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COMPARATIVE ANALYSIS OF MUTUAL FUND AND BENEFITS TO CUSTOMERS IN INDIA

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Abstract:

Comparative analysis of mutual funds under a different categories. In the process of comparative analysis of category wise and fund wise comparisonreliance mutual had good return and in some categories it has maintained stable returns. It is clear that all funding worked well during the study. In the final analysis we can conclude that all funds are working well in volatile market movements. NAV, total returns to ensure stable performance of mutual funds. Risk oriented refers to the investor's ability to bear the risk and interest. Mutual funds are a low risk means of investment in the capital markets, but also involved in market risk. Risk orientation among investors is very important for investing in mutual funds and their investment behavior.

Key words: mutual funds, comparative analysis, volatile market movements

Introduction:

In the current economy scenarios interest rates are falling and share market fluctuations have put investors in the confusion. Such a mutual fund is one of the profitable investment routes available to investors. The study mainly deals with identifying better collective investments in 3 different categories and by considering various other parameters such as forms, NAV and risk analysis etc, and also the perception of individual respondents for investing in mutual fund in India.

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Every country's financial system consists of financial markets, financial intermediaries, financial instruments or financial instruments. Finance is the science of money management. Finance represents resources as funds needed for specific activities.

When reference is made to the financial needs of an organization, the financing is also called "funds" or "capital". "System" in the term "financial system" means a complex or closely related group of institutions, agents, practices, markets, transactions, claims and obligations in the economy.

There are people with territories, people, and surplus funds. The financial system or banking sector acts as a facilitator to facilitate surplus-to-deficit flows. The financial system is a combination of multiple institutions, markets, regulations, laws, practices, fund managers, analysts, operations, claims and debts.

The Indian financial system:

The Indian financial system consists of organized sector and unorganized sector. The organized sector is structured and largely falls under the regulation and control of governing bodies, whereas, unorganized sector is more of unstructured and has the freeways in terms of regulations and controlling power. The stability of financial markets has an impact on the functioning of the economy and thus the financial system plays a vital role in the economic prosperity.

In this study, an attempt is made to understand the Performance and Preference of the Mutual funds products/services in India and analyzed it from the Marketing and Finance perspective. Hence, the research analysis consist of tools and techniques of Marketing research to understand the customer preference and Financial analysis to understand the various Mutual Funds Performance. The study from the survey found that the awareness of the Mutual funds has increase over period of time.

Statement of the problem

Today, mutual funds are one of the favorable investment methods available to investors. The statement in question mainly identifies higher performing mutual funds in three different categories, and considers the various other parameters such as returns, NAV, risk analysis and individual investor perceptions of investing in mutual funds to do.

Need of the study

Mutual fund is one of the most desirable investments for small investors because they offer the opportunity to invest in relatively low-cost, diverse and professionally managed investments. The recent trend in the mutual fund industry is the active expansion of foreign investment fund companies and the reduction of state-owned banks and small private companies. The growth and development of various investment fund products in Indian capital markets has proven to be one of the most catalytic tools to promote capital market growth.

Review of Literature:

Jayadev (1996) evaluated the performance of two growth-oriented mutual funds namely Mastergain and Magnum express by using monthly returns. Jensen, Sharpe and Treynor measures have been applied in the study and the pointed out that according to Jensen and Treynor measure Mastergain have performed better and the performance of Magnum was poor according to all three measures. Afza and Rauf (2009) in their study of open-ended Pakistani mutual funds performance using the quarterly data for the period of 1996-2006. The study measure the fund performance by using Sharpe ratio with the help of pooled time-series and cross sectional data and also focused on different attributes such as fund size, expenses, age, turnover and liquidity. The results found significant impact on fund performance. Debasish (2009) studied the performance of selected schemes of mutual funds based on risk and return models and measures. The study covered the period from April 1996 to March 2005 (nine years).

Objectives of the Study

1. To study about the various mutual fund schemes are available in the market.
2. To analyse risk and returns of the different schemes of mutual funds.
3. Evaluate the performance of different funds based on different performance measurement ratios such as sharp ratio, standard deviation, beta and R-square
4. To analyse perception of investors towards mutual funds.

Hypothesis:

H0: There is no significant impact of risk of the different schemes of mutual funds.

H1: There is no significant impact of risk of the different schemes of mutual funds.

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Research methodology:

Research methodology is a scientific and systematic problem-solving method. It involves choosing a variety of methods and techniques, mostly from the studies carried out.

