

HDFC MUTUAL FUND SCHEMES: A COMPARATIVE STUDY OF SELECTED SCHEMES

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ABSTRACT

Mutual fund is the most prolific way to manage investment for small and medium investor. Funds to be invested come from assets already owned, borrowed money and savings. By foregoing consumption today and investing their savings, investors expect to enhance their future consumption possibilities by increasing their wealth. Generally, the primary concern of an investor is to minimize risk while maximizing return. This research is analytical research. The focus of the study is to evaluate the various schemes of mutual fund. The return on investment is always associated with risk.

KEYWORDS: *Mutual Fund, Beta, NAV, Borrowed Money, Consumption Trends.*

Introduction

Financial requirement of an individual finds no boundaries. Every individual aims at maximizing the flow of income from whatever source possible. The most interesting activity undertaken by an individual to fulfill this objective is to undertake investing. It is a very interesting activity which attracts people from all walks of life irrespective of their occupation, economic status, education and family background. Investment means employment of funds on assets with the aim of earning of income or capital appreciation. The two main factors that influence investment decisions are time and risk. Investment is the allocation of money to assets that are expected to yield some gain over a period of time. The main criteria for investment are the expected return, risk involved, and liquidity as well as safety of investment.

In contrast to olden days when family businesses were dominating the economy, the liberalization of economy has paved way for many businesses to enter the field of competition. With the impact of globalization, companies are now into intense competition. Diversification of business has become order of the day. Such expansion decisions have made the companies to mobilize funds from the public. For this purpose, companies issue securities in various forms like shares, debentures, bonds etc. General public has various avenues to invest their funds and they choose an avenue which satisfies their needs by giving maximum returns on investment, security of funds and social security. Funds to be invested come from assets already owned, borrowed money and savings. By foregoing consumption today and investing their savings, investors expect to enhance their future consumption possibilities by increasing their wealth. Generally, the primary concern of an investor is to minimize risk while maximizing return.

About the Company

HDFC was incorporated as a public limited company on October 17, 1977 under the Companies Act, 1956 and received a certificate of commencement of business on December 3, 1977. Its registered office is situated at Ramon House, 169, Back bay Reclamation, H. T. Parekh Marg, Mumbai 400 020, Maharashtra, India. The equity shares of HDFC were listed on BSE in 1978 and NSE in 1996. The equity shares of HDFC are currently listed on NSE and BSE.

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As per the terms of the memorandum of association of HDFC, its main object is to, inter alia, advance money to any person, company, association or society, either at interest or without, and / or with or without any security, for the purpose of enabling the borrower to erect or purchase or enlarge or repair any house or building or lease any property in India on such terms and conditions as it may deem fit. As on date, HDFC carries on the business of financing by way of loans for the purchase or construction of residential houses, commercial properties and certain other purposes, in India. All other activities of HDFC revolve around the main business carried out by it.

Literature Review

- **Pindyck Robert S.**, "The Dynamics of Commodity Spot and Futures Markets: A primer" The Energy Journal, (2013) in this study we discuss the short -run dynamics of commodity prices, production, and inventories, as well as the sources and effects of market volatility. It explains how prices, rates of production, and inventory levels are interrelated, and are determined via equilibrium in two interconnected markets: a cash market for spot purchases and sales of the commodity, and a market for storage.
- **Thomas M. Jones, Will Felps**, "shareholder Wealth Maximization and Social Welfare : A Utilitarian critique" Business Ethics Quarterly, (2013). In this article, the first of a tow-part set, we argue that, although this shareholder primacy model may have been appropriate in an earlier era, it no longer is, given our cur-rent state of economic and social affairs. To make our case, we employ a utilitarian moral standard and examine the apparent logical sequence behind the link between shareholder wealth maximization and social welfare.
- **Goubuzaitte Renata and Martellini Lionel**, "The Benefits of Volatility Derivatives in Equity Portfolio Management" EDHEC-Risk Institute Publication (2012). The research shows how volatility derivatives can be used to optimize access to the equity risk premium in a controlled volatility risk environment, and to engineer equity portfolios with attractive downside-risk properties.
- **Rossi Barbara**, "The Changing Relationship Between Commodity Price of Other Assets with Global Market Integration", (2012) An Important debate in the literature concerns whether the large fluctuations in commodity prices in the late 2000s can be attributed to less segmentation of commodity markets. We document that a county's equity market value has significant out-of-sample predictive ability for the future global commodity price index for several primary commodity-exporting countries.
- **Claus Beringer, Daniel Jonas and Alexander Kock**, "Behavior of internal stakeholders in project portfolio management and its impact on success" International Journal management (2012). This empirical study of 197 project portfolio investigates the effect of the intensity of engagement (IoE) of portfolios -internal stakeholders on project portfolio success. We show that the effect of stakeholders is phase-specific and that role clarity as a measure of PPM maturity affects the nature of the relationship between the IoE of stakeholders and portfolio success.

