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A Study on Performance Evaluation, Risk and Return Analysis of Selected Mutual Funds in India

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Abstract: ***This paper illustrate the performance of the various mutual fund available in India at anadrathi .The aim of the study is to know who the mutual fund performance in the past five years and to have an idea about which mutual fund are doing good in selected scheme. The analysis carried out based on the objective of study, which are resulted in knowing various type of measures that are used. The performance of each funds is showing a positive return in all the funds taken. The efforts of all the fund manager are appreciated.***

I. INTRODUCTION

The internship program is a resourcefulness which bridges the gap between the knowledge and its application through a series of interventions which enables the learners to obtain awareness and experience to the business. The program extends for a period of 6 weeks which provides a good opportunity to experience the practicality in terms of subjects studied. It also gives practical exposures.

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II. REVIEW OF LITERATURE

Poonam M Lohana (2013) studied on performance evaluation of selected mutual funds of India based on risk-return relationship models and measures: Trey nor ratio, Sharpe ratio, Jensen's alpha. The study found that Returns of all funds are more than market index returns, but not high.

Prajapati & Patel (2012) studied on performance evaluation of mutual fund schemes of Indian companies is carried out through relative performance index, risk-return analysis, Treynor's ratio, Sharp's ratio, Sharp's measure, Jensen's measure, and Fama's measure.. The study found that that most of the mutual fund have given positive return during 2007 to 2011

Selvam et.al (2011) studied the risk and return relationship of Indian mutual fund schemes. The study found out that out of thirty five sample schemes, eleven showed significant t–values and all other twenty four sample schemes did not prove significant relationship between the risk and return. According to t-alpha values, majority (thirty two) of the sample schemes' returns were not significantly different from their market returns and very few number of sample schemes' returns were significantly different from their market returns during the study period.

Salim, Takibur & Sharmeen (2010) investigate performance equity based mutual fund schemes in Bangladesh considering 16 mutual funds based on risk return relationship model and measures.

A. Mutual Fund Industries

Over the past decade, mutual funds have become the investor's vehicle of choice for long-term investing. A Mutual Fund pools the savings of a number of investors who share a common financial goal.

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Mutual Fund is on the of the most preferred investment alternatives for the risk avert investors as it offers chance to invest in a diversified, professionally handled portfolio at low cost. With emphasis on increase in domestic savings and increase in investment through capital markets, the need and scope for mutual fund operation has increased tremendously

Growth and developments of various mutual funds products in the Bangladesh capital market has demonstrated to be one of the most important instruments in generating significant growth in the capital market. A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments.1Bangladesh has a very small market for mutual funds. Currently 42 mutual funds trade in the markets. Till now, 42 mutual funds together account for less than 5% of our total market capitalization with combined assets of more than Tk. 2,200 cores2. However, this small market is not happy at all at this moment. In this context, evaluation of mutual funds has become essential.

B. Objective Of The Study

1) To measure the growth oriented Mutual Fund are earning higher returns than market Portfolio...
2) To find out those mutual fund schemes offering the advantages of diversification.
3) To analyse the excess return per unit of risk evidenced by mutual fund of public sector and private sector.

C. Limitation Of The Study

1) the result may no longer be accurate in the future as this funds based on market performance
2) The present study depends solely on historical data
3) Due to time constraint a comprehensive examination of all component of investment fund is not possible

III. RESEARCH METHODOLOGY

The fundamental plan, which guides the data gathering analysis and phrase, is the framework. That specify the kind of information to be collected the sources of facts and collection process.

IV. RESEARCH INSTRUMENT

The following instruments are used in analysing the data collected from primary and secondary methods.

1) Alpha
2) Beta
3) Standard deviation
4) Sharpe measure

A. Source Of Data

1) *Primary Data:* Data are collected from manager and other employees
2) *Secondary Data:* Data was collected through various Books, Records, Journals, Brochure, and Company Websites.

