

# A Comparative Study on Debt Mutual Funds with Reference to SBI and HDFC Banks

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## ABSTRACT

Mutual fund creates numerous opportunities for the development and growth of the Indian economy. The Indian Corporate sector is facing the challenge in commensuration of the risk involved with the expected level of the return. In this scenario of fluctuating capital market, the risk level never payoff with the returns. A Mutual Fund is the ideal investment vehicle for today's complex and modern financial scenario because it does not require an investor to do a continuous tracking of each script and have a lot of information about the financial markets and then also it gives decent returns. Whereas markets for Equity shares, Bonds and other fixed income instruments, Real Estates, Derivatives, and other assets have become mature information driven price changes in these assets are driven by global events occurring in faraway places.

**How to cite this paper:** K. Haritha | Dr. D. Jakir Hussain "A Comparative Study on Debt Mutual Funds with Reference to SBI and HDFC Banks" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-6 | Issue-6, October 2022, pp.819-823, URL: www.ijtsrd.com/papers/ijtsrd51974.pdf



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## INTRODUCTION

Mutual fund is one of the investment avenues for the retail investors. Mutual funds are idea for investor who lack the knowledge or skill / experience of investing in stock market directly. Want to grow their wealth, but do have the inclination or time to research the stock market.

A mutual fund is a collective investment vehicle that collects & pools money from a number of investors and invests the same in equities, bonds, government securities, money market Instruments.

The money collected in mutual fund scheme is invested by professional fund managers in stocks and bonds etc. in line with a scheme's investment objective. The income / gains generated from this collective investment scheme are distributed proportionately amongst the investors, after deducting applicable expenses and levies, by calculating a scheme's "Net Asset Value" or NAV. In return, mutual fund charges a small fee.

In short, mutual fund is a collective pool of money contributed by several investors and managed by a

professional Fund Manager. The mutual industry may take CAGR of 21.5% from 2022-2027.

### Definition:

SEBI (Mutual funds) Regulations, 1996 define 'MUTUAL FUNDS' as "a fund established in the form of a trust to raise monies through the sale of units to the public or a section of public under one or more schemes for investing in securities, including money market instruments".

### NEED FOR THE STUDY

- The study helps investors to take right decisions on investment as they involve higher returns at minimum risk.
- So, the study is undertaken to compare different schemes of debt mutual funds of SBI and HDFC banks.

### SCOPE OF THE STUDY

- The study covers debt mutual funds of SBI and HDFC banks.
- The study is confined to the data of 5 years i.e., from 2017-2018 to 2021-2022.

## OBJECTIVES OF THE STUDY

- To study the performance level of debt mutual funds of SBI and HDFC banks.
- To compare the selected debt funds of SBI and HDFC banks.
- To analyze the risk and returns of debt mutual funds of SBI and HDFC banks.

## RESEARCH METHODOLOGY

The study is based on secondary data

### SECONDARY DATA:

The data collected through websites, journals, and articles

Website: [www.moneycontrol.com](http://www.moneycontrol.com)

[www.sbimf.com](http://www.sbimf.com)

[www.hdfcmf.com](http://www.hdfcmf.com)

### TOOLS AND TECHNIQUES

- Mean
- Standard deviation
- Sharpe ratio
- Graphs

### LIMITATIONS OF THE STUDY

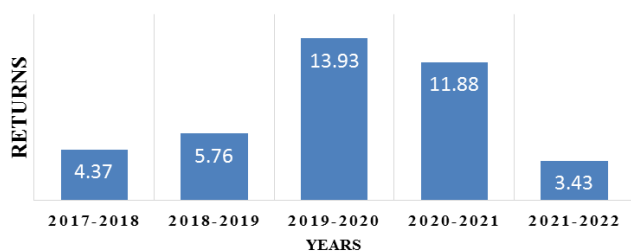
- The study is limited to debt mutual funds of SBI and HDFC banks.
- The study covers only for a period of five years of data from 2017- 2018 to 2021-2022.

