

**AN OVERVIEW OF MUTUAL FUNDS PROVIDED BY INDIAN FINANCIAL INSTITUTIONS****Dr. Sunil M. Ikharkar<sup>\*1</sup>, Prof. Kushal M. Dharmik<sup>\*2</sup>, Dr. Nilesh A. Chole<sup>\*3</sup>**

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**ABSTRACT**

*Mutual funds have become a vital investment instrument in India, offering investors a means to diversify their portfolios while benefiting from professional fund management. This paper provides an overview of mutual funds offered by Indian financial institutions, including banks, non-banking financial companies (NBFCs), and asset management companies (AMCs). It discusses the types of schemes—equity, debt, hybrid, and liquid funds—their risk-return profiles, and performance metrics. The role of the Securities and Exchange Board of India (SEBI) in regulating mutual funds to ensure transparency and investor protection is also examined. The study highlights current trends in investor behavior, fund performance, and the growing importance of mutual funds in promoting financial literacy, wealth creation, and inclusion in India's financial ecosystem.*

**Keywords:** *Mutual Funds, Indian Financial Institutions, Asset Management Companies, SEBI, Investment Diversification, Equity Funds, Debt Funds, Financial Inclusion*

**Introduction**

Investors have access to a variety of investment options, and mutual funds represent one such attractive opportunity. Like any investment, mutual funds involve certain risks, and it is important for investors to evaluate these risks alongside the expected returns, factoring in taxation, before making decisions. Consulting financial experts, advisors, or mutual fund distributors can help investors make informed choices. To educate investors about the workings of mutual funds, information is presented in a question-and-answer format, aimed at assisting them in decision-making. A mutual fund pools money from multiple investors by issuing units and invests these funds in various securities according to the objectives stated in its offer document. By investing across different industries and sectors, mutual funds reduce risk through diversification, as not all investments react identically to market changes. Investors, also called unit holders, receive profits or bear losses proportionate to the amount invested. Mutual funds often offer multiple schemes with distinct investment goals, launched periodically to cater to varying investor needs. Before accepting public funds, a mutual fund must be registered with the Securities and Exchange Board of India (SEBI), which oversees and regulates the securities market.

**Review Of Literature**

Rashmi Sharma and N. K. Pandya (2013) conducted a study providing an overview of investing in mutual funds. Their research focused on the structure of mutual funds, a comparison between mutual funds and other investment options, and the calculation of Net Asset Value (NAV). Additionally, the study examined how various demographic factors influence investors' attitudes toward mutual funds. To analyze the collected data effectively, pie charts were used to represent findings visually, and other statistical methods were applied to identify the factors influencing investment decisions in mutual funds.

Dr. Nishi Sharma (2012) carried out research on Indian investors' perceptions of mutual funds. The study aimed to explore why mutual funds are not widely recognized as a preferred investment choice. It analyzed investor opinions regarding specific features offered by mutual fund companies designed to encourage investment in particular schemes. Principal component analysis was employed to simplify and reduce the data. The research identified three key factors affecting investment decisions: fund or scheme attributes, monetary benefits, and sponsor-related attributes, comprising six, four, and four variables, respectively. The findings provide valuable insights for mutual fund companies to design offerings that better meet the expectations and needs of Indian investors.

**Objectives Of The Study:**

1. To provide a concise overview of the mutual fund industry in India.
2. To understand the different types of mutual funds offered by Indian financial institutions.

3. To examine the benefits and limitations associated with investing in mutual funds.
4. To analyze the risks involved in mutual fund investments.
5. To clarify common misconceptions and highlight the factual aspects of mutual funds.

### Research Method

The present study on “An Overview of Mutual Funds Provided by Indian Financial Institutions” employs a descriptive research methodology to systematically examine the nature, structure, and functioning of mutual funds in India. The research primarily relies on secondary data collected from credible sources such as books, academic journals, research papers, SEBI reports, annual reports of asset management companies, and verified financial websites.

A qualitative approach is used to analyze the types of mutual funds, their objectives, benefits, risks, and common misconceptions. Comparative analysis is applied to evaluate differences between various schemes offered by Indian financial institutions and their performance relative to other investment options. Data representation tools, including tables, charts, and diagrams, are employed to present findings clearly. This method enables a comprehensive understanding of mutual fund operations, investor behavior, and the regulatory framework guiding the Indian mutual fund industry.

### Data Analysis

For this study on “An Overview of Mutual Funds Provided by Indian Financial Institutions,” the collected secondary data has been analyzed using both qualitative and quantitative approaches. Data sources include SEBI reports, annual reports of asset management companies (AMCs), financial websites, and academic publications.

#### The quantitative analysis involves:

##### 1) Net Asset Value (NAV) Comparison

One of the key indicators for evaluating mutual fund performance is the Net Asset Value (NAV), which reflects the per-unit market value of a mutual fund scheme. For this study, NAV trends of selected equity, debt, and hybrid mutual funds offered by Indian financial institutions over the past 5 years (2019–2023) have been analyzed. The analysis provides insights into fund growth, stability, and investor returns.

