A COMPARATIVE STUDY OF PERFORMANCE OF TOP MUTUAL FUND SCHEMES IN INDIA

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ABSTRACT
A mutual fund is a professionally managed type of collective investment scheme that pools money from many investors and invests it in stocks, bonds, short-term money market instruments and other securities. Mutual funds have a fund manager who invests the money on behalf of the investors by buying / selling stocks, bonds etc. Average Assets Under Management (AAUM) of Indian Mutual Fund Industry for the month of October 2017 stood at ₹ 21.79 lakh crore. Assets Under Management (AUM) as on October 31, 2017 stood at ₹ 21.41 lakh crore. The AUM of the Indian MF Industry has grown from ₹ 3.26 trillion as on 31st March 2007 to ₹ 21.41 trillion as on 31st October, 2017, more than six and half fold increase in a span of about 10 and half years!.

In this paper the performance evaluation of Indian mutual funds is carried out through relative Performance index, risk-return Analysis. The data used is daily closing NAVs. This paper try to present the effect of demonetization and GST on mutual fund industry and provide a snapshot of top 5 different portfolio f securities to invest in diversified portfolio of securities as per their need and the paper conclude with recommendation and suggestion to increase investment by including averse investors through creating friendly mutual fund network and risk-return relationship.

Keywords: Mutual funds, Risk – Return Analysis, Average Assets Under Management

INTRODUCTION
In India the mutual fund industry originated with the coming into existence of the Unit Trust of India (UTI) and the enactment of the Unit Trust of India Act 1963. Since then UTI has been enjoying complete monopoly until recently when the industry started to acquire monopolistic traits with the entrance of certain banks, financial institutions and other private players. At present this industry is contributing around 7% to the GDP (Gross Domestic Product) of the nation. Mutual funds have been the best investment vehicle for any small investor with petty savings. This is primarily because of two reasons-mutual funds provide the investor with a diversified portfolio at an affordable cost and at the same time help them with the required professional assistance in the form of financial advisors. In the Indian context, in addition to the above mentioned benefits the investor of mutual funds is also greeted with tax incentives by the government. This has been the main reason behind the day-by-day increase in the popularity of the mutual fund investments which is evidenced by the increasing AUM (Asset under Management) every quarter. However the small investors come from a plethora of fields and only a few of them are well versed with the concepts of finance and investments.

In such a situation the only way out for any investor is to rely on the advice and knowledge shared with them by their financial advisors. The financial advisors generally follow some maxims which they preach to the novice investors like for instance increasing the holding period reduces the occurrence of negative returns. Further the investor’s dilemma continues as to which fund is
perforrnmg as per his expectation and from which one he shoulnl withdraw his hard earned money. In the context of this situation the present paper contribute to provide a snapshot to the different type fund which probe to an empirically which particular fund is beneficial for them as per their requirement.

CLASSIFICATION OF MUTUAL FUNDS IN INDIA

1. **Open-ended funds**: In these funds the investors can buy and sell units of open-ended funds at NAV-related price every day. Open-end funds do not have a fixed maturity and it is available for subscription every day of the year.

2. **Close-ended funds**: These funds have a stipulated maturity period, which may vary from three to 15 years. They are open for subscription only during a specified period.

3. **Interval Funds**: These funds combine the features of both open and close-ended funds. As they are open for sale and repurchased at a predetermined period.

4. **Growth funds**: They normally invest most of their corpus in equities because their objective is to provide capital appreciation over the medium-to-long term.

5. **Income funds**: the aim of these funds is to provide regular and steady income to investors. They generally invest their corpus in fixed income securities like bonds, corporate debentures, and government securities.

6. **Balanced funds**: The objective of balanced funds is to provide growth along with regular income. They invest their corpus in both equities and fixed income securities as indicated in the offer documents and are known for income and moderate growth.

7. **Money market funds**: These funds strive to provide easy liquidity, preservation of capital and modest income. MMF's generally invest the corpus in safer short-term instruments mostly like treasury bills, certificates of deposit, commercial paper and inter-bank call money.

8. **Tax saving schemes**: this scheme or equity-linked savings schemes offer tax rebates to investors under section 88 of the Income Tax Act.

9. **Special schemes**: These schemes invest only in the industries specified in the offer document. Examples are InfoTech funds, FMCG funds, pharma funds, etc.

