

A STUDY OF INVESTOR'S PERCEPTION TOWARDS THE MUTUAL FUND INVESTMENT

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AGINESH A

REGISTER NO.: 42410143



**DEPARTMENT OF BUSINESS ADMINISTRATION
SCHOOL OF MANAGEMENT STUDIES**

SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY

(DEEMED TO BE UNIVERSITY)

Accredited with Grade "A++" by NAAC | 12B Status by UGC | Approved by AICTE

**JEPPIAAR NAGAR, RAJIV GANDHI SALAI,
CHENNAI- 600 119**

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CATEGORY - 1 UNIVERSITY BY UGC

SCHOOL OF MANAGEMENT STUDIES

BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **AGINESH A (42410143)** who carried out the project entitled “**A STUDY OF INVESTOR’S PERCEPTION TOWARDS THE MUTUAL FUND INVESTMENT**” under my supervision from SEPTEMBER 2023 to NOVEMBER 2023.

DR. YASMEEN BANO
Internal Guide

External Guide

DR. BHUVANESWARI. G, MBA, Ph.D.
Dean – School of Management Studies

Submitted for Viva voce Examination held on_____

Internal Examiner

External Examiner

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ABSTRACT

A mutual fund is a common pool of money into which investors place their contributions that are to be invested in accordance with a stated objective. Being a part of financial markets although mutual funds industry is responding very fast by analyze investor's perception and expectations. This Mutual fund industry is playing an important role to provide an alternative avenue to the entire gamut of investors in a scientific and professional manner. Mutual funds have played a significant role in financial intermediation, the development of capital markets and the growth of the Indian Economy. Before making any investment investors tried to extract filtered information through their behavioral ability and process it accordingly to take investment decision which led to systematic errors. It is noted that safe return on investment up to act as a key motivator of any individual for making investment which is the exchange of certain present value of money wealth (savings) into some tangible wealth (assets) in expectation of future reward and exclusively involves strategic decisions like, where to invest, when to invest and how to invest. Thus, investors want to invest in those safe portfolios which give them the better future return in terms of interest or capital gain. Hence, the present study focuses on the investors' perception towards Mutual Fund market and based on both primary and secondary data.

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CHAPTER – 1

INTRODUCTION

1.1 WHAT ARE MUTUAL FUNDS?

A mutual fund is a collective investment vehicle that collects & pools money from a number of investors and invests the same in equities, bonds, government securities, money market instruments.

The money collected in mutual fund scheme is invested by professional fund managers in stocks and bonds etc. in line with a scheme's investment objective. The income / gains generated from this collective investment scheme are distributed proportionately amongst the investors, after deducting applicable expenses and levies, by calculating a scheme's "Net Asset Value" or NAV. In return, mutual fund charges a small fee.

In short, mutual fund is a collective pool of money contributed by several investors and managed by a professional Fund Manager.

Mutual Funds in India are established in the form of a Trust under Indian Trust Act, 1882, in accordance with SEBI (Mutual Funds) Regulations, 1996.

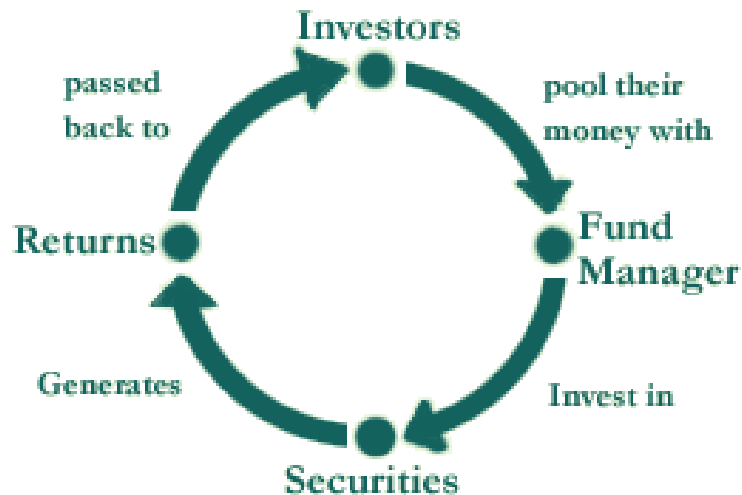
The fees and expenses charged by the mutual funds to manage a scheme are regulated and are subject to the limits specified by SEBI.

1.2 HOW A MUTUAL FUND WORKS?

One should avoid the temptation to review the fund's performance each time the market falls or jumps up significantly. For an actively-managed equity scheme, one must have patience and allow reasonable time - between 18 and 24 months - for the fund to generate returns in the portfolio.

When you invest in a mutual fund, you are pooling your money with many other investors. Mutual fund issues "Units" against the amount invested at the prevailing NAV. Returns from a mutual fund may include income distributions to investors out

of dividends, interest, capital gains or other income earned by the mutual fund. You can also have capital gains (or losses) if you sell the mutual fund units for more (or less) than the amount you invested.



Mutual funds are ideal for investors who –

- a. Lack the knowledge or skill / experience of investing in stock markets directly.
- b. Want to grow their wealth, but do not have the inclination or time to research the stock market.
- c. Wish to invest only small amounts.

1.3 WHY INVEST IN MUTUAL FUNDS?

As investment goals vary from person to person – post-retirement expenses, money for children’s education or marriage, house purchase, etc. – the investment products required to achieve these goals too vary. Mutual funds provide certain distinct advantages over investing in individual securities. Mutual funds offer multiple choices for investment across equity shares, corporate bonds, government securities, and money market instruments, providing an excellent avenue for retail investors to participate and benefit from the uptrends in capital markets. The main advantages are that you can invest in a variety of securities for a relatively low cost and leave the investment decisions to a professional manager.

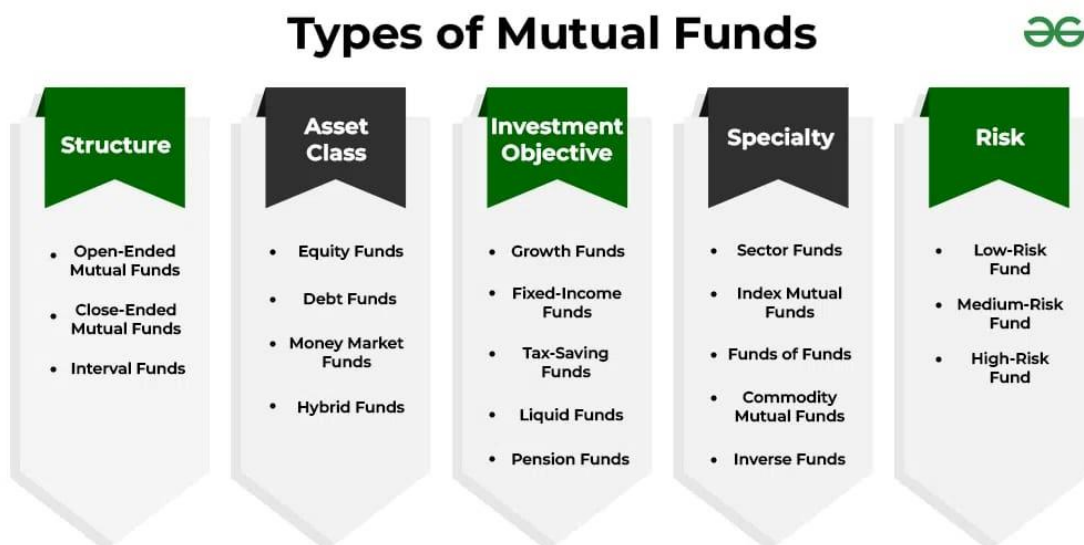
1.4 TYPES OF MUTUAL FUND SCHEMES

MUTUAL FUND SCHEME CLASSIFICATION

Mutual funds come in many varieties, designed to meet different investor goals.

Mutual funds can be broadly classified based on –

1. Organization Structure – Open ended, Close ended, Interval
2. Management of Portfolio – Actively or Passively
3. Investment Objective – Growth, Income, Liquidity
4. Underlying Portfolio – Equity, Debt, Hybrid, Money market instruments, Multi Asset
5. Thematic / solution oriented – Tax saving, Retirement benefit, Child welfare, Arbitrage
6. Exchange Traded Funds
7. Overseas funds
8. Fund of funds



DEFINITION OF LARGE, MID & SMALL CAP STOCKS AS PER SEBI

GUIDELINES:

Large Cap Stocks – 1 to 100 by Market Capitalization

Mid Cap Stocks – 101 to 250 by Market Capitalization

Small Cap Stocks – 251 onwards by Market Capitalization

EQUITY/GROWTH FUNDS:

Equity funds invest at least 65% of their corpus in equity and equity-related securities. These funds may invest in a wide range of industries/sectors or focus on one or more sectors.

Types of Equity Oriented Schemes:

MULTI-CAP FUND:

A Multi-Cap Fund is a type of equity mutual fund that invests in shares of large-cap, mid-cap, and small-cap companies. The fund allocates a minimum of 65% of the total corpus in equity & equity-related instruments. Multi-cap funds can have a lower risk as compared to individual mid or small-cap focused funds because they are the most diversified equity funds.

LARGE CAP FUND:

A minimum of 80% of the value of the portfolio of large-cap mutual funds consists of equity & equity related instruments of large-cap companies. Large-cap mutual funds have the lowest risk among equity mutual funds because the large-cap companies have stable businesses.

LARGE & MID CAP FUND:

Large & mid-cap mutual funds have a minimum 35% investment in stocks of large-cap and mid-cap companies each. The fund relies on the stability offered by the large-cap stocks and earns returns from the mid-cap stocks.

MID CAP FUND:

A minimum of 65% of the total corpus of the mid-cap mutual fund schemes is invested in shares of mid-cap companies. Mid-cap mutual funds are riskier than large-cap mutual funds.

SMALL CAP FUND:

A small-cap fund invests a major portion (more than 65% of the total assets) in small-cap stocks. Thus, small-cap mutual funds have the highest risk but also have the potential to generate the highest returns.

VALUE FUND:

Value funds follow a value investment strategy that relies on long-term wealth creation by investing in stocks of companies that meet the value investing criterion.

CONTRA FUND:

The contra fund capitalizes on the changing market conditions. The Contra fund follows a contrarian investment strategy that involves buying and selling in contra (opposite) to the present market sentiments.

INDEX FUNDS:

Index funds are attached to a particular index such as the BSE SENSEX or the S&P CNX NIFTY. Their performance is linked to the results of that index. Here, the portfolio comprises stocks that represent an index and the weightage assigned to each stock is in line with the identified index. Hence, the returns will be more or less similar to those generated by the Index.

SECTOR-SPECIFIC FUNDS:

Sector-specific funds invest in the securities of a specific sector or industry such as FMCG, Pharmaceuticals, IT, etc. The returns on these funds are directed by the performance of the respective sector/industries. Sector funds allow an investor to diversify funds across multiple companies within an industry. These funds tend to be riskier as the performance is directly linked to that of the overall sector.

TAX SAVING (EQUITY LINKED SAVINGS SCHEMES/ELSS) FUNDS:

The Income Tax Act offers tax deduction under specific provisions of the Income Tax Act, 1961. Designed to generate capital growth, ELSS mutual funds invest primarily in equities and largely suit investors with a higher risk appetite for capital

appreciation. Spread over medium to long-term, tax saving funds comes with a lock-in period of 3 years.

BALANCED FUNDS:

With an aim to provide stability of returns and capital appreciation, balanced mutual funds invest in both equities and fixed income instruments. These funds generally tend to invest around 65% in equity and 35% in debt instruments such as bonds and debentures.

DEBT/INCOME FUNDS:

Following a simpler approach, debt/income funds usually invest 65% of the amount in fixed income securities such as bonds, corporate debentures, government securities (gilts) and money market instruments. These funds are likely to be less volatile than equity funds.

MONEY MARKET/LIQUID FUNDS:

If you are looking for a fund that offers liquidity and capital preservation with moderate income, then this is a suitable choice. Money market/liquid funds invest in safer short-term instruments such as Treasury Bills, Certificates of Deposit and Commercial Paper for less than 91 days. These funds are ideal to invest in if you are a corporate or an individual investor and wish to earn moderate returns on surplus funds.

GILT FUND:

Gilt mutual funds invest exclusively in government securities. The Gilt funds do not carry a credit risk - where the issuer of the security can default. However, it comes with an interest rate risk i.e. risk due to the rise or fall in interest rates.

ARBITRAGE FUND:

Arbitrage funds work on the mispricing of equity shares in the spot and futures market. Mostly, it takes advantage of the price differences between current and future securities to generate maximum returns. The fund manager simultaneously

buys shares in the cash market and sells it in futures or derivatives markets. The difference in the cost price and the selling price is the return you earn.

FUND OF FUNDS:

A scheme that invests primarily in other schemes of the same mutual fund or other mutual funds is known as a FoF scheme. A FoF scheme enables investors to achieve greater diversification through one scheme. It spreads risks across a greater universe.

GLOBAL FUNDS:

Global funds are quite distinct from International Funds. While a global fund invests primarily in markets around the world, it invests in securities in India. On the other hand, international funds focus exclusively on foreign markets. Global funds can be diverse and universal in strategy due to the distinct policy, market and currency differences across the world. It works as a break against inflation. The long-term returns from these funds have been historically high.

