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STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
RESEARCH METHODOLOGY
RESULTS & DISCUSSION
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PERFORMANCE OF EQUITY ORIENTED MUTUAL FUNDS SCHEMES IN INDIA: AN ANALYSIS

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ABSTRACT
The performance analysis of mutual fund schemes is one of the most important areas of interest not only for the mutual fund investors but also for the researchers of various countries of the world. There are numbers of mutual fund schemes exist in the market and it is very difficult for the researchers to analyse the performance of mutual fund schemes over a long period of time as well it is also very difficult to choose the right schemes for investment purpose. The present study makes an attempt to analyse the performance of ten equity oriented mutual fund schemes with growth options over a period of ten years from April 2005 to March 2015. In order to evaluate the performance of mutual fund schemes, the study examines the return, risk and risk-adjusted returns using Sharpe, Treynor, and Jensen measures. Out of ten schemes selected for the study, eight schemes have performed better than the market during the study period and so far as risk is concerned all the selected schemes are less risky as compared to benchmark. Sharpe, Treynor and Jensen ratio of all the select schemes are positive during the study period which implies good performance of the schemes during the study period.

KEYWORDS
NAV, equity, return, mutual funds.

JEL CODES
G20, G21, G23.

INTRODUCTION
The economic growth of a particular country is, to a certain extent, linked to the growth of the capital market. The growth of the capital market depends on the savings of the nation. In Country like India the capital market has not been able to grow fast because the common person has not acquired the necessary expertise to select appropriate investment avenues. However, due to lack of professional expertise and knowledge about capital market these small investors hesitate to invest their hard earned money in capital markets. At present, mutual funds are one of the most preferred investment alternatives for small as well as medium type investors. As investment vehicle, the mutual fund collects money from the public and invests them in various sector of the capital market. A mutual fund is a trust that pools the savings of a number of investors who share a familiar monetary goal. The money consequently composed is invested by the fund manager in various types of securities keeping in mind the objective of the scheme. This enables investors to obtain satisfactory returns due to professional expertise and knowledge at a relatively low cost. Investors can expect good returns from investment managers because of their stocks selection and diversification of stock. With the growing popularity of mutual funds, performance evaluation of mutual fund schemes has become an important issue for both professionals and academicians. (Khan, 2007 and Tripathy, 2010)

LITERATURE REVIEW
Review of the literature plays an important role in any research. Herewith some of the research studies that have influenced the preparation of this study are discussed in below:

Nimalathasan and Gandhi (2012), found that all the funds has less risky as compared to their benchmark index whereas the more risky fund are ICICI Prudential Emerging S.T.A.R fund (G) as per the standard deviation.The study also found that among the Open ended – Tax Saving schemes, Canara Robeco Equity Diversified was the preferred and ranked top at the same time among the Open ended – Midcap schemes, HDFC Capital Builder is the preferred and ranked top as per all ratio was concern.

Sasikala and Lakshmi (2014), found that in the year 2008, 31 funds were better return in 2010 because of the one year and third year return was increased and also Net Asset Value was increased that funds give more return. And Sharpe ratio of 31 funds in 2010 was decreased and Net Asset Value was increased while compared to the 2008.

Zaheeruddin, et al., (2013), found that ICICI equity fund has register the high returns (R) among the selected funds and Birla sun life mutual fund has more risky as compared to other. The study also found that the ICICI mutual fund has top ranked as per the performance ratios.

Dhanada, et al., (2012), found that in 2009-10 except ING core equity fund and Kotak select focus fund all schemes performed better than BSE- SENSEX. From study it was also found that HDFC top 200 Fund, HDFC capital builder fund and UTI opportunity funds were able to fulfill the expectations of the investors in terms of risk and return.

Yadav and Hemanth (2014), found that most of the selected schemes failed to beat the benchmark return in the long run. Birla Sun Life India Opportunities Fund-Plan B (Growth) scheme has failed to generate positive returns due to low beta. The study also found that UTI - Equity Fund-Growth Option scheme has secured rank one under all the measures.