10. **Index funds**: Index Funds invest their corpus on the specified index such as BSE Sensex, NSE index, etc. as mentioned in the offer document. They try to mimic the composition of the index in their portfolio.

11. **Sector specific schemes**: These funds invest only in specified sectors like an industry or a group of industries or various segments like ‘A’ Group shares or initial public offerings.

RECENT CHANGES IN MUTUAL FUND INDUSTRY

The country’s mutual fund (MF) assets logged the highest growth in seven years to reach a total corpus of around Rs17 trillion, despite lackluster equity markets and challenging economic conditions due to demonetization and a surge in global oil prices.

During the year ended December 2016, asset management companies, or AMCs, grew their average assets by around 30% by adding investments worth at least Rs3.71 trillion to their MF portfolios—the highest ever in absolute terms and the highest since December 2009 in percentage terms.

According to AMC officials, increasing number of investor accounts, steadily growing monthly investments into equity MF schemes from retail customers and a surge in inflows to exchange traded funds (ETFs) contributed the most to the asset growth of the country’s 42 AMCs.

A lot of money has come from ETF and arbitrage fund during the year, around Rs40,000 - 45,000 crore would have come from these two types of funds, which means around 10% the money may have come from these two categories alone and we feel ETFs are likely to grow much faster in the coming days and beat equity schemes as more and more investors learn the benefits of ETF investments.

OBJECTIVE OF THE STUDY

1. To give an overview of Current position Mutual Funds industries in India.
2. To elaborate the effect of demonetization and GST implementation on mutual fund industry.
3. To evaluate and compare the performance of top 5 different mutual fund schemes in India.
4. To give suggestions and conclusion to invest in diversified portfolio of securities as per their need.

LITERATURE REVIEW

Mishra and Singh (2016) for instance, gauged the performance of some index funds in the Indian perspective and found that SBI Nifty Index fund outperformed the rest of the funds under study. In still another work Mishra and Singh (2016) evaluated the performance of few mutual funds using five measures of performance indicators commonly accepted in the industry namely the Sharpe ratio, Treynor ratio, Jensen’s alfa, Fama’s measure and the Sortino ratio and concluded that these measures provide different outcomes for the same set of data.

Tomar and Khan (2015) evaluated the performance of mutual funds in India using five performance measures. Their work incorporates the performance of 46 open-ended schemes segregated as 23 from public sector and other 23 from the private sector. Their study showed a mixed performance of sample private and public sector funds which was satisfactory as compared to the investment objectives set by the funds.

Narend (2014) used the concept of tracking error to empirically study the performance of certain index funds and exchange traded funds (ETF). There are reports of similar works from different parts of the world Performance and progress of ETFs in Indian context starting from 1998 was analyzed by Athma and Mamatha (2013).

Kumar.(2011) evaluated the performance of open ended schemes and discovered the poor performance of the selected sample.

Chang et al (2010) worked on the domestic open ended fund’s performance evaluation with the use of the Extended TOPSIS Method with the different distance approach but instead of discussing the fund’s performance focused on the method that should be used for such measurements. In their work related to gauging the performance of growth funds

Chakraborty et al (2008) concluded that the selected funds have displayed satisfactory results

Guha Deb et al. (2007) examined the market timing and stock selection abilities of mutual fund managers using both unconditional and conditional approaches. Using 96 mutual funds schemes during January 2000 to June 2005, the study reported lack of market timing but the presence of stock selection abilities of Indian fund managers in both the approaches.

Kothari and Warner (2001) studied the mutual fund performance using simulated funds whose characteristics mimic actual funds. They found that performance measures used in previous mutual fund research have little ability to detect economically large magnitudes.

RESEARCH METHODOLOGY

Secondary data is taken as a basis of Analysis in this research. Top five asset management companies is selected as per AUM as on Nov 20th, 2017. Five equity diversified mutual fund schemes, debt mutual funds and hybrid funds etc. each from selected AMCs is selected randomly. Daily data about the closing Net Asset Value of the selected schemes has collected from the websites www.indiainfoline.com and www.nseindia.moneycontrol.com. The most popular and widely tracked NSE SENSEX is used as a proxy for the market. The reference period for the data is taken from March 2013 to March 2017.

