

Financial Institutions and Markets
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Lecture – 28
Mutual Funds - I

So, in the previous class, we discussed about the two major Financial Institutions which operate in the financial system that is basically your insurance companies and as well as the pension fund and the provident funds. So, today we will be discussing about the another most important financial organization, which works in the financial system that is Mutual Fund.

So, all of you know that mutual fund investment is one of the most important investment alternatives, which is available in the existing system. The basic reason is that if anybody has money to invest it in the market, but here is see have has not much time to devote for the actual active investment in the equity market or the debt market. So, then those kind of investors can participate in the mutual fund which is professionally managed by a fund manager and as well as they can also participate both equity and debt market together by taking the position in any of the mutual funds at a particular point of time.

So that is why what we can say that the mutual fund is one of the we can we cannot say that traditional instrument, but this is basically one type of instrument, which has emerged over the period and has been consider as one of the prime investment alternatives, whenever we talk about the investments in the financial market.

So, before going to the structure and the kind of advantages or disadvantages of the mutual funds. So, let us first discuss certain things or certain kind of issues related to the mutual fund in terms of their structure and as well as the different type of concepts, which are used to define the mutual fund in any financial system including India.

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What is Mutual Fund?

- A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities.
- The income earned through these investments and the capital appreciation realized are shared by its unit holders in proportion to the number of units owned by them.
- Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a **diversified**, professionally managed basket of securities at a relatively low cost.

Equity Debt

Unsystemic Risk

swamyam

So, let us see that first of all how do define mutual fund? What is the meaning of the mutual fund? So, whenever we talk about the mutual fund, mutual fund is basically a trust; mutual fund is basically a trust, which pools the savings of number of investors who share a common financial goal.

Some of the investor wants to maximize the return some of the investor wants to a regular flow of income over the period of time, so that for that is why depending upon the requirements of the investor the positioning of the investors are different or the participation of the investors in the different markets, financial market more particularly are different. So, therefore whenever we discuss or we think about the mutual fund, mutual fund is basically try to pools the savings of a number of investors who share a common goal.

And finally, what happens the whatever money is collected that can be invested in the different type of instruments like shares, debentures or corporate bonds, debenture means the corporate bonds and etcetera to maximize the return. So, therefore the basic job of the mutual fund is basically to invest the money on behalf of the investor to maximize the return at a particular point of time. And already what I told you, the person who have the persons who do not have much time to actively participate in the equity market or debt market. So, they can go and invest in that mutual fund to maximize the their returns.

So, then the income which are earned through this investments and the capital appreciation realized are shared by this unit holders, proportion to the number of units owned by them. So, the mutual funds are basically represented in terms of units and for example, per unit cost is 10 rupees and if you are to invest 1000 rupees, then you can have 100 units with you.

And each unit is consisting of different kind of instruments. So, depending upon the price appreciation or depreciation the value of the total units basically will change. And accordingly this whatever return or the income what you are realizing from that will be basically given to or shared to with all kind of unit holders of that particular mutual fund.

So, therefore mutual fund is one of the most suitable investment for the common man, as it offers the opportunity to invest in a diversified portfolio and as well as it is professionally managed. Because already I told you as this particular mutual fund is comprised of different kind of instruments like you have the equity, you have the debt, etcetera.

Then obviously, different type of equity and different type of debts whenever we consider, then obviously this particular fund is we will diversified. And the diversification principle already you know why we want to diverse why we want to invest in a diversified portfolio, because we want to reduce the unsystematic risk. The basic objective of diversification is to reduce the unsystematic risk and mutual fund, because there are many assets or many stocks, many bonds are included in that particular portfolio. So, we can ensure that the total amount of unsystematic risk in that particular market can be diversified through this mutual fund investments.

And the another thing is choosing the stocks or bonds is also done by the professionally managed or professional manager. So, because of that this particular fund is also professionally managed. So, the person who takes the positions to manage that fund, they are basically well acquainted with that particular investment strategy and as well as they have enough financial knowledge to decide that which are the funds or which are the instruments are beneficial or can helpful for that investor to maximize their return.

And relatively the fund manager fee also it is relatively less, so at a lower cost if anybody wants to maximize the return from a common man prospective, the mutual fund is one of the lucrative investment alternatives whatever we have availability we have in

the financial system. So, this is what basically the concept of mutual fund whenever we discuss in the financial system.

