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## COMPARATIVE ANALYSIS ON SELECTED MUTUAL FUND SCHEMES IN INDIA

Dr.M.Anbukarasi<sup>1</sup> Darshan.S<sup>2</sup> Sony.P.J<sup>3</sup>

<sup>1</sup>Assistant Professor, School of Commerce, Bharathiar University, Coimbatore

<sup>2</sup>Ph.D Research Scholar, School of Commerce, Bharathiar University, Coimbatore

<sup>3</sup>Ph.D Research Scholar, School of Commerce, Bharathiar University, Coimbatore

### ABSTRACT:

A Mutual Fund is a collective investment vehicle formed to raise money from individuals and investing it according to a pre-specified objective, with the benefits accrued to be shared among the investors on a pro-rata basis in terms of proportion of their investments. This study was conducted with an objective of analyzing the performance of select mutual funds and to identify the future perspective of those mutual fund. The study is based on secondary data collected from various sources. The analysis led to findings such as long-term and medium-term investments do earn promising returns whereas short-term investments do earn high returns during the study period but not in a consistent manner. Present study also reveals that the preference of investors towards mutual funds have a hierarchical order where most preferred one was private sector followed by foreign asset management company and public sector funds.

### KEYWORDS:

Asset Management Company, Asset Under Management, Mutual Funds, Net Asset Value.

## INTRODUCTION:

The Mutual Fund was an outcome of the Financial Crisis which was faced by Europe in the early 1770's. The Mutual Fund Industry was started in India in the year 1963. Until 1986 only UTI regulated Mutual Funds were in circulation, but in 1987 Public Sector Mutual funds entered the market (SBI Mutual Funds was the first to introduce). Later in 1993 Kotak Mahindra bank became the first bank to introduce Private sector mutual funds in the market. The funds collected from the investors are known as Assets Under Management (AUM) which are then invested in widely diversified stock/bonds/securities. Expert fund manager takes care of this process who is appointed by Asset Management Company (AMC)

## REVIEW OF RELATED LITERATURE:

**Dr.M.Anbukarasi & Mithuna.R (2018)** analyzed the performance of select mutual fund schemes of a particular company. For this purpose, schemes are classified based on their nature which includes equity and debt funds. With the help of statistical tools, the top five performing schemes were identified in each classification. The study found out reasons for underperformance of certain schemes which may be because of volatility and diversification. Suggestions include proper regulations and diversification and better allocation of resources will reduce risks.

**R.Narayanasamy & V.Rathnamani, (2013)** had evaluated the performance of selected equity mutual funds offered by various fund houses in India. The main objective of the study is to analyze the financial performance of selected mutual fund schemes through statistical parameters and concluded that all funds had performed well during the study period whereas the performance of all the funds is affected by the fall of CNX NIFTY (2011). The researcher has also suggested the investors to consider statistical parameters to ensure consistent performance of mutual funds.

**Muralidhar Prasad Ayaluru, (2016)** has selected top 10 performing schemes offered by Reliance Mutual Funds to compare the risk and return offered by these schemes. The researcher had collected Daily NAV's for the period of five years (2009-2014). The researcher had used BSE Sensex and NSE-Nifty for the purpose of Benchmarking and Comparison. And he observed that Reliance Small Cap Funds have moderate risk and moderate returns whereas Reliance Bank Funds hold High Returns with High Risks.

**Faisal Mahmood & Ghulame Rubbaniy, (2016)** analyzed the performance of equity mutual funds during the period of 1999-2012. The researcher had considered Fund Performance as Dependent Variable. Liquidity, Fund Size and Fund Turnover as Explanatory variable and Fund Expenses and Management fee as Control variables As a result, The Researchers concluded that Fund Size, Liquidity and Turnover has economically and statistically significant impact on performance in Multi-Linear Regression and FE Models. Fund Expenses have an economically significant but statistically insignificant. Management fee has an economically and statistically significant but have a negative impact on fund performance at 5% level.

**Geeta Rani, (2019)** analyzed the performance of public and private sector mutual funds in respect to selected balanced fund schemes by using sharpe's ratio, Treynor's and Jensen's measures. As a result, the researcher inferred that SBI magnum Balanced fund has attained highest performance and ICICI Prudential performance is low with high risk comparatively. According to the researcher, HDFC balanced fund from private and SBI Magnum Balanced fund from public sector schemes have remarked higher performance. Moreover, the performance of growth direct plans of all schemes has been higher than that of growth regular schemes.

