

## A study on Trend of Mutual Fund in India

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**Abstract:** *The mutual fund is the indirect investment and the help the mobilise the small investment from the small investors this was started by the unit trust of India fist time in India This study has conducted based on the secondary data with the objective to study the net asset value, growth and amount of investment in the mutual fund. And the suggestion will be given to the mutual fund industry.*

### Introduction

Mutual fund is an instrument for pooling the assets by issuing units to the financial specialists and putting reserves in securities as per targets as unveiled in offer report. Interests in securities are spread over a wide cross-segment of enterprises and parts and in this manner the hazard is decreased. Enhancement decreases the hazard since all stocks may not move in a similar heading in a similar extent in the meantime. Common store issues units to the speculators as per quantum of cash contributed by them. Financial specialists of common assets are known as unit holders.

The benefits or misfortunes are shared by the financial specialists in extent to their ventures. The shared subsidizes regularly turn out with various plans with various speculation destinations which are propelled occasionally. A shared store is required to be enlisted with Securities and Exchange Board of India (SEBI) which manages securities advertises

before it can gather reserves from people in general.

Usual funds are considered as one of the best available investment options as compare to others alternatives. They are very cost efficient and also easy to invest in. The biggest advantage of mutual funds is they provide diversification, by reducing risk & maximizing returns.

### Review of literature

**Friend, et al., (1962)** made a broad and methodical investigation of 152 common assets found that shared reserve plans earned a normal yearly return of 12.4 percent, while their composite benchmark earned an arrival of 12.6 percent. Their alpha was negative with 20 premise focuses. General outcomes did not propose boundless wastefulness in the business. Examination of store comes back with turnover and cost classifications did not uncover a solid relationship.

**Williamson (1972)** thought about positions of 180 supports between 1961-65 and 1966-70. There was no relationship between's the rankings of the two periods. The speculation capacities of a large portion of the reserve chiefs were indistinguishable. He highlighted the developing unmistakable quality of instability in the estimation of venture hazard.

**Klemosky (1973)** examined speculation execution of 40 assets in light of quarterly

returns amid the period 1966-71. He recognized that, predispositions in Sharpe, Treynor, and Jensen's measures, could be expelled by utilizing mean supreme deviation and semi-standard deviation as hazard surrogates contrasted with the composite measures got from the CAPM (Capital Asset Pricing Modal).

### **Objectives of the study**

1. To study the growth of mutual fund industry in India.
2. To study the mutual fund trend.
3. To study challenges of mutual fund industry

### **Methodology**

This study has based on the secondary data. The secondary data will be various reports, journals and past published data.

### **Analysis of the objectives**

#### **1. Growth of mutual fund industry**

The common store industry in India began in 1963 with the development of Unit Trust of India, at the activity of the Government of India and Reserve Bank. Unit Trust of India (UTI) was set up on 1963 by an Act of Parliament. It was set up by the Reserve Bank of India and worked under the Regulatory and authoritative control of the Reserve Bank of India. In 1978 UTI was de-connected from the RBI and the Industrial Development Bank of India (IDBI) assumed control over the administrative and authoritative control in place of RBI. The primary plan propelled by UTI was Unit Scheme 1964. Toward the finish of 1988 UTI had Rs.6,700 crores of benefits under administration. The year 1987 denoted

the passage of non-UTI, open segment shared assets set up by open area banks and Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC). SBI Mutual Fund was the principal non-UTI Mutual Fund set up in June 1987 took after by Canbank Mutual Fund (Dec 87), Punjab National Bank Mutual Fund (Aug 89), Indian Bank Mutual Fund (Nov 89), Bank of India (Jun 90), Bank of Baroda Mutual Fund (Oct 92). LIC set up its shared store in June 1989 while GIC had set up its common reserve in December 1990. At the finish of 1993, the shared reserve industry had resources under administration of Rs.47,004 crores. With the passage of private area subsidizes in 1993, another time began in the Indian shared reserve industry, giving the Indian financial specialists a more extensive decision of store families. Additionally, 1993 was the year in which the principal Mutual Fund Regulations appeared, under which every single common store, with the exception of UTI were to be enrolled and administered. The recent Kothari Pioneer (now converged with Franklin Templeton) was the main private segment shared reserve enlisted in July 1993. The 1993 SEBI (Mutual Fund) Regulations were substituted by a more far reaching and amended Mutual Fund Regulations in 1996. The business now works under the SEBI (Mutual Fund) Regulations 1996.

