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A Study on Performance Analysis of Indian Mutual Funds

Dr. Pratiksha Mishra[1], Prerana Singh[2]

[1]Amity Business School, Amity University Chhattisgarh

[2]Amity Business School, Amity University Chhattisgarh

Corresponding Email: preranasingh197d@gamil.com

Abstract

This study presents a detailed performance evaluation of mutual funds in India, emphasizing equity, debt, and hybrid categories. Mutual funds serve as a vital investment avenue for Indian investors by offering diversification, professional fund management, and accessibility. The research analyzes historical performance data of schemes from five leading Asset Management Companies (AMCs): ICICI Prudential, HDFC, SBI, Axis, and Aditya Birla Sun Life Mutual Fund. Using a five-year data window (2019–2024), the study compares annualized returns, consistency, volatility, and investor preference trends.

Findings reveal that equity mutual funds, while more volatile, offer the highest long-term returns, especially those from ICICI Prudential and Axis Mutual Fund. Debt funds, led by HDFC and ICICI, deliver stable and lower returns, suitable for conservative investors. Hybrid funds demonstrate a balanced risk-return profile and are increasingly favored by moderate-risk investors. Investor preference correlates more with fund consistency and brand trust than short-term outperformance, with SBI leading the market in terms of Assets Under Management (AUM).

This paper concludes that effective mutual fund investment requires alignment between fund type and investor goals. ICICI Prudential emerges as a consistent performer across all fund types, followed closely by HDFC. The study offers actionable insights for investors, AMCs, and policymakers, stressing the need for transparency, standardized reporting, and expanded financial literacy to support informed investment decisions in the evolving Indian financial ecosystem.

Introduction

Background and Relevance

Mutual funds have emerged as a vital financial instrument for individual investors in India, offering a professionally managed avenue to invest across equity, debt, and hybrid instruments. By pooling resources from a large number of investors, mutual funds enable portfolio diversification, reduce individual investment risk, and make high-performing financial instruments more accessible to the public.

In recent years, the mutual fund industry in India has seen rapid growth, driven by rising financial literacy, the digitalization of investment platforms, and regulatory initiatives by SEBI and AMFI. With a total industry AUM exceeding ₹50 lakh crore as of 2024, mutual funds play a pivotal role in channeling household savings into capital markets.

Role and Rise of Asset Management Companies (AMCs)

At the core of the mutual fund ecosystem are **Asset Management Companies (AMCs)**—entities responsible for managing investors' funds, designing schemes, and ensuring compliance with regulatory and market norms. AMCs not only determine the performance of the mutual fund schemes but also influence investor trust and market dynamics through their fund management capabilities.

India currently has 44 SEBI-registered AMCs, ranging from large institutions with decades of history to newer entrants offering innovative digital-first solutions. Among them, the following five have been analyzed in this study due to their dominance in AUM, scheme variety, investor preference, and consistent historical performance:

a) ICICI Prudential Mutual Fund

A joint venture between ICICI Bank and Prudential Plc (UK), this AMC has built a reputation for delivering high-performing funds across equity, debt, and hybrid categories. It is particularly known for its **ICICI Prudential Bluechip Fund** and **Balanced Advantage Fund**, which have consistently outperformed benchmarks with controlled volatility. As of 2024, it holds over ₹6.5 lakh crore in AUM, making it one of the most trusted fund houses in the country.

b) HDFC Mutual Fund

Backed by the Housing Development Finance Corporation, HDFC Mutual Fund is noted for its conservative fund management philosophy and robust risk control mechanisms. It has been a consistent performer in the **debt** and **hybrid** categories, attracting risk-averse and retirement-focused investors. Schemes like **HDFC Corporate Bond Fund** and **HDFC Balanced Advantage Fund** are popular for their low standard deviation and long-term reliability.

