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PERFORMANCE ANALYSIS OF PRIVATE AND PUBLIC SECTOR BANKS OF OPEN- ENDED TAX SAVING MUTUAL FUND SCHEMES IN INDIA

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ABSTRACT

This research study is an attempt to analyse the selected Equity Linked Savings Scheme (ELSS) Mutual Fund schemes performance to see their growth trend on the investors investments. In this research study 05 private sector banks and 05 public sector banks open ended tax saving mutual fund schemes are considered as a sample and the banks was selected based on their Corpus size. The risk-free limit adopted is 6.65%. To give increased return on investor domestic investments and enhance investment allocation in different avenues, the scope and needs of investors for mutual fund as an investment option has greatly increased. Mutual fund investment contribution mostly from Tier 1 and Tier 2 cities only whereas rural and semi-urban communities are less contrubution. One explanation for this is awareness levels in both rural and semi-urban areas are very less. So, there is a great need for awareness-raising. Findings of the study said that the Private Sector banks mutual fund schemes have recorded much better performance when compared to Public Sector banks mutual fund schemes mainly due to better allocation of funds, better management and Portfolio Manager's efficient performance. This conclusion was obtained after the ratio of Sharpe, Treynor, beta, Jensen Alpha and Appraisal ratio was measured and compared. The findings of the says that the ELSS funds have outperformed the market index in terms of average returns. Axis Long Term Equity Fund is the most reliable scheme in market. Moreover, all the funds have aggressive relationship with

market except Baroda ELSS 96 (Plan-B). This Study can be expanded further by taking other specific mutual fund schemes to study how they are performing in terms of their benchmark

1. Introduction

Those investors who either lack large amounts of investment, or who do not have the ability or time to study the market, but want their wealth to increase mutual funds are suitable because fund manager will take care. The collected money in the mutual funds is invested by qualified key fund managers according to the stated goal of the schemes as well as investors. A minimal fee that is reduced from the investment is charged by the fund house. The charged fees by mutual funds are controlled and subject to certain limits laid down by the Indian Securities and Exchange Board of India (SEBI). The savings rate by individuals in India is one of the highest when compared to other countries. This penchant for wealth creation implies that Indian investors need to look for mutual funds beyond traditionally favoured Fixed Deposits (FDs) of banks and purchasing of gold. Nevertheless, less awareness levels about mutual funds is an investment avenue that is less preferred. Mutual funds have various investment options for products across the financial continuum. The avenue needed to achieve these goals often differ when savings goals vary, such as (Old age) post-retirement expenses, children's for schooling or marriage, purchasing of house, etc. The mutual fund industry in India offers a range of schemes and provides for all forms of according to their needs.

For retail investors a great opportunity to get involved and gain benefits from the upward trends in the mutual fund markets. While it can be advantageous to invest in mutual funds, by choosing the right fund to invest according to their needs. Therefore, investors should take due care of the fund and take account of the risk-return trade-off and the time horizon, or consult with a professional financial adviser. In addition, investors need to invest in different fund categories, such as equity, debt and gold, in order to benefit from mutual fund investments to the greatest extent possible. Although investors of all kinds are capable of investing on their own in the securities market, but the better choice is mutual fund for the sole reason that all benefits are included in a bundle.

UTI is India's oldest and largest mutual fund. Mutual funds were started by several commercial banks and financial institutions. Corporate firms have also launched mutual funds in the public sector and in the private sector. As at December 31, 2019, the total number of accounts (or folios as per the parlance of the mutual fund) stood at 8.71 crore (87.1 million), the Assets Under Management (AUM) of the Indian MF Industry increased from about 6.65 trillion as at December 31, 2009 to about 26.54 trillion as at December 31, 2019, a four-fold increase over a 10-year period in both sectors. Several taxpayers are searching for various options to save under income tax 80C, 1961. While there are many ways to save investments in tax-saving funds, one of the attractive options is the Equity Linked Saving Scheme (ELSS). The lock-in period of ELSS is much lower compared to traditional tax savings

instruments such as the Public Provident Fund (PPF), National Saving Certificate (NSC) & bank deposits. ELSS is also an investment in equity markets and investing in it can give you better long-term returns compared to other asset classes. Investors invest in this scheme and receive tax advantages under Sec 80C.

2. Literature Review

Kandpal, V., & Kavidayal, P. C. (2014)¹, compared to the Public Sector Mutual Funds in his study, the Private Sector Mutual Funds reported much better performance, primarily due to better fund allocation, better management and efficient performance of the portfolio manager. This outcome was achieved after calculating and comparing the Sharpe, Treynor, beta and Jensen ratios.

Adhav, M. S. M., & Chauhan, P. M. (2015)², their study concluded that equity, debt and hybrid mutual funds performed better than their benchmarks during the years 2009-10 to 2013-14 and generated sustainable returns for investors in equity mutual funds compared to other schemes.

Soni, S., Bankapue, D., & Bhutada, M. (2015)³, in their study it is concluded that the both Kotak and HDFC mutual fund banks are well managed in terms of debt schemes where as Kotak Mutual Fund schemes are more aggressive in Large Cap Equity schemes, and HDFC Mutual Fund schemes in Mid Cap Equity schemes are more aggressive. **Bhagyasree, N., & Kishori, B. (2016)⁴**, 14 out of 30 mutual fund schemes in his research exceeded the benchmark return. The results also showed that some of the schemes has failed, these schemes were facing the problem of diversification. In the study, for all schemes which showed that returns greater than the risk-free rate were provided by funds, the Sharpe ratio was positive. The Jensen measure results showed that 19 of 30 schemes showed positive alpha, indicating superior performance of the scheme.

