ISSN: 2249-7196
IJMRR/June-2024/ Volume 14/Issue 4/349-361
Pullapollla Naveen Kumar / International Journal of Management Research & Review

A STUDY ON AWARENESS OF MUTUAL FUNDS AMONG FINANCIAL ADVISORS

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ABSTRACT

In India Mutual Fund Industry started with the setting up of UTI in 1964. Public Sector Banks and Financial Institutions began to establish Mutual Funds in 1987. The Private Sector and Foreign Institutions were allowed to set up Mutual Funds in 1993. Today, there are over 29 Mutual Funds and over 300 Schemes with total assets of approximately Rs.10,000 Crores. This fast growing industry is regulated by the SEBI.

The mutual fund industry in India started in 1963 with the formation of Unit Trust of India, at the initiative of the Government of India and Reserve Bank .The objective then is to attract the small investors and introduce them to market investments. Since then, the history of mutual funds in India can be broadly divided into four distinct phases.

To understand the performance and benefits of Mutual Funds.To conduct a Market study & find the fund preference and awareness of full schemes of AMC & dividend option opted.This Study has been conducted within specific and limited time period.The Project has been conducted in limited geographical area in Hyderabad.In collection of data from the investors, personal bias may be present.

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial Goal. The money thus collected is invested by the fund manager in different types of securities depending upon the objective of the scheme. These could range from shares to debentures to money market instruments.

INTRODUCTION

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is invested by the fund manager in different types of securities depending upon the objective of the scheme. These could range from shares to debentures to money market instruments. The income earned through these investments and the capital appreciations realized by the scheme are shared by its unit holders in proportion to the number of units owned by them (prorate). Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed portfolio at a relatively low cost. Anybody with an investaible surplus of as little as a few thousand rupees can invest in Mutual Funds. Each Mutual Fund scheme has a defined investment objective and strategy.

A mutual fund is the ideal investment vehicle for today's complex and modern financial scenario. Market for equity shares, bonds and other fixed income instruments, real estate, derivatives and other assets have become mature and information driven. Price changes in these assets are driven by global events occurring in faraway place. A typical individual is unlikely to have the knowledge, skills, inclination and time to keep track of events, understand their implications and act speedily. An individual also funds it difficult to keep track of ownership of his assets, investments, brokerage dues and bank transactions etc.

A mutual fund is the answer to all these situations. It appoints professionally qualified and experienced staff that manages each of these functions on a full time basis. The large pool of money collected in the fund allows it to hire such staff at a very low cost to each investor. In effect, the mutual fund vehicle exploits economics of scale in all three areas – research, investments and transaction processing. While the concept of individuals coming together to invest money collectively is not new, the mutual fund in its present form is a 20th century phenomenon. In fact, mutual funds gained popularity only after the Second World War. Globally, there are thousands of firms offering tens of thousands of mutual funds with different investment objectives. Today, mutual funds collectively manage almost as much as or more money as compared to banks.

NEED OF THE STUDY

1. Mutual funds are dynamic financial intuitions which play crucial role in an economy by mobilizing savings and investing them in the capital market.
2. The activities of mutual funds have both short- and long-term impact on the savings in the capital market and the national economy.
3. Mutual funds, trust, assist the process of financial deepening & intermediation.
4. to know the performance of various mutual fund providers in india
5. India is one of the few countries to day maintain a study growth rate is domestic savings.

SCOPE THE STUDY

1. The study is limited to the analysis made for a Growth scheme offered by four AMC's.
2. Each scheme is calculated their risk and return using different performance measurement theories.
3. Because of the reason for such performance is immediately analyzed in the issue.
4. Graphs are used to reflect the portfolio risk and return.

RESEARCH METHODOLOGY

This study is basically depends on

1. Primary Data

2. Secondary Data

Primary data: The primary data collected from the different companies through enquiry.

Secondary data:

The secondary data collected from the different sites, broachers, news papers, company offer documents, different books and through suggestions from the project guide and from the faculty members of our college.

