



Mutual Funds And its Performance

KEYWORDS

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ABSTRACT *Investment helps in financial independence, increases wealth, fulfills personal goals and desires of family members, increases knowledge and increases vision. With the increase of innovation in technology, there are more and more investing objectives available in the market. The present study attempts to evaluate the performance of mutual funds by taking into consideration the past five years data (2008-09 to 2012-13) of Asset under management and Total number of schemes. The study further focuses upon sector-wise, scheme-wise and category-wise asset under management and number of schemes. The study also attempts to calculate growth rates to show trends in asset under management and number of schemes in mutual fund industry.*

INTRODUCTION

"The more you sweat in peace time; the less you bleed in the war".

Investing is very important now a day to survive. Investment helps in financial independence, increases wealth, fulfills personal goals and desires of family members, increases knowledge and increases vision. With the increase of innovation in technology, there are more and more investing objectives available in the market. There is an important difference between saving and investing. People should save for short-term goals, but they need to invest for long-term goals. Saving is basically a form of postponing consumption. Passbook accounts, money markets or short-term certificates of deposit (CDs) are good places to save for short-term needs such as family vacations, a new car or emergencies. People usually won't earn as much on these types of savings accounts as with some other types of investments, but they can get to the money quickly, easily and with little or no chance of loss of principal. For long-term goals such as retirement or college education, people may want to consider investing in assets that historically have earned higher rates of return, such as stocks, bonds and mutual funds. However, there is no guarantee that these higher risk investments will perform for any given time period in the future as they have in the past. Among these major investments, the growth of mutual funds in the past decade has been the most impressive one.

As the name suggests, a 'mutual fund' is an investment vehicle that allows several investors to pool their resources in order to purchase stocks, bonds and other securities. These collective funds (referred to as Assets Under Management or AUM) are then invested by an expert fund manager appointed by a mutual fund company (called Asset Management Company or AMC). The combined underlying holding of the fund is known as the 'portfolio', and each investor owns a portion of this portfolio in the form of units.

LITERATURE REVIEW

Jyothi Thakkar, (2012) in his article has analyzed total resource mobilization and total number of schemes by the mutual funds for last seven years period i.e. from March 2006 to March 2012. The study further focused upon sector-wise, nature-wise and category-wise resource mobilization and percentage-wise share of each sector in total resource mobilization. The study also calculated growth rates to show trends in total resource mobilization and no. of schemes of mutual fund industry under various types. It was concluded that the Gold ETFs schemes which have been started from the year

2007 has started growing rapidly during the period. After the Gold ETFs schemes Income schemes have undoubtedly emerged as the most popular schemes among the investors. Over the period from 2006 to 2012 among various sectors operating in mutual fund industry, public sector mutual funds have become the most prominent players in the industry. UTI mutual funds have on the other hand, have emerged as the least preferred ones.

Sundararaj.J and Parimala Kanthi.K (2012) in their article has focused on identifying the investors opinion, preference and satisfaction of Franklin Templeton Investment. The sample survey has been conducted in Coimbatore city during the period of May 2011- Dec 2011. A sample of 100 potential investors who have invested in Franklin Templeton Investment has been surveyed through a structured questionnaire and convenient sampling method was adopted. The researcher has highlighted that most of the respondents take advice from investment advisors and prefer to funds, still focusing on open-end schemes. Of the sample considered for the study, majority of them are interested on wealth accumulation and the rest on tax savings, investing the excessive money in Mutual Fund etc. Majority of them has supported that Franklin and Templeton does a good support service to the Mutual fund investors. It is concluded that though the government of India, SEBI and various bodies are governing these Mutual fund, still 80% of the population feel that this route of investing money was moderately safe.

Shivani Gupta (2011) in his article has analyzed the mutual fund industry in India pertaining to the period of 1999 to 2009. The researcher has highlighted the growth of AUM's over the study period, the share of mutual funds in Household financial savings, Industry profitability, Industry share, products, customers, profitability, Industry structure, market share players etc and has portrayed the favorable growth scenario for the years 2010 to 2015. Finally it was concluded that there was a need of strong regulatory framework, transparency and disclosure policies, customer involvement, wider approach to cover Tier 2 and Tier 3 cities, upgradation of technology, innovation in products, customer satisfaction etc to survive in the competitive environment. There arise need to make strategies to bring more confidence among the investors.

