



Comparative Study on Selected Mutual Funds in India

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ABSTRACT

This study compares the mutual funds that are in Indian market either government or non-government. The main objective of this study is to compare the performance of equity funds, small cap funds, Index funds, Income funds, gilt funds and liquid funds to facilitate the retail investors in decision making. Data are taken from NSE, BSE, money control and value research online. The main tools used in this study are simple average method, standard deviation and simple ranking method.

KEYWORDS:-Mutual Fund, Performance and risk, Return, Risk and Investment.

1.INTRODUCTION

Mutual funds are the funding made by the investors to know the financial performances of diverse fund schemes. The funding can be made in securities like stock, bonds, money market instruments, cash and other assets. The investing of funds can be of big and small investors. It includes a high rate of risk which in thus gives high rate of return, low risk which in turns gives low rate of return. A mutual fund is an investment security that enables investors to pool their money together into one professionally managed investment. Mutual funds can invest in stocks, bonds, cash or a combination of those assets. The underlying security types, called holdings, combine to form one mutual fund, also called a portfolio. In simpler terms, mutual funds are like baskets. Each basket holds certain types of stocks, bonds or a blend of stocks and bonds to combine for one mutual fund portfolio. This study aims to analyse comparison between the selected mutual funds of Indian markets. The key players in Indian mutual funds market are ICICI prudential mutual fund, HDFC mutual fund, TATA mutual fund, Birla Sun Life mutual fund etc.

2.REVIEW OF LITERATURE

- Loomba (2011) evaluated the performance and growth of Indian mutual funds vis-a-vis the Indian equity market. Kruskal Wallis H-test was applied to see that returns is somewhat different or not and it was found that there is no significance difference between the returns of the schemes.
- Bansal and Kumar attempted to observe the overall performance of selected mutual fund schemes. Based on risk return relationship models, additionally compared with return on equity shares of various sectors of Indian economy. Bansal and Kumar analysis was based on mean return, Sharpe ratio, Treynor ratio, and Jensen Alpha. The overall analysis reveals UTI schemes being quality performers and others showing average performance.
- Dr.C.H.BalaNageshwara RAO (2017) published article on “Investors behaviour towards mutual fund”. From the research it was found that majority of the investors are male and were businessman. The research was done with 60 respondents on simple sampling method. It was found that most of the people were of mutual fund through advertisements and social media. Also the investment in mutual fund is more compared to other investment sectors. The research was analysed through demographic method and Chi square method.

3.RESEARCH METHODOLOGY

3.1 OBJECTIVES

- To do a comparative analysis between selected mutual funds of India.
- To understand risk and return regarding the selected mutual funds.
- To help investors in decision making among the selected mutual funds.

1.2 SOURCES OF DATA

The data collected is secondary type of data collected from NSE, BSE, money control and value research online data resources.

1.3 TOOLS USED FOR ANALYSIS

- Simple average method and standard deviation.
- Comparison on the basis of ranking obtained in simple average and standard deviation.

1.4 LIMITATION OF STUDY

- This study is based on data taken as of Feb-17-2022. Which may vary in future.
- Only 5 years of data is taken for analysis.
- Data of only selected mutual funds are taken.

4.ANALYSIS AND INTERPRETATION OF MUTUAL FUND

4.1 ANALYSIS OF EQUITY FUND

FUNDS	YEARS				AVG.RT	STD.DV	RANKS	
	1 st	2 nd	3 rd	5 th			AVG.RT	STD.DV
SBI MAGNUM BLUECHIP FUND	12.73%	18%	19.11%	13.56%	15.85	2.74	2	1
BIRLA SUNLIFE FRONTLINE EQUITY FUND	12.12%	16.50%	19.25%	17.90%	16.44	2.67	1	2
HDFC TOP 100 FUND	12.71%	16.59%	17.31%	15.92%	15.63	1.75	3	3

Interpretation:

Table 5.1 shows the analysis of SBI magnum blue chip fund, Birla Sunlife Frontline and HDFC Top 100 fund from 2017 to 2021. Here we can see that in the year 2021 Birla sun Life has given a noticeable return as compared to other two funds. Also the fluctuation from 2017 to 2021 in Birla sun Life is less as compared to other two funds. Hence it is advisable that investor should invest in Birla Sun Life as it has less risk.