1.5 RISK FACTORS

STANDARD RISK FACTORS

- Mutual Fund Schemes are not guaranteed or assured return products.
- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the Scheme invests fluctuates, the value of investment in a mutual fund Scheme may go up or down.
- In addition to the factors that affect the value of individual investments in the Scheme, the NAV of the Scheme may fluctuate with movements in the broader equity and bond markets and may be influenced by factors affecting capital and money markets in general, such as, but not limited to, changes in interest rates, currency exchange rates, changes in Government policies,

taxation, political, economic or other developments and increased volatility in the stock and bond markets.

- Past performance does not guarantee future performance of any Mutual Fund Scheme.

SPECIFIC RISK FACTORS

1.5.1 RISKS ASSOCIATED WITH INVESTMENTS IN EQUITIES

Risk of losing money:

Investments in equity and equity related instruments involve a degree of risk and investors should not invest in the equity schemes unless they can afford to take the risk of possible loss of principal.

Price Risk:

Equity shares and equity related instruments are volatile and prone to price fluctuations on a daily basis.

Liquidity Risk for listed securities:

The liquidity of investments made in the equities may be restricted by trading volumes and settlement periods. Settlement periods may be extended significantly by unforeseen circumstances. While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. The inability of a mutual fund to sell securities held in the portfolio could result in potential losses to the scheme, should there be a subsequent decline in the value of securities held in the scheme portfolio and may thus lead to the fund incurring losses till the security is finally sold.

Event Risk:

Price risk due to company or sector specific event.

1.5.2 RISKS ASSOCIATED WITH INVESTMENT IN DEBT SECURITIES AND MONEY MARKET INSTRUMENTS

Debt Securities are subject to the risk of an issuer's inability to meet principal and interest payments on the obligation (Credit Risk) on the due date(s) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (Market Risk).

The timing of transactions in debt obligations, which will often depend on the timing of the Purchases and Redemptions in the Scheme, may result in capital appreciation or depreciation because the value of debt obligations generally varies inversely with the prevailing interest rates.

Interest Rate Risk

Market value of fixed income securities is generally inversely related to interest rate movement. Generally, when interest rates rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase. Accordingly, value of a scheme portfolio may fall if the market interest rate rise and may appreciate when the market interest rate comes down. The extent of fall or rise in the prices depends upon the coupon and maturity of the security. It also depends upon the yield level at which the security is being traded.

Credit Risk

This is risk associated with default on interest and /or principal amounts by issuers of fixed income securities. In case of a default, scheme may not fully receive the due amounts and NAV of the scheme may fall to the extent of default. Even when there is no default, the price of a security may change with expected changes in the credit rating of the issuer. It may be mentioned here that a government security is a sovereign security and is safer. Corporate bonds carry a higher amount of credit risk than government securities. Within corporate bonds also there are different levels of safety and a bond rated higher by a rating agency is safer than a bond rated lower by the same rating agency.

Spread Risk

Credit spreads on corporate bonds may change with varying market conditions. Market value of debt securities in portfolio may depreciate if the credit spreads widen and vice versa. Similarly, in case of floating rate securities, if the spreads over the benchmark security / index widen, then the value of such securities may depreciate.

Liquidity Risk

Liquidity risk refers to the ease with which securities can be sold at or near its valuation yield-to-maturity (YTM) or true value. Liquidity condition in market varies from time to time. The liquidity of a bond may change, depending on market conditions leading to changes in the liquidity premium attached to the price of the bond. In an environment of tight liquidity, necessity to sell securities may have higher than usual impact cost. Further, liquidity of any particular security in portfolio may lessen depending on market condition, requiring higher discount at the time of selling.

The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of some of these investments. Different segments of the Indian financial markets have different settlement periods, and such periods may be extended significantly by unforeseen circumstances. Further, delays in settlement could result in temporary periods when a portion of the assets of the Scheme are not invested and no return is earned thereon or the Scheme may miss attractive investment opportunities.

Counterparty Risk

This is the risk of failure of the counterparty to a transaction to deliver securities against consideration received or to pay consideration against securities delivered, in full or in part or as per the agreed specification. There could be losses to the fund in case of a counterparty default.

Prepayment Risk

This arises when the borrower pays off the loan sooner than the due date. This may result in a change in the yield and tenor for the mutual fund scheme. When interest rates decline, borrowers tend to pay off high interest loans with money borrowed at a lower interest rate, which shortens the average maturity of Asset-backed securities (ABS). However, there is some prepayment risk even if interest rates rise, such as when an owner pays off a mortgage when the house is sold or an auto loan is paid off when the car is sold. Since prepayment risk increases when interest rates decline, this also introduces reinvestment risk, which is the risk that the principal may only be reinvested at a lower rate.

Re-investment Risk

Investments in fixed income securities carry re-investment risk as the interest rates prevailing on the coupon payment or maturity dates may differ from the original coupon of the bond (the purchase yield of the security). This may result in final realized yield to be lower than that expected at the time

The additional income from reinvestment is the "interest on interest" component. There may be a risk that the rate at which interim cash flows can be reinvested are lower than that originally assumed.

1.6 ADVANTAGES OF INVESTING IN MUTUAL FUNDS

1. Professional Management — Investors may not have the time or the required knowledge and resources to conduct their research and purchase individual stocks or bonds. A mutual fund is managed by full-time, professional money managers who have the expertise, experience and resources to actively buy, sell, and monitor investments. A fund manager continuously monitors investments and rebalances the portfolio accordingly to meet the scheme's objectives. Portfolio management by professional fund managers is one of the most important advantages of a mutual fund.

2. Risk Diversification — Buying shares in a mutual fund is an easy way to diversify your investments across many securities and asset categories such as equity, debt and gold, which helps in spreading the risk - so you won't have all your eggs in one basket. This proves to be beneficial when an underlying security of a given mutual fund scheme experiences market headwinds. With diversification, the risk associated with one asset class is countered by the others. Even if one investment in the portfolio decreases in value, other investments may not be impacted and may even increase in value. In other words, you don't lose out on the entire value of your investment if a particular component of your portfolio goes through a turbulent period. Thus, risk diversification is one of the most prominent advantages of investing in mutual funds.

3. Affordability & Convenience (Invest Small Amounts) — For many investors, it could be more costly to directly purchase all of the individual securities held by a single mutual fund. By contrast, the minimum initial investments for most mutual funds are more affordable.

4. Liquidity — You can easily redeem (liquidate) units of open ended mutual fund schemes to meet your financial needs on any business day (when the stock markets and/or banks are open), so you have easy access to your money. Upon redemption, the redemption amount is credited in your bank account within one day to 3-4 days, depending upon the type of scheme e.g., in respect of Liquid Funds and Overnight Funds, the redemption amount is paid out the next business day.

However, please note that units of close-ended mutual fund schemes can be redeemed only on maturity. Likewise, units of ELSS have a 3-year lock-in period and can be liquidated only thereafter.

5. Low Cost — An important advantage of mutual funds is their low cost. Due to huge economies of scale, mutual funds schemes have a low expense ratio. Expense ratio represents the annual fund operating expenses of a scheme, expressed as a percentage of the fund's daily net assets. Operating expenses of a scheme are administration, management, advertising related expenses, etc. The limits of expense ratio for various types of schemes have been specified under Regulation 52 of SEBI Mutual Fund Regulations, 1996.

6. Well-Regulated — Mutual Funds are regulated by the capital markets regulator, Securities and Exchange Board of India (SEBI) under SEBI (Mutual Funds) Regulations, 1996. SEBI has laid down stringent rules and regulations keeping investor protection, transparency with appropriate risk mitigation framework and fair valuation principles.

7. Tax Benefits —Investment in ELSS upto ₹1,50,000 qualifies for tax benefit under section 80C of the Income Tax Act, 1961. Mutual Fund investments when held for a longer term are tax efficient.

1.7 SEBI CATEGORIZATION OF MUTUAL FUND SCHEMES

As per SEBI guidelines on Categorization and Rationalization of schemes issued in October 2017, mutual fund schemes are classified as –

1. Equity Schemes
2. Debt Schemes
3. Hybrid Schemes
4. Solution Oriented Schemes – For Retirement and Children
5. Other Schemes – Index Funds & ETFs and Fund of Funds

– Under Equity category, Large, Mid and Small cap stocks have now been defined.

– Naming convention of the schemes, especially debt schemes, as per the risk level of underlying portfolio (e.g., the erstwhile ‘Credit Opportunity Fund’ is now called “Credit Risk Fund”)

– Balanced / Hybrid funds are further categorized into conservative hybrid fund, balanced hybrid fund and aggressive hybrid fund.

1.8 HISTORY OF MUTUAL FUNDS IN INDIA

A strong financial market with broad participation is essential for a developed economy. With this broad objective India's first mutual fund was establishment in 1963, namely, Unit Trust of India (UTI), at the initiative of the Government of India and Reserve Bank of India **'with a view to encouraging saving and investment and participation in the income, profits and gains accruing to the Corporation from the acquisition, holding, management and disposal of securities.'**

In the last few years, the MF Industry has grown significantly. The history of Mutual Funds in India can be broadly divided into five distinct phases as follows:

FIRST PHASE - 1964-1987

The Mutual Fund industry in India started in 1963 with formation of UTI in 1963 by an Act of Parliament and functioned under the Regulatory and administrative control of the Reserve Bank of India (RBI). In 1978, UTI was de-linked from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. Unit Scheme 1964 (US '64) was the first scheme launched by UTI. At the end of 1988, UTI had ₹ 6,700 crores of Assets Under Management (AUM).

SECOND PHASE - 1987-1993 - ENTRY OF PUBLIC SECTOR MUTUAL FUNDS

The year 1987 marked the entry of public sector mutual funds set up by Public Sector banks and Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC). SBI Mutual Fund was the first 'non-UTI' mutual fund established in June 1987, followed by Can bank Mutual Fund (Dec. 1987), Punjab National Bank Mutual Fund (Aug. 1989), Indian Bank Mutual Fund (Nov 1989), Bank of India (Jun 1990), Bank of Baroda Mutual Fund (Oct. 1992). LIC established its mutual fund in June 1989, while GIC had set up its mutual fund in December 1990. At the end of 1993, the MF industry had assets under management of ₹47,004 crores.

THIRD PHASE - 1993-2003 - ENTRY OF PRIVATE SECTOR MUTUAL FUNDS

The Indian securities market gained greater importance with the establishment of SEBI in April 1992 to protect the interests of the investors in securities market and to promote the development of, and to regulate, the securities market.

In the year 1993, the first set of SEBI Mutual Fund Regulations came into being for all mutual funds, except UTI. The erstwhile Kothari Pioneer (now merged with Franklin Templeton MF) was the first private sector MF registered in July 1993. With the entry of private sector funds in 1993, a new era began in the Indian MF industry, giving the Indian investors a wider choice of MF products. The initial SEBI MF Regulations were revised and replaced in 1996 with a comprehensive set of regulations, viz., SEBI (Mutual Fund) Regulations, 1996 which is currently applicable.

The number of MFs increased over the years, with many foreign sponsors setting up mutual funds in India. Also, the MF industry witnessed several mergers and acquisitions during this phase. As at the end of January 2003, there were 33 MFs with total AUM of ₹1,21,805 crores, out of which UTI alone had AUM of ₹44,541 crores.

FOURTH PHASE - SINCE FEBRUARY 2003 – APRIL 2014

In February 2003, following the repeal of the Unit Trust of India Act 1963, UTI was bifurcated into two separate entities, viz., the Specified Undertaking of the Unit Trust of India (SUUTI) and UTI Mutual Fund which functions under the SEBI MF Regulations. With the bifurcation of the erstwhile UTI and several mergers taking place among different private sector funds, the MF industry entered its fourth phase of consolidation.

Following the global melt-down in the year 2009, securities markets all over the world had tanked and so was the case in India. Most investors who had entered the capital market during the peak, had lost money and their faith in MF products was shaken greatly. The abolition of Entry Load by SEBI, coupled with the after-effects of the global financial crisis, deepened the adverse impact on the Indian MF

Industry, which struggled to recover and remodel itself for over two years, in an attempt to maintain its economic viability which is evident from the sluggish growth in MF Industry AUM between 2010 to 2013.

FIFTH (CURRENT) PHASE – SINCE MAY 2014

Taking cognizance of the lack of penetration of MFs, especially in tier II and tier III cities, and the need for greater alignment of the interest of various stakeholders, SEBI introduced several progressive measures in September 2012 to "re-energize" the Indian Mutual Fund industry and increase MFs' penetration.

In due course, the measures did succeed in reversing the negative trend that had set in after the global melt-down and improved significantly after the new Government was formed at the Center.

Since May 2014, the Industry has witnessed steady inflows and increase in the AUM as well as the number of investor folios (accounts).

- The Industry's AUM crossed the milestone of ₹10 Trillion (₹10 Lakh Crore) for the first time as on 31st May 2014 and in a short span of about three years the AUM size had increased more than two folds and crossed ₹ 20 trillion (₹20 Lakh Crore) for the first time in August 2017. The AUM size crossed ₹ 30 trillion (₹30 Lakh Crore) for the first time in November 2020.
- The overall size of the Indian MF Industry has grown from ₹ 8.34 trillion as on 31st October 2013 to ₹ 46.72 trillion as on 31st October 2023, more than 5 fold increase in a span of 10 years.
- The MF Industry's AUM has grown from ₹ 22.24 trillion as on October 31, 2018 to ₹46.72 trillion as on October 31, 2023, more than 2 fold increase in a span of 5 years.
- The no. of investor folios has gone up from 7.90 crore folios as on 31-Oct-2018 to 15.96 crore as on 31-October-2023, more than 2 fold increase in a span of 5 years.
- On an average 13.44 lakh new folios are added every month in the last 5 years since October 2018.

