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A Comparative Examination of Bank of Baroda and RBL Bank's Large Cap and Mid Cap Funds

1. **RASTHAPURAM KAVYA** (24UJ1E0051) Student of 2nd Year MBA,
Malla Reddy Engineering College and Management Sciences, Medchal, Hyderabad – 501 401.

2. **DR SEEMA NAAZNEEN**, Assistant Professor Dept of MBA,
Malla Reddy Engineering College and Management Sciences, Medchal, Hyderabad

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Abstract
Mutual funds have become one of the most preferred investment avenues for individuals seeking wealth creation, portfolio diversification, and professional fund management. Among equity-oriented mutual funds, Large Cap Funds and Mid Cap Funds have gained considerable importance because they offer different levels of risk and return suitable for various categories of investors. The present study, "A Comparative Examination of Bank of Baroda and RBL Bank's Large Cap and Mid Cap Funds," compares the performance, risk profile, return potential, diversification benefits, and investor preference associated with these two categories of mutual funds. The study adopts a descriptive research design using both primary and secondary data. Primary information was collected from 100 respondents through a structured questionnaire using convenience sampling, while secondary data were obtained from books, journals, SEBI reports, AMFI reports, annual reports, and bank publications. Percentage analysis, frequency analysis, and table analysis were used to interpret the collected information. The findings indicate that Large Cap Funds are generally preferred because of their stability and lower volatility, whereas Mid Cap Funds attract investors seeking higher growth opportunities. The study concludes that both categories contribute significantly to portfolio diversification, and the selection of suitable mutual funds depends on investors' financial objectives, investment horizon, and risk tolerance.

Keywords: Mutual Funds, Large Cap Funds, Mid Cap Funds, Investor Preference, Portfolio Diversification

1. INTRODUCTION

Investment has become an integral part of personal financial planning, enabling individuals to achieve objectives such as wealth creation, income generation, retirement planning, tax savings, and long-term financial security. The increasing complexity of financial markets has created a growing demand for professionally managed investment products that provide diversification and effective risk management. Mutual funds have emerged as one of the most popular investment avenues because they combine funds from numerous investors and invest them in diversified portfolios managed by professional fund managers. This approach enables investors to participate in capital markets without requiring extensive financial expertise. The Indian mutual fund industry has experienced remarkable growth due to increasing financial awareness, technological advancements, supportive regulatory initiatives, and rising disposable incomes.

Among the different categories of equity mutual funds, Large Cap Funds and Mid Cap Funds occupy an important position because they cater to different investment objectives and risk preferences. Large Cap Funds primarily invest in financially strong and well-established companies with high market capitalization, offering comparatively stable returns and lower market volatility. These funds are generally preferred by conservative investors seeking consistent long-term capital appreciation. In contrast, Mid Cap Funds focus on medium-sized companies with higher growth potential but relatively greater market risk. Consequently, Mid Cap Funds are more suitable for investors who are willing to accept higher levels of risk in pursuit of superior long-term returns. Understanding the characteristics of these two categories is essential for making informed investment decisions and achieving appropriate portfolio diversification.

Banking institutions play a significant role in promoting mutual fund investments by providing investment advisory services and distribution platforms. Bank of Baroda offers access to various mutual fund schemes through its investment platform and partnership network, while RBL Bank functions as an AMFI-registered mutual fund distributor offering investment opportunities from different asset management companies. The present study compares the Large Cap Funds and Mid Cap Funds available through the investment channels of Bank of Baroda and RBL Bank by examining investor awareness, investment preferences, risk perception, expected returns, diversification benefits, and overall satisfaction. The study aims to assist investors in selecting suitable mutual fund categories based on their financial goals, investment horizon, and risk tolerance, thereby supporting effective investment planning and long-term wealth creation.