1. For the first part of the analysis, the return on funds took five different types of funds from similar fund companies, comparing the returns for six months, three years and five years.
2. The second part of the analysis, the risk profile, I compared the standard deviation offive funds, the sharp ratios, β, α and r square.
3. Funding comparisons are made using bar graphs, so conclusions can be drawn after analyzing these graphs.

Sampling technique:

1. Sample size- 30 respondents
2. Sampling method- Convenience sampling methods.

Introduction to mutual fund, concept of mutual funds, meaning of mutual funds, Industry Profile, history of mutual fund, company profile, promoters, vision, mission, product profile, swot analysis

Table no 1: Do you invest in mutual fund?

Particulars	No of respondents	Percentage
Yes	20	67%
No	10	33%
Total	30	100%

Analysis:

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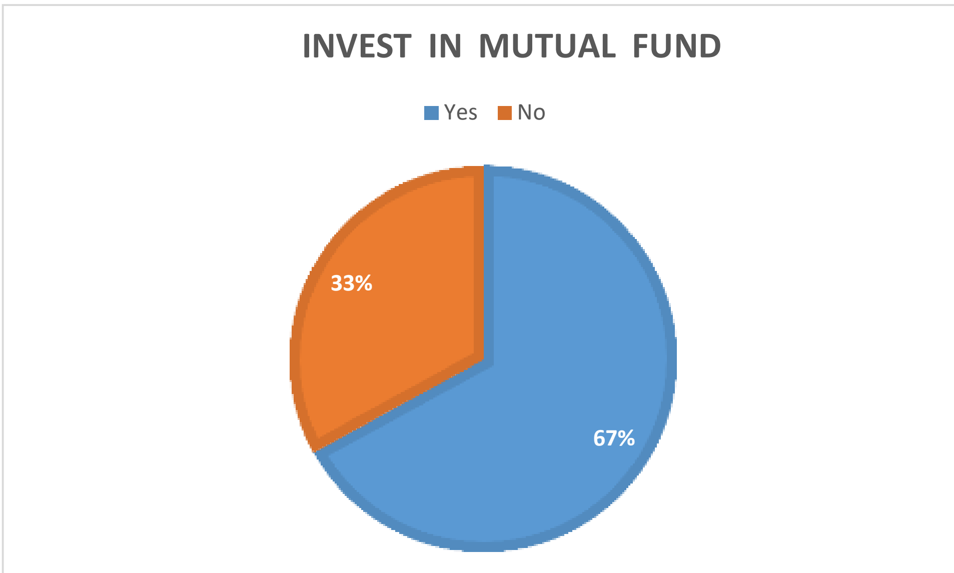
As per the above table it is clear that while 67% of respondents are investing in mutual funds, 33% of respondents are not investing in mutual funds.



Graph no 1: Graph is showing no of respondents who is invest in mutual funds

Interpretation:

As per the above graph it can be interpreted that most respondents are investing in mutual funds. That is 67%. This still indicates that mutual fund products are to be used by a large pool of investors

Table no 2: The age group under you belong to

Age group	No of investors	Percentage
21-30	4	13%
31-40	10	34%
41-50	9	30%
51-60	7	23%

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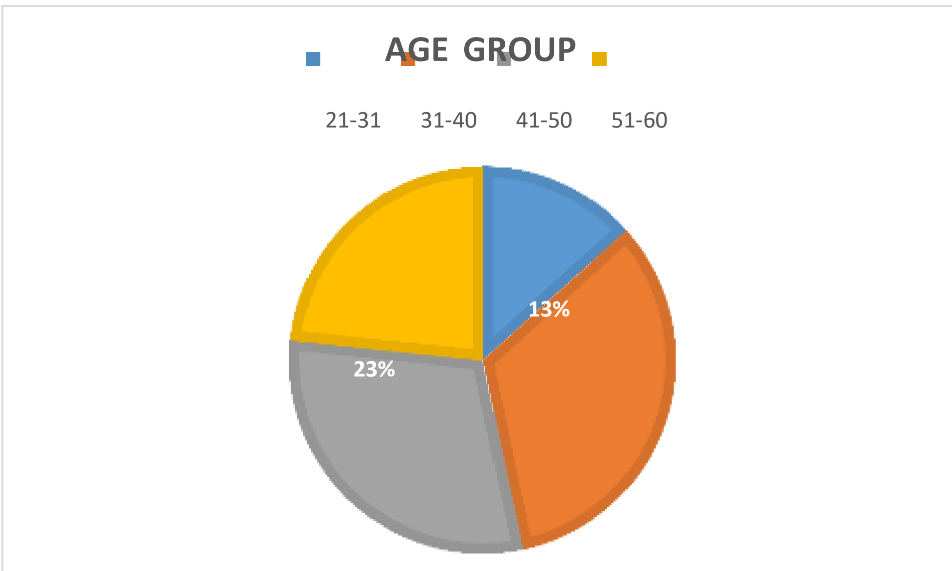
Total	30	100%

Analysis:

As in the above table, the majority of respondents can be analyzed to be in the 31-40 years age group ie 34%. The second most common investor is the age group of 41 to 50 years ie 30%, the age group of 51 to 60 years has 23% investors and the lowest investor of 13% is 21 to 30 years It is an age group.



