A Comparative Analysis of Axis Mutual Fund and ICICI Mutual Fund

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ABSTRACT
The last decade has seen a tremendous growth in the mutual fund industry. As per the latest data the assets under management in this industry is more than Rs 6.8 thousand billion. Today the Indian market is flooded with more than a thousand mutual fund schemes, promising better returns than others. In this paper an attempt has been made to analyze the performance of equity based mutual funds. The overall analysis between Axis and ICICI mutual funds has found that Axis is the preferred one.

1. INTRODUCTION
Mutual funds are a pool of money that are managed by an investment company. They offer investors a variety of goals depending on the funds and its investment charter. Some funds seek to generate income on a regular basis while others seek to preserve investor's money. Still others seek to invest in companies that are growing at a rapid pace. The income earned through these investments and the capital appreciations realized are shared by its unit holders in proportion to the number of units owned by them. Thus a mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in diversified, professionally managed basket of securities at a relatively low cost.

Funds can impose a sales charge or load on investors when they buy or sell shares. Many funds these days have no load and impose no sales charge. Mutual funds are investment companies regulated by the Investment Company Act of 1940.

There are many reasons why investors prefer mutual funds. Buying shares directly from the market is one way of investing. But this requires spending time to find out the performance of the company whose share is being purchased, understanding the future business prospects of the company, finding out the track record of the promoters and the dividend, bonus issue history of the company etc. An informed investor needs to do research before investing. However, many investors find it cumbersome and time consuming to pore over so much of information, get access to so much of details before investing in the shares. Investors therefore prefer the mutual fund route. They invest in a mutual fund scheme which in turn takes the responsibility of investing in stocks and shares after due analysis and research. The investor need not bother with researching hundreds of stocks. It leaves it to the mutual fund and its professional fund management team.

The history of Mutual Funds in India can be dated back to 1963, when UTI was established, by an act of Parliament. As on 30th April 2012, the total number of mutual fund schemes in India is 1292, which is worth Rs 6, 80,154 crores (also called Asset under management). In this context it becomes pertinent to study the pattern and behavior of the Mutual fund schemes, to which the common man is still unaware of. The risk-return relationship is perhaps one of the best way to analyze the performance of a mutual fund.

Axis Mutual Fund
Axis mutual fund was set up in 2009.Products and Schemes of Axis mutual fund : Equity funds, Balanced funds, Debt funds and Liquid funds.

Prudential ICICI Mutual Fund
The mutual fund of ICICI is a joint venture with Prudential PLC. Of America, one of the largest life insurance companies in the USA. Prudential ICICI mutual fund was set up on 13th of Oct. 1993 with two sponsors. Products and Schemes of ICICI mutual fund: Equity funds, Balanced funds, Debt funds, Liquid funds and Children’s gift fund.
REVIEW OF LITERATURE

Sathy Swaroop Debashish (2009) measured the performance of the equity based mutual funds in India. 23 Schemes were studied over a period of April 1996 to March 2009 (13 years). The analysis was done on the basis of mean return, beta risk, and coefficient of determination, sharp ratio, Treynor ratio and Jensen alpha. The first analysis has been done on the basis of returns, followed by a comparison between market returns and the return on schemes. It was concluded that UTI mutual fund schemes and Franklin Templeton schemes have performed excellently in public and private sectors respectively. Further, on the basis of the parameters like Sharpe ratio, Deutsche, Franklin Templeton, Prudential ICICI (in private sector) and SBI and UTI (in public sector) mutual funds schemes have out-performed the market portfolio with positive values.

However, the overall analysis finds Franklin Templeton and UTI being the best performers, and Birla Sun Life, HDFC and LIC mutual funds showing poor below-average performance when measured against the risk-return relationship models and measures. Amporn Soongswang (2009) studied 138 open ended equity mutual funds managed by 17 asset Management companies in Thailand during the period 2002-2007. When the mutual funds were measured using Treynor ratio, Sharp ratio and Jensen’s alpha, showed that performance of Thai open ended mutual funds significantly outperform the market. However, by using the Data Envelopment analysis (DEA) technique, the results suggested that for 3 month time period of investment only, the open ended equity mutual fund significantly outperform the market.

OBJECTIVES OF THE STUDY

- To analyse whether Axis provides better returns or ICICI.
- To analyse the parameters of mutual fund.
- To know the behavior of people regarding risk factor involved in mutual fund.

COMPARATIVE ANALYSIS

The main idea of the study is to conduct one sample test on various variables. And through the use of chi-square tests which include cross tab relationships we induce whether Axis mutual funds are preferred or ICICI mutual funds by the investors.

FINDINGS

In my research I have found following things:

- Investors have more faith in Axis’ mutual fund.
- As the age increases investors are much more satisfied and become more risk adverse.
- Old people and Widows prefer lower risk.
- Investors are not highly satisfied by company rules & employees behavior.
- Investors think that Axis provides better returns than ICICI.

CONCLUSION

To conclude we can say that mutual funds are very profitable tool for investment because of their low cost of acquiring fund, tax benefit, and diversification of profits and reduction of risk. Many investors who have invested in mutual funds have invested with Axis and they think that it provides better returns than ICICI. There is also an effect of age on mutual fund investors like old people & widows want regular returns than capital appreciation. Companies can adopt new techniques to attract more and more investors.

- To conclude we can say that mutual funds are the best investment vehicle for old and widows as well as for those who want regular returns on their investment.
- Mutual fund is also better and preferable for those who want their capital appreciation.
- Both the companies are doing considerable achievements in mutual fund industry but Axis is the preferred one.
- There are many competitors involved who affect both companies.
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