

A STUDY ON MUTUAL FUNDS IN INDIA

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ABSTRACT

Mutual fund is a trust that pools money from a group of investors (sharing common financial goals) and invest the money thus Collected into asset classes that match the stated investment objectives of the scheme. Since the stated investment objectives of a Mutual funds scheme generally forms the basis for an investor's decision to contribute Money to the pool a mutual fund can not deviate from its stated objectives at any point of time.

Every mutual fund is managed by a fund manager, who using his investment Management skills and necessary research works ensures much better return than what an Investor can manage on his own. The capital appreciation and other incomes earned from these investments are passed on to the investors (also known as unit holders) in proportion of the number of units they own.

INTRODUCTION

A Mutual fund or unit trust is a financial intermediary established in the form trust. Banks sponsor it; insurance, financial and other industrial companies mobilize savings from the public at large (mostly households), by launching various schemes (which are different in objectives and operation). It invests the pooled savings (fund) in various instruments of capital and money markets. The funds so mobilized are managed by professionals (often a legal entity) and are invested in various securities of divergent companies of different industries, which facilities the diversification and minimizes the risk.

SEBI (Mutual fund) Regulations 1996, defines Mutual Fund as follows: "Mutual fund means a fund established in the form of a Trust to raise monies through the sale of units to the public or a section of the public under one or more schemes for investing in securities, including money market instruments.

Frank Reilly defines, a mutual fund as a financial intermediary, which brings a wide variety of securities with in the reach of the most modest of investors. It is "an investment fund that pools the invested funds of others and invests those funds on their behalf, usually in a specific kind of investment, such as money market instruments, municipal bonds or common stock"

REVIEW OF LITERATURE

Friend, et al., (1962) made an extensive and systematic study on 152 mutual funds found that mutual fund schemes had earned an average annual return of 12.4 percent, while their composite benchmark earned a return of 12.6 percent and its alpha value was negative with 20 basis points.

Loomba (2011) evaluated the performance and growth of Indian mutual funds vis-a-vis the Indian equity market. Kruskal Wallis H-test was applied to know whether the returns significantly differ or not and the results indicated that the returns of schemes do not differ significantly.

Irwin, Brown, FE (1965) analyzed issues linking to investment policy, portfolio turnover rate, performance of mutual funds and its impact on the stock markets. They acknowledged that mutual funds had a significant impact from the price movement in the stock market. They concluded that on an average, funds did not perform better than the composite markets and there was no continual relationship between portfolio turnover and fund performance.

Sarish, (2012) studied Mutual funds and the benefits of investing in mutual fund, its drawbacks. It explored the potential of mutual funds in India with all problems, complexities and variables, and suggesting the means and ways of meeting the challenges for developing the mutual funds in tandem with its potential of economic growth.

Bansal and Kumar,(2012) attempted to study the performance of selected mutual funds schemes based on risk-return relationship models, also compared with return on equity shares of different sectors of Indian economy. The analysis has been made on the basis of mean return, beta, Sharpe ratio, Treynor ratio, and Jensen Alpha. The overall Analysis finds UTI schemes being best performers and others showing below average performance.

Bhaskar Biswas, (2012), investigated out performance and under performance of diversified funds, by studying the performance of some ten best and ten worst performing diversified equity mutual funds for the period from 2009 to 2012. Selected diversified equity funds have been analyzed through arithmetic mean return, risk analyzed by standard deviation, beta measures for market sensitivity, alpha measures the risk return relationship and Sharpe ratio measures the risk premium of portfolio.

Dhanda, Batra and Anjum, (2012) attempted to study a performance evaluation of selected open ended schemes in terms of risk and return relationship. Rate of return method, Beta, Standard Deviation, Sharpe and Treynor ratio has been used. BSE-30 has been used as a benchmark to study the performance of mutual funds in India. The findings of the study revealed that only three schemes have performed better.

Bansal, Garg and Saini, (2012), examined 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 & Treynor's ratio.