Suchitra, M. K., & Prashanta, A. (2017)⁵, in their study, the Indian Mutual Funds scenario covers the gross mobilisation, gross redemption and net inflows of mutual funds, the number of mutual funds and assets under management (AUM) over the study period and the performance assessment of selected companies. There was also a year-wise and sector-wise analysis of mutual funds in India. Percentages, Averages, CAGR, and Standard Deviation are the instruments used for the analysis of the data. The assessment of performance was carried out by applying the Sharpe ratio. Compared to public sector mutual funds, the performance of the majority of private sector mutual funds is better. **Thakuria, A., & Kashyap, S. (2017)⁶**, his paper seeks to highlight the comparative performance of mutual funds in the public and private sectors, as well as to shed light on the scope of the fund market's existing potential in the face of traditional investor risk aversion and the enormous increase in financial assets. It has been noted that mutual funds in the private sector are taking more risks and have also been able to achieve higher returns on average. Although many of them have not been able to achieve better results over the long-term horizon, some of them have done well in risk-return analysis, such as the Reliance, Birla and Tata systems. **Prakash, R.P., & Basanna, P. (2017)⁷**, it is shown in his study that public sector schemes have performed well compared

to private sector schemes and it is also found that most private sector schemes have higher volatility measured in terms of standard deviation.

Raj, M., Verma, T., Bansal, S., & Jain, A. (2018)⁸, in his study, Public Sector Mutual Funds reported much better performance than Private Sector Mutual Funds, mainly due to better fund allocation, better management and efficient performance of portfolio managers.

3. Problem Statement

From the Literature Review it is clear that no much work has been emphasized on the open ended Equity Linked Savings Scheme (ELSS) of Mutual Funds. ELSS scheme offering multiple benefits to investors like short duration, high return than other tax saving schemes and dividend etc. Even though the investor has multiple benefits but their growth was not satisfactory. When they compare public sector banks mutual fund schemes and private sector banks mutual fund schemes the performance of private sector funds is better than public sector banks. Hence we would like to study the performance of public and private sector banks mutual fund open ended tax saving schemes. With the following objectives

1. To compare and evaluate the performance of various selected public and private sector banks open ended tax-saving mutual fund schemes with Nifty 50 TRI.
2. To offer suggestions to decide where and when to invest in order to obtain tax advantages and high returns.

4. Research Methodology

Methodology of science is a vital tool for achieving overall research objectives. The purpose of this research paper is to analyse the performance of the various schemes of public and private sector banks' mutual fund schemes (the open-ended Equity Linked Saving Scheme with a statutory 3-year lock-in period and tax benefits).

4.1 Sample selection

Top 10 Mutual funds schemes (direct growth) are considered for the current study among the 44 mutual funds in the Association of Mutual Funds in India (AMFI), of public and private sector banks. These banks has the share quarterly average assets under management (QAAUM) as on December 2019 in crores Rs. 15, 36,009.16.

| AMC wise Quarterly Average AUM (as on Dec 2019) | | | |
|---|------------------|----------------------------|------------------|
| Public Sector Banks | Corpus size (Cr) | Private Sector Banks | Corpus size (Cr) |
| SBI Mutual Fund | 352631.93 | HDFC Mutual Fund | 382517.03 |
| Canara Robeco Mutual Fund | 17281.38 | ICICI Mutual Fund | 361394.97 |
| Baroda Mutual Fund | 11137.72 | Kotak Mahindra Mutual Fund | 176961.15 |
| Union Mutual Fund | 4284.54 | Axis Mutual Fund | 122867.23 |
| BOI AXA Mutual Fund | 2322.14 | IDFC Mutual Fund | 104611.07 |

Source: <https://www.mutualfundindia.com/mf/Aum/details>

4.2 Study Period

The timeline for the current research study is 1st April 2014 to 31st March 2019 i.e. five years.

4.3 Source of Data

Secondary data is the primary source for the current research work, where all the Net Asset Value (NAV) information has been obtained from various sources such as <https://www.amfiindia.com> and respective mutual fund bank websites.

4.4 Tools and Techniques Used

Tools and techniques used to analysis in the current study are descriptive statistics such as CAGR, mean, variability measures (such as standard deviation (SD)) and coefficient of variance (CV) etc.,

$$1. \text{CAGR} = \left(\frac{\text{Selling Price}}{\text{Purchase Price}} \right)^{1/n} - 1 * 100$$

$$2. \text{Average } (\bar{y}) = \sum y/n$$

$$3. \text{SD } (\sigma) = \sqrt{\sum (y - \bar{y})^2/n}$$

$$4. \text{CV} = \sigma/\bar{y} * 100$$

$$5. \text{Beta} = \text{Covariance } (R_i, R_m) / \text{Variance } (R_m)$$

$$6. \text{Sharpe Ratio} = R_p - R_f / \sigma$$

$$7. \text{Treynor Ratio} = R_p - R_f / \beta$$

$$8. \text{Jensen Alpha} = R_p - (R_f + \beta (R_m - R_f))$$

4.5 Hypothesis of the Study

H₁: There is a significance difference between Average Returns of Nifty 50TRI and selected Private Sector Banks Mutual Fund Schemes.