Veeraiah and Kumar (2014), found that the mean return on equity and debt mutual fund schemes exceeds the return of SBI domestic term deposits whereas the money market mutual fund schemes have consistently provided positive returns.
Kumar (2011), found that out of twenty only five schemes performs better in comparison to benchmark index BSE-100 index and in terms of monthly average return and risk involved in these schemes was less then benchmark. The study also found that 15 out of 20 schemes has recorded better Sharpe index than the BSE National Index. Treynor of the scheme has showed excess return over risk free return per unit of systematic risk i.e. beta which indicated that all the schemes provided adequate returns as against the level of risk involved in the investment. The study found that all the schemes had positive Jenson's Measures which also indicated good market timing ability of fund managers as regard investment in securities.
Garg and Gupta (2014), found that the selected schemes had outperformed the market in terms of absolute returns during the study period. The study found that all the selected schemes were not well diversified. The study also found that all the selected schemes performed well as per the risk adjusted performance measures by Sharpe, Treynor and Jensen Models.
Thus, most of the studies have made an attempt to analyse the mutual fund performance, but very few studies have made an attempt to analyse the performance on equity oriented mutual fund schemes with growth option. The present study makes an attempt to analyse select equity oriented mutual fund schemes with growth option by using various tools and techniques.

OBJECTIVES OF THE STUDY
1. To analyse the performance of select equity oriented mutual fund schemes.
2. To compare the performance of select equity oriented mutual fund schemes with the benchmark index.

RESEARCH QUESTION
The study makes an attempt to address the following research questions:
1. What is the relative performance of select growth option equity oriented mutual fund schemes during the study period?
2. To what extent the performance of select growth option equity oriented mutual schemes differ from benchmark index?

RESEARCH METHODOLOGY
The present study is based on secondary data for the period of ten years i.e. from April, 2005 to March, 2015. For evaluating the performance of sample schemes the daily closing NAV value has been used for the study period. The required secondary data has been collected from various secondary sources. For the purpose of performance evaluation of sample schemes, Net Asset Value (NAV) data during the period under study were collected from websites of respective Asset Management Companies (AMCs) websites. The collected data was analysed with the help of various statistical tools and other measures. In order to have a significant evaluation of the investment performance of the sample schemes the BSE 100 has been used as benchmark Index. BSE 100 index is used as a benchmark as it is a broad based index, consisting of 100 actively traded equity shares representing more than 70 percent of the total market capitalization in Bombay Stock Exchange. For the present study, bank rate has been selected as risk free rate of return, as it has been constant for many years and is related with the most commonly preferred investment avenue namely bank deposits. For the present study the average of ten years bank rate has been taken as 7%.
As on 31st March 2015 there are 43 Asset Management Companies (AMCs) which are actively involved in mutual fund industry in India. Out of 43 number of (AMCs) there were 20 AMC that are operating throughout the ten years period from April 2005 to March 2015, which is considered as the study period of that particular study. In order to select the schemes for conducting the study, at the first stage 50% of AMCs which are in operation during the period of study has been selected through simple random sampling. At the second stage, only growth option equity oriented mutual fund schemes which were in operation during the entire study period has been considered from each of the AMCs so selected. From each selected AMC's one (01) numbers of equity oriented schemes with growth option has considered under the study through convenient random sampling. Return, risk, beta, Sharpe, Jensen and Treynor ratio have been used to analyse the data and to arrive at the findings of the study. The present study included ten numbers of equity mutual fund schemes for a period of ten years from 1st April 2005 to 31st March 2015.

