

COMPARATIVE ANALYSIS ON PERFORMANCE OF MUTUAL FUNDS BETWEEN PRIVATE AND PUBLIC SECTORS

Submitted in partial fulfillment of the requirements for the award of

Master of Business Administration

by

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SCHOOL OF BUSINESS ADMINISTRATION

SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

**Accredited with Grade "A" by NAAC | 12B Status by UGC | Approved by
AICTEJeppiaar Nagar, RAJIV GANDHI SALAI, CHENNAI - 600 119**

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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of JAYALAKSHMI.A
39410077 who have done the Project work entitled "Comparative Analysis on
Performance of Mutual Funds Between Private and Public Sectors" under my
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I Jayalakshmi. A 39410077 hereby declare that the Project Report entitled “A study on comparative analysis on performance of mutual funds between private and public sectors” done by me under the guidance of Dr. Y. Aysha Fathima at Sathyabama Institute of Science and Technology, Chennai is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

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ABSTRACT

A mutual fund may be a scheme during which several people invest their money for a standard financial cause. The collected money invests within the capital market and therefore the money, which they earned, is split supported the number of units, which they hold. The open-end fund industry started in India during a small way with the UTI Act creating what was effectively a little savings division within the RBI. Over a period of 25 years this grew fairly successfully and gave investors an honest return, and thus in 1989, because the next logical step, public sector banks and financial institutions were allowed to float mutual funds and their success emboldened the govt to permit the private sector to raid this area. The advantages of open-end fund are professional management, diversification, and economies of scale, simplicity, and liquidity. The disadvantages of open-end fund are high costs, over-diversification, possible tax consequences, and therefore the inability of management to ensure a superior return. In mutual fund, analyzed with standard deviation, Sharpe ratio, beta to analyze the growth return. Mutual funds are easy to buy and sell. You can either buy them directly from the fund company or through a 3rd party. Before investing in any funds, one should consider some factor like objective, risk, Fund and scheme, etc. There are many, many types of mutual funds. You can classify funds-based Structure (open-ended & close-ended), Nature (equity, debt, balanced), Investment objective (growth, income, money market) etc.

KEY WORDS: Mutual fund redemption, risk return, Sharpe ratio, growth

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CHAPTER-1

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The first introduction of a mutual fund in India occurred in 1963, when the Government of India launched Unit Trust of India (UTI). Until 1987, UTI enjoyed a monopoly in the Indian mutual fund market. Then a host of other government-controlled Indian financial companies came up with their own funds. These included State Bank of India, Canara Bank, and Punjab National Bank. This market was made open to private players in 1993, as a result of the historic constitutional amendments brought forward by the then Congress-led government under the existing regime of Liberalization, Privatization and Globalization (LPG). The first private sector fund to operate in India was Kothari Pioneer, which later merged with Franklin Templeton.

CONCEPT OF MUTUAL FUND:

A mutual fund is a common pool of money into which investors place their contributions that are to be invested in accordance with a stated objective. The ownership of the fund is thus joint or “mutual”; the fund belongs to all investors. A single investor’s ownership of the fund is in the same proportion as the amount of the contribution made by him or her bears to the total amount of the fund.

Mutual Funds are trusts, which accept savings from investors and invest the same in diversified financial instruments in terms of objectives set out in the trusts deed with the view to reduce the risk and maximize the income and capital appreciation for distribution for the members. A Mutual Fund is a corporation and the fund manager’s interest is to professionally manage the funds provided by the investors and provide a return on them after deducting reasonable management fees.

DEFINITION:

“A mutual fund is an investment that pools your money with the money of an unlimited number of other investors. In return, you and the other investors each own

shares of the fund. The fund's assets are invested according to an investment objective into the fund's portfolio of investments. Aggressive growth funds seek long-term capital growth by investing primarily in stocks of fast-growing smaller companies or market segments. Aggressive growth funds are also called capital appreciation funds”.

ADVANTAGES OF MUTUAL FUNDS:

If mutual funds are emerging as the favorite investment vehicle, it is because of the many advantages they have over other forms and the avenues of investing, particularly for the investor who has limited resources available in terms of capital and the ability to carry out detailed research and market monitoring. The following are the major advantages offered by mutual funds to all investors:

Portfolio Diversification:

Each investor in the fund is a part owner of all the fund's assets, thus enabling him to hold a diversified investment portfolio even with a small amount of investment that would otherwise require big capital.

Professional Management:

Even if an investor has a big amount of capital available to him, he benefits from the professional management skills brought in by the fund in the management of the investor's portfolio. The investment management skills, along with the needed research into available investment options, ensure a much better return than what an investor can manage on his own. Few investors have the skill and resources of their own to succeed in today's fast moving, global and sophisticated markets.

Reduction/Diversification of Risk:

When an investor invests directly, all the risk of potential loss is his own, whether he places a deposit with a company or a bank, or he buys a share or debenture on his own or in any other form. While investing in the pool of funds with investors, the potential losses are also shared with other investors. The risk

reduction is one of the most important benefits of a collective investment vehicle like the mutual fund.

Reduction of Transaction Costs:

What is true of risk is also true of the transaction costs. The investor bears all the costs of investing such as brokerage or custody of securities. When going through a fund, he has the benefit of economies of scale; the funds pay lesser costs because of larger volumes, a benefit passed on to its investors.

Liquidity:

Often, investors hold shares or bonds they cannot directly, easily and quickly sell. When they invest in the units of a fund, they can generally cash their investments any time, by selling their units to the fund if open-ended, or selling them in the market if the fund is close-end. Liquidity of investment is clearly a big benefit.

Convenience and Flexibility:

Mutual fund management companies offer many investor services that a direct market investor cannot get. Investors can easily transfer their holding from one scheme to the other; get updated market information and so on.

Tax Benefits:

Any income distributed after March 31, 2002 will be subject to tax in the assessment of all Unit holders. However, as a measure of concession to Unit holders of open-ended equity-oriented funds, income distributions for the year ending March 31, 2003, will be taxed at a concessional rate of 10.5%.

In case of Individuals and Hindu Undivided Families a deduction upto Rs. 9,000 from the Total Income will be admissible in respect of income from investments specified in Section 80L, including income from Units of the Mutual Fund. Units of the schemes are not subject to Wealth-Tax and Gift-Tax.

Choice of Schemes:

Mutual Funds offer a family of schemes to suit your varying needs over a lifetime.

Well Regulated:

All Mutual Funds are registered with SEBI and they function within the provisions of strict regulations designed to protect the interests of investors. The operations of Mutual Funds are regularly monitored by SEBI.

Transparency:

You get regular information on the value of your investment in addition to disclosure on the specific investments made by your scheme, the proportion invested in each class of assets and the fund manager's investment strategy and outlook.

DISADVANTAGES OF INVESTING THROUGH MUTUAL FUNDS:***No Control over Costs:***

An investor in a mutual fund has no control of the overall costs of investing. The investor pays investment management fees as long as he remains with the fund, albeit in return for the professional management and research. Fees are payable even if the value of his investments is declining. A mutual fund investor also pays fund distribution costs, which he would not incur in direct investing. However, this shortcoming only means that there is a cost to obtain the mutual fund services.

No Tailor-Made Portfolio:

Investors who invest on their own can build their own portfolios of shares and bonds and other securities. Investing through fund means he delegates this decision to the fund managers. The very-high-net-worth individuals or large corporate investors may find this to be a constraint in achieving their objectives. However, most mutual fund managers help investors overcome this constraint by offering families of funds- a large number of different schemes- within their own management company. An investor can choose from different investment plans and constructs a portfolio to his choice.

Managing A Portfolio of Funds:

Availability of a large number of funds can actually mean too much choice for the investor. He may again need advice on how to select a fund to achieve his objectives, quite similar to the situation when he has individual shares or bonds to select.

The Wisdom of Professional Management:

That's right, this is not an advantage. The average mutual fund manager is no better at picking stocks than the average nonprofessional, but charges fees.

No Control:

Unlike picking your own individual stocks, a mutual fund puts you in the passenger seat of somebody else's car

Dilution:

Mutual funds generally have such small holdings of so many different stocks that insanely great performance by a fund's top holdings still doesn't make much of a difference in a mutual fund's total performance.

Buried Costs:

Many mutual funds specialize in burying their costs and in hiring salesmen who do not make those costs clear to their clients.

TYPES OF MUTUAL FUNDS SCHEMES IN INDIA

Wide variety of Mutual Fund Schemes exists to cater to the needs such as financial position, risk tolerance and return expectations etc. thus mutual funds has Variety of flavors, Being a collection of many stocks, an investors can go for picking a mutual fund might be easy. There are over hundreds of mutual funds scheme to choose from. It is easier to think of mutual funds in categories, mentioned below

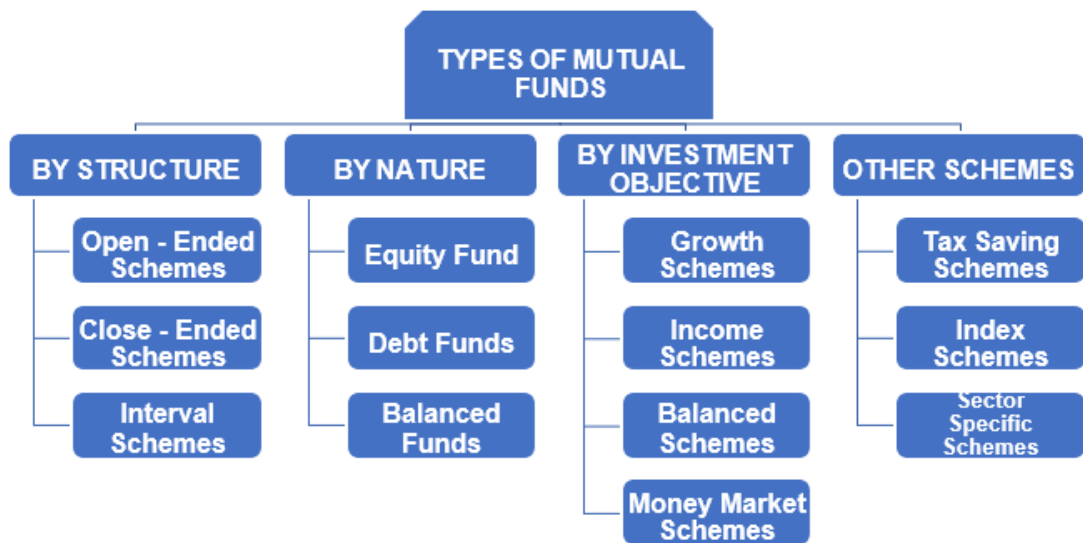


FIGURE 1.1 TYPES OF MUTUAL FUNDS

BY STRUCTURE:

Open - Ended Schemes:

An open-end fund is one that is available for subscription all through the year. These do not have a fixed maturity. Investors can conveniently buy and sell units at Net Asset Value ("NAV") related prices. The key feature of open-end schemes is liquidity.

Close - Ended Schemes:

A closed-end fund has a stipulated maturity period which generally ranging from 3 to 15 years. The fund is open for subscription only during a specified period.

Investors can invest in the scheme at the time of the initial public issue and thereafter they can buy or sell the units of the scheme on the stock exchanges where they are listed. In order to provide an exit route to the investors, some close-ended funds give an option of selling back the units to the Mutual Fund through periodic repurchase at NAV related prices. SEBI Regulations stipulate that at least one of the two exit routes is provided to the investor.

Interval Schemes:

Interval Schemes are that scheme, which combines the features of open-ended and close-ended schemes. The units may be traded on the stock exchange or may be open for sale or redemption during pre-determined intervals at NAV related prices.

BY NATURE

Equity Fund:

These funds invest a maximum part of their corpus into equities holdings. The structure of the fund may vary different for different schemes and the fund manager's outlook on different stocks. The Equity Funds are sub-classified depending upon their investment objective, as follows:

- Diversified Equity Funds
- Mid-Cap Funds
- Sector Specific Funds
- Tax Savings Funds (ELSS)

Equity investments are meant for a longer time horizon, thus Equity funds rank high on the risk-return matrix.

Debt Funds:

The objective of these Funds is to invest in debt papers. Government authorities, private companies, banks and financial institutions are some of the major issuers of debt papers. By investing in debt instruments, these funds ensure low risk and provide stable income to the investors. Debt funds are further classified as:

- ***Gilt Funds:*** Invest their corpus in securities issued by Government, popularly known as Government of India debt papers. These Funds carry zero Default risk but are associated with Interest Rate risk. These schemes are safer as they invest in papers backed by Government.
- ***Income Funds:*** Invest a major portion into various debt instruments such as bonds, corporate debentures and Government securities.
- ***MIPs:*** Invests maximum of their total corpus in debt instruments while they take minimum exposure in equities. It gets benefit of both equity and debt market. These scheme ranks slightly high on the risk-return matrix when compared with other debt schemes.