IMPACT OF DEMONETIZATION IN MUTUAL FUNDS

The historic announce of scrapping the high demonetization notes led to acute cash crunch since 9th November investment in mutual funds and insurance schemes surged as cash transactions in other
assets such as real estate and gold were crimped. mutual fund industry experts view regarding the effects of demonetization on mutual fund investments:

1. Demonetization will lead to rising cash inflows in banks and hence the savings will be increased which will cause mutual fund investments to witness heavy benefits over a longer period of time.
2. Banks will reduce the fixed deposits rates due to which investors would seek alternatives for investing their money. Debt mutual funds, in this case, would be helpful for them, and hence the investors will start investing in the debt scheme to gain substantial returns. Henceforth, the mutual fund industry would get benefited in this manner.
3. Equity mutual funds invest in substantial stocks and shares which do well in the long term. Due to demonetization, the stock market is facing a downfall leading to a fall in the investment values of the investors. By investing the capital in good equity schemes, you can overcome the uncertainty and gain remarkable income. For now, mutual fund equities are the best source to secure wealth.
4. Now many people will come under the tax bracket which would lead to the rise in the attentiveness of ELSS as an option to save on taxes and make a worthy investment. This will give a boom to the MF industry with a rising demand of tax-efficient equity schemes.
5. In the short run, due to increase in demand of high liquidity, the short-term debt funds would be chosen by the investors to gain good returns in order to accomplish the instant cash requirement.
6. With the rising demand of money for a temporary period, the short-term earnings for the liquid fund schemes would rise thus benefiting the whole mutual fund industry.
7. The returns offered by mutual fund investments do not get affected by inflationary changes as they are made in accordance with the parameters related to inflation. Hence, one gets the opportunity to earn the assured benefits irrespective of fluctuations in the market rates.

In an attempt to curb black money in the economy, the Prime Minister announced the demonetization of Indian high-value currency in November 2016. Despite this move, the unlikely presidential win of Donald Trump, Brexit, uninspiring equity markets and surging oil prices, the Indian mutual fund (MF) industry did exceptionally well in 2016, recording its highest growth in 7 years and reaching a total corpus of 17 lakh crore INR. As per AMFI in 2010 AUM is 2.5 lakh crore and in Dec 2016 17.1 lakh crore, therefore there is 38% CAGR.

As an investment instrument, MFs played an important role in increasing the penetration of the Indian population into capital markets. At present, the penetration is just around 3%, but recent events illustrate both challenges and tremendous opportunities. Accordingly, at that time investors have the best option of investing their monies in the mutual fund industry as it is consequently among the top gainers due to demonetization, and would definitely yield maximum earnings for your future

**IMPACT OF GST IN MUTUAL FUNDS**

India’s biggest tax reform Goods and Services Tax (GST) came into reality from 1st July 2017, many mutual funds investors wondering about the adverse impact of mutual fund investment. But the impact of GST won't uniformly affect industries and consumers. While manufactured goods are expected to become cheaper, services are likely to get dearer. Moreover, the ambit of services taxed will also go up.

In the new tax regime GST gives somewhat negative impact. In previous tax system investors would pay a flat rate 15% on mutual fund service and transaction. In GST financial transaction and services are taxed at the 18%. So, the tax rate increases by 3%, which the consumer of these services have to bear as the banking and financial services companies would pass on the additional burden to their customers.
DATA ANALYSIS

Table 1: Top 5 Equity Diversified Schemes

<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Asset (Rs. cr.)</th>
<th>NAV</th>
<th>1 wk</th>
<th>1 mth</th>
<th>3 mth</th>
<th>6 mth</th>
<th>1yr</th>
<th>2yr</th>
<th>3yr</th>
<th>5yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDFC Infrastructure - Direct (G)</td>
<td>644.48</td>
<td>19.77</td>
<td>-1.2</td>
<td>4</td>
<td>12</td>
<td>15.7</td>
<td>59.4</td>
<td>74.5</td>
<td>70.4</td>
<td>--</td>
</tr>
<tr>
<td>L&amp;T Infrastructure - Direct (G)</td>
<td>967.47</td>
<td>18.66</td>
<td>-1.2</td>
<td>4</td>
<td>12.7</td>
<td>16.9</td>
<td>57.6</td>
<td>75.7</td>
<td>79.8</td>
<td>--</td>
</tr>
<tr>
<td>L&amp;T Emerging Businesses Fund-DP (G)</td>
<td>2,283.36</td>
<td>27.5</td>
<td>0.1</td>
<td>4.3</td>
<td>10.4</td>
<td>14.3</td>
<td>57.2</td>
<td>82.4</td>
<td>103.3</td>
<td>--</td>
</tr>
<tr>
<td>IDFC Infrastructure - Plan A (G)</td>
<td>644.48</td>
<td>18.57</td>
<td>-1.2</td>
<td>3.8</td>
<td>11.4</td>
<td>14.5</td>
<td>56.8</td>
<td>69</td>
<td>62.6</td>
<td>115.4</td>
</tr>
<tr>
<td>L&amp;T Infrastructure (G)</td>
<td>967.47</td>
<td>18</td>
<td>-1.2</td>
<td>3.9</td>
<td>12.5</td>
<td>16.4</td>
<td>56.1</td>
<td>72.7</td>
<td>75.4</td>
<td>186.6</td>
</tr>
</tbody>
</table>

