

PROJECT REPORT ON

“COMPARATIVE ANALYSIS OF MUTUAL FUNDS”

WITH SURVEY ON INVESTMENT BEHAVIOR OF

INVESTORS IN CONTEXT OF MUTUAL FUNDS

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DECLARATION

I Parmod Kumar Raja, student of EMBA 2015-2017 batch of Delhi School of Management, Delhi Technological University, Bawana road, Delhi-42 declare that major project on “*COMPARATIVE ANALYSIS OF MUTUAL FUNDS WITH SURVEY ON INVESTMENT BEHAVIOR OF INVESTORS IN CONTEXT OF MUTUAL FUNDS*” submitted in partial fulfillment of Executive MBA program is the original work conducted by me with the help of mentioned references.

The information and data given in the report is authentic to the best of my knowledge.

This Report is not being submitted to any other University for award of any other Degree, Award and Fellowship.

(Parmod Kumar Raja)

Place: New Delhi

Date:

ACKNOWLEDGEMENT

I would like to express my special thanks of gratitude to my *Faculty Guide, Dr. Archana Singh* who gave me the golden opportunity to do this wonderful project on the topic “**Comparative Analysis of Mutual Funds With Survey on Investment Behavior of Investors in Context of Mutual Funds**” and whose able guidance enabled me to finish the project within the limited time frame.

(Parmod Kumar Raja)

EXECUTIVE SUMMARY

Finance & its functions are the part of economic activity. Finance is very essentially needed for all types of organizations viz; small, medium, large-scale industries & service sector. Hence the role of finance manager & the subject finance accounting gained maximum importance. Liberalization, globalization & privatization created new challengers to entrepreneur & corporate in carrying they're day to day activities. So, ***“finance is regarded as the life blood of a business organization.”***

MBA(E) is a professional course which develop a new body of knowledge & skill set & make as available for those seeking challenging carriers in the of liberalization & globalization.

The goal of the project work is to give a corporate exposure to the students as well as to give them an opportunity to apply theory into the practice. The real business problems are drastically different from class-room case solving. Project work aims to providing little insight into working of an organization to a management trainee.

Among every stage of knowledge being inculcated in students, practical training in the corporate world plays a significant role in exhibiting and pruning their capabilities.

The purpose behind writing a report is to put in to works the practical training that is imparted to me that gives a better and a clear understanding of the experience I got.

Since I am doing MBA(E) with specialization in Finance, therefore I chose the following topic for my project work wherein I have tried to explore many areas of the subject in my project report.

“COMPARATIVE ANALYSIS OF MUTUAL FUNDS WITH SURVEY ON INVESTMENT BEHAVIOR OF INVESTORS IN CONTEXT OF MUTUAL FUNDS”

While preparing this project report I got the knowledge about various aspects regarding financial decisions made by investors for investing in Mutual Funds by their comparative analysis. In addition , I have also focused on the investment behavior of investors in context of Mutual Funds by undertaking survey through questionnaires.

My project is divided into three chapters & they are given as under.

1. Chapter 1- Industry Profile

In this, I have covered the different aspects of the of the mutual fund industry through literature review such as investment, mutual fund industry, its structure, history of mutual fund industry, AMFI, player profile, customer segments, buying behavior, Growth in global AUM, Demand drivers in global markets, Risk associated with mutual funds, Mutual fund investing strategies, regulatory authorities, types of mutual funds, benefits and disadvantages of mutual funds etc.

2. Chapter 2 – Comparative Analysis of Mutual Funds.

In this, I have carried out a study for a period of 60 days:-

- i. To understand the Functions of an Asset Management Company.
- ii. To understand the performance of various schemes using various tools to measure the performance.
- iii. To measure and compare the performance of selected mutual fund schemes of different mutual fund companies and other Asset Management Companies.
- iv. To apply the models given by Treynor and Mazuy and Henriksson and Merton that can identified whether fund managers have the ability to time the market. In other words, can fund managers predict the future directions of the market and change of the fund accordingly.

Data collection- Data of monthly NAVs and market returns have been obtained from www.nseindia.com and www.mutualfundsindia.com. Reports and data of different AMCs have been obtained from www.valueresearchonline.com

Period of study- The study covered the data pertaining to a period of one years from April 2016 to April 2017 to assess the performance of the schemes in terms of returns.

Sample Profile- Study has taken three broad categories of funds i.e. Equity Fund, Debt Fund and Balanced Fund through random sampling.

Tools & Methods- The performance of funds was analyzed on excel sheets and through regression techniques to judge the market timing ability of the funds.

The performance of funds was analyzed and ranking of funds made on the following criteria

Sharpe Ratio, Treynor Ratio, Jensen's Alpha and M^2 Measure

After the study, it is concluded that the risk measures in both the Sharpe Ratio and Modigliani's Measure are based on standard deviation; hence ranking of funds using these two methods would always be identical. However, the results of all performance measures would not always lead to identical ranking of the mutual funds. For a well-diversified portfolio the total risk is equal to systematic risk. Rankings based on total risk (Sharpe measure) and systematic risk (Treynor measure) should be identical for a well-diversified portfolio, as the total risk is reduced to systematic risk. Therefore, a poorly diversified fund that ranks higher on Treynor measure, compared with another fund that is highly diversified, will rank lower on Sharpe Measure.

Through the past performance may not be a perfect indicator, investors will certainly be interested in how the funds performed in the past and whether returns given the funds were commensurate to the risks to which they were exposed.

3. Chapter 3- Survey of investment behavior of investors in context of mutual funds

In this study, I have carried out survey to judge the investment behavior of investors in context of mutual fund through the questionnaires and samples taken from various mutual fund offices in Delhi. Factor analysis is used to classify similar variable under a broad heading, as the numbers of independent variable are very high. Discriminant analysis is used to highlight variable which effect the decision of people investing for less than a year and people who are investing for more than a year. Descriptive Weighted Factor Counting Method has been used to rank the independent variables affecting the buying behaviors of consumers by adding the weighted factors.

Research Design- The research design used in this project by me is the **descriptive research design**.

Data Collection

Primary data:- A survey has been conducted to gather primary data from the investors coming at various mutual fund offices in Delhi based on questioner (Appendix), where the main emphasis has been given on the investment behavior of investors in context of mutual funds.

Secondary data collection methods

Published data and the data collected in the past by other parties is called secondary data

For this following has been consulted

- Companies and other websites
- Reports /Articles/Blogs
- magazines/journals News papers/business magazine

Tool used:- Frequency Table, Microsoft Excel, SPSS, Microsoft Word and Various analysis tools like Bar Graphs, Pie Graphs, tables etc.

Sampling procedure / Sampling method

The sampling method used for this study is non-probability convenience sampling, which is selected according to the ease and convenience of the researcher.

Sample Size: 100 respondents

Geographical Area: The study is conducted in Delhi.

Research Instrument:- Research instrument used for data collection is by using questionnaire.

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