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Mutual Fund Schemes in India and its Types (Large Cap, Mid Cap, Small Cap)

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***Abstract:** One of the newest investment instruments on the financial market is mutual fund investing. Concerns about fair returns from various mutual fund schemes are very prevalent among investors. The current study examines the absolute returns of diversified equity funds' large-cap and mid-cap funds over various time periods. 59 large-cap funds and 40 mid-cap funds from various financial institutions have been compiled for various time periods, including 1 day, 1 week, 2 weeks, 1 month, 3 months, and 6 months. Institutions that manage mutual funds are vital to a nation's economic growth. In many industrialised countries, a thriving mutual fund market is the primary driver of economic expansion. India opens its market to various investments in order to offer a wide range of financial products. The performance analysis of mutual funds undertaken by Sharekhan Ltd. is the foundation of this study. In order to invest in bonds, equities, or other sorts of investments, mutual funds use the money from investors. They aid in lowering the investors' transaction costs.Investors don't need to pay attention to the previous performance of mutual funds because it doesn't predict how well they will perform in the future.*

***Keywords:** Large Cap, Mid Cap, Small Cap, Mutual Funds, Returns, Economics Growth.*

1. INTRODUCTION

Money is gathered from numerous investors by a professionally run trust known as a mutual fund, which then invests it in a variety of securities including shares and debentures. Through mutual funds, small investors can participate in the stock market without hesitation or significant risk. A fundamental rule of the capital market is, "Don't put all your eggs in one basket."An investor can indirectly engage in the capital market by purchasing units of mutual funds. In order to oversee the investment activities, mutual funds hire professionals as fund managers.. The daily NAV of a few selected schemes was used to compute the returns from the fund schemes. The evaluation of the performance of a few Indian large cap, midcap, and small cap mutual fund schemes is the main objective of this article. The analysis component

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was successfully finished by analysing many statistical methods including Average Return, Beta, Alpha, Sharpe Ratio, Standard Deviation, and Treynor Ratio. Websites like nseindia.com, bseindia.com, and those for mutual fund schemes were used to acquire the information. Similar am fiindia. com. The analysis reveals that the BOI AXA small cap fund, SBI Magnum mid cap fund, and BNP Paribas mid cap fund have beaten the other selected schemes based on statistical criteria including Sharpe, Treynor, and Jensen's Ratio.

Meaning of Mutual Fund

Meaning A mutual fund is a type of trust that pools the savings of numerous investors who have the same financial goals. Reputable investors were used to raise the funds, which were then invested in securities like stocks, debt obligations, and other market instruments. According to the amount of units each unit holder owns, the capital gain gained and the income generated from these assets are allocated among them. Investors make small contributions to a shared fund pool, which is then managed by a qualified fund manager. based on their own financial capabilities. The word "mutual" refers to how the fund's unitholders divided the costs after returns on the entire fund were subtracted. Mutual Funds serve as the mediators that allow investors who are apprehensive or cynical about the capital market to profit from it even with a tight investment budget.

Types of Mutual Fund Schemes in India

1.Growth/Equity Schemes: Equity mutual funds' primary goal is to offer capital growth over the medium to long term. Such Plans typically invest a sizable portion of their corpus in stocks. Such schemes carry a disproportionately high risk. These programmes provide investors a variety of options, including dividend and growth options, so they can select one that suits their tastes.. The choice must be indicated by the investors on the application. Investors may later modify their preferences in relation to the chosen option by using the mutual fund. For investors who have a long-term vision and seek wealth appreciation over time, growth schemes are the greatest option.

2.Income/ Debt Schemes: Investors' consistent and balanced income is the primary goal of income funds. Investments made through income schemes are typically made in fixed income securities like corporate debt, bonds, and other money market instruments. In such plans, the chances of capital appreciation are likewise scarce. Changes in interest rates in the nation have an impact on these schemes' NAVs.. Such schemes' NAVs are expected to rise in the short term if interest rates decline and vice versa. Long-term investors, though, might not give these Variations any thought.

3. Balanced/Hybrid Schemes: Since companies invest in both equities and fixed income securities in the proportions specified in their scheme offer documents, balanced schemes attempt to give investors both growth and regular income. These are suitable for those who are searching for moderate growth in their investments. They typically invest between 40 and 60 percent in equity and debt instruments.

Review of Literature

1. Saurav Bhansali and Rajdeep Nag (2021): According to the analysis, Axis Mutual Funds generally outperformed SBI Mutual Funds. Investors should compare funds based on a risk

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and return analysis and determine which fund is providing better returns proportionate to the risk taken before making a hasty decision based solely on the return figures generated by an individual fund.

2. Shivam Tripathi and Gurudatta Japee (2020): According to the analysis, 10 out of 15 mutual funds did well in a very volatile market. The researcher came to the conclusion that before investing, a person should think about the risk ratios of the fund.

3. Y. Maheswari (2020): The study's conclusions showed that Reliance Mutual Fund outperformed or had the best return when compared to its Benchmark Return.

4. Mohammed Mujahed Ali (2019): The study's findings imply that four of a select group of five large cap mutual funds beat market returns and served as the foundation for advising investors about the potential of mutual funds in terms of returns.

5. Saranya k and Parthiban Thangavel (2018): The study looked at how debt or arbitrage strategies, which guarantee both return and safety, would be best for people who wish to reduce risk and enjoy superior returns. Investors should be properly informed about the funds and Asset Management Companies where they are investing in order to receive a high return.