Tables 1 depict the selected equity diversified schemes return for a period of 2013-2017. It also depicts the average portfolio return and scheme return performance in comparison to benchmark. L&T Infrastructure (G) gives the highest return since inception till now i.e. 186.6% respectively shown at 5th column which shows scheme-wise return of 5 years and also from the inception followed by IDFC Infrastructure - Plan A (G) with return 115.4%. It is followed by IDFC Infrastructure - Direct (G), L&T Infrastructure -Direct (G) and L&T Emerging Businesses Fund-DP (G) with 70.4%, 79.8%, and 103.3% respectively.

In all five year duration L&T Infrastructure (G) s performed well compared to others schemes.

Table 2: Top 5 Equity FMCG

<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Asset (Rs. cr.)</th>
<th>NAV</th>
<th>1 wk</th>
<th>1 mth</th>
<th>3 mth</th>
<th>6 mth</th>
<th>1yr</th>
<th>2yr</th>
<th>3yr</th>
<th>5yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBI FMCG Fund - Direct (G)</td>
<td>365.71</td>
<td>116.27</td>
<td>2.7</td>
<td>5.7</td>
<td>11.2</td>
<td>16.8</td>
<td>44.1</td>
<td>48.4</td>
<td>60.5</td>
<td>--</td>
</tr>
<tr>
<td>SBI FMCG Fund (G)</td>
<td>365.71</td>
<td>110.88</td>
<td>2.6</td>
<td>5.6</td>
<td>10.9</td>
<td>16.3</td>
<td>42.8</td>
<td>45.7</td>
<td>55.9</td>
<td>--</td>
</tr>
<tr>
<td>ICICI Pru FMCG Fund - Direct (G)</td>
<td>342.5</td>
<td>219.63</td>
<td>-0.3</td>
<td>1</td>
<td>3.8</td>
<td>9.9</td>
<td>31.7</td>
<td>34.7</td>
<td>44.9</td>
<td>--</td>
</tr>
<tr>
<td>ICICI Pru FMCG Fund (G)</td>
<td>342.5</td>
<td>212.7</td>
<td>-0.3</td>
<td>0.9</td>
<td>3.6</td>
<td>9.5</td>
<td>30.9</td>
<td>32.8</td>
<td>42</td>
<td>106</td>
</tr>
</tbody>
</table>

Table 2 depict the performance of selected Equity Fast Moving Consumer Goods for a period of 2013-2017, apart from this it also depicts the average portfolio return and scheme performance in comparison to the benchmark.

The fifth column of the table shows the different scheme –wise return for five years in which highest return 106% in the year 2017 by ICICI Pru FMCG (G) and also from the inception followed by SBI FMCG Fund - Direct (G), SBI FMCG Fund (G), ICICI Pru FMCG Fund - Direct (G) in the year 2015 with 60.5%, 55.9% and 44.9% respectively.

Among top5 equity FMCG the ICICI Pru FMCH Fung (G) in all the five years is performed well as compared to other schemes.