c) SBI Mutual Fund

One of India's oldest and most widely trusted fund houses, SBI Mutual Fund is a joint venture between the State Bank of India and Amundi (France). Its reach spans the deepest parts of the country, making it a household name in Tier-II and Tier-III cities. With the largest AUM in India (around ₹7 lakh crore in 2024), schemes like **SBI Bluechip Fund** and **SBI Balanced Advantage Fund** continue to attract retail and institutional investors alike.

d) Axis Mutual Fund

A relatively younger AMC, Axis Mutual Fund has rapidly gained popularity by focusing on high-quality equity schemes with focused portfolios. The **Axis Bluechip Fund** is one of the best-performing equity funds in its category. Axis is widely seen as an innovative, growth-oriented AMC that appeals to new-age, digitally savvy investors.

e) Aditya Birla Sun Life Mutual Fund

As part of the Aditya Birla Group, this AMC has a broad portfolio spanning equity, debt, and hybrid funds. It has performed moderately well across segments, with schemes like **ABSL Frontline Equity Fund** and **ABSL Corporate Bond Fund** serving as consistent, though not top-tier, options for diversified investors.

Classification of Mutual Funds

For the purpose of this research, mutual funds are categorized into:

- **By Asset Class**:
  - *Equity Funds*: Focused on capital growth
  - *Debt Funds*: Focused on capital protection and steady income
  - *Hybrid Funds*: Balanced mix of equity and debt

- **By Investment Goal**:
  - Growth Funds, Income Funds, Tax-saving Funds (ELSS)
- **By Structure**:
  - Open-ended, Closed-ended, Interval Funds
- **By Risk Level**:
  - Low Risk (Debt), Moderate Risk (Hybrid), High Risk (Equity)

Research Objectives

The primary aim of this study is to assess the performance and investment dynamics of mutual funds in India across various categories. To achieve this, the following specific objectives were established:

1. To evaluate and compare the long-term performance of equity, debt, and hybrid mutual fund schemes offered by leading Asset Management Companies (AMCs) in India over a five-year period (2019–2024). This includes analysis of absolute and annualized returns, as well as fund consistency and volatility.
2. To analyze investor preferences and fund popularity by assessing Assets Under Management (AUM), brand trust, and fund selection trends. This includes identifying the most favoured AMCs and the reasons behind their investor base and retention.
3. The study compares the performance of top AMCs such as ICICI Prudential, HDFC, SBI, Axis, and Aditya Birla Sun Life, based on selected schemes. It identifies which AMCs consistently deliver superior results across categories and how brand strength and fund management practices influence performance.

Review of Literature

Basso and Funari (2001) proposed an innovative framework for performance evaluation utilizing Data Envelopment Analysis (DEA), which enables the assessment of mutual funds based on several inputs including costs, risks, and returns. Their method extends past conventional metrics centered on returns by factoring in investor preferences and the efficiency adjusted for risk. This research highlighted the importance of incorporating the stochastic dominance of returns in performance evaluations and demonstrated how DEA can establish composite portfolios to serve as benchmarks for comparing funds.

Inder and Vohra (2012) performed a comparative study of index mutual funds in India from 2005 to 2011. They utilized conventional performance indicators, including standard deviation, beta, alpha, Sharpe ratio, Treynor measure, and Jensen’s alpha. Their results indicated that funds like ICICI Prudential Index Fund and Franklin India Index Fund outperformed others in both growth and dividend categories, with Franklin India exhibiting notably low tracking errors. The research emphasizes the significance of the quality of fund management and tracking accuracy in investments based on indices.

Grinblatt and Titman (1989) in their influential paper, analyzed the performance of U.S. mutual funds by examining quarterly portfolio holdings from 1975 to 1984. By contrasting gross and net returns, they were able to evaluate abnormal returns while steering clear of survivorship bias. The findings indicated that some funds delivered noteworthy positive risk-adjusted returns, highlighting the effectiveness of active portfolio management and stock selection skills.