- **Short Term Plans (STPs):** Meant for investment horizon for three to six months. These funds primarily invest in short term papers like Certificate of Deposits (CDs) and Commercial Papers (CPs). Some portion of the corpus is also invested in corporate debentures.
- **Liquid Funds:** Also known as Money Market Schemes, These funds provides easy liquidity and preservation of capital. These schemes invest in short-term instruments like Treasury Bills, inter-bank call money market, CPs and CDs. These funds are meant for short-term cash management of corporate houses and are meant for an investment horizon of 1 day to 3 months. These schemes rank low on risk-return matrix and are considered to be the safest amongst all categories of mutual funds.

Balanced Funds:

As the name suggest they, are a mix of both equity and debt funds. They invest in both equities and fixed income securities, which are in line with pre-defined investment objective of the scheme. These schemes aim to provide investors with the best of both the worlds. Equity part provides growth and the debt part provides stability in returns. Further the mutual funds can be broadly classified on the basis of investment parameter

Each category of funds is backed by an investment philosophy, which is pre-defined in the objectives of the fund. The investor can align his own investment needs with the funds objective and invest accordingly.

BY INVESTMENT OBJECTIVE:

Growth Schemes:

Growth Schemes are also known as equity schemes. The aim of these schemes is to provide capital appreciation over medium to long term. These schemes normally invest a major part of their fund in equities and are willing to bear short-term decline in value for possible future appreciation.

Income Schemes:

Income Schemes are also known as debt schemes. The aim of these schemes is to provide regular and steady income to investors. These schemes generally invest in fixed income securities such as bonds and corporate debentures. Capital appreciation in such schemes may be limited.

Balanced Schemes:

Balanced Schemes aim to provide both growth and income by periodically distributing a part of the income and capital gains they earn. These schemes invest in both shares and fixed income securities, in the proportion indicated in their offer documents (normally 50:50).

Money Market Schemes:

Money Market Schemes aim to provide easy liquidity, preservation of capital and moderate income. These schemes generally invest in safer, short-term instruments, such as treasury bills, certificates of deposit, commercial paper and inter-bank call money.

Load Funds:

A Load Fund is one that charges a commission for entry or exit. That is, each time you buy or sell units in the fund, a commission will be payable. Typically entry and exit loads range from 1% to 2%. It could be worth paying the load, if the fund has a good performance history.

No-Load Funds:

A No-Load Fund is one that does not charge a commission for entry or exit. That is, no commission is payable on purchase or sale of units in the fund. The advantage of a no load fund is that the entire corpus is put to work.

OTHER SCHEMES

Tax Saving Schemes:

Tax-saving schemes offer tax rebates to the investors under tax laws prescribed from time to time. Under Sec.88 of the Income Tax Act, contributions made to any Equity Linked Savings Scheme (ELSS) are eligible for rebate.

Index Schemes:

Index schemes attempt to replicate the performance of a particular index such as the BSE Sensex or the NSE 50. The portfolio of these schemes will consist of only those stocks that constitute the index. The percentage of each stock to the total holding will be identical to the stocks index weightage. And hence, the returns from such schemes would be more or less equivalent to those of the Index.

Sector Specific Schemes:

These are the funds/schemes which invest in the securities of only those sectors or industries as specified in the offer documents. e.g. Pharmaceuticals, Software, Fast Moving Consumer Goods (FMCG), Petroleum stocks, etc. The returns in these funds are dependent on the performance of the respective sectors/industries. While these funds may give higher returns, they are more risky compared to diversified funds. Investors need to keep a watch on the performance of those sectors/industries and must exit at an appropriate time.

SELECTION PARAMETERS FOR MUTUAL FUND

Your objective:

The first point to note before investing in a fund is to find out whether your objective matches with the scheme. It is necessary, as any conflict would directly affect your prospective returns. Similarly, you should pick schemes that meet your specific needs. Examples: pension plans, children's plans, sector-specific schemes, etc.

Your risk capacity and capability:

This dictates the choice of schemes. Those with no risk tolerance should go for debt schemes, as they are relatively safer. Aggressive investors can go for equity investments. Investors that are even more aggressive can try schemes that invest in specific industry or sectors.

Fund Manager's and scheme track record:

Since you are giving your hard earned money to someone to manage it, it is imperative that he manages it well. It is also essential that the fund house you choose has excellent track record. It also should be professional and maintain high transparency in operations. Look at the performance of the scheme against relevant market benchmarks and its competitors. Look at the performance of a longer period, as it will give you how the scheme fared in different market conditions.

Cost factor:

Though the AMC fee is regulated, you should look at the expense ratio of the fund before investing. This is because the money is deducted from your investments. A higher entry load or exit load also will eat into your returns. A higher expense ratio can be justified only by superlative returns. It is very crucial in a debt fund, as it will devour a few percentages from your modest returns.

Also, Morningstar rates mutual funds. Each year end, many financial publications list the year's best performing mutual funds. Naturally, very eager investors will rush out to purchase shares of last year's top performers. That's a big mistake. Remember, changing market conditions make it rare that last year's top performer repeats that ranking for the current year. Mutual fund investors would be well advised to consider the fund prospectus, the fund manager, and the current market conditions. Never rely on last year's top performers.

Types of Returns on Mutual Funds:

There are three ways, where the total returns provided by mutual funds can be enjoyed by investors:

- Income is earned from dividends on stocks and interest on bonds. A fund pays out nearly all income it receives over the year to fund owners in the form of a distribution.
- If the fund sells securities that have increased in price, the fund has a capital gain. Most funds also pass on these gains to investors in a distribution.
- If fund holdings increase in price but are not sold by the fund manager, the fund's shares increase in price. You can then sell your mutual fund shares for a profit. Funds will also usually give you a choice either to receive a check for distributions or to reinvest the earnings and get more shares.

1.9 Process of investing in Mutual Fund:

Investors pull their money with Fund Manager



Fund Manager invest in different securities



Securities generate returns



Returns are passed back to investors

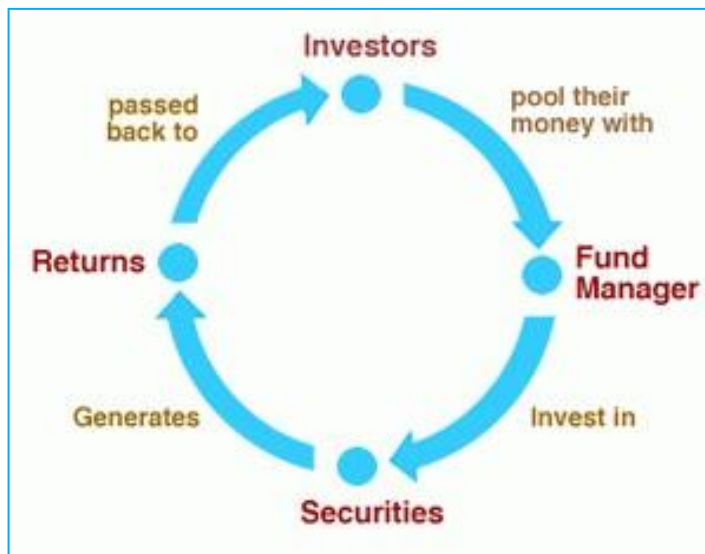


FIGURE 1.2 PROCESS OF INVESTING IN MUTUAL FUND

Tax Saving Schemes:

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1.2 INDUSTRY PROFILE

The Indian mutual funds industry is witnessing a rapid growth as a result of infrastructural development, increase in personal financial assets, and rise in foreign participation. With the growing risk appetite, rising income, and increasing awareness, mutual funds in India are becoming a preferred investment option compared to other investment vehicles like Fixed Deposits (FDs) and postal savings that are considered safe but give comparatively low returns, according to “Indian Mutual Fund Industry”.

GROWTH OF MUTUAL FUND INDUSTRY:

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 of India. The history of mutual funds in India can be broadly divided into four distinct phases.

Phase I - Establishment and Growth of Unit Trust of India 1964-87

Unit Trust of India (UTI) was established on 1963 by an Act of Parliament. It was set up by the Reserve Bank of India and functioned under the Regulatory and administrative control of the Reserve Bank of India. In 1978 UTI was de-linked from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. The first scheme launched by UTI was Unit Scheme 1964. At the end of 1988 UTI had Rs. 6,700 crores of assets under management.

Phase II – Entry of Public Sector Funds 1987-93

In 1987 marked the entry of non- UTI, public sector mutual funds set up by public sector banks and Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC). SBI Mutual Fund was the first non- UTI Mutual Fund in June 1987 followed by Can bank Mutual Fund (Dec 87), Punjab National Bank Mutual Fund (Aug 89), Indian Bank Mutual Fund (Nov 89), Bank of India (Jun

90), Bank of Baroda Mutual Fund (Oct 92). LIC established its mutual fund in June 1989 while GIC had set up its mutual fund in December 1990. At the end of 1993, the mutual fund industry had assets under management of Rs. 47,004 crores.

Phase III – Entry of Private Sector Funds 1993-96

With the entry of private sector funds in 1993, a new era started in the Indian mutual fund industry, giving the Indian investors a wider choice of fund families. Also, 1993 was the year in which the first Mutual Fund Regulations came into being, under which all mutual funds, except UTI were to be registered and governed. The erstwhile Kothari Pioneer (now merged with Franklin Templeton) was the first private sector mutual fund registered in July 1993.

Phase IV - Growth and SEBI Regulation 1996-04

The number of mutual fund houses went on increasing, with many foreign mutual funds setting up funds in India and also the industry has witnessed several mergers and acquisitions. As at the end of January 2003, there were 33 mutual funds with total assets of Rs. 1,21,805 crores. The Unit Trust of India with Rs. 44,541 crores of assets under management was way ahead of other mutual funds.

In February 2003, the UTI Act was repealed and UTI was stripped of its Special legal status as a trust formed by an Act of Parliament. The primary objective behind this was to bring all mutual fund players on the same level. UTI was re-organized into two parts:

1. The Specified Undertaking,
2. The UTI Mutual Fund. UTI Mutual Fund is still the largest player in the industry.

Phase V – Growth & Consolidation 2004 onwards

The industry has also witnessed several mergers and acquisitions recently, examples of which are acquisition of schemes of Alliance Mutual Fund by Birla Sun Life, Sun F&C Mutual Fund and PNB Mutual Fund by Principal Mutual Fund. Simultaneously, more international mutual fund players have entered India like Fidelity, Franklin Templeton Mutual Fund etc. There were 29 funds as at the end of March 2006. This is a continuing

phase of growth of the industry through consolidation and entry of new international and private sector players.

DIFFERENT PLANS THAT MUTUAL FUND OFFER

Growth Plan and Dividend Plan :

A growth plan is a plan under a scheme wherein the returns from investments are reinvested and very few income distributions, if any, are made. The investor thus only realizes capital appreciation on the investment. This plan appeals to investors in the high income bracket. Under the dividend plan, income is distributed from time to time. This plan is ideal to those investors requiring regular income.

Dividend Reinvestment Plan

Dividend plans of schemes carry an additional option for reinvestment of income distribution. This is referred to as the dividend reinvestment plan. Under this plan, dividends declared by a fund are reinvested on behalf of the investor, thus increasing the number of units held by the investors.

Automatic Investment Plan

Under the Automatic Investment Plan (AIP) also called Systematic Investment Plan (SIP), the investor is given the option for investing in a specified frequency of months in a specified scheme of the Mutual Fund for a constant sum of investment. AIP allows the investors to plan their savings through a structured regular monthly savings program.

Automatic Withdrawal Plan

Under the Automatic Withdrawal Plan (AWP) also called Systematic Withdrawal Plan (SWP), a facility is provided to the investor to withdraw a predetermined amount from his fund at a pre-determined interval

FACTORS THAT INFLUENCE THE PERFORMANCE OF MUTUAL FUND

The performances of Mutual funds are influenced by the performance of the stock market as well as the economy as a whole. Equity Funds are influenced to a large extent by the stock market. The stock market in turn is influenced by the performance of the companies as well as the economy as a whole. The performance of the sector funds depends to a large extent on the companies within that sector. Bond-funds are influenced by interest rates and credit quality. As interest rates rise, bond prices fall, and vice versa. Similarly, bond funds with higher credit ratings are less influenced by changes in the economy.

Expense Ratio

Mutual funds charge fees, sometimes high fees. A mutual fund's EXPENSE RATIO is the most important fee to understand. And is made up of the following: The investment advisory fee or management fee is the money used to pay the manager(s) of the mutual fund. This is usually taken annually as a percentage of the fund's assets.

