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## A Study on Performance Evaluation of Top 5 Leading Mutual Fund Schemes in India

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### ABSTRACT:

Mutual funds are created as a part of an investment which invest in new financial instruments like stocks and bonds. Investing in them allows an investor to gain, bonds or fixed income securities, commodities, etc. Mutual funds function by pooling the cash together from many investors and that cash gets used to buy the stocks bonds and other securities. among many schemes offered by mutual funds companies blue chip schemes are a type of money equity fund, that primarily finance and equity related securities of large cap companies and even large-cap funds are also coined as the blue chip funds. The blue-chip Fund invests in a company that have a reputation for paying a regular dividend. The disturbing profit consistently over a long period and which has a risk return by investing the blue- chip schemes, which are essentially equity funds are known to be the best mutual fund schemes and safest to invest. The research type is descriptive and data source is collected from secondary data by using the sample top 5 blue chip funds in India for five years. The technical measures like have been Sharpe's, Treynor's and Jensen's ratio.

**KEY WORDS:** Blue chip Mutual Fund, Risk returns, Sharpe's ratio, Treynor's ratio, Jensen's ratio.

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### INTRODUCTION:

Mutual Fund is established in the form of trust to mobilize some money from the investors to invest in different market and securities. There is a mutual fund manager who takes the decision on your own money which is invested with the mutual fund schemes and it depends on the objective of mutual fund schemes, either it can be invested in equity or debt, or in both. Based on the age of a fund, Asset Under management(AUM), high risk returns, active fund management, historical performance, standard deviation, sharp ratio and expense ratio from all these criteria the investor will select the best and good mutual fund schemes. The objective of directing this is Study is to evaluate the performance of Top 5 leading mutual fund scheme in India through risk return analysis the mutual fund schemes. This study is based on the secondary source of data where risk return has been computed by taking SIPs returns from 2017 to 2021. The technical tools like Sharpe's, Jensen's and Treynor's ratio has been used for the evaluation of mutual fund schemes. The objective for this is to study interpret and analyses the risk and return of the selected mutual fund schemes and evaluate the performance of the mutual fund by adopting technical measures.

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### REVIEW OF LITERATURE:

According to **Dr. Bhadrappa Haralayaa(2022)** in his research paper titled "Performance evaluation of mutual funds" has made an attempt of certain diversified equity mutual funds in India. It's a study of performance on selected diversified equity mutual funds in India. The computation is made on the Sharpe Ratio as well as Treynor Ratio it's based on Secondary data. Tools are required Chi-square test and ANOVA and the type of research is qualitative research methodology. According to **Sireesha Nanduri(2021)** in her research paper "A Study on Performance Evaluation of Equity Mutual Fund Scheme" his to know the various inputs and output variables influencing the performance of select Equity Large capital and small capital Mutual funds. Study the efficiency of the selected Mutual Funds. Evaluate the performance variation of the selected Mutual Fund schemes under constant returns to scale and tools Chi-square, type of data and research method secondary data and Convenience sampling method. **Komala B Sharma (2020)** in her paper "Performance evaluation of debt mutual fund schemes in India" his made to examine the risk and return component among these mutual funds. Study the relationship between NAV and market portfolio return (BSE Sense) and to evaluate the return of these mutual funds according to the Fame's model. It also studies about Average return of the schemes is less than the market indexed. Secondary data Tool used as Chi square and ANOVA and its Qualitative research. **Bishwajit Rout(2019)** research paper "Performance Evaluation of Indian Mutual Fund Schemes and Its Impact on Investment Decision" to understand their performances among the mutual fund companies in the market It will analysis decision making towards

mutual fund used of statistical tools and ratio which helps to invest in various mutual funds schemes which evaluate the investment performance of Indian mutual funds with risk adjustment. A tool used Sharpe ratio and Jensen ratio.

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### RESEARCH GAP:

The existing literature reveals that majority of the research work has been done on the “Performance of Mutual Fund Schemes” they are Equity funds; Balance fund and Debt Fund has been analysed on the bond between Mutual fund and Stock return. In this study on work that has been made to evaluate the top 5 blue chip Mutual Fund companies in India during the period of 2017 to 2021.

