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## PERFORMANCE EVALUATION OF MUTUL FUNDS

<sup>1</sup>P.RAKESH,<sup>2</sup>V.DEEPIKA

<sup>1</sup>PG Student, Department of MBA,TKR COLLEGE OF ENGINEERING AND  
TECHNOLOGY,Hyderabad, Telangana, India.

<sup>2</sup>Professor,Department of MBA,TKR COLLEGE OF ENGINEERING AND  
TECHNOLOGY,Hyderabad ,Telangana, India.

### ABSTRACT

An offering is the disaster of today's use to gain favorable returns for that reason. Therefore, the Investors are very cautious while making finance judgment they want greater return at lower risk. The tax repaying financiers Prefers to give their aids that decide aristocracy an have in mind avail few tax rights apart from various aims of finance choose return, protection on their loan, liquidity etc. There are diversified streets are nearby in the marketing display hindering that Fixed Deposit, Public Provident Fund (PPF), National Savings Certificate (NSC), Insurance, tax dependent joint cash reserves etc. that provisions Tax amusement. These taxes dependent universal cash reserves are favorite as Equity affiliated dependent blueprints (ELSS). These ELSS cash reserves provisions tax privilege of the income equipped in aristocracy u/s 80(c) of Income Tax Act 1961 other than the attractive benefits of individual retirement account expenditure more generous returns at shortened risk, safety, minimum services, professional presidency and Transparency etc. The present study is an attempt to judge the conduct of ELSS cash reserves and also cause mobile their conduct. The main focus of each ruling presidency has steadily lied to improve the level of stockpiles and grants in the conditional. The presidency of India is endlessly troubled about the capital organization by common laborers through making excuse to excuse agreeable betterings in tax rules and to advance monetary adding. There are variety of grant substitutes possible having to do with trade but a best finance alternative possibly individual that is to say because the capitalist from the direction of good returns apart from tax dependent. This compares the Equity Linked Saving Schemes over various settled fulfill grant substitutes in the light of Income Tax Act 1961. In this project most of the subordinate file is used namely calm from Books, Journals, Magazines, Company Fact Sheets to judge the risk and returns of the chosen services.

## INTRODUCTION

### Introduction of Mutual Fund:

Mutual cash reserves have enhance an appealing financing alternative over ancient times little age. Exchange Fund is an investment house that builds a bridge betwixt financiers, honest wealth financiers and private impartiality lenders.

Mutual cash reserves offer money alternatives to sell financiers or individual financiers, and those the one are not accustomed to the stock exchange concede possibility still be going to establish their finances in the stock exchange to some extent. A closed-end fund is a clean mediator that does the elementary task of commerce safety for the security of financiers or whole holder. Mutual Fund is the fantasy world for limited financiers and abundant uniform financiers to supply in contemporary's complex new surroundings. The retirement plan manufacturing in India has experienced for in addition five decades. It has allure inceptions accompanying the institution of the Indian Government Unit Trust of India in 1964. With the progress of the common fund manufacturing, the Indian advertise has settled many public area collaterals

because 1987 and for-profit businesses capital because 1993.

Mutual Fund invites potential financiers to take part in the fund by contribution an assortment of alternatives to suit the needs of financiers. Growth plans are ideal for long- term financiers and be going to evolve for a short period has a risk determinant and their risk description changes contingent upon the changing return rate. There are sure facets of risk in all expenses and the risk description changes in accordance with the changing return. The movement of the retirement plan has created much interest in academic circles. One portion of savants mainly trusts that common money cannot be smart to beat the retail accompanying their alive fund administration, contrast to the effective advertise theory. It is for financiers to experience either a fund of closed-end fund managers can form highest in rank return by legitimizing the administration payments they charge. This estimate depicts the fund acting of risk-regulated returns on profit-located common finances. Mutual Funds Mutual Funds have state-of-the-art in the manufacturing and the correct appraisal process helps to remove misunderstandings and help narrow financiers decide the level of

contribution in differing bond fund blueprints, with growing returns while lowering risk. Growing hatred concerning business is aggressive fund managers to assuage financiers and administration. Investors and fund managers need balanced act estimation of shared earnings in agreements of returns guide not dangerous bonds and stock exchange directories. Many individual financiers form their first entrance into the everything in creation of “legitimate services” supplying by way of a common fund. Mutual assets are the standard financing tools for two together the narrow and big financier. The first retirement plan was organized in 1924 by the “Massachusetts Investors trust” a common fund is an existent container of property into that dignitary concede possibility adopt straightforwardly. Mutual resources are technically named finance associations.

