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A Comparative Analysis of Performance of Mutual Funds Industry in India

Neha Sharma¹, Dr. Ritika Moolchandani²

¹Research Scholar (Ph.D), Department of commerce, Bhagwant University, Ajmer (Rajasthan)

²Assistant Professor, Department of Management, Bhagwant University, Ajmer (Rajasthan)

Abstract: Mutual funds industry in India provides a suitable platform for converting savings in to investment through diversifying mode with the help of professionalized management services. Mutual funds industry now a day's grows in financial market as a very source of investment and gives attractive returns to investors in several sectors of Indian economy that fulfills the needs of individual investors efficiently as compared to other financial sector (post offices, banks and insurance). So, in this regards, the present study reveals the comparative analysis of the performance of mutual funds industry in India. This paper is based on secondary data and three indicators such as AUM, returns and expense ratios of top five mutual funds have considered for the proposed study. This study reveals that small cap funds have more returns followed by mid cap funds, ELSS funds and large cap fund respectively.

Keywords: Mutual Funds, Large Cap funds, Mid Cap funds, Small Cap funds and ELSS (Equity Linked Saving Schemes), Asset Under Management, Returns and Expense ratio.

I. INTRODUCTION

Mutual funds industry does not provide only the investment facility in diversified mode but also accords a good way of liquidity facility to their investors for attaining individual life goals whenever they want. Mutual funds industry is composed by comprehensive range of equity funds, debt funds, balance funds, gilt funds etc. that accomplish the requirements of economy as a whole. The long term and higher returns goals are fulfilled by equity mutual funds which consider the attractive and wide dimensions of large cap funds, small cap funds, mid cap funds, multi cap funds (combination of large mid and small cap funds) and ELSS (Equity Linked Saving Schemes) funds which helps in capital formation and inclusive growth of Indian economy. Debt funds have the wide composition of government securities and gilt funds that elaborates the low risk funds to unit holder in safer mode as compared to equity funds and balanced or hybrid funds. As compared to equity funds, balanced or hybrid funds fulfills the midterm and long term objectives of mutual funds unit holders in balanced form because of moderate risk. There are so many leaders in the form of Asset Management Companies of mutual funds industry that mobilized the savings of mutual funds unit holders in different zones of Indian economy resulted in to reasonable returns and liquidity at a low cost through expertise management services.

II. REVIEW OF LITERATURE

Durapandi (2012) resulted that the expense ratio of UTI was found very low as compared to other public sector mutual fund's AMCs. Whereas the expense ratio of HDFC mutual funds was also found very low as compared to other private sector mutual funds during 2005-2009. Also, the performance of DSP Blackrock and Sundaram mutual was found better as compared to Birla and Tata mutual funds. Sharma (2016) analyzed the development of mutual funds industry in India. It was found that the AUM, number of schemes in mutual funds industry have been continuously increased in order to develop the financial market in India and helps in inclusive growth. Virk and Singh (2017) revealed in their study that the AUM of mutual funds industry has been increased from 1965 (25 crores) to 2014 (825240 crores) respectively, that reflected the growth of mutual funds industry rapidly. Bhayani (2017) concluded that the accounts of mutual funds investors have been increased during the study period, 2014-2016 and around 80 per cent of unit holders were interested in equity mutual funds schemes as compared to other schemes.

III. OBJECTIVES OF THE STUDY

This study aims to analyze the performance of mutual funds industry in India during the study period March, 2019.

¹ Research Scholar (Ph.D), Department of commerce, Bhagwant University, Ajmer (Rajasthan)

² Assistant Professor, Department of Management, Bhagwant University, Ajmer (Rajasthan)

IV. RESEARCH METHODOLOGY

This study is descriptive and analytical in nature. The present study considered the data of Association of Mutual Funds in India. The study is based on secondary data of study period, March 2019 and collected from the published reports of AMFI, SEBI, various journals, various Ph.D Thesis and websites of money control and value research. Average, standard deviation, minima, maxima has been used to comparative analysis of the performance of mutual funds industry in India.

V. RESULTS AND DISCUSSION

Three parameters (i.e. assets, returns and expense ratios) are taken as per the accessibility the data of AMFI (Association of Mutual Funds in India).

