

“Impact of COVID 19 on the Mutual Fund in India”

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INTRODUCTION:

There has unpredictable volatility in capital market since January 2020 due to uncertainty in the market and also in human life due to covid 19 pandemic period. The lockdown has adversely have affected all service sector. The never seen situation before all major cities' investors repeal their investment for survives in this situation and its indirect and direct effect on Indian economy. However, Indian market sharp fall seem to be stabiles on the back of strong monetary support from RBI and SEBI.

There is also seen surprisingly positive change in mutual fund industry because of digitalization people grab more knowledge about that and also understand important of investment in human life is necessary. There has believed that mutual fund is safe investment in the capital market. That reason Mutual fund returns have taken sharp hit due to this pandemic period of covid 19.

Indian equity market fall 35% to 40% during February and March while in the long run, equity market have trended upward. Within this market period of January 2020 to December 2020 various funds perform differently in market. In general open ended fund performance is seen superior camper to history performance of funds while close ended fund performance is steady growing in the market. Hence, investor should be more attentive while investing in best performing fund.

The present research aims to study the mutual fund investment pattern and preference of investment avenues of retail investors in the COVID 19 pandemic.

LITERATURE REVIEW:

Suman and Reeta (May 2020) analyzed the impact of covid 19 in mutual fund investment. Researchers have studies the growth in assets under management companies in India during covid 19. There has taken data of April 2019 to April 2020 for the study. Researchers have concluded that impact of covid 19 pulled down average asset under management of mutual fund companies during lockdown period.

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

Tapan Kumar Samanta (2019) has evaluated a Study on the Performance of Mutual Fund Scheme in India. The purpose of the study is to analyze the trends and compare the performance in returns of growth oriented selected equity diversified mutual fund schemes. The researchers use a sample of ten mutual fund schemes comprising of all equity diversified large cap funds. Researcher has observed that majority of funds selected for study have outperformed under Sharpe Ratio as well as Treynor Ratio.

RESEARCH METHODOLOGY:

Objective:

- To analyze commensurate share of various type of schemes in India.
- To examine the growth in net asset under fund management companies during COVID- 19 in India.
- To study of dynamic changes of mutual fund in India during 12 months.

Data Collection:

Research work will be based on secondary data. The data were collected from AMFI website on monthly basis. Simple analyze statistical method used for data.

Period of the Study:

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

Hypothesis:

Ho: The impact of COVID-19 pulled down average asset under management of the mutual fund during the pandemic period.

H1: The impact of COVID-19 pulled up average asset under management of the mutual fund during the pandemic period.

Data analysis and Interpretation:

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



Average Asset Under Management Table												
Month	Income/Debt Oriented Schemes	Change in %	Equity Oriented Schemes	Change in %	Hybrid Schemes	Change in %	Solution Oriented Schemes	Change in %	Other Schemes	Change in %	Total	Change in %
Jan	12,69,015.32		7,87,557.62		3,62,037.07		19,188.37		1,95,357.74		26,33,156.11	
Feb	12,63,929.31	-0.4	7,95,495.44	1.01	3,59,529.29	-0.67	19,262.81	0.39	2,04,703.48	4.78	26,42,920.33	0.37
March	1,147,910.81	-9.18	650,146.51	-18.3	303,356.56	-15.6	16,744.55	-13.1	174,705.43	-14.7	2,292,863.86	-13.3
April	1,105,587.94	-3.69	611,487.18	-5.95	273,430.22	-9.87	16,170.84	-3.43	172,603.40	-1.2	2,179,279.59	-4.95
May	1,153,699.28	4.35	631,015.51	3.19	284,251.12	3.96	16,614.59	2.74	177,239.63	2.69	2,262,820.13	3.83
June	1,236,621.29	7.18	689,384.45	9.25	303,432.58	6.75	17,739.04	6.77	195,870.65	10.51	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	18,654.88	5.16	2,16,085.62	10.32	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	19,295.66	3.43	2,33,866.30	8.23	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	19,409.82	0.59	2,37,794.20	1.68	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	19,829.64	2.16	2,47,147.58	3.93	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	20,762.21	4.7	2,61,255.19	5.71	28,29,265.24	5.57
Dec	14,23,848.96	1.53	8,87,231.59	6.8	3,23,004.63	2.85	21,850.58	5.26	2,83,947.35	8.69	29,39,883.12	3.91

(Data in Cr)

Table 1: Average Asset Under Management

Source: AMFI website

In above table 1, The average asset under management shown month wise from January 2020 to December 2020. The data was divided into 5 parts as Income oriented schemes, Equity oriented schemes, Hybrid schemes, Solution oriented schemes and other schemes. The data of AAUM is given in rupees and percentage in the above table.