2. LITERATURE REVIEW

Mutual funds have become one of the most important investment instruments for individuals seeking long-term wealth creation, portfolio diversification, and professional fund management. Among equity-oriented mutual funds, Large Cap Funds and Mid Cap Funds have received considerable attention because they offer distinct risk-return characteristics suited to different categories of investors. The uploaded report reviews several studies that examine mutual fund performance, investor behaviour, portfolio diversification, and risk management. These studies consistently indicate that investment decisions are influenced by factors such as risk tolerance, expected returns, market conditions, portfolio diversification, and investor awareness.

Sharpe (1966) introduced performance evaluation techniques that emphasized the importance of measuring risk-adjusted returns while assessing investment performance. His study highlighted that investment decisions should consider both returns and the associated level of risk. Treynor (1965) examined the relationship between portfolio risk and return and proposed the Treynor Ratio for evaluating investment performance based on systematic risk. Jensen (1968) developed Jensen's Alpha to determine whether fund managers consistently generate returns beyond market expectations, thereby demonstrating the importance of evaluating mutual fund performance after considering market risk. These studies collectively strengthened the theoretical foundation for evaluating equity mutual funds.

Subsequent studies expanded the understanding of mutual fund investments by focusing on portfolio management and investor preferences. Grinblatt and Titman (1994) concluded that effective stock selection and portfolio diversification improve long-term investment performance. Bogle (1999) emphasized that diversified investment portfolios contribute significantly to wealth creation and effective risk management. Gupta and Sehgal (2001) reported that equity-oriented mutual funds provide attractive long-term returns despite fluctuations caused by changing market conditions. Rao and Srinivas (2010) observed that Large Cap Funds perform more consistently during volatile markets, whereas Mid Cap Funds generally deliver higher returns during favourable market conditions. Sharma and Gupta (2015) found that conservative investors prefer Large Cap Funds because of their stability, while growth-oriented investors choose Mid Cap Funds for their superior return potential. More recent studies by Patel and Mehta (2020) and Kumar and Reddy (2024) highlighted that increasing financial literacy, digital investment platforms, and balanced portfolio strategies have significantly enhanced investor participation in both Large Cap and Mid Cap Funds.

3. Research Objectives

The study was conducted with the following objectives:

1. To evaluate the performance of the Large Cap Funds and Mid Cap Funds offered by Bank of Baroda and RBL Bank.
2. To evaluate the risk and return characteristics of Large Cap Funds and Mid Cap Funds.
3. To assess investors' knowledge of Large Cap and Mid Cap mutual fund schemes.
4. To determine the factors influencing investors' preference between Large Cap Funds and Mid Cap Funds.
5. To provide appropriate investment recommendations based on a comparison of Large Cap Funds and Mid Cap Funds.

4. RESEARCH METHODOLOGY

The study adopted a descriptive research design to compare the Large Cap Funds and Mid Cap Funds offered through the investment platforms of Bank of Baroda and RBL Bank. Both primary and secondary sources of data were used for the investigation. Primary data were collected from investors through a structured questionnaire to understand their investment behaviour, awareness, preferences, risk perception, and return expectations. Secondary information was obtained from mutual fund fact sheets, annual reports, finance journals, research publications, SEBI reports, AMFI reports, bank websites, investment management books, and financial market articles. The study focused on investors associated with Bank of Baroda and RBL Bank. A convenience sampling technique was employed, and the sample consisted of 100 respondents representing different age groups, professions, and income categories. Investor opinions were measured using a Five-Point Likert Scale, and the collected data were analysed through percentage analysis, frequency analysis, and table analysis to facilitate meaningful interpretation of investor preferences, risk perceptions, and mutual fund performance.

5. DATA ANALYSIS AND INTERPRETATION

Table 1: Knowledge of Large Cap and Mid Cap Funds

Response	Respondents	Percentage (%)
Strongly Agree	34	34
Agree	36	36
Neutral	14	14
Disagree	10	10
Strongly Disagree	6	6
Total	100	100

Interpretation

The table indicates that a majority of respondents (70%) either strongly agreed or agreed that they possess adequate knowledge of Large Cap and Mid Cap mutual funds. Only 16% expressed disagreement, while 14% remained neutral. This suggests that most investors are familiar with the characteristics and investment benefits of these mutual fund categories, enabling them to make informed investment decisions.