The growth in the size of the industry has been possible due to the twin effects of the regulatory measures taken by SEBI in re-energizing the MF Industry in September 2012 and the support from mutual fund distributors in expanding the retail base.

MF Distributors have been providing the much-needed last mile connect with investors, particularly in smaller towns and this is not limited to just enabling investors to invest in appropriate schemes, but also in helping investors stay on course through bouts of market volatility and thus experience the benefit of investing in mutual funds.

MF distributors have also had a major role in popularizing Systematic Investment Plans (SIP) over the years. In April 2016, the no. of SIP accounts has crossed 1 crore mark and as on 31st October 2023 the total no. of SIP Accounts are 7.30 crore.

1.9 HOW TO INVEST IN A MUTUAL FUND

- One can invest in mutual funds by submitting a duly completed application form along with a cheque or bank draft at the branch office or designated Investor Service Centers (ISC) of mutual Funds or Registrar & Transfer Agents of the respective mutual funds.
- One may also choose to invest online through the websites of the respective mutual funds.
- Further, one may invest with the help of / through a financial intermediary i.e., a Mutual Fund Distributor registered with AMFI OR choose to invest directly i.e., without involving or routing the investment through any distributor.

A Mutual Fund Distributor may be an individual or a non-individual entity, such as bank, brokering house or on-line distribution channel provider.

- One may also invest either online mode or via conventional paper based mode through MF Utilities Pvt. Ltd. (MFU) – a technology based shared service platform for MF transactions promoted by the mutual fund industry in respect participating mutual funds. For more information, please visit www.mfuindia.com

- One can also buy mutual funds units through NSE – MFSS and BSE - STAR MF just like a company stock. To avail this facility, one must complete a one-time online registration with NSE or BSE, as the case may be. For more information on NSE – MFSS and BSE - STAR MF, please visit www.nseindia.com / www.bseindia.com

KYC - A PRE-REQUISITE BEFORE INVESTING IN MUTUAL FUNDS.

Before investing in a mutual fund scheme, whether through online mode or via conventional paper-based mode, one must first complete the KYC process by filling up the prescribed KYC form.

KYC stands for "Know Your Customer" and is a term used for Customer Identification Process as a part of account opening process with any financial entity. KYC establishes an investor's identity & address through relevant supporting documents such as prescribed photo id. (e.g., Passport, Aadhaar or PAN card) and address proof. KYC compliance is mandatory under the Prevention of Money Laundering Act, 2002 and Rules framed thereunder.

1.10 REDEMPTION OF UNITS - USING REDEMPTION FORM

In order to redeem funds through offline mode, the unit holder needs to submit a duly signed **Redemption Request form** to the AMC's or the Registrar's designated office. In the redemption form one needs to fill in details like unit holder's name, folio number, scheme name including the plan details, and number of units to redeemed (or the redemption amount desired). In addition, all the holders have to sign the **Redemption form**. The proceeds from the redemption will be credited to the registered bank account of the first named unit holder.

1.11 REDEMPTION OF UNITS - ONLINE

Mutual funds can also be purchased and redeemed online a mutual fund's website.

You simply have to log-on to the 'Online Transaction' page of the desired Mutual Fund and log-in using your Folio Number and/or the PAN, select the Scheme and the number of units (or the amount) you wish to redeem and confirm your transaction.

In addition, central service providers like CAMS (Computer Age Management Services Pvt. Ltd.), Karvy, etc. offer the option of redeeming mutual fund bought from several AMCs. You can download the form online or visit the nearest office. Please note that these agencies might not service all the AMCs

1.12 SYSTEMATIC INVESTMENT PLAN – SIP

Systematic Investment Plan (SIP) is an investment plan (methodology) offered by Mutual Funds wherein one could invest a fixed amount in a mutual fund scheme periodically, at fixed intervals – say once a month, instead of making a lump-sum investment.

The SIP instalment amount could be as little as ₹500 per month. SIP is similar to a recurring deposit where you deposit a small /fixed amount every month.

SIP is a very convenient method of investing in mutual funds through standing instructions to debit your bank account every month, without the hassle of having to write out a cheque each time.

SIP has been gaining popularity among Indian MF investors, as it helps in Rupee Cost Averaging and also in investing in a disciplined manner without worrying about market volatility and timing the market. Systematic Investment Plans offered by mutual funds are easily the best way to enter the world of investments over the long term.

Common sense suggests that “Buying low and selling high” is perhaps the best way to get good returns on your investments. But this is easier said than done, even for the most experienced investors. There are many factors at play when it comes to any market - debt or equity, and all of them are inextricably linked.

SIP is a simpler approach to long term investing is disciplining and committing to a fixed sum for a fixed period and sticking to this schedule regardless of the conditions of the market.

RUPEE COST AVERAGING

Rupee cost averaging, as this practice is called, in a way ensures that you automatically buy more units when the NAV is low and fewer when the NAV is

high...e.g., an SIP of ₹1000 gets you 50 units when the NAV is Rs. 20, but gets you 100 units when the NAV is Rs.10. The average cost for buying those 150 units would be Rs. 2000/150 units i.e., ₹ 13.33.

However, please remember that the Rupee cost averaging does not assure profit, nor does it protect one against investment losses in declining markets. It merely ensures disciplined & regular investment in stock markets, which helps overcome the natural impulse to stop investing in a falling or a depressed market or investing a lot, when markets are buoyant and euphoric.

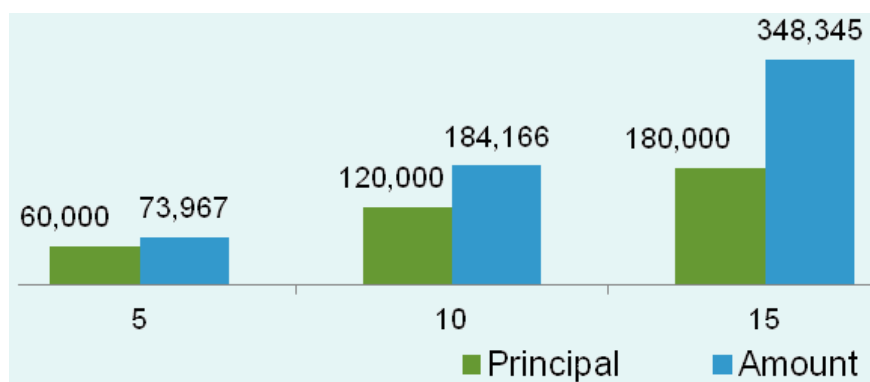
THE POWER OF COMPOUNDING

There is a great advantage with long-term investments, namely, **compounding** which is considered one of the greatest mathematical discoveries.

To put it in simple words, compounding is when the interest (or income) you earn is reinvested in the original corpus and accumulated corpus continues to earn (& grow). Every time this happens, your investment keeps growing, paving the way for a systematic accumulation of money, multiplying over time.

To illustrate, a small amount of ₹1000 invested every month at an interest rate of 8% for 25 years would give you ₹ 9.57 Lakh! That means your investment of just ₹ 3 Lakh would have grown three times over!

Here is a graph that represents the same for a time period of 15 year



STARTING EARLY PAYS WELL

To get the best out of your investments, it is very important to invest for the long-term, which means that you should start investing early, in order to maximize the end returns.

Let's understand this better through an illustration –

Let's assume that two friends, both aged 25, decide to invest ₹ 2000 every month for a period of 5 years and earn 8% p.a. on a monthly compounding basis. The only difference is that while one starts investing promptly at the age of 25 itself, the other starts investing 10 years later at the age of 35 years. Both decide to hold on to their investments till they turn 60. So, while both of them would accumulate principal investment of ₹1.2 Lakh over a period of 5 years, the investment of the person who started early at the age of 25 appreciates to over ₹ 14 Lakh, the investment of the second person who started later grows to only about ₹ 6 Lakh.

Thus, you can clearly see the difference between the two and the clear advantage of investing early. So go ahead. Start investing through SIP today itself.

1.13 NEED OF THE STUDY:

- The main purpose of this study is to analyses the investors perception towards mutual fund
- Further, the study also understand problem faced by the investor and motivating factor to reinvest in mutual fund

1.14 SCOPE OF STUDY:

- To get a better understanding of how investors feel about mutual funds
- Define and analyze the investor's shaping and motivating factors
- The analysis measure of the investor's experience
- Define and examine the investor's shaping and motivating factors

1.15 OBJECTIVES OF THE STUDY:

- To assess investors' awareness of mutual funds as an investment option.
- To understand the factors influencing investors' decisions to invest in mutual funds.
- To analyze the level of risk perception associated with mutual fund investments.
- To examine the impact of investors' demographics (age, income, education, etc.) on their perception of mutual funds.

CHAPTER – 2

REVIEW OF LITERATURE

2.1 REVIEW OF LITERATURE

Dr. Nishi Sharma (2012) The concept of mutual fund emerged in Netherlands in 18th century and introduced in India by unit trust of India in 1960s. As the mutual fund industry provides an option of diversified investment structure with varying degree of risk, it was supposed to be the most lucrative market for Indian investors. It was believed that it will surely tap the savings of common man. But in practice it failed to become a primary choice for investment to Indian investor. During almost six decades (1965-2011) the value of assets under management of mutual fund industry experienced great swings. As against the developed countries where almost every second investor is a mutual unit holder, the product could not get much popularity in India. In this reference, the present paper attempts to investigate the reasons responsible for lesser recognition of mutual fund as a prime investment option. It examines the investor's perception with reference to distinct features provided by mutual fund companies to attract them for investing in specific funds/schemes. The study uses principal component analysis as a tool for factor reduction. The paper explored three factors named as fund/scheme related attributes, monetary benefits and sponsor's related attributes (having respectively six, four and four variables) which may be offered to investors for securing their patronage. The results are expected to provide fruitful insight to mutual fund companies for tailoring their offers suitable to cater the needs and expectations of Indian investors.

Simran Saini; Dr. Bimalanju Anjum (2011) Indian mutual fund has gained a lot of popularity from the past few years. Earlier only UTI enjoyed the monopoly in this industry but with the passage of time many new players entered the market, due to which the UTI monopoly breaks down and the industry faces a severe competition. As the time passes this industry has become a buzz word in the Indian financial system. So, it is very important to know the investors' perception about this industry. The present study analyses the mutual fund investments in relation to investor's behavior. Investors' opinion and perception has been

like type of mutual fund scheme, main objective behind investing in mutual fund scheme, role of financial advisors and brokers, investors' opinion relating to factors that attract them to invest in mutual funds, sources of information, deficiencies in the services provided by the mutual fund managers, challenges before the Indian mutual fund industry etc.

Arathy B, Aswathy A Nair, Anju Sai P, Pravitha N R (2015) Mutual funds provide a platform for a common investor to participate in the Indian capital market with professional fund management irrespective of the amount invested. The Indian mutual fund industry is growing rapidly and this is reflected in the increase in assets under management of various fund houses. Mutual fund investment is less risky than directly investing in stocks and is therefore a safer option for risk adverse investors. This project aims at finding out the factors affecting investment decision on mutual funds and its preference over retail investors. This project also aims at finding about the factors that prevent the people to invest in mutual funds. The findings will help mutual fund companies to identify the areas required for improvement and can also improve their marketing strategies. It will help the mf companies to create new and innovative product according to the orientation of investors

Vipin Kumar, Preeti Bansal, India (2014) The mutual fund sectors are one of the fastest growing sectors in Indian economy and have awesome potential for sustained future growth. Mutual funds make saving and investing simple, accessible, and affordable. The advantages of mutual funds include professional management, diversification, variety, liquidity, affordability, convenience, and ease of recordkeeping as well as strict government regulation and full disclosure. Financial markets are becoming more extensive with wide-ranging financial products trying innovations in designing mutual funds portfolio but these changes need unification in correspondence with investor's expectations. Thus, it has become imperative to study mutual funds from a different angle, which is to focus on investor's perception and expectations. This research paper focused attention on number of factors that highlights investors' perception about mutual funds. It was found that mutual funds were not that much known to investors, still investors rely upon bank and post office deposits, most of the investors used to invest in mutual fund for not more than 3 years and they used to quit from the fund which

were not giving desired results. Equity option and sip mode of investment were on top priority in investors' list. It was also found that maximum number of investors did not analyze risk in their investment and they were depending upon their broker and agent for this work.

Inderjit Kaur, K.P. Kaushik (2016) Mutual funds in India have not been as favorable investment alternatives as in developed countries, as assets under management of mutual funds to gross domestic product in India have been 7- 8 per cent compared to 37 per cent globally. Further, investor base of mutual funds has been narrowing, as retail investors constitute 98 per cent of folios but contributed only 58 per cent of investments in September 2014. To broaden the investor base for mutual funds in India, it remains imperative to understand the determinants of investment behavior of investors towards mutual funds. This study aims to achieve this objective. The research provided that investment behavior could be explained with awareness, perception and socioeconomic characteristics of individual investors. Better awareness related to various aspects of mutual funds will have a positive effect on investment in mutual funds. Contrary to belief, risk perception for mutual funds had no effect on the investment decision. Further, socioeconomic characteristics such as age, gender, occupation, income and education of investors had an impact on the awareness about mutual funds.

