

STUDY ON ELSS FUND AND IT'S PERFORMANCE ANALYSIS WITH REFERENCE TO KARVY STOCK BROKING LTD.,

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ABSTRACT

Mutual funds play a vital role in mobilization of resources and their effective allocation. These funds play a significant role in financial intermediation, development of capital markets and growth of the financial sector as a whole. The active involvement of mutual funds in economic development can be seen their dominant presence in the money and capital market.

The present study distinguishes itself from standard mutual fund literature by making several unique contributions. First, it finds the trends of the mutual fund industry in India, second it uses risk return method to evaluate the various funds and schemes launched by mutual fund companies, and tries to suggest whether the funds and schemes outperform the market with the same level of risk or not.

Equity Linked Savings Schemes (ELSSs) are similar to the normal equity diversified schemes that invest across the board and market segments. Features that differentiate ELSS from an open-ended equity diversified scheme are tax saving benefit (deductions under Sec 80C) and a lock-in period of three years. Therefore, ELSS offers investors a window to benefit from the 'power' of equities and also claim tax benefits too. No doubt NSC and PPF offer investors an assured return, but equities have the potential to offer a higher return vis-à-vis fixed income avenues, as has been established in several studies.

This study is to analyze the equity performance oriented mutual funds to ascertain the ranking on the basis of the risk, return and its volatility. Hence this study provides the basis for the investors in choosing the mutual fund scheme. Mutual Funds are one of the financial intermediaries in growing Indian Economy. One of the crucial factors ensuring efficient functioning of Mutual Fund is proper evaluation of their performance. Hence, this study would bring out desirable strategies for investment in Mutual Funds and earning positive Risk – Adjusted Return.