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Structure of Mutual Funds in India

- According to the SEBI, mutual funds are established in the form of a trust to raise money through the sale of units to the public under various schemes for investing in different securities.
- A mutual has (i) a sponsor, (ii) trustees, (iii) an asset management company (AMC) and (iv) custodians.
- The sponsors set up the trust as promoters. The trustees hold the property in trust for the benefit of the unit holders.
- They monitor AMC's performance and compliance with the SEBI regulations.
- The AMC manages the funds. The custodian holds the securities of the fund in its custody.

Example: SBI Mutual Fund; Sponsor: SBI, Trustee: SBI Mutual Fund Trustee Company Private Limited; Asset Management Company: SBI Funds Management Private Limited ('AMC') (A joint venture between SBI and AMUNDI); Custodians: Bank of Nova Scotia / HDFC Bank / SBI-SG Global Securities Services Private Limited

*SBI MF
(i) SBI
(ii) SBI MF
Trustee Corp
Private Ltd.
(iii) AMC
(iv) Custodian
14:38 PM India.*

The slide also features the Swamyam logo and a video inset of a man in a white shirt speaking.

Then we have to see what is the structure of the mutual funds in India? How the mutual funds are structured? So, anybody you might have heard there are so many mutual funds Reliance mutual fund, SBI mutual fund, HDFC mutual fund there are different companies who basically do the mutual fund business.

So, whenever we discuss about the different type of mutual fund business, we have to see how the structure of the mutual fund looks like; what are those different ways or different kind of participants who work on behalf of the mutual funds. So, if you see that according to SEBI, because mutual fund is regulated by the securities exchange board of India that is SEBI. And according to SEBI, mutual funds are established in the form of a trust to raise money through the sale of units to the public under various schemes for investing in different securities that already we know.

So, here if you see the mutual fund is basically has a different kind of stakeholders, different kind of participants or the components of the mutual fund is designed or the structure of the mutual fund is designed in such a way that which has a sponsor or it has a sponsor, it has it is the trustee, it has the trustees, it has an asset management company and the custodians. These are the different kind of parties which are involved in the

construction of the mutual fund or the operations of the mutual fund for a particular company.

So, the sponsors basically set up the trust sponsors are basically the promoters. And the trustees hold the property in trust for the benefit of the unit holders. The trust basically always works on behalf of the unit holders or for maximization of the returns of the unit holders. And the basic job of the trust is they monitor the performance of the asset management company and this would always cross check that whether the SEBI's rules are complied by this mutual fund managers or not or asset management company or not.

So, the basic job of the trust is or trustees are to look after AMC's performance or a Asset Management Companies performance and compliance with the SEBI regular, whether all the regulations are complied by the AMC or not. So, the AMC's the basic job of the AMC is to manage the fund and the custodians basically hold the securities of the fund in their custody. So, these are the different four parties which are involved in the mutual fund business and they always work on behalf of the equity holders or to maximize the return for the of the equity holders.

If you see say see one example that is SBI mutual fund. So, if you are talking about the SBI mutual fund, let this is the SBI mutual fund. So, whenever you talk about the SBI mutual fund. So, who is the sponsor? The major sponsor is SBI; SBI is the sponsor; then who is the trustee? Trustee is basically there is a company, they have established that is SBI mutual fund trustee company private limited.


Then we have the asset management company, which is AMC. The AMC is basically what the AMC is basically the SBI fund management private limited, SBI fund management private limited, this is basically a joint venture between SBI and AMUNDI this is basically a French company, who are basically the fund manager they manages the fund on behalf of the unit holders. And these are basically the asset management company for the SBI. Then the custodians, there are many custodians that is bank of Nova Scotia, HDFC bank, SBI-SG Global Securities Services Private Limited. So, these are basically the custodians.

So, this is one example that means, here whenever it is SBI mutual fund, SBI is the sponsor. Then you have the SBI mutual fund trustee company private limited, who is basically the trustee which was formed on the basis of the sponsors requirement. Then

you have the asset management company, which is SBI fund management private limited.

Then you have the custodians, you have basically the different type of custodian. So, basically gives this securities or the funds in their custody. So, this is the basically the structure of the mutual fund and this is the way the mutual fund basically is designed.

