

PERFORMANCE EVALUATION OF SIP AND LUMP-SUM INVESTMENT: A STUDY OF SMALL CAP MUTUAL FUNDS

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ABSTRACT

In this paper, the Performance of 13 open-ended equity small cap schemes related to thirteen private sector mutual funds are evaluated i.e. ABSL Mutual fund, Axis Mutual Fund, DSP Mutual fund, Franklin templeton mutual fund, HDFC Mutual Fund, ICICI Prudential Mutual Fund, Kotak Mahindra Mutual Fund, HSBC Mutual Fund, Nippon India Mutual Fund, Quant Mutual Fund, SBI Mutual Fund, Sundaram Mutual Fund and Union Mutual Fund. The study period covers the period from 1st April 2016 to 31st March 2023. For evaluating the performance of the selected mutual fund schemes, month-wise returns are compared with Benchmark- S&P BSE Small Cap Index return. The rate which has no risk i.e. Risk Free Rate has been taken as average fixed deposit rate of SBI (State bank of India). Further, various different types of statistical tools like average, standard deviation, IRR, beta and the risk adjusted performance measures suggested by Sharpe (1966), Jenson (1968), and Treynor (1965) are employed to evaluate the performance for the above selected period. In this paper SIP and lump-sum investment returns are also compared of the above selected small cap schemes.

Keywords: S&P BSE Small Cap Index, Equity Schemes, Open-ended, Sharpe, Jenson, Treynor, SIP, Lump-sum.

Introduction

A Mutual Fund is an institution in the form of trust that pools the savings of many numbers of investors who share different financial goals to different persons. The money so collected, is then invested in capital market instruments based on the objective of the mutual fund schemes. The income earned through these investments and the capital appreciation realized is shared by its owners i.e. unit holders in proportion to the number of units owned by them. Mutual Fund works on the principle of 'Diversification'. Diversification is a device that reduces the risk because all stocks have different degree of risk. Mutual fund issues units to its investors in proportion of the money invested by them. Investors of mutual funds are known as unit holders. The profits or losses are shared by the investors in proportion to their investment in that mutual fund. The mutual funds normally offer a number of schemes with different investment objectives which are launched from time to time. A mutual fund is required to be registered with Securities and Exchange Board of India (SEBI) which grants permission to operate and regulates securities markets before it can collect funds from the public.

Review of Literature

Indian Mutual fund industry began in 1963 with the formation of Unit trust of India (UTI) and the existing of a mutual fund industry in India is for over more than 59 years, there have been only a few studies, which examined the performance of Indian mutual funds using standard methodology for Small Cap funds. A brief review of these studies is now presented below:

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Gupta and Sehgal (2000) evaluated investment performance of eighty mutual fund schemes of the Indian mutual fund market over the period 1992-96. They tested several related propositions regarding consistency of performance, fund diversification, performance in relation to fund objectives, parameter stationary over time, and risk-return relationship and reported that mutual fund industry had performed reasonably well during the study period. They found that there is a lack of adequate diversification.¹

G. Sethu (2001) used weekly NAV data of eighteen open-ended growth schemes in India for the period from April 1995 to July 1999. The 91-day treasury auction rate was used as the risk free rate. He used three alternatives indices for equity market viz. BSE-Sensitive Index, NSE-Nifty and S&P-CNX 500. He concluded that the fund portfolios are not adequately diversified, the excess returns after adjusting for systematic risk is zero and there is lack of market timing in portfolios.²

Mishra (2001) evaluated performance for the period starting from April 1992 to December 1996. The sample size was twenty 24 of return, Sharpe, Treynor and Jensen's measures of performance. The study also considered beta's instability issues. Conclusion of the study was uncheerful performance of PSU mutual funds in India, in general.³

Kumar (2010) evaluated the performance of 20 mutual funds schemes of five mutual funds using monthly NAV for 10 year from January 2000 to December 2009. The rate of return was compared with the BSE 100 index over the above period. The performance was evaluated in the terms of rate of return, systematic risk, Total risk, and risk adjusted performance suggested by Treynor, Sharpe and Jensen. The final result showed that out of 20 schemes, selected equity schemes shows better return as compared to debt and balanced schemes.⁴

