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A Study of Mutual Funds with Prefernce for the Banking Sector (NSE)

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ABSTRACT

Mutual fund investment has lot of changes in the recent past, and investors mentality and their expectation are changing in the present scenario. Investors preference towards return, risk varies often. The investor should compare the risks and returns before investing in a particular fund. For this, he should get the advice from experts and consultants and distributors of mutual fund schemes. The investors can invest in the mutual fund and can be to get more benefits. Periodically checking up on how the mutual fund is doing is important, and there are lots of measures that the investor can use to perform the checking. A funds track record may be the single most important factor that an investor checks before opting for a mutual fund product. Hence evaluating funds is important before investing. But it is becoming increasingly important for investors to take note of other parameters too, while deciding between mutual funds. Of course, investors need to weigh the savings on expenses against the performance record before choosing a fund. Over the past decades mutual funds have grown intensely in popularity and have experienced a considerable growth rate. Mutual funds are popular because they make it easy for small investors to invest their money in a diversified pool of securities. As the mutual fund industry has evolved over the years, there have arisen many questions about the nature of operations and characteristics of these funds. Thus the fund evaluation process helps the investors to know more about the funds and its performance:

KEYWORDS: Asset Management Companies, Performance, Tax Saving Schemes.

1. INTRODUCTION

The **National Stock Exchange of India Ltd. (NSE)**, set up in the year 1993, is today the largest stock exchange in India and a preferred exchange for trading in equity, debt and derivatives instruments by investors. NSE has set up a sophisticated electronic trading, clearing and settlement platform and its infrastructure serves as a role model for the securities industry. The standards set by NSE in terms of market practices; products and technology have become industry benchmarks and are being replicated by many other market participants.

NSE has four broad segments Wholesale Debt Market Segment (commenced in June 1994), Capital Market Segment (commenced in November 1994) Futures and Options Segment(commenced June 2000) and the Currency Derivatives segment (commenced in August 2008).Various products which are traded on the NSE include, equity shares, bonds, debentures, warrants, exchange traded funds, mutual funds, government

securities, futures and options on indices & single stocks and currency futures. Thousands of investors rely on the NSE's accessible, liquid and transparent markets for order execution.

At NSE, it has always been our endeavor to continuously upgrade the skills and proficiency of theIndian investor. Since, mutual funds play a crucial role in channelizing the savings of investors, it becomes important to understand how they function. Mutual funds offer various products catering to different classes of investors. It is important to understand them before investing.

2. REVIEW OF LITERATURE:

Michael C. Jensen (1967) : determined a hazard balanced measure of portfolio execution (Jensen's alpha) that evaluations how much a supervisor's gauging capacity adds to reserve's profits. As demonstrated by Stat man (2000), the e SDAR of a store portfolio is the overabundance return of the portfolio over the arrival of the benchmark list, where the portfolio is utilized to have the benchmark index's standard deviation.

S.Narayan Rao , et. al., assessed execution of Indian common finances in a bear showcase throughrelative performance index, riskreturn analysis, Treynor's ratio, Sharpe's ratio, Sharpe'smeasure , Jensen's measure, and Fama's measure. The review utilized 269 open-finished plans (out of add up to plans of 433) for registering relative execution list. At that point subsequent to barring funds whose returns are not as much as hazard free returns, 58 schemes are at long last utilized for further examination. There sults of execution measures recommend that the greater part of common reserve plots in the specimen of 58were ready to fulfill speculator's desires by giving abundance returns over expected returns based on both premium for precise hazard and aggregate hazard.

Bijan Roy, et. al., directed an exact review on restrictive execution of Indian common assets. This paper utilizes a system called restrictive execution assessment on a sample of eighty-nine Indian common reserve plans .This paper measures the execution of different mutual funds with both unlimited and contingent form of CAPM.

K. Pendaraki et al. contemplated development of shared store portfolios, built multicriteria methodology and applied it to the Greek market of equity mutual funds. Themethodology depends on the blend of discrete and persistent multi-criteria choice aid methods for common reserve determination and piece. UTADIS multi-criteria choice guide method is utilized to create shared store's execution models. Objective programming model is employed to decide extent of chose common funds in the final portfolios.

OBJECTIVES OF THE STUDY

To know the other preferred investment options by respondents.

To give a brief idea about the benefits available from Mutual Fund investment.

To give an idea of the types of schemes available.

To discuss about the market trends of Mutual Fund investment.

To study some of the mutual fund schemes and analyze them.

3. RESEARCH METHODOLOGY

This study was conducted by using primary and secondary data with the time period of 3 years (2014-2016). The sources of data includes personal interview with the key personnel in the stores, purchase, production and inventory department of the company. The record analysis was obtained from the annual reports, schedules, store, ledgers, budgets and purchase orders. The best known and most fundamental inventory decision model EOQ and chi-square test is taken for the analysis.

Procedure of data collection

Analysis of every research work is based on relevant data and it can be collected by two ways of primary data and secondary collection.

