CHAPTER-7

EFFICIENCY OF THE TREND-MODELS FOR THE
FORECASTING OF DIFFERENT PARAMETERS

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7.1 Methodology: Coefficient of determination is one of the best measurements of efficacy of any trend-models.

7.2 FINDINGS

7.2.1 Unit Trust of India

- The growth pattern in mobilization of funds has shown an overall compound growth of the order of 53%p.a. the compound growth model is having a good fit with 83%coefficient of determination ($R^2$).
- The compound growth model is found to be most appropriate with a significantly high coefficient of determination ($R^2$) of the order of 90.25%.
- The trend is almost of parabolic nature, hence a second degree parabolic trend is found to be most appropriate with coefficient of correlation 63%.

7.2.2 Other Public Sector Mutual Funds

- The compound growth model fitted by the method of least-squares has shown almost a perfect fit with a coefficient of correlation ($R^2$)99%.
- The trend analysis suggests that the compound growth model as fitted by the method of least-squares as the most appropriate with a co-efficient of determination($R^2$) of 99% and can be gainfully employed for the purpose of future forecasting.
- Comparatively low compound growth (23%p.a.) has been observed, but a growth model fitted is quite satisfactory ($R^2$=86%).

7.2.3 Private Sector Mutual Funds

- The compound growth model fitted as a trend has shown a very good fit with a co-efficient of determination ($R^2$=96%).
- The compound growth or the semi-log mathematical model is fitted and found to be most satisfactory with a 96% co-efficient of determination ($R^2$=96%).
- The semi-log regression model fitted with the help of method of least-squares gives quite satisfactory trend with a co-efficient of determination of 95% ($R^2$).
7.2.4 Public Sector Mutual Funds

- A compound growth mathematical trend gives a very good fit with a coefficient of determination of 95%.
- Compound growth trend model is fitted well with a coefficient of determination ($R^2$) 96%.
- The compound growth model is also poor fit.

7.2.5 Mutual Fund Industry

- The growth model fitted is absolutely good fit with co-efficient of determination of the order of 98% ($R^2$).
- The plot of the time series data strongly suggested a compound growth model as trend with a coefficient of determination ($R^2$) as 99% and can be gainfully used for future forecasting.