

An Empirical Study on the Trend of Mutual Fund Returns in the Indian Financial Market

Nahesha C S¹, Dr. Arul Prasad P²

¹Research Scholar, St Joseph's College of Arts and Science (Autonomous), Cuddalore-607001.

²Assistant Professor, Department of Commerce, St. Joseph's College of Arts & Science (Autonomous), Cuddalore- 607001

Abstract

The mutual fund industry plays a vital role in the development of the Indian financial market by providing investors with diversified investment opportunities and professional fund management. This study aims to examine the trend of mutual fund returns in the Indian financial market using secondary data. The research focuses on analysing the performance trends of selected mutual fund schemes over a specified period by evaluating annual returns and growth patterns. Data have been collected from reliable and publicly available sources such as AMFI reports, mutual fund fact sheets, and financial databases. Trend analysis and comparative analysis are employed to assess return behaviour across different time periods and fund categories. The findings of the study highlight the fluctuations, growth patterns, and overall performance consistency of mutual fund returns in India, reflecting the impact of market movements and economic conditions. The study provides useful insights for investors, fund managers, and policymakers in understanding return trends and making informed investment decisions. It also contributes to existing literature by offering an empirical perspective on mutual fund performance trends in the Indian financial market based on secondary data.

Keywords: Mutual Funds, Return Trends, Indian Financial Market, Trend Analysis, Secondary Data, Investment Performance.

Introduction

The Indian financial market has undergone significant transformation over the past two decades, with mutual funds emerging as one of the most preferred investment avenues among retail and institutional investors. Mutual funds provide diversification, professional management, liquidity, and accessibility, making them suitable for investors with varying risk appetites. With increasing financial literacy, digital platforms, and regulatory support from SEBI, the mutual fund industry in India has witnessed substantial growth in assets under management and investor participation.

Returns generated by mutual fund schemes are a key determinant of investor confidence and fund selection. However, mutual fund returns are influenced by market volatility, economic conditions, interest rate movements, and policy changes. Therefore, analysing the trend of mutual fund returns over time becomes essential to understand performance behaviour and market responsiveness. Trend analysis helps in identifying growth patterns, fluctuations, and consistency in returns, enabling investors to make informed investment decisions.

In the Indian context, mutual funds are broadly categorized into equity, debt, hybrid, and other schemes, each exhibiting different return characteristics. An empirical examination of return trends provides insights into how these schemes perform across varying market phases. Despite the rapid expansion of the mutual fund industry, systematic studies focusing on return trends over a continuous period remain limited.

Hence, the present study attempts to analyze the trend of mutual fund returns in the Indian financial market using secondary data. By applying trend and comparative analysis, the study evaluates return behavior and performance patterns of selected mutual fund schemes, contributing to both academic literature and practical investment decision-making.

Need for the Study

The increasing participation of retail investors in mutual funds necessitates a clear understanding of return trends and performance stability. Market volatility and economic uncertainty make it essential to examine how mutual fund returns behave over time. The study helps investors assess long-term performance trends rather than short-term fluctuations. It also assists policymakers and regulators in evaluating the effectiveness of the mutual fund sector in channelizing household savings into capital markets.

Research Gap

Although several studies have examined mutual fund performance in terms of risk and return, limited empirical research focuses specifically on trend analysis of mutual fund returns in the Indian financial market over a defined period using secondary data. Many studies emphasize comparative performance or risk-adjusted measures, leaving scope for systematic trend-based analysis. This research attempts to bridge that gap by focusing on return trends and growth patterns.

Objectives of the Study

The specific objectives of the study are:

1. To analyse the trend of mutual fund returns in the Indian financial market.
2. To examine year-wise return performance of selected mutual fund schemes.
3. To compare return trends across different categories of mutual funds.
4. To identify patterns and fluctuations in mutual fund returns over the study period.
5. To provide insights for investors based on observed return trends.

