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CONTENTS

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CHHATRAPATI SHAHU INSTITUTE OF BUSINESS EDUCATION & RESEARCH

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Editorial Note

The Indian film industry is multi-lingual. Films are produced in more than 14 languages every year which is the primary reason for India being the largest producer of films in the world. The first article tries to find out whether the affordability influences the preference of consumers to watch new films along with family and friends in theatres and provide possible solutions to mitigate the situation.

Turmeric is an important commercial crop providing substantial income to the farmers in Belgavi district. The second article discusses the changing scenario of turmeric cultivation in Belgavi District of Karnataka State.

The third article highlights the strategies of talent engagement activities and their impact on employee retention and effectiveness of its execution in the retail sector in Mumbai region.

The fourth article is dealing with the working of mutual fund, the reasons for growth in mutual funds along with the Compounded annual growth rate of Mutual fund Asset Management Company.

The fifth article deals with employee segmentation strategies and talent management practices in I.T. Industry in Chennai

Case study on "Air India Change of Direction" discusses the various aspects of Merger of Air India and Indian Airlines.

At the end we have a book review on "G.S.T. Law Guide". The reviewer presents detailed highlights of each chapter. It is very helpful to all the students and researchers .

Dr. C. S. Kale
Editor

Mutual Funds : An Investment Avenue in India

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Abstract
In today's competitive environment, different kinds of investment avenues are available to the investor. Many people are not willing totake risk for their funds, so many prefer to invest in bank deposits, insurance, post office saving etc. Many people are not aware about how to make an investment in share market, equity etc. "No pain no gain" it is the golden principle of investment management. Many developments have been taking place in the Indian capital market with the opening of the Indian economy . The Indian financial system fosters savings among the public and channels them to their most efficient use through financial institutions or intermediaries operating in the money and capital markets segments. Mutual fund helps investors diversify their funds. This paper discusses the working of mutual fund, the reasons for growth in mutual funds along with the Compounded annual growth rate of Mutual fund Asset Management Company. The paper tries to evaluate and compare the performance of Equity Fund Schemes, Balanced Fund Schemes, Debt Fund schemes and Liquid Fund scheme of the selected mutual fund companies for the past 5 years.
Keywords: Investment Avenue, Mutual Fund, Finance, Risk, Return.

1.0 Introduction

A mutual fund is a trust that pools the savings of several investors and then invests these into different kinds of securities (shares, debentures, money market instruments, or a combination of these) in keeping with a pre-stated investment objective. The biggest advantage of mutual funds is diversification, minimising risk and maximising returns. The income generated by mutual funds is distributed among mutual fund unit holders in proportion to the number of units held by them. It can play a central role in an individual's investment strategy. They offer the potential for capital growth and income through investment performance, dividends and distributions under the guidance of a portfolio manager who makes investment decisions on behalf of mutual fund unit holders. Over the past decade, mutual funds have increasingly become the investor's vehicle of choice for long-term investment. A Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed portfolio at a relatively low cost. Anybody with an investible surplus of as little as a few thousand rupees can invest in Mutual Funds. During last two decade in India mutual fund industry has gone through rapid changes. In mutual fund's performance mainly depends on the portfolio. Different type of portfolio strategies are applied by the fund managers for their funds and success of the fund depends on the performance of the portfolio.

2.0 Review of Literature

Sahadevan and Thiripalraju (1997), analysed the performance of private sector funds they compiled and analysed the monthly average return and standard deviation of 10- selected private sector funds. The investigation reveals that in terms of the rate of return, 5 funds viz., Alliance 95, ICICI Power, Kothari Prima, Kothari Pioneer Blue Chip and Morgan Stanley Growth Fund outperformed the market, during the period of comparison. The analysis also shows that, by and large, performance of a fund is not closely associated with its size.

Binod Kumar Singh (2012), in his paper, has studied structure of mutual fund, operations of mutual fund, comparison between investment in mutual fund and bank and calculation of NAV etc. In this paper, the impacts of various demographic factors on investors' attitude towards mutual fund have been studied. The researcher has found that it has been observed that most of the respondents having lack of awareness about the various function of mutual funds. Moreover, as far as the demographic factors are concerned, gender, income and level of education have significantly influence the investors attitude towards mutual funds. On the other hand the other two demographic factors like age and occupation have not been found influencing the attitude of investors towards mutual funds.