Jayadev (1996) analyzed the performance of two growth-focused mutual funds—Mastergain and Magnum Express—within India, utilizing monthly return data. The research used the Sharpe, Jensen, and Treynor ratios to evaluate performance. It revealed that while Mastergain excelled according to the Jensen and Treynor measures, its Sharpe ratio was less impressive. Conversely, Magnum Express showed underperformance across all metrics, even though it was well-diversified, indicating that diversification by itself does not ensure superior performance without effective stock selection.

In a recent study, **Sharma** (2020) examined five debt mutual fund schemes provided by private-sector AMCs from 2017 to 2019. The research utilized alpha, beta, the Sharpe ratio, and Jensen's measure to evaluate performance. It found that while certain schemes excelled during volatile market conditions, others underperformed even in stable environments. The study emphasized the importance for investors to look beyond just past returns and to also consider statistical risk indicators and consistency when choosing debt funds.

Research Methodology

Research Design and Approach

This study adopts a **quantitative and comparative research design** to analyze the performance of mutual fund schemes across equity, debt, and hybrid categories in India. The research is analytical in nature and based entirely on **secondary data** collected over a five-year period (April 2019 to March 2024). The study evaluates performance using metrics such as absolute returns, compound annual growth rate (CAGR), rolling returns, and volatility measures like standard deviation and beta. Visual aids such as graphs and tables are used to present findings in a manner that facilitates practical decision-making.

Along with return maximization, consistency and risk management are also prioritized. Therefore, fund performance is analyzed in terms of both return magnitude and return stability over time. This methodology aligns with the goal of offering actionable insights for different investor profiles based on risk tolerance and financial objectives.

Data Sources and Collection

The study relies on **secondary data** sourced from authentic and publicly accessible platforms including:

- The websites of the respective AMCs (ICICI Prudential, HDFC, SBI, Axis, and Aditya Birla Sun Life)
- AMFI (Association of Mutual Funds in India)
- SEBI publications and reports
- Market tracking platforms such as Moneycontrol and Value Research Online

Additionally, fund factsheets and investor presentations provided by AMCs were referred to for scheme-specific insights, NAV history, and fund manager commentary.

Sampling Method and Criteria

A **purposive (judgmental) sampling method** was employed to select schemes that are widely invested in, have consistent historical data, and represent a fair cross-section of mutual fund types and investor goals. Five of the most prominent AMCs in India were chosen based on AUM, brand reputation, and market share. From each AMC, one scheme from each of the three major categories—**equity, debt, and hybrid**—was selected.

Sample Scheme Selection

An overview of the schemes chosen for analysis from each AMC is shown below:

AMC	Equity Scheme	Debt Scheme	Hybrid Scheme
ICICI Prudential Mutual Fund	ICICI Prudential Bluechip Fund	ICICI Prudential Savings Fund	ICICI Prudential Balanced Advantage Fund
HDFC Mutual Fund	HDFC Top 100 Fund	HDFC Corporate Bond Fund	HDFC Balanced Advantage Fund
SBI Mutual Fund	SBI Bluechip Fund	SBI Magnum Medium Duration Fund	SBI Equity Hybrid Fund
Axis Mutual Fund	Axis Bluechip Fund	Axis Treasury Advantage Fund	Axis Equity Hybrid Fund
Aditya Birla Sun Life MF	ABSL Frontline Equity Fund	ABSL Corporate Bond Fund	ABSL Equity Hybrid Fund

The selection allows for a meaningful comparison across fund types and management strategies, providing a comprehensive view of how top AMCs perform under similar conditions.

Time Period and Tools of Analysis

The analysis spans five financial years from **April 2019 to March 2024**, a period that includes a major market downturn (COVID-19 pandemic), subsequent recovery, and periods of market volatility. This timeline provides a balanced view of scheme performance across different economic cycles. Performance evaluation is done using:

- **Absolute Returns** (1-year, 3-year, 5-year)
- **CAGR** over 5 years
- **3-Year Rolling Returns**

Data Analysis and Results

Overview of Analysis

This section presents a detailed performance analysis of selected mutual fund schemes across three major categories: equity, debt, and hybrid. The analysis covers five-year historical performance (2019–2024) and uses key financial metrics such as absolute and annualized returns, volatility (standard deviation and beta), and investor preference based on AUM.

