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A STUDY ON ASSETS MANAGEMENT IN MUTUAL FUNDSWITH REFRENCE TOHDFC MUTUAL FUND

M.S.Kishan.Varma, G.Vinuthna, R. Ahalya

Assistant Professor, Department of Management Studies, VFSTR Deemed to be University, Guntur(Dt), Andhra Pradesh

IInd MBA , Department of Management Studies, VFSTR Deemed to be University, Guntur(Dt), Andhra Pradesh

IInd MBA , Department of Management Studies, VFSTR Deemed to be University, Guntur(Dt), Andhra Pradesh

Abstract: *The purpose of the study is to determine the Indian capital market has been increasing tremendously during last few years. With the reforms of economy, reforms of industrial policy, reforms of public sector and reforms of financial sector, the economy has been opened up and many developments have been taking place in the Indian money market and capital market. In order to help the small investors, asset management mutual fund industry has come to occupy an important place.*

Keywords: *Asset management companies, Mutual funds, Investment Strategies*

1. INTRODUCTION

The asset management company, also known as the investment management company, is one of the largest global industries. This handles transactions worth trillions of dollars annually. Because of this, participants are constantly developing the market. The asset management industry is an important part of the financial sector throughout the world. This industry manages huge amounts of investments and helps clients reach a financial goal within a specific period of time. Asset Management Company offers a wide range of investment options. However, with the growing complexity in financial markets, investors are demanding more options. The asset management company is constantly looking to develop new options. According to present trends, the asset management industry is trying to develop profitability by reducing expenditures. Because of trends, a reformation activity is taking place in the global asset management company.

The asset management company of every country has problems, but there are several factors that are global. Worldwide factors are related to the development of the industry in various ways. Important factors are fund governance, regulation of the industry, developing alternative investment options, product rationalization, and introduction of new technology, identifying talented professionals, and making efficient investment decisions.

The regulators of the industry are constantly working to make developments in this field. As a result, the standard of corporate governance is rising rapidly. At the same time, the regulations are becoming stricter because of incidents of misconduct throughout the industry. Real estate, hedge funds, and other options are emerging as an alternative investment option.

2. RESERCH METHODOLOGY

There are 40 asset management companies who have floated more than 4000 mutual fund schemes. This is huge number for research by an individual researcher, therefore out of 40 AMC in operation we have selected the data AMCs based on the data availability of combination of equity, balanced and debt.

3. HDFC MUTUAL FUND

A mutual fund manager's goal is to steadily maintain and grow an investor's wealth. Whether a mutual fund or a hedge fund, an asset management company typically charges investors layers of fees. Investors should become familiar with the fee structure of an asset management Company before placing any money there so that there are no surprises HDFC mutual fund is one of the largest mutual funds and well-established fund house in the country with consistent and above average fund performance across categories since its incorporation on December 10, 1999. While our past experience does make us a veteran, but when it comes to investments, we have never believed that the experience is enough.

4. OBJECTIVES

- Evaluating the performance of HDFC mutual fund scheme.
- Comprehensive study of mutual fund concept.
- Recommending good mutual fund scheme to invest and earn more returns on selected mutual fund scheme.

5. RECENT DEVELOPMENTS

5.1.Investment in Foreign Debt

SEBI has permitted the Indian mutual funds to make investments in foreign debt securities. As per the circular issued by SEBI, mutual funds have been allowed to invest in foreign debt securities with highest credit rating (such as a-1/AAA by standard and poor, p- 1/AAA by moody's, f1/AAA by Fitch IBCA, etc.) In the countries with fully convertible currencies provided the guidelines laid down in the circular are complied with. Similarly, the Indian mutual funds have also been permitted to make investments in non-Indian government securities where the countries are AAA rated.

However, such investment is permitted subject to an overall cap of 10% of the net assets of a mutual fund, subject to the maximum of USD 50 million, per mutual fund for making investments in the foreign debt securities and American depository receipts/global depository receipts issued by Indian companies ("ADRS/GDRS"). This has opened up newer opportunities for domestic mutual funds for investing in foreign securities. This also enables mutual funds to hedge their country risk by spreading their investments amongst different countries. Several funds have announced schemes for such overseas investments.

5.2. Investment by Resident in Foreign Securities

The reserve bank of India, as a part of its ongoing liberalization and with a view to usher in full convertibility of rupee, has recently permitted Indian residents, including mutual funds, subject to an overall cap of USD 1 billion. Such investment will have to be made in foreign companies whose shares are listed on an overseas exchange and which has at least 10% holding in AN Indian company which is also listed on the Indian stock exchange. While these conditions may sound restrictive, it is only a matter of time when the RBI will look at further relaxations. This has opened up an opportunity for Indian investors to invest in the overseas market and this also throws up an opportunity for mutual funds to tap into these investments since individual investors would be more comfortable to invest through a mutual fund Vis-Àvis a direct exposure to foreign securities.

5.3. Compulsory Certification of Sales/Marketing Personnel

SEBI together with the association of mutual funds of India has made it mandatory for the sales and marketing personnel of mutual funds to obtain a certification. This requires such personnel to appear for a test which is currently conducted by the amfi. The move is to educate the sales personnel on the basics of investment and on the current regulations so as to ensure that no false representations are made to the investors by the sales personnel and is a move towards bringing in more accountability to the asset management company.

5.4. Mutual Fund Schemes for Real Estate

AMFI has recently submitted to SEBI, draft guidelines for allowing mutual funds to invest in real estate. The move is in response to a growing need of the real estate sector and also the fact that this sector has provided to be an attractive investment opportunity for investors. Real estate investment trusts (REITs) are a popular investment vehicles in the development markets of the us and the UK and have contributed significantly to the development of those economy.

A need was felt for implement such REITs structure in India and in response to that SEBI constituted a committee to examine the current regulations governing mutual funds and to recommend a set of guidelines for setting up schemes under the current framework for investing in real estate. The report has been submitted by the committee to the SEBI which has been put-up for public comments. It is expected that shortly, the SEBI would notify these new set of regulations.

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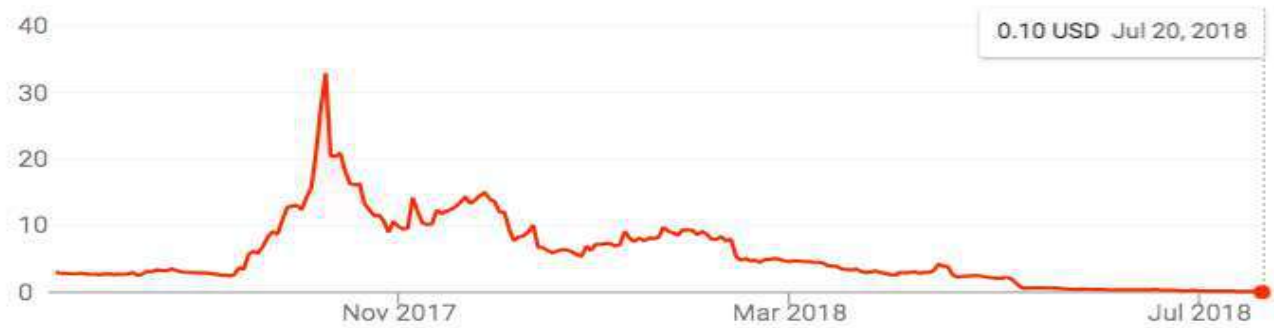
5.5. Splitting Up Of UTI

An ordinance was recently passed by the president of India which repealed the unit trust of India act, 1963 thereby splitting UTI Into two funds viz. UTI i and UTI ii. The ordinance was issued in wake of the severe payment crisis that UTI had faced on account of its assured return schemes which resulted in an adverse impact to the Indian capital markets. UTI being the first mutual fund set-up in India has always been a symbol of trust and currently is the largest mutual fund in India. Also, since it was constituted under a special enactment, it was not strictly governed by the SEBI regulations. A need was felt to bring UTI within the SEBI purview and also to ensure that the units are made NAV linked. UTI i now consists of all assured return scheme (including us 64) whereas UTI ii now consists of all other schemes which are NAV linked. UTI i has a government guarantee and will be managed by an AMC formed by the life insurance corporation of India, the bank of Baroda and the Punjab national bank. Over a period of time, the asset management function of UTI ii will be privatized.

6. CURRENT INDUSTRY ASSESSMENT

The Indian mutual fund industry has shown relatively slow growth in the period FY 16-18 growing at a CAGR of approximately 6.2 per cent. Average (AUM) stood at inr 13.20 as of September 2017. However, AUM increased to 70% as of December 2017



Open	0.11	Div yield	-
High	0.11	Prev close	0.10
Low	0.082	52-wk high	38.86
Mkt cap	28.05M	52-wk low	0.082
P/E ratio	-		

6.1 Growth of the AUM

Despite the relatively low penetration of mutual funds in India, the market is highly concentrated. Though, there are 44 AMCs operating in the sector, approximately 80 per cent of the AUM is concentrated with 8 of the top players in the market3. There have been recent instances of consolidation in the market and market concentration is ordinary to remain in the near- term. In the year 2017 it has increased to 35% later it has been decreased gradually

Detailed Schemes of HDFC AMC

EQUITY GROWTH FUND	DEBT / INCOME FUND
HDFC Growth Fund	HDFC MF Monthly Income Plan - Shortterm Plan
HDFC Top 200 Fund	HDFC Multiple Yield Fund
HDFC Core and Satellite Fund	HDFC Income Fund
HDFC Index Fund – Sensex Plan	HDFC Short Term Plan
HDFC Index Fund – Sensex Plus Plan	HDFC Gilt Fund - Short Term Plan
HDFC Balanced Fund	HDFC Floating Rate Income Fund - Shortterm Plan
HDFC Long Term Advantage Fund	HDFC Cash Management Fund -

(ELSS) HDFC Long Term Equity Fund HDFC Infrastructure Fund HDFC Capital Builder Fund HDFC Premier Milt – Cap HDFC Index Fund – Nifty Plan HDFC Arbitrage Fund HDFC Equity Fund	Savings plusplan HDFC MF Monthly Income Plan - Long term plan HDFC Multiple Yield Fund - Plan 2005 HDFC High Interest Fund HDFC High Interest Fund - Short term Plan HDFC Gilt Fund - Long Term Plan HDFC Floating Rate Income Fund - Longterm Plan
HDFC Prudence Fund HDFC Tax Saver (ELSS) HDFC Mid-Cap Opportunities Fund	**LIQUID FUND** HDFC Liquid Fund HDFC Liquid Fund Premium Plan HDFC Liquid Fund Premium Plus Plan HDFC Cash Management Fund – Call
CHILDREN'S GIFT FUND HDFC Children's Gift Fund - Investment Plan HDFC Children's Gift Fund - Savings Plan	HDFC Cash Management Fund - Savings Plan

7. FUTURE GROWTH AND MARKET APPROACH OF HDFC MUTUAL FUND IN INDIA

The HDFC mutual fund industry has involved in many aspects in the last decade or so. Be it product innovation. Distribution reach, investors education or leveraging technology. At present, only small portions of public savings reach the capital markets through the HDFC MF route will raise gradually. Innovations like arbitrage funds, exchange -traded funds are going to benefit investors is a very tangible way. However again within the exchange traded funds category, products like real estate exchange traded funds will take some time to be introduced in the Indian market. The industry one of the most regulated and has so far seen a very small numbers of issues. This fact alone should illustrate the likely future development of the HDFC mutual funds industry.

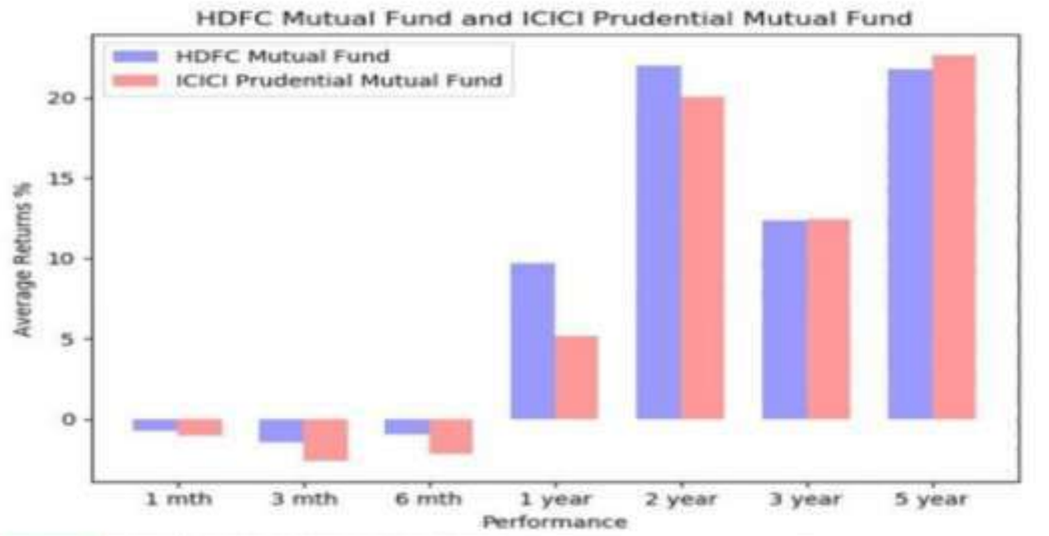
Although the competitive scenario is getting tougher by the day. It Actually Helps In The Expansion Of The Market. Competition Will Also Lead To Innovation In Product Development And A Race For Better Returns. Going by India's demography, the purchasing power and the savings rate and the kind of money people earn will increase in the future. Obviously, they need investment opportunities and HDFC mutual funds will be one of the best opportunities for the future, because of the kind of returns they yield which no other class can give the risks.

