

A STUDY ON INVESTOR AWARENESS ABOUT INVESTMENT OF MUTUAL FUND

Submitted in partial fulfilment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

by

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**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
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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of SARAN.M (42410257) who carried out the Project Training “A STUDY ON INVESTOR AWARENESS ABOUT INVESTMENT OF MUTUAL FUND” under my supervision from January 2023 to March 2023.

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I **SARAN.M(42410257)** hereby declare that the Project Report entitled “**A STUDY ON INVESTOR AWARENESS ABOUT INVESTMENT OF MUTUAL FUND** ” done by me under the guidance of **DR.S. SHANTHINI M.COM,MBA,NET** is submitted in partial fulfilment of the requirements for the award of Master of Business Administration degree.

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ABSTRACT

Investment is done with the motive of earning a regular return, risk-free. In our country, a number of investment measures can be seen ranging from insurance policies to shares or debentures. The type of investment chosen depends upon the income level and the risk taking ability of the investor. Mutual Funds are an emerging mode of investment with great potential as its got diverging investing modes with regular return and minimized risk. But the awareness level it has with respect to the citizens of our country is really low. The vague knowledge on the same has forced many to stay away or even opt out from such mode of investment. This study has been adopted with the aim to study the awareness level mutual funds have among the investing population in India and to suggest better remedies to familiarize them among the population.

KEYWORDS: Mutual fund, investors' perception, investors' behavior, objectives, Investment, Risk, Return, Awareness, Familiarize

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CHAPTER-I

INTRODUCTION

1.1 INTRODUCTION TO THE TOPIC

In the last decade we have seen enormous growth in the size of mutual fund industry in India. Especially the private sector has show treatment growth. With unmatched advances on the information technology, increased role of the institutional investors in the stock market and the SEBI still in its infancy, the mutual fund industry players gained unparalleled and unlocked power. To ensure the safety of investment of small investors against whims and fancies of professional fund managers have become the need of the hour.

1.2 WHAT IS INVESTMENT?

Trade off between risk and reward while aiming for incremental gain and preservative of the invested amount (principal). In contrast, speculation aims at 'high gain or heavy loss', and gambling at 'out of proportion gain or total loss.' Two main classes of investment are

- Fixed income investment such as bonds, fixed deposits, preference shares
- Variable income investment such as business ownership (equities), property ownership.

In economics, investment means creation of capital or goods capable of producing other goods or services. Expenditure on education and health is recognized as an investment in human capital, and research and development in intellectual capital. Return on investment (ROI) is a key measure of firm's performance.

1.3 NEED FOR THE STUDY

- The main purpose of doing this project was to know about mutual fund and its functioning. This helps to know in details about mutual fund industry right from its inception stage, growth and future prospects.
- The research involves only a general study related to the investment Awareness of investors towards mutual funds.
- The research would reveal results regarding the Investment Awareness of various investors about mutual funds and thus in turn, helps the organization to

identify the Awareness of various investors and to improve the marketing of mutual funds.

1.4 STATEMENT OF THE PROBLEM

Mutual fund is an investment vehicle created with pooling of funds collected from the scattered investors for the purpose of investing in stocks, bonds, money market instruments or similar assets. Some have benefited from it and many are not even aware of such a mode of investment. Some of the investors, with their limited knowledge on this mode, invest in it expecting return higher than those provided under time deposits in commercial banks if the expected yield under do not come up instead turn to backfire, they quit from this mode and demotivate new ones from entering. One of the lucrative investment avenues available for investors is mutual fund nowadays. The problem at hand was to study and measure the awareness level of people regarding mutual funds in the city. To find out Investors' awareness about Mutual fund products. The study includes analysis of the investors on the basis of their investment objectives, age etc. It also examined the position of MF among investment avenues available for the investors and the past performances of various schemes from the active AMC's in Indian market on the basis of NAV & time. So that it can help the advisors as well as investors to choose the correct portfolio. This study is conducted with the aim to understand the extent of awareness of Mutual funds in investors and steps in familiarizing them among potential investors.

1.5 OBJECTIVES OF THE STUDY

- To study and analyze of mutual fund industry funds.
- To examine the awareness level of mutual fund investors.

1.6 SCOPE OF THE STUDY

The scope of the study is to track out the investors' preferences, priorities and their awareness towards different mutual fund schemes. Keeping in view the various constraints the scope of the study is limited only to the investors residing in Salem. Data for the study is collected from a sample of 150 investors by using stratified sampling.

1.7 SIGNIFICANCE OF THE STUDY

In the present scenario Mutual fund investments are the excellent resource of investments and it is further helpful for the salary class people for getting tax benefit. Mutual fund industries are gaining weight for the reason that salaried group people and the middle income people prefer their investment preferable avenue for the investment destination. There are different traditional investment options are available i.e., gold investment, government bonds, real estate, post office savings schemes, insurances and fixed deposits etc. Most of the investors are gaining awareness about the mutual funds irrespective of their age, gender and their income etc. In reality, most of the people investing in mutual funds are not clear regarding its functioning and management. Subsequently the business organizations which are offering mutual funds have to present absolute information to the potential investors relating to mutual funds.

1.8 LIMITATIONS OF THE STUDY

- i) This research reflects on individual customer in Salem only. So findings and suggestions given on the basis of this research cannot be extrapolated to the entire population.
- ii) Sample size is 150 which is very small that is not enough to study the awareness of consumers of the country.
- iii) Respondents are not sincere and care full to fill up the questionnaire so we cannot find right solution.
- iv) As sampling technique is convenient sampling so it may result in personal bias. So perfect result cannot be achieved.
- v) The study might also consist of the respondents' bias answer.
- vi) It take much time to go in different areas and fill up questionnaire so the timings are also limited to make the project.
- vii) To create hypothesis and make cross tabulation is little bit confusing technique so it may be a limitation.
- viii) In India people are not much care full and educated regarding investment plan so to do this type of research is little hard.

1.9 CHAPTER FRAMEWORK

CHAPTER I deals with the crisp introduction of topic. Along with this it deals with the introduction of the topic, need for the study, statement of the study, objective of the study, scope of the study, significance of the study, limitations of the study and portrays the profiles of the mutual fund industry and UTI mutual fund. Then contains a detailed study of functioning of mutual fund and regulatory authorities, tax planning for investors, how cost evolved in mutual fund.

CHAPTER II gives the review of literature

CHAPTER III gives the research methodology

CHAPTER IV gives the analysis and interpretation of the data

CHAPTER V suggests some suggestions, findings, recommendation based on the study done.

1.10 INDUSTRY PROFILE

1.10.1 INTRODUCTION:

The Indian financial system based on four basic components like Financial Market, Financial Institutions, Financial Service, Financial Instruments. All are play important role for smooth activities for the transfer of the funds and allocation of the funds. The main aim of the Indian financial system is that providing the efficiently services to the capital market. The Indian capital market has been increasing tremendously during the second generation reforms. The first generation reforms started in 1991 the concept of LPG. (Liberalization, privatization, Globalization)

Then after 1997 second generation reforms was started, still the it's going on, its include reforms of industrial investment ,reforms of fiscal policy, reforms of ex-imp policy, reforms of public sector, reforms of financial sector, reforms of foreign investment through the institutional investors, reforms banking sectors. The economic development model adopted by India in the post-independence era has been characterized by mixed economy with the public sector playing a dominating role and the activities in private industrial sector control measures emaciated form time to time. The last two decades have been a phenomenal expansion in geographical coverage and the financial spread of our financial system.

The spared of the banking system has been a major factor in promoting financial intermediation in the economy and in the growth of financial savings with progressive liberalization of economic policies, there has been a rapid growth of capital market, money market and financial services industry including merchant banking, leasing and venture capital, leasing, hire purchasing. Consistent with the growth of financial sector and second generation reforms its need to fruition of the financial sector. Its also needto providing the efficient service to the investor mostly if the investors are supply small amount, in that point of view the mutual fund play vital for better service to the small investors. The main vision for the analysis for this study is to scrutinize the performance of five star rated mutual funds, given the weight of risk, return, and assets undermanagement, net assets value, book value and price earnings ratio.

1.10.2 WHAT IS A MUTUAL FUND?

Mutual fund is the pool of the money, based on the trust who invests the savings of a number of investors who shares a common financial goal, like the capital appreciation and dividend earning. The money thus collect is then invested in capital market instruments such as shares, debenture, and foreign market. Investors invest money and get the units as per the unit value which we called as NAV (net asset value). Mutual fund is the most suitable investment for the common man as it offers as opportunity to invest in diversified portfolio management, goosd research team, professionally managed Indian stock as well as the foreign market, the main aim of the fund manager is to taking the scrip that have under value and future will rising, then fund manager sell out the stock. Fund manager concentration on risk- return trade off, where minimize the risk and maximize the return through diversification of the portfolio. The most common feature of the mutual fund unit are low cost.

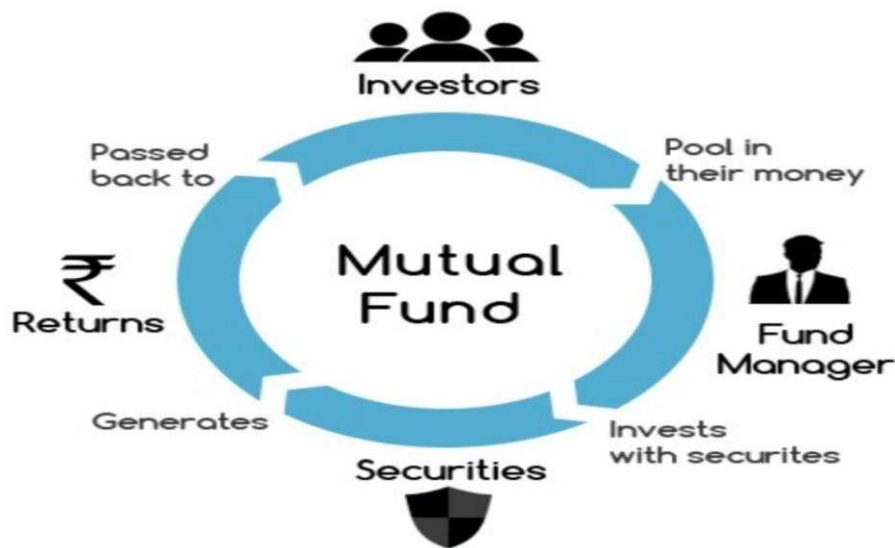


Figure 1.1

1.10.3 GROWTH OF MUTUAL FUND INDUSTRY

The history of mutual funds dates support to 19th century when it was introduced in Europe, in particular, Great Britain, Robert Fleming set up in 1868 the first investment trust called Foreign and colonial investment trust which promised to manage the finances of the moneyed classes of Scotland by scattering the investment over a number of different stocks. This investment trust and other investment trusts which were afterward set up in Britain and the U.S., resembled today's close – ended mutual funds. The first mutual fund in the U.S., Massachusetts investor's trust, was set up in March 1924. This was the open -ended mutual fund.

The stock market crash in 1929, the Great Depression, and the outbreak of the Second World War slackened the pace of growth of the mutual fund industry. Innovations in products and services increased the popularity of mutual funds in the 1950s and 1960s. The first international stock mutual fund was introduced in the US in 1940. In 1976, the first tax exempt municipal bond funds emerged and in 1979, the first money market mutual funds were created. The latest additions are the international bond fund in 1986 arm funds in 1990. This industry witnessed substantial growth in the eighties and nighties when there was a significant increase in the number of mutual funds, schemes, assets, and shareholders. In the US the mutual fund industry registered s ten – fold growth the eighties. Since 1996, mutual fund assets have exceeds bank deposits. The mutual fund industry and the banking industry virtually rival each other in size.

A Mutual fund is type of Investment Company that gathers assets form investors and collectively invests in stocks, bonds, or money market instruments. The investment company concepts date to Europe in the late 1700s, according to K. Geert Rouen host in the Origins Mutual Funds, when “a Dutch Merchant and Broker Invited subscriptions from investor with limited means.” The materialization of “investment pooling” in England in the 1800s brought the concept closer to U.S. shares. The enactment of two British Laws, the joint Stock Companies Acts of 1862 and 1867, permitted investors to share in the profits of an investment enterprise, and limited investor liability to the amount of investment capital devoted to the enterprise.

May be more outstandingly, the British fund model established a direct link with U.S. Securities markets, serving finance the development of the post -Civil War U.S. economy. The Scottish American Investment Trust, Formed on February1, 1873 by fundpioneer Robert Fleming, invested in the economic potential of the United States, Chiefly through American railroad bonds. Many other trusts followed that not only targeted investment in America, but led to the introduction of the fund investing concept on U.S. shores in the late 1800 and early 1900s.

Nov.1925. All these funds were open-ended having redemption feature. Similarly, they had almost all the features of good modern Mutual Funds -like sound investment policies and restrictions, open end ness, self-liquidating features, a publicized portfolio, simple capital structure, excellent and professional fund management and diversificationetc., and hence they are the honored grand -parents of today's funds. Prior to these funds all the initial investment companies were closed -ended companies. Therefore, it can be said that although the basic concept of diversification and professional fund management, were picked by U.S.A. from England Investment Companies "The Mutual fund is an American Creation."

Because of their exclusive feature, open -ended Mutual funds rapidly became very popular. By 1929, there were 19 open -ended Mutual funds in USA with total assets of \$140 millions. But the 1929 Stock Market crash followed by great depression of 1930 ravaged the U.S. Financial Market as well as the Mutual fund Industry. This necessitated stricter regulation for mutual funds and for Financial Sectors. Hence , to protect the interest of the common investors, U.S. Government passed various Acts, such a Securities Act 1933, Securities Exchange Act 1934 and the Investment Companies Act 1940. A committee called the National Committee of Investment Company (Now, Investment Company Institute), was also formed to co -operate with Federal Regulatory Agency and to keep informed of trends in Mutual Fund Legislation.

As a result of these measure, the Mutual Fund Industry began to develop speedily and the total net assets of the Mutual Funds Industry increased from \$448 million in 1940 to \$2.5 billion in 1950. The number of shareholder's accounts increased from 29600, to

more than one Million during 1940-1951. “As a result of renewed interest in Mutual Fund Industry they grew at 18% annual compound rate reaching peak of their rapid growth curve in the late 1960s.”

1.10.4 ORGANIZATION STRUCTURE OF MUTUAL FUNDS

Mutual funds have organization structure as per the Security Exchange Board of India guideline, Security Exchange Board of India specified authority and responsibility of Trustee and Asset Management Companies. The objective is to be controlling, to promoted, to regulate, to protect the investors right and efficient trading of units. Operations of mutual fund start with investors save their money on mutual fund, then Mutual Fund manager handling the funds and strategic investment on scrip. As per the objectives of scheme manager selected scrips. Unit value will become high when fund manager investment policy generate the return on capital market. Unit return depends on fund return and efficient capital market. Also affects international capital market, liquidity and at last economic policy. Below the graph indicates how the process was going on to investors to earn returns. Mutual fund manager having high responsibility inside of return and how to minimize the risk.

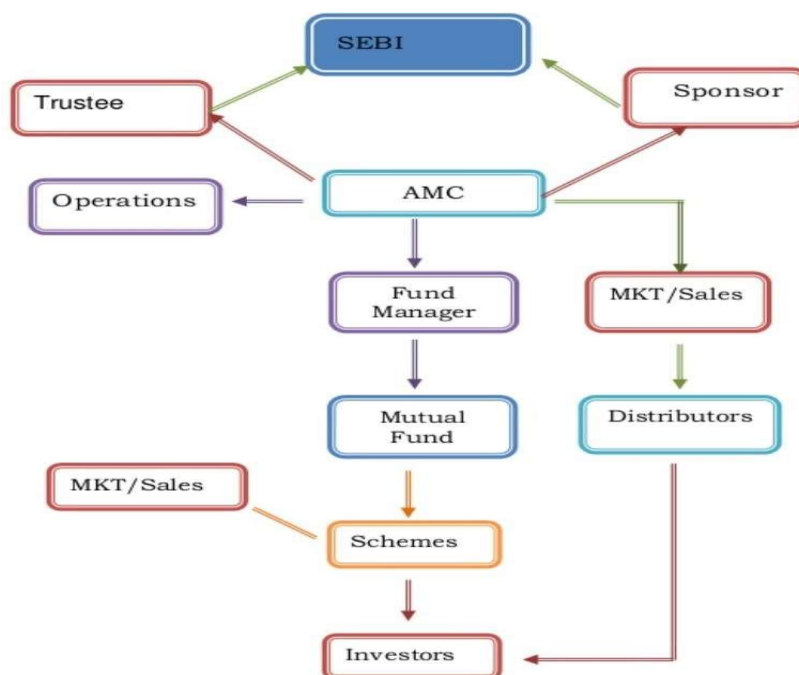


Figure 1.2

The Mutual fund organization as per the SEBI formation and necessary formation is needed for smooth activities of the companies and achieved objectives. Transfer agent and custodian play role for dematerialization of the fund and unit holders hold the account statement, but custody of the unit is on Asset Management Company. Custodian holds all the fund units on dematerialization form. Sponsor had decided the responsibility of custodian when investor to purchase the fund and to sell the unit. Application forms, transaction slip and other requests received by transfer agent, middlemen between investors and Asset Management Companies.