LIMITATIONS OF THE STUDY:

1. The study is conducted in short period, due to which the study may not be detailed in all aspects.
2. The study is limited only to the analysis of different schemes and its suitability to different investors according to their risk-taking ability.
3. The study is based on secondary data available from monthly fact sheets, web sites; offer documents, magazines and newspapers etc., as primary data was not accessible.
4. The study is limited by the detailed study of various schemes.
5. The NAV'S are not uniform.
6. The data collected for this study is not proper because some mutual funds are not disclosing the correct information.
7. The study is not exempt from limitations of Sharpe Treynor and Jenson measure.
8. Unique risk is completely ignored in all the measure.

REVIEW OF LITERATURE

1. Dr. Sandeep Bansal, Deepak Garg and Sanjeev K Saini (2012), have studied Impact of Sharpe Ratio & Treynor's Ratio on Selected Mutual Fund Schemes. This paper examines the performance of selected mutual fund schemes, that the risk profile of the aggregate mutual fund universe can be accurately compared by a simple market index that offers comparative monthly liquidity, returns, systematic & unsystematic risk and complete fund analysis by using the special reference of Sharpe ratio and Treynor's ratio.

2. Dr. K. Veeraiah and Dr. A. Kishore Kumar (Jan 2014), conducted a research on Comparative Performance Analysis of Select Indian Mutual Fund Schemes. This study analyzes the performance of Indian owned mutual funds and compares their performance. The performance of these funds was analyzed using a five year NAVs and portfolio allocation. Findings of the study reveals that, mutual funds out perform naïve investment. Mutual funds as a medium-to-long term investment option are preferred as a suitable investment option by investors.

3. Dr. Yogesh Kumar Mehta (Feb 2012), has studied Emerging Scenario of Mutual Funds in India: An Analytical Study of Tax Funds. The present study is based on selected equity funds of public sector and private sector mutual fund. Corporate and Institutions who form only 1.16% of the total number of investors accounts in the MFs industry, contribute a sizeable amount of Rs. 2,87,108.01 crore which is 56.55% of the total net assets in the MF industry. It is also found that MFs did not prefer debt segment.

4. Dr Surender Kumar Gupta and Dr. Sandeep Bansal (Jul 2012), have done a Comparative Study on Debt Scheme of Mutual Fund of Reliance and Birla Sunlife. This study provides an overview of the performance of debt scheme of mutual fund of Reliance, and Birla Sunlife with the help of Sharpe Index after calculating Net Asset Values and Standard Deviation. This study reveals that returns on Debt Schemes are close to Benchmark return (Crisil Composite Debt Fund Index: 4.34%) and Risk Free Return: 6% (average adjusted for last five year).

5. Prof. V. Vanaja and Dr. R. Karrupasamy (2013), have done a Study on the Performance of select Private Sector Balanced Category Mutual Fund Schemes in India. This study of performance evaluation would help the investors to choose the best schemes available and will also help the AUM’s in better portfolio construction and can rectify the problems of underperforming schemes. The objective of the study is to evaluate the performance of select Private sector balanced schemes on the basis of returns and comparison with their bench marks and also to appraise the performance of different category of funds using risk adjusted measures as suggested by Sharpe, Treynor and Jensen.

6. E. Priyadarshini and Dr. A. Chandra Babu (2011), have done Prediction of The Net Asset Values of Indian Mutual Funds Using Auto- Regressive Integrated Moving Average (Arima). In this paper, some of the mutual funds in India had been modeled using Box-Jenkins autoregressive integrated moving average (ARIMA) methodology. Validity of the models was tested using standard statistical techniques and the future NAV values of the mutual funds have been forecasted.

