

## COMPARATIVE ANALYSIS OF SELECTED ELSS SCHEMES AND OTHER TAX SAVING INVESTMENT OPTIONS

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### **Abstract**

Mutual funds have become an important investment option for people from various fields. It is not only popular in India, but is famous over the world. Mutual fund companies collect savings from investors in small quantities and invest the amount in Equity, Debt, Government and other corporate securities. Mutual funds have become a popular vehicle of wealth creation due to high return, lower cost and diversified risk. Mutual funds also offer a benefit of saving tax by investing in Equity Linked Savings Scheme (ELSS). So, as to encourage small investors to invest and gain from equity mutual funds, the Government of India in the year 1992 introduced the Equity Linked Savings Scheme (ELSS). The objective of this research paper is to analyze the performance of ELSS schemes of various AMCs, analyze the performance of tax saving options available to investors in India and compare the performance of ELSS schemes of various AMCs. This paper also attempts to compare the expected return of various ELSS schemes with other tax saving options. The period under study is 2012-2015.

**Keywords : ELSS, performance evaluation, tax benefit**

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### *Introduction*

A Mutual fund is a form of collective investment. It is formed by the coming together of a number of investors who transfer their surplus funds to a professionally qualified organization to manage it. To get the surplus funds from investors, the fund adopts a simple technique. Each fund is divided into a small fraction called “units” of equal value. Each investor is allocated units in proportion to the size of his investment.

### *Definition of Mutual Funds*

The Securities and Exchange Board of India (Mutual Funds) Regulations, 1993 defines a mutual fund as “a fund established in the form of a trust by a sponsor, to raise monies by the trustees through the sale of units to the public, under one or more schemes, for investing in securities in accordance with these regulations.”

These mutual funds are referred to as Unit trusts in the U.K. and as Open End investment companies in the U.S.A. Therefore, Kamm, J.O. defines an Open end investment company as “an organization formed for the investment of funds obtained from individuals and institutional investors who in exchange for the funds receive shares which can be redeemed at any time at their underlying asset values”.

According to Weston J. Fred and Brigham, Eugene, F. Unit Trusts are “Corporations which accept dollars from savers and then use these dollars to buy stocks, long term bonds, short term debt instruments issued by business or government units ; these corporations pool funds and thus reduce risk by diversification.

### *Objectives of research*

- To analyze the performance of ELSS schemes of various AMCs
- To analyze the performance of tax saving options available to investors in India
- To compare the performance of ELSS schemes of various AMCs
- To compare the expected return of various ELSS schemes with other tax saving options.

### *Research methodology*

This will be a descriptive research wherein the source for the data will be secondary. Few mutual funds schemes having different investment opportunities both from the public & private sector were selected for the purpose of measuring the performance of the specific ELSS Mutual fund.

8 ELSS schemes have been selected for study based on the AUM of these schemes. Secondary data has been collected from the mutual funds brochures of the company, Annual reports, Journals, Magazines, websites and books.

### *Background of the Industry*

Mutual funds with different characteristics are available taking into consideration different needs, risk taking capacity, amount available for investment etc of the investors. Mutual funds can broadly classified on the basis of execution & operation and on the basis of yield and investment pattern.

### *Types of funds*

#### *(A) On the basis of execution and operation*

- (1) Open ended
- (2) Close ended

#### *(B) On the basis of yield and investment pattern*

- (1) Income Fund
- (2) Growth Fund
- (3) Balance fund
- (4) Specialized Fund
- (5) Money market Fund
- (6) Taxation Fund

#### **(A) On the basis of execution and operation**

(1) *Open ended* – Under this scheme, the size of the fund and/or the period of the fund is not pre-determined. The investors are free to buy and sell any number of units at any point of time.

(2) *Close ended* – Under this scheme, the corpus of the fund and its duration are prefixed. Once the subscription reaches the pre-determined level, the entry of the investors is closed. After the expiry of the fixed period, the entire corpus is disinvested and the proceeds are distributed to the various unit holders in proportion to their holdings.

**(B) On the basis of yield and investment pattern**

(1) *Income Fund* – This fund aims at generating and distributing regular income to the members on a periodical basis. It concentrates more on the distribution of regular income and it also sees that the average return is higher than that of the income from bank deposits.

(2) *Growth Fund* – This fund concentrates mainly on long run gains, i.e. capital appreciation. They do not offer regular income.

