

Performance Analysis of Indian Mutual Funds During Covid - 2019

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Abstract - The outbreak situation of the COVID-19 pandemic was an Unpredictable shock to the world economy. World Economy faces the slowdown of share market prices especially the value of mutual fund value decreases. Companies and Businessmen mostly invested in the mutual funds to play a safer role and modify their risk into the return and to increase the Net Assets Value (NAV). This study attempts to describe a state of the parlous state of mutual funds in India during this COVID-19 period. The performance of mutual funds is compared with the before and during COVID-19 and This model specifies on testing the performance of mutual funds both in the public and private sectors and also it attains to access the impact of COVID-19 on mutual funds. I have used correlation for finding out the relation of COVID-19 and Mutual Funds. This paper mainly addresses the causes of investors during economic fluctuation and the return of top mutual companies with the comparison of the return of 1 year and during these last 3 months. The impact of COVID-19 is not only on particular sectors, it affects almost every sector like construction filed, manufacturing filed, Businesses, agriculture, etc. While all this sector affected by COVID-19 pandemics it hits the society as well as the economy, once the economy comes down, the inflation rate increase, Forex rate will increase and it affects our whole country. In this paper, I included how much every sector affected and its performance now and how well the different types of funds performing which will be useful for the reader to analyze the affected areas. I conclude my report with the help of a survey and statistical tools whether the investors can make a further payment and hold for some period or else they continue with the investment whatever situation crisis impacts our economy.

keywords: Mutual funds in India, Different types, COVID-19 impact, investors situation, performance, and growth of mutual funds in India.

INTRODUCTION

Mutual Funds is an emerging investment vehicle that is covered with a pool of funds gathered from many investors. Mutual funds are playing the role of financial intermediaries between the banks and investors who wants to invest in a share market. The main aim of mutual funds is to diversify the risk of investors. Majority of industries investing their amount in mutual funds for managing the risk of their financial assets. There is a group of securities which is called a portfolio that helps to select security based on the performance. These huge amounts of money in the mutual funds are operated by the investment professional called a fund manager or money manager or portfolio manager. This fund manager's job is to invest the fund's assets in different securities like gold, stock, and other assets to make potential capital gains or income. Mutual funds give opportunities forever small and individual investors to access professionally maintained portfolios of securities such as bonds, equities, and other securities. Therefore, the gain or loss arising from such investment can be shared collectively among the investors in proportion to their contribution to the fund.

In short mutual funds are the basket by filled with full of different types of investment such as bonds, cash, gold, stocks, etc. Mutual funds offer one of the most complete, easy, broad, and flexible ways to make a diversified range of investments. A mutual fund is the financial tool that is made to professionally maintain and manage the funds arises from the different investors at large. The main advantage of investing in mutual funds is that the investors can purchase bonds or stocks in the mutual funds at comparatively lower trading costs compared to direct investing in the stock or capital market. The huge strength of the mutual fund

is pooling the funds of different investors. Since mutual funds require only a small amount of money to invest, it encourages the small investor to invest in mutual funds and enjoy the benefits that arise out of mutual funds. Every investment decision in the mutual funds is taken by the "fund manager" according to the guidance provided in the investment objective and investment pattern.

A Stock market value decreases highly which the Indian economy never faced before. Nifty50 and Sensex play a safe role but still, 1,128 points have decreased as per the last survey. Naturally, such huge investment affects an individual investor mainly including mutual funds. Every individual consults with their friends and advisors whether they should sell their investment or hold their investments.

LITERATURE REVIEW

According to his result, A researcher Sharad Panwar concluded that there is not much difference in the percentage of returns in the public and private sectors. However, there is some significant difference is showing trough coefficient of variance, the average standard deviation on performance and interest. It gives a difference in the diversification of mutual funds and it impacts the performance. In order to get net assets and common stocks and market capitalization, there is no statistical difference among the foreign mutual funds and public and private mutual funds. Portfolio risk was outperformed both in the public and private sectors.

The author "Rao Neelakanteswar Dabbeeru" comes out with an idea of establishing a relationship between investment styles and the performance of mutual funds. It helps an investor, policymakers, and for research to get an idea of improving investment strategies and having a wealthy growth on mutual funds. An author particularly analysis open-ended equity with different investment styles. Since 419 investment scheme plans were offered by India Mutual funds, investors get confused about where to invest and when to invest. This study mention that whole mutual funds are progressing based on growth and dividend. Through the research, this study enforces that the growth plan gives better performance than Dividend plans. In terms of risk and return approximately 80% of Growth plans have better adjustment plans. By analyzing F-test and T-Test, it constructed that it is important to consider investment styles to get better performance on an investment portfolio.

Pandow, Bilal articles describes is that the mutual fund industry succeeds in the market and achieve their goal? Since India is the most populated country, the challenges for facing the competitors as well as satisfying investor's demand also so high. Moreover, challenges like lack of awareness among investors, level of penetration ratio, insufficiency of product differentiation also lead to a critical situation towards mutual funds. The author clearly explained in his articles regarding the growth of mutual funds and the number of mutual funds since it is introduced in India until 2011 and mainly focuses on the Household savings method. The whole mutual fund industry compressed into three sectors private, public, and foreign fund houses. He concluded that one of the major purposes of mutual funds in the case of Household savings is to attract and mobilize the small investors to save their assets and to be a part of the economic development.

A researcher "Dr. Geeta Kesavaraj" carried out the study with the objectives towards the customer perception on mutual funds and its types. He focuses on the possibilities of measuring the performance, expectation, and satisfaction level. His main aim is to identify the awareness of investor's among mutual funds schemes and the selection of schemes but the limitation in his study is that he narrows down his topic within one district "Chennai" in India. He has used various statistical tools like the Chi-squared test, Karl Pearson's correlation, and one-way ANOVA for interpret finding a way for suggestions and conclusions. He concluded that the investors have a lack of awareness on mutual funds schemes and it is responsible for the fund manager to create awareness since India's mutual funds regulated by SEBI which provides security and comfort to an investor but still mutual companies should focus on building an investor awareness.

