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A COMPARATIVE STUDY ON THE HDFC MUTUAL FUND INVESTORS IN FARIDABAD

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ABSTRACT

The mutual fund is a pool of money managed by a professional money manager. The money collected has invited in capital market instruments such as shares, debentures, and other securities. The income earned through these various investments and the capital appreciation from Mutual funds has been shared by, its units in proportion to the number of units owned by them. Therefore, it is the most suitable investment diversified professionally managed securities relatively at low cost. The primary objective of this research is to study the investors of the HDFC mutual funds in Faridabad and there is a good amount of research carried out on the performance or risk adjusted returns, the initial researches are carried out in the country. The researchers first studied different parameters of mutual funds like performance, risk and their returns as well etc. There are good numbers of researches carried out beyond the our national level like in the abroad and then it came into India in the 90's. The research on the mutual fund industry is not only an interesting topic for the researchers but it also finds interesting to other linked fields with mutual funds like for managers of financial, banking and investment institutions as they were looking for the growing business into the mutual fund industry. Some researchers have tried to help investors by their study to improve the investment strategy and investor's decision-making power. In this analysis, both primary and secondary methods are used to collect the data. To study the HDFC mutual fund in India, a sample of 100 respondents was collected through an online questionnaire and gets it filled by those consumers who are investing in mutual funds. These respondents belong to different age groups including friends, families and neighbours.

KEYWORDS: *Mutual Funds, HDFC, Equity Schemes, Tax Benefit, Marketability and Liquidity*.

Introduction

Investment is most significant use the surplus support of an entity for the purpose of earning supplementary income or capital appreciation. The investor has to consider various factors while making an investment in mutual fund and there investment decision these are as follows: risk associated with the investment, tax benefits, liquidity, and marketability etc. A mutual fund is a pool of money that are collected from many small investors which is professionally managed by the portfolio managers. It is a type of collective investment scheme and invests it in different securities such as in stocks, bonds and short-term money market instruments. The performance of the fund will be evaluated in terms of rate of return, risk and the time period. Mutual funds are considered as one of the best investment options available to many small investors as compare to others alternatives because it is managed by professional portfolio managers and advisers. Mutual Fund is a trust that pools money from investors by selling shares of the fund like other type of company that sells stock to the public. The raised money is used in various securities like stocks, bonds, money markets & commodities. Each and every mutual

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fund has common financial goal and the money is invested in accordance with the objective. Fund is managed by a professional fund manager and advisers, who is responsible for implementing a fund's investing strategy and managing its portfolio trading activities. Each investor has to be participates proportionally (based upon the number of shares owned) in the gain or loss of the fund. Any investor can invest minimum amount that is affordable and diversify their portfolio in different sectors depending upon their interests, risk and their returns.

Any mutual fund will be equity and debt or mixture of both. Further they are divided in to two mutual funds.

Open Ended Funds

In open ended mutual funds the investor can any time enter or exit in mutual fund and also you can say any time they will invest or redeem at any point. They do not have any maturity period.

Close Ended Funds

They have a fixed maturity period. The investor only invests on only those type of schemes during the initial period which is known as the new funds offer. The investor are invest in these type of schemes are automatically redeem after their maturity period.

Various Types of Equity and Debt Mutual Funds

- **Equity or Growth Schemes**

This is most popular scheme of mutual funds. And they will allow the investors to invest in stock market. These schemes categorized as high risk, as well as high returns in long term.

- **Money Market Funds or Liquid Funds**

This debt mutual fund basically related to the short period of time with their reasonable returns. These funds are suitable for those investors who take the low risk or invest for short period of time.

- **Fixed Income or Debt Mutual Funds**

These mutual funds basically related to those debt instrument which are related to fixed income instrument such as government securities – bonds, debentures, etc. they low risk and as well as low returns.