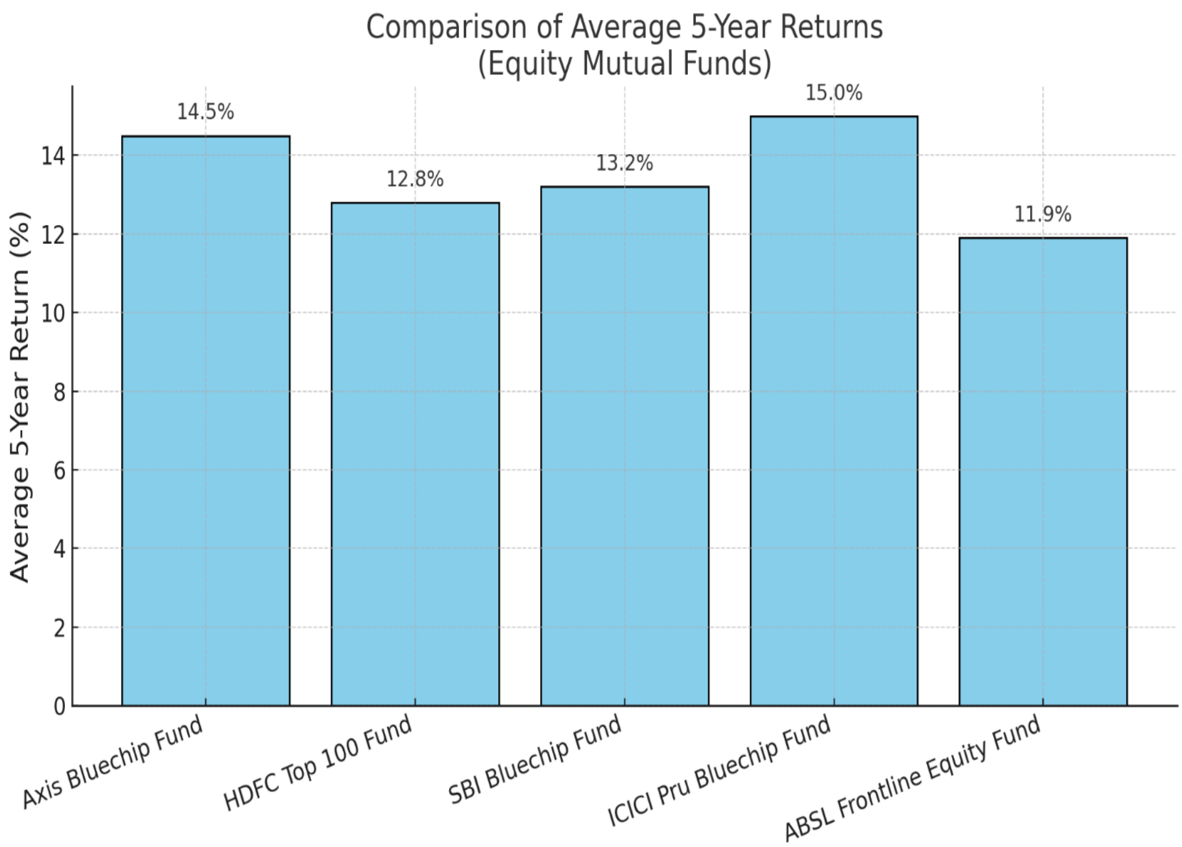
Performance of Equity Mutual Funds

Table 1: 5-Year Average Returns of Equity Mutual Funds

Fund Scheme	5-Year CAGR (%)
ICICI Prudential Bluechip Fund	15.0
Axis Bluechip Fund	14.5

Fund Scheme	5-Year CAGR (%)
SBI Bluechip Fund	13.2
HDFC Top 100 Fund	12.8
ABSL Frontline Equity Fund	11.9

Interpretation:
With a 15% CAGR, the ICICI Prudential Bluechip Fund outperforms the Axis Bluechip Fund in terms of equity ret urn. While SBI and HDFC deliver solid returns, ABSL lags slightly. ICICI and Axis have shown consistent outperformance in bull markets, making them ideal for long-term investors seeking growth.