Ramadevi.V and Nooney Lenin Kumar (2010), in their study has made a comparison between Indian and foreign equity mutual funds and they have evaluated the performance of different equity mutual funds schemes on the basis of risk-

return parameters. The data pertaining to the period 2003 to 2009 were selected. The funds selected includes 40 Indian equity diversified funds, 18 equity index funds, 16 equity tax savings funds, 5 Indian equity technology funds, 16 foreign equity diversified, 3 foreign equity index funds, 2 foreign equity tax savings funds and 2 foreign equity technology funds. The performance of selected funds were evaluated using average rate of return of fund, Standard deviation, Risk/Return, Sharpe ratio, Treynor ratio and Jensen ratio. It was highlighted that 88% of Indian equity diversified mutual funds have generated greater returns and the returns of Indian equity mutual funds significantly differ from returns of foreign equity mutual funds.

Scope and Objectives

The present paper is based basically on secondary data. This paper attempts to analyze total resource mobilization by the mutual funds for last five years period i.e. from March 2008 to March 2013. Major objectives of this paper are :

1. To analyse the Assets under Management - Sector-wise and Scheme-wise
2. To analyse total number of schemes under mutual funds - Scheme-wise and category-wise.

Performance of Mutual Funds

The researcher has tried to prepare various tables, presenting data about Asset under management and total number of schemes under mutual funds over the time period of 2008 to 2013. The study further focuses upon sector-wise, scheme-wise and category-wise asset under management and number of schemes. The study also attempts to calculate growth rates to show trends in asset under management and number of schemes in mutual fund industry.

Table 1
ASSET UNDER MANAGEMENT -SECTOR WISE

Year	Bank Sponsored	Institution	Private Sector- Indian	Private Sector- Foreign	Private Sector Joint Venture -Indian	Private Sector Joint Venture-Foreign	Total
2008-09	81013	23092	153432	32728	180163	22857	389180
2009-10	130429	42304	235585	50253	267481	21473	574792
2010-11	122798	11195	241048	54679	254045	16773	566545

Table 3
ASSET UNDER MANAGEMENT-OPEN ENDED SCHEMES

Year	Income	Balanced	Liquid/ Money Market	Gilt	ELSS	Gold EFT	Other EFT	Equity	Investing Overseas	Total
2008-09	125212	9133	90594	6413	10570	736	660	79162	2681	325161
2009-10	254792	15618	78094	3395	20911	1590	957	154667	2862	532886
2010-11	153221	17360	73666	3409	22488	4400	2516	-	2516	447196
2011-12	147772	16250	80354	3659	21149	9886	1607	158403	2530	441610
2012-13	270236	16295	93392	8074	20491	11648	1476	149536	2053	573201
Overall growth	115.822	78.418	3.088	25.900	93.859	1482.609	123.636	88.89871	-23.4241	76.28221

Table-3 shows,

- (1) The Gold EFT and Other EFT schemes have shown the highest positive overall growth rate of 1482.609% and 123.6364% during the year 2008 to 2013.
- (2) The income and balanced schemes have significantly increased over the period to 115.822% and 78.41% respectively.
- (3) The liquid market has shown only a slight increase in the overall growth rate of 3.0885%.
- (4) The investment overseas has shown a negative overall growth rate of 23.424%.

Year	Bank Sponsored	Institution	Private Sector- Indian	Private Sector- Foreign	Private Sector Joint Venture -Indian	Private Sector Joint Venture-Foreign	Total
2011-12	119677	5799	190548	57693	274487	16552	539316
2012-13	150980	7185	229649	57247	343943	27653	658492
Overall growth	86.365	-68.885	49.674	74.917	90.906	20.982	69.199

Table-1 shows,

- (1) Private sector joint venture in India has shown an overall growth rate of 90.906% from 2008 to 2013.
- (2) The institutional sector has shown a negative growth rate of 68.885% from 2008 to 2013.
- (3) Other sectors like bank sponsored, private sector-Indian and foreign have shown a positive overall growth rate.