NEED OF THE STUDY:

The study basically made to educate in investors about mutual funds. Analyze the various schemes to highlight the risk and return of diversity of investment that mutual funds offer. Thus, through the study one would understand how a common man could fruitfully convert a pittance into great penny by wisely investing into the right scheme according to his risk taking abilities.

OBJECTIVES OF THE STUDY

- To understand what Mutual fund companies are.
- To understand Mutual fund companies viz. UTI, SBI, HDFC, ICICI, HSBC & KOTAK BANK.
- To understand each company performance basing on weekly wise Data starting from Monday.
- To understand the investment strategies followed by each company.
- To analyze by comparing the input-output of each company with others.
- To identify suitable company for investment.
- To study which Banking sector is performing well i.e. ,Nationalised or Corporate Banking sector.

SCOPE OF THE STUDY

The study here has been limited to analyse open-ended equity schemes of two different Asset Management Companies namely Reliance and HDFC Mutual Funds each scheme is analysed according to its performance against the other, based on factors like Sharpe's Ratio, Treynor's Ratio, β (Beta) co-efficient, Returns and also NAV.

RESEARCH METHODOLOGY:

The data that is used in this project is of secondary nature. The data has been collected from secondary sources such as various websites, journals, newspapers, books, etc., the analysis used in this project has been done using selective technical tools. In Mutual funds risk is analysed and trading decisions are taken on basis of technical analysis.

Sample size of the banking sector: 2.

Sample size of the banks in each sector: 3

METHOD OF STUDY

The data taken for the 2 sectors is 3 Months data i.e, 2013-2017. The data for study purpose is taken on weekly basis .The data taken into consideration is every Monday.

NATIONALISED BANKS :SBI , UTI , KOTAK BANK

CORPORATE BANKS :HDFC , HSBC , ICICI

DATA COLLECTION :

The data of the ICICI and Reliance have been collected from "Fact Sheets" and the internet. The data consist of the NAV values of the both AMC's.

DATA ANALYSIS & INTERPRETATION

STATE BANK OF INDIA

State Bank of India is the first Bank sponsored Mutual Fund to launch offshore fund, the India Magnum Fund with a corpus of Rs. 225 cr. approximately. Today it is the largest Bank sponsored Mutual Fund in India. They have already launched 35 Schemes out of which 15 have already yielded handsome returns to investors. State Bank of India Mutual Fund has more than Rs. 5,500 Crores as AUM. Now it has an investor base of over 8 lakhs. Spread over 18schemes

KOTAK BANK

Kotak Bank Ltd., is an entity formed with the Kotak Bank Ltd, a premier bank in the Indian Private Sector and a global financial powerhouse,

In 1948, the Bank acquired the status of Scheduled Bank. In 1992, its deposits crossed Rs. 1300 crores. The very next year, Kotak Bank crossed 300 branches. Kotak Bank's Deposit Scheme

The following two types of deposits are offered by Kotak Bank:

Access Plus

Features :

- A single Current Account, with access from 8 cities in India
- Separate cheque books for each centre for easy reconciliation
- Pooling of funds in the city of residence
- A cost effective product
- A perfect product for the trading community
- Current Account

Eligibility:

- Individuals for single account
- More than one individual for joint account
- Sole proprietary concerns
- Partnership concerns
- Private and Public Limited companies
- Clubs, associations, benevolent and friendly societies
- Co-operative organisations
- Statutory bodies, municipalities and such other Quasi-Government Institutions
- Executors and Administrators
- Agencies/ Power of Attorney holders

KOTAK BANK Loans

The following types of loans are offered by the Bank:

