



TO STUDY THE PROBLEM AND PROSPECT OF NEWLY START UP BUSINESS WITH REFERENCE TO MUTUAL FUND AGENCY

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Abstract

The Association of Mutual Funds in India (AMFI) is dedicated to developing the Indian Mutual Fund Industry on professional, healthy and ethical lines and to enhance and maintain standards in all areas with a view to protecting and promoting the interests of mutual funds and their unit holders. Mutual funds have already taken over banks and financial institutions in US, in offering the most optimum returns on a set of diversified portfolios. The trend in India is looking much the same with many mutual fund schemes gaining the confidence of investing populace so much that the public sector banks and financial institutions have started their own mutual funds owing to the fear of global trend. Mutual Fund Distributors are helping Continuously for the growth of Mutual Fund Industry in India. This Study is Based on to find out Success rate of Mutual Fund Distributor continuously increasing in India as a newly start up business and the problem face by them.

Keywords: *Start Up Business, Mutual Fund Agency, Mutual Fund Distributor, Entrepreneurship Skill, Assets Management Companies, AMFI etc.*

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Introduction:

Mutual funds have already taken over banks and financial institutions in US, in offering the most optimum returns on a set of diversified portfolios. The trend in India is looking much the same with many mutual fund schemes gaining the confidence of investing populace so much that the public sector banks and financial institutions have started their own mutual funds owing to the fear of global trend.

Investment in mutual funds needs good understanding and knowledge. Due to time constraint and lack of knowledge, there is need

of person, who can create awareness and give knowledge about Mutual Fund Business.

A mutual fund distributor is one who helps in buying and selling of mutual funds in India for its investors. The mutual fund distributors earn commission by bringing in investors to the mutual fund scheme. They also advise the investors about the various schemes of different mutual fund houses. Every mutual fund is registered with SEBI (Securities and Exchange Board of India) and hence considered to be safe. Furthermore, the mutual fund distributors help the investors in carrying out investment transactions. These transactions include investing, switching between mutual funds or redemption. They also guide the investors periodically on the performance of their investment. The mutual fund distributor is also known as a mutual fund agent. The mutual fund agent needs to track the functioning and performance of mutual fund industries



Literature Review:

Dr. Joity Tomer Assistant Professor Amity University, Noida, Uttar Pradesh (West) and Prof. Nisar Ahmad Khan Department of Economics, Aligarh Muslim University (A.M.U) Aligarh-202002, Uttar Pradesh (West) (2014) can predict a bright future for the mutual funds industry in India. However, to be more competitive, the industry is suggested to take necessary steps with regard to regulations involving fund governance, penalty, education, distribution, fund names and investment policies disclosure provisions. Also, to boost up the confidence of investors, the problems and queries of investors are needed to be dealt with properly and promptly. With rising expectations of investors, operational costs also increase. Hence, check on operational costs is needed. After sales services is required to be sound. There is also a need to add variety into products marketed by mutual funds. Different types of ETFs, college savings fund, e-funds, green funds, socially responsible financial instruments, fund of hedge funds, advanced money market funds, renewable and energy/ climate change funds, rural and urban development funds etc. have to be developed to cater to the entire needs of investors and economy. Mutual fund companies are required to upgrade their skills, technology and cost management techniques.

Kuntal Agrawal (1993) observed that decision making power in economic field lies in the hands of husbands irrespective of wife's income, education and profession. Bruce Maryann (1995) found that the women investors tend to know less about basic investment concepts and invest in conservative products.

Harris, Diane (1996) have found that women are investing much more assertively than they have in the past and producing results as good as men.

Blank Christine (1997) stated that women are becoming serious investors and women investment clubs have earned 21% average annual returns when compared to 15% return for men club.

Jainakoplos Nancy A and Bernaseh Alexandra (1998), It concluded that women hold less risky assets than men and choose less risky alternates. 63% of the single women and 57% of the married women reported that they are not willing to accept any financial risk at all, especially in investment. Rajkamal and Ruchi Jain (2005) found that working women spend less on themselves as compared to the non-working women.

Anita (2004) found that the working women are more aware of various types of investments. While making an investment, working women are motivated by capital appreciation, safety, liquidity, speculation, tax benefits, stability of income, transferability and prestige. They prefer simple and convenient trading procedures while investing their money.