Sarita Bahl and Meenakshi Rani (2012), The present paper investigates the performance of 29 open-ended, growth-oriented equity schemes for the period from April 2005 to March 2011 (six years) of transition economy. Monthly NAV of different schemes have been used to calculate the returns from the fund schemes. BSE-Sensex has been used for market portfolio. The historical performance of the selected schemes were evaluated on the basis of Sharpe, Treynor, and Jensen's measure whose results will be useful for investors for taking better investment decisions. The study revealed that 14 out of 29 (48.28 percent) sample mutual fund schemes had outperformed the benchmark return.

Y Prabhavathi, N T Krishna Kishore (2013), The researchers main focus of the study was to understand the attitude, awareness and preferences of mutual fund investors. The researchers found out that most of the respondents prefer systematic investment plans and got their source of information primarily from banks and financial advisors. Investors preferred mutual funds mainly for professional fund management and better returns and assessed funds mainly through Net Asset Values and past performance

Dr.Smita Shukla and Rakesh Malusare (2016) The researchers have studied various mutual fund schemes to make investment in Overseas Securities. Their research categorizes overseas mutual fund schemes on the basis of their investment portfolio. They have also compared thereturns on Overseas Mutual Fund Schemes in comparison to similar portfolio schemes and return on them generated in US and China. They have mentioned that more efforts need to be made by Mutual fund companies to enhance awareness regarding Indian Mutual Funds investing in overseas securities. Overseas mutual funds schemes essentially spread the risks across the portfolio of the securities. Investments overseas, if done carefully helps investors to spread their risks across the globe.

3.0 Objectives of the Study:

1) To compare the Compounded annual growth rate of Mutual Fund Asset Management Company over the past 10 years.

2)To evaluate and compare the performance of equity fund schemes, balanced scheme, Debt scheme and Liquid scheme of the selected companies for the past 5 years.

4.0 Research Methodology Adopted

Secondary data is used as a source of data for this research. In this research top five asset management companies have been selected as per AUM (Asset Under Management) in December 2017. Out of the 41 total Asset Management Companies top 5 companies in terms of equity, balanced, debt and liquid schemes have been selected. All types of schemes have been selected namely open ended, interval and closed ended. The data has been analysed for the last five years ended December 2017.

5.0 Results and Discussion

The various types of mutual funds are discussed below

Money Market Funds: These funds invest in short-term fixed income securities such as government bonds, treasury bills, bankers' acceptances, commercial paper and certificates of deposit. They are generally a safer investment, but with a lower potential return then other types of mutual funds.

Fixed Income Funds: These funds buy investments that pay a fixed rate of return like government bonds, investment-grade corporate bonds and high-yield corporate bonds. They aim to have money coming into the fund on a regular basis, mostly through interest that the fund earns. High-yield corporate bond funds are generally riskier than funds that hold government and investment-grade bonds.

Equity Funds: These funds invest in stocks. These funds aim to grow faster than money market or fixed income funds, so there is usually a higher risk that you could lose money. You can choose from different types of equity funds including those that specialize in growth stocks (which don't usually pay dividends), income funds (which hold stocks that pay large dividends), value stocks, large-cap stocks, mid-cap stocks, small-cap stocks, or combinations of these.

Balanced Funds: These funds invest in a mix of equities and fixed income securities. They try to balance the aim of achieving higher returns against the risk of losing money. Most of these funds follow a formula to split money among the different types of investments. They tend to have more risk than fixed income funds, but less risk than pure equity funds. Aggressive funds hold more equities and fewer bonds, while conservative funds hold fewer equities relative to bonds.

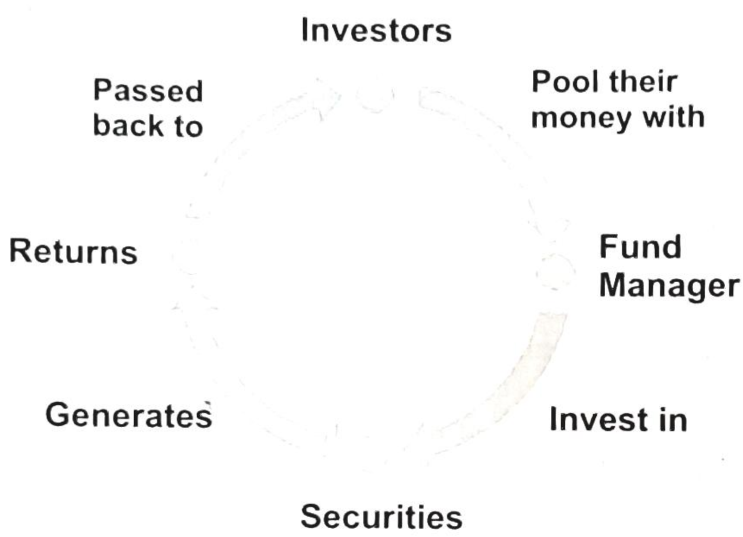
Index Funds: These funds aim to track the performance of a specific index such as the S&P/TSX Composite Index. The value of the mutual fund will go up or down as the index goes up or down. Index funds typically have lower costs than actively managed mutual funds because the portfolio manager doesn't have to do as much research or make as many investment decisions.

