A PROJECT REPORT ON

STUDY OF INVESTMENT IN MUTUAL FUND

A Project Submitted to

University of Mumbai for Partial Completion of the Degree

of Bachelor in Commerce (Banking And Insurance)

Under the Faculty of Commerce

By

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Under the Guidance of

'ASST. PROF. DR. KISHOR CHAUHAN'

JNAN VIKAS MANDAL'S

Mohanlal Raichand Mehta College of Commerce

Diwali Maa College of Science

Amritlal Raichand Mehta College of Arts

Dr. R.T. Doshi College of Computer Science

NAAC Re-Accredited Grade 'A+' (CGPA : 3.31) (3rd Cycle)

Sector-19, Airoli, Navi Mumbai, Maharashtra 400708

FEBRUARY, 2024.

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CERTIFICATE

This is to certify that **Mr. RANJEET MAHESH VISHWAKARMA** has worked and duly completed his Project work for the degree as Bachelor in Commerce (Banking And Insurance) under the Faculty of Commerce in the subject of **Management control** and his project is entitled, **STUDY OF INVESTMENT IN MUTUAL FUND**. Under my supervision.

I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University.

It is his own work and fact reported by her personal finding and investigations.

Guiding Teacher,

ASST. PROF. DR. KISHOR CHAUHAN.

Date of submission:

5 March 2024

DECLARATION

I the undersigned **Mr. RANJEET MAHESH VISHWAKARMA** here by, declare that the work embodied in this project work titled **"STUDY OF INVESTMENT IN MUTUAL FUND"**, forms my own contribution to the research work carried out by me under the guidance of **ASST. PROF. DR. KISHOR CHAUHAN** is a result of my own research work and has been previously submitted to any other University for any other Degree/ Diploma to this or any other University.

Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography.

I, here by further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

RANJEET MAHESH VISHWAKARMA

Certified by:

ASST. PROF. DR. KISHOR CHAUHAN.

ACKNOWLEDGEMENT

To list who all have helped me is difficult because they are so numerous and the depth is so enormous.

I would like to acknowledge the following as being idealistic channels and fresh dimensions in the completion of this project.

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CHAPTER -1

❖ INTRODUCTION

Investment is the employment of funds with the aim of getting return on it. In general terms, investment means the Use of money in the hope of making more money. In finance, investment_means the purchase of a financial product or other item of value with an expectation of favourable future returns. Investment of hard-earned money is a crucial activity of every human being. Investment is the commitment of funds which have been saved from current consumption with the hope that some benefits will be received in future. Thus, it is a reward for waiting for money. Savings of the people are invested in assets depending on their risk and return demands. Investments are made in different asset classes depending on an individual's risk and return

characteristics Investment choices are physical assets and financial assets.there a sstrong preference for these assets, as these assets can be purchased with cash and held for a long term.The obvious disadvantages with physical assets are the risks of loss and theft, lower levels of return; illiquid secondary markets; and ado valuations and transactions. Financial assets are securities, which are certificates embodying a financial contract between parties. Bonds, Equity shares, Deposits and Insurance policies are some of the examples of financial assets. In financial assets investors only hold the proof of their investments in the form of a certificate or account. These products are Usually liquid, transferable and in most cases, stored electronically with high degree of safety. But a minimum amount of cash is always kept in hand for transactions and contingencies. To face the contingencies and unexpected events the insurance came into existence. Another avenue of investment is mutual funds. It is created when investors put their money together. It is therefore a pool of the investor's funds.

The most important characteristics of a mutual fund is that the contributors and the beneficiaries of the fund are the same class of people, namely the investors. The term mutual means that investors contribute to the pool, and also benefit from the pool. There are no other claimants to the funds. The pool of funds held mutually by investors is the mutual fund.

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mutual means that investors contribute to the pool, and also benefit from the pool. There are no other claimants to the funds. The pool of funds held mutually by investors is the mutual fund.

A mutual fund pools the money of people with similar investment goals. The money in turn is invested in various securities depending on the objectives of the mutual fund scheme, and the profits (or loss) are shared among investors in proportion to their investments. Mutual fund schemes are usually openended (perpetually open for investments and redemptions) or closed end (with a fixed term). A mutual fund scheme issues unit that are normally priced at Rs.10 during the initial offer. Thus, the number of Units YOU own as against the total number of units issued by the mutual fund scheme determines your share in the profits or loss of a scheme. In the case of open-end schemes, Units can be purchased from or sold back to the fund at a Net Asset Value (NAV) based price on all business days. The NAV is the actual value of a Unit of the fund on a given day. Thus, when YOU invest in a mutual fund scheme, YOU normally get an account statement mentioning the number of Units that have been allotted to YOU and the NAV based price at which the units have been allotted. The account statement is similar to your bank statement. Mutual funds invest basically in three types of asset classes:

Stocks:

Stocks represent ownership or equity in a company, popularly known as shares.

Bonds:

These represent debt from companies, financial institutions or Government agencies

Money market instruments:

These include short-term debt instruments such as treasury bills, certificate of deposits and inter-bank call money.

A mutual fund's business is to invest the funds thus collected, according to the wishes of the investors who created the pool. In many markets these wishes are articulated as investment mandates. Analysis of the perception towards these mutual funds is done herein this project. Even what factors the investors look before investing can also be observed.

Investors, who have hitherto been investing in these assured returns products, are searching for better returns as the requirements are increasing day by day. People normally have three main objectives:

o ***Safety o***

Return o

Liquidity

They like their investment to be absolutely safe, while it generates handsome returns provides high liquidity. But unfortunately, it's difficult to achieve all the three simultaneously. One objective often

trades - off against another. For example, if YOU want high returns. There are many different kinds of investments to choose from. Each kind of investment differs from the others in objectives and benefits. Some differ by how much they can be expected to earn. They also volatility how much their value changes compare to the market as whole. Each investment option has some risk associated with it and a corresponding financial return.

As each individual investment objective and different requirements. Each investor has different risk profile and also have different disposable income. Before investing his money, investor must know his risk profile and investment objective. So, in this way investors can be categorized into different categories based on their investment objective, disposable income and requirement in future. We have categorized the investors in to various categories base on their:

o ***Life Cycle***

Stage o

Wealth Cycle

Stage

MEANING OF MUTUAL FUND

Mutual funds are investment instruments designed to provide investors with growth or income. People can diversify their investment holdings by purchasing mutual funds, which contain a variety of stocks and bonds. Diversification minimizes risk levels because investors are not reliant on the performance of any one security or sector of the economy.

A mutual fund is a trust that pools the savings of a number of investors who share a common financial goal. The money collected from the investors is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the appreciation of capital is hence shared by the Unit holders in proportion to the number of Units owned by them.

A mutual fund is the most suitable and appreciated investments instruments for a common man, as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively lower cost. The figure below represents the operation process of mutual fund. Every mutual fund portfolio has its individual clearly stated investment objective and strategy. In today's complex and modern financial environment, mutual funds have emerged as an ideal investment. Markets for mutual funds have become mature and information driven. Prices of such instruments fluctuate with
global events.

Why invest in mutual funds?

When you buy a mutual fund, you're pooling money with many investors. This lets YOU invest in variety of investment for a relatively low cost. Another advantage is that professional makes decisions about specific investment.

Also, mutual funds are widely available through banks, financial planning firms, brokerage firms, credit union, trust companies and other investment firms. YOU can buy or sell at any time.

Like all investments, mutual funds have risk YOU could lose money on your investment. The value of mutual funds will change as the value of their investment goes UP and down. Depending on the fund ,the value could change frequently and by a lot.

DEFINITIONS

According to Mr. James Pierce,

The concept of mutual fund has been defined in various ways. "The mutual fund as an important vehicle for bringing wealth holders and deficit Units together indirectly."

According to Frank Relicy,

"Mutual fund as financial intermediaries which being a wide variety of securities within the reach of the most modest of investors,"

According to SEBI mutual fund regulations 1 993,

"MlJtlJaI fund means a fund established in the form of trust by sponsor to raise moneys by the trustees through the sale of units to the public under one or more schemes for investing insecurities in accordance with these regulations.

BACKGROUND OF MUTUAL FUND

Mutual fund is a mechanism for pooling the resources by issuing Units to the investors and investing funds in securities in accordance with objectives as disclosed in offer documents.

A mutual fund is an investment vehicle for investors who pool their savings for investing in diversified portfolio of securities with the aim of attractive yields and appreciation in their value.

Investments in securities are spread across a wide cross-section of industries and sectors and thus the risk is reduced. Mutual funds iSSUes units to the investors in accordance with quantum of money invested by them. Investors of mutual funds are known as unit-holders the profit and loss 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. A mutual fund is required to be registered with securities and exchange board of India

A mutual fund is setup in the form of a trust, which has

1. *Sponsor*
2. *Trustees*
3. *Asset Management Company*
4. *Custodian*

The trust is established by a sponsor or more than one sponsor who is like promoter of company. The trustees of mutual fund hold its property for the benefit of the Unit holders. Asset Management Company (AMC) approved by SEBI manage the funds by making investment in various types of securities holder. Respective asset management companies (AMC) management mutual fund schemes. Different business have sponsored these AMC's. some international funds are also operation independently in India like Aliens and template.

HISTORY OF MUTUAL FUND

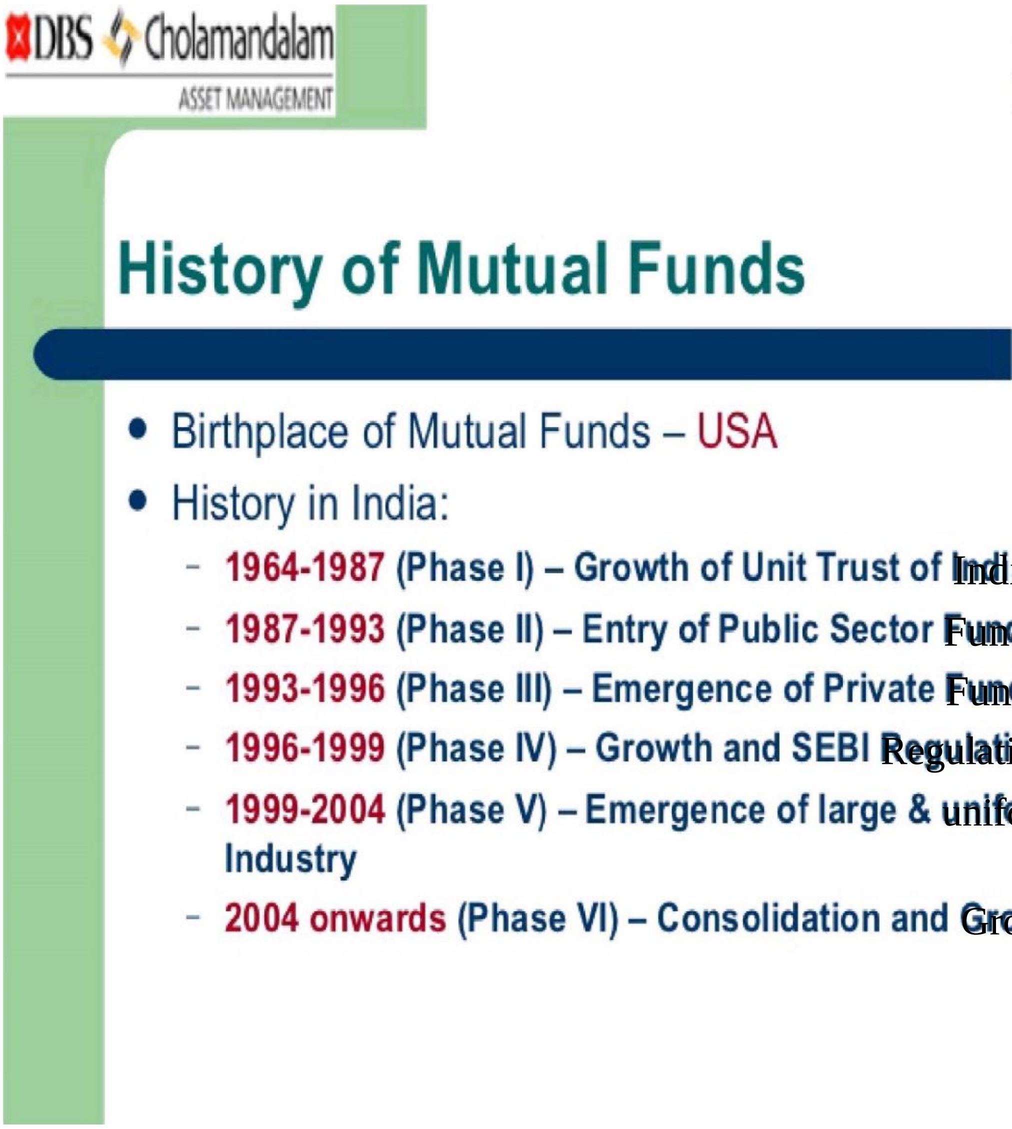
The concept of "mutual fund" is a new feather in Indian capital market not to international capital markets. The formal origin of mutual funds can be traced to Belgium where society generated. Belgium was established in 1 822 as an investment company to finance investment in national industries with high associated risk. The concept of mutual fund spread to USA in the beginning of 20 th century and three investment companies were started in 1 924 since then the

concept of mutual fund has been growing all around the world in India, first mutual fund was started in 1 964 when Unit Trust of India (UT I) was established in the similar line of operation of the UK. The term ' MIJtlJal Fund , has not been explained in British literature but it is considered as synonym of investment trust.