B. Data Analysis And Interpretation

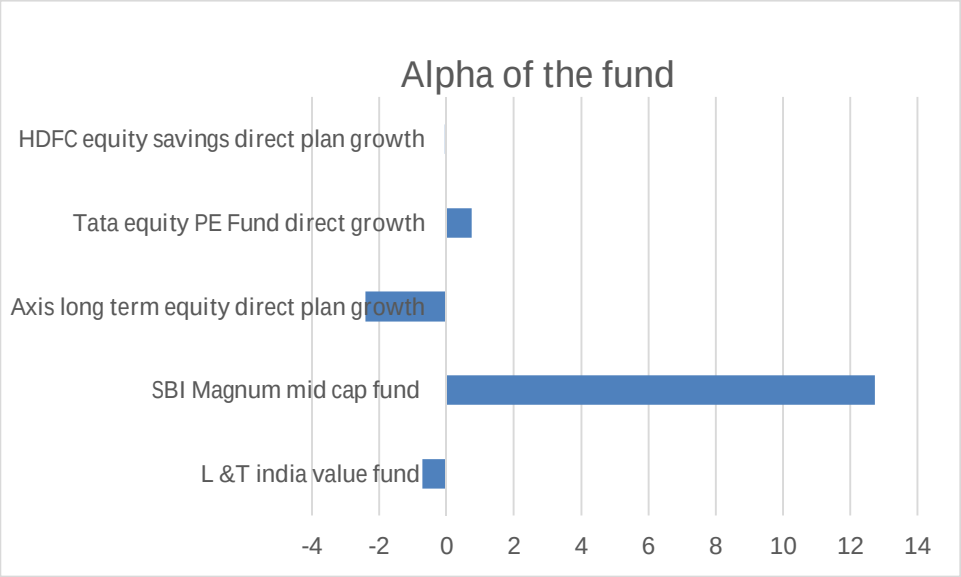
1) *Analysis 1*

Table showing the Alpha of different selected funds

Fund name	Alpha
L &T India value fund	-0.72
SBI Magnum mid cap fund	12.73
Axis long term equity direct plan growth	-2.42
Tata equity PE Fund direct growth	0.75
HDFC equity savings direct plan growth	-0.06

Graph showing the Alpha of the fund

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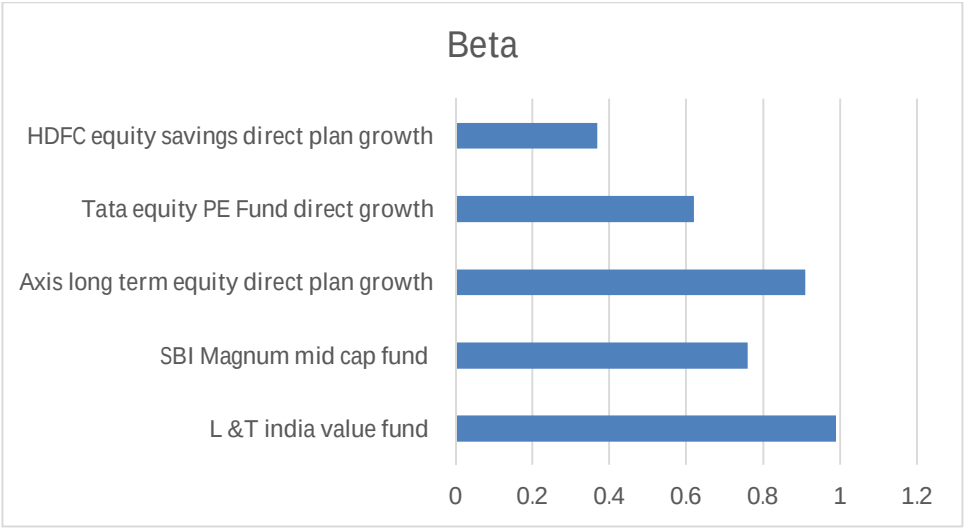
From the above table and chart ,it can be analysed that the alpha value of the SBI magnum fund is more as compare to the other funds that 12.73 is Better risk adjusted returns we have and the L &T India value fund showing less alpha that is -0.72 that is Poor risk adjusted returns

2) Analysis 2

Table showing beta value of all the fund

Fund name	Beta
L &T india value fund	0.99
SBI Magnum mid cap fund	0.76
Axis long term equity direct plan growth	0.91
Tata equity PE Fund direct growth	0.62
HDFC equity savings direct plan growth	0.37