Administrative costs are the costs of record keeping, mailings, maintaining a customer service line, etc. These are all necessary costs, though they vary in size from fund to fund. Distribution fee: This fee is spent on marketing, advertising and distribution services. Only one third of all equity, mutual funds provided returns greater than the S&P 500, and that was before fees and expenses which range from 0.5% to 2.0% and 2.0%, respectively. After adjustments were made for the riskiness of a fund, mutual funds were reported as being able to perform up to the market on gross returns, but were underperforming, as compared to the market, after the various expenses were factored in. Many analysts suggested that the average 1.3% expense ratio of mutual funds and the need for the retainment of cash as the culprits of such underperformance.

Risk

Risk can be a great ally when trying to estimate the reward potential of a stock investment. The greater the stock volatility, or risk, the greater also is the

reward. There are several new risk measurements that give guidance for selecting mutual stocks that provide higher returns for lower risk.

Time Horizon

The time horizon of an individual will also influence the performance measures he/she will look at more closely. If you are investing for less than four years, you need a fund with consistent performance, so all your money will be there when you need it. You also do not have time to earn back a large commission charge on the front end. Conversely, if you plan to invest your money for 30 years, neither consistency nor load is very important: you have plenty of time for the market to recover. With a long-term horizon, your biggest enemies can erode that all-important compounding.

Performance evaluation of mutual funds is one of the preferred areas of research where a good amount of study has been carried out. The area of research provides diverse views of the same. For instance one paper evaluated the performance of Indian Mutual Fund Schemes in a bear market using relative performance index, risk-return analysis, Treynor's ratio, Sharpe's ratio, Jensen's measure, Fama's measure. The study finds that Medium Term Debt Funds were the best performing funds during the bear period 2010 -2016 and 58 of 269 open ended mutual funds provided better returns than the overall market returns.

Another paper used Return Based Style Analysis (RBSA) to evaluate equity mutual funds in India using quadratic optimization of an asset class factor model proposed by William Sharpe and analysis of the relative performance of the funds with respect to their style benchmarks. Their study found that the mutual funds generated positive monthly returns on the average, during the study period of January 2000 through June 2005. The ELSS funds lagged the Growth funds or all funds taken together, with respect to returns generated. The mean returns of the growth funds or all funds were not only positive but also significant. The ELSS funds also demonstrated marginally higher volatility (standard deviation) than the Growth funds.

One study identified differences in characteristics of public-sector sponsored & private-sector sponsored mutual funds find the extent of diversification in the portfolio of securities of public-sector sponsored and private-sector sponsored mutual funds and compare the performance of public-sector sponsored and private-sector sponsored mutual funds using traditional investment measures.

They primarily use Jensen's alpha, Sharpe information ratio, excess standard deviation adjusted return (ESDAR) and find out that portfolio risk characteristics measured through private-sector Indian sponsored mutual funds seems to have outperformed both Public- sector sponsored and Private-sector foreign sponsored mutual funds and the general linear model of analysis of covariance establishes differences in performance among the three classes of mutual funds in terms of portfolio diversification.

Another paper examined the performance of equity and bond mutual funds that invested primarily in the emerging markets using Treynor's ratio, Sharpe's ratio, Jensen's measure. With this research they found that on an average the U.S. stock market outperformed emerging equity markets but the emerging market bonds outperformed U.S. bonds. They also found that overall emerging market stock funds under-performed the respective MSCI indexes. These were evident by their lower return, higher risk, and thus lower Sharpe ratios.

One more paper evaluated whether or not the selected mutual funds were able to outperform the market on the average over the studied time period. In addition to that by examining the strength of interrelationships of values of PCMs for successive time periods , the study also tried to infer about the extent to which the future values of fund performance were related to its past by using single index model. The study revealed that there were positive signals of information asymmetry in the market with mutual fund managers having superior information about the returns of stocks as a whole. PCM also indicated that on an average mutual funds provided excess (above-average) return, but only when unit of time period was longer (1 qtr or 4 qtr). Therefore, they concluded that for assessing the true performance of a particular mutual fund, a longer time horizon is better.

Another study aimed at analyzing performance of select open-ended equity

mutual fund using Sharpe Ratio, Hypothesis testing and return based on yield. The most important finding of the study had been that only four Growth plans and one Dividend plan (5 out of the 42 plans studied) could generate higher returns than that of the market which is contrary to the general opinion prevailing in the Indian mutual fund market.

Even the Sharpe ratios of Growth plans and the corresponding Dividend plans stand testimony to the relatively better performance of Growth plans. The statistical tests in terms of F-test and t-Test further corroborate the significant performance differences between the Growth plans and Dividend plans.

A similar study examined the empirical properties of performance measures for mutual funds using Simulation procedures combined with random and random-stratified samples of NYSE and AMEX securities and other performance measurement tools employed are Sharpe measure, Jensen alpha, Treynor measure, appraisal ratio, and Fama-French three-factor model alpha. The study revealed that standard mutual fund

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This provided a benchmark to gauge mutual fund performance. Comparisons of their numerical results with those reported in actual mutual fund studies raised the possibility that reported results were due to misspecification, rather than abnormal performance. Finally, the results indicated that procedures based on the Fama-French 3-factor model were somewhat better than CAPM based measures. Another paper, analyzed the Indian Mutual Fund Industry pricing mechanism with

empirical studies on its valuation. It also analyzed data at both the fund- manager and fund-investor levels. It stated that mispricing of the Mutual funds could be evaluated by comparing the return on market and return on stock. During the pricing period, if the return on stock is negative, then it indicates overpricing and if are positive indicates underpricing. Relative performance measurement was used to measure the performance of the MF with Sensex and it used Standard Deviation, beta analysis, Sharpe ratio. This study revealed that standard deviations of the 3-month returns were significant with the increase in the period.

1.3 NEED FOR THE STUDY:

The main purpose of doing this project to know about mutual fund and its functioning. This helps to know the detail of mutual funds industry from its inception stage, growth and future prospects. It also helps in understanding different schemes of mutual funds, because my study is based on comparative analysis on private and public sectors.

Mutual fund is one of the most desirable investments for small investors because they offer the opportunity to invest in relatively low-cost, diverse and professionally managed investments. The recent trend in the mutual fund industry is the active expansion of foreign investment fund companies and the reduction of state-owned banks and small private companies. The growth and development of various investment fund products in Indian capital markets has proven to be one of the most catalytic tools to promote capital market growth.

1.4 OBJECTIVES FOR THE STUDY:

Primary objectives:

- To analyze the growth and progress of the Mutual Funds in India
- To analyze the relative performance of the select Mutual Funds

Secondary objectives:

- To assess the difference in the performance of the select schemes across the public and private sector funds.
- To compare the performance of public and private sector mutual funds in India.
- To analyze perception of investors towards mutual funds.

1.5 SCOPE FOR THE STUDY:

Mutual fund is a very wide area in the investment and it is not an easy task to cover all aspect in the mutual fund schemes, of all those schemes researcher intends to undertake only Technology fund as a whole to know the performance, whether it is outperforming or underperforming. Thus, the study covers the Indian scenario of mutual funds in terms of gross mobilization, over the study period and performance evaluation of selected companies. Year-wise analysis of mutual fund in India has been made.

1.6 LIMITATIONS OF STUDY:

- The study confined only public and private sector mutual funds in India.
- The study is covers only from 2017-2021.
- The study is based only the secondary sources of information.
- A symmetry problem of timing for getting equal times results of mutual fundswas the main problem.
- The study covers only the two aspect i. e. gross mobilization of funds andreturn of mutual funds in India.

CHAPTER-2

REVIEW OF LITERATURE

2.1 REVIEW OF LITERATURE:

Sarkar (1991): analyzed common asset execution assessment philosophy and brought up that Sharpe and Treynor's exhibition estimates rank common supports comparatively on execution inspite of their disparities in approach.

Droms and Walker (1994): Studied global assets for the time of 1971-1990 and presumed that most of worldwide assets failed to meet expectations the U.S. market

Thiripalraju (1997): investigated that the exhibition of private area reserves. They aggregated and broke down the month to month normal return and standard deviation of 10 chose private area reserves. The examination uncovered that regarding the pace of return, 5 assets viz., Partnership 95, ICICI Force, Kothari Prima, Kothari Pioneer Blue Chip and Morgan Stanley Development Asset beat the market, during the time of correlation. The examination likewise showed that, all things considered, execution of an asset isn't firmly connected with its size.

Statman, Meir (2000): The stresses that, socially mindful contributing must be taken as an apparatus by the corporations. They further recognized that, socially capable stocks out-performed while socially capable shared assets

Nicolas Bollen (2001): In their paper named "On the Circumstance Capacity of Common Asset Chiefs Busse (2000) contend that the current investigations of shared asset market timing examine month to month returns and discover little proof of timing capacity. It is shown that every day tests are minimal incredible and that shared subsidizes display critical planning capacity more regularly in day by day tests than in month to month tests. A set of engineered store returns is developed to control for helpless outcomes. The day by day timing co-efficients of the dominant part of reserves are fundamentally unique in relation to their manufactured partners.

These 54 outcomes recommend that common assets may have more planning capacity than recently reported.

Plantinga and Groot (2001): look at how much execution measures can be utilized as options for inclination capacities. The examination comprised of Sharpe proportion, Sharpe's alpha, the normal return measure, the Fouse record, the Sortino proportion and the potential gain likely proportion. It was tracked down that the initial three measures compare to the tendencies of financial backers with a low level of hazard avoidance, while the last three estimates match to the inclinations of financial backers with medium and high levels of hazard avoidance. Along these lines, the decision of the reasonable presentation measure ought to be controlled by the inclination capacity of the financial backer.

Rao (2003): Rao contemplated the exhibition assessment of Indian common assets in bear market through relative execution. He tracked down that a large portion of the shared asset schemes had the option to fulfill financial backer's assumptions by giving overabundance returns over anticipated returns.

Bala and Matthew (2003): In their paper both were titled "Assessing shared assets in a developing business sector: factors that make a difference to monetary counselors" have attempted to distinguish the ascribes which monetary guides consider moderately significant in a common fund. Through an overview of past literature, they distinguished variables that add to the exhibition of a shared asset.

Cuthbertson(2006):They discovered common assets are like those for value shared assets and speculative stock investments. Study proposes that financial backers should hold minimal effort record reserves and abstain from holding misfortune making reserves.

Acharya and Sidana (2007): attempted to characterize hundred common assets utilizing group examination and utilizing a large group of models like the 1 year complete return, 2, 3, 5 years annualized return, alpha, beta, R-squared, Sharpe's proportion, mean and standard deviation etc.,The information is gotten from Worth exploration online.They do discover confirmations of irregularities

between the speculation style/target order and the return acquired by the asset.

Navdeep and Mohit (2007): The examination was led utilizing CAPM and FAMA French model and presumed that the worth option of the asset relies upon specific factors, for example, overabundance market returns, size factor, esteem factor and propose that profits procured by Shared assets were in reality because of the openness of these elements just and reserve chiefs didn't add any esteem.

Fama and French(2008): tracked down that common asset produces portfolio closes to the market portfolio yet with significant expense of dynamic administration that appears unblemished as lower return.

Soumya Guha Deb(2008):He" has recommended that in her assessment of asset supervisors Execution assessment of common assets in India with extraordinary reference to chosen monetary Page tracked down that Indian value reserve administrators have not had the option to beat their style benchmarks (William Sharpe proportion) overall and brought up the shortcomings of asset chiefs

Agrawal and Patidar (2009): He considered the experimentally testing based on reserve chief execution and examining information at the asset supervisor and asset financial backer levels. The examination uncovered that the presentation is influenced by the saving and speculation propensities for individuals and at the second side the certainty and unwaveringness of the asset Chief and prizes influences the exhibition of the MF business in India.

Debasish (2009) :considered the exhibition of chose plans of shared supports dependent on danger and return models and measures.The study covered the time frame from April 1996 to Walk 2005 (nine years).The study uncovered that Franklin Templeton and UTI were the best entertainers and Birla Sun Life, HDFC and LIC common assets showed terrible showing.

Paulo Arm ada Leite and Maria Ceu Cortez. (2009): in their paper named "Molding data in shared asset execution assessment; Portuguese proof" assessed

and analyzed the presentation of Portuguese-based common supports that put resources into 56 the homegrown market and in the European market utilizing unlimited and restrictive models of execution assessment. The outcomes propose that shared asset chiefs can't beat the market, introducing negative or nonpartisan execution. The fuse of molding data in execution assessment models is upheld by their discoveries, as it improves the illustrative force of the models and there is proof of both time-shifting betas and alphas identified with the public data factors. It is additionally shown that the number of slacks to be utilized in the stochastic detrending system is a basic decision, as it will affect the importance of the molding data. Also, we notice a distance impact, since directors who contribute locally appear to outflank the individuals who put resources into the European market. Notwithstanding, in the wake of controlling for public data, this impact is marginally decreased. Furthermore, the outcomes propose that survivorship predisposition smally affects execution gauges.