<u>GROWTH OF MUTUAL FUND</u>

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. The primary objective at that time was to attract small investors and it was made possible through the collective efforts of the Government of India and Reserve Bank of India. The history of Mutual Fund in India can be divided into five Phases.

DBS



Chola
MUTUAL FUND

Phase I: Establishment and growth of Unit trust of India 1 964-1 987:

Unit Trust of India (UTI) was established in 1963 by an Act of Parliament. It was set UP by the

Reserve Bank of India and it continued to operate under the regulatory control of the RBI until the two were delinked in 1 978 and the entire control was transferred in the hands of Industrial Development Bank of India. (IDBI). UTI launched its first scheme in 1964 named as Unit Scheme 1964 (US-64) which attracted the largest number of investors in any single investment scheme over the years. UTI launched more innovative schemes in 1970's and 80's to suit Establishment and growth (19641987) Entry of public sector fund (1 987-1993) Emergence of private sector fund (1 993-1 996) Growth and SEBI regulation (1 996-2004) Growth and consolidation (2004 onwards) History of Mutual Funds 8 the need of different investors. It launched ULIP (Unit Linked Investment plan) scheme in 1971. Six more schemes between 1 981-84 children's gift growth fund and India fund in 1986 (India's first off scheme fund) master share (India's first equity dividend scheme) (1987) and monthly income schemes during 1 990's. By the end of 1 987, UTI had launched 20 schemes mobilizing net resources amounting to Rs.4564.O crores. For these 23 long years UP to 1 964-87, UTI enjoyed complete monopoly.

Phase Il: Entry of public sector Funds (1 987-1 993):

It was in 1986 that the Government of India amended banking regulations and allowed commercial banks in the public sector to set UP MUtUaI Funds. This led to promotion of "SBI MUtUaI Fund" by State Bank of India in July 1987 followed by Canara Bank, Indian Bank, Bank of Baroda, Bank of India, Punjab National Bank, and GIC MUtUaI Fund. The Indian Mutual Fund industry witnessed a number of public sector players entering the market in the year 1987. The Government of India further granted permission to Insurance corporations in the public sector to float MUtUal Funds. The year 1987 marked the entry of non - UTI public sector Mutual Fund set UP by public sector bank, Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC). The assets Under management of the industry increased seven times to Rs.47004 crores. However, UTI remained the leader with about 60% market share. The period of 1987 - 1 993 can be termed as the period of

public sector Mutual Funds. From a single player in 1985, the number increased to 8 players in 1 993.

Phase Ill: Emergence of private sector funds (1 993 - 1 996):

The permission was given to the private sector funds including foreign funds management companies (most of them entering through joint venture with Indian promoter) to enter the MlJtUal Fund industry in
1993. With the entry of private sector funds in 1 993, a new era started in Indian Mutual Fund industry, giving the Indian investors a wider choice of fund and therefore giving rise to more competition in the industry. Private funds introduced innovative products, investment techniques and investors servicing technology during 1 994. In 1993 the first Mutual Fund regulation came into being Under which all Mutual Funds, except UTI was to be registered. The Kothari Pioneer (now merged with Franklin Templeton) was the first private sector Mutual Fund registered in July 1993. The number of Mutual Fund houses went on increasing with many foreign Mutual Funds setting UP funds in India and also the industry witnessed several mergers and acquisitions.

Phase IV: Growth and SEBI Regulation (1 996 - 2004):

The Mutual Fund industry witnessed robust growth and strict regulations from SEBI after 1 996. The mobilization of funds and the number of players operating in the industry reached new heights as investors started showing more interest in MlJtlJaI Funds. Investors' interests were safe guarded by SEBI and the government offered tax benefit to the investors. In order to encourage them, SEBI (Mutual Funds) Regulations 1996 was introduced by SEBI that set uniform standards. The union budget in 1999 exempted all dividend incomes in the hands of investors from income tax. Various investor awareness programmers were launched during this phase both by SEBI and Association of
Mutual Fund in India (AMFI).

Phase V: Growth and Consolidation (2004 onwards):

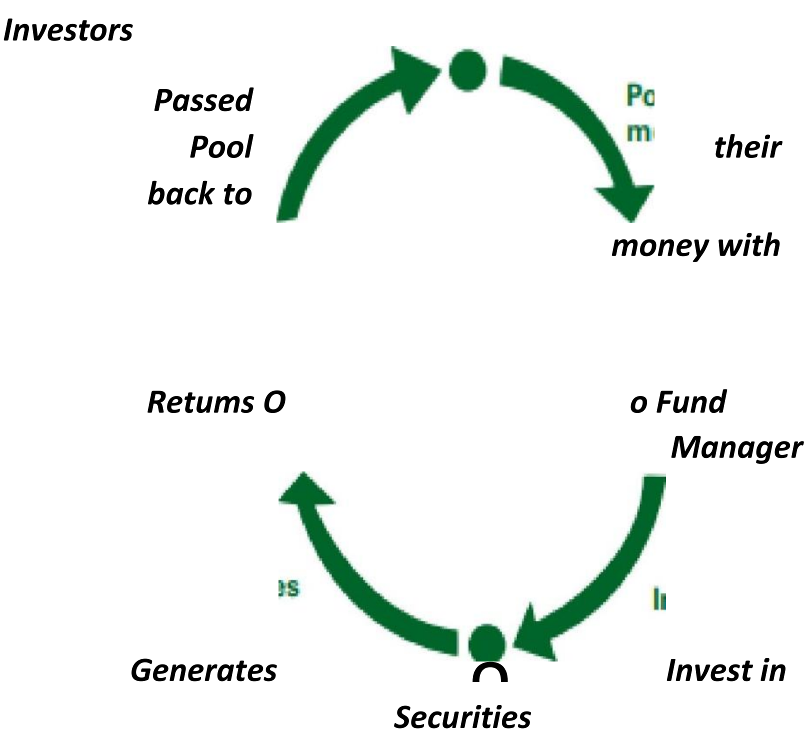
The industry witnessed several mergers and acquisition. Recent examples of which are acquisition of schemes of Alliance Mutual Fund by Birla Sun Life, etc. Simultaneously more international Mutual Fund players entered India like Fidelity, Franklin Templeton Mutual Fund etc. There were 29 funds as at the end of March 2006. At the end of December 2006, there were 32 funds which managed assets of Rs.323597 crores under 75 schemes as compared to assets worth Rs.47000 crores under management in March 1 998. Assets Under Management of mutual funds (in all scheme) from April 2007 to December 2007 was Rs 542794.36 crores. This does not include Net Assets of Rs.7141077 crores Under exchange trade funds (ET F). (Source: Report of Investment Management Department, SEBI) Besides, low interest rate, tax holidays on some schemes, excellent performance of the stock market has contributed to the growth of Mutual Fund. But the penetration of MlJtlJaI Fund in the retail investors segment is still low at 6% of GDP against 70% in US. Active participation of the retail investor will further boost the Mutual Fund industry in India. Today the industry is pre _dominantly urban and to some extent semi - urban. Mutual Fund industry must tap the huge untapped potential in the country.

CONCEPT OF MUTUAL FUNDS

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized are shared by its unit holders in proportion to the number of units owned by them. Thus, a Mutual Fund is the most suitable investment for the common man as it offers an

opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost.

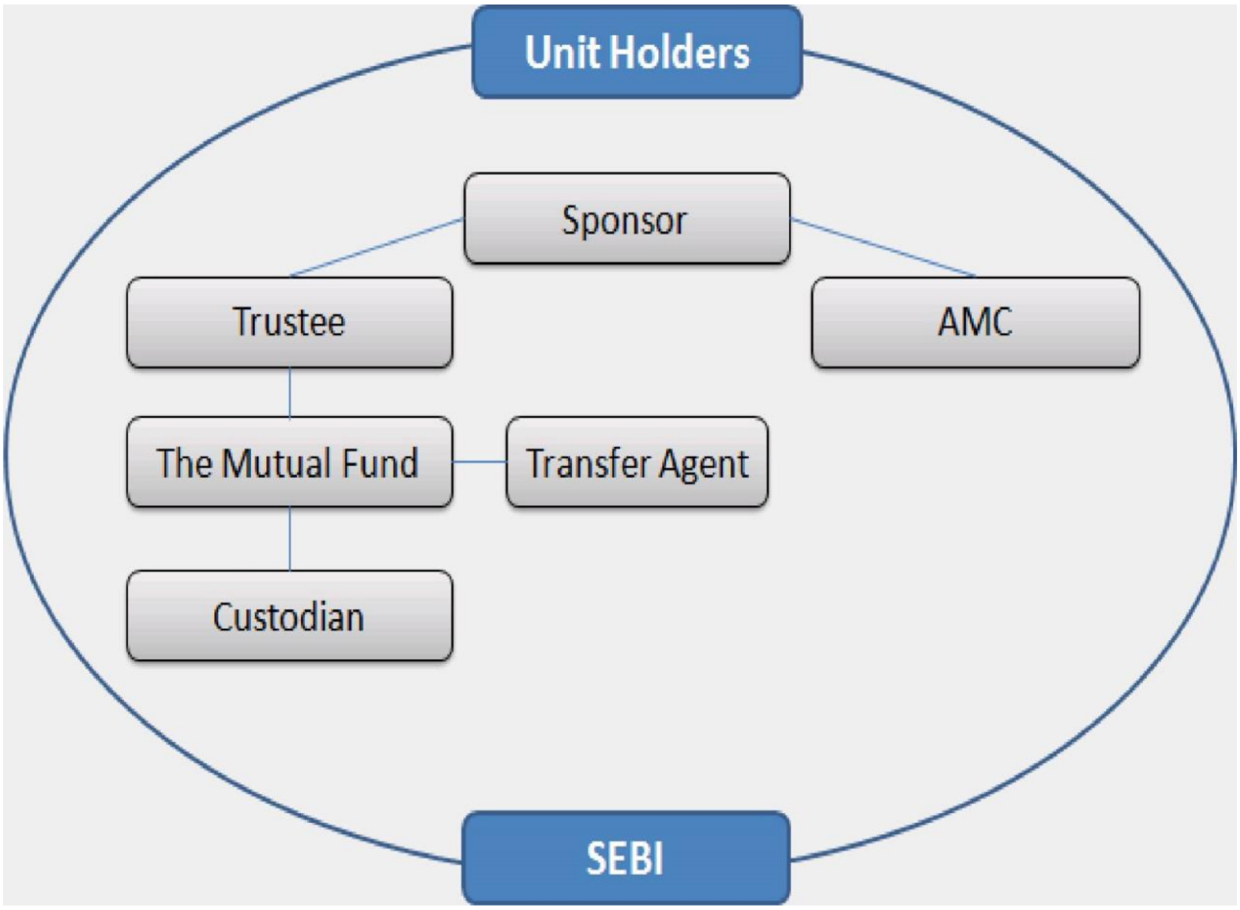
➤ ***THE FLOW CHART BELOW DESCRIBES BROADLY THE WORKING OF A MUTUAL FUND:***



ENTITIES INVOLVED IN FUNCTIONING OF MUTUAL FUND

- ***For a Mutual Fund, it is necessary to be registered with the Securities and Exchange Board of India (SEBI). Following entities are involved in proper functioning of a Mutual Fund:***

1. ***Investors***
2. ***Sponsor***
3. ***Asset Management Company***
4. ***Trustee***
5. ***Distributor***
6. ***Registrar and Transfer Agent***
7. ***Custodian***



Investors:

Every investor, given his/her financial position and personal disposition, has a certain inclination to take risk. The hypothesis is that by taking an incremental risk/ it would be possible for the investor to earn an incremental return.