Chart showing beta value of different fund



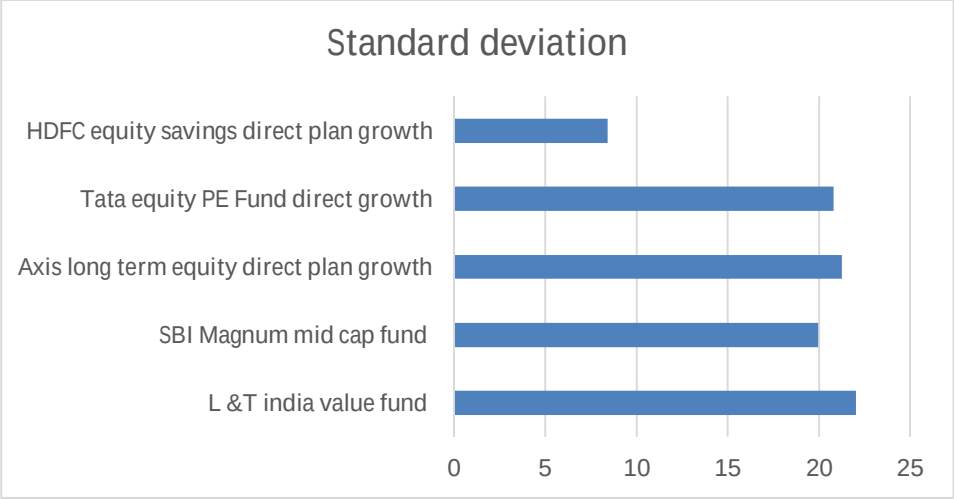
From the above table and chart , we can analysed that the beta value of the L &T India value fund is high that is 0.99 and it is having High return and the HDFC Equity showing less beta value that is 0.37having low return

3) Analysis 3

Table showing standard deviation of all the fund

Fund name	Standard deviation
L &T India value fund	22.02
SBI Magnum mid cap fund	19.96
Axis long term equity direct plan growth	21.26
Tata equity PE Fund direct growth	20.81
HDFC equity savings direct plan growth	8.42

Chart showing standard deviation of the fund



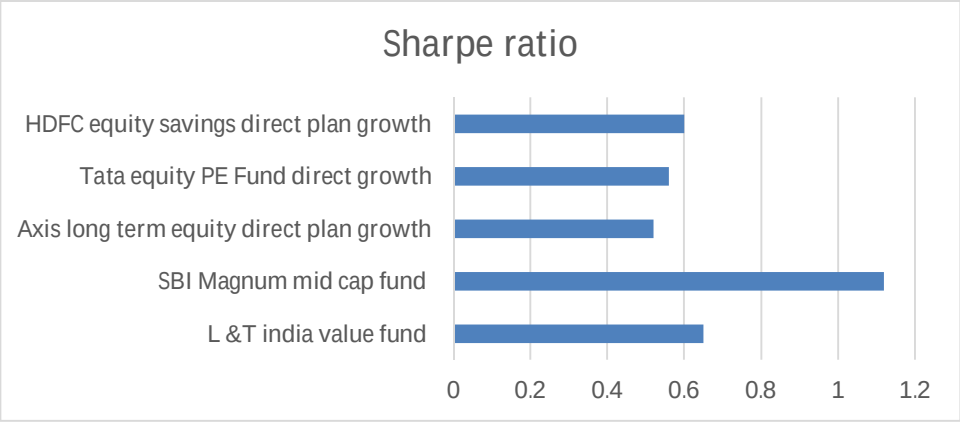
From the above table and chart we can analysed that the volatility of fund L&T Was 22.02 which is high that compare to the other fund. The HDFC equity savings direct plan growth having less volatility that is 8.42 compared to the other fund

4) Analysis 4

Table showing Sharpe ratio of each fund

Fund name	Sharpe ratio
L &T India value fund	0.65
SBI Magnum mid cap fund	1.12
Axis long term equity direct plan growth	0.52
Tata equity PE Fund direct growth	0.56
HDFC equity savings direct plan growth	0.6

Chart showing the Sharpe ratio of different fund



From the above table we can analysed that the Sharpe measure of the SBI magnum mid cap fund is high that is 1.12 and the axis long term equity direct plan growth has low Sharpe ratio that is 0.52

C. Findings

1) The volatility of the L&T India value fund as high that is 22.02 that shows the high fluctuation in the fund
2) Beta value shows that 0.99 of the L & T Having low risk compare to the other funds
3) The alpha value of 12.73 signifies that the Better risk adjusted returns in the market
4) The Sharpe ratio of the SBI magnum fund is 1.12 Better risk adjusted returns

