

Summer Internship Project Report

On

Comparative analysis of Different Investment Avenues and Max Life
Monthly Income Advantage Plan

By

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Under the Supervision of

Dr. Sheetal Mundhra



(Submitted in partial fulfilment of the requirements for BBA degree)

Institute of Management
JK Lakshmipat University, Jaipur
(2019-20)

Industry Certificate



Bridgegroup Solutions

We Knot Spaces

Ref No- Bridge Group Solutions/HR/20-21

Date - 14th July 2020

To Whomsoever it may Concern

This is to certify that **Govind Rathi S/O Mr.Narayan Prasad Rathi** a student of **BBA** at **JK Lakshmipat University, Rajasthan** has undergone project training in **Finance** at our organization from **18th May 2020 to 20th June 2020**.

He completed the training period, with sincerity and dedication and the performance during training period was found to be **SATISFACTORY**.

We wish him all the success in life and Career.

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Declaration

I, the undersigned solemnly declare that the project report, 'Comparative analysis of Different Investment Avenues and Max Life Monthly Income Advantage Plan', is based on my own work carried out during the tenure of my Summer Internship Program in Bridge Group Solutions Pvt. Ltd. under the supervision of my company mentor, **Ms. Shivangi** and faculty mentor, **Dr. Sheetal Mundhra**. I assert the statements made and conclusions drawn are an outcome of my research work. The work contained in the report is original and has been done by me. I have followed the guidelines provided by the university in writing the report.

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Certificate

It is certified that the Summer Internship Report titled Comparative analysis of Gold Returns, Mutual Fund Returns and Term Insurance plans Returns submitted by Govind Rathi is an original piece of research work carried out by the candidate under my supervision.

Sign. of the Faculty Guide

Dr. Sheetal Mundhra

Acknowledgement

In the accomplishment of this project successfully, many people have bestowed upon me their blessings and the heart pledged support, this time I am utilizing to thank all the people who have been concerned with this project.

Primarily, I would thank my company mentor, Ms. Shivangi and faculty mentor, Dr. Sheetal Mundhra, whose valuable guidance has been the ones that helped me patch this project and make it full proof success. Their suggestions and instructions have served as the major contributor towards the completion of this project.

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Project Summary

The Outlook of modern-day investors has undergone a dramatic change. In the changed fiscal scenario with drastic fall in the interest in investments. Term Life Insurance comes to the rescue of prudent Investors. Investment in insurance has become the style of the day. The individuals look at buying an insurance policy more of an investment, which comes with additional benefits of life cover and tax benefit also.

The present study has focused on comparative analysis of different investment avenues and max life monthly income advantage plan product offered by bridge group solutions.

The basic objective of the study carried out by me is to know much more about the prospects of financial planning in the growing economy. People should concentrate on their financial planning to maximize their returns by taking proper guidance.

The in depth analysis of the report will help the reader know much more about the different investment avenues and the benefits of max life monthly income advantage plan.

Industry And Company Overview

Industry:-

Introduction

The insurance industry of India has 57 insurance companies - 24 are in the life insurance business, while 33 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. There are six public sector insurers in the non-life insurance segment. In addition to these, there is a sole national re-insurer, namely General Insurance Corporation of India (GIC Re). Other stakeholders in the Indian Insurance market include agents (individual and corporate), brokers, surveyors and third-party administrators servicing health insurance claims.

Market Size

Government's policy of insuring the uninsured has gradually pushed insurance penetration in the country and proliferation of insurance schemes.

Gross premium collected by life insurance companies in India increased from Rs 2.56 trillion (US\$ 39.7 billion) in FY12 to Rs 7.31 trillion (US\$ 94.7 billion) in FY20. During FY12–FY20, premium from new business of life insurance companies in India increased at a CAGR of 15 per cent to reach Rs 2.13 trillion (US\$ 37 billion) in FY20.

Overall insurance penetration (premiums as per cent of GDP) in India reached 3.69 per cent in 2017 from 2.71 per cent in 2001.

The market share of private sector companies in the non-life insurance market rose from 15 per cent in FY04 to 56 per cent in FY21 (till April 2020). In life insurance segment, private players had a market share of 31.3 per cent in new business in FY20.