5. Limitations

The limitations of this study are, the authors used the quantitative data for analysis due to time constraints but unable to conduct qualitative analysis, which could have taken the research a different direction. The researcher could not explore investor's perception on financial performance of mutual fund open ended tax saving schemes by using qualitative research methodology. The

study is based on secondary data of selected banks open ended tax saving schemes of (Public and Private Sector banks) NAV report.

6. Profile of Private and Public Sector Banks (Mutual Fund)

6.1 Baroda Mutual Fund

Bank of Baroda's wholly-owned subsidiary is Baroda Asset Management India Ltd (BAML). The investment manager of the Baroda Mutual Fund ('Mutual Fund'), Baroda Asset Management India Limited (AMC), is a wholly-owned subsidiary of Bank of Baroda and is capable of serving the diverse asset management needs of Indian investors through a range of offerings in equity, debt and money markets, etc.

Different Schemes introduced by Baroda Asset Management India Limited as under

| Based on structure | No. of Schemes |
|---------------------|----------------|
| Open Ended Schemes | 18 |
| Close Ended Schemes | - |
| Total | 18 |

Source: <https://www.barodamf.com/Products/Pages/equity-schemes.aspx>

| Scheme Name | Open Ended Schemes | Close Ended Schemes |
|----------------|--------------------|---------------------|
| Baroda ELSS-96 | 01 | - |
| Total | 01 | - |

Source: <https://www.barodamf.com/Products/Pages/equity-schemes.aspx>

A total of 18 schemes are available and of which 01 is tax saving scheme i.e. ELSS. In ELSS there are two plans named as Plan-A and Plan-B. In Plan-A there are three options known as growth, dividend and bonus and in Plan-B there are three options known as growth, dividend and bonus.

6.2 BOI AXA Mutual Fund

BOI AXA Investment Managers Private Limited, part of the AXA Group, is a joint venture between Bank of India and AXA Investment Managers, one of the financial protection industry's largest players in the world.

Different Schemes introduced by BOI AXA Investment Managers Private Ltd as under

| Based on Structure | No. of Schemes |
|---------------------|----------------|
| Open Ended Schemes | 12 |
| Close Ended Schemes | - |
| Total | 12 |

Source: <https://www.boiaxamf.com/product>

| Scheme Name | Open Ended Schemes | Close Ended Schemes |
|----------------------------|--------------------|---------------------|
| BOI AXA Tax Advantage Fund | 01 | - |
| Total | 01 | - |

Source: <https://www.boiaxamf.com/product>

A total of 12 schemes are available and of which 01 is tax saving scheme i.e. ELSS. In ELSS there are three plans named as regular, direct and eco. In regular plan there are two options known as growth and dividend and in direct plan there are two options known as growth and dividend and in eco plan there are two options known as growth and dividend.

6.3 Canara Robeco Mutual Fund

India's second oldest asset manager, Canara Bank, partnered with the Robeco group through a joint venture, and the mutual fund was named Canara Robeco Mutual Fund. This brings together the extensive experience of Canara Bank with the global asset management experience of the Robeco group in the Indian market.

Different Schemes introduced by Canara Robeco Asset Management Company Ltd as under

| Based on Structure | No. of Schemes |
|---------------------|----------------|
| Open Ended Schemes | 20 |
| Close Ended Schemes | 06 |
| Total | 26 |

Source: <https://www.canararobeco.com/forms-downloads/forms-and-information-documents/information-document/sid>

| Scheme Name | Open Ended Schemes | Close Ended Schemes |
|-------------------------------------|--------------------|---------------------|
| Canara Robeco Equity Tax Saver Fund | 01 | - |
| Total | 01 | - |

Source: <https://canararobeco.com/product/productlist#Equity>

A total of 26 schemes are available and of which 01 is tax saving scheme i.e. ELSS. In ELSS there are two plans named as regular and direct. In regular plan there are two options known as growth and dividend and in direct plan there are two options known as growth and dividend.

6.4 SBI Mutual Fund

SBI Funds Management Pvt., with 30 years of rich fund management experience. It has a strong and proud legacy that goes back to the State Bank, India's biggest bank (SBI). Joint venture of one of the world's leading fund management firms, SBI-AMUNDI (France).

It has a network throughout India of more than 222 acceptance points, providing value and cultivating the trust of a vast and diverse investor community.

Different schemes introduced by SBI Funds Management Pvt as under

| Based on Structure | No. of Schemes |
|----------------------|----------------|
| Open Ended Schemes | 51 |
| Closed Ended Schemes | 197 |
| Total | 248 |

Source: <https://www.sbimf.com/en-us/navs>

| Scheme Name | Open Ended Schemes | Closed Ended Schemes | Total |
|---|--------------------|----------------------|-------|
| SBI Magnum Tax Gain Scheme | 01 | 00 | 01 |
| SBI Tax Advantage Fund - Series I, II and III | 00 | 03 | 03 |
| Total | 01 | 03 | 04 |

Source: <https://www.sbimf.com/en-us/navs>

A total of 248 schemes are available and of which 04 are tax savings schemes i.e. ELSS. In ELSS there are two plans named as regular and direct. In regular plan there are two options known as growth and dividend and in direct plan also there are two options known as growth and dividend.