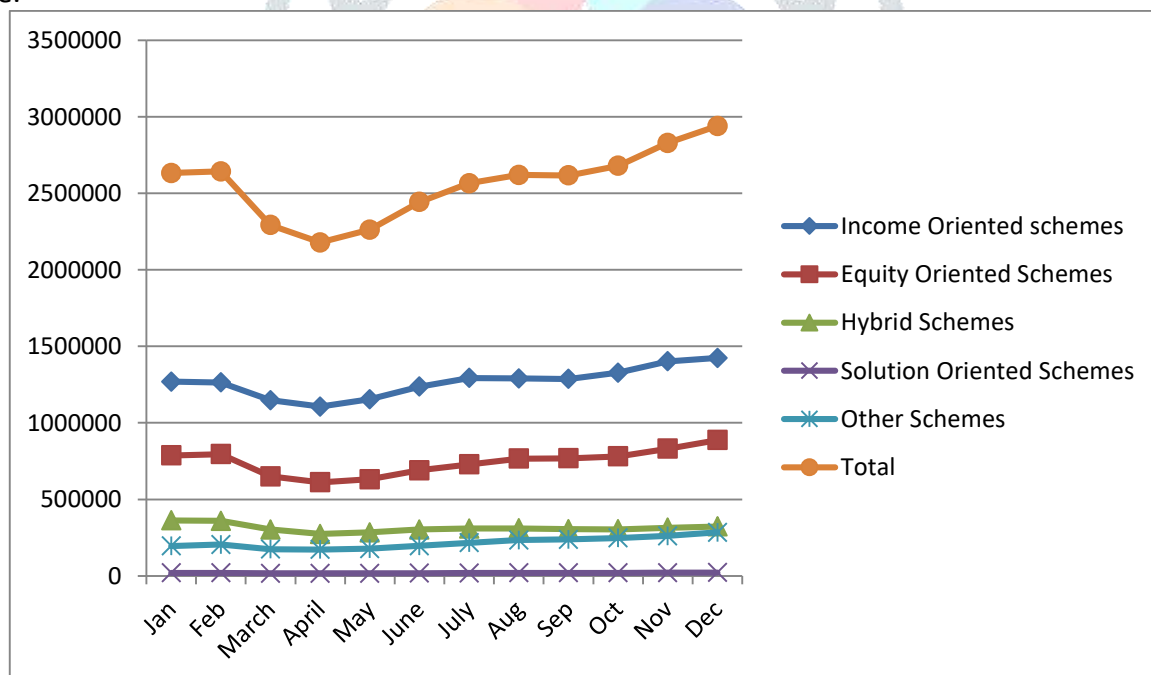


Figure 1 : Average Asset Management in Rs.

Figure 1 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 but 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 value of average asset under management.

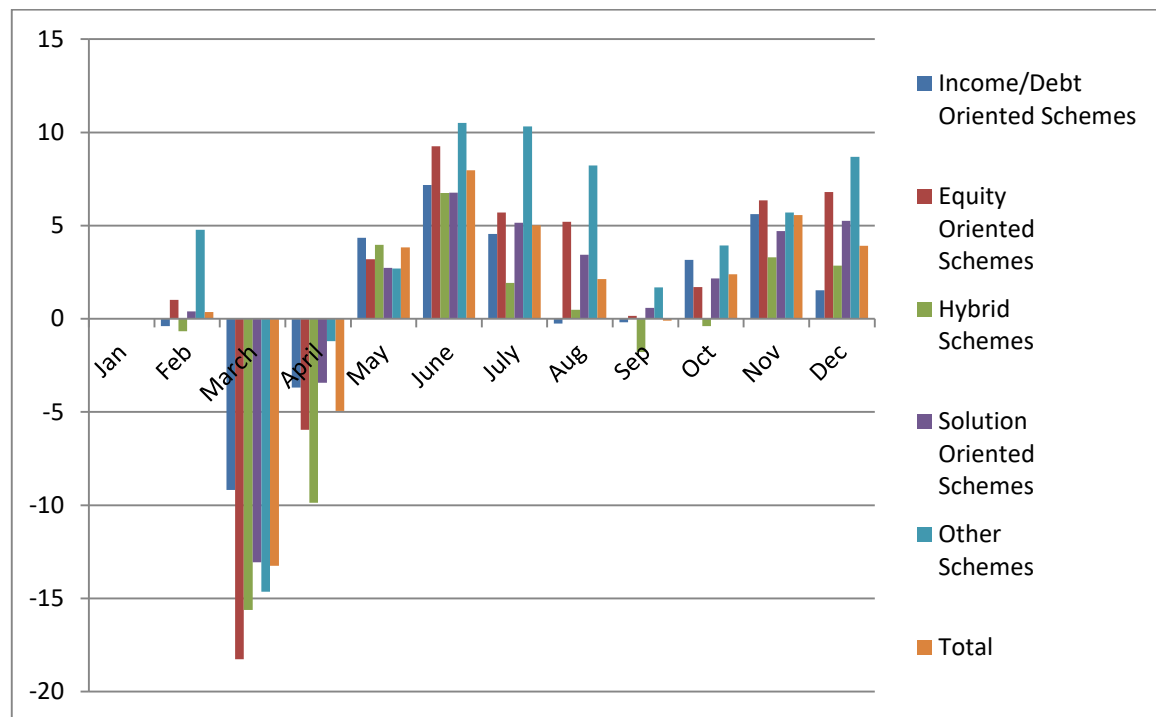


Figure 2: Average Asset Under Management in Percentage Change

As per above figure, Research shows that the performance of AAUM in percentage, The figure despite in March 2020 and April 2020 execution of mutual fund fall down to 8.35 %. There is drastic change in AUM. Mutual fund industry witnessed to significant decline in March and April due to heightened risk aversion due to COVID-19 pandemic period.

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

LIMITATIONS

The study is done for 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 schemes as per their nature.

The study is included open ended schemes of mutual fund, close ended schemes isn't included in the research.

SUGGESTIONS

Investors are recommended to take a little risk in their portfolio so as to maximize their own returns since the markets have shown recovery. It is a good time to invest in mutual fund since the market will boost as soon as vaccine for COVID 19 will be available.

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.

CONCLUSION

The impact of COVID-19 is less on mutual fund industry. The investment industry did not show downfall but still effect is visible. 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. The investors also understand the investment in life due this pandemic period and also show increase in retail investors 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.

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