

# An Analytical Study of Performance of Mutual Fund Schemes of ‘SBI and HDFC bank’ for the Period: 2015-2018

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## **ABSTRACT:**

A mutual fund is a pool of money from numerous investors who wish to save or make money just like you. Investing in a mutual fund can be a lot easier than buying and selling individual stocks and bonds on your own. Investors can sell their shares when they want. The Indian mutual fund industry has shown relative growth in the period FY 2015-18 growing at a CAGR of approximately 9.00 percent, According to data from Association of Mutual Funds in India. This paper focuses on the comparison of mutual fund scheme provided by SBI and HDFC bank for their investor to know the best returns earning fund. In this research paper, I will focus on the performance of the mutual fund in India by analysis two major Bank’s mutual fund schemes.

**KEYWORDS:** Mutual Fund, SBI bank, HDFC bank, Investors, Money.

## **INTRODUCTION:**

India's savings rate has been between 30-35 per cent since last few years, investment in mutual funds have been minimal as compared to other avenues for investment. Emphatically speaking, mutual fund business follows a business to business model (B2B) rather than a business to consumer (B2C) model and hence, distribution is a critical success factor for any mutual fund. Despite the efforts, the mutual fund products continue to remain a 'push' product rather than a 'pull' product.

Mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in diversified portfolio management, good research team, professionally managed Indian stock as well as the foreign market, the main aim of the fund manager is to take the scrip that have under value and future will rise, then fund manager sell out the stock. Fund manager concentration on risk – return trade off, where minimize the risk and maximize the return through diversification of the portfolio. The most common features of the mutual fund unit are low cost

## **Association of Mutual Funds in India (AMFI):**

With the Increase in mutual fund players in India, a need for mutual fund association in India was generated to function as a non-profit organization. Association of Mutual Funds in India (AMFI) was incorporated on 22<sup>nd</sup> August, 1995. AMFI is an apex body of all Asset Management Companies (AMC) which has been registered with SEBI. Till date all the AMCs that have launched mutual fund schemes are its members. It functions under the supervision and guidelines of its Board of Director. Association of Mutual Funds India has brought down the Indian Mutual Fund Industry to a professional and healthy market with ethical lines enhancing.



Mutual fund have added a whopping ₹ 3 trillion to their asset base in 2018 and the uptrend may continue in the new year, helped by consistent rise in the SIP flows and a strong participation of retail investors despite volatile markets. The asset under management (AUM) of the mutual fund industry raised by 13% to ₹ 21,360 billion in 2018 by November-end itself, up from ₹ 17,546 billion at the end of December 2017, data available with the Association of Mutual Funds in India (AMFI) showed.

### Calculation of NAV

Mutual fund assets usually fall under two categories – securities & cash. Securities, here, include both bonds and stocks. Therefore, the total asset value of a fund will include its stocks, cash and bonds at market value. Dividends and interest accrued and liquid assets are also included in total assets. The formula for calculating NAV:

$$\text{NAV of a mutual funds} = \frac{\text{(Assets of the fund} - \text{Liabilities of the fund)}}{\text{Number of outstanding units of the fund}}$$

The mutual fund itself and/or certain accounting firms calculate the NAV of a mutual fund. Since, mutual funds depend on stock markets, they are usually declared after the closing hours of the exchange. All Mutual Funds are required to publish their NAV at every business day as per SEBI guidelines.

NAV is obtained after subtracting the expense ratio of a fund. This expense ratio is the total of all expenses made by the mutual fund annually, including the operating expenses and the management fees, distribution and marketing fees, transfer agent fees, custodian fees and audit fees.

### **THIS PAPER IS BASED ON THE FOLLOWING OBJECTIVES:**

- To know the information about Indian Mutual fund Market.
- To know the performance of mutual funds of SBI and HDFC Bank.

### **HYPOTHESIS:**

Ho: the performance of the mutual fund scheme of SBI and HDFC bank decreases.

H1: the performance of the mutual fund scheme of SBI and HDFC bank Increases.

## **METHODOLOGY:**

### **1.HDFC Mutual Fund**

HDFC Mutual Fund has been constituted as a trust in accordance with the provisions of the Indian Trusts Act, 1882, as per the terms of the trust deed dated June 8, 2000 with Housing Development Finance Corporation Limited (HDFC) and Standard Life Investments Limited as the Sponsors / Settlers and HDFC Trustee Company Limited, as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908. The Mutual Fund has been registered with SEBI, under registration code MF/044/00/6 on June 30, 2000.