RESULTS AND DISCUSSION
Table1 presents the return earned by the selected schemes against market return during the period of study (2005-06 to 2014-15). Scheme return and market return have been calculated, taking the daily adjusted net asset value (NAV) and the index value (BSE-100)

TABLE 1: TEN YEARS AVERAGE RETURN OF THE SELECTED SCHEMES

Mutual Fund Schemes	Scheme Return	Market Return	O / U	Rank
Kotak Opportunities – Growth	1.451	1.219	O	1
Templeton India Growth Fund, Growth	1.433	1.219	O	2
HDFC Capital Builder Fund, Growth	1.42	1.219	O	3
ICICI Prudential Multicap Fund – Growth	1.413	1.219	O	4
Birla Sun Life Equity Fund – Growth	1.38	1.219	O	5
DSP BlackRock Opportunities Fund - Regular – Growth	1.344	1.219	O	6
HSBC India Opportunities Fund – Growth	1.27	1.219	O	7
Tata Equity Opportunities Fund – Growth	1.236	1.219	O	8
Reliance Vision Fund – Growth	1.164	1.219	U	9
LIC MF GROWTH FUND Growth	0.904	1.219	U	10

Source: Compiled by the Researchers

O = Out-performed, U = Under-performed
Table 1 reveals that all the selected schemes have positive return during the study period whereas out of the 10 selected schemes 8 schemes performed better than the market and remaining 2 schemes are not able to perform well as compared to market return. It is also found that out of the 10 schemes in the study the top performer is Kotak Opportunities – G (1.451) and worst performance is seen in case of LIC MF Growth Fund -G (0.904).
Table 2 presents the ten years average standard deviation of the selected schemes and the average standard deviation of the market during the period of study (2005-06 to 2014-15).

TABLE 2: TEN YEARS AVERAGE STANDARD DEVIATION (SD) OF THE SELECTED SCHEMES

Mutual Fund Schemes	Scheme SD	Market SD	HR/LR	Rank
Kotak Opportunities – Growth	6.607	6.89	LR	6
Templeton India Growth Fund – Growth	6.923	6.89	HR	9
HDFC Capital Builder Fund - Growth	6.226	6.89	LR	3
ICICI Prudential Multi cap Fund – Growth	6.596	6.89	LR	5
Birla Sun Life Equity Fund – Growth	6.189	6.89	LR	2
DSP Black Rock Opportunities Fund - Regular - Growth	6.184	6.89	LR	1
HSBC India Opportunities Fund – Growth	6.283	6.89	LR	4
Tata Equity Opportunities Fund – Growth	6.649	6.89	LR	7
Reliance Vision Fund – Growth	7.12	6.89	HR	10
LIC MF GROWTH FUND - Growth	6.804	6.89	LR	8

Source: Compiled by the Researchers

HR = Higher Risk, LR = Lower Risk.

From the table above it is found that standard deviation of the selected schemes ranges from 6.184 (DSP Black Rock Opportunities Fund - Regular - Growth) to 7.12 (Reliance Vision Fund – Growth). It is clear from the Table above that out of 10 schemes selected 2 schemes were more risky as compared to the market which indicating that the scheme returns are highly volatile and as such the schemes are highly risky whereas, remaining 8 were less risky as compared to the market. From the Table it is also found that the most risky scheme is Reliance Vision Fund – Growth and the least risky scheme is DSP Black Rock Opportunities Fund - Regular – Growth during the period of study.

Table, 3 presents the ten years average value of beta of the selected Schemes for the period from 2005-06 to 2014-15. It is found from the below Table that the value of beta ranges from 0.853 (HDFC Capital Builder Fund-G) to 0.989(Reliance Vision Fund –G). However, all the selected schemes have defensive beta value which indicating that the schemes are less risky than the market. From the Table it is also found that the highest beta value is gained by Reliance Vision Fund – Growth scheme and the least beta value is for the scheme HDFC Capital Builder Fund-Growth scheme during the period of study.

TABLE 3: TEN YEARS AVERAGE BETA VALUE OF THE SELECTED SCHEMES

Mutual Fund Schemes	Beta (ß)	HR/LR	Rank
Kotak Opportunities – Growth	0.899	LR	4
Templeton India Growth Fund, Growth	0.973	LR	9
HDFC Capital Builder Fund, Growth	0.853	LR	1
ICICI Prudential Multicap Fund – Growth	0.948	LR	7
Birla Sun Life Equity Fund – Growth	0.967	LR	8
DSP Black Rock Opportunities Fund - Regular – Growth	0.883	LR	2
HSBC India Opportunities Fund – Growth	0.9	LR	5
Tata Equity Opportunities Fund – Growth	0.897	LR	3
LIC MF GROWTH FUND Growth	0.921	LR	6
Reliance Vision Fund – Growth	0.989	LR	10

Source: Compiled by the Researchers

HR = Higher Risk, LR = Lower Risk.

