INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

IJRCM

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A., Open J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)], Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 2980 Cities in 165 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

http://ijrcm.org.in/

CONTENTS

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography: Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** ***anytime*** in ***M.S. Word format*** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website (***FOR ONLINE SUBMISSION, CLICK HERE***).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____________

THE EDITOR
IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF.**

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled '____' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

NAME OF CORRESPONDING AUTHOR:
Designation:
Affiliation with full address, contact numbers & Pin Code:
Residential address with Pin Code:
Mobile Number (s):
Landline Number (s):
E-mail Address:
Alternate E-mail Address:

NOTES:
a) The whole manuscript is required to be in ***ONE MS WORD FILE*** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
b) The sender is required to mentionthe following in the **SUBJECT COLUMN** of the mail:
New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/ Engineering/Mathematics/other, please specify)
c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
d) The total size of the file containing the manuscript is required to be below **500 KB**.
e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE**: The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS**: The author (s) **full name**, **designation**, **affiliation** (s), **address**, **mobile/landline numbers**, and **email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT**: Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS**: Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.

6. **MANUSCRIPT**: Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.

7. **HEADINGS**: All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

8. **SUB-HEADINGS**: All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.

9. **MAIN TEXT**: The main text should follow the following sequence:

   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

   It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed ***5000 WORDS***.

10. **FIGURES &TABLES**: These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. It should be ensured that the tables/figures are referred to from the main text.

11. **EQUATIONS**:These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.

12. **REFERENCES**: The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parentheses.
- The location of endnotes within the text should be indicated by superscript numbers.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

A COMPARATIVE STUDY ON THE PERFORMANCE OF SELECTED MUTUAL FUND TAX SAVING SCHEMES: AN IMPLICATION OF SHARPE'S MEASURE

RAJIB DEB
GUEST LECTURER
DEPARTMENT OF COMMERCE
DHARMANAGAR GOVERNMENT DEGREE COLLEGE
DHARMANAGAR

ABSTRACT
With the emergence of the capital market, the Indian capital market also witnessed a significant institutional development in the form of a diversified structure of Mutual Funds. A Mutual Fund is a special type of investment institution that acts as an investment conduit. It pools the savings, particularly of the relatively small investors, and invests them in a well-diversified portfolio of sound investment. Mutual Funds have become a widely popular and effective way for investors to participate in financial markets. It can play a central role in an individual's investment strategy under the guidance of a portfolio manager who makes investment decisions on behalf of Mutual Fund unit holders. In this present study an attempt has been made to find out the performance of various Tax saving Mutual Fund schemes offered by various Mutual Fund companies. Tax saving Mutual Fund scheme is one of the important constituents of Mutual Fund Companies and it has been gaining demand rapidly due to its tax advantage. In this paper the performance evaluation of some of the Tax saving schemes of Mutual Fund is carried out through relative performance index, such as Sharpe's Ratio. The present study will also give an idea to the investor as a financial advisor regarding investment in Mutual Fund schemes. (BlackRock Investments)

KEYWORDS
Mutual Fund, Sharpe's measure, Tax saving Schemes.

INTRODUCTION
With the emergence of the capital market, the Indian capital market also witnessed a significant institutional development in the form of a diversified structure of Mutual Funds. A Mutual Fund is a special type of investment institution that acts as an investment conduit. It pools the savings, particularly of the relatively small investors, and invests them in a well-diversified portfolio of sound investment. Mutual Funds have become a widely popular and effective way for investors to participate in financial markets. It can play a central role in an individual's investment strategy under the guidance of a portfolio manager who makes investment decisions on behalf of Mutual Fund unit holders. (BlackRock Investments)
Over the past decades, Mutual Funds have increasingly become the investor's vehicle of choice for long-term investment. A wide variety of Mutual Fund schemes has also been developed by the fund-managers to attract the investors. Tax-saving Mutual Funds are one of this types which attracts the customers because it gives the tax-payer a deduction up to Rs. 1, 00,000 under section 80C of Income Tax Act. The tax payers, who want their money to grow at a higher rate compared to other traditional tax saving avenues, are attracted by this scheme.(Elite)

MEANING AND DEFINITIONS OF MUTUAL FUNDS
A Mutual Fund is a type of professionally managed collective investment vehicle that pools money from many investors to purchase securities. While there is no legal definition of the term "Mutual Fund", the term is most commonly applied only to those collective investment vehicles (i.e. investment companies) that are regulated and available to the general public for purchase. (Padmaja, 2013)
Securities and Exchange Board of India (Mutual Fund) Regulations, 1996 define "Mutual Fund" as, "a fund established in the form of a trust to raise monies through the sale of units to the public or a section of the people under one or more schemes for investing in securities, including "Money market instruments".
"Mutual Fund as financial intermediaries which being a wide variety of securities within the reach of the most modern investors."(Tripathy, 2010)

Frank Relicy

"The Mutual Fund is an important vehicle for bringing wealth holder and deficit units together or directly."(Ibid.)

James Pierce

A Mutual Fund is an investment vehicle that pools the money of the investors having common goal. In return, every investor own their respective share of the fund based on their investment.
The ownership of the fund is thus joint or "mutual"; the fund belongs to all investors. A single investor's ownership of the fund is in the same proportion as the amount of the contribution made by him or her bears to the total amount of the fund.

OVERVIEW OF MUTUAL FUND INDUSTRY
The most important trend in the Mutual Fund (MF) Industry is the aggressive expansion of the foreign owned MF companies and the decline of the companies floated by nationalized banks and smaller private sector players. Many nationalized banks got into the Mutual Fund business in the early nineties and got off to a good start due to the stock market boom prevailing then.
The Mutual Fund industry in India started in 1963 with the formation of Unit Trust of India, at the initiative of the Government of India and Reserve Bank of India. The history of Mutual Funds in India can be broadly divided into four distinct phases:

FIRST PHASE – 1964-87

Unit Trust of India (UTI) was established on 1963 by an Act of Parliament. It was set up by the Reserve Bank of India and functioned under the Regulatory and administrative control of the Reserve Bank of India. In 1978 UTI was de-linked from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. The first scheme launched by UTI was Unit Scheme 1964. At the end of 1988 UTI had Rs.6,700 crores of assets under management.