Sharma; Parihar (2013) the mutual fund industry is a fast-growing sector of the Indian financial markets. They have become major vehicle for mobilization of savings, especially from the small and household savers for investment in the capital market. Mutual funds entered the Indian capital market in 1964 with a view to provide the retail investors the benefit of diversification of risk, assured returns, and professional management. Every type of investment, including mutual funds, involves risk. Risk refers to the possibility that investors will lose money (both principal and any earnings) or fail to make money on an investment.

G. Velmurugan, V. Selvam, N. Abdul Nazar (2015) The economic liberalization and globalization have brought a fervent environment for the common and small investors who are willing to participate in the various investment avenues available in India. There are large number of small investors, who have the ability to save and make an investment in share market, gold, real estate, insurance and

post office. In recent years, numerous researches have been conducted on investors' perception towards various investments from various perspectives. From a survey on investment literatures of equity, insurance, and mutual fund perspective, there are some studies based on the investment on various avenues made by researchers. However, the investors' perception towards various investment avenues in Vellore city, Tamil Nadu and India is yet to be explored.

Dr.V. Sridevi (2019) a mutual fund is an investment medium that pools funds from various investors and invests the funds in stocks, bonds, short-term money-market instruments, other securities or assets or some combination of these investments. The primary goal behind investment in mutual fund is to earn goods return with comparatively low risk. The main objective of the study is to examine the investor's behavior towards mutual fund investment. A sample of 150 individual investors has been selected for this purpose. Statistical tools like percentage analysis, chi-square test and garret ranking technique were used to analysis the collected data. It can be concluded that the Indian mutual fund industry is growing at a good pace

Martin Mysa (2020) a mutual fund is an investment instrument that brings funds from different buyers and facilitates in investing the funds in bonds, short-term money-market instruments, stocks and other securities or assets are few combinations of investments. The primary goal behind investment in mutual fund is to earn goods return with comparatively low risk. The main objective of this research is to identify buyers' preference towards mutual fund in secunderabad metropolitan city. By using in structured questionnaire, description statistical tools like chi-square test have been used for analyzing the data. The findings from this research are that the most of the buyers are doubtful to invest the new age investment like mutual funds.

Mr.K. Sasikumar, Dr.K. Krishnamurthy (2020) This research aims to study retail investors' preferences towards mutual funds. India is one of the fastest growing economies in the world with rising incomes, but also savings and investments. The main sector of emerging financial markets is investment in mutual funds. The mutual fund sector plays a key role in the development of financial markets, business sector and growth of financial intermediaries. The regulatory measures to develop mutual fund industry and to protect the interests

of mf investors are also important. This study required to examine theoretical aspects of Indian mutual fund industry and retail investor's preferences towards investment.

Dr. Anita Raman, Mrs. N. Sakthi Selvarathinam (2020) An efficient financial sector mobilizes savings and allocates it to those investments which yield the highest rate of return. Savings are the difference between income and consumption of an individual. An increase in the volume of real domestic savings means that resources that would have been used for consumption are released for investment. India has high level of saving rate because of high level of saving motives of individuals. Every individual seems to understand the basic principle of investment. Investment means the purchase made by an individual of a financial or real asset that produces a return proportion to the risk assumed over some future investment period and for achieving this investor decides on how and where to deploy his/her saving. Saving motive is thus, a desire to reserve certain mixture of income for future. The main objective of investor is to invest in different speculation avenues that deliver expected returns and help to chance the risk in future. The investor has some motive for making an investment. The salaried employee category of investor however gives more importance to create more stand-in savings to meet the risk in future. The present study aims to determine and identify investor's preference relating to making an investment in public and private sector mutual funds. It further analyses the investor's satisfaction level of an investment in public and private sector mutual funds. Hence, the study establishes the responsiveness of the investors towards investing in mutual funds

L. Meena (2016) Mutual funds are the pooling of resources from larger small investors and then making it a big corpus to invest in stock market by professionals. In spite of umpteen efforts by regulators (sebi, amfi) and by investment advisory firms, mutual funds have reached merely 5% of indian population. Since there exist enormous untapped market, this paper brings forth how rural investors perceive the various marketing strategies devised and implemented by investment advisory firms. This paper determines the rural investors in Madurai city towards the three broader marketing strategies by mutual funds viz. Direct selling, selling through intermediaries and joint calls. It

was recommended that a new team of trained sales personnel need to be deployed to the rural areas and the code of conduct for them are to be tightened to prevent those misguiding illiterate rural investors for commission motive.

Dr. Meenakshi Bindal, Dr. Bhuwan Gupta, Sweety Dubey (2019) This examination on investor's acknowledgment towards and late improvement and headway of mutual fund premiums in Alwar city goes under the board an area of organization publicizing. In the wide thought of organization publicizing, it exclusively centers on the exhibiting of cash related organizations specifically basic resources. Well-ordered Indian budgetary market is getting the chance to be engaged and the supply of various fiscal instruments ought to be in parity to the premium perspectives of the monetary authorities. The prime drive of any hypothesis is to get most extraordinary returned with abate danger and normal resources allow to the budgetary masters.

Bhavik U. Swadias.M.Patel (2014) Dynamic liberalization of monetary policies, there has been a quick development of capital business sector, currency market and money related service industry including banking, renting and funding. Steady with this development of the financial related sector, the mutual fund industry has likewise come to involve a critical spot. To address these needs of the populace new financial investment schemes like mutual fund and organizations like Asset Management Company are gone for expanding the scope of venture streets. Investing in mutual fund is the most suitable venture for the middle-income investor as it offers a chance to put resources into a differentiated, professionally overseen bucket of securities at a low cost of investment.

K. Alamelu, Dr.G. Indhumathi (2017) Mutual funds are most suitable investment for a common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. The diversification of schemes provides variety of options to suit the individual objectives according to their age, financial position, risk tolerance and return expectations. In the past few years, we had seen a dramatic growth of the Indian mutual fund industry with many private players bringing global expertise to the industry. Investment in mutual funds is affected by the perception of the investors. The objectives of the study are to identify the investor's perception on mutual funds and to analyze the factors affecting investors' perception towards mutual

funds by using 200 convenience samples in Madurai district, Tamil Nadu. The study found in Madurai district is that mostly the lower net worth individuals have positive approach towards investing in mutual funds.

Dr. V.k. Punithavathi (2018) The mutual fund is a collective savings scheme. Mutual funds played an important role in mobilizing the savings of small investors and channelized the same for productive ventures in the Indian economy. This study has analyzed the perception of the investor towards the mutual fund, the reason for preferring mutual fund investment.

Chaitras.B, Suman Chakra Borty (2020) Behavioral finance combines psychology with financial theory to comprehend the associations between markets, emotions, personality and reason. Nowadays the financial services sector has turned out to be extremely diversified offering the investor with a widespread variety of investment opportunities. Investors have dissimilar outlook when they decide about investing in a specific avenue. With proper investment strategies and financial planning investor can increase personal wealth which will contribute to higher economic growth. Economic growth is among the most vital factors affecting the quality of life that people lead in a country. Three variables that measure the growth of an economy are income, saving and investment. In this paper miscellaneous literature prevailing worldwide has been investigated to diagnose the investor's behavior.

Dr. Rajesh Kumar, Iinitin Goel (2014) It has become important to study mutual funds from a different angle, which is to emphasize on investor's perception. This research paper attempts to focus attention on the influence of various factors influencing investors' perception towards mutual funds. A survey was conducted and data was collected by applying convenience method of sampling. Statistical tools like "chi-square test" and "correlation" were applied to analyze the data. The results of chi-square test revealed an association amongst the demographic variables like gender and monthly income with factors like tax benefit and liquidity influencing the investment in mutual funds. The correlation test also revealed that there is a significant relationship amongst the various factors which influence the investor's perception towards performance of mutual fund.

S Sampath Kumar (2019) Mutual funds are most appropriate investment for an investor as it offers a chance to invest in a diversified, professionally managed

basket of securities at a reasonably low cost. It has become important to study mutual funds from a different angle, which is to emphasis on investor's perception. This research paper attempts to focus attention on the influence of various factors influencing investors' perception towards mutual funds. A survey was conducted and data was collected by applying convenience method of sampling. Statistical tools like "chi-square test" and "correlation" were applied to analyze the data. The results of chi-square test revealed an association amongst the demographic variables like gender and monthly income with factors like tax benefit and liquidity influencing the investment in mutual funds. The correlation test also revealed that there is a significant relationship amongst the various factors which influence the investor's perception towards performance of mutual fund.

P.Tamilselvan and Dr.R.Mohanraj (2018) Financial markets are continually becoming more efficient by providing more potential solutions to the investors. Although mutual funds industry is vastly growing in the economy, they do face difficulties in differentiating their products to sudden changes in the economy. Thus, it becomes crucial to understand and analyze investor's perception and expectations, and disclose certain extremely valuable information to support financial decision making of mutual funds. Financial markets are becoming more exhaustive with financial products seeking new innovations and to some extent innovations are also visible in designing mutual funds portfolio but these changes need alignment in accordance with investor's expectations. Thus, it has become crucial to study mutual funds from a different angle, i.e., to focus on investor's attitude towards mutual fund investment that account for their dissatisfaction. Present research proposes to identify the investor attitude towards mutual fund investment.

M.Samira (2018) In this paper an attempt was made understand the investor preference towards mutual funds. The study has been conducted on the basis of primary data and secondary data. Majority of respondents feel that mutual fund they invested on the recommendations and advise of the financial advisors and banks. Data was collected using questionnaire, the most common tool to evaluate the customers' awareness. The sample unit of the study is people living in the city of Salem.

Dr. S. Sudha Christy Joy and Dr. V. Ganeshkumar (2020) Mutual funds play an important role in mobilizing savings of millions of investors across the country. In mutual funds, savings of small investors are mobilized, invested and returns are distributed in the same proportion to the unit holders. Now-a- days bank rates have become very low so, keeping large amount of money in bank does not give higher returns. People can invest in stock market. But a common investor is not well informed about the complexities involved in stock market movements. Here mutual funds play an important role in helping common public to get higher returns. A small investor is not safe in share market. In mutual industry there is no such risk. Mutual funds help to reduce the risk of investing in stocks by spreading or diversifying investments. Small investors enjoy the benefit of diversification

R. Ganapathi (2015) The mutual fund industry in India has registered significant growth since the liberalization of Indian economy in 1991 and has emerged as a significant financial intermediary. The growing importance of Indian mutual funds may be noted in terms of the increased mobilization of funds and the increasing number of schemes and investors in the industry. Therefore, the investors have to consider the prevailing rate of risk-free returns and to compare the fund returns with it. Based on this the selection of schemes and the choice of investment avenues can be decided. Due to the fund manager's poor risk bearing capacity, timing skill, stock selection ability, and imperfect diversification the schemes had suffered with low return. Hence to increase the fund return the concerned fund managers have to improve all these skills.

Dr. M. Raja, Jagadeeswaran B (2020) Mutual fund is a trust that pools the small savings of a number of small and medium investors. The fund collected through the various schemes is invested in different types of securities under the supervision of expert fund manager. Small and medium investors are participating in the capital market without assuming a very high degree of risk. The findings of the study proved that the mutual fund companies should disclose the important information's like return performance of the scheme, risk of the scheme, number of assets in the funds and reputation brand name of the fund on their prospectors.

Raja Rehan, Saba Naz, Imran Umer, Omais Ahmed (2018) In today's volatile financial world mutual funds provide professionally managed, safe and less risky option for investment to the investors, that's why throughout the world mutual funds are an attractive and most invested option of investment. But in Pakistan mutual funds are a relatively new market, less research and less known option by the investors. Therefore, the main purpose of this research project is to analyze different demographic factors that impact an investor's awareness level towards mutual funds and to analyze different factors that shape the investor's perception and their inclination of investment in mutual funds.

Dr.E. Selvarathinam (2019) The objectives of the study are to identify the investor's attitude on mutual funds and to analyze the factors affecting investor's attitude towards mutual fund. The study aims at finding out the attitude of the small investors towards investment in mutual funds in selected study area, by adopting random sampling for 100 respondents, simple statistical tools are used for analyzing the data whatsoever collected in this study. The present investigation outlined that the investors have positive approach towards investing in mutual funds. The investors opt mutual fund for safety and investors collect the information from expert advisors then only invest the money. Mainly investors select the income, growth and equity fund for their investment in mutual

M. Karthikeyan, S. Karthik & S. Muthupandi (2018) The mutual fund has developed as an instrument for guaranteeing one's money related to prosperity. The widespread information and awareness about mutual fund is rising, an ever-increasing number of individuals are appreciating the advantages of putting resources into mutual funds. This exploration presents the customer perception on mutual funds, the type of scheme they inclined, the plans they are picking, the explanations for such choices and furthermore, this examination managed mutual funds, which individuals lean toward alongside apart from mutual funds. As like as postal saving schemes, rd (recurring deposits), bonds and shares. The findings from this study are that the vast majority of the general population is reluctant in going for new age investments like mutual funds and want to turn away investment risks by putting resources into less risky choices recurring deposits and alike.

Mansi Yadav (2018) The mutual fund industry witnessed a boom and found its place on the shelf of the retail financial products in the year 2017. Surge of mutual fund inflows during the previous year was majorly attributable to the massive campaign launched by the association of mutual funds in India. This paper intends to study the investor perception with regards to mutual funds with special reference to the city of Kanpur. The study will be based on primary data which will be conducted through a survey in order to assess the level of awareness of customers with regard to mutual funds, the reasons behind investing in the same and their pattern of investments and the impact of campaign on the investments of the investors.