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### NEED FOR THE STUDY:

The purpose of this study is to figure out the “Performance evaluation on Top 5 Blue chip mutual funds schemes in India” the study would benefit the investors to evaluate or invest in mutual fund schemes. Mutual funds are common in part because they offer investors the opportunity to diversify, therefore spread out their risk over a number of investments. Risky fluctuations in stock market leads to trouble in selecting the schemes by investors they will think of which is high returns in mutual fund schemes even in the configuration or in changes they will be no clear idea given to investors, Some of the funds do not reveal the composition of the portfolio or changes in the composition, so they is a lack of clearness in mutual fund and it is very problematic for Mutual funds to open divisions due to real estate variables, therefore they are notable to distribute the products through their own branches, so there is a difficulty in distribution.

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### OBJECTIVES OF THE STUDY:

- To analyses the performance of Top 5 Blue Chip Mutual Fund schemes in India.
- To study the risk and return of the selected mutual fund schemes.
- To evaluate the performance of the mutual fund by adopting technical measures.

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### TYPE OF RESEARCH:

This survey is on “Performance evaluation of Top 5 leading mutual fund scheme in India”. This study is Descriptive in nature and this study an attempt is made to understand the Performance evaluation of Top 5 Blue chip mutual fund schemes in India. It is Descriptive method because this methodology focuses on surveys to collect data about varying subjects. The data has been gathered to make survey on “Performance of the Top 5 Blue chip mutual fund schemes in India”.

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### SCOPE OF THE STUDY:

- This study leads to investors to invest in Top 5 Blue chip mutual funds they were able to expand their investment in common stocks, bonds and other financial securities.
- This study, will direct the investor in planning their investment in Blue chip mutual fund schemes, it will also act as a guide to foundation for the investors.

### SOURCES OF DATA COLLECTION:

The study is purely from secondary sources. The monthly NAV and SIPs of the selected schemes has been collected the data for analysis. The risk-free value is collected from RBI and from money control website on monthly bases the data has been has been collected for the study on top 5 Blue Chip Fund.

### POPULATION AND SAMPLING UNIT:

There are 44 Asset Management Companies (AMC's) and in excess of 2,500 mutual fund schemes are operating in India. The sampling unit will be selected on top 5 blue chip AMC's operating in India and selected based on the optimal returns.

### SAMPLING METHOD:

In this study, the convenience sampling method has been used to analyse the Performance of blue-chip Mutual Fund Scheme. Convenience sampling method once it is in a kind of non-prospect sampling method where the sample is taken for a group of people easy to Contact or to reach.

### SAMPLE SIZE:

The sampling unit will be Top 5 AMCs selected on risk return, they are SBI Blue Chip mutual fund, ICICI Prudential Blue Chip, Axis Blue Chip, IDBI Blue Chip and Kotak Blue Chip. The “Performance evaluation of Top 5 Leading mutual funds schemes” has covered in a period of 5 years i.e. 2017 to

2021.

**FINANCIAL TOOLS USED:**

This study has been analysed used financial tools such as Sharpe's ratio, Treynor's ratio and Jensen's measures of mutual fund evaluation.

**TABLE SHOWING OF TOP 5 BLUE CHIP MUTUAL FUND SCHEMES BASED ON RETURNS**

2017	Mean	Standard Deviation	Beta	Alpha
SBI Blue Chip	<b>6.75</b>	8.36	0.39	0.23
ICICI Prudential	0.76	<b>16.84</b>	<b>5.22</b>	1.56
Axis Blue Chip	0.07	15.53	0.22	<b>5.56</b>
IDBI Blue Chip	0.89	3.63	0.34	0.85
Kotak Blue Chip	1.98	6.14	0.55	2.56
2018	Mean	Standard Deviation	Beta	Alpha
SBI Blue Chip	<b>2.09</b>	8.87	0.36	5.53
ICICI Prudential	0.07	14.35	0.43	<b>7</b>
Axis Blue Chip	0.27	<b>36.57</b>	0.37	2.66
IDBI Blue Chip	1.56	17.29	0.44	0.33
Kotak Blue Chip	0.33	17.3	<b>0.64</b>	1.89
2019	Mean	Standard Deviation	Beta	Alpha
SBI Blue Chip	1.27	33.3	2.85	6.53
ICICI Prudential	1.95	<b>132.27</b>	1.08	2.01
Axis Blue Chip	0.86	90.61	<b>3.14</b>	4.52
IDBI Blue Chip	<b>2.39</b>	21.86	0.28	<b>7.5</b>
Kotak Blue Chip	0.92	32.11	1.75	0.22
2020	Mean	Standard Deviation	Beta	Alpha
SBI Blue Chip	<b>9.11</b>	100.25	1.24	4.56
ICICI Prudential	1.76	<b>131.09</b>	<b>4.85</b>	4.23
Axis Blue Chip	-0.47	117.64	0.38	3.0
IDBI Blue Chip	1.4	121.04	0.05	<b>7.45</b>
Kotak Blue Chip	1.54	75.19	2.31	1.25
2021	Mean	Standard Deviation	Beta	Alpha
SBI Blue Chip	4.99	203.97	<b>8.19</b>	2.3
ICICI Prudential	-1.1	241.59	2.68	0.23
Axis Blue Chip	-0.73	145.9	1.93	2.85
IDBI Blue Chip	<b>6.07</b>	<b>277.77</b>	1.98	<b>5.96</b>
Kotak Blue Chip	1.47	270.44	4.81	1.02