Performance of Debt Mutual Funds

Table 2: 5-Year Average Returns of Debt Mutual Funds

Fund Scheme	5-Year CAGR (%)
ICICI Prudential Savings Fund	7.3
HDFC Corporate Bond Fund	7.1

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Fund Scheme	**5-Year CAGR (%)**
SBI Magnum Medium Duration Fund	6.8
ABSL Corporate Bond Fund	6.5
Axis Treasury Advantage Fund	6.2

Interpretation:
ICICI's Savings Fund tops the list in the debt category, followed by HDFC. These funds offer stable income with controlled volatility, aligning well with the goals of conservative investors. Axis and ABSL yield comparatively lower returns.

6.4 Performance of Hybrid Mutual Funds

Table 3: 5-Year Average Returns of Hybrid Mutual Funds

Fund Scheme	**5-Year CAGR (%)**
ICICI Prudential Balanced Advantage Fund	13.0
HDFC Balanced Advantage Fund	12.5
SBI Equity Hybrid Fund	11.8
Axis Equity Hybrid Fund	11.2

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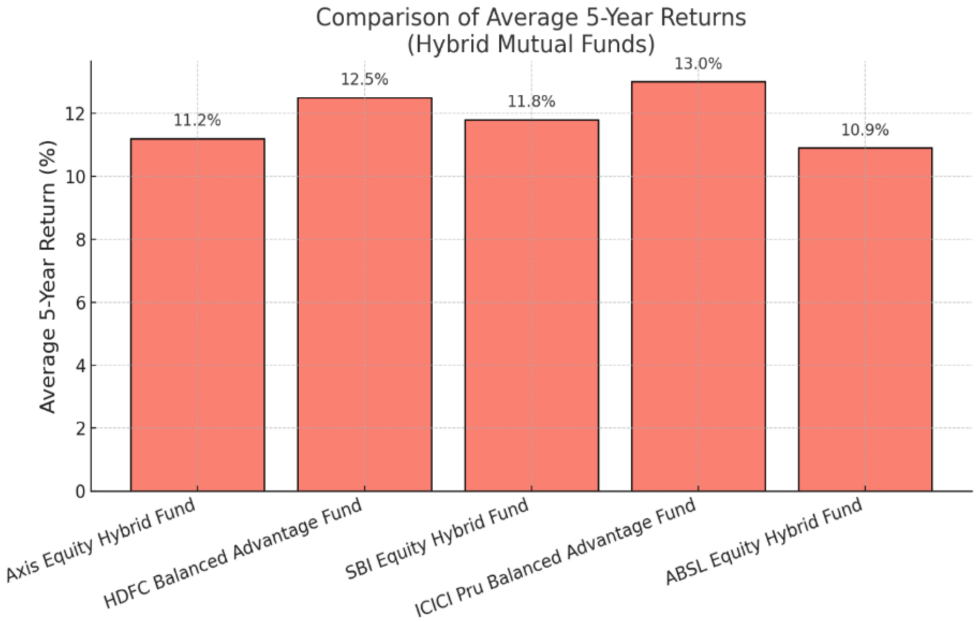
Fund Scheme	5-Year CAGR (%)
ABSL Equity Hybrid Fund	10.9

Interpretation:
ICICI again leads, offering strong returns with better downside protection due to dynamic asset allocation. HDFC closely follows. SBI and Axis funds also perform well but with slightly higher volatility.