Mutual fund is a professionally trained type of composite grant blueprint that pools of capital from many financiers and invests it available, bonds, temporary, general property, retail tools etc. by completely of 1997 skilled were 9,400 common assets in the United States, accompanying property comprising \$4.49 heap (containing the close-end parties). This is a 25 portion

increase because completely of 1996. These are steadily offer their suggestion so, from 1991 to 1997 in the U.S, the worth of allied equities grasped by common budget raised ten-fold, from \$309 billion in 1991 to \$4.49 heap in 1997. In contrast, direct takeover of ordinary shares raised only three-fold all the while the unchanging ending, from \$2.6 heap to \$7.8 heap. In 1991, 6.4 portions of average stocks were grasped obliquely through shared capital; in 1999, that figure had matured to 18 portions. In 1999, almost half of all U.S. households possessed a common fund. Given the length and increasing significance of closed-end fund financiers, it is to gain a better understanding of their act. The shared fund manufacturing in Pakistan that was imported in 1962.

#### **INFORMATION TO THE STUDY:**

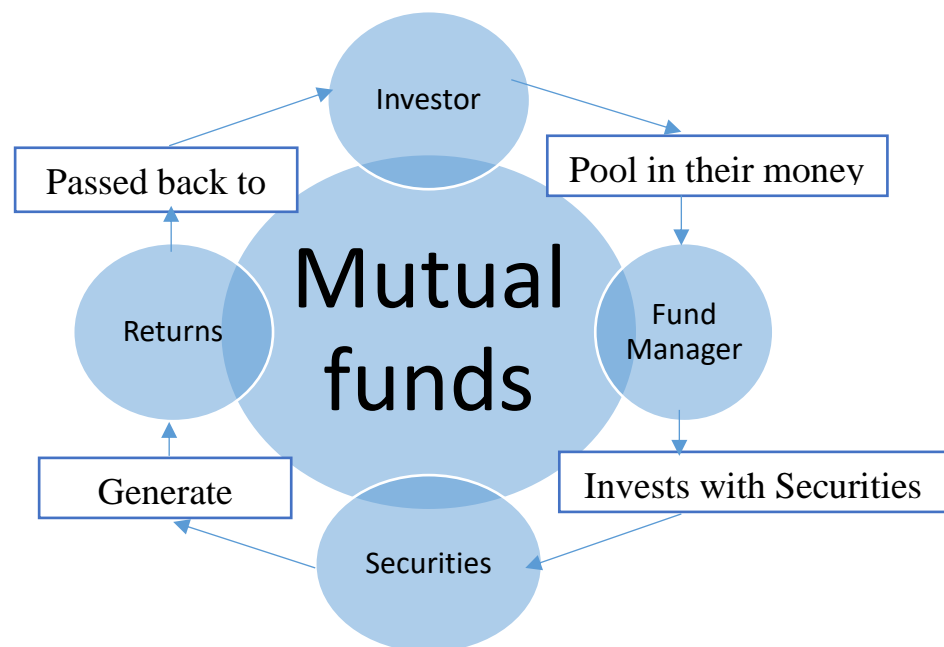
Mutual fund is additional husband name of guy the one bargains, controls consideration that acts a simple function of manufacturing of bonds on the favor of their controller. Mutual fund is as a bridge or finances moderator that lets a group of financiers to pool in their assignments following a settled or concurred endowment objective subsequently this bred acquired immune

deficiency syndrome or connected sexually transmitted disease cease by a fund official into particular bonds that probably stocks, bonds and additional monetary bonds in a distancing order. Mutual possessions perhaps dazed together of best in rank route as they are very careful and smooth to designate alternative. So, by touching virus together likewise means, financiers can purchase stocks or bonds following much inferior work cost. The three mantras for the merchant are,

- Invest early
- Invest customarily

- Invest for ongoing, other than brief. Mutual fund has strengthen widely legendary and artistic course to the financier to undertake property markets in an smooth approach, while muting risk incident by diversifying the finance middle from two points diversified bonds.

