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A Comparative Study of Axis Mutual Fund Schemes and Birla Sunlife Mutual Fund Schemes

Dheerendra Kumar Srivastav¹

Research Scholar,
Department of Commerce,
C.S.J.M. University,
Kanpur – India.

Dr. V. S. Gupta²

Associate Professor,
Department of Commerce,
C.S.J.M. University,
Kanpur – India.

Abstract: In India capital market blesses with an assortment of venture options in contrast to the investors, to help them to put resources into various venture apparatuses and to make certain the productive return. Alongside different range financial items, mutual fund ensures the greatest return and least dangers to the financial specialists. Improvement of different mutual fund schemes in the Indian capital market has end up being one of the most reactant venture road in producing noteworthy speculation development. The Asset the executives organizations are taking overwhelming part in financial related abundance and they advance speculation practice among the investors at present there are 44 Asset Management Companies (AMCs) contain the mutual fund industry. In this unique circumstance, close observing and execution assessment of mutual funds has gotten progressively fundamental. This Mutual fund industry has seen brilliant development in recent years. This investigation is planned for assessing execution of mutual funds and furthermore to reviewing the job of advantage the management companies in reference to public and private sector. The primary goal of this investigation work is to contemplate money related execution of selected mutual fund schemes through the factual parameters, for example, (beta, standard deviation, treynor's measure, Sharpe ratio). The findings of this study will supportive to investors for their investment choices in future.

Keywords: Mutual Fund, Financial execution, venture, Return, Risk, Net Asset Value.

I. INTRODUCTION

A mutual fund is an expertly overseen firm of collective investments that pools cash from numerous investors and puts it in stocks, bonds, short-term money market instruments, as well as different securities. Mutual funds have become priceless instrument for a wide scope of speculators, from people looking to put something aside for retirement to refined socialites concentrated on protecting their assets and businesspeople to make wealth. Mutual Fund is a trust that pools the reserve funds of various investors who share a typical monetary objective. Anyone with an investible overflow of as little as two or three thousand rupees can put resources into mutual fund units as indicated by their expressed objective and strategy. Mutual Fund Company pools cash from a gathering of individuals with normal speculation objectives to purchase securities, for example, stocks, bonds, money market instruments, a combination of these instruments, or significantly different assets so as to receive the reward of enhancement and expertly oversaw container of protections at a moderately ease. In a mutual fund, the fund manager, who is likewise notable as the portfolio manager, trades the funds underlying securities, acknowledging capital gains or losses, and gathers the dividend or interest income. The profits are passed along to the investors. The price of a share of the mutual fund, known as the net asset value (NAV), which is determined on day by day base, in light of the absolute estimation of the mutual fund divided by the quantity of outstanding shares currently issued. In most recent couple of years Mutual Fund industry has risen as an instrument for guaranteeing one's financial interests. Mutual Funds have added to the Indian economy as well as served to

the retail financial specialists to accumulate wealth. This paper is planned to the presentation assessment of mutual funds in financial inclusiveness with a measurable help of progress made by mutual fund industry. As Investors are turning out to be more information arranged and very much aware about their speculation choices so they are getting a charge out of the making sure about advantages of investment in mutual funds. Because of increment in family reserve funds and improvement in sending of investment through different markets, the degree for mutual fund industry has expanded hugely. In this point of view, it gets critical to examine the performance of the selected mutual funds.

II. REVIEW OF LITERATURE

Lot of research has been done on Evaluating performance of mutual funds in foreign as well as in India.