Table, 4 presents the ten years average Sharpe ratio of the selected schemes for the period from 2005-06 to 2014-15. Sharpe Model was developed by William F. Sharpe (1966) to measure the risk premium of portfolio relative to the total amount of risk in the portfolio. Sharpe index summarizes the risk and return of a portfolio in a single measure that categories the performance of funds on the risk-adjusted basis. The larger the Sharpe's Index, the portfolio is over performing the market and vice versa. (Sharpe, 1966)

It is found from the Table 4 that all the selected scheme has positive Sharpe ratio. However, out of the 10 schemes 8 schemes have outperformed the market. It is also found from the table 4 that ICICI Prudential Multicap Fund –G (0.268) has registered the highest performance and Reliance Vision Fund —G (0.187) shows the worst performance as against the market Sharpe ratio (0.213).

TABLE 4: TEN YEARS AVERAGE SHARPE RATIO OF THE SELECTED SCHEMES

Mutual Fund Schemes	Scheme Sharpe	Market Sharpe	O / U	Rank
Kotak Opportunities – Growth	0.253	0.213	O	7
Templeton India Growth Fund, Growth	0.225	0.213	O	13
HDFC Capital Builder Fund,Growth	0.267	0.213	O	4
ICICI Prudential Multicap Fund – Growth	0.268	0.213	O	3
Birla Sun Life Equity Fund – Growth	0.237	0.213	O	10
DSP Black Rock Opportunities Fund - Regular – Growth	0.253	0.213	O	6
HSBC India Opportunities Fund – Growth	0.228	0.213	O	11
Tata Equity Opportunities Fund – Growth	0.230	0.213	O	14
Reliance Vision Fund – Growth	0.187	0.213	U	18
LIC MF GROWTH FUND Growth	0.190	0.213	U	19

Source: Compiled by the Researchers

O = Out-performed, U = Under-performed

Table, 5 presents the ten years average Treynor ratio of the selected schemes for the period from 2005-06 to 2014-15. Treynor Model was developed by Jack Treynor in the year 1965, which is based on systematic risk and known as reward to volatility ratio. It measures portfolio risk in terms of beta, which is the weighted average of individual security beats. The ratio is relevant to investors, for whom the fund represents only a fraction of their total assets. The higher the ratio better is the Performance and vice versa.

It is found from the Table 4 that all the selected scheme has positive Treynor ratio. However, out of the 10 schemes 8 schemes have outperformed the market. It indicates that the schemes are able to earn higher return than the market per unit of systematic risk undertaken. It is also found from the Table that Kotak Opportunities – G (1.724) registers the highest performance and Reliance Vision Fund – G (1.055) shows the worst performance as against the market Treynor ratio (1.212).

TABLE 5: TEN YEARS AVERAGE TREYNOR RATIO OF THE SELECTED SCHEME

Mutual Fund Schemes	Scheme Treynor Ratio	Market Treynor Ratio	O / U	Rank
Kotak Opportunities – Growth	1.724	1.212	O	1
Templeton India Growth Fund, Growth	1.451	1.212	O	4
HDFC Capital Builder Fund,Growth	1.678	1.212	O	2
ICICI Prudential Multicap Fund – Growth	1.575	1.212	O	3
Birla Sun Life Equity Fund – Growth	1.43	1.212	O	6
DSP BlackRock Opportunities Fund - Regular – Growth	1.449	1.212	O	5
HSBC India Opportunities Fund – Growth	1.319	1.212	O	8
Tata Equity Opportunities Fund – Growth	1.341	1.212	O	7
Reliance Vision Fund – Growth	1.055	1.212	U	10
LIC MF GROWTH FUND Growth	1.078	1.212	U	9

Source: Compiled by the Researchers

O = Out-performed, U = Under-perform

Table 6 presents the ten years Jensen Alpha ratio of the selected schemes for the period from 2005-06 to 2014-15. Jensen Alpha Model was developed by Michael Jensen in the year 1968. The more positive Alpha ratio indicates the better performer by the fund.