Parihar, Rajeev and Deepika (2009): led an examination on dissecting financial backers' mentality towards common assets as a speculation alternative and found that larger part of financial backers have still not shaped any demeanor towards common asset ventures. The fundamental explanation for this has been seen to be absence of attention to financial backers about the idea and working of the shared assets. They inferred that segment factors are concerned; age, sex and pay have been found impacting the mentality of financial backers towards common assets fundamentally. Though, incredibly, the other two segment factors (instruction and occupation), have not been found impacting the demeanor of financial backers towards common assets. They likewise broke down that advantages conveyed by the shared assets are concerned; return potential and liquidity have been seen to be the most alluring by the financial backers, trailed by adaptability, reasonableness and straightforwardness.

Sathya Swaroop Debashish (2009) :estimated the presentation of value based common assets in India. There was an investigation of 23 plans over a time of April 1996 to Walk 2009 (13 years) utilizing different danger changed measures. The outcomes show that UTI, Franklin Templeton, Prudential ICICI (in private area) and SBI have out-played out the market portfolio with positive qualities, while Birla

SunLife, HDFC and LIC common assets showed a poor less than ideal execution when estimated against the danger return relationship models and measures.

Anitha (2011): Says the exhibition of private and public area common assets for a time of two years (2005-2007). Chosen reserves were considered utilizing Factual estimates like Mean, Fluctuation, Co-difference and Standard Deviation. The presentation of the multitude of chose reserves has displayed instability during time of study driving it to a troublesome circumstance to dole out one specific asset that would outflank the others reliably.

Ramesh and Dhume (2011) :examined the presentation of area subsidizes which were Banking, Foundation, FMCG, Innovation and Drug. The investigation zeroed in on various execution measures. The discoveries of study found that all the aside from the framework area reserves, other assets have outperformed the market

Garg(2011): Inspected the exhibition of top ten shared supports that was chosen based on earlier years return. The examination investigated the presentation based on return, standard deviation, beta just as Treynor, Jensen and Sharpe files. The investigation likewise utilized Carhart's four-factor model for break down the presentation of shared assets. The outcomes uncovered that Dependence Customary Saving Plan Asset had accomplished the most elevated last score and Canara accomplished the least last score in the one year class.

Deepak Agarwal (2011) :is directing test on the presentation estimation of shared asset made in 1992 by the advancement of capital business sectors and monetary guideline in India. Here, shared assets are a significant supporter of the globalization of monetary business sectors. It streams to the economy. The overview uncovered that presentation is impacted by individuals' reserve funds and speculation propensities and develops at a level with the dedication and certainty of the chief.

J.S. and O.S. Yadav (2012) :In their examination of correlation between Shared Assets and Unfamiliar Institutional Financial backers, it was discovered that

however the India is an alluring objective for speculation by Unfamiliar Institutional Financial backers, ventures made by the common assets were more prominent than venture made by FII's, during the downturn MF industry has assumed a crucial part in pushing the economy upward while FII's .

Patel and Prajapati (2012): assessed the presentation of common assets in India utilizing relative execution lists, Treynor's and Sharpe's proportion, hazard return investigation, Jensen's action, and Fama's action and reasoned that the vast majority of the shared assets have given positive return during the time of study

Narayana Rao(2012): Common asset industry today is quite possibly the most appealing venture roads in India. Common asset is a wise venture choice for the medium and little financial backers who have restricted assets and don't have proficient information about securities exchange and other speculation openings. Shared assets are the huge monetary middle person gathering reserves principally from little financial backers and putting them in monetary market protections. A common asset is a venture organization or trust that pools the assets of thousands of its investors or unit holders and contribute it for the benefit of these expanded protections and a cross part of organizations to accomplish the goals of the financial backers.

Sahiljain (2012):A shared asset is an expertly overseen sort of aggregate speculation conspire that pools cash from numerous financial backers and puts it in stocks, securities, momentary currency market instruments and other protections.

Dhanda and et al (2012):Studied the "Execution Assessment of Chose Open Finished Shared Assets in India" and assessed the exhibition of chose open finished plans as far as danger and bring relationship back. For this pace of return technique, Beta, Standard Deviation, Sharpe proportion and Treynor proportion were utilized has been utilized as a benchmark to consider the presentation of common assets in India.

Nimalathan and Gandhi (2012) considered "Common Asset Monetary Execution Examination - A Relative Report on Value Broadened Plans and Value Mid-Cap Plans" and zeroed in on the monetary execution investigation of shared

asset plans (value enhanced plans and value mid-cap plans). The aftereffects of the examination work worried among the Open finished – charge saving plans, Canara Robeco Value Expanded was liked and positioned top most, simultaneously among the Open finished – Midcap plans, HDFC Capital Manufacturer was liked and positioned top through different instruments.

Kalpesh, Mahesh (2012)⁹ assessed that the exhibition assessment of Indian common assets is helped out through relative execution record, hazard return investigation, Treynor's proportion, Sharpe's proportion, Sharpe's action, Jensen's action and Fama's measure. The information utilized is every day shutting NAVs. The wellspring of information is site of Relationship of Shared Assets in India (AMFI). The study period is first Jan 2007 to 31st Dec 2011. The consequences of execution measures propose that a large portion of the shared asset have given positive return during 2007 to 2011.

Ravi vyas and suresh Chandra moonat (2012) Indian Diary of Account, Vol. 6 No. 8, "Discernment and conduct of Common Supports Financial backers in Madhya Pradesh" reasoned that the profoundly unpredictable assets are hazardous and therefore the asset chief should gather all conceivable data prior to making a speculation. A cautious and sensible enhancement of interest in shared assets ought to be done on the financial backer's part to adjust the danger engaged with venture. Furthermore, recommended that financial backers ought to teach the propensity for saving consistently thus, that the little reserve funds will develop into a major returns.

Sharma(2013):He dissected the impression of financial backers with respect to factors like liquidity, security, charges quality, return and tax break.

Priyanka Bhatt and Vijay (2014): In this article they says made execution examination of the six chose value reserves and inferred that every one of the assets have performed well during the investigation time frame. They likewise called attention to that the fall in the CNX Clever during the year 2011 has affected the exhibition of the relative multitude of chose reserves. In the inevitable investigation, they reasoned that it is basic for financial backers and imminent financial backers to

consider these boundaries like Sharpe proportion and treynor proportion alongside beta and standard deviation as have given explicit execution assessments from different measurement to make certain consistent presentation of common assets in India.

Khan(2014):In this article dissected that issue and prospect of shared assets in India. The examination the decrease on operational abilities and innovation up degree is required.

Megha Pandey (2014) :is leading near investigations of the exhibition of shared assets and list finances effectively oversaw in India. Dynamic administration reserves consistently cover with latent administration reserves or lists. In this examination, reserves manage a near investigation between the performance of both effectively and latently oversaw reserves. The T-test has been applied to this examination and has been appeared to produce more income through effectively oversaw reserves

Syed Husain Ashraf and Dhanraj Sharma(2014), in his article made the danger return investigation and point out that out of 10 plans 3 have fail to meet expectations the market, 7 are found to have lower all out hazard than the market and every one of the plans have given returns higher than hazard free rates. The Treynor proportion of the relative multitude of common finances conspire have over played out the benchmark market record and Sharpe proportion of 3 common finances plot failed to meet expectations the benchmark market list. They additionally presumed that the consequence of relapse investigation recommends that benchmark market return record essentially affects common asset return at 5% degree of importance.

Dr.S.Vasanthal, Uma maheswari (2014):A shared asset is a pool of cash gathered from numerous little financial backers which is expertly overseen by the portfolio supervisors. It is a kind of aggregate venture plot and puts it different protections, for example, in stocks, securities and transient currency market instruments. The exhibition of the asset relies on the financial state of the country and the world overall.

Kalpesh Prajapati (2015). Mutual Assets have become a generally mainstream and viable route for financial backers to take an interest in monetary business sectors in a simple, ease style, while quieting hazard attributes by spreading the speculation across various kinds of protections, otherwise called expansion.

RBI (2017): In its Starter Appraisal on Macroeconomic Effect of Demonetisation, uncovered that decrease in store loan fees by banks after demonetisation upgraded the general engaging quality of obligation situated shared assets (MFs). Therefore, there were net inflows in pay/obligation plans during November 2016-January 2017 rather than net surges during November 2015-January 2016. This was reflected in a sharp expansion in the general assets assembled by common assets during November 2016-January 2017 rather than surges in a similar time of a year ago.

M. Gowri and Malabika Deo (2016)⁵, in their investigation endeavored to assess the presentation of asset of assets based on hazard changed techniques. An investigation performed on the example of value situated asset of common assets showed that all the asset of assets in the example acquired negative returns in overabundance of the danger free pace of return offered by 91 days depository bill. The examination of paces of return of the benchmark list and the example of asset of assets demonstrated that greater part of the value asset of assets remembered for the example had failed to meet expectations the benchmark. Such outcomes may be a result of twofold layer of expenses. The outcomes uncovered that the exhibition of asset of assets had posted a negative Sharpe, Treynor, and Jensen alpha. The underperformance of asset of shared subsidizes unequivocally clarified the twofold layer of expenses.

Megharaja B and Chalawadi CI (2017): In their investigation chose areas value shared asset to quantify their presentation regarding danger and returns base as contrasted and benchmark return in the market alongside hazard free pace of return multi day T-bill. The investigation uncovered that lion's share of chosen plans performed better compared to the market.

Joshua Pollet, Mungo Wilson (2018): in their paper titled address the issues related to size of fund that affects the mutual fund behaviour. They found that if actively managed mutual funds suffer from diminishing returns to scale, funds should alter investment behavior as assets under management increase. Although asset growth has little effect on the behavior of the typical fund, they find that large funds and small-cap funds diversify their portfolios in response to growth. Greater diversification, especially for all-cap funds, is associated with better performance. Moreover, Fund family growth is related to the introduction of new funds that hold different stocks from their existing siblings. Funds with many siblings diversify less rapidly as they grow, suggesting that the fund family may influence a fund's portfolio strategy.

Michael Millstone (2018): in his dissertation for Ph.D titled "Mutual Funds: A study of selected attributes on long term performance", has examined three specific mutual fund attributes and their affect on predicting overall mutual fund performance. This study added to the existing literature by introducing new evidence on the causal effects of selected mutual fund attributes on total mutual fund performance by using: (a) different time periods, (b) different attributes, and (c) more recent data. The results of this study address some contradictory conclusions from previous studies and add new data regarding seldom used mutual fund attributes in determining total mutual fund performance. This study found that two of the three mutual fund attributes examined (Sharpe Ratio and management tenure) did affect total mutual fund performance and were statistically significant for a majority of the years examined. The findings are consistent with past researchers who found that selected mutual fund attributes do affect mutual fund performance; however, the degree of prediction power is relatively small. Results show that although all three attributes show evidence of affecting mutual fund performance, the combined effects of all the independent variables is greater. This may be interpreted that these three attributes, used together with other attributes may be worthwhile factors in explaining mutual fund performance. The data suggests there is some element of causation, but the effect on variability is small enough to suggest that these attributes alone are not enough to be used as the sole basis for individual investor mutual fund selection without considering the variety of other factors available.

DavidNanigian (2020): he says shown that many empirical studies on mutualfund performance have led investors to believe that a negative relationship exists between expenses and performance. This paper shows how there are econometric problems with the regressions that are commonly employed in these studies. These problems have negatively biased investors' perceptions o f actively managed funds,which motivates the need to consider factors other than expenses or adherence to a passive management strategy in one's mutual fund selection framework. The literature on such factors that predict fund performance is also reviewed.

Treynor and Mazuy (2020): studied and evaluated the performance of 57 fundmanagers on the basis of their abilities in identifying right market timings. The research showed that, investors were reliant on fluctuations in the market. Improvement in the return was due to the fund managers' ability to identify opportunity in under-priced stocks.