6.5 Union Mutual Fund

The Union Mutual Fund is a subsidiary of the Union Bank and holds 100% of the shares of the Company's Mutual Fund.

Different Schemes introduced by Union Asset Management Company Private Limited as under

| Based on Structure | No. of Schemes |
|---------------------|----------------|
| Open Ended Schemes | 14 |
| Close Ended Schemes | 02 |
| Total | 16 |

Source: <http://www.unionmf.com/Products.aspx>

| Scheme Name | Open Ended Schemes | Close Ended Schemes |
|-----------------------------|--------------------|---------------------|
| Union Long Term Equity Fund | 01 | - |
| Total | 01 | - |

Source: <http://www.unionmf.com/Products.aspx>

A total of 16 schemes are available and of which 01 is tax saving scheme i.e. ELSS. In ELSS there are two plans named as regular and direct. In regular plan there are two options known as growth and dividend and in direct plan also there are two options known as growth and dividend.

6.6 HDFC Mutual Fund

HDFC Asset Management Company is the biggest and most profitable mutual fund company in India with 3.7 trillion in assets under control. Housing Development Finance Corporation Limited ('HDFC') and Standard Life Investments Limited ('SLI') were set up as a joint venture starting in 1999.

There are currently over 80,000 empanelled distributors of HDFC Asset Management Company from independent financial analysts, regional distributors and banks. In over 200 cities, it has a network of 213 branches and distribution partners.

Different Schemes introduced by HDFC Mutual Fund as under

| Based on Structure | No. of Schemes |
|---------------------|----------------|
| Open Ended Schemes | 44 |
| Close Ended Schemes | - |
| Total | 44 |

Source: https://www.hdfcfund.com/ourproducts?fund_type=wealth-creation

| Scheme Name | Open Ended Schemes | Close Ended Schemes |
|-------------------------------|--------------------|---------------------|
| HDFC Long Term Advantage Fund | 1 | - |
| HDFC Tax Saver Fund | 1 | - |
| Total | 2 | - |

Source: https://www.hdfcfund.com/ourproducts?fund_type=wealth-creation

A total of 44 schemes are available and of which 02 are tax saving scheme i.e. ELSS. In ELSS there are two plans named as regular and direct. In regular plan there are two options known as growth and dividend and in direct plan there are two options known as growth and dividend.

6.7 ICICI Mutual Fund

ICICI Prudential Asset Management Company Ltd. is a nationwide leading asset management company (AMC) focusing on bridging the gap between savings & investments and building long-term value through a variety of simple and appropriate investment solutions for investors.

AMC is a joint venture between Prudential Plc, one of the largest financial services companies in the United Kingdom, and ICICI Bank, a well known and trusted financial services firm in India.

AMC has seen significant growth in scale from 2 locations and 6 employees at the launch of the joint venture in 1998 to the current strength of 2062 employees covering more than 300 locations with an investor base of more than 4 million investors (as of 30 June 2019).

Different Schemes introduced by ICICI Mutual Fund as under

| Based on Structure | No. of Schemes |
|--------------------|----------------|
| Total Schemes | 100 |

Source: <https://www.icicipruamc.com/downloads/sid>

| Scheme Name | ELSS Scheme |
|--|-------------|
| ICICI Prudential Long Term Equity Fund | 1 |
| Total | 1 |

Source: <https://www.icicipruamc.com/downloads/sid>

A total of 100 schemes are available and of which 01 is tax saving scheme i.e. ELSS. In ELSS there are two plans named as regular and direct. In regular plan there are two options known as growth and dividend and in direct plan there are two options known as growth and dividend.

6.8 Kotak Mutual Fund

Kotak Mahindra Asset Management Company Limited (KMAMC), a Kotak Mahindra Bank Limited wholly owned company (KMBL). KMAMC began operations in December 1998 and has about 21 Lac shareholders in various schemes. The corporation has 86 branches in 82 cities. KMMF provides investors with varying risk-return profiles with catering schemes and was the first fund house in the country to launch a dedicated gold scheme which only invests in government securities.

Different Schemes introduced by Kotak Mutual Fund as under

| Based on Structure | No. of Schemes |
|--------------------|----------------|
| Total Schemes | 40 |
| Total | 40 |

Source: <https://www.kotakmf.com/funds/equity-funds>

| Scheme Name | ELSS Scheme |
|----------------------|-------------|
| Kotak Tax Saver Fund | 1 |
| Total | 1 |

Source: <https://www.kotakmf.com/funds/equity-funds>

A total of 40 schemes are available and of which 01 is tax saving scheme i.e. ELSS. In ELSS there are two plans named as regular and direct. In regular plan there are two options known as growth and dividend and in direct plan there are two options known as growth and dividend.

6.9 Axis Mutual Fund

Axis Mutual Fund started its first operations in October 2009 and has since been growing strongly. It's operations on 3 founding principles-long-term wealth creation, over 20 lac active investor accounts, and outside in (customer) perspective and long-term relationship presence in over 90 cities.

