

INTRODUCTION

1.1 INTRODUCTION TO THE STUDY

The study is all about the investment product related to mutual fund and the insurance cum investment product related to ULIP. The analysis is related to derive which product provides better returns to the investors based on their investment. As most of the investors are not much aware of the product benefits and invest according to the advice of many financial advisors. This study clearly mention that ULIP is a new avenue which provide better returns interms of age, premium amount over a period of time especially in the long run when compared with a similar product called mutual fund. This study shows how expenses are affecting the investor returns. It shows the comparison between ULIP and mutual fund investment benefits as well as drawbacks to the investor, So that the information provided in the study helps them before taking investment decision. The study has taken ULIP plan of IDBI federal related to both equity and midcap fund and compared to the SBI equity fund and L&T midcap fund to derive at the conclusion. It can be observed that this study aims at calculating the expense ratio and Internal rate of return on the investment amount in both the products taking different age of investors to evaluate the returns generated by both the products. It can be observed that over long run ULIP plan has generated better returns and has many benefits providing to the investors when compared with mutual funds. However the study states that the premium amount, mortality rate, the expenses, and taxation which are the important factor that has a bearing effect or influence on the returns over long run. Taxation is a key for most of the investors as the long term capital gain tax is Nil for the ULIP. The investors are attracted with the insurance coverage and the tax benefits as the investment into equity fund even though risky but has generated better returns compared with mutual fund proves to be a choice for the investors to invest in ULIP.

1.2 INTRODUCTION TO THE TOPIC

We live in a world of Uncertainty. Uncertainty is caused due to many events. Why do these events make us anxious and afraid?

The reason is simple.

1. Firstly, these events are unpredictable. If we can anticipate and predict an event we can prepare for it.
2. Secondly such unpredictable and untoward to events are often a cause of economic loss and grief. A community can come to the aid of individuals who are affected by such events, by having a system of sharing and mutual support. The idea of insurance to birth thousands of years ago. Yet the business of insurance as we know it today goes back to just 2 or 3 centuries.

Insurance may thus be considered as a process by which the losses of a few are shared amongst those exposed to similar uncertain events. Obviously, someone must initiate

the process and bring members of the community together for this purpose that someone is known as insurer who determines the contribution that each individual must make to the pool and arranges to pay to those who suffer the loss.

CONCEPT OF ULIP

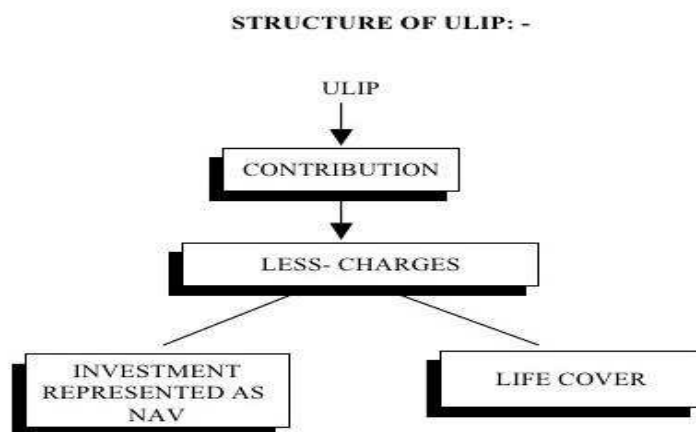
The ULIP is a product offered by many insurance companies and has become one of the popular means of investment avenue for investors. The uniqueness about the product is that it gives the investors both the investment and protection unlike the typical life insurance the ULIP comes with risk with protection. Thus here ULIP is a booming financial instrument and has become a priority for most of the investors in the present scenario.

HISTORY:

The ULIP was first introduced in India by Unit Trust of India. The Government of India has opened the insurance sector to foreign investors in 2001 and the subsequent issue of many ULIP schemes offered by both private as well as public insurance companies under the regulatory authority named IRDA started selling the product by serving the investment needs of the investors with insurance cum protection.

The Unit Linked Policy Has Provided an Alternative to The Conventional Policies to Both Insurer Who Are Finding It Increasingly Difficult to Meet the Guaranteed Benefits on Their Traditional Policies and The Policyholder Who is in Pursuit of Higher Real Returns. The Dynamics of The Capital Market Have A Direct Bearing on The Performance of The Ulips.

STRUCTURE OF ULIP



FEATURES:

A portion of the premium amount will be allocated for the insurance coverage i.e life cover and the remaining portion will yield market returns as per the fund selected. ULIP policy holders can make use of the features such as top up facility, switching from one fund to another or options to surrender, additional riders to enhance coverage and returns to get tax benefits.

WORKING PRINCIPLE:

The ULIP is a product with insurance and investment and the product gives the investor an option to invest in equity and debt schemes or any other combination thereof. It typically makes the investor to invest partial of his premium amount in the funds selected and the remaining amount is for the insurance. Unlike mutual fund ulip also have NAV i.e net asset value which is calculated on a daily basis and the investor will be allocated with the no of units as per his premium or investment amount.

GROWTH OF UNIT LINKED BUSINESS IN INDIA: India Has Seen A Tremendous Growth on The Unit Linked Front Over the Recent Years. The Growth Has Been fuelled By the Booming Stock Markets & Lower Interest Rates. Before the Introduction of The Unit Linked Product, The Prospects/Policyholders Who Are Interested in Investing in Stock Markets Either Had to Purchase the Stocks on Their Own in The Primary/Secondary or Invest in Mutual Funds. With the Introduction of The Unit Linked Product.The Prospect Has an Option to Invest in The Stock Market Via Purchase of a Unit Linked Life Insurance Policy in Addition to The Life Insurance Cover. A Unit Linked Policy Scores Over Mutual Fund Via Tax Advantages and Life Cover (Now Sips Can Offer Life Cover as Per Recent SEBI Guidelines). Also, As Per the Recent SEBI Guidelines Exits Under Closed Ended Schemes Are Not Permitted.

ORIGIN OF MUTUAL FUND IN INDIA

Concept and role of a mutual fund: Mutual fund is a vehicle to mobilise Money from investors, to invest in different markets and securities, in line with the investment objectives agreed upon full, between the mutual fund and investors. In other words, through investment in mutual fund, an investor can get access to markets that may otherwise be unavailable to them and avail of the professional fund management services offered by an asset management company.

Role of Mutual funds

Mutual funds perform different roles for different constitutes that participate in it. Their primary role is to assist investors in earning an income or building their wealth, by participating in the opportunities available in various securities and markets. It is possible for mutual funds to structure scheme for different kinds of investment objectives. Does, the mutual fund structure, through its various schemes, makes it possible to type a large corpus of money from diverse investors. Therefore, the mutual fund offers schemes. In the industry, The words fund and scheme are used interchangeably. Various categories of schemes are called funds. In order to ensure consistency with what is experienced in the market, this workbook goes by the industry practice. However, wherever difference is required to be done, the scheme offering entity is referred to as mutual fund or the fund. The money that is raised from investors, I'll timidly benefits government, companies and other entities directly or indirectly, to raise money to invest in various projects or pay for various expenses. As a large investor, the mutual funds can keep a check on the operations of the investee company, and their corporate governance and ethical standards. The projects that are facilitated through such financing, offer employment to people, the income they earn helps the employs buy goods and services offered by other companies, does supporting projects of these goods and

services companies. Does, overall economy development is promoted. The mutual fund industry itself, offers livelihood do I large number of employs of mutual funds, distributors, registrars and various other service providers. Higher employment, income and output in the economy boost the revenue collection of the government through taxes and other means. When these are spent prudently, it promotes further economic development meant and nation building. Mutual funds can also act as a market stabiliser, in countering large inflows or outflows from foreign investors. Mutual funds are therefore viewed as a key party spent in capital market of an economy.

1.3 NEED OF THE STUDY

The study is carried out to know the how the expenses and returns can influence the investment decisions of an investor. To calculate which product is providing better returns to the investors irrespective of type of fund. To show how the mortality of the investor in ULIP will have a change in his expenses and returns as well as the investment in mutual funds can have a direct relation with the returns which is based on the risk factor.

1.4 SCOPE OF THE STUDY

The scope of the study limits to the perception of customer data base belonging to narayanaguda branch of IDBI federal between 20th February to 30th April 2018. The scope of the study is based on two financial instruments namely ULIP's and mutual funds with respect to IDBI, SBI and L&T. The subject is related to the investor's approach and understanding towards mutual funds and ULIP's. The study is related to comparative analysis of only two funds such as Equity fund and midcap fund for ULIP as well as Mutual fund in terms of expenses and returns of three organizations. The mortality of the investor is an important factor for calculating the returns that a particular investor generates.