- **Balanced Funds**

As the name suggest they are the mixture of both equity and debt. There allocation may change on their market risks. They are suitable for those investors who take the moderate risk and returns.

- **Hybrid / Monthly Income Plans (MIP)**

They are similar to the balanced funds but equity portion are lesser than the balance funds. They also called as marginal equity funds. They are suitable for those investors who are retired and want regular income.

- **Gilt Funds**

These funds related to only government securities. They are suitable for those investors who are risk averse and want no credit risk.

Literature Review

Mr. Sunil M. Adhav / Dr Pratap M Chauhan (2015) India's Mutual Fund market has witnessed phenomenal growth over the last decade. The consistency in the performance of Mutual Fund has been measure factor that has been attracting many investors. The present research is an attempt to comparative study of Mutual Fund of selected Indian companies comprising equity, debt and hybrid schemes. The total of 390 schemes comprising of 178 equity Mutual Fund, 138 debt schemes and 74 hybrid schemes are selected to study. The performance of selected Indian companies Mutual Fund is analyzed with the help of Return risk selected Mutual fund is compared with their respected bench mark.

Dr. K. Veeraiahand Dr. A. KishoreKumar (Jan2014), conducted are search on Comparative Performance Analysis of Select Indian Mutual Fund Schemes. This study analyzes the performance of Indian owned mutual funds and compares their performance. The performance of these funds was analyzed using a five year NAVs and portfolio allocation. Findings of the study reveals that, mutual funds out perform naïve investment. Mutual funds as a medium-to-long term investment option are preferred as a suitable investment option byinvestors.

Prof. V. Vanaja and Dr. R. Karrupasamy (2013), have done a Study on the Performance of select Private Sector Balanced Category Mutual Fund Schemes in India. This study of performance evaluation would help the investors to choose the best schemes available and will also help the AUM'sin better portfolio construction and can rectify the problems of underperforming schemes. The objective of the study is to evaluate the performance of select Private sector balanced schemes on the basis of returns and comparison with their bench marks and also to appraise the performance of different category of funds using risk adjusted measures as suggested by Sharpe, Treynor and Jensen.

Dr. Yogesh Kumar Mehta (Feb 2012), has studied Emerging Scenario of Mutual Funds in India: An Analytical Study of Tax Funds. The present study is based on selected equity funds of public sector and private sector mutual fund. Corporate and Institutions who form only 1.16% of the total number of investors accounts in the MFs industry, contribute a sizeable amount of Rs. 2,87,108.01 crore which is 56.55%of the total net assets in the MF industry. It is also found that MFs did not prefer debtsegment.

Dr. Surender Kumar Gupta and Dr. Sandeep Bansal (Jul2012), have done a Comparative Study on Debt Scheme of Mutual Fund of Reliance and Birla Sunlife. This study provides an overview of the performance of debt scheme of mutual fund of Reliance, and Birla Sunlife with the help of Sharpe Index after calculating Net Asset Values and Standard Deviation. This study reveals that returns on Debt Schemes are close to Benchmark return (Crisil Composite Debt Fund Index: 4.34%) and Risk Free Return: 6% (average adjusted for last five year).

Research Methodology

Objectives of Study

- To give a brief idea about the various benefits available from Mutual Fund Investment.
- To give an idea of the different types of schemes available in HDFC Mutual fund.
- To discuss about market trends of HDFC mutual fund investment.
- To give idea about the rules and regulation of Mutual Funds.

Research Approach

This refers to collect the data to solve research problem through various techniques and methods. For this study, quantitative approach was used and various tools were too used to collect and analyze the data.

Data Collection

Data are collected from two sources such as primary data and secondary data.

Sources of Data

- **Primary Data: I** have used questionnaire as primary source of collecting data for my study.
- **Secondary Data:** I have collected secondary data from various Mutual Funds books, from various Mutual funds websites.

Sampling

It represents the whole population. It is a process of choosing appropriate samples from whole populations. I have chosen some people who have invested in Mutual Funds and want to invest in mutual fund.