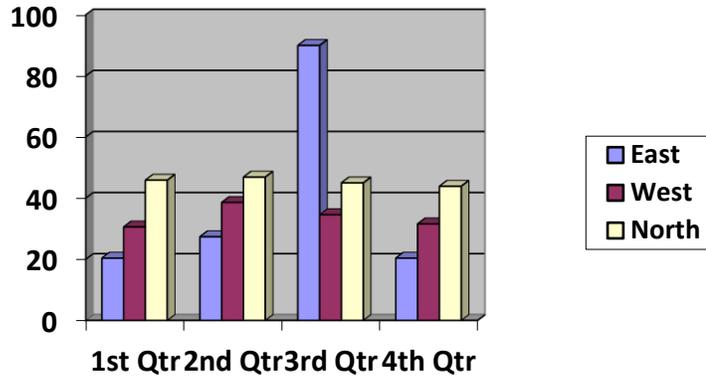
- For Business Enterprises(VysVyapar)
- For Doctors (VysDoctor)
- For Rent (VysRent)
- Home Loans

KOTAK BANK NRI Services

The Bank offers the following products to the NRIs:

- Deposit Products
- Non Resident External Rupee Account (NRE)
- Foreign Currency Non-Resident (Banks) Account (FCNR(B))
- Non-Resident Ordinary Account (NRO)
- Resident Foreign Currency Account (RFC)

NAV History-Historical NAV for a period		
From 2015-2019		
Kotak Bank Mutual Fund		
Kotak Bank Equity Fund		
Kotak Bank Equity Fund-Dividend & Growth		
DATE	Dividend	Growth
31/03/2015	15.58	32.68
31/03/2016	17.98	31.42
31/03/2017	15.25	32
31/03/2018	15.22	31.93
31/03/2019	15.52	32.56



INTERPRETATION

The above graph indicates that Growth is performing well when compared to Dividends. From the starting month Growth is high. There are slight fluctuations in both Growth and Dividend. Because of declaring Dividends frequently, the performance of Dividend always shows less when compared with others. As compared to SBI the performance showed is better.

UNIT TRUST OF INDIA (UTI)

UTI, the first bank to begin operations as new private banks in 1994 after the Government of India allowed new private banks to be established. UTI Bank was jointly promoted by the Administrator of the specified undertaking of the Unit Trust of India (UTI-I), Life Insurance Corporation of India (LIC) and General Insurance Corporation Ltd. Also with associates viz. National Insurance Company Ltd., The New India Assurance Company, The Oriental Insurance Corporation and United Insurance Company Ltd.

UTI Bank in India today is capitalised with Rs. 232.86 Crores with 47.50% public holding other than promoters. It has more than 200 branch offices and Extension Counters in the country with over 1550 UTI Bank ATM proving to be one of the largest ATM networks in the country. UTI Bank India commits to adopt the best industry practices internationally to achieve excellence. UTI Bank has strengths in retail as well as corporate banking.

By the end of December 2004, UTI Bank in India had over 2.7 million debit cards. This is the first bank in India to offer the AT PAR Cheque facility, without any charges, to all its Savings Bank customers in all the places across the country where it has presence.

The latest offerings of the bank along with Dollar variant is the Euro and Pound Sterling variants of the International Travel Currency Card. The Travel Currency Card is a signature based pre-paid travel card which enables travellers global access to their money in local currency of the visiting country in a safe and convenient way.

Share Capital of UTI Bank

Authorised Share Capital :Rs. 300 Crores

Paid Up Share Capital : Rs. 232.86 Crores Declared Rate of Interests by UTI Bank

Year	Rate
2013-14-	13% (Pro-rata)
2014-15	- 15%
2015-16	- 15%
2016-17	- 20%
2017-18	- 22%
2018-19	- 25%

UTI Mutual Fund is managed by UTI Asset Management Company Private Limited (Estb: Jan 17, 2003) who has been appointed by the UTI Trustee Company Private Limited for managing the schemes of UTI Mutual Fund and the schemes transferred / migrated from UTI Mutual Fund.