CHAPTER-3

RESEARCH METHODOLOGY

3.1 RESEARCH METHODOLOGY:

Two shared assets viz. public area common assets and private area shared assets have been chosen with the end goal of this investigation. Both the common assets in their individual business are assuming the essential part in the Indian economy. The examination depends on the optional wellsprings of data which is gathered from the different related truth books along with the AMFI, SEBI, distributed yearly reports, manuals and other office records. Altering, arrangement and organization of the monetary information which has been gathered Analysis of return between the Public and Private Sector Mutual Funds 61 from the previously mentioned sources have been done according to the prerequisite of the examination. To investigate the gathered information of both the classifications of assets, mean, rate and connection coefficient have been applied. To quantify the degree of distinction between different boundaries of study in regards to common assets with their unique reference to activation of asset, repurchase/reclamation, combined net resources position, net in/out progression of the two areas of shared supports industry i.e., private area common assets and public area shared assets, they will be worked out as a level of the distinction of the estimation of the factors among public and private area shared assets as proportion of total esteem. The motivation behind the development is to see whether the hole between two areas is changing over time of study (2017-2021). It is appropriate to give graphical introduction of the changing example in the hole, to have and thought regarding the variances in hole. The examination through return is considered as a non-parametric strategy and progressed factual methods are not thought of suitable as hole between two arrangements of common assets (public and private), on the factors are required to be very enormous.

3.2 SAMPLING PLAN:

The selection of the sample from the total mutual fund sectors from public sector and private sector is discussed with growth of return.

3.3 SOURCES OF DATA:

The study is based on secondary data. The data was collected by SEBI handbooks, amfindia.com, journals and publications.

3.4 PERIOD OF STUDY:

The study covers from December 2020 to March 2021.

3.5 SAMPLE SIZE

Based on the return values, the 10 Top leading Mutual Funds which has growth return in market standards, where taken for analytical purpose

3.5.1 SBI MUTUAL FUNDS:

It was incorporated in 1987 with its corporate head office located in Mumbai, India. SBIFMPL is a joint venture between the State Bank of India, an Indian public sector bank, and Amundi, a European asset management company. A shareholder agreement in this regard has been entered on April 13, 2011, between SBI & AMUNDI Asset Management. Accordingly, SBI currently holds 63% stake in SBIFMPL and the 37% stake is held by AMUNDI Asset Management through a wholly owned subsidiary, Amundi India Holding. SBI & AMUNDI Asset Management shall jointly develop the company as an asset management company of international repute by adopting global best practices and maintaining international standards.

3.5.2 UTI MUTUAL FUNDS:

UTI Mutual fund was carved out of the erstwhile Unit Trust of India (UTI) as a Securities and Exchange Board of India (SEBI) registered mutual fund from 1 February 2003. The Unit Trust of India Act 1963 was repealed, paving way for the bifurcation of UTI into: Specified Undertaking of Unit Trust of India (SUUTI) and UTI Mutual Fund (UTIMF). T Rowe Price Group Inc (TRP Group), through its wholly owned subsidiary T. Rowe Price Global Investment Services Ltd. (TRP), has acquired a 26% stake in UTI Asset Management Company Limited (UTI AMC). UTI Mutual Fund is the oldest and one of the largest mutual funds in India with over 10 million investor accounts under its 230 domestic schemes/plans as of September 2017.

UTI Mutual Fund has a nationwide distribution network, which is spread across the length and breadth of the country. Its distribution network comprises over 48,000 AMFI/ NISM certified Independent Financial Advisors and 174 Financial Centers.^[1] UTI Mutual Fund has been the pioneer for launching various schemes viz

3.5.3 LIC MUTUAL FUNDS:

One of the most recognized and trusted players in the asset management market, LIC Mutual Fund is an associate company of Life Insurance Corporation of India. It has 90.06% investment in the Indian Stock market, of which 87.62% is in large-cap stocks, and 2.43% is in mid-cap stocks.

IDBI Capital Markets & Securities Ltd. (formerly known as "IDBI Capital Market Services Limited"), a wholly owned subsidiary of IDBI Bank, is a fully integrated financial services provider catering to retail, institutional and corporate clients. Incorporated in December 1993, today it has a net worth of around INR 3 billion and employs over 200 employees in 15 branches across India

3.5.4 BARODA MUTUAL FUND:

Baroda mutual fund is an Indian government owned banking and financial services company. It is the third largest government owned bank in India, with 131 million customers, a total business of US\$218 billion, and a global presence of 100 overseas offices. Based on 2019 data, it is ranked 1145 on Forbes Global 2000 list.

The government of India announced the merger of Bank of Baroda, Vijaya Bank and Dena Bank on September 17, 2018, to create the country's second largest lender. The amalgamation is the first-ever three-way consolidation of banks in the country, with a combined business of Rs14.82 trillion (short scale), making it the third largest bank after State Bank of India (SBI) and ICICI Bank.

3.5.5 ADITYA BIRLA SUNLIFE MUTUAL FUND

known as Birla Sun Life Asset Management Company Limited, is an investment managing company registered under the Securities and Exchange Board of India. It is a joint venture between the Aditya Birla Group of India and the Sun Life Financial Inc. of Canada. The company offers sector specific equity schemes, fund of fund schemes, hybrid and monthly income funds, debt and treasury products and offshore funds.

3.5.6 AXIS MUTUAL FUND:

Axis Mutual Fund is an asset management company in India. It was established in 2009 and is headquartered in Mumbai. Axis Mutual Fund offers various types of mutual fund schemes to invest in India, such as equity funds, hybrid funds, debt

3.5.7 HDFC MUTUAL FUND:

They offer comprehensive suite of savings and investment products across asset classes, which provide income and wealth creation opportunities to our large retail and institutional customer base of 9.1 million live accounts. We have a dominant position in equity investments, with the highest market share in actively managed equity-oriented funds. Their strengths lie in delivering simple and accessible investment products for the average Indian household. We are the most preferred choice for retail investors, with the highest market share in assets from individual investors. Over one in four Indian mutual fund investors have invested in at least one of our schemes. Their offering of systematic transactions further enhances our appeal to individual customers looking to invest periodically in a disciplined and risk-mitigating manner. Our schemes have weathered multiple market cycles and carry track records of up to 25 years. We work with diverse sets of distribution partners which helps us expand our reach. We currently have over 65 thousand empanelled distributors which include mutual fund distributors, national distributors and banks. We serve our customers and distribution partners in over 200 cities through our network of 224 branches and 1,163 employees. Their highly stable Management has steered the company since its inception

3.5.8 KOTAK MUTUAL FUND:

Kotak Mutual Fund is a wholly owned subsidiary of Kotak Mahindra Bank Limited, and was established in December 1998. And is currently the 5th largest mutual fund house in the country with more than 2.37 lakh crore Assets Under Management. It currently operates out of 86 branches in India with headquarter based in Mumbai, and has around 75 lakhs investor accounts, with a strong distribution network across the country with more than 50000 empaneled distributors. It provides wide range of product which can cater to all types of investor with varied risk profiles. And is currently managing more than 73000 of Equity Assets. Kotak FlexiCap Fund – Which was earlier known as Kotak Standard Multicap Fund is currently the largest equity fund of india, with more than 35000 Cr of Assets Under Management.

ANALYTICAL TOOL:

- Return analysis
- Performance analysis
- Standard deviation
- Sharpe ratio
- Beta

CHAPTER-4

DATA ANALYSIS AND INTERPRETATION

4.1 ANALYSIS OF MUTUAL FUND:

Mutual fund performance can be analyzed through performance measurement ratios which are used in portfolio analysis. We here are using Sharpe ratio to evaluate mutual funds and rank accordingly. Composite portfolio performance measures have the flexibility of combining risk and return performance into a single value. The most commonly used composite measures are Sharpe measures. While, the measures only the systematic risk summarized Sharpe concentrates on total risk of the mutual fund.

TABLE 4.1

GROSS MOBILIZATION BETWEEN PRIVATE AND PUBLIC SECTOR:

Years	Public sector	Private sector
2017-2018	6,336,774.07	1,459,185.49
2018-2019	6,160,190.54	1,391,280.67
2019-2020	176,583.53	67,904.81
2020-2021	2,621,838.42	542,275.30
Total in %	82.86%	17.14%

Sources Secondary Data

4.2 Return Analysis of Select Public and Private Mutual Fund Companies

The return is the major parameter for the evaluation of the performance of any Company as the investors make investment with the hope of earning higher return. Whenever the schemes are launched the Mutual Fund Companies disclose the various aspects relating to the schemes like investment objective, Liquidity, Benchmark Index, NAV, Entry and Exit Loads etc., to enable the investor to make an informed investment decision. The Return for the Dynamic Bond Fund offered by both Public Sector Mutual Fund Companies and Private Sector Mutual Fund Companies are calculated on the basis of opening and closing NAVs for each period.

Public Sector Mutual Funds

There are 5 Public Sector Mutual Fund Companies operating in India as on 2018-2021. All the 6 Public Sector Funds have been taken for the study. The returns and the mean return are presented for the Public Sector Mutual Funds in the below table.

TABLE 4.2 Return Analysis of Public sector mutual funds

NAME OF THE MUTUAL FUND	2018-2019	2019-2020	2020-2021	AVERAGE
SBI mutual fund	-4.09	11.64	52.19	19.91333
UTI mutual fund	-0.39	11.56	46.10	19.09
LIC mutual fund	0.71	14.99	31.26	15.65333
IDBI mutual fund	-5.88	12.71	44.09	16.97333
Baroda mutual fund	-3.86	12.10	44.55	17.59667

Sources: Secondary Data

4.3 Return Analysis of Private Sector Mutual Funds

There are 35 Private Sector Mutual Fund Companies operating in India as on 2018-2021. Among them 5 Companies are selected for the purpose of evaluation and these companies are selected on the basis of Average Assets under management. The returns and the mean return are presented for the Private Sector Mutual Funds in the below table.

TABLE 4.3 Return Analysis of Private Sector Mutual Funds

NAME OF THE MUTUAL	2018-2019	2019-2020	2020-2021	AVERAGE
Aditya birla sun life mutual fund	-2.89	7.64	47.07	17.2733
Axis mutual fund	6.51	18.57	33.66	19.58
HDFC mutual fund	0.13	7.70	50.93	19.58667
Kotak mutual fund	-2.09	14.20	49.77	20.62667
Nippon India mutual fund	-0.20	7.25	45.04	17.36333

Sources: Secondary Data

TABLE 4.4 COMPARAING ANALYSIS BETWEEN ADITYA BIRLA SUN LIFE AND SBIMUTUAL FUND

NAME OF THE MUTUAL	2018-2019	2019-2020	2020-2021	AVERAGE
Aditya birla sun life mutual	-2.89	7.64	47.07	17.2733
SBI mutual fund	-4.09	11.64	52.19	19.91333

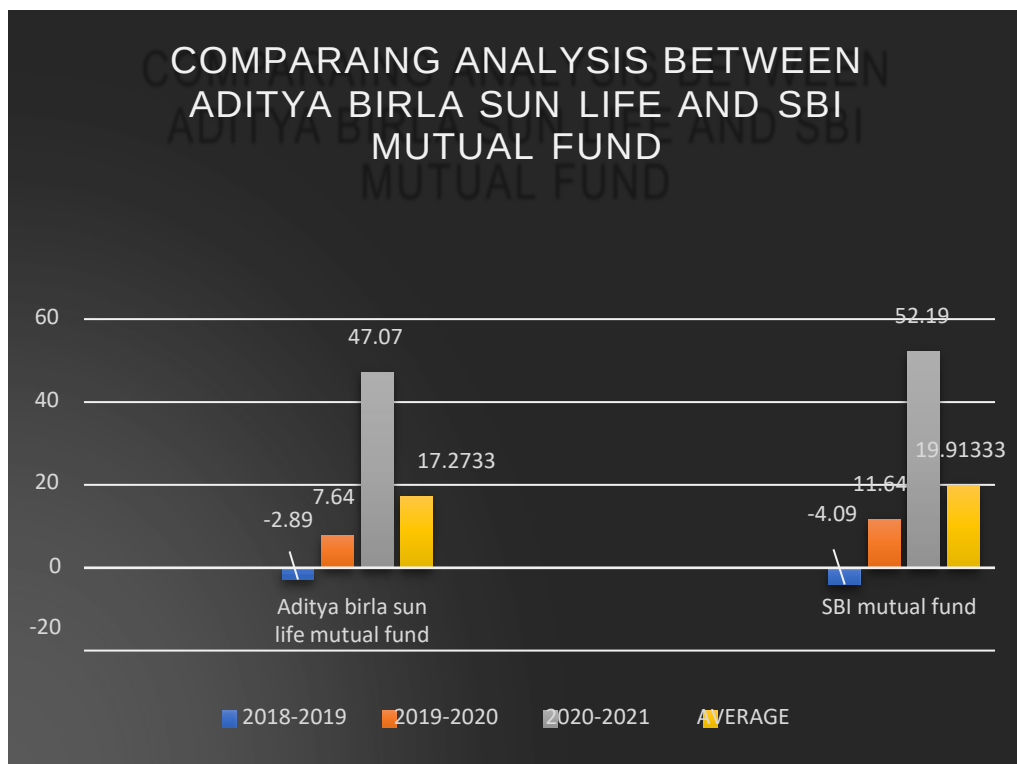


CHART 4.1 COMPARING CHART BETWEEN ADITYA BIRLA'S SUNLIFE AND SBIMUTUAL FUNDS

INTERPRETATION:

In the above outline, contrasting variance between the Aditya birla and sbi shared funds.it shows that the sbi has exceptional return in 2018-2021.thus this graph says that the public area has exceptional yield.

