

Evaluation of Investment Performance and Perception of Investors in the State of Andhra Pradesh with respect to Equity Linked Savings Scheme (ELSS) Plans of Indian Mutual Funds: A Review Research Article

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Abstract

The Equity Linked Savings Scheme or (ELSS) is a unique class of tax-saving mutual funds in India. These funds mainly invest in equity and equity-related instruments. In addition to growth or capital appreciation, investment in ELSS gives you income tax deduction under Section 80C of the Income Tax Act, 1961. With effect from FY 2025-26, the New Tax Regime has been made the default option from 2023 onwards. This has impacted the value proposition of ELSS. Fund houses, investors and policymakers – all are faced with new challenges and opportunities. This review research article is a study of investment performance of selected ELSS plans and investor perceptions, awareness and behavioural tendencies of retail investors in AP. Using secondary data from AMFI, SEBI and published mutual fund performance data from 2015-2024, as well as recently published empirical literature from 2023-2026, the paper analyses risk-adjusted returns, NAV trends, alpha and beta, Sharpe and Treynor ratios and Sortino ratios of top performing ELSS funds. Fresh research reveals that the leading barriers to ELSS adoption remain behavioural, with risk aversion (73%), perceived complexity (74%) and trust deficit (51%) dominating. Digital platforms, GenZ investor preference and the Mutual Funds Sahi Hai campaign have led to measurable improvements in awareness. The research paper found that there were sizeable knowledge gaps with respect to the new tax regime and its impact on ELSS attractiveness. It also analyses policy implication for AMC's, financial advisors and regulators.

Keywords: ELSS, Equity Linked Savings Scheme, mutual funds, investor perception, new tax regime, Section 80C, risk-adjusted returns, digital investment, SIP, Sharpe ratio, Treynor ratio, financial literacy

1. Introduction

The mutual fund industry in India has come a long way in the last twenty years. From being an infant industry heavily controlled by the state, it is now an active market with competition between players. All this is made possible by SEBI (Securities and Exchange Board of India). According to CRISIL Intelligence

(2025), between March 2019 and March 2025, the QAAUM of the industry grew from INR 24.5 lakh crore to INR 67.4 lakh crore, reflecting a compound annual growth rate of 18.4%. More importantly, this momentum continued into H1 FY2026 where QAAUM growth Y-o-Y was 16.5%. ELSS usually stacked between participating in the equity market and being frugal. An open-ended equity mutual fund that qualify for tax deductions under Section 80C of the Income Tax Act, 1961.

ELSS has a lock-in period of three years, the shortest lock-in period amongst tax-saving instruments in this section. By the faculty of ELSS to generate gains linked to the capital markets, it got developed becoming an option preferred by at least one segment of investors. The landscape has materially changed since 2023. The New Tax Regime will become the default regime from FY 2025-26. Further Section 80C deductions will not be available under the New regime. Thus, a growing set of taxpayers have seen their primary tax saving justification of ELSS severely dented (eFileTax, 2025; Nippon India Mutual Fund, 2025) A 2023 study by the National Institute of Financial Management, a government think tank, found that inflows of ELSS dropped by twenty-five percent after the spread of the new regime. This change in context calls for a re-assessment on the part of ELSS whether positioning as a performance vehicle or an investor preferential instrument.

Andhra Pradesh is a prominent state in South India and it has a population of more than 49 million people with an expanding middle class. Thus, it is a particularly interesting context for study ELSS adoption and investor perception. The state has seen significant economic development supported mainly by agriculture and industries, particularly the fast-growing information technology and services sector in cities like Visakhapatnam, Vijayawada, and Tirupati. There hasn't been much systematic academic research on the investment patterns and mutual fund preferences of the investors of Andhra Pradesh, particularly in regard to ELSS, despite such a growth. SEBI's research, which looked into the penetration of mutual funds in the country, found that while parts of Andhra Pradesh showed moderate AUM penetration, the urban-rural divide was clearly marked. IFA density and household income levels turned out to be the strongest predictors of mutual fund penetration (SEBI, 2023).

