

A STUDY ON CUSTOMER PERCEPTION TOWARDS PERFORMANCE OF MUTUAL FUNDS

Submitted in partial fulfillment of the requirements for the award of

Master of Business Administration

By

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SCHOOL OF BUSINESS ADMINISTRATION

SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

**Accredited with Grade "A" by NAAC | 12B Status by UGC | Approved by AICTE
JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI - 600 119**

APRIL - 2021



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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **NIMITH PAUL SAJAN, 39410138** who have done the Project work entitled **A Study On Customer Perception Towards Performance of Mutual Funds** under my supervision from _____ to _____.

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DECLARATION

I **NIMITH PAUL SAJAN ,39410138** hereby declare that the Project Report entitled **A Study On Customer Prception Towards The Performance Of Mutual Funds** done by me under the guidance of **Dr. N. Kumar, MA, MPhil, PhD, MBA**(Internal Guide) and _____(External Guide) is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

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ABSTRACT

The main purpose of the project is to understand the perception of customers about mutual funds. Mutual funds are financial intermediaries, which collect the savings of investors & invest them in a large & well diversified portfolio of securities such as money market instruments, corporate & government bonds & equity shares of joint stock companies. The project is done to understand the awareness about mutual funds among the Indian investors and measure their willingness to stay invested in the future.

Simple random sampling method has used in the research work. Multiple choice questions have been chosen to collect the responses from 150 costumers Of Mutual funds. The data collected has been analyzed through various statistical tools like Percentage test, Independent t test and ANOVA.

The awareness about mutual funds among the Indian investors are identified through this survey. The survey is conducted in the Kochi region. The various mutual funds investment options available to the investors are examined and the behavior of the investors while selecting the investment option is also examined thoroughly.

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CHAPTER – 1

INTRODUCTION

1.1 INTRODUCTION ABOUT THE STUDY

Mutual funds are financial intermediaries, which collect the savings of investors & invest them in a large & well diversified portfolio of securities such as money market instruments, corporate & government bonds & equity shares of joint stock companies. A Mutual fund is a pool of common funds invested by different investors, who have no contact with each other. Mutual funds are conceived as institutions for providing small investors with avenues of investments in the capital market. Since small investors generally do not have adequate time knowledge, experience & resources for directly accessing the capital market, they have to rely on an intermediary which undertakes informed investment decisions & provides consequential benefits of professional expertise. The advantages for the investors are reduction in risk, expert professional management, diversified portfolios, & liquidity of investment & tax benefits. By pooling their assets through mutual funds, investors achieve economies of scale. The interests of the investors are protected by the SEBI, Which acts as a watchdog. Mutual funds are governed by the SEBI (Mutual funds) regulations, 1993. From its inception the growth of mutual funds is very slow and it took really long years to evolve the modern day mutual funds. Mutual Funds emerged for the first time in Netherlands in the 18th century and then got introduced to Switzerland, Scotland and then to United States in the 19th century. The main motive behind mutual fund investments is to deliver a form of diversified investment solution. Over the years the idea developed and people received more and more choices of diversified investment portfolio through the mutual funds. In India, the mutual fund concept emerged in 1960. The credit goes to UTI for introducing the first mutual fund in India. Monetary Funds benefited a lot from the mutual funds. Earlier investors used to invest directly in the stock market and many times suffered from loss due to wrong speculation. But with the coming up of mutual

funds, which were handled by efficient fund managers, the investment risks were lowered by a great extent.

A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities like stocks, bonds, money market instruments, and other assets. Mutual funds are operated by professional [money managers](#), who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus.

Mutual funds give small or individual investors access to professionally managed portfolios of equities, bonds, and other securities. Each shareholder, therefore, participates proportionally in the gains or losses of the fund. Mutual funds invest in a vast number of securities, and performance is usually tracked as the change in the total [market cap](#) of the fund—derived by the aggregating performance of the underlying investments.

1.2 INDUSTRY PROFILE

MUTUAL FUND CONCEPT

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as equities, debentures and other securities. The income earned through these investments and the capital appreciation realized (after deducting the expenses and profits of mutual fund managers) is shared by its unit holders in proportion to the number of units owned by them. Thus a Mutual Fund strives to meet the investment needs of the common man by offering him or her opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. The small savings of all the investors are put together to increase the buying power and hire a professional manager to invest and monitor the money. Anybody with a surplus of as little as a few thousand rupees can invest in Mutual Funds.

PENETRATION OF MUTUAL FUNDS IN INDIA

Market penetration is a term that indicates how deeply a product or service has become entrenched with a given consumer market. The degree of penetration is often measured by the amount of sales that are generated within market itself. A product that generates twenty percent of the sales made within a given market would be said to have a higher rate of market penetration than a similar product that realizes ten percent of the total sales within that same market. Determining what constitutes the consumer market is key to the process of properly calculating market penetration. Market penetration can be considered in broader terms, and be used as a way of identifying a wider consumer base. In Mutual Funds industry we know that it is basically an Urban Phenomenon. Still there is a lack of awareness in rural India about this investment option. Out of the total net assets under management by all Mutual funds the percentage of Corporate/institutions is

as big as 54.150%, whereas its percentage to total investor's accounts is just 0.95%. It clearly shows that the corporate sector which has a strong urban base is the real player in Mutual Funds industry. Whereas, Out of the total net assets under management by all Mutual funds the percentage of individuals is only 39.77%, where as its percentage to total investor's accounts is 97.07%.



AN OVERVIEW ON MUTUAL FUNDS

HISTORY OF MUTUAL FUNDS

In 1774, a Dutch merchant invited subscriptions from investors to set up an investment trust by the name of Eendragt Maakt Magt (translated into English, it means, 'Unity Creates Strength'), with the objective of providing diversification at low cost to small investors. Its success caught on, and more investment trusts were launched, with verbose and quirky names that when translated read 'profitable and prudent' or 'small matters grow by consent'. The foreign and colonial Govt. trust, formed in London in 1868, promised that the investor of modest means would have the same advantages as the large capitalist by spreading the investment over a number of stocks.

When three Boston securities executives pooled their money together in 1924 to create the first mutual fund, they had no idea how popular mutual funds would become. The idea of pooling money together for investing purposes started in Europe in the mid-1800s. The first pooled fund in U.S. was created in 1893 for the faculty and staff of Harvard University. On March 21st, 1924 the first official mutual fund was born. It was called the Massachusetts Investors Trust. After one year, the Massachusetts Investors Trust grew from \$50,000 in assets in 1924 to \$392,000 in assets (with around 200 shareholders). In contrast, there are over 10,000 Mutual Funds in U.S. today totaling around \$7 trillion (with approximately 83 million individual investors) according to the Investment Company Institute.

HISTORY OF MUTUAL FUNDS IN INDIA:

The Evolution:

The formation of Unit Trust of India marked the evolution of the Indian mutual fund industry in year 1963. The primary objective at that time was to attract the small investors and it was made possible through the collective efforts of the Government of India and the Reserve Bank of India.

The history of mutual fund industry in India can be better understood divided into following phases:

Phase 1. Establishment and Growth of Unit Trust of India - 1964-87:

Unit Trust of India enjoyed complete monopoly when it was established in year 1963 by an Act of Parliament. UTI was set up by the Reserve Bank of India and it continued to operate under the regulatory control of the RBI until the two were de-linked in 1978 and the entire control was transferred in hands of Industrial Development Bank of India (IDBI). UTI launched its first scheme in 1964, named as Unit Scheme 1964 (US-64), which attracted the largest number of investors in any single investment scheme over the years. UTI launched more innovative schemes in 1970s and 80s to suit the needs of different investors. It launched ULIP in 1971, six more schemes between 1981-84, Children's Gift Growth Fund and India Fund (India's first offshore fund) in 1986, Mastershare (India's first equity diversified scheme) in 1987 and Monthly Income Schemes (offering assured returns) during 1990s. By the end of 1987, UTI's assets under management grew ten times to Rs 6700 crores.

Phase II. Entry of Public Sector Funds - 1987-1993:

The Indian mutual fund industry witnessed a number of public sector players entering the market in year 1987. In November 1987, SBI Mutual Fund from the State Bank of India became the first non-UTI mutual fund in India. SBI Mutual Fund was later followed by Canbank Mutual fund, LIC Mutual Fund, Indian Bank Mutual Fund, Bank of India Mutual Fund, GIC Mutual Fund and PNB Mutual Fund. By 1993, the assets under management of the industry increased seven times to Rs. 47,004 crores. However, UTI remained to be the leader with about 80% market share.

Phase III. Emergence of Private Sector Funds - 1993-96:

The permission given to private sector funds including foreign fund management companies (most of them entering through joint ventures with Indian promoters) to enter the mutual fund industry in 1993, provided a wide range of choice to investors and more competition in industry. Private funds introduced innovative products, investment techniques and investor-servicing technology. By 1994-95, about 11 private sector funds had launched their schemes.

Phase IV. Growth and SEBI Regulation - 1996-2004:

The mutual fund industry witnessed robust growth and stricter regulation from the SEBI after the year 1996. The mobilization of funds and the number of players operating in industry reached new heights as investors started showing more interest in mutual funds. Investor's interests were safeguarded by SEBI and the Government offered tax benefits to the investors in order to encourage them. SEBI (Mutual Funds) Regulations, 1996 was introduced by SEBI that set uniform standards for all mutual funds in India. The Union Budget in 1999 exempted all dividend incomes in hands of investors from income tax. Various Investor Awareness Programs were launched during this phase, both by SEBI and AMFI, with an objective to educate investors and make them informed about the mutual fund industry. In February 2003, the UTI Act was repealed and UTI was stripped of its Special legal status as a trust formed by an Act of Parliament. The primary objective behind this was to bring all mutual fund players on the same level.

Phase V. Growth and Consolidation -Since May 2014 (Current) :

Taking cognizance of the lack of penetration of MFs, especially in tier II and tier III cities, and the need for greater alignment of the interest of various stakeholders, SEBI introduced several progressive measures in September 2012 to "re-energize" the Indian Mutual Fund industry and increase MFs' penetration. In due course, the measures did succeed in reversing the negative trend that had set in

after the global melt-down and improved significantly after the new Government was formed at the Center.