## 2. Trend of mutual fund

### a. No of Schemes under mutual fund during the period 2010-2014

Year	Debt	Income	Balanced	ETFs	Overseas	Total
2010-11	679	376	32	28	16	1131
2011-12	872	352	30	35	20	1309
2012-13	857	347	32	37	21	1294
2013-14	1178	363	30	40	27	1638

Source: SEBI

**Interpretation:** The mutual fund schemes were popular in the market there are various schemes are introduced like debt, income, balance, ETFs and overseas amongst all these

schemes debt and income schemes are more popular and it was increase from the year 2010 to 2013 and it indicate the capture of the market share by the mutual fund companies.

### b. The mobilization of funds during the period of 2010-14

Year	Debt	Income	Balanced	ETFs	Overseas	Total
2010-11	8777034.17	66592.30	7490.28	7709.25	969.39	8859515.38
2011-12	6754113.22	50618.80	5027.29	8563.39	1355.81	6819678.51
2012-13	7213578.19	43364.31	5204.88	5052.35	685.53	7267885.26
2013-14	9709762.04	46092.99	3434.89	6869.63	1941	9768100.54

Source: SEBI

**Interpretation:** The mutual fund are not stable in the mobilizing the funds from various schemes there is a downfall in the mobilization of funds

but majority are invested in the debt schemes and balance and ETFs are almost same in mobilizing the funds.

### c. Net asset under mutual fund during 2010-2014

Year	Debt	Income	Balanced	ETFs	Overseas	Total
2010-11	369049.22	95322.39	18445.09	6916.67	2516.17	592249.53
2011-12	374856.70	182075.86	16261.10	11492.58	2530.31	587216.56
2012-13	497451.17	172507.78	16307.21	13124.33	2052.87	701443.37
2013-14	600944.82	191107.08	16792.61	13204.83	3190.80	825240.14

Source: SEBI

**Interpretation:** The net asset of the mutual fund scheme is increasing from the year 2010-11 to 2013-14 and debt

schemes are has more net asset values when compared to other schemes.

## 3. Challenges of mutual funds

- a. **Lack of financial literacy:** Money related education is the standout amongst the most key element obstructing the development of entrance of any budgetary item in the littler urban areas and towns. Speculators should be made mindful of their monetary objectives and the way to accomplish the same. SEBI is trying endeavours for the financial specialist mindfulness crusade.
- b. **Limited distributed network:** The second basic issue for store houses to disperse their items in littler urban communities is the accessibility of value conveyance foundation. Support houses require foundation like spread, satisfactory number of relationship administrators and deals benefit staff in these areas to have the capacity to expand their business volume originating from these geologies.
- c. **Cost factors:** Cost of setting up A Distribution arranges in B-15 urban communities is very high. It is the cost per exchange or the low deals volume that makes the interest financially unviable or at least testing.
- d. **Cultural factors:** Social Bias towards physical resources, as of FY13, 46 percent of aggregate individual riches in India is put resources into physical resources. Despite the fact that, in the previous couple of decades, the speculators have progressively depended on monetary advantages for contribute their reserve funds; the commitment of MFs in the benefit portfolio is very low.

### **Finding and suggestion**

#### **Finding:**

1. Over the period of time the mutual fund industry has developed it was started with

- limited scheme and now it reached to different kinds of mutual fund schemes
2. Most of mutual funds are invested in debt sectors
3. Net asset of the company was increasing
4. The mobilisation of funds also the good for the mutual fund.

#### **Suggestion**

1. There is a lack education among the investors the mutual fund industry has to try to give education to the investors.
2. There is a need of the strong distribution channel for the mutual fund for capturing the market.
3. There is a cultural factor which influences the market.

#### **Conclusion:**

The mutual fund is a diversification investment and it help the investor to invest in the diversified areas and it help to get average return. The industry has the growth over the period of time. The mutual fund has good net asset value and it has the investment in debt schemes. But the mutual fund schemes are not free from the limitation it has the problem with education regarding the investment and the cost of distribution also very high. Therefore the mutual fund schemes should find the innovative ideas to make the mutual fund popular in the market.

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