Objective

To analyses the mutual fund schemes.

Hypothesis

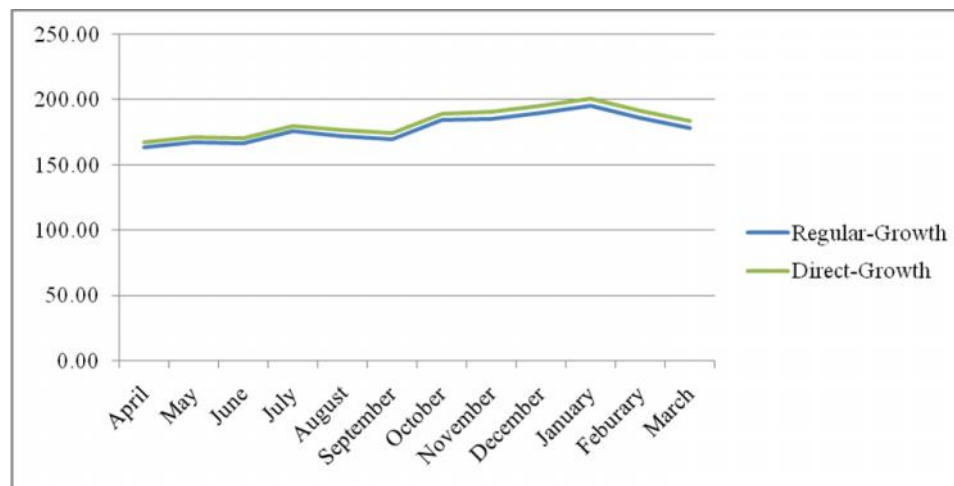
H₀: There is no significant difference relating to the return of NAV of mutual fund schemes.

Research Methodology

Research methodology is the way how we execute the research in a proper manner for finding results according to the objectives. This nature of research is pre-empirical, descriptive and evaluation, in which minute analysis of every factors and strategies on the investors objectives. It's the crux of research by which how, when, what, why all these types of questions answer are built in this part of study. The research is mainly based on secondary data which collected through mo any market in which investor invest their money for achieving their goals according to their requirement.

Analysis**Growth Fund**

	Regular-Growth (NAV)	Regular-Growth (Return in %)	Direct-Growth (NAV)	Direct-Growth (Return in %)	Average (NAV)	Average (Return in %)
April	163.55	2.58	167.31	2.63	165.43	2.60
May	167.48	2.35	171.43	2.41	169.46	2.38
June	166.55	-0.56	170.57	-0.50	168.56	-0.53
July	175.78	5.25	180.12	5.30	177.95	5.28
August	172.02	-2.18	176.37	-2.13	174.20	-2.16
September	169.99	-1.20	174.37	-1.15	172.18	-1.17
October	184.15	7.69	189.01	7.74	186.58	7.72
November	185.32	0.63	190.31	0.69	187.81	0.66
December	190.12	2.52	195.34	2.57	192.73	2.55
January	195.31	2.66	200.79	2.72	198.05	2.69
February	186.18	-4.90	191.51	-4.85	188.84	-4.88
March	178.36	-4.39	183.74	-4.22	181.05	-4.30
Average	177.90	0.87	182.57	0.93	180.24	0.90
SD	9.83	3.58	10.37	3.56	10.10	3.57
Variance	96.68	12.78	107.52	12.69	102.02	12.73
Covariance	99.31	12.76	104.73	12.71		
Beta	1.03	1.00	0.97	1.00		