Sponsor

Sponsor is the person who acting alone or in combination with another body corporate establishes a mutual fund. Sponsor must contribute at least 40% of the net worth of the Investment managed and meet the eligibility criteria prescribed under the Securities and Exchange Board of India (Mutual fund) regulations, 1996. The sponsor is not responsible or liable of any loss or shortfall resulting from the operation of the Schemes beyond the initial contribution made by it towards setting up of the Mutual Fund.

Trust

The Mutual Fund is constituted as a trust in accordance with the provisions of the India Trusts Act, 1882 by the Sponsor. The Trust deed is registered under the Indian Registration Act, 1908.

Trustee

Trustee is usually a company (corporate body) or a Board of Trustees (body of individuals). The main responsibility of the trustee is to safeguard the interest of the unit holders and ensure that the AMC functions in the interest of investors and in accordance with the SEBI (Mutual funds) regulations, 1996, the provisions of the Trust Deed and the offer Documents of the respective Schemes. At least 2/3rd directors of the trustee are independent directors who are not associated with the sponsor in anymanner.

Asset Management Company(AMC)

The AMC is appointed by the trustee as the Investment Manager of the Mutual fund. The AMC is required to be approved by the Securities and Exchange Board of India (SEBI) to act as an asset management company of the Mutual fund. At least 50% of the directors of the AMC are independent directors who are not associated with the sponsor in any manner. The AMC must have a net worth of at least 10 cores at all times.

Registrar and Transfer agent

The AMC if so authorized by the Trust Deed appoints the Registrar and Transfer Agent to the Mutual Funds. The registrar processes the application form, redemption requests and dispatches account statements to the unit holders. The registrar and Transfer agent also handles communications with investors and updates investor records.

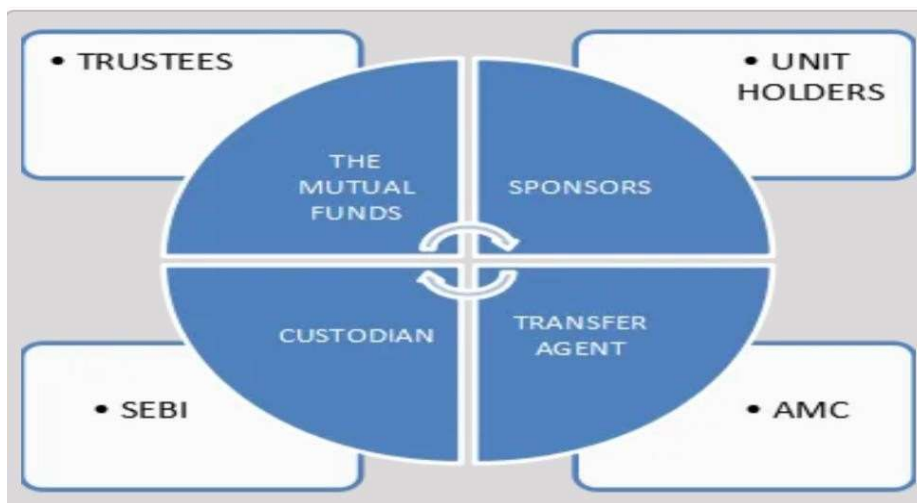


Figure 1.3

1.10.5 HISTORY OF MUTUAL FUND 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 Canbank 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 cognisance 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 two years the AUM size has crossed ₹15 lakh crore in July 2016.

The overall size of the Indian MF Industry has grown from ₹ 3.26 trillion as on 31st March 2007 to ₹ 15.63 trillion as on 31st August 2016, the highest AUM ever and a five-fold increase in a span of less than 10 years !!

In fact, the MF Industry has more doubled its AUM in the last 4 years from ₹ 5.87 trillion as on 31st March, 2012 to ₹ 12.33 trillion as on 31st March, 2016 and further grown to ₹ 15.63 trillion as on 31st August 2016.

The no. of investor folios has gone up from 3.95 crore folios as on 31-03-2014 to 4.98 crore as on 31-08-2016.

On an average 3.38 lakh new folios are added every month in the last 2 years since Jun 2014.

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-energising 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.

In fact, even though FY 2015-16 was not a very good year for the Indian securities market, the MF Industry witnessed steady positive net inflows month after month, even when the FIIs were pulling out in a big way. This was largely because of the 'hand- holding' of the investors by the MF distributors and convincing them to stay invested and/or invest at lower NAVs when the market had fallen.

MF distributors have also had a major role in popularising Systematic Investment Plans (SIP) over the years. In April 2016, the no. of SIP accounts has crossed 1 crore mark and currently each month retail investors contribute around ₹3,500 crore via SIPs.

The graph indicates the growth of assets over the last 10 years.

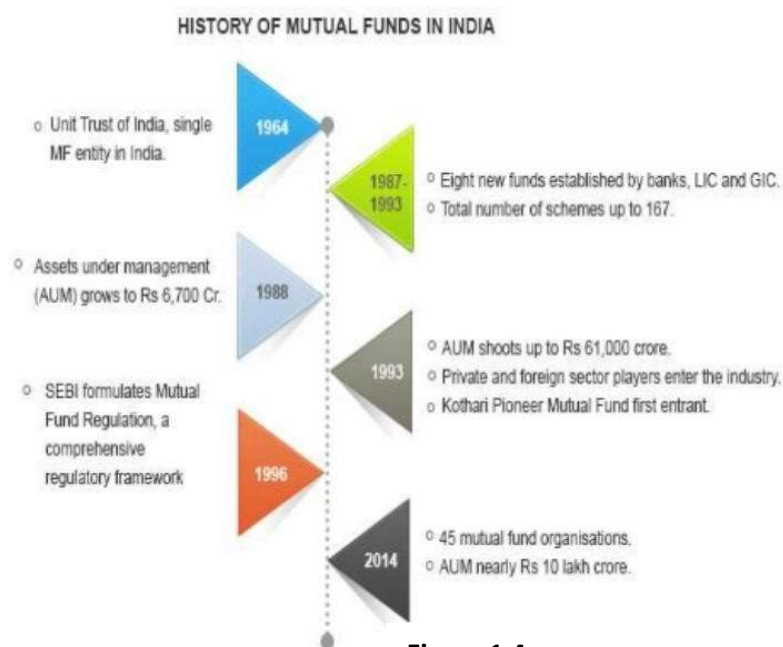


Figure 1.4

1.10.6 GROWTH OF MUTUAL FUNDS IN INDIA

By the year 1970, the industry had 361 Funds with combined total assets of 47.6 billion dollars in 10.7 million shareholder's account. However, from 1970 and on wards rising interest rates, stock market stagnation, inflation and investors some other reservation about the profitability of mutual funds, Adversely affected the growth of mutual funds. Hence mutual fund realized the need to introduce new types of mutual funds, which were in tune with changing requirements and interests of the investors. The 1970's saw a new kind of fund innovation; Funds with no sales commission called "no load" funds. The largest and most successful no load family of funds is the Vanguard Funds, created by John Bogle in 1977.

In the series of new product, the first Money Market Mutual Fund (MMMMF) i.e. The Reserve Fund was started in November 1971. This new concept signaled a dramatic change in Mutual Fund Industry. Most importantly, it attracted new small and individual investors to mutual fund concept and sparked a surge of creativity in the industry.



Figure 1.5

1.10.7 TYPES OF MUTUAL FUNDS

Wide variety of Mutual Funds Schemes exists to cater to the needs such as financial position, risk tolerance and return expectations etc. The chart below gives an overview into the existing

Types of schemes in the Industry

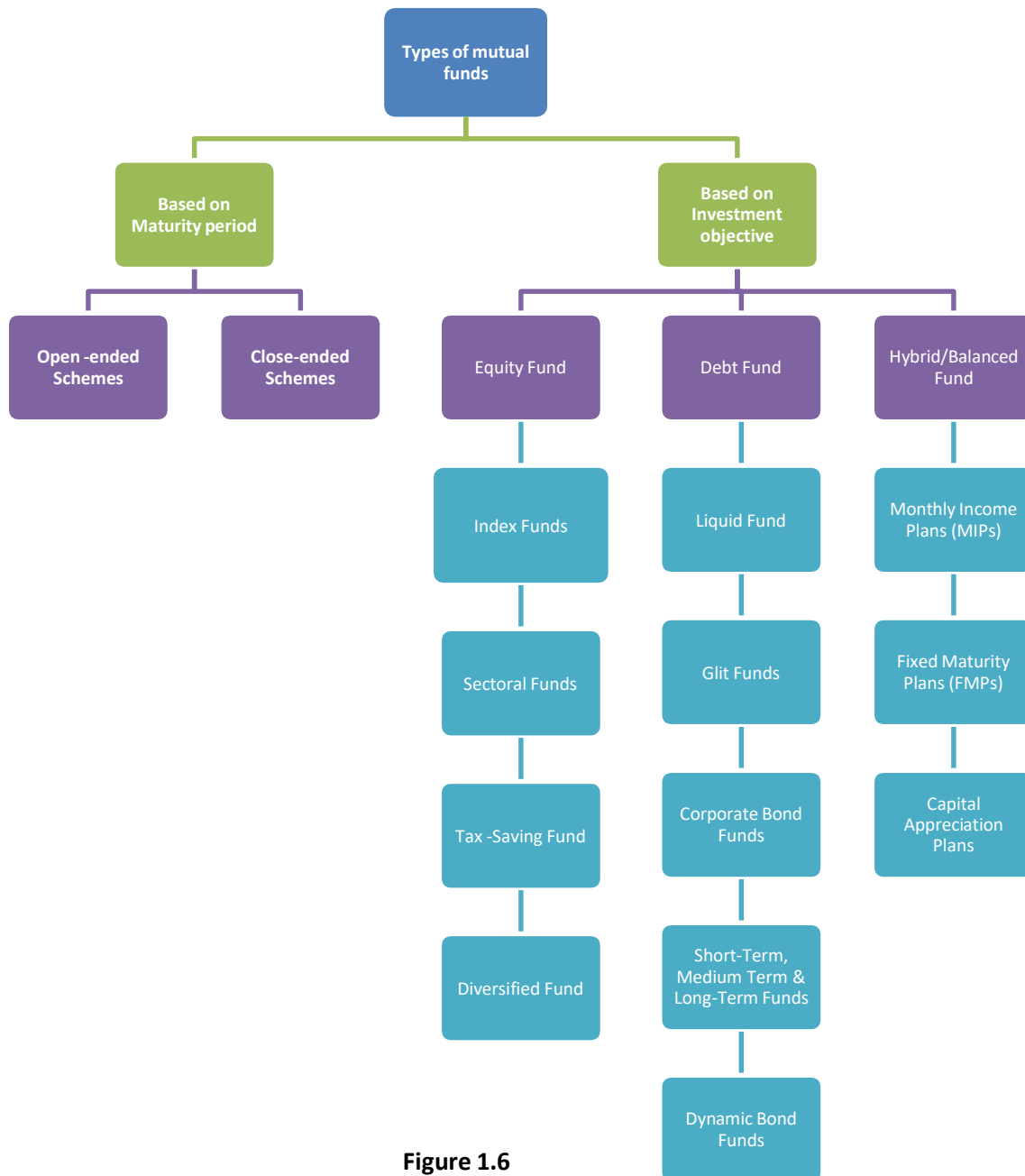


Figure 1.6

I.BASED ON MATURITY PERIOD

i) Open-Ended Funds

You can enter & exit these schemes at any time of the year because these don't have fixed maturity dates. The scheme declares Net Asset Value (NAV) on a daily basis. These schemes are highly liquid as these allow you to buy & sell units at the prevailing NAV as per your convenience.

ii) Close –Ended Funds

This scheme remains open for subscription only for a fixed period. You can buy units of this scheme at the time of New Fund Offer(NFO) i.e. when it launches for the first time for the subscription. Afterwards, you can buy/sell units of the scheme on the stock exchange. The company provides repurchase option for those schemes which are not listed on the stock exchange. Repurchase implies buy back of units by the fund house from the investor at the current NAV.

II.BASED ON INVESTMENT OBJECTIVES

i) Equity Funds

This fund is relevant if you enjoy risk -taking & have an investment horizon of more than five years. This fund enables wealth creation via appreciation of capital through a majority investment in equity. While applying for the scheme, you may choose from different investment options like dividend option, growth option, etc.

a) Index Funds

These funds imitate the investment mechanism of popular indices like Nifty, BSE Sensitive Index, etc. These funds invest in the asset classes in the same proportion as is done by the index. Consequently, the NAVs of these funds follow the price movements of securities listed on the index.

b) Sector-specific Funds

Here, investment is made in one of the sectors like IT, infrastructure, pharmaceuticals, FMCG, petroleum, etc. as mentioned in the offer document. The returns fluctuate in response to changes in the particular sector. These funds provide comparatively higher returns but at the same time are exposed to sector-specific risks.

c) Tax –Saving Funds

These are also called Equity Linked Saving Scheme(ELSS) used to save taxes along with capital appreciation. These funds offer the shortest lock -in period of 3 years, and the portfolio diversifies into equities of small, mid and large caps as per fund structure. Before investing, do check the composition of securities in the portfolio in addition to other analytics.

d) Diversified Funds

Instead of sticking to a particular sector/company, these funds invest in a variety of sectors like the small, mid & large cap. The large caps provide a stable foundation for the portfolio while mid & small caps ensure a higher rate of return.

II) DEBT FUNDS

If regular income and steady returns on investment top your priority chart, then go for debt funds. These are lesser risky than equity funds as these extensively invest in fixed-income securities of the varied investment horizon. The NAV of these funds tends to changes in interest rates.

Debt funds has following five categories:

a) Liquid/Money Market Funds

If your investment horizon is up to one year, then park your money in these funds for liquidity, safety of capital & moderate returns. These funds invest in fixed-interest bearing short-term instruments i.e. treasury bills, commercial paper, certificate of deposit, etc.

b) Gilt Funds

Gilt funds invest primarily in G-sec i.e. government security of medium to long term maturity issued by the union & state governments. These securities have zero risks of default. However, NAV of these schemes tends to fluctuate in response to change in the economy like a drop in overall interest rate.

c) Corporate Bond Funds

Corporate Bond Funds are good option if you have a moderate risk appetite coupled with an investment horizon of around 5 to 10 years. You would get modest growth with regular income but at the same time be prepared to face credit risk & volatile returns. Also, the longer the maturity period, the more your investment would be exposed to market vulnerabilities.

d) Short Term Funds, Medium Term Funds & Long Term Fund

Short Term Funds primarily invest in short-term debt securities partly in long-term debt. Go for these funds when you want to fix your surplus funds for 1 to 9 months & require a marginal increase in your risk appetite.

If you are a conservative investor, then Medium Term Funds are suitable investment option. These funds invest mainly in debt securities having maturity period up to 3 years & give higher returns in a rising interest rate regime.

Long Term Funds have investment tenure of more than a decade and the returns are affected by changes in the interest rate regime in the economy. It is advisable to enter the fund at the time of falling interest rates & monitor the interest rate movements to exit at a favorable time.

e) Dynamic Bond Funds

These funds largely invest in long-term debt securities i.e. corporate bonds & government securities which are highly sensitive to the interest rate regime. Your fund manager would track the interest rate movements & adjust the maturity profile of the portfolio. When the interest rates rise in the short-run, he may divert some funds in short-term papers to arrest interest rate risk.

III) HYBRID/BALANCED FUNDS

If you want moderate growth & steady returns, then invest in these funds. These funds invest in both equity & debt in a certain proportion as mentioned in the offer document. You would enjoy investing in this fund if you want higher returns corresponding to increased risk as compared to regular debt fund.

Hybrid Fund has following three categories:

a) Monthly Income Plans (MIPs)

These funds allocate comparatively higher money in debt as compared to equity to provide periodic dividends coupled with benefits of long-term growth.

b) Fixed Maturity Plans

These are close-ended schemes which aim at protection of capital & moderate growth by investment in both debt & equity. The allocation in debt ensures that you get back the original investment amount upon maturity & equity portion of allocation provides the return for risk-taking. These plans need to secure mandatory rating from at least one rating agency.

c) Capital Appreciation Plans

These are close-ended schemes which invest both in rated debt instruments & shares of companies. The aim is capital appreciation via participation in the growth of these companies.

1.10.8 THE WAY & TYPE TO INVEST IN MUTUAL FUND

Mutual fund normally come out with an advertisement in newspaper publishing the date of launch of the new schemes. Investors can also contact the agents and distribution of mutual funds who are spread all over the country for necessary information and application forms. Forms can be deposited with mutual funds through the agents and distribution who provide such services. Now days, the post offices and banks also distribute the units of mutual funds. However, the investors may please note that the mutual funds schemes being marketed by banks and post offices should not be taken as their own schemes and no assurance of returns is given by them. The only role of banks and post offices is to help in distribution of mutual funds schemes to the investors. Investors should not be carried away by commission/gifts given by agents/distributors for investing in a particular scheme. On the other hand they must consider the track record of the mutual fund and should take objective decision.

❖ ONE TIME INVESTMENT

The amount that has to be invested in onetime is known as Onetime Investment. The investors has to pay the whole amount at once. The minimum amount is Rs.5000 and maximum is as per the investor's choice. This investment is generally preferred for the business man who is able to pay at one time.