Rajeswari (2017): The study intent to understand the recurring deposit schemes of post office and the allied services along with the customer satisfaction level. The data collected in their study is analyzed through various statistical tools like Karl Pearson's, correlation and one way ANNOVA test. She denouement has conclude that overall effectiveness of the RD services in the post office and asses the reason for customers preference of recurring deposits, in post offices over banks at the end of she suggests that the postal department to improve the overall RD services to retain and expand its RD accounts holder's base.

Poongodi and Gowri (2016): They study analyzed that the gap between financial literacy and saving and investment behavior among the working women. The researchers studied women employed both in public and private organization was considered as the sample population. (100 sample size) based on the convenience

sampling techniques, only voluntary individuals were including in the survey. In their study findings determined that women have expressed high degree of awareness i.e.: financial literacy towards traditional saving and investment avenues from traditional saving and investment avenues to modern technically risky capital market options like: investing in mutual funds, shares, debentures and bounds of public and private companies.

Dr. Dhiraj Jain and Nikhil Mandot (2012): explored the relationship between level of risk and demographic factors of investors in the state of Rajasthan. Primary data was collected from 200 investors from different cities in Rajasthan. Chi square and correlation analysis were used to test the relationship between demographic factors and the level of risk-taking ability. The study revealed that there is a negative correlation between marital status, gender, age, education, occupation and the level of risk. While a positive correlation existed between risk and cities, income and the knowledge of investors.

Mahesh Mahajan (2012): identified the portfolio, investment pattern, awareness, issues in designing portfolio and the impact of investor's attitude on the portfolio. 32 A sample of 500 respondents was selected on stratified random basis from Mumbai. Statistical tools like mean, standard deviation, correlation and chi square were used to analyse the data. The study concluded that there is a significant difference in investment portfolio of investors. The investment portfolio of investors in Mumbai differed on the basis of occupation and income.

Objectives of the Study:

1. To Study the Role of Mutual Fund Distributor in Success of Mutual Fund Industry
2. To analyze the Success rate of Newly Start up Business as a Mutual Fund distributor.
3. To Find out the problem face by Mutual Fund Distributors as a newly start up Business.

Research Methodology:

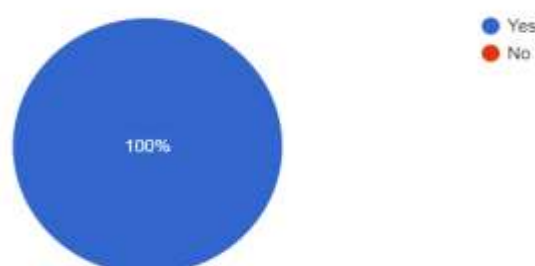
- 1) Primary Data Collection Method
- 2) Secondary Data Collection Method

Primary Data:

- I collected primary data using Survey Heart forms as a survey form and by circulating it on social media to Newly Mutual Fund Agent. In that way I collected 100 responses from them which was really helpful in increasing my knowledge that what mutual fund distributors are facing problem as a newly Start Up business
- The data collected from mutual fund distributor who started their business from 2020. After collecting response detail analysis done from bar and pie chart.

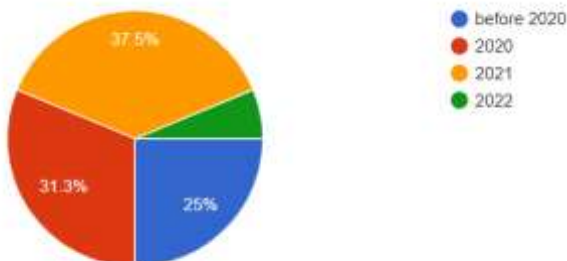
Some Questionnaire and their Responses:

- ✓ Do you work as a Mutual Fund Distributor

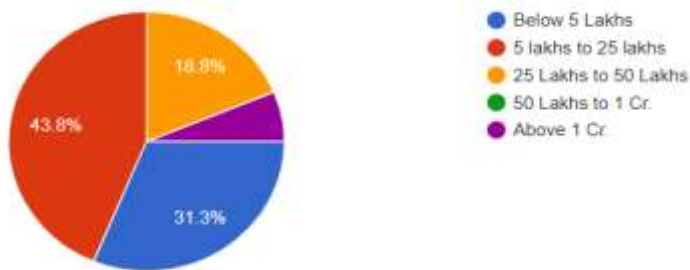




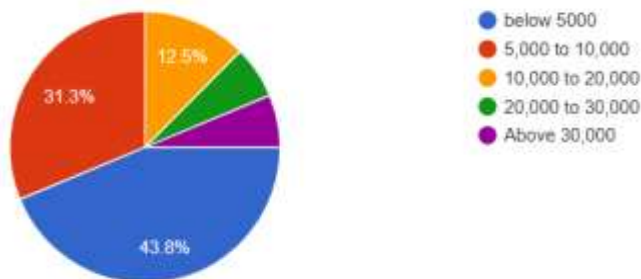
✓ If Yes, Please Specify year in which year have you Received ARN Number



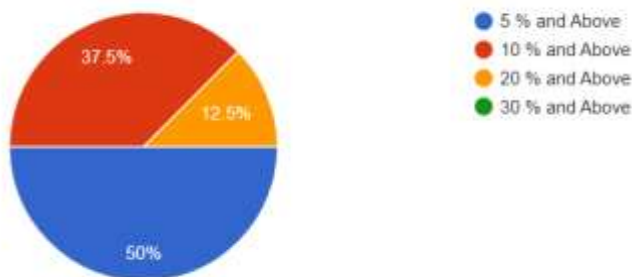
✓ Total Assets under Management



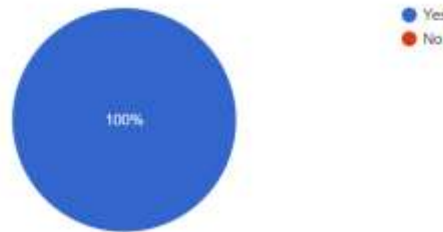
✓ Monthly Commission Earned



✓ Monthly % Increase in AUM



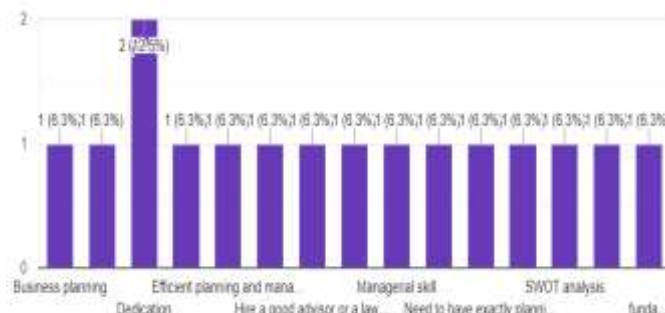
✓ Have you ever facing difficulties while newly Start up Business



✓ Have you face management of economic resources



✓ Strategies to overcome difficulties while newly start up of any type of business



Secondary Data Collection Method:

Mutual Fund Distributors:

Intermediaries play a pivotal and valuable role in promoting sale of Mutual Funds. It is therefore vital that those engaged in selling Mutual Funds have the highest standards of knowledge attitude and ethics. Their wellbeing, quality orientation and ways of doing business will have a significant impact on how the Mutual Fund Industry develops in the future.

AMFI introduced the process to register the intermediaries who have passed the certification test as AMFI Registered Mutual Fund Distributor (ARMFD), thus laying the foundation for an organized industry and allotting a unique code-AMFI Registration Number (ARN) along with an identity card. SEBI recognizing the importance of this initiative taken by AMFI had made Registration with AMFI after passing AMFI Certification Test compulsory for intermediaries. SEBI has clarified that after obtaining certification from NISM as per changed mandate (w.e.f. June 01, 2010), the requirement of registration with AMFI, in terms of its circular dated November 28, 2002 would continue.

As such, all NISM Certified Intermediaries engaged in marketing and selling of Mutual Fund schemes are required to be registered with AMFI after passing NISM Certification Test. Minimum age for obtaining ARN is 18 years. The Mutual Funds will not be able to deal with intermediaries who are not registered with AMFI



and obtained ARN.