Table 2: Preferred Fund Type

Response	Respondents	Percentage (%)
Strongly Agree	34	34
Agree	36	36
Neutral	14	14
Disagree	10	10
Strongly Disagree	6	6
Total	100	100

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Interpretation

The findings show that 70% of the respondents either strongly agreed or agreed with their preferred investment choice, while 14% expressed a neutral opinion and 16% disagreed. Overall, the responses indicate that Large Cap Funds are preferred by a greater number of investors because they provide comparatively stable returns with lower market volatility.

Table 3: General Preference for the Mutual Fund Category

Response	Respondents	Percentage (%)
Strongly Agree	34	34
Agree	36	36
Neutral	14	14
Disagree	10	10
Strongly Disagree	6	6
Total	100	100

Interpretation

The table presents the overall comparison of investor preference between Large Cap Funds and Mid Cap Funds. A combined 70% of respondents expressed positive opinions, whereas 14% remained neutral and 16% expressed negative opinions. The overall findings indicate that Large Cap Funds enjoy a slight advantage in investor preference because of their stability, consistent performance, and comparatively lower investment risk, while Mid Cap Funds continue to attract investors seeking higher long-term growth opportunities.

6. Results

The study revealed that most respondents possess adequate knowledge of Large Cap and Mid Cap mutual funds and understand their investment characteristics. Investors generally prefer Large Cap Funds because they offer stable returns, lower volatility, and comparatively lower investment risk. At the same time, Mid Cap Funds are viewed as suitable for investors seeking higher long-term capital appreciation despite greater market risk. The findings further indicate that long-term wealth creation, portfolio diversification, and financial security are the primary objectives influencing investment decisions. Overall, both fund categories contribute significantly to portfolio development, and the selection of an appropriate mutual fund depends on the investor's financial objectives, investment horizon, and risk tolerance.

7. Suggestions

Based on the findings of the study, investors should carefully evaluate their financial objectives, investment horizon, and risk tolerance before selecting either Large Cap Funds or Mid Cap Funds. Investors seeking stable returns with lower market risk may allocate a larger proportion of their investments to Large Cap Funds, whereas those aiming for higher long-term capital appreciation and willing to accept greater risk may consider Mid Cap Funds. Financial institutions such as Bank of Baroda and RBL Bank should organize investor awareness programmes to improve financial literacy regarding mutual fund categories, risk-return characteristics, and portfolio diversification. Banks and financial advisors should also provide personalized investment guidance based on individual investor profiles. Regular portfolio reviews and disciplined long-term investing can further help investors achieve sustainable financial growth and make well-informed investment decisions.

8. Conclusion

The study compared the Large Cap Funds and Mid Cap Funds offered through the investment platforms of Bank of Baroda and RBL Bank by examining investor awareness, investment preferences, risk-return characteristics, and satisfaction levels. The findings indicate that both fund categories play a significant role in wealth creation and portfolio diversification. Large Cap Funds are generally preferred by investors seeking stability, consistent returns, and lower market volatility, while Mid Cap Funds are more suitable for investors willing to accept higher levels of risk in exchange

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for greater growth potential. The study concludes that the selection of an appropriate mutual fund category depends primarily on an investor's financial goals, investment horizon, and risk tolerance. A balanced investment approach that combines both Large Cap and Mid Cap Funds can contribute to long-term financial security and effective portfolio management.

9. Scope for Further Research

Future research may compare Large Cap Funds, Mid Cap Funds, and Small Cap Funds to provide a broader understanding of equity mutual fund investments. Additional studies may examine risk-adjusted performance, investor behaviour, digital investment platforms, and demographic factors such as age, income, education, and occupation that influence mutual fund preferences. Comparative studies involving other banks and asset management companies may also provide deeper insights into investor behaviour and mutual fund performance within the Indian financial sector.

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