SECOND PHASE – 1987-1993 (ENTRY OF PUBLIC SECTOR FUNDS)

1987 marked the entry of non- UTI, public sector Mutual Funds set up by public sector banks and Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC). SBI Mutual Fund was the first non- UTI Mutual Fund established in June 1987 followed by Can bank Mutual Fund (Dec 87), Punjab National Bank Mutual Fund (Aug 89), Indian Bank Mutual Fund (Nov 89), Bank of India (Jun 90), Bank of Baroda Mutual Fund (Oct 92). LIC established its Mutual Fund in June 1989 while GIC had set up its Mutual Fund in December 1990. At the end of 1993, the Mutual Fund industry had assets under management of Rs.47,004 crores.

THIRD PHASE – 1993-2003 (ENTRY OF PRIVATE SECTOR FUNDS)

With the entry of private sector funds in 1993, a new era started in the Indian Mutual Fund industry, giving the Indian investors a wider choice of fund families. Also, 1993 was the year in which the first Mutual Fund Regulations came into being, under which all Mutual Funds, except UTI were to be registered and governed. The erstwhile Kothari Pioneer (now merged with Franklin Templeton) was the first private sector Mutual Fund registered in July1993.The 1993 SEBI

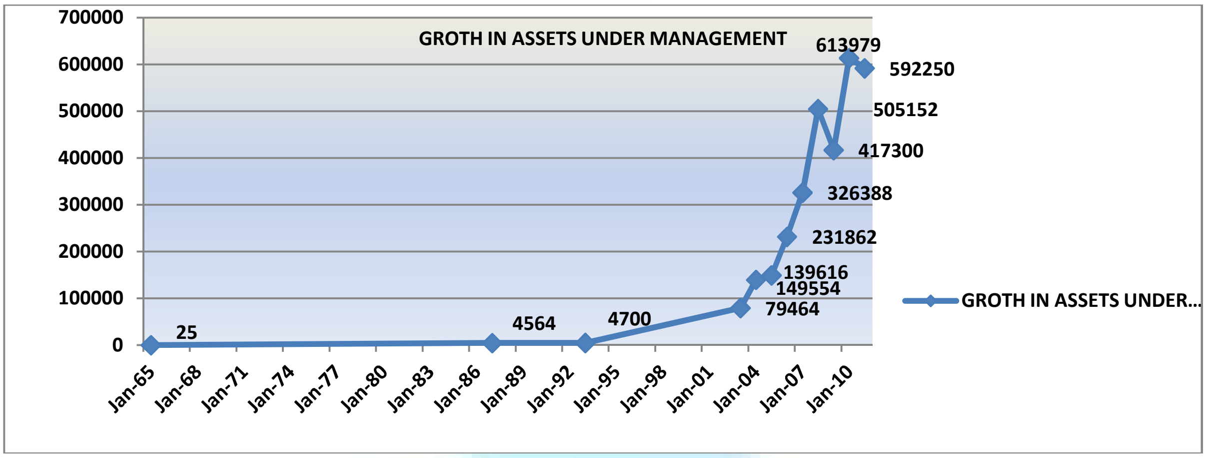
(Mutual Fund) Regulations were substituted by a more comprehensive and revised Mutual Fund Regulations in 1996. The industry now functions under the SEBI (Mutual Fund) Regulations 1996.

FOURTH PHASE – SINCE FEBRUARY 2003

In February 2003, following the repeal of the Unit Trust of India Act 1963 UTI was bifurcated into two separate entities. One is the Specified Undertaking of the Unit Trust of India with assets under management of Rs.29,835 crores as at the end of January 2003, representing broadly, the assets of US 64 scheme, assured return and certain other schemes.

The second is the UTI Mutual Fund, sponsored by SBI, PNB, BOB and LIC. It is registered with SEBI and functions under the Mutual Fund Regulations. With the bifurcation of the erstwhile UTI which had in March 2000 more than Rs.76,000 crores of assets under management and with the setting up of a UTI Mutual Fund, conforming to the SEBI Mutual Fund Regulations, and with recent mergers taking place among different private sector funds, the Mutual Fund industry has entered its current phase of consolidation and growth. The graph indicates the growth of assets over the years.(AMFI, 2013)

FIG. 1



Source: (AMFI, 2013)

BENEFITS OF MUTUAL FUNDS

Mutual Fund (MF) is a mechanism for pooling the resources by issuing to the investors and investing funds in securities in accordance with objectives as disclosed in offer document. Investments in securities are spread across a wide cross-section of industries and sectors and thus the risk is reduced. Mutual Fund issues units to the investors in accordance with quantum of money invested by them. The profits or losses are shared by the investors in proportion to their investments. The Mutual Funds normally come out with a number of schemes with different investment objectives which are launched from time to time. Among the different schemes, the scheme which is quite popular for its tax advantages is known as tax saving MF.

MF according to investment objectives, comprise of, pure growth scheme, balanced schemes and tax saving schemes. Among the three types, tax saving scheme is more profitable because its act as a tax shield.(SEBI)

BENEFITS OF TAX SAVING SCHEMES

These schemes offer tax rebates to the investors under specific provisions of the Indian IT laws prescribed from time to time. Tax planning may seem like a hard exercise requiring lot of efforts that may make an ordinary investor nervous at the first glance. Equity Linked Saving Scheme (ELSS) a simple way to get tax benefits and at the same time get an opportunity to gain from the Indian equity markets.