❖ SYSTEMATIC INVESTMENT PLAN(SIP)

The amount that has to be invested through same monthly installment is known as Systematic Investment Plan. The investor has to pay the minimum amount Rs.1000 monthly for all equity and balanced schemes like that for 6 months. And Rs.500 monthly for Tax Saver scheme like that for 12 months. The minimum amount that the investor has to invest is Rs.6000 and maximum as per their choice. This type of investment is generally preferred for the salaried people.

1.10.9 REGULATORY OF MUTUAL FUND IN INDIA

❖ SEBI

The capital market regulates the mutual funds in India. SEBI requires all mutual funds to be registered with them. SEBI issues guidelines for all mutual funds operations-investment, accounts, expenses, etc. Recently, it has been decided that Money Market Mutual Funds of registered mutual funds will be regulated by SEBI through (Mutual Fund) Regulation 1996.

❖ RBI

RBI, a supervisor of the banks owned Mutual Funds- As banks in India come under the regulatory Jurisdiction of RBI, banks owned funds to be under supervision of RBI and SEBI. RBI has supervisory responsibility over all entities that operate in the money markets.

❖ MINISTRY OF FINANCE(MOF)

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

❖ COMPANY LOW BOARD

Registrar of companies is called Company Low Board. AMCs of Mutual Funds are companies registered under the companies Act 1956 and therefore answerable to regulatory authorities empowered by the Companies Act.

❖ STOCK EXCHANGE

Stock Exchanges are self-regulatory organizations supervised by SEBI. Many closed ended funds of AMCs are listed as stock exchanges and are traded like shares.

❖ OFFICE OF THE PUBLIC TRUSTEE

Mutual fund being public trust is governed by the Indian Trust Act 1882. The board of trustees Company is accountable to the office of public trustee, which in turn reports to the charity commissioner.

1.10.10 ADVANTAGES OF MUTUAL FUNDS

Mutual funds have designed to provide maximum benefits to investors, and fund manager have research team to achieve schemes objective. Assets Management Company has different type of sector funds, which need to proper planning for strategic investment and to achieve the market return.

Portfolio Diversification

Mutual Funds invest in a well-diversified portfolio of securities which enables investor to hold a diversified investment portfolio (whether the amount of investment is big or small).

Professional Management

Fund manager undergoes through various research works and has better investment management skills which ensure higher returns to the investor than what he can manage on his own.

Less Risk

Investors acquire a diversified portfolio of securities even with a small investment in a Mutual Fund. The risk in a diversified portfolio is lesser than investing in merely 2 or 3 securities.

Low Transaction Costs

Due to the economies of scale (benefits of larger volumes), mutual fund pay lesser transaction costs. These benefits are passed on to the investors.

Choice of Schemes

Mutual funds provide investors with various schemes with different investment objectives. Investors have the option of investing in a scheme having a correlation between its investment objectives and their own financial goals. These schemes further have different plans/options

Transparency

Funds provide investors with updated information pertaining to the markets and the schemes. All material facts are disclosed to investors as required by the regulator.

Flexibility

Investors also benefit from the convenience and flexibility offered by Mutual Funds. Investors can switch their holdings from a debt scheme to an equity scheme and vice-versa. Option of systematic (at regular intervals) investment and withdrawal is also offered to the investors in most open -end schemes.

Safety

Mutual fund industry is part of a well-regulated investment environment where the interests of the investors are protected by the regulator. All funds are registered with SEBI and complete transparency is forced.

1.4.11 DISADVANTAGES OF MUTUAL FUND:

The mutual fund not just advantage of investor but also has disadvantages for the funds. The fund manager not always made profits but might create loss for not properly managed. The fund have own strategy for investment to hold, to sell, to purchase unit at particular time period.

Costs Control Not in the Hands of an investor

Investor has to pay investment management fees and fund distribution costs as a percentage of the value of his investments (as long as he holds the units), irrespective of the performance of the fund.

No Customized Portfolios

The portfolio of securities in which a fund invests is a decision taken by the fund manager. Investors have no right to interference in the decision making process of a fund manager, which some investors find as a constraint in achieving their financial objectives.

Difficulty in Selecting a Suitable Fund Scheme

Many investors find it difficult to select one option from the plethora of funds/scheme/plans available. For this, they may have to take advice from financial planners in order to invest in the right fund to achieve their objectives.

1.10.12 SEBI REGISTERED MUTUAL FUND COMPANIES IN INDIA

- 1.Axis Mutual Fund - MF/061/09/02
- 2.Baroda Pioneer Mutual Fund - MF/018/94/2
- 3.Birla Sun Life Mutual Fund - MF/020/94/8
- 4.BNP Paribas Mutual Fund - MF/049/04/01
- 5.BOI AXA Mutual fund - MF/056/08/01
- 6.Canara Robeco Mutual Fund - MF/004/93/4
- 7.DSP Blackrock Mutual Fund - MF/036/97/7
- 8.EDELWEISS Mutual Fund - MF/057/08/02

9. ESSEL Mutual Fund - MF/062/09/03
 10. Franklin Templeton Mutual Fund - MF/026/96/8
 11. HDFC Mutual Fund - MF/044/00/6
 12. HSBC Mutual Fund - MF/046/02/5
 13. ICICI Prudential Mutual Fund - MF/003/93/6
 14. IDBI Mutual Fund - MF/064/10/01
 15. IDFC Mutual Fund - MF/042/00/3
 16. IIFCL Mutual Fund(IDF) - MF/071/13/01
 17. IIFL Mutual Fund - MF/067/11/02
 18. IL&FS Mutual Fund(IDF) - MF/072/13/02
 19. INDIABULLS Mutual Fund - MF/068/11/03
 20. INVESCO Mutual Fund - MF/052/06/01
 21. ITI Mutual Fund - MF/073/18/01
 22. JM Financial Mutual Fund - MF/015/94/8
 23. Kotak Mahindra Mutual Fund - MF/038/98/1
 24. L&T Mutual Fund - MF/035/97/9
 25. LIC Mutual Fund - MF/012/94/5
 26. Mahindra Mutual Fund - MF/069/16/01
 27. MIRAE ASSET Mutual Fund - MF/055/07/03
 28. Motilal Oswal Mutual Fund - MF/063/09/04
 29. Nippon India Mutual Fund - MF/022/95/1
-

30. PIGM Mutual Fund - MF/069/12/01
31. Principal Mutual Fund - MF/019/94/0
32. Quant Mutual Fund - MF/028/96/4
33. Quantum Mutual Fund - MF/051/05/02
34. SBI Mutual Fund - MF/009/93/3
35. Shriram Mutual Fund - MF/017/94/4
36. Sundaram Mutual Fund - MF/034/97/2
37. TATA Mutual Fund - MF/023/95/9
38. Taurus Mutual Fund - MF/002/93
39. Union Mutual Fund - MF/066/11/01
40. UTI Mutual Fund - MF/048/03/01
41. Yes Mutual Fund - MF/074/18/02

1.10.13 POINTERS TO MEASURE MUTUAL FUND PERFORMANCE

MEASURES	DESCRIPTION	IDEAL RANGE
STANDARD DEVIATION	Standard deviation allows evaluating the volatility of the fund. The standard deviation of a fund measures this risky by measuring the degree to which the fund fluctuates in relation to its mean return.	Should be near to its mean return.
BETA	Beta is a fairly commonly used measure of risk. It basically indicates the level of volatility associated with fund as compared to the benchmark.	Beta > 1 = high risky Beta = 1 = Average Beta < 1 = Low risky
R-SQUARE	R-Square measures the correlation of a fund's movement to that of an index. R-square describes the level of association between the fund's volatility and market risk.	R-square values range between 0 and 1, where 0 represents no correlation and 1 represent full correlation.
ALPHA	Alpha is the difference between the returns one would expect from a fund, and the return it actually produces. It also measures the unsystematic risk.	Alpha is positive = returns of stock are better than market returns. Alpha is negative = returns of stock are worst than market. Alpha is zero = returns are same as market.

SHARPE RATIO	Sharpe Ratio = Fund return in excess of risk free return/ Standard deviation of fund. Sharpe ratios are ideal for comparing funds that have a mixed asset classes.	The higher the sharpe ratio, the better a funds returns relative to the amount of risk taken.
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Table 1.1

1.10.14 COST INVOLVED IN MUTUAL FUNDS

As with any business, running a mutual funds involves costs -including shareholders transaction costs, investment advisory fees, and marketing and distribution expenses. Funds pass along these costs to investors by imposing fees and expenses. It is important that you understand these charges because they lower your returns. Some funds impose “shareholders fees” directly on investors whenever they buy or sell shares. In addition, every fund has regular, recurring, fund -wide “operating expenses”. Funds typically pay their operating expenses out of fund assets -which mean that investors indirectly pay these costs.

An investor must know that there are certain costs involved while investing in mutual funds.

1. OPERATING EXPENSES/EXPENSE RATIO

These refer to cost incurred to operate a mutual fund. Advisory fee is paid to investment managers, audit fees to chartered accountant, custodial fees, registrar and transfer agent fees, trustee fees, agent commission. Operating expenses also known as expenses ratio which is annual expenses expressed as a percentage of these expenses is required to be reported in the schemes offer document or prospectus.

$\text{Expenses ratio} = \text{operating expenses} / \text{Average net assets}$

For instance, if funds Rs. 100 crores and expenses Rs. 20 Lakh. Then expenses ratio is 2% expenses ratio is available in the offer document and for historical per unit statistics include in the financial results of the fund which are published by annually, un audited for the half year ending September 30th and audited for physically year end 1st March 30th.

Depending upon scheme and net asset, operating expenses are determined by limits mandated by SEBI mutual funds regulation act, Any excess over specified limits as to borne by Management Company, the trustees or sponsors.

2.SALES CHARGES:

These are known commonly sale loads; these are charged directly to investor. Sales loads are used by mutual fund for the payment of agent's commission, distribution and marketing expenses. These charges have no effect on the performance of the scheme. Sales loads are usually expression percentage and or of two types-

1. Front-end load
2. Back-end load

❖ FRONT-END LOAD:

It is a onetime fixed fee paid by an investor when buying a Mutual fund scheme.

It determines public offer price which intern decide how much of your initial investment actually get invested the standard practice of arriving a public offer is as follows.

$\text{Public offer price} = \text{Net asset value} / (1 - \text{front end load})$

Let us assume, an investor invests Rs. 10,000 in a scheme that charges if 2% front end load at a NAV per unit Rs. 10 using the formula public offer price = $10 / (1 - 0.02)$ is Rs. 10,20. So only 980 units are allowed to the investor.

$\text{Number of units allotted} = \text{Amount invested} / \text{public offer price}$

$10000/10.20 = 980$ units at a NAV of Rs.10.

This means units worth 9800 are allotted to him an initial investment Rs.10,000 front end loads tend to decrease as initial investment amount increase.

❖ **BACK-END LOAD:**

May be fixed fee redemption or a contingent differed sales charged a redemption so load continues so long as the redeeming or selling of the units of a fund does not take place in the event of a back end load is applied. The redemption price is arrive or using following formula.

Redemption price = Net asset value / (1+back end load)

Let us assume an investor redeems units valued at Rs. 10,000 in a scheme that charges a 2% back, end load at a NAV per units of Rs. 10 using the formula $\text{Redemption price} = 10/(1+0.02) = \text{Rs. } 9.8$ s, what the investor gets in hand is 9800 (9.8×1000).

3.CONTINGENT DEFERRED SALES CHARGES (CDSC):

Contingent differed sales charges of a structured back end load. It is paid when the units are reading during the initial years of ownership. It is for a predetermined period only and reduced over the time you invested for a fund, the longer remains in a fund the lower the CDSC.

The SEBI stipulate the a CDSC may be charge only for first four years after purchase of units and also stipulate the maximum CDSC that can we charge every year. This is the SEBI mutual funds regulations 1996 do not allow either the front end load or back end load to any combination is higher than 7%.

4.TRANSACTION COST:

Some funds may also impose a switch over fee which is charge on transfer of investment from one scheme to another within a same mutual funds family and also to

switch from one plan to another within same scheme. The real estate mutual funds sector is now being considered as the engine of economic growth.

The AMC reports to the trustees who safeguard the interests of investors in the mutual fund and also ensure compliance of the operations of the fund with SEBI guidelines. They not only monitor performance of the AMC but also oversee operations of the custodian and transfer agent. The AMC receives a fee for its services. Currently, SEBI permits a maximum fee of 1.25% p.a. of the asset value of the fund size less than Rs.1 bn. As the asset size of the fund increases, this falls progressively to 0.75% p.a. of the incremental asset value. In addition, SEBI also permits AMC to charge expense related to the management of the fund up to certain limits. These are of two kinds of as follows:

- ❖ Up front expenses related to fund marketing and initial account opening – up to maximum of 6% of the investment amount (termed as “load”).
- ❖ Recurring expenses, which together with the management fees should not exceed certain limits. The maximum is 2.5% per year for equity funds and 2.25% per year for debt funds. As the asset size increases, the maximum limit falls progressively to 1.75% of the incremental assets

First 1bn.	Next 3 bn.	Next 3 bn.	Over 7 bn.
2.5%	2.25%	2.00%	1.75%

1.10.15 RISKS ASSOCIATED WITH MUTUAL FUNDS

The most important relationship to understand is the risk-return trade-off. Higher the risk greater the returns/loss and lower the risk lesser the returns/loss.

Hence it is up to you, the investor decide how much risk you are willing to take. In order to do this you must first be aware of the different types of risks involved with your investment decision.

- **MARKET RISK**

Sometimes prices and yields of all securities rise and fall. Broad outside influences affecting the market in general leads to this. This is true, may it be big corporation or smaller mid-sized companies. This is known as Market Risk. A Systematic Investment Plan(SIP) that works on the concept of Rupee Cost Averaging(RCA) might help mitigate this risk.

- **CREDIT RISK**

The debt services ability (may it be interest payment or repayment of principal) of a company through its cash flows determines the Credit Risk faced by you. This credit risk is measured by independent rating agencies like CRISIL who rate companies and their paper. An 'AAA' rating is considered the safe whereas a 'D' rating is considered poor credit quality. A well-diversified portfolio might help mitigate this risk.

- **INFLATION RISK**

Inflation is the loss of purchasing power over time. A lot of times people make conservative investment decisions to protect their capital but end up with a sum of money that can buy less than what the principal could at the time of the investment. This happen when inflation grows faster than the return on your investment. A well-diversified portfolio with some investment in equities might help mitigate this risk.

- **INTEREST RATE RISK**

In a free market economy interest rates are difficult if not impossible to predict. Changes in interest rates affect the prices of bonds as well as equities. If interest rates rise the prices of bonds fall and vice versa. Equity might be negatively affected as well in a rising interest rate environment. A well-diversified portfolio might help mitigate this risk.

- **POLITICAL RISK**

Changes in government policy and political decision can change the investment environment. They can create a favorable environment for investment or vice versa.

- **LIQUIDITY RISK**

Liquidity risk arises when it becomes difficult to sell the securities that one has purchased. Liquidity Risk can be partly mitigated by diversification, staggering of maturities as well as internal risk controls that lean towards purchase of liquid securities. You have been reading about diversification above, but what is it? Diversification the nuclear weapon in your arsenal for your fight against risk. It simply means that you must spread your investment across different securities (stocks, bonds, money market instruments, real estate, fixed deposits etc.) and different sectors (auto, textile, information technology etc.). This kind of a diversification may add to the stability of your returns, for example during one period of time equities might underperform but bonds and money market instruments might do well enough to offset the effect of a slump in the equity markets. Similarly the information technology sector might be faring poorly but the auto and textile sectors might do well and may protect you principal investments as well as help you meet your return objectives.

1.10.16 RISK V/S RETURN

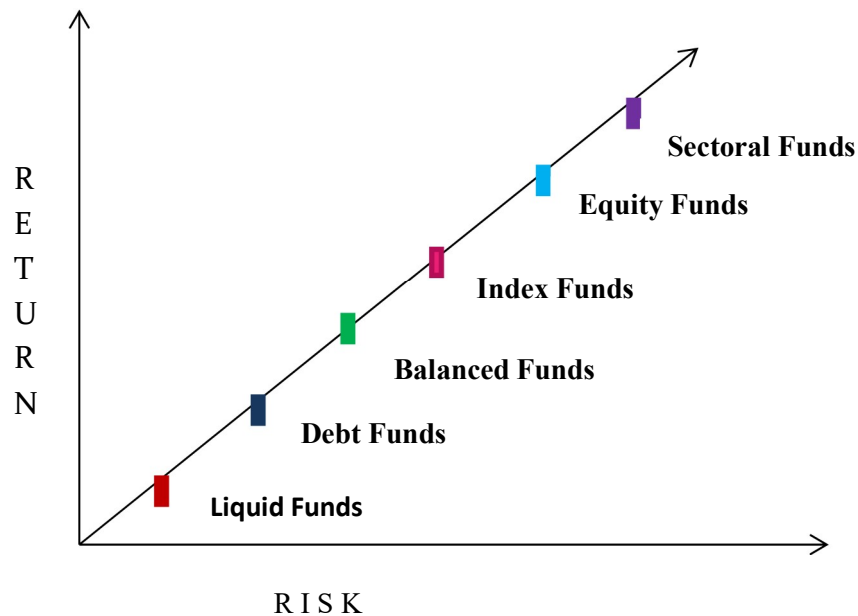


Figure 1.7

1.10.17 INVESTMENT STRATEGIES IN MUTUAL FUNDS

SYSTEMATIC INVESTMENT PLAN (SIP): under this a fixed sum is invested each month on a fixed date of a month. Payments are made through post dated cheques or direct/auto debit facilities. The investor gets fewer units when the NAV is high and more units when the NAV is low. This is called as the benefit of Rupee Cost Averaging (RCA)

SYSTEMATIC TRANSFER PLAN (STP): under this an investor invests in debt oriented fund and gives instructions to transfer a fixed sum, at a fixed interval, to an equity scheme of the same mutual fund.