1.5 OBJECTIVES OF THE STUDY

- To find out how expense ratio affects both ULIPs and Mutual fund for equity and midcap funds.
- To analyze the returns that the products generate and how it affects based on age, time and investment.
- To compare the expenses and returns for finding the relation between Ulip and mutual fund in order to evaluate which product will provide better returns.

1.6 RESEARCH METHODOLOGY

Research design: This study is descriptive research.

Secondary data: collection of data from books, websites and articles.

Tools used for analysis:

- Mean
- Expense ratio
- Internal rate of return.

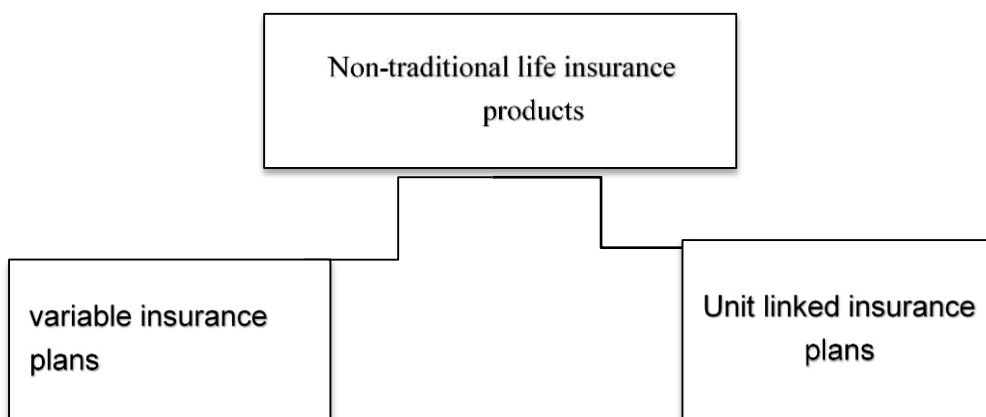
1.7 INDUSTRY PROFILE

INSURANCE CONCEPT, NEED AND MEANING

The insurance industry has both economic and social purpose and relevance. It provides social security and promotes individual welfare. Insurance reduces risk and helps to raise productivity in the economy. Insurance is a medium between the insurer and the insured for consideration called as premium. Insurance covers insurable risks and the probability of insurable risk can be determined or forecasted for example risk related to life, property, riots, thefts are insurable.

The insurance companies are also financial intermediaries as they collect and invest large amount of premiums in government projects. They offer protection to the investors, provide means for accumulating savings and channelize funds to the government and other sectors. They are a contractual saving agency which receives mostly without fail, steady inflow of funds in the form of premiums or regular contribution to pension plans. Further, liabilities in most of the cases are long term liabilities, for many life policies are held for 30 or 40 or even more years. As a result, the liquidity is not a problem for them and their major activity is in the field of long-term investments. Therefore, they do not need to seek high rates of return on their investments. Insurance business consists of spreading risks over time and sharing them between persons and organizations. The majority of business is life insurance business. Pension business is a specialized form of assurance provides social security to old aged population.

Non-traditional life insurance products



In India, as per the IRDAI norms, there are only two kinds of non-traditional savings life insurance products that are permitted:

- 1.variable insurance plans
- 2.unit linked insurance plans

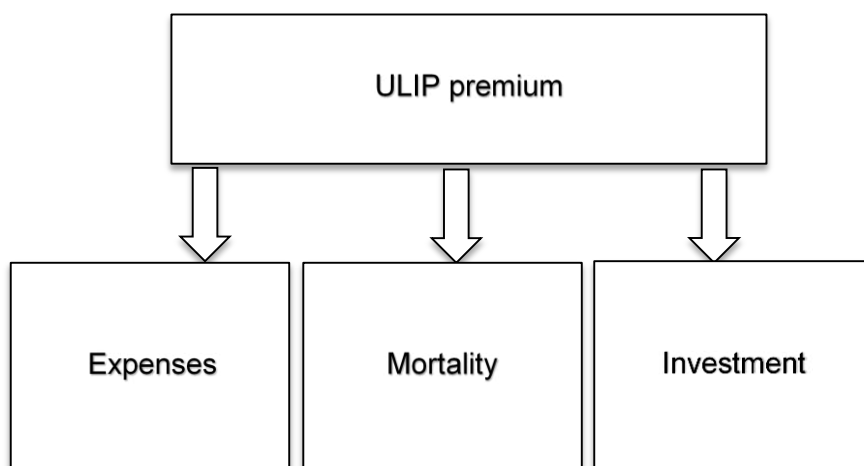
Variable life insurance

Variable life insurance is a kind of whole life policy where the death benefit and cash value of the policy fluctuates according to the investment performance of a special investment account into which premiums are credited. The policy does provide no guarantee with respect to either the interest-rate or minimum cash value. Variable life policies have become the preferred option for those who wanted to keep their assets invested in an assortment of funds of their choice and also wanted to directly benefit from favourable investment performance of their portfolio

Unit linked insurance

Unit linked plans, also ULIPS emerged as one of the most popular and significant products, displacing traditional plans in many markets. These plans were introduced in UK, in a situation of substantial investments that life insurance companies made in ordinary equity shares and the large capital gains and profits they made as a result. Their structure is transparent with the charges to pay for the insurance and expenses component being clearly specified.

Premium break up:



Once these charges are deducted from the premium, the balance of the Account and income from it is invested in units. The value of these units is fixed with reference to some pre-determined index of performance.

1.8 COMPANY PROFILE

NEW ERA IN LIFE INSURANCE

About IDBI Federal Life Insurance IDBI Federal Life Insurance is one of India's growing life insurance companies and offers a diverse range of wealth management, protection and retirement solutions to individual and corporate customers. IDBI Federal Life Insurance Co Ltd is a joint-venture of IDBI Bank, India's premier development and commercial bank, Federal Bank, one of India's leading private sector banks and Ageas, a multinational insurance giant based out of Europe. Having commenced operations in 2008, IDBI Federal was able to achieve breakeven within just 5 years; the Company's passion for innovation and growth helped it achieve this feat. Through a nationwide network of 3, 014 branches of IDBI Bank and Federal Bank, and a sizeable network of advisors and partners, IDBI Federal Life Insurance has achieved presence across the length and breadth of the country. As on March 31, 2015, the company has issued nearly 8.23 lakh policies with a sum assured of over About the sponsors of IDBI Federal Life Insurance Co Ltd IDBI Bank Ltd. continues to be, since its inception, India's premier industrial development bank. It came into being as on July 01, 1964 to support India's industrial backbone. Today, it is amongst India's foremost commercial banks, with a wide range of innovative products and services, serving retail and corporate customers in all corners of the country from 1717 branches and 3000 ATMs. The Bank offers its customers an extensive range of diversified services including project finance, term lending, working capital facilities, lease finance, venture capital, loan syndication, corporate advisory services and legal and technical advisory services to its corporate clients as well as mortgages and personal loans to its retail clients. As part of its development activities, IDBI Bank has been instrumental in sponsoring the development of key institutions involved in India's financial sector – National Stock Exchange of India Limited (NSE) and National Securities Depository Ltd, SHCIL (Stock Holding Corporation of India Ltd), CARE (Credit Analysis and Research Ltd

About the IDBI WEALTHSURANCE GROWTH INSURANCE PLAN

why is wealthsurance growth insurance plan better than mutual fund?

1. Tax implications : Mutual Funds may have long term or short term capital gains tax applicable depending upon duration of investment and fund type. makes accounting for these entries is very tedious.

Long term capital gains(Regular and single premium)		
equity oriented schemes	Nil	Nil
debt oriented schemes	20% with indexation	20% with indexation
Short term capital gains(Regular and single premium)		

equity oriented schemes	15%	15%
debt oriented schemes	30%	30%

2. Ease of changing asset allocation: simple to make switches within the same plan, no need to fill redemption and application request, can be done online, auto feature allows further convenience, exit loads may apply in a mutual fund while switching between schemes.

3. Low costs: Fund management charge is the largest recharge in a ulip @ 1.35% is significantly lesser than mutual fund total expenses which range from 2.5% 21.7 5% charged slab wise based on assets under management.