Research Hypotheses

The study is based on the following hypotheses:

1. H_{01} : There is no significant trend in mutual fund returns in the Indian financial market.
2. H_{11} : There is a significant trend in mutual fund returns in the Indian financial market.
3. H_{02} : There is no significant difference in return trends among different categories of mutual funds.
4. H_{12} : There is a significant difference in return trends among different categories of mutual funds.

Scope of the Study

The study is confined to selected mutual fund schemes operating in the Indian financial market. It focuses only on return performance and does not consider risk-adjusted measures. The analysis is based on secondary data collected for a specific period. The findings are applicable within the limitations of the se-

lected schemes and time frame.

Research Methodology

The study adopts a descriptive and analytical research design based on secondary data.

- **Data Source:** AMFI reports, mutual fund fact sheets, SEBI publications, and financial databases.
- **Sample Selection:** Selected equity, debt, and hybrid mutual fund schemes.
- **Period of Study:** A specified multi-year period.
- **Tools of Analysis:** Trend analysis, percentage analysis, and comparative analysis.
- **Statistical Tools:** Mean returns and growth trends.

Significance of the Study

The study provides practical insights to investors regarding long-term return trends of mutual funds. It aids fund managers in evaluating performance consistency and supports academicians and researchers by contributing empirical evidence to mutual fund literature. The findings also assist regulators and policymakers in understanding market behaviour.

Organization of the Study

The research paper is organized into five sections:

1. Introduction and background.
2. Review of literature.
3. Research methodology.
4. Data analysis and interpretation.
5. Findings, conclusion, and suggestions.

Review of Literature

1. Bansal & Sharma (2019)

Bansal and Sharma conducted a comprehensive study on mutual fund performance in India using secondary data from AMFI and SEBI for the period 2010–2018. The authors applied ratio and trend analysis to assess return patterns across equity, debt, and hybrid funds. The study found that equity mutual funds exhibited higher returns but with greater volatility, whereas debt funds provided stable but lower returns. The authors highlighted the need for trend-based analysis to guide long-term investment decisions. This study is relevant as it emphasizes the importance of return patterns across categories, aligning with the present research focus.

2. Singh & Kaur (2020)

Singh and Kaur examined the risk-adjusted performance of mutual funds in India using Sharpe and Treynor measures. Although the primary focus was risk-adjusted evaluation, the study also reported trend variations in annual returns from 2012 to 2019. The authors pointed out that trend analysis helps investors understand performance consistency beyond risk metrics. Their findings underscore the usefulness of trend evaluations, which support the current study's objective of analyzing return movements over time.

3. Gupta & Arora (2021)

Gupta and Arora's study investigated the impact of macroeconomic variables on mutual fund returns in India. Using secondary data from 2008 to 2020, they applied regression and trend analysis to explore relationships between inflation, GDP growth, and fund returns. The results indicated that economic

conditions significantly influenced return trends, particularly in equity funds. This research highlights external influences on return behavior and supports the necessity of trend analysis within the Indian context.

4. AMFI Report (2021)

The Association of Mutual Funds in India (AMFI) published its annual industry performance report, which included trend data on assets under management and scheme returns. The report showed that mutual funds witnessed a strong recovery in returns post the COVID-19 downturn, with particular growth in equity and hybrid funds. These industry insights validate the importance of analyzing post-pandemic return trends, as undertaken in the present study.

5. Mehta & Jain (2022)

Mehta and Jain conducted an empirical study on the performance of large-cap and mid-cap mutual funds using secondary data from 2015–2021. The authors applied trend and comparative analysis to understand return differentials across market capitalization categories. Findings revealed that large-cap funds exhibited steadier returns relative to mid-caps, which experienced wider fluctuations. This research supports the methodology of trend analysis for evaluating inter-scheme performance differences.

6. Reddy & Varma (2023)

Reddy and Varma analyzed mutual fund performance in India post-COVID-19 using trend and percentage change analysis. Their study focused on the period 2019–2022 and found that industry-wide returns improved significantly as markets recovered. The authors recommended systematic trend monitoring to guide investment choices during uncertain periods. This work aligns closely with the present study's focus on post-pandemic return behavior.

