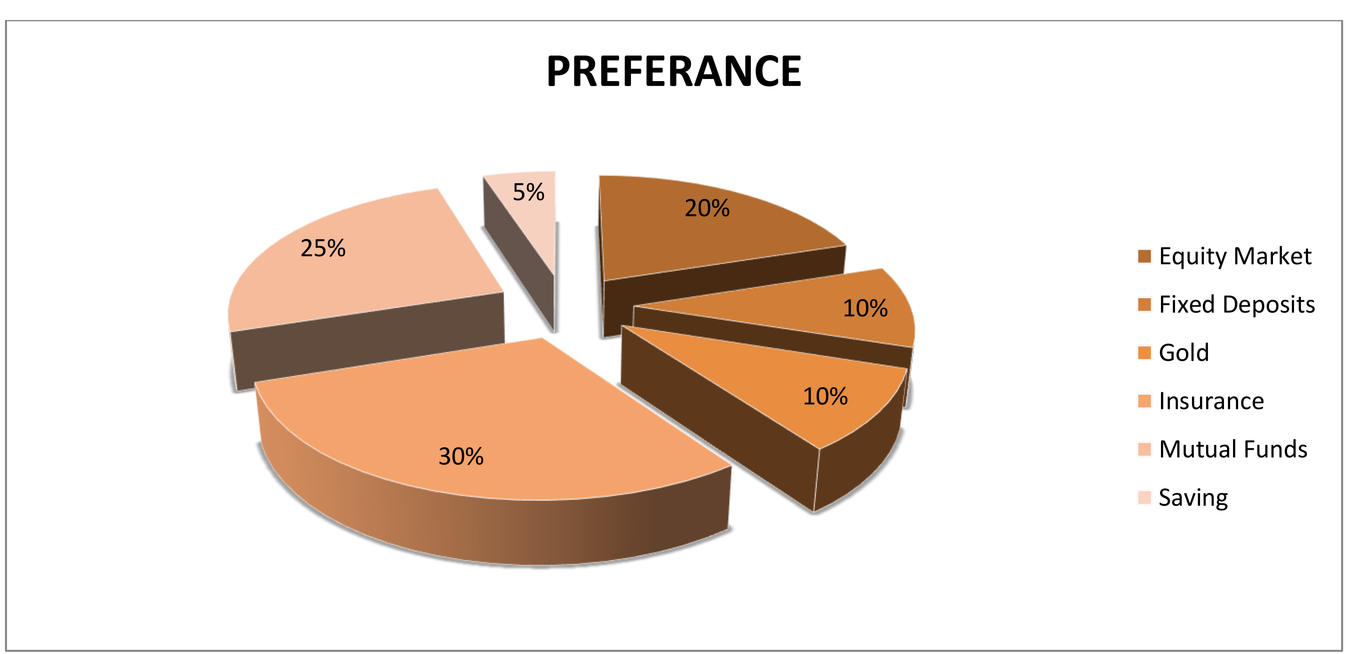


Interpretation: Here from the pie chart it can be clearly stated that around 50% of the respondents came to know the benefits of Mutual Fund from Financial Advisor. According to the suggestions given by the financial advisors, people use to choose Mutual Fund Scheme.

Then secondly, 30% and 12% of the respondents came to know about Mutual fund from Banks and Advertisements some of them started to invest in mutual Funds after that, the few are researching and studying about working of Mutual Fund.

Lastly 8% of the respondents are thinking of investing in Mutual Funds after being intimated by Relative and Friends about the benefits of Mutual Funds.