Table 3: Top 5 Equity Tax Saving Schemes

<table>
<thead>
<tr>
<th>Name of Equity Tax Saving Schemes</th>
<th>Asset (Rs. cr.)</th>
<th>NAV</th>
<th>1 wk</th>
<th>1 mth</th>
<th>3 mth</th>
<th>6 mth</th>
<th>1yr</th>
<th>2yr</th>
<th>3yr</th>
<th>5yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDFC Tax Adv. (ELSS) - Direct (G)</td>
<td>740.17</td>
<td>58.58</td>
<td>0.1</td>
<td>2.2</td>
<td>7.2</td>
<td>13.2</td>
<td>44.7</td>
<td>53.5</td>
<td>62.7</td>
<td>--</td>
</tr>
<tr>
<td>BOI AXA Tax Advantage - Direct (G)</td>
<td>4.36</td>
<td>56.75</td>
<td>-0.1</td>
<td>0.7</td>
<td>10.2</td>
<td>17.9</td>
<td>44.7</td>
<td>48.9</td>
<td>54.2</td>
<td>--</td>
</tr>
</tbody>
</table>

Table 3 depict the performance of selected Equity Fast Moving Consumer Goods for a period of 2013-2017, apart from this it also depicts the average portfolio return and scheme performance in comparison to the benchmark.

The fifth column of the table shows the different scheme –wise return for five years in which highest return 106% in the year 2017 by ICICI Pru FMCG (G) and also from the inception followed by SBI FMCG Fund - Direct (G), SBI FMCG Fund (G), ICICI Pru FMCG Fund - Direct (G) in the year 2015 with 60.5%, 55.9% and 44.9% respectively.

Among top5 equity FMCG the ICICI Pru FMCH Fung (G) in all the five years is performed well as compared to other schemes.
The above table 3 shows the top 5 Equity Tax Saving Schemes performance for a period of 2013-14. It also depicts the average portfolio return and scheme return performance in comparison to benchmark. Among the above top 5 equity tax saving schemes IDFC Tax Advantage (ELSS)-RP (G) performed well as compared to other schemes the fifth column of the table depicts different scheme-wise return for five years in which the highest return given by 166.6% in the year 2017 by IDFC Tax Advantage (ELSS)-RP (G) and also from the inception followed by BOI AXA Tax Advtg -Eco (G) with return 147.2%. And rest schemes IDFC Tax Adv. (ELSS) - Direct (G), BOI AXA Tax Advantage - Direct (G) and Principal Tax Savings – Direct yield the following return i.e. 62.7%, 54.2%, and 55.6% respectively in the year 2015.

The above table 6 depicts the top 5 balanced funds Goods for a period of 2013-2017, apart from this it also depicts the average portfolio return and scheme performance in comparison to the benchmark. Among the top 5 balanced fund in the last 5 years Principal Balanced (G) performed well as compare to other schemes the fifth column of the table depict different scheme-wise return for five years in which the highest return given by 132% in the year 2017 and also from the inception it is followed by UTI CCP Advantage Fund (G) with return 122.2%. and rest schemes UTI CCP Advantage Fund - Direct (G), Principal Balanced - Direct (G), Reliance RSF - Balanced -Direct (G) yield the following return 44.3%, 55.2% and 48.6% respectively in the year 2015.

<table>
<thead>
<tr>
<th>Balanced Funds</th>
<th>Asset (Rs. cr.)</th>
<th>NAV</th>
<th>1 wk</th>
<th>1 mth</th>
<th>3 mth</th>
<th>6 mth</th>
<th>1yr</th>
<th>2yr</th>
<th>3yr</th>
<th>5yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>UTI CCP Advantage Fund - Direct (G)</td>
<td>5.34</td>
<td>38.22</td>
<td>-0.6</td>
<td>1.2</td>
<td>7.1</td>
<td>12.1</td>
<td>38.8</td>
<td>47</td>
<td>44.3</td>
<td>--</td>
</tr>
<tr>
<td>UTI CCP Advantage Fund (G)</td>
<td>189.3</td>
<td>37.15</td>
<td>-0.6</td>
<td>1.2</td>
<td>6.9</td>
<td>11.7</td>
<td>37.7</td>
<td>44.9</td>
<td>41.5</td>
<td>122.2</td>
</tr>
<tr>
<td>Principal Balanced - Direct (G)</td>
<td>551.59</td>
<td>78.5</td>
<td>-0.9</td>
<td>2.3</td>
<td>9.3</td>
<td>14.5</td>
<td>36.2</td>
<td>52.5</td>
<td>55.2</td>
<td>--</td>
</tr>
<tr>
<td>Principal Balanced (G)</td>
<td>551.59</td>
<td>75.08</td>
<td>-0.9</td>
<td>2.1</td>
<td>8.9</td>
<td>13.7</td>
<td>34.4</td>
<td>49.3</td>
<td>50.9</td>
<td>132.2</td>
</tr>
<tr>
<td>Reliance RSF - Balanced -Direct (G)</td>
<td>9,905.87</td>
<td>57.48</td>
<td>-0.2</td>
<td>1.9</td>
<td>4.4</td>
<td>11</td>
<td>29</td>
<td>40.4</td>
<td>48.6</td>
<td>--</td>
</tr>
</tbody>
</table>