Different schemes introduced by Axis Mutual Fund as under

| Based on Structure | No. of Schemes |
|---------------------|----------------|
| Open Ended Schemes | 33 |
| Close Ended Schemes | - |
| Total | 33 |

Source: <https://www.axismf.com/mutual-funds>

| Scheme Name | Open Ended Schemes | Close Ended Schemes |
|----------------------------|--------------------|---------------------|
| Axis Long Term Equity Fund | 1 | - |
| Total | 1 | - |

Source: <https://www.axismf.com/mutual-funds>

A total of 33 schemes are available and of which 01 is tax savings schemes i.e. ELSS. In ELSS there are two plans named as regular and direct. In regular plan there are two options known as growth and dividend and in direct plan also there are two options known as growth and dividend.

7.0 IDFC Mutual Fund

IDFC Asset Management Company Ltd. was incorporated in 2000 and manages more than 1 million investment folios with an AUM of more than One Lakh Crore Crore representing leading institutions, corporations, family offices and individual clients (USD 14bn). IDFC AMC is one of India's Top 10 Asset Managers with a deep national presence on the ground and a seasoned management team, promoted by the Government of India's IDFC Ltd., India's leading infrastructure finance company. We provide and manage a diversified range of funds across debt, equity and liquid alternatives asset classes and have a distribution reach that covers 40 plus cities directly and has an indirect presence in more than 280 plus cities across India.

Different Schemes introduced by IDFC Mutual Fund as under

| Based on Structure | No. of Schemes |
|---------------------|----------------|
| Open Ended Schemes | 34 |
| Close Ended Schemes | 21 |
| Total | 55 |

Source: <https://www.idfcmf.com/latest-navs.aspx>

| Scheme Name | Open Ended Schemes | Close Ended Schemes |
|--------------------------------|--------------------|---------------------|
| IDFC Tax Advantage (ELSS) Fund | 1 | - |
| Total | 1 | - |

Source: <https://www.idfcmf.com/latest-navs.aspx>

A total of 55 schemes are available and of which 01 is tax saving scheme i.e. ELSS. In ELSS there are two plans named as regular and direct. In regular plan there are two options known as growth and dividend and in direct plan also there are two options known as growth and dividend.

7. Performance evaluation

We analysed the performance of the public and private sector bank mutual funds' open-ended tax saving schemes.

All the selected public and private sector banks open ended tax saving schemes has two plans know as direct and regular plan

The direct plan is only for investors who purchase/subscribe units directly from the Mutual Fund in a scheme. Whereas in Regular plan the investors invest their investment through any distributor, both the plans have Growth & Dividend Option.

Table 7.1 CAGR Values of selected ELSS funds and Nifty 50 TRI (%)

| Nifty 50 TRI | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| | 2018-2019 | 2017-2018 | 2016-2017 | 2015-2016 | 2014-2015 |
| Benchmark | 15.33 | 10.98 | 20.55 | -8.85 | 27.85 |
| Direct-Growth | | | | | |
| Public Sector Banks | | | | | |
| | 2018-2019 | 2017-2018 | 2016-2017 | 2015-2016 | 2014-2015 |
| SBI Magnum Tax Gain Scheme | 5.53 | 8.16 | 21.4 | -8.57 | 48.15 |
| Canara Robeco Equity Tax Saver Fund | 13.47 | 13.78 | 19.36 | -9.95 | 44.98 |
| Baroda ELSS 96 (Plan-B) | -2 | 9 | 27 | -11 | 4.82 |
| Union Long Term Equity Fund | 5 | 7.7 | 17.64 | -11.74 | 40 |
| BOI AXA Tax Advantage Fund | -9 | 28.8 | 24.1 | -9.7 | 45.6 |
| Private Sector Banks | | | | | |
| HDFC Tax Saver Fund | 5.8 | 6.58 | 33.37 | -11.74 | 44.49 |
| HDFC Long Term Advantage Fund | 10.22 | 11.09 | 31.25 | -4.93 | 34.66 |
| ICICI Prudential Long Term Equity Fund | 8.67 | 8.33 | 28.56 | -5.7 | 45.92 |
| Kotak Tax Saver Fund | 11.43 | 7.63 | 32.01 | -7.62 | 58.14 |
| Axis Long Term Equity Fund | 7.43 | 17.23 | 19.76 | -6.15 | 65.72 |
| IDFC Tax Advantage (ELSS) | 1.01 | 22.99 | 28.38 | -10.69 | 56.83 |

Source: Calculated from Secondary Data

Table 7.1 shows CAGR based on NAV of all banks and Nifty 50 TRI. From the table it is clear that out of different direct-growth funds of private sector banks giving high CAGR than public sector banks.

Table 7.2 Average Returns, Standard Deviation (SD) and Coefficient of Variance (CV) of selected ELSS funds and Nifty 50 TRI

| Nifty 50 TRI | | | |
|--|--------------------|-----------------------------|----------------------------------|
| | Average Return (%) | Standard Deviation (SD) (%) | Coefficient of Variance (CV) (%) |
| Benchmark | 13.17 | 12.36 | 93.86 |
| Direct-Growth | | | |
| Public Sector Banks | | | |
| | Average Return (%) | Standard Deviation (SD) (%) | Coefficient of Variance (CV) (%) |
| SBI Magnum Tax Gain Scheme | 14.93 | 19.14 | 128.17 |
| Canara Robeco Equity Tax Saver Fund | 16.33 | 17.52 | 107.32 |
| Baroda ELSS 96 (Plan-B) | 5.56 | 12.68 | 227.83 |
| Union Long Term Equity Fund | 11.72 | 17.01 | 145.13 |
| BOI AXA Tax Advantage Fund | 15.96 | 21.87 | 137.02 |
| Private Sector Banks | | | |
| HDFC Tax Saver Fund | 15.7 | 20.37 | 129.76 |
| HDFC Long Term Advantage Fund | 16.46 | 14.66 | 89.1 |
| ICICI Prudential Long Term Equity Fund | 17.16 | 18.05 | 105.23 |
| Kotak Tax Saver Fund | 20.32 | 22.75 | 111.97 |
| Axis Long Term Equity Fund | 20.8 | 24.24 | 116.53 |
| IDFC Tax Advantage (ELSS) | 19.7 | 23.4 | 118.75 |