It is found from the table that all the selected schemes have positive value which indicated that the schemes performed better than the market. This is an indication of superior management ability of the fund managers of these schemes. From the table it is also found that the Birla Sun Life Equity Fund – G (1.464) registers the highest performance and LIC MF Growth Fund -G (0.775) shows the worst performance during the study period.

TABLE 6: TEN YEARS AVERAGE JENSEN RATIO OF THE SELECTED SCHEMES

Mutual Fund Schemes	Jensen Alpha	O / U	Rank
Kotak Opportunities – Growth	1.291	O	3
Templeton India Growth Fund, Growth	1.419	O	2
HDFC Capital Builder Fund,Growth	1.216	O	8
ICICI Prudential Multicap Fund – Growth	1.277	O	4
Birla Sun Life Equity Fund – Growth	1.464	O	1
DSP BlackRock Opportunities Fund - Regular – Growth	1.244	O	6
HSBC India Opportunities Fund – Growth	1.233	O	7
Tata Equity Opportunities Fund – Growth	1.153	O	9
Reliance Vision Fund – Growth	1.275	O	5
LIC MF GROWTH FUND –Growth	0.775	O	10

Source: Compiled by the Researchers

O = Out-performed, U = Under-performed

FINDINGS

1. It is found from the study that all the selected schemes have positive return and out of 10 selected schemes 8 schemes performed better than the market during the study period.
2. It is found that the standard deviation of the selected schemes ranges from 6.184 to 7.12 and out of 10 schemes selected 2 schemes were more risky as compared to the market during the period of study.
3. From the value of beta it is found that it ranges from 0.853 to 0.989 and all the selected schemes have defensive beta indicating that the schemes are less risky than the market.
4. It is also found that both Sharpe as well as Treynor ratio of the selected schemes have positive value whereas ICICI Prudential Dynamic–G scheme is the highest value and LIC MF Equity Fund -G scheme is the lowest as per both the performance measures.
5. The study also found that the Jensen Alpha ratio of all the selected schemes have positive value whereas out of 10 selected schemes the Franklin India Flexi Cap Fund –G is registers the highest value performance and LIC MF Equity Fund -G (0.775) is registers the lowest value.

CONCLUSION

The present study investigates the performance of ten open-ended equity oriented growth option mutual fund schemes of ten different AMC's for the period from April'05 to March15. Daily NAV of different schemes have used to calculate the returns, standard deviation, beta, Sharpe, Treynor, and Jensen measure. BSE 100 is taken as a Benchmark Index and RBI Bank rate is used as free rate. The study found that all the schemes have a positive return and from the value of Standard Deviation it is found that two out of ten schemes two schemes is more risky as compared to Market. From the value of beta it is found that all the selected schemes have defensive beta value during the study period. It is also found from the value of three performance measures i.e. Sharpe, Treynor and Jensen that all the schemes have positive value during the study period.

LIMITATIONS OF THE STUDY

1) The study deals with only selected equity schemes of sampled fund houses operating in India and the generalization of the findings is require sufficient caution as the findings are by and large reflect the performance of the select type of schemes only.
2) The present performance of the selected schemes may not be guaranteed in future and investors have to consider other aspects before making investment.
3) The performance of selected schemes is limited only for a period of ten years and findings of the study for other period is by and large reflect the time period specific to the study.

SCOPE FOR FURTHER RESEARCH

There is a sufficient scope for further research work in the area of mutual fund Industry. The present study is confined with twenty large and mixed cap growth option equity oriented mutual fund schemes. Such study can also be conducted by increasing the sample size to gain more insight. Further research work can also be undertaken in relation to hybrid fund, income fund, gilt fund, fund of funds, liquid fund, sector oriented mutual funds.

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