

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 studyhelps 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 theULIP. 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 2or 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

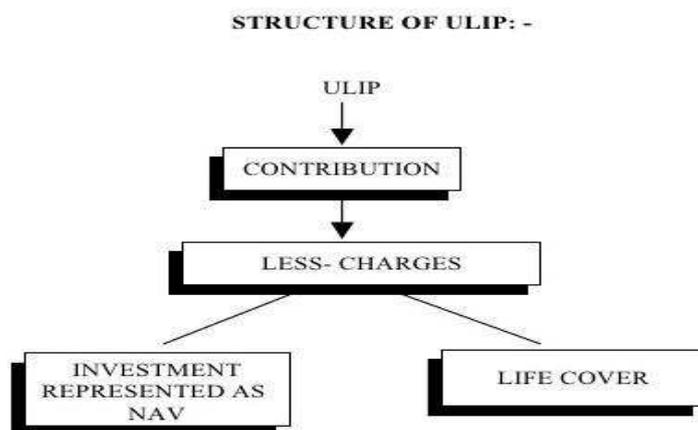
The ULIP is a product offered by many insurance companies and has become one of the popular means of investment avenue for investors. The uniqueness about the product is that it gives the investors both the investment and protection unlike the typical life insurance the ULIP comes with risk with protection. 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.

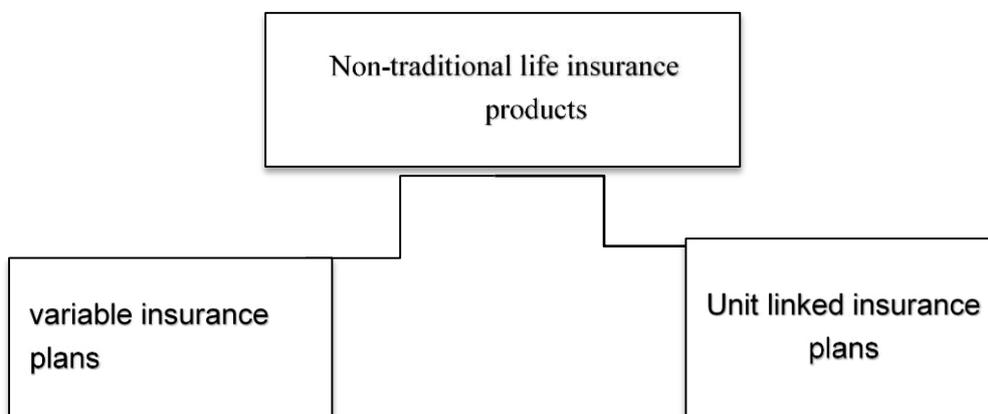
1.7 INDUSTRY PROFILE

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 does only two kinds of non-traditional savings life insurance products that are permitted:

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

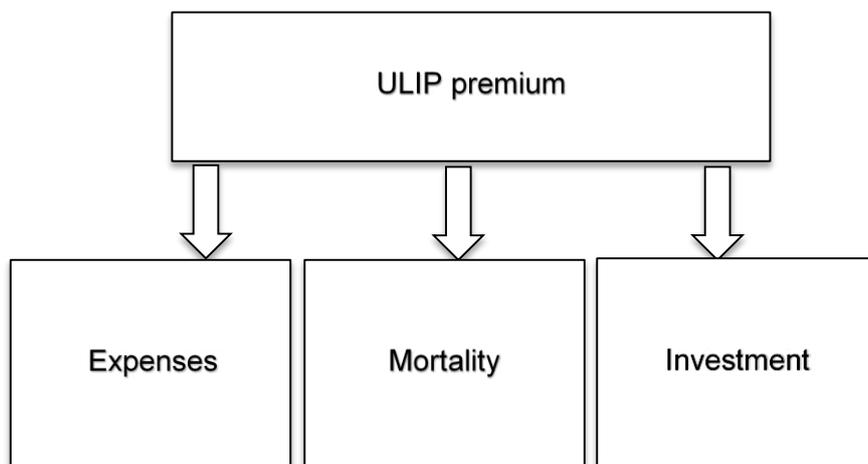
Variable life insurance

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 20thFebruary to 30th April.

LITERATURE REVIEW

I. This article has been written by SUMIT ASRANI 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 products in fact it is a long term investment that offers multiple options as per one's risk appetite. About having no liquidity ulip have an option of partial withdrawal after lock in period that to at no cost it offers switching flexibility also. These switching fund is 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 AdvisorKhoj.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 suggest 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 period 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 | | | Average | 25325 | 1125825 |
| | | | | | | | Expense ratio | | 1.74% | | | 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.

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 | | | Average | 48118 | 2139068 |
| | | | | | | | | Expense Ratio | | 1.76% | | | 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.

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 administrati on 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:8 TITLE :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 |
| -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 |
| -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% | |

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

Case7: Ms. Seetha an investor whose presentage is 23years, invested in ULIP plan of IDBI federal wealthsurance growth insurance in midcap fund with a annualized premium of Rupees 95,000 for a policy term of 30 years and premium payment term of 30years .The same person also invested in mutual fund scheme of L&T midcap fund with a yearly investment of Rupees 95,000 for 30years 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 | | | Average | 64457 | 2865392 |
| | | | | | | | | Expense ratio | | 1.68% | | | 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

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 | | | Average | 12523 | 556691 |
| | | | | | | | | Expense ratio | 2.04% | | | | 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 |
| -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

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% |
| | | THIRUMALES | 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% |
| | | THIRUMALES | 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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