



A Study on Behaviour of Returns from Selected Mutual Fund Schemes in India

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Introduction

Capital market investors are more risk conscious and they started to concentrate on investment on mutual fund market. The Association of Mutual Funds in India (AMFI) reported that the total assets under management (AUM) reached 58.6 trillion rupees (\$701.90 billion), showcasing the fastest rise on record. This surge, adding 10 trillion rupees in less than a year, underscores the growing investor confidence and the resilience of the Indian financial market.¹. An average investor invests their surplus investable money in mutual funds investment to achieve more return than that of risk free returns. But they are not able to earn as per their expectations. Since capital market became more volatile due to global economic conditions. At this juncture, the necessary has risen to understand the behaviour of return from mutual fund investments. Hence, the study concentrates on behaviour of return of selected mutual fund schemes.

Objective of the study

The primary objective of the study is to understand the behaviour of returns from selected mutual fund schemes in India.

Research Methodology

The present study is descriptive study in nature. The study based on secondary data. It is not possible to analyse the behaviour of all the mutual fund schemes. Hence, the top five mutual fund equity schemes has been selected for the study. They are ICICI Prudential Equity & Debt Fund, Motilal Oswal Multicap 35 Fund, L&T Tax Advantage Fund, ICICI Prudential Bluechip Fund and SBI Magnum MultiCap Fund. The Historical daily NAV (Net Asset Value) for the period of three months from 1st March to 31st May, 2024 has been collected for the study from the website of bluechipindia.co.in. There were fifty five days daily NAV has been collected. The daily return of selected equity fund schemes has been calculated with help of formula that is $\text{Return} = (\text{current NAV} - \text{initial NAV}) / \text{initial NAV} \times 100$. To know the behaviour of returns from the selected mutual fund scheme the descriptive statistics has been employed such as Arithmetic mean, Standard Deviation, Skewness and kurtosis. These have been calculated by excel spread sheets.

Analysis of Collected data

Arithmetic Mean

The Arithmetic mean value has been calculated and shown in the following Table 1 to understand the average return of the selected fund schemes during the study period.

Table 1

Arithmetic Mean Return of the selected fund schemes during the study period

Sl. No.	Name of the Schemes	Arithmetic Mean
1.	ICICI Prudential Equity & Debt Fund	0.086564345

¹<https://www.financialexpress.com/money/mutual-funds-whats-driving-the-remarkable-growth-of-indias-mutual-fund-industry-522769/#:~:text=The%20journey%20of%20India's,in%20less%20than%20six%20months.>

2.	Motilal Oswal Multicap 35 Fund	0.15688236
3.	L&T Tax Advantage Fund	0.139905173
4.	ICICI Prudential Bluechip Fund	1.960238057
5.	SBI Magnum MultiCap Fund	0.161158741

Source: Calculated value

The above table indicates that among the top five schemes, ICICI Prudential Bluechip Fund shows good return than that of other selected schemes during the study period. The first among the top five schemes that is ICICI Prudential Equity & Debt Fund could not able show good return due to high level volatility in the Indian capital market in the study period.

Standard Deviation

The standard deviation has calculated to know the level of Risk of selected fund schemes' return. The standard deviation is a measure of volatility. The following table shows that the value of standard deviation of selected fund schemes' return.

Table 2

Standard Deviation of Return of the selected fund schemes during the study period

Sl. No.	Name of the Schemes	Standard Deviation
1.	ICICI Prudential Equity & Debt Fund	0.828079026
2.	Motilal Oswal Multicap 35 Fund	1.298437504
3.	L&T Tax Advantage Fund	0.978258136
4.	ICICI Prudential Bluechip Fund	13.50665624
5.	SBI Magnum MultiCap Fund	1.069251603

Source: Calculated value

The above table depicts that the ICICI Prudential Bluechip Fund is a high volatile scheme among the selected five schemes. The Table 1 shows that the scheme registered higher return than that of other selected returns. Hence, it is proved that the risk and return go hands-in-hand. The ICICI Prudential Equity and L&T Tax Advantage Fund recorded low level fluctuations in its return during the study period among the selected fund schemes. .

Kurtosis

Kurtosis refers to the degree of flatness or peakedness in the region about the mode of a frequency curve. The degree of kurtosis of a distribution is measured relative to the peakedness of normal curve².

Table 3

Kurtosis of Return of the selected fund schemes during the study period

Sl. No.	Name of the Schemes	Kurtosis
1.	ICICI Prudential Equity & Debt Fund	0.750146845
2.	Motilal Oswal Multicap 35 Fund	1.685939953
3.	L&T Tax Advantage Fund	0.18986868
4.	ICICI Prudential Bluechip Fund	54.2778544
5.	SBI Magnum MultiCap Fund	-0.13255115

Source: Calculated value

The Kurtosis of all the selected top 5 schemes have shown positive sign except the SBI Magnu MultiCap Fund, i.e. most of the times fall above the mean. The Kurtosis for ICICI Prudential Bluechip Fund scheme is as higher as 54.27, which exhibit high peakedness during the study period.

² S.P.Gupta, Statistical method, sultan chand & sons, New Delhi, p.349

Skewness

Skewness is the degree of distortion from the symmetrical bell curve, or [normal distribution](#), in a set of data. Skewness can be negative, positive, zero or undefined³. The measure of skewness informs the direction and extent of asymmetry in a series, and permit to compare two or more series with regard to these. They may either be absolute or relative⁴.

Table 3

Skewness of Return of the selected fund schemes during the study period

Sl. No.	Name of the Schemes	skewness
1.	ICICI Prudential Equity & Debt Fund	-0.173236609
2.	Motilal Oswal Multicap 35 Fund	0.015589524
3.	L&T Tax Advantage Fund	-0.657514313
4.	ICICI Prudential Bluechip Fund	7.344233283
5.	SBI Magnum MultiCap Fund	-0.283960506

Source: Calculated value

The above table depicts that all the selected funds are negatively skewed except ICICI Prudential Bluechip fund and Motilal Oswal Multicap 35 Fund. The ICICI Prudential Bluechip Fund is highly skewed that is 7.344 which mean the return of this scheme higher than the normal return.

Findings and Conclusion

The study shows that among selected fund schemes, the ICICI Prudential Bluechip fund record high level performance in terms of average return, risk level and distribution of returns during the study period. On the day of data collection, the ICICI Prudential Equity & Debt Fund stood on the first rank among the top five, but the study shows that ICICI Prudential Bluechip fund performance are good during the study period, because, there had been high level volatility during the study period in the market. Hence, the investor who wanted to invest their surplus fund in the mutual fund market need to apply the descriptive statistical tool to the behaviour of Returns of different possible schemes before taking investment decision.

Reference

Books

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4. www.financialexpress.com

³ investopedia.com

⁴ S.P.Gupta, Statistical method, sultan chand & sons, New Delhi, p.332.