PRESENT POSITION:

Mutual funds play vital role in resource mobilization and their efficient allocation in a transitional economy like India. Economic transition is usually marked by changes in financial mechanism, institutional integration, market regulation, re-allocation of savings and investments, and changes in inter-sector relationships. These changes often imply negativity which shakes investor's confidence in capital

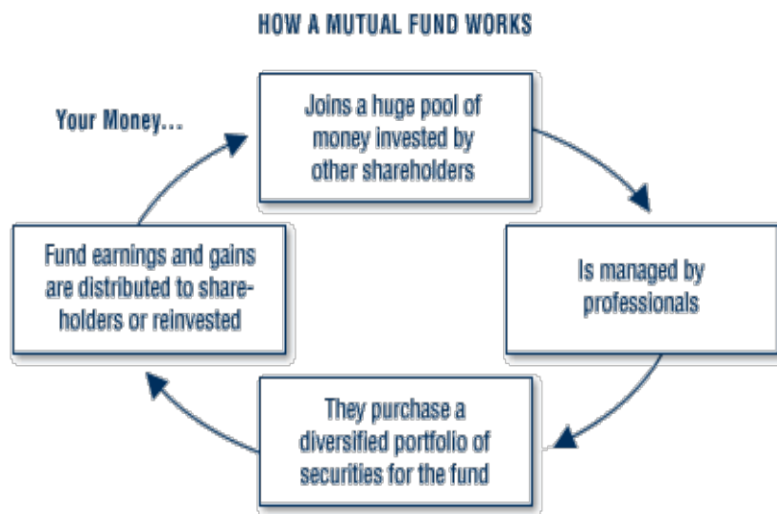
market. Mutual funds perform a crucial task as efficient alligators of resources in such a transitional period. Throughout the world, mutual funds have worked as reliable instruments of change in financial intermediation, development of the capital market, and growth of the corporate sector. The active involvement of mutual funds in promoting economic development can also be seen in its dominant presence in money and capital markets. Mutual funds make a significant contribution in vibrating both the markets. The spread of equity cult has further increased reliance of the corporate sector on equity financing. The role of mutual funds in financing of corporate has substantially increased after the SEBI allowed the corporate sector to reserve 20% of their public issues for Indian mutual funds. The percentage share of corporate equity and debentures in household investors, together with UTI units, have increased from 3.7% in 1980-81 to 17.2% in 1992-93, while the share of less liquid assets like LIC, PF, and pension have shown a marginal increase from 25.1% to 27.2% during the same period. Mutual funds have been the fastest growing institution during this period in household savings sector. Growing market complications and investment risk in stock market with high inflation have pushed households further towards mutual funds.

MUTUAL FUND OPERATION FLOW CHART:



WORKING OF MUTUAL FUND:

A Mutual Fund is a collection of stocks, bonds, or other securities owned by a group of investors and managed by a professional investment company. For an individual investor to have a diversified portfolio is difficult. But he can approach to such company and can invest into shares. Mutual funds have become very popular since they make individual investors to invest in equity and debt securities easy. When investors invest a particular amount in mutual funds, he becomes the unit holder of corresponding units. In turn, mutual funds invest unit holder's money in stocks, bonds or other securities that earn interest or dividend. This money is distributed to unit holders. If the fund gets money by selling some stocks at higher price the unit holders also are liable to get capital gains.



Types of Mutual Fund schemes:

Mutual funds can be done depending upon various factors and variables, such as, maturity period, investment objectives etc... Funds schemes again can be classified into three broad categories: equity schemes funds invest in three broad categories of assets—stocks, bonds and cash. Depending upon the asset mix, mutual Classification of mutual, hybrid schemes, and debt schemes. However the following are the various types of mutual funds available to the investors.

Schemes according to Maturity Period:

A mutual fund can be classified into close-ended or open-ended scheme depending upon its maturity period:

Open-ended fund/scheme:

An open-ended fund is one that is available for subscription and repurchase on continuous basis. These schemes do not have a fixed maturity period. Investors

can conveniently buy and sell units at Net Asset Value (NAV) related prices which are declared on a daily basis. The key feature of open-end scheme is liquidity.

Close-ended fund/scheme:

A close-ended scheme has a stipulated maturity period e.g. 5-7 years. The fund is open for subscription only during a specified period at the time of launch of the scheme. Investors can invest in scheme at the time of initial public issue and thereafter they can buy or sell the units of the scheme on the stock exchanges where the units are listed. In order to provide an exit route to the investors, some close ended funds give an option of selling back the units to mutual funds through periodic repurchase at NAV related prices. SEBI regulation stipulated that at least one of the two exit routes is provided to the investors i.e. either repurchase facility or through listing on stock exchanges. These mutual funds schemes disclose NAV generally on weekly basis.

Schemes according to Investment Objectives:

A scheme can also be classified as growth scheme, income scheme, or balanced scheme considering its investment objective. Such schemes may be open-ended or close-ended schemes as described earlier. Such schemes may be classified mainly as follows:

Growth or equity oriented Scheme:

The aim of growth funds is to provide capital appreciation over the medium to long term. Such schemes normally invest a major part of their corpus in equities. Such funds have comparatively high risk. These schemes provide different options to the investors like dividend option, capital appreciation etc. And the investors may choose an option depending on their performance. The investors must indicate the option in application form. The mutual funds also allow the investors to change the options at a later date. Growth schemes are good for investors having a long term outlook seeking appreciation over a period of time.

Income / debt oriented schemes:

The aim of income funds is to provide regular and steady income to investors. Such schemes generally invest in fixed income securities such as bonds, corporate debentures, Govt. securities and money market instruments. Such funds are less risky compared to equity schemes. These funds are not affected because of fluctuations in equity markets. However, opportunities of capital appreciation are also limited in such funds. The NAVs of such funds are affected because of change in interest rates in country. If the interest fall, NAVs of such funds are likely to increase in short run and vice-versa. However, long term investors may not bother about these fluctuations.

Balanced Funds:

The aim of balanced funds is to provide both growth and regular income as such schemes invest both in equity and fixed income securities in proportion indicated in their offer document. These are appropriate for the investors looking for moderate growth. They generally invest 40% to 60% in equity and debt instruments. These funds are also affected because of fluctuation in share prices in stock markets. However, NAVs of such funds are likely to be less volatile compare to pure equity funds.

Money market or liquid funds:

These funds are income funds and their aim is to provide easy liquidity, preservation of capital and moderate income. These schemes invest exclusively in safer short-term instruments such as treasury bills, certificates of deposits, commercial paper and inter-bank call money, government securities, etc. Returns on these schemes fluctuate much less compared to other funds. These funds are appropriate for corporate and individual investors as a means to park their surplus funds for short periods.

Gilt funds:

These funds invest exclusively in Govt. securities. Govt. securities have no default risk. NAVs of these schemes also fluctuate due to change in interest rates and other economic factors as is the case with income or debt oriented schemes.

Index funds:

Index funds replicate the portfolio of a particular index such as the BSE sensitive index, S&P NSE-50 index (Nifty) etc. These schemes invest in securities in same weightage comprising of an index. The NAVs of such schemes would rise or fall in accordance with the rise or fall in index, though not exactly by same percentage due to some factors known as —tracking errorll in technical terms. Necessary disclosures in this regards are made in offer document of the mutual fund scheme. These are also exchange traded index funds launched by the mutual funds which are traded on the stock exchange.

ELSS:

Equity linked savings scheme (ELSS) are equity funds floated by mutual funds. This scheme is suited for young people as they have the ability to take on higher risk. The ELSS funds should invest more than 80 per cent of their money in equity and related instruments. It is ideal to invest in when the markets are down. These funds are now open all the year round. The other way of investing in these funds could be a systematic investment, which essentially means investing a small sum regularly (monthly or quarterly). It is a market-linked security and therefore there will be risks accordingly.

HOW RISKY YOUR MUTUAL FUND IS:

Investors always judge a fund by the return it gives, never by the risk it took. In any historical analysis of a mutual fund, the return is remembered but the risk is quickly forgotten. So a fund manager may have used very high-risk strategies (that are bound to fail disastrously in long run), hoping that his wins will be remembered (as they often are), but the risk he took will soon be forgotten.

WHAT IS RISK?

Risk can be defined as the potential for harm. But when anyone analyzing mutual funds uses this term, what is actually being talked about is volatility. Volatility is nothing but the fluctuation of the Net Asset Value (price of a unit of a fund). The higher the volatility, the greater the fluctuations of the NAV. Generally, past volatility is taken as an indicator of future risk and for the task of evaluating mutual fund; this is an adequate (even if not ideal) approximation.

Defining Mutual fund risk:

Mutual funds face risks based on the investments they hold. For example, a bond fund faces interest rate risk and income risk. Bond values are inversely related to interest rates. If interest rates go up, bond values will go down and vice versa. Bond income is also affected by the change in interest rates. Bond yields are directly related to interest rates falling as interest rates fall and rising as interest rise. Income risk is greater for a short-term bond fund than for a long-term bond fund. Similarly, a sector stock fund (which invests in a single industry, such as telecommunications) is at risk that its price will decline due to developments in its industry. A stock fund that invests across many industries is more sheltered from this risk defined as industry risk.

Following is a glossary of some risks to consider when investing in mutual funds:

CALL RISK:

The possibility that falling interest rates will cause a bond issuer to redeem or call its high-yielding bond before the bond's maturity date.

COUNTRY RISK:

The possibility that political events (a war, national elections), financial problems (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in that country to decline.

CREDIT RISK:

The possibility that a bond issuer will fail to repay interest and principal in a timely manner. Also called default risk.

CURRENCY RISK:

The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in value of the U.S. dollar against foreign currencies. Also called exchange-rate risk.

INCOME RISK:

The possibility that a fixed-income fund's dividends will decline as a result of falling overall interest rates.

INDUSTRY RISK:

The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.

INFLATION RISK:

The possibility that increases in cost of living will reduce or eliminate a fund's real inflation adjusted returns.

INTEREST RATE RISK:

The possibility that a bond fund will decline in value because of an increase in interest rates.

MANAGER RISK:

The possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in failure of stated objectives.

MARKET RISK:

The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.

PRINCIPAL RISK:

The possibility that an investment will go down in value, or "lose money," from the original or invested amount.

HOW RISK IS MEASURED

There are two ways in which you can determine how risky a fund is.

STANDARD DEVIATION

Standard Deviation is a measure of how much the actual performance of a fund over a period of time deviates from the average performance. —Since Standard Deviation is a measure of risk, a low Standard Deviation is good.

SHARPE RATIO:

This ratio looks at both, returns and risk, and delivers a single measure that is proportional to the risk adjusted returns. —Since Sharpe Ratio is a measure of risk-adjusted returns, a high Sharpe Ratio is good."

THINGS TO BE SEEN WHILE INVESTING IN MUTUAL FUNDS:

1. Don't just look at the NAV, also look at the risk:

Alliance Buy India and Alliance Equity both have 3 stars. That does mean their NAV is identical. In fact, the NAV of Alliance Equity is 91.66 while that of Buy India is 16.05. However, Alliance Buy India took an average risk and delivered an average return, while Alliance Equity took an above average risk to get the above average returns. Hence their stars are identical, despite one having a higher NAV.