Specialty Funds: These funds focus on specialized mandates such as real estate, commodities or socially responsible investing. For example, a socially responsible fund may invest in companies that support environmental stewardship, human rights and diversity, and may avoid companies involved in alcohol, tobacco, gambling, weapons and the military.

Fund-of-Funds: These funds invest in other funds. Similar to balanced funds, they try to make asset allocation and diversification easier for the investor. The MER for fund-of-funds tend to be higher than stand-alone mutual funds.

5.1 Working of Mutual Fund

A mutual fund is an investment vehicle, which pools money from investors with common investment objectives. It then invests their money in multiple assets, in accordance with the stated objective of the scheme. The investments are made by an 'asset management company' or AMC. The investors pools their savings in mutual fund through a fund manager who invests it in different securities which generate returns which are passed back to the investor.



5.2 Reasons for Growth in Mutual Funds

It is easy on the pocket as anyone and everyone can invest in equity mutual fund through SIP mode. One can start investing with just Rs 500 a month. A SIP allows regular periodic investments through ECS (Electronic Clearing Service) process where money gets automatically deducted from your bank account every month at a predetermined date.

Mutual fund allows capital appreciation as one of its primary benefits of investing in equity mutual fund. It is one of the financial instruments which can give you high inflation beating returns. If there is an increase in stock prices, it would reflect in appreciation in the invested money. On can accumulate good amount of wealth over a period of time.

Portfolio diversification is an advantage as when you invest in equity mutual funds it gets spread into considerable sectors reducing the risk of losses in future. Therefore, if some stocks underperformed at the exchange, the outperforming ones can make up for the losses, hence minimises your market risk in your overall portfolio. However, one cannot escape all risks even having a well-diversified portfolio.

It is goal-oriented as investors have long-term financial goals, equity mutual fund can be one of the best vehicles to achieve the goal. The funds are categorised into large-cap, mid-cap, small-cap, etc. and accordingly the returns vary from fund to fund. The higher the risk associated, the more you have chances of getting higher returns to achieve your target amount.

Tax planning option is available as investing through ELSS (Equity linked saving scheme) funds one can avail tax benefits. Investing lump-sum for 3 years lock-in period will help you get a tax deduction in the current financial year for up to Rs 1.5 lakh under section 80C of the Income Tax Act 1961. The schemes only have least lock-in as compared to other tax planning avenues like 5year -FDs, PPF, NPS, etc. They also tend to give much higher returns when compared to other tax-saving financial instruments. However, the returns are market linked and not guaranteed.

Tax-free returns- When your investments in equity mutual funds go beyond a holding period of 12 months, the returns become tax-free. However, if redeemed before a year, short term capital gain tax is applied at the rate of 15% which may reduce your appreciated capital to a much higher level and your actual returns may become negative. Therefore, it always advisable to invest for a long time horizon so that you not only earn high compounded returns but also, get all your money tax free once redeemed.

The fund is professionally managed by fund managers and one need not review their funds daily. When an investor is unable to invest in equities due to lack of financial market knowledge, equity mutual funds are the best option. All the schemes are managed by professional fund managers who manage the money on behalf of several investors.

Mutual fund has an advantage of being liquid. Getting the corpus back to your bank account is easy while investing through mutual funds. Redemption can be done at any point in time. Whenever you are in need of money, you can stop your SIP and redeem the number of free or all units you want. The whole process takes around about a week's time but if your SIP is already matured, you can get your money back in three days.