**Formula:**  $R(\text{mean}) = \sum(R)/n$

**Standard Deviation** =  $\sqrt{(\sum(R-R)^2)/n}$

$\beta(\text{Beta}) = \frac{n \sum xy - (\sum x)(\sum y)}{n \sum x^2 - (\sum x)^2}$

$\alpha(\text{Alpha}) = \bar{y} - \beta(\bar{x})$

**Analysis:** The above table depicts average return, market and stock return of selected top 5 leading Mutual Funds of different AMCs for a period of 5 years

In 2017 average return is SBI Blue Chip 6.75, market return of ICICI Prudential Blue Chip 5.22 and stock return 5.56. In 2018 average return is SBI Blue Chip 2.09, stock return 7; SBI blue chip 0.64 has the market return. In 2019 average return is IDBI Blue Chip 2.39, IDBI Blue Chip 7.5 has the stock return and market return is Axis Blue Chip 3.14. In 2020 average return is SBI Blue Chip 9.11, market return is ICICI Prudential Blue Chip 4.85 and stock return is IDBI Blue Chip 7.45 and in 2021 average return is IDBI Blue Chip 6.07, market return is SBI Blue Chip 8.19 and stock return is IDBI Blue chip 5.96.



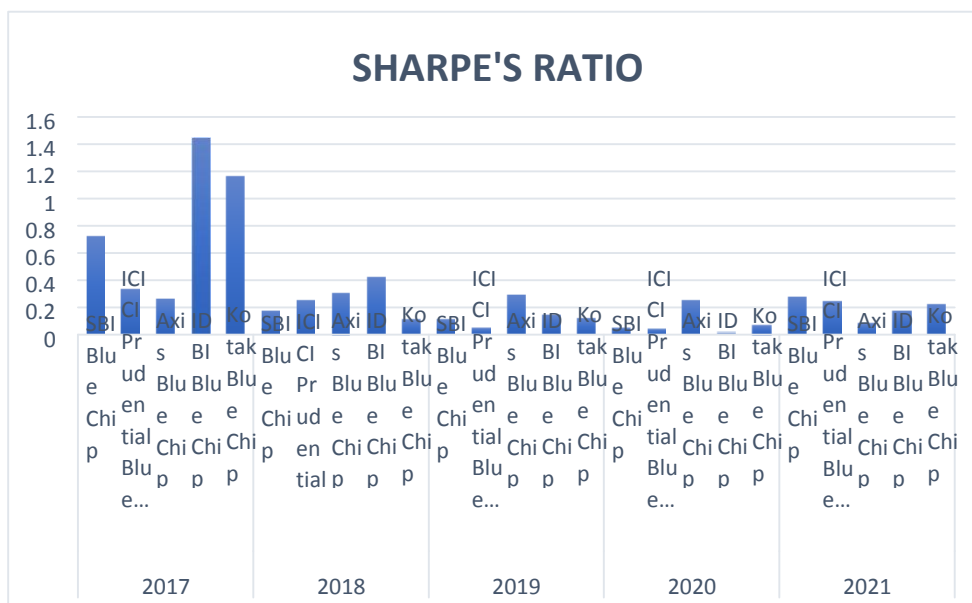
**Interpretation:** The above graph shows the performance of selected blue-chip schemes of average return, market return and stock return from period of 2017-2021. The **SBI Blue Chip** and **IDBI Blue Chip** funds have the highest average return compared to the blue chip schemes, market return of **ICICI Prudential Blue Chip** fund is the highest risk of return compared to other 5 AMCs and **IDBI Blue Chip** scheme has the high excess return referred on stock return comparing with other blue chip schemes in all 5 years.