**Mark Grinblatt & Sheridan Titman, (2021)** compared the abnormal returns of active and passive returns of investment strategies with and without transaction costs, fees and expenses by employing data which contains quarterly equity holdings of large sample of mutual funds during 1975-84. The researcher had concluded by his inference: Indicate that superior performance may in fact exist, particularly among aggressive-growth and growth funds and those funds with the smallest net asset values. It is interesting that these funds also have the highest expenses so that their actual returns, net of all expenses, do not exhibit abnormal performance. This indicates that investors cannot take advantage of the superior abilities of these portfolio managers by purchasing shares in their mutual funds.

#### **RESEARCH GAP:**

There are various studies undergone to analyze the performance of mutual fund of a particular company or across companies but no study has been undertaken considering the schemes of companies based on their nature of holding. Some of the studies have been undertaken similar to this but the approach employed in this study have not been touched in any other study and this will help an investor to invest in a scheme or a portfolio based on his or her financial objective.

#### **SIGNIFICANCE OF THE STUDY:**

This study is designed is to analyze the performance of select mutual funds schemes of select public, private and foreign mutual fund management companies over the period of recent twelve years. It was done to provide an insight on the active high-voltage schemes which do have the potential to earn more returns. The study will be helpful for an investor as the performance of the schemes are analyzed based the term of holdings such as short, medium and long- term performance where he or she can invest based on their needs. The study will also be an eye-opener to a newbie to the market.

#### **STATEMENT OF PROBLEM:**

Mutual Fund Industry in India is one of the largest and fastest growing industry. UTI was a monopoly in the market until 1987, but after that, public and private sectors were established to introduce their schemes in the market. Even though it paved a way for diversified investment opportunities, it led to fluctuations in the performance of financial sector. The performance and success of mutual fund companies depends on the confidence level of the investors, but unfortunately in India the investors are more concerned about the safety of their principal investment and hesitate to invest in Mutual Funds, which in turn affects the capital

investment of Mutual Fund companies. The size of mutual fund schemes is more diversified when related to the awareness of the Indian investors which makes the investment process more complex which may result in the decrease of the further investments if losses are faced. For this purpose, a selected set of schemes were selected and analyzed to observe the performance of the same.

### OBJECTIVES:

- 1) To analyze the performance of selected mutual funds.
- 2) To identify the future prospects of mutual fund schemes

### RESEARCH HYPOTHESIS:

**H<sub>0</sub>:** There is no significant difference between groups.

### RESEARCH METHODOLOGY:

The mutual fund houses were selected based on the popularity and goodwill among people and also considering the performance of them in the market. In this study two schemes of two private, two public and two foreign Asset management companies were selected based on data availability. The researcher has used Net Asset Value as the variable and collected the Daily NAV's of the schemes from various websites for the period of twelve years (January 2010- December 2021). Based on the data collected, average NAV were calculated for the respective years and analysis was done by categorizing such data into three classifications namely (Short-term, Medium-term and Long-term). And with the help of statistical tools, the performance was evaluated and the conclusions and perspectives were drawn.

### LIMITATION OF THE STUDY:

- The study adopts only selected schemes of particular companies for a period of twelve years only.

### ANALYSIS AND INTERPRETATION:

**Table 1.1**

		Short-term		Medium-term	Long-term
		<b>SBI Arbitrage Opportunities Reg Gr</b>	<b>Sum of Squares</b>	<b>Between</b>	233.424
<b>Within</b>	4.498			22.070	56.570
<b>Total</b>	237.922			237.922	237.922
<b>Df</b>	<b>Between</b>		5	2	1
	<b>Within</b>		6	9	10
	<b>Total</b>		11	11	11
<b>Mean Squares</b>	<b>Between</b>		46.685	107.926	181.352
	<b>Within</b>		.750	2.452	5.657
<b>F</b>	62.275		44.011	32.058	
<b>Sig</b>	.000		.000	.000	

There is a significant difference between groups in the scheme's overall performance during the period as the P values are less than 0.05 in all the groups, it is to be noted that for Long-Term,  $F(5,6) = 62.2$ ,  $\eta^2p = 0.762$ , for Medium-Term,  $F(2,9) = 44$ ,  $\eta^2p = 0.907$ , for Short-Term,  $F(1,10) = 32.05$ ,  $\eta^2p = 0.981$ .