7. Dr. Ranjit Singh, Dr. Anurag Singh and Dr. H. Ramananda Singh (August 2011), have done research on Positioning of Mutual Funds among Small Town and Sub-Urban Investors. In the recent past the significant proportion of the investment of the urban investor is being attracted by the mutual funds. This has led to the saturation of the market in the urban areas. In order to increase their investor base, the mutual fund companies are exploring the opportunities in the small towns and sub-urban areas. But marketing the mutual funds in these areas requires the positioning of the products in the minds of the investors in a different way. The product has to be acceptable to the investors, it should be affordable to the investors, it should be made available to them and at the same time the investors should be aware of it. The present paper deals with all these issues. It measures the degree of influence on acceptability, affordability, availability and awareness among the small town and sub-urban investors on their investment decisions.

8. Prof. Kalpesh P Prajapati and Prof. Mahesh K Patel (Jul 2012), have done a Comparative Study On Performance Evaluation of Mutual Fund Schemes Of Indian Companies. In this paper the performance evaluation of Indian mutual funds is carried out through relative performance index, risk-return analysis, Treynor's ratio, Sharp's ratio, Sharp's measure, Jensen's measure, and Fama's measure. The data used is daily closing NAVs. The source of data is website of Association of Mutual Funds in India (AMFI). The study period is 1st January 2007 to 31st December, 2011. The results of performance measures suggest that most of the mutual fund have given positive return during 2007 to 2011.
9. C.Srinivas Yadav and Hemanth N C (Feb 2014), have studied Performance of Selected Equity Growth Mutual Funds in India: An Empirical Study during 1st June 2010 To 31st May 2013. The study evaluates performance of selected growth equity funds in India, carried out using portfolio performance evaluation techniques such as Sharpe and Treynor measure. S&P CNX NIFTY has been taken as the benchmark. The study conducted with 15 equity growth Schemes (NAV) were chosen from top 10 AMCs (based on AUM) for the period 1st June 2010 to 31st may 2013(3 years).

10. Rashmi Sharma and N. K. Pandya (2013), have done an overview of Investing in Mutual Fund. In this paper, structure of mutual fund, comparison between investments in mutual fund and other investment options and calculation of NAV etc. have been considered. In this paper, the impacts of various demographic factors on investors' attitude towards mutual fund have been studied. For measuring various phenomena and analyzing the collected data effectively and efficiently for drawing sound conclusions, drawing pie charts has been used and for analyzing the various factors responsible for investment in mutual funds.

11. Rahul Singal, Anuradha Garg and Dr Sanjay Singla (May 2013), have done Performance Appraisal of Growth Mutual Fund. The paper examines the performance of 25 Growth Mutual Fund Schemes. Over the time period Jan 2004 to Dec 2008. For this purpose three techniques are used (I) Beta (II) Sharpe Ratio (III) Treynor Ratio. Rank is given according to result drawn from this scheme and comparison is also made between results drawn from different schemes and normally the different are insignificant.

12. Dhimen Jani and Dr. Rajeev Jain (Dec 2013), have studied Role of Mutual Funds in Indian Financial System as a Key Resource Mobiliser. This paper attempts to identify, the relationship between AUM mobilized by mutual fund companies and GDP growth of the India. To find out correlation coefficient Kendall's tau b and spearman's rho correlation ship was applied, the data range was selected from 1998-99 to 2023-10.

13. Dr. R. Narayanasamy and V. Rathnamani (Apr 2013), have done Performance Evaluation of Equity Mutual Funds (On Selected Equity Large Cap Funds). This study, basically, deals with the equity mutual funds that are offered for investment by the various fund houses in India. This study mainly focused on the performance of selected equity large cap mutual fund schemes in terms of risk- return relationship. The main objectives of this research work are to analysis financial performance of selected mutual fund schemes through the statistical parameters such as (alpha, beta, standard deviation, r-squared, Sharpe ratio).

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14. Dr. Ashok Khurana and Kavita Panjwani (Nov, 2010), have analysed Hybrid Mutual Funds. Mutual fund returns can be compared using Arithmetic mean & Compounded Annual Growth Rate. Risk can be analyzed by finding out Standard Deviation, Beta while performance analysis is based on Risk-Return adjustment. Key ratios like Sharpe ratio and Treynor ratio are used for Risk-Return analysis.