Dr.S. Narayan Rao Sagar and Ravindran Madhava evaluate the performance index and risk-related analysis. He started to collect the data with a sample of 269 open-ended schemes (out of total schemes of 433) for determining the relative performance index. He uses 58 schemes for further resources but excluded the funds whose returns are less than risk-free returns. With the help of statistical tools and ratios, they find monthly return and risk of the sample mutual fund schemes during the period were 0.59% and 7.10%, respectively, compared to similar statistics of 0.14% and 8.57% for the market portfolio. As a result, he concluded that most of the mutual fund schemes in the sample of 58 were able to satisfy investor's expectations by giving excess returns over expected returns based on both premiums for systematic risk and total risk.

A recent article by Akshatha P elaborates in his articles that the investors Primary objective of any individual or business is to maximize the return with minimum risk and credit risk through diversification. A mutual fund has become an attractive way for

investors to invest their money. But he assures that the people's priority is always a bank investment, the second can be a mutual fund or any other revenue. The main objective of this article is to evaluate the performance of Indian equity diversified mutual funds. And those performances of mutual funds are measured based on the Sharpe's ratio, Jensen ratio, and Treynor's ratio. Also, for measurement, this paper selected five companies' mutual schemes. The author enforces Before entering into an investment, investors need to know about the type of investment, details about the fund and risk, and returns involved with it otherwise there are chances that he will lose money. The study shows that most of the equity funds have outperformed under Sharpe's, Jensen's, and Treynor's ratio.

OBJECTIVES OF THE STUDY

- **To study the growth of mutual funds in India in recent years:**

The first objective of the study is to examine the growth of the mutual fund industry in India in recent years. This includes analyzing trends in Assets Under Management (AUM), number of investor accounts, Systematic Investment Plan (SIP) inflows, and the expansion of mutual fund penetration across different regions of the country. The study aims to understand how the mutual fund industry has evolved in terms of size, product diversification, and investor participation, particularly after the introduction of digital investment platforms and regulatory initiatives by the Securities and Exchange Board of India and the Association of Mutual Funds in India. By evaluating industry-level data over a defined time period, the study seeks to identify whether the growth has been consistent, cyclical, or influenced by macroeconomic and market-related factors.

- **To scrutinize the impact of COVID 19 on mutual funds and how much investors understand the market situation and impact level on their investment:**

The second objective is to analyze the impact of the COVID-19 pandemic on mutual fund performance and investor behavior. The pandemic created significant volatility in financial markets, leading to sharp declines followed by rapid recoveries. This study evaluates changes in mutual fund returns, redemption patterns, SIP discontinuations, and category-wise fund performance during the COVID period. It also examines how different types of funds—such as equity, debt, and hybrid funds—responded to the crisis. By comparing pre-COVID, during-COVID, and post-COVID data, the study attempts to assess the resilience of mutual funds as an investment vehicle and the extent to which market shocks affected investor confidence and fund flows.

- **To determine the investor's current situation:**

The third objective is to determine the current position of investors in the mutual fund market using secondary indicators. Since the study does not rely on primary survey data, investor behavior is interpreted through measurable proxies such as growth in folio numbers, SIP contribution trends, average ticket size, shift from lump-sum to systematic investments, and the increasing participation of retail investors from Tier-2 and Tier-3 cities. These indicators help in understanding whether investors have become more disciplined, risk-aware, and long-term oriented in their investment approach after experiencing market volatility during the pandemic period.

- **To evaluate the awareness of customers towards a market situation:**

The fourth objective is to evaluate the level of investor awareness towards market conditions through observable market participation patterns. Investor awareness is inferred from factors such as increased allocation to diversified equity funds, rising preference for SIPs during market downturns, reduced panic redemptions in later phases of the pandemic, and higher adoption of digital investment platforms. The study also considers the role of financial literacy initiatives, regulatory disclosures, and the availability of online financial information in improving investor understanding of market risks and returns. By analyzing these trends, the study aims to assess whether investors are becoming more informed and better equipped to respond to changing market situations.

RESEARCH METHODOLOGY

A research work titled " A performance analysis of Mutual Fund's during COVID-19" is paving a way to determine the causes of investment which affects investors who invested in various schemes in mutual funds and also demand of investment and it needs for the professional investors by introducing new schemes and fund structure which is fixed by the fund managers and mutual funds companies. Investors invested in several sectors and due to this COVID-19 pandemic all works have to be stopped and banks are closed only the necessity of medical and transportation is running on. During this pandemic what supposed to be an investor's mindset and what they understood with the current market situation.

The present study is based on a descriptive and analytical research design. The descriptive aspect of the study focuses on explaining the financial performance and risk–return characteristics of the selected sample, while the analytical aspect involves evaluating and interpreting financial data using statistical and ratio-based tools. The study is quantitative in nature and relies exclusively on secondary data, which has been collected from published financial statements, stock exchange databases, and other authenticated financial sources. Since the objective of the research is to evaluate performance using historical financial data, the use of secondary data is considered appropriate and reliable.

No primary data has been collected through questionnaires, interviews, or surveys. Secondary data is particularly suitable for finance research because financial statements, market prices, and benchmark index values are already available in structured and audited form. This ensures objectivity, accuracy, and consistency in analysis. Moreover, secondary data allows for time-series evaluation, which helps in identifying trends and performance patterns over a specified period.

The data required for the study has been collected from multiple reliable and publicly available sources. Financial information such as annual returns, net profit, total assets, and equity has been obtained from the published annual reports of the selected companies/funds. Market-related data such as stock prices and index values has been collected from the National Stock Exchange and Bombay Stock Exchange. In case of mutual fund analysis, Net Asset Value (NAV) data has been sourced from the Association of Mutual Funds in India. Banking and macroeconomic indicators, wherever required, have been referred from publications of the Reserve Bank of India. Academic

literature and supporting studies have been reviewed from databases such as ResearchGate and Google Scholar to strengthen the theoretical framework of the study.

The period of the study covers five financial years from 2020 to 2025. A multi-year period has been selected to minimize the effect of short-term market volatility and to obtain a more reliable measure of performance. The use of a longer time horizon enables better comparison across years and improves the validity of the findings by capturing different market phases, including bullish and bearish trends.

The sample for the study has been selected using the purposive sampling method. The selection criteria include availability of continuous data for the study period, market relevance, investor preference, and consistency in performance. Only those companies/funds that have complete financial and market data for the entire study period have been included. This ensures uniformity in analysis and comparability across the sample.