Table 1.2

		Short-term		Medium-term	Long-term
SBI Infrastructure Fund- Regular plan IDCW	Sum of Squares	Between	94.953	76.523	77.775
		Within	31.330	49.760	48.508
		Total	126.283	126.283	126.283
	Df	Between	5	2	1
		Within	6	9	10
		Total	11	11	11
	Mean Squares	Between	18.991	38.262	77.775
		Within	5.222	5.529	4.851
	F	3.637		6.920	16.033
	Sig	.074		.015	0.003

A significant difference is found in the medium and long-term performance during the period and no difference is detected in the short-term performance, it is to be noted that for Long-Term,  $F(5,6) = 3.63$ ,  $\eta^2p = 0.616$ , for Medium-Term,  $F(2,9) = 6.92$ ,  $\eta^2p = 0.606$ , for Short-Term,  $F(1,10) = 16.03$ ,  $\eta^2p = 0.752$ .

Table 1.3

		Short-term		Medium-term	Long-term
Canara Robeco Cons Hybrid Reg Gr	Sum of Squares	Between	2024.895	1810.100	1496.110
		Within	84.682	299.476	613.466
		Total	2109.576	2109.576	2109.576
	Df	Between	5	2	1
		Within	6	9	10
		Total	11	11	11
	Mean Squares	Between	404.979	905.050	1496.110
		Within	14.114	33.275	61.347
	F	28.694		27.199	24.388
	Sig	.000		.000	.001

It can be inferred that there exists a significant difference between groups during the period as the P values are less than 0.05 in all the groups, it is to be noted that for Long-Term,  $F(5,6) = 28.69$ ,  $\eta^2p = 0.709$ , for Medium-Term,  $F(2,9) = 27.19$ ,  $\eta^2p = 0.858$ , for Short-Term,  $F(1,10) = 24.38$ ,  $\eta^2p = 0.960$ .

Table 1.4

		Short-term		Medium-term	Long-term
Canara Robeco Cons Hybrid Reg Mly IDCW	Sum of Squares	Between	1.739	1.465	.134
		Within	.695	.969	2.300
		Total	2.434	2.434	2.434
	Df	Between	5	2	1
		Within	6	9	10
		Total	11	11	11
	Mean Squares	Between	.348	.733	.134
		Within	.116	.108	.230
	F	3.001		6.803	.584
		.107		.016	.462

There is a significant difference in the medium-term performance. As there is no significance in values of short and long-term it is concluded that non-detection of differences between the groups among them. The F-Values are, for long-Term,  $F(5,6) = 3$ ,  $\eta^2p = 0.55$ , for Medium-Term,  $F(2,9) = 6.8$ ,  $\eta^2p = 0.602$ , for Short-Term,  $F(1,10) = 0.584$ ,  $\eta^2p = 0.714$ .

Table 1.5

		Short-term		Medium-term	Long-term
Quantum Long Term Equity Value Fund - Direct - Growth	Sum of Squares	Between	2487.386	2337.811	2049.637
		Within	364.013	513.588	801.761
		Total	2851.399	2851.399	2851.399
	Df	Between	5	2	1
		Within	6	9	10
		Total	11	11	11
	Mean Squares	Between	497.477	1168.906	2049.637
		Within	60.669	57.065	80.176
	F	8.20		20.484	25.564
	Sig	.012		.000	.000

Inference from the above table include the existence of significant difference between groups during the period, for Long-Term,  $F(5,6) = 8.2$ ,  $\eta^2p = 0.719$ , for Medium-Term,  $F(2,9) = 20.48$ ,  $\eta^2p = 0.820$ , for Short-Term,  $F(1,10) = 25.56$ ,  $\eta^2p = 0.872$ .

Table 1.6

		Short-term		Medium-term	Long-term
Quantum Equity Fund of Funds- Direct Plan Growth Option	Sum of Squares	Between	1263.250	1176.970	1003.207
		Within	154.989	241.270	415.033
		Total	1418.240	1418.240	1418.240
	Df	Between	5	2	1
		Within	6	9	10
		Total	11	11	11
	Mean Squares	Between	252.650	588.485	1003.207
		Within	25.832	26.808	41.503
	F	9.781		21.952	24.172
	Sig	.008		.001	.000

There is a significant difference in the scheme's performance between groups across different classifications, where the calculations include, for Long-Term,  $F(5,6) = 9.78$ ,  $\eta^2p = 0.707$ , for Medium-Term,  $F(2,9) = 21.95$ ,  $\eta^2p = 0.830$ , for Short-Term,  $F(1,10) = 24.17$ ,  $\eta^2p = 0.891$ .