Company Overview: -

Bridge Group Solutions was found in 2014 as one of India's original Project Outsourcing start-ups, with an aim to bridge gaps in process management and outsourcing. It started as project outsourcing firm and later on moved into different zones with a motto of providing high-quality, low-cost, and applicable interventions to handle gaps.

Today, the BGS enterprise has its presence across varied sectors that include technology, wealth management and talent management solutions. It has expanded to more than 5 cities in less than two years and are going at great velocity towards greater heights.

This is where aspiration meets innovation, candour fuels collaboration and impossible surrenders to teamwork.

Company energy has been focused on creating an experienced team, developing technology enablers and institutionalizing standardized processes. Company strong research and consistent outperformance, while maintaining high standards of client servicing are testaments to the robustness of the model.

Company have consistently grown with clients through referrals and have a very high customer retention rate.

It seeks out people and clients who challenge themselves to be exceptional—and champion that spirit in others. They guided by True North, their unwavering commitment to always do the right thing by our clients, people and communities.

Company define a bold ambition with clients, then work together as one team to create such high levels of value that we set new standards of excellence for industries.

Company deals in many products like Life Insurance, Health Insurance, Mutual Fund, Wealth Management, Real Estate, Project Outsourcing.

This study primarily focuses on Max life monthly income advantage plan.

Project Objectives

The objectives of research project are

- To Compare the different investment avenues versus max life monthly income advantage plan.
- To highlight the benefits of investing in Max life monthly income advantages plan.

Methodology

In this report, the Descriptive Research Methodology have been used, research is designed to allow a researcher to basically look around and explore different aspects of a research topic. Different investment avenues is taken with aim to develop suggestive ideas.

The secondary data and information have been analysed for the preparation of this report.

Three investment avenues are selected (Gold, Mutual Fund and Max life monthly income advantage plan). I have compared these investment avenues on the basis of Initial Investment cost, tax saving, Diversification, Returns and Risk.

Calculated the policy term of max life monthly income advantage plan taking some factors into consideration like percentage of maximum rate of return

After that calculated the mutual fund policy on the basis of average rate of return.

Analysis

First in Section A (Scenario 1) an illustration of Max life monthly income advantage plan has been calculated for total paying premium for 12 years.

After that in Section A (Scenario 2) an illustration has been taken if any casualty or death happened of the policy holder.

Then Advantages of max life monthly income advantage plan has been explained

Second in Section B Investment and returns in mutual fund is explained for the monthly SIP. An illustration has been explained by calculating returns.

Third in Section C Investment in Gold is explained.

Fourth in Section D Comparative analysis of investment avenues is explained on the basis of some Factors.

Section-A

Scenario 1: Mr. Bajaj survives through the Policy Term

Table 1. policy term

Total Annualised Premium Paid in 12 years	Rs. 12,00,000	
Sum Assured	Rs. 14,49,275	
Guaranteed monthly income payable for 10 years (starting from the 13th year)	Rs. 12,077 [(0.10 x Sum Assured) /12]	
Total payout in 10 years(A)	14,49,275	
Non-guaranteed Rate of Return	4%*	8%*
Lumpsum Payable at Maturity (in the 22nd year) (B)	Rs. 94,096	Rs. 11,51,977
Total Survival Benefit (A + B)	Rs. 15,43,371	Rs. 26,01,251

Scenario 2: Mr. Bajaj meets with an accident and dies in the 5th policy year, i.e. after paying 5 Premiums

Table 2. Benefits if life insured dies After paying 5 premiums

Total Premium Paid in 5 years	Rs. 5,00,000	
Death Benefit payable on death (equal to the Sum Assured) (D)	Rs. 14,49,275	
Pending 7 premiums	Waived off by Max Life Insurance	
Guaranteed monthly income payable for 10 years	Rs. 12,077	
(starting from the 13th year)	[(0.10 x Sum Assured) /12]	
Total pay-out in 10 years (A)	Rs. 14,49,275	
Non-guaranteed Rate of Return	4%*	8%*
Lumpsum Payable at Maturity (in the 22nd year) (B)	Rs. 94,096	Rs. 11,51,977
Total Death Benefit (A + B + D)	Rs. 29,92,646	Rs. 40,50,526

Advantages of Monthly Income Advantage Plan

- **Tax benefits:** Premiums paid under the plan would be exempt from tax under Section 80(C). The death/maturity/survival benefit received would be tax exempt under Section 10(10D) of the Income Tax Act.
- **Free-look period:** The individual is advised to go through the policy thoroughly. If s/he finds any objections to the terms and conditions of the policy, s/he can cancel the policy within 15 days (free-look period) by giving a signed written notice to the insurance company stating the reasons for objection of the policy. The individual will be entitled to a refund of the premium paid, excluding a few charges like stamp duty charges.
- **Grace period:** The plan provides a grace period of 30 days for yearly, half-yearly, and quarterly modes and 15 days for monthly mode from the due date of the unpaid premium. If the premium is not paid within the grace period, the policy will lapse.
- **Surrender Value:** The policy shall receive a surrender value only if the policyholder has paid full premiums for 3 years.

Section B

Mutual Fund

Input Values

Table 3. Mutual Fund Input value

Name	Value
How much you can invest through monthly SIP? (Rs)	Rs. 2959
How many months will you continue the SIP?	268 Months
What rate of return do you expect? (% per annum)	5%

Result

Table 4. Mutual fund Investment Returns

Name	Value
Total SIP Amount Invested	Rs. 793012
Total Growth	Rs. 667154
Total Future Value (Your SIP Investment Amount + Growth)	Rs. 1460166

Section C

Gold

This time, since the beginning of 2019, gold is up by about 20%. Given how shaky other investments have been this year, this has excited some savers. However, this is a periodic phenomenon in what has otherwise been a very dull investment. In any case, the point of investing or not investing in gold is not just about the returns, but also about the source of those returns.

Indian savers are still hostage to the traditional view of gold, which is that it is a simple and useful investment, a protection against bad times and all households should invest in it. The more modern market-oriented view is that gold is a commodity to be traded just like other commodities. However, my belief is that the correct view is something else entirely. Savers can legitimately treat gold as an investment, and it has some unique features. However, it's not a very good investment and there are always better things to do with your savings. As an investment, like any other, it must be judged according to returns, with liquidity, stability and other such factors being additional parameters. Taking all these into consideration, gold does not make sense.

Section D

Table 5. Comparison Of MIAP, Mutual Fund and Gold

Sr. no.	Particulars	Max Life Monthly Income Advantages plan	Mutual fund	Gold
1	Initial Investment Cost	Minimum Rs.25000 to maximum there is no limit in a financial year.	Can invest in an SIP for as low as Rs 500.	Physical Gold: Initial invest can run up to a few 10,000s. Digital Gold: Can be as low as Rs 1 as well
2	Tax Saving	Up to Rs 1.5 lakh	Up to Rs 1.5 lakh in ELSS schemes.	None
3	Diversification	Being a safe, low risk instrument, invests predominantly in fixed income products.	Higher	Maximum but that sort of diversification will not serve any purpose
4	Returns	Moderate	In form of dividends; also, by tracking the funds, you can sell at a higher price than your purchase cost.	You can only get a value on your investment by selling at a higher value than your purchase cost.
5	Risk	risk-free investment	Market risk	Market risk; also risk of theft and lost in case of physical gold.

Conclusion

“Guarantee is a very powerful word in any sales pitch. Insurers also use guarantees as a sales pitch”.

Based on the study:

Review your goals and objectives. Avoid chasing returns as you may end up being misled. Also, they are both volatile. Any investment returning higher values during a particular period of time does not mean it is a ‘good’ investment.

You may end up investing in Mutual Fund or gold seeing the high returns but your risk appetite may be very low and may lose a lot of money when the market/commodity is under performing.

Gold and Mutual fund may let you serve both short- and long-term goals but you will have to monitor the commodity’s price movements very closely to decide when you want to redeem your investment. However, gold may not give you exceptional returns over a longer tenure and people choose to redeem in a shorter period.

On the other hand Max life Monthly Income Advantage Plan is a long term financial plan with zero risk losing money and giving better returns and more benefits.

Who Should Buy Max Life Monthly Income Advantage Plan?

The minimum entry age to buy this plan is 18 years, whereas the maximum entry age is 55 years for the 12-pay variant and 50 years for the 15-pay variant. The Max Life Monthly Income Advantage plan proves to be an ideal plan because it accommodates your requirements for a comfortable today by asking for limited premiums, while securing a bright tomorrow by offering high protection cover along with additional benefits.

Reference

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