Primary data generally data can be classified in primary data and secondary.

Secondary data

My study totally depends on secondary data only. Secondary data is data which is collected through various sources like.

Newspapers, journals magazine, NSE, government annual progress report, etc.

Web sites ; yahoo finance. In www.nseindia.com

Time period

Every research work is always limited by shortage of time and resources. Therefore , under the study, mutual funds of selected companies from Jan 2014 to Dec 2016 were analyzed by the researcher with the help if mean, standard deviation, and T-test.

Hypothesis

Hypothesis refers to the assumption which is made about the sample before reading the final result. It gives the direction for the whole project of the research. In our study, the hypothesis which have been adopted given below:-

H0: There is no significant different between two mutual fund companies.

H0: There is significant different between two mutual fund companies.

Data analysis and Explanation

The Techniques used to calculate their performances are:

Mean standard deviation variance.

Birla sun life top 100 funds

Year	Mean	Standard Deviation	Variance
2014	-0.01	3.58	12.79
2015	1.24	5.21	27.11
2016	0.18	4.30	18.48

Inference

From the above table shows the highest mean valve as 1.24 in the year of 2015, lowest mean value as -0.01 in the year 2015. The highest standard deviation as 5.21 in the year 2015 lowest standard deviation as 3.58 in 2014 highest variance as 27.11 2015 lowest value as 12.79 in 2014.

ICICI prudential focused blue chip fund

Year	Mean	Standard Deviation	Variance
2014	-0.03	3.67	13.45
2015	0.77	4.42	19.54
2016	0.14	3.63	13.16

Inference

From the above table shows the highest mean value as 0.77 in the year of 2015, lowest mean value as -0.03 in the year 2014. The highest standard deviation as 4.42 in the year 2015 lowest standard deviation as 3.63 in 2016 highest variance as 19.54 in 2015 lowest value as 13.16 in 2016.

Reliance top 200

Year	Mean	Standard Deviation	Variance
2014	-0.09	3.53	12.47
2015	0.78	5.41	29.30
2016	0.01	4.15	17.26

Inference

From the above table shows the highest mean value as 0.78 in the year of 2015, lowest mean value as 0.01 in the year 2016. The highest standard deviation as 5.41 in the year 2015 lowest standard deviation as 3.53 in 2014 highest variance as 29.30 in 2015 lowest value as 12.47 in 2014.

T-Test for ICICI & BIRLA

t-Test: Paired Two Sample for Means	*ICICI*	*BIRLA*
Mean	23.97	34.37972222
Variance	23.96338286	63.11978563
Observations	36	36
Pearson Correlation	0.998965062	
Hypothesized Mean Difference	0	
D f	35	
t Stat	-20.39305514	
P(T<=t) one-tail	2.61528E-21	
t Critical one-tail	1.68957244	
P(T<=t) two-tail	5.23056E-21	
t Critical two-tail	2.030107915	

Tabulated valve is 2.030. Since calculated value of t-stat -20.39. Is much less then the tabulated value. It is highly no significant. Hence, we accept the null hypothesis.

T-Test for RELIANCE & BIRLA

t-Test: Paired Two Sample for Means	*RELIANCE*	*BIRLA*
Mean	18.82166667	34.37972222
Variance	21.57222	63.11978563
Observations	36	36
Pearson Correlation	0.996807059	
Hypothesized Mean Difference	0	
D f	35	
t Stat	-27.98449953	
P(T<=t) one-tail	7.61246E-26	
t Critical one-tail	1.68957244	
P(T<=t) two-tail	1.52249E-25	
t Critical two-tail	2.030107915	

Tabulated valve is 2.030. Since calculated value of t-stat -27.9. Is much less then the tabulated value. It is highly no significant. Hence, we accept the null hypothesis.

T-Test for ICICI & RELIANCE

Tabulated valve is 2.030. Since calculated value of t-stat 59.277 Is much more then the tabulated value. It is highly significant. Hence, we reject the null hypothesis.

FINDINGS:

From the study it was observed that the mean of Birla, ICICI and Reliance is high in year 2015 and decreasing in subsequent years. Whereas standard deviation of Birla and Reliance is high in 2015 and low in 2014 but standard derivation of ICICI is high in 2015 and low in 2016. Variance of ICICI is high in 2015 and low in 2016. Hypothesis testing shows that there is no significant between Birla, ICICI and Reliance there is significant between to Mutual Fund companies.

CONCLUSION:

With the above study it can now be concluded that Mutual Fund is effective analysis to measure risk on financial instruments. This study also infers that, more wise investment decision can be taken by investor with the help of a study on mutual Funds special performance to banking sector forms in national stock exchange, it analysis security on the basis of range of price fluctuation of a security but it should not forgot that actual Mutual Funds are influenced by many factor such internal information inflation other factor and extra.

Conflict of interest statement

Authors declare that they do not have any conflict of interest.

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