4. Like investors: only retail investors in ulips, corporate as well as retail customers are part of same schemes under mutual funds, large inflows and outflows can affect fund performance

1.9 LIMITATIONS OF THE STUDY

- This study has a limitation of generalization.
- It has a limitation of time, cost.
- It has a limitation of market dynamics.
- The analysis of ULIP plans with mutual funds is limited to only IDBI, SBI and L&T belonging to the data base of idbi federal Narayanguda branch between 20th February to 30th April.

LITERATURE REVIEW

I. This article has been written by SUMIT ASRAN in his article “FIVE POPULAR MYTHS ABOUT INVESTING IN ULIP”¹

Ulip is a life insurance product that provides an opportunity to invest and build funds. Ulip gives you the power to invest in large cap funds, midcap funds and small funds. Be it equity debt hybrid bonds you can invest as per preferred choice. However you must step in only when you aim for long term goals. Post 2010 there were many changes as per the IRDA, where ulip is attracting investors who are looking for high sum assured and low charges. The revised products as per the IRDA guidelines projects the benefit of investing in ulips were in the real schemes almost 75% of the premiums were allocated to charges now a days these charges are uniformly divided over a period of time. As the charges are uniformly distributed over the locking period the policy holder can have an opportunity to leverage the investment. Ulip cannot be considered as an expensive product in fact it is a long term investment that offers multiple options as per one's risk appetite. About having no liquidity ulip has an option of partial withdrawal after lock in period that too at no cost it offers switching flexibility also. These switching funds are not chargeable. Always check the number of free switches when comparing ulips among insurance companies.

II. This article has been written by Dwaipayan Bose, “mutual funds or ulips where must you invest” Co-Founder of Adviseorkhoj.²

Ulips have become much better products than before 2010. The IRDA regulation in 2010 made significant changes in ulips and most importantly with respect to the rationalization of cost of policies. Despite these changes which have made ulips better life insurance cum insurance products. It is fair that ulips offer life insurance but it is 10 times the annual premium for investors below the age of 45. The thumb rule suggests a minimum life cover of gross annual income. Therefore it is clear that ulip policy will not be able to meet your life insurance needs. There are different costs involved with ulips.

III. This article is written by Mr. Kumar Shankar Roy, published in the “DAILY NEWS & ANALYSIS” newspaper.

The debate between ulips and equity mutual funds has gone up with the introduction of long term capital gain tax, shows that the ulips have beaten their large cap small cap and mid cap mutual fund counterparts in terms of category returns. Ulip fund categories for large cap, mid cap and small cap have given equivalent returns to mutual funds in other tenures. In the time periods of three to five years ulips large cap have delivered better returns by large cap mutual funds. Insurance fund categories have undergone and captured ratios than mutual fund peer categories over various time periods like 3, 5 and 10 years. This indicates that ulips have

¹Coverfox.com 16 October 2017

²[https:// www.morningstar.in/posts/36257/mutual-funds-or-ulips-were-must-you-invest.aspx](https://www.morningstar.in/posts/36257/mutual-funds-or-ulips-were-must-you-invest.aspx) 7-april-2016

managed to protect risk in a better way. However the upside capture ratios of mutual fund categorized are generally higher than that of peer insurance across time periods. Uips have undergone tremendous change over the last 10 years. Ulips undoubtedly have an upper hand with the introduction of long term capital gain tax and one can gain attractive returns which remains tax free.

IV. This article is written by Preethi kulkarni, published in the “ULIPS VS MUTUAL FUNDS WHICH WILL GIVE YOU BETTER RETURNS”³

Ulip vs mutual funds debate is more often and a decade old. Over the years both financial instruments have fluctuated due to regulations and markets swings. In the large cap and midcap categories ulips have beaten mutual funds in terms of three year returns. In ulips returns factor in fund management charges premium allocation policy allocation and mortality charges that eat into final returns. It is not appropriate to compare mutual funds and ulips from an investment perspective. One may consider ulips if there is need for insurance coverage. ULIPS recurring premium is an element of flexibility but helps investor who lack discipline. This product category has many features thus fulfilling long term goals even in the case of eventuality.

³<https://m.economictimes.com/wealth/invest/ulips-vs-mfs-which-will-make-you-more-money/articleshow/64039532.cms>

RESEARCH METHODOLOGY

Research design: This study is descriptive research. The study is descriptive research because it studies the characteristics of population. The characteristics of population in this study represents the investors choice between ULIP and mutual fund as a means of their investment and reflect their investment decision.

Collection of data:

Secondary data: The data collected for the study is purely secondary data and it is collected from financial websites, journals, and reference books written and published by the regulatory authorities and their respective institutes. The study has also referred various articles written by vice presidents, authors and cofounders of different financial institutions and collectively gathered information for reference to make the study more reliable.

Tools used for analysis:

- Mean – It is also known as average. The study has taken mean as a tool to know the average of policy holders yearly premium amount accounts for total charges of the ULIP plan inclusive of GST over a period of his investment tenure to know his/her maturity amount at the end of the policy.
- Expense ratio – The study has taken expense ratio as a tool to know what are the expenses for ULIP and mutual fund to find out which is more expensive product for an investor.
- Internal rate of return-The internal rate of return is taken as tool for calculating the returns generated by both ULIP's and mutual funds to the investors based on their investment over a period of time. The study has taken interest rate of 8% as a base to calculate the IRR because it is the regulatory concern to disclose only the fair returns to investors based on the investment.

DATA ANALYSIS AND INTERPRETATIONS

Case 1: Mr. Sandeep an investor whose present age is 22years, invested in ULIP plan of IDBI federal wealthsurance growth insurance in equity fund with a annualized premium of Rupees 50,000 for a policy term of 25 years and premium payment term of 25 years. The same person also invested in mutual fund scheme of SBI bluechip equity fund with a yearly investment of Rupees 50,000 for 25years both the investments are made at a 8% rate of return. The table below illustrates the Expense ratio comparison between the investments.

Table No:1 TITLE: COMPARISON OF IDBI AND SBI EQUITY FUNDS OF MR. SANDEEP FOR 25 YEARS

Amount in Rs ('000)

IDBI FEDERAL WEALTHSurance GROWTH Insurance Plan in Equity Fund										SBI BLUECHIP EQUITY FUND				
Policy year	Annualized regular premium	premium allocation charges	Amount available for investment (out of premium)	policy administration charge	Mortality charge	Fund management charge	Total GST	Total charges including GST	Fund value at end of policy year at 8%	No of Year	Yearly Investment	Returns @ 8%	Expenses	Net Fund Value
1	50,000	1,575	48,425	3,150	597	636	1,072	7,031	46,604	1	50,000	54000	1188	52812
2	50,000	0	50,000	3,150	581	1,309	907	5,947	98,141	2	50,000	111037	2443	108594
3	50,000	0	50,000	3,150	552	2,025	1,031	6,758	152,961	3	50,000	171282	3768	167513
4	50,000	0	50,000	3,150	511	2,787	1,161	7,608	211,287	4	50,000	234915	5168	229746
5	50,000	0	50,000	3,150	464	3,597	1,298	8,510	273,345	5	50,000	302126	6647	295479
6	50,000	0	50,000	1,575	406	4,474	1,162	7,617	341,307	6	50,000	373118	8209	364909
7	50,000	0	50,000	1,575	342	5,418	1,320	8,655	413,631	7	50,000	448102	9858	438244
8	50,000	0	50,000	1,575	272	6,423	1,489	9,758	490,598	8	50,000	527303	11601	515702
9	50,000	0	50,000	1,575	195	7,493	1,667	10,930	572,509	9	50,000	610959	13441	597518
10	50,000	0	50,000	1,575	113	8,631	1,857	12,177	676,261	10	50,000	699319	15385	683934
11	50,000	0	50,000	1,575	8	10,073	2,098	13,754	770,102	11	50,000	792649	17438	775210
12	50,000	0	50,000	1,575	0	11,377	2,331	15,283	869,868	12	50,000	891227	19607	871620
13	50,000	0	50,000	1,575	0	12,762	2,581	16,918	975,921	13	50,000	995350	21898	973452
14	50,000	0	50,000	1,575	0	14,235	2,846	18,656	1,088,658	14	50,000	1105328	24317	1081011
15	50,000	0	50,000	1,575	0	15,801	3,128	20,504	1,240,074	15	50,000	1221492	26873	1194619
16	50,000	0	50,000	1,575	0	17,904	3,506	22,986	1,369,459	16	50,000	1344189	29572	1314617
17	50,000	0	50,000	1,575	0	19,701	3,830	25,106	1,506,999	17	50,000	1473786	32423	1441363
18	50,000	0	50,000	1,575	0	21,612	4,174	27,360	1,653,207	18	50,000	1610672	35435	1575237
19	50,000	0	50,000	1,575	0	23,642	4,539	29,757	1,808,630	19	50,000	1755256	38616	1716640
20	50,000	0	50,000	1,575	0	25,801	4,928	32,304	2,026,348	20	50,000	1907971	41975	1865996
21	50,000	0	50,000	1,575	0	28,825	5,472	35,872	2,205,287	21	50,000	2069276	45524	2023752
22	50,000	0	50,000	1,575	0	31,310	5,919	38,805	2,395,505	22	50,000	2239652	49272	2190379
23	50,000	0	50,000	1,575	0	33,952	6,395	41,922	2,597,711	23	50,000	2419610	53231	2366378
24	50,000	0	50,000	1,575	0	36,761	6,900	45,236	2,812,660	24	50,000	2609689	57413	2552275
25	50,000	0	50,000	1,575	0	39,746	7,438	48,759	3,122,838	25	50,000	2810457	61830	2748627
							Average	20,729	1,188,796					
							Expense ratio		1.74%					
												Average	25325	1125825
												Expense Ratio:		2.25%