It can play female star of influence individual movement to gain better returns and minimize welcome risk. The occurrence feasible advances can form an individual profit boost to extreme. The figure beneath justifies the awake or Mutual budget.



**Working of Mutual Funds**

## II. REVIEW OF LITERATURE

**Gupta (1972)** in welcome book has intentional the occupied of stock exchanges in India and has likely any of hints to improve allure occupied. The study climaxes the' need to manage the capacity of risk so concerning do the needs of liquidity and price progression. It desires the conscription of allied bonds in in addition to one stock exchange happening at about the same time to increase liquidity. The study too wishes the cost of issues expected reduced, in order to care for limited financiers.

**Jamadar Lal (1992)** Presents a characterization of Indian financiers and evaluates their asset determinations. He fashioned a work to study their knowledgeableness accompanying, and understanding of fiscal news, and the magnitude at which point this is make use of.

**Nabhi Kumar Jain (1992)** particularized sure tips for purchasing shares for property and again for business shares. He considered the financiers to buy shares of an increasing party of an increasing manufacturing. Buy shares by diversifying in any of growth companies operating in a various but evenly fast increasing area of the

saving. He submitted trading the shares the importance party has or nearly attained the peak of allure progress. Also, move the shares the moment you realize you have slipped up in the primary draft of the shares. The only alternative to vote when to trade expensive shares search out label the individual merit or fault of each of the shares in the envelope and accomplish a conclusion.

## III. DATA ANALYSIS

In this learning, I have deliberate five picked tax someone that hoards objects impartiality shared budget that are:

- ❖ Axis Long Term impartiality fund.
- ❖ Reliance Tax someone that hoards objects ELSS fund.
- ❖ Aditya Birla Sunlife Tax Relief 96.
- ❖ L&T Tax Advantage fund.
- ❖ SBI Magnum Tax gain fund.

And have judged risk regulated measures to resolve the returns. Thus, to manage more natural to pick a better alternatives. The risk regulated measures are:

- ❖ STANDARD RATIO.
- ❖ SHARPS RATIO.
- ❖ BETA.

❖ TREYNOR'S RATIO.

❖ JENSEN'S RATIO.

**1. AXIS LONG TERM EQUITY  
FUND:**

Yr.	NAV	RETU RNS (x)	INDEX	RETURN S (y)	$\sum x$	$\sum y$	$\sum(x-x)^2$	$(y-y)^2$	$\sum(x-x)(y-y)$
2019	28.69	66.03	6704.20	17.97	46.31	46.5	2144.61	2168.76	2159.45
2020	30.61	6.69	8491.00	26.65	105.6	37.8	11161.9	1435.65	4003.07
2021	30.40	-0.68	7738.40	-8.86	113.0	73.4	12773.5	5387.56	8295.66
2022	41.78	37.43	9173.75	18.54	74.91	46	5611.50	2116	3445.86
2023	42.94	2.87	10113.7	10.24	109.4	54.3	10485	2948.49	5944.22
		$\sum x =$ 112.34		$\sum y =$ 64.54			$\sum(\sum x - x)^2 =$ 31796.4	$\sum(\sum y - y)^2 =$ 14056.4	$\sum(\sum x - x)(\sum y - y) =$ 23843.26

**Table-01 Axis long term equity fund**

**CALCULATION OF RATIOS:**

$R_p = 112.34$

$R_m = 64.54$

$R_f = 10$  (assumed as 10% per annum)