ELSS is a type of diversified equity MF which is qualified for tax exemption under section 80C of the IT Act, and offers the twin advantage of capital appreciation and tax benefits. It comes with a lock period of 3 years. ELSS funds are one of the best avenues to save tax under section 80C. Furthermore no tax is levied on the long-term capital gains from these funds. Moreover, compared to other tax saving options; ELSS has the shortest lock in period of three years.(SBI, 2013)

STATEMENT OF THE PROBLEM

In present market trend, MF is one of the revolutionary investment alternatives. In present economic liberalization scenario investors with their huge surplus funds, needs highly diversifiable instrument alternative for moderate returns with low risk, with this the MF got significance in Indian capital market. With its various diversified options in the Mutual Funds the Mutual Fund companies are attracting investors towards them. Tax saving scheme is among the popular Mutual Fund schemes which has been attracting investors towards them. Thus, it is relevant from the view point of the investors to know the performance of the various tax saving schemes of Mutual Funds.

With the rise in demand for Mutual Fund and with the rise in demand in the tax saving schemes various Mutual Fund companies are coming with their tax saving schemes. Now, the customers have a wide range of choice among the various Mutual Fund tax saving schemes of different Mutual Fund companies. So, it is important in the view point of investors to know which tax saving scheme is performing well in the present days on the basis of the past records.

In the era of globalization there are many investment opportunities available to the investors, such as investment in bonds, securities, shares etc. At the same time there are also other tax saving schemes available for investment like NSC, PPF, Life Insurance, NSS, and PO Deposit Scheme etc. So, it is important to know whether the returns from Mutual Fund are adequate in comparison to those available with fixed return and lesser risk.

REVIEW OF LITERATURE

Mutual Fund industry is an important constituent of the Indian Financial System. A large number of studies have been conducted in India and abroad covering different aspects of Mutual Funds. These include descriptive and empirical studies dealing with Mutual Funds as a whole or covering some of their specific aspects. The review of the studies here has been undertaken to earmark the problem areas related to Mutual Funds. The review has also helped the researcher in identifying research gaps.

Mehta and Sushil kumar (2010) analyze the performance of Mutual Fund schemes of SBI and UTI and found out that SBI schemes have performed better then the UTI in the year 2007-2008.

Agrawal Deepak and Patidar Deepak (2009) studied the empirically testing on the basis of fund manager performance and analyzing data at the fund-manager and fund-investor levels. The study revealed that the performance is affected by the saving and investment habits of the people and at the second side the confidence and loyalty of the fund Manager and rewards- affects the performance of the MF industry in India.

Sapar and Narayan (2003) examines the performance of Indian Mutual Funds in a bear market through relative performance index, risk-return analysis, Treynor's ratio, Sharp's ratio, Sharp's measure, Jensen’s measure, and Fama's measure with a sample of 269 open ended schemes (out of total schemes of 433). The results of performance measures suggest that most of the Mutual Fund schemes in the sample of 58 were able to satisfy investor's expectations by giving excess returns over expected returns based on both premium for systematic risk and total risk.

Rao D. N (2006) studied the financial performance of select open-ended equity Mutual Fund schemes for the period 1st April 2005 - 31st March 2006 pertaining to the two dominant investment styles and tested the hypothesis whether the differences in performance are statistically significant. The analysis indicated that growth plans have generated higher returns than that of dividend plans but at a higher risk studied classified the 419open-ended equity Mutual Fund schemes into six distinct investment styles.

Singh and Jha (2009) conducted a study on awareness & acceptability of Mutual Funds and found that consumers basically prefer Mutual Fund due to return potential, liquidity and safety and they were not totally aware about the systematic investment plan. The invertors' will also consider various factors before investing in Mutual Fund.

Saini, et. al, (2011) analyzed investor's behavior, investors' opinion and perception relating to various issues like type of Mutual Fund scheme, its objective, role of financial advisors / brokers, sources of information, deficiencies in the provision of services, investors' opinion relating to factors that attract them to invest in mutual and challenges before the Indian Mutual Fund industry etc. The study found that investors seek for liquidity, simplicity in offer documents, online trading, regular updates through SMS and stringent follow up of provisions laid by AMFI.

Singh (2012) conducted an empirical study of Indian investors and observed that most of the respondents do not have much awareness about the various function of Mutual Funds and they are bit confused regarding investment in Mutual Funds. The study found that some demographic factors like gender, income and level of education have their significant impact over the attitude towards Mutual Funds. On the contrary age and occupation have not been found influencing the investor's attitude. The study noticed that return potential and liquidity have been perceived to be most lucrative benefits of investment in Mutual Funds and the same are followed by flexibility, transparency and affordability.

Mishra, et al., (2002) measured Mutual Fund performance using lower partial moment. In this paper, measures of evaluating portfolio performance based on lower partial moment are developed. Risk from the lower partial moment is measured by taking into account only those states in which return is below a pre-specified "target rate" like risk-free rate.

Ramesh Chander (2002), in his study appraised the performance of Mutual Funds in India as suggested by Sharpe, Treynor and Jenson. The study also examined the portfolio management practices of Mutual Fund managers with respect to portfolio construction, portfolio management, portfolio evaluation and disclosure practices.

Sondhi H. J and Jain P. K. (2005) studied the financial performance of Equity Mutual Funds in terms of profitability and found that the private sector Mutual Fund provided better returns than the public sector funds.

Babu M. and Indhumathi G. (2008), in their paper, overviewed the growth and development of Indian Mutual Funds. The authors found that Mutual Fund emerged as an important segment of Financial Market in India. It has introduced many products and schemes in recent times.

The survey of above literature points to the fact that though several studies have been on the Mutual Fund Industry in India, only few of these studies have comprehensively attempted to focus on the tax saving schemes offered by the various Asset Management Companies. A closer scrutiny of these literature shows that no study so far has been done highlighting the various aspects to show the performance of the various tax saving schemes offered by the various Mutual Fund Companies in India. Indeed, this gap in the available literature on the subject provides the rationale for undertaking the proposed study.