1. Bansal, Garg and Saini, (2012), inspected the exhibition of selected mutual fund schemes that the hazard profile of the total mutual fund universe can be precisely thought about by a basic market index that offers comparative month to month liquidity, returns, systematic and unsystematic hazard and complete fund investigation by utilizing the unique reference of Sharpe and Treynor's proportion.
2. Sharpe (1966) explains in a modern portfolio hypothesis setting that the expected return for a proficient portfolio and its related risk (unsystematic risk) are directly related. By consolidating different ideas he built up a Sharpe index. In this paper he endeavoured to rate the presentation based on the ideal portfolio with the risky portfolio and a risk free asset is the one with the best reward to-inconstancy .The unsystematic hazard is identified with specific security because of inefficient management.
3. Gupta and Sehgal (1998) evaluated execution of 80 mutual fund schemes more than four years (1992-96). The examination tried the recommendation identifying with fund diversification, consistency of execution, parameter of execution and risk return relationship . The investigation noticed the presence of deficient portfolio expansion and consistency in execution among the sample schemes.
4. Treynor (1965) thought about that estimating a portfolio's return comparative with its systematic risk is increasingly reasonable. In his endeavour he had appraised the exhibition of mutual funds on a qualities line graphically. The more efficient risk or unpredictability a reserve has the more risky a fund become. By incorporating assortment of concepts; he created single line index, called Treynor index.
5. Roshni Jayam's (2002) study brought out that equities had a decent possibility of gratefulness in future. The specialist was of the view that, investors ought to effectively pass judgment on their investment objective and risk appetite picking plans, diversified equity funds were commonly more secure than others and index funds were the best when market movements were not sure. The researcher proposed Systematic Withdrawal Plan (SWP) with development alternative was progressively appropriate for financial specialists needing customary cash inflows.
6. Dubravo Mihaljek (2008) concentrated on specific the ramifications of policy responses. He has recognized two significant issues: I) under estimation of the development in credit risk arising from fast credit development, ii) Risk of a sharp slowdown or inversion in bank- intermediated capital streams.

III. RESEARCH METHODOLOGY

The current study made an attempt to dissect the performance of the selected mutual fund schemes with the market during the time of the examination. So as to accomplish the objectives the distinctive mutual funds have been categorized 3 schemes under each category have been taken, and a comparative analysis of these schemes is made with the market based on risk and return. Different statistical and financial tools are utilized to assess the exhibition of these mutual fund schemes under the present study. These tools and techniques incorporate standard deviation, beta, Treynor's and Sharpe proportion. The current investigation depends on auxiliary information which is gathered from different sources like published annual reports of the sponsoring

agencies, online bulletins, journal books, magazines, brochures, newspapers and other distributed and online material. The NAV of the selected scheme have been contrasted for two years and a yearly return. At that point these schemes have been contrasted with the bench mark return to assess the performance of these schemes.

Objectives

This study focuses on the performance evaluation of selected equity mutual fund schemes of various mutual funds functioning in the India. The specific objectives of the study are as follows:

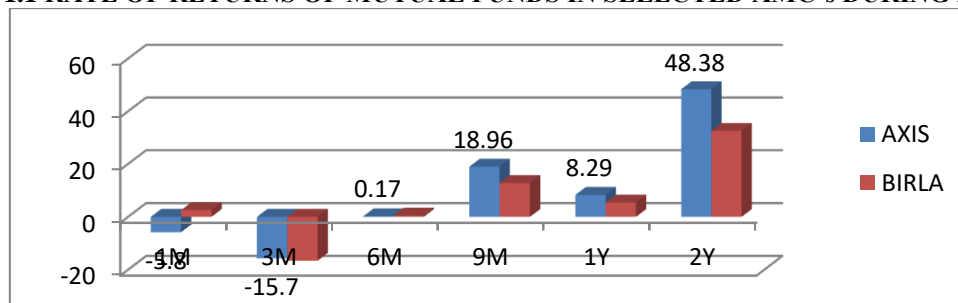
1. To assess the performance of mutual funds with extraordinary reference to Sharpe model and Treynor's model.
2. To distinguish security market return with fund return for the study period.
3. To analyze the return from selected mutual funds schemes under different 3 categories
4. To know whether the mutual funds are able to provide reward to changeability and volatility
5. To recognize which company is performing admirably for investment in Mid Cap Funds of Mutual Funds.