Sampling Size

It represents how many investor and candidate i have chosen to fill up your questionnaire. I had chosen sample of 110 candidates.

Sampling Techniques

Questionnaire sampling is something that is sent to the candidates who wants and as well as those invested in Mutual Funds. By Questionnaire you can understand people's tastes & preferences so it is easy to convince.

Limitations

- The lack of information and sources for the analysis part.
- Though I tried to collect some primary data from the questionnaire but they were too inadequate for the purposes of the study.

- The study is limited selected mutual fund schemes.
- The study has selected the mutual funds on the basis of availability of historical data. The availability of the historical data gets various limitations as the data of the funds are live data which changing dynamically with the changes in the NAV. The unavailability and inappropriate of historical data and fund composition it was difficult to ascertain the performance to the fund properties.

Result and Discussion

Q1. Which age do you belong?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 20	6	5.5	5.5	5.5
	20-30	56	50.9	50.9	56.4
	30-40	29	26.4	26.4	82.7
	More than 40	19	17.3	17.3	100.0
	Total	110	100.0	100.0	

Interpretation

This table shows the 50.9 % respondents are come to the 20-30 age group and 26.4 % come under the 30-40 age group and the 17.3 % respondent are More than 40 and the only 5.5 % respondent come under the below the 20age.

Q2. What is your primary source of income?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Your salary	42	38.2	38.2	38.2
	Income from your business	40	36.4	36.4	74.5
	Your pension	19	17.3	17.3	91.8
	Income from your investment properties	9	8.2	8.2	100.0
	Total	110	100.0	100.0	

Interpretation

This table shows 38.2 % of investors primary source of income are salary and the 36.4 % investors income source are there business and 17.3% investor source are there pension and the only 8.2 % investors income source are there investment property.

Q3. What kind of investment you prefer?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Saving Account	28	25.5	25.5	25.5
	Fixed Deposits	22	20.0	20.0	45.5
	Mutual Fund	17	15.5	15.5	60.9
	Insurance	12	10.9	10.9	71.8
	Real State	21	19.1	19.1	90.9
	Others	10	9.1	9.1	100.0
	Total	110	100.0	100.0	

Interpretation

This table shows 25.5 % investors are prefer to invest in saving account and 20 % in fixed deposits and 19.1% in real estate and 15.5% in Mutual Funds and 10.9 % and 9.1 % investors are only invest in insurance and others security.

Q4. While investing your money, which factors you prefer?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Liquidity	30	27.3	27.3	27.3
	High Return	28	25.5	25.5	52.7
	Company Reputation	29	26.4	26.4	79.1
	Low Risk	23	20.9	20.9	100.0
	Total	110	100.0	100.0	

Interpretation

This table shows 27.3 % investors are prefer liquidity of there it investment and the 25.5 % investors are prefer high returns and 26.4 % investors are preferring company reputation and only 20.9 % investors are preferring the low risk on their investment.

Q5. Have you ever invested in Mutual Fund?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	64	58.2	58.2	58.2
	No	28	25.5	25.5	83.6
	Maybe	18	16.4	16.4	100.0
	Total	110	100.0	100.0	

Interpretation

This table shows 58.2 % investors are invested in mutual fund and the 25.5% investor are not invested in mutual fund and 16.4 % investors are maybe invested in the mutual funds.

Q6. If yes, where do you find yourself as a investor in Mutual fund

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Totally ignorant	12	10.9	10.9	10.9
	Partial knowledge of Mutual Funds	38	34.5	34.5	45.5
	Aware only those scheme in which you invested	40	36.4	36.4	81.8
	Fully aware	20	18.2	18.2	100.0
	Total	110	100.0	100.0	

Interpretation

This table shows 10.9 % investors are totally ignorant in deal with mutual fund and the 34.5 % investors are have know about only those scheme which they were invested and 36.4 % investors are partial knowledge about the mutual fund and 18.2 % are fully aware about mutual funds.