INTERPRETATION: From the above table it is analyzed that there is a high expense ratio in mutual fund with 2.25% when compared with ULIP it is 1.74% this indicates that higher expense ratio means higher expenses. Thus ULIPs are less expensive when compared to mutual funds.

The below table illustrates the calculation of Internal rate of return for ULIP and Mutual fund at 8% rate of return and for IDBI and SBI EQUITY FUNDS

Table No:2 TITLE: COMPARISON OF IRR OF IDBI AND SBI

Amount in Rs('000)

IRR @ 8% in IDBI ULIP EQUITY FUND	IRR @ 8% in SBI BLUECHIP EQUITY FUND
-50,000	-50,000
-50,000	-50,000
-50,000	-50,000
-50,000	-50,000
-50,000	-50,000
-50,000	-50,000
-50,000	-50,000
-50,000	-50,000
-50,000	-50,000
-50,000	-50,000
-50,000	-50,000
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-50,000	-50,000
-50,000	-50,000
-50,000	-50,000
-50,000	-50,000
-50,000	-50,000
-50,000	-50,000
-50,000	-50,000
-50,000	-50,000
3,072,838	2,698,627
6.91%	6.01%

INTERPRETATION: From the above table the internal rate of return for ULIP is 6.91% which is greater than mutual fund this indicates that higher the internal rate of return then lower the charges and will get better returns.

CASE 2: Mr. Sanjay an investor whose present age is 33years, invested in ULIP plan of IDBI federal wealthsurance growth insurance in equity fund with a annualized premium of Rupees 90,000 for a policy term of 20 years and premium payment term of 10 years .The same person also invested in mutual fund scheme of SBI bluechip equity fund with a yearly investment of Rupees 90,000 for 20years both the investments are made at a 8% rate of return. The table below illustrates the comparative analysis between the investments they are shown as follows:-

Table No:3 TITLE: COMPARISON OF IDBI AND SBI EQUITY FUNDS OF MR.SANJAY FOR 20 YEARS

Amount in Rs(‘000)

IDBI FEDERAL WEALTHSurance GROWTH Insurance PLAN IN EQUITY FUND										SBI BLUECHIP EQUITY FUND				
Policy year	Annualized regular premium	Premium allocation charges	Amount available for investment (out of premium)	Policy administration charge	Mortality charge	FMC	Total GST	Total charges including GST	Fund value @ 8%	No of Year	Yearly Investment	Returns @ 8%	Expenses	Net Fund Value @ 8%
1	90000	2835	87165	5670	945	1145	1907	12502	84046	1	90000	97200	2138	95062
2	90000	0	90000	5670	885	2360	1605	10520	177019	2	90000	199867	4397	195469
3	90000	0	90000	5670	806	3652	1823	11951	275948	3	90000	308307	6783	301524
4	90000	0	90000	5670	718	5027	2055	13470	381219	4	90000	422846	9303	413544
5	90000	0	90000	5670	608	6490	2298	15066	493259	5	90000	543827	11964	531863
6	90000	0	90000	2835	468	8072	2048	13423	615988	6	90000	671612	14775	656836
7	90000	0	90000	2835	294	9778	2323	15230	746666	7	90000	806583	17745	788839
8	90000	0	90000	2835	74	11595	2611	17115	885847	8	90000	949146	20881	928264
9	90000	0	90000	2835	0	13529	2945	19309	1033890	9	90000	1099726	24194	1075532
10	90000	0	90000	2835	0	15585	3316	21736	1221195	10	90000	1258774	27693	1231081
11	0	0	0	2835	0	16937	3559	23331	1294702	11	0	1329568	29250	1300317
12	0	0	0	2835	0	17958	3743	24536	1372842	12	0	1404342	30896	1373447
13	0	0	0	2835	0	19043	3938	25816	1455906	13	0	1483323	32633	1450690
14	0	0	0	2835	0	20197	4146	27178	1544206	14	0	1566745	34468	1532276
15	0	0	0	2835	0	21423	4366	28624	1683002	15	0	1654858	36407	1618452
16	0	0	0	2835	0	23351	4713	30899	1785615	16	0	1747928	38454	1709473
17	0	0	0	2835	0	24776	4970	32581	1894694	17	0	1846231	40617	1805614
18	0	0	0	2835	0	26291	5243	34369	2010648	18	0	1950063	42901	1907162
19	0	0	0	2835	0	27902	5533	36270	2133910	19	0	2059735	45314	2014421
20	0	0	0	2835	0	29614	5841	38290	2327011	20	0	2175574	47863	2127712
							Average	22611	1170881			Average	25934	1152879
							Expense Ratio		1.93%			Expense Ratio		2.25%

INTERPRETATION: From the above table it is analyzed that there is a high expense ratio in mutual fund with 2.25% when compared with ULIP it is 1.93% this indicates that higher expense ratio means higher expenses. Thus ULIPs are less expensive when compared to mutual funds.

The below table illustrates the calculation of Internal rate of return for ULIP and Mutual fund at 8% rate of return and it is shown as follows:

Table No:4 TITLE :COMPARISON OF IRR OF IDBI AND SBI

Amount in Rs('000)

IRR @ 8% in IDBI ULIP EQUITY FUND	IRR @ 8% in SBI BLUECHIP EQUITY FUND
-90000	-90000
-90000	-90000
-90000	-90000
-90000	-90000
-90000	-90000
-90000	-90000
-90000	-90000
-90000	-90000
-90000	-90000
-90000	-90000
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
2327011	2037712
6.65%	5.71%

INTERPRETATION: From the above table the internal rate of return for ULIP is 6.65% which is greater than mutual fund this indicates that higher the internal rate of return then lower the charges and will get better returns.

Case 3:Mr. Kishore an investor whose present age is 40years, invested in ULIP plan of IDBI federal wealthsurance growth insurance in equity fund with a annualized premium of Rupees 95,000 for a policy term of 25 years and premium payment term of 25 years .The same person also invested in mutual fund scheme of SBI bluechip equity fund with a yearly investment of Rupees 95,000 for 25years both the investments are made at a 8% rate of return. The table below illustrates the comparative analysis between the investments they are shown as follows:-

Table No:5 TITLE:COMPARISON OF IDBI AND SBI EQUITY FUNDS OF MR.KISHORE FOR 25 YEARS

Amount in Rs(‘000)