QN8. Analyzing data according to where will they prefer to invest

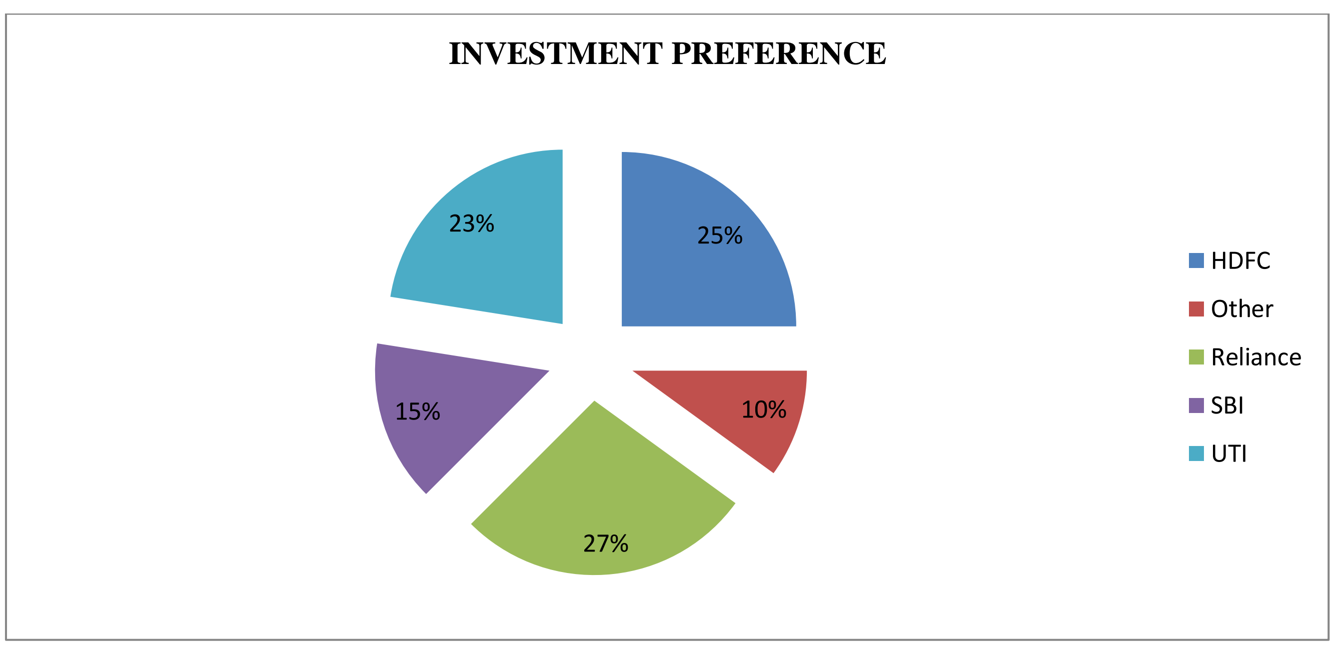


Interpretation: Here, we can see that the highest was 30% which was Insurance, then 25% was Mutual Funds then 10%, 10%, 20% and 5% was Gold, fixed deposits, Equity Market and Saving respectively.

Here some of them were having insurance and fixed deposits, as investing in some or other thing is a necessity in this covid pandemic. Some of them preferred Mutual Fund investments and investing in Gold.

20% of the people suggested that investing in Equity market is of high risk nut can be a great investment in current situations.

QN9. Analyzing data according to investor choice of investing in different Mutual Fund companies

