

PERFORMANCE EVALUATION OF MUTUAL FUNDS BEFORE AND AFTER THE COVID-19 IN INDIA: A STUDY

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ABSTRACT

Mutual Fund companies are financial intermediary providing financial services to small investors through mobilization of their funds, when the investor invests in mutual funds. Mutual fund is one of the finest investment avenue ever created. They are very cost efficient and very simple to invest in capital market. In this research paper an attempt is made on a impact of covid 19 on mutual fund schemes for 1 year prior to outbreak of Covid-19 and 1 year during Covid-19 on the basis of return and risk evaluation. The analysis was achieved by assessing various financial tests like Return of the fund, average, Standard Deviation and Beta. The used data is total average asset management for one year before Covid-19 effect and one year during Covid-19 pandemic. The source of data is the website of Association of Mutual Funds in India and Money Control and four schemes were used for analysis of the funds. It is important to know and study the risk involved in fund and the substantial value of returns incurred through it. The Indian markets have shown good recovery in short span of time in the mutual fund industry and also seen positive growth in the mutual fund investment till the month of December.

Keywords: *Net Asset Value, Covid-19 Pandemic, Average, Mutual Fund, Standard Deviation.*

Introduction

Mutual funds are professionally managed of collective an investment that pools money of many investors and invests it in stocks, bonds, short-term money market instruments, government securities. In a mutual fund, the fund manager, who is also known as the portfolio manager, trades the fund's underlying securities, realizing gain or loss of capital and collects the dividend or interest income in the mutual fund. There has unpredictable volatility in capital market since January 2020 due to uncertainty in the market and also in the human life due to covid 19 pandemic period. The lockdown has adversely have affected all service sector in India .The never seen situation before all major cities investor revoke their investment for survives in this situation and its indirect and direct effect on Indian economy.

There is also seen surprisingly positive change in mutual funds industry because of digitalization, people grasp more knowledge about that and also understand important of investment in human life is necessary. That reason Mutual fund returns have taken sharp hit due to this pandemic period of covid 19. Indian equity market was fall 35% to 40% during February and March while in the long run, equity market has trended upward. Within this market period of January 2020 to December 2020 various funds perform differently in the market. In general open ended fund performance is seen superior camper to history performance of funds. The present research aims to study of the mutual fund investment pattern and preference of Investments Avenue of retail investors in the COVID 19 pandemic in India.

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Literature Review

Surabhi and Varsha (Dec 2020) analysed the study of Investment Patterns and Investment Preferences of Retail Investors Post COVID 19. This paper has aimed to analyze the changes in returns given by investment avenues due to the pandemic. Researchers had used primary questionnaire method for their research, In the last researchers carried out that there is significant relation between the selection of Investment avenue pre and post COVID- 19 in India.

Sangiseti Manoj and Bondu Avinash (2020) have examined the performance evaluation of mutual fund before and during the outbreak of covid 19 pandemic situation in India. Researchers have objectives of this paper is tries to understand the behaviour of the mutual funds returns and their performance ranking as per sharpe and Treynor index in the period prior to the Covid-19 pandemic and during outbreak of Covid-19 pandemic. Researchers had concluded that there is an impact of covid 19 on the fund and return went to down during pandemic situation.

Tapan Kumar Samanta (2019) summarized the study on the Performance of Mutual Fund Scheme in India. The objective of the study is to analyze the trends and compare the performance in returns of growth oriented selected equity diversified mutual fund scheme in India. The researcher had used sample of ten mutual fund schemes comprising of all equity diversified large cap funds. Researcher had observed that majority of mutual funds selected for study have outperformed under Sharpe Ratio and Treynor Ratio in the capital market.

Research Gap

The researchers have reviewed a past study as literatures identify research gap itself. They had taken limited number of sample for research. All the research done in past time but recently mutual fund should have different trend in capital market and there is an only few researches done during covid 19 pandemic situation. People should have awareness for invest their money in the mutual fund by investing various kind of schemes which available in capital market.