The study uses both return and risk variables for performance evaluation. Return has been measured in terms of annual return and average return over the study period. Risk has been measured using statistical tools such as standard deviation, which captures total variability in returns, and beta, which measures systematic risk relative to the market. These models help in determining whether the returns generated are adequate in relation to the level of risk undertaken. For studies involving corporate financial performance or banking analysis, additional ratios such as Return on Assets (ROA),

The reliability and validity of the data are ensured as all financial information has been obtained from audited annual reports and recognized stock exchange databases. Since these sources are statutory and publicly verified, the possibility of data manipulation is minimal. The use of multiple data sources further enhances the credibility of the study.

However, the study is subject to certain limitations. It is based solely on secondary data and does not incorporate qualitative factors such as managerial efficiency, investor sentiment, or macroeconomic policy changes. The sample size is limited and confined to selected companies/funds, which may restrict the generalization of findings. Additionally, market fluctuations and external economic conditions may influence financial performance during the study period.

NEED FOR INVESTING IN MUTUAL FUNDS:

There are several benefits available for the investors investing in mutual funds. Following are some of the important benefits –

1. Professional management
2. Simplicity
3. Easy accessibility
4. Diversification
5. Tax benefits

Professional management

Take a situation where you want to start a new business. But the point is that you don't know how to run the business. Now you have only two options:

- (i) You can learn how to run the business
- (ii) You can appoint someone to take care of the business

In the first case, you have to learn to run the business and make sure that you know everything about the business, but if you don't have the time for learning such things then it is better to appoint someone to take care of the business. We should apply the same process in the case of investments also.

In order to invest in the financial markets, one should require a certain type of skill. He/she should analyze and researches the market conditions and opt for the best option available in the market. You must know both external and internal economic factors in the financial market. This requires a considerable amount of time and skills from you. But if you don't have the time or skills to analyse and research deep into the market, then investing in the mutual funds can be the best alternative option available in the market.

In mutual funds, you may not have knowledge and skills to manage your investment because mutual funds are maintained and managed by the skilled, experienced and well-qualified experts called portfolio managers. These managers are responsible for your investments, they decide when and where to invest the money in the mutual funds and when to sell and buy the investment.

IMPORTANCE OF MUTUAL FUNDS

Mutual Funds are creating a different type of securities and investment under one umbrella. With the one pool of money banks, you can enjoy by investing in hundreds of various securities like equities, bonds, securities, commodities, etc. The price of every unit of mutual funds will be adjustable according to the market fluctuation. Every people want to save an income and tries to double up the amount. Mutual funds and their schemes fulfill an investor's demand. It is more convenient for investors.

Every individual thinks to save their money and double their money. Mutual funds company will guide an investor to attain their objectives. It provides various financial sectors, strategies, instruments for investors as well as organizations to invest in a stock, bonds, or any other assets to reduce the risk or increase the return. Imagine with one simple purchase you can gain by investing in different securities which will reduce the risk as well as save your investment. The price of mutual funds will reflect market prices and adjust with the expenses and management fees. There are several investors with different mentality some people need the highest return and ready to bear any risk and contradictory some investors prefer to be safe and steady and want to save their money for future needs. Funds like equity funds and growth funds are appropriate to aggressive investors while a conservative investor can move for balanced funds seeking both income and capital gain. According to investors' income, a mutual fund manager will help to find out a great plan with a maturity period schemes date of deposit for a better outcome.

Mutual funds play a vital role in the development of the financial system by mobilizing small savings from investors and

channelizing them into diversified portfolios of securities. They provide an effective investment avenue for individuals who may not have the expertise, time, or resources to directly participate in capital markets. By pooling funds from a large number of investors and investing in equities, debt instruments, and money market securities, mutual funds enable investors to gain access to professionally managed portfolios at relatively low cost.

One of the most significant advantages of mutual funds is diversification, which helps in reducing unsystematic risk. Instead of investing in a single security, investors indirectly hold a basket of assets, thereby minimizing the impact of poor performance of any one security on the overall portfolio. This feature makes mutual funds particularly suitable for retail investors who seek to balance risk and return without engaging in active portfolio management.

Mutual funds also promote financial inclusion by providing investment opportunities to small and first-time investors through Systematic Investment Plans (SIPs). SIPs allow investors to invest small amounts at regular intervals, encouraging disciplined saving habits and long-term wealth creation. This has been especially important in India, where mutual funds have helped shift household savings from traditional assets such as gold and real estate towards financial assets. Initiatives by the Securities and Exchange Board of India and investor awareness campaigns by the Association of Mutual Funds in India, such as “Mutual Funds Sahi Hai,” have significantly increased retail participation.

Another important aspect of mutual funds is professional management. Fund managers with expertise in financial markets make investment decisions based on research, market analysis, and risk assessment. This ensures better portfolio allocation and continuous monitoring of investments, which may not be feasible for individual investors. Additionally, mutual funds offer liquidity, as most open-ended schemes allow investors to redeem their units at any time at the prevailing Net Asset Value (NAV).

Mutual funds also contribute to the development of capital markets by providing a steady flow of funds into equity and debt markets. Large institutional investments by mutual funds improve market liquidity, price discovery, and corporate governance. They act as important intermediaries between savers and borrowers, thereby supporting economic growth. Furthermore, mutual funds offer transparency and regulatory protection. Investors receive regular disclosures regarding portfolio holdings, NAV, risk factors, and performance. The regulatory framework established by the Securities and Exchange Board of India ensures investor protection, standardized reporting, and operational transparency.

In the post-COVID period, mutual funds have gained additional importance as investors increasingly prefer diversified and professionally managed investment options to manage market volatility. The growth in SIP inflows and folio numbers indicates rising investor confidence and awareness. Mutual funds therefore serve as an efficient tool for long-term financial planning, retirement savings, and wealth creation.

In conclusion, mutual funds are important not only for individual investors but also for the overall financial system. They provide diversification, professional management, liquidity, transparency, and accessibility, while also supporting capital market development and economic growth.