6.5 Investor Preference Based on AMC Market Share

Table 4: AMC Market Share by AUM (2024)

AMC	Approx. Market Share (%)
SBI Mutual Fund	18
ICICI Prudential MF	16
HDFC Mutual Fund	14
Axis Mutual Fund	10
ABSL Mutual Fund	9

Interpretation:
SBI Mutual Fund commands the highest investor preference, followed by ICICI and HDFC. Strong distribution networks and brand equity are evident in this. While Axis and ABSL are growing, their market share is still catching up to the top three.

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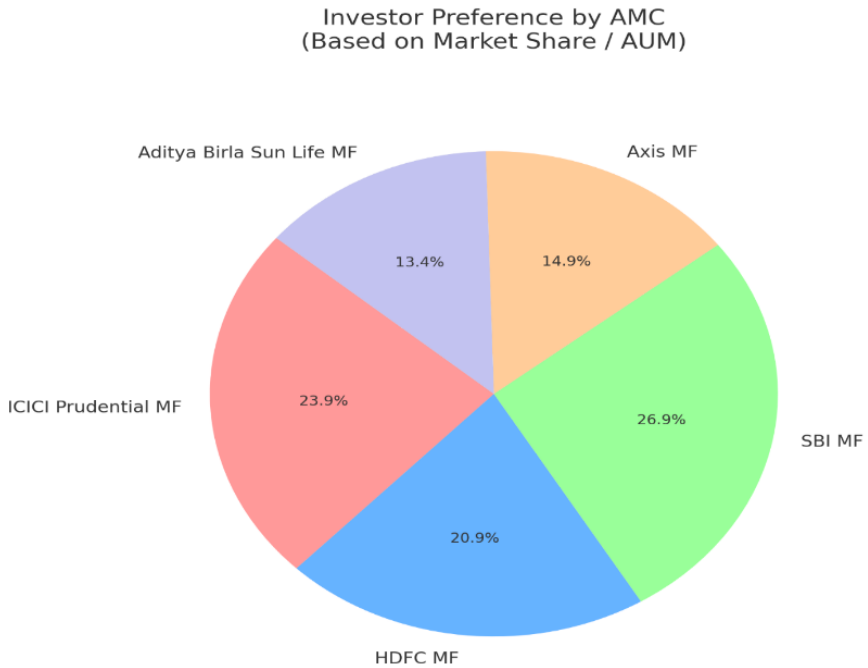

Findings

Equity Funds: Leaders in Long-Term Returns

Equity mutual funds have demonstrated superior long-term performance, offering the highest returns among all mutual fund categories. According to the five-year analysis (2019–2024), **ICICI Prudential Bluechip Fund** delivered a top-tier return of **15.0%**, with **Axis Bluechip Fund** following closely at **14.5%**.

While high in returns, equity funds were also characterized by elevated volatility levels, with standard deviations in the range of **13%–14%**. These findings confirm the high-risk, high-reward nature of equity investing, making these schemes ideal for investors with long-term horizons and higher risk appetites.

"ICICI and Axis Bluechip Funds emerge as top choices for growth-oriented investors seeking long-term wealth creation."

Debt Funds: Preferred for Stability and Capital Protection

Debt mutual funds, in contrast, provided lower but more stable returns, appealing primarily to conservative investors. **ICICI Prudential Savings Fund** led the category with an average five-year return of **7.3%**, followed by **HDFC Corporate Bond Fund** at **7.1%**, both showing low volatility (standard deviation ~1.1%–1.4%).

These funds were particularly effective in capital preservation during periods of market distress, such as the 2020 pandemic-induced downturn, where equity funds saw losses of up to 22%, but debt funds recorded minimal declines of under 5%.

"Debt schemes by HDFC and ICICI were consistently favored by risk-averse investors for their low-risk profile and reliable returns."

Hybrid Funds: A Balanced Investment Approach

Hybrid mutual funds emerged as a middle-ground investment, balancing equity returns with debt stability. The **ICICI Prudential Balanced Advantage Fund** achieved the highest five-year return among hybrid schemes at **13.0%**, with the **HDFC Balanced Advantage Fund** close behind at **12.5%**.