IV. DATA ANALYSIS AND INTERPRETATION

Table 1.1: Rate Of Returns Of Mutual Funds In Selected Amc's During 2017- 2019

AMC	1M	3M	6M	9M	1Y	2Y
AXIS	-5.8	-15.7	0.17	18.96	8.29	48.38
BIRLA	2.52	-16.6	0.47	12.78	5.41	32.56

GRAPH 1.1 RATE OF RETURNS OF MUTUAL FUNDS IN SELECTED AMC's DURING 2017- 2019



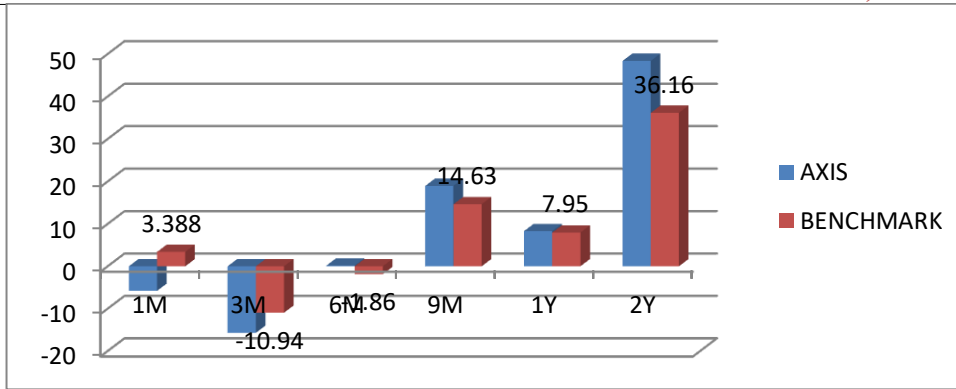
INTERPRETATION

AXIS is providing 8.29% of returns in 1st year and 48.38% in 2nd year. Birla is providing 5.41% in 1st year 32.56% in 2nd year respectively with lower than AXIS.

Table-1.2:Rate Of Return Of Axis And Its Benchmark

AMC	1M	3M	6M	9M	1Y	2Y
AXIS	-5.8	-15.71	0.17	18.96	8.29	48.38
BENCHMARK	3.388	-10.94	-1.86	14.63	7.95	36.16

Graph-1.2:Rate Of Return Of Axis And Its Benchmark



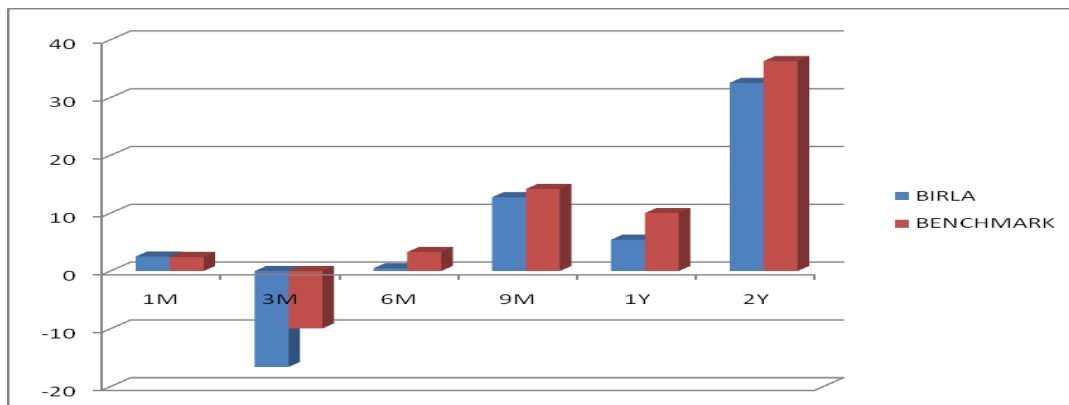
INTERPRETATION

AXIS is providing 8.29% in 1st year and 48.38% in 2nd year whereas its benchmark is providing 7.95% in 1st year and 36.16% in 2nd year. By this analysis we can tell that AXIS is providing lower returns than its Benchmark

Table-1.3:Rate Of Return Of Birla And Its Benchmark

AMC	1M	3M	6M	9M	1Y	2Y
BIRLA	2.52	-16.6	0.47	12.78	5.41	32.56
BENCHMARK	2.44	-9.93	3.29	14.21	10.03	36.32

Graph-1.3:Rate Of Return Of Birla And Its Benchmark



INTERPRETATION

Birla is providing 5.41% in 1st year and 35.56% in 2nd year whereas its benchmark is providing 10.03% in 1st year and 36.32% in 2nd year. By this analysis we can tell that BIRLA is providing lower returns than its Benchmark

Table -1.4:Arithmetic Mean, Variance And Standard Deviation

Amc& Benchmark	Arithmetic Mean %	Variance	Standard Deviation
Axis	28	400.9	20.02
Birla	19	184.28	13.57

AM (AXIS) = (8.29+48.38) /2=28

AM (BIRLA) = (5.41+32.56) /2=19

Table-1.5:Systematic Risk Analysis Of Axis

YEAR	S&P NIFTY RETURNS(X)	CNX	AXIS RETURNS(Y)	XY	X ²
2017-18	7.95		8.29	65.91	63.2
2018-19	36.16		48.38	1749.4	1307.6
TOTAL	44.11		56.67	1815.3	1370.8