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The slide is titled "Structure of Mutual Funds in India Cont...". It features three bullet points on a yellow background. At the bottom, there are logos for "swayam" and the Government of India. A small video inset shows a man in a white shirt.

- Two-thirds of the trustees of a mutual fund must be independent persons and not associated with the sponsors in any manner.
- The trustees should enter into an investment management agreement with the AMC for the purpose of making investments.
- The trustees would have the right to obtain from the AMC, all information concerning the operations of the various schemes of the mutual fund managed by it

If you see that there are certain issues related to the different kind of parties, who are involved in this mutual fund. So, here if you see that two thirds of the trustees of a mutual fund must be independent persons and not associated with the sponsors in any manner.

For example, if you go back SBI is the major sponsor or the main sponsor for the SBI mutual fund. So, whenever you talk about the trustees, whenever talk about would third of the trustees. So, trustees can be a many, but the two third of the trustees should come from the outside or there should be the independent persons. This one should not be any way associated with SBI, they may not be; they may not be the employee of the SBI, this should not be in the management of the SBI; that means, mostly this 60 percent of the governance is always related to the outside independent directors by that the investment objective of that mutual fund may not be synonymous with the business, what the SBI is doing.

So, this is independent and that particular fund manager should work on behalf of the benefits of the unit holders, who are holding that particular fund within that particular mutual fund, so that is what basically the first point we have to keep in the mind. Then another one is the trustees should enter into the investment management agreement with the AMC for the purpose of the making the investments and the trustees would have the right to obtain from the AMC all information, concerning the operations of the various schemes of the mutual fund managed by it.

So, the trustees have the right. So, they because the practically the asset we are dealing with the asset management company or the company who is basically managing the funds on behalf of the different investors to the equity holders. So, in this context the trustees have the right, they have the right to obtain all type of information related to that mutual fund from this particular AMC.

And they have to ensure that how this particular AMC is operating and whether this particular operations of that particular AMC is in line with the benefits of the unit holders, who are investing in that particular mutual fund. So, this is what basically this the there are certain issues which are which may arise with respect to the structure of the mutual fund in India.

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The slide is titled "Structure of Mutual Funds in India Cont...". It contains two bullet points:

- The sponsor of the mutual funds/trustees would appoint the AMC, with the prior approval of the SEBI. Its appointment can be terminated by a majority of trustees or 75 per cent of the unit holders of the scheme.
- The eligibility criteria for the appointment of an AMC include sound track record, adequate professional experience, not guilty of moral turpitude, non-conviction of any economic offence/violation of any securities laws, inclusion of 50 per cent independent directors and net-worth of at least-Rs. 10 crore.

There is a handwritten note in red ink that says "Make - disability not for". At the bottom of the slide, there is a logo for "swayam" and a small video inset of a man in a white shirt.

Then we have to see some other things a sponsors of the mutual fund would appoint the AMC with the approval of the SEBI. And SEBI's approval is required, whenever they are

appointing any kind of AMC for the business. And its appointment can be terminated also by a majority of the trustees, if majority of the trustees want that this particular AMC is not working properly or not working on behalf of the benefits or the interest of the unit holders.

Then their service or appointment can be terminated, if measure it of the trustees want to terminate or 75 percent of the unit holders of that particular scheme, will vote against that AMC or will see that or will always be interested to terminate the service of that particular AMC at a particular point of time.

So, this is the way this termination can be possible, but the eligibility criteria for the appointment of an AMC include the there should have a soundtrack record, this would have adequate professional experience, this should not have punished for any kind of unethical practices in the financial system. And they have not violated any laws security laws. And this would ensure that inclusion of the 50 percent independent director should be there in that AMC and the net-worth of at least 10 crore. The minimum net worth of that particular individual AMC should be minimum 10 crore.

So, you know that what is net worth, net worth is nothing but the assets minus liabilities, total assets minus liabilities that will give you the net worth that means, it is the owners equity, so that is why this net worth of the company should be greater than 10 crore. So, this is what basically the basic notion we have to keep in the mind or we have to ensure that these are the condition should be satisfied, if any trustee wants to appoint one AMC for that particular mutual fund.

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The slide, titled "Structure of Mutual Funds in India Cont...", features a yellow background with a blue wave graphic on the right. It contains a bulleted list of regulatory requirements for Asset Management Companies (AMCs). At the bottom, there is a blue banner with logos for "swayam" and the Securities and Exchange Board of India (SEBI), along with a small video feed of a man in a white shirt.