Table 1.1: Introduction and ratings of Large Cap Funds of Top five AMC's

| Funds | Introduction | Rating of Funds |
|--------------------------------|----------------|------------------|
| Reliance Large Cap | August, 2007 | Five Star Rating |
| ICICI Prudential Bluechip Fund | May, 2008 | Five Star Rating |
| JM Core 11Fund | March, 2008 | Five Star Rating |
| Kotak Sensex ETF Fund | June, 2008 | Four Star Rating |
| SBI Bluechip Fund | February, 2006 | Four Star Rating |

Source: value research online

Table 1.2: Assets, Returns and Expense Ratios of Large Cap Funds of Top five AMC's in India (As on 31st March, 2019)

| Funds | AUM (Cr.) | 1 Year Return (%) | 3 Year Return (%) | 5 Year Return (%) | Expense Ratio (%) |
|--------------------------------|-----------|-------------------|-------------------|-------------------|-------------------|
| Reliance Large Cap | 11,694 | 14.29 | 16.92 | 16.82 | 2.22 |
| ICICI Prudential Bluechip Fund | 20,101 | 9.19 | 15.34 | 14.30 | 2.02 |
| JM Core 11Fund | 37 | 11.91 | 21.37 | 17.80 | - |
| Kotak Sensex ETF Fund | 12 | 18.53 | 16.32 | 12.76 | 0.27 |
| SBI Bluechip Fund | 20,395 | 5.34 | 12.01 | 15.44 | 1.96 |
| Total | 52,239 | 59.26 | 81.96 | 77.12 | 6.47 |
| Average | 10,447.8 | 11.85 | 16.39 | 15.42 | 1.62 |
| Standard Deviation | 10,136.26 | 5.00 | 3.38 | 1.10 | 0.91 |
| Min | 12 | 5.34 | 12.01 | 12.76 | 0.27 |
| Max | 20,395 | 18.53 | 21.37 | 17.8 | 2.22 |

Source: AMFI

Table 1.2 provides the information regarding the three parameters of large cap funds of top five AMC's (Reliance Large Cap, ICICI Prudential Bluechip Fund, JM Core 11Fund, Kotak Sensex ETF Fund and SBI Bluechip Fund) in India such as asset, returns and expense ratio for analyzing the performance of mutual funds industry in India during the study period, March 2019. It is resulted that averagely, the total AUM (Asset Under Management) of these top five AMC's is 10,447.8 crores. But if we consider the average figure about returns of five year of these top five AMC's, it is 11.85 per-cent. Also, on an average the expense ratio is found 1.62 per-cent. But, SBI Bluechip Fund has maximum AUM of 20,395 crores, whereas Kotak Sensex ETF Fund has minimum AUM of 12 crores. But on the other hand, JM Core 11Fund has maximum five year returns of 17.8 per-cent, whereas Kotak Sensex ETF Fund has minimum five year returns of 12.76 as compared to other top performing AMC's funds. If we see about expense ratio, Reliance Large Cap has maximum rate of 2.22 per-cent, whereas Kotak Sensex ETF Fund has minimum rate of 0.27 as compared to other top performing funds.

Table 2.1: Introduction and ratings of Mid Cap Funds of Top five AMCs

| Funds | Introduction | Rating of Funds |
|---|----------------|------------------|
| DSP Midcap Fund- Regular Plan | November, 2006 | Four Star Rating |
| HDFC Mid Cap Opportunities Fund | June, 2007 | Four Star Rating |
| Invesco India Mid Cap Fund | April, 2007 | Four Star Rating |
| Kotak Emerging Equity Scheme Regular Plan | March, 2007 | Five Star Rating |
| L&T Midcap Fund | August, 2004 | Five Star Rating |

Source: valueresearchonline

Table 2.2: Assets, Returns and Expense Ratios of Mid Cap Funds of Top five AMCs in India
(As on 31st March, 2019)

| Funds | AUM (Cr.) | 1 Year Return (%) | 3 Year Return (%) | 5 Year Return (%) | Expense Ratio (%) |
|---|-----------|-------------------|-------------------|-------------------|-------------------|
| DSP Midcap Fund- Regular Plan | 5,635 | 0.56 | 15.88 | 20.28 | 2.09 |
| HDFC Mid Cap Opportunities Fund | 20,539 | 1.49 | 15.83 | 20.14 | 2.01 |
| Invesco India Mid Cap Fund | 287 | 6.22 | 15.42 | 19.50 | 2.80 |
| Kotak Emerging Equity Scheme Regular Plan | 3,535 | -0.22 | 15.65 | 22.61 | 2.12 |
| L&T Midcap Fund | 3,733 | -2.51 | 17.91 | 22.31 | 2.14 |
| Total | 33,729 | 5.54 | 80.69 | 104.84 | 11.16 |
| Average | 6,745.8 | 1.11 | 16.12 | 20.99 | 2.23 |
| Standard Deviation | 7,946.52 | 3.29 | 1.01 | 1.40 | 0.32 |
| Min | 287 | -2.51 | 15.42 | 19.5 | 2.01 |
| Max | 20,539 | 6.22 | 17.91 | 22.61 | 2.8 |

