A STUDY ON GROWTH OF MUTUAL FUNDS
- WITH SPECIAL REFERENCE TO CHENNAI.

ABSTRACT

Mutual Fund is an Investment Vehicle that pools together funds from investors to invest in stocks, bonds or other securities. Mutual funds play a predominant role in the financial market. The growth of the industry is reflected in its assets under management. The growth rate in fund mobilisation also confirms the picture. The mutual fund industry in India had grown several folds in terms of number of schemes, funds raised and investor base over the years, there are many schemes developed in different basis so that the investors benefit the maximum higher rate of return from their investment accordingly with certain risks involved. This research study analyses in detail the growth of mutual fund industry in India, its performance over the years and investors preferences to the schemes and also analyses the motivating factor influencing the investors. The study also analyses the performance evaluation of selective mutual fund schemes. The study taken into consideration both the primary data and secondary data. The data collected are analysed using various statistical tools and the inferences and the conclusions were drawn.

The growth of mutual funds is analyzed with the help of secondary data collected from various sources on the basis of the following criteria:
1. Increased number of players in the mutual fund industry
2. Resources mobilised by mutual fund industry
3. Increase in the No of investors in mutual fund
4. Plethora of schemes and innovative schemes available to the investors
5. In terms of Assets under management of mutual fund houses
The information gathered through books, journals, magazines, reports, dailies and websites consist of secondary.

While analysing the growth of mutual fund industry it was found that a host of factors has contributed to the phenomenal growth of the industry. This has resulted in evolution of next objective of the study of analyzing the motivational factors influencing the mutual fund investment decision making of investors. In financial markets, “expectations” of the investors play a vital role.
In performance evaluation of mutual funds Equity fund is chosen for evaluation as investors prefer to invest in equity funds. Under equity fund growth schemes and dividend payout schemes are evaluated as majority of the respondents prefer growth option first and dividend payout is their second option. The schemes are evaluated on the basis of their average annual returns and the Sharpe ratio and the Treynor ratio is used to evaluate the schemes. Average 91 days Treasury bill rate for the period 2008-2014 is taken as risk free rate of return. The impressive growth of mutual funds in India has attracted the attention of Indian researchers, individuals and institutional investors.

A number of empirical studies have been conducted to examine the growth, competition, performance and regulation of mutual funds in India. This study is unique in the way that it provides the complete picture of the mutual fund industry, being its growth, performance, scheme preferences and the factors that attract the investors. The study will also help the mutual fund companies to reach the investors in a better way and also to improve upon their performances. Further the study helps the fund houses to understand the behavior of the investors. In studying the growth it was found that mutual fund industry have ample space to grow by penetrating into rural areas. This implies lot of opportunities to the industry in future. The study also reveals the truth that Mutual fund investment is the most sought after investment for corporate investors as it yields high return compared to Government investments and for retail investors this investment is considered most suitable for tax benefits.