Table 1.7

		Short-term		Medium-term	Long-term
IDBI NIFTY INDEX FUND- GROWTH	Sum of Squares	Between	308.844	288.377	218.966
		Within	49.913	70.381	139.792
		Total	358.758	358.758	358.758
	Df	Between	5	2	1
		Within	6	9	10
		Total	11	11	11
	Mean Squares	Between	61.769	144.188	218.966
		Within	8.319	7.820	13.979
	F	7.425		18.438	15.664
	Sig	0.15		.001	.003

The scheme had a significant difference in across groups in relation to performance during the period. For Long-Term,  $F(5,6) = 7.42$ ,  $\eta^2p = 0.610$ , for Medium-Term,  $F(2,9) = 18.43$ ,  $\eta^2p = 0.804$ , for Short-Term,  $F(1,10) = 15.66$ ,  $\eta^2p = 0.861$

Table 1.8

		Short-term		Medium-term	Long-term
<b>IDBI Dynamic Bond Fund- Growth</b>	<b>Sum of Squares</b>	<b>Between</b>	304464.910	119302.820	58309.627
		<b>Within</b>	371593.372	556755.462	617748.655
		<b>Total</b>	676058.282	676058.282	676058.282
	<b>Df</b>	<b>Between</b>	5	2	1
		<b>Within</b>	6	9	10
		<b>Total</b>	11	11	11
	<b>Mean Squares</b>	<b>Between</b>	60892.982	59651.410	58309.627
		<b>Within</b>	61932.229	61861.718	61774.866
	<b>F</b>	.983		.964	.944
	<b>Sig</b>	.497		.417	.354

The insignificant P values irrelevant of the groups which helps to conclude the no significant difference existing between groups regarding the performance of the scheme. For Long-Term,  $F(5,6) = 0.983$ ,  $\eta^2p = 0.086$ , for Medium-Term,  $F(2,9) = 0.964$ ,  $\eta^2p = 0.176$ , for Short-Term,  $F(1,10) = 0.944$ ,  $\eta^2p = 0.450$

Table 1.9

		Short-term		Medium-term	Long-term
<b>HSBC Debt Fund - Growth</b>	<b>Sum of Squares</b>	<b>Between</b>	415.070	364.979	320.540
		<b>Within</b>	11.410	61.501	105.940
		<b>Total</b>	426.480	426.480	426.480
	<b>Df</b>	<b>Between</b>	5	2	1
		<b>Within</b>	6	9	10
		<b>Total</b>	11	11	11
	<b>Mean Squares</b>	<b>Between</b>	83.014	182.489	320.540
		<b>Within</b>	1.902	6.833	10.594
	<b>F</b>	43.652		26.705	30.257
	<b>Sig</b>	.000		.000	.000

The analysis on the scheme's performance depicts that there exists a significant difference between the groups and other calculations include, for Long-Term,  $F(5,6) = 43.65$ ,  $\eta^2p = 0.752$ , For Medium-Term,  $F(2,9) = 26.70$ ,  $\eta^2p = 0.856$ , For Short-Term,  $F(1,10) = 30.25$ ,  $\eta^2p = 0.973$



Table 1.10

		Short-term		Medium-term	Long-term
<b>HSBC Global Emerging Markets Fund – Growth</b>	<b>Sum of Squares</b>	<b>Between</b>	93.065	77.637	51.543
		<b>Within</b>	14.590	30.018	56.112
		<b>Total</b>	107.655	107.655	107.655
	<b>Df</b>	<b>Between</b>	5	2	1
		<b>Within</b>	6	9	10
		<b>Total</b>	11	11	11
	<b>Mean Squares</b>	<b>Between</b>	18.613	38.819	51.543
		<b>Within</b>	2.432	3.335	5.611
	<b>F</b>	7.654		11.639	9.186
	<b>Sig</b>	.014		.003	.013