5.2 ANALYSIS OF INDEX FUNDS

Interpretation:

FUNDS	YEARS				AVG.RT	STD.DV	RANKS	
	1 st	2 nd	3 rd	5 th			AVG.RT	STD.DV
HDFC INDEX FUND	14.70%	17.24%	19.48%	17.30%	17.18	1.69	1	3
ICICI PRUDENTIAL INDEX FUND	14.33%	17.20%	19.48%	17.26%	17.06	1.82	2	1
LIC MF INDEX FUND	13.80%	16.62%	18.68%	16.43%	16.38	1.73	3	2

Table 5.2 shows the analysis of HDFC index fund, ICICI prudential index fund and LIC MF index fund from 2017 to 2021. Here we can see that HDFC is giving the highest return also it is the least fluctuating fund among the three selected funds. Hence HDFC is the best index fund for the investor with minimum risk and decent return.

5.3 ANALYSIS OF INCOME FUNDS

Interpretation:

FUNDS	YEARS				AVG.RT	STD.DV	RANKS	
	1 st	2 nd	3 rd	5 th			AVG.RT	STD.DV
BIRLA SUNLIFE INCOME FUND	7.31%	8.67%	6.94%	6.48%	7.35	0.81	1	3
HDFC INCOME FUND	5.27%	6.38%	4.14%	3.06%	4.71	1.23	3	2
ICICI PRUDENTIAL INCOME FUND	7.2%	7.9%	5.5%	4.7%	6.32	1.28	2	1

Table 5.3 gives us the analysis of Birla sunlife income fund, HDFC income fund and ICICI prudential income fund from the year 2017 to 2021. From the table we can see that Birla sun life income fund is giving the highest return also the fluctuations in Birla sun life income fund is the least, therefore it is advisable for the investor to invest in Birla sun life income fund with the least risk and decent return.

5.4 ANALYSIS OF BALANCED FUND

Interpretation:

Table 5.4 gives us the analysis of TATA balanced fund, SBI hybrid fund and NIPPON India balanced fund from the year 2017 to 2021. Here we can see that SBI hybrid fund is the most fluctuating fund among all the three but also the average return of SBI hybrid fund is the most among all the three

FUNDS	YEARS				AVG.RT	STD.DV	RANKS	
	1 st	2 nd	3 rd	5 th			AVG.RT	STD.DV
TATA BALANCED FUND	12.66%	12.90%	14.99%	11.06%	12.90	1.39	2	1
SBI HYBRID FUND	13.30%	16.49%	14.83%	15.55%	15.04	1.16	1	2
NIPPON INDIA BALANCED FUND	9.65%	11.14%	11.18%	10.35%	10.58	0.63	3	3

funds. Also the notable point in SBI hybrid fund is that it is giving the highest return in the 5 year which is 2021 during the lockdown. Hence it is advisable to invest in SBI hybrid fund.

5.5 ANALYSIS OF LIQUID FUND

Interpretation:

FUNDS	YEARS				AVG.RT	STD.DV	RANKS	
	1 st	2 nd	3 rd	5 th			AVG.RT	STD.DV
ICICI PRUDENTIAL MONEY MARKET FUND	6.32%	5.69%	4.78%	3.77%	5.14	0.96	1	1
SBI LIQUID FUND	5.46%	4.46%	3.60%	3.33%	4.21	0.83	2	2
NIPPON INDIA LIQUID FUND	4.77%	3.84%	2.95%	2.66%	3.55	0.82	3	3

Table 5.5 gives us the analysis of ICICI prudential money market fund, SBI liquid fund and NIPPON India liquid fund from the year 2017 to 2021. Here we can see that ICICI prudential money market fund is giving the highest returns but at the same time if we look at SBI liquid fund to fluctuation is comparatively lower than the other three liquid funds. Hence if Investor wants lesser risk than he should invest in SBI otherwise ICICI is the best.