5.3 Trend of Mutual Funds

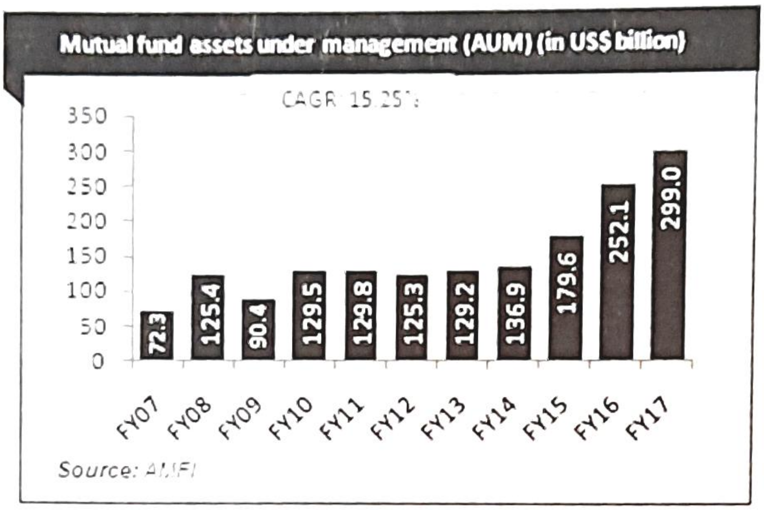
CAGR (Compounded Annual Growth Rate) simply tells you the returns over the time frame you choose, irrespective of individual year performances were.

The following table and graph shows the growth in Mutual fund in last 10 years..

Table 1 Growth in Mutual fund in last 10 years..

Year	AUM in US$ Billion
2007	72.3
2008	125.4
2009	90.4
2010	129.5
2011	129.8
2012	125.3
2013	129.2
2014	136.9
2015	179.6
2016	252.1
2017	299

Graph 1 Mutual Fund A.U.M. IN U.S. $ Billion



5.4 Performance of Various Mutual Funds

1) Performance Of Top 5 Equity Fund In India

Scheme Name	Asset (Rs Cr)	Return In %						
		1Week	1Month	3Months	6Months	1Year	3Years	5Years
SBI Small & Midcap Fund	943.48	1.44	8.03	27.84	42.90	78.04	31.19	38.43
Reliance Small Cap Fund	6371.5	2.67	9.34	22.28	28.05	60.65	26.07	35.70
DSP Black Rock Micro Cap Fund	6890.44	1.32	9.15	18.24	18.61	41.46	25.31	33.03
UTI Transportation and Logistics Fund	1539.98	1.23	6.40	11.87	13.86	33.43	15.46	31.15
Mirae Asset Emerging Bluechip Fund	5364.08	1.53	5.75	11.21	16.63	45.26	24.51	31.08

Inference: The above table shows the equity schemes of the top five companies who has given the highest return in the past 5 years. In can be seen that SBI Small & Midcap Fund has given the best return in the past five years that is 38.43% as compared to Reliance Small Cap Fund who has given 35.70%, DSP Black Rock Micro Cap Fund who has given 33.03%, UTI Transportation and Logistics Fund who has given 31.15% and Mirae Asset Emerging Bluechip Fund who has given 31.08% return. All the funds have performed well when it comes to equity schemes.

2)Performance of Top 5 Balanced Funds in India

Scheme Name	Asset (Rs Cr)	Return in %						
		1Week	1Month	3Months	6Months	1Year	3Year	5Year
HDFC Balanced Fund	19169.01	0.70	2.59	7.61	8.52	25.23	13.15	18.75
L&T India Prudence Fund	8958.52	0.98	3.56	6.56	7.96	25.64	13.80	18.46
ICICI Prudential Balanced Fund	25956.87	0.32	2.03	7.59	9.87	22.41	13.21	18.28
Principal Balanced Fund	871.16	1.25	4.03	9.23	15.40	35.45	16.77	17.89
SBI Magnum Balanced Fund	19245.34	0.55	2.30	8.11	11.70	26.30	12.27	17.59

Inference : The above table shows the balance fund schemes of the top 5 asset companies in India for the last five years till the period of December 2017. It can be seen that HDFC Balanced Fund has given a return of 18.75% in the past five years as compared to L&T India Prudence Fund who has given 18.46%, ICICI Prudential Balanced Fund has given 18.28%, Principal Balanced Fund has given 17.89 and SBI Magnum Balanced Fund has given 17.59% return.