GROWTH OF MUTUAL FUNDS IN INDIA

The growth of mutual funds has been increasing tremendously. The first and foremost Mutual fund in India was UTI (Unit Trust of India) since 1963 which was set up by the Reserve Bank of India and the Government of India. Initially, it starts to attract small investors and describe them about schemes and investment. Later on, in the 1970s -1980, UTI becomes quite familiar and starts to implement many schemes and different portfolios which helps investors to protect from high risk. In the 1980s, another mutual fund introduced called ULIP (Unit Linked Insurance Plans). From 1987, the number of public sector banks was allowed to establish a mutual fund as a part of an institution. SBI started its mutual fund in 1987 December and followed by Canara Bank, Indian Bank, and so on introduced a mutual fund scheme. Mutual Funds diversify the investor's securities in a different portfolio and also suggest the schemes according to their willingness of taking risk. It allocates their income part as a saving in the investment of the funds. Assets Under Management has increased from Rs 6.7 crores to 47.4 crores from 1980 to 1993. 1993-1996 was the era where drastic changes happen in the mutual fund company. Private sectors like industries also granted permission to begin a mutual fund business. It raises competition among the public and private sectors. Apparently, Foreign Fund management also entered into Indian market through Joint Ventures and with some Indian promoters. Private sectors have brought with many different new schemes and technologies to attract an investor. The number of Mutual Funds stands up with foreign traders and investors. A recent survey mentioned that India has 44 Asset Under Management (AUM) which is fully authorized and licensed

by the government. Investors can invest in any securities like real estate, golds, mutual funds, cryptocurrency, etc. The funds like ICICI prudential fund, HDFC blue-chip fund, Reliance mutual funds, SBI Mutual funds, Reliance, and Bajaj Finance play a leading role in the stock market.

A mutual fund has seen immense growth and development since the day it is incorporated. Many mutual funds companies were merged and integrated and companies like Allianz Mutual Funds and PNB mutual funds were taken over by Birla Sun Life and Principal, etc. Over the decades, mutual funds in India have seen a lot of changes and development. It has become more flexible, transparent, and well organized in terms of schemes, functions proposed by mutual fund companies have been offering top-notch mutual funds. With the emergence of mutual funds development, there are several schemes were launched in India. There are around 2500 schemes are available

till now. The average asset management fund of India Mutual fund industry for April 2020 stays at 23.53 lakh crores. The total number of portfolios under debt, equity, hybrid schemes, and orientation schemes and wherein schemes those all give higher return was stand for around 80 million.

The mutual fund industry in India has witnessed remarkable and consistent growth over the last decade, driven by rising financial awareness, digital penetration, regulatory support, and increasing participation of retail investors. One of the most significant indicators of this growth is the sharp increase in Assets Under Management (AUM). The industry's AUM has expanded from less than

₹10 lakh crore a decade ago to more than ₹65–74 lakh crore by 2025, reflecting both strong market performance and sustained inflows from investors. This expansion highlights the growing acceptance of mutual funds as a preferred investment avenue for long-term wealth creation.

A major driver of this growth has been the rapid adoption of Systematic Investment Plans (SIPs), which have transformed the investment behaviour of retail investors. Monthly SIP contributions have increased significantly, crossing ₹24,000–₹26,000 crore, while SIP assets now account for about one-fifth of the total mutual fund industry AUM. This indicates a shift from lump-sum, speculative investing to disciplined, long-term financial planning. The steady rise in SIP accounts and contributions also reflects increasing financial literacy and investor confidence, even during periods of market volatility.

Another important dimension of growth is the expansion in the number of investor folios. Mutual fund folios have crossed 23–24 crore, with equity-oriented schemes accounting for nearly 70% of the total. This demonstrates the growing risk appetite of Indian investors and their willingness to participate in capital markets for higher returns. The rise in folios is particularly significant among young investors and first-time participants, indicating a structural shift in household savings from traditional instruments such as bank deposits and gold towards market-linked products.

Overall, the growth of mutual funds in India reflects structural changes in the financial ecosystem, including digitalisation, improved regulatory frameworks by SEBI, investor education initiatives, and the rising need for inflation-beating investment options. The consistent increase in AUM, SIP inflows, folio count, and product diversification demonstrates that mutual funds have become a central component of household financial planning and capital market development in India.

IMPACT OF COVID - 19 ON MUTUAL FUNDS IN INDIA

Globally, the stock market is bearing a crisis of COVID 19 pandemics. An impact of coronavirus pandemics has affected a stock market vastly. It becomes a more volatile state. It causes many investors to have met dramatic changes in the value of the investment portfolio. It's been critical for an investor to maintain and track their investment goals and especially it affects long term investment plans. Every country's stock market value comes down which affects the banks and private sector. The rapid spread of this virus, an investor from all over the world affected. People those who all invested in mutual funds investment facing financial asset crisis. India's mutual funds' performance is quite better than in other countries. However, the performance of the equity market is falling worst. Sensex hits around 23% on the equity market. Mainly people who have invested in construction companies are facing losses every day. According to the money control report, interest rates on fixed deposits fall which was announced by Reserve Bank of India (RBI) and it particularly impacts the savings bank rates. Investors try to save their investment by using some strategies for taking a fresh breath like Sensex as well as the Nifty market. During this lockdown period, investors can take ease pressure from the equity market, some markets are highly rated which are pharma, emerging giants, prudence, etc.

In the business point of view, meetings like Annual General Meeting, Board meetings, corporate meetings, meetings for product launches, conferences, seminars meetings, etc. has canceled and postponed due to COVID-19. GDP growth of the Indian economy reduced to 4.7% in the 3rd Quarter of 2019-2020. The outbreak of COVID-19 changes the whole world economy into a recession including India. It changes the lives of people, businesses, and how the economies will function. This impact would continue at least for the next 24 months, currently, many businesses are struggling to survive and some may even result in wound up. But things will eventually get back to normal only if emerges of new industries take place with famed hope of recovery. We can expect the liquidity of many industries and companies in near future as the cost of borrowing went upwards in the real term, due to this RBI (Reserve Bank of India) forced to reduce its interest rates. Currently, demand for the essential goods was increased rapidly. Therefore, the Indian government's focus is only on the essential goods which will affect the non-essential goods is huge. So, Non-essential goods business would look forward to recovering they're outstanding from outsiders and receivable from debtors in order to survive in the market. Financial institutions and banks have already had the problems of recovering the Non-Performable Assets, bankrupt and insolvency now this impact will add additional pressure to them.

