

Performance Evaluation of Tax Savings MFs

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The mutual fund industry in India began with the setting up of the Unit Trust of India (UTI) in 1963 by the Government of India. Till the year 2000, UTI has grown to be a dominant player in the industry with the assets of over Rs. 76,547 crores as of March 31, 2000. The UTI is governed by a special legislation, the Unit Trust of India Act, 1963. In 1987 public sector banks and insurance companies were permitted to set up mutual funds. Also the two insurance companies LIC and GIC established mutual funds. Securities Exchange Board of India (SEBI) formulated the Mutual Fund (Regulation) 1993, which for the first time established a comprehensive regulatory framework for the mutual fund industry. Since then several mutual funds have been set up by the private and the joint sectors.

The Indian Mutual Fund has passed through three phases. The first phase was between 1964 and 1987 and the only player was the Unit Trust of India, which had a total assets of Rs. 6700 crores at the end of 1988. The second phase is between 1987 and 1993 in which period 8 funds were established (6 by banks and one each by LIC and GIC). The total assets under management had grown to Rs. 61028 crores at the end of 1994 and the number of schemes were 167.

The third phase began with the entry of private and foreign sectors in the Mutual Fund industry in 1993. Kothari Pioneer Mutual Fund was the first fund to be established in the private sector in association with a foreign fund. At the end of financial year 2000 (31st March) funds were functioning with Rs. 113005 crores as total assets under management. As on August end 2000 there were 33 funds with 391 schemes and assets under management with Rs. 102849 crores.

Mutual funds have become extremely popular over the last 20 years. What was once just another obscure financial instrument is now a part of our daily lives. More than 80 million people, or one half of the households in America, invest in mutual funds. That means that, in the United States alone, trillions of dollars are invested in mutual funds.

First Phase – 1964-87 (UTI MONOPOLY)

An Act of Parliament established Unit Trust of India (UTI) in 1963. 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 July 1993. 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.

The number of mutual fund houses went on increasing, with many foreign mutual funds setting up funds in India and also the industry has witnessed Several mergers and acquisitions. As at the end of January 2003, there were 33 mutual funds with total assets of Rs. 1,21,805 crores. The Unit Trust of India with Rs.44,541 crores of assets under management was way ahead of other mutual funds.

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 Specified Undertaking of Unit Trust of India, function under an administrator and under the rules framed by Government of India and does not come under the purview of the Mutual Fund Regulations.

The second is the UTI Mutual Fund Ltd, 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. As at the end of June 30, 2003, there were 31 funds, which manage assets of Rs. 104762 crores under 376 schemes.

OBJECTIVES

- To study the tax savings scheme on mutual funds, its performance in the market, and its exposure to stock.
- To analyse the performance of various mutual funds schemes and suggests the best one.

The following funds have been schemes have been selected for the study.

The basis for selection these schemes is that they are the leading schemes in tax savings category.

MAGNUM TAX GAIN
HDFC TAX SAVER (G)
PRU ICICI TAX PLAN (G)
HDFC LT ADVANTAGE (G)
BIRLA EQUITY PLAN
TATA TAX SAVING
SUNDARAM TAX SAVER
FRANKLININDIA TAX SHIELD(G)

Analysis and Intepretation

Tax-Saving Funds	NAV (Cr's)	1-yr (%)	3-yr (%)	5-yr (%)	Std Dev (%)	Sharpe Ratio (%)
MAGNUM TAX GAIN	46.98	116.8	91.7	29.5	8.81	0.58
HDFC TAX SAVER (G)	100.6	92.6	79.9	42.2	8.07	0.53
PRU ICICI TAX PLAN (G)	66.89	76.8	78.5	40.3	9.87	0.39
HDFC LT ADVANTAGE (G)	67.57	61.2	75.0	-	7.81	0.47

BIRLA EQUITY PLAN	45.46	58.9	72.0	29.3	7.95	0.38
TATA TAX SAVING	31.54	53.1	72.3	30.4	7.21	0.35
SUNDARAM TAX SAVER	17.94	59.9	63.5	31.5	8.55	0.39
FRANKLININDIA TAX SHIELD(G)	88.24	50.0	58.3	28.0	6.77	0.42

Interpretation:

MAGNUM TAX GAIN has NAV of Rs. 46.98 crs. It has standard deviation 8.81% by using sharpe ratio it has 0.58%.

HDFC TAX SAVER has NAV of Rs. 100.6 crs. It has standard deviation 8.07% by using sharpe ratio it has 0.53%.