Gaura Nautiyal (2017) India is one of the few countries in the world which, according to the World Bank, has a household savings rate that is greater than 30%. Despite this, investment options such as mutual funds and equity instruments have a very low penetration rate, especially among rural households. Although a rapid increase in mutual fund investments has been witnessed over the last few years, with an increase of 38.47% from March 2016 to March 2017 having been declared by AMFI, much can be done in this area. Mutual funds can be a good way of initiating new investors to financial investment securities and the capital market. The objective of this study is to determine whether an association exists between gender and the various attributes of perception towards mutual fund investments. Findings of this study can help companies design better product offerings in order to improve the penetration rate of mutual fund investments.

Mr.S. Balamurugan, Dr.k. Soundararajan (2020) the mutual fund sectors are one of the fastest growing sectors in Indian economy and have awesome potential for sustained future growth. Mutual funds make saving and investing simple, accessible and affordable. The advantages of mutual funds include professional management, diversification, variety, liquidity, affordability, convenience and ease of recordkeeping, as well as strict government regulation and full disclosure. Financial markets are becoming more extensive with wide-ranging financial products trying innovations in designing mutual funds portfolio but these changes need unification in correspondence with investor's expectations. Thus, it has become imperative to study mutual funds from a

different angle, which is to focus on investor's perception and expectations.

Rakesh Kumar C. Patel, Dr. Rekha Samar, Dr. Mahendra Meisuriya (2020) In India, there are various investment avenues available for investors to invest and earn profitable return. Among the others financial products, investment in mutual fund ensures the minimum risks and maximum return to the investors. The need and scope of the mutual fund operation has increased as the emphasis is being made on increase in domestic savings and improvement in diversification of investments. Thus, it became important to study the mutual fund industry and the performance of the mutual funds. This study aims to evaluate the performance of a few selected mutual fund schemes of India on the basis of their daily net asset value for the period of five years from 2015- 2019.

Nilesh, Dipshdhandha (2015) Mutual funds offer benefit of diversification of risk to investors. Individual investors may not have the time and professional competence for analyzing risk and return across sectors and companies. Diversification involves the mixing of investments within a portfolio to manage risk. Investing and liquidating investment process is quite easy in case of mutual funds. Funds collected through different schemes by fund managers are invested in equity and debt market for the corporate sector which leads to pooling of investment and capital formation in the country. Mutual funds are considered as an investment option benefiting the investors and the economy as a whole. The present article has been written to describe the growth of mutual funds in India in terms of number of schemes and the net assets under management of mutual fund managers.

Komal B. Sharma (2020) Mutual funds playing a key role in the development of India's debt market and have emerged as a key source of funding. Mutual funds considered as one of the best investment options as compared to other alternatives, as low cost is the common feature of the mutual fund. Mutual fund schemes also provide diversified portfolio management and reducing risk and maximizing returns. Mutual fund scheme is the most ideal investment for the common man as it provides a professionally managed stock market and low risk with maximum returns. The basic need and objectives of this study are to

evaluate the performance of selected debt mutual fund schemes in India and to examine the risk and return component among these mutual funds. The present study is based on secondary data of five debt mutual funds launched by the different private sector companies between the period of January 2017 to December 2019.

Amit Sundaram (2020) The outbreak of the covid-19 pandemic caused widespread panic among people around the world. Many countries enforced a fierce lockdown to curb the spread of the virus. But the lockdown had other plans for businesses as many of them were forced to shut shop leading to highly volatile market conditions and bearish economic conditions in most countries. But was this, the perception of the investors as well? This paper aims to find out the sentiment of investors on mutual funds in the Indian market with assets under management, a predominant performance gradient for mutual funds, as a proxy to analyze the impact of news articles related to the mutual fund industry amid the covid-19 outbreak. The paper also goes on to establish a significant mathematical relationship between sentiment scores and aum and to using regression to generate a forecasting model that could be used to forecast future aum given a sentiment score.

Dr. Anupamkarmakar (2020) A mutual fund is just the connecting bridge or a financial intermediary that allows a group of investors to pool their money together with a predetermined investment objective. The mutual fund is managed by a fund manager who is responsible for investing the gathered money into specific securities (stocks or bonds). Mutual funds mobilize funds by selling their own shares also known as units. When an investor owns a unit in mutual funds, he owns a proportional share of the securities portfolio held by a mutual fund. Mutual fund industry now becomes more attractive to the institutional investors due to professional management, well regulated, flexibility, low cost, tax benefits, wider selection of funds, increasing risk appetite, diversification etc. But the recent pandemic due to covid-19 has created disruptions across the economy and businesses which makes the institutional investors to look for alternative of mutual fund investments. This paper is an attempt to study monthly log returns of selected mutual fund schemes with nifty 50 in order to show the trend in returns during pre and post covid-19 period and to assess the impact of the pandemic

and lockdown on the mutual fund industry.

Nidhi Walia, Dr. Mrs. Ravi Kiran (2009) Financial markets are constantly becoming more efficient by providing more promising solutions to the investors. Being a part of financial markets although mutual funds industry is responding very fast by understanding the dynamics of investor's perception towards rewards, still they are continuously following this race in their endeavor to differentiate their products responding to sudden changes in the economy. Thus, it is high time to understand and analyze investor's perception and expectations, and unveil some extremely valuable information to support financial decision making of mutual funds.

Dr. S. Sudha Christy Joy, Dr. V. Ganeshkuma (2020) Mutual funds play an important role in mobilizing savings of millions of investors across the country. In mutual funds, savings of small investors are mobilized, invested and returns are distributed in the same proportion to the unit holders. Now-a-days bank rates have become very low so, keeping large amount of money in bank does not give higher returns. People can invest in stock market. But a common investor is not well informed about the complexities involved in stock market movements. Here mutual funds play an important role in helping common public to get higher returns. A small investor is not safe in share market. In mutual industry there is no such risk. Mutual funds help to reduce the risk of investing in stocks by spreading or diversifying investments. Small investors enjoy the benefit of diversification.

Nepal Rajan Bilas Bajracharya (2017) Mutual fund is an investment tool which assembles the savings of millions of small investors into huge capital formation. The primary goal behind investment in mutual fund is to earn goods return with comparatively low risk. The main purpose of doing this research is to find out a relationship between selected demographic and socioeconomic characteristics and investors' attitude towards mutual. Another purpose of this research was to rank different sources investors use to make investment decision on the basis on their preference. By using liker scale (0 to 1) and three levels (positive, neutral, negative) in structured questionnaire, researchers have measured the level of attitude towards mutual fund and levels of preference of sources are to investment decision. It is found that, the investors attitude is not independent

towards mutual fund on the basis of demographic and socio-economic variable (age, gender, monthly income, investment level, educational qualification). Also, among selected sources, investors provide their highest preference to brokers/agents to make investment. The study has suggested some important policy measures such as regulatory change, creating investors awareness, encouraging the private companies to raise fund through mutual fund.

Ganga Bhavani & Khyati Shetty (2017) The primary purpose of this study is to investigate how investment choice gets affected by the demographics and perceptions of the investor. Investor's behavior is influenced by many factors at the time of investment decision making. Demographic profile and perceptions play an important role to select a particular choice of investment. However, the results of this research show that the most investors have little knowledge on the investment avenues for their investments. Mann Whitney 'u' test, Kruskal- Wallis has been conducted to test the hypotheses with the help of spss. Logistic regression results of this study prove that investors' age, gender, education and occupation significantly influence the selection of investment avenues. Wealth management professionals emphasize that customer behavior and psychology play a vital role in successfully building and sustaining a wealth management relationship. Behavioral finance is a new emerging science which focuses on understanding the psychology effects on investment decision.

Deepa Anandan Joseph, Jey Anand Selvaraj (2020) The present paper measures the preference of the investors for investment in mutual fund. Mutual funds have a mutual investment forum to engage in qualified asset management in the Indian stock market independent of the amount invested. The Indian mutual fund market expands fast and this is evidenced by the growth in investments under the control of different investment firms. Trading in mutual funds is less costly than investing in bonds, and thus better for risk- adverse buyers. A mutual fund is an investment mechanism that collects and invests funds from different investors into commodities, share, short -term monetary instrument, other instruments, and reserves. The primary objective of mutual fund is to earn a relatively low risk return of goods. This work is primarily aimed to define investor interest for the mutual fund in Chennai.

Elena Kusuma Devi R. A. Rahadi (2020) Mutual funds is an alternative investment designed as a means to raise funds from people who have capital and have the desire to invest, but only have limited time and knowledge. In addition, mutual funds are also expected to increase the role of local investors to invest in the capital market. To encourage an increase in the number of investors, the first online mutual fund investment platform was launched in Indonesia in 2016. Over time, similar platforms began to appear. The theory of technology adoption is implemented in this study to analyze how technology adoption of online mutual fund investment with millennials as the main object of research. Based on various literatures, there are several factors that influence a person to adopt online mutual fund investment, namely performance expectancy, effort expectancy, social influence, facilitating conditions, hedonic motivation, price value, habits, content design quality, user interface and perceived trust.

S.Srilakshmi, Dr. B.Sekar (2016) Mutual funds are still and would continue to be the unique financial tool in the country. One has to appreciate the fact that every aspect of life has its periods of high and lows. This has been the case with the stock markets. Why not apply the same logic to mutual funds? Mutual funds have not failed in any country where they worked with regulatory framework. Their future is bright. The poor performance of many mutual funds schemes may be mostly attributed to the quality of personnel involved and their manner of fund management.

Mr.K.Sasikumar, Dr.K.Krishnamurthy(2020) This research aims to study retail investors' preferences towards mutual funds. India is one of the fastest growing economies in the world with rising incomes, but also savings and investments. The main sector of emerging financial markets is investment in mutual funds. The mutual fund sector plays a key role in the development of financial markets, business sector and growth of financial intermediaries. The regulatory measures to develop mutual fund industry and to protect the interests of mutual fund investors are also important. This study required to examine theoretical aspects of Indian mutual fund industry and retail investor's preferences towards investment.

Dr.S.Naresh, Dr.K.Alamelu (2020) Investing is an important aspect of an individual's life. Although majority of India's population is the youth, there is a lack of awareness regarding Investment Avenue and its importance. Moreover, in

march 2020, India was hit by the covid19 pandemic. Impact across the globe and every sector was affected due to the same. The basic aim of this research is to analyze the impact of covid19 on the investment preferences of retail investors and also on the investment industry in India. The returns up to July 31st, 2020 are taken for the study. Some of the financially aware investors have also grabbed this opportunity of the dip in the market and invested during the pandemic. The stock market has shown 70% recovery till the end of July 2020 from the dip in March 2020. To conclude, covid19 has a drastic effect not only on the investment industry in India but also on all the other aspects of human life. The Indian markets have shown good recovery in short span of time and will hopefully go back to normal soon.

Komal B. Sharma (2020) mutual funds playing a key role in the development of India's debt market and have emerged as a key source of funding. Mutual funds considered as one of the best investment options as compared to other alternatives, as low cost is the common feature of the mutual fund. Mutual fund schemes also provide diversified portfolio management and reducing risk and maximizing returns. Mutual fund scheme is the most ideal investment for the common man as it provides a professionally managed stock market and low risk with maximum returns. The basic need and objectives of this study are to evaluate the performance of selected debt mutual fund schemes in India and to examine the risk and return component among these mutual funds.

Dr. Umesh Maiya (2014) A mutual fund is a trust that pools the savings of a number of investors who share a common financial goal. The mutual fund industry in India started in 1963 with the formation of unit trust of India, at the initiative of the government of India and reserve bank of India. 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 primary objective of this paper is to study the risk perception of mutual fund investors of Udupi district.

K. Karthikeyan, S. Bharath, K. Ranjith Kumar (2012) Financial markets are constantly becoming more efficient by providing more promising solutions to the investors. Thus, it is high time to understand and analyze investor's perception

and expectations and unveil some extremely valuable information to support financial decision making of mutual funds (mf). The main objective of this study was to find out the response of customers towards provision of mutual fund products by banks. This will help in devising further strategies for the tier-ii cities in India to cross sell mutual fund products through the branch network of banks. This article examines the investors' perception towards mutual fund products through banks.

Dr. Rupeet Kaur (2014) This study aims to examine the performance of open-ended debt mutual funds in India. To evaluate the performance a sample of 23 schemes have been selected on the basis of weekly returns compared to benchmark returns. For this purpose, statistical tools average, standard deviation, beta, co-efficient of determination, the return analysis reveals that most of the schemes could not perform better as compared to the benchmark. Whereas the variability in return of market is more than the variability in return of schemes.

Dr. N. Renuka (2017) India's mutual fund market has witnessed phenomenal growth over the last decade. The consistency in the performance of mutual funds has been a major factor that has attracted many investors. Mutual fund is one of the most effective instruments for the small & medium investors for investment and offers opportunity to them to participate in capital market with low level of risk. The performance of mutual fund schemes is dependent on the right strategy adopted by the fund managers in designing the portfolio.