Research Methodology

Objectives

- To know the mutual fund performance of various schemes in India
- To examine the growth in net asset under fund management companies before and during COVID- 19 in India.
- To study of dynamic changes of mutual fund in India during covid 19 pandemic

Data Collection

Research work is based on secondary data. The data were taken from AMFI website on monthly basis. Simple analyze statistical method used for data in this research study.

Period of the Study

The present study tried to analyze performance of mutual fund industry by covering the time period from the January 2019 to December 2020.

Hypothesis

Ho: There is no significant difference in before and during impact of covid 19 pandemic in the performance of mutual fund scheme during the study period

H1: There is significant difference in before and during impact of covid 19 pandemic in the performance of mutual fund scheme during the study period

Data Analysis and Interpretation

As per the collection of secondary data of average asset under management analysis and interpretation is as follow as under:

Average Asset under Management 2019

Month	Income/Debt Oriented Schemes	Change in %	Equity Oriented Schemes	Change in %	Hybrid Schemes	Change in %	Total	Change in %
Jan	13,24,906.78		8,36,384.93		1,76,902.86		2452084.64	
Feb	13,12,261.89	-0.95	8,23,168.61	-1.58	1,72,765.6	-2.34	2424931.8	-1.11
March	12,86,031.37	-1.99	8,66,670.5	5.28	1,78,037	0.64	2458015.95	1.37
April	11,21,697.21	-12.77	7,04,328.83	-18.73	3,40,268.6	91.12	2327025.39	-5.33
May	11,55,973.38	3.06	6,98,509.06	-0.83	3,37,758.96	-0.74	2352016.08	1.07

June	11,56,278.63	0.03	7,19,458.68	3.01	3,43,578.52	1.72	2390999.05	1.66
July	11,70,149.9	1.2	7,06,986.01	-1.73	3,42,666.52	-0.26	2393301.38	0.1
Aug	11,88,932.1	1.61	6,78,891.27	-3.97	3,39,913.49	-0.8	2379075.59	-0.59
Sep	11,54,836.81	-2.87	7,01,879.7	3.39	3,46,908.01	2.06	2376752.65	-0.1
Oct	11,70,811.34	1.38	7,25,161.34	3.31	3,51,921.22	1.45	2430616.52	2.07
Nov	12,01,180.21	2.6	7,55,890	4.24	3,58,322.23	1.82	2510043.32	3.26
Dec	12,19,750.66	1.55	7,62,798.58	0.91	3,58,348.44	0.07	2541533.2	1.25

(Data in Cr.)Source: AMFI Website

In the above table, the average asset under management has shown the month wise data from January 2019 to December 2019. The data was divided in the main three parts as Income Oriented Schemes, Equity Orient Schemes, Hybrid schemes and other schemes included in total average asset management. The data of AAUM is given in rupees and percentage in the table. The Income Oriented schemes and equity schemes had downward trend in AAUM because of lack knowledge about mutual fund among investors.