Graph no 2: graph showing age group of the respondents.

Interpretation:

As per the above graph, it can be interpreted the most of the respondents are corresponds to the age group of 31-40 and least of the investors are falling under the age group of 21-30. It means that working class individuals are more lure towards investments than young individuals.

Table no 3: Occupation of the investors:

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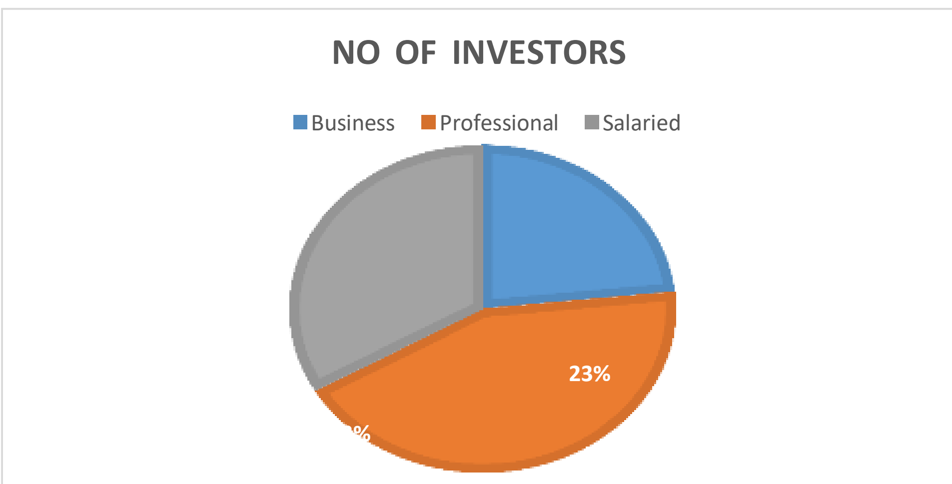
Occupation	No of investors	Percentage
Business	7	23%
Professional	13	44%
Salaried	10	33%
Total	30	100%

Analysis:

From the analysis out of 30 respondents as per above table 44% investors are professionals like doctor, CA and others. 33% investors are of salaried persons and 23% investors are business persons.

Graph no 3: graph showing occupation of investors



Interpretation:

From the above graph, it can be interpreted that specialists such as doctors, CPAs and consultants are inclined to invest in mutual funds. It is followed by salary individuals.

Table no 4: Why do you invest in mutual funds?

Particulars	No of respondents	Percentage
Safety	9	30%

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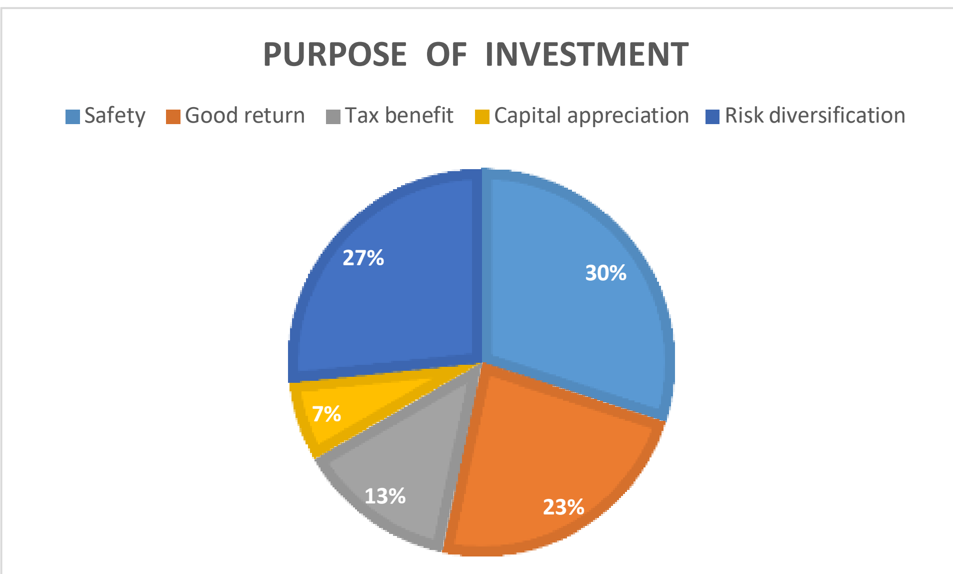
Good return	7	23%
Tax benefit	4	13%
Capital appreciation	2	7%
Risk diversification	8	27%
Total	30	100%