#### HDFC Asset Management Company Limited (AMC):

HDFC Asset Management Company Ltd (AMC) was incorporated under the Companies Act, 1956, on December 10, 1999, and was approved to act as an Asset Management Company for the HDFC Mutual Fund by SEBI vide its letter dated July 3, 2000.

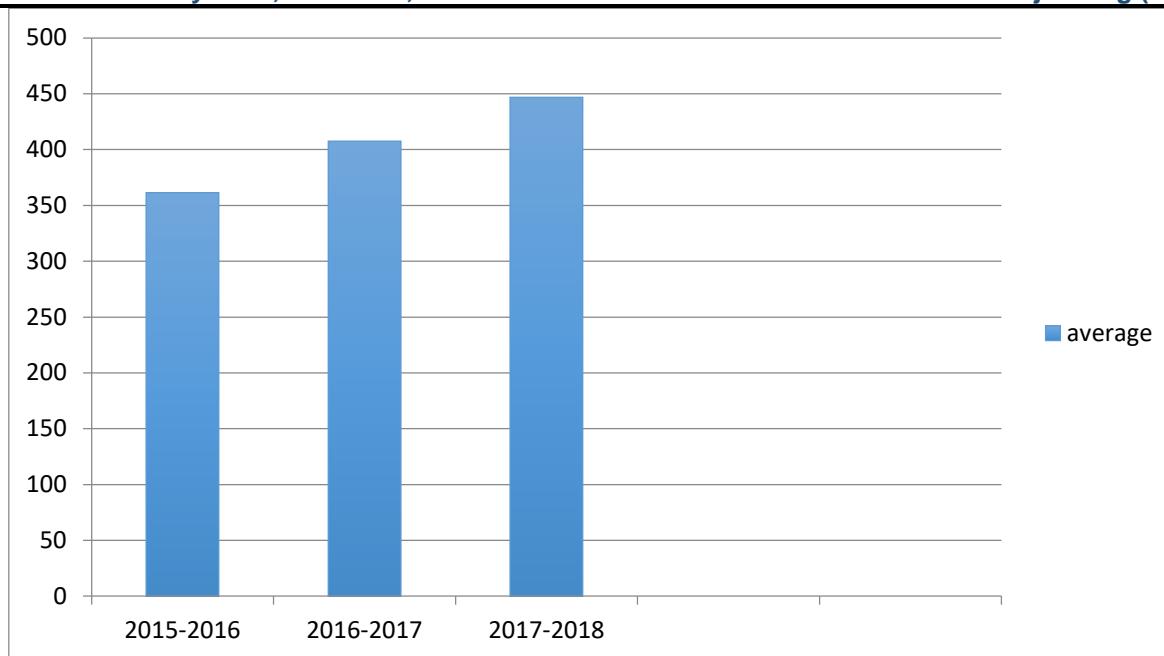
In terms of the Investment management Agreement, the trustee has appointed HDFC Asset Management Company Limited to manage the mutual funds. As per the terms of the Investment Management Agreement, the AMC will conduct the operations of the Mutual Fund and manage assets of the schemes, including the schemes launched from time to time.

#### Funds Managed by HDFC Mutual Fund:

- Equity Fund
- Balanced Funds
- Income Fund

#### Calculation of NAV of HDFC mutual fund:

YEAR	NAV				TOTAL	AVERAGE
	1 <sup>st</sup> Qtr	2 <sup>nd</sup> Qtr	3 <sup>rd</sup> Qtr	4 <sup>th</sup> Qtr		
2015 – 2016	472.371	453.632	454.473	426.764	1807.24	361.448
2016 – 2017	472.201	512.716	491.564	561.617	2038.098	407.619
2017 – 2018	590.682	599.339	678.388	616.414	2484.823	446.965



### Analysis:

From the above quarterly data information and the graphical representation of the data which is showing category 1 as an NAV of HDFC mutual Fund we can observe that for the year 2017 – 2018 average NAV for all preceding year are more than Year 2015 – 2018. The reason may be as high investment in share market in 2017 -2018 which we have observes highest Sensex during the period was 33,848.03 to 36,068.33. We have seen year 2017 -2018 was highest recorded Sensex due to maximum investment made by the investors. The return on this firm is one of the highest for the year for long term investment.