PRU ICICI TAX PLAN has NAV of Rs. 66.89% crs. It has standard deviation 9.87% by using sharpe ratio it has 0.39%.

HDFC LT ADVANTAGE has NAV of Rs. 67.57% crs. It has standard deviation 7.81% by using sharpe ratio it has 0.47%.

BIRLA EQUITY PLAN has NAV of Rs. 45.46% crs. It has standard deviation 7.95% by using sharpe ratio it has 0.38%.

TATA TAX SAVING has NAV of Rs. 31.54% crs. It has standard deviation 7.21% by using sharpe ratio it has 0.35%.

SUNDARAM TAX SAVER has NAV of Rs. 17.94% crs. It has standard deviation 8.55% by using sharpe ratio it has 0.39%.

FRANKLIN INDIA TAX SHIELD has NAV of Rs. 88.24% crs. It has standard deviation 6.77% by using sharpe ratio it has 0.42%.

PruICICI Tax Plan**Snapshot:**

Fund Managers : Sankaran Naren

Indicative Investment Horizon: 3 yrs & more

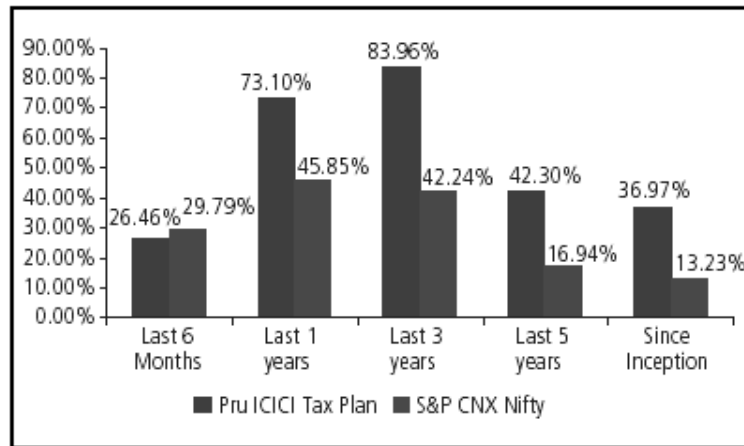
Inception date: 19-08-1999

Fund Size: Rs. 242.97 crores

Growth option: Rs. 76.27

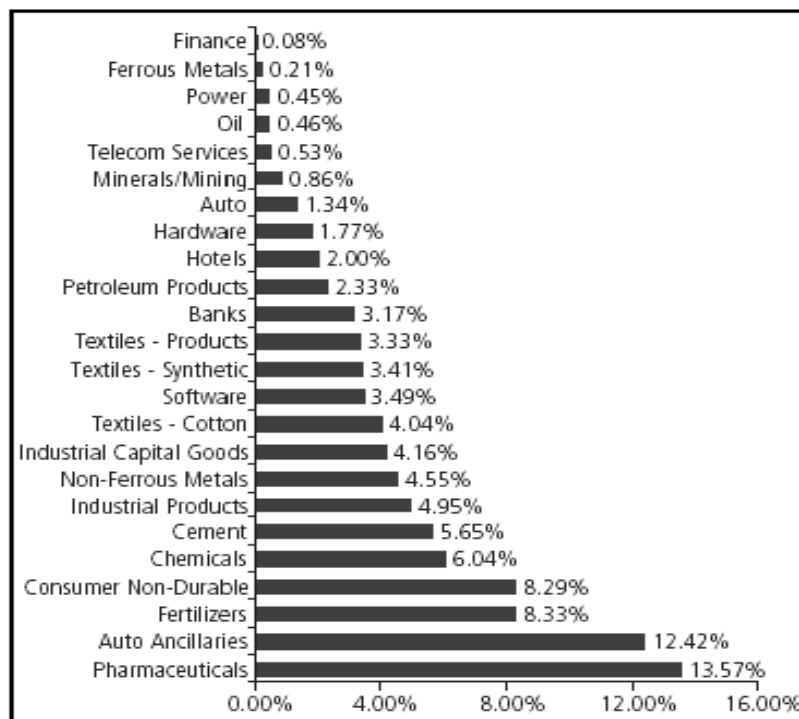
Dividend option: Rs. 29.13

❖ **Growth option:** Rs. 81

Performance Record:**Growth Option:****Performance Record *- Growth Option**

*Returns < 1Year : Absolute, > = 1Year : CAGR

Benchmark is S&P CNX Nifty. For computation of returns the allotment NAV has been taken as Rs. 10.00. 30 July 05 and 31 July 05 was not a Business day. Past performance may or may not be sustained in future.

