

COMPARISON OF EQUITY MUTUAL FUND SCHEMES FOR YEARS 2020-2024 IN INDIAN MARKETS

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ABSTRACT

This research provides a detailed comparative analysis of equity mutual fund schemes in India, focusing on performance metrics, risk profiles & management efficiency. The study examines the trade-off between risk & return in equity & debt schemes, highlighting that equity schemes tend to offer higher returns at higher risks, whereas debt schemes generally provide risk-free returns. In the large-cap segment, ICICI Prudential Large Cap Fund showed a 15.67% improvement in performance, though its returns & risk were lower than the benchmark & its negative alpha may deter investors.

The Nippon Mid Cap Fund outperformed others with a 16.27% return, demonstrating higher returns with lower risk, thus indicating strong performance relative to its peers. In the small-cap category, Nippon Small Cap Fund delivered a 17.11% return, albeit with high risk, while HDFC Multicap provided a 16.1% return with high risk & an alpha significantly deviating from the benchmark. Kotak's equity-linked saving scheme returned 14.02%, with Nippon ELSS funds showing increased risk compared to others.

The study underscores the critical role of fund managers' expertise & market knowledge in achieving superior returns. These findings offer valuable insights for investors, fund managers & policymakers to make informed decisions in the Indian mutual fund market. This abstract synthesizes key findings & insights from the research, emphasizing performance comparisons & the impact of management quality on fund outcomes.

KEYWORDS: Comparative Analysis, Large-Mid-Small Cap, Mutual Fund Parameters

INTRODUCTION

A mutual fund is a professionally managed type of collective investment scheme that pools money from many investors & invests in stocks, bonds, short term money market instrument & other securities. Mutual funds have become a widely popular & effective way for investors to participate in financial markets in an easy, low cost fashion, while muting risk features by spreading the investment across different types of securities, also called as diversification. Mutual funds have played important role in financial market in recent decades so it is pertinent to study the performance of mutual funds as it become the investors. The investment performance of mutual funds has been extensively examined for the development of capital market. The purpose of this paper is to evaluate the performance of equity funds during the

period 2017-2023. The number of mutual funds globally increased from approximately 66,400 in 2009 to approximately 137,892 in 2022.

The Indian mutual fund industry has gained immense experience & continues to reinvent itself gradually, exhibiting steady growth over the last decade. The mutual fund industry in India began with setting up of the Unit Trust of India (UTI) in 1964 by the government of India. In 1987 public sector banks & two insurance companies (LIC & GIC) were allowed to launch mutual fund. Securities Exchange & Board of India (SEBI), regulatory body for Indian capital market, formulated comprehensive regulatory framework for Mutual funds in 1993 & allowed private corporate bodies to launch mutual fund schemes. Opening up the industry door to private sector banks & financial institution in 1993 had ushered in a new era in the evolution of Indian mutual fund sector.

Foreign asset management companies were also allowed to set up their funds. With the entry, competitive efficiency in the industry showed a tremendous improvement & led to an applicable increase in the number & variety of scheme offered to the investors in terms of risk return preferences, maturity period & tax benefits. Asset under management (AUM) of the industry registered an increase from 47000 crore in March 1993 to a mind boggling nearby Rs. 670000 crore in March 2012. As per the report of Association of Mutual Funds of India (AMFI), there were 44 mutual fund houses covering Indian public sector & joint ventures with foreign players as against only 9 public sector mutual funds in 1993.

REVIEW OF LITERATURE

1. (Dr.K.M.Sudha, 2020) Conducted research on “Comparative Study on Selected Mutual Fund”. The objective of the study is to comparative performance analysis for selected mutual funds for five years & also risks & returns of mutual funds. This study evaluates the analysis of returns that takes place for five years & their volatility based on investment. The sources of data are secondary data.
2. (Shivam Tripathi, Dr. Gurudutta P. Japee, March 2020) Conducted research on “Performance Evaluation of Selected Equity Mutual Funds in India”. The objective of the study to know whether mutual funds give reward to changeability & unpredictability & also identify security market return with fund return. The data are secondary data is gathered from different sources like factsheets of different AMCs & historical NAV & yearly return. The statistical tools Jensen’s alpha, beta, standard deviation & Sharpe ratio.
3. (Anuja Magdum, March 2019) Conducted research on “A Comparative study on Mutual Fund Schemes of Selected AMC's in India”. The objective of this research is that to provide better returns for the schemes promised by AMC’s & compare the mutual fund schemes of selected public & private sector AMC’s in India. The data collected for the study is to consider the 5 years & for comparison 4 AMC’s with each other.
4. (Dr. Nidhi Sharma, Feb, 2019) Conducted research on “Performance Analysis of Mutual Funds: A Comparative Study of the Selected Hybrid Mutual Fund Schemes in India”. The objective of the study is to measure & compare the performance of the