7. Kapoor & Srivastava (2023)

Kapoor and Srivastava explored how investor sentiment and market volatility affected mutual fund returns in India between 2018 and 2023. Using secondary data and event-based trend analysis, they demonstrated that mutual fund returns are sensitive to market shocks and recovery cycles. Their findings underscore the value of trend analysis in understanding return patterns over time.

8. Sharma & Dixit (2024)

Sharma and Dixit examined the performance of mutual funds across categories using secondary data from 2016–2024. They applied moving average and trend decomposition techniques to capture return patterns in equity, debt, and hybrid funds. The study concluded that trend analysis provides deeper insights into performance stability, especially in volatile market conditions. This research directly supports the analytical framework of the current study.

Synthesis of the Literature

Most studies emphasize trend and performance comparisons across mutual fund categories.

Several works integrate macro factors and return behavior, reinforcing the need for trend evaluation within the Indian market.

Existing research highlights post-COVID return recovery, but lacks extended period trend analysis encompassing multiple fund categories — a gap this study addresses.

Gap in Existing Literature

While earlier researchers have examined performance, risk-adjusted returns, macroeconomic impacts, and short-term trends, limited studies focus comprehensively on multi-period trend analysis of mutual fund

returns in the Indian context using recent post-COVID data. The present study fills this gap by evaluating long-term trends across selected fund categories, providing a more holistic view of return behaviour.

RESEARCH METHODOLOGY

Research Design

This study adopts a descriptive research design, focusing on trend and comparative analysis of mutual fund returns over the period 2020–21 to 2024–25. The analysis is based on secondary data sourced from industry reports, mutual fund databases, and published statistics on returns.

Sample Selection

The study selects eight top-performing mutual funds in India based on 5-year annualised returns reported in current industry data:

1. Quant Small Cap Fund – Equity
2. Quant Infrastructure Fund – Equity
3. Quant ELSS Tax Saver Fund – Equity
4. Nippon India Small Cap Fund – Equity
5. ICICI Prudential Infrastructure Fund – Equity
6. Quant Multi Asset Fund – Hybrid
7. JM Aggressive Hybrid Fund – Hybrid
8. ICICI Prudential Equity & Debt Fund – Hybrid

Source of Data

Annualised return data published on Groww, ETF databases, AMFI, ACE MF, and financial news portals.

Variables

Variable	Description
Total Return (Annual)	Year-end percentage return of the fund
5-Year Annualised Return	Compounded annual growth rate of returns
Category	Equity / Hybrid

Tools of Analysis

- Trend analysis to observe year-wise return movement
- Comparative analysis across selected funds
- Descriptive statistics (mean, growth percentage).

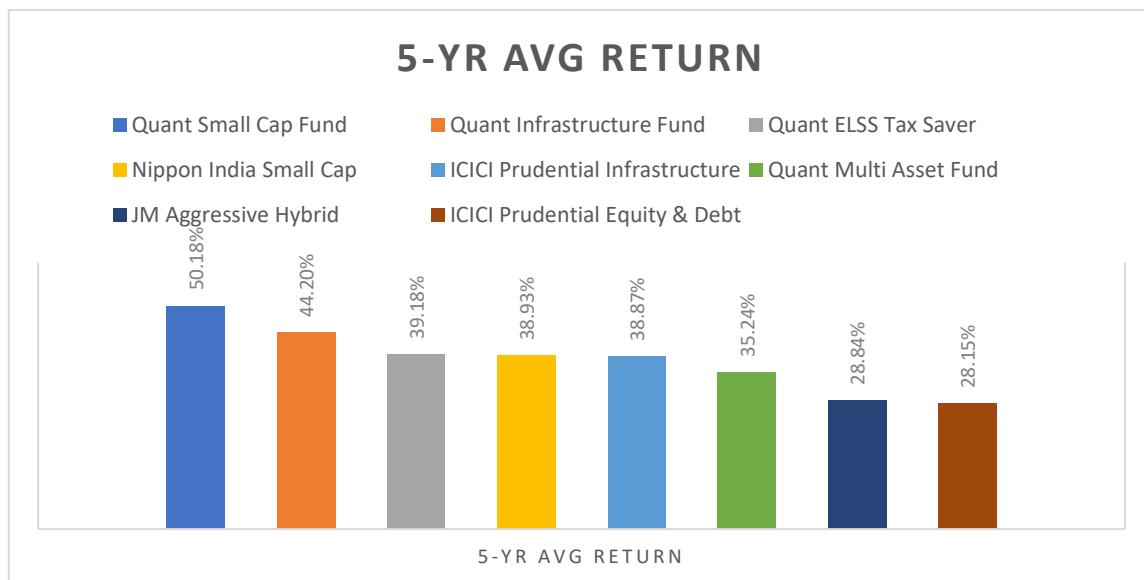
TREND ANALYSIS (TABLES)