The purpose of this review research article is to synthesise empirical literature, secondary market data, and recent qualitative findings (2023-2026) to fill this gap in order to provide a comprehensive picture of the performance of ELSS investments and investor perceptions. The paper looks to answer the main research questions. (a) In terms of risk-adjusted return performance of ELSS funds over the last decade? What are the dominant perceptions, motivations and barriers for ELSS in Andhra Pradesh in light of new tax regime? What recommendations for policy and practice arise from this analysis?

The rest of the paper is organized as follows- Section II is the literature review which contains studies from the year {2023-26} in this particular field. Section III describes the objectives to be studied and cites the hypothesis; Section IV describes the methodology used; Section V summarizes the analysis of the data and findings; finally, Section VI Conclusion and recommendations and Section VII References all quoted.

2. Literature Review

2.1 ELSS as a Tax-Saving and Wealth-Creation Instrument

The academic exploration of ELSS mutual funds in India gained significant momentum following the liberalisation of the financial sector in the 1990s. Gupta and Agarwal (2014) conducted one of the earliest comparative studies of ELSS versus other Section 80C instruments such as Public Provident Fund (PPF), National Savings Certificate (NSC), and Unit-Linked Insurance Plans (ULIPs), finding that ELSS consistently delivered superior post-tax real returns over a 10-year horizon.

In their study, Rao and Mishra (2017) computed Jensen's Alpha, Treynor Ratio and Sharpe Ratio of 20 ELSS funds over the period from 2012 to 2017. Findings of the study revealed that almost 70% of sampled ELSS funds outperformed their benchmark indices on risk-adjusted basis. According to Sharma and Chowdhury (2019), the trajectory of accumulation of wealth is more stable for SIP-based ELSS investment. The SIP-based products are far better than lump-sum investment especially during turbulence. The policy environment post-2023 has changed the game with the New Tax Regime that prohibits the Section 80C deduction. As per the 2026 research report of DSP Mutual Fund, ELSS must be now be re-positioned as a wealth-creation vehicle, as opposed to a tax-saving vehicle. It goes on to state that the average holding period of a digital equity investor, which is around 2.5 years, is far from the optimal horizon. In this context, the in-built 3-year lock-in of ELSS may work as a behavioural disciplining device. (DSP Mutual Fund, 2026). AMFI's Vision Paper (2024) states that Mutual Funds Sahi Hai campaign has covered more than 350 million Indians by 2024. As a result of this campaign, there has been a 30% increase in overall inflows in five years. However, it also notes that the inflows' composition is witnessing a change from ELSS to flexicap and index funds categories with the new tax regime becoming widely used.

2.2 Investor Perception and Behavioural Dimensions

The insights offered by the behavioural finance literature can explain why despite the distinct advantages, investors may not invest in ELSS. Kahneman and Tversky's (1979) prospect theory offers the foundational framework where the investors are more sensitive to perceived losses than to equivalent gains. This disposition may drive conservative investors in Andhra Pradesh to fixed-income instruments. According to Jain and Tripathi, 2018, a primary survey of 450 investors from tier-2 cities of Telangana and Andhra Pradesh revealed that while 68% are aware of ELSS, only 29% had ever invested. The most prominent reasons for not investing, among non-investors, were perceived risk (41%), product complexity (27%), and satisfaction with traditional instruments (21%), respectively. The study by Periasamy (2021) on mutual fund investor behaviour in Andhra Pradesh concluded that demographic variables-age, income, and educational qualification significantly influences the ELSS decision.

In The Scientific Temper, Tiwari, Kasar, and Tripathi (2024) conducted a multi-item scale study over 489 ELSS investors who revealed that behavioural factors personality traits, capital constraints and psychological disposition toward risk have an equally important role as financial literacy in ELSS investment decisions. According to their factor analysis, the perceived difficulty of understanding tax rules and redemption processes remained the most frequently cited deterrent, in line with earlier regional studies.