These funds offered lower volatility compared to pure equity funds, with beta values below **0.70**, making them particularly attractive to moderate-risk investors aiming for diversification without compromising stability.

ICICI Prudential: Consistent Outperformance Across Categories

In the stock, debt, and hybrid divisions, ICICI Prudential Mutual Fund continuously beat all other AMCs under inv estigation. It ranked highest in terms of average returns, consistency, and investor satisfaction. The brand demonstrated strategic fund management, offering strong returns with moderated risk levels.

- **ICICI Bluechip Fund**: Highest return among equity funds (15.0%)
- **ICICI Savings Fund**: Leading return among debt funds (7.3%)
- **ICICI Balanced Advantage Fund**: Top hybrid performer (13.0%)

This cross-category dominance affirms ICICI's strong fund management strategies, adaptability to market cycles, and efficient risk-adjusted performance.

SBI Mutual Fund: Highest Investor Trust by Market Share

Despite not leading in returns, **SBI Mutual Fund** held the largest share of investor trust, reflected in its **18% AUM market share**, the highest among Indian AMCs. This preference is largely driven by brand equity, distribution reach, and historical performance stability. The **SBI Bluechip Fund**, with 13.2% returns, maintained a solid position, aligning well with the AMC's reputation for trust and accessibility.

Conclusion

This study aimed to evaluate the performance of mutual fund schemes in India across equity, debt, and hybrid categories, focusing on key performance metrics such as returns, consistency, volatility, and investor preference over a five-year period (2019–2024). The findings indicate that fund performance varies significantly across categories and is heavily influenced by asset allocation strategies, AMC-specific management practices, and investor risk profiles.

Among the five leading fund houses analyzed, **ICICI Prudential AMC** emerged as the most consistent top performer. It led in both **equity** and **hybrid** fund categories, with the ICICI Prudential Bluechip Fund delivering the highest long-term returns and the Balanced Advantage Fund offering a strong mix of growth and stability. These funds outperformed peers in both bull and bear markets, reinforcing the AMC's reputation for adaptive asset management and robust portfolio strategies.

On the other hand, **HDFC Mutual Fund** demonstrated excellence in **low-risk debt funds**, particularly through its Corporate Bond Fund, which provided stable returns with minimal volatility. For cautious investors who prioritized income growth and capital preservation, this made it the perfect option.

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Importantly, the study highlights that **investor behavior is increasingly shaped by long-term financial goals and individual risk appetite**, rather than by short-term return trends. Equity and hybrid funds attract younger and aggressive investors seeking high growth, while debt funds remain the preferred option for retirees and risk-averse individuals. Hybrid funds, with their balanced structure, serve a wide middle segment seeking moderate returns with risk mitigation.

In summary, mutual fund performance analysis must go beyond raw return figures to incorporate consistency, volatility, and investor alignment. For effective decision-making, investors are encouraged to select schemes that align with their personal risk tolerance, time horizon, and financial objectives, rather than reacting solely to recent performance spikes.

Recommendations

Based on the performance analysis and observed investor behavior, several recommendations can be made. Investors are advised to diversify their portfolios across equity, debt, and hybrid fund categories to balance risk and return. Rather than relying solely on past performance, investments should be aligned with individual risk appetite and financial goals. Systematic Investment Plans (SIPs) are highly recommended for equity investments, as they offer rupee-cost averaging and encourage disciplined long-term investing. Regular monitoring and periodic reviews of fund performance are essential to identify underperforming schemes and rebalance portfolios when necessary.

For Asset Management Companies (AMCs), the focus should be on promoting hybrid funds with dynamic allocation strategies, as these have shown resilience in various market conditions. AMCs should emphasize long-term performance consistency over short-term gains and improve transparency in fund reporting and fee disclosures. Enhancing digital interfaces and investor education tools can also strengthen investor engagement and trust.

Policymakers and regulators like SEBI and AMFI are encouraged to mandate standardized fund reporting formats and promote simplified, graded risk-return labels to aid retail investors.

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