

A Comparative Study on Performance Evaluation of Selected Mutual Fund Open-ended Growth Schemes in India

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Abstract

Globalisation is the buzzword and with it comes survival of the fittest. Giant Corporations compete for investors with levered risk and return profiles. It is hard to tell a good investment from bad without sufficient statistical rigour. This study has attempted to gauge the comparative performance of selected mutual fund schemes in terms of risk-return measures (Average return, Standard Deviation, Alpha and Beta), benchmark comparison and Risk-Adjusted theoretical parameters suggested by Sharpe, Treynor and Fama. Sample of the study consists of 30 mutual fund schemes comprising 10 equity schemes, 10 debt schemes and 10 balanced schemes of public, private and foreign mutual fund players in India. The study observed that Reliance Pharma Fund – Growth is the best performing equity fund; Escorts Income Bond- Growth is the best performing debt fund; and HDFC Balanced Fund- Growth is the best performing balanced funds on the basis of CAGR for the last five years.

I. Introduction

MUTUAL FUNDS ARE primarily designed to pool resources of common man and channelize it into the capital markets. The Mutual Fund Industry is a fast growing sector of the Indian Financial Markets. They have become major vehicle for mobilization of savings, especially from the small and household savers for investment in the capital market. Mutual Funds entered the Indian Capital Market in 1964 with a view to provide the retail investors the benefit of diversification of risk, assured returns, and professional management. Since then they have grown phenomenally in terms of number, size of operation, investor base and scope. Every type of investment, including Mutual Funds, involves risk. Risk refers to the possibility that investors will lose money (both principal and any earnings) or fail to make

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