Sector Allocation:

*Pertains to the equity investments only.

Portfolio:-

Company / Issuer	Market Value (Rs Lakh)	% to NAV
Auto	325.74	1.34%
Hero Honda Limited	325.74	1.34%
Auto Ancillaries	3016.92	12.42%
• Sundaram Clayton Limited	946.85	3.90%
• Exide Industries Limited	787.27	3.24%
Sundaram Brake Linings Ltd	283.17	1.17%
Kesoram Industries Limited	262.88	1.08%
Rane Madras Limited	250.73	1.03%
Rane Holdings Limited	250.32	1.03%
Rane Brake Linings Ltd	235.70	0.97%
Banks	769.45	3.17%
Corporation Bank	374.06	1.54%
Punjab National Bank	279.21	1.15%
Bank of Baroda	116.18	0.48%
Cement	1373.21	5.65%
• Century Textiles & Industries Ltd	972.96	4.00%
Orient Paper & Industries Limited	254.86	1.05%
Pokarna Ltd	145.39	0.60%
Chemicals	1467.74	6.04%
Andhra Sugars Ltd	722.10	2.97%
India Glycols Limited	334.76	1.38%
Navin Flourine International Ltd	264.32	1.09%
Ultramarine & Pigments Ltd.	146.56	0.60%
Consumer Non-Durable	2013.94	8.29%
• Mawana Sugars Ltd	850.56	3.50%
Pidilite Industries Limited	575.30	2.37%
Godrej Consumers	474.49	1.95%
Harrisons Malayalam Limited	98.65	0.41%
United Breweries Ltd	14.94	0.06%
Ferrous Metals	49.94	0.21%
Tayo Rolls Ltd	49.94	0.21%
Fertilizers	2023.34	8.33%
• DCM Shriram Consolidated Limited	842.12	3.47%
Gujarat State Fert & Chem Limited	724.13	2.98%
Zuari Industries Limited	457.09	1.88%
Finance	19.07	0.08%
Reliance Capital Ventures Ltd	19.07	0.08%
Company / Issuer	Market Value (Rs Lakh)	% to NAV
Hardware	429.41	1.77%
HCL Infosystems Ltd	429.41	1.77%
Hotels	486.90	2.00%
Taj Gvk Hotels & Resorts Ltd	301.56	1.24%
Oriental Hotels Limited	185.34	0.76%
Industrial Capital Goods	1011.42	4.16%
Aban Lloyd Chiles Offshore Limited	759.06	3.12%
Numeric Power Systems Ltd	252.36	1.04%

Industrial Products	1202.44	4.95%
Polyplex Corporation Limited	354.78	1.46%
M M Forgings Limited	342.64	1.41%
Supreme Industries Limited	261.68	1.08%
Esab India Limited	243.34	1.00%
Minerals/Mining	208.54	0.86%
Gujarat Mineral Development Corporation Ltd	208.54	0.86%
Non-Ferrous Metals	1104.80	4.55%
• National Aluminium Company Limited	1104.80	4.55%
Oil	110.23	0.45%
Hindustan Oil Exploration Ltd	106.26	0.44%
Reliance Natural Resources Ltd	3.97	0.02%
Petroleum Products	567.01	2.33%
Reliance Industries Limited	567.01	2.33%
Pharmaceuticals	3298.46	13.58%
• Sun Pharmaceuticals Limited	1356.49	5.58%
• FDC Limited	1062.67	4.37%
• Cadila Healthcare Limited	807.91	3.33%
Fulford India Limited	71.39	0.29%
Power	107.66	0.44%
Gujarat Industries Power Co Limited	69.77	0.29%
Reliance Energy Ventures Ltd	37.89	0.16%
Software	848.21	3.49%
Subex Systems Limited	570.01	2.35%
KPIT Infosystems	278.20	1.14%
Telecom Services	129.37	0.53%
Reliance Communications Ventures Ltd	129.37	0.53%
Textiles - Cotton	981.22	4.04%
Precot Mills Ltd	724.40	2.98%
Maral Overseas Limited	256.82	1.06%
Textiles - Products	808.97	3.33%
Company / Issuer	Market Value (Rs Lakh)	% to NAV
Raymond Limited	692.91	2.85%
K. G. Denim Limited	112.25	0.46%
Nitin Spinners Ltd	3.81	0.02%
Textiles - Synthetic	828.30	3.41%
• SRF Limited	828.30	3.41%
Cash, Call, CBLO & Reverse Repo	245.06	1.01%
Other Current Assets	870.08	3.58%
Total Net Assets	24297.43	100.00%

