

# A Risk And Return Profile Analysis of Selected Mutual Fund Company of Indian Mutual Fund Industry

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**Abstract-** Mutual funds are well-known investment vehicle for diversifying risk. The core of a mutual fund is apportion of the basket of securities in which the fund is invested. Experts are employed to minimize risk to expected profit levels. Risk level of system depends on the securities in which the corpus is invested. Current research attempted to approach the risk associated with 15 selected equity diversified mutual fund schemes from three different banks. These fund compares are the major players in the Indian mutual insurance sector.

**Keywords-** Mutual fund, investing, risk and return.

## I. INTRODUCTION

One of the most important instruments for creating significant investment has been the growth and development of numerous mutual fund products in the Indian capital market. One of Mutual funds' primary benefit is that these funds give people access to professionally run, varied assemblages of bonds, stocks, and other assets, which would be quite challenging to make with a tiny amount of be quite challenging to make with a tiny amount of sum of money. The advantages of a mutual fund portfolio are kept up to date and organized to correspond with the investment. Housing Development Finance Corporation Limited (HDFC) was among the first get "basically" reserve approval Reserve bank of India (RBI) is set up to the bank privately as part of RBI Indian emancipation banking sector in 1994. The bank was incorporated and registered in August 1994 in the name of HDFC Bank Limited office in Mumbai, India. HDFC Bank started operations on schedule Commercial bank. In the 1990s, ICICI shifted its business from development financing an institution that offers project financing exclusively to diversified financial services group a wide range of products and services both directly and through multiple channels subsidiaries. Axis AMC has been chosen as the Investee after being incorporated in the Companies Act, 1956 on January 13, 2009, with its registered office located at Axis House.

## II. REVIEW OF LITERATURE

**TANAYA BHATTACHARYYA (2016): "RISK**

## **RETURN PROFILE ANALYSIS OF SELECTED MUTUAL FUND PRODUCT OF INDIAN MUTUAL FUND INDUSTRY"**

Mutual fund is well-known financial instrument for risk diversification. The collection of securities that make up a mutual funds corpus is what makes it fundamental. Experts are hired in order to reduce risk while maintaining a certain level of return. The degree of danger of a program is dependent upon the investment made with the corpus in securities. The current investigation sought to evaluate the risk attached to 25 different equity diversified mutual fund schemes from five distinct investment houses. The top firms in the Indian mutual fund industry are these fund houses asset under management for the fund business.

**DR. Rashmi Chaudhary (2018) "RISK**

## **RETURN ANALYSIS OF SELECTED MID CAP MUTUAL FUND SCHEMES IN INDIA"**

Investors have a fantastic opportunity to use the MIDCAP funds to pursue quick growth in their investment. The goal of the current study is to asses the performance of a few Indian midcap mutual fund schemes. Study period spanning from 2003 to 2016. The risk return analysis shows that every plan that was chosen. Throughout the study period, performed better than the benchmark return. The mean over the course of the investigation, the sample scheme performance was likewise excellent.

**Dr. Nalla bala kalyan & Dr. S. Gautami (2018) "A STUDY ON RISK & RETURN ANALYSICS OF THR SELECTED MUTUAL FUND SCHEMES IN INDIAN"**

The Indian mutual fund industry is witnessing rapid growth due to infrastructure development, growth in personal financial assists foreign participation. With growing risk appetite, rising incomes and growing awareness, mutual funds are becoming the most popular investment choice in Indian. Over the past few years, the Indian mf industry. The study risk & return of selected mutual schemes in Indian. risk refer to

relatively objective probabilities that can be calculated based on past experience or some prior principal. Risk can be defined as the possibility of fluctuation in the real return. Return is defined as the increase in the value of the investment. The return on the investment portfolio helps the investor to estimate the financial performance of the investment.