**TABLE SHOWING OF TOP 5 BLUE- CHIP MUTUAL FUND SCHEMES BASED ON SHARPE'S RATIO**

FUND NAME	SHARPE'S RATIO	RISK PREMIUM	RANKING
<b>2017</b>			
SBI Blue Chip	0.72	6.05	3
ICICI Prudential Blue Chip	0.33	5.65	4
Axis Blue Chip	0.26	3.52	5
IDBI Blue Chip	<b>1.44</b>	5.66	1
Kotak Blue Chip	1.16	7.14	2
<b>2018</b>			
SBI Blue Chip	0.17	1.57	4
ICICI Prudential	0.25	3.55	3
Axis Blue Chip	0.30	11.09	2
IDBI Blue Chip	<b>0.42</b>	3.26	1
Kotak Blue Chip	0.11	8.04	5
<b>2019</b>			
SBI Blue Chip	0.11	3.56	4
ICICI Prudential Blue Chip	0.05	7.12	5
Axis Blue Chip	<b>0.29</b>	27.1	1
IDBI Blue Chip	0.14	3.26	2
Kotak Blue Chip	0.12	3.99	3
<b>2020</b>			
SBI Blue Chip	0.05	5.57	3
ICICI Prudential Blue Chip	0.04	6.26	4
Axis Blue Chip	<b>0.25</b>	29.07	1
IDBI Blue Chip	0.01	1.34	5
Kotak Blue Chip	0.07	5.32	2
<b>2021</b>			
SBI Blue Chip	<b>0.27</b>	55.93	1
ICICI Prudential Blue Chip	0.24	59.44	2
Axis Blue Chip	0.08	71.75	5
IDBI Blue Chip	0.17	49.21	4
Kotak Blue Chip	0.22	61.08	3

**Sharpe's Ratio Formula:  $R_p - R_f / \sigma_p$**

**Analysis:** The above table shows the Sharpe's ratio for the period 2017 up to 2021 which depicts the risk premium per unit of total risk where in 2017 IDBI Blue Chip has a highest return per unit of total risk with 1.44, 2018 IDBI Blue Chip 0.42, 2019 Axis Blue Chip 0.29, Axis Blue Chip in 2020 has 0.25 and in 2021 SBI Blue Chip 0.27



**Interpretation:** The above graph signifies the Sharpe's ratio for a period of 5 years from 2017 to 2021 which indicate the measures of high-risk premium per unit of total risk performance. **IDBI Blue chip fund and Axis Blue Chip** both has been performed high level of total risk in 5 years, comparing to other 5 AMCs.

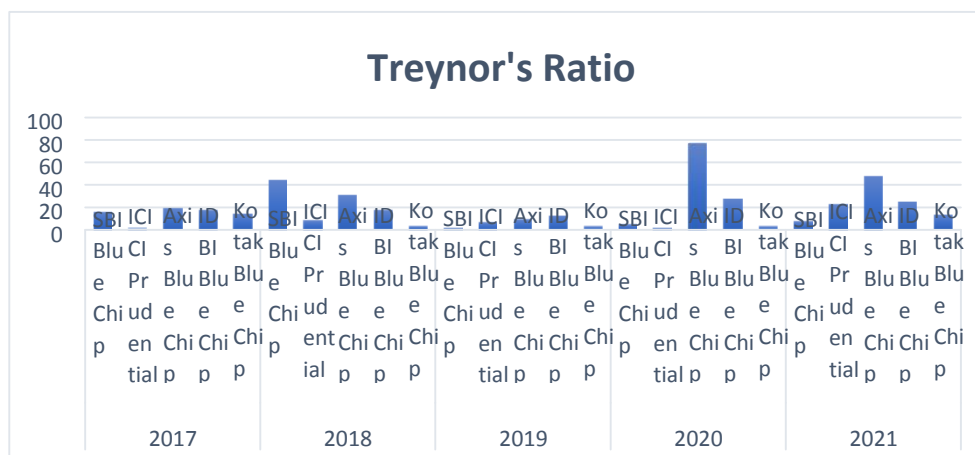
**TABLE SHOWING OF TOP 5 BLUE CHIP MUTUAL FUND SCHEMES BASED ON TREYNOR'S RATIO**

