

# STUDY OF RISK OF SELECTED LOW DURATION DEBT MUTUAL FUNDS

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## ABSTRACT

*Indian mutual fund industry is in growth phase for number of years. In this research paper calculated risk of selected Low Duration Debt Mutual Funds. In this study selected ten Low Duration Debt Mutual Funds Direct Plan. Risk of selected Low Duration Debt Mutual Funds determined with the help of Standard Deviation and Average Return.*

*The average of average annual return of Low Duration Debt Mutual Funds is 7.48% for the selected mutual funds. The average annual return is highest 8.96% for Kotak Low Duration Fund (Direct Plan) Growth Low Duration Fund and average annual return is lowest 3.80% for JM Low Duration Fund (Direct) Growth Low Duration Fund*

*The average standard deviation is 2.14 for Low Duration Debt Mutual Funds. The standard deviation is highest 8.86 for JM Low Duration Fund (Direct) Growth Low Duration Fund and standard deviation is lowest 0.72 for BNP Paribas Low Duration Fund (Direct Plan) Growth Low Duration Fund for the period 2015-2019.*

*Above study show clearly that standard deviation is highest 8.86 for JM Low Duration Fund (Direct) Growth Low Duration Fund so it is very high risky Low Duration Debt Mutual Funds. Standard deviation is lowest 0.72 for BNP Paribas Low Duration Fund (Direct Plan) Growth Low Duration Fund so it is low risk Low Duration Debt Mutual Funds.*

**Keywords:** Low Duration Debt Mutual Funds, Risk, Return, Average return, Standard Deviation.

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## 1. INTRODUCTION

Mutual Fund is well known amongst individual investors for long-term and short-term investment and good investment return purpose. Individual and company investors indirectly make money available to capital market in well-defined approach so that there is high return

on investment. In research paper study of selected Low Duration Debt Mutual Funds. Investors who like to invest for six to twelve month expect returns more than fixed deposit income tending towards Low Duration Debt Mutual Funds because it gives more return. Mutual fund industry in India is in progressive stage. To find out risk of mutual funds is essential for investment purpose. This Research paper will guide investors and companies to know the risk of selected Low Duration Debt Mutual Funds. This piece of information will helpful to individual investors, researchers & mutual fund companies in India.

## **2. REVIEW OF LITERATURE**

(Prajapati., 2012) In research paper performance of certain Indian mutual funds calculated by risk-return analysis and utmost of the mutual funds discovered good return during the time period of the study.

(S.Vasantha, Maheswari, & Subashini, 2013) In this research paper maximum of Mutual Funds demonstrate not good return so no one fund demonstrate decent performance.

## **3. OBJECTIVES OF RESEARCH**

### **Objective of the study**

To compare the risk of selected Low Duration Debt Mutual Funds with the help of Standard Deviation & Annual Return.

## **4. RESEARCH METHODOLOGY**

In this Research Paper covers comparative study of risk of selected Flexi Cap Equity Mutual Funds. Here CRISIL rated Low Duration Debt Mutual Funds are selected for this study. ICICI Prudential Savings Fund (Direct Plan) Growth Low Duration Fund, Canara Robeco Savings Fund (Direct Plan) Growth Low Duration Fund, Kotak Low Duration Fund (Direct Plan) Growth Low Duration Fund, Nippon India Low Duration Fund (Direct Plan) Growth Low Duration Fund, BNP Paribas Low Duration Fund (Direct Plan) Growth Low Duration Fund, UTI Treasury Advantage Fund (Direct Plan) Growth Low Duration Fund, HDFC Low Duration Fund (Direct Plan) Growth Low Duration Fund, JM Low Duration Fund (Direct) Growth Low Duration Fund,

IDFC Low Duration Fund (Direct Plan) Growth Low Duration Fund, SBI Magnum Low Duration Fund (Direct Plan) Growth Low Duration Fund.

The risk of Low Duration Debt Mutual Funds is calculated with help of standard deviation and average return for last five years (2015-19).

For this study secondary data is required. Secondary Data of mutual funds collected from the websites [www.moneycontrol.com](http://www.moneycontrol.com)

## **5. DISCUSSION AND ANALYSIS**

The risks of Low Duration Debt Mutual Funds are calculated with the help of Standard Deviation and Average Return. Following table display volatility of Flexi Cap Equity Mutual Funds