Since,  $\sum x = 112.34$                        $\sum y = 64.54$

$\sum(\sum x - x)^2 = 31796.4$                        $\sum(\sum y - y)^2 = 14056.46$   
 $\sum\{(\sum x - x)(\sum y - y)\} = 23843.26$

**2. RELIANCE TAX SAVER  
(ELSS) FUND:**

Yr.	NAV	RETU RNS(x)	INDEX	RETURN S(Y)	$\sum x$	$\sum y$	$\sum(x-x)^2$	$\sum(y-y)^2$	$\sum(x-x)(y-y)$
2019	46.73	83.03	6704.20	17.97	29.76	46.5	885.65	2168.7	1385.9
2020	45.36	-2.93	8491.00	26.65	115.7	37.8	13391.	1435.6	4384.6
2021	47.28	4.23	7738.40	-8.86	108.5	73.4	11785.	5387.5	7968.3
2022	69.05	46.04	9173.75	18.54	66.75	46	4455.5	2116	3070.5
2023	56.91	-17.58	10113.7	10.24	130.3	54.3	16996.	2948.4	7075.2
		$\sum x =$ 112.79		$\sum y =$ 64.54			$\sum(\sum x - x)^2 =$ 47513.	$\sum(\sum y - y)^2 =$ 14056.	$\sum(\sum x - x)(\sum y - y) =$ 23884.64

**Table-02 Reliance tax saver (ELSS) fund**

**CALCULATION OF RATIOS:**

$R_p = 112.79$

$R_m = 64.54$

$R_f = 10$  (assumed as 10% per annum)

Since,  $\sum x = 112.79$                        $\sum y = 64.54$

$\sum(\sum x - x)^2 = 47513.92$                        $\sum(\sum y - y)^2 = 14056.46$   
 $\sum\{(\sum x - x)(\sum y - y)\} = 23884.64$

**3. ADITYA BIRLA SUNLIFE  
TAX RELIFE 96:**

Yr.	NAV	RETUR NS (x)	INDEX	RETU RNS (Y)	(Σx- x)	(Σy- y)	(Σx- x) <sup>2</sup>	(Σy- y) <sup>2</sup>	(Σx-x) (Σy-y)
2019	128.10	-48.84	6704.2	17.97	25.4	46.5	649.23	2168.7	1186.60
		0			8	7		6	
2020	137.07	7.00	8491.0	26.65	67.3	37.8	4531.9	1435.6	2550.75
		0			2	9	8	5	
2021	127.70	-6.83	7738.4	-8.86	81.1	73.4	6585.3	5387.5	5956.41
		0			5	2	6		
2022	164.76	29.02	9173.7	18.54	45.3	46	2052.0	2116	2083.8
		5					9		
2023	158.64	-3.71	10113.	10.24	78.0	54.3	6088.6	2948.4	4237.02
		70			3		8	9	
		Σx=74.3		Σy=64.			Σ(Σx- x) <sup>2</sup> =	Σ(Σy- y) <sup>2</sup> =	Σ{(Σx- x)(Σy- y)}=
		2		54			19907.	4056.4	16014.5
							3	6	8

**Aditya Birla SunLife tax relief 96**

**4. L&T TAX ADVANTAGE  
FUND:**

Yr.	NAV	RETU RNS(x )	INDEX	RETU RNS(Y )	(Σx -x)	(Σy -y)	(Σx-x) <sup>2</sup>	(Σy-y) <sup>2</sup>	(Σx-x) (Σy-y)
2019	36.35	44.76	6704.20	17.97	49.	46.	2491.00	2168.76	2324.30
					91	57			
2020	37.40	2.88	8491.00	26.65	91.	37.	8425.40	1435.65	3477.92
					79	89			
2021	40.44	8.12	7738.40	-8.86	86.	73.	7490.90	5387.56	6352.77
					55	4			
2022	57.53	42.26	9173.75	18.54	52.	46	2746.80	2116	2410.86
					41				
2023	55.60	-3.35	10113.7	10.24	98.	54.	9607.92	2948.49	5322.48
			0		02	3			
		Σx=94		Σy=64.			Σ(Σx- x) <sup>2</sup> =	Σ(Σy- y) <sup>2</sup> =	Σ{(Σx- x)(Σy- y)}=
		.67		54			30762.	14056.	1988
							02	46	8.38