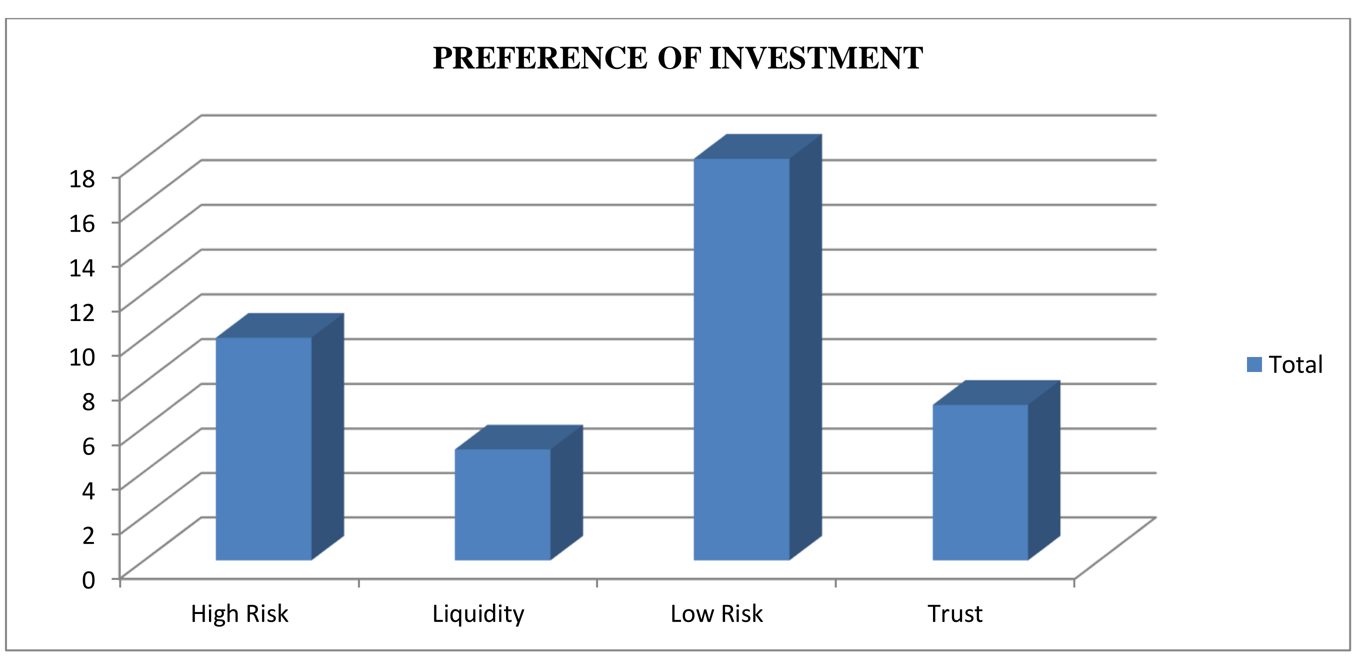


Interpretation: From the above pie chart it can be clearly stated that 27% , 25%, 15% of the respondents like to invest in large cap companies where returns are comparatively less but risk is low thus they invest in Reliance and HDFC and SBI.

23% of the respondents like to invest In Mutual Fund like UTI. Where risk is slightly higher then the above mentioned companies as well as the returns is also slightly higher.

10% of the respondents like to invest in small cap's and mid cap's companies.

QN10. Analyzing data according to factors seen before investing



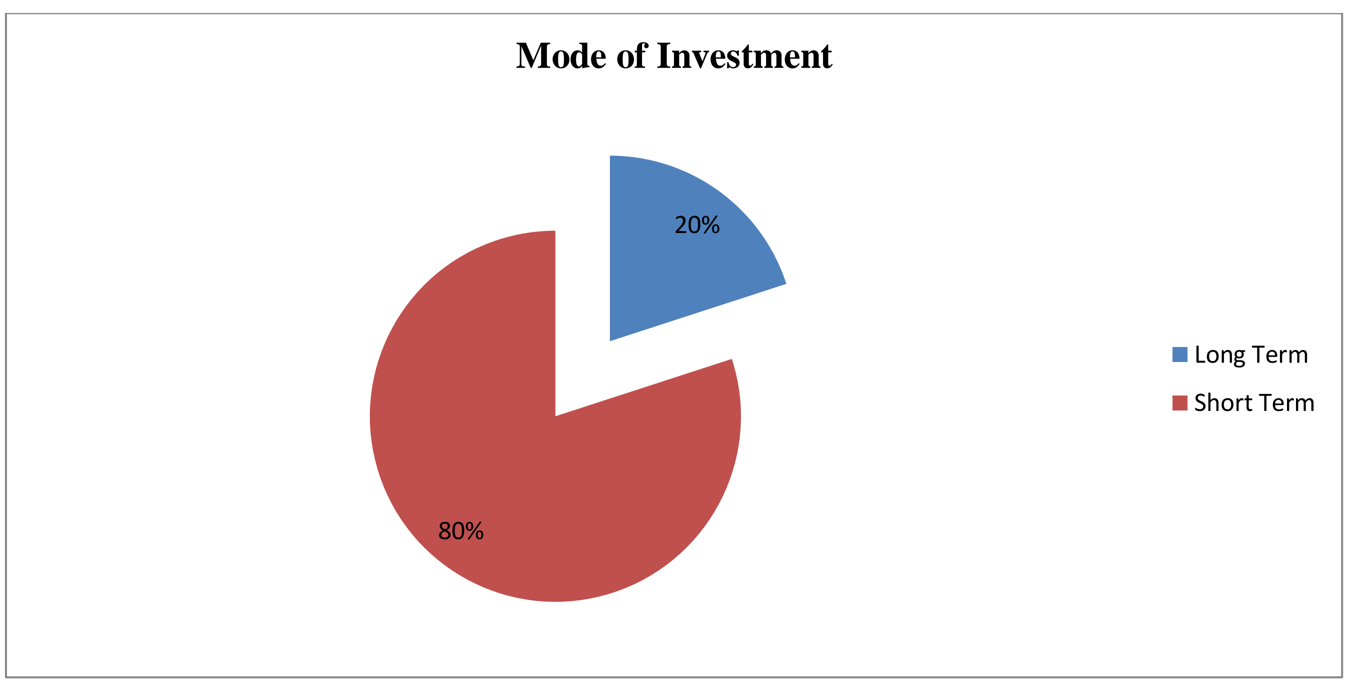
Interpretation: As is can be clearly stated from the above diagram that respondents before investing, the main criteria that they use to give more preference is Low Risk. According to them if schemes are low risk, it may or may not give good returns, but still 45% of the respondents choose invest low risk as the option while investing in Mutual Funds.