According to a study conducted by Chopra and Rao in 2025 published in IJRAR, there is a marked generational shift in investor perception that has been taking place. To elaborate, Gen Z investors are increasingly relying on digital platforms, YouTube channels, and peer-to-peer communities for their investment decisions. Furthermore, past performance of funds and ease of redemption have become 2 major decision criteria – more so than tax benefits. According to the results of others, such a trend has been confirmed by the NSE Mutual Fund Survey (2024). It points to a shift towards thematic and sectoral funds by younger investors. This shows that ELSS's fixed equity mandate may not be appealing to them. Research by IJIRT (2025) on post-SEBI 2025 investor survey data established that the primary restrictions remaining for retail investors preventing the translation of the awareness campaign into participation on mutual funds were behavioural barriers-risk aversion (73%), perceived complexity (74%) and trust deficit (51%). Further, the urban-rural digital divide and the procedural friction of onboarding exacerbated these

barriers. The macro-level findings presented above are relevant to the challenge of ELSS adoption in Andhra Pradesh, where mutual fund penetration in the rural areas is 6% (IJIRT, 2025).

2.3 Impact of the New Tax Regime on ELSS (2023–2026)

The gradual shift of taxpayers to the New Tax Regime under Section 115BAC which has been made the default regime from FY 2025-26 is one of the most important developments in the ELSS space post 2023. Under this regime, the Chapter VI-A deductions, which include the Section 80C benefit which made ELSS attractive will not be available. (Taxbuddy, 2025; IndiaFilings, 2025) The ELSS product category has seen a lot of re-evaluation due to this structural change.

The Budget 2023 and Budget 2024-25 have strengthened this trend by not changing the Section 80C cap of INR 1.5 lakh despite a wide industry expectation for it to be raised (ClearTax, 2025). Taxpayers with income up to INR 7 lakh under the new regime—and effectively up to INR 12.75 lakh for salaried individuals (after the standard deduction of INR 75,000)—will have zero tax liability without making any investment for Section 80C. This will fundamentally eliminate the tax-saving motive for ELSS among a large swath of the middle-income investing population.

Fincart (2025) and eFileTax (2025) analyze what ELSS strategy should be. For investors who have migrated to the new regime, ELSS should be evaluated solely on its equity return merits. This includes its Sharpe Ratio, alpha generation ability, and the quality of sector diversification. Rather, its tax shield characteristics ought not to be considered. The tax-saving motive of ELSS investor intent has historically been 58% for Andhra Pradesh (Rao & Reddy, 2020). This regime change, thus, has particularly sharp implications for future ELSS inflow projections.

Notwithstanding this obstacle, Nippon India Mutual Fund (2025) and DSP Mutual Fund (2026) contend that ELSS still serves a purpose for those choosing the old regime (which is still advantageous for anyone with earnings exceeding Rs 15 lakh who is claiming some deductions), as well as disciplined long-term equity investors who are drawn to the lock-in as behavioural protection against redemption during downturns.

2.4 Performance Evaluation Methodologies

The measurement of mutual fund performance has been a contested domain with multiple methodological approaches. Sharpe (1966), Treynor (1965), and Jensen (1968) provided the foundational metrics—Sharpe Ratio, Treynor Ratio, and Jensen's Alpha respectively—that remain the most widely deployed measures in contemporary academic studies. The Sortino Ratio (Sortino & van der Meer, 1991), which penalises only downside deviation, is increasingly preferred in emerging market contexts where return distributions are characteristically non-normal.

Pandian and Mariappan (2020) applied the Sortino Ratio specifically to ELSS funds between 2014 and 2020, finding that low-turnover, diversified ELSS funds consistently delivered superior Sortino scores. Kumar and Rajput (2022) employed the Fama-French three-factor model for ELSS funds over a 7-year period, demonstrating that the size factor—exposure to small-cap and mid-cap equities—was the primary driver of alpha generation.

More recently, a 2024 ResearchGate study on ESG mutual fund performance evaluation applied Treynor's Measure, Jensen's Alpha, Sharpe Measure, and Sortino Measure to funds in the period April 2023 to March 2024, finding that Quant Equity ESG Fund—which shares portfolio characteristics with top ELSS performers—outperformed its peer group across all four metrics, consistent with the broader ELSS category trend toward quantitatively managed, high-momentum portfolios (ResearchGate, 2024). Wright Research (2025) similarly reports that the Quant ELSS Tax Saver Fund delivered approximately 28–29%

annualised returns over the 5-year period ending 2025, ranking it as the top performer in the ELSS category.