In terms of SEBI Circular dated September 13, 2012, "AMFI shall create a unique identity number of the employee/ relationship manager/ sales person of the distributor interacting with the investor for the sale of mutual fund products, in addition to the AMFI Registration Number (ARN) of the distributor. The application form for mutual fund schemes shall have provision for disclosing the unique identity number of such sales personnel along with the ARN of the distributor."

Silent Features of Mutual Fund Distributor as Per AMFI:

- Minimum age for obtaining A ARN is 18 years.
- ARN is a unique number allotted to:
- Individual agents, brokers, and other intermediaries engaged in selling Mutual Funds, having passed the NISM Certification Test and senior citizens having attended Continuing Professional Education (CPE) and agreeing to abide by the code of conduct and other undertakings as mentioned in the application form.
- Corporates engaged in the business of selling Mutual Funds, which apply to AMFI and agree to abide by the code of conduct and other undertakings as mentioned in the application form.
- A photo identity card bearing unique ARN, address, his/ her name, photo and the validity period of ARN, would be issued to individual applicants and senior citizens whereas Letter of Registration bearing unique ARN, name of the corporate and the validity period of ARN would be issued to corporate applicants.
- Employees would be issued EUIN card with their EUIN, his/ her name, photo and validity period of EUIN.
- The application for registration of corporate bodies should compulsorily be accompanied by the application for registration of corporate employee.
- Passing certificate issued by National Institute of Securities Market (NISM) in respect of NISM - Series V-A : Mutual Fund Distribution Examination' has validity period of three years.
- Also, the CPE certificate issued by NISM is valid for three years.
- Accordingly, ARN issued to individual, senior citizens and EUIN issued to employees against such certificates shall have validity period from the date of submission of ARN registration application up to the validity date mentioned on the passing certificate/ CPE certificate, if the application is in order.
- In case of corporate entities, validity period for Letter of Registration issued is 3 years.
- No distributor shall hold more than one ARN card/ Letter of Registration After obtaining ARN, the intermediaries should approach the AMCs for empanelment and they can canvass Mutual Fund business of the respective AMCs only after empaneling with them.

Registered intermediaries can be de-registered as the ultimate censure, for the following reasons:

- Violation of the code of conduct.
- Being indicted for serious offences by a Regulatory Authority/ Judicial Authority.
- Complaints of gross negligence upheld by a consumer court.
- Know Your Distributor (KYD) Guidelines
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Month-wise amount collected from FY 2016-17 onwards are mentioned below:

Month	MF Contribution ₹ Crores						
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Total during FY	48,821	47,190	85,680	1,06,884	96,268	1,34,586	1,90,881
March	4,325	7,115	6,895	8,941	9,182	12,328	
February	4,050	6,425	8,025	8,513	7,528	11,438	
January	4,088	6,684	6,804	8,532	8,023	11,317	
December	3,973	6,222	8,822	8,818	8,418	11,309	
November	3,884	5,883	7,885	8,273	7,382	11,003	
October	3,484	5,821	7,886	8,248	7,980	10,818	
September	3,088	5,518	7,721	8,283	7,788	10,281	
August	3,467	5,288	7,888	8,231	7,782	9,883	
July	3,334	4,987	7,984	8,334	7,881	9,888	
June	3,312	4,744	7,884	8,122	7,917	9,188	
May	3,169	4,584	7,334	8,181	8,123	8,819	
April	3,122	4,288	6,888	8,238	8,378	8,588	

Conclusions:

On the basis of our study, we can predict a bright future for the mutual funds industry in India. However, to be more competitive, the industry is suggested to take necessary steps with regard to regulations involving fund governance, penalty, education, distribution, fund names and investment policies disclosure provisions. Also, to boost up the confidence of distributors and Investors, the problems and queries are needed to be dealt with properly and promptly. With rising expectations of investors, operational costs also increase. Hence, check on operational costs is needed. After sales services is required to be sound. There is also a need to add variety into products marketed by mutual funds. Different types of ETFs, college savings fund, e-funds, green funds, socially responsible financial instruments, fund of hedge funds, advanced money market funds, renewable and energy/ climate change funds, rural and urban development funds etc. have to be developed to cater to the entire needs of investors and economy. Mutual fund companies are required to upgrade their skills, technology and cost management techniques

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