Then we see that 25% of the respondents take high returns as one of their most important criteria. According to them, if there are no high returns then what is the point of investing? There suggestion is if choose low risk then the returns will also be low as compared to high risk.

18% of the respondents take Trust as one of their important factor.

Only 12% of the respondents think Liquidity as their most preferable factor.

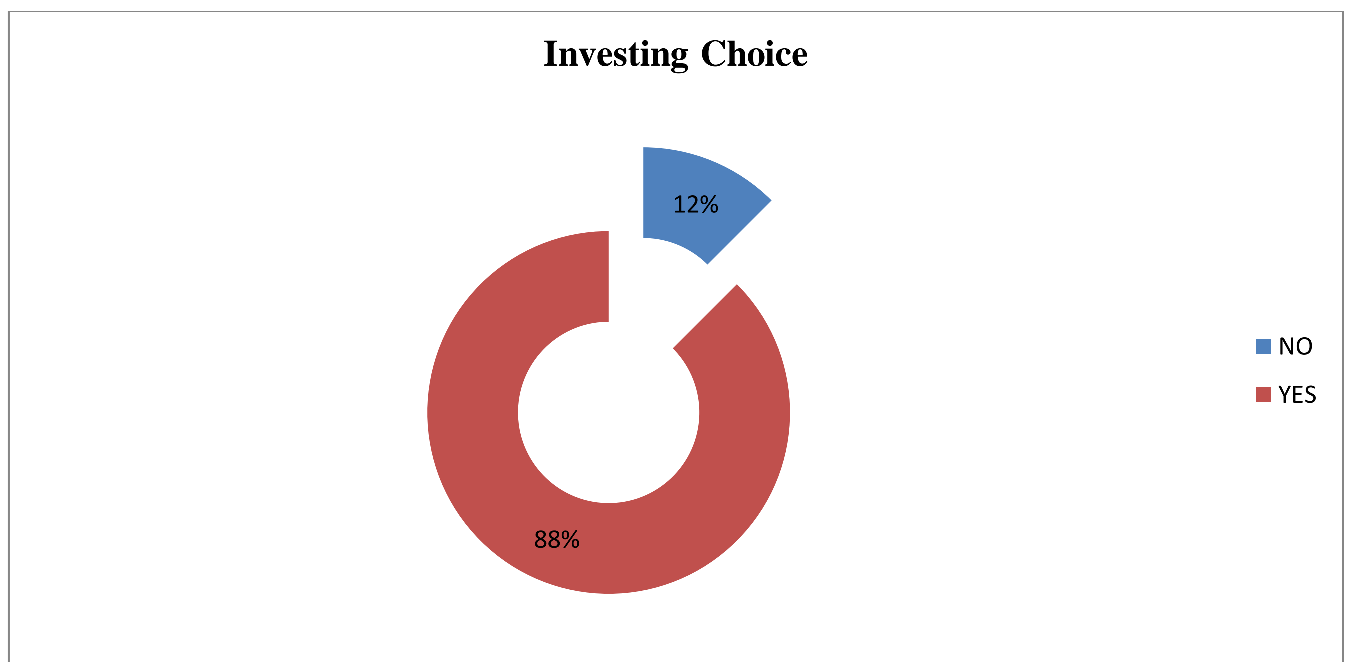
QN11. Analyzing data according to mode of investment



Interpretation: Here, it can clearly be stated from the above figure that 80% of the respondents like to invest in SIP, as the investors feel that they are more comfortable to save via SIP than the Long Term investments.