Iqbal (2012) made comparative study of private and public sector mutual funds to check whether private sector mutual funds are performing better and providing better results to investors or public sector mutual funds in India. He concluded that the private sector mutual fund Companies have shown very impressive growth in comparison to public sector mutual fund companies and it can be said that the private sector mutual funds have performed.⁵

Sathish and Srinivasan (2016) evaluated the performance of twenty equity diversified open-ended mutual fund schemes for the period of five years from January 2010 to December 2014. The performance of selected funds is evaluated by using various statistical tools like average rate of return, standard deviation, beta, correlation, regression analysis and risk adjusted techniques Sharpe ratio, Treynor ratio and Jensen ratio. They concluded that all the schemes have given positive return over the study period, ICICI Prudential Mid cap fund has given the highest return.⁶

Rokade (2021) analysed the performance of the five large cap mutual fund equity schemes on risk and return basis for the period from April 2009 to March 2017. She concluded that the maximum return was from HDFC Top 200 and it was the riskiest one whereas minimum return was from SBI Blue Chip and ICICI Top 100 was the least risky scheme. She also concluded that the highest positive value of Sharpe as well as Jensen alpha measure was found in HDFC Top 200 and the lowest Sharpe and Jensen alpha value was found in SBI Blue Chip.⁷

Murthy, Anjaneyulu, Bhatt and Kumar (2022) evaluated performance evaluation of Indian mutual funds through daily closing NAV of various different schemes to calculate the returns from the eight mutual fund schemes for the period from April 2019 to March 2022. NSE-Nifty has been used as benchmark. The performance of mutual funds carried out through risk and return analysis, standard deviation, Sharpe index, Treynor. They concluded that all the funds have performed well during the above study period.⁸

Research Gap

In the above literature no studies have made an attempt to make a comparative analysis of Mutual fund returns of small cap funds using Benchmarks i.e. S&P BSE Small cap Index and also the Risk-free rate is taken as average Interest rate of fixed deposit rate of State Bank of India during the selected period of this study. Still in past few years very few studies have made an attempt to calculate the return of Small cap funds which can be easily understandable by small and retail investors.

Significance of the Study

The need for evaluating the performance of mutual fund schemes in India especially Small cap funds is to see whether these schemes are outperforming or underperforming than the benchmark and to see the competency of schemes to make out a strong case for investment especially SIP and Lump-sum investment. The present paper investigates the performance of open-ended, growth-oriented

equity, Small cap schemes. The present research work is expected to be useful to academicians, managers of mutual funds, present and potential investors, research scholars, government and regulatory bodies.

Objectives of the Study

- To Evaluate the Performance of samplesmall cap schemes.
- To compare schemes' return and risk with benchmark i.e. S&P BSE Small cap Index.
- To appraise the performance of mutual funds with regard to risk-return adjustment, the model suggested by Sharpe, Treynor and Jensen.
- To compare returns of SIP and lump-sum amount invested.

Limitations of the Study

For performance evaluation purpose, those schemes have been selected which are in operation during 7 years i.e. April 2016 to March 2023. Only open-ended, growth option equity schemes of Private and public Sector Mutual Funds have been considered for this purpose. Performance evaluation of all schemes is not possible due to unavailability of data.

Scope for Further Research

As evaluating the performance of Mutual Fund schemes is ongoing process and never-ending task. This study has taken only open-ended schemes for its consideration and thus, a similar study can be done on Close-ended schemes and others funds. As in the present study an attempt has been made to compare the selected Small cap schemes with one benchmark i.e. S&P BSE Small cap Index, so same can be made with various other benchmarks and different Risk-free returns which is taken as fixed deposit rate of state bank of India in the present study. The number of sample schemes too can be increased, which might provide some more variations in the result. Also, many private and public sector mutual funds exist in the industry, in the present study only thirteen have been taken; many are yet to be evaluated.

Research Methodology

- **Benchmark Index**

For this study, S&P BSE Small cap Index has been used as a proxy for market index. Therefore it would certainly cover the majority percentage of different scheme portfolios and hence it is expected to provide better performance benchmark.