Table 1: IMPACTS OF COVID-19 ON DIFFERENT SECTORS IN INDIA

IMPACTS ON DIFFERENT SECTOR	RETURNS (April to June)
Construction	-13.3%
Professional services, Real estate, and Finance	-17.3%
Agricultural, Fishing, and Forestry	-1.3%
Manufacturing	-6.3%
Water supply, electricity, gas and other	-13.9%
Trade, Transport, Hotels, Communication	-9.7%
Public administration, defense, and others	-0.4%

Building and construction:

It's really hard to find the sector which is not affected by the COVID-19; almost every commercial activity has been affected severely by the COVID-19. Building and construction sector have already faced multiple challenges like irrecoverable create, insufficiency of capital, different kind of frauds, etc. Now, this COVID-19 makes Building and construction sectors further worst. Due to the lockdown imposed by the government, the building and construction activities and many more businesses across the world have stopped. The Building and Construction companies in India appointing nearly 5cr people as employs it is almost 12% of the working people population of India. Impact of COVID-19 affected the economy in wide-spread but it is an unprecedented good chance for us to respond and restart the majority of our baselines in the building and construction sector in India.

Travel and Tourism sectors

As everyone knows that Travel and Tourism sector was the first most affected sector due to lockdown outbreak, and also it sweeps this industry to a dead level, ISTO (Indian Association of Tour Operators) evaluates the Travel and Hotel industry to incur the huge losses of Rs.8500 crs because of lockdown imposed by the government due to lockdown.

Automobile sectors

This sector was already undergone into deep considerable lowdown for the past 12 to 15 months because of total structural changes like GST, Axle-load reforms, Liquidity crunch, shift to shared mobility, and so on. COVID-19 makes Automobile sectors further worst and it completely affected the manufacturer's revenues and cash flows. Bharat Stage-IV sales from past 10 days after lockdown ends, dealers of automobile industries facing the burden to liquidate the Bharat-Stage-IV which is unsold and it is worth Rs,6300 crores.

The COVID-19 pandemic had a significant and multi-dimensional impact on the Indian mutual fund industry, affecting fund flows, Assets Under Management (AUM), investor behaviour, risk perception, and scheme performance. Since mutual funds are

closely linked with capital market movements, the sharp market volatility during the initial phase of the pandemic in March 2020 led to uncertainty and large-scale redemptions, particularly from debt and liquid funds. Lockdowns resulted in income disruption for many households, which in turn reduced fresh investments and increased withdrawals for liquidity needs.

One of the immediate impacts of the pandemic was the decline in Systematic Investment Plan (SIP) contributions. During FY 2020–21, SIP collections fell by around 4% to approximately ₹96,000 crore as many investors faced salary cuts, job losses, and business slowdowns. This indicated a temporary decline in retail investors' capacity to maintain long-term disciplined investments.

However, this decline was not structural; rather, it reflected short-term financial stress and precautionary cash holding behaviour.

The pandemic also created different investment patterns among various investor categories. Secondary data analysis shows that High Net-worth Individuals (HNIs) increased their investments across most mutual fund schemes during the COVID period, while retail investors reduced exposure mainly in debt-oriented schemes. Corporate investors shifted their funds depending on liquidity requirements, and banks and foreign institutional investors reduced their equity mutual fund holdings. These divergent trends reflected differences in risk-bearing capacity and liquidity preferences among investor groups.

Another important impact was seen in fund performance. Studies of Indian equity mutual funds during the pandemic revealed that most actively managed funds moved in line with the market and were unable to consistently outperform benchmarks during the sharp downturn. This indicates that systemic risk dominated fund-specific strategies during extreme market conditions, reducing the scope for alpha generation. Market-wide shocks affected nearly all equity schemes simultaneously, highlighting the importance of diversification and long-term investment horizons.

Debt mutual funds faced severe stress due to liquidity concerns and credit risk. Many investors redeemed their investments from liquid and short-term debt funds to meet cash requirements, which resulted in temporary AUM contraction in these categories. The preference shifted toward safer avenues such as bank deposits and overnight funds during the peak uncertainty phase. This behaviour reflects the “flight to safety” phenomenon typically observed during financial crises.

Despite the short-term disruption, the post-COVID period witnessed a strong recovery in the mutual fund industry. Equity markets rebounded sharply after mid-2020, and retail participation increased significantly through SIPs. The industry recorded sustained equity inflows from March 2021 onward, supported by low interest rates, digital investment platforms, and growing financial awareness among investors. In fact, SIP contributions reached record levels in subsequent years, indicating renewed investor confidence and a structural shift toward long-term market-linked investments.

Another notable structural change after COVID-19 was the increasing role of domestic investors in the capital market through mutual funds. Mutual fund AUM, particularly in equity schemes, grew substantially relative to traditional bank deposits, reflecting a shift in household financial savings toward market-based instruments. This trend highlights the strengthening of financial intermediation through mutual funds and the rising importance of retail investors in stabilizing the stock market.

The pandemic also accelerated digital adoption in the mutual fund ecosystem. Investors increasingly used online platforms, mobile applications, and direct plans for investing, which reduced distribution costs and improved accessibility. This digital transformation contributed to higher participation from smaller cities and younger investors in the post-pandemic period.

In behavioural terms, COVID-19 acted as a real-time stress test for investor psychology. Many investors who stayed invested during the market crash benefited from the subsequent recovery, reinforcing the importance of long-term investing and disciplined SIP strategies. At the same time, panic redemptions by some investors highlighted the need for better financial literacy and risk awareness.

Overall, the impact of COVID-19 on mutual funds in India can be classified into two phases:

Short-term impact:

- Decline in SIP contributions
- Increased redemptions for liquidity
- Stress in debt mutual funds

- Market-linked fall in AUM and returns

Long-term impact:

- Strong recovery in equity inflows
- Record SIP growth
- Rise in retail participation
- Digital transformation of investments
- Shift from traditional savings to market instruments

Thus, while the pandemic caused temporary disruption, it ultimately strengthened the mutual fund industry by increasing investor awareness, participation, and long-term orientation.