OBJECTIVES OF THE STUDY

The objectives of the present study are:-

1. To analyze and evaluate the performance of Tax Gain funds of various Mutual Fund companies.
2. To provide the information to the Investor as a financial adviser.

SCOPE OF THE STUDY

In the present study an attempt has been made to analyze the performance of various tax saving schemes, so that the investors can know about performance of schemes offered to them.

Furthermore, in the present study five Mutual Fund schemes of five different companies has been selected to give a picture of the overall performance of the Mutual Fund tax saving schemes. The schemes that have been selected are **SBI Magnum Tax Gain Scheme, HDFC Long Term Advantage, Canara Robeco Equity Tax Saver, Franklin India Tax shield, UTI Tax Saving Plan** etc. And in the present study only Tax Gain growth type has been selected, dividend types are not considered for this study means it is out of the purview of the study. That will help the investors to know which tax gain scheme is performing well from the comparative analysis of the schemes. The analysis is done based on past data; it will also help the investors to know the performance trend of various schemes. The study is based on last five years data of various tax saving schemes and the comparison is done based on Risk & Return & giving Ranks. So the study will guide as a financial advisor to the investors for choosing the appropriate Mutual Fund scheme.

HYPOTHESIS

The major hypothesis guiding the study is:-

H_o: There is no significant difference in the performance of tax gain funds of various Mutual Fund companies.

RESEARCH METHODOLOGY AND DATA

The chapter research methodology describes the methods which have been used for the present study. The present study is based on five tax saving Mutual Fund schemes of five AMC's. They have been selected on the basis of their present performance. The schemes that are selected for the present study are:

1) SBI Magnum Tax Gain Scheme (G)
2) HDFC Long Term Advantage (G)
3) Canara Robeco Equity Tax Saver (G)
4) UTI Equity Tax Saving Plan (G)
5) Franklin India Tax shield (G)

Where 'G' is Growth fund schemes of the Tax Gain plans.

The study is based on the secondary data, for the secondary data the researcher has relied mainly on NAV collected from AMFI website and the websites of related AMCs .The researcher has also used industry-level aggregate data published regularly by Securities Exchange Board of India (SEBI), Reserve Bank of India (RBI), Association of Mutual Fund in India (AMFI), various AMCs and other prominent organizations and associations.

Moreover, for the analysis of Mutual Funds scheme returns, benchmark index of respective tax saving schemes has been taken from BSE and NSE websites.

STATISTICAL TOOLS AND TECHNIQUES

The following statistical tools are taken for the purpose of study.

STATISTICAL TOOLS

- Mean
- Standard Deviation
- Sharpe Measure

MEAN

It is the average of all the 5 year returns. It is used to calculate Sharpe measure.

STANDARD DEVIATION

Standard deviation measures the dispersion of data from its mean. In plain English, the more that data is spread apart, the higher the difference is from the norm. In finance, standard deviation is applied to the annual rate of return of an investment to measure its volatility (risk). A volatile stock would have a high standard deviation. With Mutual Funds, the standard deviation tells us how much the return on a fund is deviating from the expected returns based on its historical performance. The formula for calculating Standard Deviation is

$$SD=\sqrt{\frac{1}{(T-1)}\sum_{i=1}^{n}(Rp-\overline{Rp})^2}$$

where,

Rp = Represents the individual fund returns.

$\overline{Rp}$ = Represents the Average returns.

T = Total periods.

SHARPE RATIO

Sharpe Model has been developed by Nobel laureate economist William Sharpe. This ratio measures risk-adjusted performance of funds. It is calculated by subtracting the risk-free rate of return (U.S. Treasury Bond) from the rate of return for an investment and dividing the result by the investment's standard deviation of its return. The Sharpe ratio tells investors whether an investment's returns are due to smart investment decisions or the result of excess risk. This measurement is very useful because although one portfolio or security can reap higher returns than its peers, it is only a good investment if those higher returns do not come with too much additional risk. The greater an investment's Sharpe ratio, the better its risk-adjusted performance.

According to Sharpe, it is the total risk of the fund that the investors are concerned about. So, the model evaluates funds on the basis of reward per unit of total risk. Symbolically, it can be written as:

Sharpe Ratio (S_i) = (R_i - R_f)/SD

where,

SD is standard deviation of the fund,

R_i represents return on fund, and

R_f is risk free rate of return.

While a high and positive Sharpe Ratio shows a superior risk-adjusted performance of a fund, a low and negative Sharpe Ratio is an indication of unfavorable performance.

NET ASSET VALUE (NAV)

Net Asset Value is the market value of the assets of the scheme minus its liabilities. The per unit NAV is the net asset value of the scheme divided by the number of units outstanding on the Valuation Date. So if a fund had assets of Rs. 50 lakh and there are one lakh shares of the fund, then the price per share (or NAV) is Rs. 50.00.

The Net Asset Value (NAV) of each of the above mentioned Mutual Funds over the last five years is taken into account from the AMFI site to find out the standard deviation of each of the funds. These are taken into account to measure the returns of those funds. The returns are compared with that of their benchmark index return. The returns of these funds over the last five years are also be analyzed.

FUNDS RETURNS

Funds return has been calculated with the help of NAV. The following formula is being used to calculate the returns:

$$\textbf{Returns} = \left[\frac{NAV_t - NAV_{t-1}}{NAV_{t-1}}\right] \times 100$$

NAV_{t-1} = NAV at the beginning date.

NAV_t = NAV at the closing date/end of the period.

BENCHMARK RETURNS

Likewise Benchmark returns are computed with the help of benchmark index which has been collected from BSE and NSE sites.

RISK-FREE RATE OF RETURN

Risk free rate of return has been taken as 7.5%.

