

International Journal of Applied Management & Business Utility

Vol. 1 + Issue 1 + Oct - Dec 2013

DEPARTMENTS OF BUSINESS ADMINISTRATION and COMPUTER APPLICATIONS
SREE SASTHA INSTITUTE OF ENGINEERING AND TECHNOLOGY

Website : www.ijambu.in Email : editor.ijambu@gmail.com

A STUDY ON SUITABILITY OF WILLIAM SHARPE'S SINGLE INDEX MODEL IN SENSEX IN THE INDIAN CONTEXT

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ABSTRACT

A portfolio consists of any combination of assets and / or securities, the outcome of which cannot be defined A portfolio consists of any combination of assets and / or securities, the defined of defined with certainty. A portfolio goes with a saying that "A wise man never puts all his eggs in one basket". Since it is with individual or an institution in a single security one. with certainty. A portfolio goes with a saying that "A wise man never plant of single security one should rarely desirable to invest the entire funds of an individual or an institution in a single security one should rarely desirable to invest the entire funds of an individual or security be viewed as a part of portfolion. rarely desirable to invest the entire funds of an individual of all severy security be viewed as a part of portfolio. Two always consider investing in a portfolio. It is essential that every namely. Time value of money and the severy namely. always consider investing in a portfolio. It is essential that every solution T_{wo} basic principles of finance form the basis for portfolio theory, namely, Time value of money and the Safety of money.

The objectives of the study are to elicit the applicability and utility of the single index model in Indian context, to The objectives of the study are to elicit the applicability and mining and to evaluate the performance of the construct a corner portfolio using single index model for Sensex in India, and to evaluate the performance of the construct a corner portfolio using single index model for Sensex in India, and to evaluate the performance of the construct a corner portfolio using single index model for Bellies and Construct a corner portfolio using single index model for Bellies and Construct a corner portfolio using single index model for the study. With the portfolio thus constructed in terms of its rate of return. The exploratory research is used for the study. With the portfolio thus constructed in terms of its rate of return. The appropriate portfolio constructed to the research characteristics of risk and return of individual securities an optimal portfolio constructed. The research characteristics of risk and return of individual seed into another the level of portfolio mean conducted is an analytical study, in this paper a study is conducted to determine the level of portfolio mean conducted is an analytical study, in this paper a study is a study was secondary data which returns constructed through Sharpe Single Index Model. Data required for this study was secondary data which returns constructed inrough anarpe single index violet. Database, BSE, Ministry of Banking was collected from various secondary sources like Capital Line Database, BSE, Ministry of Banking was confected from various secondary sources that the study is non-probabilistic Investopedia, Economy Watch etc. The sampling technique followed for the study is non-probabilistic investopeata, Economy water etc. The sampling to a certain criteria which suited for the objective judgmental sampling. The sample units were identified based on certain criteria which suited for the objective. The sample consists of 30 companies listed in Sensex selected on the basis of the research objective.

Key words: Sensex, Investment, Portfolio,