Dr.B.Nimalathasan;Mr.R.Kumar Gandhi (2012) This article focused on the financial performance analysis of mutual fund schemes (equity diversified schemes and equity mid-cap schemes) of selected banks (state bank of India, Canara bank- public bank, icici bank, hdfc bank-private bank).the results of the research work concern among the open ended tax saving schemes, Canara robeco equity diversified is the preferred and ranked top most, at the same time among the open ended-midcap schemes, hdfc capital builder is the preferred and ranked top through various tools. these research findings useful to the investors in terms of understanding the financial performance of the mutual fund schemes. Also, this research finding is useful to the mutual fund company in terms of behavioral aspects of mutual fund.

CHAPTER – 3

RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

A research design is considered as the framework or plan for a study that guides as well as helps the data collection and analysis of data.

3.1.1 Descriptive Research Design

Descriptive research is a study designed to depict the participants in an accurate way. More simply put, descriptive research is all about describing people who take part in the study.

3.2 SAMPLING TECHNIQUES

3.2.1 Data collection

The data was collected using questionnaire from professionals/ common man like those who want to invest in mutual funds and other investment options.

3.2.2 Convenience sampling method

A convenience sample is one of the main types of non-probability sampling methods. A convenience sample is made up of people who are easy to reach.

3.3 SOURCES OF DATA

3.3.1 Primary Data sources:

Primary data are those which are fresh and are collected for the first time, and thus happen to be original in character. The primary data was collected through direct personal interviews (open ended and close ended questionnaires)

3.3.2 Secondary Data sources:

Secondary data refers to data that was collected by someone other than the user. Common sources of secondary data for journal and websites, data that was originally collected for other research purposes

3.4 STRUCTURE OF QUESTIONNAIRE:

Direct personal interviews and open-ended and closed-ended questionnaires were used to collect the primary data.

3.5 SAMPLE SIZE:

A total of 41 people were chosen. Investors, neighborhoods, and workplaces were used to create the study. The respondents were chosen using simple random sampling.

3.6 ANALYTICAL TOOLS:

The analytical tools used are spss for testing the hypothesis, Chi Square test in spss tool ANOVA in spss tool and Correlation analysis in spss tool.

CHAPTER – 4

DATA ANALYSIS AND INTERPRETATION

4.1 PERCENTAGE ANALYSIS

4.1.1 GENDER OF THE RESPONDENT

TABLE 4.1.1 Gender of the Respondent

S.NO	PARTICULARS	NO. OF RESPONDENT	PERCENTAGE
1	MALE	26	63.4 %
2	FEMALE	15	36.6 %
TOTAL		41	100 %

Source: Primary data

Gender
41 responses

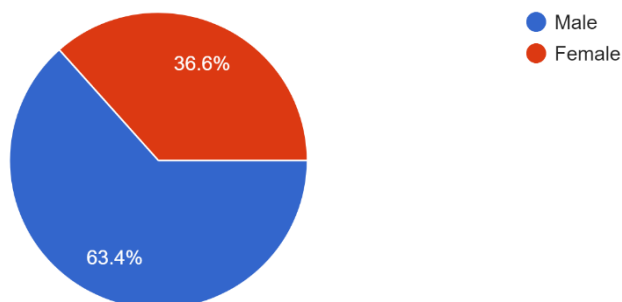


Fig: 4.1. Gender of the Respondent

Interpretation

From the above table it is interpreted that the 63.4 % respondents are male and 36.6 % respondents are female.

Inference

Majority (63.4 %) of the respondents are male.

4.1.2 AGE OF THE RESPONDENT

TABLE 4.1.2 Age of the Respondent

S.NO	PARTICULARS	NO. OF. RESPONDENTS	PERCENTAGE
1	BELOW 20	20	28.57
2	20-35	50	71.43
3	35-50	0	0
4	ABOVE 50	0	0
TOTAL		70	100.00

Source: Primary data

Age
41 responses

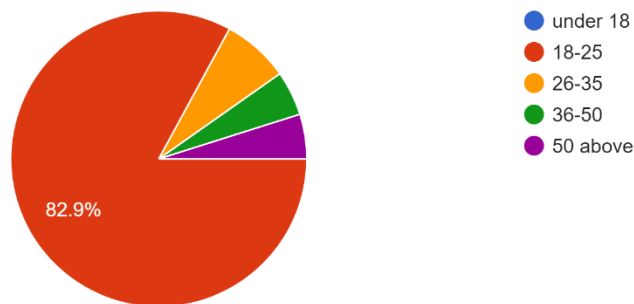


Fig: 4.1.2 Age of the Respondent

Interpretation

From the above table it is interpreted that the 28.57 % respondents are below 20 and the rest 71.43 % respondents are between 20 to 35 years old.

Inference

Majority (71.43 %) of the respondents are between 20 to 35 years old.

4.1.3 EDUCATION LEVEL OF THE RESPONDENT

TABLE 4.1.3 Education level of The Respondent

S.NO	PARTICULARS	NO. OF RESPONDENT	PERCENTAGE
1	High school or less	2	4.9
2	Bachelor's Degree	11	26.8
3	Master's Degree	26	63.4
4	PhD or Higher	2	4.9
TOTAL		41	100.00

Source: Primary data

Education Level
41 responses

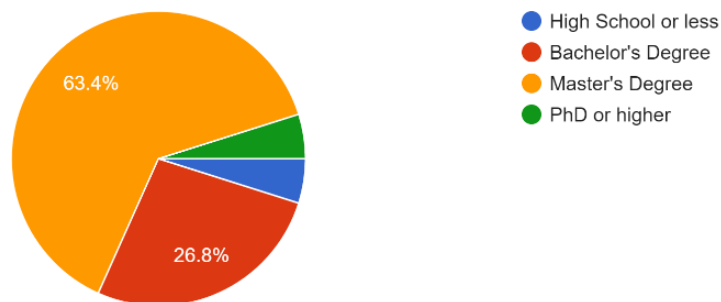


Fig: 4.1.3 Education level of the Respondent

Interpretation

From the above table it is interpreted that the 4.9 % respondents are of High school or less, 26.8 % of the respondent are of Bachelor's Degree, 63.4% of the respondents are of Master's Degree and the rest 2 % respondents are of PhD or Higher.

Inference

Majority (63.4 %) of the respondents are of Master's Degree.

4.1.4 CURRENT EMPLOYMENT STATUS OF THE RESPONDENT

TABLE 4.1.4 Current employment status of the Respondent

S.NO	PARTICULARS	NO. OF RESPONDENT	PERCENTAGE
1	Student	26	63.4 %
2	Self Employed	3	7.3 %
3	Employed Full Time	5	12.2 %
4	Employed Part Time	5	12.2 %
5	Unemployed	2	4.9 %
TOTAL		41	100 %

Source: Primary data

Current employment status
41 responses

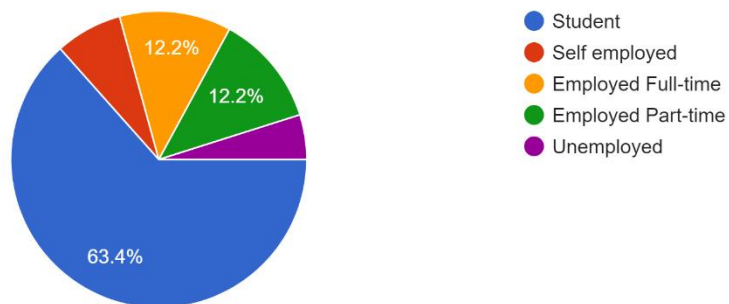


Fig: 4.1.4 Current Employment Status of the Respondent

Interpretation

From the above table it is interpreted that the 63.4 % respondents are of student, 7.3 % of the respondent are self-employed, 12.2 % of the respondents are employed full time, 12.2 % of the respondents are employed part time and the rest 2 % respondents are unemployed.

Inference

Majority (63.4 %) of the respondents are students.

4.1.5 ANNUAL INCOME OF THE RESPONDENT

TABLE 4.1.5 Annual Income of the Respondent

S.NO	PARTICULARS	NO. OF RESPONDENT	PERCENTAGE
1	LESS THAN ₹ 20,000	19	47.5 %
2	₹ 20,000 – ₹ 50,000	8	20 %
3	₹ 50,000 – ₹ 1,00,000	7	17.5 %
4	ABOVE ₹ 1,00,000	6	15 %
TOTAL		40	100 %

Source: Primary data

Annual Income
40 responses

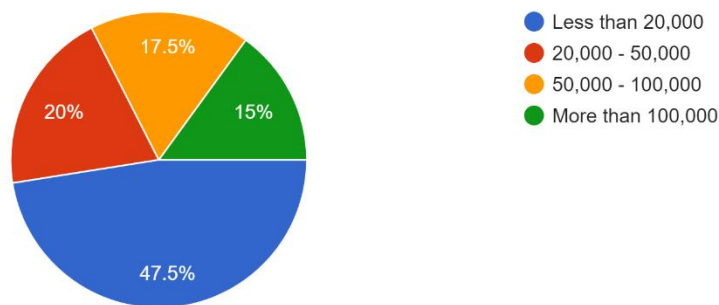


Fig: 4.1.5 Annual Income of the Respondent

Interpretation

From the above table it is interpreted that the 47.5 % respondents have salary less than ₹ 20,000, 20% of the respondent have salary from ₹ 20,000 – ₹ 50,000, 17.5 % of the respondents have salary from ₹ 50,000 – ₹ 1,00,000 and the rest 15 % respondents have salary above ₹ 1,00,000.

Inference

Majority (47.5 %) of the respondents have salary less than ₹ 20,000.

4.1.6 AWARENESS OF THE RESPONDENT

TABLE 4.1.6 Awareness of the Respondent

S.NO	PARTICULARS	NO. OF RESPONDENT	PERCENTAGE
1	Yes	36	90.2 %
2	No	5	9.8 %
TOTAL		41	100 %

Source: Primary data

Have you ever heard of mutual funds as an investment option before taking this survey?

41 responses

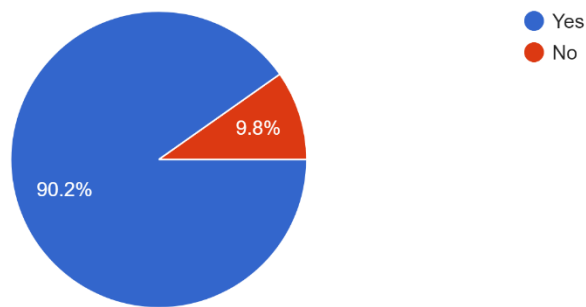


Fig: 4.1.6 Awareness of the Respondent

Interpretation

From the above table it is interpreted that the 90.2 % respondents have heard about mutual fund and 9.8 % respondents has not heard about mutual fund.

Inference

Majority (90.2 %) of the respondents have heard about mutual fund.

4.1.7 KNOWLEDGE OF THE RESPONDENT

TABLE 4.1.7 Knowledge of the Respondent

S.NO	PARTICULARS	NO. OF RESPONDENT	PERCENTAGE
1	Very limited	-	-
2	Limited	5	12.2 %
3	Fair	22	53.7 %
4	Good	12	29.3 %
5	Excellent	2	4.8 %
TOTAL		41	100 %

Source: Primary data

How would you rate your knowledge about mutual funds?

41 responses

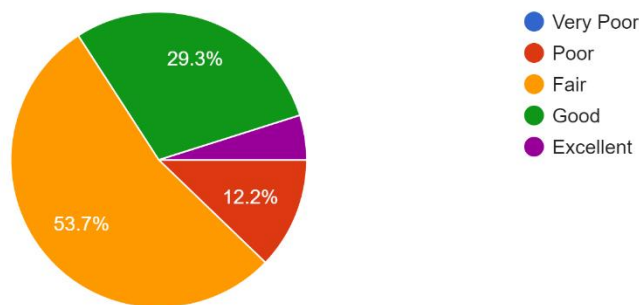


Fig: 4.1.7 Knowledge of the Respondent

Interpretation

From the above table it is interpreted that the 12.2 % respondents have limited knowledge about mutual fund, 53.7 % of the respondents have fair knowledge about mutual fund, 29.3 % of the respondents have good knowledge about mutual fund and the rest 4.8 % respondents have excellent knowledge about mutual fund.

Inference

Majority (53.7 %) of the respondents have fair knowledge about mutual fund.

4.1.8 INFORMATION SOURCE OF THE RESPONDENT

TABLE 4.1.8 Information source of the Respondent

S.NO	PARTICULARS	NO. OF RESPONDENT	PERCENTAGE
1	Financial Advisors	9	22 %
2	Online Resources	14	34.1 %
3	Friends & Family	15	36.6 %
4	Investment Seminars	3	7.3 %
TOTAL		41	100 %

Source: Primary data

How did you acquire information about mutual funds?
41 responses

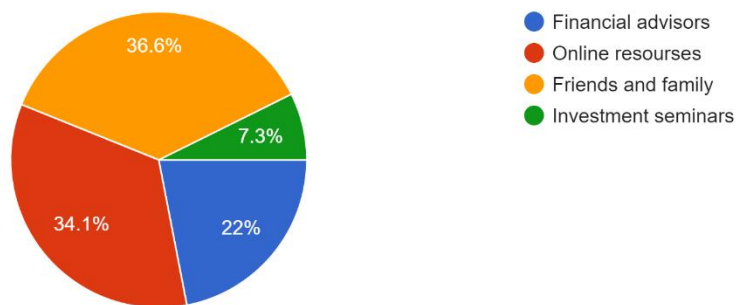


Fig: 4.1.8 Information source of the Respondent

Interpretation

From the above table it is interpreted that the 22 % of respondents acquire information from financial advisors, 34.1 % of the respondents acquire information from online resources, 36.6 % of the respondents acquire information from friends & family and the rest 7.3 % acquire information from investment seminars.