SYSTEMATIC WITHDRAWAL PLAN (SWP): if someone wishes to withdraw from a mutual fund then he can withdraw a fixed amount each month.

1.10.18 ROLE OF REGULATORS IN INDIA

Securities and Exchange Board of India

Securities and Exchange Board of India (SEBI) is the regulatory authority for securities markets in India. It regulates, among other entities, mutual funds, depositories, custodians and registrars and transfer agents in the country. The applicable guidelines for mutual funds are set out in SEBI (Mutual Funds) Regulations, 1996, as amended till date. Some aspects of these regulations are discussed in various sections of this workbook. An updated and comprehensive list of circulars issued by SEBI can be found in the Mutual Funds section of SEBI's website: www.sebi.gov.in. Master Circulars, which capture the essence of various circulars issued upto a specified date, may be downloaded from www.sebi.gov.in.

Some segments of the financial markets have their own independent regulatory bodies. Wherever applicable, mutual funds need to comply with regulations issued by other regulators also. For instance, RBI regulates the money market and foreign exchange market in the country. Therefore, mutual funds need to comply with RBI's regulations regarding investment in the money market, investments outside the country, investments from people other than Indians resident in India, remittances (inward and outward) of foreign currency etc.

Stock Exchanges are regulated by SEBI. Every stock exchange has its own listing, trading and margining rules. Mutual Funds need to comply with the rules of the exchanges with which they choose to have a business relationship.

Anyone who is aggrieved by a ruling of SEBI, can file an appeal with the Securities Appellate Tribunal (SAT).

Self-Regulatory Organizations (SRO)

In the developed world, it is common for market players to create Self-Regulatory Organizations, whose prime responsibility is to regulate their own members. The statutory regulatory bodies set up by the Government only lay down the broad policy

framework, and leave the micro-regulations to the SRO. For instance, the Institute of Chartered Accountants of India (ICAI) regulates its own members.

The securities exchanges in India such as the NSE, BSE and MSEI are vested with self-regulatory responsibilities. They regulate the firms listed on their stock exchange and also their trading members.

Association of Mutual Funds in India

Asset Management Companies (AMCs) in India are members of Association of Mutual Funds in India (AMFI), an industry body that has been created to promote the interests of the mutual funds industry [such as the Confederation of Indian Industry (CII) for overall industry and NASSCOM for the IT/BPO industry]. AMFI is not an SRO. The objectives of AMFI are as follows:

- To define and maintain high professional and ethical standards in all areas of operation of mutual fund industry.
- To recommend and promote best business practices and code of conduct to be followed by members and others engaged in the activities of mutual fund and asset management including agencies connected or involved in the field of capital markets and financial services.
- To interact with the Securities and Exchange Board of India (SEBI) and to represent to SEBI on all matters concerning the mutual fund industry.
- To represent to the Government, Reserve Bank of India and other bodies on all matters relating to the mutual fund industry.
- To undertake nationwide investor awareness programme so as to promote proper understanding of the concept and working of mutual funds.
- To disseminate information on mutual fund Industry and to undertake studies and research directly and/or in association with other bodies.

AMFI Code of Ethics (ACE)

One of the objectives of the Association of Mutual Funds in India (AMFI) is to promote the investors' interest by defining and maintaining high ethical and professional standards in the mutual fund industry. The AMFI Code of Ethics (ACE) sets out the standards of good practices to be followed by the Asset Management Companies in their operations and in their dealings with investors, intermediaries and the public.

SEBI (Mutual Funds) Regulation, 1996 requires all Asset Management Companies and Trustees to abide by the Code of Conduct as specified in the Fifth Schedule to the Regulation. The AMFI Code has been drawn up to supplement that schedule, to encourage standards higher than those prescribed by the Regulations for the benefit of investors in the mutual fund industry.

While the SEBI Code of Conduct lays down broad principles, the AMFI Code of Ethics (ACE) sets more explicit standards for AMCs and Trustees.

AMFI's Code of Conduct for Intermediaries of Mutual Funds

AMFI has also framed a set of guidelines and code of conduct for intermediaries (known as AMFI Guidelines & Norms for Intermediaries (AGNI)), consisting of individual agents, brokers, distribution houses and banks engaged in selling of mutual fund products. The Code of Conduct is detailed in .

In the event of breach of the Code of Conduct by an intermediary, the following sequence of steps is initiated by AMFI:

- Write to the intermediary (enclosing copies of the complaint and other documentary evidence) and ask for an explanation within 3 weeks.
- In case explanation is not received within 3 weeks, or if the explanation is not satisfactory, AMFI will issue a warning letter indicating that any subsequent violation will result in cancellation of AMFI registration.

- If there is a proved second violation by the intermediary, the registration will be cancelled, and intimation sent to all AMCs. The intermediary has a right of appeal to AMFI.

1.11 COMPANY PROFILE

1.11.1 INTRODUCTION:

UTI MUTUAL FUND was carved out of the erstwhile Unit Trust of India (UTI) as a Securities and Exchange Board of India (SEBI) registered mutual fund from 1 Feb 2003. The Unit Trust of India Act 1963 was repealed, paving way for the bifurcation of UTI into: Specified undertaking of Unit Trust of India (SUUTI) and UTI mutual fund (UTIMF).

	
Formerly	Unit Trust of India
Type	Public company
Industry	Mutual fund
Founded	Unit Trust of India Act 1963, UTI Repeal Act 2002.
Headquarters	Mumbai , Maharashtra , India
Area served	• India • Bahrain • Dubai • London • Singapore
Key people	Imtaiyazur Rahman (Director & CEO)
Products	• Mutual Funds • National Pension System • Private Equity • Private Debt

Services	• Portfolio Management Services • Mutual Funds • National Pension Scheme • Offshore Funds
Owner	• Life Insurance Corporation of India • Bank of Baroda • Punjab National Bank • State Bank of India • T. Rowe Price
Number of employees	1,365+ (2019)
<u>Subsidiaries</u>	• UTI Asset Management Company • UTI International Limited • UTI Ventures • UTI Retirement Solutions • UTI Capital
Website	www.utimf.com

Table 1.3

1.11.2 UTI ASSET MANAGEMENT COMPANY

T Rowe Price Group Inc (TRP Group), through its wholly owned subsidiary T. Rowe Price Global Investment Services Ltd. (TRP), has acquired a 26% stake in UTI Asset Management Company Limited (UTI AMC).

UTI Mutual Fund is the oldest and one of the largest mutual funds in India with over 10 million investor accounts under its 230 domestic schemes/plans as of September 2017.

UTI Mutual Fund has a nationwide distribution network, which is spread across the length and breadth of the country. Its distribution network comprises over 48000 AMFI/NISM certified Independent Financial Advisors and 174 Financial Centers.

UTI Mutual Fund has been the pioneer for launching various schemes viz. UTI Unit Linked Insurance Plan (ULIP) with life and accident cover (Launched in 1971), UTI Mastershare (Launched in 1986), India's first Offshore Fund – India fund (Launched in 1986), UTI Wealth Builder Fund, the first of its kind in the Indian mutual fund industry combining different asset classes i.e. equity and gold which are lowly correlated.

- We are the 7th largest asset management company in India in terms of mutual fund QAAUM as of Sep 30, 2019, according to CRISIL. Our history and track record in the mutual fund industry, strong brand recognition, distribution reach, performance and client relationships provide a platform for future growth.
- We are a professionally managed company led by our Board of Directors and a dedicated and experienced management team. For purposes of the SEBI Mutual Fund Regulations, our four sponsors are the State Bank of India (“SBI”), Life Insurance Corporation of India (“LIC”), Punjab National Bank (“PNB”) and Bank of Baroda (“BOB”) (collectively, the “Sponsors”), each of which has the Government of India as a majority shareholder. T. Rowe Price Group, Inc., a global asset management company, is our other major shareholder (through its subsidiary T. Rowe Price International Ltd. (“TRP”).
- We have a national footprint and offer our schemes through a diverse range of distribution channels. As of September 30, 2019, our distribution network includes 163 UTI Financial Centres (“UFCs”), 273 Business Development Associates (“BDAs”) and Chief Agents (“CAs”) (46 of whom operate Official Points of Acceptance (“OPAs”)) and 33 other OPAs, most of which are in each case located in B30 cities. Our IFAs channel includes approximately 51,000 Mutual Fund Distributors (“MFDs”) as of September 30, 2019.

1.11.3 SPONSOR

State Bank of India

Life Insurance Corporation of India

Bank Of Baroda

Punjab National Bank are the sponsors of UTI Mutual Fund.

1.11.4 Key Managerial Personnel

Senior Management

- **Imtaiyazur Rahman** – Chief Executive Officer & Whole-time Director
- **Surojit Saha** – Chief Financial Officer
- **Arvind Patkar** – Company Secretary
- **Amandeep Chopra** - Group President & Head of Fixed Income
- **Vetri Subramaniam** - Group President & Head of Equity
- **Indranil Choudhury** - President & Head of Human Resource
- **Debashish Mohanty** - President & Head of Retail & Investor Service Management
- **Gaurav Suri** - Senior Executive Vice President & Head of Marketing
- **Rakesh Trikha** - Senior Executive Vice President & Country Head of Banks & National Distributors
- **Sandeep Samsi** - Executive Vice President, Executive Assistant to Managing Director & Head of Corporate Strategy & Communications
- **Siddhartha Dash** - Executive Vice President & Country Head of Public Sector Undertaking Clients

- **Vinay Lakhotia** - Head of Operations
- **Vivek Maheshwari** - Senior Executive Vice President & Head of Risk & Compliance Officer

1.11.5 Our Vision

To be the most preferred Mutual Fund

1.11.6 Our Mission

- The most trusted and admired brand for all stakeholders
- The most efficient wealth manager with a global presence
- Deliver best-in-class customer service
- The most preferred employers
- Create innovative products that maximize ROI
- Socially responsible corporation that focus on well-being of all

No. of schemes	52
No. of schemes including options	149
Equity schemes	15
Debt schemes	18
ETF	6
Liquid schemes	2
ELSS	4
Hybrid schemes	7

Table 1.4

1.11.7 CUSTODIAN

Citibank NA

- ❖ Provide post-trading and custodial services to the Mutual fund.
- ❖ Keep Securities and other instruments belonging to the scheme in safe custody.
- ❖ Ensure that the benefits due to the holdings of the Mutual funds are recovered and
- ❖ Be responsible for loss of or damage to the securities on its part in the part of its approved agents.

1.11.8 REGISTRARS

All UTI Mutual Fund schemes are managed by **KFin Technologies Private Limited**.

The Registrar is responsible for carrying out diligently the functions of a Registrar and Transfer Agent and will be paid fees as set out in the agreement entered into with it and as per any modification made thereof from time to time.

UTI Trustee Company private Limited, a company incorporated under the Companies Act, 1956 is the Trustee of transferred/migrated schemes, which is the first and sole trustee of the Mutual fund under the Trust deed dated Dec 9, 2002 executed between the sponsors and the Trustee company (the trustee).

Registered office:-

UTI Tower, GN Block, Bandra - Kurla complex, Bandra (east), Mumbai-400051

1.11.9 TRUSTEES

- Mr. A Ramesh Kumar - Director of UTI Trustee Company
- Mr. Suhail Nathani - Director of UTI Trustee Company
- Mr. Shiva Kumar - Director of UTI Trustee Company
- Mr. S K Kapahi - Director of UTI Trustee Company
- Ms. Mukeeta Jhaveri - Director of UTI Trustee Company

1.11.10 FUND MANAGERS

- Amandeep Chopra
- Amit Sharma
- Ajay Tyagi
- Sachin Trivedi
- Sharwan Kumar Goyal
- Sudhir Agrawal
- Swati Kulkarni
- Vishal Chopda
- Amit Premchandani
- Ankit Agarwal
- Ritesh Nambiar
- Sanjay Ramdas Dongre
- V Srivatsa
- Sunil Patil
- Vetri Subramaniam

1.11.11 UTI MUTUAL FUND PRODUCTS

EQUITY FUNDS:-

Equity Fund is a type of mutual fund scheme that invests predominantly in equity shares of companies across sectors/industry for medium to long term capital appreciation.

- UTI Banking & Financial Services Fund
- UTI Core Equity Fund
- UTI Dividend Yield Fund
- UTI Flexi Cap Fund
- UTI Healthcare Fund
- UTI India Consumer Fund

DEBT FUNDS:

Debt Funds are a type of mutual fund schemes that invests primarily in fixed income securities, which tend to provide regular interest income and reflect relatively lower volatility than other asset classes. Debt Funds can further be classified into different sub-categories as Overnight and Liquid Funds, Gilt Funds, Duration Funds, Credit Opportunities Funds.

- UTI Banking & PSU Debt Fund
- UTI Bond Fund
- UTI Bond Fund (Segregated - 17022020)
- UTI Corporate Bond Fund
- UTI Credit Risk Fund
- UTI Credit Risk Fund (Segregated - 06032020)
- UTI Credit Risk Fund (Segregated - 13092019)
- UTI Dynamic Bond Fund
- UTI Floater Fund
- UTI Gilt Fund
- UTI Medium Term Fund
- UTI Money Market Fund
- UTI Short Term Income Fund
- UTI Treasury Advantage Fund
- UTI Ultra Short Term Fund

LIQUID FUNDS:

A Liquid Fund is a type of debt mutual fund scheme that invests in debt and money market securities with maturity of up to 91 days only. Due to the short duration of the securities it carries negligible interest rate risk and credit risk. Exit load is charged on the investments in liquid funds if redeemed within 7 days from date of investment and

for overnight funds the exit load is nil. As such, these funds are preferred for parking short-term surplus funds and for maintaining the emergency fund corpus.

- UTI Liquid Cash Plan
- UTI Overnight Fund

HYBRID MUTUAL FUNDS:

A Hybrid Funds are type of mutual fund schemes that invests in two or more asset classes, also known as asset allocation funds. Investors can choose to invest in different types of hybrid funds, depending on their risk appetite and financial goals.

- UTI Arbitrage Fund
- UTI Equity Savings Fund
- UTI Hybrid Equity Fund
- UTI Multi Asset Fund
- UTI Regular Saving Fund
- UTI Unit Linked Insurance Plan

EXCHANGE TRADED FUNDS (ETF):

Exchange Traded Funds, or ETFs, are passive investment products, which are traded on exchanges like stocks, etc. The fund managers of ETFs replicate the investment portfolio with that of the underlying index and inculcate necessary changes as and when they are implemented in the underlying index. Investors may choose to invest in ETFs for having investment exposure across different asset classes like equity, gold, etc.

- UTI Gold Exchange Traded Fund
- UTI Nifty Next 50 Exchange Traded Fund
- UTI Bank Exchange Traded Fund
- UTI Nifty Exchange Traded Fund
- UTI S&P BSE Sensex Next 50 Exchange Traded Fund
- UTI Sensex Exchange Traded Fund

TAX SAVING FUND:

UTI provides solution for tax savings requirement coupled with insurance planning, retirement planning and wealth creation planning.

- UTI Long Term Equity Fund (Tax Saving)
- UTI Children Career Fund (UTI CCF)
- UTI Unit Linked Insurance Plan
- UTI Retirement Benefit Pension Fund

RETIREMENT PLANNING FUNDS:

Retirement planning is not just about creating a nest egg for life's golden years. In addition to saving tax, retirement planning will help you live with pride in the autumn of life without compromising on your living standards.

With costs of living and inflation rising with each passing year, it has become all the more important to plan for your retirement years well in advance. When you plan for your retirement early you ensure a steady flow of income, harmony in life, peace of mind, rich health and joyful moments for yourself.

- UTI Retirement Benefit Pension Plan

CHAPTER- II

REVIEW OF LITERATURE

“BOOKS ARE THE QUIETEST AND MOST CONSTANT FRIENDS; THEY ARE THE MOST ACCESSIBLE AND WISEST COUNSELORS, AND THE MOST PATIENT OF TEACHERS.”
-Charles W. Elio

Sambath Kumar (2018), “A study on the preferences of mutual fund investors and investment performance of the selected mutual fund schemes” Indian mutual fund market has now grown into a great material market with a lot of qualitative inputs and emphasis on investor protection and disclosure norms. The market has become automated, transparent and self-driven. It has integrated with global markets, with Indian companies seeking listing on foreign mutual funds exchange, offshore investments coming to India and foreign mutual funds floating their schemes and thus bringing expertise in to our markets. India has achieved the distinction of possessing the largest population of investors next to the U.K. Perhaps ours is the only country to have the largest number of listed companies with around 24 Regional Fund managers and National Fund managers most of them automated.