IDBI FEDERAL WEALTHSurance GROWTH Insurance Plan in Equity Fund										SBI BLUECHIP EQUITY FUND				
Policy year	Annualized regular premium	premium allocation charges	Amount available for investment (out of premium)	policy administration charge	Mortality charge	FMC	Total GST	Total charges including GST	Fund value at end of policy year	No of Year	Yearly Investment	Returns @ 8%	Expenses	Net Fund Value
1	95000	2993	92008	5985	1977	1200	2188	14343	87521	1	95000	102600	2257	100343
2	95000	0	95000	5985	1969	2465	1875	12294	184320	2	95000	210970	4641	206329
3	95000	0	95000	5985	1937	3810	2112	13844	287260	3	95000	325435	7160	318276
4	95000	0	95000	5985	1878	5240	2359	15462	396759	4	95000	446338	9819	436518
5	95000	0	95000	5985	1778	6762	2615	17140	513282	5	95000	574040	12629	561411
6	95000	0	95000	2993	1621	8408	2344	15366	640990	6	95000	708924	15596	693327
7	95000	0	95000	2993	1386	10184	2621	17184	777033	7	95000	851394	18731	832663
8	95000	0	95000	2993	1046	12076	2901	19016	922065	8	95000	1001876	22041	979835
9	95000	0	95000	2993	572	14095	3179	20839	1076815	9	95000	1160821	25538	1135283
10	95000	0	95000	2993	11	16249	3466	22719	1273190	10	95000	1328706	29232	1299474
11	95000	0	95000	2993	0	18977	3954	25924	1450770	11	95000	1506032	33133	1472900
12	95000	0	95000	2993	0	21443	4398	28834	1639541	12	95000	1693332	37253	1656078
13	95000	0	95000	2993	0	24065	4870	31928	1840209	13	95000	1891165	41606	1849559
14	95000	0	95000	2993	0	26852	5372	35217	2053524	14	95000	2100124	46203	2053921
15	95000	0	95000	2993	0	29815	5905	38713	2339842	15	95000	2320835	51058	2269776
16	95000	0	95000	2993	0	33792	6621	43406	2584646	16	95000	2553959	56187	2497771
17	95000	0	95000	2993	0	37192	7233	47418	2844879	17	95000	2800193	61604	2738589
18	95000	0	95000	2993	0	40806	7884	51683	3121514	18	95000	3060276	67326	2992950
19	95000	0	95000	2993	0	44649	8575	56217	3415583	19	95000	3334986	73370	3261616
20	95000	0	95000	2993	0	48733	9311	61037	3827330	20	95000	3625146	79753	3545392
21	95000	0	95000	2993	0	54452	10340	67785	4165883	21	95000	3931624	86496	3845128
22	95000	0	95000	2993	0	59154	11186	73333	4525773	22	95000	4255338	93617	4161721
23	95000	0	95000	2993	0	64153	12086	79232	4908345	23	95000	4597258	101140	4496119
24	95000	0	95000	2993	0	69466	13043	85502	5315029	24	95000	4958408	109085	4849323
25	95000	0	95000	2993	0	75115	14059	92167	5901693	25	95000	5339869	117477	5222392
								Average	39464.12	2243751.8				
								Expense Ratio	1.76%					
												Average	48118	2139068
												Expense Ratio	2.25%	

INTERPRETATION :From the above table it is analyzed that there is a high expense ratio in mutual fund with 2.25% when compared with ULIP it is 1.76% this indicates that higher expense ratio means higher expenses. Thus ULIPs are less expensive when compared to mutual funds.

The below table illustrates the calculation of Internal rate of return for ULIP and Mutual fund at 8% rate of return and it is shown as follows:

Table No:6 TITLE: COMPARISON OF IRR OF IDBI AND SBI

Amount rs ('000)

[illegible]

INTERPRETATION: From the above table the internal rate of return for ULIP is 6.91% which is greater than mutual fund this indicates that higher the internal rate of return then lower the charges and will get better returns.

Case4:Mr.Thirumalesh an investor whose present age is 51years, invested in ULIP plan of IDBI federal wealthsurance growth insurance in equity fund with a annualized premium of Rupees 35,000 for a policy term of 20 years and premium payment term of 20 years .The same person also invested in mutual fund scheme of SBI bluechip equity fund with a yearly investment of Rupees 35,000 for 20years both the investments are made at a 8% rate of return. The table below illustrates the comparative analysis between the investments they are shown as follows

Table No:7 TITLE: COMPARISON OF IDBI AND SBI EQUITY FUNDS OF MR.THIRUMALESH FOR 20 YEARS

Amount in Rs('000)

IDBI FEDERAL WEALTHSurance GROWTH Insurance PLAN IN EQUITY FUND										SBI BLUECHIP EQUITY FUND				
Policy year	Annualized regular premium	premium allocation charges	Amount available for investment (out of premium)	policy administrative charge	Mortality charge	FMC	Total GST	Total charges including GST	Fund value at end of policy year	No of years	Yearly Investment	Returns @ 8%	Expenses	Net Fund Value
1	35000	1103	33898	2205	1164	438	884	5794	31713	1	35000	37800	832	36968
2	35000	0	35000	2205	1079	898	753	4935	66911	2	35000	77726	1710	76016
3	35000	0	35000	2205	944	1388	817	5354	104493	3	35000	119897	2638	117259
4	35000	0	35000	2205	751	1911	876	5743	144678	4	35000	164440	3618	160823
5	35000	0	35000	2205	488	2472	930	6095	187716	5	35000	211488	4653	206836
6	35000	0	35000	1103	143	3082	779	5107	235233	6	35000	261182	5746	255436
7	35000	0	35000	1103	0	3744	872	5719	285920	7	35000	313671	6901	306771
8	35000	0	35000	1103	0	4448	999	6550	339800	8	35000	369112	8120	360992
9	35000	0	35000	1103	0	5196	1134	7433	397077	9	35000	427671	9409	418262
10	35000	0	35000	1103	0	5992	1277	8372	469458	10	35000	489523	10770	478754
11	35000	0	35000	1103	0	6997	1458	9558	534906	11	35000	554854	12207	542647
12	35000	0	35000	1103	0	7906	1622	10631	604480	12	35000	623859	13725	610134
13	35000	0	35000	1103	0	8872	1795	11770	678438	13	35000	696745	15328	681417
14	35000	0	35000	1103	0	9899	1980	12982	757057	14	35000	773730	17022	756708
15	35000	0	35000	1103	0	10991	2177	14271	862588	15	35000	855044	18811	836233
16	35000	0	35000	1103	0	12457	2441	16001	952813	16	35000	940932	20701	920232
17	35000	0	35000	1103	0	13710	2666	17479	1048725	17	35000	1031650	22696	1008954
18	35000	0	35000	1103	0	15042	2906	19051	1150681	18	35000	1127470	24804	1102666
19	35000	0	35000	1103	0	16459	3161	20723	1259063	19	35000	1228679	27031	1201648
20	35000	0	35000	1103	0	17964	3432	22499	1410823	20	35000	1335580	29383	1306197
							Average	10803.35	576128.65			Average	12805	569248
							Expense ratio		1.88%			Expense ratio		2.25%

INTERPRETATION: From the above table it is analyzed that there is a high expense ratio in mutual fund with 2.25% when compared with ULIP it is 1.88% this indicates that higher expense ratio means higher expenses. Thus ULIPs are less expensive when compared to mutual funds

The below table illustrates the calculation of Internal rate of return for ULIP and Mutual fund at 8% rate of return and it is shown as follows:

Table No:8TITLE :COMPARISON OF IRR OF IDBI AND SBI

Amount in Rs('000)

IRR @ 8% in IDBI ULIP EQUITY FUND	IRR @ 8% in SBI BLUECHIP FUND
-35000	-35000
-35000	-35000
-35000	-35000
-35000	-35000
-35000	-35000
-35000	-35000
-35000	-35000
-35000	-35000
-35000	-35000
-35000	-35000
-35000	-35000
-35000	-35000
-35000	-35000
-35000	-35000
-35000	-35000
-35000	-35000
-35000	-35000
-35000	-35000
1375823	1271197
6.85%	6.13%

INTERPRETATION: From the above table the internal rate of return for ULIP is 6.85% which is greater than mutual fund this indicates that higher the internal rate of return then lower the charges and will get better returns.