TABLE 4.5 COMPARING ANALYSIS BETWEEN AXIS AND UTI MUTUAL FUND

NAME OF THE MUTUAL	2018-2019	2019-2020	2020-2021	AVERAGE
Axis mutual fund	6.51	18.57	33.66	19.58
UTI mutual fund	-0.39	11.56	46.10	19.09

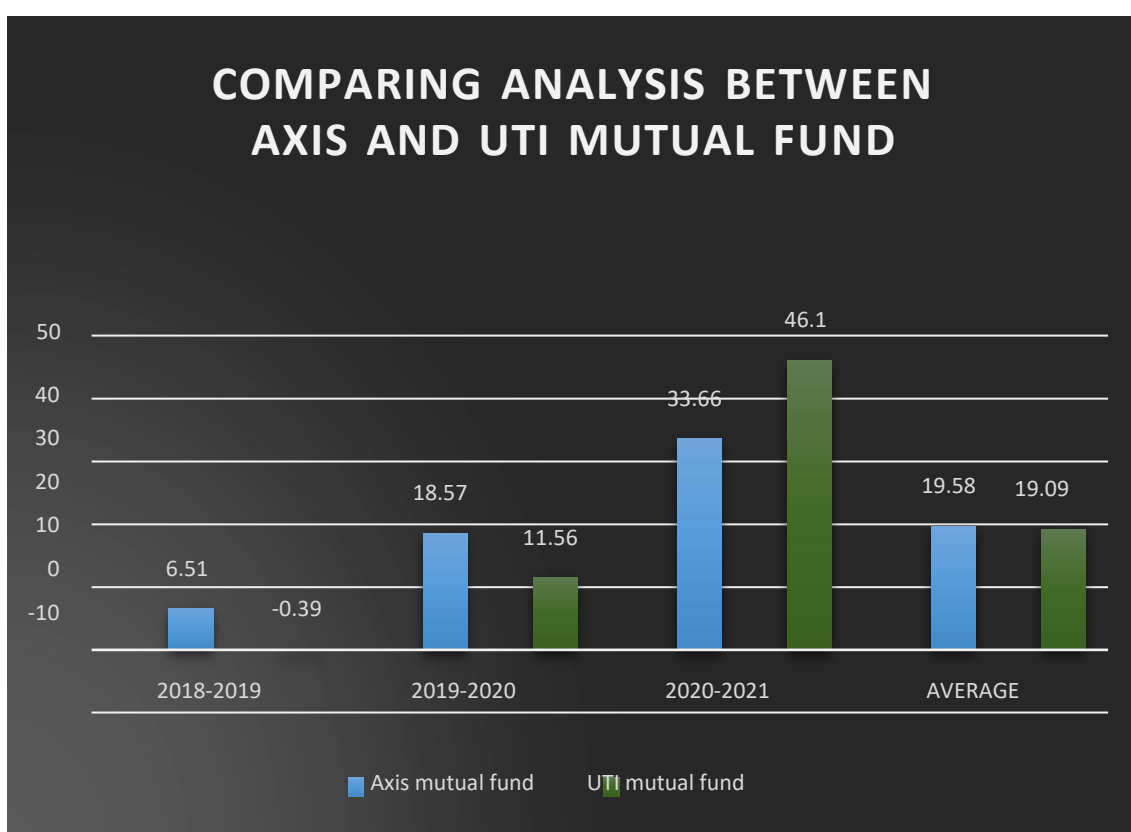


Chart 4.2 COMPARING CHART BETWEEN AXIS AND UTI MUTUAL FUNDS

INTERPRETATION:

In the above graph, the variable shows that the return in 3 years of pivot and UTI shared asset, the exceptional return has happened in open area with the average of 19.09.

TABLE 4.6 COMPARING ANALYSIS BETWEEN HDFC AND LIC MUTUAL FUND

NAME OF THE MUTUAL FUND	2018-2019	2019-2020	2020-2021	AVERAGE
HDFC mutualfund	0.13	7.70	50.93	19.58667
LIC mutualfund	0.71	14.99	31.26	15.65333

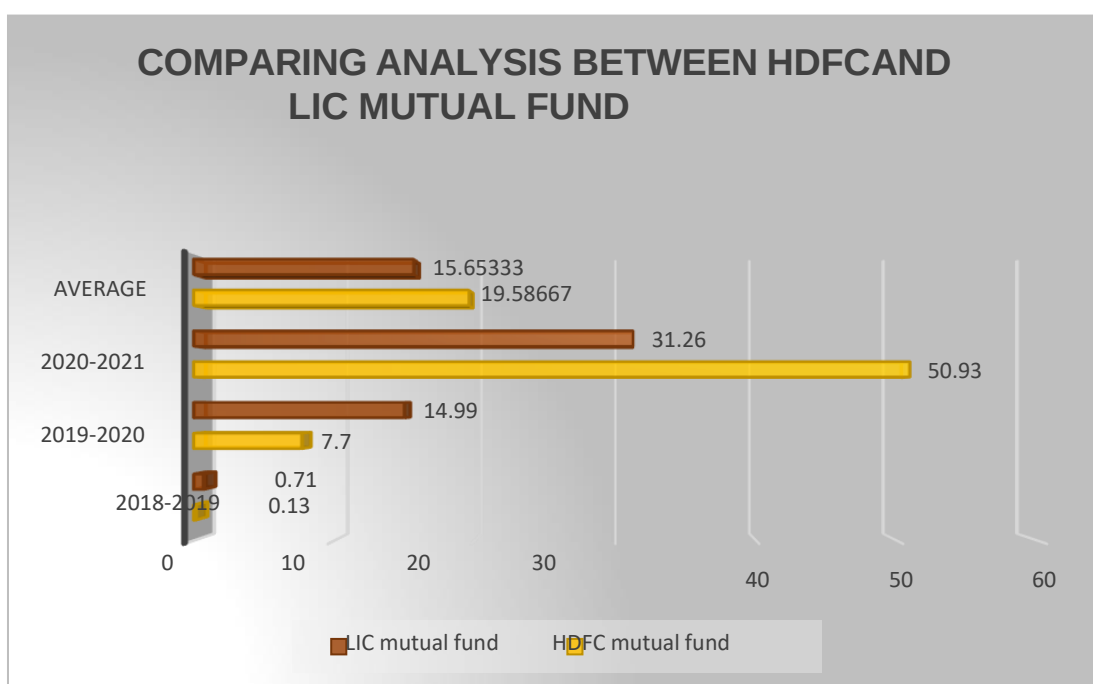


CHART 4.3 COMPARING CHART BETWEEN HDFC AND LIC MUTUAL FUNDS

INTERPRETATION:

In the above graph, it shows the fluctuation between HDFC mutual fund and LIC mutual fund with the average of 19.58. hence this graph shows the return in privatesector.

TABLE 4.7 COMPARING ANALYSIS BETWEEN KOTAK AND IDBI MUTUAL FUND

NAME OF THE MUTUAL FUND	2018-2019	2019-2020	2020-2021	AVERAGE
Kotak mutual fund	-2.09	14.20	49.77	20.62667
IDBI mutual fund	-5.88	12.71	44.09	16.97333

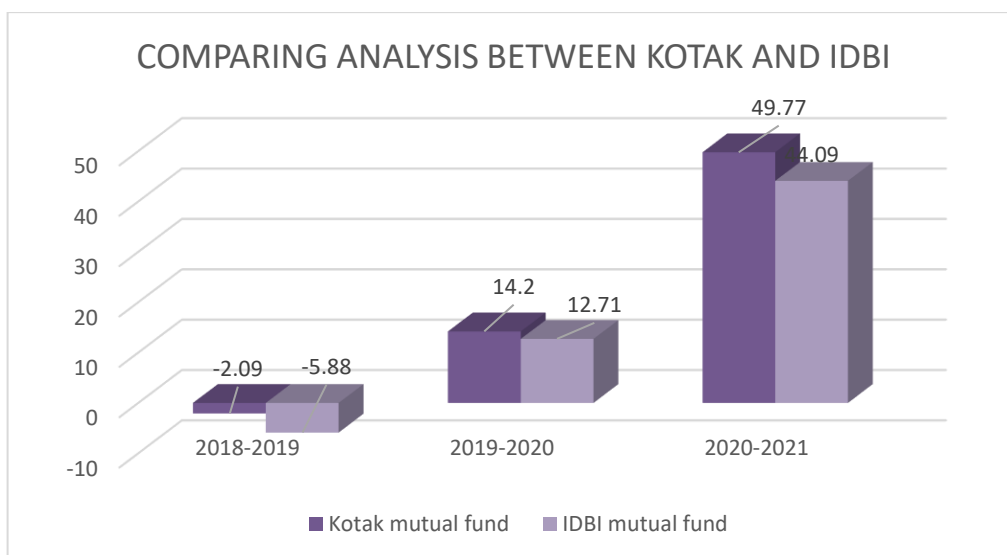


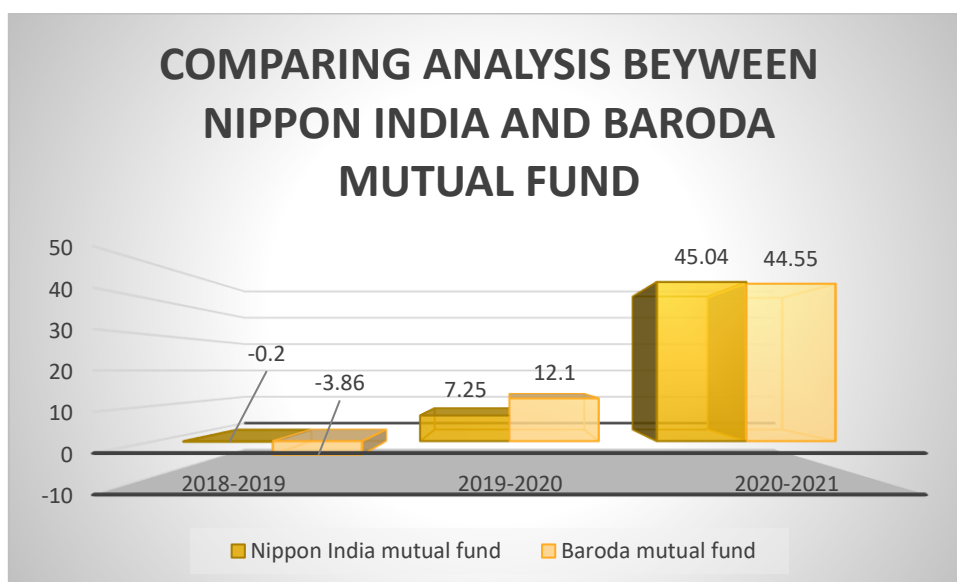
CHART 4.4 COMPARING CHART BETWEEN KOTAK AND IDBI MUTUAL FUNDS

INTERPRETATION:

In the above graph, looking at analysis among kotak and IDBI shared asset shows that the average of 20.62. since the high return has in the private sector.

**TABLE 4.8 COMPARING ANALYSIS BETWEEN NIPPON INDIA
MUTUAL FUND AND BARODA MUTUAL FUND**

NAME OF	2018-2019	2019-2020	2020-2021	AVERAGE
Nippon India mutual fund	-0.20	7.25	45.04	17.36333
Baroda mutual fund	-3.86	12.10	44.55	17.59667



**CHART 4.5 COMPARING CHART BETWEEN NIPPON INDIA AND
BARODA MUTUALFUNDS**

INTERPRETATION:

In the above graph, comparing analysis between Nippon mutual fund and Baroda mutual funds. Here, the analysis shows the return of the private sector and public sector has equally analyzed.

4.4 PERFORMANCE ANALYSIS OF PUBLIC AND PRIVATE SECTORS: MEASURING MUTUAL FUND RETURNS

In order to determine the risk adjusted returns of investing portfolio, several authors have worked since 1960 to develop the performance to evaluate a portfolio by comparing alternative portfolio with in a particular risk. The most important and widely used measures performance of mutual funds are:

The one period of return (r) is calculated for mutual fund may then be defined as the change in the unit net asset value (NAV), plus its per unit cash disbursement(d) and per unit capital gains disbursement (c) such as bonus shares, it may be calculated as.

$$R_{ap} = (NAV_t - NAV_{t-1}) + DT + C$$

Where

NAV_t = NAV per unit at the end of the holding period
 NAV_{t-1} = NAV per unit at the beginning of the holding period

D_t = Cash disbursements per unit during the holding period

C_t = Capital gains disbursements per unit during the holding period

This formula gives the holding period yield or rate of return earned on a mutual fund. This may be expressed as a percentage.

