



# PERFORMANCE ANALYSIS OF RELIANCE MUTUAL FUND SCHEMES

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## ABSTRACT

The financial services have been recognized the world-over as an important tool for socio-economic development for a nation and hence financial service is treated as a crucial factor to realize the socio-economic objectives in India. One such entity involved in financial services is Mutual fund. Mutual funds are dynamic financial institutions which play a crucial role in an economy by mobilizing savings and investing them in the capital market, thus establishing a link between savings and the capital market. A mutual fund is an institution that invests the pooled funds of public to create a diversified portfolio of securities. Pooling is the key to mutual fund investing. Each mutual fund has specific investment objective and tries to meet that objective through active portfolio management. The objective of the study is to evaluate the performance of reliance mutual fund schemes of dividend plan and growth plan, to rank the funds based on the performance evaluation, to analyze the risk-return of the funds, to erect comparative return analysis of dividend plans and growth plans and to provide the suggestion based on the above findings. Reliance long term equity fund is less volatile and this can be preferred for low risk takers, the investors can prefer Reliance pharma fund as it has less risk with high returns that is less consistency. Along with the growth plan and dividend plan, growth plan provide high yield it is finest to invest in this plan to get enhanced return. The above recommendations can be applied for the particular time since investment is speculative in nature

**KEYWORDS:** Securities, Reliance, Portfolio, Mutual Funds

## INTRODUCTION

The financial services have been recognized the world-over as an important tool for socio-economic development for a nation and hence financial service is treated as a crucial factor to realize the socio-economic objectives in India. One such entity involved in financial services is Mutual fund. Mutual funds are dynamic financial institutions which play a crucial role in an economy by mobilizing savings and investing them in the capital market, thus establishing a link between savings and the capital market. A mutual fund is an institution that invests the pooled funds of public to create a diversified portfolio of securities. Pooling is the key to mutual fund investing. Each mutual fund has specific investment objective and tries to meet that objective through active portfolio management.

Mutual fund units are investment vehicles that provide a means of participation in the stock market for people who have neither the time, nor the money, nor perhaps the expertise to undertake direct investment often demands both more time and more knowledge than an investor may possess.

Mutual fund act as financial intermediaries by building a liaison between financial market and small investors. Mutual funds are financial intermediaries as they pool down small savings of scattered investors and invest into securities in capital market and earn income over it. The earning is distributed in the shape of return on investment to investors who again save a part of it and reinvest through mutual funds. Professionals manage such funds for a consideration

### STATEMENT OF PROBLEM

A mutual fund reduces an investor's risk two ways: through diversification in companies and diversification in business fields. By purchasing all equity the risk involved in this is higher and the return is also higher, so providing idea for investor about all equity schemes.

### OBJECTIVES OF THE STUDY

- To evaluate the performance of reliance mutual fund schemes of dividend plan and growth plan
- To rank the funds based on the performance evaluation
- To examine the risk-return of the funds
- To erect comparative return analysis of dividend plans and growth plans.
- To provide the suggestion based on the above findings.

### SCOPE OF THE STUDY

This study will provide the better platform to understand the history, growth & various other aspects of mutual fund. The study also encompasses the trend mutual fund industry has been following and to find out how good and safe are these as an investment option. This can be used for further research purpose.

### RESEARCH METHODOLOGY

**Research Design:** The type of research design used here is the descriptive research design as it describes relation between risk and returns.

**Sample Design:** The sample consists of 10 funds in reliance mutual fund schemes of Growth plan and Dividen plan for the period of 1.04.2019 to 31.03.2022

**Data Collection:** Data required for this study was secondary data which was collected from various secondary sources like NSE India, BSE, AMFI, Investopedia, etc.

**Tools for Analysis:** Return, Treynor's Ratio, Sharpe's Ratio, Jensen's Measure and Fama's Measure

### LIMITATIONS OF THE STUDY

- The study focuses only on reliance mutual fund schemes of dividend plans and growth plans
- The trend forecasted only on present market condition and varies when it changes.