- AMC can undertake other business activities in the nature of portfolio management services, management and advisory services to pension funds, venture capital funds, management of insurance funds, financial consultancy etc. on a commercial basis, if any of these activities do not conflict with the activities of the mutual fund.
- It is obligatory for an AMC to take all reasonable steps and exercise due diligence to ensure that the investment of funds conforms to the provisions of the SEBI regulations.
- An AMC can launch a mutual fund scheme after its approval by the trustees and filing of the offer document with the SEBI.
- The offer document should contain adequate disclosures to enable the investors to make an informed investment decision.
- The mutual fund should appoint a custodian to carry out the custodial services for the scheme. A mutual fund cannot appoint a custodian in which 50 per cent or more of the voting rights/directorships is held by the sponsor/associate companies.

Then we will see that the what this AMC do? What are those AMCs do? The AMC can undertake other business activities in the nature of the portfolio management services. Advisory services to the pension fund, venture capital fund, management of insurance fund financial consultancy and all these things. On a commercial basis they will charge the money for that and they can do also, apart from managing that fund the AMC can also provide this kind of services that should not, but there should not be any conflict with the activities of the mutual fund.

So, any kind of services what this AMC wanted to do? They can provide that, but it should not have any kind of conflict with the activities of the mutual fund whatever we have. The major business of the management of the mutual fund should not be disturbed because of the other financial services, what the AMC wanted to give. So, here the it is ensured that the AMC is following all the rules and regulations and all the provisions of the SEBI regulations, they are basically following. The norms what the regulations what is mandated by the SEBI. The AMC is basically following all kind of regulations and the norms, which are imposed by the securities and exchange board of India.

The AMC can launch the new mutual fund within that particular company, after its approval from the trustees and filling the offer document with the SBI, sorry SEBI. They should provide this information to the SEBI that this is the new mutual fund what basically scheme mutual fund scheme, what we are going to start. There are different

type of schemes, we will discuss these things further. So, any new mutual fund scheme also they can start or they can launch, but for that they need the approval from the trustees of that particular mutual fund and as well as the securities exchange board of India.

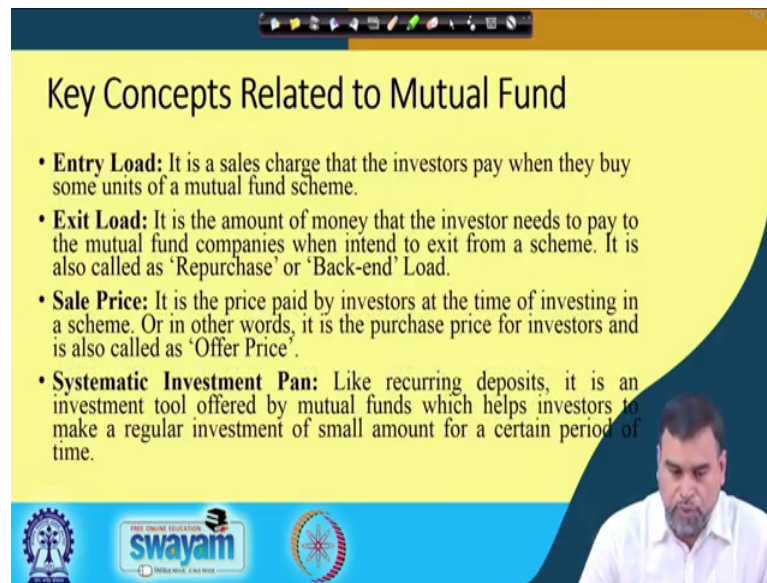
The offer documents should contain adequate disclosures to enable the investors to make an informed investment decisions. About the mutual fund whenever they provide the information to the common public, it is ensures they should always ensure that all kind of financial information and non-financial information are disclosed to them by that the investor will be in a good position that whether they should the whether they will be interested to invest in that particular mutual fund scheme or not that actually they should ensure that.

The mutual fund should appoint a custodian to carry out the custodial services, just now we have seen for SBI mutual fund we have the 2, 3 custodians. So, mutual fund can or the AMC can appoint a custodian to carry out this custodian services. And a mutual fund cannot appoint a custodian in which 50 percent or more of the voting rights is held by the sponsors or the companies.

So, they cannot do that thing if the sponsor's stake in that particular company is more than 50 percent. So, for any kind of thing they need the approval from that particular board or approval from those trustees, whenever they start this kind of business in the particular system. So, therefore that what we can see, here we are trying to see how the different kind of parties which are involved in the mutual fund business they are basically linked.

We have sponsor's, we have the trustees, we have the AMCs who are they are obviously, the unit holders, who are the major stakeholder who participate in the mutual fund business and as well as they take the position for the investment or to maximize the return over a period of time. So, this is what basically the structure of the mutual fund looks like in India.

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Key Concepts Related to Mutual Fund

- **Entry Load:** It is a sales charge that the investors pay when they buy some units of a mutual fund scheme.
- **Exit Load:** It is the amount of money that the investor needs to pay to the mutual fund companies when intend to exit from a scheme. It is also called as 'Repurchase' or 'Back-end' Load.
- **Sale Price:** It is the price paid by investors at the time of investing in a scheme. Or in other words, it is the purchase price for investors and is also called as 'Offer Price'.
- **Systematic Investment Plan:** Like recurring deposits, it is an investment tool offered by mutual funds which helps investors to make a regular investment of small amount for a certain period of time.

Logos at the bottom: Swamyam, and other educational institutions.

Then there are whenever we go for investing in a mutual fund, we come across different type of concepts and those concepts are their own meanings and those concepts are used, whenever we participate in the investment process with respect to the mutual fund. So, you might have heard there is a word called entry load. What do mean by entry load? How does entry load is defined?

The entry load is nothing but it is the sales charge that investor pay, when they buy some units of a mutual fund scheme. It is basically the fee or the sales charge what this investor pay to the companies, whenever they have started investing in this kind of funds in the mutual fund scheme.

Then we have exit load, if the amount of money that is investor needs to pay to a mutual fund companies, it is the amount of money the investor needs to pay to the mutual fund companies, then when they intend to exit from the scheme it is also called as the back-end load or the or the repurchase load. At any point of time if the investor wants to get out of that particular scheme and that particular point of time they also pay certain kind of charges to the mutual funds and that particular charge is called the exit load.

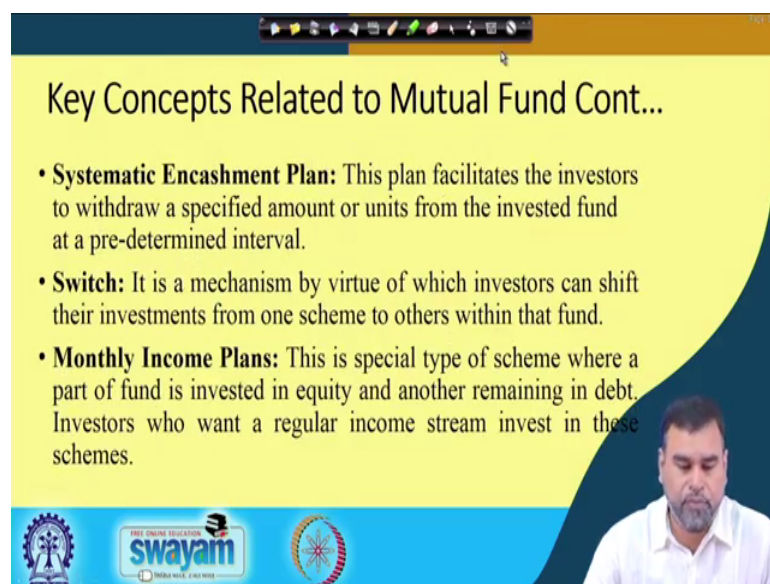
Entry load at the time of buying or at the time of investing whatever money you are paying and at the for the exit load or exit fees whenever we are paying at that time we are basically leaving that particular scheme or we are exiting that particular scheme in that case we call it the exit load.

Then we have another concept called sale price. It is the price paid by the investors at the time of investing in an investment tool or investment scheme or in other words it is a purchase price for the investors and it is also called the offer price. Sales price is nothing but the offer price at what price the investor basically starts investing or buys that particular fund or particular security or particular kind of financial instrument from the AMC, so that is called the sale price.

