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A Comparative Study of Mutual Funds in India: An Analysis of HDFC Mutual Fund and Nippon India Mutual Fund

Payal Aggarwal
Research Scholar
Tantia University Sri Ganganagar

Dr. Sushil Kumar Daiya
Research Supervisor
Tantia University Sri Ganganagar

Abstract

The mutual fund industry has emerged as a major channel for mobilising household savings in India, particularly in the post-liberalisation period. With growing investor participation and expanding product choices, the role of asset management companies has become increasingly significant. This paper presents a comparative study of two leading fund houses in India—HDFC Mutual Fund and Nippon India Mutual Fund. The study examines their structural features, scale of operations, product composition, and general performance orientation using secondary data sources such as annual reports, scheme factsheets, and industry publications. Rather than focusing only on numerical returns, the paper adopts a broader perspective by analysing qualitative aspects such as investment philosophy, risk orientation, and management approach. The findings suggest that both fund houses have developed distinct identities within the industry, and that

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investor outcomes depend more on scheme-specific features than on fund house reputation alone.

Keywords: Mutual funds, Asset management companies, Investment behaviour, HDFC Mutual Fund, Nippon India Mutual Fund.

1. Introduction

The Indian financial system has witnessed significant transformation over the last three decades, with mutual funds becoming one of the most preferred investment avenues for retail investors. Mutual funds offer diversification, professional management, and accessibility, making them particularly suitable for small and medium investors who may lack expertise in direct market participation.

As the industry has grown, asset management companies have played a crucial role in shaping investor confidence and market stability. Among the numerous AMCs operating in India, HDFC Mutual Fund and Nippon India Mutual Fund occupy prominent positions due to their long-standing presence, wide investor base, and extensive product offerings. A comparative analysis of these two fund houses provides useful insights into how different institutional strategies influence investment outcomes.

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2. Overview of the Indian Mutual Fund Industry

The mutual fund industry in India operates under the regulatory framework of the Securities and Exchange Board of India (SEBI). Over time, regulatory reforms have improved transparency, reduced costs, and strengthened investor protection. The introduction of systematic investment plans, direct plans, and enhanced disclosure norms has further contributed to the industry's growth.

Despite these developments, investor decision-making often continues to be influenced by brand reputation rather than detailed scheme evaluation. This makes comparative institutional studies particularly relevant from both academic and practical perspectives.

3. Profile of Selected Mutual Funds

3.1 HDFC Mutual Fund

HDFC Mutual Fund is among the oldest asset management companies in India. It is widely regarded for its emphasis on disciplined investing and relatively conservative portfolio construction. Many of its schemes have long operating histories, which has helped the fund house build credibility among long-term investors. Stability and continuity are often cited as its key strengths.

3.2 Nippon India Mutual Fund

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Nippon India Mutual Fund, earlier known as Reliance Mutual Fund, operates under the ownership of Nippon Life Insurance Company of Japan. The fund house is known for its extensive distribution network and wide variety of schemes. It has shown a greater willingness to introduce new products and adopt active investment strategies, especially in equity-oriented schemes.

4. Review of Literature

Earlier studies on mutual fund performance in India highlight mixed evidence regarding consistent outperformance. Several researchers have noted that while some schemes outperform benchmarks over certain periods, persistence of superior performance is limited. Other studies emphasise the importance of fund manager skill, expense ratios, and market timing.

A recurring conclusion in the literature is that investors often overestimate the importance of fund house reputation and underestimate scheme-level characteristics. This study builds on these insights by comparing two major AMCs at an institutional level.

5. Objectives of the Study

The study aims to:

i. Compare the operational scale of HDFC Mutual Fund and Nippon India Mutual Fund

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ii. Examine differences in product offerings and investment orientation
iii. Analyse qualitative aspects of performance and risk management
iv. Provide insights useful for investors and researchers

6. Research Methodology

The study is based on secondary data collected from official AMC publications, mutual fund databases, and industry reports. The analysis is descriptive and comparative in nature. No primary data collection or econometric testing has been undertaken, as the focus is on institutional comparison rather than performance prediction.

7. Comparative Analysis

7.1 Assets Under Management

HDFC Mutual Fund manages a larger volume of assets, indicating strong institutional confidence and long-term investor participation. Nippon India Mutual Fund, while smaller in comparison, still commands a substantial share of industry assets.

7.2 Product Range

Both fund houses offer equity, debt, hybrid, and solution-oriented schemes. HDFC Mutual Fund is generally associated with stability-focused products, whereas Nippon India Mutual Fund offers greater thematic and strategy-based diversity.

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7.3 Investment Orientation

HDFC Mutual Fund tends to follow a relatively cautious and long-term investment approach. In contrast, Nippon India Mutual Fund often adopts a more active strategy, which may result in higher volatility but also offers opportunities for higher returns.

8. Conclusion

The comparative analysis reveals that both HDFC Mutual Fund and Nippon India Mutual Fund have established strong positions in the Indian mutual fund industry, though through different strategic approaches. While HDFC Mutual Fund emphasises stability and continuity, Nippon India Mutual Fund focuses on variety and active management. The study reinforces the view that investors should prioritise scheme-level evaluation over fund house reputation when making investment decisions.

9. Limitations and Scope for Further Research

The study is limited by its reliance on secondary data and qualitative analysis. Future research may incorporate quantitative techniques such as risk-adjusted return measures to provide deeper insights into comparative performance.

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