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A COMPARATIVE ANALYSIS OF MUTUAL FUND SCHEME OF SBI AND HDFC IN CHANDRAPUR

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Abstract
Mutual fund is the most suitable investment for the common man as its offers an opportunity to invest in a diversified, professionally managed portfolio at a relatively low cost. It appoints professionally qualified and experienced staff that manages each of these functions on a full time basis. The large pool of money collected in the fund allows it to hire such staff at a very low cost to each investor. In effect, the mutual fund vehicle exploits economies of scale in all three areas - research, investments and transaction processing. While the concept of individuals coming together to invest money collectively is not new, the mutual fund in its present form is a 20th century phenomenon. In fact, mutual funds gained popularity only after the Second World War. Globally, there are thousands of firms offering tens of thousands of mutual funds with different investment objectives. Today, mutual funds collectively manage almost as much as or more money as compared to banks.

Keyword: - Research, Investments, Transaction Processing.

Introduction
The mutual fund industry in India started in 1963 with the formation of Unit Trust of India, at the initiative of the Government of India and Reserve Bank. The objective then was to attract the small investors and introduce them to market investment. Mutual funds provide the services of experienced and skilled professionals, backed by a dedicated investment research team that analyze the performance and prospect of companies and select suitable investments to achieve the objective of the scheme. If mutual fund is emerging as the favourite investment vehicles, it is because of the many advantages it has over other forms and avenues of investing, particularly for the investor who has limited resources available in terms of capital ability to carry out detailed research and marketing monitoring.

Company
HDFC Bank
The Housing Development Finance Corporation Limited (HDFC) was amongst the first to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of the RBI's liberalization of the Indian Banking Industry in 1994. The bank was incorporated in August 1994 in the name of 'HDFC Bank Limited', with its registered office in Mumbai, India. HDFC Bank commenced operations as a Scheduled Commercial Bank in January 1995. HDFC is India's premier housing finance company and enjoys an impeccable track record in India as well as in international markets. Since its inception in 1977, the Corporation has maintained a consistent and healthy growth in its operations to remain the market leader in mortgages. Its outstanding loan portfolio covers well over a million dwelling units. HDFC has developed significant expertise in retail mortgage loans to different market segments and also has a large corporate client base for its housing related credit facilities. With its experience in the financial markets, a strong market reputation, large shareholder base and unique consumer franchise, HDFC was ideally positioned to promote a bank in the Indian environment.

SBI Bank
State Bank of India (SBI) has history of more than 200 years of existence. The evolution of State Bank of India can be traced back to the first decade of the 19th century. It began with the establishment of the Bank of Calcutta in Calcutta, on 2 June 1806. The bank was redesigned as the Bank of Bengal, three years later, on 2 January 1809. It was the first ever joint-stock bank of the British India, established under the sponsorship of the Government of Bengal. Subsequently, the Bank of Bombay (established on 15 April 1840) and the Bank of Madras (established on 1 July 1843) followed the Bank of Bengal. These three banks dominated the modern banking scenario in India, until when these banks were amalgamated to form the Imperial Bank of India, on 27 January 1921.

Research Methodology: Research is a search for facts. It answers the questions and gives solution to the problems. Research is an organized enquiry. It seeks to find explanations to unexplained phenomenon to classify doubtful facts and to current the misconceived facts.

Objectives of Study
1. To get an insight knowledge about mutual fund.
2. To analyze the comparative study between other leading mutual fund in the present market.
3. To know the awareness of mutual fund among different groups of investors.
4. To evaluate consumer feedback on mutual fund.

Hypothesis

Data analysis

Comparison of SBI and HDFC Mutual Funds

Comparison of Equity Schemes

	HDFC	SBI
Name of the scheme	HDFC- Capital Builder	SBI Magnum Multiplier Plus
Type of structure	Open ended	Open ended
Type of investment	Equity	Equity
Capitalization type	Large cap and Mid cap	Large cap and mid cap
Benchmark	CNX Nifty	CNX nifty
NAV	201.71	144.4265
Total Number of Stocks	46	52

CAGR Trend

	1-year	3- year	5-year	7-year	10-year
HDFC	8.65	8.27	6.31	10.63	9.58
SBI	6.12	8.80	4.43	9.15	2.47

Interpretation*:* Both the funds have given higher returns when compared to traditional investment options like Fixed Deposits, PPFs which give 8.5%-9.5%. The investors should hence invest at for a period of 1 year to get the maximum benefit.

Risk Analysis

	Standard Deviation	Sharpe's Ratio	Beta	Alpha
HDFC	15.00	1.34	0.92	7.28
SBI	14.36	1.41	0.88	8.14

Interpretation: Both the funds have high standard deviations indicating considerable amount of risk. SBI has a lower Beta value of 0.88 than HDFC which has a Beta value of 0.92 which means that SBI will perform better than HDFC in a bear market. Hence in terms of risk, SBI Magnum Multiplier Plus is a better performer.

Portfolio Valuation

	HDFC	SBI
P/B Ratio	3.00	3.60
P/E Ratio	20.11	22.09

Interpretation: The P/E ratio indicates that an investor would have to pay Rs.22.09 and Rs.20.11 per rupee of earnings for SBI and HDFC respectively; hence an investor would have to shell out more for a rupee of earning in case of SBI. Also P/B ratio specifies if the fund is undervalued or overvalued, SBI has a higher ratio than HDFC. These two figures indicate that SBI is following a more aggressive growth strategy when compared to HDFC.

Comparison of Debt Schemes of HDFC and SBI Mutual Funds

	HDFC	SBI
Name of the scheme	HDFC cash management savings	SBI Magnum Instant Cash
Type of structure	Open ended	Open ended
Type of investment	Debt : Liquid	Debt : Liquid
Benchmark	NSE Treasury Bill	CRISIL Liquid
NAV	28.70	30.39
Total Number of Securities	65	28

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CAGR Trend of Debt Schemes

	1-year	3- year	5-year	7-year
HDFC	9.05	9.30	8.49	8.09
SBI	9.00	9.21	8.41	7.92

Interpretation: Both HDFC and SBI have given nearly the same level of returns. It is advisable for an investor to invest for a 3-year period when the fund is giving better returns than Fixed deposits because over the 5-year period the fund performance is going down to approximately 8.49% and hence it is better to invest in fixed deposits in case of longer investment period.

Risk Analysis of Debt Schemes

	Standard Deviation	Sharpe's Ratio
HDFC	0.25	7.39
SBI	0.18	10.95

Interpretation: SBI has a lower level of risk when compared to HDFC. Also SBI has a much higher Sharpe ratio of 10.95 compared to 7.39 of HDFC, thus SBI has given a better risk-adjusted return and it is ideal for a risk adverse investor to invest in SBI.

Expense Ratio of Debt schemes

	HDFC	SBI
Expense ratio	0.21	0.19

Interpretation: When compared to equity mutual funds the expense ratio of these debt funds are lower. Among the two debt funds SBI has a lower expense ratio of 0.19% compared to approximately 0.21% of HDFC, which means that it would be cheaper for an investor to invest in SBI Magnum Insta cash and will incur lower operating expenses.

Consumer's Feedback

Are You Satisfied With the Returns Given By Sbi and Hdfc Mutual Funds

Sr. No.	Options	Frequency	Percentage
1	Yes	55	55
2	No	45	45
	Total	100	100%

Maximum 55% respondents are satisfied with the returns given by SBI and HDFC Mutual funds while 45% respondents are not with the returns given by the SBI and HDFC mutual funds.

Are Tax Benefits From 'Mutual Fund Are Satisfactory?

Sr. No.	Options	Frequency	Percentage
1	Mutual Funds	25	25%
2	ULIP better	35	35%
3	Can't say	40	40%
	Total	**100**	**100%**

The above chart shows that the majority of the investors don't have a clear idea regarding tax benefits from both Mutual Funds and ULIP's.

Conclusion

1. The majority of investors invest in mutual funds because of its growth potential and steady returns.
2. The majority of investors view mutual Funds are risk free instrument.
3. The majority of investors believe that risk involve in Mutual Fund is subject to market risk.
4. Most of the investors out of 100 sampling are willing to invest 30% of their income in Mutual Funds.
5. Majority of the investors doesn't have a clear idea regarding tax benefits from both Mutual Funds and ULIP's.
6. Majority of the investors are aware about SBI and HDFC mutual funds.
7. 60% peoples have detailed information about SBI and HDFC mutual fund.
8. 55% respondents are satisfied with the returns given by SBI and HDFC Mutual funds while 45% respondents are not with the returns given by the SBI and HDFC mutual funds.

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