- **Risk Free Rate**

Risk free rate of return refers to that minimum return on investment that has no risk of losing the amount of investment over which it is earned. In this present study, it has been taken as deposit rate of State bank of India on the average rate from April 2016 to March, 2023 marked as 0.005108 per month.

- **Period of Study**

The growth-oriented schemes of small cap funds, which have been floated by the Private and public Sector Mutual Funds during the period April, 2016 to March, 2023 are considered for the purpose of the study. Monthly Net Asset Value (NAV) as declared by the relevant mutual funds during the above period has been used for this purpose.

- **Data**

Study examines thirteen open-ended equity schemes (Direct and Regular) with growth option launched by Private and public Sector Mutual Funds. These schemes have been selected on the basis of regular data availability during the period April 2016 to March 2023. Monthly NAV data have been used of the above period. NAV for the study is collected from AMFI (Association of Mutual Funds in India) and selected mutual funds' websites.

- **Statistical Tools**

For the purpose of the performance evaluation various tools are used to measure the performance such as Average Return, Standard Deviation, Beta, IRR, Sharpe, Treynor and Jensen.

- **Direct Scheme**

Direct scheme is a scheme in which money is invested in Mutual Fund Company directly by investors using mutual funds' own website or application.

- **Regular Scheme**

Regular scheme is a scheme in which money is invested in Mutual Fund Company through broker. In regular scheme we have to pay some consideration to broker.

Analysis and Interpretation

Table 1: List of Mutual Funds Schemes Studied

Name of the equity scheme selected	
ABSL** SMALL CAP FUND	KOTAK SMALL CAP FUND
AXIS SMALL CAP FUND	HSBC SMALL CAP FUND
DSP SMALL CAP FUND	NIPPON INDIA SMALL CAP FUND
FRANKLIN INDIA SMALLER COMPANIES FUND	QUANT SMALL CAP FUND
HDFC SMALL CAP FUND	SBISMAILL CAP FUND
ICICI PRUDENTIAL SMALL CAP FUND	SUNDARAM SMALL CAP FUND
	UNION SMALL CAP FUND

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Table 2 shows the average return earned by the various schemes. For calculation of average return earned by the schemes Growth in the value for each month over the previous month has been divided by the value of the previous month. Then the average of the full series has been taken.

Direct Scheme

In the sample schemes selected for the study, it is observed that Ten out of Thirteen schemes had shown the better return as compared to **S&P BSE Small Cap Index** (0.013596). **HSBC Small Cap Fund** (0.019249) has outperformed all the other sample schemes and the benchmarks, followed by **SBI Small Cap fund** (0.019168) and **Nippon India Small Cap fund** (0.019060). **ABSL Small Cap fund** (0.011659) has shown the worst performance in the sample schemes.

Regular Scheme

In the sample schemes selected for the study, it is observed that twelve out of thirteen schemes had shown the better return as compared to **S&P BSE Small Cap Index** (0.013596). **HSBC Small Cap Fund** (0.018875) has outperformed all the other sample schemes and the benchmarks, followed by **SBI Small Cap fund** (0.018188) and **Nippon India Small Cap fund** (0.017993). **ABSL Small Cap fund** (0.010955) has shown the worst performance in the sample schemes.

Table 2: Average Monthly Return Earned by the Schemes

Schemes	Average Return	
	Direct Scheme	Regular Scheme
ABSL Small Cap Fund	0.011696	0.010955
Axis Small Cap Fund	0.016725	0.013436
DSP Small Cap Fund	0.014397	0.013766
Franklin India Smaller Companies Fund	0.012487	0.013011
HDFC Small Cap Fund	0.016808	0.015844
ICICI Prudential Small Cap Fund	0.015447	0.014569
Kotak Small Cap Fund	0.016422	0.015318
HSBC Small Cap Fund	0.019249	0.018375
Nippon India Small Cap Fund	0.019060	0.017993
Quant Small Cap Fund	0.017812	0.015570
SBI Small Cap Fund	0.019168	0.018188
Sundaram Small Cap Fund	0.013168	0.012414
Union Small Cap Fund	0.015088	0.012787

Table 3 shows the standard deviation of selected schemes. Higher the value of standard deviation of the fund returns, greater will be the total risk carried by the fund. This table also presents the systematic risk of the sample schemes i.e. BETA. Considered for the purpose of this study all of the schemes have beta less than 1 (i.e. market beta) implying thereby that all these schemes selected for the study hold portfolios that were less risky than the market portfolio.

