

A STUDY ON MUTUAL FUNDS IN INDIA

– With special reference to KOTAK Securities Ltd.

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ABSTRACT

The Indian Mutual Fund Industry is above forty years old and is a fast growing industry in the financial sector. Mutual Fund schemes have become most desired investment opportunity in the recent past. In view of the great returns, liquidity, safety, management by professionals and comparatively less risky, investors prefer the Mutual Fund route for their investment planning.

The Mutual Fund Industry is a rapid growing segment of the Indian Financial Market. It provides different schemes to the Investor suitable to their needs and risk return profile of different categories of investors. The Investors are informed often through periodical reports and statutory disclosures about the strength of their schemes. SEBI has made it obligatory to give periodic reports and assured statutory disclosures by the Mutual Funds.

Key Words : Mutual Fund, Liquidity, UTI, Schemes.

INTRODUCTION

A Mutual Fund is assumed that pools the reserve funds of various speculators who share a typical budgetary objective. The cash, in this way gathered, is put by the fund administrator in various sorts of securities relying on the goal of the plan. These could run from offers to debentures to currency advertise instruments. The compensation earned through these endeavors and the capital thanks recognized by the arrangement are shared by its unit holders in degree to the amount of units controlled by them (redo). Appropriately a Mutual Fund is the most sensible hypothesis for the essential man as it offers an opportunity to place assets into an improved, professionally directed portfolio at a for the most part negligible exertion. Anybody with an investable overabundance of as small as two or three thousand rupees can place assets into Mutual Funds. Each Mutual Fund plot has a characterized venture target and technique.

A mutual fund is the perfect speculation vehicle for the present mind boggling and current money related situation. Market for value offers, securities and other settled wage

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instruments, land, subordinates and different assets have turned out to be developed and data driven. Value changes in these assets are driven by worldwide occasions happening in faraway place. A run of the mill individual is probably not going to have the learning, abilities, slant and time to monitor occasions, comprehend their suggestions and act quickly. An individual likewise finds it hard to monitor responsibility for assets, speculations, financier levy and bank exchanges and so forth.

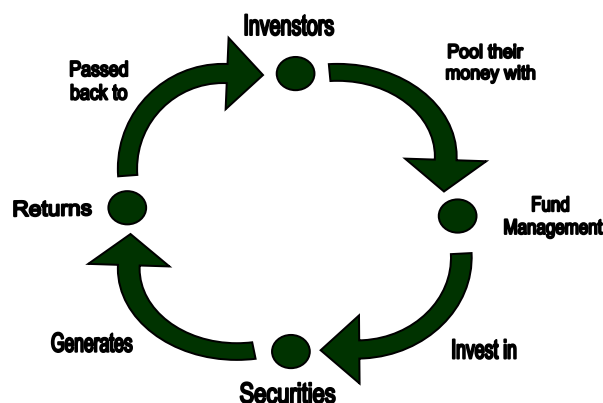
OBJECTIVES OF THE STUDY

1. To make a detailed study on the mutual funds and its development in India
2. To study the working of mutual funds in its organization of kotak securities.
3. To know how investors are benefited from mutual funds rather than equity investors.
4. To assess the performance of mutual funds.
5. To create awareness about mutual funds and its benefits to the investors.

LITERATURE REVIEW

A Mutual Fund is an expert that pools the hold funds of different examiners who share a run of the mill fiscal goal. The money thusly assembled is then placed assets into capital market instruments, for instance, offers, debentures and diverse securities. The wage earned through these endeavors and the capital thanks recognized are shared by its unit holders in degree to the amount of units guaranteed by them. In this way a Mutual Fund is the most sensible wander for the ordinary man as it offers an opportunity to place assets into a separated, professionally managed wicker container of securities at a by and large insignificant exertion.

The flow chart below describes broadly the working of a mutual fund:



The financial specialists are known as unit holder. The fund pools cash from some of all speculators and put in the securities in those that get the targets of the plan to produce profits to the financial specialists for their venture.

HISTORY OF THE MUTUAL FUND INDUSTRY

The mutual fund industry in India started in 1963 with the course of action of Unit Trust of India, at the movement of the Government of India and Reserve Bank . The authentic background of mutual funds in India can be broadly isolated into four unmistakable stages.