• Top Ten Holdings

Quantitative Indicators:

Average P/E : 16.50
 Average P/BV : 2.59
 Average Dividend yield : 1.26
 Annual Portfolio Turnover Ratio : 2.97 times

Portfolio turnover has been computed as the ratio of the higher value of average purchase and average sales, to the average net assets in the past one year (since inception for schemes that have not completed a year). The figures are not netted for derivative transactions.

Rs In Crs		
Assets held as on Mar' 31, 2007 Rs 14,277 Crs		
Equity	59%	8,410
Debt	41%	5,867
Total	100%	14,277
Assets held by :		
Other than Linked policy holders		2,414
Linked policy holders		11,863
		14,277

KOTAK ELSS

Open – Ended Equity Linked Saving Schemes

About the Scheme:

A diversified equity scheme that invests in equity and equity related securities and enable investors to avail the income tax rebate, as permitted from time to time. The investment strategy is to have 80 – 100 % in equity portion and 0 – 20% in one equity portion.

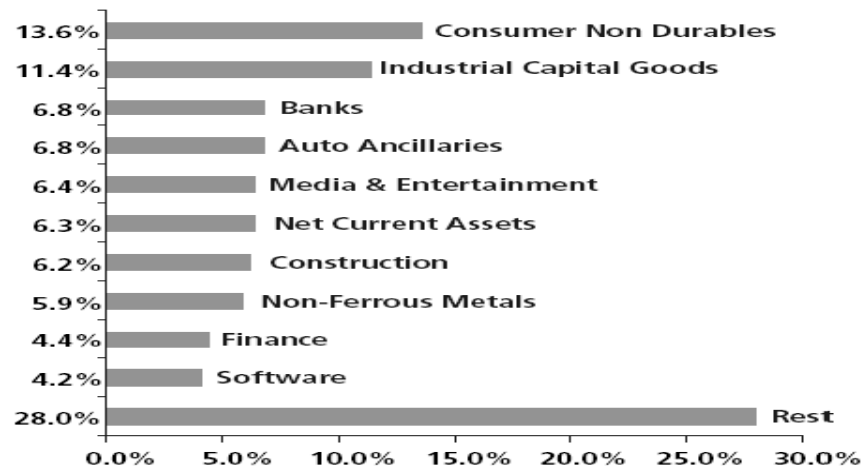
Ideal Investment Horizon: 3 years and above.

Corpus: Rs.106.73 crores

Ratio: Portfolio P/E : 27.07

- **Growth option:** Rs.11.586

Sector Allocation:

**Portfolio:-**

Name of the Instrument	Industry/ Rating	% to Net Assets
Equity & Equity Related (Listed/ Awaiting listing)		
Jaiprakash Associates Ltd	Construction	3.88
National Aluminium Company Ltd	Non-Ferrous Metals	3.66
Areva T and D India Ltd.	Industrial capital Goods	3.62
Television Eighteen India Ltd.	Media & Entertainment	3.51
Mcdowell & Company Ltd.	Consumer Non Durables	3.41
Pantaloon Retail (india) Ltd.	Retailing	3.29
MRF Limited	Auto Ancillaries	2.84
HDFC Ltd.	Finance	2.75
Infosys Technologies Ltd.	Software	2.72
Alembic Ltd.	Pharmaceuticals	2.67
Alfa Laval (India) Ltd	Industrial capital Goods	2.63
EID Parry (India) Ltd.	Consumer Non Durables	2.58
Andhra Sugars Ltd	Chemicals	2.57
TajGVK Hotels & Resorts Limited	Hotels	2.56
Nestle India Ltd.	Consumer Non Durables	2.55
Centurion Bank of Punjab Ltd.	Banks	2.47
Hindalco Industries Ltd	Non-Ferrous Metals	2.28
SKF India Ltd	Industrial Products	2.21
Punjab National Bank	Banks	2.20
ICICI Bank Ltd.	Banks	2.15
Nagarjuna Construction Company Ltd	Construction	2.15
Amtek Auto Ltd.	Auto Ancillaries	2.12
Bajaj Auto Ltd.	Auto	2.05
Britannia Industries Ltd.	Consumer Non Durables	1.99
Raymond Limited	Products	1.91
Apollo Tyres Ltd.	Auto Ancillaries	1.83