RESULTS AND DISCUSSION

PERFORMANCE EVALUATION OF TAX SAVING MUTUAL FUNDS

Portfolio managers evaluate their portfolio performance and identify the sources of strength and weakness. The evaluation of the portfolio provides a feedback about the performance to evolve a better management strategy. Even through evaluation of portfolio performance is considered to be the last stage of investment process, the managed portfolios are commonly known as Mutual Funds. Various managed portfolios are prevalent in the capital market. Their relative merits of return and risk criteria have to be evaluated.

The evaluation part is very important and needs a lot of concentration. The statistical tools help in this study in reaching at suitable results. In the present study, statistical tools like mean, standard deviation and the most important tool which evaluates the performance is the Sharpe index model has been used. In the following tables X represents the fund return and Y represents the benchmark returns.

1) SBI MAGNUM TAX GAIN SCHEME (G)

Fund Type:	Open-Ended
Investment Plan:	Growth
Asset Size (Rs cr):	4578.79 (Mar-30-2013)
Minimum Investment:	Rs.500
Launch Date :	Mar 31, 1993
Benchmark :	S & P BSE 100
Fund Manager :	Jayesh Shroff

Source: (Moneycontrol, 2013)

YEAR	FROM	NAV	TO DATE	NAV	% Returns(X)	% Returns(Y)
1	01/07/07	48.52	30/06/08	42.36	-12.70	-7.82
2	01/07/08	40.82	30/06/09	45.65	11.83	7.44
3	01/07/09	47	30/06/10	59.47	26.53	24.42
4	01/07/10	59.47	30/06/11	59.26	-0.35	4.39
5	01/07/11	59.26	30/06/12	58.58	-1.15	-7.66
					SUM=24.17	

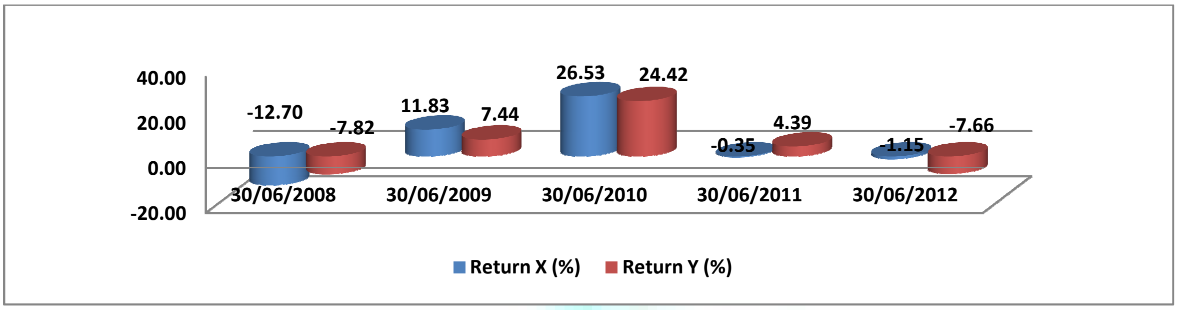
Average yearly return= 4.83%

Std. Deviation= 14.91

The SBI Magnum Tax Gain scheme performed very poor in last five years. In this period, it gives the highest return in **1.7.09 to 30.6.10** which is **26.53** and lowest return i.e. **-7.82** in **1.7.07 to 30.6.08** and average return given by this fund is 4.83% per year.

GRAPHICAL REPRESENTATION OF RETURNS IN COMPARE TO BENCHMARK RETURNS

FIG. 2



2) HDFC LONG TERM ADVANTAGE (G)

Fund Type:	Open-Ended
Investment Plan:	Growth
Asset Size (Rs cr):	854.55(Mar-30-2013)
Minimum Investment:	Rs.500
Launch Date :	Jan 02, 2001
Benchmark :	BSE Sensitive Index
Fund Manager :	Chirag Staved/Miten Lathia

Source: (Moneycontrol, 2013)

YEAR	FROM	NAV	TO DATE	NAV	% Returns(X)	% Returns(Y)
1	01/07/07	43.83	30/06/08	33.08	-24.53	-8.33
2	01/07/08	32.11	30/06/09	29.44	-8.30	7.52
3	01/07/09	29.73	30/06/10	126.43	325.22	22.02
4	01/07/10	36.80	30/06/11	139.42	278.85	6.60
5	01/07/11	139.63	30/06/12	131.51	-5.81	-8.14
					SUM=565.42	

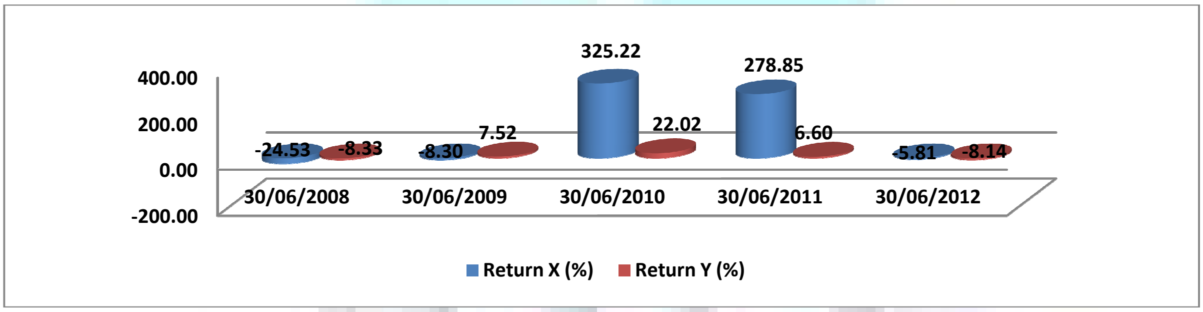
Average yearly return= 113.08%

Std. Deviation= 173.41

The returns of HDFC Long Term Advantage scheme are very volatile in last five year. In this period, it gives the highest and return in **1.7.09 to 30.6.10** which is **325.22** and lowest return i.e. **-8.33** in **1.7.07 to 30.6.08**where as average return given by this fund is **113.08%** per year.