D. Suggestion

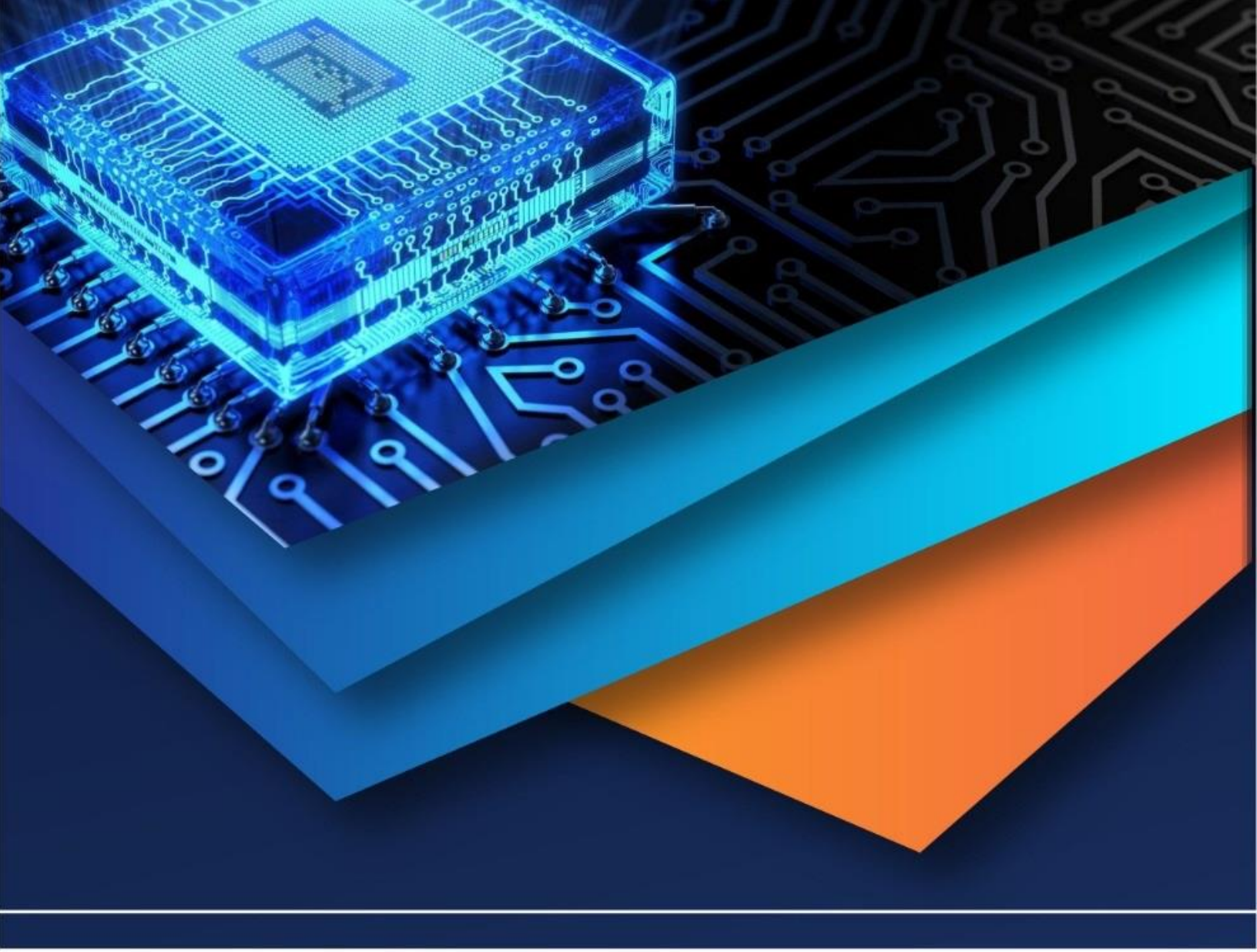
1) do not go blindly to invest in mutual funds have a thorough knowledge about all the funds
2) The time you spend on the market will fetch you good returns
3) The fund above are from some categories of fund I request you to see the market every day to know the best fund
4) Do not believe the strangers who claiming that our many will doubled in two or three days
5) The fundamental and technical analysis of the fund will give good returns and also knowledge about the market volatility

V. CONCLUSION

This paper mainly concentrated on the selected mutual funds that are available in the market. The study of performance of mutual funds is to know that which mutual fund is better to invest and to have some knowledge about the various options

Mutual fund industries was a best options to invest because it will diversified your funds to different companies stock which may have less risk compare to the equities.

I would like to conclude that without investment people cannot be rich for a longer time and if you want to become millionaire start investing in equities, mutual fund and other investment avenue



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