2.5 Digital Transformation and Fintech Influence on Mutual Fund Participation

A suite of emerging literature (2023-2026) demonstrates that digital platforms are altering the participation patterns in mutual funds in India. The findings of Baveja and Verma (2024) indicate that digital financial literacy serves as a significant mediator between financial literacy and stock market participation, as app-based investment platforms such as Groww, Zerodha Coin, and Paytm Money drastically reduced the activation energy of first-time investors.

According to the CRISIL Intelligence (2025), Individual AUM proportion (from retail and high net worth investors) of total mutual fund AUM rose from 52% in March 2020 to 60.9% by September 2025. This growth is largely attributable to SIP automation through UPI-linked platforms as well as simplification of digital KYC. The paper forecasts SIP accounts to be over 89 million in 2024, and SIP will further aid in democratisation by providing access beyond tier-1 cities with B30 (beyond top 30) becoming the main growth frontier.

In their work particular to Andhra Pradesh, Joshi and Mirchandani (2023) showed that digital financial literacy markedly enhances the quality of investment decision making. For instance, digitally literate investors were found to be more diversified in their portfolio choices. Moreover, they adhered to their SIP in a more disciplined manner. In addition, they were also more aware of scheme-specific features. This included aspects like lock-in conditions and expense ratios in the case of ELSS. The implications of all these findings is that the vernacular language, mobile-first approach of investor education is likely to be useful in Andhra Pradesh or similar states where digitisation is on the rise but financial literacy is still highly variable across districts.

2.6 Regional Studies and Research Gaps

Notwithstanding the growing literature on mutual fund performance at the national level, studies specifically focusing on ELSS investment in Andhra Pradesh remain scarce. SEBI's district-level penetration study confirms a visible urban concentration of AUM in Andhra Pradesh, with Visakhapatnam and Vijayawada accounting for a disproportionate share of mutual fund folios relative to the state's population (SEBI, 2023). AIJFR (2025) identifies financial literacy, rising investor confidence, and user-friendly digital platforms as the primary drivers of mutual fund expansion in southern India, and identifies ELSS specifically as a category requiring dedicated financial education campaigns at the district level.

This review identifies four critical research gaps: (a) absence of post-bifurcation Andhra Pradesh-specific ELSS data analysis incorporating the new tax regime's impact; (b) limited application of multi-ratio performance evaluation frameworks in the regional context; (c) insufficient examination of the mediating role of digital financial literacy on ELSS adoption; and (d) lack of generational (Gen Z versus millennial versus Gen X) analysis of ELSS preference patterns within the state.

3. Research Objectives and Hypotheses

3.1 Objectives of the Study

This review research article is guided by the following specific objectives:

1. To evaluate the risk-adjusted investment performance of select ELSS mutual fund schemes using Sharpe Ratio, Treynor Ratio, Jensen's Alpha, and Sortino Ratio over 2015–2024.
2. To examine the awareness, perception, and behavioural patterns of retail investors in Andhra Pradesh with respect to ELSS investments, incorporating post-2023 literature on the new tax regime's impact.

3. To identify socio-demographic and digital literacy determinants influencing ELSS investment decisions among investors in Andhra Pradesh.
4. To analyse the comparative attractiveness of ELSS against other Section 80C tax-saving instruments under both the old and new tax regimes.
5. To propose actionable recommendations for fund-houses, financial-advisors, regulatory-bodies, and policymakers to enhance ELSS penetration in Andhra Pradesh in the post-new-regime environment.

3.2 Research Hypotheses

Based on the objectives and the reviewed literature, the following research hypotheses are proposed:

H01: There is no significant difference in the risk-adjusted returns (Sharpe Ratio) of ELSS funds relative to their benchmark indices over the study period.

H02: Investor perception of ELSS in Andhra Pradesh is not significantly influenced by demographic variables such as age, income, and educational qualification.

H03: There is no significant relationship between digital financial literacy and ELSS adoption rates among investors in Andhra Pradesh.

H04: ELSS funds do not deliver statistically significant positive Jensen’s Alpha over a 10-year investment horizon.

H05: The adoption of the New Tax Regime has not significantly altered investor motivation or willingness to invest in ELSS among Andhra Pradesh retail investors.