O.V.A. M. Sridevi (2018), “Performance Analysis of Mutual Funds-A Study on Selected Mid Cap and Small Cap Funds”, Results of the study have showed that out of the two schemes of both mid cap and small cap funds have evidences of outperforming the benchmark return. Not all the funds have represented positive values. In Mid cap fund the performance, Axis balanced fund is very insignificant whereas in the small cap fund the performance, HSBC balanced is considered desirable. However from the above study it can be said that the schemes have diversified results.

Saranya, Parthiban Than gavel (2018), “Performance evaluation of Indian equity mutual fund schemes.” the study have concluded that the Mutual Fund is a safe investment tool. Mutual Fund is the only opportunity many investors have for investing in an intelligent diversified manner. After studying and analyzing different mutual fund schemes the following conclusions can be made. The most important considerations

while making investment decision was return aspect followed by safety, liquidity, and taxability. Based on the analysis the performance of the study can be concluded to be good and those who want to eliminate risk element and want to reap better return than it would be advisable to go for debt or arbitrage schemes, which ensures both return and safety.

Shivangi Agarwal, Nawaz's Mishra (2017), "A study of the risk adjusted performance of mutual funds industry in India", the study found that 90% of the schemes performed better than 24 their benchmark. It indicates that at the time of research, the funds performed in a better way, hence the investors who are interested in consistent returns may choose investment in these schemes.

Yashas vi, R. Rajpara (2017), "A study on performance evaluation of selected Debt Mutual Funds in India." The researcher found which scheme was doing in a better way. He also concluded that people are gaining interest to invest in debt mutual funds. He also concluded that rational investors are more interested in debt funds rather than the other funds.

Poonam Devi (2017), "Performance and Analytical study of various mutual funds." Most of the investors like to invest in mutual funds. Most of the people like to invest their money for one or three years to get returns on their investments. People invest in mutual funds to get higher returns and tax benefits.

Mital bhayani (2017), "A study of recent trends in Indian Mutual Fund Industry", It is observed that even though mutual fund industry seems to grow in India, the growth is concentrated both with respect to investor category and place. It is dominated by Institutional investors, T- 15 cities and debt-oriented schemes leaving huge scope for growth. But large segment of investor are still outside the umbrella of the industry. The reach of the fund houses to different segments of investors is still a key challenge. One possible solution could be increasing financial knowledge and awareness to stimulate investors in mutual fund investment. This will attract investors towards mutual fund investment. The limited distribution network and investor service can be enhanced for wider reach beyond large cities.

Gurinder Singh and Navneet Kaur (2016), “Investigation of the Determinants to Augment Investment in the Indian Stock Market.” This report analyzed the perception of investors and non-investors towards Indian stock market. People generally do not invest in stock market because of lack of knowledge and risk of loss of money. Many respondents feel that advertisement is the best way to enhance financial literacy and motivate people to invest more in Indian stock market. Launch of investor friendly equity schemes will also help boost investment in stock market.

B. Kishori N. Bhagyasree (2016), “A Study on Performance Evaluation of Mutual Funds Schemes in India.” Results of the study showed that that 14 out of 30 sample mutual fund schemes had outperformed the benchmark return. All the schemes have represented positive returns. The results also showed that Reliance Regular Savings Fund Equity, SBI Contra Fund, 25 HDFC Equity Fund of the schemes had underperformed, these schemes were facing the diversification problem. In the study, the Sharpe ratio was positive for all schemes which showed that funds were providing returns greater than risk free rate.

Shefali Gupta (2015), “A comparative study on performance evaluation of sectorial mutual fund schemes of Indian companies.” All five sector funds had positive return during 2008 to 2012. Banking and finance, FMCG and healthcare and technology funds have performed well as compared to SENSEX returns.

Dr. R. Perumal (2016), Investment decision making towards mutual funds by using statistical tools and ratio analysis of mutual fund schemes. The objective of this research work is to exploits the use of statistical tools and ratio analysis in terms of financial performance. The study result are helpful to the Mutual Fund firms in terms of realize their recital among the mutual fund companies in the marketplace.

V. Ramanujam And A. Bhubaneswari (2015), “Growth and Performance of Indian Mutual Fund Industry during Past Decades”. The asset under management showed the growth of Rs. 9, 05,120. The asset under management of all the sectors, mutual fund sales, mutual fund redemption, and scheme wise resource mobilization, total number of schemes has been increased from the year 2004 to 2014. The total number of folios shows a decrease from the year 2004 to 2014 due to number of folios reduced in growth and funds of fund schemes.

Chetna Parmar (2015), “Portfolio selection using minimax approach; selected bank in India: Markowitz model. As per the expectation of investors he/she want to diversify portfolio as per the market proved return. It shows that the investors are diversifying their choices according to the market situations. It also showed that there is significance difference on selection of portfolio among banks.

Dr. Shriprakashsoni, Dr. Deepalibankapue, Dr.maheshbhutada, (2015) comparative analysis of mutual fund schemes, available at Kotak mutual fund and HDFC mutual fund. The study conclude that, Kotak Mutual Fund schemes are more destructive in Large Cap Equity schemes and HDFC Mutual Fund schemes are more destructive in Mid Cap Equity schemes, whereas both the companies schemes are very well managed in debt market. Kotak Select Focus is the best scheme in Large cap Equity, HDFC.

Nair R K (2014), in the article “Indian Mutual Fund Market – A tool to stabilize Indian Economy” from International Journal of Scientific and Research Publications has reiterated that a Mutual fund is a powerful tool to stabilize Indian economy. The products of mutual funds are playing a vital role in mobilizing scattered savings among investors and channelize these funds to infrastructural development of the country. The banks and Financial Institutions are also playing a crucial role by promoting mutual fund business in the country.

Sehdev R and Ranjan P (2014), in the article “A study on Investor’s perception towards mutual fund investment” from Scholars Journal of Economics, Business and Management have mentioned that mostly people are preferring balanced funds and debt funds. After that people look for Equity diversified and Sector funds. The factors responsible for investors’ preference for mutual funds as an investment option are benefits and transparency, returns, redemption period, Liquidity and Institutional Investor’s activity. For information on mutual funds people are mostly depending on internet rather than any other media channel.

CHAPTER-III

RESEARCH METHODOLOGY

3.1 RESEARCH METHODOLOGY

This report is based on primary as well as secondary data, however primary data collection was given more important since it is overbearing factor in attitude studies.

One of the most important uses of Research methodology is that it helps in identifying the problem, collecting, analyzing the required information or data and providing an alternative solution to the problem. It also helps in collecting the vital information that is required by the Top management to assist them for the better decision making both day to day decisions and critical ones.

3.2 POPULATION:-

The target population on was the investors and non-investors of salem city.

3.3 RESEARCH DESIGN:-

Descriptive Design

3.4 SAMPLING SIZE:-

The research consists of the 150 sample size.

3.5 SAMPLING METHOD:-

The sample was collected through personal visits, formal talks and through filling up the Questionnaire prepared. The data has been analyzed by using mathematical or statistical tools.

3.6 DATA COLLECTION METHODS:-

For the purpose of the study two sets of data has been used. The first of data is the primary data.

3.6.1 PRIMARY DATA:-

This type of data has been collected from the investors with the help of a Questionnaire.

3.6.2 SECONDARY DATA:-

The second set of data used for the study is the secondary data. The secondary data relating to net resources mobilized by banks and financial institution sponsored mutual funds, assets under management, investors mix etc is collected for a period of 2010-2018. This type of data is collected from different investment periodicals, magazines, various newspapers, RBI reports, AMFI reports, SEBI annual reports; securities market reviews, study of existing literature of different authors in the related field etc.

3.7 STATISTICAL TOOLS USED:-

To carry out the research work different statistical tools are used in order to derive certain meaningful information and results. In case of primary data Chi-Square tests has been applied and in case of categories where respondents are required to provide ranks to different factors, the relative importance of the respective factor is calculated by assigning scores to them. In case of secondary data exponential growth rates has been calculated.

3.8 AREA OF THE STUDY:-

The research has been conducted in Salem city.

3.9 DURATION OF THE STUDY:-

The study was carried out for a period of three months, from 18th Dec to Mar 15th.

CHAPTER- IV

DATA ANALYSIS & DATA INTERPRETATION

TABLE 4.1 GENDER OF THE RESPONDENTS

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	92	61.3	61.3	61.3
	Female	58	38.7	38.7	100.0
	Total	150	100.0	100.0	

Source: Primary data

ANALYSIS:-

From the all respondents there are 61.3% male and 38.7% female. It shows that there is more number of male than the female.

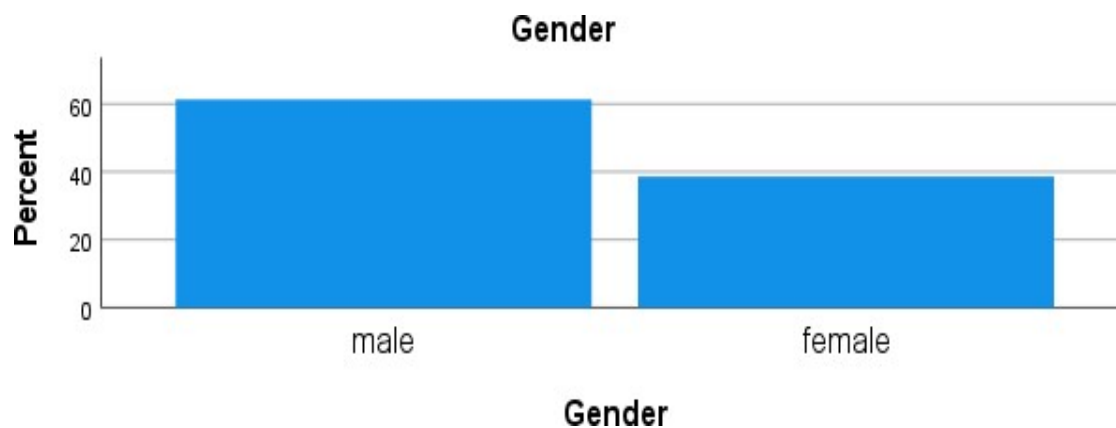


Figure 4.1

TABLE 4.2 AGE OF THE RESPONDENTS

Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 25 yrs	54	36.0	36.0	36.0
	25-35 yrs	60	40.0	40.0	76.0
	35-45 yrs	21	14.0	14.0	90.0
	Above 45 yrs	15	10.0	10.0	100.0
	Total	150	100.0	100.0	

Source: Primary data

ANALYSIS:-

From all the respondents there are more people who have age between 25-35 years and less number of people are having age of less than 45 years.

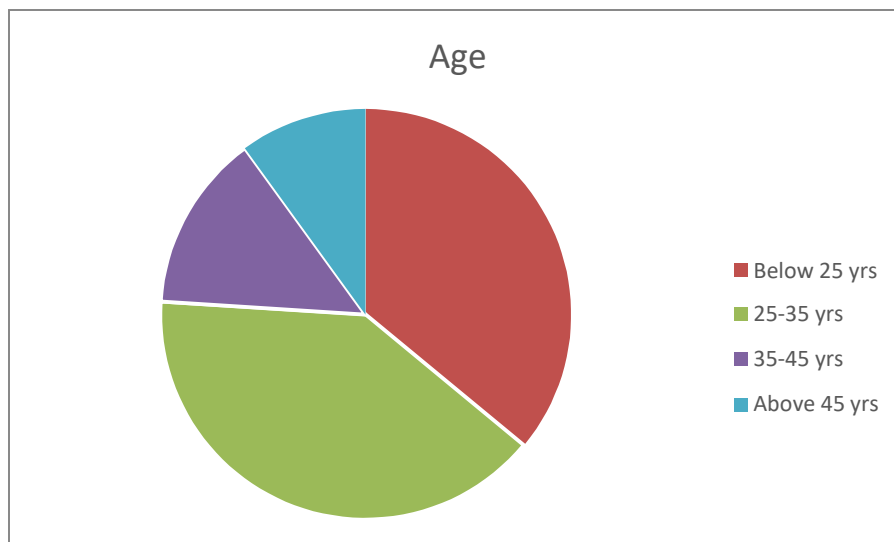


Figure 4.2

TABLE 4.3 EDUCATION OF THE RESPONDENTS

Education					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	higher secondary	13	8.7	8.7	8.7
	Graduate	101	67.3	67.3	76.0
	Post Graduate	36	24.0	24.0	100.0
	Total	150	100.0	100.0	

Source: Primary data

ANALYSIS:-

Above graph shows that there are more people complete there graduate and post graduate and higher secondary people are less number it shows that now a days education level is increased.

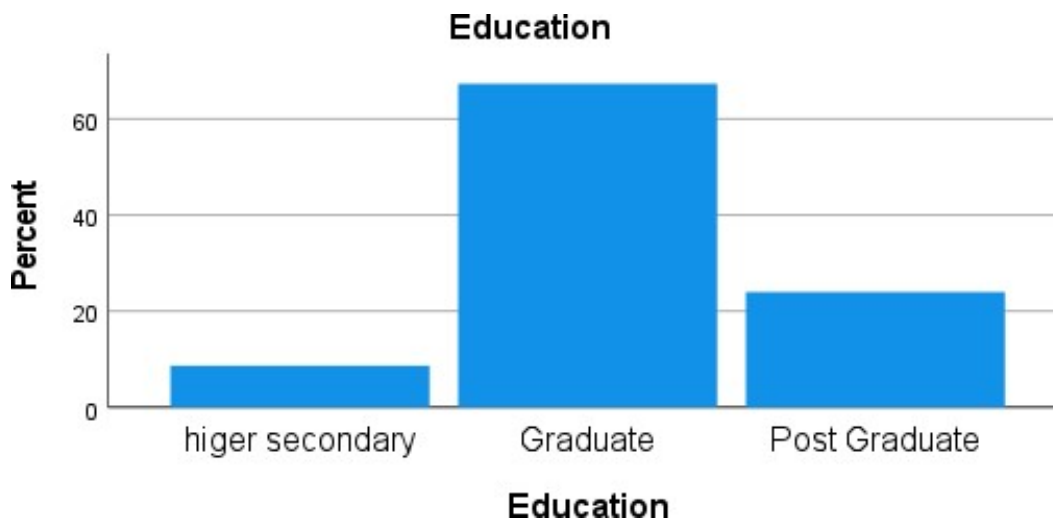


Figure 4.3

TABLE 4.4 OCCUPATION OF THE RESPONDENTS

Occupation					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Govt employee	17	11.3	11.3	11.3
	Pvt.sec employee	79	52.7	52.7	64.0
	Business	17	11.3	11.3	75.3
	Professional	15	10.0	10.0	85.3
	Student	22	14.7	14.7	100.0
	Total	150	100.0	100.0	

Source: Primary data

ANALYSIS:-

From all the respondents more respondents are private sector employees and student. We can see that less respondents are professional, business and government sector employee.

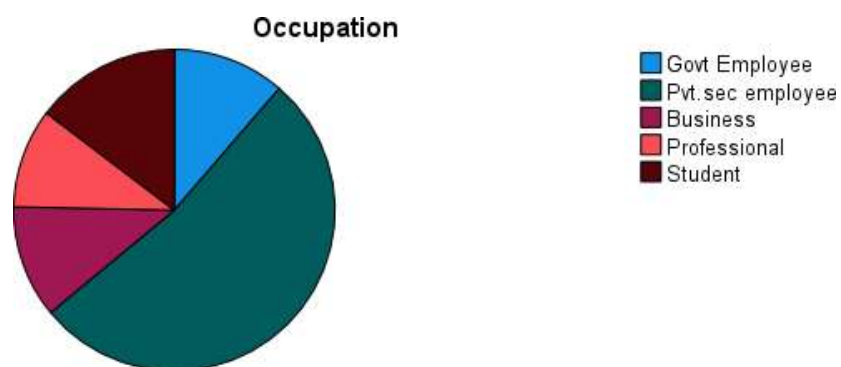


Figure 4.4

TABLE 4.5 WHAT IS YOUR MONTHLY INCOME?

What is your monthly income(apx)?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below Rs.25000	63	42.0	48.5	48.5
	Rs.25000-Rs.35000	33	22.0	25.4	73.8
	Rs.35000-Rs.45000	16	10.7	12.3	86.2
	Above Rs.45000	18	12.0	13.8	100.0
	Total	130	86.7	100.0	
Missing	System	20	13.3		
Total		150	100.0		

Source: Primary data

ANALYSIS:-

There are more people who have their monthly income within Rs.25000 to Rs.45000. People having income below Rs.25000 is more and above Rs.45000 is very less.

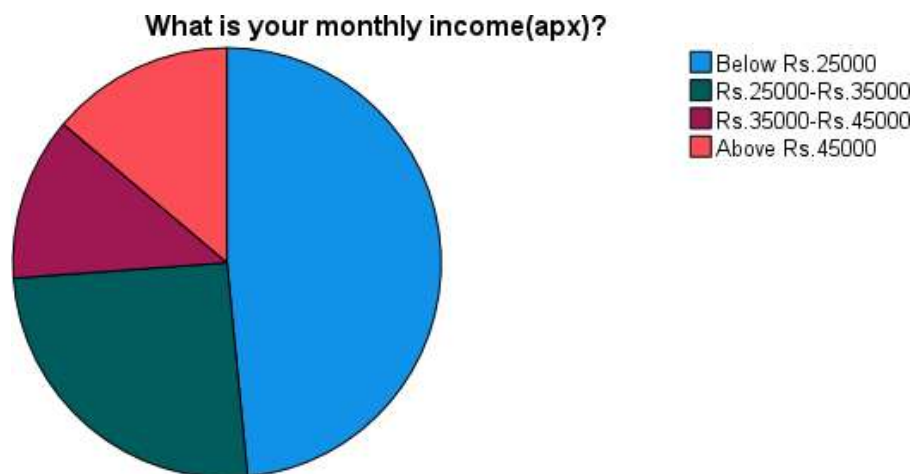


Figure 4.5

TABLE 4.6 WHICH OF THE FOLLOWING YOU ARE INTERESTED TO INVEST IN?