PERFORMANCE OF MUTUAL FUNDS BEFORE COVID-19 AND DURING COVID-19

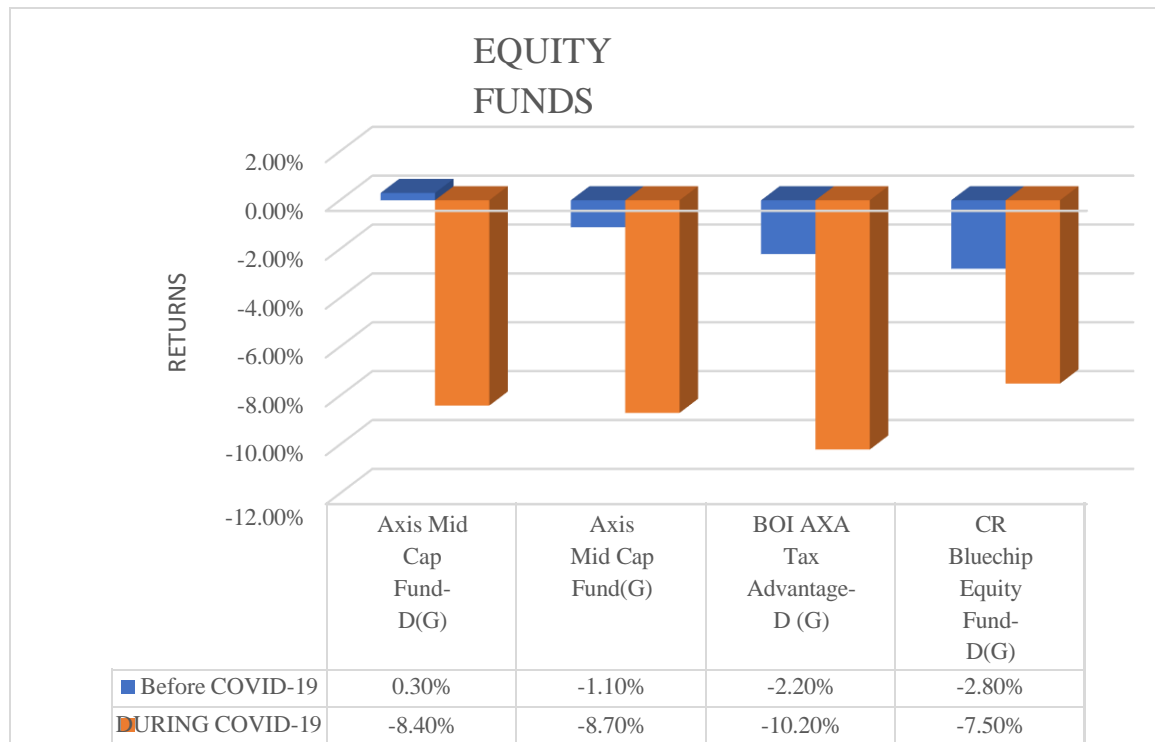
Many investors invest two or three mutual funds in different categories in the name of diversification. It helps to avoid risk as well as maximum return. There is a simple logic that these mutual funds divide into three major categories large-cap, mid-cap, and small-cap. No one knows when this pandemic comes to the end. When it comes to equity investment, an investor expects to face the high market volatility due to the disclosure of banks, AMC. It is better to concentrate on asset allocation funds which can be dynamically managed by a fund manager and helps to continue with SIP (Systematic Investment Planning). In another way, the debt investor needs to perceive that the developments are largely isolated from the single fund house. Due to unexpected pandemics, the debt market falls and shows negative development for certain house funds and that's why the debt market offers to invest in single fund houses with small capital for the small and mid-term enterprises. A outperform of 33 Portfolio Management Schemes, Kotak's Association Management Company encounters a huge profit by investing in pharmaceutical and gaining return nearby 26%. The hybrid funds are suggested by mutual fund managers during this current situation because the outperformance of the mixed composed portfolio plays well in the aggressive market than the equity market

According to the "IIT Hyderabad" elaborates that investors need not worry about the net asset value (NAV) of their investment since it wouldn't change or fall drastically during the present quarter. The outbreak of COVID-19, market volatility will continue to hold the mutual funds' industry because it considers as part of the ongoing turmoil of the Indian economy as well as for investor's concern. Though the Reserve Bank of India (RBI) and Ministry of Finance announced to continue the mutual fund investments through a systematic investment plan (SIP), simultaneously it poses unreliability about the future cash flows to equity assets. Instead of pulling out the money from mutual funds without the knowledge of volatility in the equity and debt funds in the short-term, investors can continue with the flow of income who are aiming at long-term investment. This is to be immune to the economic backfire of COVID-19 and around 44 mutual funds industry are under pressure to continue with the small-midterm following the volatility of the market. The Pharma industry and telecom industry outpaced in its peers and achieving continues advantages from the ongoing disruption. Due to the lockdown condition, business is running via the Internet which is beneficial to the telecom industry. 1.47 lakhs customers may face an issue related to their business in the way of demand, survival, debt, and affordability. Healthcare sectors will surely get more benefits from the government in the future as well.

PERFORMANCE OF TOP MUTUAL FUNDS IN DIFFERENT SCHEMES

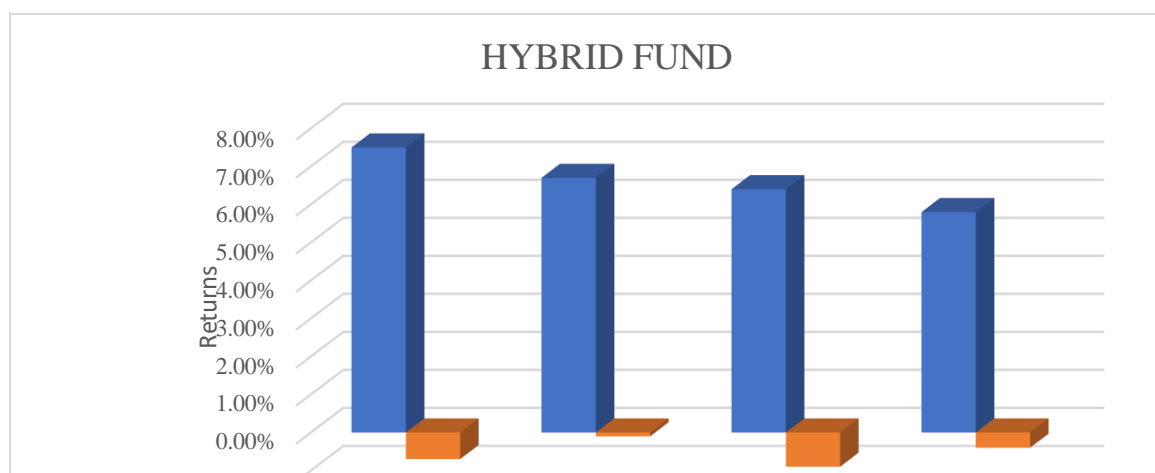
I have taken the three major funds equity, hybrid, and debt funds with top companies 4 funds running in a good manner and made a comparison of performance between a 1 year return and this three-month return.