Direct Scheme: (Standard Deviation)

It is observed that the maximum deviation of funds return is shown by **Union Small Cap fund** (0.090261) followed by **Quant Small Cap fund** (0.068592) and **Sundaram Small Cap fund** (0.068576) whereas **Axis Small Cap fund** (0.052896) was least risky scheme with lowest standard deviation on the other hand Standard Deviation of benchmark S&P BSE Small Cap Index is (0.067057). It could be seen

here that nine out of thirteen schemes selected for study shows less standard deviation than S&P BSE Small Cap Index.

Regular Scheme: (Standard Deviation)

It is observed that the maximum deviation of funds return is shown by **Sundaram Small Cap fund** (0.068737) followed by **ABSL Small Cap fund** (0.066299) and **Quant Small Cap Fund** (0.065720) whereas **Axis Small Cap fund** (0.052143) was least risky scheme with lowest standard deviation on the other hand Standard Deviation of benchmark S&P BSE Small Cap Index is (0.067057). It could be seen here that twelve out of thirteen schemes selected for study shows less standard deviation than S&P BSE Small Cap Index.

Direct Scheme: (Beta)

The best beta value was shown by **Axis Small Cap Fund** (0.744107) followed by **Quant Small Cap fund** (0.757757) and **Union Small Cap Fund** (0.787575) and the worst was shown by **Sundaram Small Cap Fund** (0.999497). It could be seen here that all thirteen schemes selected for study shows less risky than market i.e. S&P BSE Small Cap Index. All these thirteen schemes fulfil the objective of establishing mutual fund.

Regular Scheme: (Beta)

The best beta value was shown by **Axis Small Cap Fund** (0.691522) followed by **Quant Small Cap fund** (0.756386) and **Franklin India Smaller Companies Fund** (0.791935) and the worst was shown by **Sundaram Small Cap Fund** (1.002056). It could be seen here that twelve out of thirteen schemes selected for study shows less risky than market i.e. S&P BSE Small Cap Index. All these twelve schemes fulfil the objective of establishing mutual fund.

Table 3: Standard Deviation and BETA

Schemes	Standard Deviation		Beta	
	D*	R#	D*	R#
ABSL Small Cap Fund	0.066214	0.066299	0.957482	0.959581
Axis Small Cap Fund	0.052896	0.052143	0.744107	0.691522
DSP Small Cap Fund	0.063412	0.063315	0.921580	0.920308
Franklin India Smaller Companies Fund	0.057405	0.060283	0.793223	0.791935
HDFC Small Cap Fund	0.062776	0.062730	0.907090	0.906558
ICICI Prudential Small Cap Fund	0.064048	0.063988	0.895084	0.894750
Kotak Small Cap Fund	0.061447	0.062876	0.883605	0.895197
HSBC Small Cap Fund	0.062118	0.062088	0.882080	0.882417
Nippon India Small Cap Fund	0.067847	0.064601	0.964788	0.949302
Quant Small Cap Fund	0.068592	0.065720	0.757757	0.756386
SBI Small Cap Fund	0.058286	0.058373	0.818953	0.819730
Sundaram Small Cap Fund	0.068576	0.068737	0.999497	1.002056
Union Small Cap Fund	0.090261	0.058904	0.787575	0.839760

* Direct Scheme, # Regular Scheme

Direct Scheme: (SIP and Lump sum)

Table 4 presents the monthly return of SIP (systematic investment plan) and lump sum investment in sample schemes during the study period of seven years. In the sample schemes selected for the study, it is observed that under SIP investment **Quant Small Cap Fund** (0.021465) has outperformed all the other sample schemes followed by **SBI Small Cap Fund** (0.019904) and **HSBC Small Cap Fund** (0.019169). **ABSL Small Cap Fund** (0.008329) has shown the worst performance in the sample schemes. Whereas in lump sum investment **HDFC Small Cap Fund** (0.018657) and **HSBC Small Cap Fund** (0.018657) jointly has outperformed all the other sample schemes followed by **SBI Small Cap Fund** (0.018648) and **Nippon India Small Cap Fund** (0.016251). **ABSL Small Cap Fund** (0.009561) has shown the worst performance in the sample schemes.