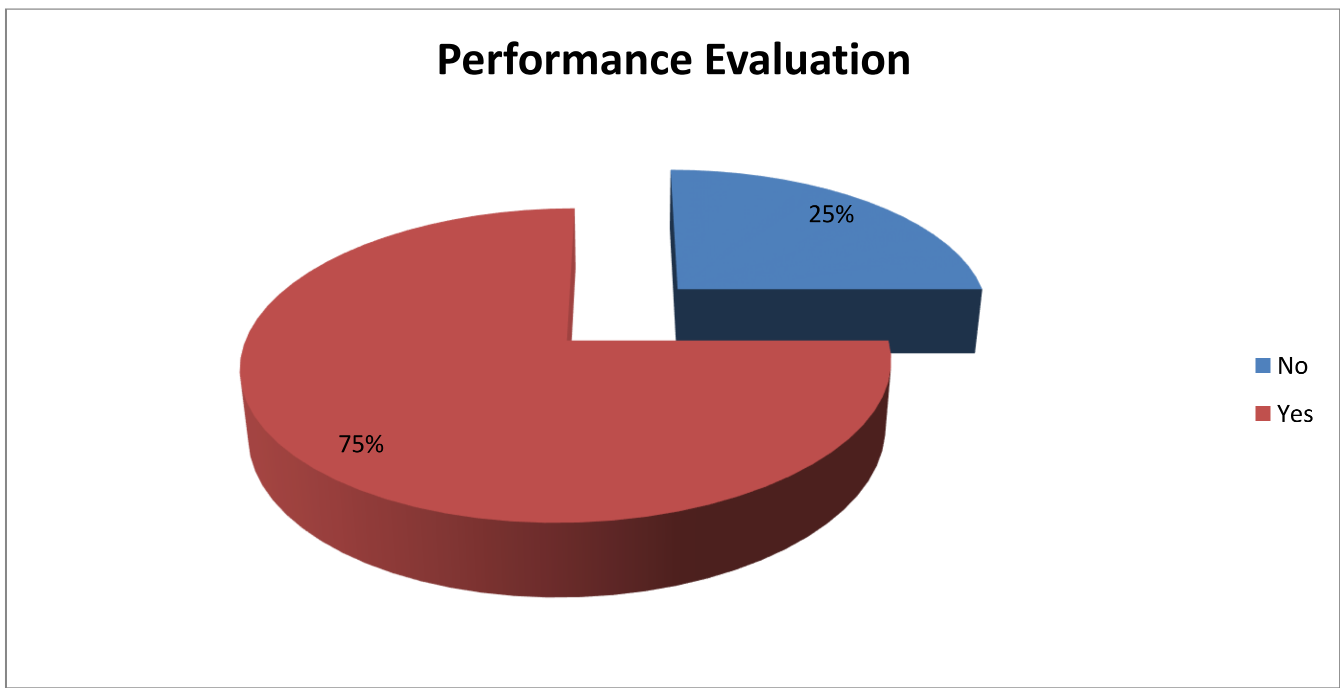
While 20% of the investors find SIP is very burdensome, and they feel more reluctant to save in long term investments.

QN12. Analyzing data according to is investing in Equity market is better choice.