2. Higher rating does not mean better returns:

A fund with more stars does not indicate a higher return when compared with the rest. All it means is that you will get a good return without putting your money at too much risk. Birla Equity Plan has a 4-star rating while Alliance Tax Relief '96 has a 2-star rating. However, the fund with the 2-star rating has a higher NAV (131.96) than the one with the 4-star rating (39.37).

3. Higher rating does not mean more risk:

Birla Advantage has an NAV of 67.09 while Franklin India Prima has an NAV of 122.92. This does not necessarily mean that Franklin India Prima is offering a higher risk since the return is higher. In fact, according to our ratings, Franklin India Prima is a 5-star fund while (risk is below average) while Birla Advantage is a 2-star fund (risk is above average).

ADVANTAGES OF MUTUAL FUND

Number of options available:

Mutual funds invest according to the underlying investment objective as specified at the time of launching a scheme. Mutual fund has equity funds, debt funds, gilt funds & many others that cater to the different needs of the investor. While equity funds can be as risky as the stock markets themselves, debt funds offer the kind of security that is aimed for at the time making investments. The only pertinent factor here is that the fund has to be selected keeping the risk profile of the investor in mind because the products listed above have different risks associated with them.

Diversification:

Diversification reduces the risk because all stocks don't move in same direction at the same time. One can achieve this diversification through a mutual fund with far less money that one can on his own.

Professional management:

Mutual fund employ the services of the skilled professionals who have years of experience to back them up. They use intensive research techniques to analyze each investment option for the potential of returns along with their risk levels to come up with the figures for the performance that determine the suitability of any potential investment.

Potential of returns:

Return's in mutual are generally better than any avenue over a reasonable period of time. People can pick their investment horizon & stay put in chosen fund for the duration.

Liquidity:

The investors can withdraw or redeem money at the net asset value related prices in open end schemes in close ended schemes. In close end schemes, the units can be transacted at the prevailing market price on a stock exchange. Mutual funds also provide the facility of direct repurchase at NAV related prices.

Well regulated:

The mutual fund industry is very well regulated. All investment has to be accounted for, decision judiciously taken. SEBI acts as a true watch dog in this case & can impose penalties on the AMC's at fault. The regulations designed to protect the investors interests are implemented effectively.

Transparency:

Being under a regulatory framework, mutual funds have to disclose their holdings, investment pattern & all the information that can be considered as material, before all investors. This means that investment strategy, outlooks of the markets & scheme related details are disclosed with reasonable frequency to ensure that transparency exists in system.

Convenient Administration:

Investment in mutual fund reduces paperwork & helps you avoid many problems such as bad deliveries, delayed payments & follow up with brokers & companies. Mutual funds save your time & make investing easy & convenient.

Taxation on mutual funds:

An Indian mutual fund registered with SEBI, or schemes sponsored by specified public sector banks/financial institutions & approved by the central government or authorized by the RBI are tax exempt as per the provisions of section 10(23D) of the income tax act. The mutual fund will receive all income without any deduction of tax at source under the provisions of section 196(iv), of the income tax act.

DISADVANTAGE OF MUTUAL FUND

- No control over Cost in Hands of an Investor
- No tailor-made Portfolios
- Managing a Portfolio Funds
- Difficulty in selecting a Suitable Fund Scheme

1.3 COMPANY PROFILE

ABN AMRO Mutual Fund:

ABN AMRO mutual fund is promoted by the ABN AMRO banking group, one of the banking giants in world with an asset base of over \$500 billion. ABN AMRO Asset Management, a subsidiary of ABN AMRO, manages the investment management business of the group. ABN AMRO Asset Management is one of the world's leading asset management companies with more than 70 years of experience in managing money for individual customers and institutional clients. ABN AMRO Asset Management (India) Limited is the AMC to the ABN AMRO mutual fund. ABN AMRO Bank NV holds 150 per cent stake in AMC.



- Birla Sun Life Mutual Fund:

Birla Sun Life Asset Management Company Limited, the investment manager of Birla Sun life Mutual Fund, is a joint venture between the Aditya Birla Group and Sun Life Financial Services, leading international financial services organization.



-Baroda Pioneer Mutual Finds:

Baroda Pioneer Mutual Fund is presently under the management of Baroda Pioneer Asset Management Company Limited (its AMC). The AMC was set up in year 1995, as wholly owned subsidiary of Bank of Baroda. The main aim behind the establishment of the company was to manage the assets of Baroda Pioneer Mutual Fund.



HDFC Mutual Fund:

HDFC Mutual Fund has been one of the best performing mutual funds in last few years. HDFC Asset Management Company Limited (AMC) functions as an Asset Management Company for the HDFC Mutual Fund. AMC is a joint venture between housing finance giant HDFC and British investment firm Standard Life Investments Limited. It conducts the operations of the Mutual Fund and manages assets of the schemes, including the schemes launched from time to time.



HSBC Mutual Fund:

HSBC is one of the world's leading banking giants and boasts of a 140-year history in banking services. HSBC operates in more than 70 countries across the globe and has assets of over \$1.2 trillion on the consolidated group balance sheet. The investment banking and fund management businesses of the group is handled by HSBC Investments. HSBC Asset Management India Private Limited acts as the Asset Management Company to the HSBC Mutual Fund. HSBC Securities and Capital Markets India Private Limited, an affiliate of the HSBC group, is the sponsor of the fund and owns 150 percent stake in AMC. The AMC is headed by its chairman Niall S Booker, who is also the head of HSBC Bank in India.



ICICI Prudential Mutual Fund:

The asset management company, Prudential ICICI Asset Management Company Limited, is a joint venture between Prudential Plc., Europe's leading insurance company and ICICI Bank, India's premier financial institution. Prudential Plc. holds 55 per cent of the asset management company and the balance by ICICI Bank. In

a span of just over six years, Prudential ICICI Asset Management Company has emerged as one of the largest asset management companies in country.



State Bank of India Mutual Fund:

SBI Mutual Fund, India's largest bank sponsored mutual fund, is a joint venture between the State Bank of India and Societe General Asset Management, one of the world's top-notch fund management companies. Over the years, SBI Mutual Fund has carved a niche for itself through prudent investment decisions and consistent wealth creation. Since its inception, SBI Funds Management Private Ltd. has launched thirty-two schemes and successfully redeemed fifteen of them. Throughout this journey, SBI Mutual Fund has profusely rewarded the 20, 00,000 investors who have reposed their faith in it. Today, the SBI fund boasts of an expertise of managing assets over Rs. 13,000 crores and has a diverse profile of investors actively parking their investments across 28 active schemes. A vast network of 82 collection branches, 26 investor service centers, 21 investor service desks and 21 district organizers helps the SBI Mutual Fund to reach out to their investors.



ING Vysya Mutual Fund:

ING Vysya mutual fund benefits from the vast international experience and professional expertise of its promoters the ING Group, Dutch insurance and banking giant. ING, one of the largest financial services groups globally, took over the former Vysya Bank in India to form ING

Vysya Bank. ING Investment Management (India) Private Limited is the AMC for the mutual fund with the sponsor of the fund holding a majority stake in company. ING Vysya mutual fund strives to provide investors with the most practical and secure investment opportunities to invest their valuable savings.



Sahara Mutual Fund:

Sahara Mutual Fund is sponsored by the Sahara India Financial Corporation Limited (SIFCL), the flagship company of Sahara India Group. Incorporated in 1987, SIFCL is the First Residuary Non-Banking Company (RNBC) in India that has been granted certificate of registration by RBI and is a leading public deposit mobilization company in Private sector. Sahara Asset Management Company Private Limited, the AMC of Sahara Mutual Fund, was incorporated on August 31, 1995.



Tata Mutual Fund:

Tata mutual fund, set up in 1995, is one of the leading private sector funds in country and is promoted by the Tata group. The sponsors of the fund are Tata Sons Limited and Tata Investment Corporation Limited. Tata Asset Management Limited is the investment manager of the mutual fund and has F K Karavana of Tata Sons as its chairman. The management of the AMC is headed by Ved Prakash Chaturvedi, managing director. Tata Sons holds a majority stake in AMC with the balance being held by Tata Investment Corporation.



Kotak Mahindra Mutual Fund:

Kotak Mahindra mutual fund is one of the leading mutual funds in country with assets of over Rs.12,530 crore under management as of Aug 2006. The fund is promoted by Kotak Mahindra Bank, one of India's leading financial institutions that offer financial solutions ranging from commercial banking, stock broking, life insurance and investment banking.

Kotak Mahindra mutual fund launched its schemes in December 1998 and today manages assets of 4, 34,504 investors in various schemes. Kotak Mahindra mutual fund was the first fund house in country to launch a dedicated gilt scheme investing only in government securities.



Unit Trust of India Mutual Fund:

The setting up of the Unit Trust of India (UTI) in 1963 heralded the birth of the Indian mutual fund industry. In 1964, UTI mutual fund launched its flagship scheme US-64 and went on to become a generic term for the mutual fund sector till the government allowed public sector banks to start mutual funds in 1987. The fund's sponsors are public sector financial giants like Life Insurance Corporation, SBI, Bank of Baroda and Punjab National Bank.



Standard Chartered Mutual Fund:

Standard Chartered mutual fund is promoted by banking giant Standard Chartered and exclusively focuses on debt schemes. The fund started as ANZ Grindlays Mutual Fund and was later renamed as Standard Chartered Mutual Fund after the

takeover of Grindlays Bank by Standard Chartered. Standard Chartered Bank is a truly global bank with employees representing 80 nationalities. The bank has a strong brand presence in India and is well entrenched in developing markets of Asia Pacific region. The sponsor of the fund is Standard Chartered Bank. The AMC of the fund is Standard Chartered Asset Management Company Private Limited.



Franklin Templeton India Mutual Fund:

Franklin Templeton Investments, global investment management major, started their India operations in 1996 as Templeton Asset Management India Pvt. Limited. It flagged off the mutual fund business with the launch of Templeton India Growth Fund in September 1996. Over the years, Franklin Templeton has emerged as one of the largest and renowned mutual funds in country.



Escorts Mutual Fund:

Escorts Mutual Fund is promoted by the business conglomerate Escorts group. Escorts Asset Management Limited acts as the AMC to the mutual fund. Escorts Mutual Fund usually offers open ended schemes and the fund category is Equity-balanced fund. The fund is a member of the Escort Group of Companies, which deals with a number of high growth industries like construction and material handling equipment, farm machinery, two wheelers, auto ancillary products and financial Services.

Alliance Capital Mutual Fund:

Alliance Capital Mutual Fund was setup on December 30, 1994 with Alliance Capital Management Corp. of Delaware (USA) as sponsored. The Trustee is ACAM Trust Company Pvt. Ltd. and AMC, the Alliance Capital Asset Management India (Pvt) Ltd. with the corporate office in Mumbai.

