A Study on Mutual Funds with reference to HDFC

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ABSTRACT

The important of commercial banks in the process of economical development has been stressed from time to time by the economical thinkers & progressive bankers in the country. Commercial banks play a very important role in our economic, in fact, it is difficult to imagine. How our economic system could foundation efficiently without many of their services. They are the heart of our financial structure, since they have the ability, in cooperation with the Reserve Bank of India.

Today scenario in banking industry has totally changed. There is a significant transaction in Indian banking industry. Cross border flow and entry of new products, particularly derivative instruments, have impacted significantly on the domestic banking factor forcing banks to adjust the product mix, as also to effect rapid changes in their processes and operation in order to remain competitive to the globalize environment. These developments have facilitated greater choice for consumers, who have become more discerning and demanding, compelling banks to offer a broader range of products through diverse distribution channels.

Introduction

Mutual fund is a trust which pools money, which then is invested in the capital market instruments like shares, debentures, g-sec and other related instruments. Mutual Fund units are investment vehicles that provide a means of participation in the stock market for people who have neither the time nor the expertise to undertake direct investment in equities successfully. A large number of investors pool their money in order to obtain a spread of professionally managed stock exchange investments that they cannot obtain individually. The investor in a Mutual Fund takes much less of a risk than a direct equity investor takes, because increase in the number of stocks held reduces the effect that any one stock can have on the overall equity portfolio. Mutual Fund provides professional management.

How a Mutual Fund Works

Investors put their saving as an investment in Mutual Fund. A professional Fund Manager takes the decisions where the money should be invested in securities according to the scheme's objective. Securities include equities, debentures, Govt. securities, bonds and commercial papers etc. These securities generate returns. The Fund Manager passes return to the investors.

Process of Investment in Mutual Fund

Choose the right Mutual Fund

The important thing is to choose the right mutual fund scheme which suits your requirements. The offer document of the scheme tells you its objectives and provides supplementary details like the track record of other schemes managed by the same Fund Manager. Some factors to evaluate before choosing a particular Mutual Fund are the track record of the performance of the fund over the last few years in relation to the appropriate yardstick and similar funds in the same category. Other factors could be the portfolio allocation, the dividend yield and the degree of transparency as reflected in the frequency and quality of their communications.

Select the ideal mix of Schemes

Investing in just one Mutual Fund scheme may not meet all your investment needs. You may consider investing in a combination of schemes to achieve your specific goals.

Invest regularly

The best approach is to invest a fixed amount at specific intervals, say every month. By investing a fixed sum each month, you buy fewer units when the price is higher and more units when the price is low, thus bringing down your average cost per unit. This is called rupee cost averaging and is a disciplined investment strategy followed by investors all over the world. You can also avail the systematic investment plan facility offered by many open end funds.

Start early

It is desirable to start investing early and stick to a regular investment plan. If you start now, you will make more than if you wait and invest later. The power of compounding lets you earn income on income and your money multiplies at a compounded rate of return.

The final step

All you need to do now is to go for online application forms of various mutual fund schemes and start investing. You may reap the rewards in the years to come. Mutual Funds are suitable for every kind of investor – whether starting a career or retiring, conservative or risk taking, growth oriented or income seeking.

Research Problem

There are too many scheme are available in the market. Each of the schemes has its different benefit. So people find difficulty in choosing the most suitable scheme. So here the comparison is made between open ended scheme & close ended scheme and giving some factor which are mostly affected in choosing between the schemes, Even though people choose their scheme according to their convenience.

Objective of Research

The objectives of the research for which it was carried out are as follows.

To become familiar with basic knowledge of Mutual Fund.

To become familiar with the retail banking channel in HDFC bank.

RESEARCH METHODOLOGY

The research design in the project is exploratory in nature. The customers are divided into four major groups like Businessman, Professional, Service class and Retired people. The whole research project can be considered to be dependent on data collection. The data collection consists of primary as well as secondary data. The primary data is collected with the help of questionnaires. And secondary data is collected with the help of various websites.

DATA ANALYSIS

1. Out of the sample size of 100, 6% of the respondents were having the family members between 1 to 2, 32% of the respondents were having the family member between 3 to 4, 44% of the respondent were having the family member between 5 to6 and 18% of the respondent were having more than 7 family member.

2. Out of sample size of 100, 31%of the people saved income below 10% of their total income, 43% of the people saved income between 11% to 31% of their total income, 17% of the people saved income between 31 to 50 % of their total income and 9% of the people saved income above 50% of their total income.

3. Out of sample size of 100, 17%of the people invest their money in government securities. 48% of invest their money in fixed deposite.12% of the people invest their money in mutual fund. 18% invest their money in Equity market. While 5% people invest their money in others.

4. Out of the sample size of 100, 35% of respondent were having financial consultants and 65% of respondents were not having access to any financial consultant.

5. Out of the sample size of 100, only 73% of the respondents were aware about the functioning of the mutual funds while 27% of the respondents were not aware about the functioning of the mutual funds.

6. Out of the sample size of 100, only 25% of the respondent preferred to invest in mutual funds with high return even, 40% are preferred to invest with low return, 35% of the preferred to invest with medium return.

7. Out of 100 respondent 100 respondents, 60%of the respondent preferred to invest in mutual funds for short period of time even if the risk were high, While 40% preferred to invest in mutual funds for long period of time even if the return is low.

8. Out of 100 respondents, only 34% of the respondent preferred to invest in mutual funds with Low risk even if the return is low, 46% are preferred to invest with medium risk and medium return, while 20% of the preferred to invest with high return even if the risk was high.

9. Out of 100 respondents, 60% of the respondent preferred to invest in open ended mutual funds with high risk even if the returns were low, while 40% are preferred to invest in close ended mutual funds with medium risk or low risk even if return were medium or low.

Conclusion

Through these research and analysis I conclude that open ended and close ended mutual funds are two option provide better facility to investor for invest their money for long term and short term. Open ended schemes are very popular option for investment for short term and high return while close ended option are popular for long term investment and for low return with minimum risk.

So, through these research and analysis I conclude that in India out of these two scheme open ended and close ended more preferable and popular scheme is Reliance Growth scheme because of it's features and it provide the facility to redeem the money at any time, while these facility is not available in close ended scheme. The open ended schemes are providing the facility to purchase and redeem the unit after one year. So, people like the Reliance Growth scheme.

But today In India most of the people are invested in money in fixed deposit because they want takes low risk and fixed return.

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