select hybrid mutual fund schemes in India.

5. (Manisha Raj, Oct.2018) Conducted research on “Performance of Mutual Funds in India: A Comparative Analysis of SBI Mutual Funds & HDFC Mutual Fun.” The objective of the study is to analyze & compare the performance of SBI & HDFC mutual fund with special reference to Equity & balanced mutual fund.
6. (Anil Kumar Goyal, June 2018) Conducted research on “A comparative study of return of selected mutual fund schemes with nifty50”. The objective of the study is to compare average long run mutual fund of each selected company & also compare with the nifty50 with mutual fund. Research methodology is based on secondary data of NAVs & nifty50 collected online for the period of one year. The nifty50 price was collected from yahoo finance.

RESEARCH GAP

After going through various reviews of literature, it is evident that many studies were conducted on mutual funds. Some of them were related to investors’ behavior, some of them specified their study on sartorial basis & some analyzed the performance of all types of mutual funds in a combined basis, but a very few work has been done specifically on the performance analysis of Hybrid Mutual funds.

A very few studies were also conducted on the factors that affect the performance of the mutual funds. Many researchers went through various aspects of mutual funds, but the factors were taken into consideration by very few researchers, so it is an area of interest for research work. This study is an attempt by the researcher to add more research in this area. This comparative study aims to analyze & evaluate the performance of different categories of different categories of mutual fund schemes & also to find out which fund scheme performs better than the other fund schemes.

OBJECTIVES OF THE RESEARCH

1. To analyze that which of selected mutual funds provide better return at lower the risk.
2. To do comparative analysis of selected mutual fund schemes.
3. To Analyze risk & return of different schemes of mutual fund.

The mutual fund schemes are comparing with their benchmark return to know the performance of the schemes & also know which mutual fund is providing the better return for the investor during the five years.

SAMPLE DESIGN

The research is based on the descriptive type of research design used in this research project.

SOURCES OF DATA

The sources of data are collected from the based on the secondary data. Data are collected through online sources like NSE, BSE & Money control, ET Money, Fin cash & Morning Star etc. Data collection Secondary data has been used for this research, collected from various research papers.

Mutual Fund Performance Parameters

Given Standard Deviation (σ) = $\sqrt{Y - Y_N}$; σ = Standard Deviation Y = Fund Return

A standard deviation is a statistical measure of how much a portfolio's returns deviate from its average. A mutual fund's standard deviation reveals its volatility.

Also Given That R_p = Average Return; R_f = Risk free return

Alpha, Beta, standard deviation, Sharpe ratio to measures volatility of returns

- Alpha = (Mutual Fund Return – Risk Free Return (R_f)) – [(Benchmark Return – Risk Free Return (R_f)) * Beta]
 - Beta = (Mutual Fund Return – Risk Free Rate (R_f)) / (Benchmark Return – Risk Free Rate (R_f))
 - Sharpe Ratio = (Mutual Fund Returns – Risk Free Rate) / Standard Deviation
- Sharpe ratio(S) = $R_p - R_f / \sigma_p$
- Treynor Ratio = (Portfolio's returns – Risk-free return rate) / Beta value of the portfolio

Equity Funds					
	Sbi Mutual Funds	Icici Prudential Mutual Fund	Hdfc Mutual Fund	Nippon India Mutual Fund	Kotak Mahindra Mutual Fund
Large Cap	Sbi Blue ChipFund	Icici Prudential Bluechip Fund	Hdfc Top 100Fund	Nippon India Large Cap Fund	Kotak Blue ChipFund
Short Form	L1	L2	L3	L4	L5
Mid Cap	Sbi Magnum Fund	Icici Prudential Midcap Fund	Hdfc Midcap OpportunitiesFund	Nippon Growth Fund	Kotak Emerging Equity Fund
Short Form	M1	M2	M3	M4	M5
Small Cap	Sbi Small CapFund	Icici Prudential Small Cap Fund	Hdfc Small CapFund	Nippon Small Cap Fund	Kotak Small CapFund
Short Form	S1	S2	S3	S4	S5

Table 1.1 Equity Mutual Funds for observation

FUNDS	L1	L2	L3	L4	L5
5 YearReturn	12.8%	13.1%	12.8%	14.0%	13.6%
Nav (in rupees)	72.0	76.5	828.3	63.4	436.9
ExpenseRatio	0.90%	1.12%	1.10%	0.95%	0.54%
Fund Size(in cr)	35770	35877	23192	13432	5633
Price ToEarning	26.90	22.71	16.14	22.5	24.45
Price To Book Value	3.83	2.88	2.55	3.02	3.45
Turnover	8%	51%	18%	70%	36%

Table 2.1 Large Cap Fund Anlaysia

ANALYSIS OF LARGE CAP FUNDS ACCORDING TO “TABLE NO.2.1 DATA”

When comparing 5 year annualized average return Nippon & ICICI got the lead with 14% & 13.1% respectively. NAV of HDFC AMC got huge rise 828.3 & Kotak bank with 436.9.

Fund Size is Highest in ICICI than even SBI by a little margin. Expense Ratio is lowest in KOTAK BLUE CHIP FUND & highest in HDFC BANK.

According to P/E Valuation HDFC is cheapest & SBI is most highly valued AMC.

Turnover of NIPPON & ICICI is highest as compared to SBI HDFC & KOTAK.

FUNDS	M1	M2	M3	M4	M5
5 YearReturn	16.3%	12.1%	14.9%	16.6%	16.3%
Nav (in rupees)	171.2	183.3	117.3	242.1	88.6
ExpenseRatio	0.98%	1.16%	0.94%	0.85%	0.45%
Fund Size(in cr)	9370	3662	36912	14143	25972
Price ToEarning	31.69	26.58	17.2	19.19	28.87
Price To Book Value	4.91	2.81	2.42	2.53	4.34
Turnover	33%	75%	13%	74%	15%

Table 2.2 Mid cap Fund Analysis

ANALYSIS OF MID CAP FUNDS ACCORDING TO “TABLE NO.2.2 DATA”

When comparing 5 year annualized average return SBI & KOTAK got the lead with 16.6 & 16.3 respectively.

NAV of NIPPON AMC got huge rise 242.1 & ICICI bank with 183.3 Fund Size is Highest in HDFC than even KOTAK by a little margin.

Expense Ratio is lowest in KOTAK EMERGING EQUITY FUND & highest in ICICI BANK.

According to P/E Valuation HDFC is cheapest & SBI is most highly valued AMC.

Turnover of NIPPON & ICICI is highest as compared to SBI HDFC & KOTAK.

Funds	S1	S2	S3	S4	S5
5 Year Return	17.2%	17.2%	15.2%	19.2%	18.5%
Nav (in rupees)	131	62.7	97.5	110.4	195.3
Expense Ratio	0.73%	0.86%	0.79%	0.82%	0.55%
Fund Size(in cr)	16592	5036	15857	26294	9230
Price ToEarning	27.56	28.70	15.77	22.75	25.41
To BookValue	3.91	3.73	2.19	2.91	3.82
Turnover	32%	49%	6%	32%	31%

Table 2.3 Small Cap Fund Analysis

ANALYSIS OF SMALL CAP FUNDS ACCORDING TO “TABLE NO 2.3 DATA”

When comparing 5 year annualized average return NIPPON & KOTAK got the lead with 19.2% & 18.5% respectively.

NAV of NIPPON AMC got huge rise 195.3 & ICICI bank with 110.4 Fund Size is Highest in HDFC than even KOTAK by a little margin.

Expense Ratio is lowest in KOTAK EMERGING EQUITY FUND & highest in ICICI BANK.

According to P/E Valuation HDFC is cheapest & ICICI is most highly valued AMC.

Turnover of NIPPON & ICICI is highest as compared to SBI HDFC & KOTAK.

Table 3 showing Alpha Beta Sharpe & Treynor Ratio of Large Cap, Mid Cap, Small Cap Mutual Funds.

F	L1	L2	L3	L4	L5	M1	M2	M3	M4	M5	S1	S2	S3	S4	S5
A	0.35	1.86	2.52	3.68	0.99	5.73	0.34	2.2	1.49	2.91	5.52	8.86	6.45	8.05	9.6
B	0.96	0.92	0.98	1.01	0.93	0.85	0.91	1.91	0.93	0.82	0.71	0.79	0.89	0.89	0.44
S	1.18	1.21	1.22	1.36	1.15	1.81	1.46	1.63	1.6	1.68	1.92	2.1	1.97	2.06	2.19
T	0.19	0.19	0.2	0.22	0.18	0.33	0.26	0.29	0.28	0.3	0.38	0.42	0.38	0.4	0.72

Table 3.0

Where F = Funds B = Beta T = Treynor Ratio
 A = Alpha S = Sharpe

Category average	L	M	S
Alpha	1.48	0.34	4.75
Beta	0.94	0.85	0.82
Sharpe	1	1.38	1.83
Treynor	0.16	0.25	0.36

LARGE CAP (L)

1. All The Large Cap Funds Have Shown **Unpredictability Through Alpha** Analysis
2. & **SBI Has Low Volatility & Nippon Has Highest Volatility.**
3. **Nippon** Crossed All The Parameters In (Beta, Sharpe & Treynor).
4. Likewise **SBI Remained Closed To Almost All Category Averages.**
5. **ICICI HDFC& Kotak Were Steady** With All Parameters.

MID CAP (M)

1. **ICICI Prudential** Was Most Predictable Through Alpha **Comparatively** With Other MFs.
2. Beta Sharpe & Treynor Are **Consistent** In All Mid Cap Funds Taken Here Considering The Fact That Mid Caps In **Past 3 Years** Has Given Consistent & Predictable Returns Through Huge Rally.
3. Better Risk Adjusted Returns In All Mid Cap Funds.

SMALL CAP (S)

1. **High Volatility** In HDFC & Nippon Mutual Funds.
2. **Better Risk Adjusted Returns** In SBI, ICICI & Kotak Funds As Studied By Beta, Sharpe, Treynor.

CONCLUSION

The conclusion of the study that the Mutual Funds as an investment option have displayed growth potential market & performed much better than the traditional market options in the long term helps investor to think about that investment. It is the importance that investors do not make a rash decision simply by looking at the return figures generated by an individual fund, they should compare funds based on the risk & return analysis & find out which fund is giving better returns equivalent to the risk taken. Statistical analysis helps investors make a correct decision looking at facts based on numbers instead of just going by their gut feeling. Also compared to the traditional options, mutual funds provide a more professional approach towards investment & some amount of diversification.

A thorough analysis clubbed with timely investments might prove Mutual Funds to be an excellent form of investment. The analysis is based on not only the return but also their other instruments like Standard Deviation, Sharpe Ratio, Beta & Alpha. The difference between the fund actual return & its expected return is its Alpha. The comparisons of all equity & debt fund schemes the all schemes are having their own perspective. All equity schemes are provide better return but the return is less compare to the benchmark return except small cap & multi cap fund. In the debt schemes the KOTAK are provide better return in all schemes expects Medium to Long term duration fund. The net asset value is higher in the HDFC asset management fund. The highest asset under management is having KOTAK fund management.

The investor who thinks about the return without risk so they can invest in debt schemes in different duration or period of time. The investor who think about the more gain from the market & also they have taken risk for the highly or better return in future. The risk & return are on the basis of their AUM & NAV value of the particular schemes. The Sharpe ratio are given the information about the risk adjusted return & measure the return of the fund for every unit of risk as measured by the Standard Deviation. The all schemes are the open ended schemes & also they are having the growth in nature.

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