(3) *Balance fund* – This fund is a combination of both income and growth funds. It aims at distributing regular income as well as capital appreciation.

(4) *Specialized Fund* – They offer special schemes so as to meet the specific needs of specific categories of people like pensioners etc. There are also funds for investments in securities of specified areas.

(5) *Money market Fund* – These funds are basically open ended mutual funds and as such they have all the features of the Open ended fund. But, they invest in highly liquid and safe securities like commercial paper, banker's acceptances, certificates of deposits, treasury bills, etc.

(6) *Taxation Fund* – A taxation fund is basically a growth oriented fund. But, it offers tax rebate to the investors either in the domestic or foreign capital market. It is best suitable to salaried people who want to enjoy tax rebates particularly during the month of February and March. In India, at present the law relating to tax rebates is covered under Sec. 88 of the Income tax Act, 1961. ELSS is a type of diversified equity mutual fund which provides income tax benefit to the investor. The incentive currently is in the form of deduction from income, U/s 80 C of the Income Tax Act, up to an amount of Rs 150000, towards the investment made during the financial year.

In certain ways, ELSS is different from regular Diversified Equity fund :

1. There is a lock-in period of 3 years in ELSS funds. There is no lock-in period in Diversified equity funds.
2. Minimum 80% of the Assets Under Management (AUM) of the ELSS fund's is invest into equity and equity related securities. On the other hand, minimum 65% of the AUM in case of regular equity funds is invested into equity and equity related securities.

### *Importance of Mutual Funds*

- Channelizing Savings for Investment
- Offering wide portfolio Investment
- Providing better yields
- Rendering Expertise Investment Service at Low cost
- Providing research service
- Offering tax benefits
- Introducing flexible investment schedule
- Providing greater affordability and liquidity
- Simplified record keeping
- Supporting Capital market
- Promoting Industrial Development
- Acting as substitute for Initial Public Offerings (IPO)
- Reducing the marketing cost of new issues
- Keeping the money market active

### *Data Analysis and Interpretation*

#### **Performance evaluation of ELSS schemes**

8 top ELSS schemes have been taken into consideration for performance evaluation based on the AUM in the month of December 2015. These schemes have highest AUM as compared to many other ELSS schemes available in the security market.

Sr. no.	ELSS Scheme	Average AUM *	Fund type	Investment plan	Launch date	Minimum investment	Benchmark

1	Axis Long Term Equity Fund (G)	6,256.92	Open ended	Growth	21-Dec-09	500	S&P BSE 200
2	SBI Magnum Tax Gain (G)	4,604.80	Open ended	Growth	31-Mar-93	500	S&P BSE 100
3	HDFC Tax Saver (G)	4,600.50	Open ended	Growth	18-Dec-95	500	Nifty 500
4	Reliance Tax Saver (ELSS) (G)	4,269.30	Open ended	Growth	23-Aug-05	500	S&P BSE 100
5	ICICI Pru Long Term Equity (Tax Saving)-G	2,674.98	Open ended	Growth	9-Aug-99	500	Nifty 500
6	Birla SL Tax Relief 96 (G)	1,904.12	Open ended	Growth	6-Mar-08	500	S&P BSE 200
7	Franklin India Tax Shield (G)	1,741.37	Open ended	Growth	10-Apr-99	500	Nifty 500
8	UTI Master Equity Plan (US)	1,602.66	Close ended	dividend	31-Mar-03	5000	S&P BSE 100

\*Average AUM is for Quarter Oct. - Dec. 2015

#### *Interpretation:*

Amongst the above mentioned ELSS Schemes, Axis Long Term Equity Fund (G) has the highest average AUM i.e. 6256.92 crore.

UTI Master Equity Unit Linked Scheme is a close ended scheme, whereas the others are open ended. SBI Magnum Tax Gain (G) is the oldest ELSS fund.

Benchmark for the Axis Long Term Equity Fund (G) and Birla SL Tax Relief 96 (G) is S&P BSE 200. Benchmark for SBI Magnum Tax Gain (G), Reliance Tax Saver (ELSS) (G) and UTI Master Equity Plan (US) is S&P BSE 100. Nifty 500 is considered as a Benchmark for HDFC Tax Saver (G), ICICI Pru Long Term Equity (Tax Saving)-G and Franklin India Tax Shield (G). Axis Long Term Equity Fund (G) was started in the year 2009, which is the latest ELSS amongst the above funds, though it is ahead of all the others in terms of AUM.

