

# Evaluating Indices Performance Using Different Measures in Context of Bombay Stock Exchange

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## ABSTRACT

Making investment decision is a complex process which is influenced by various conflicting objectives. Every investor who invests in stock market expects the maximum return at minimum risk as risk is an important aspect to be minimized. Therefore, before making any investment, it is important to construct an optimal portfolio which is a challenging task. An attempt has been made in the present study to evaluate the performance of stocks using different measures such as Sharpe's, Jensen's and Treynor's ratio. The data consisted of the selected sectoral indices listed in S&P BSE 500 Index for the period from April 2011 to March 2021. The Treasury bill yield on 91 days has been taken as the proxy for risk free rate. The results showed that the two Indices that could be profitable are Realty and Auto using Jensen's and Treynor's measure while the Teck Index is the worst performing Index. The Realty Index is consistently the best performing Index using the Sharpe's, Jensen's and Treynor's measure. Therefore, every investor who are interested to invest in the BSE sectoral indices should choose the Realty Index as it is the best performing Index and avoid investing in Consumer Durables or Teck Indices as they are poor performing indices.

**Keywords:** Risk, return, Sharpe ratio, Jensen Alpha, Treynor ratio.