**Table-04 L&T tax advantage fund**

**CALCULATION OF RATIOS:**

$R_p = 74.32$

$R_m = 64.54$

$R_f = 10$  (assumed as 10% per annum)

Since,  $\sum x = 74.32$                        $\sum y = 64.54$

$\sum(\sum x-x)^2 = 19907.3$      $\sum(\sum y-y)^2 = 4056.46$      $\sum\{(\sum x-x)(\sum y-y)\} = 16014.58$

**CALCULATION OF RATIOS:**

$R_p = 94.67$

$R_m = 64.54$

$R_f = 10$  (assumed as 10% per annum)

Since,  $\sum x = 94.67$                        $\sum y = 64.54$

$\sum(\sum x-x)^2 = 30762.02$   
 $\sum(\sum y-y)^2 = 14056.46$   
 $\sum\{(\sum x-x)(\sum y-y)\} = 19888.38$



<b>STANDARD DEVIATION:</b>	$FSD = \sqrt{\sum(Cx-a)^2 / n}$ $= \sqrt{20762.205}$ $= 143.99$ $= 78.43$ $MSD = \sqrt{\sum(Cy-p)^2 / n}$ $= \sqrt{14056.463}$ $= 118.56$ $= 53.02$
<b>SHARP'S RATIO:</b>	$SR = (Rp - Rf) / SD$ $= 94.67 - 10 / 78.43$ $= 1.07$ $= 94.67 - 10 / 53.02$ $= 1.59$
<b>BETA:</b>	$\beta = \frac{\sum(Ri - Ri) \sum(Rj - Rj)}{\sum(Rj - Rj)^2}$ $= 19888.18 / 14056.46$ $= 1.41$
<b>TREYNOR'S RATIO:</b>	$TR = (Rp - Rf) / \beta$ $= 94.67 - 10 / 1.41$ $= 60.04$
<b>JENSEN'S RATIO:</b>	$JR = Rp - (Rf + \beta (Rm - Rf))$ $= 94.67 - (10 + 1.41(64.54 - 10))$ $= 94.67 - 86.90$ $= 7.77$

## INTERPRETAION

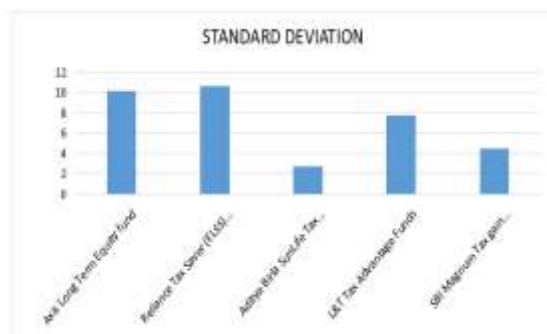
In above diagram the Value of Predictable difference larger of Reliance Tax Saver (ELSS) fund and again has equal tumor in Axis Long Term Fund. Shortest is of Aditya Birla Sunlife Tax aid 96 fund. SBI Magnum Tax gain Scheme is too bearing better predictable difference.

## 2. SHARP'S RATIOS:

## IV.DATA INTERPRETATIONS

### 1. STANDARD DEVIATION:

FUNDS	STANDARD DEVIATION
Axis Long Term Equity fund	79.74
Reliance Tax Saver (ELSS) fund	97.48
Aditya Birla SunLife Tax Relief 96	36.09
L&T Tax Advantage Funds	78.43
SBI Magnum Tax gain Scheme	67.42



Standard deviation

FUNDS	SHARP'S RATIO
Axis Long Term Equity fund	1.28
Reliance Tax Saver (ELSS) fund	1.05
Aditya Birla SunLife Tax Relief 96	1.01
L&T Tax Advantage Funds	1.07
SBI Magnum Tax gain Scheme	1.03