Which of the following you are interested to invest in?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Share Market	34	22.7	22.7	22.7
	Mutual Fund	22	14.7	14.7	37.3
	Both	37	24.7	24.7	62.0
	Not interested above	57	38.0	38.0	100.0
	Total	150	100.0	100.0	

Source: Primary data

ANALYSIS:-

- 22.7% of the respondents are interested to invest in share market.
- 15% of the respondents are interested to invest in Mutual Funds.
- 24.7% of the respondents are interested to invest in Both.
- 38% of the respondents are not interested to invest in.

So the majority of respondents are not interested to invest in share market and mutual fund.

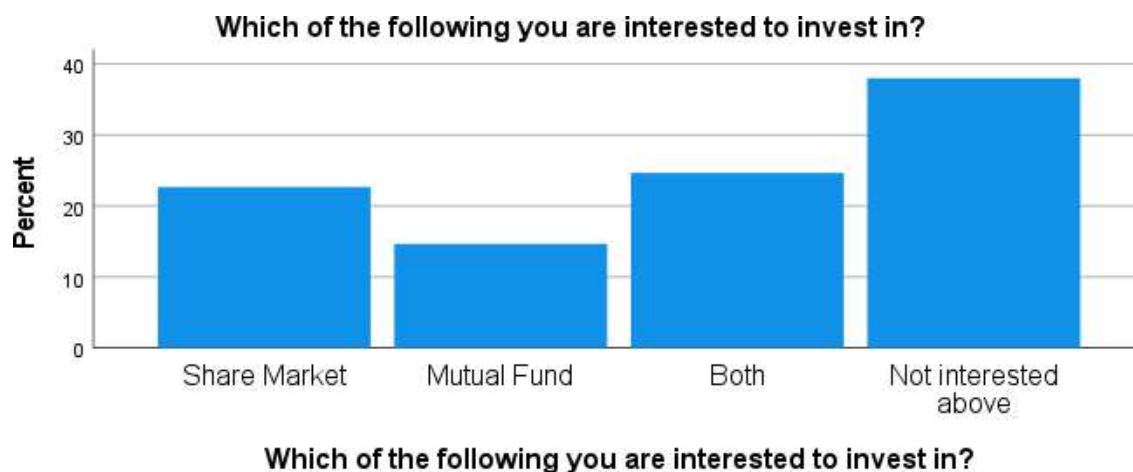


Figure 4.6

TABLE 4.7 ARE YOU AWARE ABOUT MUTUAL FUNDS?

Statistics		
Are you aware about mutual funds?		
N	Valid	150
	Missing	0

Are you aware about mutual funds?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	83	55.3	55.3	55.3
	no	67	44.7	44.7	100.0
	Total	150	100.0	100.0	

Source: Primary data

ANALYSIS:-

- 55.3% of the respondents are aware about mutual fund.
- 44.7% of the respondents are not aware about mutual fund.

So majority of the respondents are aware about mutual fund.

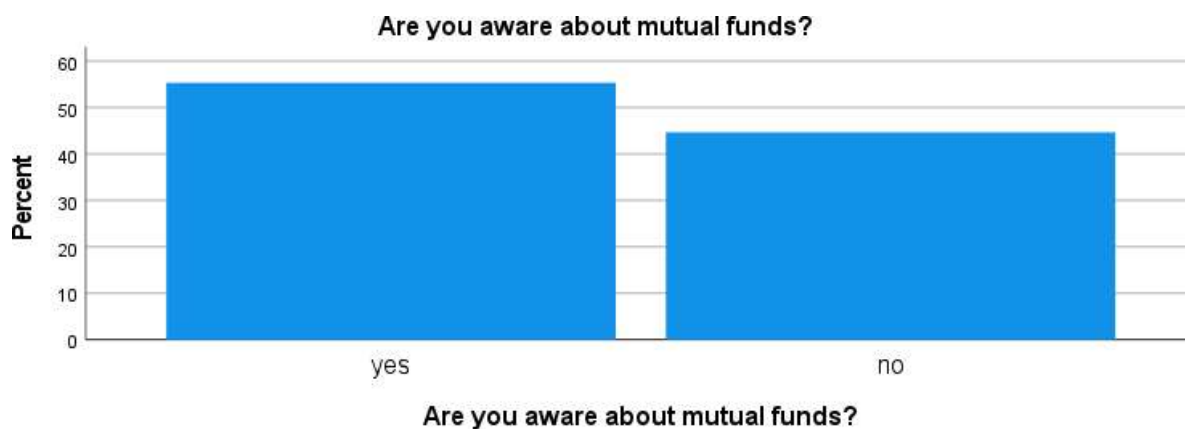


Figure 4.7

TABLE 4.8 HOW MUCH DO YOU AWARE ABOUT MUTUAL FUNDS?

Statistics		
How much do you aware about mutual funds?		
N	Valid	150
	Missing	0

How much do you aware about mutual funds?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Fully aware	20	13.3	13.3	13.3
	Partial knowledge of mutual funds	50	33.3	33.3	46.7
	Aware only of those schemes you have invested in	19	12.7	12.7	59.3
	No idea	61	40.7	40.7	100.0
	Total	150	100.0	100.0	

Source: Primary data

ANALYSIS:-

- 13.3% of the respondents fully aware about mutual funds.
- 33.3% of the respondents have partial knowledge of mutual fund.
- 12.7% of the respondents aware only of those schemes they have invested in MF.
- 40.7% of the respondents no idea about mutual fund.

So the majority of the respondents have no idea about mutual fund.

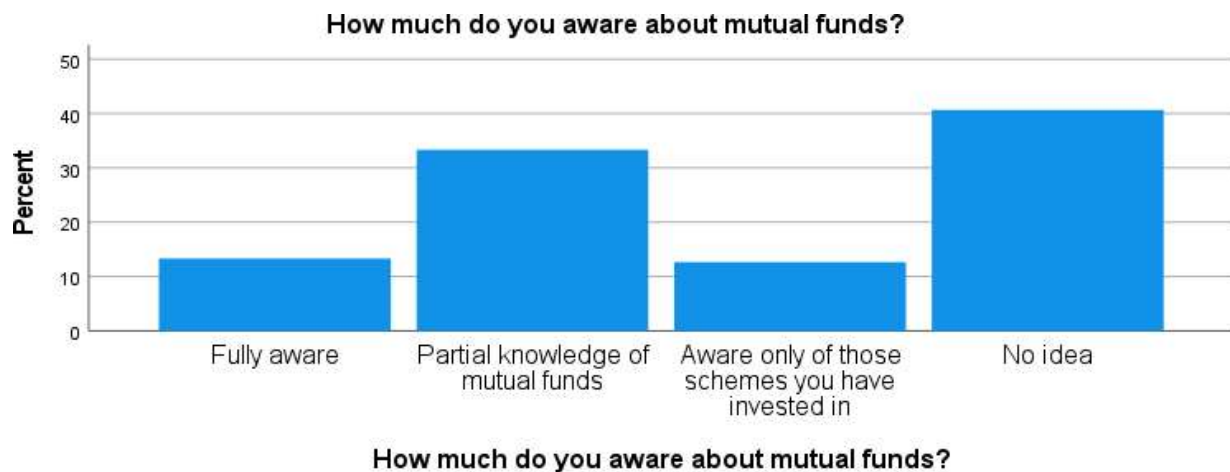


Figure 4.8

TABLE 4.9 HOW DO YOU KNOW ABOUT MUTUAL FUNDS?

Statistics		
How do you know about mutual funds?		
N	Valid	97
	Missing	53

How do you know about mutual funds?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Advertisements	16	10.7	16.5	16.5
	Distributors	28	18.7	28.9	45.4
	Friend referrals/employee	21	14.0	21.6	67.0
	Internet	32	21.3	33.0	100.0
	Total	97	64.7	100.0	
Missing	System	53	35.3		
Total		150	100.0		

Source: Primary data

ANALYSIS:-

- 10.7% of the respondents know through advertisements about mutual fund
- 18.7% of the respondents know through distributors about mutual fund.
- 14% of the respondents know through friend referrals/employee about MF.
- 21.3% of the respondents know through Internet about mutual fund.

So the majority of the respondents know through internet about mutual fund.

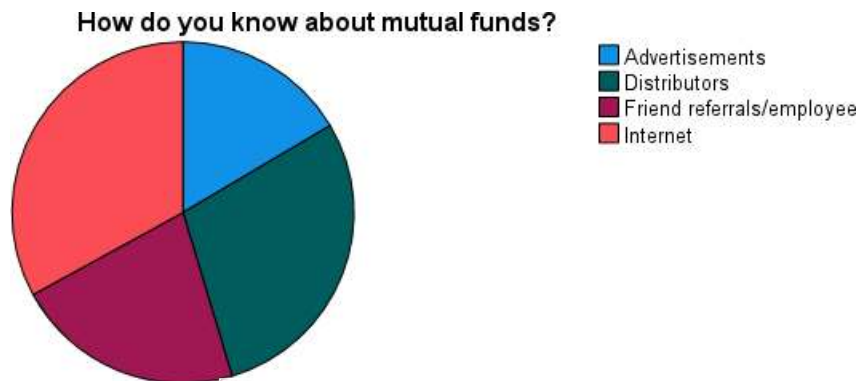


Figure 4.9

TABLE 4.10 DID YOU INVESTED IN MUTUAL FUNDS?

Statistics		
Did you invested in mutual funds		
N	Valid	150
	Missing	0

Did you invested in mutual funds					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	62	41.3	41.3	41.3
	no	88	58.7	58.7	100.0
	Total	150	100.0	100.0	

Source: Primary data

ANALYSIS:-

- 41.3% of the respondents invested in mutual fund.
- 58.7% of the respondents never invested in mutual fund.

So the majority of the respondents never invested in mutual fund.

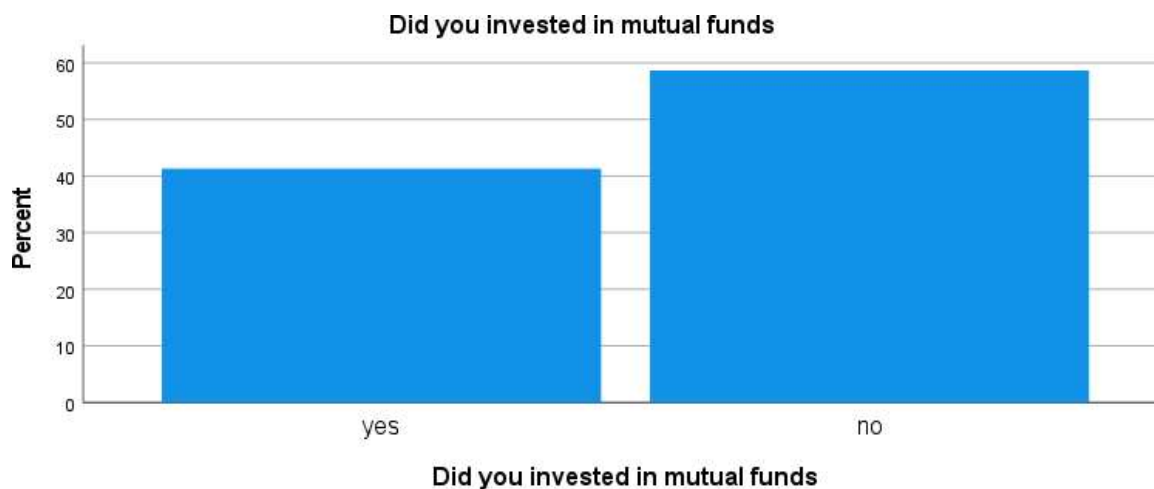


Figure 4.10

TABLE 4.11 IF (YES), IN WHICH TYPE OF FUNDS YOU HAVE INVESTED IN MUTUAL FUND?

Statistics		
If (YES), In which type of funds you have invested in mutual funds?		
N	Valid	63
	Missing	87

If (YES), In which type of funds you have invested in mutual funds?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	equity fund	40	26.7	63.5	63.5
	Debt fund	17	11.3	27.0	90.5
	hybrid fund	6	4.0	9.5	100.0
	Total	63	42.0	100.0	
Missing	System	87	58.0		
Total		150	100.0		

Source: Primary data

ANALYSIS:-

- 26.7% of the respondents have invested in equity fund category in different schemes.
- 11.3% of the respondents have invested in debt fund category in various schemes.
- 4% of the respondents have invested in hybrid category

So majority of the respondents choose equity category funds, but they says it have high risk.

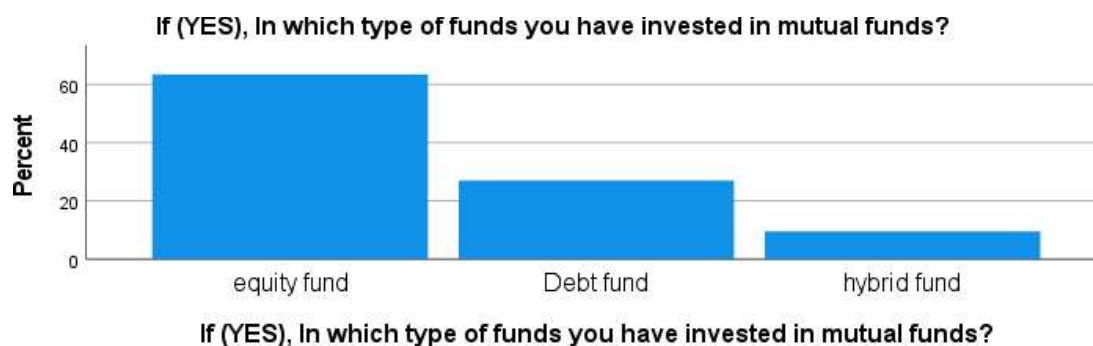


Figure 4.11

TABLE 4.12 IN WHICH MUTUAL FUND COMPANY HAVE INVESTED?

Statistics		
In which Mutual fund company you have invested?		
N	Valid	150
	Missing	0

In which Mutual fund company you have invested?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		99	66.0	66.0	66.0
	ICICI	7	4.7	4.7	70.7
	Nippon India	4	2.7	2.7	73.3
	Others	22	14.7	14.7	88.0
	SBI	6	4.0	4.0	92.0
	UTI	12	8.0	8.0	100.0
	Total	150	100.0	100.0	

Source: Primary data

ANALYSIS:-

From above diagram we can say that there is no much difference in preference of purchasing Mutual fund. There is minor difference in purchasing different type of Mutual Fund.

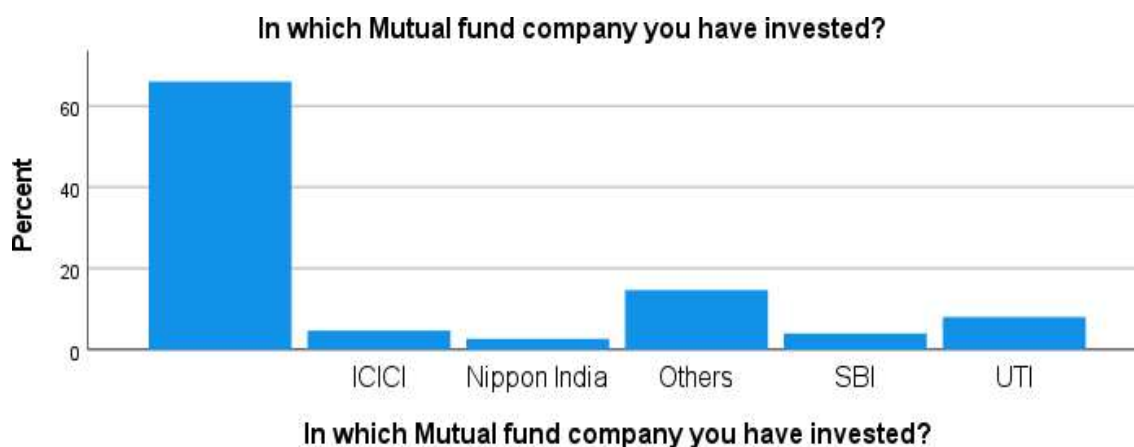


Figure 4.12

TABLE 4.13 IF (NO), WHAT BE THE REASONS FOR NOT INVESTING IN MUTUAL FUNDS?