There exists a significant difference between the scheme's performance across groups. F-Values are as follows, for Long-Term,  $F(5,6) = 7.65$ ,  $\eta^2p = 0.479$ , For Medium-Term,  $F(2,9) = 11.63$ ,  $\eta^2p = 0.721$ , For Short-Term,  $F(1,10) = 9.18$ ,  $\eta^2p = 0.864$

Table 1.11

		Short-term		Medium-term	Long-term
<b>BNP PARIBAS Flexi Debt Fund-Regular Plan A - Growth Option</b>	<b>Sum of Squares</b>	<b>Between</b>	262.493	235.719	209.284
		<b>Within</b>	6.016	32.791	59.225
		<b>Total</b>	268.510	268.510	268.510
	<b>Df</b>	<b>Between</b>	5	2	1
		<b>Within</b>	6	9	10
		<b>Total</b>	11	11	11
	<b>Mean Squares</b>	<b>Between</b>	52.499	117.860	209.284
		<b>Within</b>	1.003	3.643	5.923
	<b>F</b>	52.355		32.349	35.337
	<b>Sig</b>	.000		.000	.000

The P Value calculated using ANOVA is found to be significant which depicts the existence of significant relationship between groups in Short, Medium and Long-term performance. For Long-Term,  $F(5,6) = 52.35$ ,  $\eta^2p = 0.779$ , For Medium-Term,  $F(2,9) = 32.34$ ,  $\eta^2p = 0.878$ , For Short-Term,  $F(1,10) = 35.33$ ,  $\eta^2p = 0.978$

Table 1.12

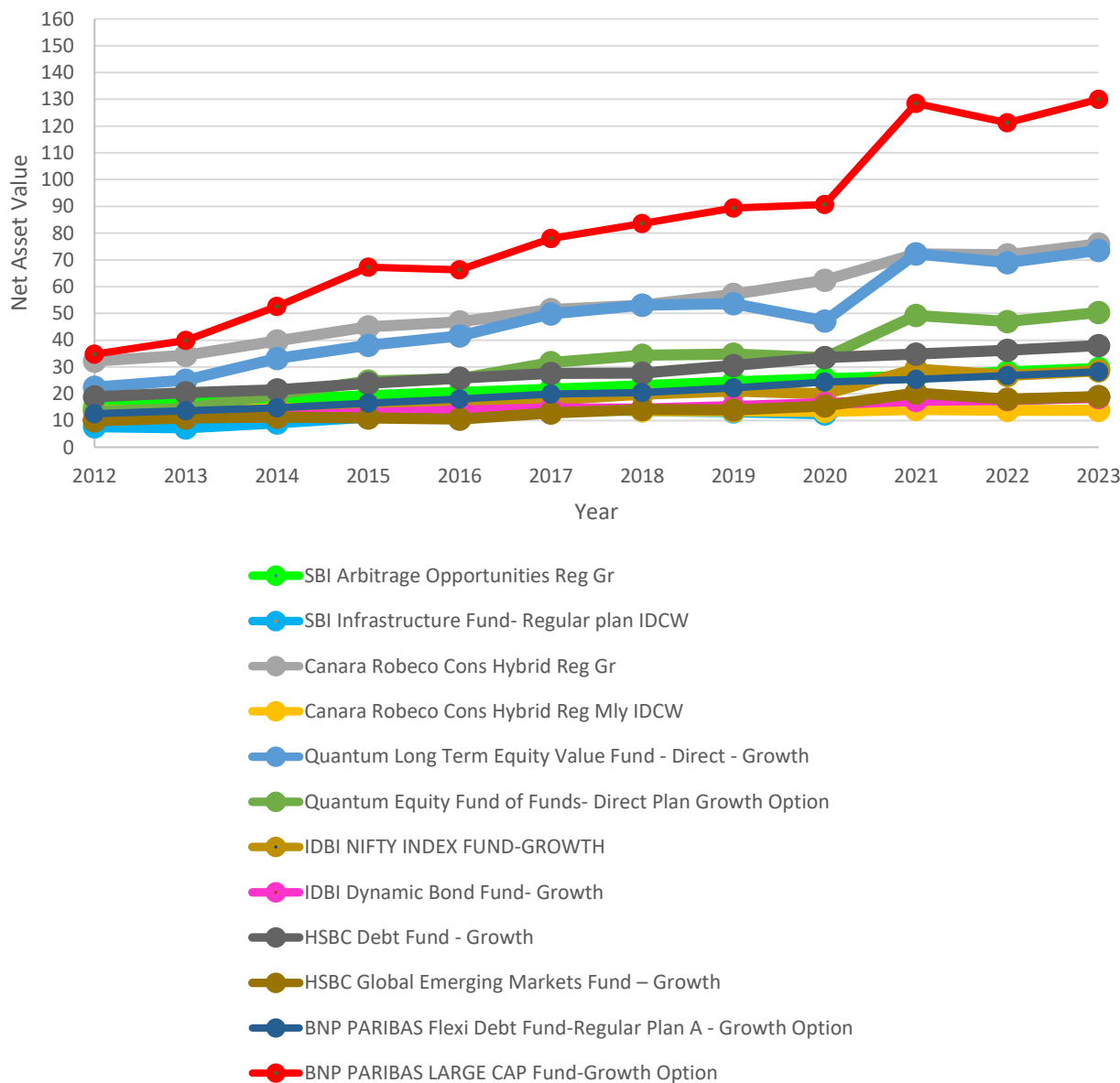
		Short-term		Medium-term	Long-term
<b>BNP PARIBAS LARGE CAP Fund-Growth Option</b>	<b>Sum of Squares</b>	<b>Between</b>	8410.386	7719.555	6204.836
		<b>Within</b>	922.329	1613.160	3127.879
		<b>Total</b>	9332.715	9332.715	9332.715
	<b>Df</b>	<b>Between</b>	5	2	1
		<b>Within</b>	6	9	10
		<b>Total</b>	11	11	11
	<b>Mean Squares</b>	<b>Between</b>	1682.077	3859.778	6204.836
		<b>Within</b>	153.721	179.240	312.788
	<b>F</b>	10.942		21.534	19.837
	<b>Sig</b>	.006		.000	.001