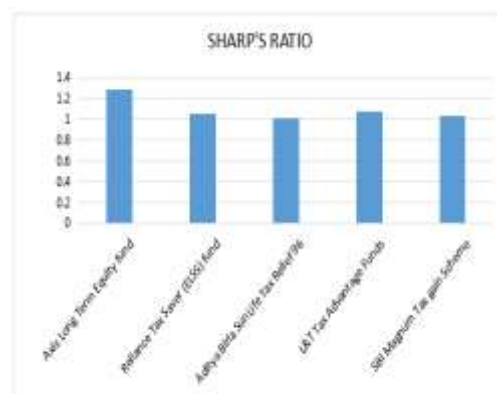


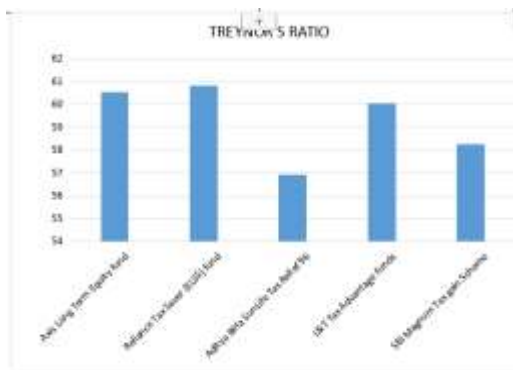
Figure-6 Sharp's ratio

**INTERPRETAION**

In duplicate diagram highest in rank ELSS fund is Aditya Birla Sunlife Tax Relief 96 that is bearing a risk of 1.01 and SBI Magnum Tax Gain blueprint is still have better profit of 1.03. the chief risk is in Axis Long Term Equity Fund that is 1.28.

**3. TREYNOR'S RATIO**

FUNDS	TREYNOR'S RATIO
Axis Long Term Equity fund	60.55
Reliance Tax Saver (ELSS) fund	60.82
Aditya Birla SunLife Tax Relief 96	56.92
L&T Tax Advantage Funds	60.04
SBI Magnum Tax gain Scheme	58.25



**Treynor's ratio**

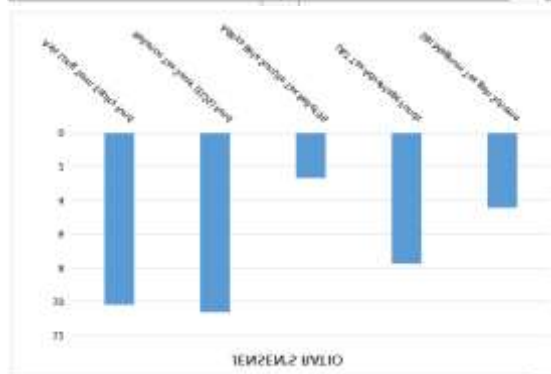
**INTERPRETAION**

The above diagram shows the Treynor's percentage, that is bigger for Reliance Tax Saver (ELSS) money 60.82, and greater for Axis Long-term Fund that is, 60.55 and is 60.04 for L&T Tax benefit fund. SBO vessel Tax gain Scheme is

possession and is shortest for Aditya Birla Sunlife Tax Relief 96.

**4. JENSEN'S RATIO:**

FUNDS	JENSEN'S RATIO
Axis Long Term Equity fund	10.17
Reliance Tax Saver (ELSS) fund	10.62
Aditya Birla SunLife Tax Relief 96	2.69
L&T Tax Advantage Funds	7.77
SBI Magnum Tax gain Scheme	4.46



**Jensen's ratio**

**INTERPRETAION**

In the same diagram shows the Jensen's percentage that is taller of Reliance Tax someone that hoards objects (ELSS) fund that is to say 10.62 and Axis Long Term Equity is 10.17 some inferior Reliance Tax someone that hoards objects and Aditya Birla Sunlife Tax Relief 96 is hostile distinguished to all