GRAPHICAL PRESENTATION OF RETURNS

FIG. 3



3) CANARA ROBECO EQUITY TAX SAVER (G)

Source: (Moneycontrol, 2013)

Fund Type:	Open-Ended
Investment Plan:	Growth
Asset Size (Rs cr):	549.87 (Mar-30-2013)
Minimum Investment:	Rs.500
Launch Date :	Mar 31, 1993
Benchmark :	BSE 100
Fund Manager :	Krishna Sanghvi

YEAR	FROM	NAV	TO DATE	NAV	% Returns(X)	% Returns(Y)
1	01/07/07	15.45	30/06/08	13.38	-13.41	-7.82
2	01/07/08	12.98	30/06/09	17.13	31.94	7.44
3	01/07/09	17.32	30/06/10	24.48	41.34	24.42
4	01/07/10	24.52	30/06/11	26.24	7.01	4.39
5	01/07/11	26.31	30/06/12	26.34	0.11	-7.66
					SUM=67.00	

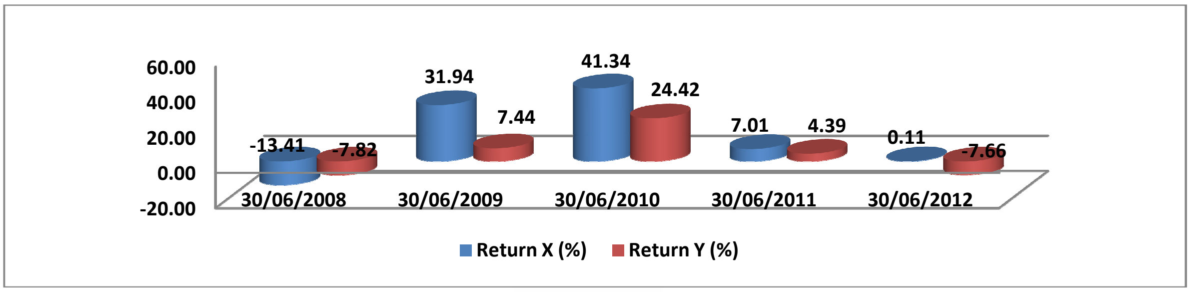
Average yearly return= 13.40%

Std. Deviation= 22.70

The Canara Robeco equity tax saver performed average in last five year. In this period, it gives the highest return in **1.7.09 to 30.6.10** which is **41.34** and lowest return i.e. **-7.82** in **1.7.07to 30.6.08**.whereas average return given by this fund is **13.4%** per year.

GRAPHICAL PRESENTATION OF RETURNS

FIG. 4



4) UTI EQUITY TAX SAVING PLAN (G)

Fund Type:	Open-Ended
Investment Plan:	Growth
Asset Size (Rs cr):	463.38 (Mar-31-2013)
Minimum Investment:	Rs.500
Launch Date :	Dec-15, 1999
Benchmark :	BSE 100
Fund Manager :	Swati Kulkarni

Source: (moneycontrol, 2013)

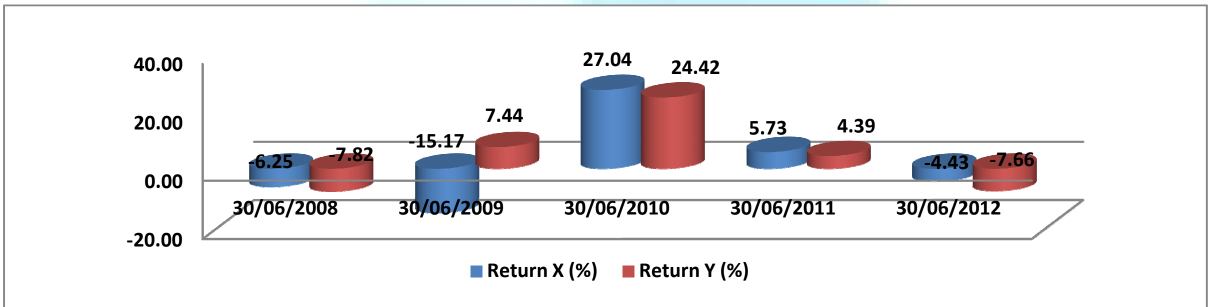
YEAR	FROM	NAV	TO DATE	NAV	% Returns(X)	% Returns(Y)
1	01/07/07	31.85	30/06/08	29.86	-6.25	-7.82
2	01/07/08	34.86	30/06/09	29.57	-15.17	7.44
3	01/07/09	29.85	30/06/10	37.92	27.04	24.42
4	01/07/10	37.49	30/06/11	39.64	5.73	4.39
5	01/07/11	39.70	30/06/12	37.94	-4.43	-7.66
					SUM=6.91	

Average yearly return= 1.38%
Std. Deviation= 16.15

The UTI equity tax saving scheme performed volatile in last five year. In this period, it gives the highest return in **1.7.09 to 30.6.10** which is **27.04** and average return given by this fund is **1.38%%** per year.

GRAPHICAL PRESENTATION OF RETURNS

FIG. 5



5) FRANKLIN INDIA TAX SHIELD (G)

Fund Type:	Open-Ended
Investment Plan:	Growth
Asset Size (Rs cr):	920.84 (Mar-30-2013)
Minimum Investment:	Rs.500
Launch Date :	Apr-10-1999
Benchmark :	CNX 500
Fund Manager :	Anand Radhakrishnan/Anil Prabhudas

Source: (Moneycontrol, 2013)