### ANALYSIS AND INTERPRETATION

| Name of Funds                          | Treynor Measure | Sharpe Measure | Jensen Measure | Fama Measure | Fund Return |
|--|-----------------|----------------|----------------|--------------|-------------|
| Reliance Equity Opportunities Fund     | 7               | 6              | 7              | 6            | 6           |
| Reliance Banking Fund                  | 3               | 2              | 4              | 4            | 2           |
| Reliance Diversified Power Sector Fund | 8               | 8              | 8              | 8            | 9           |
| Reliance Equity Fund                   | 5               | 5              | 5              | 5            | 3           |
| Reliance Growth Fund                   | 7               | 7              | 7              | 8            | 8           |
| Reliance Long Term Equity Fund         | 10              | 10             | 10             | 9            | 7           |
| Reliance NRI Equity Fund               | 2               | 3              | 2              | 2            | 4           |
| Reliance Pharma Fund                   | 1               | 1              | 1              | 1            | 1           |
| Reliance Quant Plus Fund               | 4               | 4              | 3              | 3            | 5           |
| Reliance Vision Fund                   | 6               | 7              | 6              | 7            | 8           |

From the above table it can be inferred that various portfolio measures such as Treynor, Sharpe, Jensen, Fama and Fund Return, Reliance Pharma Fund ranked first, followed by Reliance NRI Equity Fund and Reliance Banking Fund. Reliance Long Term Equity Fund has least ranking except in case of Fama Measure and Fund Return.

**Friedman Test of Dividend Plans(2020-21)**

$H_0$ : There is no significant difference between the performance of reliance mutual fund schemes of dividend plans with regards to Fund return, Treynor, Sharpe, Jensen and Fama measures

**Test Statistics- Friedman Test of dividend plans (2020-21)**

|             |      |
|-------------|------|
| N           | 10   |
| Chi-Square  | .676 |
| Df          | 4    |
| Asymp. Sig. | .954 |

From the above table significance value is greater than .05, there is no significant difference between the performance of reliance mutual fund schemes of dividend plans with regards to Fund return, Treynor, Sharpe, Jensen and Fama measures.

**RANKING OF DIVIDEND PLANS (2019-20)**

Reliance mutual fund schemes of dividend plans (2019-20) are analyzed using performance measures such as Jensen Measure, Sharpe Measure, Treynor Measure, Fama Measure and Fund Return. The ranking are given according to their values.

**Table 4.3 Ranking performance of dividend plans during 2019-20**

| Name of Funds                          | Treynor Measure | Sharpe Measure | Jensen Measure | Fama Measure | Fund Return |
|--|-----------------|----------------|----------------|--------------|-------------|
| Reliance Equity Opportunities Fund     | 4               | 3              | 4              | 4            | 3           |
| Reliance Banking Fund                  | 2               | 4              | 5              | 5            | 2           |
| Reliance Diversified Power Sector Fund | 5               | 5              | 2              | 2            | 5           |
| Reliance Equity Fund                   | 8               | 8              | 8              | 8            | 10          |
| Reliance Growth Fund                   | 6               | 6              | 6              | 7            | 6           |
| Reliance Long Term Equity Fund         | 3               | 2              | 3              | 3            | 4           |
| Reliance NRI Equity Fund               | 9               | 10             | 10             | 10           | 8           |
| Reliance Pharma Fund                   | 1               | 1              | 1              | 1            | 1           |
| Reliance Quant Plus Fund               | 7               | 7              | 7              | 6            | 7           |
| Reliance Vision Fund                   | 10              | 9              | 9              | 9            | 9           |

From the above table it can be inferred that various portfolio measures such as Treynor, Sharpe, Jensen, Fama and Fund Return, Reliance Pharma Fund ranked first, followed by Reliance Diversified Power, Reliance Long Term Equity Fund and Reliance Banking Fund. Reliance NRI Equity has least ranking except in case of Treynor measure and Fund Return.

**Test Statistics- Friedman Test of dividend plans( 2019-20)**

|             |      |
|-------------|------|
| N           | 10   |
| Chi-Square  | .633 |
| Df          | 4    |
| Asymp. Sig. | .959 |

From the above table significance value is greater than .05, there is no significant difference between the performance of reliance mutual fund schemes of dividend plans with regards to Fund return, Treynor, Sharpe, Jensen and Fama measures.