The above table 6 depicts the top 5 balanced funds Goods for a period of 2013-2017, apart from this it also depicts the average portfolio return and scheme performance in comparison to the benchmark. Among the top 5 balanced fund in the last 5 years Principal Balanced (G) performed well as compare to other schemes the fifth column of the table depict different scheme-wise return for five years in which the highest return given by 132% in the year 2017 and also from the inception it is followed by UTI CCP Advantage Fund (G) with return 122.2%. and the remaining schemes UTI CCP Advantage Fund - Direct (G), Principal Balanced - Direct (G), Reliance RSF - Balanced -Direct (G) yield the following return 44.3%, 55.2% and 48.6% respectively in the year 2015.

<table>
<thead>
<tr>
<th>Money Market</th>
<th>Asset (Rs. cr.)</th>
<th>NAV</th>
<th>1 wk</th>
<th>1 mth</th>
<th>3 mth</th>
<th>6 mth</th>
<th>1yr</th>
<th>2yr</th>
<th>3yr</th>
<th>5yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>JM High Liquidity - Inst (G)</td>
<td>0.03</td>
<td>22.96</td>
<td>0.1</td>
<td>0.6</td>
<td>2.1</td>
<td>4.3</td>
<td>9</td>
<td>19.2</td>
<td>30.4</td>
<td>51.8</td>
</tr>
<tr>
<td>Tata Corporate Bond-SHIP (G)</td>
<td>0.13</td>
<td>1,770.69</td>
<td>0.1</td>
<td>0.5</td>
<td>2.4</td>
<td>4.2</td>
<td>8.9</td>
<td>19</td>
<td>30.4</td>
<td>56.4</td>
</tr>
<tr>
<td>Franklin (I) Savings Plus - IP (G)</td>
<td>5.25</td>
<td>22.04</td>
<td>--</td>
<td>0.6</td>
<td>3</td>
<td>3.9</td>
<td>8.7</td>
<td>19.2</td>
<td>29.4</td>
<td>54.1</td>
</tr>
<tr>
<td>DHFL Pramerica Liquid Fund -Direct (G)</td>
<td>800.4</td>
<td>1,608.25</td>
<td>0.1</td>
<td>0.6</td>
<td>1.9</td>
<td>3.9</td>
<td>8.3</td>
<td>18.2</td>
<td>29.1</td>
<td>--</td>
</tr>
<tr>
<td>DHFL Pramerica Liquid Fund (G)</td>
<td>800.4</td>
<td>1,603.71</td>
<td>0.1</td>
<td>0.6</td>
<td>1.9</td>
<td>3.8</td>
<td>8.2</td>
<td>18</td>
<td>28.8</td>
<td>54.2</td>
</tr>
</tbody>
</table>
The above table depicts top 5 money market fund in the market for a period of 2013-2017, apart from this it also depicts the average portfolio return and scheme performance in comparison to the benchmark.

**Tata Corporate Bond-SHIP (G)** fund performed well and give the highest return i.e. 56.4% in 5th year in comparison to the other funds having NAV 1,770.69 and the remaining funds JM High Liquidity - Inst (G) Franklin (I) Savings Plus - IP (G), DHFL Pramerica Liquid Fund (G) gives the following return 51.8%, 54.1% and 54.2% in the year 2017 and DHFL Pramerica Liquid Fund -Direct (G) yield 29.1% in the year 2015.