MlJtUal fund is a solution for investors who lack the time, the inclination or the skills to actively manage their investment risk in individual securities. They delegate this role to the mutual fund, while retaining the right and the obligation to monitor their investments in the scheme.

In the absence of a mutual fund option, the money of such passive investors would lie either in bank deposits or other 'safe investment options, thus depriving them of the possibility of earning a better return. Investing through a mutual fund would make economic sense for an investor if his/her investment, over medium to long term, fetches a return that is higher than what would otherwise have earned by investing directly.

Sponsors:

Sponsor is the company, which sets UP the MlJtlJaI Fund as per the provisions laid down by the Securities and Exchange Board of India (SEBI). SEBI mainly fixes the criteria of sponsors based on sufficient experience, net worth, and past track record.

Asset Management Company (AMC):

The AMC manages the funds of the various schemes and employs a large number of professionals for investment, research and agent servicing. The AMC also comes out with new schemes periodically. It plays a key role in the running of mutual fund and operates under the supervision and guidance of the trustees. An AMC's income comes from the management fees, it charges for the schemes it manages. The management fees, is calculated as a percentage of net assets managed. An AMC has to employ people and bear all the establishment costs that are related to its activity, such as for the premises, furniture, computers and other assets, etc. So long as the income through management fees covers its expenses, an AMC is economically viable. SEBI has issued the following guidelines for the formation of AMCs:

An AMC should be headed by an independent non-interested and nonexecutive chairman. The managing director and other executive staff should be full-time employees of AMC.

Fifty per cent of the board of trustees of AMC should be outside directors who are not in any way connected with the bank.

The board of directors shall not be entitled to any remuneration other than the sitting fees.

The AMCs will not be permitted to conduct other activities such as merchant banking or issue management.

Trustees:

Trustees are an important link in the working of any mutual fund. They are responsible for ensuring that investors' interests in a scheme are taken care of properly. They do this by a constant monitoring of the operations of the various schemes. In return for their services, they are paid trustee fees, which are normally charged to the scheme.

Distributors:

Distributors earn a commission for bringing investors into the schemes of a mutual fund. This commission is an expense for the scheme. Depending on the financial and physical resources at their disposal, the distributors could be:

Tier 1 : distributors who have their own or franchised network reaching out to investors all across the country; or

Tier 2: distributors who are generally regional players with some reach within their region;

Tier 3: distributors who are small and marginal players with limited reach. The distributors earn a commission from the AMC.

Registrars:

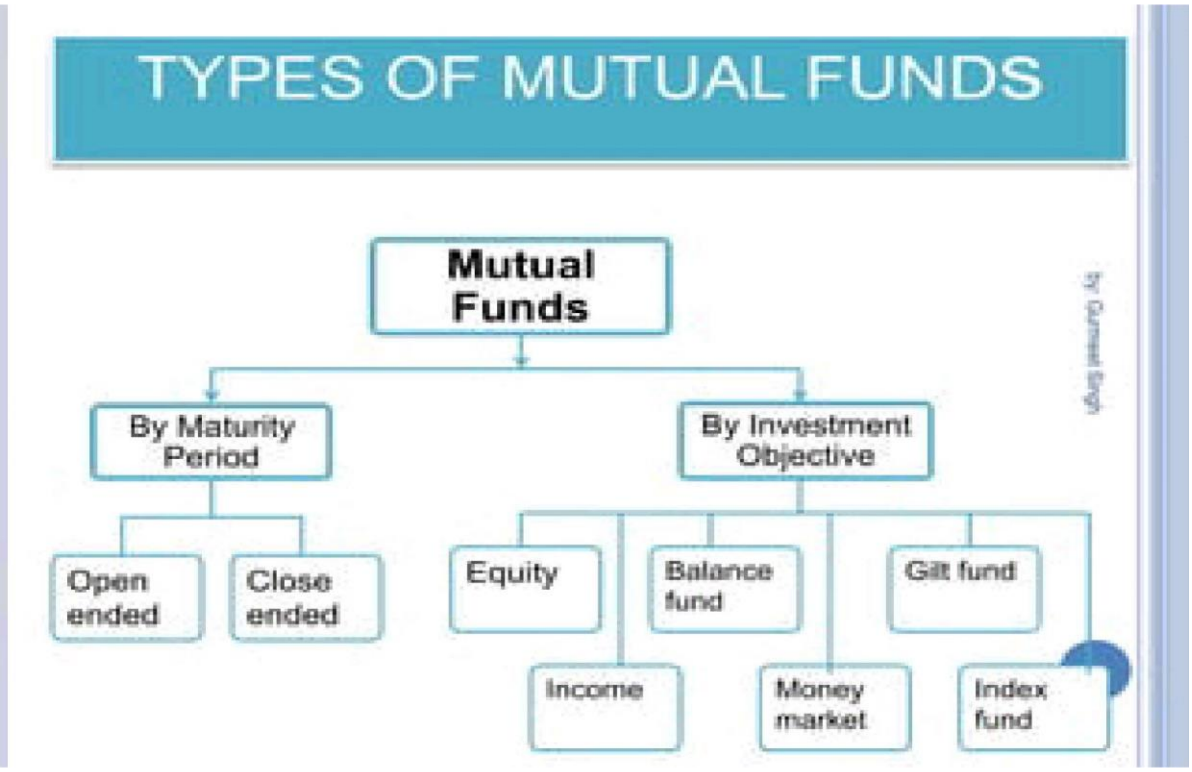
An investor's holding in mutual fund schemes is typically tracked by the schemes' Registrar and

Transfer Agent (R & T). Some AMCs prefer to handle this role on their own instead of appointing R &

T. The Registrar or the AMC as the case may be maintains an account of the investors' investments and disinvestments from the schemes. Requests to invest more money into a scheme or to redeem money against existing investments in a scheme are processed by the R & T.

Custodian/Depository:

The custodian maintains custody of the securities in which the scheme invests. This ensures an ongoing independent record of the investments of the scheme. The custodian also follows UP on various corporate actions, such as rights, bonus and dividends declared by investee companies. At present, when the securities are being dematerialized, the role of the depository for such independent record of investments is growing. No custodian in which the sponsor or its associates hold 50 percent or more of the voting rights of the share capital of the custodian or where 50 per cent or more of the directors of the custodian represent the interest of the sponsor or its associates shall act as custodian for a mutual fund constituted by the same sponsor or any of its associates or subsidiary company.



TYPES OF MUTUAL FUNDS

I. BY MATURITY PERIOD o Open ended fund o Close ended fund

- ***Open ended: Open ended fund is a type of mutual fund that does not have restrictions on the amount of shares the fund can issue. The majority of mutual funds are open ended, providing investors with a useful and convenient investing vehicle. When a fund's investment manager determine that a fund total asset have become too large to effectively execute its stated objective, the fund will be closed to new investors, and in extreme cases, will be closed to new investment by existing fund investors.***
- ***Close ended: A close ended fund (CEF) is a collective investment model based on issuing a fixed number of shares which are redeemable from the fund.***

Unlike open end funds, new share in a closed end fund are not created by managers to meet demand from investors.

Instead, the shares can be purchased and sold only in the market, which is the originals design of the mutual funds, which predates open end mutual funds but offers the same actively managed pooled investments.

2. BY INVESTMENT

OBJECTIVE o Money market Funds o Fixed income funds o Equity funds o Balanced funds o Index funds o Speciality funds o Fund of funds

- *Money market funds:*

These funds invest in short-term fixed income securities such as government bonds, treasury bills, bankers' acceptances, commercial paper and certificates of deposit. They are generally a safer investment, but with a lower potential return then other types of mutual funds. Canadian money market funds try to keep their net asset value (NAV) stable at $10 per security.

- *Fixed income funds:*

These funds buy investments that pay a fixed rate of return like government bonds, investmentgrade corporate bonds and high-yield corporate bonds. They aim to have money coming into the fund on a regular basis, mostly through interest that the fund earns. High-yield corporate bond funds are generally riskier than funds that hold government and investment-grade bonds.

- *Equity funds:*

These funds invest in stocks. These funds aim to grow faster than money market or fixed income funds, so there is Usually a higher risk that YOU could lose money. YOU can choose from different types of equity funds including those that specialize in growth stocks (which don't usually pay dividends), income funds *(which hold stocks that pay large dividends), value stocks, large-cap stocks, mid-cap stocks, small-cap stocks, or combinations of these.*

- ***Balanced funds:***

  These funds invest in a mix of equities and fixed income securities. They try to balance the aim of achieving higher returns against the risk of losing money. Most of these funds follow a formula to split money among the different types of investments. They tend to have more risk than fixed income funds, but less risk than pure equity funds. Aggressive funds hold more equities and fewer bonds, while conservative funds hold fewer equities relative to bonds.

- ***Index fund:***

  These funds aim to track the performance of a specific index such as the S&P/TSX Composite Index. The value of the mutual fund will go UP or down as the index goes UP or down. Index funds typically have lower costs than actively managed mutual funds because the portfolio manager doesn't have to do as much research or make as many investment decisions.

Specialty funds:

These funds focus on specialized mandates such as real estate, commodities or socially responsible investing. For example, a socially responsible fund may invest in companies that support environmental stewardship, human rights and diversity, and may avoid companies involved in alcohol tobacco, gambling, weapons and the military.

Fund-of-funds:

These funds invest in other funds. Similar to balanced funds, they try to make asset allocation and diversification easier for the investor. The MER for fund-of-funds tend to be higher than stand-alone mutual funds.

FEATURES OF MUTUAL FUNDS

1 . Professional Management:

The investor avails of the services of experienced and skilled professionals who are backed by a dedicated investment research team which analyses the performance

and prospects of companies and selects suitable investments to achieve the objectives of the scheme.

2. ***Diversification:***

Mutual Funds invest in a number of companies across a broad cross-section of industries and sectors. This diversification reduces the risk because seldom do all stocks decline at the same time and in the same proportion. This diversification is achieved through a Mutual Fund.

3. ***Convenient:***

Administration Investing in a Mutual Fund reduces paperwork and helps to avoid many problems such as bad deliveries, delayed payments and follow up with brokers and companies. Mutual Funds save time and makes investing easy and convenient.

4. ***Returns:***

Potential Over medium to long-term, Mutual Funds have the potential to provide a higher return as they invest in a diversified basket Of selected securities.

5. ***Low Costs:***

Mutual Funds are a relatively less expensive way to invest compared to directly investing in the capital markets because of the benefits of scale in brokerage, custodial and other fees which translate into lower costs for investors.

6. ***Liquidity:***

In open-end schemes, an investor can get his money back promptly at net asset value. With closedended schemes, an investor can sell his Units on a stock exchange at the prevailing market price or avail of the facility of direct repurchase at NAV related prices which some close ended and interval schemes offer periodically.

7. ***Transparency:***

Regular information can be obtained by the investors on the value of investment in addition to disclosure on the specific investments made in the scheme, the proportion invested in each class of assets and the fund manager's investment strategy and outlook.

8. ***Flexibility:***

Through features such as regular investment plans, regular withdrawal plans and dividend reinvestment plans, an investor can systematically invest or withdraw funds according to his needs and convenience.

9. ***Choice of Schemes:***

Mutual Funds offer a family of schemes to suit an investor's varying needs over a lifetime. For e.g. Growth schemes are ideal for investors having a long-term outlook seeking growth over a period of time. Income Funds are ideal for capital stability and regular income. Balanced Funds are ideal for investors looking for a combination of income and moderate growth. Money Market Funds are ideal for corporate and individual investors as a means to park their surplus funds for short periods.

10. ***Well Regulated:***

All Mutual Funds are registered with SEBI and they function within the provisions of strict regulations designed to protect the interests of investors. The operations of MlJtlJal Funds are regularly monitored by SEBI.

1 1 . Affordability:

Mutual funds allow even small investors to indirectly reap the benefit of investment in shares of a big company because of its large corpus, which an individual investor may not be able to do so because of insufficient funds.

ADVANTAGES OF MUTUAL FUNDS

1 . Diversification.

Mutual funds spread their holdings across a number of different investment vehicles, which reduces the effect any single security or class of securities will have on the

overall portfolio. Because mutual funds can contain hundreds or thousands of securities, investors aren't likely to be fazed if one of the securities doesn't do well.

2. ***Expert Management:***

Many investors lack the financial know-how to manage their own portfolio. However, non-index mutual funds are managed by professionals who dedicate their careers to helping investors receive the best risk-return trade-off according to their objectives.