Source: AMFI

Table 2.2 shows the figures related to the three parameters of mid cap funds of top five AMCs (DSP Midcap Fund- Regular Plan, HDFC Mid Cap Opportunities Fund, Invesco India Mid Cap Fund, Kotak Emerging Equity Scheme Regular Plan and L&T Midcap Fund) in India such as asset, returns and expense ratio for analyzing the performance of mutual funds industry in India during the study period, March 2019. It is resulted that averagely, the total AUM (Asset Under Management) of these top five AMCs is 6,745.8 crores. But if we consider the average figure about returns of five year of these top five AMC's, it is 20.99 per-cent. Also, on an average the expense ratio is found 2.23 per-cent. But, HDFC Mid Cap Opportunities Fund has maximum AUM of 20,539 crores, whereas Invesco India Mid Cap Fund has minimum AUM of 287 crores. But on the other hand, Kotak Emerging Equity Scheme Regular Plan has maximum five year returns of 22.61 per-cent, whereas Invesco India Mid Cap Fund has minimum five year returns of 19.5 as compared to other top performing AMC's funds. If we see about expense ratio, Invesco India Mid Cap Fund has maximum rate of 2.8 per-cent, whereas HDFC Mid Cap Opportunities Fund has minimum rate of 2.01 as compared to other top performing funds.

Table 3.1: Introduction and ratings of Small Cap Funds of Top five AMCs

| Funds | Introduction | Rating of Funds |
|------------------------------------|-----------------|------------------|
| Reliance Small Cap | September, 2010 | Four Star Rating |
| Axis Small Cap Fund – Regular Plan | November, 2013 | Four Star Rating |
| HDFC Small Cap Fund – Regular Plan | April, 2008 | Five Star Rating |
| L&T Emerging Businesses Fund | May, 2014 | Five Star Rating |
| SBI Small Cap Fund | September, 2009 | Five Star Rating |

Source: valueresearchonline

Table 3.2: Assets, Returns and Expense Ratios of Small Cap Funds of Top five AMC's in India
(As on 31st March, 2019)

| Funds | AUM (Cr.) | 1 Year Return (%) | 3 Year Return (%) | 5 Year Return (%) | Expense Ratio (%) |
|------------------------------------|--------------|----------------------|----------------------|----------------------|----------------------|
| Reliance Small Cap | 7,245 | -7.00 | 18.37 | 24.63 | 2.30 |
| Axis Small Cap Fund – Regular Plan | 223 | 0.73 | 13.25 | 19.54 | 2.53 |
| HDFC Small Cap Fund – Regular Plan | 6,312 | 0.92 | 20.97 | 19.82 | 2.12 |
| L&T Emerging Businesses Fund | 5,516 | -6.51 | 21.26 | - | 2.17 |
| SBI Small Cap Fund | 1,604 | -5.39 | 18.49 | 27.97 | 2.39 |
| Total | 20,900 | -17.25 | 92.34 | 91.96 | 11.51 |
| Average | 4,180 | -3.45 | 18.47 | 22.99 | 2.30 |
| Standard Deviation | 3,082.94 | 3.95 | 3.21 | 4.06 | 0.17 |
| Min | 233 | -7 | 13.25 | 19.54 | 2.12 |
| Max | 7,245 | 0.92 | 21.26 | 27.97 | 2.53 |

Source: AMFI

Table 3.2 provides the data about the three parameters of small cap funds of top five AMC's (Reliance Small Cap, Axis Small Cap Fund – Regular Plan, HDFC Small Cap Fund – Regular Plan, L&T Emerging Businesses Fund and SBI Small Cap Fund) in India such as asset, returns and expense ratio for analyzing the performance of mutual funds industry in India during the study period, March 2019. It is resulted that averagely, the total AUM (Asset Under Management) of these top five AMC's is 4,180 crores. But if we consider the average figure about returns of five year of these top five AMC's, it is 22.19 per-cent. Also, on an average the expense ratio is found 2.30 per-cent. But, Reliance Small Cap has maximum AUM of 7,245 crores, whereas Axis Small Cap Fund – Regular Plan has minimum AUM of 233 crores. But on the other hand, SBI Small Cap Fund has maximum five year returns of 27.97 per-cent, whereas Axis Small Cap Fund – Regular Plan has minimum five year returns of 19.54 as compared to other top performing AMC's funds. If we see about expense ratio, Axis Small Cap Fund – Regular Plan has maximum rate of 2.53 per-cent, whereas HDFC Small Cap Fund – Regular Plan has minimum rate of 2.12 as compared to other top performing funds.