Ugar Sugar Works Ltd	Consumer Non Durables	1.83
Tata Chemicals Ltd.	Fertilisers	1.76
PVR Ltd.	Media & Entertainment	1.71
SREI Infrastructure & Finance Ltd	Finance	1.64
Bharat Bijlee Ltd	Industrial capital Goods	1.63
Nahar Industrial Enterprises Ltd.	Textiles - Cotton	1.61
Siemens Ltd.	Industrial capital Goods	1.58
Bharati Shipyard Ltd.	Industrial capital Goods	1.46
KPIT Cummins Infosystems Ltd.	Software	1.46
HCL Infosystems Ltd.	Hardware	1.37
Name of the Instrument	Industry/ Rating	% to Net Assets
Celebrity Fashions Ltd.	Textile Products	1.28
Marico Ltd.	Consumer Non Durables	1.24
Deccan Chronicle Holdings Ltd.	Media & Entertainment	1.15
Indo Gulf Fertilizer Ltd.	Fertilisers	0.99
Ipca Laboratories Ltd.	Pharmaceuticals	0.89
Texmaco Ltd.	Industrial capital Goods	0.49
GVK Power & Infrastructure Ltd.	Power	0.18
Sadbhav Engineering Ltd.	Construction	0.16
Total 91.03		91.03
Money Market Instruments		
Commercial Papers/Certificate of Deposits		
Corporate Debt / Financial Institutions		
Citifinancial Consumer Finance India Ltd.	P1+	0.87
Total		0.87
Collateral Borrowing & Lending Obligation		1.75
Net Current Assets/(Liabilites)		6.35
Grand Total		100.00

Principal Tax Saving Fund

An Open – Ended Equity Linked Saving Schemes

FUND FEATURES

Who should invest:

The Scheme is suitable for investors seeking income tax deduction under Section 80C(2) of ITA along with long-term equity-market returns from investment in equities.

Investment Objective :

To provide long-term growth of capital.

Liquidity:

Sale and Repurchase on a continuous basis, subject to lock-in period of 3 years.

Investment Options:Growth

Tax Benefits:

An investment by an Individual or a Hindu Undivided Family in the ELSS scheme will entitle the investor to a deduction from their Gross Total Income as provided under clause (xiii) of section 80C (2) of the Income Tax Act, 1961. The maximum deduction permissible under this section is Rs. 100,000/- in a year, subject to availability of gross total income of the assessee. No Gift Tax, no Wealth Tax. Please consult your own professional advisor concerning possible tax consequences on your investment.

Fund Manager:R. Srinivasan

Assets under management: Rs.135.15 core

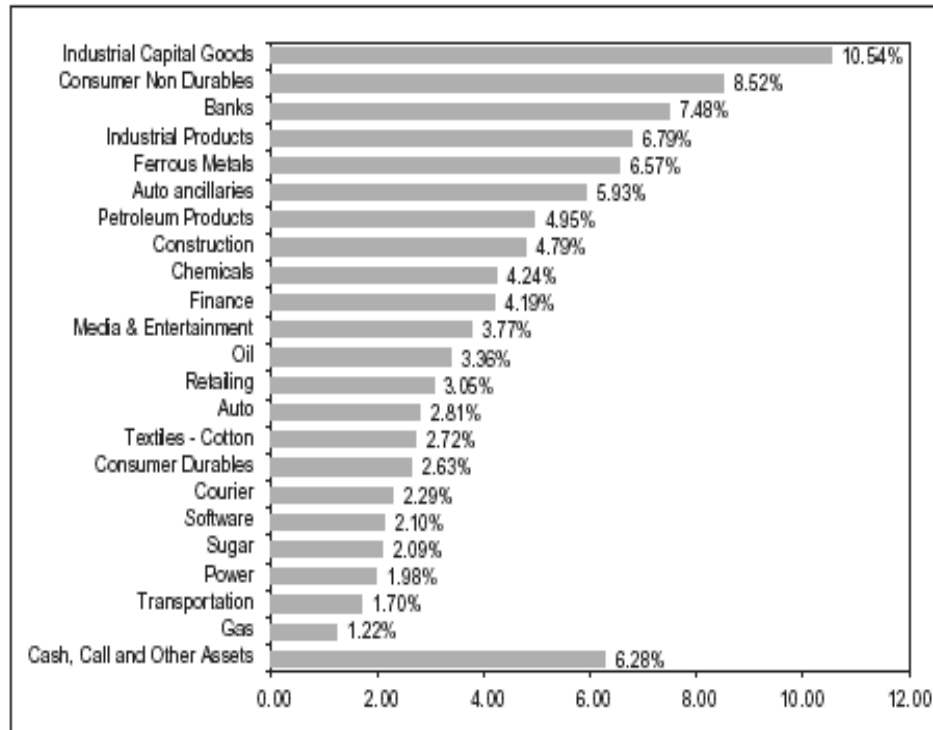
- **Growth option:** Rs.24.46

Performance:

Period	Date	Appreciation	
		NAV	S&P Nifty
As On	31/03/06		
Last 1 Year	31/03/05	85.43%	67.15%
Last 2 Years	31/03/04	61.59%	38.57%
Last 3 Years	31/03/03	73.60%	51.46%
Last 4 Years	28/03/02	51.30%	31.64%
Last 5 Years	28/03/01	41.56%	22.99%
Since Inception	31/03/96	25.02%	13.18%

The past performance may or may not be sustained in the future.

Note: Returns are calculated on **compounded annualised basis** for a period of **more** than a year and **absolute basis** for a period **less** than (or **equal** to) a year, with reinvestment of dividends (if any).

Sector Strategy:**Portfolio:-**

Instrument	Industry	% of NAV
BHEL	Industrial Capital Goods	5.32
Reliance Industries Ltd	Petroleum Products	4.95
Godrej Industries Ltd	Chemicals	4.24
Maharashtra Seamless Ltd	Ferrous Metals	3.99
ONGC Ltd	Oil	3.36
Godrej Consumer Products Ltd	Consumer Non Durables	3.28
United Breweries Holding Ltd	Finance	3.26
Crompton Greaves Ltd	Industrial Capital Goods	3.16
Automotive Axles Ltd	Auto Ancillaries	3.14
SBI	Banks	3.10
Pantaloon Retail (I) Ltd	Retailing	3.05
Greaves Cotton Ltd	Industrial Products	3.03
Jaiprakash Associates Ltd	Construction	3.01
Goodlass Nerolac Paints Ltd	Consumer Non Durables	2.90
HDFC Bank Ltd	Banks	2.83
Mahindra and Mahindra Ltd	Auto	2.81
Omax Auto Ltd	Auto Ancillaries	2.79
Blue Star Ltd	Consumer Durables	2.63
Jindal Steel & Power Ltd	Ferrous Metals	2.58
PVR Ltd	Media & Entertainment	2.51

Blue Dart Express Ltd	Courier	2.29
Instrument	Industry	% of NAV
Kirloskar Brothers Ltd	Industrial Products	2.25
Infosys Technologies	Software	2.10
Rajshree Sugars & Chemicals Ltd	Sugar	2.09
ABB Ltd	Industrial Capital Goods	2.06
CESC	Power	1.98
Hindustan Construction Company Ltd	Construction	1.78
Spice Jet Ltd	Transport	1.70
Mahavir Spinning Mills Ltd	Textiles - Cotton	1.58
The South Indian Bank Ltd	Banks	1.55
Graphite Ltd	Industrial Products	1.51
EID Parry Ltd	Consumer Non Durables	1.27
Mid-day Multimedia Ltd	Media & Entertainment	1.26
Reliance Natural Resources Ltd	Gas	1.22
Super Sales Ltd	Textiles - Cotton	1.14
Bannari Amman Sugar Ltd	Consumer Non Durables	1.07
Vardhaman Spinning & General Mills	Finance	0.93
Cash, Call and Other Assets		6.28
Net Assets		100.00

Franklin India Taxshield

Investment Style:

The fund manager seeks steady growth by maintaining a diversified portfolio of equities across sectors and market cap ranges.

Investment Objective:

Aims to provide medium to long term growth of capital along with income tax rebate.