The P Value of all the groups are found to be significant, thereby identifying a significant difference between groups in their performance. For Long-Term,  $F(5,6) = 10.94$ ,  $\eta^2p = 0.665$ , For Medium-Term,  $F(2,9) = 21.53$ ,  $\eta^2p = 0.827$ , For Short-Term,  $F(1,10) = 19.83$ ,  $\eta^2p = 0.901$

#### TREND ANALYSIS:

The researcher had used Trend analysis to predict the future performance of select mutual funds and CAGR to rank the schemes based on the performance.

## Scheme Performance



### FINDINGS AND SUGGESTIONS:

- Most of the schemes have a significant difference in the performance of the scheme across groups.
- Short-term subscription of these mutual fund schemes is suggested to the investors as it had performed well overall but holds a dimension of risk
- BNP Paribas Large Cap Fund-Growth Option will be performing well in the future and will be perfect scheme to invest.
- Long-term and Medium-term performance of these schemes is noteworthy and is recommended for cautious investors.
- IDBI Nifty Index Fund-Growth is a promising scheme which earns useful rate of return in the near future.

- Canara Robeco Cons Hybrid Reg Gr had a consistent increase in the value of Net Asset Value and has an assurance of earning a good rate of return on investments.
- This study also revealed that the performance of Private sector mutual funds followed by Foreign bank's mutual funds were more consistent in the performance when compared with Public sector mutual funds.

## CONCLUSION:

The mutual fund industry in India has faced a steady growth in attaining the investment from people which is a result of introduction of various new schemes by the Mutual fund houses. This study provides a brief view of the performance of select mutual fund schemes over a period of time. In general, all of the mutual funds have performed consistently well over the period whereas except Canara Robeco Cons Hybrid Reg Mly IDCW and SBI Infrastructure Fund- Regular plan IDCW where these two had experienced a fluctuating trend during the study period. To conclude the investor must be careful in the investment process and should look on different dimensions before investing.

## SCOPE FOR FURTHER RESEARCH:

Present study considers "Net Asset Value" as the only variable where the upcoming studies can consider other variables which have the capacity to measure the performance of schemes. The study has been done using the secondary data of the variable for a period of twelve years only where a researcher has the opportunity to choose the variable's data for more years which will be helpful for the market investors and the interested people. This present study only measures the performance of mutual fund schemes where a researcher can alternatively measure the risk and return or volatility of the particular scheme or a portfolio. Similarly, one can choose a wide set of schemes of a particular company or across companies to establish a wider knowledge about the schemes among the individuals.

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