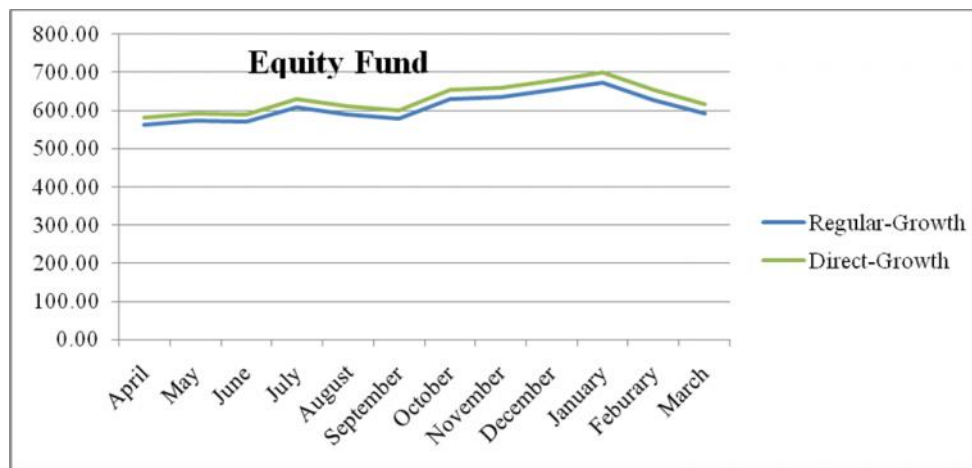


The regular fund has beta of 1.03 over FY 2017-18. The return over the period on fund was 0.87% per month over the year the return on the fund is 10.44%. The dividend fund has beta of 0.97 over FY 2017-18. The return over the period on fund was 0.93% per month over the year the return on the fund is 11.16%.

Equity Fund

	Regular-Growth (NAV)	Regular-Growth (Return in %)	Direct-Growth (NAV)	Direct-Growth (Return in %)	Average (NAV)	Average (Return in %)
April	562.75	3.37	581.60	3.44	572.17	3.40
May	573.32	1.84	592.98	1.92	583.15	1.88
June	570.68	-0.46	590.68	-0.39	580.68	-0.43
July	608.03	6.14	629.82	6.21	618.92	6.18
August	588.32	-3.35	609.87	-3.27	599.09	-3.31
September	577.78	-1.82	599.36	-1.75	588.57	-1.79
October	628.80	8.11	652.77	8.18	640.79	8.15

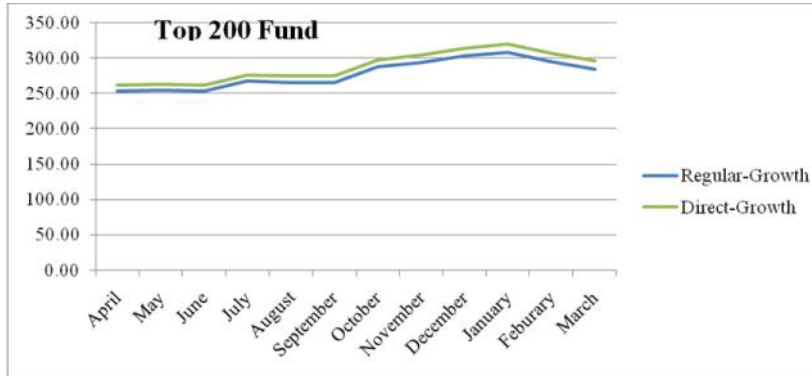
November	635.16	1.00	659.87	1.08	647.51	1.04
December	652.68	2.69	678.59	2.76	665.63	2.72
January	672.32	2.92	699.59	3.00	685.95	2.96
February	627.66	-7.12	653.56	-7.04	640.61	-7.08
March	591.57	-6.10	616.41	-6.03	603.99	-6.06
Average	607.42	0.60	630.42	0.68	618.92	0.64
SD	34.03	4.41	36.46	4.41	35.24	4.41
Variance	1158.31	19.45	1329.55	19.43	1242.15	19.44
Covariance	1199.34	19.44	1284.97	19.44		
Beta	1.04	1.00	0.97	1.00		



The regular fund has beta of 1.04 over FY 2017-18. The return over the period on fund was 0.60% per month over the year the return on the fund is 7.20%. The dividend fund has beta of 0.97 over FY 2017-18. The return over the period on fund was 0.68% per month over the year the return on the fund is 8.16%.

