

SECTORAL FUNDS IN INDIA: COMPARISON AND EVALUATION OF BANKING SECTORAL FUNDS

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ABSTRACT

Like banks, mutual funds, in coming times, would become a significant part of the Indian financial system and, therefore, a major part of the life of the common investor. To manage personal savings is not an easy task for people. In India, the financial system is rapidly evolving and now the situation is such that individuals must decide for themselves what is good and safe for them, or what is risky but rewarding. Sectoral funds invest in specific core sectors like energy, telecommunications, information technology, construction, financial services, and transportation. Bank lending rates are low and bank credit availability is high. Bright future for banking sector accelerates banking sectoral fund returns. Thus, the major objective is to analyze the performance of any selected sector mutual fund schemes using various performance measures and compare it with their benchmark indices. The paper highlights about the Sectoral Funds in India: Comparison and Evaluation of Banking Sectoral Funds.

KEYWORDS: Mutual Funds, Banking Sectoral Funds, Financial Services, Indian Financial System.

Introduction

“A Mutual Fund is a vehicle to pool money from investors, with a promise that the money would be invested in a particular manner, by professional managers who are expected to honor the promise.” Like banks, mutual funds will eventually become a significant part of the Indian financial system and, therefore, a part and parcel of the life of the common investor. To manage personal savings is not an easy role for people. In India, the financial system is entering the next stage of reforms, where individuals will have to decide for themselves what is good and safe for them, or what is risky but rewarding. A Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a low cost.

Growth Chart of Mutual Funds

Assets under Management (1965-2015)

As on 31 st March	AUM (in crores)	CAGR%
1965	25	
1970	88	29.1%
1975	170	14.0%
1980	455	21.8%
1985	2,210	37.2%
1990	19,131	54.0%
1995	72,967	30.7%
2000	113,005	9.1%
2005	149,600	5.8%
2010	613,979	32.6%
2015	10,82,757	12.0%

Source:amfiindia.com

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