### Table 6 Top 5 Hybrid Funds

<table>
<thead>
<tr>
<th>Hybrid</th>
<th>Asset (Rs. cr.)</th>
<th>NAV 1 wk</th>
<th>1 mth</th>
<th>3 mth</th>
<th>6 mth</th>
<th>1yr</th>
<th>2yr</th>
<th>3yr</th>
<th>5yr</th>
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<tbody>
<tr>
<td>Edelweiss Greater China Eqty-Direct</td>
<td>7.25</td>
<td>28.64</td>
<td>0.1</td>
<td>4.8</td>
<td>17.1</td>
<td>28.8</td>
<td>41.9</td>
<td>45</td>
<td>51.1</td>
</tr>
<tr>
<td>Mirae Asset GCF - Direct (G)</td>
<td>132.87</td>
<td>33.47</td>
<td>--</td>
<td>2.9</td>
<td>7.8</td>
<td>14.9</td>
<td>40.6</td>
<td>51</td>
<td>57.2</td>
</tr>
<tr>
<td>Edelweiss Greater China Eqty</td>
<td>25.26</td>
<td>27.3</td>
<td>0.1</td>
<td>4.7</td>
<td>16.8</td>
<td>28.1</td>
<td>40.4</td>
<td>41.9</td>
<td>46.9</td>
</tr>
<tr>
<td>Mirae Asset GCF - Regular (G)</td>
<td>132.87</td>
<td>31.53</td>
<td>--</td>
<td>2.8</td>
<td>7.4</td>
<td>14.1</td>
<td>38.7</td>
<td>47.1</td>
<td>51.1</td>
</tr>
<tr>
<td>Tata SIP Fund Series 3 (36 M) (G)</td>
<td>1.22</td>
<td>17.18</td>
<td>--</td>
<td>-1.2</td>
<td>6</td>
<td>25.6</td>
<td>38.3</td>
<td>54.1</td>
<td>71.4</td>
</tr>
</tbody>
</table>

Under the table 6 top 5 hybrid fund regulated in the market are shown and it also shows the average portfolio return and scheme performance in comparison to benchmark from 2013-17. Mirae Asset GCF -Regular (G) yield 149.6% return for 5 years and the second top hybrid fund in the market is Edelweiss Greater China Eqty having following return 110.5%, and rest schemes Edelweiss Greater China Eqty-Direct, Mirae Asset GCF -Direct (G) 51.1%, 57.2% and 71.4% respectively in the year 2016.

### Table 7 Top 5 Debt- Short Term Fund

<table>
<thead>
<tr>
<th>Debt - Short Term</th>
<th>Asset (Rs. cr.)</th>
<th>NAV 1 wk</th>
<th>1 mth</th>
<th>3 mth</th>
<th>6 mth</th>
<th>1yr</th>
<th>2yr</th>
<th>3yr</th>
<th>5yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPMorgan Treasury-Segregated Asset</td>
<td>18.18</td>
<td>11.78</td>
<td>0.1</td>
<td>0.5</td>
<td>1.6</td>
<td>3.2</td>
<td>17.8</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Edelweiss STF-Segregated Asset (G)</td>
<td>34.25</td>
<td>11.78</td>
<td>0.1</td>
<td>0.5</td>
<td>1.6</td>
<td>3.2</td>
<td>17.8</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>IDFC G-Sec-Investment - A (G)</td>
<td>4</td>
<td>33.01</td>
<td>0.1</td>
<td>-0.8</td>
<td>-0.6</td>
<td>4.9</td>
<td>13.6</td>
<td>17</td>
<td>38.7</td>
</tr>
<tr>
<td>L&amp;T Flexi Bond - Regular (G)</td>
<td>2.05</td>
<td>21.71</td>
<td>0.8</td>
<td>0.3</td>
<td>2.8</td>
<td>8.2</td>
<td>12.8</td>
<td>25.4</td>
<td>38.6</td>
</tr>
<tr>
<td>IDFC Dynamic Bond - Plan A (G)</td>
<td>100.81</td>
<td>32.94</td>
<td>0.1</td>
<td>-0.6</td>
<td>-0.3</td>
<td>4.9</td>
<td>12.4</td>
<td>16.2</td>
<td>36</td>
</tr>
</tbody>
</table>

Under the table 7 top 5 Debt- Short Term fund regulated in the market are shown and it also shown the average portfolio return and scheme performance in comparison to benchmark from 2013-17. Among the top 5 debt short term fund L&T Flexi Bond - Regular (G) yield highest return i.e. 64.6% and IDFC G-Sec-Investment - A (G), IDFC Dynamic Bond - Plan A (G) yield return 63.3% and 57.1% respectively for 5years apart from this JPMorgan Treasury-Segregated Asset and Edelweiss STF-Segregated Asset (G) yield least return from the expected benchmark. L&T Flexi Bond - Regular (G) performed well as compare to other fund.
The above table 8 depict top 5 debt- long term funds regulated in the market from 2013-17 among them SBI Magnum Gilt LTP-PF 1Yr (G) performed well and it yield 69.3% return from last 5years since inception and IDFC GSec - PF Inst B (G) give return 67.6%. but in the initial stage it give the negative return in 1st and 3rd month -0.8 and -0.4 respectively.