**RANKING OF GROWTH PLANS (2020-21)**

Reliance mutual fund schemes of growth plans (2020-2021) are analysed using performance measures such as Jensen Measure, Sharpe Measure, Treynor Measure, Fama Measure and Fund Return. The ranking are given according to their values.

### Ranking performance of growth plans during 2020-21

| Name of Funds                          | Treynor Measure | Sharpe Measure | Jensen Measure | Fama Measure | Fund Return |
|--|-----------------|----------------|----------------|--------------|-------------|
| Reliance Equity Opportunities Fund     | 8               | 7              | 8              | 7            | 8           |
| Reliance Banking Fund                  | 3               | 2              | 4              | 5            | 2           |
| Reliance Diversified Power Sector Fund | 7               | 10             | 7              | 9            | 7           |
| Reliance Equity Fund                   | 5               | 5              | 6              | 6            | 3           |
| Reliance Growth Fund                   | 9               | 8              | 9              | 8            | 9           |
| Reliance Long Term Equity Fund         | 10              | 9              | 10             | 10           | 10          |
| Reliance NRI Equity Fund               | 2               | 3              | 2              | 2            | 4           |
| Reliance Pharma Fund                   | 1               | 1              | 1              | 1            | 1           |
| Reliance Quant Plus Fund               | 4               | 4              | 3              | 3            | 5           |
| Reliance Vision Fund                   | 6               | 6              | 5              | 4            | 6           |

From the above table it can be inferred that according to the various portfolio measures such as Treynor, Sharpe, Jensen, Fama and Fund Return, Reliance Pharma Fund ranked first, followed by Reliance NRI Equity Fund and Reliance Banking Fund. Reliance Long Term Equity Fund has least ranking except in case of Sharpe measure.

### Test Statistics- Friedman Test of growth plans for 2008 To 2009

|             |       |
|-------------|-------|
| n           | 10    |
| Chi-Square  | 1.343 |
| df          | 4     |
| Asymp. Sig. | .854  |

From the above table significance value is greater than .05, so it can be inferred that, there is no significant difference between the performance of reliance mutual fund schemes of Growth Plans with regards to Fund return, Treynor, Sharpe, Jensen and Fama measures.

### RETURN ANALYSIS OF DIVIDEND PLANS

| Name of Funds                          | Return 2019 | Return 2020 | Return 2021 | Average Return |
|--|-------------|-------------|-------------|----------------|
| Reliance Equity Opportunities Fund     | -17.48      | 31.06       | 2.602987    | 5.394329       |
| Reliance Banking Fund                  | -11.49      | 35.31       | 13.47028    | 12.43009       |
| Reliance Diversified Power Sector Fund | -19.57      | 28.41       | -6.02856    | 0.937147       |
| Reliance Equity Fund                   | -13.33      | 20.62       | -1.57617    | 1.90461        |
| Reliance Growth Fund                   | -21.31      | 27.44       | -0.63596    | 1.831347       |
| Reliance Long Term Equity Fund         | -18.29      | 28.77       | 3.657729    | 4.712576       |
| Reliance NRI Equity Fund               | -14.41      | 22.12       | 2.012304    | 3.240768       |
| Reliance Pharma Fund                   | -4.29       | 37.27       | 1.476569    | 11.48552       |
| Reliance Quant Plus Fund               | -14.91      | 24.51       | 0.291173    | 3.297058       |
| Reliance Vision Fund                   | -18.92      | 20.81       | -0.54477    | 0.44841        |

From the above table it can be inferred that, Reliance banking fund return has given highest yield followed by Reliance Pharma Fund. Reliance vision Fund has lowest return in the dividend plans.