Q7. In which kind of Mutual fund you would like to invest?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Public	49	44.5	44.5	44.5
	Private	61	55.5	55.5	100.0
	Total	110	100.0	100.0	

Interpretation

This table shows 44.5% investors are invested in public mutual fund and 55.5 % investors are interested in invested in private mutual fund.

Q8. Which of the following Mutual Fund do you prefer most?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SBI Mutual Fund	25	22.7	22.7	22.7
	HDFC Mutual Fund	31	28.2	28.2	50.9
	Reliance Mutual Fund	30	27.3	27.3	78.2
	Others	24	21.8	21.8	100.0
	Total	110	100.0	100.0	

Interpretation

This table shows 22.7 % investor are invested in SBI Mutual Fund and 28.2 % investor are invested their money in HDFC Mutual funds and Reliance mutual funds and 27.3 % and 21.8 % investors are invested in SBI Mutual funds and others funds**.**

Q9. Which of the following source of Mutual Fund information do you like to opt for?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	News paper, Magazine	20	18.2	18.2	18.2
	Company advisory	24	21.8	21.8	40.0
	Mutual fund prospects	43	39.1	39.1	79.1
	Professional advisory	23	20.9	20.9	100.0
	Total	110	100.0	100.0	

Interpretation

This table shows 39.1 % investors are know about mutual fund through their mutual fund prospectus and 21.8 % and 20.9 % investors are opt company advisory and the professional advisors of mutual funds and 18.2 % investors are opt news paper and magazines.

Q10. How long you are planning to stay invested?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Short term (< 6 months)	25	22.7	22.7	22.7
	Medium term (6 to 12 months)	49	44.5	44.5	67.3
	Long term (> 1 year)	36	32.7	32.7	100.0
	Total	110	100.0	100.0	

Interpretation

This table shows 22.7% investors short term stay invested in mutual fund and 44.5% investors are medium term and 32.7% investors are stay invested in long term.

Q11. How likely are you stay invested during volatile times?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unlikely you will stay invested	32	29.1	29.1	29.1
	Likely you will stay invested	58	52.7	52.7	81.8
	Highly likely to remain invested	20	18.2	18.2	100.0
	Total	110	100.0	100.0	

Interpretation

This table show 52.7 % investor are likely to stay invested in mutual fund an d 29.1 % investors are unlikely to stay invested in mutual funds and 18.2 % investors are highly remain invested in mutual funds.

Correlation Analysis

Correlations

		Which age do you belong?	While investing your money, which factors you prefer?	Have you ever invested in Mutual Fund?	In which kind of Mutual fund you would like to invest?	Which of the following Mutual Fund do you prefer most	Which of the following source of Mutual Fund information do you like to opt for?	How likely are you stay invested during volatile times?
Which age do you belong?	Pearson Correlation	1	.089	.036	.004	.098	.094	.090
	Sig. (2-tailed)		.353	.708	.969	.310	.328	.348
	N	110	110	110	110	110	110	110
While investing your money , which factors you prefer?	Pearson Correlation	.089	1	-.013	.084	-.044	.138	-.001
	Sig. (2-tailed)	.353		.893	.383	.648	.151	.991
	N	110	110	110	110	110	110	110
Have you ever invested in Mutual Fund?	Pearson Correlation	.036	-.013	1	-.085	.092	-.002	.000
	Sig. (2-tailed)	.708	.893		.380	.339	.986	.997
	N	110	110	110	110	110	110	110
In which kind of Mutual fund you would like to invest?	Pearson Correlation	.004	.084	-.085	1	-.229*	-.096	.072
	Sig. (2-tailed)	.969	.383	.380		.016	.321	.458
	N	110	110	110	110	110	110	110
Which of the following Mutual Fund do you prefer most	Pearson Correlation	.098	-.044	.092	-.229*	1	.302**	.073
	Sig. (2-tailed)	.310	.648	.339	.016		.001	.452
	N	110	110	110	110	110	110	110
Which of the following source of Mutual Fund information do you like to opt for?	Pearson Correlation	.094	.138	-.002	-.096	.302**	1	.127
	Sig. (2-tailed)	.328	.151	.986	.321	.001		.188
	N	110	110	110	110	110	110	110