Figure 1: Top Four Funds Performance in Equity Market.



As you can see the difference from one-year return and 3 months return. Even though the 1-year return was negative in some companies but still these three months of COVID-19 pandemics go more negative. The first Axis Midcap fund- Direct plan and have growth charges its 1year return was 0.30% but the three months return is -8.40% you could see the losses. The top companies holding this fund are City Union Bank, Info Edge, Bajaj Finance, Bata India, etc. Secondly, also an Axis Midcap fund but it doesn't have a direct plan but charging only growth rate. BOI AXA Tax Advantage it comes under the ELSS fund category. Its 1-year return is already in negative - 2.20% but this three-month negative return (-10.20%) crossed the 1-year negative return and the companies holding this fund are Bajaj Finance, HDFC Bank, ICICI Bank, Kotak Mahindra, Reliance, etc. CR Bluechip Equity Fund is under Large Cap fund and growth charges 1.0% of sell value and companies holding this fund are HDFC Bank, Infosys, Axis Bank, TCS, Reliance, etc.

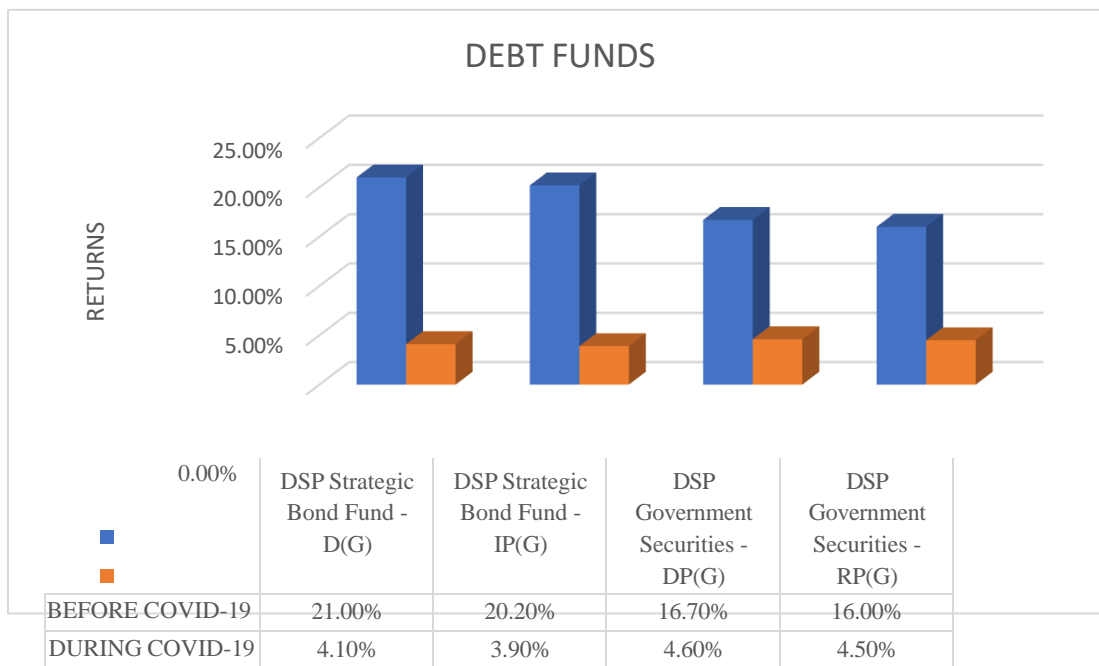
Figure 2: Top Four Funds Performance in Hybrid Market.



	-1.00%	CR Income Saver Fund- D(G)	LIC MF Debt Hybrid Fund- D(G)	CR Income Saver Fund(G)	LIC MF Debt Hybrid Fund
BEFORE COVID-19		7.50%	6.70%	6.40%	5.80%
DURING COVID-19		-0.70%	-0.10%	-0.90%	-0.40%

Before COVID-19 indicates the 1-year return and during COVID-19 calculates the three months return. CR Income Saver Fund-D it deals with a direct plan and Growth. The top companies holding CR Income saver funds are Apollo hospital, City Union Bank, Axis Bank, Sanofi India, Whirlpool, etc. LIC MF Debt Hybrid funds set a benchmark of CRISIL MIP Blended Fund and the companies holding this fund are ICICI Bank Ltd, Infosys Ltd, State Bank of India, Government of Indian Sovereign, etc. CR Income saver funds-G is a growth plan only and it comes under the Canara Robeco Mutual funds and it dealing with LIC Housing Finance Ltd, Indian Railway Finance, Reliance Industries Ltd, Housing Development, etc.

Figure 3: Top Four Funds Performance in Debt Market.



By comparing the equity and hybrid fund, debt fund still earning a positive return but when you compare 1-year returns and these three months it's far less. DSP Strategic Bond Fund -D(G) is under the Dynamic Bond Fund, it is for the purpose of bond investment where it expects to maximize more returns. DSP Strategic Bond Fund- IP(G) it is for an institutional plan; the primary goal of this scheme is to generate optimal returns with high liquidity through the portfolio. DSP Government Securities DP(G), this scheme's objective is to generate income through investment in Government Securities of various maturities. The last fund is DSP Government Securities -RP (Regular Plan)- Growth mainly invested in bonds which issues by the government of India. These types of bonds do not carry any default risk since the repayment money is backed by the government.