**Return analysis of growth plans**

| Name Of Funds                          | Return 2019 | Return 2020 | Return 2021 | Average Return |
|--|-------------|-------------|-------------|----------------|
| Reliance Equity Opportunities Fund     | -17.4942    | 35.91999    | 5.969777    | 8.131856       |
| Reliance Banking Fund                  | -11.4925    | 35.31495    | 13.47028    | 12.43091       |
| Reliance Diversified Power Sector Fund | -16.5249    | 26.06159    | -3.50034    | 2.012117       |
| Reliance Equity Fund                   | -13.331     | 20.62333    | -1.57617    | 1.905387       |
| Reliance Growth Fund                   | -17.8634    | 32.51974    | 2.306681    | 5.65434        |
| Reliance Long Term Equity Fund         | -18.2946    | 28.77643    | 3.657729    | 4.713186       |
| Reliance NRI Equity Fund               | -14.3986    | 29.18558    | 6.306377    | 7.031119       |
| Reliance Pharma Fund                   | -4.31135    | 39.72428    | 4.132445    | 13.18179       |
| Reliance Quant Plus Fund               | -14.9146    | 24.51362    | 7.732371    | 5.77713        |
| Reliance Vision Fund                   | -15.8594    | 27.74127    | 3.307228    | 5.063033       |

From the above table it can be inferred that, in the average return among various growth plans Reliance Pharma Fund return is highest followed by Reliance banking fund. Reliance Equity Fund has lowest return among the growth plans.

**Comparative return analysis of dividend plans and growth plans****Comparative Return Analysis of dividend and growth plans**

| Name of the funds                      | Dividend average return | Growth average return |
|--|-------------------------|-----------------------|
| Reliance Equity Opportunities Fund     | 5.39433                 | 8.13186               |
| Reliance Banking Fund                  | 12.4301                 | 12.4309               |
| Reliance Diversified Power Sector Fund | 0.93715                 | 2.01212               |
| Reliance Equity Fund                   | 1.90461                 | 1.90539               |
| Reliance Growth Fund                   | 1.83135                 | 5.65434               |
| Reliance Long Term Equity Fund         | 4.71258                 | 4.71319               |
| Reliance NRI Equity Fund               | 3.24077                 | 7.03112               |
| Reliance Pharma Fund                   | 11.4855                 | 13.1818               |
| Reliance Quant Plus Fund               | 3.29706                 | 5.77713               |
| Reliance Vision Fund                   | 0.44841                 | 5.06303               |

From the above table it can be inferred, the growth plan has given high yield except in case of reliance banking fund and reliance equity fund, when compared to dividend plans.

**VOLATILITY OF DIVIDEND PLANS (2020-21)**

| Name of Funds                          | Systematic Risk | Unsystematic Risk | Total Risk |
|--|-----------------|-------------------|------------|
| Reliance Equity Opportunities Fund     | 2.328547        | 1.899325          | 4.227873   |
| Reliance Banking Fund                  | 6.549522        | 0.211889          | 6.761412   |
| Reliance Diversified Power Sector Fund | 3.326071        | 0.511631          | 3.837702   |
| Reliance Equity Fund                   | 3.24195         | 0.237864          | 3.479814   |
| Reliance Growth Fund                   | 3.127911        | 0.455752          | 3.583663   |
| Reliance Long Term Equity Fund         | 1.811389        | 0.500211          | 2.3116     |

|                          |          |          |          |
|--------------------------|----------|----------|----------|
| Reliance NRI Equity Fund | 5.856262 | 0.287621 | 6.143883 |
| Reliance Pharma Fund     | 1.950631 | 0.947519 | 2.89815  |
| Reliance Quant Plus Fund | 5.589444 | 0.147047 | 5.73649  |
| Reliance Vision Fund     | 3.664982 | 0.417141 | 4.082123 |

### Systematic risk

Reliance banking fund has high systematic risk followed by Reliance NRI Equity Fund and Reliance Quant Plus Fund. The above funds are more volatile. Riskless fund is Reliance Long Term Equity Fund

### Unsystematic risk

Reliance Equity Opportunity Fund has highest unsystematic risk followed by Reliance Pharma Fund. Riskless fund is Reliance Quant Plus Fund.

