



NFO Process in Mutual Fund at India Infoline

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ABSTRACT:

The purpose of this project creates a design in relation to process of NFO (NEW FUND OFFER) and how this process is carried out till the end.

The school work of this project is based on the procedure takes place in India Infoline while going through the NFO.

To schoolwork the technical procedure, legal dimensions of NFO at India info line and examine briefly the organizational structure, communication network, resource, requirements to launch a new fund.

The analysis is made by carrying the applications of reliance equity fund

The data for his study is collected from various sources like magazines, Books, Websites, and from the staff of Indian Info Line.

It generates an Idea to the investors in knowing the technical procedure in carrying a NFO by the Organization.

New Fund Offer process may not be same for all Mutual funds that are released. It may differ from one fund to other depending up on the size like NO of Applications received, Subscriptions amount received etc. .

1. Introduction:

Mutual Fund Industry which is a relatively of a post-economic reforms phenomenon in India, has been expanding during this

Period in branch and bound Many commercial banks, insurance companies entered into mutual fund industry apart from foreign players. In the early years of evolution of mutual fund industry in the Indian financial market it was a monopoly and continued to be the same till very recent time. Then many players both foreign and Indian entered in the Mutual Fund Industry.

This increased the competition between the various firms working in the mutual fund Industry The need for developing various new schemes arises so as to attract investors towards the firm and equally encouraging them to invest. This growth in the Mutual Fund Industry and scope of increasing markets has further increased the competition between the firms in the industry.

The competitions had given raise to demand for specialized products and skills of various individuals who can contribute towards the containment and growth of individual firms in the mutual firm industry. This gave rise to various related organizations and individuals working as specialized teams in the various areas of mutual funds. One such organization is INDIA INFO LINE PVT LTD it comes into pictures where the investors apply for the units in a Mutual Fund schemes and verify the validity and eligibility of the investor and allots the units

The mutual fund companies now receive millions of applications if a new scheme is launched.

This is due to the wide spread awareness created among the urban and rural Population of India. It therefore becomes a Herculean task to Manage the flooding applications However it should be noted that this is a One-time activity similar to that of a short run project It is needless to State that a given mutual fund firm will not be possessing.

The technological, human and knowledge resources to take up such a gigantic task, it is in fact not needed by a mutual fund firm to create such a vast organizational structure when it is seen from the point of view scale of economies. Further to this problem, the mutual fund industry does not know where it stands in the current volatile and turbulent environment. This may be The reason they prefer to hire the services of professionals firm with specialized knowledge and Expertise.

These developments have led to an outcome that today, launching of mutual fund scheme has become a well organized activity which is accomplished through the coordinated endeavors of task groups.

The asset management companies have designed various schemes in accordance with the requirements of the various sections on investors on basis of equity linked, debt instruments linked, commodities linked and specific industry linked instruments. The investor today is given a wide range of options to invest in various types of funds according to his interests and capabilities.

1.1 Literature Review:

New fund offer (NFO):

When a mutual fund asset management company announces Public issue of units of a new fund/scheme it is called a New Fund Offer (NFO).

When a mutual fund company plans for a new fund offer it first informs to the registrar or the back office functions provider like INDIA INFO LINE through email. This is called as "NFO Launching Information Mail" send by the fund manager of the asset management company to the NFO coordinator of the INDIA INFOLINE. In this Mail the fund manager will ask the NFO coordinator to get ready for the new fund with the required man power and software.

Later they send the sample application form, the key information memorandum (KIM) and offer document to INDIA INFO LINE. This offer document sets forth concisely, necessary information about the scheme for a prospective investor to make an informed investment decision on the scheme described. The offer document contains the salient features of the scheme like NFO opening date, NFO closing date, Scheme name, Scheme class, reopening date, plans available banks involved, number of bank branches involved, minimum amount – fresh purchase, maximum amount – fresh purchase, expected number of applications, entry load and exit load. The unit manager or the NFO coordinator will arrange a meeting where the AMC team, NFO expert's team, Data entry team, Reconciliation team and the dispatch team will discuss and fix the target dates by which the work has to be completed accordingly.