### DATA ANALYSIS AND INTERPRETATION

#### Performance of SBI Gilt Fund

	MEAN	Standard deviation	Sharpe ratio
SBI Gilt fund	7.87	17.84	0.09

RETURNS OF GILT FUNDS OVER 5 YEARS



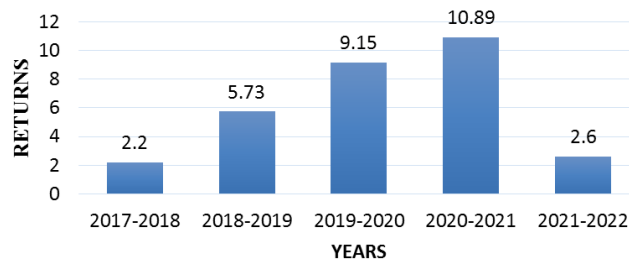
### INTERPRETATION:

SBI Focused Gilt debt funds Has Generated Highest returns of 13.93 in the year 2019-20 and lowest returns of 3.43 in the year 2021-22 and it has generated average returns of 7.874 over a period of five years, the risk of the fund is 17.84 and its Sharpe ratio is 0.09.

#### Performance of HDFC Gilt Fund

	MEAN	Standard deviation	Sharpe ratio
HDFC Gilt fund	6.11	11.96	-0.01

RETURNS OF HDFC GILT FUNDS OVER 5 YEARS

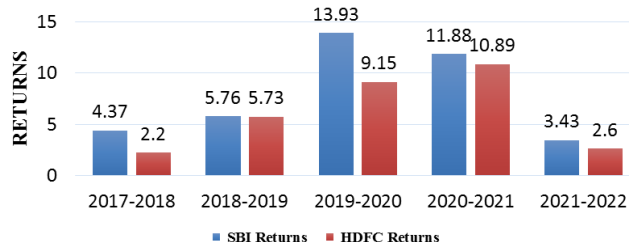


### INTERPRETATION:

HDFC Gilt funds Has Generated Highest returns of 10.89 in the year 2020-21 and lowest returns of 2.2 in the year 2017-18 and it has generated average returns of 6.11 over a period of five years, the risk of the fund is 11.96 and its Sharpe ratio is -0.01.

### COMPARISION OF GILT FUND RETURNS OF SBI AND HDFC BANKS

RETURNS OF SBI AND HDFC GILT FUNDS



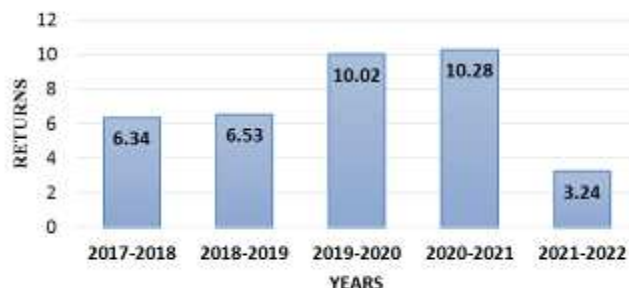
### INTERPRETATION

From the above graph and calculation, the SBI Gilt fund has generated average returns 7.87 with risk 17.84 and the Sharpe ratio is 0.09. By this the SBI Gilt fund is better than HDFC Gilt fund from the years 2017-2022.

#### Performance of SBI Short term Fund

	MEAN	Standard deviation	Sharpe ratio
SBI Short term fund	7.28	6.85	0.14

RETURNS OF SBI SHORT TERM FUNDS OVER 5 YEARS



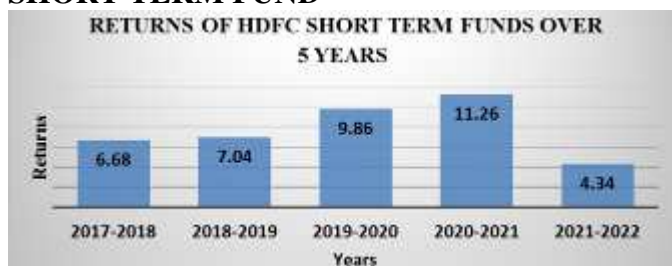
### INTERPRETATION:

SBI Short term debt funds Has Generated Highest returns of 10.28 in the year 2020-21 and lowest returns of 3.24 in the year 2021-22 and it has generated average returns of 7.28 over a period of five years, the risk of the fund is 6.85 and its Sharpe ratio is 0.14.