3. ***Liquidity***

MlJtUal funds, Unlike some of the individual investments they may hold, can be traded daily. Though not as liquid as stocks, which can be traded intraday, buy and sell orders are filled after market close.

4. ***Convenience.***

If YOU were investing on your own, you would ideally spend time researching securities. You'd also have to purchase a huge range of securities to acquire holdings comparable to most mutual funds. Then, you'd have to monitor all those securities. Choosing a mlJtUal fund is ideal for people who don't have the time to micromanage their portfolios.

5. ***Reinvestment of Income:***

Another benefit of mtJtUal funds is that they allow YOU to reinvest your dividends and interest in additional fund shares. In effect, this allows YOU to take advantage of the opportunity to grow your portfolio without paying regular transaction fees for purchasing additional mutual fund shares.

6. ***Range of Investment Options and Objectives:***

There are funds for the highly aggressive investor, the risk averse, and the middle-of-the-road investor
– for example, emerging markets funds, investment-grade bond funds, and balanced funds, respectively. There are also life cycle funds to ramp down risk as you near retirement. There are funds with a buy-and-hold philosophy, and others that are in and out of holdings almost daily. No matter your investing style, there's bound to be a perfect fund to match it.

DISADVANTAGES OF MUTUAL FUNDS

Although mUtlJaI funds can be beneficial in many ways, they are not for everyone.

1 . No Control Over Portfolio:

If you invest in a fund you give UP all control of your portfolio to the mutual fund money managers who run it.

2. ***Capital Gains:***

Anytime YOU sell stock, you're taxed on your gains. However, in a mutual fund you're taxed when the fund distributes gains it made from selling individual holdings even if YOU haven't sold your shares. If the fund has high turnover, or sells holdings often, capital gains distributions could be an annual event. That is, unless you're investing via a Roth IRA, traditional IRA, or employer-sponsored retirement plan like the 401 k.

3. ***Fees and Expenses:***

Some mutual funds may assess a sales charge on all purchases, also known as a "load" this is what it costs to get into the fund. PIUS, all mutual funds charge annual expenses, which are conveniently expressed as an annual expense ratio this is basically the cost of doing business. The expense ratio is expressed as a percentage, and is what you pay annually as a portion of your account value. The average for managed funds is around 1 .5%. Alternatively, index funds charge much lower expenses (0.25% on average) because they are not actively managed. Since the expense ratio will eat directly into gains on an annual basis, closely compare expense ratios for different funds YOU re considering.

4. ***Over-diversification:***

Although there are many benefits of diversification, there are pitfalls of being over-diversified. Think of it like a sliding scale: The more securities you hold, the less likely YOU are to feel their individual returns on your overall portfolio. What this means is that though risk will be reduced, so too will the potential for gains. This may be an

understood trade-off with diversification, but too much diversification can negate the reason YOU want market exposure in the first place.

<u>THE WAY TO INVEST IN MUTUAL FUND</u>

Mutual funds normally come out with an advertisement in newspaper publishing the date of launch of the new schemes. Investors can also contact the agents and distributors of Mutual Fund who are spread all over the country for necessary information and application forms. A form can be deposited with Mutual Funds through the agents and distributors who provides such services. Now days, the post offices and bank also distribute the units of Mutual Funds. However, the investors may please note that the mutual funds schemes being marketed by banks and post offices should not be taken as their own schemes and no assurance of return is given by them. The only role of bank and post offices is to help in. Distribution of Mutual Funds scheme to the investors. Investors should not be carried away by commission/Gifts given by agents and distributors for investing in a particular

scheme on the other hand they, just consider the track record of the mutual fund and should take objective decision.

- ***ONE TIME INVESTMENT***

  The amount that has to be invested in one tome is known as one-time investment. The investors have to play the whole amount at once. The minimum amount is Rs. 5000 and maximum is as per the investor's choice. The investment is generally referred for the business man who is able to pay at one time.

- ***SYSTEMATIC INVESTMENT PLAN (SIP)***

  The amount that has to be invested through same monthly instalment is knowns as systematic investment plan. The investor has to pay the minimum amount Rs. 1000 monthly for all equity and balanced schemes like that for 6 months. And Rs. 500 monthly for tax saver scheme like that for 2 months. The minimum amount that the investor has invest Rs. 6000 and maximum as per their choice. This type of investment is generally preferred for the salaried people.

REGULATORY OF MUTUAL FUND IN INDIA

- ***SEBI:***

  The capital market regulates the mutual funds in India. SEBI requires all mutual funds to be registered with them. SEBI issues guidelines for all mutual fund's operation investment, account, expenses etc. Recently, it has been decided that money market Mutual funds of the registered mutual funds will be regulated by SEBI through (mutual fund) Regulations 1996.

- ***RBI:***

  RBI, a supervisor of the banks owned MlJtlJaI Funds-As bank in India comes Under the regulatory jurisdiction of RBI banks owned funds to be under supervision of RBI and SEBI.

  RBI has supervisory responsibility overall entities that operate in the money markets.

- ***MINISTRY OF FINANCE:***

  Ministry of finance ultimately supervises both the RBI and the SEBI and plays the role of apex authority for any major disputes over SEBI guidelines.

- ***COMPANY LOW BOARD:***

  Registrar of companies is called company low board. AMCs of mutual funds are companies registered under the companies act 1956 and therefor answerable to regulatory authorities empowered by the companies act.

- ***STOCK EXCHANGES:***

  Stock exchanges are self-regulatory organization supervised by SEBI. many closed ended funds of AMCs are listed as stock exchange and are traded as like shares.

- ***OFFICE OF THE PUBLIC TRUSTEE:***

  Mutual fund being public trust is governed by the Indian trust act 1 882. The board of trustee or trustees' company is accountable to the office of public trustee, which in turn reports to the charity commissioner.

RISK AND RETURN GRID:

An investor has mainly three investment objectives.

1. ***Safety of principal***
2. ***Return***
3. ***Liquidity***

	BANKS	FIXED DEPOSITS	BONDS AND DEBENTURES	EQUITY MARKET	MUTUAL FUND
	Low	low to moderate	Low to moderate	Moderate hi h	
Administrative ex enses	High	Moderate to hi h	Moderate to hi h	Low t moderat o e	Low
Risk	Low	Low to moderate	Low to moderate	High	Moderate
Investment option	Less			Many	More
Network	High penetration	Low penetration	Low penetration	Low but improving fast	Low but improving
Liquidity	At a cost	ow	Low to moderate	Moderate to hi h	Better
Quality o f Assets	Not transparent	Not transparent	Not transparent	Transparent	Transparent
Guarantee	Maximum Rs.l lakh				None

PRICING:

The net asset value of the fund is the cumulative market value of the asset fund net of its liabilities. In other words, if the fund dissolved or liquidated, by selling off all the asset in the fund, this is the amount that shareholders would collectively own. This gives rise to the concept of the net asset value per Unit, which is the value, represented by the ownership of one unit in the fund. It is calculated simply by dividing the net asset value of the fund by the number of Units. However, most people refer loosely to the NAV per Unit as NAV, ignoring the per unit "per unit". We also abide by the same convention.

CALCULATION OF NAV

The most important part of the calculation is the valuation of assets owned by the fund. Once it is calculated, the NAV is simply the net value of assets divided by the number of Units outstanding. The detailed methodology for the calculation of the asset value is given below.

FORMULA:

Asset value = (Value of investments + receivables + accrued income + other current assets liabilities - accrued expenses)/Number of Units outstanding.

Types of
Mutual Fund
Risk

<u>TYPES OF MUTUAL FUND RISKS</u>

Mutual Fund is like an organization which pools the money of investors and invest them on their behalf in a basket of different securities. The basket is divided into Units called shares, these can be bought and sold in the market at a price called Net Asset Value (NAV). These funds are professionally managed. In the present times a lot of emphasis is being put on Mutual Fund investment, like a lot of advertisements have come UP promoting it. However, before investing in it YOU have complete knowledge about the pros and cons of Mutual Fund investment and Mutual Funds risk. It no doubt has a lot of advantages and variety but along with it also has some risks associated with each type, like volatility, liquidity, equity etc.

Debt MUtUal Funds Risk:

Debt mutual fund investments are fixed income instrument. It generates monthly income for the investor. A lump sum (or SIP) amount is deposited into this asset class and it pays interest on that deposited amount to the investor. Debt funds mean bonds, government bills, treasury bills, commercial papers etc. Like all other asset classes Debt mutual funds also carries certain risk. Generally, there are two types of risk an investor should be aware before investing in Debt mutual funds.

Interest Rate Risk:

This is a very common risk of debt Mutual Funds. As we know a change in interest rates leads to change in bond price. There is an inverse relationship between bond price and Interest rate.

Whenever Interest rate falls Bond Price increases and Increase in Interest rate reduce the bond price. The Interest Rate risk is associated with the fluctuation of Interest

Rate which changes the price of a Bond that an Investor holding. An investor should be aware, before investing in a Debt mutual funds schemes. The wrong prediction of Interest Rate fluctuation may lead to a loss. For long-term investment, a falling interest rate will be very profitable for debt mutual fund holder. Similarly, increase in Interest rate will lead to a loss for a long-term investor.

Credit Risk:

It is a risk related to Debt mutual funds which measure the risk of the invested amount to be default. High Credit rating instrument will have low chance of credit default risk and Instruments with low credit rating will carry high chance of credit default risk. Generally, High credit rating instruments offer lower yields whether low credit rating instruments will offer high yields. Bonds who has high credit risk will do well if the economy performs well similarly, their performance will be affected if the economy fails to perform well.

Balance Mutual Funds risk:

The past two years' market had been great for the mutual fund investors. Everyday market was making new highs and stocks were creating new highs. Mutual fund houses collected more than Rs.6000cr in the last month of 201 7.BaIance mutual funds gained a lot of popularity during this period. These funds were recommended to the first-time investors and those investors who are very conservative about investing. It is no need to mention that the fund hOlJSes generated good return for the investors. But recently that scenario has been changed balanced fund is no longer balanced.

Now they have also become riskier (suffering from Mutual Fund risk). Let's discuss the reasons.

Money Market Mutual Funds risk:

The money market is a market which is used to trade financial instruments. Financial instruments with high liquidity and short maturities are traded in the money market. Participants in this market work as a short-term borrower or lender. Treasury bills, commercial papers, certificates of deposit etc. are the money market instruments. Now let's discuss the risk attached to the money market instruments which are should be considered by an investor before investing in this segment.

Inflation Risk:

One of the major risks of money market instruments is inflation risk. In India, money market instruments return has no huge difference with bank saving schemes. But investing in this market or money market related mutual find depends upon the investor. Money market's return should be more than the inflation rate otherwise an investor will lose its purchasing power. Suppose, inflation is 5.5 percent and money market return are 5 percent, then the investor's return will be -0.5 percent.

Opportunity loss:

Opportunity loss is when an investor missed a better opportunity by staying invested in money market instruments. It has been seen that mutual funds who invest in capital market's instruments have better growth potential or can generate better returns for an investor. Investors who missed those opportunities in the name of less risky investments may face opportunity loss. Because they are losing the ability or opportunity of creating wealth.

Equity Mutual Funds risk:

Among all the asset classes like Fixed income securities, Real estate, Equities etc. equity is considered the riskiest, except for the dividends (which is a rare case) there is no guarantee that it provides. However, risk and expected return from an investment are directly proportional/ and so the expected return from equity is the highest among all. By investing in Equity Mutual fund, the biggest advantage an investor gets is that it is professionally managed and so can study the equity markets better.

Performance Risk:

Investors want to invest in Mutual Fund since because it is professionally managed, they expect its returns to be better than savings schemes like Fixed Deposits, Savings account etc. However, the returns on Equity Mutual funds largely depends on the equity market performance and the timings at which the sum is being invested, for example when the sum is invested at a time when the markets are low at present but will soon be at a bull phase, the returns would be very good and vice-versa. Hence, investing in the perfect time is of immense importance. Also, the performance of an Equity mutual fund should not always be judged on the basis of recent performance only, as it may be inconsistent based on the market movement.

Risks of closed-end Mutual Funds:

Closed-ended funds are actively managed Mutual Funds that raise a definite sum by Initial Public Offering IPO), after which no one can invest directly into them (they are traded like stocks in a listed exchange). They typically concentrate on one industry, geographic market or sector. Every Mutual fund has its own management and manager, objectives, and strategy, so any two funds could have significant differences in their risks, price volatility, and fees.