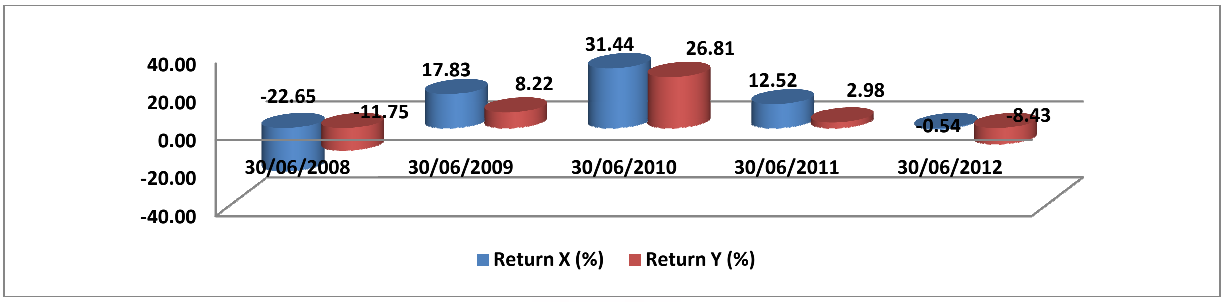
YEAR	FROM	NAV	TO DATE	NAV	% Returns(X)	% Returns(Y)
1	01/07/07	162.00	30/06/08	125.32	-22.65	-11.75
2	01/07/08	121.50	30/06/09	143.16	17.83	8.22
3	01/07/09	144.68	30/06/10	190.16	31.44	26.81
4	01/07/10	188.86	30/06/11	212.51	12.52	2.98
5	01/07/11	212.13	30/06/12	210.99	-0.54	-8.43
					SUM=38.60	

Average yearly return= 7.72%
Std. Deviation= 20.48

The Franklin India Tax shield scheme performed average in last five year. In this period, it gives the lowest return of **-11.75** in **1.7.07 to 30.6.08** and highest return in **1.7.09 to 30.6.10** which is **31.44**whereas average return given by this fund is **7.72%** per year.

GRAPHICAL PRESENTATION OF RETURNS

FIG. 6



COMPARATIVE ANALYSIS OF THE TAX SAVING MUTUAL FUNDS

The comparison of various tax gain schemes is done in the following tables with the help of Sharpe's Measures:

SHARPE INDEX of ALL THE SCHEMES

Name of the schemes	Avg.AnnualReturns (%)	SD	Sharpe Ratio
SBI Magnum Tax Gain Scheme(G)	**4.83**	**14.91**	**-0.18**
HDFC Long Term Advantage(G)	**113.08**	**173.41**	**0.61**
Canara Robeco Equity Tax Saver(G)	**13.40**	**22.70**	**0.26**
UTI Equity Tax Saving Plan(G)	**1.38**	**16.15**	**-0.38**
Franklin India Tax Shield(G)	**7.72**	**20.48**	**0.01**

The above tables indicate that the value of 'Sharpe Index' of some of the Mutual Funds scheme is positive and some are negative. This has happened due to volatility in the MF industry. According to the Sharpe index, the negative value was considered for the worst performance. It gives the least performance among the sample funds.

So in these tables the highest value of S_i (Sharpe Index) is better than others. UTI Equity Tax Saving Plan (G) has the highest negative 'S_i' value that is -0.38, whereas HDFC Long Term Advantage (G) has the highest positive 'S_i' among the selected 5 Mutual Fund schemes in India. So according to the Sharpe Index, HDFC Long Term Advantage (G) is the most preferred Mutual Fund scheme among these. So an investor is advised to go for this fund to select it in his portfolio. After this second choice, may be Canara Robeco Equity Tax Saver (G) and then Franklin India Tax Shield (G) Mutual Fund and so on.

RANKING OF THE MUTUAL FUNDS FROM BEST TO WORST ON THE BASIS OF 'S_i'

NAME OF THE SCHEMES	RANK
HDFC Long Term Advantage(G)	**1**
Canara Robeco Equity Tax Saver(G)	**2**
Franklin India Tax Shield(G)	**3**
SBI Magnum Tax Gain Scheme(G)	**4**
UTI Equity Tax Saving Plan(G)	**5**

The above table indicates that the ranking of the Mutual Fund schemes of five different schemes under ELSS category from best to worst. One can choose the better Mutual Fund scheme for investment. So an investor is advised to choose the best performing Mutual Funds schemes in his portfolio for better profits and less risk.

CONCLUSIONS

FINDINGS

It is well known that now-a-day, Mutual Funds are most popular and safe parameter for an investor to invest. Keeping the present and future aspects regarding the Mutual Funds in the India, it is easily concluded that this market will give enough to an investor for long period. The Sharpe Index model is easily understood and helps investors to decide which Mutual Funds are performing well and which funds are not.

From the above study, it is evident that all funds are not performing well in Mutual Fund industry in the last 5(five) years. From the study we find that;

The HDFC Long Term Advantage Fund has the maximum Sharpe's ratio, its indicates that scheme is performing well as the fund having low 'S_i' value performs weakly and from high 'S_i' performs comparatively well. Whereas among the 5(five) schemes UTI Equity Tax Saving Plan has the lowest Sharpe's. Moreover, Standard deviation indicates the schemes volatility in terms of their returns. From the Standard deviation of various scheme, we found that HDFC Long Term Advantage Fund has the maximum standard deviation(SD) it means that it is having highest volatility in returns therefore it is more risky but as well as profitable because it gives the highest returns. So an investors shouldn't consider only the returns before investing any Mutual Fund scheme rather he should consider the risk factor also.

So finally we have found from the study that, HDFC Long Term Advantage(G) is a best-performing and ranked at 1(one) in Sharpe's Index where as UTI Equity Tax Saving Plan (G) is worst-performing and ranked at last i.e.at 5(five).In between these two scheme , Canara Robeco Equity Tax Saver(G), Franklin India Tax Shield(G) and SBI Magnum Tax Gain Scheme(G) are ranked at no. 2(two),3(three), and 4(four) respectively. It shows the comparative performance of the scheme. So investors should give his preference in the above sequence for investments in any fund.

RECOMMENDATIONS

This study can be easily understand and help an investor in many ways. Some of the recommendations are below:

1. It is not only fund or company's goodwill which can be taken into consideration while choosing a portfolio, the market factors like government policies, economies of scales and the trend in a particular sector should also be considered.
2. Today investor is having enough funds to invest in a number of schemes. He is always in search of such statistical tools which can provide him maximum return with lower risk. In this regard, Mutual Fund is the best choice.