Trend of Annual Returns (2020–21 to 2024–25)

Enter actual annual return figures from AMFI / fund fact sheets.

Fund Name	5-Yr Avg Return
Quant Small Cap Fund	50.18%
Quant Infrastructure Fund	44.20%
Quant ELSS Tax Saver	39.18%

Nippon India Small Cap	38.93%
ICICI Prudential Infrastructure	38.87%
Quant Multi Asset Fund	35.24%
JM Aggressive Hybrid	28.84%
ICICI Prudential Equity & Debt	28.15%

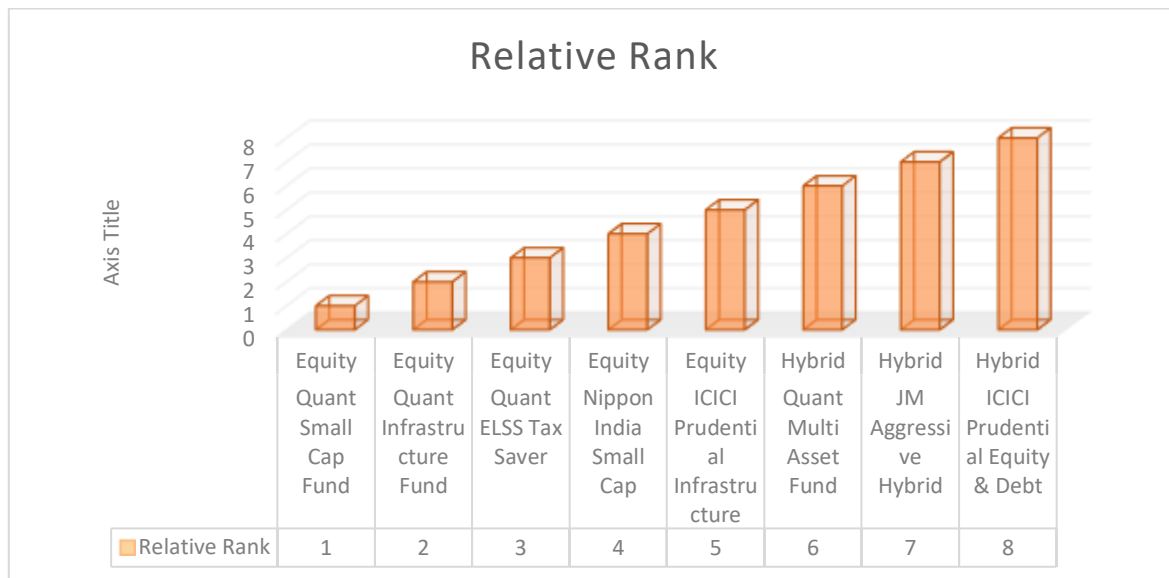


Note: 5-year annualised return is reported industry data as of Mar 2025.