Liquidity Risk:

In case of closed-ended Mutual Funds when it invests in equity, investing for long-term provides a better chance of greater returns. However, if we invest in for a longer time frame liquidity becomes an iSSUe. Since close ended Mutual Funds are actively managed it will work when the stocks have enough liquidity. Even though being listed there is no guarantee that the stocks will be liquid and so Funds need be very careful while selecting the stocks. Also, in case of close-ended Mutual Funds, an investor can redeem their Units only at the maturity date but can sell it through the exchange if required.

HOW TO REDUCE THE RISK WHILE INVESTING

- ***Any kind of investment we make is subject to risk. In fact/ we get return on investment purely and solely because at the very beginning we take the risk of parting with our funds, for getting higher value back at a later date. Partition itself is a risk.***
- ***Well known economist and Nobel Price recipient William Sharp tried to segregate the total risk faced in any kind of investment into two parts- systematic (Systematic) risk and unsystematic (Unsystematic) risk.***
- ***Systematic risk is that risk which exists in the system. Some of the biggest examples of systematic risk are inflation, recession, war, political situation etc.***
- ***Inflation erodes returns generated from all investment e.g. If return from fixed deposit is 8 per cent and if inflation is 6 per cent the real rate of return from fixed deposit is reduced by 6 per cent.***
- ***Similarly, if returns generated from equity market is 1 8 per cent and inflation is still 6 per cent then equity returns will be lesser by the rate of inflation. Since inflation exist in the system there is no way one can stay away from the risk of inflation.***
- ***Economics cycles, war and political situation have effects on all forms on investment. Also, these exists in the system and there is no way to stay away from them. It is like learning to walk.***
- ***Anyone who wants to learn to walk has to first fall; YOU cannot learn to walk without falling. Similarly, anyone who wants to invest has to first face systematic risk; there can never make any kind of investment without systematic risk.***
- ***Another form of risk is unsystematic risk. This risk docs not exist in the system and hence is not applicable to all forms of investment. Unsystematic risk is associated with particular form of investors.***
- ***Suppose we invest in stock market and the market falls, then only our investment in equity gets affected OR if we have placed a fixed deposit in***

particular bank and bank goes bankrupt, then we only lose money placed in that bank.

- *While there is no way to keep away from risk, we can always reduce the impact of risk. Diversification helps in reducing the impact of unsystematic risk. If our investment is distributed across various asset classes the impact of unsystematic is reduced.*
- *If we have placed fixed deposit in several banks, then even if one of the banks goes bankrupt our entire fixed deposit investment is not lost.*
- *Similarly, if our equity investment is in Tata Motors, HLL/ Infosys, adverse news about Infosys will only impact investment in Infosys, all other stocks will not have any impact.*
- *To reduce the impact of systematic risk, we should invest regularly. By investing regularly, we average out the impact of risk.*
- *Mutual fund/ as an investment vehicle gives us benefit of both diversification and averaging.*
- *Portfolio of mutual funds consists of multiple securities and hence adverse news about single security will have nominal impact on overall portfolio.*
- *By systematically investing in mutual fund, we get benefit of rupee cost averaging.*
- *Mutual fund as an investment vehicle helps reduce, both, systematic as well as unsystematic risk.*

CHAPTER-2

RESEARCH METHODOLOGY

- o *OBJECTIVES*
- *HYPOTHESIS*
- o *SCOPE OF THE STUDY*
- o *NEEDS OF THE STUDY LIMITATIONS OF THE STUDY o*

  RESEARCH METHODOLOGY

OBIECTIVES OF THE STUDY

1 . To study the level of awareness of mutual funds.

2. ***To analyse the perception of investors towards mutual funds.***
3. ***To study the factors considered by the investors and those which ultimately influence him while investing.***
4. ***To determine the type of mutual fund investor prefers the most.***
5. ***To find the level of satisfaction of customer.***
6. ***To study the scope of mutual fund in the future.***
7. ***To find out the preference people give to various option available.***
8. ***To study Risk involved in MUtUal Funds.***

HYPOTHESIS

O H Y pc)THE-slSHo :

Most of the people not aware about MUtUal Fund.

HYPOTHESIS*H1* :

Most of the people aware about Mutual Fund.

HYPOTHESIS*Ho* :

Most of the people not invest their money in MlJtUal Fund.

o H Y poTHESlSH/ :

Most of the people invest their money in Mutual Fund

SCOPE OF THE STUDY

- ***The study will be able to reveal the preferences, needs, perception of the investors regarding the mutual funds, it also helps the investment companies to know whether the existing funds are really satisfying the investor's needs.***
- ***The result of this research would help the company to have a better understanding the investors perception towards mutual funds.***

- ***The study helps the companies by creating awareness about the customers of different ages and income levels.***
- ***The study also enables the company to focus the customers preference and expectation of the funds which they invest.***

NEEDS OF THE PROIECT

- ***This project to know about mutual fund and its functioning.***
- ***This helps to know in details about mutual fund industry right from its inception stage growth and future prospectus.***
- ***It helps in understand different scheme in mutual fund.***

LIMITATIONS OF THE STUDY

- ***The area of the study is limited to the people based in India only.***
- ***The result may not be true for other geography location.***
- ***Validity and Reliability of data depends on the truthfulness of the responses from public.***
- ***Chance of bias were more since the sample size of the study was just on 100 respondents.***
- ***A structured questionnaire was the basis for collection the data, so it has the Usual deficiencies attached to this technique of data collection.***

RESEARCH METHODOLOGY

O RESEARCH DESIGN:

A research design is a basic plan which guides the researcher in the collection and analysis of data required for practicing the research. Infant the research design is the conceptual structure which the research is conducted. It constitutes the blue print for the collection, measurement and analysis of the data. The study is carried out to understand the investors perception towards mutual funds. For this study the researcher used exploratory research design. This research covers 1 00 investors, belonging to various age groups.

O SAMPLE DESIGN:

The process of drawing a sample from a large population is called sampling. Population refers to the total of items about which information is defined. Well selected sample may reflect fairly and accurately the characteristic of the population.

Sampling Unit:

The sample unit of this survey was the investors who invest in ml-JtUal funds.

Sampling Size: A sample of 1 00 was chosen for the purpose the study.

Sampling Technique Adopted: Convenient sampling.

- ***SOURCES OF DATA:***

After identifying and defining the research problem and determining specific information required to solve the problem the researcher will look for the type and SOUrces of data which may yield the desired results, while deciding about the method of the data collection to be Used for the study, there are two types of data.

They are as follows:

l. PRIMARY DATA:

Primary data are those which are collected for the first time. Primary data is collected by framing questionnaires. The questionnaires contained questions which are both open-ended and close-ended. Open-ended questions requiring answer in the responders own appropriate answer from a list of option available. Any doubts raised by the Respondent were clarified to get the perfect answer from the distributors. Open-ended questions yielded more insightful whereas closed-ended questions were relatively simple to tabulate and analyse.

2. SECONDARY DATA:

Secondary data is the data which already exists i.e., they refer to the data which have been collected and analysed by someone and can save both money and time of

the researcher. Secondary data may be available in the form of company records, trade publication, libraries etc.

secondary data sources are as follows:

- ***Company Reports***
- ***Daily News***
- ***Standard Textbook***
- ***Various Websites***

CHAPTER-3

REVIEW OF LITERATURE

Dr. Shantanu Mehta, Charmi Shah:

The survey is undertaken of 1 00 educated investors of Ahmedabad and Baroda city and the major findings reveal the major factors that influence buying behaviour mutual funds investors, sources that investor rely more while making investment and preferable mode to invest in mutual funds market. The study will be immensely Useful to the AMCs Brokers, distributors and to the other potential investors and last but not least to academician as well [Shantanu Mehta & Charmi Shah.

Gaurav Agrawal & Dr. Mini Jain:

In today's competitive environment, different kinds of investment avenues are available to the investors. All investment modes have advantages & disadvantages. An investor tries to balance these benefits and shortcomings of different investment modes before investing in them. Among various investment modes, Mutual Fund is the most suitable investment mode for the common man, as it offers an opportunity to invest in a diversified and professionally managed portfolio at a relatively low cost. In this paper, an attempt is made to study mainly the investment avenue preferred by the investors of Mathura, and we have tried to analyse the investor's preference towards investment in mutual funds when other investment avenues are also available in the market [Gaurav Agrawal & Mini Jain.

Dr. D. Rajasekar:

A Study on Investor's preference of mutual funds with reference to reliance private limited" a project which is mainly carried out to know about the investor's perception with regard to their profile, income, savings pattern, investment patterns and their personality traits. In order to understand the level of investor's preference, a survey was conducted taking in to consideration various parameters involved in investors

decision making. For the purpose of evaluation, a questionnaire survey method was selected keeping in mind objectives of the study. The data was collected from primary and secondary SOUrces. The primary SOUrces were collected from the investors who invested in various avenues. The secondary SOUrces are from books, journals and internet. Since the investor population is vast a sample size of 150 was taken for the project. The data was analysed Using the statistical tools like percentage analysis, chi square, weighted average. The report was concluded with findings and suggestions and summary. From the findings, it was inferred overall that the investors are highly concerned about safety and growth and liquidity of investments. Most of the respondents are highly satisfied with the benefits and the service rendered by the reliance mutual funds.

Rashmi Sharma and N. K. Pandya (201 3):

They have done an overview of Investing in Mutual Fund. In this paper, structure of ml-Jtljal fund, comparison between investments in mutual fund and other investment options and calculation of NAV etc. have been considered. In this paper, the impacts of various demographic factors on investors attitude towards mutual fund have been studied. For measuring various phenomena and analysing the collected data effectively and efficiently for drawing sound conclusions, drawing pie charts has been used and for analysing the various factors responsible for investment in mlJtlJaI funds.

Dr. Ashok Khurana and Kavita Paniwani (Nov, 201 0):

They have analysed Hybrid Mutual Funds. Mutual fund returns can be compared Using Arithmetic mean & Compounded Annual Growth Rate. Risk can be analysed by finding out Standard Deviation, Beta while performance analysis is based on Risk-Return adjustment. Key ratios like Sharpe ratio and Treynor ratio are used for Risk-Return analysis. Funds are compared with a benchmark, industry average, and analysis of volatility and return per unit to find out how well they are performing with respect to the market Value at Risk analysis can be done to find out the maximum possible losses in a month given the investor had made an investment in *that month. Based on the quantitative study conducted company a fund is chosen as the best fund in the Balance fund growth schemes.*

Dr. Mamta Shah (Dec 201 2):

She has done research on Marketing Practices of Mutual Funds. Development of an economy necessarily depends Upon its financial system and the rate of new capital formation which can be achieved by mobilizing savings and adopting an investment pattern, be its self-financing (i.e. direct or indirect) where financial intermediaries like banks, insurance and other financial companies come in the picture and mediate between savers and borrowers of funds. In the same way there are different types of investors and each category of investors differs in its objectives and hence it is imperative for investment managers to choose an appropriate investment policy for the group they are dealing with, further managing the investment is a dynamic and an ongoing process.

Prof. Gauri Prabhu, Dr. N. H. Vechalekar (201 4):

They conducted a study on perception of Indian investors toward investment in mtJtlJal funds with special reference to MIP (Monthly income plan) funds. For the purpose of study, they collected data from individual mutual fund investors. The study revealed that awareness, age, income level of investors, return etc. has impact on the selection of mutual funds. Investors are also aware about MIPS funds and here they invest only on the basis of consistent return.

Mittal and Gupta (2008):

In their paper examined the awareness of the investors about mutual funds and various factors affecting the investment decision in the mutual funds. The study revealed that mutual funds had comparative advantage over other options due to high return, high safety, high liquidity and high convenience with moderate volatility. When compared to other investment options, it ranked third most preferred option, Insurance and government bonds having first and second positions. The overwhelming majority (85%) of the respondents were aware of the mutual fund

product and risk associated with it and most of them were satisfied with the service provided by mutual fund.

Sundar and Prakash (2014):

In their study examined the awareness among the investor community in choosing the best mutual fund scheme as it conducted a comparative analysis of the mutual funds of three AMCs. This study also showed that much information about mutual funds is not available publicly. There is no information on fund styles or comprehensive league tables to allow the comparison of mutual funds in the market.