Table 2
ASSET UNDER MANAGEMENT-SCHEME WISE

Year	Open-Ended	Close-Ended	Interval Fund	Total
2008-09	325161	89249	2890	417300
2009-10	532886	65519	15574	613979
2010-11	447196	126897	18157	592250
2011-12	441610	137634	7973	587217
2012-13	573201	120652	7590	701443
Overall Growth	76.282	35.185	162.629	68.090

Table-2 shows,

- (1) The interval fund has shown the highest overall growth rate of 162.629% during the year 2008 to 2013.
- (2) The open-ended and close-ended schemes have shown a positive growth of 76.28% and 35.185% respectively.

Table 4 ASSETS UNDER MANAGEMENT-CLOSE ENDED SCHEMES

Year	Income	Balanced	Liquid/ Money Market	Gilt	ELSS	Gold EFT	Other EFT	Equity	Investing Over- seas	Total
2008-09	69347	1496	-	-	1857	-	-	16549	-	89249
2009-10	41579	1628	-	-	3155	-	-	19157	-	65519
2010-11	120610	1085	-	-	3081	-	-	2121	-	126897
2011-12	135099	11	-	-	2495	-	-	29	-	137634
2012-13	118159	12	-	-	2240	-	-	241	-	120652
Overall growth	70.38805	-99.1979	-	-	20.62466	-	-	-98.5437	-	35.18583

Table-4 shows,

- (1) The income under the closed scheme has increased to 70.388% during the year 2008 to 2013.
- (2) The balanced scheme and equity scheme has drastically decreased and shows negative growth rate of 99.197% and 98.543% respectively.

Table 5 NO OF SCHEME ISSUED.

Year	Open-Ended	Close-Ended	Interval Fund	Total
2008-09	589	344	68	1001
2009-10	641	202	39	882
2010-11	727	368	36	1131
2011-12	745	530	34	-
2012-13	751	501	42	1294
Overall growth	27.504	45.639	-38.235	29.270

Table-5 shows,

- (1) The close-ended scheme has increased to 45.639% during the period 2008 to 2013.
- (2) The interval fund shows a negative overall growth rate of 38.235%.

Table 6 NO OF SCHEMES-OPEN-ENDED

Year	Income	Balanced	Liquid/ Money Market	Gilt	ELSS	Gold EFT	Other EFT	Equity	Investing Overseas	Total
2008-09	69347	1496	-	-	1857	-	-	16549	-	89249
2009-10	41579	1628	-	-	3155	-	-	19157	-	65519
2010-11	120610	1085	-	-	3081	-	-	2121	-	126897
2011-12	135099	11	-	-	2495	-	-	29	-	137634
2012-13	118159	12	-	-	2240	-	-	241	-	120652
Overall growth	70.38805	-99.1979	-	-	20.62466	-	-	-98.5437	-	35.18583

Table-6 shows,

- (1) The Gold EFT and Investment overseas has increased considerably and the overall growth rate stands at 180% and 110% respectively.
- (2) The balanced scheme and ELSS scheme has shown small increase of 3.33% and 2.857% during the period 2008 to 2013.
- (3) The liquid market dropped to negative overall growth rate of 1.785%.

**Table 7
NO OF SCHEMES-CLOSE ENDED**

Year	Income	Balanced	Liquid/ Money Market	Gilt	ELSS	Gold EFT	Other EFT	Equity	Investing Overseas	Total
2008-09	280	5			12			47		344
2009-10	148	4			12			38		202
2010-11	346	1			12			9		368
2011-12	512	1			13			4		530
2012-13	481	1			13			6		501
Overall growth	71.785	-80			8.333			-87.234		45.639

Table-7 shows,

- (1) Income scheme has a positive overall growth rate of 71.785%.
- (2) The balanced scheme shows negative growth rate of 80%.
- (3) The equity scheme has shown negative overall growth rate of 87.234% during the period 2008 to 2013.

CONCLUSION

On the basis of the above analysis, it can be concluded that the Gold ETFs schemes and Indian overseas schemes has started growing rapidly during the period. Over the period from 2008-09 to 2012-13 the asset under management shows good growth rate in Gold EFT and Other EFT schemes in case of open-ended and of equity schemes in case of close-ended one. In case of sector-wise classification, Private sector joint venture sector in India plays a predominant role which is followed by bank sponsored sector.

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