Inference

Majority (36.6 %) of the respondents acquire information from friends & family.

4.1.9 DURATION OF INVESTMENT OF THE RESPONDENT

TABLE 4.1.9 Duration of Investment of the Respondent

S.NO	PARTICULARS	NO. OF RESPONDENT	PERCENTAGE
1	Less than 1 year	28	68.3 %
2	1 – 5 years	9	22 %
3	5 – 10 years	1	2.4 %
4	More than 10 years	3	7.3 %
TOTAL		41	

Source: Primary data

How long have you been investing in mutual funds?

41 responses

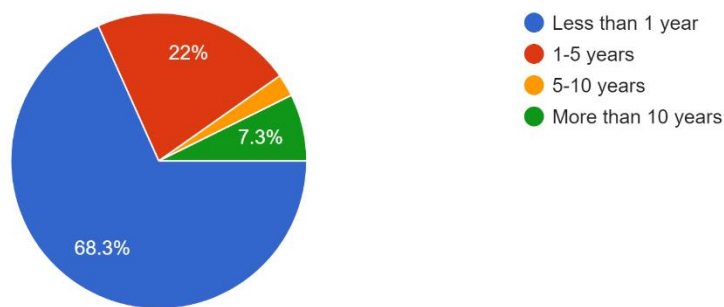


Fig: 4.1.9 Duration of investment of the Respondent

Interpretation

From the above table it is interpreted that the 68.3 % respondents have been investing for less than 1 year, 22 % of the respondents have been investing for 1 – 5 years, 2.4 % of the respondents have been investing for 5 – 10 years and the rest 7.3 % respondents have been investing for more than 10 years.

Inference

Majority (68.3 %) of the respondents have been investing for less than 1 year.

4.1.10 PRIMARY REASONS OF THE RESPONDENT

TABLE 4.1.10 Primary reasons of the Respondent

S.NO	PARTICULARS	NO. OF RESPONDENT	PERCENTAGE
1	Potential for high returns	29	70.7
2	Liquidity	13	31.7
3	Diversification	9	22
4	Tax Benefits	14	34.1
5	Retirement Planning	9	22

Source: Primary data

What are your primary reasons for investing in mutual funds?

41 responses

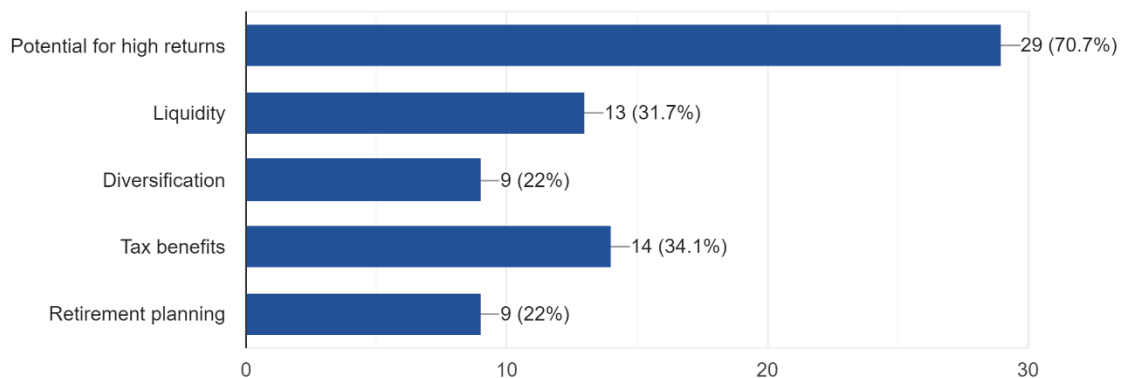


Fig: 4.1.10 Primary reasons of the Respondent

Interpretation

From the above table it is interpreted that the 70.7 % of the respondent's primary reason is potential for high returns, 31.7 % of the respondent's primary reason is liquidity, 22 % of the respondent's primary reason is diversification, 34.1 % of the respondent's primary reason is tax benefits and the rest 22 % of the respondent's primary reason is retirement planning.

Inference

Majority (70.7 %) of the respondent's primary reason is potential for high returns.

4.1.11 REVIEW PERIOD OF THE RESPONDENT

TABLE 4.1.11 Review period of the Respondent

S.NO	PARTICULARS	NO. OF RESPONDENT	PERCENTAGE
1	Daily	3	7.3 %
2	Weekly	6	14.6 %
3	Monthly	19	46.3 %
4	Quarterly	7	17.1 %
5	Annually	3	7.4 %
6	Rarely	3	7.3 %
TOTAL		41	100 %

Source: Primary data

How frequently do you review your mutual fund investments?

41 responses

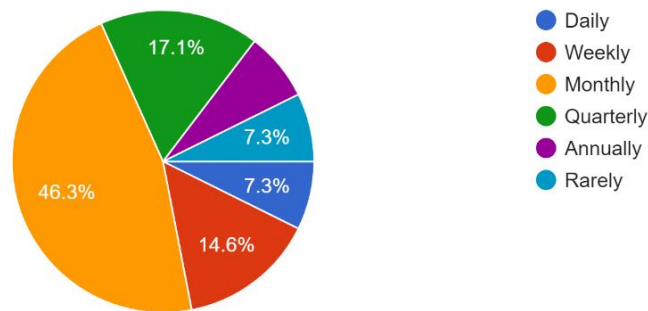


Fig: 4.1.11 Review period of the Respondent

Interpretation

From the above table it is interpreted that the 7.3 % respondents daily review their investments, 14.6 % of the respondents weekly review their investments, 46.3 % of the respondents monthly review their investments, 17.1 % of the respondents quarterly review their investments, 7.4 % of the respondents annually review their investments and the rest 7.3 % of the respondents rarely review their investments.

Inference

Majority (46.3 %) of the respondents monthly review their investments.

4.1.12 FACTORS INFLUENCING THE RESPONDENT

TABLE 4.1.12 Factors influencing the Respondent

S.NO	PARTICULARS	NO. OF RESPONDENT	PERCENTAGE
1	Past performance	24	58.5
2	Fund manager's reputation	8	19.5
3	Fees and expenses	25	61
4	Risk Tolerance	14	34.1
5	Recommendation from the financial advisor	9	22

Source: Primary data

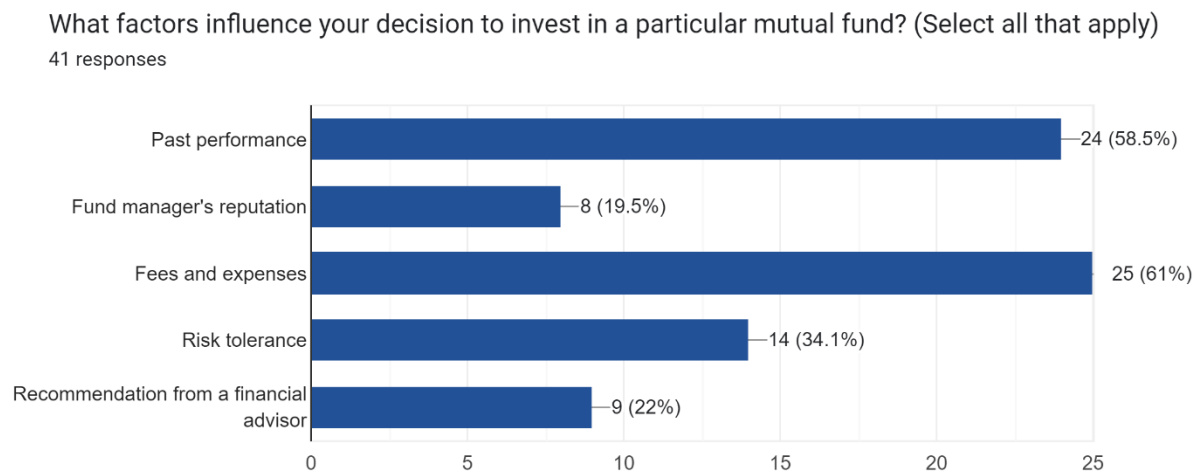


Fig: 4.1.12 Factors influencing the Respondent

Interpretation

From the above table it is interpreted that the 58.5 % of the respondents are influenced by the past performance, 19.5 % of the respondents are influenced by fund manager's reputation, 61 % of the respondents are influenced by fees and expenses, 34.1 % of the respondents are influenced by risk tolerance and the rest 22 % of the respondents are influenced by recommendation from the financial advisor.

Inference

Majority (61 %) of the respondents are influenced by fees and expenses.

4.1.13 LEVEL OF RISK OF THE RESPONDENT

TABLE 4.1.13 Level of risk of the Respondent

S.NO	PARTICULARS	NO. OF RESPONDENT	PERCENTAGE
1	Higher Risk	9	22 %
2	Same Risk	24	58.5 %
3	Lower Risk	8	19.5 %
4	Not Sure	-	-
TOTAL		41	100 %

Source: Primary data

How do you perceive the level of risk associated with mutual fund investments compared to other investment options?

41 responses

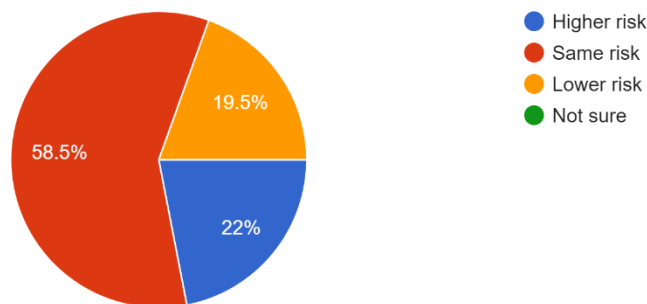


Fig: 4.1.13 Level of risk of the Respondent

Interpretation

From the above table it is interpreted that the 22 % respondents perceive higher risk, 58.5 % of the respondents perceive same risk and the rest 19.5 % respondents perceive lower risk.

Inference

Majority (58.5 %) of the respondents perceive same risk in mutual fund investments as compared to other investment options.

4.1.14 EXPERIENCE OF THE RESPONDENT

TABLE 4.1.14 Experience of the Respondent

S.NO	PARTICULARS	NO. OF RESPONDENT	PERCENTAGE
1	Very Positive	5	12.2 %
2	Positive	17	41.5 %
3	Neutral	18	43.9 %
4	Negative	1	2.4 %
5	Very Negative	-	-
TOTAL		41	100 %

Source: Primary data

How do you rate your experience with a mutual fund investment?

41 responses

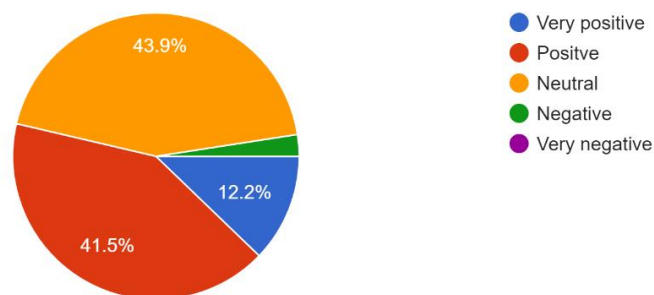


Fig: 4.1.14 Experience of the Respondent

Interpretation

From the above table it is interpreted that the 12.2 % of the respondents have very positive experience, 41.5 % of the respondents have positive experience, 43.9 % of the respondents have neutral experience and the rest 2.4 % of the respondents have negative experience.

Inference

Majority (43.9 %) of the respondents have neutral experience.

4.1.15 CONFIDENCE OF THE RESPONDENT

TABLE 4.1.15 Confidence of the Respondent

S.NO	PARTICULARS	NO. OF RESPONDENT	PERCENTAGE
1	Not Confident at all	-	-
2	Slightly Confident	10	24.4 %
3	Neutral	24	58.5 %
4	Moderately Confident	4	9.8 %
5	Very Confident	3	7.3 %
TOTAL		41	100 %

Source: Primary data

How would you rate your confidence in mutual fund investments?

41 responses

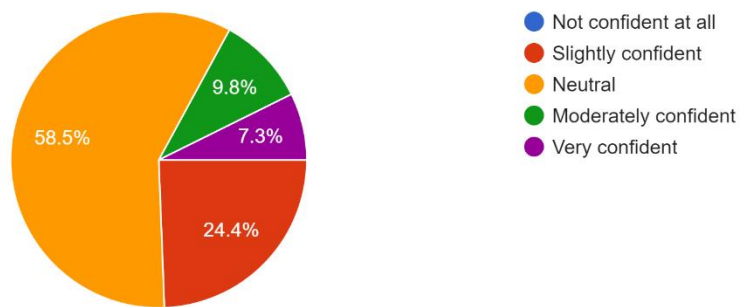


Fig: 4.1.15 Confidence of the Respondent

Interpretation

From the above table it is interpreted that the 24.4 % of the respondents are slightly confident, 58.5 % of the respondents are neutral, 9.8 % of the respondents are moderately confident and the rest 7.3 % of the are very confident.

Inference

Majority (58.5 %) of the respondents have neutral confidence.

4.1.16 PERCEPTION INFLUENCE OF THE RESPONDENT

TABLE 4.1.16 Perception influence of the Respondent

S.NO	PARTICULARS	NO. OF RESPONDENT	PERCENTAGE
1	Yes	25	61 %
2	No	17	41.6 %
3	May Be	19	24.4 %
TOTAL		41	100 %

Source: Primary data

Do you feel that your demographic characteristics (e.g., age, income, education) has influenced your perception of mutual funds?