Case5:Ms. Ramya an investor whose present age is 25years, invested in ULIP plan of IDBI federal wealthsurance growth insurance in equity fund with a annualized premium of Rupees 70,000 for a policy term of 15 years and premium payment term of 15 years .The same person also invested in mutual fund scheme of SBI bluechip equity fund with a yearly investment of Rupees 70,000 for 15years both the investments are made at a 8% rate of return. The table below illustrates the comparative analysis between the investments they are shown as follows

Table No:9TITLE :COMPARISON OF IDBI AND SBI EQUITY FUNDS OF MS.RAMYA FOR 15 YEARS

Amount in Rs(‘000)

IDBI FEDERAL WEALTHSurance GROWTH Insurance Plan in Equity Fund										SBI BLUECHIP EQUITY FUND					
Policy year	Annualized regular premium	premium allocation charges	Amount available for investment (out of premium)	policy administration charge	Mortality charge	FMC	Total GST	Total charges including GST	Fund value at end of policy year	No of Year	Yearly Investment	Returns @ 8%	Expenses	Net Fund Value	
1	70000	2205	67795	4410	596	892	1459	9562	65539	1	70000	75600	1663	73937	
2	70000	0	70000	4410	541	1839	1222	8012	138041	2	70000	155452	3420	152032	
3	70000	0	70000	4410	474	2847	1392	9123	215195	3	70000	239794	5275	234519	
4	70000	0	70000	4410	402	3919	1571	10302	297299	4	70000	328880	7235	321645	
5	70000	0	70000	4410	322	5060	1763	11555	384675	5	70000	422977	9305	413671	
6	70000	0	70000	2205	234	6294	1572	10305	480356	6	70000	522365	11492	510873	
7	70000	0	70000	2205	138	7623	1794	11760	582183	7	70000	627343	13802	613541	
8	70000	0	70000	2205	32	9039	2030	13306	690558	8	70000	738224	16241	721983	
9	70000	0	70000	2205	0	10544	2295	15044	805802	9	70000	855342	18818	836525	
10	70000	0	70000	2205	0	12145	2583	16933	951637	10	70000	979047	21539	957508	
11	70000	0	70000	2205	0	14170	2948	19323	1083335	11	70000	1109708	24414	1085295	
12	70000	0	70000	2205	0	16000	3277	21482	1223334	12	70000	1247718	27450	1220268	
13	70000	0	70000	2205	0	17944	3627	23776	1372156	13	70000	1393490	30657	1362833	
14	70000	0	70000	2205	0	20011	3999	26215	1530357	14	70000	1547460	34044	1513416	
15	70000	0	70000	2205	0	22208	4394	28807	1742915	15	70000	1710089	37622	1672467	
							Average	15700.33	770892				Average	17532	779367
							Expense ratio		2.04%				Expense ratio		2.25%

INTERPRETATION: From the above table it is analyzed that there is a high expense ratio in mutual fund with 2.25% when compared with ULIP it is 1.76% this indicates that higher expense ratio means higher expenses. Thus ULIPs are less expensive when compared to mutual funds.

The below table illustrates the calculation of Internal rate of return for ULIP and Mutual fund at 8% rate of return and it is shown as follows:

Table No:10 TITLE :COMPARISON OF IRR OF IDBI AND SBI

Amount in Rs('000)

IRR @ 8% in IDBI ULIP EQUITY FUND	IRR @ 8% in SBI BLUECHIP EQUITY FUND
-70000	-70000
-70000	-70000
-70000	-70000
-70000	-70000
-70000	-70000
-70000	-70000
-70000	-70000
-70000	-70000
-70000	-70000
-70000	-70000
-70000	-70000
-70000	-70000
-70000	-70000
-70000	-70000
1672915	1602467
6.88%	6.34%

INTERPRETATION: From the above table the internal rate of return for ULIP is 6.88% which is greater than mutual fund this indicates that higher the internal rate of return then lower the charges and will get better returns.

Case6: Ms. Sandhya an investor whose present age is 25years, invested in ULIP plan of IDBI federal wealthsurance growth insurance in midcap fund with a annualized premium of Rupees 25,000 for a policy term of 25 years and premium payment term of 25 years .The same person also invested in mutual fund scheme of L&T midcap fund with a yearly investment of Rupees 25,000 for 25years both the investments are made at a 8% rate of return. The table below illustrates the comparative analysis between the investments they are shown as follows:

Table No: 11
TITLE: COMPARISON OF IDBI AND L&T MIDCAP FUNDS OF MS. SANDHYA FOR 25 YEARS

Amount in Rs(‘000)

IDBI FEDERAL WEALTHSURANCE GROWTH INSURANCE PLAN IN MIDCAP FUND										L&T MIDCAP FUND				
Policy year	Annualized regular premium	premium allocation charges	Amount available for investment (out of premium)	policy administration charge	Mortality charge	Fund management charge	Total GST	Total charges including GST	Fund value at end of policy year	No of Year	Yearly Investment	Returns @ 8%	Expenses	Net Fund Value
1	25000	788	24212	1575	330	318	542	3553	23263	1	25000	27000	594	26406
2	25000	0	25000	1575	313	654	458	3000	49001	2	25000	55518	1221	54297
3	25000	0	25000	1575	291	1011	518	3395	76389	3	25000	85641	1884	83757
4	25000	0	25000	1575	266	1392	582	3815	105532	4	25000	117457	2584	114873
5	25000	0	25000	1575	239	1797	650	4261	136546	5	25000	151063	3323	147740
6	25000	0	25000	788	209	2235	582	3814	170511	6	25000	186559	4104	182455
7	25000	0	25000	788	178	2707	661	4334	206655	7	25000	224051	4929	219122
8	25000	0	25000	788	141	3209	745	4883	245122	8	25000	263652	5800	257851
9	25000	0	25000	788	104	3744	834	5470	286059	9	25000	305479	6721	298759
10	25000	0	25000	788	60	4313	929	6090	337912	10	25000	349659	7693	341967
11	25000	0	25000	788	4	5034	1049	6875	384819	11	25000	396324	8719	387605
12	25000	0	25000	788	0	5685	1165	7638	434687	12	25000	445614	9803	435810
13	25000	0	25000	788	0	6378	1290	8456	487698	13	25000	497675	10949	486726
14	25000	0	25000	788	0	7114	1422	9324	544049	14	25000	552664	12159	540506
15	25000	0	25000	788	0	7897	1563	10248	619732	15	25000	610746	13436	597310
16	25000	0	25000	788	0	8948	1752	11488	684405	16	25000	672094	14786	657308
17	25000	0	25000	788	0	9846	1914	12548	753155	17	25000	736893	16212	720681
18	25000	0	25000	788	0	10801	2086	13675	826237	18	25000	805336	17717	787618
19	25000	0	25000	788	0	11816	2269	14873	903925	19	25000	877628	19308	858320
20	25000	0	25000	788	0	12895	2463	16146	1012748	20	25000	953986	20988	932998
21	25000	0	25000	788	0	14407	2735	17930	1102191	21	25000	1034638	22762	1011876
22	25000	0	25000	788	0	15649	2959	19396	1197272	22	25000	1119826	24636	1095190
23	25000	0	25000	788	0	16970	3196	20954	1298344	23	25000	1209805	26616	1183189
24	25000	0	25000	788	0	18373	3449	22610	1405787	24	25000	1304844	28707	1276138
25	25000	0	25000	788	0	19866	3718	24372	1560825	25	25000	1405229	30915	1374314
							Average	10365.92	594114.56			Average	12663	562913
							Expense ratio	1.74%				Expense ratio	2.25%	

The below table illustrates the calculation of Internal rate of return for ULIP and Mutual fund at 8% rate of return and it is shown as follows:

Table No: 12 TITLE : COMPARISON OF IRR OF IDBI AND SBI

Amount in Rs('000)

IRR @ 8% in IDBI FEDERAL MIDCAP FUND	IRR @ 8% in L&T MIDCAP FUND
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
-25000	-25000
1535825	1349314
6.91%	6.01%

INTERPRETATION: From the above table the internal rate of return for ULIP is 6.91% which is greater than mutual fund this indicates that higher the internal rate of return then lower the charges and will get better returns.