4.4.1 CALCULATION OF STANDARD DEVIATION:

A standard deviation is a statistic that measures the dispersion of a dataset relative to its mean and is calculated as the square root of the variance. The standard deviation is calculated as the square root of variance by determining each data point's deviation relative to the mean. If the data points are further from the mean, there is a higher deviation within the data set; thus, the more spread out the data, the higher the standard deviation.

FORMULA USED: $\text{Standard Deviation} = \sqrt{\frac{1}{n-1} \sum_{i=1}^n (x_i - \bar{x})^2}$

TABLE 4.9 Table Showing Standard deviation of Private sector funds

NAME OF THE MUTUAL FUND	2018-2019	2019-2020	2020-2021	AVERAGE	TOTAL	STANDARD DEVIATION
Aditya	-2.89	7.64	47.07	17.273	51.82	4.15
Axis	6.51	18.57	33.66	19.58	58.74	4.42
HDFC	0.13	7.7	50.93	19.587	58.76	4.42
Kotak	-2.09	14.2	49.77	20.627	61.88	4.54
Nippon India	-0.2	7.25	45.04	17.363	52.09	4.16

TABLE 4.10 Table Showing Standard deviation of public sector funds

NAME OF THE MUTUAL	2018-2019	2019-2020	2020-2021	AVERAGE	TOTAL	STANDARD DEVIATION
SBI	-4.09	11.64	52.19	19.91333	59.74	4.46
UTI	-0.39	11.56	46.1	19.09	57.27	4.37
LIC	0.71	14.99	31.26	15.65	46.96	3.96
IDBI	-5.88	12.71	44.09	16.97	50.92	4.12
BARODA	-3.86	12.1	44.55	17.59	52.79	4.20

The above table reveals that private sector made a highest return of 11.28% in the investment year 2020-2021 and the public sector made a lowest return of decreases with 9.30%. However, return earned on average 3.28% in percentage 2020-2021.

4.4.2 CALCULATION OF SHARPE RATIO:

The Sharpe ratio was developed by Nobel laureate William F. Sharpe and is used to help investors understand the return of an investment compared to its risk. The ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk. Volatility is a measure of the price fluctuations of an asset or portfolio.

SHARPE RATIO: $(R_p - R_f) / \text{Standard Deviation}$

Where

R_p =portfolio return over a period R_f =Risk free return over a period

Standard deviation=total risk, standard deviation of portfolio return

TABLE 4.11 Table Showing Sharpe ratio of public sector funds

NAME OF THE MUTUAL FUND	VARIABLES	STANDARD DEVIATION	SHARPE RATIO
SBI	59.74	4.462	0.61
UTI	57.27	4.369	1.21
LIC	46.96	3.956	0.59
IDBI	50.92	4.119	0.28
BARODA	52.79	4.194	0.45

TABLE 4.12 Table Showing Sharpe ratio of private sector funds

NAME OF THE MUTUAL FUND	VARIABLES	STANDARD DEVIATION	SHARPE RATIO
Aditya Birla sun life	51.82	4.1561	1.01
Axis	58.74	4.4249	0.83
HDFC	58.76	4.4256	0.77
Kotak	61.88	4.5416	1.16
Nippon India	52.09	4.1669	1.02

The above table reveals that private sector made a highest return of 9.45% in the investment year 2020-2021 and the public sector made a lowest return of decreases with 6.30%. However, return earned on average 7.98% in percentage 2020-2021.

4.4.3 CALCULATION OF BETA:

BETA CALCULATION

$$\beta = \frac{N\sum XY - \sum X \sum Y}{N\sum X^2 - (\sum X)^2}$$

Where

N = No of observations

$\sum X$ = Sum of X returns (Here X is market return)

$\sum Y$ = Sum of Y returns (Here Y is a particular fund return)

X^2 = $X * X$

$\sum XY$ = Sum of $X * Y$

Table no 4.13 CALCULATION OF BETA: RETURN GROWTH USING β

Fund name	EX	EY	EXY	EX ²	P
ADITYA BIRLA SUNLIFE	127.1	124.48	1738.00	2501.63	0.36
AXIS	78.8	124.48	1051.18	2234.50	0.14
HDFC	107.80	124.48	1473.95	2508.06	0.23
KOTAK	65.07	124.48	1024.17	3211.26	0.17
NIPPON INDIA	77	124.48	1356.78	2354.21	0.23

Table no 4.14 CALCULATION OF BETA: RETURN GROWTH USING β

Fund name	EX	EY	EXY	EX ²	P
SBI	124	124.48	1146	2518	0.1
UTI	106	124.48	1123	2834	0.14
LIC	114	124.48	1062	3623	0.15
IDBI	107	124.48	1636	3412	0.11
BARODA	123	124.48	1441	3609	0.23

The above table reveals that private sector mutual funds have highest return of 11.21% for the year 2020-2021. And the lowest in private sector has lowest return of 10.21% for the period of 2020-2021.

CHAPTER-5

FINDINGS AND SUGGESTIONS

5.1 FINDINGS:

The study done on the performance evaluation of Indian mutual funds was fruitful as all the objectives of the study were successfully achieved. The following are the findings from this study. 10 mutual funds in which 5 from public sector and 5 from private sector were analyzed. Standard Deviation, Sharpe Ratio, Beta and the average return were computed and analyzed.

- The result of Average return analysis shows SBI mutual funds among public sector has highest average returns of 19.91 and LIC mutual funds which has lowest return 15.65.
- The result of Average return analysis shows Kotak mutual funds among private sector banks has highest average returns of 20.62 and Aditya Birla mutual funds which has lowest return 17.52.
- Standard deviation helps determine market volatility or the spread of asset prices from their average price. The results shows SBI mutual funds has the highest variance, i.e., highly volatile in the market and lowest variance is UTI mutual funds.
- The results of standard deviation in private sector shared shows Axis bank mutual funds has the highest variance, i.e. highly volatile in the market and lowest variance is Bank of Baroda mutual funds.
- Sharpe ratio is used to evaluate the risk-adjusted performance of a mutual fund. Basically, this ratio tells an investor how much extra return he will receive on holding a risky asset. Among the Public sector banks, Mutual funds of UTI banks yield higher returns for the associated risk and IDBI yield least returns for the associated risk.

- Among the Private sector banks, Mutual funds of Kotak banks yield higher returns for the associated risk and HDFC yield least returns for the associated risk
- Sharpe ratio has been analyzed to study the risk portfolio and return and it depicts shows private sector mutual funds has positive risk – return relationship during the study period.
- Analysis of Beta value shows how volatile a stock's price is in comparison to the overall stock market. Among the public sector banks ,Mutual funds of Bank of Baroda are highly volatile(0.23) and lowest being UTI bank (0.14)
- Analysis of Beta value shows how volatile a stock's price is in comparison to the overall stock market. Among the Private sector banks , Sun life Mutual funds are highly volatile(0.36) and lowest being Axis bank (0.14)
- Analysis of beta value , also denotes private sector mutual funds are highly volatile as compared to mutual funds of private sector

5.2 SUGGESTION

Public Sector Mutual Fund Companies growth rate is more in terms of Gross Mobilisation, by the Mutual Funds. However, the performance of most of the Public Sector Mutual Funds is low as compared to Private Sector Mutual Fund Companies. Therefore, the fund managers of the most of the Public Sector Mutual Funds have to manage allocation of Funds to different debt instruments efficiently keeping in view the interest rates.

Understand the purpose of investment: The first point to analyze before investing in a fund is to find out whether objective matches with the scheme. If there is a mismatch in the scheme the investors would be affected with the probable returns. For example, the schemes that invest in large cap stocks is not suitable for conservative Investors. He should first try to invest in small & midcap funds. Similarly he should pick up schemes that will specify his investment. Examples pension plans, Children's plan sector specific schemes. These are the schemes from where he can invest for the future.

Low Risk Tolerance: - The Investors with low risk tolerance should invest in small & midcap schemes as they are relatively safer when compared to schemes like equity. Aggressive investors can go for equity investments and can opt for schemes that invest in specific industry or sector

Track record:- Investors should go through schemes track record, performance against relevant market benchmarks and its competitors.

Period of Investment: - To get good returns on their Investments the investor should hold their returns for longer periods that is for 3 years to 5 years in order the schemes to generate good returns.

Cost Factors:- Though the AMC is regulated, one should look at

the expense ratio of the fund before investing. This is because money is deducted from the returns. A higher entry load or exit load will eat into the returns. So, you have to look at the cost factors before investing.

Points to be considered while departing from the scheme: Investor should sell or redeem or repurchase the proceeds within 10 days of redemption or repurchase. Most funds charge exit load when the period of exit is less than 6 months. You should sell your funds when one fund is taken over by another fund. You may also Exit when your expenses on your scheme has increased.

Diversification: - The most the amount the Investors invest, the greater is the ability to afford diversification amount different asset classes and investment styles. Asset allocation is the way in which one gives weightage to each asset classes. Each Asset class has its own characteristic in terms of fluctuation.

Continuous Monitoring: - Investors should continuously monitor their portfolio and revise by updating according to market position, that their returns can be maximized.

Other factors to be considered while investing - Investors should look for top performing assets and focus on funds latest performance. A common mistake nowadays investors do is they buy latest schemes which has no previous history as they give good returns. One should look at the NAV while buying the funds so that good NAV can give you good returns.

Starting small for Small time investor: - First time mutual fund investors are advised to go small on their investments. Investors should invest in small & midcap companies and wait for the returns and once they are satisfied, they should go for diversification of the funds.

Taxing Saving Funds: - When markets are up it is advisable to

invest in tax saver, which are giving good returns compared too many other schemes.

5.3 CONCLUSION

Mutual Funds are being preferred by the investors to safeguard their principal and also to create wealth. The Indian Mutual Fund Industry started with the setup of UTI, and then the entry of Mutual Fund Companies sponsored by Nationalized Banks and Insurance Companies. With the entry of Private Sector Funds, the Mutual Fund Industry is offering wide range of fund families to the investors. There are various Categories of schemes offered by the Mutual Funds and among them the most popular one is Income Funds. The performance of the most of the Private Sector Mutual Funds is better compared to the Public Sector Mutual Funds.

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COMPARATIVE ANALYSIS ON PERFORMANCE OF MUTUAL FUNDS BETWEEN PRIVATE AND PUBLIC SECTORS

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ABSTRACT

A mutual fund may be a scheme during which several people invest their money for a standard financial cause. The collected money invests within the capital market and therefore the money, which they earned, is split supported the number of units, which they hold. The open-end fund industry started in India during a small way with the UTI Act creating what was effectively a little savings division within the RBI. Over a period of 25 years this grew fairly successfully and gave investors an honest return, and thus in 1989, because the next logical step, public sector banks and financial institutions were allowed to float mutual funds and their success emboldened the govt to permit the private sector to raid this area. The advantages of open-end fund are professional management, diversification, and economies of scale, simplicity, and liquidity. The disadvantages of open-end fund are high costs, over-diversification, possible tax consequences, and therefore the inability of management to ensure a superior return. In mutual fund, analysed with standard deviation, sharpe ratio, beta to analyse the growth return. Mutual funds are easy to buy and sell. You can either buy them directly from the fund company or through a 3rd party. Before investing in any funds, one should consider some factor like objective, risk, Fund and scheme, etc. There are many, many types of mutual funds. You can classify funds-based Structure (open-ended & close-ended), Nature (equity, debt, balanced), Investment objective (growth, income, money market) etc.

KEY WORDS

Mutual fund redemption, risk return, sharpe ratio, growth

INTRODUCTION:

The first introduction of a fund in Bharat occurred in 1963, once the govt. of India India Republic of Bharat Bharath Asian country Asian nation launched unit investment trust of India (UTI). Until 1987, UTI enjoyed a monopoly within the Indian fund market. Then a bunch of different government-controlled Indian monetary firms came up with their own funds. These enclosed banking concern of Bharat, geographic area Bank, and geographic area full service bank. This market was created hospitable non-public players in 1993, as a results of the historic constitutional amendments brought forward by the then Congress-led government beneath the present regime of relief, Privatization and economic process (LPG). the primary non-public sector fund to work in Bharat was Kothari Pioneer, that later united with Franklin Templeton. A fund may be a common pool of cash into that investors place their contributions that square measure to be endowed in accordance with a declared objective. The possession of the fund is therefore joint or “mutual”; the fund belongs to any or all investors. one investor’s possession of the fund is within the same proportion because the quantity of the contribution created by him or her bears to the overall quantity of the fund.