3) Performance of Top 5 Debt Funds in India

Scheme Name	Asset (Rs Cr)	Return in %						
		1Week	1Month	3Months	6Months	1Year	3Years	5Years
Aditya Birla Sun Life MIP II - Wealth 25	2526.56	0.30	0.79	0.95	3.93	12.66	11.25	13.24
ICICI Prudential MIP 25	1459.8	0.43	0.59	2.08	3.44	11.52	10.05	11.42
ICICI Prudential Long Term Plan	3572.82	0.11	-0.09	-0.18	0.39	4.29	9.06	11.15
UTI - MIS - Advantage Fund	1181.1	0.54	1.01	1.96	4.57	11.68	9.57	11.09
SBI Magnum Monthly Income	324.54	0.21	1.55	3.42	5.58	10.42	9.77	10.97

Inference: The above table depicts the performance of the top five companies in India in Debt Fund Schemes for the past 5 years. It can be seen that in debt Funds Aditya Birla Sun Life MIP II - Wealth 25 has given the highest return of 13.24% as compared to ICICI Prudential MIP 25 which has given 11.42%, ICICI Prudential Long Term Plan which has given 11.15%, UTI - MIS - Advantage Fund which has given 11.09% and SBI Magnum Monthly Income Plan - Floater which has given 10.97% return.

4) Performance of Top 5 Liquid Funds in India

Scheme Name	Asset (Rs Cr)	Return in %						
		1Week	1Month	3Months	6Months	1Year	3Years	5Years
Escorts Liquid Plan	177.67	0.12	0.53	1.58	3.22	6.59	7.80	8.52
Principal Money Manager Fund	57.22	0.14	0.45	1.38	2.81	6.21	7.65	8.43
Essel Liquid Fund	470.62	0.12	0.55	1.62	3.30	6.76	7.61	8.31
Franklin India Treasury Management Account	3465.99	0.13	0.55	1.62	3.27	6.72	7.61	8.28
Aditya Birla Sun Life Floating Rate Fund – STP	8270.43	0.12	0.55	1.62	3.29	6.73	7.59	8.26

Inference: The above table shows the performance of the top five companies in India in the Liquid Fund Schemes for the past 5 years. It can be seen that Escorts Liquid Plan has given the highest return of 8.52% in the past 5 years as compared to Principal Money Manager Fund who has given 8.43%, Essel Liquid Fund which has given 8.31%, Franklin India Treasury Management Account which has given 8.28% and Aditya Birla Sun Life Floating Rate Fund - STP which has given 8.26% return.

6.0 Findings

A mutual fund will provide you with a "basket of stocks" that will provide diversification in your portfolio. Since a mutual fund provides exposure to hundreds or thousands of stocks, you don't need to go out and buy hundreds or thousands of stocks on your own, which could be very prohibitive for you if you have a smaller-sized investment account and limited capital to invest with.

However, there are many mutual funds in operation, and these funds vary greatly according to investment objective, size, strategy, and style. Mutual funds are available for virtually every investment strategy (e.g. value, growth), every sector (e.g. biotech, internet), and every country or region of the world. So even the process of selecting a fund can be tedious.

The important difference between various schemes in mutual funds are their risk and return curve varies in a very different way over different time-scales. Debt returns are predictable and there are many government-guaranteed deposits available to the Indian investor. Risk then, refers to the volatility - the up and down activity in the markets and individual issues that occur constantly over a period of time. This volatility can be caused by a number of factors - interest rate changes, inflation or general economic conditions. It is this variability, uncertainty and potential for loss, that causes investors to worry. We all fear the possibility that a stock we invest in will fall substantially. But it is this very volatility that earns higher long-term returns from these investments, than from a savings account

There are number of stocks in which investors can invest but the decision should be made after understanding how much should be the investment, the risk appetite of the investor and the goals of the investor. For periods exceeding three to five years, equity investments are extremely likely to give strong positive returns. The stocks that can be recommended for investment in 2018 are SBI Blue Chip , HDFC Balanced Fund , Mirae Asset India Opportunities , SBI Magnum, Kotak Select Focus, Mirae Asset Emerging Bluechip Fund-G, L&T India Value Fund, ICICI Prudential Balanced Fund etc.

7.0 Conclusion

The investors always prefer to invest in financial products which gives risk free returns. Mutual fund companies should come forward with full support for the investors in terms of advisory services, participation of investor in portfolio design, ensure full disclosure of related information to investor, proper consultancy should be given by mutual fund companies to the investors in understanding terms and conditions of different mutual fund schemes, such type of fund designing should be promoted that will ensure to satisfy needs of investors, mutual fund information should be published in investor friendly language and style, proper system to educate investors should be developed by mutual fund companies to analyse risk in investments made by them, etc.On the other it is required from government and regulatory bodies point of view that more laws should be thereto secure the funds of investors to be exploited, more tax rebate should be given on mutual fund investment, proper and effective grievance system, right of investor education, and more control on asset management companies should be there.

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