Case7: Ms. Seetha an investor whose present age is 23 years, invested in ULIP plan of IDBI federal wealth insurance growth insurance in midcap fund with an annualized premium of Rupees 95,000 for a policy term of 30 years and premium payment term of 30 years. The same person also invested in mutual fund scheme of L&T midcap fund with a yearly investment of Rupees 95,000 for 30 years both the investments are made at a 8% rate of return. The table below illustrates the comparative analysis between the investments they are shown as follows:-

Table No:13 TITLE: COMPARISON OF IDBI AND L&T MIDCAP FUNDS OF MS. SEETHA FOR 30 YEARS
Amount in Rs ('000)

IDBI FEDERAL WEALTHSURANCE GROWTH INSURANCE PLAN IN MIDCAP FUND										L&T MIDCAP FUND				
Policy year	Annualized regular premium	premium allocation charges	Amount available for investment (out of premium)	policy administration charge	Mortality charge	FMC	Total GST	Total charges including GST	Fund value at end of policy year	No of Year	Yearly Investment	Returns @ 8%	Expenses	Net Fund Value
1	95000	2993	92008	5985	1189	1207	2047	13421	88483	1	95000	102600	2257	100343
2	95000	0	95000	5985	1142	2486	1730	11343	186353	2	95000	210970	4641	206329
3	95000	0	95000	5985	1072	3846	1962	12865	290476	3	95000	325435	7160	318276
4	95000	0	95000	5985	992	5293	2208	14478	401260	4	95000	446338	9819	436518
5	95000	0	95000	5985	891	6832	2468	16176	519148	5	95000	574040	12629	561411
6	95000	0	95000	2993	780	8497	2208	14478	648252	6	95000	708924	15596	693327
7	95000	0	95000	2993	656	10291	2509	16449	785644	7	95000	851394	18731	832663
8	95000	0	95000	2993	521	12201	2829	18544	931860	8	95000	1001876	22041	979835
9	95000	0	95000	2993	378	14233	3169	20773	1087464	9	95000	1160821	25538	1135283
10	95000	0	95000	2993	217	16395	3529	23134	1284562	10	95000	1328706	29232	1299474
11	95000	0	95000	2993	16	19135	3986	26130	1462838	11	95000	1506032	33133	1472900
12	95000	0	95000	2993	0	21611	4429	29033	1652370	12	95000	1693332	37253	1656078
13	95000	0	95000	2993	0	24243	4902	32138	1853847	13	95000	1891165	41606	1849559
14	95000	0	95000	2993	0	27042	5406	35441	2068022	14	95000	2100124	46203	2053921
15	95000	0	95000	2993	0	30016	5942	38951	2355674	15	95000	2320835	51058	2269776
16	95000	0	95000	2993	0	34012	6661	43666	2601476	16	95000	2553959	56187	2497771
17	95000	0	95000	2993	0	37426	7275	47694	2862770	17	95000	2800193	61604	2738589
18	95000	0	95000	2993	0	41055	7929	51977	3140532	18	95000	3060276	67326	2992950
19	95000	0	95000	2993	0	44913	8623	56529	3435800	19	95000	3334986	73370	3261616
20	95000	0	95000	2993	0	49014	9361	61368	3849409	20	95000	3625146	79753	3545392
21	95000	0	95000	2993	0	54759	10395	68147	4189353	21	95000	3931624	86496	3845128
22	95000	0	95000	2993	0	59480	11245	73718	4550723	22	95000	4255338	93617	4161721
23	95000	0	95000	2993	0	64499	12149	79641	4934867	23	95000	4597258	101140	4496119
24	95000	0	95000	2993	0	69835	13109	85937	5343223	24	95000	4958408	109085	4849323
25	95000	0	95000	2993	0	75507	14130	92630	5932483	25	95000	5339869	117477	5222392
26	95000	0	95000	2993	0	83691	15603	102287	6403712	26	95000	5742783	126341	5616442
27	95000	0	95000	2993	0	90236	16781	110010	6904641	27	95000	6168358	135704	6032654
28	95000	0	95000	2993	0	97194	18033	118220	7437141	28	95000	6617866	145593	6472273
29	95000	0	95000	2993	0	104590	19365	126948	8003201	29	95000	7092655	156038	6936616
30	95000	0	95000	2993	0	112452	20780	136225	8837414	30	95000	7594146	167071	7427074
							Average	52611.7	3134766.6					
							Expense ratio		1.68%					
												Average	64457	2865392
												Expense ratio		2.25%

INTERPRETATION: From the above table it is analyzed that there is a high expense ratio in mutual fund with 2.25% when compared with ULIP it is 1.68% this indicates that higher expense ratio means higher expenses. Thus ULIPs are less expensive when compared to mutual funds

The below table illustrates the calculation of Internal rate of return for ULIP and Mutual fund at 8% rate of return for IDBI FEDERAL and L& T.

Table No: 14 TITLE: COMPARISON OF IRR OF IDBI AND L&T

Amount in Rs ('000)

[illegible]

INTERPRETATION: From the above table the internal rate of return for ULIP is 6.91% which is greater than mutual fund this indicates that higher the internal rate of return then lower the charges and will get better returns.

Case8: Mr. Vinay an investor whose present age is 30years, invested in ULIP plan of IDBI federal wealthsurance growth insurance in midcap fund with a annualized premium of Rupees 50,000 for a policy term of 15years and premium payment term of 15 years .The same person also invested in mutual fund scheme of L&T midcap fund with a yearly investment of Rupees 50,000 for 15years both the investments are made at a 8% rate of return. The table below illustrates the comparative analysis between the investments they are shown as follows:-

Table No:15 TITLE: COMPARISON OF IDBI AND L&T MIDCAP FUNDS OF MR. VINAY FOR 15 YEARS

Amount in Rs (‘000)

IDBI FEDERAL WEALTHSurance GROWTH Insurance Plan in Midcap Fund										L&T MIDCAP FUND				
Policy year	Annualized regular premium	premium allocation charges	Amount available for investment (out of premium)	policy administration charge	Mortality charge	FMC	Total GST	Total charges including GST	Fund value at end of policy year	No of Year	Yearly Investment	Returns @ 8%	Expenses	Net Fund Value
1	50000	1575	48425	3150	480	637	1052	6894	46747	1	50000	54000	1188	52812
2	50000	0	50000	3150	435	1312	882	5779	98471	2	50000	111037	2443	108594
3	50000	0	50000	3150	392	2031	1003	6576	153509	3	50000	171282	3768	167513
4	50000	0	50000	3150	340	2796	1131	7417	212077	4	50000	234915	5168	229746
5	50000	0	50000	3150	284	3610	1268	8312	274406	5	50000	302126	6647	295479
6	50000	0	50000	1575	214	4490	1130	7409	342668	6	50000	373118	8209	364909
7	50000	0	50000	1575	132	5439	1286	8432	415333	7	50000	448102	9858	438244
8	50000	0	50000	1575	33	6449	1450	9507	492699	8	50000	527303	11601	515702
9	50000	0	50000	1575	0	7524	1638	10737	574981	9	50000	610959	13441	597518
10	50000	0	50000	1575	0	8667	1844	12086	679095	10	50000	699319	15385	683934
11	50000	0	50000	1575	0	10113	2104	13792	773124	11	50000	792649	17438	775210
12	50000	0	50000	1575	0	11419	2339	15333	873080	12	50000	891227	19607	871620
13	50000	0	50000	1575	0	12807	2589	16971	979335	13	50000	995350	21898	973452
14	50000	0	50000	1575	0	14283	2854	18712	1092288	14	50000	1105328	24317	1081011
15	50000	0	50000	1575	0	15852	3137	20564	1244039	15	50000	1221492	26873	1194619
								Average	11234.733	550123.47				
								Expense ratio	2.04%					
												Average	12523	556691
												Expensratio	2.25%	

INTERPRETATION: From the above table it is analyzed that there is a high expense ratio in mutual fund with 2.25% when compared with ULIP it is 2.04% this indicates that higher expense ratio means higher expenses. Thus ULIPs are less expensive when compared to mutual funds

The below table illustrates the calculation of Internal rate of return for ULIP and Mutual fund at 8% rate of return for IDBI FEDERAL and L & T.

Table no:16 TITLE :COMPARISON OF IRR OF IDBI AND L&T

Amount in Rs ('000)

IRR @ 8% in IDBI FEDERAL MIDCAP FUND	IRR @ 8% in L&T MIDCAP FUND
-50000	-50000
-50000	-50000
-50000	-50000
-50000	-50000
-50000	-50000
-50000	-50000
-50000	-50000
-50000	-50000
-50000	-50000
-50000	-50000
-50000	-50000
-50000	-50000
-50000	-50000
-50000	-50000
-50000	-50000
1194039	1144619
6.87%	6.34%

INTERPRETATION: From the above table the internal rate of return for ULIP is 6.87% which is greater than mutual fund this indicates that higher the internal rate of return then lower the charges and will get better returns.