Mutual Funds square measure trusts, that settle for savings from investors and invest identical in heterogeneous monetary instruments in terms of objectives taken off within the trusts deed with the read to scale back the danger and maximize the financial gain and capital appreciation for distribution for the members. A fund may be a corporation and therefore the fund manager’s interest is to professionally manage the funds provided by the investors and supply a come on them once deducting cheap management fees. “A fund is associate investment that pools your cash with the cash of an infinite range of different investors. In return, you and therefore the different investors every own shares of the fund. The fund’s assets square measure endowed in step with associate investment objective into the fund’s portfolio of investments. Aggressive growth funds get semipermanent capital growth by investment primarily in stocks of aggressive smaller firms or market segments. Aggressive growth funds are referred to as capital appreciation funds”.

1.1 NEED FOR THE STUDY:

- The main purpose of doing this project to know about mutual fund and its functioning. This helps to know the detail of mutual funds industry from its inception stage, growth and future prospects.
- It also helps in understanding different schemes of mutual funds, because my study is based on comparative analysis on private and public sectors.
- Mutual fund is one of the most desirable investments for small investors because they offer the opportunity to invest in relatively low-cost, diverse and professionally managed investments.
- The recent trend in the mutual fund industry is the active expansion of foreign investment fund companies and the reduction of state-owned banks and small private companies. The growth and development of various investment fund products in Indian capital markets has proven to be one of the most catalytic tools to promote capital market growth.

1.2 OBJECTIVES FOR THE STUDY :

Primary objectives:

- To analyse the growth and progress of the Mutual Funds in India
- To analyse the relative performance of the select Mutual Funds

Secondary objectives:

- To assess the difference in the performance of the select schemes across the public and private sector funds.
- To compare the performance of public and private sector mutual funds in India.
- To analyse perception of investors towards mutual funds.

SCOPE FOR THE STUDY :

Mutual fund is a very wide area in the investment and it is not an easy task to cover all aspect in the mutual fund schemes, of all those schemes researcher intends to undertake only Technology fund as a whole to know the performance, whether it is outperforming or underperforming .Thus, the study covers the Indian scenario of mutual funds in terms of gross mobilization, over the study period and performance evaluation of selected companies. Year-wise analysis of mutual fund in India has been made.

LIMITATIONS OF STUDY:

- The study confined only public and private sector mutual funds in India.
- The study is covers only from 2017-2021.
- The study is based only the secondary sources of information.
- A symmetry problem of timing for getting equal times results of mutual funds was the main problem.
- The study covers only the two aspect i. e. gross mobilization of funds and return of mutual funds in India.

REVIEW OF LITERATURE

Sarkar (1991): analyzed common asset execution assessment philosophy and brought up that Sharpe and Treynor's exhibition estimates rank common supports comparatively on execution inspite of their disparities in approach.

Thiripalraju (1997):He investigated that the exhibition of private area reserves. They aggregated and broke down the month to month normal return and standard deviation of 10 chose private area reserves. The examination uncovered that regarding the pace of return, 5 assets viz., Partnership 95, ICICI Force, Kothari Prima, Kothari Pioneer Blue Chip and Morgan Stanley Development Asset beat the market, during the time of correlation. The examination likewise showed that, all things considered, execution of an asset isn't firmly connected with its size.

Plantinga and Groot (2001): look at how much execution measures can be utilized as options for inclination capacities. The examination comprised of Sharpe proportion, Sharpe's alpha, the normal return measure, the Fouse record, the Sortino proportion and the potential gain likely proportion. It was tracked down that the initial three measures compare to the tendencies of financial backers with a low level of hazard avoidance, while the last three estimates match to the inclinations of financial backers with medium and high levels of hazard avoidance. Along these lines, the decision of the reasonable presentation measure ought to be controlled by the inclination capacity of the financial backer.

Fama and French(2008):He tracked down that common asset produces portfolio closes to the market portfolio yet with significant expense of dynamic administration that appears unblemished as lower return.

Debasish (2009) :considered the exhibition of chose plans of shared supports dependent on danger and return models and measures.The study covered the time frame from April 1996 to Walk 2005 (nine years).The study uncovered that Franklin Templeton and UTI were the best entertainers and Birla Sun Life, HDFC and LIC common assets showed terrible showing.

Sathya Swaroop Debashish (2009) :estimated the presentation of value based common assets in India. There was an investigation of 23 plans over a time of April 1996 to Walk 2009 (13 years) utilizing different danger changed measures. The outcomes show that UTI, Franklin Templeton, Prudential ICICI (in private area) and SBI have out-

played out the market portfolio with positive qualities, while Birla SunLife, HDFC and LIC common assets showed a poor less than ideal execution when estimated against the danger return relationship models and measures.

Anitha (2011): Says the exhibition of private and public area common assets for a time of two years (2005-2007). Chosen reserves were considered utilizing Factual estimates like Mean, Fluctuation, Co-difference and Standard Deviation. The presentation of the multitude of chose reserves has displayed instability during time of study driving it to a troublesome circumstance to dole out one specific asset that would outflank the others reliably.

Garg(2011): Inspected the exhibition of top ten shared supports that was chosen based on earlier years return. The examination investigated the presentation based on return, standard deviation, beta just as Treynor, Jensen and Sharpe files. The investigation likewise utilized Carhart's four-factor model for break down the presentation of shared assets. The outcomes uncovered that Dependence Customary Saving Plan Asset had accomplished the most elevated last score and Canara accomplished the least last score in the one year class.

Patel and Prajapati (2012): assessed the presentation of common assets in India utilizing relative execution lists, Treynor's and Sharpe's proportion, hazard return investigation, Jensen's action, and Fama's action and reasoned that the vast majority of the shared assets have given positive return during the time of study

Dhanda and et al (2012): Studied the "Execution Assessment of Chose Open Finished Shared Assets in India" and assessed the exhibition of chose open finished plans as far as danger and bring relationship back. For this pace of return technique, Beta, Standard Deviation, Sharpe proportion and Treynor proportion were utilized. has been utilized as a benchmark to consider the presentation of common assets in India.

RESEARCH METHODOLOGY:

Two shared assets viz. public area common assets and private area shared assets have been chosen with the end goal of this investigation. Both the common assets in their individual business are assuming the essential part in the Indian economy. The examination depends on the optional wellsprings of data which is gathered from the different related truth books along with the AMFI, SEBI, distributed yearly reports, manuals and other office records. Altering, arrangement and organization of the monetary information which has been gathered Analysis of return between the Public and Private Sector Mutual Funds 61 from the previously mentioned sources have been done according to the prerequisite of the examination. To investigate the gathered information of both the classifications of assets, mean, rate and connection coefficient have been applied. To quantify the degree of distinction between different boundaries of study in regards to common assets with their unique reference to activation of asset, repurchase/reclamation, combined net resources position, net in/out progression of the two areas of shared supports industry i.e., private area common assets and public area shared assets, they will be worked out as a level of the distinction of the estimation of the factors among public and private area shared assets as proportion of total esteem. The motivation behind the development is to see whether the hole between two areas is changing over time of study (2017-2021). It is appropriate to give graphical introduction of the changing example in the hole, to have and thought regarding the variances in hole. The examination through return is considered as a non-parametric strategy and progressed factual methods are not thought of suitable as hole between two arrangements of common assets (public and private), on the factors are required to be very enormous.

SAMPLING PLAN:

The selection of the sample from the total mutual fund sectors from public sector and private sector is discussed with growth of return.

SOURCES OF DATA:

The study is based on secondary data. The data was collected by SEBI hand books ,amfindia.com ,journals and publications.

ANALYSIS OF MUTUAL FUND:

Mutual fund performance can be analyzed through performance measurement ratios which are use in portfolio analysis. We here are using Treynor, Sharpe, and Jensen ratio to evaluate mutual funds and rank accordingly. Composite portfolio performance measures have the flexibility of combining risk and return performance into a single value. The most commonly used composite measures are Sharpe measures. While, the measures only the systematic risk summarized Sharpe concentrates on total risk of the mutual fund.

GROSS MOBILIZATION BETWEEN PRIVATE AND PUBLIC SECTOR:

Years	Public sector	Private sector
2017-2018	6,336,774.07	1,459,185.49
2018-2019	6,160,190.54	1,391,280.67
2019-2020	176,583.53	67,904.81
2020-2021	2,621,838.42	542,275.30
Total in %	82.86%	17.14%

ANALYSING THE AVERAGE IN PRIVATE SECTOR

NAME OF THE MUTUAL FUND	2018-2019	2019-2020	2020-2021	AVERAGE
Aditya birla sun life mutual fund	-2.89	7.64	47.07	17.2733
Axis mutual fund	6.51	18.57	33.66	19.58
HDFC mutual fund	0.13	7.70	50.93	19.58667
Kotak mutual fund	-2.09	14.20	49.77	20.62667
Nippon India mutual fund	-0.20	7.25	45.04	17.36333

Sources: taken from amfindia.in

ANALYSING THE AVERAGE IN PUBLIC SECTOR

NAME OF THE MUTUAL FUND	2018-2019	2019-2020	2020-2021	AVERAGE
SBI mutual fund	-4.09	11.64	52.19	19.91333
UTI mutual fund	-0.39	11.56	46.10	19.09
LIC mutual fund	0.71	14.99	31.26	15.65333
IDBI mutual fund	-5.88	12.71	44.09	16.97333
Baroda mutual fund	-3.86	12.10	44.55	17.59667

Sources: taken from amfindia.com

ANALYSIS ON STANDARD DEVIATION

NAME OF THE MUTUAL FUND	2018-2019	2019-2020	2020-2021	AVERAGE	TOTAL	STANDARD DEVIATION
Aditya birla sun life	-2.89	7.64	47.07	17.273	51.82	4.15
Axis	6.51	18.57	33.66	19.58	58.74	4.42
HDFC	0.13	7.7	50.93	19.587	58.76	4.42
Kotak	-2.09	14.2	49.77	20.627	61.88	4.54
Nippon India	-0.2	7.25	45.04	17.363	52.09	4.16

NAME OF THE MUTUAL FUND	2018-2019	2019-2020	2020-2021	AVERAGE	TOTAL	STANDARD DEVIATION
SBI	-4.09	11.64	52.19	19.91333	59.74	4.46
UTI	-0.39	11.56	46.1	19.09	57.27	4.37
LIC	0.71	14.99	31.26	15.65	46.96	3.96
IDBI	-5.88	12.71	44.09	16.97	50.92	4.12
BARODA	-3.86	12.1	44.55	17.59	52.79	4.20

The above table reveals that private sector made a highest return of 11.28% in the investment year 2020-2021 and the public sector made a lowest return of decreases with 9.30%. However return earned on average 3.28% in percentage 2020-2021.

NAME OF THE MUTUAL FUND	VARIABLES	STANDARD DEVIATION	SHARPE RATIO
SBI	59.74	4.462	0.61
UTI	57.27	4.369	1.21
LIC	46.96	3.956	0.59
IDBI	50.92	4.119	0.28
BARODA	52.79	4.194	0.45

The above table reveals that private sector made a highest return of 9.45% in the investment year 2020-2021 and the public sector made a lowest return of decreases with 6.30%. However return earned on average 7.98% in percentage 2020-2021.

Fund name	EX	EY	EXY	EX ²	P
ADITYA BIRLA SUNLIFE	127.1	124.48	1738.00	2501.63	0.36
AXIS	78.8	124.48	1051.18	2234.50	0.14
HDFC	107.80	124.48	1473.95	2508.06	0.23
KOTAK	65.07	124.48	1024.17	3211.26	0.17
NIPPON INDIA	77	124.48	1356.78	2354.21	0.23

Fund name	EX	EY	EXY	EX ²	P
SBI	124	124.48	1146	2518	0.1
UTI	106	124.48	1123	2834	0.14
LIC	114	124.48	1062	3623	0.15
IDBI	107	124.48	1636	3412	0.11
BARODA	123	124.48	1441	3609	0.23

The above table reveals that private sector mutual funds have highest return of 11.21% for the year 2020-2021. And the lowest in private sector has lowest return of 10.21% for the period of 2020-2021.

CONCLUSION

Mutual Funds are being preferred by the investors to safeguard their principal and also to create wealth. The Indian Mutual Fund Industry started with the setup of UTI, and then the entry of Mutual Fund Companies sponsored by Nationalized Banks and Insurance Companies. With the entry of Private Sector Funds, the Mutual Fund Industry is offering wide range of fund families to the investors. There are various Categories of schemes offered by the Mutual Funds and among them the most popular one is Income Funds. The performance of the most of the Private Sector Mutual Funds is better compared to the Public Sector Mutual Funds.

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