How likely are you stay invested during volatile times?	Pearson Correlation	.090	-.001	.000	.072	.073	.127	1
	Sig. (2-tailed)	.348	.991	.997	.458	.452	.188	
	N	110	110	110	110	110	110	110
*. Correlation is significant at the 0.05 level (2-tailed).								
**. Correlation is significant at the 0.01 level (2-tailed).								

Interence

- The correlation between age group and stay invested in volatile times in mutual funds is -.090 which is positive correlation to invest in Mutual fund.
- The correlation between age group and investors are invested in volatile times is -.090 which is positive correlation but it is high correlation.

Findings

- After analysis the collective data from 110 candidates, it is revealed people belongs to 20-30 age group are most prefer dealing in Mutual fund**.**
- A study shows professional advisers are considered to be more reliable source of Mutual Funds information not because they provide human touch investors but the other are not aggressively proposed, advertised, availed and used.
- Fund managers' strategies, published in the fact book may be analyzed so that the investor may choose according to one's objectives
- A study shows that now people are more interested in deal with Mutual funds as compare to other investment like saving accounts and fixed deposits as well as the real estate.

Conclusion

- Running a successful Mutual Fund requires complete understanding of the peculiarities of the Indian Stock Market and also the mindset of the small investors.
- Some investors they think their money will not be secure in Mutual Fund. They need the detail knowledge of Mutual Fund and all its related terms. Many of people do not have invested in mutual fund due to lack of awareness and lack of good advisers although they have money to invest. As the awareness as well as knowledge and income is growing the number of mutual fund investors are also growing.
- "Brand" play a very important role for the investment because they easily attract the new investors through there good image. People invest in those Companies where they have faith as well as trust or they are well known with them.
- There are many AMCs in Gurgaon and delhi Ncr but only some are performing well due to Brand awareness.
- Distribution channels are also play important role while investment in mutual fund. Financial Advisors are also preferred channel for the investment in mutual fund. They can change investors' mind from one investment option to another investment option.

Suggestions

- **Understand the purpose of Investment:** first of all we analysis and matches the objective of investment in to the available schemes. If there is a mismatch in the scheme the investors would be affected with the probable returns as well as risk. For example the investors are invested in large cap which was not suitable for the conservative investors. He should be first try to invest in small & mid cap funds.
- **Investment Period:** To get good returns the investors should hold their investment in long periods that is more than 1 year like 3 to 5 years then there scheme to generate good returns.
- **Continuously Monitoring:** Investors should continuously monitor their portfolio and revise by updating according to market position, and then they will be maximized their returns and minimize the risk.
- **Other factor to be considered while investing:** Investor should look for top performing assets and focus on fund latest performance. A common mistake nowadays investors do is they latest schemes which has no previous history as they give good returns. One should look at the NAV while buying the funds so that good NAV while buying the funds so that good NAV can give you good returns.

- **Tax saving Funds:** When markets are up it is advisable to invest in tax saver, which is giving good returns compared too many other schemes.
- **Starting small for small time investor:** Those who were first time invested in Mutual Fund are advised to go small on their investments. Investors should invest in small &midcap companies and wait for the returns and once they are satisfied with their investment they should go for diversification of the funds.
- **Diversification:** The most the amount the invest by investors, the greater is the ability to afford diversification amount different assets classes and investment styles. Assets allocation is the way in which one gives weight age to each asset classes. Each asset class has its own characteristics in term of fluctuation.

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