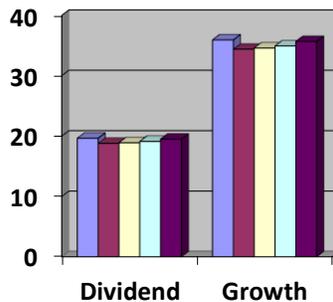
The UTI Asset Management Company has its registered office at : UTI Tower, Gn Block, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051 will provide professionally managed back office support for all business services of UTI Mutual Fund (excluding fund management) in accordance with the provisions of the Investment Management Agreement, the Trust Deed, the SEBI (Mutual Funds) Regulations and the objectives of the schemes. State-of-the-art systems and communications are in place to ensure a seamless flow across the various activities undertaken by UTI AMC.

UTI AMC is a registered portfolio manager under the SEBI (Portfolio Managers) Regulations, 1993 on February 3 2004, for undertaking portfolio management services and also acts as the manager and marketer to offshore funds through its 130 % subsidiary, UTI International Limited, registered in Guernsey, Channel Islands.

UTI Mutual Fund has come into existence with effect from 1st February 2019. UTI Asset Management Company presently manages a corpus of over Rs. 34500 Crore.

UTI Mutual Fund has a track record of managing a variety of schemes catering to the needs of every class of citizenry. It has a nationwide network consisting 70 UTI Financial Centers (UFCs) and UTI International offices in London, Dubai and Bahrain. With a view to reach to common investors at district level, 4 satellite offices have also been opened in select towns and districts. It has a well-qualified, professional fund management team, who have been highly empowered to manage funds with greater efficiency and accountability in the sole interest of unit holders. The fund managers are also ably supported with a strong in-house equity research department. To ensure better management of funds, a risk management department is also in operation.

NAV History-Historical NAV for a period		
From 1-April-2014 to 31-March-2019		
UTI Mutual Fund		
UTI - DYNAMIC EQUITY FUND		
UTI DYNAMIC Equity fund-dividend & growth		
DATE	Dividend	Growth
31/03/2013	19.63	35.93
31/03/2014	18.78	34.38
31/03/2015	18.88	34.57
31/03/2016	19.10	34.91
31/03/2017	19.48	35.66



INTERPRETATION

From the above graph we can observe that Growth is showing more performance than Dividends. In the month of Feb we can see that Growth has fallen down in the last week and raised in first week and the Dividend has also raised in 2014-19. Because of declaring Dividends frequently, the performance of Dividend always shows less when compared with others

HSBC

HSBC is the largest bank in Hong Kong and second largest group in the world after Citicorp. Before moving its headquarter to London in 1990, it was headquartered in Hong Kong. HSBC India is having branches in Ahmedabad, Bangalore, Chennai, Chandigarh, Coimbatore, Gurgaon, Hyderabad, Jaipur, Kochi, Kolkata, Ludhiana, Mumbai, New Delhi, Noida, Pune, Thane, Trivandrum and Visakhapatnam.

HSBC NRI centres are located in Asia-Pacific, the Middle East, Europe and North America. HSBC NRI centres provide full range of personal and private banking products in India and overseas. HSBC Internet banking adds to the services of HSBC India abroad.

HSBC India, along with HSBC Investment product and HSBC Insurance, it offers international Gold Card and Classic Credit Cards from VISA and MasterCard and debit cards from Visa. HSBC in India gives 24 hour banking services, extensive network of ATMs, integrated Call Centre and also HSBC e-banking.

HSBC Bank India Fact File

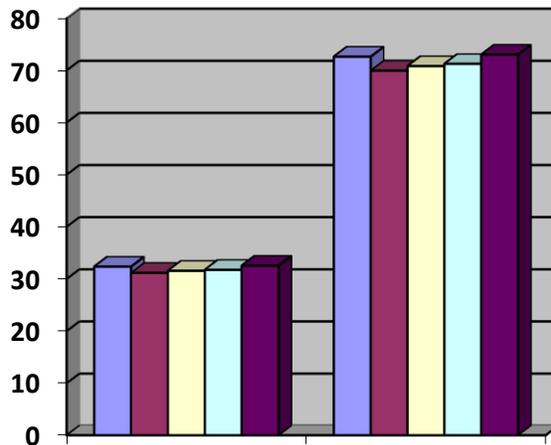
The HSBC Group develops and applies advanced technology to the efficient and convenient delivery of banking and related financial services. HSBC Bank India provides the following:

Self-service banking with over 150 in-branch and off-branch ATMs and 24-hour phone banking. Trade and corporate banking services with real-time access to a centralised information database

Instantaneous inter-city transactions through online connections between all branches. A state-of-the-art treasury dealing system. A sophisticated card system supporting debit and credit cards, domestic and international VISA, MasterCard, and co-branded cards

A dedicated acquiring system for both MasterCard and Visa transactions. online@hsbc, HSBC internet banking service, provides customers with an integrated and secure platform to access their accounts.

NAV History-Historical NAV for a period		
From 1-April-2014 to 31 -March-2019		
HSBC Mutual Fund		
HSBC Equity Fund		
HSBC Equity Fund - Dividend & Growth		
DATE	Dividend	Growth
31/03/2015	32.3544	72.6266
31/03/2016	31.1616	69.9483
31/03/2017	31.5484	70.8158
31/03/2018	31.7374	71.24
31/03/2019	32.5321	73.0236



INTERPRETATION

The above graph there is little fluctuations in the values of Dividends and Growth. But here we can see that Growth is again performing well. It showed a less performance in the last week and Dividend showed similar performance in all the weeks. Because of declaring Dividends frequently, the performance of Dividend always shows less when compared with others.

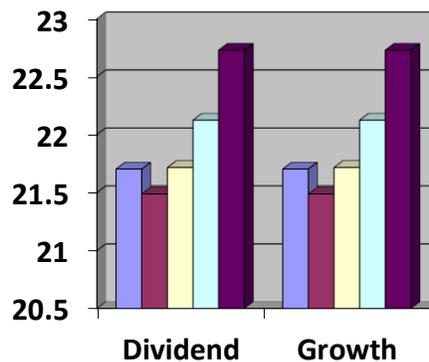
ICICI BANK

ICICI Limited was established in 1955 by the World Bank, the Government of India and the Indian Industry, for the promotion of industrial development in India by giving project and corporate finance to the industries in India.

ICICI Bank has grown from a development bank to a financial conglomerate and has become one of the largest public financial institutions in India. ICICI Bank has financed all the major sectors of the economy, covering 6,848 companies and 16,851 projects. As of March 31, 2000, ICICI had disbursed a total of Rs. 1,16,100 crores, since inception.

ICICI Bank Fact Files Total assets : Rs.176,217 crore Network : 530 branches ATMs : Over 1,880 Abroad Subsidiaries : United Kingdom and Canada Abroad branches : Singapore and Bahrain Representative offices : United States, China, United Arab Emirates, Bangladesh and South Africa.

NAV History-Historical NAV for a period		
From 1-April-2014 to 31 -March-2019		
ICICI PRUDENTIAL MUTUAL FUND		
ICICI PRUDENTIAL EQUITY FUND		
ICICI Prudential Equity Fund-Dividend & Growth		
DATE	Dividend	Growth
31/03/2015	21.7026	21.7026
31/03/2016	21.4877	21.4877
31/03/2017	21.7154	21.7154
31/03/2018	22.124	22.124
31/03/2019	22.7277	22.7277



INTERPRETATION

From the above graph it indicates that the Growth and Dividend are performing similar but in the year 2014-19 both of them have declined .It had drastically fallen.

