

Performance Evaluation of Mutual Funds A

Case Study at Karvy Private Ltd

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ABSTRACT

Mutual Fund companies are financial intermediaries providing financial services to small investors through mobilization of funds, when the investors invest in a mutual fund they are buying shares or units of the mutual fund and become a shareholder of the fund. Mutual funds are one of the best investments ever created because they are very cost efficient and very easy to invest in. Thus, the Rupee is generated in the form of big returns to promote financial excellence.

The financial reforms and cut-throat competition in the economic environment the mutual fund industry has opened new vistas to interested investors and imparted much needed liquidity to the Indian financial system. In a jungle evolution of financial service sector in India investors are unable to recognize and select the benchmarking companies. The study examines the performance of mutual funds based on their fund return, risk and performance ratios.

Keyword :*Small investors, Big Returns, Net Asset Value, Beta, Alpha, Financial Excellence, Financial Assets, Asset classes.*

I. INTRODUCTION

A Mutual fund is a trust that pools the savings of a number of investors who share a common investment objective. The income of investor is collected and invested by the fund manager in various types of Asset classes. These include 1. Stocks2. Debt instruments. All mutual funds comprise of four constituents

1. Sponsors
2. Trust /Board of trustees
3. Asset management company or fund managers
4. Custodian

There are many entities involved and the diagram below illustrates the organizational set up of a mutual funds.

1.1. OBJECTIVES OF THE STUDY

- 1)To know the other preferred investment options by respondents.
- 2)To give a brief idea about the benefits available from Mutual Fund investment.



Features of Mutual Funds

- Investors purchase standard units of fixed value at the inception of a fund.
- Most funds also offer investors opportunity to enter after inception at prevailing value of the units.
- Each fund has its own investment objective.
- Depending on the objective, the investment avenues targeted by each fund will be different.

1.2. Net Asset Value (NAV) The concept

The NAV is nothing but the market price of a particular scheme in relation to all the assets of a scheme. It can otherwise be called the intrinsic value of each unit. The value is the true indicator of the performance of the fund.

If $\text{NAV} > \text{Face value of the unit}$, it indicates that the money invested on that unit has appreciated.

Short term Money Market Instruments and other securities depending on the objectives of the scheme, which in turn gives Little Savings to its unit holders in proportion of the number of unit s they own.

There are many types of mutual funds like equity funds, bond funds, balanced funds, growth funds, income funds, tax saving funds, country funds, index funds, exchange traded funds, sector funds etc.

1.3 Mutual funds in India

- Monopoly by Unit Trust of India
- Entry of Commercial Banks.
- Launch of variety of schemes
- Tie up arrangements with foreign collaborators
- Entry of Private Sector Preferred as an avenue of investment.

1.4 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 include 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.



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

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.

1.5 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.

H₁: 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 value 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: Paired Two Sample for Means	ICICI	BIRLA
Mean	23.97	34.37972222
Variance	23.96338286	63.11978563
Observations	36	36
Pearson Correlation	0.998965062	
	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	

II. 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.

III. 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 have forgot that actual Mutual Funds are influenced by many factor such internal information inflation other factor and extra.

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