Then you have the systematic investment plan, there is another key concept which always used. Like Recurring Deposit, RD account in the bank it is an investment tool offered by the mutual fund, which helps the investors to make a regular investment of a small amount for a certain period of time. So, what is happening some people may be invested in the mutual fund, some people may not be, some people is hour about the different kind of benefits what we can get from the mutual fund, somebody may not be, so because of that the SIP plan was started.

In SIP what happens, this is just like a RD account kind of operation which happens, a particular amount fixed amount will be debited from your account every month and that basically will be used in the investment for a certain period of time in the mutual fund that is basically we call it the system systematic investment plan, what we can make whenever we are trying to invest in the mutual funds through a small savings which are which can paid periodically that is called the SIP or the Systematic Investment Plan.

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Key Concepts Related to Mutual Fund Cont...

- **Systematic Encashment Plan:** This plan facilitates the investors to withdraw a specified amount or units from the invested fund at a pre-determined interval.
- **Switch:** It is a mechanism by virtue of which investors can shift their investments from one scheme to others within that fund.
- **Monthly Income Plans:** This is special type of scheme where a part of fund is invested in equity and another remaining in debt. Investors who want a regular income stream invest in these schemes.

swayam

We have a systematic encashment plan, this plan facilitates the investors to withdraw the specific amount of units from the invested fund at a pre-determined interval that means, here what is happening whenever you talk about the systemic investment plan, we are investing their specific amount in a periodical basis. And from that plan we are basically trying to invest that money in the mutual fund in the different kind of instruments and get certain kind of return.

But whenever we are talking about the encashment plan, here this plan basically facilitates the investors to withdraw a specific amount of units from the invested fund at a pre-determined interval, so that means you have already invested and it is mentioned that in a pre interval basis, how much unit's money can be encashed. Let you have 100 units, so every 6 months or every 3 months, you can encash 5 units, 10 units like that and against that you can receive the cash or you can receive the money or whatever money you have invested by encashing that particular units whatever you have.

Then you have the switch, it is mechanism by which the investor can shift from one investment scheme to another investment scheme. For example, somebody has invested in one type of scheme, they can move into the another type of scheme, what are those schemes are we will discuss that. So, there is a possibility there is a switchover is possible, whenever we go the concept of switch basically is used in that context.

Then you have the monthly income plan, this is a special type of scheme again where a part of the fund is invested in equity and another basically in debt. And investor who wants to always on regular stream of income or they want to regularly invest in a particular schemes which can give you the regular flow of income, they can go for the monthly income plans and those kind of plans already available, which are basically linked to the mutual funds in India.

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Key Concepts Related to Mutual Fund Cont...

NAV = $\frac{\text{Total market value of the assets or securities in the portfolio of the fund} - \text{liabilities}}{\text{Number of funds' units (shares) outstanding}}$

Sale Price = $\frac{(\text{Market value of the assets} - \text{liabilities excluding contingent liabilities, initial share capital, reserves and unit capital}) + (\text{Brokerage charges, commissions, taxes, stamp duties, other management and administrative expenses})}{\text{Number of units outstanding}}$

Repurchase Price = $\frac{(\text{Market value of the assets} - \text{liabilities excluding contingent liabilities, initial share capital, reserves and unit capital}) - (\text{Brokerage charges, commissions and so on.})}{\text{Number of units issued or outstanding.}}$

The expected rate of return on units can be calculated as:

$$RRU = \frac{(\text{NAV}_t - \text{NAV}_{t-1}) + \text{Dividends} + \text{Capital Gains}}{\text{NAV}_{t-1}}$$

where
RRU = expected rate of return on units;
NAV = net asset value;
t = current year;
t - 1 = previous year.

These are the another concept, which is NAV – Net Asset Value of the particular fund. So, this is nothing but the total market value of the assets minus the liabilities whatever they have divide by the number of funds outstanding. So, the NAV is calculated for the funds periodically. So, depending upon the NAV this investor may be interested to invest in that particular security.

Then we have another thing we have the call the sale price it is nothing but the market value of asset minus the liabilities. The market value of assets minus liabilities excluding contingent liabilities, initially share capital reserves and unit capital plus the brokerage charges, commission tax, stamp duty, etcetera, etcetera divided by the number of units outstanding; so that is the price at which the particular funds are sold.