Table-1.6:Systematic Risk Analysis Of Birla

YEAR	S&P NIFTY RETURNS(X)	CNX BIRLA RETURNS(Y)	XY	X ²
2017-18	10.03	5.41	54.26	100.6
2018-19	36.32	32.56	1182.6	1319.1
TOTAL	46.35	37.97	1236.8	1419.7

INTERPRETATION

AXIS: AXIS average rate of return for 2years is 28%. Average risk rate for 2 years is 20.02% **BIRLA:** BIRLA average rate of return for 2years is 19%. Average risk rate for 2 years is 13.57%

S&P CNX NIFTY: S&P CNX NIFTY average rate of return for 2years is 23%. Average risk rate for 2 years is 13.15%.

BETA ANALYSIS

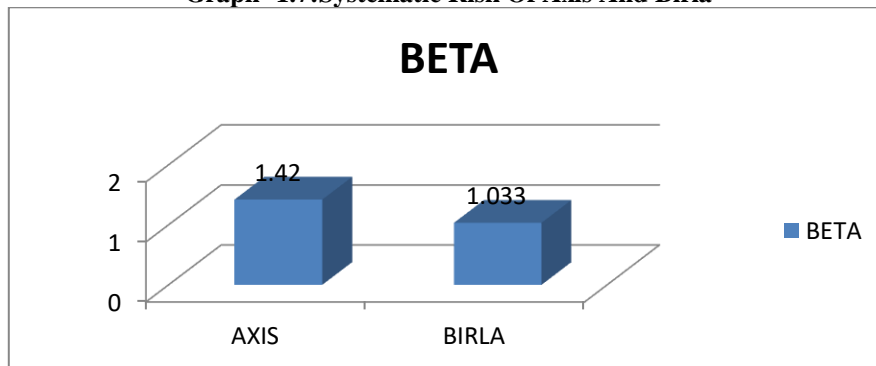
FORMULA OF BETA

$$\beta_a = \frac{\text{Cov}(r_a, r_p)}{\text{Var}(r_p)}$$

Table-1.7:Systematic Risks Of Axis And Birla Using Beta

AMC	BETA
AXIS	1.42
BIRLA	1.033

Graph -1.7:Systematic Risk Of Axis And Birla



Interpretation

BIRLA: The Beta of BIRLA is 1.033 this indicates double better than its benchmark.

TREYNOR’S RATIO ANALYSIS OF AXIS AND SELECTED AMC’S

TREYNORS FORMULA

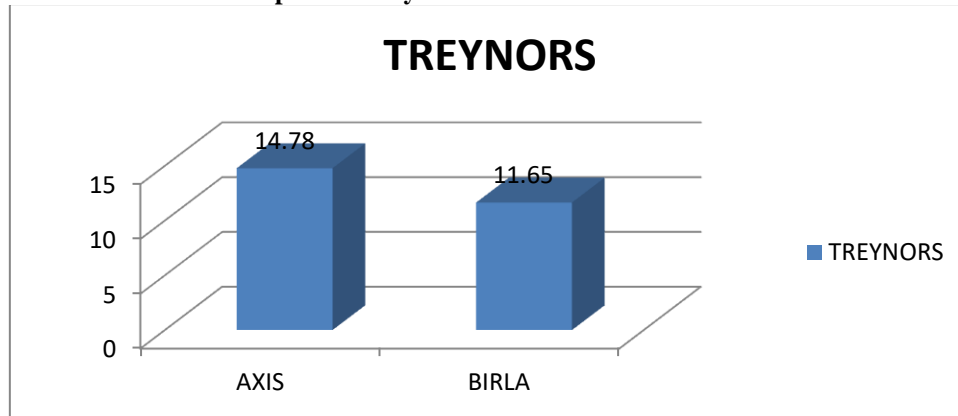
$$T = \frac{R_p - R_f}{\beta_p}$$

AXIS Treynors ratio = (28-7)/1.42=14.78 Birla Treynors ratio = (19-7)/1.033=11.65