41 responses

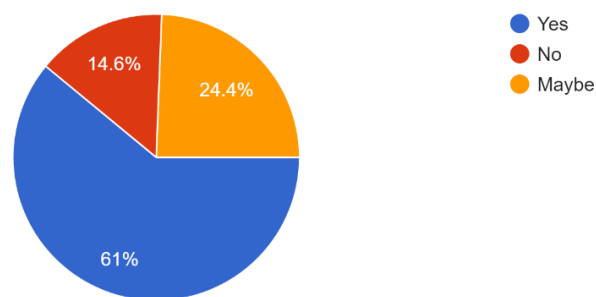


Fig: 4.1.1 Perception influence of the Respondent

Interpretation

From the above table it is interpreted that 61 % of the respondents feel that their demographic characteristics has influenced their perception of mutual fund, 41.6 % of the respondents feel that their demographic characteristics have not influenced their perception of mutual fund and the rest 24.4 % feel that their demographic characteristics may influence their perception of mutual fund.

Inference

Majority (61 %) of the respondents feel that their demographic characteristics has influenced their perception of mutual fund.

4.2 CHI – SQUARE TESTS

TABLE 4.2.1 Chi-Square Test – Hypothesis 1

Null Hypothesis (H0): There is no significant relationship between investors' awareness of mutual funds as an investment option and their investment decisions.

Alternative Hypothesis (H1): There is a significant relationship between investors' awareness of mutual funds as an investment option and their investment decisions.

Have you ever heard of mutual funds as an investment option before taking this survey? * How frequently do you review your mutual fund investments? Crosstabulation

Count		How frequently do you review your mutual fund investments?						Total
		1	2	3	4	5	6	
Have you ever heard of mutual funds as an investment option before taking this survey?	1	3	5	17	6	3	3	37
	2	0	1	2	1	0	0	4
Total		3	6	19	7	3	3	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.474 ^a	5	.916
Likelihood Ratio	2.279	5	.809
Linear-by-Linear Association	.171	1	.679
N of Valid Cases	41		

a. 9 cells (75.0%) have expected count less than 5. The minimum expected count is .29.

Interpretation

Since p value is higher than 0.05, we accept null hypothesis and reject the alternative. There is no significant relationship between investors' awareness of mutual funds as an investment option and their investment decisions.

TABLE 4.2.2 Chi-Square Test – Hypothesis 2

Null Hypothesis (H0): The satisfaction and loyalty of investors towards their mutual fund investments are not influenced by their expectations regarding returns and performance.

Alternative Hypothesis (H1): The satisfaction and loyalty of investors towards their mutual fund investments are influenced by their expectations regarding returns and performance.

How long have you been investing in mutual funds? * What are your primary reasons for investing in mutual funds? Crosstabulation

Count	What are your primary reasons for investing in mutual funds?																Total	
	1	1; 2	1; 2; 3	1; 2; 3; 4; 5	1; 2; 4	1; 2; 4; 5	1; 3	1; 3; 4	1; 3; 5	1; 4	1; 4; 5	1; 5	2	3	4; 5	5		
How long have you been investing in mutual funds?	1	6	1	0	0	1	0	1	1	1	4	1	1	5	3	1	2	28
	2	3	0	1	0	2	1	0	0	0	1	0	0	0	1	0	0	9
	3	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1
	4	2	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	3
Total	...	1	1	1	3	2	1	1	1	5	1	1	5	4	1	2	41	

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	50.582 ^a	45	.263
Likelihood Ratio	33.785	45	.890
N of Valid Cases	41		

a. 63 cells (98.4%) have expected count less than 5. The minimum expected count is .02.

Interpretation

Since p value is higher than 0.05, we accept null hypothesis and reject the alternative. The satisfaction and loyalty of investors towards their mutual fund investments are not influenced by their expectations regarding returns and performance.

4.3 ANOVA TEST

TABLE 4.3.1 Anova Test – Hypothesis 3

Null Hypothesis (H0): There is no significant impact of investors' demographics (age, income, education, etc.) on their perception of mutual funds.

Alternative Hypothesis (H1): Investors' demographics (age, income, education, etc.) significantly influence their perception of mutual funds.

Descriptives								
Education Level								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1	25	2.68	.748	.150	2.37	2.99	1	4
2	6	2.83	.408	.167	2.40	3.26	2	3
3	10	2.60	.516	.163	2.23	2.97	2	3
Total	41	2.68	.650	.101	2.48	2.89	1	4

ANOVA					
Education Level					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.205	2	.102	.233	.793
Within Groups	16.673	38	.439		
Total	16.878	40			

Interpretation

Since p value is higher than 0.05, we accept null hypothesis and reject the alternative. There is no significant impact of investors' demographics (age, income, education, etc.) on their perception of mutual funds.

4.4 CORRELATION ANALYSIS

TABLE 4.4.1 Correlation Analysis – Hypothesis 4

Null Hypothesis (H0): There is no significant correlation between the risk perception associated with mutual fund investments and investors' investment choices.

Alternative Hypothesis (H1): There is a significant correlation between the risk perception associated with mutual fund investments and investors' investment choices.

Correlations

		Education Level	How do you perceive the level of risk associated with mutual fund investments compared to other investment options?
Education Level	Pearson Correlation	1	-.314 [*]
	Sig. (2-tailed)		.045
	N	41	41
How do you perceive the level of risk associated with mutual fund investments compared to other investment options?	Pearson Correlation	-.314 [*]	1
	Sig. (2-tailed)	.045	
	N	41	41

*. Correlation is significant at the 0.05 level (2-tailed).

Interpretation

Since p value is smaller than 0.05, we reject null hypothesis and accept the alternative. There is no significant impact of investors' demographics (age, income, education, etc.) on their perception of mutual funds.

CHAPTER – 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDINGS:

- **63.4 %** of respondents **Male**. This shows that the majority of the male are interested in mutual funds.
- **90.2 %** of the respondents investing in mutual fund are between **18 – 35 age group** peoples.
- **90.2 %** of the respondents investing in mutual fund are **graduated people**.
- **90.2 %** of the respondents has heard about mutual fund as an investment option.
- **53.7 %** of the respondents have **fair** knowledge about mutual fund.
- **70.7 %** of the respondents acquire information about mutual fund from **online resources, friends and family**.
- **90.3 %** of the respondents has been investing in mutual funds from the **last 5 years**.
- **70.7 %** of the respondent's primary reason for investing in mutual fund is **potential for high return**.
- **46.3 %** of the respondents review their mutual fund investment **monthly**.
- **58.5 %** of the respondents rate their confidence in mutual fund investment as **neutral**.
- **61 %** of the investors are influenced **by fees & expenses factor**.
- **58.5 %** of the investors are influenced **by past performance of mutual fund**.
- **58.5 %** of the investors perceive **same risk** in mutual fund as compared to other investment.
- **41.5 %** of the investors rate their experience in mutual fund as **positive**.
- **61 %** of the investors feel their demographic characteristics (e.g... age, income, education) has influenced their perception of mutual funds.

➤ **IN CHI – SQUARE TEST**

- Since p value is higher than 0.05, we accept null hypothesis and reject the alternative. There is no significant relationship between investors' awareness of mutual funds as an investment option and their investment decisions.
- Since p value is higher than 0.05, we accept null hypothesis and reject the alternative. There is no significant relationship between investors' awareness of mutual funds as an investment option and their investment decisions.

➤ **IN ANOVA TEST**

- Since p value is higher than 0.05, we accept null hypothesis and reject the alternative. There is no significant impact of investors' demographics (age, income, education, etc.) on their perception of mutual funds.

➤ **IN CORRELEATION ANALYSIS**

- Since p value is smaller than 0.05, we reject null hypothesis and accept the alternative. There is no significant impact of investors' demographics (age, income, education, etc.) on their perception of mutual funds.

5.2 SUGGESTIONS:

There are some suggestions for better investing for investors that they should keep their investment for long time keeping in mind the level of risk involve and saving pattern, they should take help of private financial consultants to have investment portfolio so as to reduce risk in investment, they should not invest in high volatile funds, they should collect all possible information before investment, periodical review should be done for investment and risk analysis should be done regularly and properly, maintain proper records for each transaction.

- A careful and reasonable diversification of investment in mutual fund should also be there on investor's part to balance the risk involved in investment.
- It is also suggested that investor should have a habit of regular saving to earn some more extra consistently through changing market scenario since small savings will grow into bigger capital base.
- One of the strong suggestions is that to invest a reasonable part of investment in to liquid security so that to meet any contingency.
- Provide complete information relating to mutual funds: Even among the investors who invest in mutual funds are unclear about how they function and how to manage them. So proper information must be provided to the investors in order to increase the loyalty among the investors.
- Better commission should be paid to Asset Management Companies: From the past 4-5 years the trust of investors on mutual funds is reduced because of the poor performance of mutual funds in these years. So, if better commission is paid to Asset Management Companies which are highly knowledgeable and by motivating them, we can improve the distribution system of mutual funds.
- Subsidized Investments to rural investors: Because of the issue of commercial viability, mutual funds were limited to major cities only. So, if mutual funds are offered to rural and semi urban investors at subsidized rates like agricultural loans, the demand for mutual funds increases in rural and semi urban areas also.
- Advertising campaigns must be conducted in rural areas to increase awareness among rural investors.

5.3 CONCLUSION:

Indian Mutual fund industry is gradually moving towards growing phase. Over the last few years level of awareness has increased. But level of awareness has not yet reached to mass investors. Mutual funds are good source of returns for majority of households and it is particularly useful for the people who are at the age of retirement. The economic growth architected under the ages of liberalization and globalization has created positive environment and explored the hidden desire of the investor and motivated them to participate in creating wealth through investing their surplus reserves in financial market.

With increased income investors are looking for new avenues to earn more and also diversifying their portfolio for better protected return and mutual fund are available avenue for shedding the risk through diversification, managed by qualified fund managers. The mutual funds are protected option to get conservative growth of the principle and are easy to buy and sell; individual investor can buy them in open market directly from Fund Company or through third party. Mutual fund the investors in terms of advisory services, participation of investor in companies should come forward with full support for portfolio design, ensure full disclosure of related information to investor, proper consultancy should be given by mutual fund companies to the investors in understanding terms and conditions of different mutual fund schemes, such type of fund designing should be promoted that will ensure to satisfy needs of investors, mutual fund information should be published in investor friendly language and style, proper system to educate investors should be developed by mutual fund companies to analyze risk in investments made by them, etc. On the other it is required from government and regulatory bodies point of view that more laws should be there to secure the funds of investors to be exploited, more tax rebate should be given on mutual fund investment, proper and effective grievance system, right of investor education, and more control on asset management companies should be there.

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ANNEXURE - QUESTIONNAIRE

A STUDY OF INVESTOR'S PERCEPTION TOWARDS THE

MUTUAL FUND INVESTMENT

Section 1: Demographics (Q1-Q5)

1. What is your age?

- Under 18
- 18-25
- 26-35
- 36-50
- Over 50

2. What is your gender?

- Male
- Female
- Other

3. What is your highest level of education?

- High School
- Bachelor's Degree
- Master's Degree
- Ph.D. or equivalent

4. What is your current employment status?

- Employed full-time
- Employed part-time
- Self-employed
- Unemployed
- Student

5. What is your approximate annual income?

- Less than Rs 20,000
- Rs 20,000 - Rs 50,000
- Rs 50,000 - Rs 1,00,000
- More than Rs 1,00,000

Section 2: Awareness of Mutual Funds (Q6-Q9)

6. Have you ever heard of mutual funds as an investment option before taking this survey?

- Yes
- No

7. How would you rate your knowledge about mutual funds?

- Very Limited
- Limited
- Moderate
- Good
- Excellent

8. How did you acquire information about mutual funds?

- Financial advisors
- Online resources
- Friends and family
- Investment seminars
- Others:

9. How long have you been investing in mutual funds?

- Less than 1 year
- 1-5 years
- 5-10 years
- More than 10 years

Section 3: Factors Influencing Investment Decisions (Q10-Q12)

10. What are your primary reasons for investing in mutual funds? (Select all that apply)

- Potential for high returns
- Liquidity
- Diversification
- Tax benefits
- Retirement planning

11. How frequently do you review your mutual fund investments?

- Daily
- Weekly
- Monthly
- Quarterly
- Annually
- Rarely

12. What factors influence your decision to invest in a particular mutual fund?

(Select all that apply)

- Past performance
- Fund manager's reputation
- Fees and expenses
- Risk tolerance
- Recommendation from a financial advisor

Section 4: Risk Perception (Q13-Q15)

13. How do you perceive the level of risk associated with mutual fund investments compared to other investment options?

- Higher risk
- Same risk
- Lower risk
- Not sure

14. How do you rate your experience with a mutual fund investment?

- Very positive
- Positive
- Neutral
- Negative
- Very negative

15. How would you rate your confidence in mutual fund investments?

- Not confident at all
- Slightly confident
- Neutral
- Moderately confident
- Very confident

Section 5: Overall Perception of Mutual Funds (Q16-Q17)

16. Do you feel that your demographic characteristics (e.g., age, income, education) have influenced your perception of mutual funds?

- Yes
- No
- Not sure

17. How do you rate your overall perception of mutual funds as an investment option?

- Very positive
- Positive
- Neutral
- Negative
- Very negative