Benchmark Mutual Fund:

Benchmark Mutual Fund offers low cost innovative products which can bring good returns at acceptable levels of risk. Quantitative techniques of investing are employed for finding appropriate places for parking the funds. The techniques used involve gathering large amounts of financial information analyzing and transforming it to set a model of investing. With these quantitative techniques, best can be hoped out of investment.

**Canbank Mutual Fund:**

Canara Bank made its foray into the mutual fund sector by establishing the mutual fund arm Canbank Mutual Fund in December, 1987. Canara Bank, one of the largest public sector banks in country, is also the sponsor of the fund. Canbank Investment Management Services Limited, a wholly owned subsidiary of the bank, functions as the AMC to the fund.

1.4 NEED FOR THE STUDY

Mutual funds are the avenues for common investors to reap the benefits of share market performance. Investing in equity directly by investors is fraught with highest level of risk & uncertainty. Retail investors do not actively participate in share market but inflation edged investment return demands the exploitation of the equity market as an investment avenue. Therefore there is a necessity to create awareness of the utility of investing in mutual funds schemes to enjoy a return which will be inflation adjusted real returns Therefore this project is taken on to assess the customers perception of mutual fund investment.

1.5 SCOPE AND SIGNIFICANCE OF STUDY

The research is based on different investment & saving schemes so there is lots of opportunities to choose an investment scheme which is beneficial to investors. The perception of the investors towards investment in total and mutual funds in particular is considered to understand the awareness among the investors. The scope of this research is limited to the mutual fund investors in kochi. The survey is done through questionnaire. This has been done by preparing the questionnaire which contains questions put fifth to the respondents which would help in analysis the customer perception about mutual fund investments.

1.6 OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVE

- To assess the perception of customers towards mutual funds schemes.

SECONDARY OBJECTIVE

- To examine the penetration of mutual funds among Indian investors.
- To examine the various mutual fund investments available to investors in India.
- To understand the awareness about mutual funds among Indian investors.
- To identify the investor behavior while selecting a fund.

1.7 LIMITATIONS OF THE STUDY

While surveying I encounter with some problem like.

- This study covers only the Kochi region.
- The response of the respondents may affect the nature of the study.
- A survey should involve a large sample size otherwise the findings of the survey cannot be generalized. But a large sample size may increase the time and cost of collecting the primary data with the help of questionnaire.
- The study population is limited to 150 respondents between of the lack of availability of time for the data collection.

CHAPTER – 2

REVIEW OF LITERATURE

2.1 REVIEW OF LITERATURE

2.1.1 Bal Ramasamy and Matthew C.H.Yeung (2003) In paper titled “Evaluating mutual funds in an emerging market: factors that matter to financial advisors” have tried to identify the attributes which financial advisors consider relatively important in a mutual fund. Through a survey of previous literature they identified factors that contribute to the performance of a mutual fund. The study employed conjoint analysis to design the questionnaire and evaluates the perception of the financial advisors in Malaysia.. They found past performance, the size of funds and cost of transaction to be the three most important factors in a mutual fund. Financial advisors are looking for consistent growth of funds over the long term. They also prefer managers who are aggressive, experienced and professionally qualified. As for funds, there is greater affinity for funds which are large and linked to a government agency.

2.1.2 Mary Jafte Lenard , Syed H. Akhter,b Pervaiz A lam c (2 0 0 3) In paper titled "Mapping Mutual Fund Investor Characteristics and Modeling Switching Behavior "have empirically investigated investor attitudes toward mutual funds. Their model, based on investor responses, develops an investor's "risk profile" variable. Results indicate that regardless of whether the investors invest in non-employer plans or in both employer and non-employer plans, they consider their investment risk, fund performance, investment mix, and the capital base of the fund before switching funds. The model developed in this study can also assist in predicting investors' switching behavior.

2.1.3 In paper titled “How to measure mutual fund performance: economic versus statistical relevance “ **Roger Otten^ Dennis Bams (2004)** have explored the added value of introducing extra variables such as size, book to market, momentum and a bond index to the existing mutual fund performance models. Their search for most suitable model to measure mutual fund performance has resulted in conclusion that conditional models add strong economic relevance because of the ability to detect patterns in fund betas. This enables the investor to monitor the dynamic behavior of mutual fund managers.

2.1.4 Javier Gil-Bazo and Pablo Ruiz-Verdu (2009) In paper titled “The Relation between Price and Performance in Mutual Fund Industry” have highlighted Gruber (1996) theory that investors buy actively managed equity mutual funds, even though on average such funds underperform index funds. Their study reveals another puzzling fact about the market for equity mutual funds: Funds with worse before free performance charge higher fees. This negative relation between fees and performance is robust and can be explained as the outcome of strategic fee setting by mutual funds in presence of investors with different degrees of sensitivity to performance. They found that better fund governance may bring fees more in line with performance.

2.1.5 P Kothari, Jerold B . Warner (2001) In paper titled “Evaluating Mutual Fund Performance” have studied standard mutual fund performance measures using the simulated funds whose characteristics mimic actual funds. It was found that performance measures used in previous mutual fund research have little ability to detect economically large magnitudes of abnormal fund performance, particularly if a fund’s style characteristics differ from those of the value weighted market portfolio. Power can be substantially improved, however, using event-study

procedures that analyze a fund's stock trades. These procedures are feasible using time series data on mutual fund portfolio holdings.

2.1.6 In the paper titled “On the Timing Ability of Mutual Fund Managers ” **Nicolas Bollen , Jeffrey Busse (2001)** argue that the existing studies of mutual fund market timing analyze monthly returns and find little evidence of timing ability. It is shown that daily tests are more powerful and that mutual funds exhibit significant timing ability more often in daily tests than in monthly tests. A set of synthetic fund returns is constructed in order to control for poor results. The daily timing coefficients of the majority of funds are significantly different from their synthetic counterparts. These results suggest that mutual funds may possess more timing ability than previously documented.

2.1.7 Narayanan Jayaraman, Ajay Khorana, Edward Nelling (2002) In paper titled “An Analysis of the Determinants and Shareholder Wealth Effects of Mutual Fund Mergers” examined the determinants of mutual fund mergers and their subsequent wealth impact on shareholders of target and acquiring funds. Results indicate significant improvements in post merger performance and a reduction in expense ratios for target fund shareholders. In contrast, acquiring fund shareholders experience a significant deterioration in post merger performance. The net asset flows continue to remain negative for the combined fund in year following the merger. The likelihood of a fund merger is inversely related to fund size for both within and across family mutual fund mergers. However, poor past performance is a significant determinant for only within family mergers.

2.1.8 The studies made by **Stephanos Papadamou & Costas Siriopoulos, (2004)** in paper titled “American equity mutual funds in European markets: Hot hands phenomenon and style analysis” empirically prove that the American no-load equity mutual funds that invest in European stocks and keep their managers

for more than three years, in order to investigate the persistence of short term performance and the related investment style. The results showed an under-performance compared to the Euro stock index and a hot hands phenomenon does not persist, with some exceptions. Mutual funds that performed well in a five month evaluation period continued to generate superior performance in next four months. According to style analysis a portfolio constructed by growth-large, growth-medium and value large capitalization stocks outperformed any other investment style. However, well diversified funds were the most mean-variance efficient, style consistent funds.

2.1.9 In paper titled “Private Equity Performance: Returns, Persistence, and Capital Flow”, **Steven Kaplan and Antoinette Schoar (2005)** investigated the performance and capital inflows of private equity partnerships. Returns persist strongly across subsequent funds of a partnership. Better performing partnerships are more likely to raise follow-on funds and larger funds. This relationship is concave, so top performing partnerships grow proportionally less than average performers. At the industry level, market entry and fund performance are procyclical; however, established funds are less sensitive to cycles than new entrants. Several of these results differ markedly from those for mutual funds.

2.1.10 The other streak of study by **Jennifer Huang & Kelsey D. Wei & Hong Yan, (2007)** in paper titled “Participation Costs and the Sensitivity of Fund Flows to Past Performance” portrays that mutual funds with lower participation costs have higher flow sensitivity to medium performance and lower flow sensitivity to high performance than their higher cost peers. Using various fund characteristics as proxies for reduction in participation costs, they provide empirical evidence supporting the model’s implications for the asymmetric flow performance relationship.’

2.1.11 Joshua Pollet, Mungo Wilson (2008) in paper titled “How Does Size Affect Mutual Fund Behavior? “ address the issues related to size of fund that affects the mutual fund behavior. They found that if actively managed mutual funds suffer from diminishing returns to scale, funds should alter investment behavior as assets under management increase. Although asset growth has little effect on the behavior of the typical fund, they find that large funds and small-cap funds diversify their portfolios in response to growth. Greater diversification, especially for small-cap funds, is associated with better performance. Moreover, Fund family growth is related to the introduction of new funds that hold different stocks from their existing siblings. Funds with many siblings diversify less rapidly as they grow, suggesting that the fund family may influence a fund's portfolio strategy.

2.1.12 Paulo Armada Leite' and Maria Ceu Cortez. (2009) in paper titled “Conditioning information in mutual fund performance evaluation; Portuguese evidence ”estimated and compared the performance of Portuguese-based mutual funds that invest in the domestic market and in European market using unconditional and conditional models of performance evaluation. The results suggest that mutual fund managers are notable to outperform the market, presenting negative or neutral performance. The incorporation of conditioning information in performance evaluation models is supported by their findings, as it improves the explanatory power of the models and there is evidence of both time-varying betas and alphas related to the public information variables. It is also shown that the number of lags to be used in stochastic de-trending procedure is a critical choice, as it will impact the significance of the conditioning information. In addition, we observe a distance effect, since managers who invest locally seem to outperform those who invest in European market. However, after controlling for public information, this effect is slightly reduced. Furthermore, the results suggest that survivorship bias has a small impact on performance estimates.

2.1.13 Aymen Karoui and Iwan Meier (2009) in their paper titled “Performance and characteristics of mutual fund” emphasis on the performance and portfolio characteristics of 828 newly launched U S equity mutual funds over the period 1991 -2 0 0 5 . These find startups initially earn on average, higher excess returns and higher abnormal returns. Their risk-adjusted performance is also superior to existing funds. Furthermore, they provide evidence for short-term persistence among top-performing fund starts, however, a substantial fraction of funds drop from the top to the bottom decile over two subsequent periods. Analyzing portfolio characteristics, further they found that returns of fund start exhibiting higher ratios of unsystematic to total risk. Portfolios of new funds are typically also less diversified in terms of number of stocks and industry concentration and are invested in smaller and less liquid stocks.