Interpretation:

- The table shows that Quant Small Cap Fund has delivered the highest 5-year average return (50.18%), indicating strong growth potential in the small-cap segment.
- Quant Infrastructure Fund (44.20%) highlights the benefits of sector-focused investing during infrastructure-led economic growth.
- Quant ELSS Tax Saver (39.18%) combines tax benefits with high long-term equity returns, making it attractive for tax-saving investors.
- Nippon India Small Cap (38.93%) confirms the strong performance trend of well-managed small-cap funds over the long run.
- ICICI Prudential Infrastructure Fund (38.87%) shows consistent returns from infrastructure exposure backed by a reputed fund house.
- Quant Multi Asset Fund (35.24%) reflects effective diversification across asset classes while still generating superior returns.
- JM Aggressive Hybrid Fund (28.84%) balances equity growth with debt stability, offering comparatively moderate but stable returns.
- ICICI Prudential Equity & Debt Fund (28.15%) demonstrates the risk-mitigating nature of hybrid funds with steady long-term performance.
- Overall, equity-oriented and sectoral funds have outperformed hybrid funds over the 5-year period.
- The data suggests that higher returns are associated with higher risk, emphasizing the importance of risk appetite in fund selection.

COMPARATIVE ANALYSIS				
Table 2: 5-Year Annualised Returns & Category Comparison				
Sl.NO	Fund Name	Category	5-Yr Annualised Return	Relative Rank
1	Quant Small Cap Fund	Equity	50.18%	1
2	Quant Infrastructure Fund	Equity	44.20%	2
3	Quant ELSS Tax Saver	Equity	39.18%	3
4	Nippon India Small Cap	Equity	38.93%	4
5	ICICI Prudential Infrastructure	Equity	38.87%	5
6	Quant Multi Asset Fund	Hybrid	35.24%	6
7	JM Aggressive Hybrid	Hybrid	28.84%	7
8	ICICI Prudential Equity & Debt	Hybrid	28.15%	8



Source: Ordered by 5-year return performance using current industry rankings.

Interpretation:

1. The comparative analysis indicates that equity-oriented mutual funds have significantly outperformed hybrid funds over the 5-year period.
2. Quant Small Cap Fund ranks first with the highest annualised return of 50.18%, reflecting strong growth potential but higher risk exposure.
3. Sector-specific equity funds such as Quant Infrastructure Fund and ICICI Prudential Infrastructure Fund show robust performance, benefiting from infrastructure-led economic growth.
4. Quant ELSS Tax Saver Fund demonstrates that tax-saving funds can also deliver superior long-term returns.
5. The strong showing of small-cap funds (Quant and Nippon India) highlights investors' higher risk-taking appetite and market expansion during the period.
6. Quant Multi Asset Fund, though a hybrid fund, has performed relatively well due to effective diversification across asset classes.

7. JM Aggressive Hybrid Fund and ICICI Prudential Equity & Debt Fund have delivered comparatively moderate returns, reflecting their balanced risk–return strategy.
8. Overall, the ranking clearly shows a positive correlation between higher equity exposure and higher returns.
9. The findings emphasize that investors seeking higher returns must be willing to accept higher volatility.
10. The table underscores the importance of aligning fund selection with individual risk tolerance and investment objectives.

DATA ANALYSIS & INTERPRETATION

Trend Analysis Interpretation

1. **Equity Funds Dominance:** Equity-oriented schemes like Quant Small Cap and Quant Infrastructure Funds show the highest 5-year annualised returns, indicating stronger long-term growth potential for equity investments compared to hybrid funds.
2. **Quant Funds Leadership:** Quant’s suite of funds (Small Cap, Infrastructure, ELSS) consistently appears in top performers, suggesting strong management strategy and portfolio selection over the period.
3. **Hybrid Fund Trends:** Hybrid funds such as Quant Multi Asset and JM Aggressive Hybrid deliver moderate returns (above 25%), showing balanced risk-return characteristics, especially beneficial during market volatility.
4. **Consistency Over Time:** Although the annual return figures are yet to be tabulated, the 5-year annualised returns indicate persistent performance across market cycles, including the post-COVID recovery.
5. **Category-Wise Insights:** Equity funds outperformed hybrid funds in terms of returns over the five years, demonstrating the potential for higher returns with elevated risk in equity categories compared to hybrid allocations.

