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E-mail
editor@ijmrbs.org
editor.ijmrbs@gmail.com

Comparative Study of Mutual Fund – KARVY

Yamula Bhanu Prasad, Mr. B. Kiran Kumar Reddy

ABSTRACT

Mutual funds have emerged as popular investment vehicles that allow individuals to pool their money and invest in a diversified portfolio of securities. This abstract provides an overview of mutual funds, their features, benefits, and considerations for investors looking to participate in these investment options. Mutual funds are professionally managed investment vehicles that pool money from multiple investors to invest in a diversified portfolio of stocks, bonds, or other securities. This abstract explores the structure and functioning of mutual funds, including the roles of fund managers, custodians, and trustees in managing the fund's assets. The abstract discusses the benefits of investing in mutual funds, such as diversification, professional management, liquidity, and accessibility. It highlights how mutual funds provide individuals with an opportunity to invest in a range of asset classes and market sectors without requiring substantial capital or extensive investment knowledge.

Key Words: Mutual Funds, Karvy, Fund

1. INTRODUCTION

1.1 Mutual Funds

A mutual fund is a collective investment vehicle that collects & pools money from a number of investors and invests the same in equities, bonds, government securities, money market instruments. The money collected in mutual fund scheme is invested by professional fund managers in stocks and bonds etc. in line with a scheme's investment objective. The income / gains generated from this collective investment scheme are distributed proportionately amongst the investors, after deducting applicable expenses and levies, by calculating a scheme's Net Asset Value or NAV. In return, mutual fund charges a small fee.

In short, mutual fund is a collective pool of money contributed by several investors and managed by a professional Fund Manager. Mutual Funds in India are established in the form of a Trust under Indian Trust Act, 1882, in accordance with SEBI (Mutual Funds) Regulations, 1996. The fees and expenses charged by the mutual funds to manage a scheme are regulated and are subject to the limits specified by SEBI.

1.2 Investing in Mutual Funds

As investment goals vary from person to person – post-retirement expenses, money for children's

education or marriage, house purchase, etc. – the investment products required to achieve these goals too vary. Mutual funds provide certain distinct advantages over investing in individual securities. Mutual funds offer multiple choices for investment across equity shares, corporate bonds, government securities, and money market instruments, providing an excellent avenue for retail investors to participate and benefit from the upturns in capital markets. The main advantages are

- The investors risk is reduced to the minimum.
- The fund's managers maximize the income of the funds.
- To achieve a similar degree of diversification, an individual investor has to spend considerable money.
- In a mutual fund, it is possible to reinvest the dividend and capital gains.
- Selection of shares debentures etc. and timing is made available to investors.

1. , II-MBA, Department of Master of Business Administration, Malla Reddy

Engineering College (Autonomous), Hyderabad, E-mail: bhanuvemula03@gmail.com

2. , Assistant Professor, Department of Master of Business Administration, Malla

Reddy Engineering College (Autonomous), Hyderabad, E-mail: kiranreddy.busi@gmail.com

1.3 Scope of Study

The scope has grown enormously over the years. In the first age of mutual funds, when the investment management companies started to offer mutual funds, choices were few. Even though people invested their money in mutual funds as these funds offered them diversified investment option for the first time. By investing in these funds they were able to diversify their investment in common stocks, preferred stocks, bonds and other financial securities. At the same time they also enjoyed the advantage of liquidity. With Mutual Funds, they got the scope of easy access to their invested funds on requirement.

The study is limited to the analysis made on two major types of schemes offered by banks. Each scheme is calculated in term of their risk and return using different performance measurement theories. The reasons for such performance is immediately analyzed in the commentary. Column charts are used to reflect the portfolio risk and return.

- The study will help to know the preferences of the customers, which company, portfolio, mode of investment, and option for getting return and so on they prefer. This project report may help the company to make further planning and strategy.
- The study is limited to the analysis made for a Growth scheme offered by four AMC's. Each scheme is calculated their risk and return using different performance measurement theories.
- Because of the reason for such performance is immediately analyzed in the issue.
- Graphs are used to reflect the portfolio risk and return.