2.1.14 Wolfgang Besslera ,Wolfgang Drobetz and Heinz Zimmermann, (2009) in their paper titled “Conditional performance evaluation for German equity mutual funds” found that conditional performance evaluation raises the benchmark for active fund managers because it gives them no credit for exploiting readily available information. Moreover, under performance is more pronounced in the SDF framework than in beta-pricing models. The fund performance measures derived from alternative model specifications differ depending on the number of primitive assets taken to calibrate the SDF as well as the number of instrument variables used to scale assets and/or factors.

2.1.15 In their paper titled “Performance Characteristics of Individual vs. Team Managed Mutual Funds”, **Richard Bliss and Mark Potter (2008)** provide an empirical examination of whether funds managed by individuals perform differently from funds managed by teams. Using a sample of about 3,000 equity mutual funds over a 12-year horizon, the authors find that although the number of funds managed by teams has grown at seven times the rate of funds managed by individuals, no significant difference in risk-adjusted performance is observed

between team -managed and individually managed funds. Funds managed by teams, however, are significantly less risky and exhibit lower turnover. In addition, the total cost of owning a team -managed mutual fund is, on average, nearly 50 bps lower per year than the cost of owning an individually managed mutual fund. Finally, team -managed funds attract significantly greater investor flows than individually managed funds, even after controlling for performance, risk, and expenses.

2.1.16 David Rakowski on his paper “Fund Flow Volatility and Performance” has done a detailed analysis of the impact of daily mutual fund flow volatility on fund performance. According to him there is a negative relationship between volatility of daily fund flows and cross sectional differences in risk adjusted performance. This relationship is driven by domestic equity funds as well as small funds, well performing funds and funds that experience inflows over the sample period. The results are consistent with performance differences arising from the transaction costs of non-discretionary trading driven by daily fund flow s but not with performance differences arising from the suboptimal cash holdings that arise from fund lows."

2.1.17 Elton, Gruber and Blake (2011) have shown that selecting mutual funds using alpha computed from a fund's holdings and security betas produces better future alphas than selecting funds using alpha computed from a time-series regression on fund returns. This is true whether future alphas are computed using holdings and security betas or atim e-series regression on fund returns. Furthermore, they show that the more frequently the holdings data are available, the greater the benefit. This has major implications for the Securities and Exchange Commission's recent ruling on the frequency of holdings disclosure and the information plan sponsors should collect from portfolio managers. They have also explored the effect of conditioning betas on macroeconomic variables as suggested by Person and Schadt (1996) to identify superior-performing mutual

funds as well as the alternative way of employing holdings data proposed by Grinblatt and Titman(1993).

2.1.18 Jose Caspar Massimo Massa and Pedro Matos (2006) in their paper “Favoritism in Mutual Fund Families? Evidence on Strategic Cross-Fund Subsidization ”have investigated whether mutual fund families strategically transfer performance across member funds to favor those more likely to increase overall family profits. They find that "high family value" funds (i.e., high fees or high past performers) over perform at the expense of "low value" funds. Such a performance gap is above the one existing between similar funds not affiliated with the same family. Better allocations of underpriced initial public offering deals and opposite trades across member funds partly explain why high value funds over perform. Their findings highlight how the family organization prevalent in the mutual fund industry generates distortions in delegated asset management.

2.1.19 Fama and French (2010) in their paper titled “Luck versus Skill in the Cross-Section of Mutual Fund Returns” have shown that the total portfolio of actively managed U .S equity mutual funds is similar to the market portfolio, but the high costs of managing the funds is reflected in lower returns to investors. Bootstrap simulations show that few funds give benchmark adjusted expected returns sufficient to cover their costs. If the costs are added back in fund expense ratios then inferior and superior performance in the extreme tails of the cross-section of mutual fund estimates is reflected.

2.1.20 In this research paper titled “False Discoveries in Mutual Fund Performance: Measuring Luck in estimated Alphas”, the authors **Barras, Scalliet and Wermers (2010)** have developed a simple technique that controls for “false discoveries” or mutual funds that show significant alphas by luck alone. Their approach separates funds into (1) unskilled, (2) zero alpha and (3) skilled funds. Findings are that 75 % of funds show zero alpha, consistent with the Berk and

Green equilibrium. Further they found that a significant proportion of skilled (positive alpha) funds prior to 1996, but almost none by 2006. This shows that controlling for false discoveries helps in finding few funds with persistent performance.

2.1.21 Lynch and Musto (2003) in their paper titled “How Investors Interpret past Fund returns” have found a convex relation between past returns and fund flows of mutual funds. According to them past returns tell less about the future performance of funds. Their model predicts that bad performance leads to strategy change by fund managers. Their prediction is supported by empirical tests.

2.1.22. In a recent study, **Idzorek, Xiong, and Ibbotson (2010)** documented in their paper titled “Combining Liquidity and Momentum to pick top performing mutual Funds” the liquidity investment style in mutual funds by combining data from an individual stock database with a mutual fund holding database to build composites of mutual funds based on liquidity. The study found that composites of mutual funds that hold relatively less liquid stocks dramatically outperformed composites of mutual funds that hold more liquid stocks. Using the same techniques, in this paper they tried to investigate if composites of mutual funds that hold stocks with high momentum outperform composites of mutual funds that hold stocks with low momentum. Next, they build composites of mutual funds based on a combination of liquidity and momentum factors. The researchers found that composites of mutual funds that hold low liquidity high momentum stocks dramatically outperform those that hold high liquidity low momentum stocks.

2.1.23 Michael Millstone (2008) in his dissertation for Ph.D titled “Mutual Funds: A study of selected attributes on long term performance”, has examined three specific mutual fund attributes and their affect on predicting overall mutual fund

performance. This study added to the existing literature by introducing new evidence on the causal effects of selected mutual fund attributes on total mutual fund performance by using: (a) different time periods, (b) different attributes, and (c) more recent data. The results of this study address some contradictory conclusions from previous studies and add new data regarding seldom used mutual fund attributes in determining total mutual fund performance.

2.1.24 In the paper titled “Performance Evaluation of Balanced Mutual Fund Schemes in Indian Scenario”. **Himanshu Puri** has made an attempt to study the performance of selected balanced schemes of mutual funds based on risk-return relationship models and various measures. Balanced schemes of mutual funds are the ones which are mostly preferred by Indian investors because of their balanced portfolio in equity and debt. A total of 30 schemes offered by various mutual funds have been studied over the time period September 2007 to August 2010 (3 years). The analysis has been made on the basis of mean return, beta risk, total risk, Sharpe ratio, Treynor ratio and Jensen Alpha. The overall analysis finds HDFC (Growth) Mutual fund being the best performer and JM Financial (Dividend) Mutual fund showing poor below -average performance when measured against the risk-return relationship models.

CHAPTER – 3

RESEARCH METHODOLOGY

Research is a diligent and systematic inquiry or investigation into a subject in order to discover or revise facts, theories, applications, etc....Methodology is the system of methods followed by a particular discipline. Thus research methodology is the way how we conduct our research.

3.1 RESEARCH DESIGN

Research Design is a logical and systematic plan prepared for directing a research study. It specifies the objectives of the study, the methodology and techniques to be adopted for achieving the objectives. It 'constitutes the blueprint for the collection, measurement and analysis of data'. There are three basic types of research designs, namely,

- ✓ Exploratory research design,
- ✓ Descriptive research design and
- ✓ Causal research design.

In this study **Descriptive research design** is used.

3.2 SAMPLE TECHNIQUE

In this study **probability sampling** was employed. However the type of probability sampling used is “**Simple random sampling**” where in the samples are drawn by generating random members.

Simple random sampling

Simple random sampling is a sampling technique where every item in the population has an even chance and likelihood of being selected in the sample. Here the selection of items completely depends on chance or by probability and therefore this sampling technique is also sometimes known as a method of chances.

This process and technique is known as simple random sampling, and should not be confused with **systematic random sampling**. A simple random sample is a fair sampling technique.

3.3 SOURCES OF DATA

The sources of data may be classified into

- Primary source.
- Secondary source

Primary Sources

Primary Sources are original sources from which the researcher directly collects data that have not been previously collected. Primary data are first-hand information collected through various methods such as observation, interviewing, mailing, through questionnaire, etc. In this study the primary source of data is collected through **questionnaire**.

Secondary Sources

These are sources containing data which have been collected and compiled for another purpose. The secondary sources consists of readily available compendia and already compiled statistical statements and reports whose data may be used by researchers for their studies. E.g. census reports, annual reports and journals etc.

3.4 STRUCTURE OF QUESTIONNAIRE

In this study, the primary data is collected through questionnaire from the respondents directly. A questionnaire consists of a number of questions printed or typed in a definite order on a form.

3.5 SAMPLE SIZE

The sample size of the study is 150 respondents.

3.6 PERIOD OF STUDY

The period of time taken to conduct the survey and prepare the research paper is 3 months.

3.7 POPULATION

The aggregate of all the units pertaining to a study is called the population or universe. Population is the target group to be studied. In this study **customers at kochi region** is referred to as the population.

3.8 ANALYTICAL TOOLS

The data has been analyzed using the following methods,

- Simple Percentage method
- Independent t-test
- One way ANOVA

SIMPLE PERCENTAGE METHOD

Percentage refers to a special kind of ratio in making comparison between two or more data and to describe relationships. Percentage can also be used to compare the relation terms the distribution of two or more sources of data.

Number of Respondents

Percentage of Respondents = ----- x 100.

Total Respondents

INDEPENDENT T-TEST

The **independent t-test**, also called the two sample t-test, independent-samples ttest or student's t-test, is an inferential statistical test that determines whether there is a statistically significant difference between the means in two unrelated groups.

ONE WAY ANOVA

Analysis of variance is a statistical analysis tool that separates the total variability found within a data set in to two components random and systematic factors. The random factors do not have any statistical influences on the given data set, while the systematic factors do. The ANOVA test is used to determine the impact independent variables have on the dependent variable in a regression analysis.

The one-way analysis of variance (ANOVA) is used to determine whether there are any significant differences between the means of two or more independent groups.