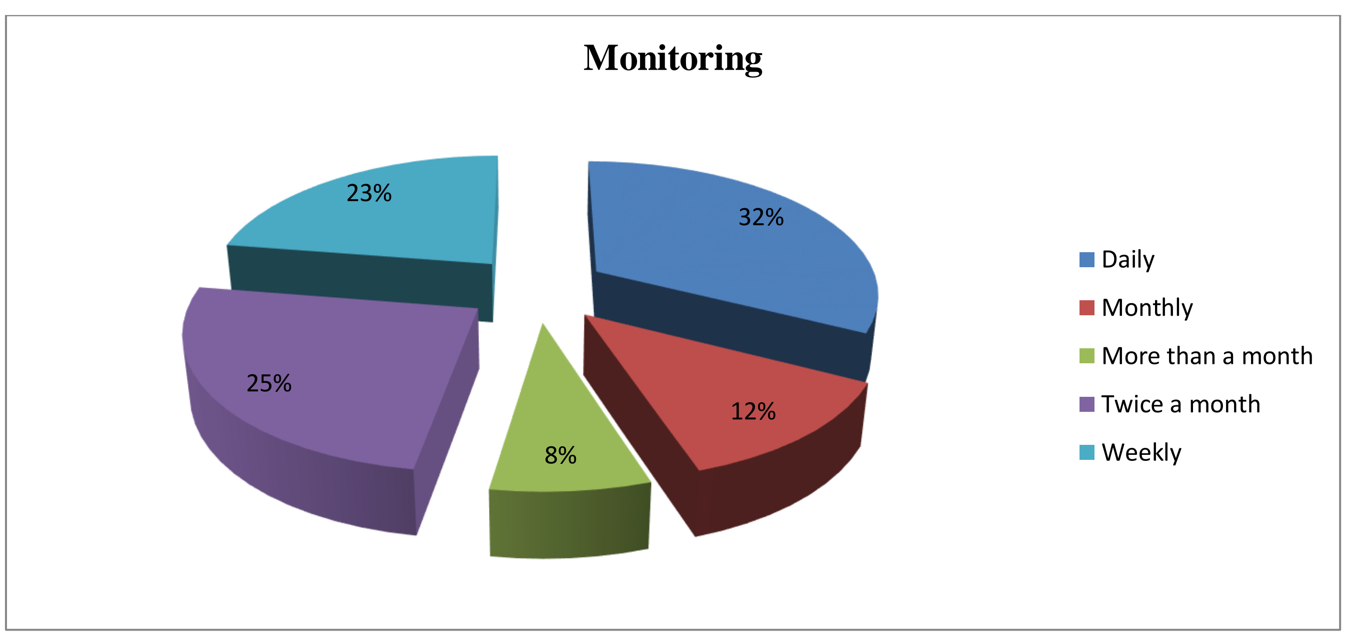
Interpretation: Here, it can be clearly seen in the above diagram that 88% of respondents think that investing in Equity Market is safer, on the other hand it can be clearly state that 12% of the respondents think investing in Equity Market is not that much safer. According to them investing in Equity Market has high risk.

QN13. Analyzing data according to past returns as a good measure of performance



Interpretation: Here, from the above diagram it is indicated that the majority of the individuals consider returns to be the only criteria to judge a fund and share's performance. This suggests that most of them do not use any other measures like risk adjusted returns and other considerations while evaluating the performance of Mutual Fund and Equity.

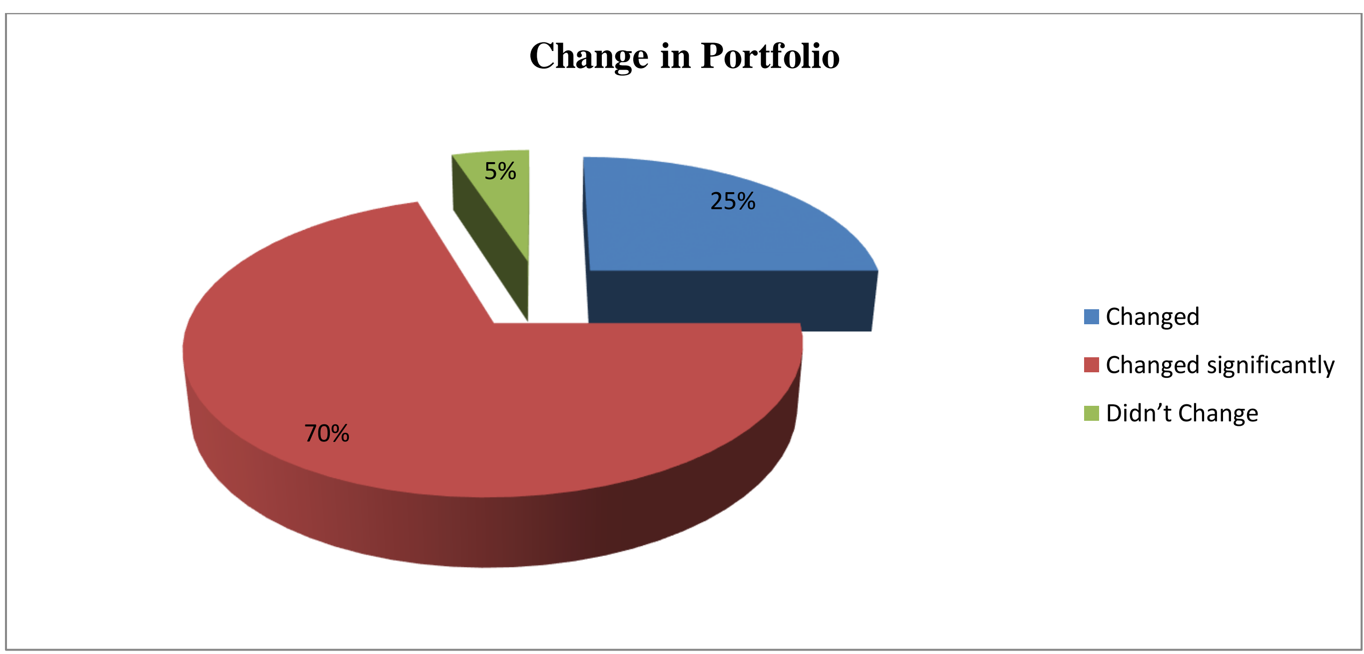
QN14. Analyzing data according to know the period of portfolio review done by people