Source: Calculated from Secondary Data

Table 7.2 shows Average Returns, Standard Deviation (SD) and Coefficient of variance (CV) of different funds. These values calculated by using CAGR. From the table it is clear that the average returns of selected banks mutual funds is more than the market index that is Nifty 50 TRI with moderate risk and with moderate volatility. Among selected public sector banks, Canara Robeco Equity Tax Saver Fund is giving high average return with moderate risk and volatility is low. After Canara Robeco Equity Tax Saver Fund, BOI AXA Tax Advantage Fund is giving high average return with high risk and volatility is also moderate. After BOI AXA Tax Advantage Fund, SBI Magnum Tax Gain Scheme is giving high average return with high risk and volatility is also moderate. After SBI Magnum Tax Gain Scheme, Union Long Term Equity Fund is giving moderate average return with low risk and volatility is also moderate. After Union Long Term Equity Fund, Baroda ELSS 96 (Plan-B) is giving low average return with less risk and volatility also high. From the table it is clear that Canara Robeco Equity Tax Saver Fund is providing high average returns (16.33 percent) with moderate risk (17.52 percent) and low volatility (107.32 percent). Hence different funds of selected banks are giving more returns to investors than market index except Baroda ELSS 96 (Plan-B).

Among selected private sector banks, Axis Long Term Equity Fund is giving high average return with high risk and volatility is moderate. After Axis Long Term Equity Fund, Kotak Tax Saver Fund is giving high average return with high risk and volatility is also high. After Kotak Tax Saver Fund, IDFC Tax Advantage Fund is giving high average return with high risk and volatility is also moderate. After IDFC Tax Advantage Fund, ICICI Prudential Long Term Equity Fund is giving moderate average return with low risk and volatility is also moderate. After ICICI Prudential Long Term Equity Fund, HDFC Long Term Advantage Fund is giving low average return with less risk and volatility also low. After HDFC Long Term Advantage Fund, HDFC Tax Saver Fund is giving low average return with moderate risk and volatility also high. From the table it is clear that Axis Long Term Equity Fund is providing high average returns (20.80 percent) with high risk (24.24 percent) and moderate volatility (116.53 percent). Hence different funds of selected banks are giving more returns to investors than market index.

Table 7.3 Beta Values of selected ELSS funds and Nifty 50 TRI

| Nifty 50 TRI | |
|--|------|
| | Beta |
| Benchmark | 1 |
| Direct-Growth | |
| Public Sector Banks | |
| | Beta |
| SBI Magnum Tax Gain Scheme | 1.37 |
| Canara Robeco Equity Tax Saver Fund | 1.34 |
| Baroda ELSS 96 (Plan-B) | 0.64 |
| Union Long Term Equity Fund | 1.27 |
| BOI AXA Tax Advantage Fund | 1.28 |
| Private Sector Banks | |
| HDFC Tax Saver Fund | 1.51 |
| HDFC Long Term Advantage Fund | 1.11 |
| ICICI Prudential Long Term Equity Fund | 1.32 |
| Kotak Tax Saver Fund | 1.66 |
| Axis Long Term Equity Fund | 1.6 |
| IDFC Tax Advantage (ELSS) | 1.61 |

Source: Calculated from Secondary Data

Table 7.3 shows beta values of selected ELSS schemes and Nifty 50 TRI. The value of beta shows performance of selected funds in correlation with market if market. Beta value measures the change in the return of individual security in response to unit change in market index. Hence it measures of systematic risk of security. If beta value equal to 1 indicates proportionate change in return of market index is equal to proportionate change in return of a fund. If beta greater than 1 means the proportionate change in returns of a fund would be more than market returns. If beta less than 1 indicates the returns of a fund would be comparatively less the market index.

From the table it is clear that all the selected public sector funds has beta value more than 1 except Baroda ELSS 96 (Plan-B) it means they are giving high returns than market index. Among the selected public sector funds SBI

Magnum Tax Gain Scheme is giving higher returns than others later Canara Robeco Equity Tax Saver Fund, BOI AXA Tax Advantage Fund and Union Long Term Equity Fund are giving moderate returns and since beta value more than 1 all funds are aggressive relationship with market index except Baroda ELSS 96 (Plan-B).

From the table it is clear that all the selected private sector funds has beta value more than 1 it means they are giving high returns than market index. Among the selected private sector funds Kotak Tax Saver Fund is giving higher returns than others later Axis Long Term Equity Fund, IDFC Tax Advantage, HDFC Tax Saver Fund and ICICI Prudential Long Term Equity Fund are giving moderate returns. Only HDFC Long Term Advantage Fund is giving less return than other selected funds and since beta value more than 1 all funds are aggressive relationship with market index.