**Axis Long Term Equity Fund (G)**

The highest and lowest NAV during a particular month in the years 2013, 2014 and 2015 is taken for consideration to analyze the performance.

2013				2014				2015			
Month	High	Low	Average	Month	High	Low	Average	Month	High	Low	Average
Jan-13	15.1	14.6	14.8	Jan-14	17.4	16.7	17.0	Jan-15	30.9	28.5	29.7
Feb-13	14.7	14.1	14.4	Feb-14	17.8	16.7	17.2	Feb-15	31.1	29.4	30.3
Mar-13	14.7	14.0	14.3	Mar-14	19.2	17.7	18.4	Mar-15	32.2	30.5	31.4
Apr-13	14.8	14.0	14.4	Apr-14	19.6	18.9	19.3	Apr-15	32.3	29.5	30.9
May-13	15.6	15.0	15.3	May-14	21.3	19.3	20.3	May-15	31.2	29.3	30.2
Jun-13	15.2	14.4	14.8	Jun-14	23.0	21.6	22.3	Jun-15	30.8	29.2	30.0
Jul-13	15.6	14.7	15.1	Jul-14	24.0	22.8	23.4	Jul-15	31.8	30.7	31.2
Aug-13	14.7	13.5	14.1	Aug-14	25.2	23.4	24.3	Aug-15	32.8	30.0	31.4
Sep-13	15.3	13.8	14.5	Sep-14	26.5	25.4	25.9	Sep-15	30.8	29.5	30.2
Oct-13	16.1	14.8	15.5	Oct-14	27.1	25.0	26.0	Oct-15	31.3	30.6	31.0
Nov-13	16.7	16.0	16.4	Nov-14	28.3	27.2	27.7	Nov-15	30.8	29.5	30.2
Dec-13	17.3	16.7	17.0	Dec-14	28.7	27.3	28.0	Dec-15	30.6	29.2	29.9

***Interpretation:***

Lowest NAV during the year 2013 was 13.5 and highest NAV in the same year was 17.3, this shows a growth of 28.15 %. In the year 2014, lowest NAV was 16.7 and highest was 28.7, which shows there was a growth of 71.86 %. Similarly in the year 2015, the lowest NAV was 28.5 and highest NAV was 32.8, which shows a growth of 15.09%.

On an average, the annual growth was more than 15.08 % during the last 3 years.

On analyzing the performance of the fund during the last 3 years, we find that the NAV has more than doubled in last 3 years. The lowest NAV in the year 2013 was 13.5 and the highest NAV in the year 2015 was 32.8.

**SBI Magnum Tax gain (G)**

The highest and lowest NAV during a particular month in the years 2013, 2014 and 2015 is taken for consideration to analyze the performance.

2013				2014				2015			
Month	High	Low	Average	Month	High	Low	Average	Month	High	Low	Average
Jan-13	68.3	66.9	67.6	Jan-14	72.9	69.3	71.1	Jan-15	116.1	105.3	110.7
Feb-13	66.7	62.9	64.8	Feb-14	73.4	69.2	71.3	Feb-15	116.4	110.4	113.4
Mar-13	65.5	61.9	63.7	Mar-14	77.4	72.7	75.0	Mar-15	119.1	112.1	115.6
Apr-13	65.1	60.9	63.0	Apr-14	79.8	77.3	78.6	Apr-15	117.7	107.5	112.6
May-13	68.1	65.2	66.7	May-14	87.4	78.5	82.9	May-15	114.9	107.1	111.0
Jun-13	65.6	62.0	63.8	Jun-14	93.7	88.4	91.0	Jun-15	115.1	109.3	112.2
Jul-13	65.7	62.4	64.1	Jul-14	97.0	91.8	94.4	Jul-15	118.9	114.6	116.7
Aug-13	62.2	57.6	59.9	Aug-14	99.6	92.8	96.2	Aug-15	119.0	108.3	113.6
Sep-13	65.4	58.4	61.9	Sep-14	103.5	99.5	101.5	Sep-15	112.0	106.4	109.2
Oct-13	68.9	63.4	66.2	Oct-14	104.4	98.1	101.2	Oct-15	115.6	111.1	113.3
Nov-13	69.2	66.8	68.0	Nov-14	108.8	104.4	106.6	Nov-15	111.7	108.1	109.9
Dec-13	71.8	69.0	70.4	Dec-14	109.5	102.2	105.9	Dec-15	111.0	106.9	108.9

***Interpretation:***

Lowest NAV during the year 2013 was 57.6 and the highest was 71.8, this shows growth of 24.65%. During the year 2014, Lowest and highest NAV was 69.2 and 109.5 respectively, this shows a growth of 58.24%. Similarly, during the year 2015, the lowest NAV was 105.3 and highest was 119.1, which shows a growth of 13.1%.

The above table indicates an overall growth of 106.77% during the last 3 years, as the lowest NAV was 57.6 during the year 2013 and highest NAV was 119.1 during the year 2015. On an average, the annual growth rate was above 13.1 % during the period 2013-15.



**HDFC Tax saver Growth plan**

The highest and lowest NAV during a particular month in the years 2013, 2014 and 2015 is taken for consideration to analyze the performance.

2013				2014				2015			
Month	High	Low	Average	Month	High	Low	Average	Month	High	Low	Average
Jan-13	252.2	245.4	248.8	Jan-14	256.9	242.5	249.7	Jan-15	422.7	392.7	407.7
Feb-13	245.4	228.3	236.9	Feb-14	253.6	242.4	248.0	Feb-15	414.1	393.3	403.7
Mar-13	237.8	222.7	230.3	Mar-14	276.8	251.8	264.3	Mar-15	422.1	389.2	405.7
Apr-13	231.0	220.2	225.6	Apr-14	290.3	276.8	283.6	Apr-15	415.7	383.2	399.4
May-13	238.9	229.4	234.1	May-14	338.5	284.4	311.4	May-15	396.5	377.5	387.0
Jun-13	230.5	213.7	222.1	Jun-14	358.9	336.8	347.8	Jun-15	397.7	374.8	386.2
Jul-13	226.4	213.3	219.9	Jul-14	367.3	341.3	354.3	Jul-15	404.2	389.4	396.8
Aug-13	217.7	202.0	209.9	Aug-14	368.6	345.0	356.8	Aug-15	411.8	367.5	389.6
Sep-13	230.2	203.6	216.9	Sep-14	387.7	364.7	376.2	Sep-15	378.6	356.3	367.5
Oct-13	244.1	219.7	231.9	Oct-14	390.6	361.1	375.8	Oct-15	390.1	374.0	382.1
Nov-13	247.7	237.6	242.6	Nov-14	408.5	392.3	400.4	Nov-15	384.8	369.8	377.3
Dec-13	257.4	247.4	252.4	Dec-14	414.7	384.0	399.4	Dec-15	385.1	364.8	374.9

***Interpretation:***

The highest NAV during the year 2013 was 257.4 and lowest was 202, this shows a growth of 27.43 % during the year 2013. The highest and lowest NAV during the year 2014 was 414.7 and 242.4, this indicates a growth of 71.08%. During the year 2015, the lowest NAV was 356.3 and the highest was 422.7, this indicates a growth of 18.64%.

On an average, there was above 18.64% annual growth in the performance ofHDFC Tax saver Growth plan.

During the last 3 years, the highest NAV during the year 2015 was 422.7 and lowest NAV during the year 2013 was 202, this indicates that NAV has more than doubled during the last 3 years.

**Reliance Tax Saver**

The highest and lowest NAV during a particular month in the years 2013, 2014 and 2015 is taken for consideration to analyze the performance.

2013				2014				2015			
Month	High	Low	Average	Month	High	Low	Average	Month	High	Low	Average
Jan-13	25.2	24.0	24.6	Jan-14	25.6	23.5	24.5	Jan-15	49.7	45.9	47.8
Feb-13	24.1	22.2	23.2	Feb-14	24.8	23.8	24.3	Feb-15	50.6	47.6	49.1
Mar-13	23.0	21.2	22.1	Mar-14	28.6	24.8	26.7	Mar-15	51.0	47.3	49.2
Apr-13	22.9	21.4	22.2	Apr-14	29.1	28.3	28.7	Apr-15	50.1	45.9	48.0
May-13	24.4	23.0	23.7	May-14	34.9	28.8	31.9	May-15	47.8	45.1	46.4
Jun-13	22.9	21.5	22.2	Jun-14	38.5	35.1	36.8	Jun-15	47.2	44.2	45.7
Jul-13	22.3	20.1	21.2	Jul-14	39.4	36.9	38.1	Jul-15	48.1	45.6	46.9
Aug-13	20.3	19.0	19.7	Aug-14	39.7	37.4	38.6	Aug-15	48.7	42.4	45.6
Sep-13	21.4	19.2	20.3	Sep-14	43.3	40.3	41.8	Sep-15	43.3	41.1	42.2
Oct-13	22.7	20.8	21.8	Oct-14	44.4	40.8	42.6	Oct-15	45.2	42.5	43.9
Nov-13	23.5	22.2	22.9	Nov-14	46.4	44.2	45.3	Nov-15	45.2	43.3	44.3
Dec-13	25.5	23.5	24.5	Dec-14	47.7	43.8	45.7	Dec-15	45.4	36.3	40.8

***Interpretation:***

During the year 2013, the lowest NAV and highest NAV were 19.0 and 25.5 respectively, which indicates a growth of 34.21%. In the year 2014, the lowest NAV was 23.5 and the highest NAV was 47.7, this show a growth of 102.98%. The NAV has more than doubled during the year 2014. Similarly, during the year 2015, the highest NAV was 51 and the lowest was 36.3, which indicates a growth of 40.5%.

On an average, NAV during the period 2013-2015, indicates an annual growth rate of above 34.21%.

During the year 2013, the lowest NAV was 19 and highest NAV during the year 2015 was 51. This indicates a growth of 168.42%.

**ICICI Prudential Long Term Equity Fund (Tax Saving) – Growth**

The highest and lowest NAV during a particular month in the years 2013, 2014 and 2015 is taken for consideration to analyze the performance.

2013				2014				2015			
Month	High	Low	Average	Month	High	Low	Average	Month	High	Low	Average
Jan-13	162.9	159.1	161.0	Jan-14	174.4	166.3	170.4	Jan-15	279.2	258.7	269.0
Feb-13	158.9	148.8	153.9	Feb-14	170.9	166.3	168.6	Feb-15	281.5	269.8	275.6
Mar-13	154.3	143.7	149.0	Mar-14	187.0	170.2	178.6	Mar-15	284.9	266.2	275.6
Apr-13	149.9	143.1	146.5	Apr-14	193.5	187.2	190.4	Apr-15	280.5	261.7	271.1
May-13	154.5	148.8	151.6	May-14	221.0	189.7	205.3	May-15	270.2	259.4	264.8
Jun-13	148.9	139.2	144.1	Jun-14	234.0	220.5	227.2	Jun-15	267.6	256.5	262.1
Jul-13	149.8	140.8	145.3	Jul-14	240.9	224.3	232.6	Jul-15	277.0	266.1	271.5
Aug-13	145.1	136.1	140.6	Aug-14	244.3	230.4	237.3	Aug-15	279.3	256.9	268.1
Sep-13	154.1	140.9	147.5	Sep-14	255.7	246.1	250.9	Sep-15	265.7	255.1	260.4
Oct-13	162.6	149.5	156.1	Oct-14	259.4	243.4	251.4	Oct-15	274.0	263.0	268.5
Nov-13	167.9	161.3	164.6	Nov-14	268.2	259.6	263.9	Nov-15	273.5	265.9	269.7
Dec-13	174.1	167.1	170.6	Dec-14	269.5	252.3	260.9	Dec-15	275.1	263.4	269.2

*Interpretation:*

During the year 2013, the highest NAV and lowest NAV were 174.1 and 136.1 respectively, this show a growth of 27.92%. During the year 2014, the highest NAV and lowest NAV were 269.5 and 166.3, this show a growth of 62.06%. The highest NAV was 284.9 and lowest NAV was 255.1, this indicates a growth of 11.68%.

On an average, annual growth rate during the last 3 years was above 11.68%.

During the period 2013-15, the highest NAV during the year 2015 was 284.9 and the lowest NAV during the year 2013 was 136.1. This indicates, a growth of 109.33%.

**Birla Sun Life Tax Relief 96 – Growth**

The highest and lowest NAV during a particular month in the years 2013, 2014 and 2015 is taken for consideration to analyze the performance.

2013				2014				2015			
Month	High	Low	Average	Month	High	Low	Average	Month	High	Low	Average
				Jan-14	13.06	12.36	12.71	Jan-15	22.17	20.14	21.16
Feb-13	11.77	11.07	11.42	Feb-14	12.95	12.32	12.64	Feb-15	22.36	21.17	21.77
Mar-13	11.44	10.86	11.15	Mar-14	13.84	12.86	13.35	Mar-15	22.78	21.61	22.20
Apr-13	11.48	10.67	11.08	Apr-14	14.00	13.72	13.86	Apr-15	23.20	21.14	22.17
May-13	11.93	11.53	11.73	May-14	15.31	13.68	14.50	May-15	22.00	21.01	21.51
Jun-13	11.59	10.92	11.26	Jun-14	16.58	15.51	16.05	Jun-15	21.92	20.80	21.36
Jul-13	11.66	11.04	11.35	Jul-14	17.09	16.12	16.61	Jul-15	22.80	21.90	22.35
Aug-13	11.11	10.36	10.74	Aug-14	17.49	16.48	16.99	Aug-15	23.38	21.09	22.24
Sep-13	11.60	10.48	11.04	Sep-14	18.41	17.71	18.06	Sep-15	21.81	20.69	21.25
Oct-13	12.27	11.28	11.78	Oct-14	18.68	17.53	18.11	Oct-15	22.33	21.64	21.99
Nov-13	12.43	11.94	12.19	Nov-14	19.91	18.77	19.34	Nov-15	22.01	21.07	21.54
Dec-13	13.09	12.44	12.77	Dec-14	20.37	19.21	19.79	Dec-15	22.38	21.33	21.86

*Interpretation:*

During the year 2013, the lowest NAV was 10.36 and the highest NAV was 13.09, this indicates a growth of 26.35%. The lowest and highest NAV during the year 2014 was 12.32 and 20.37 respectively. This indicates a growth of 65.34%. During the year 2015, the highest NAV was 23.38 and lowest NAV was 20.14, this show a growth of 16.09%.

On an average, the annual growth rate was above 16.09% during last 3 years.

During the period 2013-15, the lowest NAV in the year 2013 was 10.36 and the highest NAV in the year 2015 was 23.38, this shows a growth of 125.67%.

**Franklin India Taxshield-Growth**

The highest and lowest NAV during a particular month in the years 2013, 2014 and 2015 is taken for consideration to analyze the performance.

2013				2014				2015			
Month	High	Low	Average	Month	High	Low	Average	Month	High	Low	Average
Jan-13	247.4	242.6	245.0	Jan-14	256.7	246.9	251.8	Jan-15	432.8	398.8	415.8
Feb-13	244.0	232.6	238.3	Feb-14	257.2	246.3	251.8	Feb-15	428.7	411.1	419.9
Mar-13	238.3	226.4	232.3	Mar-14	277.7	256.0	266.9	Mar-15	436.5	417.6	427.0
Apr-13	233.6	222.4	228.0	Apr-14	282.4	275.7	279.0	Apr-15	439.9	405.8	422.8
May-13	241.7	233.9	237.8	May-14	308.0	278.4	293.2	May-15	427.6	401.0	414.3
Jun-13	238.2	225.0	231.6	Jun-14	326.2	310.1	318.2	Jun-15	426.7	406.7	416.7
Jul-13	238.5	226.9	232.7	Jul-14	334.2	318.3	326.2	Jul-15	442.5	426.3	434.4
Aug-13	227.3	210.7	219.0	Aug-14	349.0	328.8	338.9	Aug-15	447.6	409.0	428.3
Sep-13	239.2	211.4	225.3	Sep-14	368.7	353.5	361.1	Sep-15	421.3	399.4	410.4
Oct-13	248.3	229.0	238.6	Oct-14	378.9	355.2	367.0	Oct-15	433.0	420.8	426.9
Nov-13	249.6	240.8	245.2	Nov-14	399.8	380.0	389.9	Nov-15	424.8	410.7	417.7
Dec-13	256.6	248.2	252.4	Dec-14	405.9	381.3	393.6	Dec-15	422.3	403.8	413.0

***Interpretation:***

During the year 2013, the lowest NAV was 210.7 and the highest NAV was 256.6, this indicates a growth of 21.78%. During the year 2014, the lowest and highest NAV were 246.3 and 405.9 respectively, this shows a growth of 64.80%. The highest NAV in the year 2015 was 439.9 and the lowest NAV was 398.8, this indicates a growth of 10.31%.

On an average, there is an annual growth of more than 10.31% during the last 3 years.