Interpretation: From the above diagram it can be clearly stated that out of 40 respondents surveyed, approximately 32% of investor monitor their investment daily, while 25% of the investors monitor their portfolio twice a week.

While 23% investors monitor their portfolio weekly, 12% and 8% are the investor who monitor their portfolio monthly and more than a month.

QN15. Analyzing data according to portfolio allocation has changed over time



Interpretation: Here, we can see in the above diagram that out of 40 respondents surveyed, 70% of the respondents considered that they have made significant change in their portfolio, while 25% have changed their portfolio and rest 5% didn’t change their portfolio at all.

CHAPTER 5

CONCLUSION

1. CONCLUSION
2. BIBLIOGRAPHY
3. APPENDIX

Introduction:

After the entire analysis of the survey and questionnaire, we find that most of the respondents said that they have equity stock in their portfolio. And among these 52%, investors prefer to invest through mutual fund and only 32% (12 investors) said that they do invest directly in Equity Stocks.

According to survey people prefer to invest in Mutual Funds than investing directly in stocks. 46% of the respondents feel that mutual funds reduce their risk in investing in the market as it gives diversification to their portfolio. 17% respondents said that it give them the benefit of professional management. Just 14% said it give them the liquidity irrespective of market conditions. And also lack of time was cited as the reason by 24% of the respondents. Out of those some said that the prefer to directly invest in Equity Market, majority (54%) gave high weight age to high risk and high returns. 32% said that they want to be their own fund managers. Also, over 49% agreed that they prefer to book profit as they reach their profit. They do believe in churning and enjoy making higher returns.

Some investors told that they like to keep a certain percentage of their portfolio into mutual funds and the rest they want to manage by themselves. It can also be seen from finding that an investor has made higher returns in a long run by investing into direct equities, but if one wants to make a higher returns in the short term and midterm horizon, then definitely mutual funds are the best buy.

Every form of investment comes with a certain amount of risk. While advisors might tell you that the returns will be good if you invest for a long term, but in reality, mutual funds are subject to risks and there is no guarantee for good returns. Thus, depending on the securities the fund is investing in, or the mix of securities chosen for a specific fund, the element of 'risk' varies substantially.

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APPENDIX

Questionnaire on Equity Market and Mutual Fund

Kindly fill up the questionnaire which is given below. The collection of this data is important for my research work. I assure you that the Questionnaire filled, all the information will be kept confidential and use the collected data for my academic purpose only.

Name- Age- Mobile no.-

2. What is your Qualification?

A. Under Graduation B. Graduation C. Post Graduation D. Other

3. What is your occupation?

A. Government B. Private C. Business D. Other

4. What is your Monthly Family Income?

A. 10000 B. 10000-20000 C. 20000-30000 D. >30000

5. Do you have any idea about Equity Market?

A. YES B. NO

6. Do you have any idea about Mutual Fund?

A. YES B. NO

7. Where will you prefer to invest?

A. Saving
B. Fixed Deposits
C. Insurance
D. Mutual Funds
E. Shares
F. Gold

8. From where do you come to know about Equity Market?

A. Advertisements
B. Banks
C. Relatives and Friends
D. Financial Advisors

9. Which is your preference while investing?

A. Low Risk B. High Risk C. Liquidity D. Trust

10. Which Mutual Fund Company you will prefer to invest?

A. Reliance B. SBI C. UTI D. HDFC E. Other

11. Which mode of investment will you prefer?

A. Long Term B. Short Term

12. Do you base your performance evaluation on returns only?

A. YES B. NO

13. How long do you monitor your portfolio?

A. Daily B. Weekly C. Twice a month D. Monthly E. More than a month

14. Has your portfolio allocation has changed over the time?

A. Didn't change B. Changed C. Changed significantly