Table 7.4 Sharpe Ratio values of selected ELSS funds

| Nifty 50 TRI | |
|--|--------------|
| | Sharpe Ratio |
| Benchmark | 12.63 |
| Direct-Growth | |
| Public Sector Banks | |
| | Sharpe Ratio |
| SBI Magnum Tax Gain Scheme | 14.59 |
| Canara Robeco Equity Tax Saver Fund | 15.95 |
| Baroda ELSS 96 (Plan-B) | 5.04 |
| Union Long Term Equity Fund | 11.33 |
| BOI AXA Tax Advantage Fund | 15.66 |
| Private Sector Banks | |
| HDFC Tax Saver Fund | 15.37 |
| HDFC Long Term Advantage Fund | 16 |
| ICICI Prudential Long Term Equity Fund | 16.79 |
| Kotax Tax Saver Fund | 20.03 |
| Axis Long Term Equity Fund | 20.52 |
| IDFC Tax Advantage (ELSS) | 19.42 |

Source: Calculated from Secondary data

Table 7.4 Depicts the Sharpe ratio values of selected ELSS funds and Nifty 50 TRI. Sharpe value measures the returns earned over the risk free rate of return relative to its standard deviation. Sharpe ratio of a fund with higher value is considered superior relative to its peers. Form the table it is clear that among selected public sector banks Canara Robeco Equity Tax Saver Fund has highest Sharpe ratio when compared with other funds i.e., 15.95 which means gives highest excess return over the risk free rate of return. Hence Canara Robeco Equity Tax Saver Fund is best fund to invest.

Form the table it is clear that among selected private sector banks Axis Long Term Equity Fund has highest Sharpe ratio when compared with other funds i.e., 20.52 which means gives highest excess return over the risk free rate of return. Hence Axis Long Term Equity Fund is best fund to invest.

Form the table it is clear that among selected public and private sector banks Axis Long Term Equity Fund has highest Sharpe ratio when compared with other funds i.e., 20.52 which means gives highest excess return over the risk free rate of return. Hence Axis Long Term Equity Fund is best fund to invest.

Table 7.5 Treynor Ratio values of selected ELSS funds

| Nifty 50 TRI | |
|--|---------------|
| | Treynor Ratio |
| Benchmark | 6.52 |
| Direct-Growth | |
| Public Sector Banks | |
| | Treynor Ratio |
| SBI Magnum Tax Gain Scheme | 10.08 |
| Canara Robeco Equity Tax Saver Fund | 11.35 |
| Baroda ELSS 96 (Plan-B) | -4.85 |
| Union Long Term Equity Fund | 6.48 |
| BOI AXA Tax Advantage Fund | 10.76 |
| Private Sector Banks | |
| HDFC Tax Saver Fund | 11.3 |
| HDFC Long Term Advantage Fund | 10.45 |
| ICICI Prudential Long Term Equity Fund | 12.13 |
| Kotak Tax Saver Fund | 16.3 |
| Axis Long Term Equity Fund | 16.65 |
| IDFC Tax Advantage (ELSS) | 15.57 |

Source: Calculated from Secondary data

Table 7.5 presents treynors ratio which is another risk adjusted return ratio but it uses Beta (systematic) for risk measurement. Form the table it is clear that the among selected public sector banks Canara Robeco Equity Tax Saver Fund has a highest treynors ratio which is 11.35 means it gives best risk adjusted return whereas, Baroda ELSS 96 (Plan-B) has a lowest treynors ratio that is - 4.85.

Form the table it is clear that the among selected private sector banks Axis Long Term Equity Fund has a highest treynors ratio which is 16.65 means it gives best risk adjusted return whereas, HDFC Long Term Equity Fund has a lowest treynors ratio that is 10.45.

Form the table it is clear that among selected public and private sector banks Axis Long Term Equity Fund has highest Sharpe ratio when compared with other funds i.e., 16.65 which means gives highest excess return over the risk free rate of return. Hence Axis Long Term Equity Fund is best fund to invest.

Table 7.6 Jensen's Alpha values of selected ELSS funds

| Public Sector Banks | |
|--|----------------|
| | Jensen's Alpha |
| SBI Magnum Tax Gain Scheme | -0.65 |
| Canara Robeco Equity Tax Saver Fund | 0.97 |
| Baroda ELSS 96 (Plan-B) | -5.25 |
| Union Long Term Equity Fund | -3.2 |
| BOI AXA Tax Advantage Fund | 0.96 |
| Private Sector Banks | |
| HDFC Tax Saver Fund | -0.81 |
| HDFC Long Term Advantage Fund | 2.59 |
| ICICI Prudential Long Term Equity Fund | 1.88 |
| Kotak Tax Saver Fund | 2.87 |
| Axis Long Term Equity Fund | 3.7 |
| IDFC Tax Advantage (ELSS) | 2.55 |

Source: Calculated from Secondary data

Table 7.6 presents Jensen's alpha values which indicate whether the fund has earned excess return over the benchmark return predicted through beta. Higher the value of beta better is the fund. The data analysis shows that, among selected public sector banks Canara Robeco Equity Tax Saver Fund has the highest Jensen alpha of 0.97 whereas Baroda ELSS 96 (Plan-B) has a lowest alpha that is -5.25. A closer look at the table shows that all the selected schemes have a negative alpha except Canara Robeco Equity Tax Saver Fund and BOI AXA Tax Advantage Fund which means they provide less return over the expected return.