Table 2: TOP 10 RANKING MUTUAL FUNDS COMPANY IN PRESENT TIME

AMC	CATEGORY	STRATEGY NAME	RECENT RETURN(APRIL) %
KOTAK	Sector Fund	Pharma	26%
EQUIRIES SECURITIES	Mid & Small Cap	Long Horizon Fund	24%
GREEN PORTFOLIO	Multi-Cap	Special	20%
AMBIT CAPITAL	Small-Cap	Emerging Giants	19%
ICICI PRUDENTIAL	Large Cap	Large-cap Portfolio	19%
SOLIDARITY ADVISORS	Multi-Cap	Prudence	18%
MARCELLUS	Small-Cap	Little Champs	17%
CREST WEALTH MANAGEMENT	Small-Cap	Emerging Bluechip	17%
ANAND RATHI ADVISORS	Multi-Cap	Impress PMS	17%
RIGHT HORIZONS	Small-Cap	Minerva India Under-Served	17%

The following analysis is based on secondary data collected from reports of AMFI, SEBI, RBI bulletins, and leading fund house fact sheets. The period of study is divided into Pre-COVID (FY2017–FY2019) and COVID Period (FY2020–FY2021).

1. Growth in Assets Under Management (AUM)

Before COVID-19, the Indian mutual fund industry showed consistent expansion.

- March 2017 AUM: approx. ₹17.5 lakh crore
- March 2018 AUM: approx. ₹23.8 lakh crore
- March 2019 AUM: approx. ₹24.7 lakh crore

This growth was driven by rising SIP inflows, increasing financialization of savings, and positive equity market performance.

During COVID-19:

- March 2020 AUM: approx. ₹22.3 lakh crore (decline due to market crash)
- March 2021 AUM: approx. ₹32.1 lakh crore (sharp recovery)

Analysis:

There was a temporary contraction in AUM during the initial pandemic phase due to redemption pressure and falling NAVs. However, strong market recovery and continued SIP inflows led to a record increase in AUM within one year, indicating industry resilience.

2. SIP Inflows Trend

Pre-COVID monthly SIP inflows:

- FY2018: ₹6,425 crore (avg.)

- FY2019: ₹7,700 crore (avg.)

During COVID:

- April 2020 saw a dip to around ₹8,376 crore (lower than expected trajectory)
- By March 2021 SIP inflows recovered to ~₹9,000+ crore per month

Analysis:

Although there was short-term uncertainty, SIP investors largely continued their investments. This shows increasing investor awareness and long-term investment behaviour.

3. Equity Mutual Fund Performance

Pre-COVID (Stable Phase)

- Large-cap funds delivered average annual returns of 10–12%
- Mid-cap funds: 12–15%
- Small-cap funds: higher but volatile (15–18%)

COVID (Volatility Phase)

- March 2020 crash: many equity funds gave –25% to –35% short-term returns
- Mid-cap and small-cap funds fell more sharply than large-cap funds
- By FY2021 end, large-cap and index funds delivered 40–70% recovery returns

Analysis:
Large-cap funds proved more resilient due to strong balance sheets of underlying companies.
Passive funds gained popularity as investors preferred lower-cost and diversified exposure.

4. Debt Mutual Fund Performance

Pre-COVID:

- Debt funds delivered 6–9% stable returns
- Low volatility and predictable income

COVID:

- Credit risk funds faced liquidity stress
- Liquid funds saw heavy redemptions
- Government bond funds performed well due to falling interest rates

Analysis:
The pandemic exposed credit risk in lower-rated debt instruments. Investors shifted towards high-quality debt funds and gilt funds, showing increased risk aversion.

5. Investor Behaviour Analysis

Secondary data from industry surveys indicates:

- Increase in retail participation through digital platforms
- Shift from lump-sum investments to SIP mode
- Higher preference for hybrid and index funds
- Greater focus on risk profiling and asset allocation

COVID-19 accelerated financial awareness and digital adoption. Investors became more cautious and diversified their portfolios.

KEY FINDINGS

1. The mutual fund industry experienced a short-term decline but strong long-term recovery during COVID-19.
2. AUM growth remained robust, reaching new highs post-pandemic due to market rebound and sustained SIP inflows.
3. Large-cap and index funds showed higher resilience, while mid-cap and small-cap funds were more volatile.
4. Debt funds faced liquidity and credit risk challenges, leading to a shift towards safer instruments.
5. Investor behaviour changed significantly, with greater risk awareness, long-term investment discipline, and digital adoption.
6. SIP investors played a crucial role in stabilizing the industry during market volatility.
7. The pandemic acted as a stress test, resulting in better regulatory oversight and improved portfolio quality.

CONCLUSION

The COVID 19 pandemic is a first and foremost tragedy that affects millions of people around the world. The contagious COVID 19, that outbreaks in 2019 has led to a medical emergency throughout the world. The fears among people hit the global economy when it comes to the Indian economy the stock market losing around 20%-40% of their value every day. More than Rs. 30,800 crores of investor's money were lockdown and stuck in mutual funds. Even though the maturity date finished but the investor's money will remain locked. In India, the stock market lost highly in the opening traded which leads to nervousness among investors. The Sensex fell around 2.84% for an hour. But the main advice from my side is to don't rush to save your capitalization and rush to flee. Once the pandemic is over, there is a major chance to recover and raise the funds' value. Last few months we saw the China market falls and hits the economy vastly and when you see how the current market of China rises and they come back with the normal life and starts to reinvest in the market and diversify their assets in various sector. The fact that COVID-19 is a temporary hit to the market and during this period the pharmaceutical field and gold especially the pharma sector yielding lots of benefits from the COVID-19 pandemic we contact them for claiming face masks, hand sanitizers, face shields, etc. those seem necessary during this situation. Financial planners and mutual fund managers believe that the schemes on vaccines and drugs would go high at the moment. In the last one month itself, the return for the pharma field is 3.07% and 8.05% in three months. After the pharma industry, Internet-based business makes the world disrupted for good due to COVID-19 pandemic.

We expect this market volatility going to continue for a few months but the investors always remain the ongoing impact in the market. They should keep assets allocation discipline to avoid further losses on their stock. It must be a good time to buy stocks at reasonable prices for long-term investment players. Don't panic, sell those stocks are not giving any good returns as soon as possible and buy a stock at a low price and allocate in SIP. Invest in a swaying manner and add some liquidity which helps during this volatility period and always keeps contact and gets advice from your mutual fund managers and experts before doing any changes in the portfolio.

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