Case9: Ms.Jayasree an investor whose present age is 41years, invested in ULIP plan of IDBI federal wealthsurance growth insurance in midcap fund with a annualized premium of Rupees 80,000 for a policy term of 20years and premium payment term of 20 years .The same person also invested in mutual fund scheme of L&T midcap fund with a yearly investment of Rupees 80,000 for 15years both the investments are made at a 8% rate of return. The table below illustrates the Expense ratio comparison between the investments they are shown as follows:-

Tableno: 17
TITLE: COMPARISON OF IDBI AND L&T MIDCAP FUNDS OF MS.JAYASREE FOR 20 YEARS
Amount in Rs (‘000)

IDBI FEDERAL WEALTHSurance GROWTH Insurance Plan in Midcap Fund										L&T MIDCAP FUND				
Policy year	Annualized regular premium	premium allocation charges	Amount available for investment (out of premium)	policy administration charge	Mortality charge	FMC	Total GST	Total charges including GST	Fund value at end of policy year	No of Year	Yearly Investment	Returns @ 8%	Expenses	Net Fund Value
1	80000	2520	77480	5040	1617	1011	1834	12022	73760	1	80000	86400	1901	84499.2
2	80000	0	80000	5040	1596	2077	1568	10281	155355	2	80000	177659	3909	173751
3	80000	0	80000	5040	1556	3211	1765	11572	242142	3	80000	274051	6029	268022
4	80000	0	80000	5040	1483	4417	1969	12909	334486	4	80000	375863	8269	367594
5	80000	0	80000	5040	1371	5700	2180	14291	432788	5	80000	483402	10635	472767
6	80000	0	80000	2520	1200	7089	1946	12755	540568	6	80000	596988	13134	583855
7	80000	0	80000	2520	942	8589	2169	14220	655455	7	80000	716963	15773	701190
8	80000	0	80000	2520	579	10187	2392	15678	778025	8	80000	843685	18561	825124
9	80000	0	80000	2520	87	11894	2610	17111	908921	9	80000	977534	21506	956028
10	80000	0	80000	2520	0	13713	2922	19155	1074489	10	80000	1118910	24616	1094294
11	80000	0	80000	2520	0	16013	3336	21869	1224176	11	80000	1268238	27901	1240337
12	80000	0	80000	2520	0	18092	3710	24322	1383297	12	80000	1425964	31371	1394592
13	80000	0	80000	2520	0	20302	4108	26930	1552447	13	80000	1592560	35036	1557523
14	80000	0	80000	2520	0	22651	4531	29702	1732257	14	80000	1768525	38908	1729618
15	80000	0	80000	2520	0	25149	4980	32649	1973640	15	80000	1954387	42997	1911391
16	80000	0	80000	2520	0	28501	5584	36605	2179996	16	80000	2150702	47315	2103386
17	80000	0	80000	2520	0	31368	6100	39988	2399357	17	80000	2358057	51877	2306180
18	80000	0	80000	2520	0	34414	6648	43582	2632544	18	80000	2577075	56696	2520379
19	80000	0	80000	2520	0	37563	7231	47314	2880427	19	80000	2808409	61785	2746624
20	80000	0	80000	2520	0	41096	7851	51467	3227543	20	80000	3052754	67161	2985594
							Average	24721.1	1319083.65			Average	29268.94	1301137
							Expense ratio		1.87%			Expense ratio		2.25%

INTERPRETATION: From the above table it is analyzed that there is a high expense ratio in mutual fund with 2.25% when compared with ULIP it is 1.87% this indicates that higher expense ratio means higher expenses. Thus ULIPs are less expensive when compared to mutual funds

The below table illustrates the calculation of Internal rate of return for ULIP and Mutual fund at 8% rate of return for IDBI FEDERAL and L & T.

Table no: 18 TITLE: COMPARISON OF IDBI AND L&T MIDCAP FUNDS OF MS.JAYASREE FOR 20 YEARS

Amount in Rs ('000)

IRR @ 8% in IDBI FEDERAL MIDCAP FUND	IRR @ 8% in L&T MIDCAP FUND
-80000	-80000
-80000	-80000
-80000	-80000
-80000	-80000
-80000	-80000
-80000	-80000
-80000	-80000
-80000	-80000
-80000	-80000
-80000	-80000
-80000	-80000
-80000	-80000
-80000	-80000
-80000	-80000
-80000	-80000
-80000	-80000
-80000	-80000
-80000	-80000
-80000	-80000
-80000	-80000
3147543	2905594
6.85%	6.13%

INTERPRETATION: From the above table the internal rate of return for ULIP is 6.85% which is greater than mutual fund this indicates that higher the internal rate of return then lower the charges and will get better returns.

Table No: 19 TITLE: CONSOLIDATED REPORT OF IDBI AND SBI OF FIVE INVESTORS IN EQUITY FUND.

Table No: 20 TITLE: CONSOLIDATED REPORT OF IDBI AND L&T OF FOUR INVESTORS IN MIDCAP FUND

TYPE OF THE PRODUCT	TYPE OF FUND	NAMES OF THE INVESTOR	AGE OF THE INVESTOR IN YEARS	PREMIUM AMOUNT	POLICY TERM IN YEARS	EXPENSE RATIO	INTERNAL RATE OF RETURN
UNIT LINKED INSURANCE PLAN	EQUITY FUND	SANDEEP	22	50000	25	1.74%	6.91%
		SANJAY	33	90000	20	1.93%	6.65%
		KISHORE	40	95000	25	1.76%	6.87%
		THIRUMALESH	51	35000	20	1.88%	6.85%
		RAMYA	25	70000	15	2.04%	6.88%
TYPE OF THE PRODUCT	TYPE OF FUND	NAMES OF THE INVESTOR	AGE OF THE INVESTOR IN YEARS	INVESTMENT AMOUNT	NO OF YEARS INVESTED	EXPENSE RATIO	INTERNAL RATE OF RETURN
MUTUAL FUND	EQUITY FUND	SANDEEP	22	50000	25	2.25%	6.01%
		SANJAY	33	90000	20	2.25%	5.71%
		KISHORE	40	95000	25	2.25%	6.01%
		THIRUMALESH	51	35000	20	2.25%	6.13%
		RAMYA	25	70000	15	2.25%	6.34%
TYPE OF THE PRODUCT	TYPE OF FUND	NAMES OF THE INVESTOR	AGE OF THE INVESTOR IN YEARS	PREMIUM AMOUNT	POLICY TERM IN YEARS	EXPENSE RATIO	INTERNAL RATE OF RETURN
UNIT LINKED INSURANCE PLAN	MIDCAPFUND	SANDHYA	25	25000	25	1.74%	6.91%
		SEETHA	23	95000	30	1.68%	6.92%
		VINAY	30	50000	15	2.04%	6.87%
		JAYASREE	41	80000	15	1.87%	6.85%
TYPE OF THE PRODUCT	TYPE OF FUND	NAMES OF THE INVESTOR	AGE OF THE INVESTOR IN YEARS	INVESTMENT AMOUNT	POLICY TERM IN YEARS	EXPENSE RATIO	INTERNAL RATE OF RETURN
MUTUAL FUND	MIDCAPFUND	SANDHYA	25	25000	25	2.25%	6.01%
		SEETHA	23	95000	30	2.25%	5.94%
		VINAY	30	50000	15	2.25%	6.34%
		JAYASREE	41	80000	15	2.25%	6.13%

FINDINGS:

- The expense ratio is higher in mutual funds when compared with ULIP's irrespective of type of funds.
- The investment returns varies based on the time horizon and the amount of investment in equity and midcap funds.
- The ULIP investment in an equity or midcap fund by an investor whose mortality rates are less when policy term is high. Because of power of Compounding it gives better returns.
- The ULIP investment in an equity or midcap fund with less policy term has affect on returns due to expenses in initial years
- In mutual funds expenses depends on investment value and changes with time which has got huge impact on returns.
- In ULIPs mortality charges are charged based on age and policy term.

SUGGESTIONS:

- While choosing an investment option potential investors may observe the less expenses.
- Funds maybe chosen based on risk appetite.
- It is always better to do comparison in terms of cost and benefits.
- The investments are market linked and the returns cannot be predicted but it is better to choose an investment with less expense ratio between ULIP and mutual fund.
- For Ulip investment a longer duration maybe preferred for higher returns.

CONCLUSION:Any investor who want to invest in either ULIPs or mutual fund of any type of fund has to look at the expenses and returns involved and it is concluded that ULIPs are providing greater benefits in terms of guaranteed loyalty additions, unlimited switches free, tax deduction and tax exempted returns ,very less expensive and have financial protection when compared with mutual funds. There are no such benefits in mutual funds. ULIP's fund performance over 10 years is better than mutual fund performance and providing better returns to the investors. Mutual fund returns do attract tax whereas ULIP returns are tax exempted income.

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