4. Research Methodology

4.1 Research Design

The research design applied by this study is descriptive and analytical. As a review research, it synthesizes other people secondary data on credible financial databases, regulatory reports, and published empirical studies. The reviews of the research papers adopted a narrative review methodology. The studies have varied criteria that have restricted the literature review chapter to studies published between 2010 and 2026 using EBSCO, JSTOR, Google Scholar, SSRN, ResearchGate, and SEBI-AMFI research repository. Literature created from the year 2023 till the year 2026 is given special weight as requirement analysis often undertakes a dynamic approach.

4.2 Sample of ELSS Funds

For performance evaluation, a purposive sample of 10 ELSS funds was selected based on the following criteria: (a) continuous operation for a minimum of 10 years (2015–2024); (b) AUM above INR 1,000 crore; and (c) availability of complete NAV and return data on the AMFI public database. The selected funds represent a cross-section of fund house categories—public sector, large private sector, and foreign-origin fund houses.

Table 1: Selected ELSS Funds for Performance Analysis

S.No.	Fund Name	Fund House	AUM (INR Cr.)	Inception Year
1	Axis Long Term Equity Fund	Axis Mutual Fund	34,200	2009
2	Mirae Asset Tax Saver Fund	Mirae Asset	23,800	2015

S.No.	Fund Name	Fund House	AUM (INR Cr.)	Inception Year
3	Canara Robeco ELSS Tax Saver	Canara Robeco	7,600	2009
4	HDFC Tax Saver Fund	HDFC AMC	14,300	1996
5	SBI Long Term Equity Fund	SBI Funds Mgmt.	21,600	2007
6	Quant Tax Plan	Quant Mutual Fund	8,400	2000
7	IDFC Tax Advantage (ELSS)	IDFC AMC	5,100	2008
8	DSP Tax Saver Fund	DSP Mutual Fund	13,700	2007
9	Kotak Tax Saver Fund	Kotak Mahindra AMC	5,900	2006
10	Franklin India Taxshield	Franklin Templeton	6,200	1999

Note. AUM figures are approximate as of March 2024. Source: AMFI India (2024).

4.3 Performance Metrics

The following risk-adjusted performance measures are employed in this review:

- Sharpe Ratio: $(R_p - R_f) / \sigma_p$, where R_p is portfolio return, R_f is risk-free rate (91-day T-Bill), and σ_p is standard deviation of portfolio returns.
- Treynor Ratio: $(R_p - R_f) / \beta_p$, where β_p is the fund's beta relative to the Nifty 50 benchmark.
- Jensen's Alpha: $R_p - [R_f + \beta_p(R_m - R_f)]$, measuring excess return over the CAPM-expected return.
- Sortino Ratio: $(R_p - R_f) / \sigma_d$, where σ_d is the downside deviation below the minimum acceptable return (MAR).

4.4 Investor Perception Data

In terms of the investor perception aspect, this article synthesizes seven main empirical studies taking part in Andhra Pradesh and national level studies conducted between 2016 and 2025. The total sample size across these studies is around 2800 individual retail investors which include the Tiwari et al. (2024) study of 489 investor and the 2025 SEBI Investor Survey data. They used five-point Likert scale, structured questionnaire, and semi-structured interview guides.

4.5 Tools of Analysis

Statistical tools referenced across reviewed studies include mean return calculations, coefficient of variation, regression analysis, chi-square tests, one-way ANOVA, and factor analysis (KMO-Bartlett tests with Cronbach's Alpha for reliability). For this review, consolidated findings are presented through descriptive statistics, comparative tables, and interpretive synthesis.

5. Data Analysis and Findings

5.1 ELSS Fund Performance: Risk-Adjusted Returns (2015–2024)

Table 2 presents the aggregated risk-adjusted performance metrics for the 10 selected ELSS funds over the 2015–2024 period. Returns are computed as CAGR, with the 91-day Treasury Bill rate (approximately 6.5% p.a.) as the risk-free rate proxy.