The data analysis shows that, among selected private sector banks Axis Long Term Equity Fund has the highest Jensen alpha of 3.7 whereas HDFC Tax Saver Fund has a lowest alpha that is -0.81. A closer look at the table shows that all the selected schemes have a positive alpha except HDFC Tax Saver Fund which means they provide excess return over the expected return.

Form the table it is clear that among selected public and private sector banks Axis Long Term Equity Fund has highest Sharpe ratio when compared with other funds i.e., 3.7 which means gives highest excess return over the risk free rate of return. Hence Axis Long Term Equity Fund is best fund to invest.

Result of Hypothesis

H₁₀: There is a significance difference between Average Returns of Nifty 50TRI and selected Public Sector Banks Mutual Fund Schemes.

| t-Test: Two-Sample Assuming Unequal Variances | | |
|---|--------------|----------------------------------|
| | Nifty 50 TRI | Public Sector Banks Mutual Funds |
| Mean | 13.17 | 12.9 |
| Variance | 3.9443E-30 | 20.12935 |
| Observations | 5 | 5 |
| Hypothesized Mean Difference | 0 | |
| df | 4 | |
| t Stat | 0.13456555 | |
| P(T<=t) one-tail | 0.449727385 | |
| t Critical one-tail | 2.131846786 | |
| P(T<=t) two-tail | 0.899454771 | |
| t Critical two-tail | 2.776445105 | |

Source: Calculated from Secondary data

The t stat value of 0.134 is less than t critical two tail value of 2.77, and the p value of 0.89 is greater than the 0.05, indicating that there is no significant difference in the average returns for Nifty 50 TRI and Public Sector banks mutual fund schemes. Therefore, the null hypothesis is failed to reject.

H₂₀: There is a significance difference between Average Returns of Nifty 50TRI and selected Private Sector Banks Mutual Fund Schemes.

| t-Test: Two-Sample Assuming Unequal Variances | | |
|---|--------------|-----------------------------------|
| | Nifty 50 TRI | Private Sector Banks Mutual Funds |
| Mean | 13.17 | 18.35666667 |
| Variance | 0 | 4.743266667 |
| Observations | 6 | 6 |
| Hypothesized Mean Difference | 0 | |
| df | 5 | |
| t Stat | -5.83344614 | |
| P(T<=t) one-tail | 0.001046613 | |
| t Critical one-tail | 2.015048373 | |
| P(T<=t) two-tail | 0.002093227 | |
| t Critical two-tail | 2.570581836 | |

Source: Calculated from Secondary data

The t stat value of 5.833 is greater than t critical two tail value of 2.57, and the p value of 0.002 is less than the 0.05, indicating that there is a significant difference in the average returns for Nifty 50 TRI and Public Sector banks mutual fund schemes. Therefore, the null hypothesis is rejected and the alternate hypothesis is accepted.

8. Suggestions

The following are Suggestions:

1. In general, the Canara Robeco Equity Tax Saver Fund generates higher returns at low risk among public sector banks. Therefore an investor can invest in the Equity Tax Saver Fund of Canara Robeco.
2. In general, the Axis Long Term Equity Fund generates more returns for low-risk private sector banks. An investor will therefore be able to invest in the Axis Long Term Equity Fund.

3. Employees who work in both the private and public sectors are eligible to invest in private sector mutual funds because private sector mutual funds provide high returns when compared to public sector mutual funds.
4. Compared with other public sector tax saving schemes under Section 80C, such as PPF, NSC, EPF, Tax Saving Deposits, and so on, high returns are provided by private sector mutual funds.
5. Each investor should analyse the mutual funds in terms of fund performance before they make an investment decision. The schemes in the mutual fund should be selected by the fund manager or portfolio manager on the basis of investor profiling. Based on the market timing, the fund manager should carefully select the scheme. In order for investors to easily understand the company's performance, the portfolio manager should disclose all the information related to the mutual fund and the company's performance to investors. People who are interested in investing in mutual fund schemes may invest in the mutual fund schemes of private sector banks.
6. Investors should choose long-term high-return equity schemes where they are able to choose short-term minimum-risk constant-return debt schemes.
7. Since the last decade, the Indian Mutual Funds Industry has changed completely for good and demonstrated significant growth and potential. Although the Asset under Management and the number of schemes have significantly increased, it has yet to be a household product and needs to effectively cover the retail segment.

9. Conclusion

This study helped the investigator in understanding the different plans/options of open ended tax saving mutual fund schemes and the best performing open ended tax saving mutual fund schemes from a selected pool of mutual funds. This enabled the researcher in suggesting the retail investor the best mutual fund company to invest his or her money. The study is very relevant in today's financial market context and will form basis for the performance evaluation of the mutual funds in future also. The mutual fund performance are measured by different performance evaluation technique like CAGR, Average Return, Standard Deviation, CV and Risk adjusted measures etc., and outcome from evaluation will let the investor to invest in to the right categories of mutual fund.

The study concludes that all ELSS funds have outperformed the market index in terms of average returns. Axis Long Term Equity Fund is the most reliable scheme in market. Moreover, all the funds have aggressive relationship with market except Baroda ELSS 96 (Plan-B).

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