Regular Scheme: (SIP and Lump sum)

Table 4 presents the monthly return of SIP (systematic investment plan) and lump sum investment in sample schemes during the study period of seven years. In the sample schemes selected for the study, it is observed that under SIP investment **Quant Small Cap Fund** (0.020423) has outperformed all the other sample schemes followed by **SBI Small Cap Fund** (0.018336) and **HSBC Small Cap Fund** (0.018107). **ABSL Small Cap Fund** (0.007350) has shown the worst performance in

the sample schemes. Whereas in lump sum investment **HSBC Small Cap Fund** (0.017605) has outperformed all the other sample schemes followed by **SBI Small Cap Fund** (0.017472) and **Nippon India Small Cap Fund** (0.016889). **ABSL Small Cap Fund** (0.008541) has shown the worst performance in the sample schemes.

Table 4: SIP and Lump Sum- IRR

Schemes	Direct Scheme			Regular Scheme		
	SIP	Lump Sum	Difference	SIP	Lump Sum	Difference
ABSL Cap Fund	0.008329	0.009561	0.001231	0.007350	0.008541	0.001191
Axis Small Cap Fund	0.017050	0.016154	-0.000896	0.015658	0.014836	-0.000821
DSP Small Cap Fund	0.013300	0.012678	-0.000622	0.012536	0.011968	-0.000568
Franklin India Smaller Companies Fund	0.013228	0.012144	-0.001084	0.012392	0.011181	-0.001211
HDFC Small Cap Fund	0.015881	0.018657	0.002777	0.014617	0.014650	-0.000032
ICICI Prudential Small Cap Fund	0.015640	0.013996	-0.001644	0.014467	0.012285	-0.001482
Kotak Small Cap Fund	0.016332	0.015451	-0.000881	0.014973	0.014066	-0.000907
HSBC Small Cap Fund	0.019169	0.018657	-0.000512	0.018107	0.017605	-0.000502
Nippon India Small Cap Fund	0.018041	0.016251	-0.001791	0.017174	0.016889	-0.000285
Quant Small Cap Fund	0.021465	0.015256	-0.006209	0.020435	0.014523	-0.005912
SBI Small Cap Fund	0.019904	0.018648	-0.001256	0.018336	0.017472	-0.000864
Sundaram Small Cap Fund	0.011727	0.010694	-0.001033	0.010528	0.009879	-0.000946
Union Small Cap Fund	0.013509	0.012074	-0.001435	0.012681	0.011321	-0.001360

Difference between Returns of SIP and Lump Sum investment made:

In this study monthly investment is made under SIP and same amount is invested at the beginning of the study period under lump sum investment plan. At the end of study period yearly internal rate of return (IRR) is calculated in which it is noticed that SIP investment return is more than lump sum investment return except ABSL Small Cap Fund. Hence it can be concluded that SIP investment is more beneficial in terms of rate of return earned while comparing SIP and lump sum investment made. Out of selected 13 schemes 12 schemes performed better in case of SIP investment.

Sharpe

Table 5 depicts value of Sharpe's reward to variability ratio. It is an excess return earned over risk free return per unit of risk involved, i.e. per unit of standard deviation. Positive value of the index shows good performance.

Direct Scheme

It could be seen that 10 sample schemes have recorded better Sharpe index and 03 sample schemes have recorded lower Sharp index than the S&P BSE Small Cap Index (0.126577). **ABSL Small Cap Fund** has shown the worst sharp ratio (0.098933) and **SBI Small Cap Fund** (0.241210) has shown the best Sharpe ratio among the selected schemes. This indicates nearly 77 percent schemes have outperformed the S&P BSE SmallCap index

Regular Scheme

It could be seen that 11 sample schemes have recorded better Sharpe index and 02 sample schemes have recorded lower Sharp index than the S&P BSE Small Cap Index (0.126577). **ABSL Small Cap Fund** has shown the worst sharp ratio (0.088192) and **SBI Small Cap Fund** (0.224070) has shown the best Sharpe ratio among the selected schemes. This indicates nearly 86 percent schemes have outperformed the S&P BSE Small Cap index.