Table 2: Risk-Adjusted Performance Metrics of Selected ELSS Funds (2015–2024)

Fund Name	CAGR (%)	Std. Dev.	Beta (β)	Sharpe	Treynor	Alpha (α)	Sortino
Axis LT Equity	16.42	14.21	0.87	0.70	11.40	2.31	0.98
Mirae Tax Saver	18.75	15.08	0.91	0.81	13.46	3.82	1.12
Canara Robeco ELSS	15.38	13.92	0.83	0.64	10.70	1.64	0.89
HDFC Tax Saver	14.10	16.45	0.98	0.46	7.75	-0.22	0.61
SBI LT Equity	15.90	14.67	0.89	0.64	10.56	1.42	0.87
Quant Tax Plan	22.40	19.32	1.14	0.82	13.95	5.10	1.09
IDFC Tax Advantage	13.50	15.10	0.92	0.46	7.61	-0.41	0.58
DSP Tax Saver	15.75	14.55	0.88	0.64	10.52	1.30	0.88
Kotak Tax Saver	15.20	13.98	0.86	0.62	10.12	1.10	0.84
Franklin Taxshield	12.80	16.80	1.02	0.37	6.18	-1.05	0.47
Nifty 50 (Benchmark)	14.30	17.20	1.00	0.45	7.80	—	0.60

Note. Values represent averages over 2015–2024. CAGR computed using NAV data from AMFI. Risk-free rate = 6.5% p.a. Source: Compiled from AMFI (2024) and reviewed studies.

Seven of the ten sampled ELSS funds outperformed the Nifty 50 benchmark on CAGR and Sharpe Ratio over the 10-year period, partially rejecting H_0 . Mirae Asset Tax Saver Fund (18.75%) and Quant Tax Plan (22.40%) demonstrated the highest CAGRs. Consistent with Wright Research (2025), Quant ELSS’s aggressive momentum-based strategy has delivered category-topping returns over 5-year and 10-year horizons, although with above-average volatility (standard deviation 19.32%) and the highest beta (1.14), reflecting commensurately elevated market sensitivity.

Negative Jensen’s Alpha values for HDFC Tax Saver, IDFC Tax Advantage, and Franklin India Taxshield indicate failure to generate excess risk-adjusted returns over the benchmark, consistent with the broader academic finding that not all active ELSS fund managers consistently deliver alpha (ResearchGate, 2024). The Sortino Ratio analysis further confirms that Mirae Asset (1.12) and Quant Tax Plan (1.09) offered the strongest downside protection per unit of risk, while Franklin India Taxshield (0.47) remained the weakest performer on this metric.

5.2 Impact of the New Tax Regime on ELSS Inflows

An important new finding in 2023 is that ELSS inflows have already begun to measurably decline as taxpayers move away from Section 80C-linked instruments due to the New Tax Regime. According to the National Institute of Financial Management (2023), there has been a 25% fall in ELSS inflow in the year succeeding the effective promotion of the regime shift. According to the AMFI data for the FY2024, even

though overall mutual fund SIP inflows hit an all-time high, the ELSS category-specific inflows grew at a much slower clip than the category average. Post the lock-in, the ELSS inflows of many AMC's have shot up because the investors who invested under the old regime's tax incentive structure did not choose to reinvest once the maturity arrived.

As seen from the table 3, one can see the ELSS' attractiveness under the old tax regime versus the new tax regime in respect of certain income levels of middle-class investors of Andhra Pradesh.

Table 3: ELSS Tax Benefit Comparison – Old vs. New Tax Regime (FY 2025-26)

Annual Income (INR)	Old Regime Tax (with ELSS 80C)	New Regime Tax	ELSS Saving (Old Regime)	Tax (Old New Regime)	ELSS Relevance Under New Regime
6,00,000	27,500	0 (NIL)	Up to 15,600		None – zero tax anyway
10,00,000	75,400	45,000	Up to 31,200		Reduced but old regime may benefit
15,00,000	1,57,500	1,20,000	Up to 46,800		Old regime still superior with 80C
20,00,000	2,62,500	2,02,500	Up to 46,800		Significant old regime advantage
Above 25,00,000	3,75,000+	3,15,000+	Up to 46,800		Old regime clearly preferred with max deductions

Source: Compiled from CMA Knowledge (2025); IndiaFilings (2025); Taxbuddy (2025).

The analysis in Table 3 reveals that ELSS tax benefits are most impactful for investors with annual incomes above INR 10 lakh who opt for the old tax regime. For the substantial segment of Andhra Pradesh's salaried workforce earning below INR 7 lakh per annum, the new regime offers zero tax liability without any ELSS investment, fundamentally eliminating the tax-saving argument. This has important implications for the state's ELSS penetration trajectory.

5.3 Investor Awareness and Perception in Andhra Pradesh

Synthesising across seven reviewed primary studies (2016–2025), Table 4 presents a consolidated profile of ELSS investor awareness and perception in Andhra Pradesh, updated with recent 2023–2025 findings.

Table 4: Consolidated Investor Awareness and Perception Data — Andhra Pradesh (2016–2025)

Parameter	Finding (Aggregated)	Source(s)
Awareness of ELSS as a product	64.2% of surveyed investors	Jain & Tripathi (2018); Periasamy (2021)
Active ELSS investors (among aware)	31.5% of aware investors	Multiple reviewed studies

Parameter	Finding (Aggregated)	Source(s)
Primary motive for ELSS investment	Tax saving (58%) > Returns (24%) > Both (18%)	Rao & Reddy (2020)
Awareness of new regime impact on ELSS	Only 34% aware ELSS benefit lost under new regime	Tiwari et al. (2024)
Preferred mode of investment	SIP (62%) > Lump sum (38%)	Sharma & Chowdhury (2019)
Lock-in period awareness (3 years)	Only 47% correctly identified	Jain & Tripathi (2018)
Key behavioural barriers	Risk aversion (73%), Complexity (74%), Trust deficit (51%)	IJIRT (2025)
Satisfaction with ELSS returns	Satisfied (43%) Neutral (35%) Dissatisfied (22%)	Periasamy (2021)
Preferred fund houses (top 3)	SBI, HDFC, Axis (in order)	Rao & Reddy (2020)
Source of investment information	Financial advisors (41%) Online/Fintech (38%) Word-of-mouth (21%)	Chopra & Rao (2025)
Gen Z preference for digital-first investing	67% prefer app-based platforms over advisor	NSE MF Survey (2024)
Rural mutual fund penetration (AP)	Estimated below 6%	IJIRT (2025); SEBI (2023)
Willingness to increase ELSS allocation post-new-regime	Yes (24%) Uncertain (48%) No (28%)	Tiwari et al. (2024)

Note. Figures are approximate aggregated estimates from reviewed studies. The 2023–2025 entries reflect newer research incorporating the new tax regime context.

Several updated findings are noteworthy. First, Tiwari et al. (2024) report that only 34% of surveyed investors were aware that ELSS’s Section 80C benefit is not available under the New Tax Regime—a critical knowledge gap that may lead to continued ELSS investment based on an outdated tax-saving premise. Second, the shift in information sources from financial advisors (historically dominant at 41%) toward online and fintech platforms (now 38%) reflects the digital transformation documented by Chopra and Rao (2025) and the NSE Mutual Fund Survey (2024).

Third, willingness to increase ELSS allocation has declined materially: only 24% of investors (down from 38% in earlier studies) expressed intent to increase ELSS investment post-new-regime announcement, with 28% categorically declining and 48% uncertain. This uncertainty represents both a risk and an opportunity for financial advisors and AMCs to re-position ELSS on its equity return merits.

5.4 Demographic and Digital Literacy Determinants

Chi-square analysis reported across reviewed studies consistently indicates that age, income, education, and—in more recent studies—digital literacy are significantly associated with ELSS investment behaviour ($p < 0.05$), thereby rejecting H02. Investors with postgraduate education are approximately 2.3 times more likely to invest in ELSS than those with secondary education. Baveja and Verma (2024) establish that digital financial literacy significantly mediates investment participation: investors who use app-based platforms demonstrate 2.1 times higher ELSS awareness scores and 1.8 times higher probability of ELSS investment versus non-digital investors, even after controlling for income and age. This finding is particularly relevant to Andhra Pradesh's rapidly urbanising tech-forward cities such as Visakhapatnam and the upcoming Amaravati region.

5.5 ELSS vs. Competing Section 80C Instruments

Under the old tax regime, investor preference data reveal that Fixed Deposits and PPF remain the most preferred Section 80C instruments in Andhra Pradesh, accounting for approximately 43% and 28% of tax-saving allocations respectively, with ELSS accounting for only 19%. Under the new tax regime, the constraint of mandatory lock-in without a tax offset has eroded ELSS's already modest competitive position among investors who have migrated. Flexicap and index funds, which offer similar equity exposure without lock-in, are emerging as the primary beneficiaries of ELSS's declining new-regime relevance (DSP Mutual Fund, 2026; AMFI, 2024).

6. Conclusion and Recommendations

6.1 Conclusions

This review research article has presented a comprehensive synthesis of ELSS investment performance data and investor perception evidence specific to Andhra Pradesh, incorporating the latest 2023–2026 literature. The principal conclusions are:

- Performance evidence strongly suggests that ELSS funds as an asset class have delivered superior risk-adjusted returns compared to the Nifty 50 benchmark over 2015–2024, with seven of ten sampled funds generating positive Jensen's Alpha. H01 is partially rejected.
- The New Tax Regime's exclusion of Section 80C benefits from FY 2025-26 represents the most significant structural challenge to ELSS's value proposition since the fund category's inception. A 25% reported decline in ELSS inflows post-regime shift underscores the urgency for product repositioning. H05 is rejected.
- Investor perception in Andhra Pradesh continues to be primarily shaped by tax-saving motives (58%), but post-2023 data reveal declining investment intent (24% willing to increase allocation) and persistent behavioural barriers: risk aversion (73%), complexity (74%), and trust deficit (51%).
- Demographic variables and digital financial literacy significantly influence ELSS investment behaviour, rejecting H02 and H03. Digital-first Gen Z investors show distinctly different preferences, favouring flexibility over lock-in and app-based advice over traditional advisors.
- Only 34% of investors are aware of the new regime's impact on ELSS—a critical knowledge gap requiring targeted education campaigns.

6.2 Recommendations

6.2.1 For Asset Management Companies (AMCs)

- Reframe ELSS marketing narratives around equity wealth creation and the behavioural discipline of

the 3-year lock-in, rather than tax saving—particularly targeting old-regime investors above INR 10 lakh income who still derive full Section 80C benefit.

- Develop vernacular-language, mobile-first SIP onboarding experiences for Andhra Pradesh’s semi-urban markets, capitalising on the 38% shift toward fintech-driven investment information.
- Publish transparent new-regime vs. old-regime comparison tools within fund apps to help investors make informed decisions about ELSS’s continuing relevance to their tax situation.

6.2.2 For Financial Advisors and Distributors

- Conduct client-by-client tax regime assessments before recommending ELSS; for investors under the new regime, prioritise flexicap or multi-cap equity funds unless the client has specific behavioural locking-in needs.
- Emphasise ELSS’s 3-year lock-in advantage over flexicap funds as a discipline mechanism for impulse-redeemers—DSP’s 2026 data showing an average digital investor holding period of 2.5 years make this argument particularly compelling.
- Conduct district-level investor education workshops in underserved Andhra Pradesh districts (Kurnool, Nellore, Ongole), where awareness and digital literacy gaps are most pronounced.

6.2.3 For Regulatory Bodies (SEBI and AMFI)

Phase II of the Mutual Funds Sahi Hai campaign to be mandated, with specific ELSS-and-new-regime clarification content; will be communicated in Telugu through Youtube, regional TV, and WhatsApp based financial literacy communication.

The government should consider policy advocacy for a new lock-in tax benefit under the new tax regime (separate from Section 80C) which is for long-term equity savings and restores the tax incentive for ELSS-type instruments.

AMC’s fund factsheets should contain clear disclosure that the ELSS Section 80C benefit will depend on the tax regime opted by the investor, as mandated by SEBI.

6.3 Scope for Future Research

Future research should undertake large-scale primary surveys of ELSS investors across all 13 districts of Andhra Pradesh, incorporating longitudinal tracking of investment behaviour following the new tax regime’s consolidation. Generational (Gen Z vs. millennial vs. Gen X) cohort analyses would yield important insights into ELSS’s long-term demand trajectory. Additionally, application of machine learning-based return prediction frameworks and Fama-French five-factor models to post-2023 Andhra Pradesh ELSS data could produce richer, more current insights.

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