6. Sonal Babbar and Sanjay Sehgal (2018). In India, one period ahead risk-adjusted performance is negatively impacted by fund size and NAV but positively impacted by fund age, according to panel regression results based on fixed effects estimator. The ratios of expense and portfolio turnover are not important. Investors can gain useful knowledge from the identification of important fund characteristics, which will help them choose mutual funds wisely and make informed investing choices.

7. Poonam Devi(2017): Most investors prefer to invest in mutual funds. The majority of consumers want to invest their money for one to three years in order to get returns on their investments. People invest in mutual funds to get better returns and tax breaks.

8. Aashka Thakkar (2017): The researcher learns that during the course of the examination, none of the funds selected for the study purpose shown a consistent return or performance. Birla Sun Life Equity Growth outperformed TATA Equity, which did well by the Sharpe measure but poorly by the other two criteria. programme has demonstrated strong performance in all three.

9. N. Bhagyasree and B.Kishori (2016): According to the analysis, 14 out of 30 mutual fund schemes beat the benchmark return. The outcome also demonstrated that some of the schemes had underperformed as a result of the diversification issue. The Sharpe Ratio in this analysis was positive for all of the schemes, demonstrating that the funds were generating returns higher than the risk-free rate.

10. Suchita Shukla (2015): With the exception of infrastructure funds in 2013, mutual funds outperformed the benchmark for the aforementioned time period. Additionally, the fact that all of the funds and return characteristics have positive alpha indicates that the risk-reward ratio is also acceptable.

2. RESEARCH METHODOLOGY

Scope of the study

According to the ranking supplied by CRISIL Ranking Agency, the top three mutual fund schemes in India for large, mid, and small companies are used as a sample in the current study.

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The study's time frame is from April 1, 2020, to March 31, 2021. For the purpose of evaluating performance, the NAV of the chosen Equity Schemes has been taken into account. Data Gathering The current analysis is entirely supported by secondary data that has been gathered from a variety of websites, including those of the Association of Mutual Funds in India (AMFI), the Securities and Exchange Board of India (SEBI), and research articles. Statistics Instruments The performance of the chosen Large Cap Mutual Fund Schemes in India was attempted to be analysed in the present study. In this work, performance of these schemes is assessed using statistical approaches. Standard Deviation, Beta, Alpha, Treynor, Sharpe Ratio, and Jensen's Ratio are a few of these instruments.

• **Beta:** It is a measurement of a fund's volatility in relation to the market as a whole. Regression analysis, a statistical tool, is used to calculate beta.

• **Standard Deviation:** The Standard Deviation of Mutual funds shows the historical volatility.

• **Alpha :** The difference between the expected returns from a fund and the alpha is the latter. The portfolio has outperformed the market if Alpha is positive. The portfolio has underperformed the market if Alpha is negative. Alpha can be used as a stand-alone basis or in combination with other metrics to rank portfolios.

• **Sharpe Ratio:** The portfolio risk premium divided by the portfolio risk is referred to as the Sharpe Ratio.

• **Treynor Ratio:** The portfolio risk premium divided by the systematic risk indicated by the beta yields the Treynor Ratio. • Jensen's Ratio: The Jensen's Ratio measures the discrepancy between the portfolio's actual return and its anticipated risk-adjusted return.

Data Analysis and Interpretations

Mutual Fund Scheme	VRO Star Rating	Exp Ratio	AUM in Rs Crores	(Annualised returns)				
				3mth	1yr	3yr	5yr	10 Yrs
Mirae Asset Large Cap Fund	5	1.7%	18,386	9.1%	6.5%	5.3%	10.0%	12%
ICICI Prudential Bluechip Fund	4	1.7%	24,365	6.2%	2.0%	3.3%	7.8%	9%
BNP Paribas Large Cap Fund	3	2.3%	844	5.5%	4.0%	5.6%	7.2%	10%
Nippon India Large Cap Fund	2	1.8%	10,616	4.8%	-6.9%	-0.2%	5.3%	8%
Aditya Birla Sun Life Focused E	3	2.1%	4,115	7.5%	4.9%	2.3%	7.0%	10%
SBI Bluechip Fund	3	1.7%	22,604	7.1%	1.2%	2.6%	6.8%	9%
Aditya Birla Sun Life Frontline	2	1.8%	17,803	7.8%	2.6%	1.2%	6.4%	9%
HDFC Top 100 Fund	2	1.9%	15,759	3.3%	-6.7%	0.2%	5.6%	7%
Kotak Bluechip Fund	3	2.2%	1,653	9.1%	7.9%	5.4%	7.4%	8%
Axis Bluechip Fund	5	1.7%	16,764	7.4%	4.3%	9.5%	10.5%	10%

myinvestmentideas.com

The preceding list contains many mutual fund investments along with their yearly results. These are the company's top-selling and investment products. For the highest possible long-term returns, people invest the most in these mutual funds. In accordance with an analysis of several funds over a 10-year period, MALCF- with AUM 18386 offers a return of 12%.

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3. CONCLUSION

One of the popular financial market instruments is mutual fund investing. A few studies have suggested the performance of mutual funds in several categories, but they do not take time into account. In this study, we looked at various time periods and market cap sizes while taking diversified equity funds into consideration. The current study has taken into account Large-Cap funds, Mid-Cap funds, and Absolute return throughout various time periods in consideration of the investor's interest. The returns from the Mid-Cap funds are greater than the return from the Large-Cap funds when the time period is less than a year, but the Large-Cap funds are taken into consideration for investment purposes as far as long-term returns are concerned by using the f-test and the t-test analysis on both samples.

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