**M.Krishnaa & T.Kmurugesan (2018)**

**“ANALYSIS OF RISK AND RETURN OF SELECTED MUTUAL FUND SCHEMES IN INDIAN”**

In recent years, mutual funds have gained popularity as an attractive investment alternative. A mutual fund extends an invitation to potential investors to become members by providing a range of plans tailored to individual investor’s needs .over the medium to long term ,dividend funds seek to generate consistent income.Typically ,these schemes allocate the majority of their corpus stock investments .the purpose of study is to examine the risk and average return of the six companies is dangerous or not ,the beta value is determined for each company .In this study ,the performance evaluation of dividend open –ended funds was conducted using risk-adjusted methodologies of sharpe, treynor,and jenson alpa measure.

**III. STATEMENT OF PROBLEM**

The different financial product According to the choice or investors. Their people evolves and even with the modification in the market for stocks. To research the risk analysis beta, variance standard deviation of the product and return analysis of companies is average return of industry product of Indian Mutual Fund Company. (HDFC, ICICI, AXIS BANK). A Mutual fund is a type of financial vehicle used to combine money from many individuals to buy stocks, bonds and money market Investment. Instruments or comparable resource. The Mutual Funds have been developed to provide safety of the principal amount consistent returns, and growth potential in all investment modes

**OBJECTIVE OF STUDY:**

- To study trend analysis of growth and development of the selected Indian mutual fund companies.
- To risk analysis of selected mutual fund product in Indian mutual fund companies (HDFC, ICICI, AXIS BANK).
- To return analysis of selected mutual fund product in Indian mutual fund companies (HDFC, ICICI, AXIS BANK)

**HYPOTHESIS OF STUDY:**

- The risk-free return and fund returns are very different from one another.
- The discrepancy between market and fund returns is substantial.
- The market return and risk-adjusted fund return are same.

**RESEARCH METHODOLOGY:**

The research methodology describes the steps that are necessary to examine the study proposal and achieve the research objectives The secondary data used in the study was data collected from various websites. The selected companies are HDFC, ICICI and AXIS bank. The average return is used to find the return analysis, and the standard deviation and beta are used for the risk analysis of the compaines

**TOOLS USED**

1. Return
2. Standard deviation
3. Variance
4. Beta

**IV. DATA ANALYSIS AND INTERPRETATION  
RETURN ANALYSIS**

**AVERAGE RETURN:**

**HDFC BANK:**

SCHEME NAME	2020	2021	2022	2023	AVERAGE RETURN
HDFC SMALL CAPITAL FUND-DIRECT PLAN GROWTH	48.06%	24.19%	36.07%	23.87%	33.03%
HDFC LIQUID FUND GROWTH	7.01%	5.99%	5.07%	5.10%	14.05%
HDFC TOP 100 FUND GROWTH	27.58%	18.14%	20.85%	16.31%	24.19%
HDFC SHORT TERM DEBIT FUND GROWTH	7.21%	5.54%	5.03%	7.00%	12.24%
	16	11	16	14	

HDFC HYBRID EQUITY FUND GROWTH	37%	95%	15%	50%	17.80%
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**ICICI BANK:**

FUND GROWTH	19.40%	0.27%	5.99%	11.78%	13.92%
AXIS FOCUSED 25 FUND GROWTH	19.40%	0.27%	5.99%	11.78%	12.70%

SCHEME BANK	2020	2021	2022	2023	AVERAGE RETURN
ICICI PREDENTIAL EQUITY & DEBIT FUND GROWTH	28.89%	18.41%	25.81%	19.90%	23.25%
ICICI PREDENTIAL LIQUID FUND GROWTH	7.05%	6.00%	5.08%	5.16%	11.64%
ICICI PRUDENTIAL MULTI CAP FUND GROWTH	36.11%	18.51%	23.17%	18.03%	26.86%
ICICI PREDENTIAL MID CAP FUND GROWTH	33.57%	17.43%	24.37%	19.46%	30.42%
ICICI PREDENTIAL NIFTY 50 ETF	18.49%	11.05%	15.21%	15.66%	22.71%

**INTERPRETATION:**

The return of HDFC bank for (2020-2023) the highest return from the above scheme is

HDFC SMALL CAPITAL FUND-DIRECT PLAN GROWTH; compared to other scheme it has more risk in taking return.

