The Indian financial system underwent metamorphic changes as a consequence of financial sector reforms initiated in 1991. This structural change brought in innovation both in the international and national financial system. This paved the way for dismantling of capital controls as part to integrate Indian financial system with the rest of the world primarily because of liberalization and globalization.

With the onset of liberalization in the Indian economy various regulating and quantitative restrictions measures were gradually phased out. This affected economic activities like exchange rates, interest rates, foreign exchange reserves, domestic monetary conditions as well as savings and investments. In continuation of the ongoing policy, the private sector mutual funds were allowed in the year 1993. With the advent of private sector mutual funds there was rapid growth in the mutual funds industry in all spheres. There was an increase in number of players and number of schemes. The industry is currently managing Rs. 42111648 cr. with thirty seven players and nine hundred and fifty six schemes. This is a testimony of its increasing acceptance among the investing public.

The present study therefore goes into the nitty-gritty of mutual funds industry in India in post liberalization period covering the various issues and challenges of the industry. The study also makes an attempt to trace the performance evaluation of HDFC mutual fund, a private mutual fund and analyze its performance in comparison to benchmark index and risk free Treasury bill. This study is done to find out how well a private sector mutual fund is diversified and its return in comparison to
benchmark index selected for the study. Further, the literature reviewed indicates that there are no comprehensive studies on various issues relating to Indian mutual funds and HDFC mutual fund in particular. The present study was undertaken to fill this gap, at least partly.

PREVIEW OF CHAPTERS

The thesis is divided into five chapters according to the importance of the topic. The first chapter is the research framework and design which consists of problems, review of literature, scope, objectives, importance, methodology and hypotheses.

The second chapter is designed on the conceptual review of mutual funds as investment avenues, classifications and advantages, disadvantages of investing in mutual funds.

The third chapter describes mutual funds industry in India since liberalization, regulatory framework, issues and challenges of the Indian mutual funds industry and its growth trends.

The fourth chapter is case study of mutual funds where five schemes namely HDFC Balanced Fund, HDFC Equity Fund, HDFC Growth Fund, HDFC TaxSaver and HDFC top 200 Fund is selected for study. An empirical analysis is done to find out the risk-returns characteristics of the selected schemes.

The last chapter consists of findings, suggestions and direction for future research.