**Performance of HDFC short term fund**

	MEAN	Standard deviation	Sharpe ratio
HDFC Short term fund	7.83	6.001	0.26

**GRAPH SHOWING THE RETURNS OF HDFC SHORT TERM FUND**



**INTERPRETATION:**

HDFC Short term debt funds Has Generated Highest returns of 11.26 in the year 2020-21 and lowest returns of 4.34 in the year 2021-22 and it has generated average returns of 7.83 over a period of five years, the risk of the fund is 6.001 and its Sharpe ratio is 0.26.

**COMPARISION OF SHORT-TERM FUND RETURNS OF SBI AND HDFC**



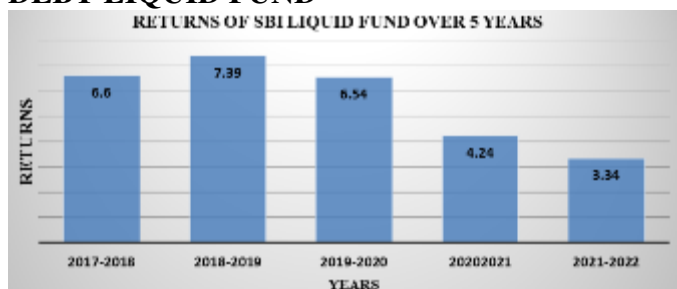
**INTERPRETATION**

From the above graph and calculation, the HDFC Short term fund has generated average returns 7.83 With risk 6.001 and the Sharpe ratio is 0.26. By this HDFC Short term fund is better than SBI Short term fund from the years 2017-2022.

**Performance of SBI Liquid Fund**

	MEAN	Standard deviation	Sharpe ratio
SBI Liquid fund	5.622	0.693	-0.92

**GRAPH SHOWING THE RETURNS OF SBI DEBT LIQUID FUND**



**INTERPRETATION:**

SBI Liquid debt funds Has Generated Highest returns of 7.39 in the year 2018-2019 and lowest returns of 3.34 in the year 2021-22 and it has generated average returns of 5.62 over a period of five years, the risk of the fund is 0.69 and its Sharpe ratio is -0.92

**Performance of HDFC Liquid Fund**

	MEAN	Standard deviation	Sharpe ratio
HDFC Liquid fund	5.592	0.699	-0.95

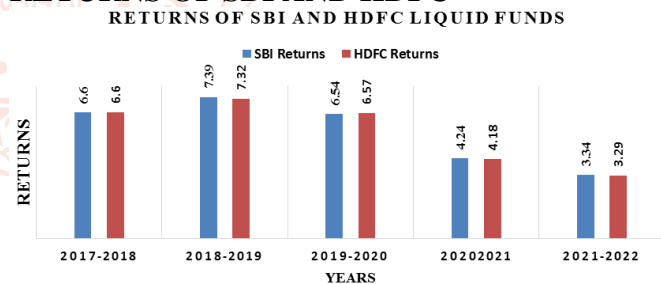
**GRAPH SHOWING THE RETURNS OF HDFC DEBT LIQUID FUND**



**INTERPRETATION:**

HDFC Liquid debt funds Has Generated Highest returns of 7.32 in the year 2018-2019 and lowest returns of 3.29 in the year 2021-22 and it has generated average returns of 5.59 over a period of five years, the risk of the fund is 0.699 and its Sharpe ratio is -0.95.

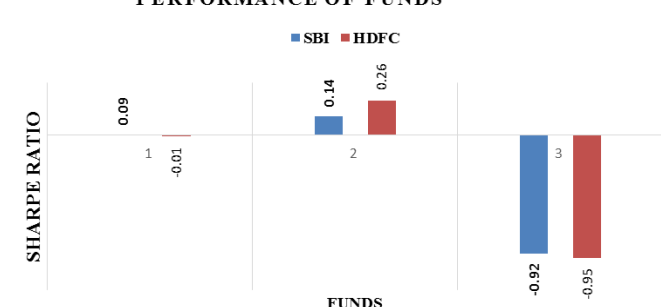
**COMPARISION OF LIQUID DEBT FUND RETURNS OF SBI AND HDFC**



**INTERPRETATION**

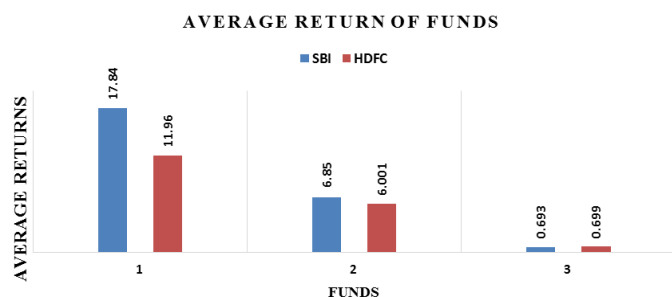
From the above graph and calculation, the SBI Liquid fund has generated average returns 5.622 with risk 0.693 and the Sharpe ratio is -0.92. By this the SBI Liquid fund is better than HDFC Liquid fund from the years 2017-2022.