CHAPTER-4

DATA ANALYSIS AND INTERPRETATION

4.1 PERCENTAGE ANALYSIS

Table 4.1.1 Classification on the basis of gender

Gender	No. of respondents	Percentage
Male	85	56.67%
Female	65	43.33%
Total	150	100%

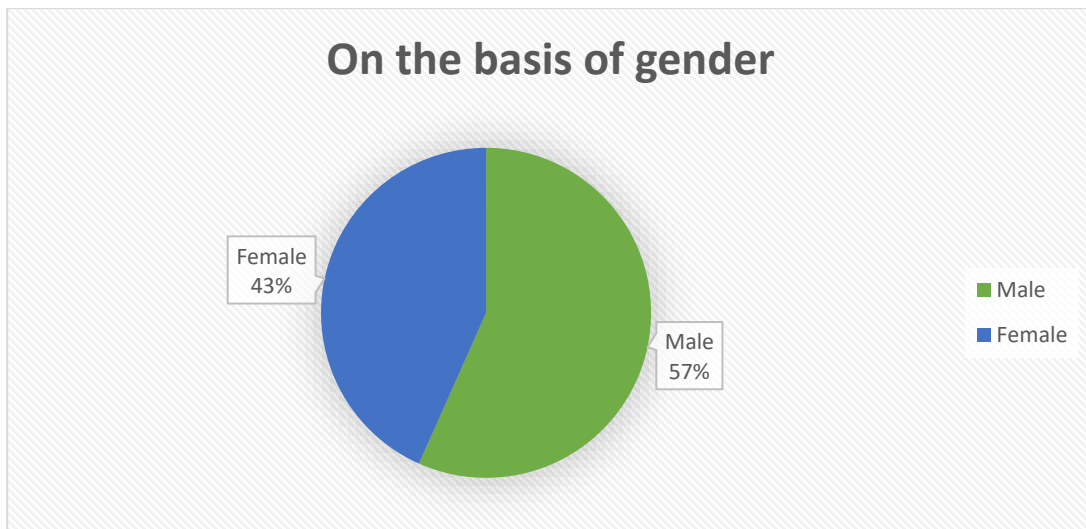


Figure 4.1.1 Classification on the basis of gender

Interpretation

Among the 150 respondents of this survey, 56.67% of the respondents are male and the rest 43.33% are female.

Table 4.1.2 Classification on the basis of age

Age	No. of respondents	Percentage
18 - 24	120	80%
24 - 30	10	6.67%
30 - 50	20	13.33%
50 & above	0	0.00%
Total	150	100%

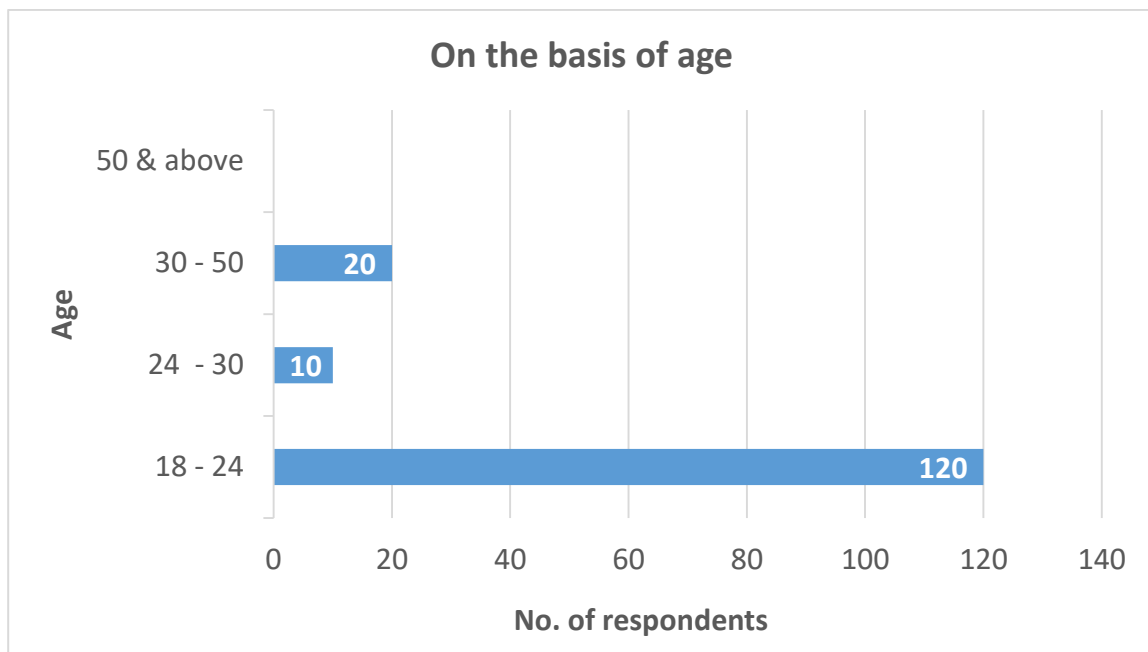


Figure 4.1.2 Classification on the basis of age

Interpretation

Among the 150 respondents 80% are between the age group 18 – 24 years. 6.67% of them are from the age group 24 – 30 years. 13.33 % are from the age group 30– 50 years. And the 0.00% are above the age 50.

Table 4.1.3 Classification on the basis of marital status.

Marital status	No. of respondents	Percentage
Single	125	83.33%
Married	15	10.00%
Prefer not to say	10	6.67%
Total	150	100%

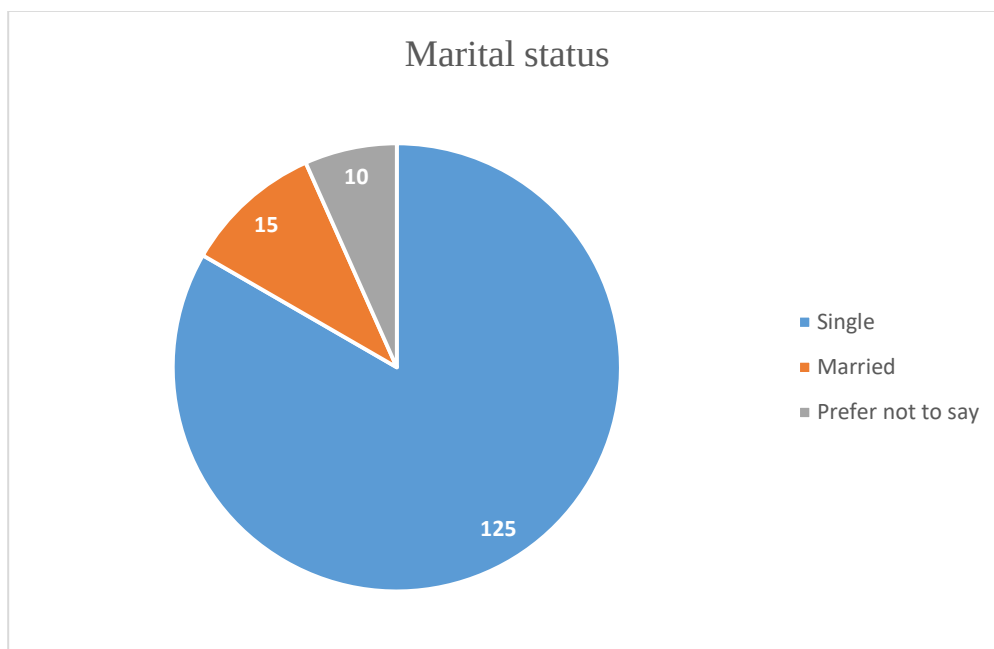


Figure 4.1.3 Classification on the basis of marital status

Interpretation

Among the 150 respondents majority of the respondents i.e. 83.33% are single, 10% are married and 6.67% prefer not to say.

Table 4.1.4 Classification on the basis of qualification

Qualification	No. of respondents	Percentage
Secondary	0	0.00%
Higher secondary	5	3.33%
Under Graduation	95	63.33%
Post-Graduation	50	33.33%
Others	0	0.00%
Total	150	100%

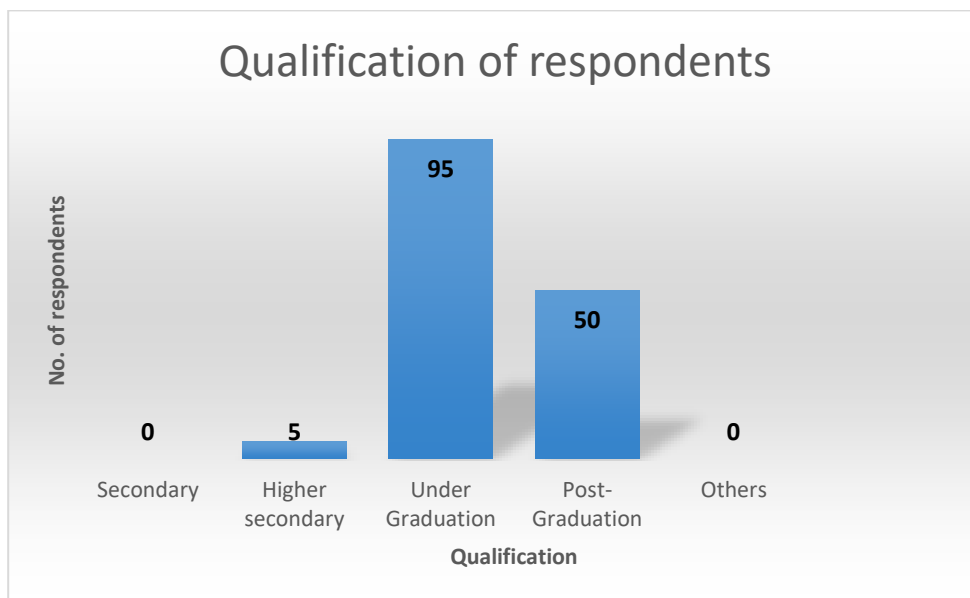


Figure 4.1.4 Classification on the basis of educational qualification

Interpretation

A majority of 63.33% of the respondents are qualified to graduation. 3.33% of the respondents have completed only their higher secondary. 33.33% had completed their Post-Graduation.

Table 4.1.5 Classification on the basis of occupation

Occupation	No. of respondents	Percentage
Government	10	4%
Private	65	48%
Business	35	24%
Agriculture	10	4%
Others	30	20%
Total	150	100%

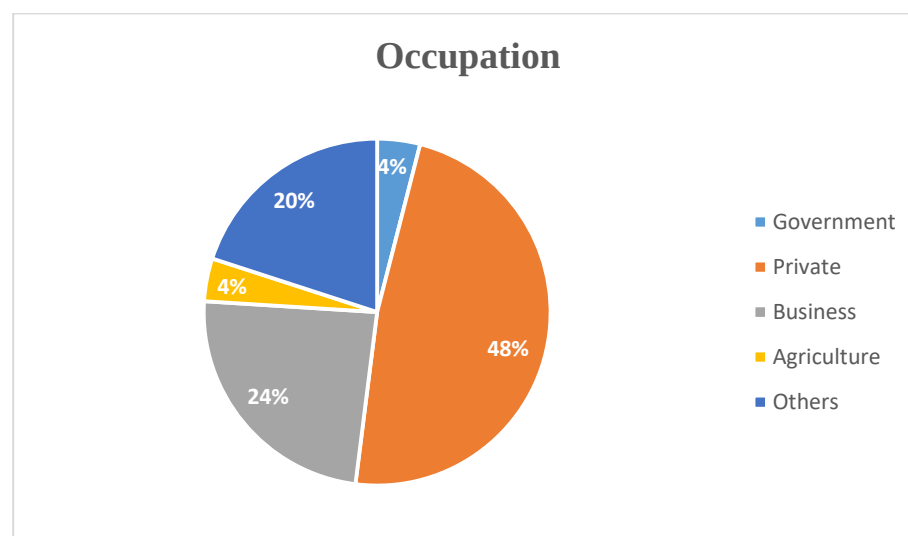


Figure 4.1.5 Classification on the basis of occupation

Interpretation

Among the 150 respondents majority of the respondents i.e. 48% are working privately, 24% are into business, 4% are into government jobs agriculture and 20% are into other occupation.

Table 4.1.6 Classification on the basis of monthly income

Monthly income	No. of respondents	Percentage
Below 10000	55	39.29%
10000-20000	30	21.43%
20000-50000	55	39.29%
50000-100000	0	0.00%
Above 100000	0	0.00%
Total	150	100%

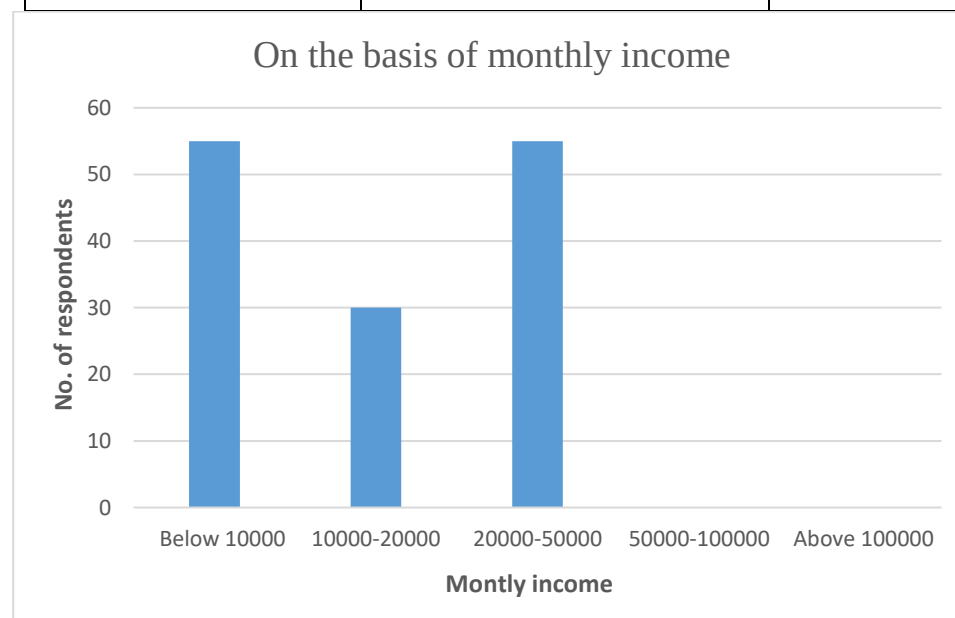


Figure 4.1.6 Classification on the basis of monthly income

Interpretation

39.29% of the respondents are earning both below 10000 and in a range of 20000 to 50000 whereas 21.43% of the respondents are earning in a range of 10000 to 20000.

Table 4.1.7 Classification on the basis of the level of knowledge about financial products

Rate	No. of respondents	Percentage
Excellent	0	0.00%
Good	60	40.00%
Average	75	50.00%
Below average	10	6.67%
Poor	5	3.33%
Total	150	100%

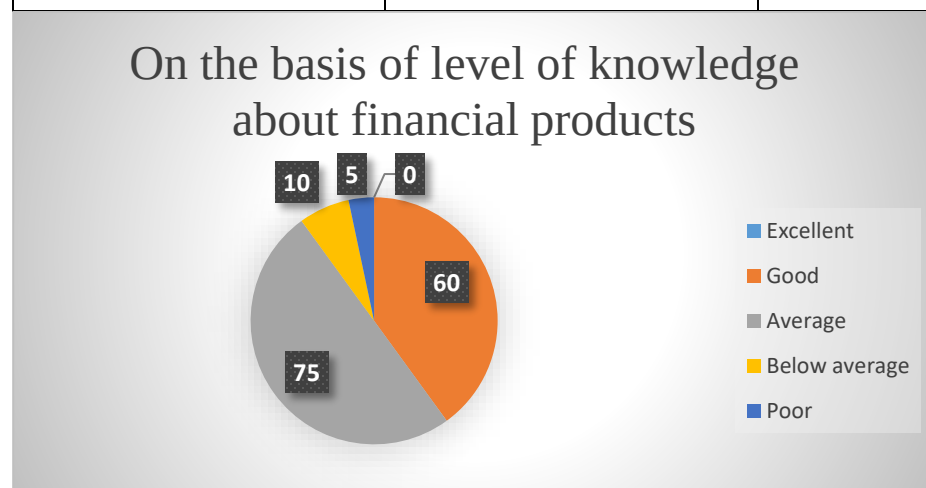


Figure 4.1.7 Classification on the basis of the level of knowledge about financial products

Interpretation

50% of the respondents have average knowledge about financial products, 40% of them have good knowledge whereas 6.67% have below average knowledge about financial products.

Table 4.1.8 Classification on the basis of source of knowledge about mutual funds

Reasons	No. of respondents	Percentage
Broker	0	0.00%
Friend/Relative	55	36.67%
TV/News	45	30.00%
Bank	5	3.33%
ASSET management company	0	0.00%
Social media platforms	35	23.33%
Company websites	10	6.67%
Total	150	100%

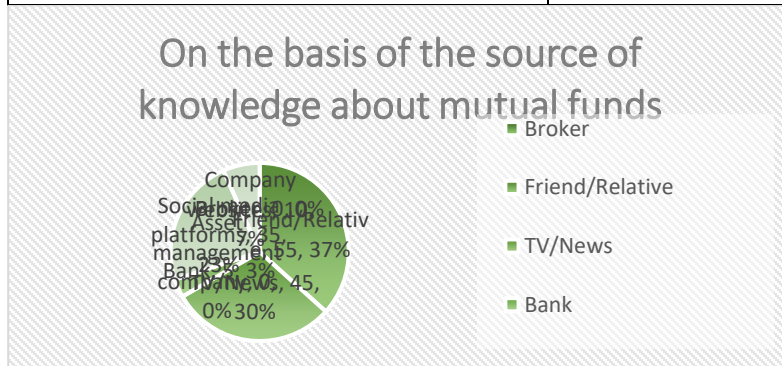


Figure 4.1.8 Classification on the basis of source of knowledge about mutual funds

Interpretation

Among the respondents, 36.67% came to know about mutual funds through friends/relatives, 30% through tv/news, 23.33% through social media platforms, 6.67% through company websites and rest through banks.

Table 4.1.9 Classification on the basis of portion of savings respondents prefer to invest in mutual funds

Portion of savings	No. of respondents	Percentage
Less than 10%	92	62.07%
10%-25%	51	34.48%
25%-50%	1	0.00%
More than 50%	6	3.45%
Total	150	100%

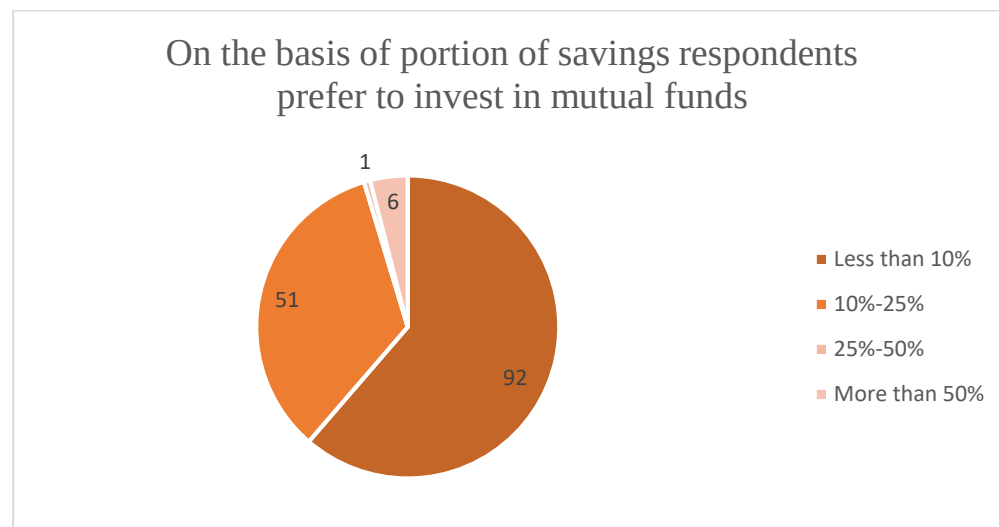


Figure 4.1.9 Classification on the basis of portion of savings respondents prefer to invest in mutual funds

Interpretation

Among the respondents, 62.07% prefer to invest less than 10%, 34.48% prefer to invest 10% to 25% and 3.45% prefer to invest more than 50% of their savings in mutual funds.

Table 4.1.10 Classification on the basis of most preferred asset management company

Asset Management Company	No. of respondents	Percentage
SBI Mutual Fund	66	44.83%
HDFC Mutual Fund	21	13.79%
Birla Sun Life Mutual Fund	16	10.34%
ICICI Prudential Mutual Fund	11	6.90%
UTI Mutual Fund	11	6.90%
Kotak Mutual Fund	5	3.45
Tata Mutual Fund	20	13.79
L&T Mutual Fund	0	0.00%
DSP BlackRock Mutual Fund	0	0.00%
Others	0	0.00%
Total	150	100%

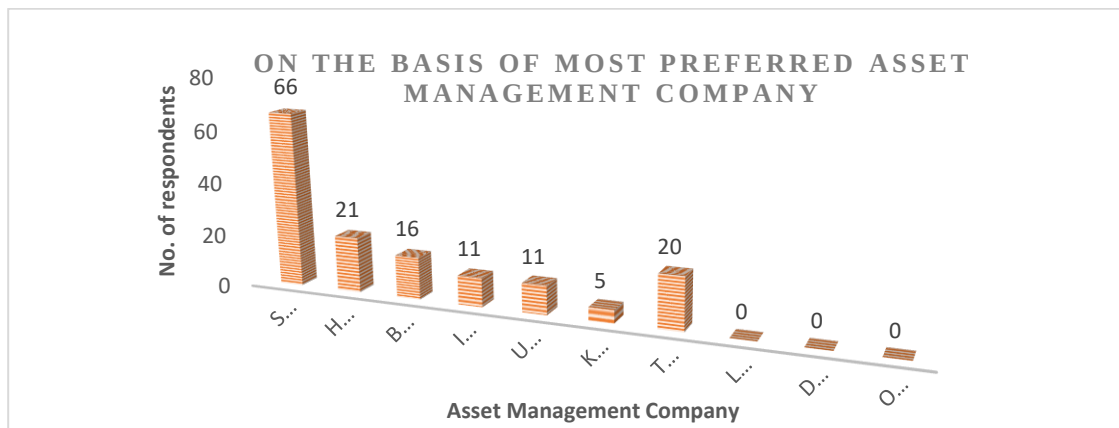


Figure 4.1.10 Classification on the basis of most preferred asset management company

Interpretation

Among the respondents, 44.83% prefer SBI mutual fund, 13.79% prefer both HDFC and Tata mutual fund, 10.34% prefer Birla sunlife and 3.45% prefer Kotak mutual fund.