5.6 ANALYSIS OF GILT FUNDS

Interpretation:

FUNDS	YEARS				AVG.RT	STD.DV	RANKS	
	1 st	2 nd	3 rd	5 th			AVG.RT	STD.DV
IDFC GOV-SECURITY FUND	8.05%	9.79%	6.58%	5.06%	7.37	1.75	1	2
SBI MAGNUM GILT FUND	7.53%	9.14%	5.95%	4.15%	6.69	1.85	3	1
BIRLA SUN LIFE GOV-SECTOR FUND	8.01%	8.75%	6.52%	5.75%	7.25	1.18	2	3

Table 5.6 shows the analysis IDFC government security fund, SBI magnum gilt fund and Birla sun life government sector fund from 2017 to 2021. From the table it is seen that the highest return is given by IDFC government security fund but the least fluctuating is Birla sun life government securities fund, so if the investor wants less risk with moderate returns than the investor should choose Birla sun life government securities fund.

5.7 RANKING ON THE BASIS OF AVERAGE RETURN AND STANDARD DEVIATION

SR.NO	CATEGORY	FUNDS	AVG.RT (%)	OVERALL RANK	STD.DV	OVERALL RANK
1	EQUITY FUND	SBI MAGNUM BLUECHIP FUND	15.85	6	2.74	1
2	EQUITY FUND	BIRLA SUNLIFE FRONTLINE EQUITY FUND	16.44	3	2.67	2
3	EQUITY FUND	HDFC TOP 100 FUND	15.63	5	1.75	6
4	INDEX FUND	HDFC INDEX FUND	17.18	1	1.69	8
5	INDEX FUND	ICICI PRUDENTIAL INDEX FUND	17.06	2	1.82	4
6	INDEX FUND	LIC MF INDEX FUND	16.38	4	1.73	7
7	INCOME FUND	BIRLA SUNLIFE INCOME FUND	7.35	11	0.81	17
8	INCOME FUND	HDFC INCOME FUND	4.71	16	1.23	11
9	INCOME FUND	ICICI PRUDENTIAL INCOME FUND	6.32	14	1.28	10
10	BALANCED FUND	TATA BALANCED FUND	12.90	8	1.39	9
11	BALANCED FUND	SBI HYBRID FUND	15.04	7	1.16	13
12	BALANCED FUND	NIPPON INDIA BALANCED FUND	10.58	9	0.63	18
13	LIQUID FUND	ICICI PRUDENTIAL MONEY MARKET FUND	5.14	15	0.96	14
14	LIQUID FUND	SBI LIQUID FUND	4.21	17	0.83	15
15	LIQUID FUND	NIPPON INDIA LIQUID FUND	3.55	18	0.82	16
16	GILT FUND	IDFC GOV-SECURITY FUND	7.37	10	1.75	5
17	GILT FUND	SBI MAGNUM GILT FUND	6.69	13	1.85	3
18	GILT FUND	BIRLA SUN LIFE GOV-SECTOR FUND	7.25	12	1.18	12

INTERPRETATION

From the table 5.7 we can see that HDFC index fund stood the first rank followed by ICICI prudential index fund and the last one is NIPPON India liquid fund which was earlier named as Reliance. In terms of standard deviation we can see that first rank is hold by SBI magnum blue chip fund followed by Birla sun life frontline equity fund and the last rank to hold is NIPPON India liquid fund.

FINDINGS AND SUGGESTIONS

The results shows that HDFC index fund stood the first rank followed by ICICI prudential index fund and the last one is NIPPON India liquid fund which was earlier named as Reliance. Which means highest return is given by HDFC followed by ICICI and the least return is given by NIPPON India. But in terms of standard deviation ranking first rank is hold by SBI magnum blue chip fund followed by Birla sun life frontline equity fund and the last rank to hold is NIPPON India liquid fund. Which means SBI magnum is the least fluctuating among all the funds followed by Birla sun life and the most fluctuating is NIPPON India. Here more fluctuations means more risk, so if the investor wants more return than he should invest in HDFC index fund but if the investor is not willing to take risk than he should invest in SBI magnum blue chip fund.

CONCLUSION

This study helped the investigator to understand the different categories of mutual fund in Indian market, the nature of different mutual funds and the best among the selected mutual funds. This study also helps to the investigator to suggest the best mutual fund among the selected mutual funds to retail investor to invest his or her money. This study is relevant to today's financial market and will form a basis for the evaluation of mutual funds in future also.

This study is done using technique such as simple average method, standard deviation and simple ranking using the data of simple average and standard deviation.

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