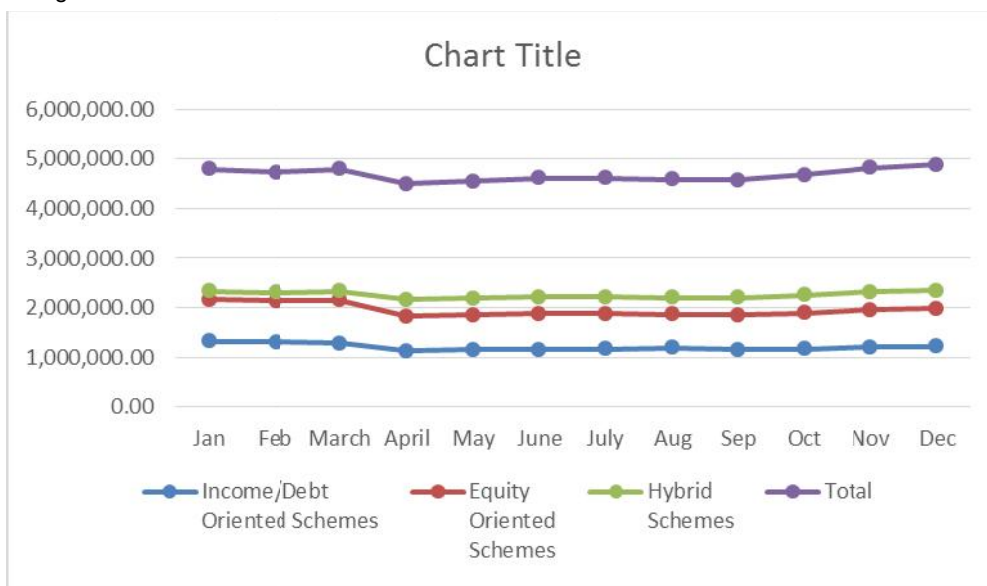


Figure 1: Average Asset under Management 2019

Figure 1 shows the graphically represent data of average asset under management from January 2019 to December 2019. Research has figured out into January 2019 to April 2019 average asset under management in down trend but after words into May 2019 to December 2019 average asset management in upward trend and change in positive way in the graph. It shows increase in value of average asset under management in Mutual Fund.

Average Asset under Management 2020

Month	Income/Debt Oriented Schemes	Change in %	Equity Oriented Schemes	Change in %	Hybrid Schemes	Change in %	Total	Change in %
Jan	12,69,015.32		7,87,557.62		3,62,037.07		26,33,156.11	
Feb	12,63,929.31	-0.4	7,95,495.44	1.01	3,59,529.29	-0.67	26,42,920.33	0.37
March	1,147,910.81	-9.18	650,146.51	-18.27	303,356.56	-15.62	2,292,863.86	-13.25
April	1,105,587.94	-3.69	611,487.18	-5.95	273,430.22	-9.87	2,179,279.59	-4.95
May	1,153,699.28	4.35	631,015.51	3.19	284,251.12	3.96	2,262,820.13	3.83
June	1,236,621.29	7.18	689,384.45	9.25	303,432.58	6.75	2,443,048.01	7.96
July	12,92,930.42	4.55	7,28,700.63	5.7	3,09,245.83	1.92	25,65,617.39	5.02
Aug	12,89,607.15	-0.26	7,66,691.35	5.21	3,10,769.92	0.49	26,20,230.38	2.13
Sep	12,87,235.72	-0.18	7,67,953.69	0.16	3,05,235.76	-1.78	26,17,629.19	-0.1
Oct	13,27,922.96	3.16	7,81,123.11	1.71	3,04,030.35	-0.39	26,80,053.63	2.38
Nov	14,02,404.89	5.61	8,30,774.96	6.36	3,14,067.99	3.3	28,29,265.24	5.57
Dec	14,203,848.96	1.53	8,87,231.59	6.8	3,23,004.63	2.85	29,39,883.12	3.91

(Data in Cr.)Source: AMFI website

In the above table, the average asset under management has shown the month wise data from January 2020 to December 2020. The data was divided in the main three parts as Income Oriented Schemes, Equity Orient Schemes, Hybrid schemes and other schemes included in total average asset management. The data of AAUM is given in rupees and percentage in the table. In 2020 all the schemes had upward trend in the mutual fund because Investors grasp more knowledge and awareness about investment due to covid 19 pandemic. People also understand important of investment in their life.