Statistics		
If (NO), what be the reasons for not investing in mutual funds?		
N	Valid	90
	Missing	60

If (NO), what be the reasons for not investing in mutual funds?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lack of guidance	5	3.3	5.6	5.6
	Lack of knowledge	30	20.0	33.3	38.9
	Risky investment	29	19.3	32.2	71.1
	No particular reason	26	17.3	28.9	100.0
	Total	90	60.0	100.0	
Missing	System	60	40.0		
Total		150	100.0		

Source: Primary data

ANALYSIS:-

- 20% of the respondents say that they not invested because lack knowledge about mutual fund for not investing in mutual fund.
- 19.3% of the respondents say that they not invested because risky investment so that not investing in mutual fund.
- 3.3% of the respondents say that they not invested because lack of guidance for not investing in mutual fund.
- 17.3% of the respondents says no particular reason for not investing in mutual fund.

So the majority of the respondents says lack of knowledge about mutual fund for not investing in mutual fund.

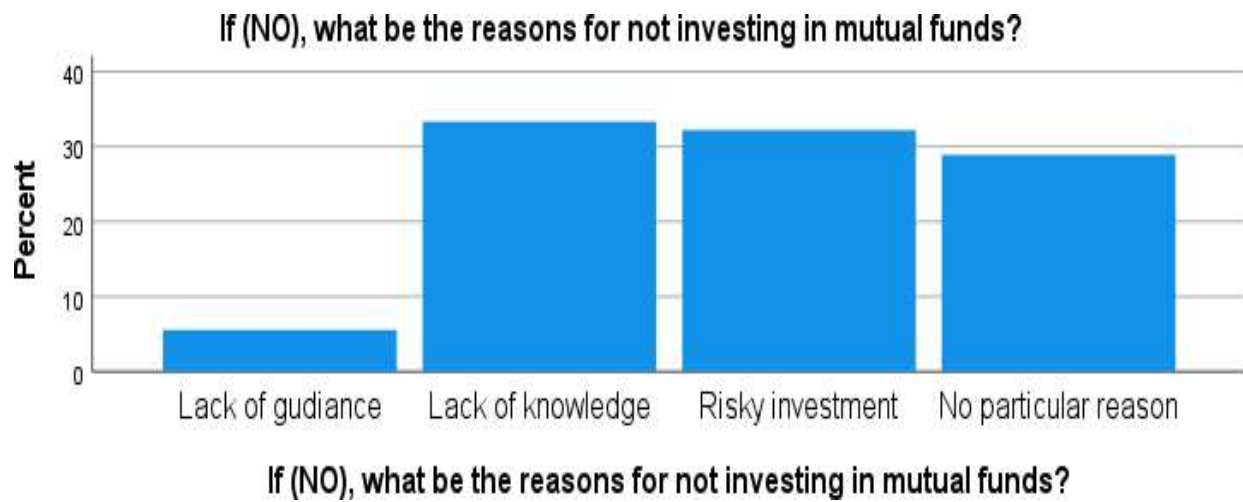


Figure 4.13

TABLE 4.14 WHAT ARE THE REASONS FOR INVESTING IN MUTUAL FUND?

Statistics		
What are the reasons for investing in mutual funds?		
N	Valid	150
	Missing	0

What are the reasons for investing in mutual funds?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		99	66.0	66.0	66.0
	choice of scheme	8	5.3	5.3	71.3
	flexibility	5	3.3	3.3	74.7
	High return	13	8.7	8.7	83.3
	liquidity	6	4.0	4.0	87.3
	professional management	5	3.3	3.3	90.7
	safety	10	6.7	6.7	97.3
	tax exemption	4	2.7	2.7	100.0
	Total	150	100.0	100.0	

Source: Primary data

ANALYSIS:-

- 8.7% of the respondents say that they invested because of high return for investing in mutual fund.
- 5.3% of the respondents say that they invested because of choice of scheme for investing in mutual fund.
- 3.3% of the respondents say that they invested because of flexibility for investing in mutual fund.
- 4% of the respondents say that they invested because of liquidity for investing in mutual fund.
- 3.3% of the respondents say that they invested because of professional management for investing in mutual fund.
- 6.7% of the respondents say that they invested because of safety for investing in mutual fund.
- 2.7% of the respondents say that they invested because of tax exemption for investing in mutual fund.

So the majority of the respondents say that they invested because of high return they are believe that is the main & the most important reason to invest in Mutual fund.

TABLE 4.15 WHAT ARE THE OBJECTIVES OF YOUR INVESTMENT?

Statistics		
What are the objectives of your investment?		
N	Valid	62
	Missing	88

What are the objectives of your investment?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	To provide for retirement	19	12.7	30.6	30.6
	To avail tax benefit	10	6.7	16.1	46.8
	For children education	7	4.7	11.3	58.1
	For purchase of assets	8	5.3	12.9	71.0
	Savings	18	12.0	29.0	100.0
	Total	62	41.3	100.0	
Missing	System	88	58.7		
Total		150	100.0		

Source: Primary data

ANALYSIS:-

- 12.7% of the respondents say that their investment objective to provide for retirement.
- 6.7% of the respondents say that their investment objective to avail tax benefit.
- 4.7% of the respondents say that their investment objective for children education.
- 5.3% of the respondents say that their investment objective for purchase asset.
- 12% of the respondents say that their investment objective for savings.

So the majority of the respondents say that their investment objective to provide for retirement and for savings.

TABLE 4.16 HOW OFTEN YOU INVEST IN THE MUTUAL FUND?

Statistics		
How often you invest in the mutual fund?		
N	Valid	61
	Missing	89

How often you invest in the mutual fund?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SIP	47	31.3	77.0	77.0
	Lump sum	14	9.3	23.0	100.0
	Total	61	40.7	100.0	
Missing	System	89	59.3		
Total		150	100.0		

Source: Primary data

ANALYSIS:-

From all the respondents they are more choose SIP way of investment. But they are invest in both way of investment.

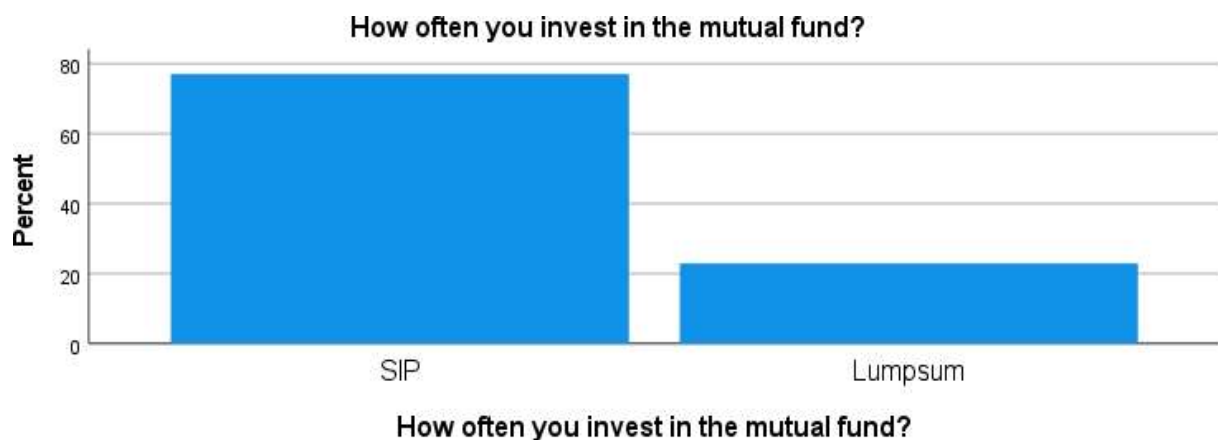


Figure 4.14

TABLE 4.17 WHAT IS YOUR MODE OF PURCHASE OF MUTUAL FUND?

Statistics					
What is your mode of purchase of mutual funds?					
N	Valid	61			
	Missing	89			

What is your mode of purchase of mutual funds?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Online	24	16.0	39.3	39.3
	Through distributors	24	16.0	39.3	78.7
	Through bank branches	13	8.7	21.3	100.0
	Total	61	40.7	100.0	
Missing	System	89	59.3		
Total		150	100.0		

Source: Primary data

ANALYSIS:-

- 16% of the respondents they are purchase through online.
- 16% of the respondents they are purchase through distributors.
- 8% of the respondents they are purchase through bank branches

So the majority of respondents purchase through online and distributor

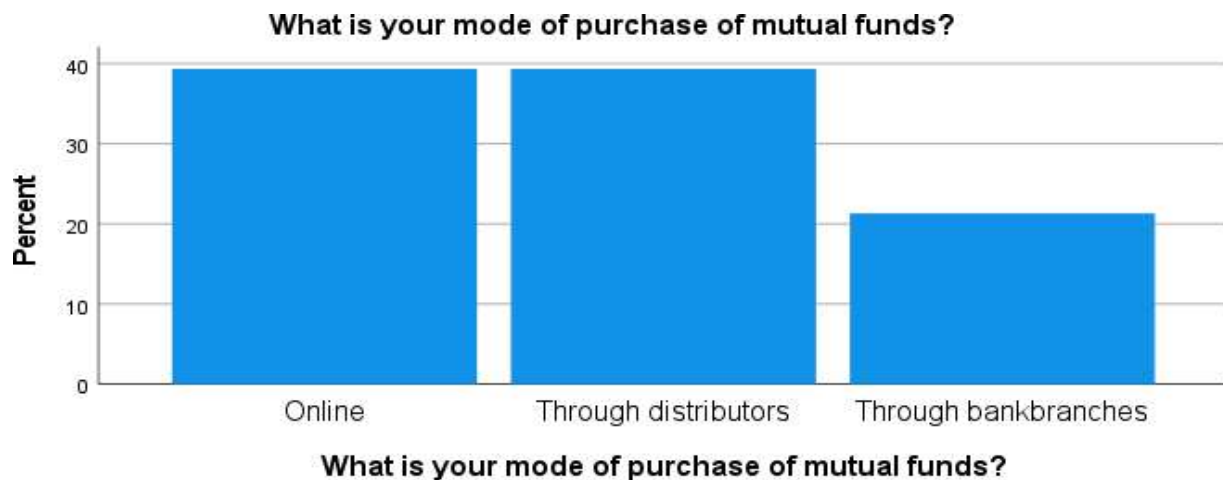


Figure 4.15

TABLE 4.18 WHAT IS YOUR PREFERENCE OF SAVINGS AVENUES?

Statistics		
What is your preference of savings avenues?		
N	Valid	150
	Missing	0

What is your preference of savings avenues?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		24	16.0	16.0	16.0
	bank deposit	32	21.3	21.3	37.3
	chits	2	1.3	1.3	38.7
	gold	35	23.3	23.3	62.0
	insurance	7	4.7	4.7	66.7
	MF	23	15.3	15.3	82.0
	postal savings	3	2.0	2.0	84.0
	real estate	9	6.0	6.0	90.0
	shares	15	10.0	10.0	100.0
	Total	150	100.0	100.0	

Source: Primary data

ANALYSIS:-

- 21.3% of the respondents prefer bank deposit for savings avenues.
- 23.3% of the respondents prefer gold for savings avenues.
- 15.3% of the respondents prefer Mutual Fund for savings avenues.
- 10% of the respondents prefer Shares for savings avenues.
- 6% of the respondents prefer real estate for savings avenues.
- 2% of the respondents prefer postal savings for savings avenues.
- 4.7% of the respondents prefer insurance for savings avenues.

So the majority of the respondents preference for savings avenues are gold and bank deposit.

TABLE 4.19 WHAT IS YOUR PERCEPTION ON RISK WHILE INVESTING IN MUTUAL FUND?

Statistics		
What is your perception on risk while investing in mutual fund?		
N	Valid	63
	Missing	87

What is your perception on risk while investing in mutual fund?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	low risk	13	8.7	20.6	20.6
	risk	14	9.3	22.2	42.9
	balanced risk	18	12.0	28.6	71.4
	high risk	18	12.0	28.6	100.0
	Total	63	42.0	100.0	
Missing	System	87	58.0		
Total		150	100.0		

Source: Primary data
ANALYSIS:-

- 8.7% of the respondents say that its low risk while investing in mutual fund.
- 9.3% of the respondents say that its risk while investing in mutual fund.
- 12% of the respondents say that its balanced risk on while investing in MF.
- 12% of the respondents say that its very high risk while investing in mutual fund.

So the majority of the respondents say that its high risk on while investing in MF.

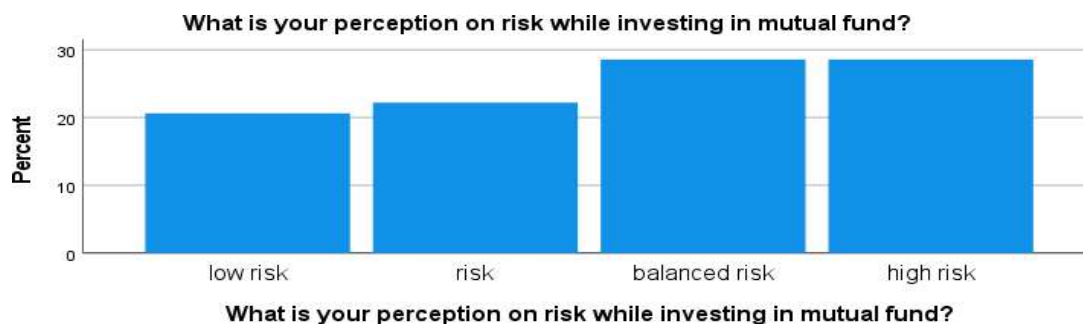


Figure 4.16

TABLE 4.20 WHAT IS YOUR LEVEL OF SATISFACTION TOWARDS INVESTMENT IN MUTUAL FUND?

Statistics		
What is your level of satisfaction towards investment in mutual fund?		
N	Valid	62
	Missing	88

What is your level of satisfaction towards investment in mutual fund?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very satisfied	8	5.3	12.9	12.9
	satisfied	17	11.3	27.4	40.3
	neutral	28	18.7	45.2	85.5
	Dissatisfied	8	5.3	12.9	98.4
	very dissatisfied	1	.7	1.6	100.0
	Total	62	41.3	100.0	
Missing	System	88	58.7		
Total		150	100.0		

Source: Primary data

ANALYSIS:-

- 5.3% of the respondents say that very satisfied with investment company of mutual fund.
- 11.3% of the respondents say that satisfied with investment company of mutual fund.
- 18.7% of the respondents say that neutral with investment company of mutual fund.
- 5.3% of the respondents say that dissatisfied with investment company of mutual fund.
- 1% of the respondents say that very dissatisfied with investment company of mutual fund.

So the majority of the respondents say that very neutral with investment company of mutual fund.

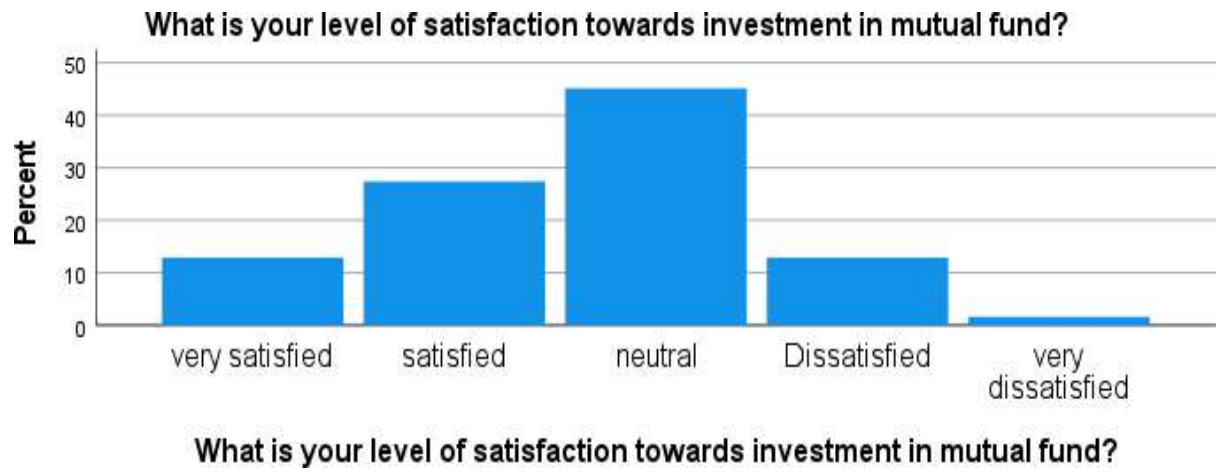


Figure 4.17

TABLE 4.21 HYPOTHESIS-1 Age and awareness regarding Mutual Fund**Null Hypothesis (H0):-**

There is no association between age and awareness regarding mutual fund

Alternative Hypothesis (H1):-

There is association between age and awareness regarding mutual fund

Age * Are you aware about mutual funds? Cross tabulation (TABLE 4.21)

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age * Are you aware about mutual funds?	150	100.0%	0	0.0%	150	100.0%

Age * Are you aware about mutual funds? Cross tabulation					
			Are you aware about mutual funds?		Total
			yes	no	
Age	Below 25 yrs	Count	19	35	54
		Expected Count	29.9	24.1	54.0
	25-35 yrs	Count	38	22	60
		Expected Count	33.2	26.8	60.0
	35-45 yrs	Count	17	4	21
		Expected Count	11.6	9.4	21.0
	Above 45 yrs	Count	9	6	15
		Expected Count	8.3	6.7	15.0
Total		Count	83	67	150
		Expected Count	83.0	67.0	150.0

Chi-Square Tests			
	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	13.716 ^a	3	.003
Likelihood Ratio	14.130	3	.003
Linear-by-Linear Association	9.449	1	.002
N of Valid Cases	150		
a. 0 cells (00.0%) have expected count less than 5. The minimum expected count is 6.40.			