1. First Phase – 1964-87
2. Second Phase – 1987-1993 (Entry of Public Sector Funds)
3. Third Phase – 1993-2003 (Entry of Private Sector Funds)
4. Fourth Phase – since February 2003

TYPES OF SCHMES

I. Schemes according to Structure:

- Open-Ended Fund/Scheme
- Close-Ended Fund/Scheme
- Interval Fund

II. Schemes according to Investment Objectives:

- Growth/Equity Oriented Scheme
- Income/Debt Oriented Scheme
- Balance Fund
- Money Market or Liquid Fund
- Gilt Fund
- Load Fund
- No-Load Fund

III. Other Schemes:

- Tax Saving Schemes

IV. Special Scheme

- Industry Specific Schemes
- Index Funds
- Sector Specific Schemes

KOTAK SECURITIES LIMITED.

Kotak Securities Ltd. Is India's driving stock broking house with a market offer of around 8% Kotak Securities Ltd. has been the biggest in IPO appropriation. The awards that Kotak Securities has been graced with incorporate:

- Prime Ranking Award (2003-04) Largest Distributor of IPO's
- Finance Asia Award (2014) – India's best Equity House.
- Finance Asia Award (2015) – Best Broker in India.
- Euro cash Award (2015) – Best Equities House in India

ANALYSIS

KOK OPPORTUNITIES

Open-Ended Equity Growth Scheme:

An expanded forceful value plot that has an adaptability to contribute crosswise over market capitalization and parts. The speculation system is to influence vital utilization of obligation and cash to showcase securities up to 35% with adaptability for substantial introduction in select parts.

Performance of the Scheme :

Period	Returns %	Benchmark Returns % S&PCNX500
1 year	76.6	53.8
Since Allotment (9 th Sept,2014)	73.9	58.4

Kotak opportunities NAV Rs.17.955 (Growth Option)

KOTAK CONTRA

Open-Ended Equity Growth Scheme:

A diversified equity scheme that invest in fundamentally strong companies which are currently under-valued due to temporary/non recurring reasons, thus following the

Contrarians style of investing. The investment Strategy is to have 65%-100% in Equity and equity related securities, 0% -35% in Debt & Money market securities.

Performance of the Scheme :

Period	Returns %	Benchmark Returns % S&PCNX500
Since Allotment (29 th July,2015)	10.1	12.2

Kotak Contra NAV Rs.10.8930 (Growth option)

KOTAK GLOBAL INDIA

Open-Ended Equity Growth Scheme:

A broadened value conspire which goes for catching the development capability of all around aggressive Indian organizations. The plan takes after a base up way to deal with stock determination with concentrate on Indian organizations with an unmistakable worldwide/send out methodology for incremental development. The venture methodology is to have a portfolio differentiated crosswise over areas.

Performance of the Scheme :

Period	Returns %	Benchmark Returns % S&PCNX500
1 year	56.9	54.6
Since Allotment (Jan 30,2014)	42.6	28.3

Kotak Global India NAV- Rs.18.083 (Growth Option)

KOTAKMNC

Open – Ended Equity Growth Scheme

A plan broadened crosswise over segments that put resources into Multinational organizations having business in India. The plan takes after a base – up way to

deal with stock choice and the venture procedure is to make forceful portion crosswise over select divisions.

Sector Allocation:

Performance of the Scheme:

Period	Returns %	Benchmark Returns %	
		BSE Sensex	S&PCNX Nifty
1 year	54.0	54.6	49.0
3 year	51.5	42.9	39.6
5 year	22.0	16.1	15.4
Since allotment (Apr-04-2014)	19.2	11.7	11.5

Kotak MNC NAV : Rs. 20.521

KOTAK 30

Open – Ended Equity Growth Scheme

An extensive Cap expanded plan, which puts resources into organizations with a medium to long haul see. The plan takes after a base – up way to deal with stock choice. The venture technique is to take adjusted introduction cross areas while keeping up under 30% presentation to mid-top stocks.

Performance of the Scheme :

Period	Returns %	Benchmark Returns %	
		BSE Sensex	S&PCNX Nifty
1 year	69.2	54.6	49.0
3 year	61.3	42.9	49.6
5 year	25.3	16.1	15.4
Since allotment	30.3	16.7	17.5

Kotak 30 NAV :Rs.26.020 (Div. option)

KOTAK MID – CAP

Open – Ended Equity Growth Scheme

A plan that puts overwhelmingly in silly organizations. Which are relied upon to be tomorrow's vast top organizations. The Scheme takes after a base up way to deal with stock determination. The venture system is to have 65%-95% interests in midcap organizations, upto 30% in expansive top/little top organizations, 5%-35% paying off debtors and currency showcase securities with a portfolio differentiated crosswise over divisions.