**Table 1** Risk of Low Duration Debt Mutual Funds

<b>Fund/Year/Annual Return%</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>Average Annual Return%</b>	<b>SD</b>
ICICI Prudential Savings Fund (Direct Plan) Growth Low Duration Fund	8.86	7.32	7.24	9.16	8.87	8.29	0.93
Canara Robeco Savings Fund (Direct Plan) Growth Low Duration Fund	8.31	7.06	6.98	8.58	8.54	7.89	0.80
Kotak Low Duration Fund (Direct Plan) Growth Low Duration Fund	9.10	8.04	7.95	9.72	10.01	8.96	0.94
Nippon India Low Duration Fund (Direct Plan) Growth Low Duration Fund	7.26	7.63	6.97	8.83	8.81	7.90	0.87
BNP Paribas Low Duration Fund (Direct Plan) Growth Low Duration Fund	7.82	7.72	7.04	8.72	8.72	8.00	0.72
UTI Treasury Advantage Fund (Direct Plan) Growth Low Duration Fund	-4.12	7.38	7.21	9.02	8.88	5.67	5.54
HDFC Low Duration Fund (Direct Plan) Growth Low Duration Fund	8.52	7.13	7.08	9.39	8.45	8.11	0.99
JM Low Duration Fund (Direct) Growth Low Duration Fund	-11.99	7.02	6.85	8.68	8.42	3.80	8.86
IDFC Low Duration Fund (Direct Plan) Growth Low Duration Fund	8.50	7.39	7.14	8.90	8.83	8.15	0.83
SBI Magnum Low Duration Fund (Direct Plan) Growth Low Duration Fund	8.65	7.54	6.69	8.43	8.67	8.00	0.86
Average of Low Duration Debt Mutual Funds						7.48	2.14

Compiled by author

Table I reveal the risk of Low Duration Debt Mutual Funds for the years 2015-2019. Table I reveal the annual return for the past five years, Average Return of Flexi Cap Equity Mutual Funds and Standard Deviation of Flexi Cap Equity Mutual Funds for the selected mutual funds

Annual return of Low Duration Debt Mutual Funds is highest 9.10% for Kotak Low Duration Fund (Direct Plan) Growth Low Duration Fund and annual return is lowest -11.99% for JM Low Duration Fund (Direct) Growth Low Duration Fund for the year 2019.

The annual return of Low Duration Debt Mutual Funds is highest 8.04% for Kotak Low Duration Fund (Direct Plan) Growth Low Duration Fund and annual return is lowest 7.02% for JM Low Duration Fund (Direct) Growth Low Duration Fund for the year 2018.

The annual return of Low Duration Debt Mutual Funds is highest 7.95% for Kotak Low Duration Fund (Direct Plan) Growth Low Duration Fund and annual return is lowest 6.69% for SBI Magnum Low Duration Fund (Direct Plan) Growth Low Duration Fund for the year 2017

The annual return of Low Duration Debt Mutual Funds is highest 9.72% for Kotak Low Duration Fund (Direct Plan) Growth Low Duration Fund and annual return is lowest 8.43% for SBI Magnum Low Duration Fund (Direct Plan) Growth Low Duration Fund for the year 2016.

The annual return of Low Duration Debt Mutual Funds is highest 10.01% for Kotak Low Duration Fund (Direct Plan) Growth Low Duration Fund and annual return is lowest 8.42% for JM Low Duration Fund (Direct) Growth Low Duration Fund for the year 2015.

The average of average annual return of Low Duration Debt Mutual Funds is 7.48% for the selected mutual funds. The average annual return is highest 8.96% for Kotak Low Duration Fund (Direct Plan) Growth Low Duration Fund and average annual return is lowest 3.80% for JM Low Duration Fund (Direct) Growth Low Duration Fund

The average standard deviation is 2.14 for Low Duration Debt Mutual Funds. The standard deviation is highest 8.86 for JM Low Duration Fund (Direct) Growth Low Duration Fund and standard deviation is lowest 0.72 for BNP Paribas Low Duration Fund (Direct Plan) Growth Low Duration Fund for the period 2015-2019.

## 6. CONCLUSION

Above systematic analysis show that average of average annual return of Low Duration Debt Mutual Funds is 7.48% for the selected mutual funds. The average annual return is highest 8.96% for Kotak Low Duration Fund (Direct Plan) Growth Low Duration Fund and average annual return is lowest 3.80% for JM Low Duration Fund (Direct) Growth Low Duration Fund

The average standard deviation is 2.14 for Low Duration Debt Mutual Funds. The standard deviation is highest 8.86 for JM Low Duration Fund (Direct) Growth Low Duration Fund and standard deviation is lowest 0.72 for BNP Paribas Low Duration Fund (Direct Plan) Growth Low Duration Fund for the period 2015-2019.

Above study show clearly that standard deviation is highest 8.86 for JM Low Duration Fund (Direct) Growth Low Duration Fund so it is very high risky Low Duration Debt Mutual Funds. Standard deviation is lowest 0.72 for BNP Paribas Low Duration Fund (Direct Plan) Growth Low Duration Fund so it is low risk Low Duration Debt Mutual Funds.

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