DATA ANALYSIS & INTERPRETATION

For the purpose of data analysis and interpretation the following mutual funds have been chosen;

a) SBI Magnum Equity Fund Growth
b) Birla Sun life 95 Growth
c) Hdfc 30 Growth
d) TATA Equity Management Fund Growth

Each product has been analyzed using the following tools and the results tabulated, presented graphically and the evaluation of the same has been given under the caption 'Interpretation' below the graph.

The fund NAVs are compared with the bench mark of nifty for the analysis.

Four Asset Management Company (AMC'S) have been taken for the month of January 2024

Date (dd/mm/yyyy)	Market Level (NIFTY)	SBI Magnum Equity fund Growth	Birla Sun life 95 Growth	Hdfc 30 Growth	TATA Equity Management Fund Growth
1-Jan-24	17,538.95	21.08	159.95	57.62	7.94
2-Jan-24	17,388.00	21.22	192.21	57.94	7.98
3-Jan-24	17,661.45	21.69	193.7	59.18	8.1
4-Jan-24	17,779.00	21.86	193.84	59.22	8.12
5-Jan-24	17,798.70	20.7	154.38	56.44	7.7
8-Jan-24	17,638.20	20.18	154.48	55.55	7.57
9-Jan-24	17,449.50	19.75	152.69	53.99	7.42
10-Jan-24	17,220.00	19.64	152.59	53.55	7.39
Average	17,269.71	20.01	155.06	54.84	7.52

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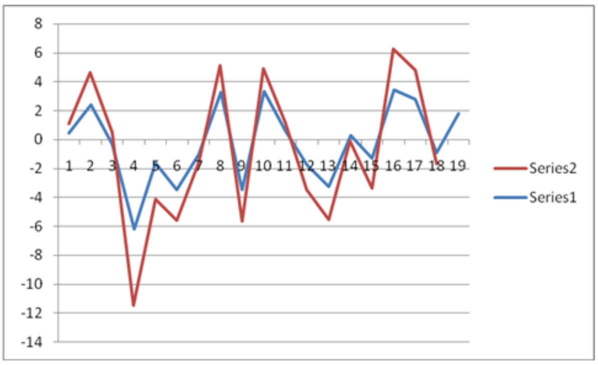
Calculations of Risk of SBI Magnum Equity fund Growth

for the period of 1-2-2024 to 31-2-2024

Date (dd/mm/yyyy)	Market Level (NIFTY)	Market Return	SBI Magnum Equity fund Growth	Return
1-Feb-24	17,538.95		21.08	
2-Feb-24	17,388.00	0.44	21.22	0.66
5-Feb-24	17,661.45	2.45	21.69	2.21
6-Feb-24	17,779.00	-0.28	21.86	0.78
7-Feb-24	17,798.70	-6.18	20.7	-5.31
8-Feb-24	17,638.20	-1.62	20.18	-2.51

Graphical Presentation of SBI Magnum Equity Fund-Growth For the month of 28-2-2024



Interpretation:

SBI Magnum Equity Fund-Growth has been analyzed and it is found that there is a negative growth. How ever on the basis of the avg returns of SBI there is a negative growth 0.42 as against the index avg of negative 0.36 the beta being less than 1 the stock is not highly volatile.