FUND NAME	TREYNOR'S RATIO	RISK PREMIUM	RANKING
<b>2017</b>			
SBI Blue Chip	15.51	6.05	3
ICICI Prudential	1.08	5.65	5
Axis Blue Chip	<b>18.72</b>	3.52	1
IDBI Blue Chip	16.64	5.66	2
Kotak Blue Chip	12.98	7.14	4
<b>2018</b>			
SBI Blue Chip	<b>43.61</b>	1.57	1
ICICI Prudential	8.25	3.53	4
Axis Blue Chip	30.24	11.09	2
IDBI Blue Chip	16.43	3.26	3
Kotak Blue Chip	3.18	8.04	5
<b>2019</b>			
SBI Blue Chip	1.25	3.56	5
ICICI Prudential	6.59	7.12	3
Axis Blue Chip	8.63	27.1	2
IDBI Blue Chip	<b>11.69</b>	3.36	1
Kotak Blue Chip	2.28	3.99	4
<b>2020</b>			
SBI Blue Chip	4.53	5.57	3
ICICI Prudential	1.29	6.26	5
Axis Blue Chip	<b>76.5</b>	29.07	1
IDBI Blue Chip	26.8	1.39	2
Kotak Blue Chip	2.24	5.23	4

2021			
SBI Blue Chip	6.83	55.93	5
ICICI Prudential	22.01	59.44	3
Axis Blue Chip	<b>47.54</b>	71.75	1
IDBI Blue Chip	24.8	49.21	2
Kotak Blue Chip	12.69	61.08	4

#### Treynor's Ratio Formula: $R_p - R_f / \beta$

**Analysis:** The above table shows the Treynor's ratio for 2017 to 2021 which depicts the risk-premium per unit of market risk where in 2017 Axis Blue Chip 18.72, 2018 SBI Blue Chip 43.61, 2019 IDBI Blue Chip 11.69, 2020 Axis Blue Chip 76.5 and in 2021 Axis Blue Chip 47.54 has the high value compare to other Blue chip companies.



**Interpretation:** The above graph signifies the Treynor's Ratio for period of 5 years allows investor to adjust a portfolio returns for market risk. Treynor's ratio is suitable for investment in blue- chip schemes. From 2017 to 2021 the performance of top 5 AMC's the **Axis Blue Chip fund** has the high-risk premium per unit of market risk in 5 years, and other blue- chip funds performed better compared to others, and the less Treynor's ratio are unpredictable in market risk.

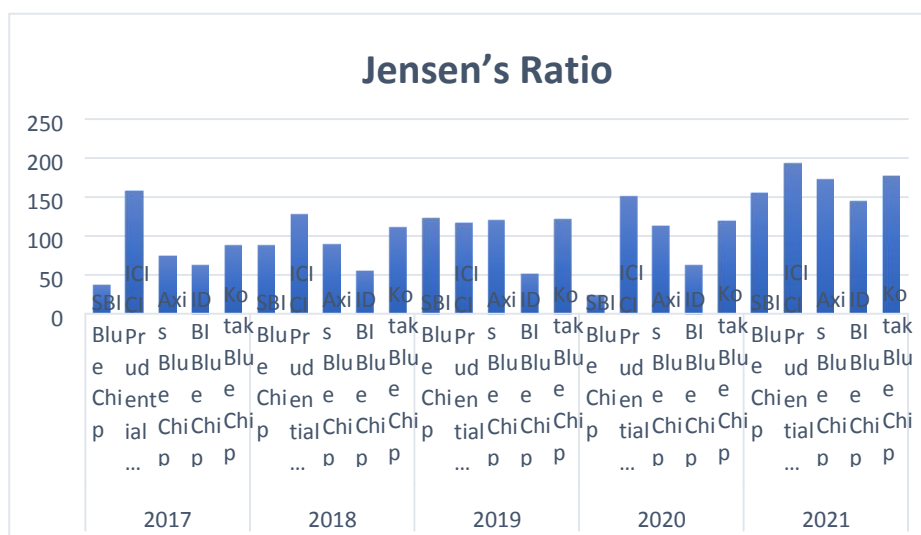
#### TABLE SHOWING OF TOP 5 BLUE CHIP MUTUAL FUND SCHEME BASED ON JENSEN'S RATIO