Table 4.1: Introduction and ratings of ELSS Funds of Top five AMC's

| Funds | Introduction | Rating of Funds |
|--|----------------|------------------|
| Axis Long Term Equity Fund | December, 2009 | Five Star Rating |
| DSP Tax Saver Fund | January, 2007 | Four Star Rating |
| IDFC Tax Advantage (ELSS) Fund- Regular Plan | December, 2008 | Four Star Rating |
| Invesco India Tax Plan | December, 2006 | Four Star Rating |
| JM Tax Gain Fund | March, 2008 | Four Star Rating |

Source: valueresearchonline

Table 4.2: Assets, Returns and Expense Ratios of ELSS Funds of Top five AMC's in India
(As on 31st March, 2019)

| Funds | AUM (Cr.) | 1 Year Return (%) | 3 Year Return (%) | 5 Year Return (%) | Expense Ratio (%) |
|--|--------------|----------------------|----------------------|----------------------|----------------------|
| Axis Long Term Equity Fund | 17,426 | 8.53 | 14.49 | 17.96 | 1.88 |
| DSP Tax Saver Fund | 4,740 | 8.42 | 15.56 | 17.69 | 1.93 |
| IDFC Tax Advantage (ELSS) Fund- Regular Plan | 1,741 | 0.94 | 16.38 | 16.69 | 2.20 |
| Invesco India Tax Plan | 712 | 9.13 | 15.11 | 17.53 | 2.59 |
| JM Tax Gain Fund | 30 | 6.96 | 16.79 | 16.57 | - |
| Total | 24,649 | 33.98 | 78.33 | 86.44 | 8.6 |
| Average | 4,929.8 | 6.80 | 15.67 | 17.29 | 2.15 |
| Standard Deviation | 7,213.83 | 3.01 | 0.83 | 0.56 | 0.28 |
| Min | 30 | 0.94 | 14.49 | 16.57 | 1.88 |
| Max | 17,426 | 9.13 | 16.79 | 17.96 | 2.59 |

Source: AMFI

Table 4.2 provides the information regarding the three parameters of large cap funds of top five AMC's (Axis Long Term Equity Fund, DSP Tax Saver Fund, IDFC Tax Advantage (ELSS) Fund- Regular Plan, Invesco India Tax Plan and JM Tax Gain Fund) in India such as asset, returns and expense ratio for analyzing the performance of mutual funds industry in India during the study period, March 2019. It is resulted that averagely, the total AUM (Asset Under Management) of these top five AMC's is 4,929.8 crores. But if we consider the average figure about returns of five year of these top five AMC's, it is 17.29 per-cent. Also, on an average the expense ratio is found 2.15 per-cent. But, Axis Long Term Equity Fund has maximum AUM of 17,426 crores, whereas JM Tax Gain Fund has minimum AUM of 30 crores. But on the other hand, Axis Long Term Equity Fund has maximum five year returns of 17.96 per-cent, whereas JM Tax Gain Fund has minimum five year returns of 16.57 as compared to other top performing AMC's funds. If we see about expense ratio, Invesco India Tax Plan has maximum rate of 2.59 per-cent, whereas Axis Long Term Equity Fund has minimum rate of 1.88 as compared to other top performing funds.

VI. FINDINGS & CONCLUDING REMARKS

It is observed and resulted that among all top five large cap funds, JM Core 11 Fund gave the maximum five year returns of 17.8 per-cent and Kotak Sensex ETF Fund gave minimum five year returns of 12.76 respectively. On the other hand, among top five mid cap category funds, Kotak Emerging Equity Scheme Regular Plan gave maximum five year returns of 22.61 per-cent and Invesco India Mid Cap Fund gave minimum five year returns of 19.5 to their investors. Also, among top five small cap funds, SBI Small Cap Fund gave maximum five year returns to their investors and among top five tax saving funds, Axis Long Term Equity Fund has maximum AUM and five year returns for investors.

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