During the period 2013-15, the lowest NAV during the year 2013 was 210.7 and the highest NAV during the year 2015 was 447.6, this indicates a growth of 112.43%.

**UTI Master Equity Plan (US)**

The highest and lowest NAV during a particular month in the years 2013, 2014 and 2015 is taken for consideration to analyze the performance.

2013				2014				2015			
Month	High	Low	Average	Month	High	Low	Average	Month	High	Low	Average
Jan-13	55.3	54.1	54.7	Jan-14	57.2	54.6	55.9	Jan-15	85.4	78.0	81.7
Feb-13	54.6	51.3	53.0	Feb-14	56.4	54.1	55.3	Feb-15	84.3	80.9	82.6
Mar-13	53.4	50.5	52.0	Mar-14	60.6	55.9	58.2	Mar-15	85.7	78.5	82.1
Apr-13	53.2	49.5	51.4	Apr-14	61.9	60.4	61.2	Apr-15	83.2	77.2	80.2
May-13	55.2	53.3	54.2	May-14	67.6	60.2	63.9	May-15	80.9	76.2	78.5
Jun-13	53.1	50.2	51.7	Jun-14	71.4	68.2	69.8	Jun-15	80.9	76.8	78.8
Jul-13	53.6	50.8	52.2	Jul-14	72.6	68.7	70.6	Jul-15	84.4	80.8	82.6
Aug-13	51.1	47.2	49.2	Aug-14	74.2	70.0	72.1	Aug-15	85.7	77.2	81.4
Sep-13	54.3	47.7	51.0	Sep-14	76.9	74.4	75.7	Sep-15	79.6	75.0	77.3
Oct-13	56.3	51.7	54.0	Oct-14	77.7	73.0	75.4	Oct-15	81.7	79.0	80.4
Nov-13	56.3	53.8	55.1	Nov-14	81.0	77.8	79.4	Nov-15	79.7	77.2	78.5
Dec-13	57.5	55.6	56.6	Dec-14	81.4	76.3	78.9	Dec-15	79.6	76.1	77.9

*Interpretation:*

During the year 2013, the lowest NAV and highest NAV was 47.2 and 57.5 respectively, this indicates a growth of 21.82%. During the year 2014, the lowest NAV and highest NAV was 54.1 and 81.4 respectively, this shows a growth of 50.46 %. The highest NAV and lowest NAV was 85.7 and 75 respectively during the year 2015, this indicates a growth of 14.27%.

On an average, the annual growth rate is above 14.27% during last 3 years.

During the period 2013-15, the lowest NAV during the year 2013 was 47.2 and highest NAV was 85.7 during the year 2015. This shows a growth rate of 81.57% during 2013-15.

**Comparison of Average Annual NAV of various ELSS Mutual funds**

The following ELSS schemes were selected based on the highest AUM of all the ELSS schemes available in the mutual funds market.

Sr. no.	ELSS Mutual Fund	2013	2014	2015
1	Axis Long Term Equity Fund (G)	15.1	22.5	30.5
2	SBI Magnum Tax Gain (G)	65.0	89.7	112.3
3	HDFC Tax Saver (G)	231.0	330.6	389.8
4	Reliance Tax Saver (ELSS) (G)	22.4	35.4	45.8
5	ICICI Prudential Long Term Equity (Tax Saving)-G	152.6	219.8	268.8
6	Birla SL Tax Relief 96 (G)	11.5	16.0	21.8
7	Franklin India Tax Shield (G)	235.5	319.8	420.6
8	UTI Master Equity Plan (US)	52.9	68.0	80.2

*Interpretation:*

The above calculation is done based on the average of the average NAV (High and Low) of every month. For this calculation, the average NAV was calculated by adding the highest and lowest NAV during a particular month and then this average was dividing by the number of months taken into consideration in particular year.

NAV of Axis Long Term Equity Fund, Reliance Tax Saver (ELSS) and Birla SL Tax Relief 96 (G), has almost doubled in the year 2015, as compared to the year 2013. SBI Magnum tax Gain fund has shown a growth of 72.77% during the last 3 years. Franklin India Tax Shield (G) and UTI Master Equity Plan (US) have shown a growth of 78.60% and 51.61 % respectively. ICICI Prudential Long Term Equity (Tax Saving)-G has shown a growth of 76.15%. HDFC Tax Saver (G) has shown a growth of 68.74% during the last 3 years.