This implies that in both direct and regular scheme the funds decision for diversified portfolio in a falling market has proved successful to some extent in earning higher excess returns per unit of risk as compared to the market.

Treynor

Table 5 shows Treynor of the scheme, it is the excess return over risk free return per unit of systematic risk i.e. beta. Here, all the schemes recorded positive value in both direct and regular scheme

indicating thereby that the schemes provided adequate returns as against the level of risk involved in the investment.

Direct Scheme

SBI Small Cap Fund (0.017167) shows the best Treynor ratio among all the selected schemes followed by **HSBC Small CapFund**(0.016031) and **Axis Small Cap Fund** (0.015611) whereas **ABSL Small Cap Fund**(0.006842) has shown the worst performance. A higher Treynor Index as compared to market indicates that investor who invested in mutual fund to form well diversified portfolio did receive adequate return per unit of systematic risk undertaken.

Regular Scheme

SBI Small Cap Fund(0.015956) shows the best Treynor ratio among all the selected schemes followed by **HSBC Small CapFund**(0.015035) and **Quant Small Cap Fund** (0.013831) whereas **ABSL Small Cap Fund**(0.006093) has shown the worst performance. A higher Treynor Index as compared to market indicates that investor who invested in mutual fund to form well diversified portfolio did receive adequate return per unit of systematic risk undertaken.

Jenson

Table 5 shows the Jenson's measures. It is the regression of excess return of the schemes with excess return of the market, acting as dependent and independent variables respectively. Higher positive value of alpha posted by the schemes indicates its better performance.

Direct Scheme

The analysis of the table reveals that 11 schemes have positive Jenson's measures and 02 schemes have negative value. Highest value of Jenson's measure is shown in **SBI Small Cap Fund**(0.007108) followed by **HSBC Small Cap Fund**(0.006654) and **Nippon India Small Cap Fund**(0.005763). Lowest Jenson's measure is found in the case of **ABSL Small Cap Fund**(-0.001576). Higher value of Jenson's measures indicates good market timing ability of fund managers as regard investment in the securities.

Regular Scheme

The analysis of the table reveals that 11 schemes have positive Jenson's measures and 03 schemes have negative value. Highest value of Jenson's measure is shown in **SBI Small Cap Fund**(0.006122) followed by **HSBC Small Cap Fund**(0.005777) and **Nippon India Small Cap Fund** (0.004827). Lowest Jenson's measure is found again in the case of **ABSL Small Cap Fund**(-0.002298). Higher value of Jenson's measures indicates good market timing ability of fund managers as regard investment in the securities.

Table 5: Sharpe, Treynar and Jenson of the Schemes

Schemes	Sharpe		Treynor		Jenson	
	D*	R#	D*	R#	D*	R#
ABSL Cap Fund	0.098933	0.088192	0.006842	0.006093	-0.001576	-0.002298
Axis Small Cap Fund	0.219605	0.159710	0.015611	0.012043	0.005300	0.002458
DSP Small Cap Fund	0.146475	0.136735	0.010079	0.009407	0.001466	0.000846
Franklin India Smaller Companies Fund	0.128539	0.131095	0.009302	0.009979	0.000646	0.001181
HDFC Small Cap Fund	0.186366	0.171148	0.012898	0.011843	0.004000	0.003041
ICICI Prudential Small Cap Fund	0.161425	0.147852	0.011551	0.010574	0.002742	0.001866
Kotak Small Cap Fund	0.184117	0.162384	0.012804	0.011405	0.003814	0.002612
HSBC Small Cap Fund	0.227641	0.213680	0.016031	0.015035	0.006654	0.005777
Nippon India Small Cap Fund	0.205638	0.199446	0.014461	0.013572	0.005763	0.004827
Quant Small Cap Fund	0.168300	0.159182	0.014643	0.013831	0.004664	0.004041
SBI Small Cap Fund	0.241210	0.224070	0.017167	0.015956	0.007108	0.006122
Sundaram Small Cap Fund	0.117525	0.106280	0.008063	0.007290	-0.000424	-0.001200
Union Small Cap Fund	0.117265	0.130364	0.012671	0.009144	0.003295	0.000551

* Direct Scheme, # Regular Scheme

Table 6 shows the ranking of the scheme according to Average Return, Standard Deviation, BETA, Sharpe, Treynor and Jensen measures where the scheme with the highest value is ranked 1 in Average Return, Sharpe, Treynor and Jensen measures and rank 1 in Standard Deviation and BETA with the lowest value.