Date of Allotment: April 10, 1999

Fund Manager: Satish Ramanathan

Latest NAV:

Growth Plan Rs. 110.51

Dividend Plan Rs. 34.85

Fund Size: Rs. 236.51 crores

Turnover: Portfolio Turnover 71.48%

Standard Deviation: 6.35

R-squared: 0.92

Beta: 0.83

Sharpe Ratio*: 0.60

* Risk-free rate assumed to be 5.03% (based on JP Morgan 3 month T-Bill Index)

Expense Ratio: 2.43%

Minimum Investment/ Multiples for New Investors: Rs.500/500

Additional Investment/ Multiples for Existing Investors: Rs.500/500

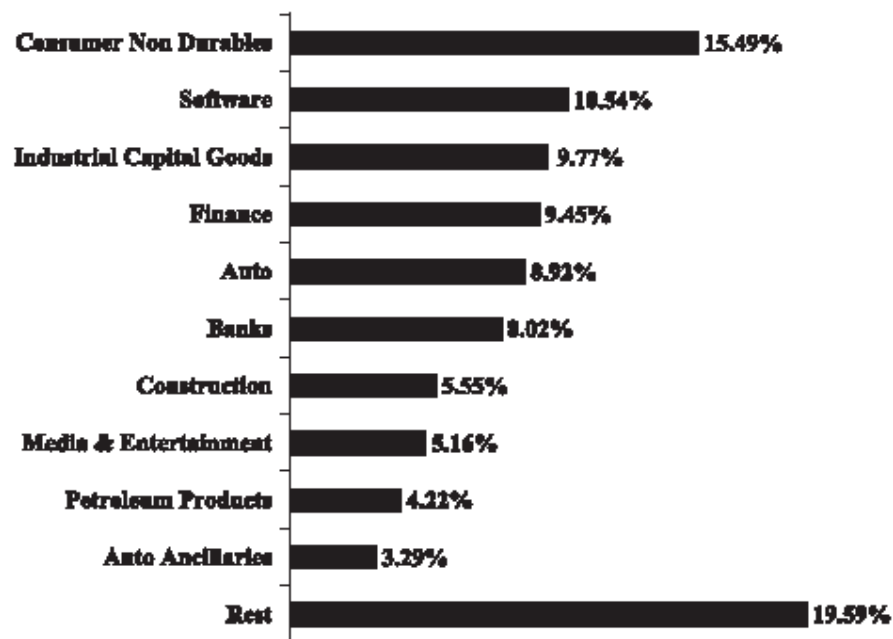
Tax Benefits:

Investments will qualify for tax benefit under the new Section 80C as amended by the Finance Act 2005

Fund Manager's Commentary:

The equity exposure of the fund has increased to 94.53% from 88.71% during the month, as we deployed the cash position. The main addition to the portfolio was Reliance Capital. Exposure to FMCG and finance sectors has gone up, while that to software and media has come down.

Sector Strategy:



Reliance Tax Saver (ELSS) Fund

FUND DATA

Structure: Open-ended Equity Linked Savings Scheme

Inception Date: September 22, 2005

Corpus: Rs 1,196.31 crore (March 31, 2006)

Minimum Investment: Rs 500 & in multiples of Rs 500

Fund Manager: Ashwani Kumar

Entry Load: <2cr - 2.25%; =2cr <5cr - 1.25%; =5cr - Nil

Exit Load: Nil

Growth option: Rs.13.51

INVESTMENT OBJECTIVE:

The primary objective of the scheme is to generate long-term capital appreciation from a portfolio that is invested predominantly in equity and equity-related instruments.

Sector Allocation:

Industry	% Allocation
Auto	12.96
Industrial Capital Goods	12.39
Software	9.36
Banks	8.7
Auto Ancillaries	6.16
Cement	5.28
Consumer Non Durables	4.52
Industrial Products	4.36
Pharmaceuticals	4.22
Ferrous Metals	3.9
Textiles	3.73
Petroleum Products	3.31
Chemicals	2.4
Fertilisers	2.22
Textile Products	1.99
Power	1.74
Steel	1.39
Telecom Services	1.29
Media & Entertainment	1.1
Industry	% Allocation
Dredging	0.89
Construction	0.72
Industrial Machinery	0.44
Retail	0.11
Engineering	0.08
Oil	0.06
Total	93.32

PruICI Tax Plan:

- **Fund Size:** Rs. 242.97 crores
- ❖ **Growth option:** Rs. 76.27
- As we know that at the inception the fund value will be Rs.10 but at this stage the value of the fund is Rs.76.27.
- The return of the fund is 36.97% where as the bench mark of the S&P Nifty was 13.23%. According to this the fund has done better then the assumption of the market.
- NAV has been increased from rs 76.27 to Rs 81.88.