**INTREPRETATION:**

The return of AXIS bank for (2020-2023) the highest return from the above scheme is AXIS SMALL CAP FUND - DIRECT PLAN GROWTH; compared to other scheme it has more risk in taking return.

**RISK ANALYSIS:**

The standard deviation (sigma) is used to measure the risk associated with a security or portfolio. A volatile or risky security always has a large standard deviation. This study uses the standard deviation of the annual returns of mutual funds to measure the risk of the selected schemes.

1. Standard deviation
2. Beta

**INTERPRETATION:**

The return of ICICI bank for (2020-2023) the highest return from the above scheme is

ICICI PREDENTIAL MID CAP FUND GROWTH; compared to other scheme it has more risk in taking return.

**AXIS BANK:**

**HDFC BANK**

SCHEME NAME	2020	2021	2022	2023	AVERAGE RETURN
AXIS MID CAP FUND GROWTH	30.25%	10.37%	18.78%	19.75%	19.79%
AXIS EQUITY HYBRID FUND GROWTH	14.16%	3.07%	8.94%	11.74%	14.42%
AXIS SMALL CAP FUND -DIRECT PLAN GROWTH	36.50%	18.10%	30.70%	28.20%	31.98%
AXIS SHORT TERM	6.77%	5.35%	4.85%	6.72%	

SCHEME NAME	2020	2021	2022	2023	STANDARD DEVIATION
HDFC SMALL CAPITAL FUND-DIRECT PLAN GROWTH	48.06%	24.19%	36.00%	23.07%	0.115
HDFC LIQUID FUND GROWTH	7.01%	5.99%	5.07%	5.10%	0.122
HDFC TOP 100 FUND GROWTH	27.58%	18.11%	20.18%	16.11%	0.052
HDFC SHORT TERM	7.07%	5.05%	5.05%	7.07%	

DEBIT FUND GROWTH		21 %	54 %	03 %	00 %	0.081
HDFC HYBRID EQUITY FUND GROWTH		16.37 %	11.95 %	16.15 %	14.50 %	0.02

The risk analysis is standard deviation of ICICI bank (2020-2023) the highest return from the above scheme ICICI PRUDENTIAL MULTI CAP FUND GROWTH compared to other scheme it has more risk in taking return

**AXIS BANK:**

**INTREPRETATION:**

The risk analysis is standard deviation (2020-2023) the highest return from the above scheme is; HDFC LIQUID FUND GROWTH; compared to other schemes.

**ICICI BANK:**

SCHEME NAME	2020	2021	2022	2023	STANDARD DEVIATION
ICICI PRUDENTIAL EQUITY & DEBIT FUND GROWTH	28.89 %	18.41 %	25.81 %	19.90 %	0.0493

ICICI LIQUID FUND GROWTH	7.05 %	6.00 %	5.08 %	5.16 %	0.0783
ICICI PRUDENTIAL MULTI CAP FUND GROWTH	36.11 %	18.51 %	23.17 %	18.03 %	0.0914
ICICI PRUDENTIAL MIDCAP FUND GROWTH	33.57 %	17.43 %	24.37 %	19.46 %	0.0638
ICICI PRUDENTIAL NIFTY 50 ETF	18.49 %	11.05 %	15.21 %	15.66 %	0.0734

**INTERPRETATION:**

SCHEME NAME	2020	2021	2022	2023	STANDARD DEVIATION
AXIS MID CAP FUND GROWTH	30.25 %	10.37 %	18.78 %	19.55 %	0.0814
AXIS EQUITY HYBRID FUND GROWTH	14.16 %	3.07 %	8.94 %	11.74 %	0.0619
AXIS SMALL CAP FUND -DIRECT PLAN GROWTH	36.50 %	18.10 %	30.70 %	28.00 %	0.0912
AXIS SHORT TERM FUND GROWTH	6.77 %	5.35 %	4.85 %	6.72 %	0.1168
AXIS FOCUSED 25 FUND GROWTH	19.40 %	-0.27 %	5.99 %	11.88 %	0.0755

**INTERPRETATION:**

The standard deviation (or  $\sigma$ ) is a representation of the data dispersion relative to the mean. The risk analysis of standard deviation of mutual fund of ICICI bank for (2020-2023); the highest return from the above scheme AXIS SMALL CAP FUND -DIRECT PLAN GROWTH compared to other scheme it has more risk in taking return.

**BETA HDFC BANK:**

SCHEME NAME	2020	2021	2022	2023	VARIANCE	BETA
HDFC SMALL CAPITAL FUND-DIRECT PLAN GROWTH	48.06 %	24.19 %	36.00 %	23.87 %	0.0099	33.28 %

HDFC LIQUID FUND GROWTH	7.01%	5.99%	5.07%	5.10%	0.0119	1.7864
HDFCTOP100 FUND GROWTH	27.58%	18.14%	20.15%	16.13%	0.0021	11.038
HDFC SHORT TERM DEBIT FUND GROWTH	7.21%	5.54%	5.03%	7.00%	0.0052	1.3224
HDFC HYBRID EQUITY FUND GROWTH	16.37%	11.95%	16.15%	14.50%	0.0034	50.8971

**INTERPRETATION:**

The risk analysis of beta of mutual funds calculated for last 4 years data. Beta β is calculated using the formula = covariance (stock returns, index returns) / variance (index returns) of the mutual fund. the highest return from the above scheme HDFC HYBRID EQUITY FUND GROWTH compared to another scheme.

**ICICI BANK:**

SCHEME NAME	2020	2021	2022	2023	VARAINCE	BETA
ICICI BANK						
ICICI PREIDENTIAL EQUITY & DEBIT FUND GROWTH	28.89%	18.41%	25.81%	19.90%	0.0018	12.7391
ICICI PREIDENTIAL LIQUID FUND GROWTH	7.05%	6.00%	5.08%	5.16%	0.0049	23.6908
ICICI PRUDENTIAL MULTI CAP FUND GROWTH	36.11%	18.51%	23.17%	18.03%	0.0066	40.152
ICICI PREIDENTIAL MID CAP FUND GROWTH	33.57%	17.43%	24.37%	19.46%	0.0032	93.2512

ICICI PREIDENTIAL NIFTY 50 ETF	18.49%	11.05%	15.21%	15.66%	0.0043	52.5642
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**INTERPRETATION:**

The risk analysis of beta of mutual funds calculated for last 4 years data of ICICI BANK. Beta β is calculated using the formula = covariance (stock returns, index returns) / variance (index returns) of the mutual fund. The highest return from the above scheme ICICI PREIDENTIAL EQUITY & DEBIT FUND GROWTH compared to another scheme.

**AXIS BANK:**

SCHEME NAME	2020	2021	2022	2023	VARAINCE	BETA
AXIS BANK:						
AXIS MID CAP FUND GROWTH	30.25%	10.13%	18.78%	19.17%	0.0049	39.7474
AXIS EQUITY HYBRID FUND GROWTH	14.16%	3.07%	8.94%	11.44%	0.0030	47.0074
AXIS SMALL CAP FUND -DIRECT PLAN GROWTH	36.50%	18.00%	30.00%	28.00%	0.0066	48.0596
AXIS SHORT TERM FUND GROWTH	6.77%	5.35%	4.85%	6.72%	0.0109	12.7435
	19.4%	-0.5%	11.7%	0.004		27.

AXIS FOCUSED	25	0	27	99	8	5	82
FUND GROWTH		%	%	%	%		44

### INTERPRETATION:

The risk analysis of beta of mutual funds calculated for last 4 years data of ICICI bank. Beta  $\beta$  is calculated using the formula = covariance (stock returns, index returns) / variance (index returns) of the mutual fund. The highest return from the above scheme AXIS SHORT TERM FUND GROWTH compared to other scheme.

### V. SCOPE OF STUDY

The study includes all the data related to risk and return analysis of mutual funds. It also protects investors from risks when investing in different mutual funds. It helps them minimize immediate risks. Maximize mutual fund return and it reviews and monitors the performance of mutual funds. The risk and return profile analysis of mutual funds involves assessing various factors such as risk level, return analysis, variance, beta, standard deviation and its returns. By evaluating these aspects, investors can gain insights into a fund's potential for returns relative to its associated risks. This analysis helps investors make informed decisions, ensuring that their investment choices align with their financial objectives and risk tolerance.

### IMPORTANCE:

The evaluate the risk and return on mutual funds. the study objectives were to identify market movements.in order to assist un identified investors in purchasing mutual funds. In order to prevent future uncertainties testing several portfolio strategies prior to making decisions. Risk and return profile analysis of mutual funds is important because it helps investors understand the balance between risk and potential returns, enabling informed investment decisions aligned with their financial goals and risk tolerance.

### LIMITATION:

In the present study, only the growth and development of mutual fund product have been considered in the analysis.

Risk and return analysis of HDFC, ICICI and AXIS BANK is calculated and analysis the companies.

### VI. FINDINGS

#### Return Analysis:

- HDFC Bank: HDFC Small Cap Fund showed the highest average return of 33.03%, followed by HDFC Top 100 Fund with an average return of 24.19%.
- ICICI Bank: ICICI Prudential Multi Cap Fund had the highest average return of 26.86%, while ICICI Prudential Nifty 50 ETF had the lowest with an average return of 22.71%.
- Axis Bank: Axis Small Cap Fund had the highest average return of 31.98%, while Axis Equity Hybrid Fund had the lowest with an average return of 14.42%.

#### Risk Analysis:

- HDFC Bank: HDFC Small Cap Fund had the highest standard deviation (0.115), indicating higher risk, while HDFC Top 100 Fund had the lowest (0.052).
- ICICI Bank: ICICI Prudential Mid Cap Fund had the highest standard deviation (0.0638), indicating higher risk, while ICICI Prudential Liquid Fund had the lowest (0.0783).
- Axis Bank: Axis Small Cap Fund had the highest standard deviation (0.0912), indicating higher risk, while Axis Equity Hybrid Fund had the lowest (0.0619).

#### Beta Analysis:

- HDFC Bank: HDFC Hybrid Equity Fund had the highest beta (508.971), indicating high volatility and sensitivity to market movements, while HDFC Short Term Debt Fund had the lowest (23.3224).

- ICICI Bank: ICICI Prudential Equity

& Debt Fund had the highest beta (127.391), indicating high volatility and sensitivity to market movements, while ICICI Prudential Nifty 50 ETF had the lowest (52.5642).

- Axis Bank: Axis Mid Cap Fund had the highest beta (39.74), indicating high volatility and sensitivity to market movements, while Axis Short Term Fund had the lowest (12.7435).

### VII. SUGGESTIONS

- Proper knowledge is required before investing in any funds.
- An improper investment plan could put your money at danger.

- Before investing in funds, investors should do industry analysis, company \ analysis and company financial analysis. analysis of application.
- The choice of the company should be made based on the result.

### VIII. CONCLUSION

Mutual funds are a reliable source of income due to the significant role of the fund manager and the potential for both risk and return. Investors consider factors like time, money, and market technology when making investments, despite the risk of market trends. As the financial markets evolve and become more complex, investors need a financial intermediary that provides the information and professional knowledge necessary for a successful investment. After analyzing the risk and performance of investment funds, I came to the conclusion that we should use market analysis before making investments.

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