FUND NAME	JENSEN'S RATIO	RANKING
<b>2017</b>		
SBI Blue Chip	35.54	5
ICICI Prudential Blue Chip	<b>156.91</b>	1
Axis Blue Chip	73.69	3
IDBI Blue Chip	61.41	4
Kotak Blue Chip	87.47	2
<b>2018</b>		
SBI Blue Chip	87.51	4
ICICI Prudential Blue Chip	<b>127.16</b>	1
Axis Blue Chip	87.88	3
IDBI Blue Chip	54.65	5
Kotak Blue Chip	110.85	2
<b>2019</b>		
SBI Blue Chip	<b>122.38</b>	1
ICICI Prudential Blue Chip	115.79	4
Axis Blue Chip	119.13	3
IDBI Blue Chip	50.75	5

Kotak Blue Chip	120.78	2
<b>2020</b>		
SBI Blue Chip	23.63	5
ICICI Prudential Blue Chip	<b>149.92</b>	1
Axis Blue Chip	112.21	3
IDBI Blue Chip	62	4
Kotak Blue Chip	117.94	2
<b>2021</b>		
SBI Blue Chip	155.08	4
ICICI Prudential Blue Chip	<b>192.89</b>	1
Axis Blue Chip	171.01	3
IDBI Blue Chip	143.15	5
Kotak Blue Chip	176.35	2

**Jensen's ratio Formula:  $R_p - (R_f + \beta (R_m - R_f))$**

**Analysis:** The above table shows the Jensen's ratio for 2017 to 2021 which depicts manager's predictive ability regarding the mutual funds for 2017 to 2021 where in 2017 ICICI Blue Chip 156.91, 2018 ICICI Blue Chip 127.16, 2019 SBI Blue Chip 122.38, 2020 ICICI prudential Blue Chip 149.92 and in 2021 ICICI Prudential Blue Chip 192.89 has the highest ratio compare to other AMCs.



**Interpretation:** The above graph signifies the Jensen's Ratio for a period of 5 years which depicts manager's predictive ability regarding the mutual fund's securities in Blue Chip Fund from 2017 to 2021 the performance of Jensen's measure. **ICICI prudential blue- chip fund** has been the highest ratio as per Jensen's index in all 5 years compare to others. It has the high predictive ability and remaining blue chip funds are been performed low which indicates low predictivity ability of risk of returns.

## FINDINGS:

- The performance of selected blue chip schemes average return, market return and stock return from period of 2017-2021 the **SBI Blue Chip** and **IDBI blue chip funds** has the highest average return compared to blue chip scheme of other 5 AMCs, **IDBI Blue Chip scheme** has the excess return comparing with other blue-chip schemes in all 5 years and in market return **ICICI Prudential Blue chip** has the risk of returns compare to other 5 AMCs.
- From 2017 to 2021 the Sharpe's evaluation of blue- chip technical measure which indicate total risk as per premium **IDBI Blue chip fund** and **Axis Blue chip Fund** has highest total risk in 5 years, comparing to other 5 AMCs.
- Treynor's Ratio that allows investor to adjust a portfolio returns for market risk the high, Treynor's ratio is suitable for investment in blue- chip schemes. From 2017 to 2021 the performance of top 5 AMC's the **Axis Blue Chip fund** has the high-risk premium per unit of market risk in 5 years, and other blue-chip funds performed better compared to others, and the less Treynor's ratio are unpredictable in market risk.
- Jensen's Ratio is used to indicate manger's predictive ability in Blue Chip Fund from 2017 to 2021 **ICICI prudential blue- chip fund** has been the highest ratio performed in Jensen's index in all 5 years compare to others it has the high the manager's predictive ability, and remaining blue

chip funds are been performed low which indicates predictivity abilityof risk of return.

- Comparing Sharpe's, Treynor's and Jensen's index, **Axis Blue Chip fund** performed the best to invest in blue- chip mutual fund schemes.

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## CONCLUSION:

Mutual fund industry nowadays is one of the most favoured investment options all over the world. It plays a vital role in the economic expansion of a country. Mutual funds schemes are one of the best investments ever made because they are cost operative and easy to invest in blue chip schemes. Various external causes affect the fund performance it is suggestible for the investor to select the right scheme according to their return & objective of the scheme and it is always advisable to invest in blue chip schemes for longer period of time. The study concludes if market performance is good, it will give good returns and vice –versa.

## Suggestions:

- The fund investor has to choose high or moderate risk returns schemes in the portfolio for good returns.
- The investor has to consider their investment aim and to take high risk for receiving high returns.
- An investor should preferably include 3-4 different types of funds to diversify his portfolio.

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