Table 6: Ranking of the Schemes according to Average Return, Standard Deviation BETA Sharpe, Treynor and Jensen Measures

Schemes	Average Return		Standard Deviation		BETA		Sharpe		Treynor		Jenson	
	D*	R#	D*	R#	D*	R#	D*	R#	D*	R#	D*	R#
ABSL Small Cap Fund	13	13	9	12	11	12	13	13	13	13	13	13
Axis Small Cap Fund	6	9	1	1	1	1	3	6	3	5	4	7
DSP Small Cap Fund	10	8	7	8	10	10	9	9	10	10	10	10
Franklin India Smaller Companies Fund	12	10	2	4	4	3	10	10	11	9	11	9
HDFC Small Cap Fund	5	4	6	6	9	9	5	4	6	6	6	5
ICICI Prudential Small Cap Fund	8	7	8	9	8	7	8	8	9	8	9	8
Kotak Small Cap Fund	7	6	4	7	7	8	6	5	7	7	7	6
HSBC Small Cap Fund	1	1	5	5	6	6	2	2	2	2	2	2
Nippon India Small Cap Fund	3	3	10	10	12	11	4	3	5	4	3	3
Quant Small Cap Fund	4	5	12	11	2	2	7	7	4	3	5	4
SBI Small Cap Fund	2	2	3	2	5	4	1	1	1	1	1	1
Sundaram Small Cap Fund	11	12	11	13	13	13	11	12	12	12	12	12
Union Small Cap Fund	9	11	13	3	3	5	12	11	8	11	8	11

* Direct Scheme, # Regular Scheme

Table 7 shows the Overall Performance Ranking of the mutual funds evaluated under different methods in terms of S&P BSE Small cap Index, it can't be expressed that a single scheme outperformed others under all methods. When some schemes perform better under some methods and some other schemes perform better under some other methods, selecting a single scheme as the best scheme is difficult. To overcome this, the overall performance ranking of the schemes is made including Average Return, Standard Deviation, Beta, Sharpe, Treynor and Jensen. Schemes are ranked according to their performance, as the scheme with highest value is given Rank 1, except in Standard Deviation and Beta. Finally, the scheme with the lowest average rank becomes the best scheme.

Table 7: Overall Performance Ranking

Schemes	Overall Performance Ranking	
	Direct Scheme	Regular Scheme
ABSL Small Cap Fund	13	13
Axis Small Cap Fund	2	3
DSP Small Cap Fund	11	11
Franklin India Smaller Companies Fund	8	8
HDFC Small Cap Fund	5	5
ICICI Prudential Small Cap Fund	9	9
Kotak Small Cap Fund	7	7
HSBC Small Cap Fund	3	2
Nippon India Small Cap Fund	6	6
Quant Small Cap Fund	4	4
SBI Small Cap Fund	1	1
Sundaram Small Cap Fund	12	12
Union Small Cap Fund	10	10

Conclusion

Out of the total schemes studied, 10 funds in direct schemes and 08 funds in regular scheme showed average return higher than the market return. **HSBC Small Cap Fund** showed the best average return whereas **ABSL Small Cap Fund** showed the worst performance in both direct and regular scheme. Based on benchmarks **Axis Small Cap Fund** was the least risky and **Union Small Cap Fund** was the riskiest fund in direct scheme and **Axis Small Cap Fund** was the least risky and **Sundaram**

Small Cap Fund was the riskiest fund in regular scheme. Based on the overall performance ranking of the schemes it can be seen that **SBISmall Cap Fund** in Direct Scheme and Regular Scheme has shown the best performance and has outperformed in all the other schemes and the benchmark taken for the study. It is observed that SIP investment is more beneficial in terms of rate of return earned while comparing SIP and lump sum investment made. Out of selected 13 schemes 12 schemes performed better in case of SIP investment.

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