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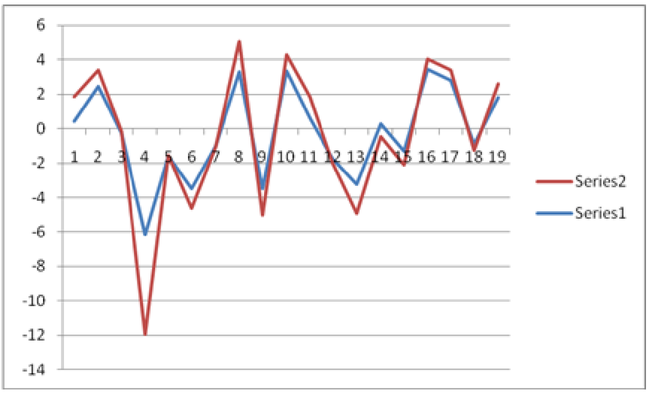
Calculations of Risk of Birla Sun life 95 Growth

for the period of 1-3-2024 to 31-3-2024

Date (dd/mm/yyyy)	Market Level = (NIFTY)	Market Return	Birla Sun life 95 Growth	Return
1-Mar-24	17,538.95		159.95	
2-Mar-24	17,388.00	0.44	192.21	1.41
3-Mar-24	17,661.45	2.45	193.7	0.92
6-Mar-24	17,779.00	-0.28	193.84	0.09
8-Mar-24	17,798.70	-6.18	154.38	-5.77
9-Mar-24	17,638.20	-1.62	154.48	0.06
10-Mar-24	17,449.50	-3.48	152.69	-1.19
13-Mar-24	17,220.00	-1.02	152.59	-0.07
14-Mar-24	17,140.00	3.29	155.28	1.76

For the month of 31-3-2024



Interpretation:

Birla Sun life 95 Growth have been analysed and it is found that there is a negative growth. How ever on the basis of the avg returns of Birla Sun life there is a negative growth 0.28as against the index avg of negative 0.36 the beta being less than 1 the stock is not highly volatile.

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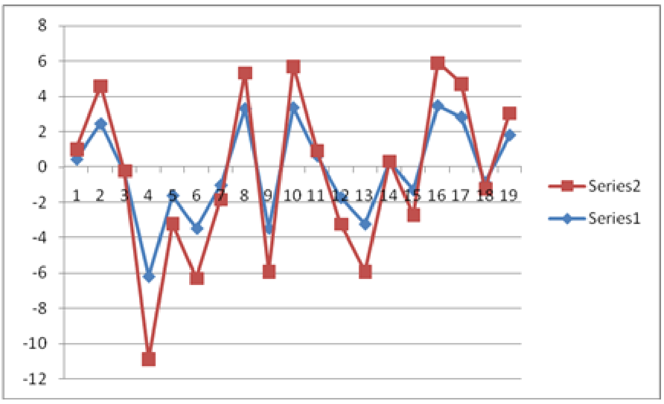
Calculations of Risk of Hdfc 30 Growth

for the period of 1-3-2024 to 31-3-2024

Date (dd/mm/yyyy)	Market Level (NIFTY)	Market Return (x)	Hdfc 30 Growth	Return(y)
1-Mar-24	17,538.95		57.62	
2-Mar-24	17,388.00	0.44	57.94	0.56
3-Mar-24	17,661.45	2.45	59.18	2.19
6-Mar-24	17,779.00	-0.28	59.22	0.07
8-Mar-24	17,798.70	-6.18	56.44	-4.69
9-Mar-24	17,638.20	-1.62	55.55	-1.58

Graphical Presentation of HDFC 30 Growth Fund

For the month of 31-3-2024



Interpretation:

HDFC 30 Growth Fund have been analysed and it is found that there is a negative growth. How ever on the basis of the avg returns of HDFC there is a negative growth 0.35 as against the index avg of negative 0.36 the beta being less than 1 the stock is not highly volatile.

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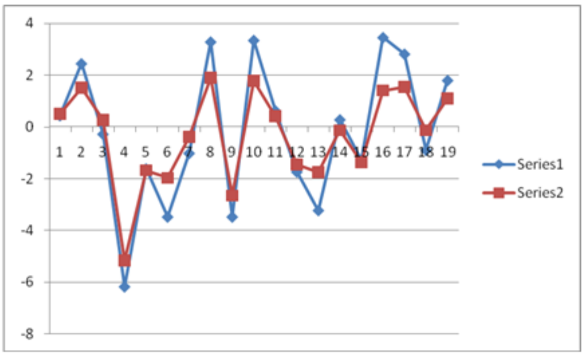
Date (dd/mm/yyyy)	Market Level (NIFTY)	Market Return (x)	TATA Equity Management Fund Growth	Return(y)
1-Mar-24	17,538.95		7.94	
2-Mar-24	17,388.00	0.44	7.98	0.50
3-Mar-24	17,661.45	2.45	8.1	1.50
6-Mar-24	17,779.00	-0.28	8.12	0.25
8-Mar-24	17,798.70	-6.18	7.7	-5.19
9-Mar-24	17,638.20	-1.62	7.57	-1.69
10-Mar-24	17,449.50	-3.48	7.42	-1.98
13-Mar-24	17,220.00	-1.02	7.39	-0.40
14-Mar-24	17,140.00	3.29	7.53	1.89
15-Mar-24	17,027.55	-3.48	7.33	-2.66
16-Mar-24	17,070.35	3.35	7.46	1.77
17-Mar-24	17,189.00	0.63	7.49	0.40

Graphical presentation of TATA Equity Management Fund Growth For the month of 31-3-2024



Interpretation:

TATA Equity Management Fund Growth has been analyzed and it is found that there is a negative growth. How ever on the basis of the avg returns of TATA Equity there is a negative growth 0.42 as against the index avg of negative 0.36 the beta being less than 1 the stock is not highly volatile.

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FINDINGS

SHARPE'S: As per Sharpe performance measure, a high Sharpe ratio is preferable as it indicates a superior risk adjusted performance of a fund. From the above table Birla sunlife and hdfc show a better risk-adjusted performance out of top4 AMC'S.

TREYNOR's: As per TREYNOR'S ratio the Treynor's reward to volatility - having high positive index is favorable. Therefore, as per this ratio also Hdfc PORTFOLIO MANAGEMENT is preferable.

HDFC Contra is a diversified equity growth scheme, by the performance of this scheme we can say that it is not even up to comfort level of returns. In this fund debt investments were given priority thus foregoing equity related investment. This has happened the results badly.

This is open-ended equity growth scheme in which the investors in this scheme only invest in IT sector, investment strategy between 90-100%.

Through my survey I observed HDFC Equity FOF is a multi manager FOF scheme. In this scheme the investment is not invested in securities or stock. It is directly invested in other schemes of mutual funds. The performance of this scheme is good.

SUGGESTIONS:

Investing Checklist

- Financial goals & Time frame

(Are you investing for retirement? A child's education? Or for current income?)

Risk Taking Capacity Identify funds that fall into your Buy List Obtain and read the offer Documents match your objectives

- In terms of equity share and bond weightings, downside risk
- protection, tax benefits offered, dividend payout policy, sector focus
- Performance of various funds with similar objectives for at least 3-5 years
- Think hard about investing in sector funds For relatively aggressive investors
- Close touch with developments in sector, review portfolio regularly – Look for `load' costs
- Management fees, annual expenses of the fund and sales loads
- Look for size and credentials
- Asset size less than Rs. 25 Crores
- Diversify, but not too much
- Invest regularly, choose the S-I-P
- MF- an integral part of your savings and wealth building plans.

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CONCLUSIONS

- ✓ From the study analysis conducted it is clear that in EQUITY FUNDS-HDFC MUTUAL FUND is performing very well.
- ✓ Investing in the HDFC MUTUAL FUND (GROWTH) will leads to profits.
- ✓ By seeing the overall performance HDFC MUTUAL FUND is performing very well.
- ✓ The prospective investors are needed to be made aware of the investment in mutual funds.
- ✓ The Industry should keep consistency and transparency in its management and investors objectives.
- ✓ There is 100% growth of mutual fund as foreign AMCS are in queue to enter the Indian markets.
- ✓ Mutual funds can also portrait in to rural areas.

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II. WEB SITES

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