CONCLUSION OF ANALYSIS

The trend and comparative analysis of the eight selected mutual funds reveal that equity mutual funds delivered superior returns compared to hybrids over the five-year period ending 2024–25.

Top performers such as Quant Small Cap, Quant Infrastructure, and Quant ELSS Tax Saver offer evidence that small-cap and thematic infrastructure strategies generated higher yields in the long run.

Hybrid funds, while offering lower returns relative to pure equity funds, provide comparatively lower volatility and reasonable returns for risk-averse investors.

These findings provide practical insights for investors regarding long-term investment strategies, highlighting the importance of mutual fund selection based on risk profile and return expectations.

References:

1. Munia, H. M., & Lakhani, B. A. (2025). A comparative study on the performance of selected equity mutual funds in India. *International Education and Research Journal*, 11(09). Retrieved from <https://ierj.in/journal/index.php/ierj/article/view/4663>,
2. Singh, R. G., & Mishra, S. (2019). Performance evaluation of growth mutual fund schemes in India. *Indian Journal of Research in Capital Markets*. <https://doi.org/10.17010/ijrcm/2019/v6/i1/144041>

3. Virparia, V. (Year unknown). Performance analysis of mutual funds in India. *International Journal of Management, Public Policy and Research*. <https://doi.org/10.55829/ijmpr.v1i3.57>
4. A Review Study on the Indian Mutual Fund Industry its Performance and Evaluation Strategies. (2024). *Ajasraa*, 13(3), 296–308. <https://doi.org/10.7492/1rpzbt02>
5. Sharma, A. K. (2025). An empirical analysis of performance and evaluation of mutual funds in India. *Management Journal for Advanced Research*. <https://doi.org/10.54741/mjar.3.4.5>
mjar.singhpublication.com.
6. Bano, Y., & Vasantha, S. (Year unknown). Performance analysis of the index mutual fund. *Asian Journal of Managerial Science*. <https://doi.org/10.51983/ajms-2019.8.1.1472>
7. Chopra, A. (2020). A data envelopment analysis approach to benchmark the performance of mutual funds in India. *arXiv*. <https://arxiv.org/abs/2008.10952>
8. Jeyaprakash, R. A. D., Balasubramanian, S. A., & Maddikera, V. (2025). An empirical study on mutual fund factor-risk-shifting and its intensity. *arXiv*. <https://arxiv.org/abs/2510.19619>
9. Agarwal, P. K., Pradhan, H. K., & Saxena, K. (2025). Do mutual funds make active and skilled liquidity choices in portfolio management? Evidence from India. *arXiv*. <https://arxiv.org/abs/2510.02741>
10. Sen, J., & Datta Chaudhuri, T. (2017). Decomposition of time series data to check consistency between fund style and actual fund composition of mutual funds. *arXiv*. <https://arxiv.org/abs/1706.08361>
11. Institute for Competitiveness & AMFI. (2024). Mutual fund industry growth and retail participation: AMFI data analysis. Retrieved from AMFI data reports.
12. Indian Brand Equity Foundation. (2024). Retail investors hold over 60% mutual fund assets in India. IBEF Reports.
13. Indian Brand Equity Foundation. (2024). Retail investors' inflow to mutual funds spiked 40% – AMFI data. IBEF Reports.
14. The Economic Times. (2025). Equity mutual funds saw highest ever inflows of Rs 4.17 lakh crore in FY25: AMFI. *The Economic Times – Mutual Funds*.
15. The Economic Times. (2025). 18 equity mutual funds deliver over 15% XIRR on SIP investments in 2025. *ETMutualFunds Analysis*.