Source: Primary data

DATA ANALYSIS:-

Since p value (0.003) is less than 0.05 at 5% level of significance we accept alternative hypothesis (H1) and reject null hypothesis (H0). Hence there is association between age and awareness regarding mutual fund.

DATA INTERPRETATION:-

The above chart and diagram shows that awareness of mutual fund is more in the age between 25 – 35 years. There are more people who have awareness regarding Mutual fund from 60 respondents 38 are aware it shows high awareness. People having age above 45 years have not much awareness regarding Mutual fund from 15 respondents 10 are not aware and only 5 are aware about mutual fund.

TABLE 4.22 HYPOTHESIS 2:- Gender and awareness of mutual fund**Null Hypothesis (H0):-**

There is no association between gender and awareness of mutual fund

Alternative Hypothesis (H1):-

There is association between gender and awareness of mutual fund

Gender * Are you aware about mutual funds? Cross tabulation (TABLE 4.22)

Case Processing Summary						
		Cases				
		Valid		Missing		Total
		N	Percent	N	Percent	N
Gender * Are you aware about mutual funds?		150	100.0%	0	0.0%	150

Gender * Are you aware about mutual funds? Cross tabulation					
			Are you aware about mutual funds?		Total
			yes	no	
Gender	male	Count	48	44	92
		Expected Count	50.9	41.1	92.0
	female	Count	35	23	58
		Expected Count	32.1	25.9	58.0
Total		Count	83	67	150
		Expected Count	83.0	67.0	150.0

Chi-Square Tests					
	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2- sided)	Exact Sig. (1- sided)
Pearson Chi-Square	.867 ^a	1	.352		
Continuity Correction ^b	.580	1	.446		
Likelihood Ratio	.871	1	.351		
Fisher's Exact Test				.399	.223
Linear-by-Linear Association	.861	1	.353		
N of Valid Cases	150				
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 24.75.					
b. Computed only for a 2x2 table					

Source: Primary data

DATA ANALYSIS:-

Since p value (0.352) is greater than 0.05 at 5% level of significance we accept the null hypothesis (H₀) & reject alternative hypothesis (H₁). Hence there is no association between gender and awareness of mutual fund

DATA INTERPRETATION:-

From the above data and chart Male have more aware than female. We can see that awareness of Mutual fund is more in the male. There are more people who have awareness regarding Mutual Fund from 92 respondents 52 are aware it shows high awareness. From the 38 female respondents out of 56 have aware about mutual fund.

TABLE 4.23 HYPOTHESIS-3: Education level and awareness of mutual fund**Null Hypothesis (H0):-**

There is no association between education and awareness of Mutual Fund

Alternative Hypothesis (H1):-

There is association between education and awareness of Mutual Fund

Education * Are you aware about mutual funds? Cross tabulation (TABLE 4.23)

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Education * Are you aware about mutual funds?	150	100.0%	0	0.0%	150	100.0%

Education * Are you aware about mutual funds? Cross tabulation					
			Are you aware about mutual funds?		Total
			yes	no	
Education	higher secondary	Count	3	10	13
		Expected Count	7.2	5.8	13.0
	Graduate	Count	55	46	101
		Expected Count	55.9	45.1	101.0
	Post Graduate	Count	25	11	36
		Expected Count	19.9	16.1	36.0
Total		Count	83	67	150
		Expected Count	83.0	67.0	150.0

Chi-Square Tests			
	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	8.395 ^a	2	.015
Likelihood Ratio	8.565	2	.014
Linear-by-Linear Association	6.936	1	.008
N of Valid Cases	150		
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.55.			

Source: Primary data

DATA ANALYSIS:-

Since p value (0.015) is less than 0.05 at 5 percent level of significance we accept the alternative hypothesis (H1) & reject null hypothesis (H0). Hence there is association between education and awareness of Mutual Fund.

DATA INTERPRETATION:-

Here we interpret the Education qualification have much impact on awareness of Mutual Fund out of 101 graduate 58 are aware and 43 are not aware and the out of 36 post graduate 25 are aware and 11 are not aware. People who are not graduate have not much awareness regarding Mutual Fund.

TABLE 4.24 HYPOTHESIS-4 Occupation and awareness of mutual fund**Null Hypothesis (H0):-**

There is no association between occupation and awareness of Mutual Fund

Alternative Hypothesis (H1):-

There is association between occupation and awareness of Mutual Fund

Occupation * Are you aware about mutual funds? Cross tabulation

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Occupation * Are you aware about mutual funds?	150	100.0%	0	0.0%	150	100.0%

Occupation * Are you aware about mutual funds? Cross tabulation					
			Are you aware about mutual funds?		Total
			yes	no	
Occupation	Govt Employee	Count	14	3	17
		Expected Count	9.4	7.6	17.0
	Pvt.sec employee	Count	43	36	79
		Expected Count	43.7	35.3	79.0
	Business	Count	6	11	17
		Expected Count	9.4	7.6	17.0
	Professional	Count	8	7	15
		Expected Count	8.3	6.7	15.0
	Student	Count	12	10	22
		Expected Count	12.2	9.8	22.0
Total		Count	83	67	150
		Expected Count	83.0	67.0	150.0

Chi-Square Tests			
	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	6.105 ^a	4	.191
Likelihood Ratio	6.246	4	.181
Linear-by-Linear Association	3.984	1	.046
N of Valid Cases	150		
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 6.40.			

Source: Primary Data

DATA ANALYSIS:-

Since p value (.191) is greater than 0.05 at 5 percent level of significance we accept the null hypothesis (H0) & reject the alternative hypothesis (H1). Hence there is no association between occupation and awareness of Mutual Fund.

DATA INTERPRETATION:-

After analyzing all the data can say private sector employees and doing business people are more aware about Mutual Fund and government sector persons also are more aware among all the despondence. Students are not much aware about Mutual Fund. From 15 professional 8 are aware and 7 are not aware is shows more awareness in professionals.

TABLE 4.25 HYPOTHESIS 5:- Occupation and way of invest of Mutual Fund**Null Hypothesis (H0):-**

There is no association between occupation and way of investment of Mutual Fund

Alternative Hypothesis (H1):-

There is association between occupation and way of investment of Mutual Fund

Occupation * How often you invest in the mutual fund? Cross tabulation

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Occupation * How often you invest in the mutual fund?	61	40.7%	89	59.3%	150	100.0%

Occupation * How often you invest in the mutual fund? Cross tabulation					
			How often you invest in the mutual fund?		Total
			SIP	Lump sum	
Occupation	Govt Employee	Count	6	2	8
		Expected Count	6.1	1.9	8.0
	Pvt.sec employee	Count	24	7	31
		Expected Count	23.6	7.4	31.0
	Business	Count	3	0	3
		Expected Count	2.3	.7	3.0
	Professional	Count	3	2	5
		Expected Count	3.8	1.2	5.0
	Student	Count	2	1	3
		Expected Count	2.3	.7	3.0
Total		Count	38	12	50
		Expected Count	38.0	12.0	50.0

Chi-Square Tests			
	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	1.775 ^a	4	.777
Likelihood Ratio	2.346	4	.672
Linear-by-Linear Association	.207	1	.649
N of Valid Cases	61		
a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .69.			

Source: Primary Data

DATA ANALYSIS:-

Since p value (0.777) is greater than 0.05 at 5% level of significance we accept the null hypothesis (H₀) & reject the alternative hypothesis (H₁). Hence there is no association between occupation and way of investment of Mutual Fund.

DATA INTERPRETATION:-

Above chart and data shows that both the ways of investing into Mutual Fund are as fabulous. People choose SIP option as much as lump sum. But we can see that people whose occupation is private sector employee choose SIP way of investing in mutual fund. Private sector and government sector employee people also choose lump sumway of their investment. Business people mostly choose SIP as a way of their investment. We can see that people whose occupation professional and student theyare choose both way of investing in mutual fund.

TABLE 4.26 HYPOTHESIS 6:- Monthly Income people and way of investment in Mutual Fund

Null Hypothesis (H0):-

There is no association between monthly income of the way of investment of MF

Alternative Hypothesis (H1):-

There is association between monthly income of the way of investment of MF.

What is your monthly income(apx)? * How often you invest in the mutual fund? Cross tabulation

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
What is your monthly income(apx)? * How often you invest in the mutual fund?	48	32.0%	102	68.0%	150	100.0%

What is your monthly income(apx)? * How often you invest in the mutual fund? Cross tabulation					
			How often you invest in the mutual fund?		Total
			SIP	Lump sum	
What is your monthly income(apx)?	Below Rs.25000	Count	15	3	18
		Expected Count	13.5	4.5	18.0
	Rs.25000-Rs.35000	Count	11	5	16
		Expected Count	12.0	4.0	16.0
	Rs.35000-Rs.45000	Count	6	1	7
		Expected Count	5.3	1.8	7.0
	Above Rs.45000	Count	4	3	7
		Expected Count	5.3	1.8	7.0
Total		Count	36	12	48
		Expected Count	36.0	12.0	48.0

Chi-Square Tests			
	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	2.619 ^a	3	.454
Likelihood Ratio	2.587	3	.460
Linear-by-Linear Association	1.044	1	.307
N of Valid Cases	48		
a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is 1.75.			

Source: Primary Data

DATA ANALYSIS:-

Since p value (.454) is greater than 0.05 at 5 percent level of significance we accept the null hypothesis and reject the alternative hypothesis. Hence there is no association between monthly income and way of investment of mutual fund.

DATA INTERPRETATION:-

Above chart and data shows that both the ways of investment in Mutual Fund. People choose SIP option as much as lump sum. But we can see that people whose income below Rs.25000 mostly they choose SIP way of investing in mutual fund. People whose income Rs.25000-35000 they are choose both way of investing in mutual fund. We can see that people whose that income Rs.35000-Rs.45000 they are choose SIP more than lump sum. People whose income Above Rs.45000 they are choose lump sum.

CHAPTER-V

FINDINGS, SUGGESTIONS, CONCLUSION

5.1 FINDINGS OF THE STUDY

- Among all the respondents 56% are aware about Mutual Fund and 44% are not aware about Mutual Fund.
- From all aware respondents only 41% respondents have invest in Mutual Fund
- There are 61% male and 39% female out of all the respondents and more number of male are aware than the female about Mutual Fund.
- From the age of 25-35 years have more aware than others.
- Among 79 private sector employee 48 are aware and 31 are not aware about Mutual Fund it shows that there is more awareness in private sector employees.
- There are 101 respondents who are graduate among them 58 are aware and 43 are not aware about Mutual Fund.
- There are 36 respondents who are post graduate among them 25 are aware and 11 are not aware about Mutual Fund.
- More respondents have their annual income between 25k to 35k and from them most of the people are prefer invest in Mutual Fund.
- From all the respondents 21% respondents have awareness regarding Mutual Fund through internet and bank and less number of respondents are aware through distributors.
- 40% respondents are investing in lump sum and 60% are investing in Systematic Investment Plan.
- From all aware respondents 12% respondents have their investment objectives are savings and to provide for retirement.
- There are 16% respondents purchase of Mutual Fund products through Online.
- Among all the invest respondents 18.7% are neutral with their investment in Mutual Fund and 11.3% are satisfied with their investment. Only 5.3% are dissatisfied with their investment.
- Among all the invest respondents there are 12% of the people says very high risk and 14% of the people says risk. Only 8% of the people says low risk while investing in Mutual Fund.
- From all aware respondents 35 respondents did not invest in Mutual Fund out of 83.
- Among the not investors 20% respondents lack of knowledge and 19.3% respondents risky investment.
- There are 22% respondents have interested to invest in Mutual Fund.

5.2 SUGGESTIONS

After seeing the whole Data analysis and findings my suggestions for the industry are shown as below

- The company should give the knowledge regarding Mutual Fund through various sources like more advertisements, T.V. programmes, etc. about what it is? How it works? How to handle its? What is its benefit for us with its advertisements or in programmes. Because many people have heard about it but don't know what it is?
- The company should also attract the medium level Income people by showing them the benefits of the liquidity funds for the short Term to attract them.
- As per survey Bank creates higher awareness so the mutual fund companies should more collaborate with the banks.
- The company should also attract the customer through different schemes who having knowledge about the Mutual Funds but not investing in Mutual Funds.
- The company should also make aware the people about the AMFI exam and should motivate them to be financial advisor to get more business.
- The company should give information regarding Tax benefit to Invest into Mutual Fund.
- The company should organize seminar to give information about Mutual Fund and should distribute brochures having detail of schemes of Mutual Fund.
- Winning the investor's confidence and protecting their rights is the common objective of all the mutual fund companies. In this context the AMFI and SEBI should make strict rules and regulations for safeguarding the interests of the common investors. If these rules are not being followed properly, a provision of punishment should be made who violates the same.
- Some investors complained that the brokers/sub brokers are more interested in their incentives provided to them by the companies for selling more schemes. So it is very necessary that they should perform their duties with full care and diligence and should not misguide the investors. The brokers, sub brokers and agents should provide right and timely information to the investors. They must keep themselves aware of the latest happenings in the market for the sake of investors.
- Steps should be taken to boost the confidence and morale of the investors. This can be done through appropriate communication and by educating investors to invest in mutual funds. Timely and right information should be provided to them by different communication modes so that they come to know about the latest trends in the market.

5.3 CONCLUSION

Today a lot of investment opportunities are available to the investors in the financial markets. Investors can invest in corporate bonds, debentures, bank deposits, post office schemes etc. But nowadays investors opt for portfolio managers to invest money on their behalf. These portfolio managers are experts in stock market operations and invest the money in such a way that the investors would get minimum assured returns. Today many institutions are busy in providing wealth management services to the investors. But these services are very costly. Thus in order to help the investor's mutual funds provide a protective shed to the small and big investors.

The present study analyses the mutual fund investments in relation to investor's behavior. Investors' opinion and perception has been studied relating to various issues like type of mutual fund scheme, main objective behind investing in mutual fund scheme, level of satisfaction, 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. This study is very important in order to judge the investors' behavior in a market like India, where the competition increases day by day due to the entry of large number of players with different financial strengths and strategies. The present investigation outlined that mostly the investors have positive approach towards investing in mutual funds. In order to maintain their confidence in mutual funds they should be provided with timely information relating to different trends in the mutual fund industry. For achieving heights in the financial sector, the mutual fund companies should formulate the strategies in such a way that helps in fulfilling the investors' expectations. Today the main task before mutual fund industry is to convert the potential investors into the reality investors. New and more innovative schemes should be launched from time to time so that investor's confidence should be maintained. All this will lead to the overall growth and development of the mutual fund industry.

QUESTIONNAIRE

A STUDY ON INVESTOR AWARENESS ABOUT INVESTMENT OF MUTUAL FUND

Dear Sir/Madam

1. PERSONAL DETAILS:

Name: _____

Gender: a)Male b)Female

Age: a)below 25 yrs b)25- 35 yrs c)35-45 yrs d)above 45 yrs

Education: a)Higher Secondary b)Graduate c)Post Graduate

Occupation: a)Govt.sec employee b)Pvt.sec.employee c)Professional

 d)Business e)Student f)Other:_____

Role: _____

What is your monthly income (apx)?

a)Below Rs.25000 b)Rs. 25000-Rs.35000 c)Rs.35000-Rs.45000 d)Above Rs.45000

QUESTIONNAIRE:

2. which of the following you are interested to invest in?

a)Share Market b)Mutual fund c)Both a and b d)Not interested above

3. Are you aware about mutual funds?

a)yes b)no

4. How aware are you about mutual funds?

a)Fully aware b)partial knowledge

c)Aware only of those schemes you have invested in

d)No idea

5. How did you come to know about Mutual Funds?

a) Advertisement b) Distributors c) Friends d) Internet e) Others _____

6. Did you invest in mutual fund?

a) yes b) no

7. If yes, then in which type of fund or schemes you have invested in mutual funds?

a) Equity fund b) Debt fund c) Hybrid fund
d) others _____

8. In which mutual fund you have invested?

a) ICICI Prudential MF b) SBI MF c) UTI MF
d) others _____

9. If No then, What be the reasons for not investing in mutual funds?

a) Lack of Guidance b) Lack of Knowledge c) Risky Investment d) No particular reason

10. What are the reasons for investing in mutual funds?

a) Professional Management b) high return c) Liquidity d) Flexibility e) Safety f) Choice of Scheme
g) Convenient h) Low cost i) Transparency j) Tax exemption
k) others _____

11. What is your preference of savings avenues?

a) Bank deposit b) Gold c) Chits d) Real estate e) Shares f) Mutual funds g) Postal savings
Others _____

12. What are the objectives of savings in investment?

a) To provide for retirement b) To avail tax benefit c) Savings d) For Children education e) Purchase asset

13. What is your mode of purchase of mutual funds?

a) Online b) Through distributors c) Through bank branches d) National distributors

14. How often you invest in the mutual fund?

a) SIP b) One time investment

15. What is your level of satisfaction towards investment in mutual funds?

a) very satisfied b) satisfied c) Neutral d) Dissatisfied

16. What extent of risk you feel that investing mutual fund?

a) No risk b) Low risk c) risk d) Balanced risk e) High risk f) Very high risk

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