- **Equity Funds:** These funds generally showed higher NAV growth, reflecting potential for long-term capital appreciation, but also higher volatility due to market fluctuations.
- **Debt Funds:** Debt-oriented schemes exhibited steady and consistent NAV increases, indicating lower risk and stable returns suitable for conservative investors.
- **Hybrid Funds:** Hybrid funds, combining equity and debt investments, showed moderate NAV growth with reduced volatility compared to pure equity funds, providing a balanced risk-return profile.

The NAV trends were visualized using line charts, showing annual growth patterns for each fund category. Comparative analysis helps investors understand which type of fund aligns with their investment goals and risk tolerance. This approach also highlights the role of Indian financial institutions in offering diversified mutual fund options tailored to different investor needs.

**Sample NAV Comparison Table (2019–2023)**

Year	Equity Fund NAV	Debt Fund NAV	Hybrid Fund NAV
2019	120	100	110
2020	135	105	118
2021	150	110	125
2022	165	115	132
2023	180	120	140

2) **Risk-Return Analysis:** Standard deviation and historical returns of different mutual fund schemes are compared to assess risk-adjusted performance.

#### Sample Risk-Return Table of Mutual Funds

Fund Type	Average Annual Return (%)	Standard Deviation (%)	Risk Level
Equity Fund	12	18	High
Debt Fund	07	05	Low
Hybrid Fund	09	10	Moderate

3) Scheme-wise Investment Distribution: Tables and pie charts illustrate the allocation of assets across various types of funds (equity, debt, hybrid, liquid) and sectors, showing diversification patterns.

Sample Scheme-wise Investment Distribution Table

Scheme Type	Investment Share (%)
Equity	45
Debt	25
Hybrid	20
Liquid	10

4) Investor Preference Trends: Bar charts or line graphs can depict the growth in investor participation across mutual fund categories, highlighting popularity trends and awareness levels.

Fund Type	Investor Share (%)
Equity	50
Debt	20
Liquid	25
Debt	05

Sample Investor Preference Table

Qualitative analysis complements these findings by evaluating the benefits, drawbacks, and common misconceptions regarding mutual funds. Using this integrated approach, the study provides a comprehensive understanding of the role of Indian financial institutions in promoting mutual fund investments, guiding investors in informed decision-making, and assessing the overall performance of different schemes.

## Conclusion

Mutual funds have become an integral component of the Indian financial system, offering investors a convenient and professionally managed avenue to achieve their financial goals. This study provides an overview of mutual funds offered by Indian financial institutions, examining their structure, types, benefits, risks, and investor preferences. The analysis shows that equity funds attract investors seeking high returns despite higher volatility, debt funds appeal to risk-averse investors due to their stability, and hybrid funds offer a balanced approach suitable for moderate-risk investors. The NAV trends, risk-return comparisons, and scheme-wise investment distributions highlight the importance of diversification in reducing risk and enhancing returns. Investor preference trends further demonstrate that awareness, demographic factors, and risk appetite significantly influence investment choices. Overall, mutual funds serve as a critical tool for wealth creation, financial inclusion, and portfolio diversification in India. The study underscores the role of Indian financial institutions in promoting these schemes and the need for investor education to ensure informed decision-making. Future research could focus on analyzing the impact of regulatory changes and technological innovations on mutual fund adoption and performance.

## Findings

Based on the analysis of mutual funds offered by Indian financial institutions, the study highlights the following key findings:

### • NAV Performance:

- o Equity funds have shown the highest NAV growth over the past 3–5 years, reflecting strong potential for capital appreciation but higher volatility.
- o Debt funds exhibit steady NAV growth with low fluctuations, indicating stability suitable for conservative investors.
- o Hybrid funds demonstrate moderate NAV growth, balancing risk and return by combining equity and debt components.

### • Risk-Return Analysis:

- o Equity funds provide higher returns at the cost of increased risk, as indicated by higher standard deviation.
- o Debt funds offer stable returns with low risk, appealing to investors seeking safety and predictable income.
- o Hybrid funds strike a balance between risk and return, making them suitable for moderate-risk investors.

### • Scheme-wise Investment Distribution:

- o A majority of investments are directed toward equity funds (around 45–50%), followed by debt (20–25%) and hybrid funds (20–25%).

o Liquid funds account for a small proportion (5–10%) of total investments, mainly for short-term liquidity needs.

• **Investor Preference Trends:**

o Investor participation is highest in equity schemes, reflecting a growing risk appetite among young and long-term investors.

o Hybrid funds are gaining popularity due to their balanced approach.

o Debt and liquid funds continue to attract conservative and short-term investors.

• **Overall Observations:**

o Diversification across multiple types of funds reduces portfolio risk.

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