HDFC

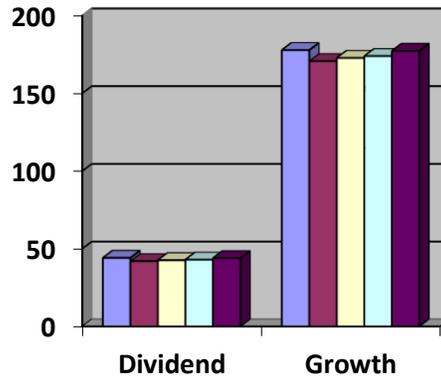
The Corporation endeavors to engage the best talent, adopt the best practices and make use of the best available technology for the benefit of its valued stakeholders

HDFC’s Investor Services Department (ISD) is registered with the Securities and Exchange Board of India (SEBI) as an In-House Share Transfer Agent - Category II. The ISD has connectivity with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The ISD offers services pertaining to share transfers, transmissions, dematerialization of shares, issue of duplicate/re-validated dividend warrants, issue of duplicate/replaced share certificates, change of address and other related matters apart from providing various value added services like remittance of dividend through Electronic Clearing Service (ECS) and Direct Credit Service (DCS), periodic reminders for encashment of unclaimed dividends and sub-division of old share certificates.

The Purpose of Investors Desk is to communicate with the existing and potential investors within and outside India, about the performance of the Corporation, share ownership details, disclosures made to stock exchange on an ongoing basis and answers to frequently asked questions etc.

NAV History-Historical NAV for a period		
From 1-April-2014 to 31 -March-2019		
HDFC Mutual Fund		
HDFC Equity Fund		
HDFC Equity Fund-Dividend Plan & Growth		
DATE	Dividend	Growth
31/03/2015	44.151	177.798
31/03/2016	41.993	170.669
31/03/2017	42.617	172.758
31/03/2018	42.97	173.94
31/03/2019	43.968	177.286



INTERPRETATION

In this you can see that right from the starting month Growth is showing good performance compare to Dividends. There are some fluctuations in growth , but in dividends the values shown are almost constant. Because of declaring Dividends frequently,the performance of Dividend always shows less when compared with others

FINDINGS

- From the table 1 (i.e.) SBI bank we can see that both Dividend and Growth are similar to each other ,where as growth has been increased in the 2nd week of Jan with a value of 29.64%.
- In UTI bank table we can see that growth has performed well when compared to dividends. There was a slight fluctuation in the values of dividends and growth.
- In Kotak Bank table we can see that performance of growth was good. The dividends was constant in there values. During the first week of Feb the NAV values of both Dividends and Growth were high.
- When we see corporate banks (i e) HDFC the performance of Growth is very good when compared to Dividends. This bank has been shown a positive performance when compared to other banks were it is good for investing in this bank.
- When we see ICICI bank both the Dividends and Growth are equal or similar to each other there is no change in them. In the month of Feb it raised in the first week but it had a drastic fall in all the following weeks.
- When we see HSBC bank here again growth has been performed well when we compare to dividends. This increase in the value has been reached to certain extent and it has been declined in last week of Feb.
- If we compare Nationalized and Corporate banks we can see that corporate banks have performed well during these 3 months.

- Nationalized banks performed well up to certain extent and its values were declining further. This decline may be due to declaration of any dividends in those banks and so it was showing low values.

SUGGESTIONS

- I suggest the investors to invest in corporate sectors rather than investing in nationalized sector.
- Corporate sectors provide good services if we see through customer point of view. They are very caring to their customers.
- With the increase in infrastructure, technology, introduction of various schemes and services, online trading it is clear that any one who wants to invest will surely invest in corporate banks.
- Now you can see most of them are opening their account in corporate banks instead of nationalized banks this is due to extra benefit & services which they are getting from that sector.

CONCLUSION

- In nationalized banks we can see internally in Dividends SBI bank has performed well and if we see Growth UTI bank has performed well.
- In corporate banks we can see internally in Dividends and Growth HDFC bank has performed relatively well when compared to other banks. Both the values are high in this bank. It had reached to a maximum height.
- After seeing both the sectors we can say that corporate sector has performed well when compared to nationalized sector. This is because of the increase in technology, various schemes used and introduced, various benefits given to customers, introduction of online facilities for customers in the corporate sectors.
- So it is better for investors to invest in corporate sectors rather than investing in nationalized sector which gives them maximum number of return for their investment.

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