And what is the repurchase price? It is basically the market value of assets minus liabilities excluding contingent liabilities, this initial share capital, etcetera, etcetera divide by the number of units issued or the outstanding. Then if you want to calculate the return on units; the return on units nothing but NAV net asset value of the time period t minus the net asset value of the time period t minus 1 plus if there is any dividend is paid against that units or a the mutual fund scheme plus the capital appreciation or the capital gains divided by the lagged value of NAV.

So, this is basically this is the way the expected rate of return on units can be calculated. So, here NAV is the net asset value and t is equal to the period at which the particular

NAV or RRU is calculated. So, this is what these are the different concepts, which are used in the mutual fund investments.

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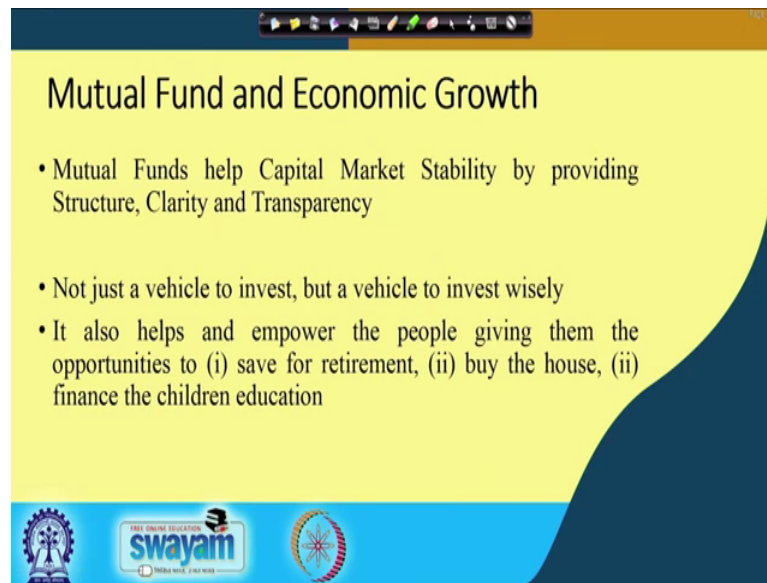


Then we can move into the advantages of the mutual fund, because it is professionally managed that part already we have discussed, it is professionally managed. This is diversification, so many instruments are available, there is the risk is spread across the different instruments, liquid and flexibility is there because you can switch from one type of scheme to another scheme

It is more simple to invest, because you do not have to do anything the fund manager looks after this investment. It incurs low transaction cost, sometimes in comparison to the investment in the equity market directly. It also related to tax benefit, you get some tax benefit you have invested in the mutual fund.

And there are different varieties of the schemes which are available, on the basis of your requirement you can choose that and what are those schemes that will recently we will discuss that in this class. So, these are the different ways the choice of the schemes are available that is why, it is advantageous to invest in the mutual fund.

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The slide features a yellow background with a dark blue curved shape on the right side. At the top, there is a navigation bar with various icons. The title 'Mutual Fund and Economic Growth' is centered at the top. Below the title, there are three bullet points. At the bottom, there are three logos: the Indian National Emblem, the 'swayam' logo with the text 'FREE ONLINE EDUCATION' and 'शिक्षण ही है, ज्ञान ही है', and the Reserve Bank of India logo.

Mutual Fund and Economic Growth

- Mutual Funds help Capital Market Stability by providing Structure, Clarity and Transparency
- Not just a vehicle to invest, but a vehicle to invest wisely
- It also helps and empower the people giving them the opportunities to (i) save for retirement, (ii) buy the house, (ii) finance the children education

Indian National Emblem | swayam | FREE ONLINE EDUCATION | शिक्षण ही है, ज्ञान ही है | Reserve Bank of India

Mutual fund have lot positive impact on the economic growth, because it helps to utilize the resources whatever the public has and this helps to circulate the money in the economy. And it is also the utilization of the resources in the economy by providing the structure clarity and transparency, not just a vehicle to invest, but a vehicle to invest wisely, because it is managed by the fund manager.

And it basically the total amount of money availability in the system increases, because the small savings can be circulated through this particular system. And it is provides the opportunities to save for the retirement, by the house and finance to children education, because it is a small savings which can be utilized to make the investments for the future requirements of the individuals. So that is why it has some kind of positive impact on the growth process of the economy.

So, in the next class, we will be discussing about the different schemes, which are available related to the mutual funds and how the mutual funds are different from the (Refer Time: 30:20).

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Please, go through this particular references for this particular system fund.

Thank you.