Top 200 Fund

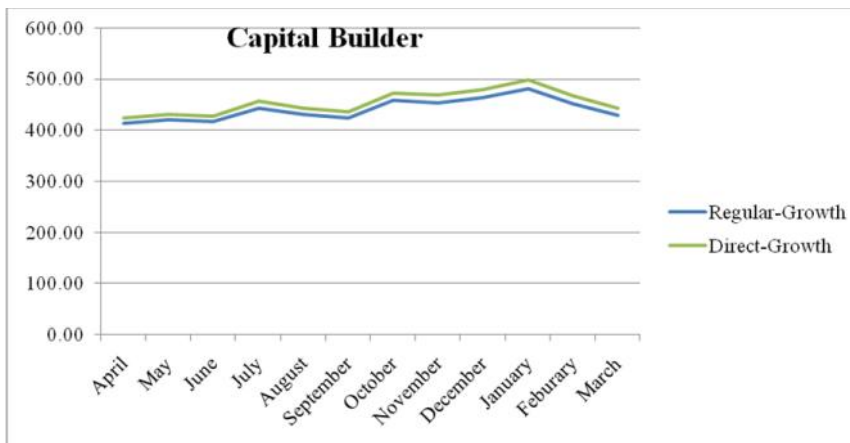
	Regular-Growth (NAV)	Regular-Growth (Return in %)	Direct-Growth (NAV)	Direct-Growth (Return in %)	Average (NAV)	Average (Return in %)
April	413.61	2.84	425.05	2.89	419.33	2.86
May	420.23	1.58	432.13	1.64	426.18	1.61
June	416.37	-0.93	428.42	-0.87	422.39	-0.90
July	443.76	6.17	456.90	6.23	450.33	6.20
August	430.86	-2.99	443.89	-2.93	437.38	-2.96
September	424.01	-1.62	437.09	-1.56	430.55	-1.59
October	458.59	7.54	473.05	7.60	465.82	7.57
November	454.75	-0.85	469.37	-0.78	462.06	-0.81
December	463.86	1.97	479.08	2.03	471.47	2.00
January	481.89	3.74	498.03	3.81	489.96	3.77
February	451.57	-6.71	466.97	-6.65	459.27	-6.68
March	429.09	-5.24	443.97	-5.18	436.53	-5.21
Average	440.72	0.46	454.49	0.52	447.60	0.49
SD	20.68	4.15	21.98	4.15	21.33	4.15
Variance	427.75	17.21	483.32	17.20	454.99	17.21
Covariance	441.10	17.21	468.88	17.21		
Beta	1.03	1.00	0.97	1.00		



The regular fund has beta of 1.03 over FY 2017-18. The return over the period on fund was 0.46% per month over the year the return on the fund is 5.52%. The dividend fund has beta of 0.97 over FY 2017-18. The return over the period on fund was 0.52% per month over the year the return on the fund is 6.24%.

Capital Builder Fund

	Regular-Growth (NAV)	Regular-Growth (Return in %)	Direct-Growth (NAV)	Direct-Growth (Return in %)	Average (NAV)	Average (Return in %)
April	253.60	2.08	261.55	2.16	257.57	2.12
May	253.99	0.15	262.21	0.25	258.10	0.20
June	253.00	-0.39	261.43	-0.30	257.22	-0.34
July	267.09	5.27	276.23	5.36	271.66	5.32
August	264.74	-0.89	274.04	-0.80	269.39	-0.84
September	265.45	0.27	275.00	0.35	270.22	0.31
October	287.05	7.53	297.64	7.61	292.35	7.57
November	293.07	2.05	304.13	2.13	298.60	2.09
December	302.73	3.19	314.41	3.27	308.57	3.23
January	307.85	1.66	320.01	1.75	313.93	1.71
February	294.92	-4.38	306.81	-4.30	300.87	-4.34
March	284.52	-3.65	296.22	-3.58	290.37	-3.61
Average	277.33	1.07	287.47	1.16	282.40	1.12
SD	19.11	3.24	20.55	3.24	19.83	3.24
Variance	365.35	10.47	422.17	10.47	393.21	10.47
Covariance	379.00	10.47	407.42	10.47		
Beta	1.04	1.00	0.97	1.00		



The regular fund has beta of 1.04 over FY 2017-18. The return over the period on fund was 1.07% per month over the year the return on the fund is 12.84%. The dividend fund has beta of 0.97 over FY 2017-18. The return over the period on fund was 1.16% per month over the year the return on the fund is 13.92%.

Conclusion

After concluding the research, it can be concluded that the mutual fund investment is a mix of profitable venture. In comparison it was find out that capital builder fund provides good return over other schemes of mutual fund. So for, investment decision, we have to take care of full market research not based on the trend followed market.

References

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- ❖ Goubuzaitte Renata and Martellini Lionel, "The Benefits of Volatility Derivatives in Equity Portfolio Management" EDHEC-Risk Institute Publication (2012).
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- ❖ Thomas M. Jones, Will Felps, "shareholder Wealth Maximization and Social Welfare: A Utilitarian critique" Business Ethics Quarterly, (2013).