ELSS scheme's performance indicates that there has been an average growth of more than 65% in all the above schemes during the last 3 years. ELSS schemes are a very good source of reducing taxable income as the return is comparatively very high.

This shows that on an average this fund is not only suitable for Systematic Investment plan, but also for lump sum investment, keeping in mind the timing when a person enters into this Mutual fund.

**Comparison of various tax saving investment options available**

<b>Instruments</b>	<b>Lock-in period</b>	<b>Returns</b>	<b>Risk Level</b>	<b>Minimum Investment (Rs.)</b>	<b>Maximum investment (Rs.)</b>	<b>Tax status on returns</b>
Public Provident Fund	15	8.75%	Low	500	1,50,000	Tax free
National Savings Certificate (NSC)	5 10	8.50% 8.80%	Low	100	NA	Taxable
Bank Fixed Deposits	5	8.00% - 8.50%	Low	100	1,50,000	Taxable
Equity Linked Savings Scheme (ELSS)	3	Market Linked	High	500	1,50,000	Tax free
Unit Linked Insurance Policy (ULIP)	5	Market Linked	High	10000 (as per premium)	1,50,000	Tax free

*Advantages of investing in ELSS over other tax saving instruments are as follows:*

- ELSS has a short lock-in period of just 3 years, as compared to lock-in period of 5 years in NSC, Bank Fixed Deposit and ULIP and 15 years in Public Provident Fund.
- The maturity amount which is received in ELSS and ULIPs is free from income tax.
- People can invest in lump sum as well as SIP (Systematic Investment Plan).
- ELSS provides investment option for a long term as well as gives a good return as compared to various other modes of investment, as the Fund Manager has sufficient scope to diversify the funds for 3 years.
- Minimum investment in ELSS is Rs.500, which will promote investment in ELSS amongst people from middle income group.



- Investors can invest in ELSS systematically through SIP and there is no requirement for the people study the timing to enter the market.
- Historically, ELSS has provided better returns than NSC, PPF and ULIPs.
- Profits which are earned after the Lock-in Period are not taxable.
- Since there is 3 year lock-in period in ELSS, the Fund Manager has an option to invest in Fundamentally Strong Shares with huge future potential and can wait to get proper returns from them. Due to this feature, it has been found that ELSS has performed better than many other diversified securities.

### Conclusion

- Amongst the selected 8 ELSS Schemes, Axis Long Term Equity Fund (G) has the highest average AUM i.e. 6256.92 crore.
- UTI Master Equity Unit Linked Scheme is a close ended scheme, whereas the others are Open ended.
- NAV of Axis Long Term Equity Fund, Reliance Tax Saver (ELSS) and Birla SL Tax Relief 96 (G), has almost doubled in the year 2015, as compared to the year 2013.
- ELSS scheme's performance indicate that there has been an average growth of more than 65% in all the above schemes during the last 3 years. ELSS schemes are a very good source of reducing taxable income as the return is comparatively very high.
- This shows that on an average this fund is not only suitable for Systematic Investment plan, but also for lump sum investment, keeping in mind the timing when a person enters into this Mutual fund.
- ELSS has a short lock-in period of just 3 years, as compared to lock-in period of 5 years in NSC, Bank Fixed Deposit and ULIP and 15 years in Public Provident Fund.
- ELSS provides investment option for a long term as well as gives a good return as compared to various other modes of investment, as the Fund Manager has sufficient scope to diversify the funds for 3 years.
- Minimum investment in ELSS is Rs.500, which will promote investment in ELSS amongst the low income as well middle income group people.
- Investors can invest in ELSS systematically through SIP and there is no requirement for the people study the timing to enter the market.

- Historically, ELSS has provided better returns than NSC, PPF and ULIPs.
- Since there is 3 year lock-in period in ELSS, the Fund Manager has an option to invest in Fundamentally Strong Shares with huge future potential and can wait to get proper returns from them. Due to this feature, it has been found that ELSS has performed better than many other diversified securities.

### Suggestions

- AMCs should promote ELSS schemes amongst people as a tax saving investment option
- Awareness level amongst people should be increased, so as to divert a major part of savings towards ELSS.
- People should invest in ELSS as they have been providing high returns as compared to other investment options available
- People of middle income group should invest in ELSS, so as to save tax as well as for the purpose of earning a higher rate on their savings
- ELSS are not only beneficial from the tax rebate point of view, but have also been providing a good return on investment as compared to many other diversified investment options.

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