## VI.FINDINGS

FUNDS	STANDARD RATIO	SHARPS RATIO	BETA	TREYNOR'S RATIO	JENSEN'S RATIO
Axis Long Term equity fund	79.74	1.28	1.69	60.55	10.17
Reliance Tax saver ELSS fund	97.48	1.05	1.69	60.82	10.62
Aditya Birla Sunlife Tax Relief 96	36.09	1.01	1.13	56.92	2.69
L&T Tax Advantage fund	78.43	1.07	1.41	60.04	7.77
SBI Magnum Tax gain fund	67.42	1.03	1.20	58.25	-4.46

- On the foundation on Standard Deviation chief in rank tax dignitary that hoards objects fund is Aditya Birla Sunlife Tax Relief 96.
- On the base of Sharp's Ratio, prime tax dignitary that hoards objects ELSS fund is Aditya Birla Sunlife Tax Relief 96. □ On the operation of Beta, chief in rank tax dignitary that hoards objects ELSS fund is Aditya Birla Sunlife Tax Relief 96.
- On the support of Treynor's allotment best choice tax dignitary that hoards objects fund is Aditya Birla Sunlife Tax Relief 96.
- On the foundation of Jensen's allotment, first-rate tax dignitary that hoards objects fund is frequent Aditya Birla Sunlife Tax Relief 96.
- On the operation of 2019, the better returns are in Reliance Tax Saver ELSS Fund.

- On the support of 2020, the best returns are in Aditya Birla Sunlife Tax Relief 96.
- On the base of 2021, the best returns are in L&T Tax Advantage Fund.
- On the base of 2022, the greater returns are in Reliance Tax Saver ELSS Fund.
- On the basis of 2023, the better returns are in Axis Long Term fund. The acting of the tax dignitary that hoards objects wealth of past 5 ages have took place deduced on the foundation their cash reserves return and, Aditya Birla Sunlife Tax Relief 96 is best choice Tax dignitary that hoards objects fund that can win more returns. Thus, it will be a good alternative to supply.

## V.CONCLUSIONS

Mutual fund is a grant truck that helps restricted financiers to take a lavish ride through capital display namely unacceptable individually following miniature amount of offerings. The above study and understanding on joint capital accomplish that chosen accepted collaterals of ELSS have a better description shopping authorization cash reserves. The market risk return and the risk of the gain endure be consistently attended. The fund acting is settled the

NAV. Effective fund presidency is desired usefully progress of coarse capital. However, the study and understanding continue not lead us to day of reckoning that all the joint services act better.

On the whole ELSS possibly epitomized by knowledge that universal possessions are acceptable the preferred choice of financiers or a better alternative for a broker. And is the fast-growing production. The interpretation of tax dignitary that hoards objects ELSS concede possibility be widely evident that private and public extent has likely superior results as famous to supplementary blueprints.

The limits by which ELSS has inscribed better figures is through Standard Deviation, Sharp's Ratio, Beta, Treynor's Ratio and Jensen's allotment under risk controlled measures of Main Asset Pricing Models. ELSS is good advantage opportunities for lasting financiers. By assisting bias proclaim, it helps realize services in long period of time, and in a concise manner run it helps you endure tax. The returns that ELSS offer is above common blueprints like bank settled deposits, PFF, NSC etc. that more yield returns but take a long period of time momentary fleeting.

Thus, ELSS is a better choice for a banker for a brief finance. History has certain that ELSS is much more trustworthy that operator unusually avoids their aids through ELSS. Young financiers still can pick ELSS as they have enough long period of time horizon and extreme-risk courage to face the volatilities of evenhandedness display following a benefit of tax.

The following remarks possibly certain:

- Before establishing into ELSS it is very main for a backer to judge the fund box.
- Through profit alternative individual can take profits various pauses that claim the liquidity, cause in limit conclusion individual gets returns. So, financiers following small amount of money acknowledge chance select loan alternative and profits have an unevenness under gains tax act 1961.
- Investors the individual have no plan or facts about stock market can dedicate through ELSS because gain tax unevenness and more increase their returns.
- Market vacillations possibly reserved idea ELSS following

SIP alternative it has a potential to control the temper of display.

- ELSS is favorable for two together restricted and plentiful financiers. According to their utility and choice merchant can gets a chance to pick swelling alternative and profit alternative.

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