1.2 Objectives:

- To study the technical, procedural, legal dimensions of the NFO
- To examine briefly the organizational structure, communication network, resource requirements to launch a new fund
- To study a sample of application drawn from Reliance Mutual Fund.

2. Methodology of study:

To fulfill the objective of the study both primary and secondary data has been collected. Primary data is the data collected specifically for the study. Data is collected directly from people and organizations via questionnaires or surveys before being analyzed to reach conclusions concerning the issues covered in the questionnaire or survey.

In this study primary data was collected through interaction with staff of India info line Pvt Ltd. and the applications of Reliance equity fund.

Secondary data is the data collected previously by someone else for some other purpose which can be analyzed and interpreted according to requirements. For example, sources of secondary data are government publications, newspapers, worldwide web etc.

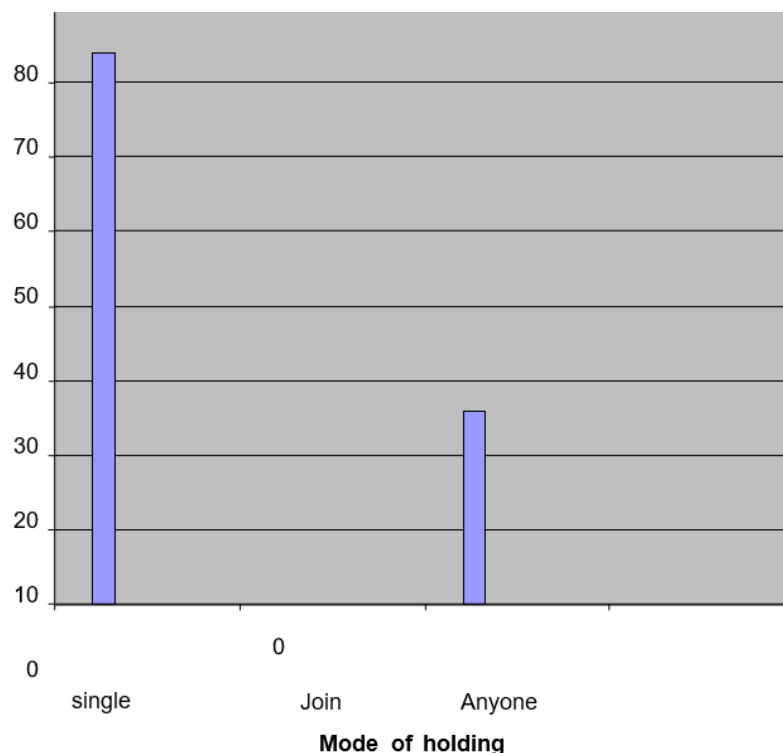
In this study the Secondary data is mainly taken from

- The company's training material.
- Reconciliation statements.
- Other documents generated with in the organization Which have to Access?
- www.indiaonline.com, www.amfindia.com, www.sebi.com.

3. Data representation:

Holding profile of applicant:

Particulars	Single	Joint	Anyone	Total
No. of applicants	89	0	31	120
% of applicants	74	0	26	100



Interpretation:

It can be seen that majority of the applicants prefer to hold the allotted units individually and 26% prefer to hold anyone/survivors. This corroborates with the age profile of the applicants.

4. Conclusion

* The NFO is found to be a complex activity calling for creating an organization polling the knowledge and expertise of people in different areas.

- * The NFO process is simple and well structured as long as it is to investor to investor, but thereafter the process is lengthy time consuming and found to be overlapping at some stages.
- * The SEBI regulations governing NFO are comprehensive and protect investor's interest at each level.
- * Different funds have been designing different forms of applications for NFO.
- * An analysis of sample of applications revealed the following
 - Majority applicants prefer to hold the units individually.
 - Majority of the applicants are in service.
 - NRI s share is about 4% of the total.
 - More than 2/3 rd of the applicants are HUF s.
 - The model age group is 31-60.
 - The most common investment amount is 5000-25000.
 - About half of the applicants prefer Growth option.
 - Almost all applicants make the payments by cheques.
 - There were no NRO, NRE and FCNR accounts.
 - Majority the applicants are male, and.
 - Majority applications are from state of Maharashtra

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