Kotak ELSS:

- **Fund Size:** Rs.106.73 crores
- Growth option:** Rs.13.72
- As we know that at the inception the fund value will be Rs.10 but at this stage the value of the fund is Rs.11.586.
- The return of the fund is 17.90% where as the bench mark of the S&P Nifty 500 was 15.60%. According to this the fund has done better then the assumption of the market.
- NAV has been increase from Rs.11.586 to Rs.13.72

Principal Tax Saving Fund:

- **Fund Size:** Rs.135.15 crores
- Growth option:** Rs.72
- As we know that at the inception the fund value will be Rs.10 but at this stage the value of the fund is Rs.24.46.
- The return of the fund is 25.02% where as the bench mark of the S&P Nifty was 13.18%. According to this the fund has done better then the assumption of the market.
- NAV has been increased from Rs.24.46 to Rs.72

Templeton India Taxshield:

- **Fund Size:** Rs.236.58 crores
- Growth option:** Rs.118.47
- As we know that at the inception the fund value will be Rs.10 but at this stage the value of the fund is Rs.110.51.
- The return of the fund is 71.48% where as the bench mark of the S&P Nifty 500 was 50.27%. According to this the fund has done better then the assumption of the market.
- NAV has been increased from Rs.110.51 to Rs Rs.118.47

Reliance Tax Saver (ELSS) Fund:

- **Fund Size:** Rs.1196.31 crores

Growth option: Rs.13.10

- As we know that at the inception the fund value will be Rs.10 but at this stage the value of the fund is Rs.13.51.
- The return of the fund is 30.51% where as the bench mark of the S&P Nifty 500 was 21.07%. According to this the fund has done better then the assumption of the market.
- NAV has been decreased from Rs.13.51 to Rs.13.10

INTERPRETATION:

- Mutual funds outnumber traded securities.
- Mutual funds have a number of objective functions which lead to observably different trading styles. These styles include:
 - A wide variety of firms that trade on news regarding the endowment shocks of individuals. In the real world this might correspond to fundamental research about how various parts of the economy are doing.
 - A price fund that trades only on the equilibrium price – essentially a technical trading fund.
 - A fund that simply trades a fixed amount of stock – basically an index fund.
 - Adding mutual funds to the economy increases stock price volatility. This result contrasts sharply with models where funds act like people with utility functions. In those papers additional funds reduce volatility.
 - Since many funds have demands which are completely price inelastic, the introduction of an additional such fund does not directly affect the risk discount in the prices of risky securities. There may be such an effect, but it operates through a change in investors' implied risk aversions.
 - Generally, new funds should be endowed with trading strategies which are maximally different from those of existing funds.

Conclusion

1. By this study we conclude that the minimum Tax saving of an individual is Rs 1000 and the maximum Tax saving is 30000.
2. An Individual can take an advantage of this funds and schemes to save tax by investing maximum of Rs 1,00,000
3. If an Individual pays a premium more than Rs 1,00,000 then he or she can't avail tax benefit of what he or she pays excess of Rs 1,00,000,
 - a. The conclusion of this study is that the lower risk with the higher returns is the important aspect of the mutual funds. As we are studying on the tax saving funds in this the two type of benefits will be

enjoyed by the investor i.e., first he will be saving the tax and the money what he is investing in that he should not pay any type of tax.

- b. In the above funds we can see that PruICICI tax plan fund had given 36.97% of return from the inception time, Kotak ELSS fund has given the return of 17.9% in one year, the Principal Tax Saving Fund has given 25.02% of returns from the inception period, Templeton India Tax shield fund had given the returns of 71.48% from the inception period and the Reliance Tax saver (ELSS) fund had given 30.51% of return from the inception.
- c. According to the NAV the Principal Tax Saving Plan Fund is well, but the other and the competitor is Franklin Templeton Taxshield fund and ICICI PRUDENTIAL Tax Plan Fund. The fund is in the market for the long time but also the return of the fund are well. So, the investor can invest in the Principal Tax Saving Plan Fund or ICICI PRUDENTIAL Tax Plan Fund both. Here, the Franklin Templeton fund in the market for the long time more than the five years and the performance of the fund is also well. The more fluctuations are not i.e., the fund is not have more up and downs in the market the fund manager had maintained the fund in a good order and the portfolio is maintained in the well desired way and same with the ICICI PRUDENTIAL Tax Plan Fund also the investor can invest any one of the fund. Reliance Fund's NAV has come down during this one year. So Investigate properly before investing in Reliance Tax Saver
- d. While investing the main things are that has to be noted that the fluctuations are there are and how the fund is doing from the inception period. In the tax saving scheme the main intention of the investor is to save the tax, and he wants the money to be get some value added to it.

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