**SHOWING PERFORMANCE OF FUNDS**

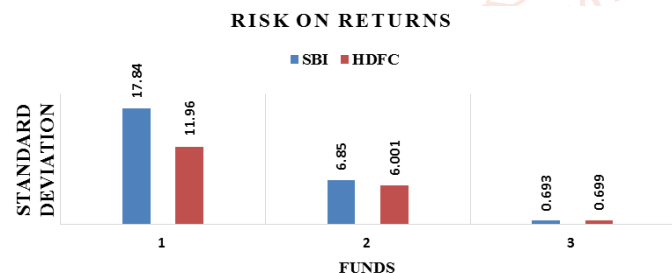


**INTERPRETATION:**

The performance of SBI short term fund is high when compared to HDFC short term fund but the performance of SBI debt fund is higher when compared to HDFC Debt fund

**SHOWING AVERAGE RETURNS OF FUNDS****INTERPRETATION:**

The average returns of SBI gilt funds and SBI short term fund are higher when compared to HDFC gilt fund and HDFC short term fund but the Average returns of SBI liquid fund and HDFC liquid fund is almost equal.

**SHOWING RISK OF FUNDS****INTERPRETATION:**

SBI gilt fund shows high risk when compared to HDFC gilt funds, The risk of both SBI liquid fund and HDFC liquid fund is almost equal and SBI short term fund shows higher risk when compared to HDFC short term fund.

**FINDINGS**

- SBI focused Gilt funds generates average returns of 7.87 with high risk of 17.84 while HDFC fund generates average returns of 6.11. With risk of 11.96. The performance of SBI focused gilt funds is higher than the performance of HDFC focused gilt fund.
- SBI short term fund generates average returns of 7.28 with low risk of 6.85 while HDFC short term funds generates 7.83 with the low risk of 6.00. The performance of HDFC short term fund is greater than the performance of SBI short term fund.
- SBI liquid fund generates average returns of 5.62 with moderate risk of 0.693 while the average returns of HDFC liquid fund is 5.59 with moderate risk of 0.6992. The performance of SBI

liquid fund is greater than compared to the HDFC liquid.

- From the graph and calculation, the SBI Gilt fund has generated average returns 7.87 with risk 17.84 and the Sharpe ratio is 0.09. By this comparison SBI Gilt fund is better than HDFC Gilt fund from the years 2017-2022.
- From the graph and calculation, the HDFC Short term fund has generated average returns 7.83 with risk 6.001 and the Sharpe ratio is 0.26. By this the HDFC Short term fund is better than SBI Short term fund from the years 2017-2022.
- From the graph and calculation, the SBI Liquid fund has generated average returns 5.622 with risk 0.693 and the Sharpe ratio is -0.92. By this the SBI Liquid fund is better than HDFC Liquid fund from the years 2017-2022.
- The hypothesis shows that there is no difference of risk returns between SBI and HDFC banks.

**SUGGESTIONS**

- Gilt funds generate high returns and it is suggested that the investors who are risk takers and require high returns can invest in SBI gilt fund as it provides higher return with high risk when compared to HDFC gilt fund.
- It is suggested that Risk averters can invest in short term funds, both SBI and HDFC fund generates almost equal returns with equal risk. When compared to SBI, HDFC short term fund generates slightly high returns.
- It is suggested that Investors who want moderate risk can invest in SBI liquid fund.

**CONCLUSION**

The study will guide the investors about how to measure the returns and risk of mutual funds of SBI and HDFC banks. It is concluded that in gilt debt mutual fund of SBI is providing good returns with minimum risk and in short debt mutual fund of HDFC is providing good returns with minimum risk and in liquid debt fund of SBI is providing good returns with minimum risk to their investors. If investors want to invest funds in best funds and stay for long period, they will choose SBI funds for getting more returns and benefits.

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**NEWS PAPERS**

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