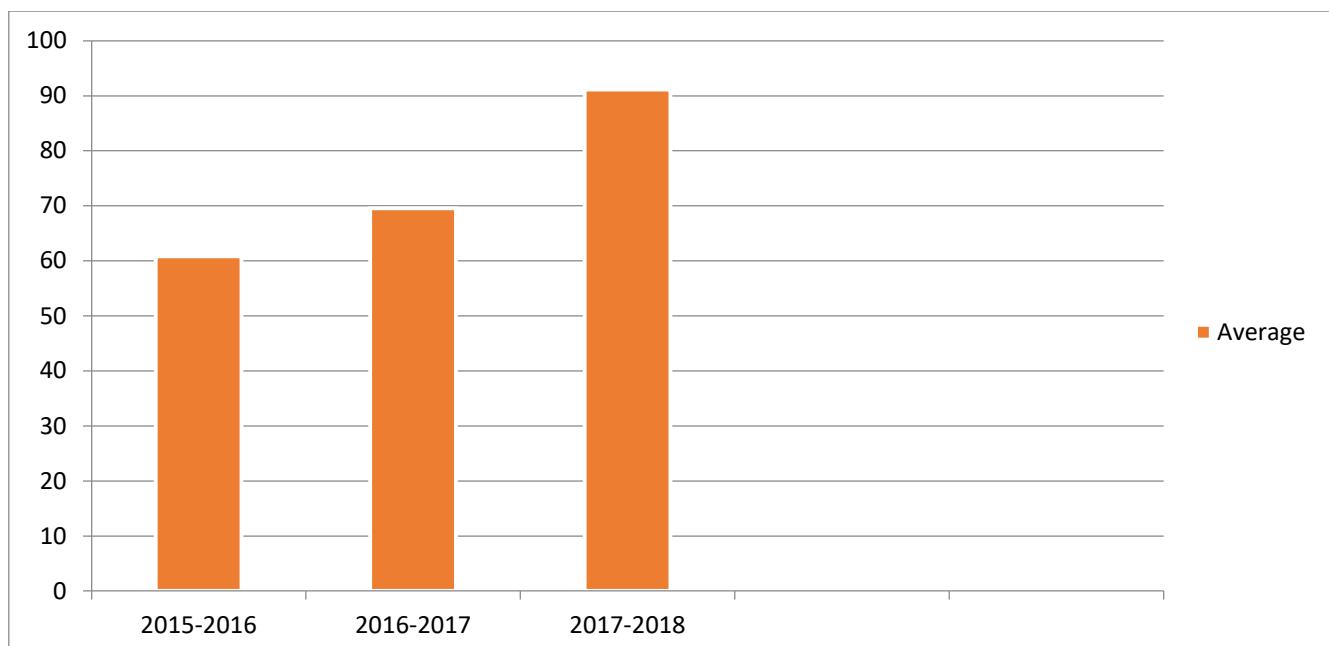
### 2. SBI Mutual Fund

The SBI mutual fund Private Ltd is a joint venture between “The state bank of India” and Societe Generale Asset management (France).The fund manages over Rs 42,100 crores of assets and has a diverse profile of Investors actively parking their investments across 38 active schemes.

At SBI Mutual Fund, we know that every investor has unique financial goals and requires different sets of products. That is why we have a wide range of schemes that fulfills every kind of Investors requirements.

### Calculation of NAV of SBI Mutual fund:

YEAR	NAV				TOTAL	AVERAGE
	1 <sup>st</sup> Qtr	2 <sup>nd</sup> Qtr	3 <sup>rd</sup> Qtr	4 <sup>th</sup> Qtr		
2015 –2016	73.866	75.535	78.017	76.809	304.227	60.845
2016 –2017	84.049	86.625	80.625	96.314	347.61	69.523
2017 –2018	104.835	105.121	124.581	121.239	455.777	91.115



## **Analysis:-**

From the above quarterly data information and the graphical representation of the data we have observe and analysis of the data for SBI Mutual Fund and its NAV year after year as increase in terms of percentage . As a reason probably only high rates of investment in Mutual share market for the rate of year 2017 – 2018, If any investors want to get good returns He Should invest for long term in SBI Mutual Fund.

## **CONCLUSION:**

Mutual Fund Industry now represents perhaps most appropriate opportunity for most Investors. The financial market is most sophisticated and complex. Investors need required knowledge to invest in the mutual fund industry. Mutual fund industry also gives good returns if the markets are high and you can also suffer losses if the market does not do well or while investing fund manager makes some mistakes during investment of Mutual Funds.

In my above research, I had Study SBI mutual fund & HDFC Mutual fund. I analyse 3 years data which Both the Mutual Funds have given good returns after a specified period.

Since Inception, I observe that both SBI and HDFC bank gives good performance in the mutual fund scheme and this will leads to increase the attention of the investors. The potential investor will see the NAV of both the bank that will help to know the performance of mutual fund. If investors want to get more return they should have to invest for long term in mutual fund scheme provided by SBI and HDFC bank.

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