CHAPTER-4

DATA ANALYSIS INTERPRETATION AND PRESENTATION

Age:

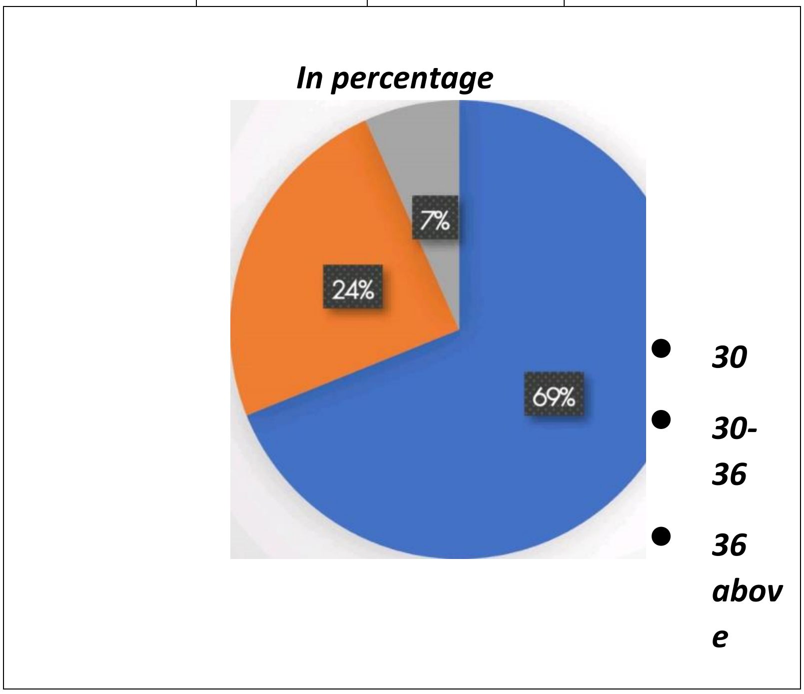
0 24-30

53

0 30-36

o 36 & above

	ercenta e
24 - 30	*68.90%*
30-36	*24.40%*
36 & above	*6.70%*



Interpretation:

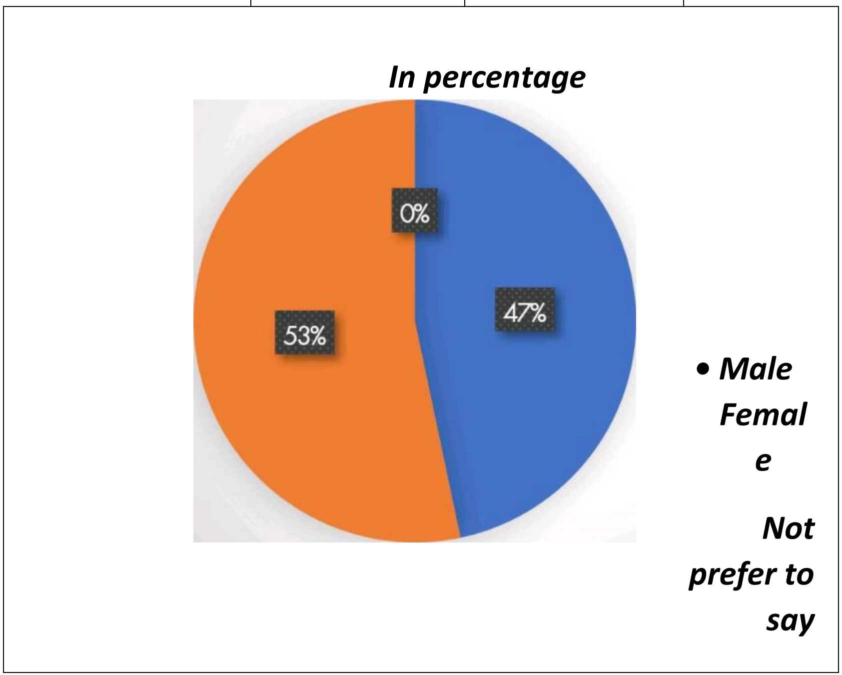
In above the pie chart shows the age of investors. There are different age group of people in which 69% are 24-30, 24% are 30-36, 7% are 36 & above.

Different age groups are defined by different colours as shown in the pie diagram.

Gender:

- *Female* o *Not prefer to say*

Gender	In percentage
Male	*46.70%*
Female	*53.30%*
Not refer to sa	*0.00%*



Interpretation:

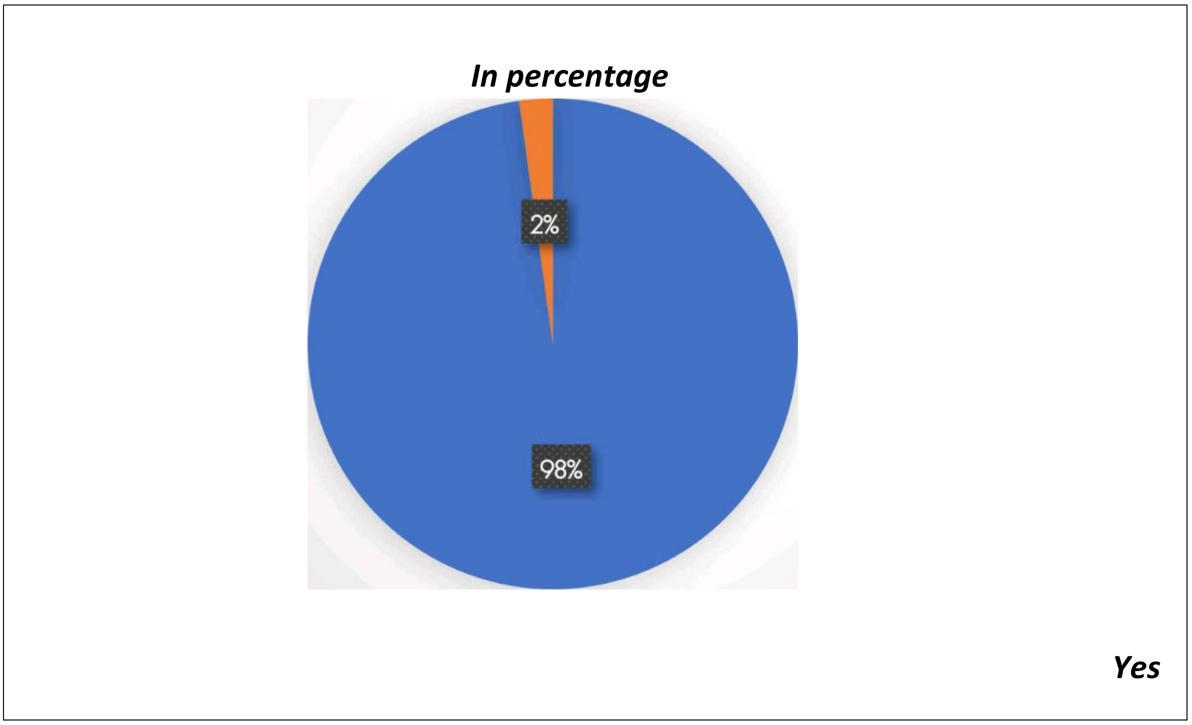
In above the pie chart shows the gender of investors. There are different gender group of people in which 47% are Male gender, 53% are Female gender, and 0% are not prefer to say. Different gender groups are defined by two different colours as shown in the pie diagram.

1)Are you aware about mutual fund?

Yes

o

o No



Interpretation:

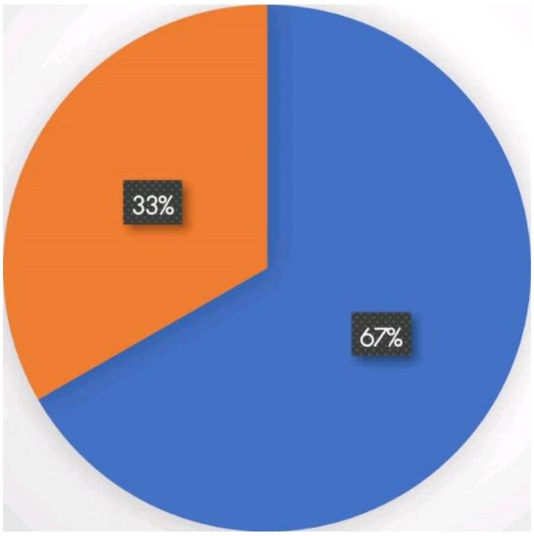
In the above pie diagram shows the amount of awareness of mutual fund. The 98% of people are aware about the mutual funds. And 2% of people not aware about the mutual funds. In this diagram the awareness of mutual funds is defined with different colours.

2)Do you invest in ml-Jtl-jal funds?

o Yes

o No

In percentage



• *Yes*

Interpretation:

In the above bar diagram shows the number of investors in mutual funds. 67% of people who are invest in mutual fund. And the 33% of the people who are not invest in mutual funds. In this diagram the investments of mutual funds is defined with different COlOUrs.

3) ***Most preferred asset management company (AMC):***

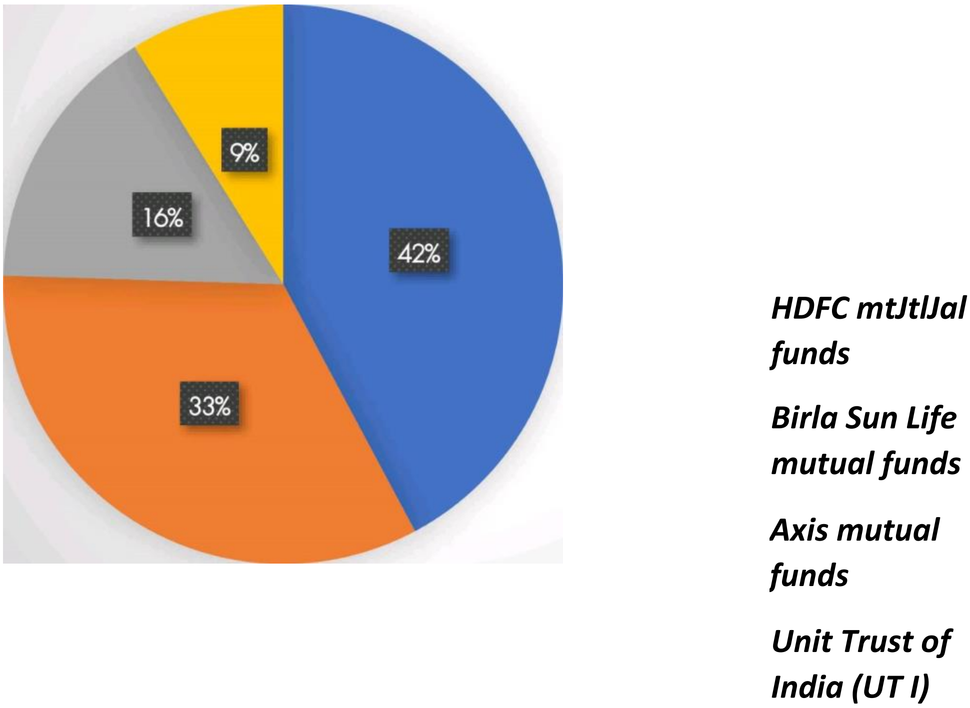
- ***HDFC mutual funds***
- ***Birla Sun Life ml-***

Jtljal funds o Axis

mutual funds o

Unit Trust of India

(UT I)



Interpretation:

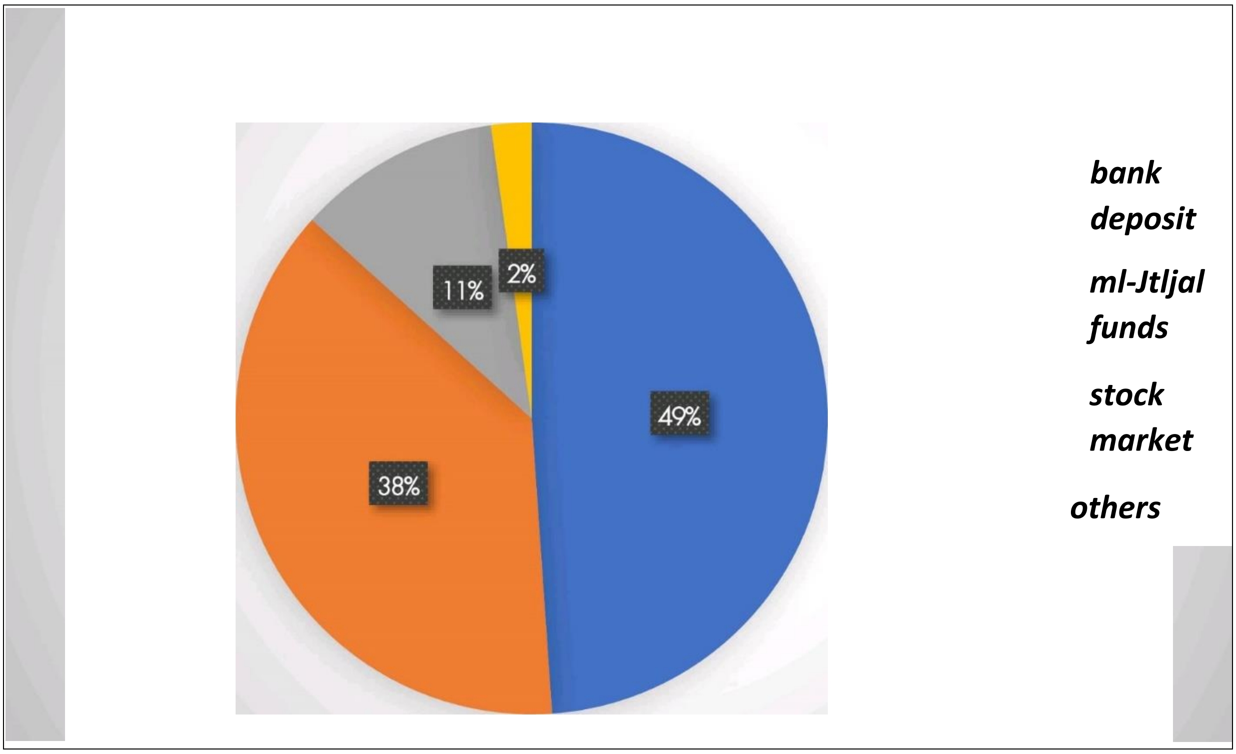
In the above pie diagram shows the most preferred asset management company for the investment. 42% of people preferred HDFC mutual fund for investment, 33% of people preferred Birla sun Life mutual fund, 1 6% of people preferred Axis mutual funds, and the 9% of people preferred UTI for investment.