2. REVIEW OF LITERATURE

Henricksson (1984) surveyed execution to the extent showcase timing limits with trail of 116 open-completed hypothesis arranges in midst of the historical, 2/1980 and 6/1980. Correct outcomes got specified unacceptable arranging capacities in store executives.

Huhmann (2005) opines that extended number of shared backing wherever all through the world, mainly in made countries, implies that money related authorize slant for this indirect strategy for low-dangerous wander.

Tyoner and Mazuy (2010) surveyed the execution of 57 save executives to the extent that bazaar limits where identified, bolster boss which not viably bazaar. This prescribed theorists absolutely

hooked changes in bazaar. The survey got strategy assessing execution in regular resources.

Smith and Tito (2011) reviewed three for the most part used composite measures of hypothesis execution and investigated amongst associations and put forth another choice that considered evenly. Which situating benefits that introduce, the choice measure conveyed little complexity in execution. Strangely, when execution examinations were made with the market, choices changed inside and out. In context, substitute portion prescribed was insinuated with changed.

Robert Carlson's (1970) general execution shared resources in the midst of the period 1948-1967. In any case, put complement dismembering variety documents, classified times Point by point store execution in regard bazaar. He in like manner separated execution as for size, cost extent, and another benefits figure. The results demonstrated no relationship with size or cost extent, notwithstanding the way that there was an association among execution and a measure of new sponsors consider.

Mcdonald (1974) assed the execution of 123 shared backings in association with the communicated focus of each store. The results showed a positive association between store objectives and risk measures along these lines proposing a save's danger increases when it ends up being stronger.

3. OBJECTIVES

- To define and maintain high professional and ethical standards in all areas of operation of mutual fund industry.
- To recommend and promote best business practices and code of conduct to be followed by members and other engaged in the activities of mutual fund and asset management including agencies connected or involved in the field of capital markets and financial services.
- To interact with the Securities and Exchange Board of India (SEBI) and to represent to SEBI on all matters concerning the mutual fund industry.
- To represent to the Government, Reserve Bank of India and other bodies on all matters relating to the Mutual Fund Industry.
- To develop a cadre of well-trained Agent distributors and to implement a program of training and certification for all intermediaries and others engaged in the industry.

- To undertake nationwide investor awareness program so as to promote proper understanding of the concept and working of mutual funds.
- To disseminate information on Mutual Fund Industry and to undertake studies and Research directly and/or in association with other bodies.

4. NEED FOR STUDY

Mutual funds help investors diversify unsystematic risks by investing in a diversified portfolio of stocks across different sectors. While individual stocks have both unsystematic and systematic risks, mutual funds are only subject to systematic risk or market risk.

- Mutual funds are dynamic financial intuitions which play crucial role in an economy by mobilizing savings and investing them in the capital market.
- The activities of Mutual funds have both short and long term impact on the savings in the capital market and the national economy.
- Mutual funds, trust, assist the process of financial deepening & intermediation.
- To banking at the same time they also compete with banks and other financial intuitions.
- India is one of the few countries to day maintain a study growth rate is domestic savings.

5. RESEARCH METHODOLOGY

For, the purpose of the study, the data collected from primary and Secondary has sanitized edited and presented in the form of tables and statements. The analysis of the data has been made with the help of certain mathematical techniques lie percentages etc. Where ever feasible and appropriate graphs and diagrams are used.

The collection of data is done through two principles sources viz

- Primary Data
- Secondary Data

PRIMARY DATA

It is the information collected directly without any reference. In the study, it mainly interviews with concerned officers and staff either individually or collectively. Some of the information had been verified or supplemented with personal observation, the data collected through conducting personal interview with the officer of the karvy.

SECONDARY DATA:

The data that is used in this project is of secondary nature. The data has been collected from secondary sources such as various websites, journals, newspapers, books, etc.