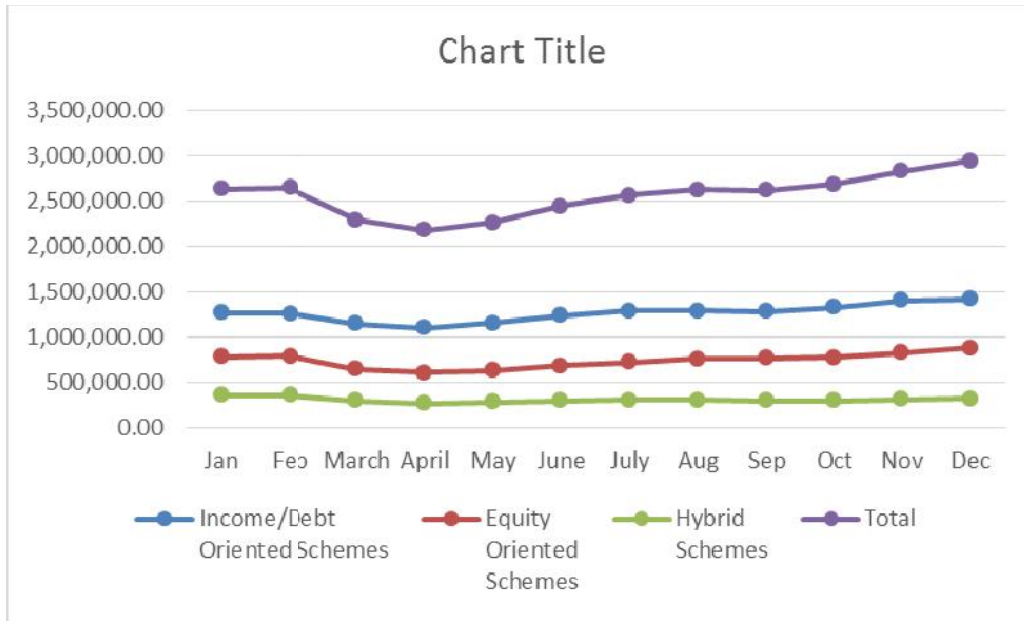


Figure 2: Average Asset under Management 2020

Figure 2 show the graphically represent data of average asset under management from January 2020 to December 2020. Research has figure out into January 2020 to April 2020 average asset under management in down trend and after words into May 2020 to December 2020 average asset management in upward trend and change in positive way in the graph. It show increase in the value of average asset under management in Mutual Fund.

Total Average Asset under Management of 2019 and 2020

Month	2019		2020	
	Total	Change in %	Total	Change in %
Jan	24,52,084.64		26,33,156.11	
Feb	24,24,931.8	-1.11	26,42,920.33	0.37
March	24,58,015.95	1.37	2,292,863.86	-13.25
April	23,27,025.39	-5.33	2,179,279.59	-4.95
May	23,52,016.08	1.07	2,262,820.13	3.83
June	23,90,999.05	1.66	2,443,048.01	7.96
July	23,93,301.38	0.1	25,65,617.39	5.02
Aug	23,79,075.59	-0.59	26,20,230.38	2.13
Sep	23,76,752.65	-0.1	26,17,629.19	-0.1
Oct	24,30,616.52	2.07	26,80,053.63	2.38
Nov	25,10,043.32	3.26	28,29,265.24	5.57
Dec	25,41,533.2	1.25	29,39,883.12	3.91

(Data in Cr.)Source: AMFI Website

In the above table, the average asset under management has shown the year wise with change in percentage. There is favorable impact of covid 19 shown in the above table. Total AAUM has increase 24, 52,085 to 29, 39,883 from the year 2019 to 2020. The mutual industry had added 72.89 lakh new investors account in 2019-2020.