4) ***Which one you think is safe investment option:***

- ***Bank deposits***
- ***MUtUal Funds o***

Stock Market o

Other



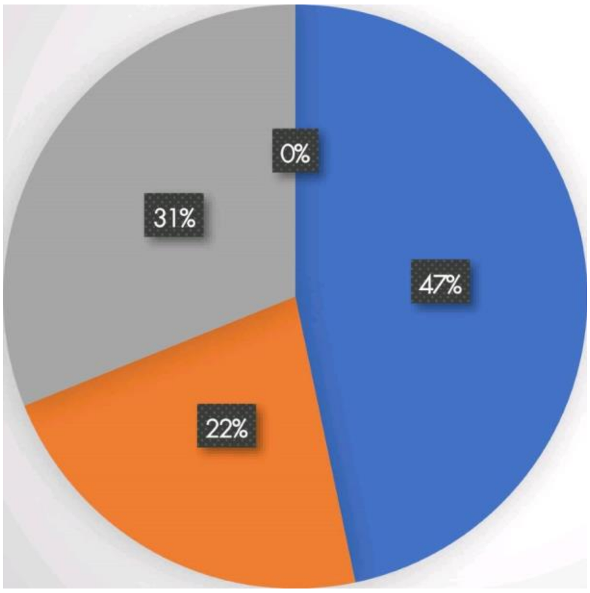
Interpretation:

In the above pie diagram shows the which is the safe investment option for the investors.49% of people choose the bank deposits option for safe investment/ 38% of people choose the mutual funds for the safe investment, 1 1 % of people choose the stock market for investment and 2% of people choose others option for safe investment.

5)Which factor attract your decision while investing your money?

- *High returns* o *Professional management*
- *Liquidity* o *Brand management*

In percentage



high returns professional management liquidity brand mnagement

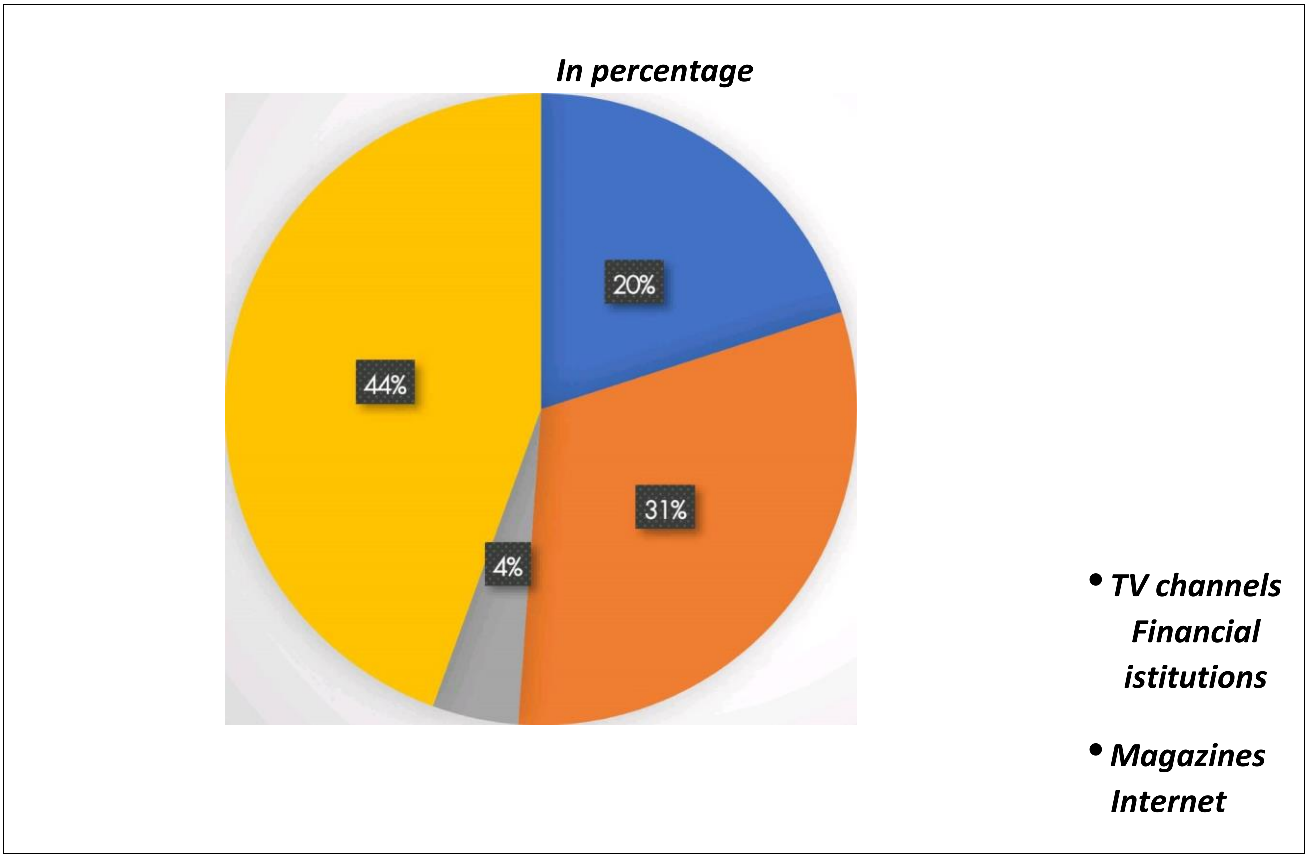
Interpretation:

In the above pie diagram shows the what factors are affecting while investors invest their money in mutual fund schemes. Higher returns affect 47% people, Liquidity affects 3 1 % people, professional management and brand mgt. affects 22% people.

6) ***From where did you get information about mutual funds scheme?***

- *TV channels*
- *Financial institutions*

o *Magazines o Internet*



Interpretation:

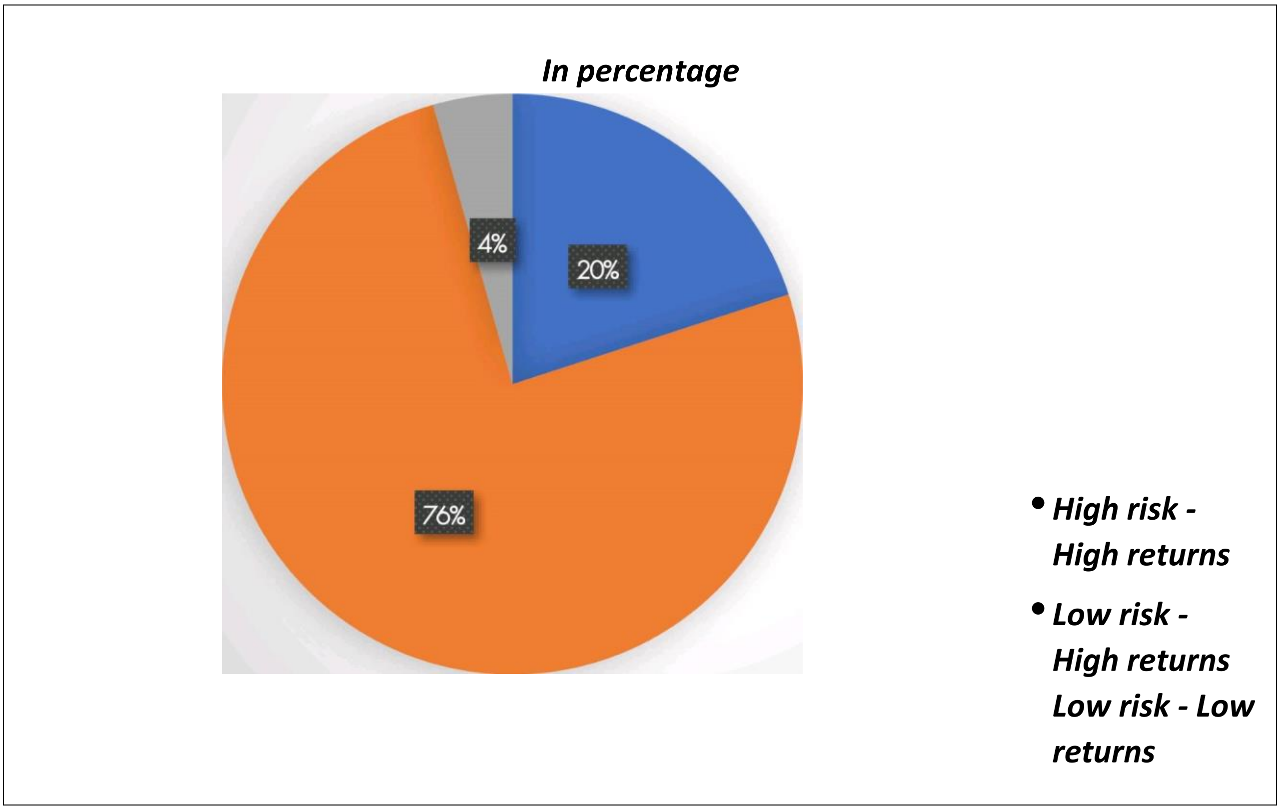
In the above pie diagram shows the from where gather information of different mutual fund scheme.20% of people got information from TV channels, 3 1 % of people got information from financial institutions, 4% of people from magazines, and 45% of people got information from internet.

7) ***YOU invest financial instrument securities which gives,***

o ***High risk - High returns***

o ***Low risk - High returns***

- *Low risk - Low returns*



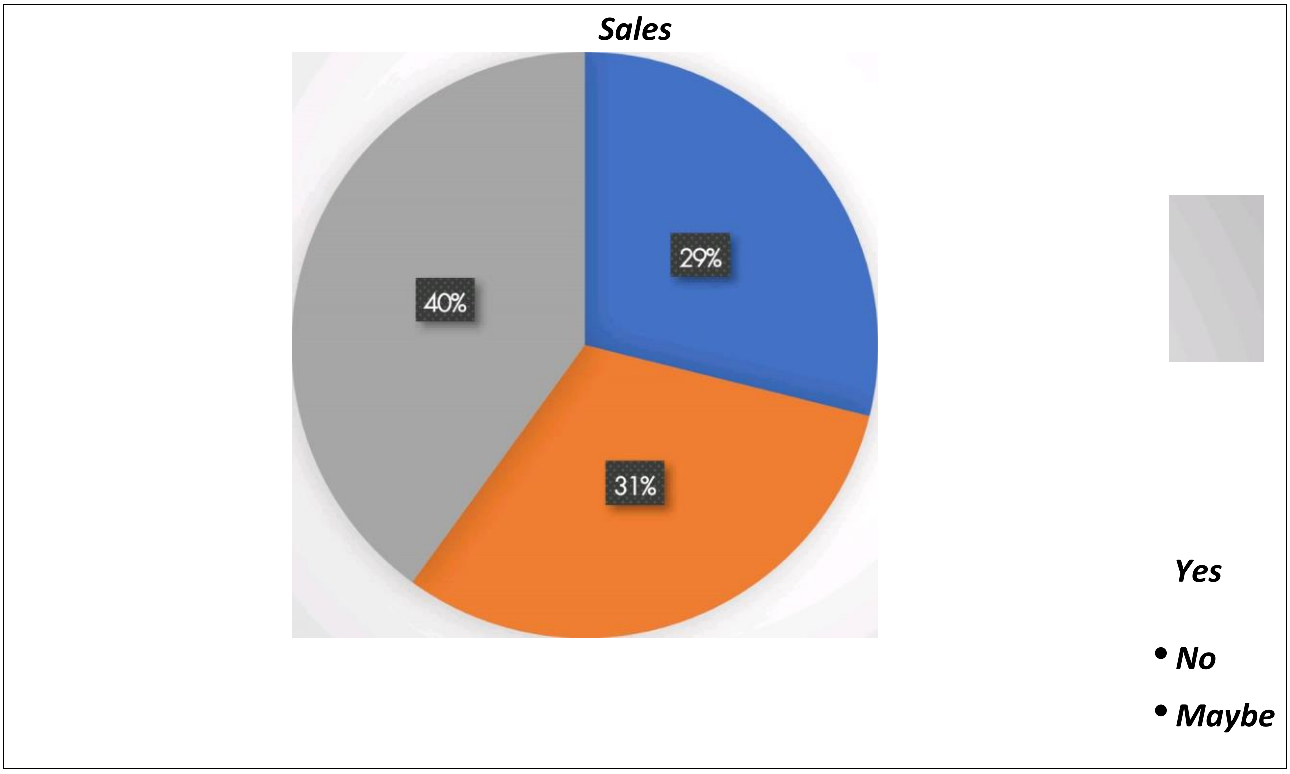
Interpretation:

In the above pie diagram shows investment in financial instrument which gives how much risk and return. 20% of people take high risk for get high returns, 4% people take low risk for low returns, and 76% people take low risk for high returns.

