



MUTUAL FUNDS In INDIA

Created by - AADISH KUMAR YADAV

CLASS - XI Science B



ABOUT MUTUAL FUNDS

A mutual fund is a professionally managed investment scheme that gathers funds from multiple investors to invest in stocks, bonds, money market instruments, and other securities.



HISTORY OF MUTUAL FUNDS IN INDIA

The mutual fund industry in India has undergone remarkable growth and transformation since its inception in 1963. It started with the goal of promoting public savings and investments and has evolved into a robust sector catering to diverse investor needs.

- 1963: Formation of the Unit Trust of India (UTI) by the government to encourage savings.
- 1987: Introduction of public sector mutual funds, starting with SBI Mutual Fund.
- 1993: Entry of private sector mutual funds and establishment of SEBI as the regulator.
- 2000s: Rapid growth in Assets Under Management (AUM) and industry consolidation.
- 2010s Onwards: Surge in retail participation due to increased awareness and technology.
- 2023: AUM grew by 23.43%, reaching ₹50.24 lakh crore in November.



Types of Mutual Funds

- Equity Funds - Funds that primarily invest in equity shares of companies.
- Debt Funds - Funds that invest in debt instruments such as short and long-term bonds, government securities, T-bills, corporate paper, commercial paper, etc.
- Hybrid Funds - These are funds that invest in debt as well as equity instruments.
- Gold ETF - An exchange-traded fund that buys and sells gold.
- Real Estate Funds - These funds invest in properties.
- Money Market Funds - Invest in short-term debt; very low risk.
- Index Funds - Track a market index; passive investment.



ADVANTAGES

MUTUAL FUNDS

Diversification: By pooling resources, mutual funds invest in a variety of securities, reducing the risk associated with individual investments.

Professional Management: Experienced fund managers make informed investment decisions on behalf of investors.

Affordability: Investors can start with relatively small amounts, making it accessible to a broad audience.

Liquidity: Mutual funds can be easily bought or sold at the current net asset value, providing flexibility to investors.

Convenience: They offer a simple approach to investing, often providing additional services like check writing.

Regulation and Transparency: Mutual funds are regulated by authorities, ensuring a level of oversight and protection for investors.



DISADVANTAGES

MUTUAL FUNDS

1. Expense Ratio: Fees can lower returns; actively managed funds typically cost more than index funds.
2. Hidden Charges: Some funds have additional fees that impact investment value.
3. Lack of Control: Investors cannot influence fund investment decisions, which may not match personal strategies.
4. Market Risk: Investments are vulnerable to market fluctuations, with no guaranteed returns.
5. Lock-in Periods (ELSS Funds): Certain funds, like ELSS, impose mandatory lock-in periods, limiting liquidity.
6. Tax Implications: Taxes on distributions occur even when earnings are reinvested, leading to inefficiencies.



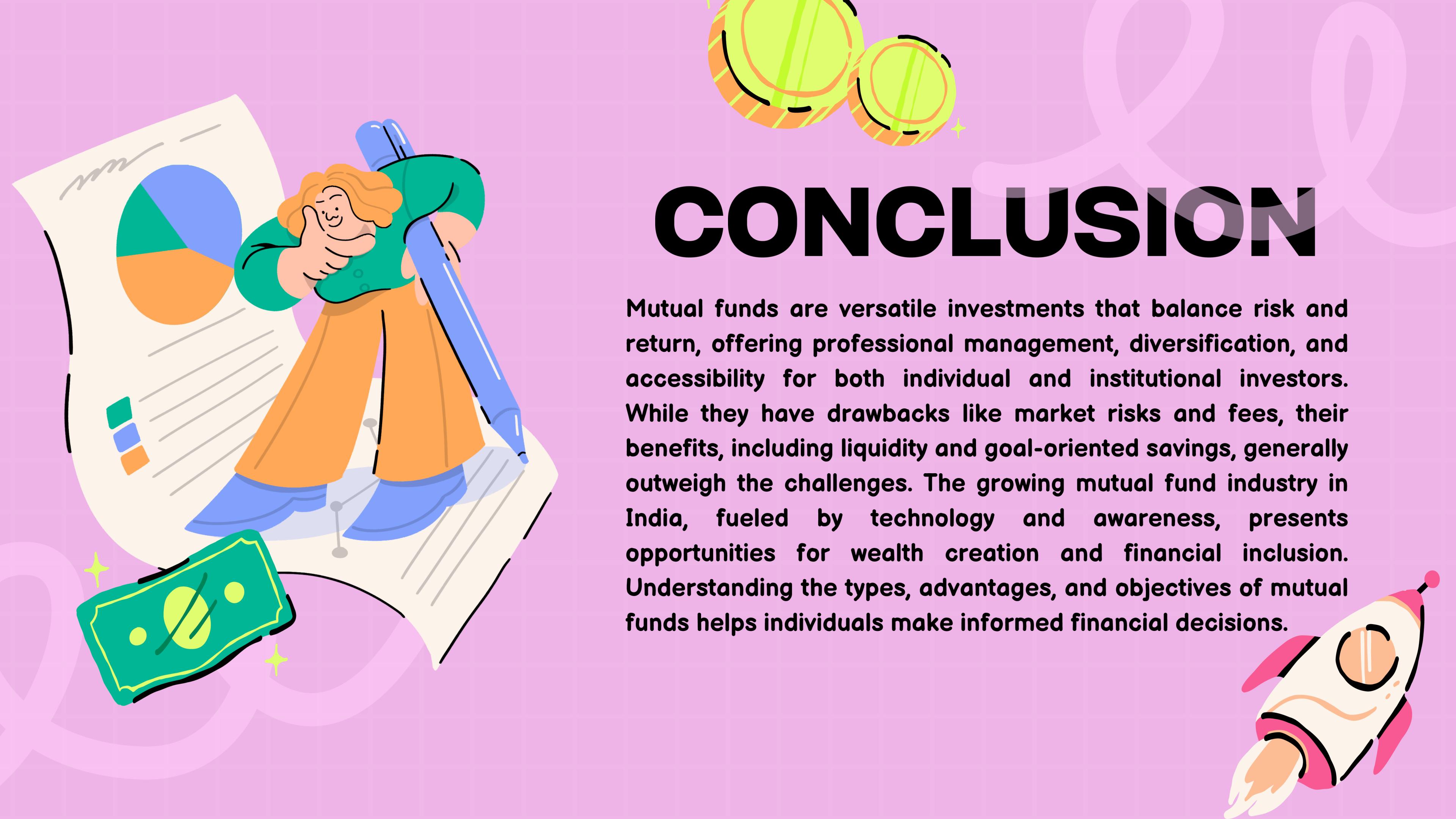
OBJECTIVES *

- Capital Appreciation: Grow wealth over the long term by investing in growth-oriented assets.
- Income Stability: Provide steady income through interest, dividends, or fixed-income investments.
- Risk Management: Balance risk and return by allocating investments across asset classes.
- Goal-Oriented Savings: Help achieve specific financial goals like retirement, education, or home buying.
- Market Participation: Enable individuals to invest in the stock and bond markets indirectly.



CONCLUSION

Mutual funds are versatile investments that balance risk and return, offering professional management, diversification, and accessibility for both individual and institutional investors. While they have drawbacks like market risks and fees, their benefits, including liquidity and goal-oriented savings, generally outweigh the challenges. The growing mutual fund industry in India, fueled by technology and awareness, presents opportunities for wealth creation and financial inclusion. Understanding the types, advantages, and objectives of mutual funds helps individuals make informed financial decisions.



Thank You