Table-1.9:Treynors Ratio Of AXIS And Birla

AMC	TREYNORS
AXIS	14.78
BIRLA	11.65

Graph -1.9:Treynors Ratio Of Axis And Birla



INTERPRETATION

AXIS: Here the Treynors ratio is 14.78, it is moderately higher than Birla. **BIRLA:** Treynors ratio is 11.65, so it is lower than AXIS

Sharpe’s Ratio Analysis of AXIS And Selected Amc’s

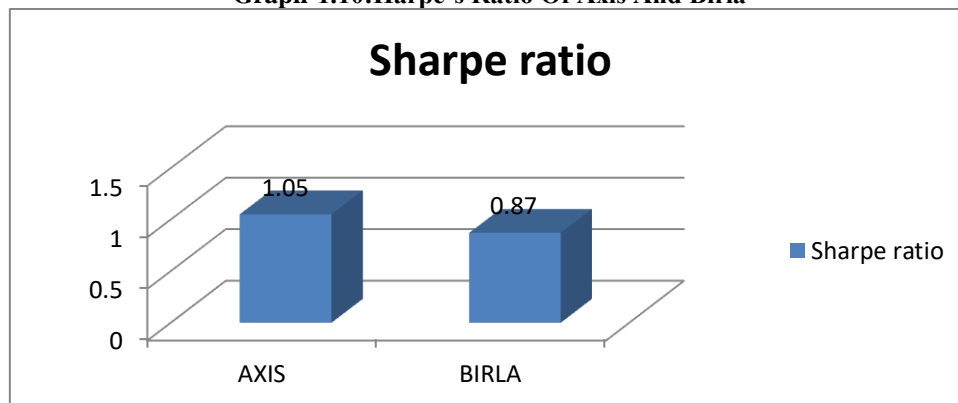
$$\text{Sharpe's Index (Sr)} = \frac{\text{Portfolio Average Return (Rp)} - \text{Risk-free Rate of Interest (Rt)}}{\text{Standard Deviation of the Portfolio Return (\sigma_p)}}$$

AXIS Sharpe’s ratio= (28-7)/28.35 = 0.74 Birla Sharpe’s ratio=(19-7)/19.2 = 0.625

Table-1.10:Sharpe’s Ratio Of Axis And Birla

AMC	Sharpe ratio
AXIS	1.05
BIRLA	0.87

Graph-1.10:Harpe’s Ratio Of Axis And Birla



INTERPRETATION

AXIS: Sharpe ratio of AXIS is 1.05 slightly higher than Birla

BIRLA: Sharpe ratio is 0.87 which is lower than AXIS.

V. FINDINGS

- AXIS is providing negative returns in the first month of 2018 and lesser than its Benchmark i.e., BSE 100. BIRLA is giving 2.52% higher than its Benchmark i.e., C&P SNX Nifty.
- One Month returns of each AMC and Benchmark AXIS 0.17%, BIRLA 0.47% by this we can tell that AXIS is giving higher returns than its Benchmark and other two AMC’s. AXIS is providing lesser than its Benchmark, BIRLA is giving lesser than its Benchmark.

- One Year returns of AXIS is providing higher returns than its Benchmark; BIRLA is giving lesser returns than its Benchmark.
- Two years returns of AXIS is providing higher returns than its Benchmark; BIRLA is giving lesser returns than its Benchmark.
- Risk rate of Risk rate of AXIS i.e., standard deviation is 28.35% Risk rate of Birla i.e., standard deviation is 19.2% by this we can know that AXIS is providing medium returns with medium risk and BIRLA is providing lower returns with lower risk.
- Systematic risk i.e., Beta of each AMC is AXIS 1.42, BIRLA 1.033 AXIS is doing better than its benchmark, BIRLA is doing as equal to its Benchmark.
- Sharpe ratio of each company is AXIS 0.74, and BIRLA 0.63. The higher the Sharpe ratio the better the performance of fund so here AXIS is yielding higher Sharpe ratio than other two AMC's.

VI. CONCLUSION

The study is very pertinent in today's financial market context and will form basis for the performance evaluation of the mutual funds in future also. This study helped the investigator in understanding the different categories of mutual fund, the nature of the market, and the best performing mutual fund from a selected pool of mutual fund. This empowered the specialist in proposing the retail investor the best mutual fund company to invest his or her money. The performance of mutual fund are estimated by various performance evaluation technique like Ranking, Average Return, Standard Deviation, Sharpe Ratio and outcome from an evaluation will let the investor to contribute access to the correct categories of mutual fund.

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