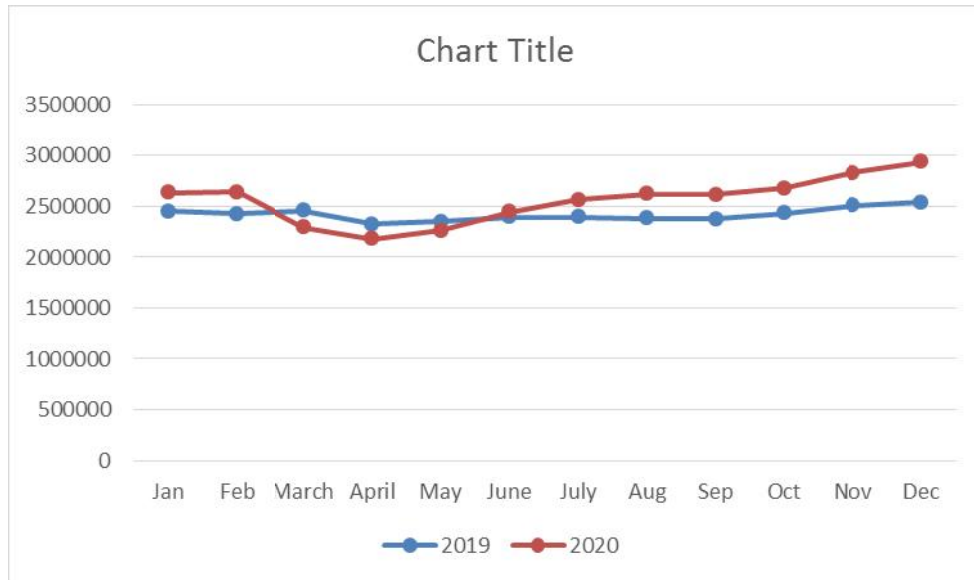


Figure 2: Average Asset under Management 2019 & 2020

Figure 3 show the graphically represent data of average asset under management from January 2019 to December 2020. Research has figure out into January 2019 to April 2019 average asset under management in down trend and also in Jan 2020 to April 2020 average asset under management is more down compare to year 2019 because of covid 19 pandemic situation in the country affected to mutual fund. From the data researcher has also figure out that into May 2019 to December 2019 average asset management in upward trend and also May 2020 to December 2020 average asset under management is more upward compare to 2019 because during the covid 19 pandemic people understand the important of investment and grab knowledge about mutual fund and invest in the mutual fund that reason mutual fund is on the highest pick since 1969 in year 2020. Figure show positive change in asset under management in 2020.

Table shows that after the month of April, mutual fund industry has seen positive change in the market. All category funds witnessed from the month of May figure shows increase in the investment of mutual fund in market. Researches show that AAUM increase 29.92 % in May to December. In last two month equity oriented schemes show more return camper to other scheme. In short all the fund schemes performs move in positive percentage change from the May 2020.

Here, Researcher has concluded from the research, **the null hypothesis is accepted**. There is no significant difference in before and during covid 19 pandemic in the performance of mutual fund scheme during the study period in India. There is positive impact of covid 19 pandemic in mutual fund industry.

Limitations

- The study is done for the limited time period of AUM of mutual fund schemes.
- The secondary data is subdivided into major five mutual fund schemes, rest of schemes combined in above scheme as per their nature.
- The study is included open ended schemes of mutual fund, close ended schemes is not included in this research.

Suggestion

Investors are recommended to take a little risk in their portfolio so as to maximize their own returns since the markets have shown recovery in the capital market. It is a good time to invest in mutual fund because the market will boost in near future.

Shifting back to the pre pandemic risk-taking abilities is recommended as the COVID 19 pandemic has almost come to end and the chances of such kind of pandemic happening again in the life of the investors are almost nil. So, People should invest in mutual fund and get good return.

Conclusion

The impact of COVID-19 is less on mutual fund industry in the India. The investment industry did not show downfall but still effect is visible and upward trend. In the India There is stimulus packages announced by Reserve bank of India and Ministry of finance to encourage the Mutual Fund investors to flow in their return from their investments in capital market. The investors also understand the investment in life due this pandemic period and also show increase in retail investor in mutual fund industry. However, the future of mutual fund industry in India regards favorable and perception of retail investors is also positive toward investment in mutual fund industry.

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