The beta value of Reliance Banking Fund, Reliance NRI Equity Fund and Reliance Quant Plus Fund are +5. It refers to one percent change in market index return causes 5 percent change in the fund return. The volatility of above funds are higher.

The beta value of Reliance Equity Opportunities Fund, Reliance Diversified Power Sector Fund, Reliance Equity Fund, Reliance Growth Fund and Reliance Vision Fund are +2. It refers to one percent change in market index return causes 2 percent changes in the fund return.

The beta value of Reliance Pharma Fund and Reliance Long Term Equity Fund are having +1. It refers to One per cent change in market index return causes exactly one per cent change in the fund return. It indicates that the fund moves tandem with the market.

### VARIANCE AMID RISK AND RETURN ANALYSIS OF GROWTH PLAN

| Name of the funds                      | Risk     | Return  | Co-efficient of variance |
|--|----------|---------|--------------------------|
| Reliance Equity Opportunities Fund     | 2.639166 | 8.13186 | 0.324546                 |
| Reliance Banking Fund                  | 4.553296 | 12.4309 | 0.366289                 |
| Reliance Diversified Power Sector Fund | 2.523167 | 2.01212 | 1.253984                 |
| Reliance Equity Fund                   | 2.296348 | 1.90539 | 1.205185                 |
| Reliance Growth Fund                   | 2.435455 | 5.65434 | 0.430723                 |
| Reliance Long Term Equity Fund         | 1.860058 | 4.71319 | 0.394649                 |
| Reliance Nri Equity Fund               | 3.367461 | 7.03112 | 0.478937                 |
| Reliance Pharma Fund                   | 1.811398 | 13.1818 | 0.137417                 |
| Reliance Quant Plus Fund               | 3.361245 | 5.77713 | 0.581819                 |
| Reliance Vision Fund                   | 2.697567 | 5.06303 | 0.532797                 |

From the above table it can be inferred that Reliance Pharma Fund is more consistency followed by Reliance Equity Opportunities Fund when compared with other funds. Reliance Diversified Power Sector Fund has got greater variation between risk and return.

### FINDINGS

- An assortment of portfolio measures such as Treynor, Sharpe, Jensen, Fama and Fund Return, Reliance Pharma Fund ranked first, followed by Reliance NRI Equity Fund and Reliance Banking Fund. Reliance Long Term Equity Fund has least ranking except in case of Fama measure and fund return for the year 2019-2020.
- Reliance Pharma Fund ranked first, followed by Reliance Diversified Power , Reliance Long Term Equity Fund and Reliance Banking Fund. Reliance NRI Equity has least ranking except in case of Treynor measure and Fund Return.
- Reliance Banking Fund Ranked first. Reliance Diversified Power Sector Fund has least ranking all performance measure except in case of Jensen measure and Fama measure.
- The resultant funds are more volatile when compared to the market Reliance Banking Fund, Reliance NRI Equity fund Reliance Quant Plus Fund and Reliance Vision Fund
- The succeeding funds are less volatile when compared to the market Reliance equity opportunity fund and Reliance diversified power sector fund.
- The ensuing funds moves tandem with market Reliance pharma fund and Reliance long term equity Fund.

## RECOMMENDATIONS

- Reliance long term equity fund is less volatile and this can be preferred for Low risk takers.
- The investors can prefer Reliance pharma fund as it has less risk with high returns that is less consistency.
- Along with the growth plan and dividend plan, growth plan provide high yield it is finest to invest in this plan to get enhanced return.
- From the available reliance mutual fund schemes that is taken for the study reliance pharma fund and NRI fund offers highest yield in growth plan.
- From the existing reliance mutual fund schemes that is taken for the study reliance banking fund and pharma fund offers highest yield in dividend plan.
- The above recommendations can be applied for the particular time since investment is speculative in nature

## CONCLUSION

The conclusion is that, Reliance long term equity fund is less volatile and this can be preferred for low risk takers, the investors can prefer Reliance pharama fund as it has less risk with high returns that is less consistency. Along with the growth plan and dividend plan, growth plan provide high yield it is finest to invest in this plan to get enhanced return. The above recommendations can be applied for the particular time since investment is speculative in nature

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