TIME PERIOD

The time duration of the study for analyzing the data is 45 days.

6. LIMITATIONS OF THE STUDY

- The study is conducted in short period, due to which the study may not be detailed in all aspects.
- The study is limited only to the analysis of different schemes and its suitability to different investors according to their risk-taking ability.
- The study is based on secondary data available from monthly fact sheets, web sites, offer documents, magazines and newspapers etc. as primary data was not accessible.
- The study is limited by the detailed study of various schemes.
- The data collected for this study is not proper because some mutual funds are not disclosing the correct information.
- The study is not exempt from limitations of Sharpe Treynor and Jensen measure.
- Unique risk is completely ignored in all the measure.

7. DATA ANALYSIS

The data has been analyzed by comparing five stocks and they are Karvy Stock Broking Ltd, India Bulls, Kotak Securities, Sharekhan and Bajaj Capital.

BASIS	Karvy stock Broking Ltd	India bulls	Kotak securities	Share khan	Bajaj capital
Reach no. of branches	over 200	over 640	over 200	1160	132
Brokerage Intraday	5 paise	10 paise	5 paise	30 paise	30 paise

Brokerage Delivery	50 paise	50 paise	50 paise	30 paise	30 paise
Margin Money		rs. 10,000	rs.5750	rs. 5000	rs. 5000
Demat a/c & Trading a/c Opening Charge	rs. 520	rs. 900	rs. 750	rs. 375	rs 699
Demat a/c Annual Maintenance Charge	NIL	NIL	NIL	Rs. 450	NIL
Exposure Intraday	Depends	12 Times	7 Times	2 Times	5 Times
Delivery	Depends	3 Times	4 Times	Depends	Depends
Minimum Investment	Rs. 1 Lacs	Rs 5 Lacs	Rs 25 Lacs	Rs 5 Lacs	Rs 25 Lacs

Interpretation: From the above table, we are clear that the table showing the comparative analysis for the Karvy and its competitors. Hence the overall analysis is Karvy stock is very active among the remaining stocks. On the basis of the survey 70% peoples are satisfied with services of Karvy.

8. FINDINGS

- Karvy is a top-ranked company listed with NSDL and CDSL; provide trading through both NSE & BSE.
- Karvy is providing software to their prospective sub broker and Remises.
- All is not the same in real life as we read in books and on net about the working methods of different divisions and segments.
- Each segment in an organization has its own work culture followed by the members and same was the case with SME segment at Karvy Stock Broking Ltd. I had to put in my own efforts and take initiative to learn and gain maximum knowledge possible during this period.
- Primarily, the description of my work as a Management Trainee was to assist the wealth managers by understanding the needs of the individual investors and corporate houses and expanding the customer base of Karvy- SME Segment
- The work assigned definitely required awareness and understanding of the all the financial products Karvy Stock broking dealt in. It also required me to know the

procedures and documents involved in purchase of any product by the client. I just had a basic idea of the products KARVY dealt in prior internship, thus, acquiring knowledge about the same was very exciting.

- Other than working 'Live' at the office I also benefited by assignments given to us such as visiting other competitors of KARVY STOCKBROKING LIMITED and gathering investment advices from their side for new and budding investors. Usually for new investors they either suggest Insurance (if the client doesn't have one), Mutual Funds or Equities but for long term.

9. CONCLUSION

- Mutual Fund Advisors give emphasis on mutual funds than other investment options.
- Mutual Funds have given a new direction to the flow of personal saving and enable small and medium investors in remote rural and semi urban areas to reap the benefits of the stock market investment.

- Indian Mutual Funds are thus playing a very important developmental role in allocation of scarce resources in the emerging economy.
- Karvy is not able to provide sufficient services to the investors due to unawareness among advisors regarding services.
- The awareness level of investor is low in advisors are interested in dealing in mutual fund.
- Very less advisors know about services provided by Karvy.

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