8) ***Do you know any other ways of investing in mutual funds?***

- *Yes*

- No
- Maybe



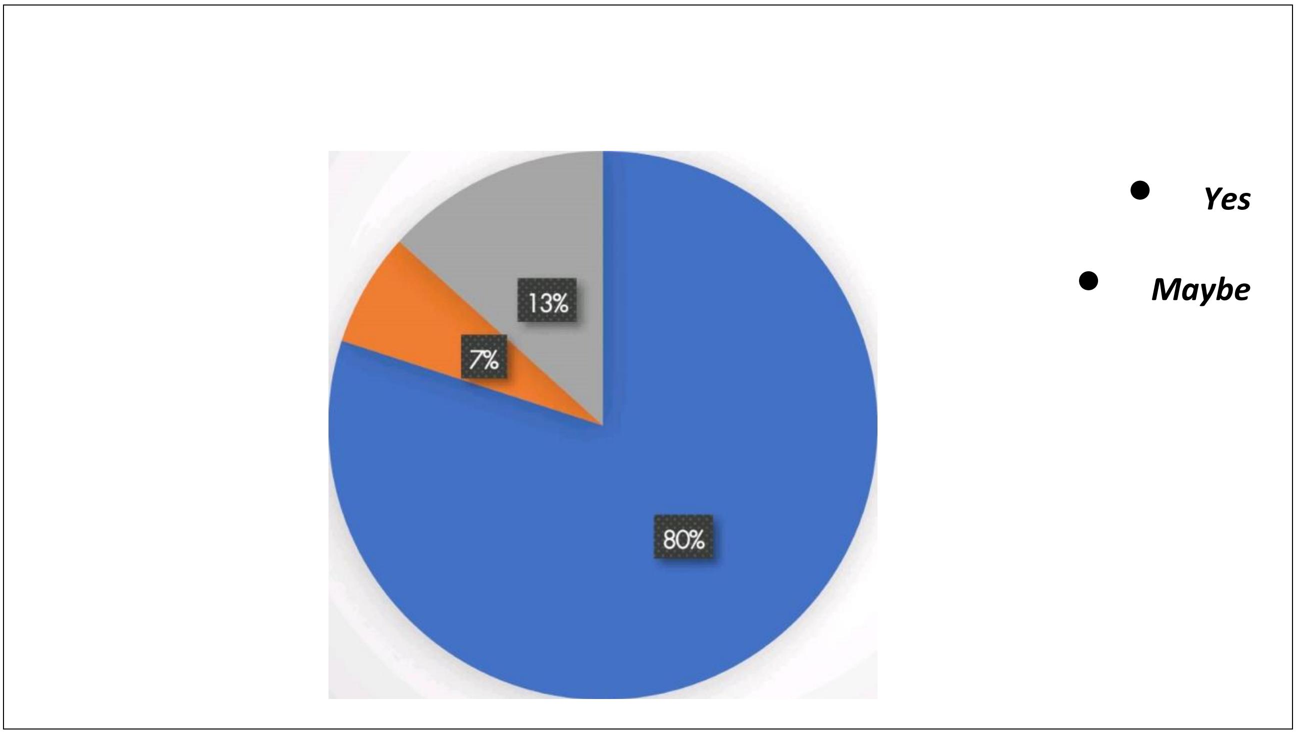
Interpretation:

In the above diagram shows awareness of different way of investment in ml-Jtljal fund schemes.29% of people aware about the different way of investment,3 1 % of people are not aware about different way of investment/ and the 40% people not sure with awareness of different way of investment in mutual fund.

9) ***Will you suggest others also to invest in mutual funds?***

- ***Yes***

- o ***No***
- o ***Not sure***



Interpretation:

In the above diagram shows that investors want to suggests mutual funds to others or not. 80% of people want to suggest about investing in mutual funds to others,7% of people do not want suggest about investing in mtJtlJal funds to others, and the 1 3% people are not SlJre about suggesting to others for investing in ml-Jtljal fund.

1 0) Are you satisfied with your offered service by investment company regarding mutual funds?

o Extremely

satisfied o

Satisfied o

Neutral o

Dissatisfied

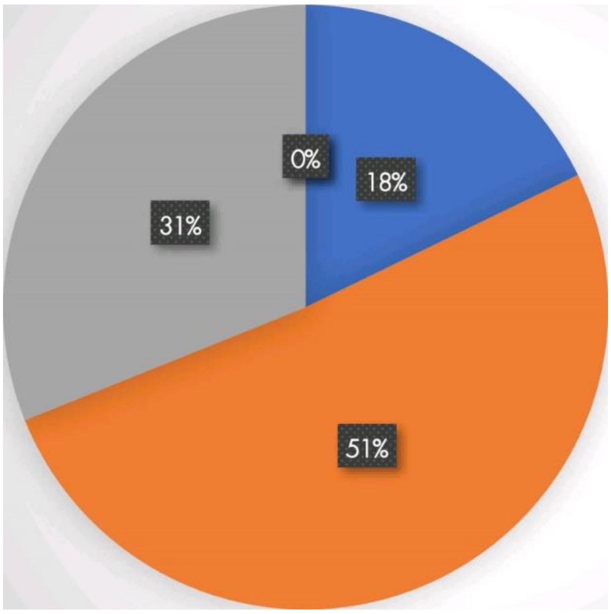
O Extremely dissatisfied

• *Extremely* *satisfied*

• *Satisfied* *Neutral*

Dissatisfied

• *Extremely* *dissatisfied*



Interpretation:

In the above diagram shows the percentage of satisfaction and dissatisfaction of investors of ml-Jtljal fund in percentage. 1 8% of investors are Extremely satisfied with the offered service by investment company, 5 1 % of investors are Satisfied with the offered service by investment company, 3 1 % of investors have neutral satisfaction with the offered service by investment company regarding mutual fund

CHAPTER -5

CONCLUSION AND SUGGESIONS

FINDINGS

Findings include in findings on the basis of secondary data.

- ***There are 49% respondent out of 100 belong the age group of 24-30 years. Hence, it can be inferred that a greater number of investors belonging to the are 24-30 years consider investing in mutual fund as a better option than other age group.***
- ***Majority of respondent belong to moderate income group of 1 -3 lakhs rupees representing***

  51 % of the sample size. This may indicate that middle income group is moving away from

  traditional investment and experimenting with new instruments like mutual fund.

- ***It is observed that actively manged funds, even though expenses may be higher compared to the passively managed funds, are giving good returns.***
- ***It is also finding that when he period investment is higher, the returns are comparatively better than shorter period of investment, in case of close end scheme.***
- ***62% of the investors depends on the financial planner advice before they invest. Investors are trying to improve their knowledge about different schemes and their risk- return association to gain maximum returns.***

CONCLUSION

The Indian investors preference when it comes to investing still lies with riskless options and pre-dominantly with Gold, is now venturing out and investing in Mutual Funds. The need and objectives are matched with schemes' characteristics. Each scheme is chosen with a specific intent. Security and assurance with average risk tolerance makes the Mutual Funds a preferable option. The ability and scope for varying risk and returns options based upon the investors' preference and psychology the AMC's offer a varied variety of schemes catering to this.

The growing number of AMCs and incalculable schemes flooding the markets and bombarding the investors the need for a body to monitor this and also its functions rose tremendously. With investors/ protection and proper channelling of investment the government from time to time is taking proactive measures, hence installing and invigorating the investors' belief and assurance.

The awareness of Mutual Funds is certainly gaining its ground though still vast areas have to be covered. The responsibilities of AMC's and other broking firms increasing more than what it was a decade ago brought about radical changes in the investing patterns. The growing needs and wants, combined with future uncertainties, need for assured periodical returns with lesser risks has given rise to a growing number of young investors. Though the Mutual Funds are prone to market conditions and require continuous monitoring they are less volatile than their counterparts.

The uncertain future with global finance and economic crisis combined with growing needs of investors with low risk seeking nature, Mutual Funds certainly are making their way into the next generation s preferred investment.

SUGGETIONS

- ***The funds should disclose the level of risk associated with investment in the fund return in offer documents and in comparative levels of returns and risk in the annual reports for the sake of prospective and existing investors.***
- ***While investing the agents/salesmen should clearly explain the investors all the features both positive as well as negatives associated with a fund. Primarily, the agent/salesmen should first understand the purpose/ need for the investment by the investor.***
- ***The details both facts and figures should be in plain English and the figures must be explained.***
- ***The fact books may be printed also in regional languages so that penetration in rural areas***

may be achieved.

- *Along with internet access the customers' queries about any schemes should be answerable and attract through well suitable counselling.*
- *Workshops or seminars explaining the importance and risk factor associated with different classes of assets may be conducted from time to time for the existing investors. At the same time awareness programmes more in all areas and more in number should be conducted for the public.*

0 The first point to analyse before investing in a fund is to find out whether the objective matches with the scheme. It is necessary, as any mismatch of the same would directly affect the prospective probable returns.

0 AMCs should put extra effort in studying and understand the psychology of investors in order to provide better schemes and better service.

0 REFERENCE:

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ABBRIVEATIONS

Abbreviations—Asset Management Company (AMC); Liberalization, Privatization and Globalization (LPG); Statistical Package for the Social Sciences (SPSS), Net Asset Value (NAV).

QUESTIONS

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Dear Respondents,

I am the student of BK Birla college conducting survey on "Investors perception towards mutual fund" the data information gathered this questionnaire would be strictly used for academic purpose only.

Name:

Age:

0 24-30

0 30-36 o

36 Above

Gender:

- o ***Yes***
- o ***No***
- o ***Prefer not to say***

1) Are you aware about mutual fund?

- o ***Yes***
- o ***No***

2) ***Do you invest in mutual fund?***

- o ***Yes***
- o ***No***

3) ***Most preferred asset management company (AMC)?***

- o ***HDFC mutual funds o***

Birla Sun Life mutual

funds o Axis mutual

funds o Unit Trust of

India (UT I)

4) ***Which one you think is safe investment option?***
   - o ***Bank deposits o***

   Mutual funds o Stock

   market o Other

5) ***Which factor attract your decision while investing your money?***
   - o ***High returns o***

   Professional

   management o Liquidity

   o Brand management

6) ***From where did you get information about mutual funds scheme?***
   - o ***TV channels***
   - o ***Financial institutions***
   - o ***Magazines o Internet***

7) ***You invest the financial instrument securities gives, o High risk-high returns o Low risk- high returns o Low risk- low returns***

8) ***Do you know any other ways of investing in mutual funds?***

   - o ***No o May be***

9) ***Will you suggest to others also to invest in mutual funds?***
   - o ***Yes***

o No

o Not sure

1 0) Are you satisfied with your service offered by investment company regarding mutual fund?

o Extremely

satisfied o Satisfied

o Neutral o

Dissatisfied o

Extremely

dissatisfied