REFERENCES

1. AMFI. (2013). Retrieved April 20, 2013, from AMFI:http://www.amfiindia.com/showhtml.aspx?page=mfconcept
2. AMFI. (2013). History of the Indian Mutual Fund Industry. Retrieved April 22, 2013, from AMFI: http://www.amfiindia.com/ showhtml.aspx?page=mfindustry
3. Avadhani, V. A. (2009). Investment Management. Mumbai: Himalaya Publishing House.
4. Babu, G. R. (2005). Financial Services in India. New Delhi: Concept Publishing Company.

5. BlackRock Investments. (n.d.). A Guide to Mutual Fund Investing. Retrieved February 25, 2013, from BlackRock:http://www2.blackrock.com/us/individual-investors/insight-education/investingbasics/guide-to-mutual-fund-investing
6. D.Agarwal. (2009). A Comparative Study of Equity Based Mutual Fund of Reliane and HDFC.
7. D.Agarwal. (2006). Measuring performance of Indian Mutual Funds. Prabandhan , 179-185.
8. Dhume, P. S., & Ramesh, B. (2011). Performance Analysis of Indian Mutual Funds with Special Reference to Sector Funds. The Indian Journal of Commerce , 64 (4), 48-60.
9. Elite. (n.d.). ELSS - An ideal instrument for tax saving. Retrieved June 1, 2013, from moneycontrol.com: http://www.moneycontrol.com/ master_your_money/stocks_news_consumption.php?autono=814106
10. Gupta, S. K., Agarwal, N., & Gupta, N. (2009). Financial Market Operations (B.Com Edition ed.). New Delhi: Kalyani Publishers.
11. Khan, M. Y., & Jain, P. K. (2009). Management Accounting and Financial Analysis. New Delhi: Tata McGraw-Hill.
12. Kiran, R., & Walia, N. (2009). An Analysis of Investor's Risk Perception towards Mutual Funds Services. International Journal of Business Management, 4 (5), 106-120.
13. Kothari, C. (1985). Research Methodology- Methods and Techniques. New Delhi: Wiley Eastern Limited.
14. Kundu, A. (2009). Stock Selection Performance of Mutual Fund Managers in India: An Empirical Study. Journal of Business and Economin Issues, 1 (1), 59-73.
15. Machiraju, H. R. (2007). Indian Financial System. Mumbai: Vikas Publishing House Pvt. Ltd.
16. Moneycontrol. (2013, March 30). Canara Robeco Equity Tax Saver (G). Retrieved May 14, 2013, from Moneycontrol Website: http://www.money control.com/mutual-funds/nav/canararobecoequitytaxsaverg/MCA152
17. Moneycontrol. (2013, March 30). Franklin India Tax Shield (G). Retrieved May 11, 2013, from Moneycontrol Website: http://www.moneycontrol.com/ mutual-funds/nav/franklin-india-tax-shield/MKP007
18. Moneycontrol. (2013, March 30). HDFC Long Term Advantage Fund (G). Retrieved May 14, 2013, from Moneycontrol Website: http://www.moneyco ntrol.com/ mutual-funds/nav/hdfclongtermadvantagefundg/MHD009
19. Moneycontrol. (2013, March 30). SBI Magnum Tax Gain Scheme - Direct Plan (G). Retrieved May 14, 2013, from Moneycontrol Website: http://www. moneyc ontrol.com/ mutual-funds/nav/sbimagnumtaxgainschemedirectplang/MSB499
20. moneycontrol. (2013, March 30). UTI Equity Tax Savings Plan (G) . Retrieved May 12, 2013, from Moneycontrol Website: http://www.moneycontrol.com/ mutual-funds/nav/utiequitytaxsavingsplang/MUT025
21. Padmaja, R. (2013). A Study of Consumer Behavior towards Mutual Funds with special reference to ICICI Prudential Mutual Funds, Vijaywada. International Journal of Management Research and Business Strategy , 2 (2).
22. S.Guha. (2008). Performance of Indian Equity Mutual Funds vis-s-vis their Style Benchmarks. The ICFAI Journal of Applied Finance , 49-81.
23. S.P.Madhumati. (2005). Characteristics & Performance evaluation of Indian Mutual Funds in India. 9th Indian Institute of Capital Market Conference .
24. SBI. (2013). SBI Mutual Fund. Retrieved April 26, 2013, from SBI Mutual Fund: http://www.sbimf.com/Financial_Planning/Save_Tax.aspx
25. SEBI. (n.d.). SECURITIES AND EXCHANGE BOARD OF INDIA. Retrieved April 25, 2013, from SECURITIES AND EXCHANGE BOARD OF INDIA: http://www.sebi.gov.in/faq/mf_faq.html
26. Tripathy, N. P. (2010). Mutual Funds in India. New Delhi: FB Excel Books.
27. Sapar, Narayan Rao and Madava, Ravindran, Performance Evaluation of Indian Mutual Funds. Available
28. at SSRN: http://ssrn.com/abstract=433100 or http://dx.doi.org/10.2139/ssrn.433100
29. Rao, D. N., Investment Styles and Performance of Equity Mutual Funds in India (August 6, 2006).Available at SSRN: http://ssrn.com/abstract=922595 orhttp://dx.doi.org/10.2139/ssrn.922595
30. Selvam, Murugesan and Palanisamy, Bhuvaneswari, Analysis of Risk and Return Relationship of Indian
31. Equity (Dividend) Mutual Fund Schemes (2011). Available at SSRN: http://ssrn.com/abstract=1862214

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, Economics & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you tosupply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail**infoijrcm@gmail.com** for further improvements in the interest of research.

If youhave any queries please feel free to contact us on our E-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-
Co-ordinator

DISCLAIMER

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals