IMPACT OF MUTUAL FUND RETURNS AS A FINANCIAL SERVICE ON THE INDIAN ECONOMY

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ABSTRACT

Financial services can be defined as the products and services offered by institutions like banks of various kinds for the facilitation of various financial transactions and other related activities in the world of finance like loans, insurance, credit cards, investment opportunities and money management as well as providing information on the stock market and other issues like market trends. The financial system of a country has a great impact on the economy with financial services companies responsible for the robust economic growth. Amongst all the above mentioned avenues, mutual funds have become a very popular channel of investment for the salaried middle class Indian population. In the recent past the financial markets all over the world have been extremely volatile owing to the global financial crisis. This grave situation has affected the Indian Financial Service Sector including the Mutual Fund Industry and therefore returns generated by the funds. In this context I have studied the effect of Sector Holdings of Mutual Funds on their return by analysing 2 private sector equity diversified open ended mutual fund schemes from one of the top Financial Service providing company, Birla Sunlife, which are BSL Frontline Equity and BSL Midcap between September 2011 and September 2012. The study is based on analysis of secondary data. The data has been analysed using Pearson’s Correlation coefficient (2 tailed test and 5% level of significance) and various graphical and statistical tools. In these trying times all types of financial services are getting affected and thus are revamping their strategies. Thus the performance analysis of Mutual Funds is very pertinent in that context as it forms an integral part of the Indian Financial Services Sector.

KEYWORDS: Birla Sunlife mutual fund, Equity Diversified Open Ended Mutual Fund Schemes, Financial Services, Sector Holdings.