**INTERPRETATION**

Different types of mutual funds have different levels of volatility or potential price, and those with the greater chance of losing value are also the funds that can produce the greater returns for you over time. So risk has two sides: it causes the value of your investments to fluctuate, but it is precisely the reason you can expect to earn higher returns.

Conventionally, the difference between debt and equity is the risk involved. Debt is that encompasses bank deposits, government-backed deposits, other deposits as well as mutual funds that invest in debt paper.

Equity means stocks as well as equity mutual funds. Everyone knows that debt is less risky than equity, and that's true. However, for the purpose of planning a targeted investment, it's more useful to think of debt and equity in a different manner.

The important difference between the two is that their risk and return curve varies in a very different way over different time-scales. Debt returns are predictable and there are many Government-guaranteed deposits available to the Indian investor.

Risk then, refers to the volatility - the up and down activity in the markets and individual issues that occur constantly over a period of time. This volatility can be caused by a number of factors - interest rate changes, inflation or general economic conditions. It is this variability, uncertainty and potential for loss, that causes investors to worry. We all fear the possibility that a stock we invest in will fall substantially. But it is this very volatility that earns higher long-term returns from these investments, than from a savings account.

**RECOMMENDATION & SUGGESTION**

Debt returns are low, barely matching or only slightly exceeding the rate of inflation. Equity returns have the potential of being much higher but can be volatile. However, the volatility of equity is a relatively short-term phenomenon.

For periods exceeding three to five years, equity investments are extremely likely to give strong positive returns. This is especially true if stick to a broad selection of the relatively large-cap companies and if you invest gradually, as in through an SIP.

Speaking in terms of risk, this means that instead of saying that equity has higher risk, we should actually be saying that equity's risk drops over time and at a long enough timescale, the returns to risk ratio becomes far more attractive than debt. And there's the point about how all this fits into your targeted investment goals. The formula is simple — debt for the short-term, and equity for the long-term.
Do not be lured by NAVs

Unlike stock prices, the absolute value of a mutual NAV does not suggest anything about the quality or performance of the scheme. A NAV is simply the function of the total asset under management and the no. of outstanding units. Hence, a scheme with a NAV of Rs. 100 is not necessarily better than a scheme with an NAV of Rs. 10. Consequently, investing during a New Fund Offer (NFO) does not mean that you are buying low.

Distributors play an active role in encouraging MF penetration by improving distribution network.

CONCLUSION

The outlook of the mutual fund industry is governed to a great extent by the economic situation in the country, which is predicted to kindle volatility due to the recent reform activity of government i.e. demonetization and GST. The current economic scenario with sticky inflation and rising fuel prices is likely to adversely impact perceptions, resulting in depressed equity inflows into the market. Steps need to be taken to instill confidence in the minds of the investor and to encourage him to invest in mutual funds, even in times of uncertainty.

We believe that the mutual fund industry manifests huge opportunity for growth and further penetration, and this can be achieved over time, with support from technology. The key lies in strengthening distribution networks and enhancing levels of investor education to increase presence in rural areas. In terms of opportunity, the infrastructure debt market has become very attractive, luring investors to invest in this space. Also, it is critical for the industry at this point to assess and capitalize the value that pension products bring to the growth of the mutual fund industry.

Lastly, it may perhaps be useful if the mutual fund industry emulated some best practices from other industries and sectors to transition to the next level of growth.

The MF industry has grown exponentially over the last decade. However, opportunities for further growth exist. The demonetization exercise has disrupted the economy in general and the financial sector in particular. Digital payments have been further encouraged on the back of promoting a cashless economy, one of the key outcomes of demonetization. The rural and semi-urban population is now ‘financially included’, indicating that there is potential to create specific products to suit their needs. Also, pension and insurance funds will see more traction and penetration into products such as ETFs will increase. As individuals start to invest directly and show interest in structured investments, the demand for investor education services and investment advisory is likely to increase. Robo-advisory firms will see a fillip in growth in the next 2 to 3 years. The overall outlook for the sector is promising. A few challenges remain, but these can be easily overcome as the regulator continues to declare more incentives through innovative initiatives.

REFERENCES


Websites

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