Historians are uncertain about the origin of mutual funds. Some are of the view that The King William I, launched investment companies in Netherlands, as the first mutual fund in 1822. While others are of the view that Dutch Merchant named Adriaan Van Ketwich, whose investment trust was created in 1774, might have given the idea to the King. The name of van Ketwich's fund, 'Eendragt Maakt Magt', translates to "unity creates strength".

The creation of the Massachusetts Investors' Trust in Boston, Massachusetts, heralded the arrival of the modern mutual fund in 1924. It was 40 years later that a mutual fund institution, namely the Unit Trust of India, was launched in India. Investment in mutual industry were rising at a fast rate, crossing Rupees 1, 20,000 crores by January 2003. However, due to crisis created by UTI, Investments fell down drastically to Rupees 79,464 crores within three months. However, due to boom in economy and faith of investors in mutual fund industry, investments started pouring in and by the 2007 March end, the Indian mutual fund industry had assets under management of Rs 3, 26,388 crores. With the volatility in Indian equity market, it has become necessary for the investors to resort to scientific framework for investment analysis of Mutual Funds.

This thesis has a primary focus on performance evaluation of mutual funds. It covers the theoretical under-pinning as a basis for a better understanding of its relevance in managing mutual funds, while there is a natural connection between theory and portfolio practice. It is not seamless. Much of the theory that is relevant to practice, in fact, developed more than 35 years ago. However, In India, only in the last 5-7 years, efforts were put to utilize developed concepts into practice. In fact, researchers, analysts, and portfolio managers at investment firms are doing a great deal of innovative work in broadening the application of theory.

This thesis is divided into Six Chapters. The first chapter Introduction describes the Conceptual framework, the rationale of the research work followed by the aims and objectives of the study.
The second chapter deals with review of literature. Under Review of Literature, study and research of portfolio evaluation methodologies for portfolio returns, return distribution, risk measurement metrics, risk-adjusted measurement metrics was done. Additionally study and research of Mutual Fund rating agencies in India and abroad, was carried out.

The chapter on Methodology is covered in four sections, the study, the design, the sample and the tools. The scope of research includes calculation of performance of select equity mutual funds in India for a period of five years (1.5.2001- 30.4.2006), development and construction of comprehensive scientific framework for analysis of the performance of existing equity mutual fund portfolios in the Indian context and qualitative framework (Pre-commissioning due diligence) for evaluating the performance of New Funds Offerings. To do this, list of funds that are domiciled in India and invest in Indian securities was downloaded from Bloomberg website. For data analysis, statistical tools used were, t-test for significance, Chi-Square test, Coefficient of Correlation and Rank Correlation. Financial tools and ratios were used for return and risk measurement.

Under the chapter on Results and Discussion chapter, performance metrics for the select funds for the five years have been reviewed and analysis of number of hypotheses tested for significance has been carried out and discussed.

The chapter on Summary and Conclusions has covered brief details of the chapters and objective wise results and the last chapter on Suggestions and Implications presented the suggestions for further work in the area of performance evaluation of Indian Mutual Funds and also the possible applications of the findings of the current study.

The Bibliography has the details of the books, Journals, reports of website referred during the course of study. The thesis has 10 appendices covering various mutual fund rating methods, classification of Indian Mutual Funds, classified inventory of Indian Mutual Funds and characteristics of various types of mutual funds.
In all, the thesis provides a compact yet comprehensive overview of the Indian Mutual Fund Portfolios, various quantitative performance evaluation techniques and mutual fund rating methodologies of leading companies/agencies in India and abroad. Finally at the end, thesis has evolved and constructed two important frameworks for analysis, one for existing funds and another for new funds offerings. The framework developed is expected to be a useful tool for academicians, policy makers and practitioners of this field. The outcome of the whole effort is likely to come in very handy to investors and representatives of investors to cut through the clutter and create a "suitable" portfolio of managed funds.