Analysis:

As per the above table, it is analysed that 30% of respondents invest in mutual funds for purpose of safety, 23% of respondents are invest for good returns, 13% of the respondents invest to get tax benefit, 7% of the respondents are for capital appreciation and 27% respondents for risk diversification.



Graph no 4: graph showing purpose of investment

Interpretation:

From the above graph, it can be interpreted that safety and risk diversification are key considerations for investing in mutual funds. Capital appreciation is found to be least considered for making investment.

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Findings: Based on Secondary Data:

1. In Diversified mutual funds Kotak Opportunities Fund- Regular (G) is giving outstanding performance, in last year Birla SL India GenNext (G) is having high returns compared to all and Reliance equity Opportunities –RP (G) is having stable returns.
2. Large Cap Mutual Fund's Reliance Top 200 Fund – RP (G) has a high value of 0.729, and all the funds are heavily influenced by the market, so it can be seen that they do not make the most of professional management
3. My overall aspect of the small and medium-sized funds Franklin India Prima Fund (G) and DSP Small and Medium-RP (G) most active and good return and highly sensitive market.
4. In equity linked savings scheme reliance tax saver (ELSS)(G) is best fund among allcompared five different ELSS funds by giving good returns and volatile in nature.

Based on Primary Data:

1. Respondent to whom questionnaire given was 30, but the respondents who investing in mutual funds are 20.
2. Respondents belong to the age group of 31 to 40 years and say that they are interested in investing in mutual funds. These people are more likely to invest than their counterparts and want to invest in mutual funds to increase their income.
3. Most investors are physicians and professionals like California. Businesses and professionals are more interested in mutual funds because of their high growth potential and resource investment in money market products.
4. 30% of respondents invest in mutual funds for safety, and 27% of respondents invest in mutual funds for risk diversification.
5. 36% of the respondents is having income between 2-4 lakh yearly and interested and have invested in mutual funds because it was their primary financial goal and also for reducing taxable income.
6. 43% of the respondents are invest for 1-2 years and 33% of the respondents will invest more than 0-1 year, these respondents are long term investors who are

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expecting high profits in future.

7. 47% of the people invest <50000 because they are not ready to take risk, the respondents are interested to invest between Rs.50000-rs.100000 is 33% and they are ready to take risk.
8. 37% of investors prefers balanced equity fund, 30% prefer equity fund, 10% of the investors or preferring debt scheme, because of lack of knowledge people invest only on equity and balanced they won't aware of other schemes.
9. The majority of respondents are self-determined, ie 40% of those who start investing in mutual funds, and only 27% with broker / adviser assistance for final investment decisions.
10. With regard to institutional preferences based on that structure, most individual investors prefer the "open-end" approach for flexibility in redemption, investment, good return and liquidity.
11. 27% of the respondents marked performance of fund manager has most important and23% has important.
12. 30% of the respondents marked performance of fund manager has most important and 34% has important. Investors use indicators of economic conditions to adjust their views on economic growth and profitability.
13. 17% of respondents are ranked attitude towards risk is most important, they are ready to take risk.

Conclusion:

Financial goals depend on a variety of factors, including the age of the investor, lifestyle, financial independence, family dedication, and income and spending levels. Therefore, it is necessary for investment trust companies to assess the needs of consumers. They have the purpose of investment, such as regular income, home purchase, children's wedding or education funding, or a combination of all these needs, the amount of risk, and willingness to accept, and cash flow requirements define your needs. .

Investors should choose the right mutual fund system that suits their needs. Investors should fully read the offering documents of the mutual fund plan. Several factors that need to be evaluated before selecting a particular mutual fund are the performance records of the fund over the past few years, with appropriate standards and similar funds in the same category. Other factors include portfolio allocation, dividend yield and transparency, which are reflected in the frequency and quality of communications.

For investors, the best way is to invest a fixed amount at a specific time interval. By investing a fixed amount each month, you can reduce the number of purchases at higher prices and increase the number of purchases at lower prices, thereby reducing the average cost per vehicle. This is called the rupee cost average.

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