Performance of the Scheme :

Period	Returns %	Bench mark Returns % CNX Nifty Junior
Since Allotment (Feb 24, 2015)	40.2	22.3

Kotak Mid cap NAV : Rs.13.2180 (Growth option)

KOTAK ELSS

Open – Ended Equity Linked Savings Scheme

An expanded value plot that puts resources into value and value related securities and empower financial specialists to profit the salary charge discount, as allowed shape time to time. The venture system is to have 80 – 100% in value parcel and 0.20% in non-value partition.

Performance of the Scheme :

Period	Returns %	Bench mark Returns % S & P CNX 500
Since Allotment (Nov 23, 2015)	4.5	9.0

Kotak & LSS NAV : Rs.10.4530 (Growth option).

KOTAK TECH

Open – Ended Equity Growth Scheme

A Sector conspires, putting just in IT area organizations. The plan takes after a base up way to deal with stock determination. The speculation system is to contribute with medium to long haul see on organizations.

Performance of the Scheme :

Period	Returns %	Bench mark Returns % B S E IT
1 Year	40.9	45.4
3 Year	32.8	30.6
5 Year	7.4	7.5
Since Allotment	-4.0	-4.6

Kotak Tech Nav : Rs. 7.9180

KOTAK EQUITY FOF

Open – Ended Equity Fund of Funds Scheme

A multi chief FOF plot that contributes 90 – 100% in enhanced value plans and rest in fluid plans. The plan contributes over various fund houses which contributes 65% - 75% of their portfolio in enhanced extensive top plans and 15%-25% in broadened forceful value plans.

Performance of the Scheme :

Period	Returns %	Bench mark Returns % S & P CNX Nifty
1 Year	45.3	37.7
Since Allotment (Aug 09, 2014)	58.0	48.1

Kotak equity for NAV : Rs.18.903 (Growth option).

KOTAK BALANCE

Open – Ended Balanced Scheme :

A scheme, investing in equity, debt and money market instruments. The investment strategy is to have 50%-70% in equity portion and 30%-50% in non equity portion.

Performance of the Scheme :

Period	Returns %	Bench mark Returns % CRISIL Balanced Fund Index
1 year	44.8	23.9
3 year	42.8	24.1
5 year	25.9	0
Since allotment	21.1	0

Kotak Balance NAV : Rs.21.797

FINDINGS:

1. Through the analysis of my study, these are the findings of various schemes of Mutual funds;
2. Kotak Opportunities is an open-ended equity growth scheme, it has the flexibility of investing in upcoming sectors. If we take the performance of this scheme although it has breached the bench mark index by 21.85% for one year.
3. Kotak Contra is a diversified equity growth scheme, by the performance of this scheme we can say that it is not even up to comfort level of returns. In this fund debt investments were given priority thus foregoing equity related investment. This has happened the results badly.
4. Kotak Global India is a open-ended equity growth scheme mainly invests in globally competitive Indian companies. The performance of his fund is quite good, with its returns 56.9% in one year allocation.
5. Kotak MNC is a open-ended equity growth scheme it is a scheme who will invest in MNC'S, if we see the performance graph it is not performed well. Since allotment

returns are very low. The poor performance can be attributed to the higher allocation for pharmaceuticals in which most Indian companies dominating the MNC.

6. Kotak 30 is a open-ended equity growth scheme is a large cap diversified scheme whose investment mostly on large caps for medium and long term. They followed the strategy of 70-30. It has yielded almost double the return than BSE Sensex and Nifty.
7. Kotak ELSS is a open-ended equity linked savings scheme, this scheme is mainly meant for to avail income tax rebate. The investment strategy is 80-100%.
8. This is open-ended equity growth scheme called Kotak Tech, the investors in this scheme only invest in IT sector, investment strategy between 90-100%.
9. Through my survey I observed Kotak Equity FOF is a multi-manager FOF scheme. In this scheme the investment is not invested in securities or stock. It is directly invested in other schemes of mutual funds. The performance of this scheme is good.
10. Kotak Dynamic FOF is a closed multi managers FOF scheme with a maturity period of 3 years, mainly this scheme allocates assets across the diversified large cap schemes and liquidity schemes in a specific proportion. The performance of the scheme breached bench mark return by 9%.
11. Kotak Income Plus is a open-ended income with investment strategy of 80% to 100% in debt and money market instruments. The performance of the scheme is very good with its returns @ 11.14%.

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