The HDFC mutual fund industry future seems bright for the coming years. It has great potential to grow and is already on the path.

The HDFC mutual fund In India has gone through sea- changes in the last decade or so and has witnessed very impressive growth rates. However, even now, it is poised for many far reaching changes that can unleash a further period of very high growth in the near future as well.

Fund Category	Fund Name	1 Yr Return	3 Yrs Return	5 Yrs Return	10 Yrs Return
Large Cap Fund	Franklin India Bluechip Fund (G)	20.61%	8.86%	13.85%	9.27%
	S&P BSE Sensex (Benchmark for Fund)	23.62%	4.75%	11.15%	5.42%
	ICICI Pru Focussed Bluechip Fund (G)	26.79%	10.31%	16.41%	-
	CNX Nifty (Benchmark for Fund)	23.54%	5.76%	11.46%	-
Multi Cap Fund	Franklin India Prima Plus Fund (G)	24%	11.43%	18.16%	11.23
	Nifty 500 (Benchmark for Fund)	28.69%	9.51%	14.13%	6.40%
	ICICI Pru Value Discovery Fund (G)	16.45%	9.88%	20.49%	15.99%
	S&P BSE 500 (Benchmark for Fund)	28.82%	9.47%	13.91%	6.18%
Mid Cap Fund	HDFC Mid Cap Opp Fund (G)	31.00%	17.64%	25.78%	16.93
	CNX Free Float Midcap 100 (Benchmark for Fund)	33.72%	16.78%	19.30%	9.42
	Franklin India Prima Fund (G)	30.59%	16.78%	25.13%	13.36%
	Nifty 500 (Benchmark for Fund)	28.69%	9.51%	14.13%	6.40%
Small Cap Fund	DSPBR Micro Cap Fund (G)	32.02%	23.62%	30.39%	17.47%
	S&P BSE Small Cap (Benchmark for Fund)	47.08%	17.19%	19.86%	5.52%
	Franklin India Smaller Companeis Fund (G)	35.42%	19.94%	29.98%	15.37%
	Nifty Free Float Midcap 100	33.72%	16.78%	19.30%	9.42%
Balanced Funds	HDFC Balanced Fund (G)	21.67%	12.24%	18.62%	14.46%
	Value Research Balanced	19.99%	6.20%	19.69%	6.03%
	ICICI Pru Balanced Fund (G)	20.83%	12.49%	18.34%	11.03%
	Value Research Balanced	19.99%	6.20%	19.69%	6.03%

Note-Values as on 4th Nov, 2017 (VR)



8. FINDINGS

- In large cap funds ,s&p BSE sensex has only 4.75% return in the 3 years
- In multi cap fund ,s&p BSE 500 has very less returns i.e 6.18% in the 10 years life span
- In mid cap fund, nifty 500 the returns are only 6.40% in 10 years life span
- In small cap fund,s&p BSE small cap returns are 5.52% in 10 years
- In balanced funds, value research balanced are 6.03% in 10 years
- The hdfc mutual fund returns are less in first 6 months later it has been increased in first two years and then later it has decreased

Suggestions

- In the large cap fund, it is better to invest in ICICI pru focussed blue chip instead of s & p BSE sensex because returns are more i.e 26.79%in first year
- In multi cap fund s & p BSE 500 returns are more in first year then the 10 years i.e 28.82%
- In mid cap fund, better to invest in CNX free float midcap 100 instead of nifty 500 ,returns are more in first year i.e 33.72%
- In small cap fund ,invest in s &p BSE small cap in first year instead of 10 years because the returns are more in first year i.e47.08%
- In balanced fund the returns are more in hdfc balanced fund in first year i.e 21.675,it's better it invest in it then the value research balanced
- In hdfc mutual fund the returns are more in second year and fifth year so better to invest in it.

9. CONCLUSION

Growth in yearly collection of mutual funds showed an uneven trend, as mentioned above.In order to Roap the benefits of this growth the mutual fund industry has to introduce certain changes these changes included introduction of newer products, improvements in mutual fund distribution better. The mutual fund regulation (SEBI) should increase the accountability of all major players including the AMC`s, distributors and brokers to build trust among retail investors. The Indian regulatory must think to enhance the fund management's ability and accountability, as well as operations transparency, which would ultimately increase the safety of the investors fund and improve returns.

Investor confidence and country economy are the synonyms and here above reflects that the asset-management mutual fund industry and need proper direction for sustainable growth .if this take place,the impact on economy will automatically be in robust health.

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