Table 4.1.11 Classification on the basis of safest investment options

Investment options	o. of respondents	Percentage
Mutual funds	20	13.33%
Stock markets	10	6.67%
Bank deposits	100	66.67%
Real estate	15	10.00%
Others	5	3.33%
Total	150	100%

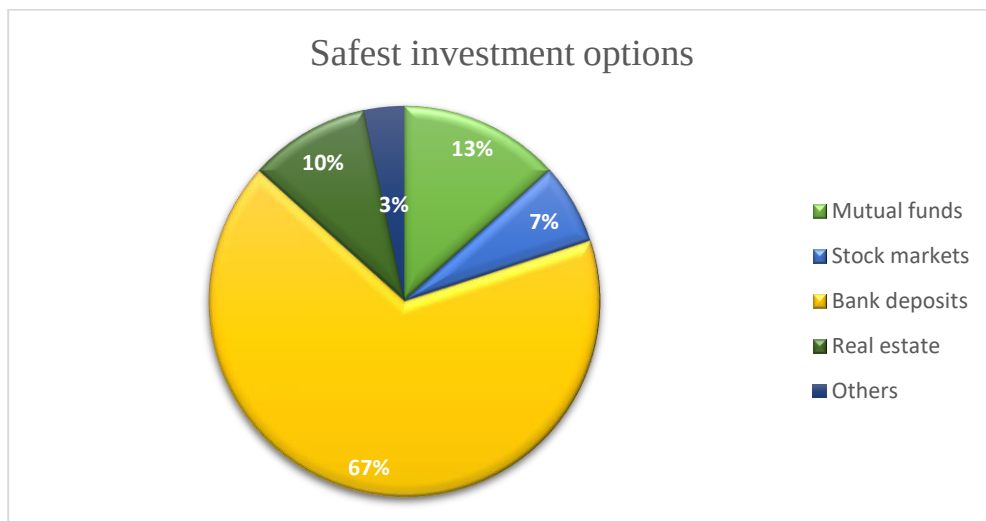


Figure 4.1.11 Classification on the basis of safest investment option

Interpretation

Among the respondents, 66.67% consider bank deposits, 13.33% prefer mutual funds , 10% prefer real estate, 6.67% prefer stock exchange and 3.33% prefer others as the safest investment option.

Table 4.1.12 Classification on the basis of factors preventing respondents to invest in mutual funds

Factors	No. of respondents	Percentage
Bitter past experience	25	16.67%
Lack of knowledge	105	70.00%
fficient investment advise	20	13.33%
Others	0	0%
Total	150	100%

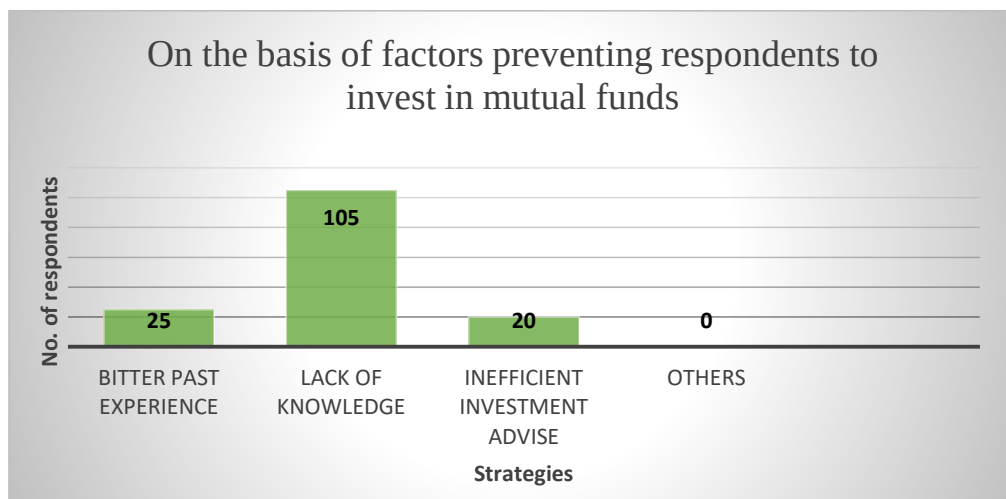


Figure 4.1.12 Classification on the basis of factors preventing respondents to invest in mutual funds

Interpretation

Among the respondents, 70% consider lack of knowledge, 16.67% consider bitter past experience and 13.33% consider inefficient investment advice as a factors preventing them from investing in mutual funds.

Table 4.1.13 Classification on the basis of the factors affecting the decision to invest in mutual funds

Factors	No. of respondents	Percentage
Liquidity	25	16.67%
High return	85	56.67%
Professional management	20	13.33%
Brand	20	13.33%
Others	0	0.00%
Total	150	100%

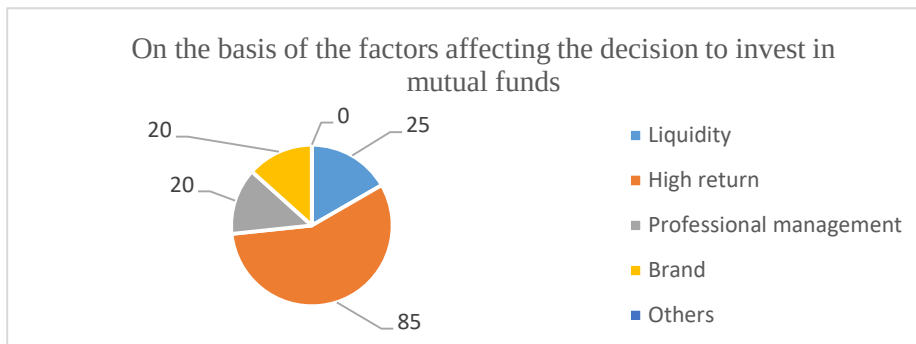


Figure 4.1.13 Classification on the basis of the factors affecting the decision to invest in mutual fund

Interpretation

Among the respondents, 56.67% consider high return, 16.67% consider liquidity and 13.33% consider both professional management and brand as a factor which affect their decision while investing in mutual funds.

Table 4.1.14 Classification on the basis of the expected return on investing in mutual funds

Return	No. of respondents	Percentage
Up to 8%	40	26.67%
8%-18%	90	60.00%
Above 18%	10	6.67%
Other	10	6.67%
Total	150	100%

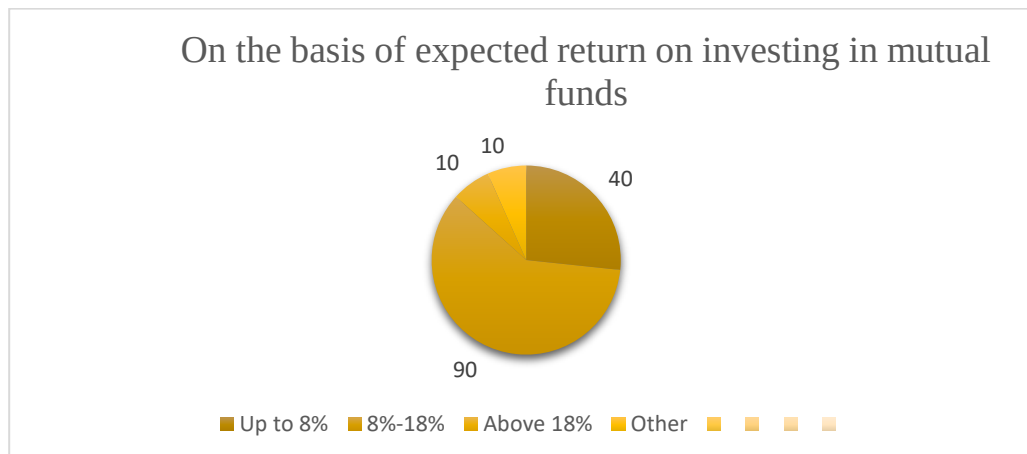


Figure 4.1.14 Classification on the basis of the expected return on investing in mutual funds

Interpretation

Among the respondents, 60% expect 8% to 18%, 26.67% expect up to 8% and 6.67% expect both above 18% and other as return on investing in mutual funds.

Table 4.1.15 Classification on the basis of the acceptable scheme

Schemes	No. of respondents	Percentage
Open ended scheme	105	75%
Close ended scheme	35	25%
Total	150	100%

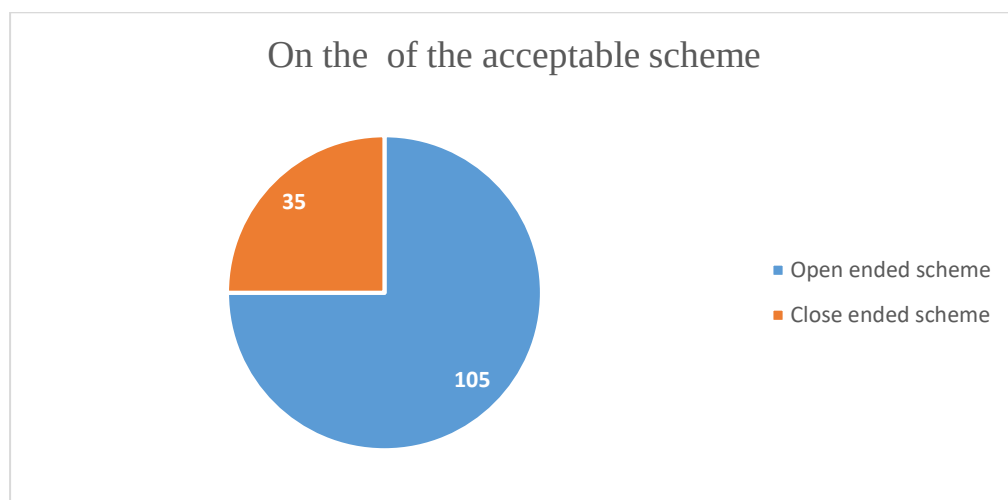


Figure 4.1.15 Classification on the basis of the acceptable scheme

Interpretation

Among the respondents, 75% prefer open ended scheme and 25% prefer close ended scheme.

Table 4.1.16 Classification on the basis of awareness of respondents regarding the tax benefits in investing in mutual funds

Options	No. of respondents	Percentage
Yes	72	48.28%
No	78	51.72%
Total	150	100%

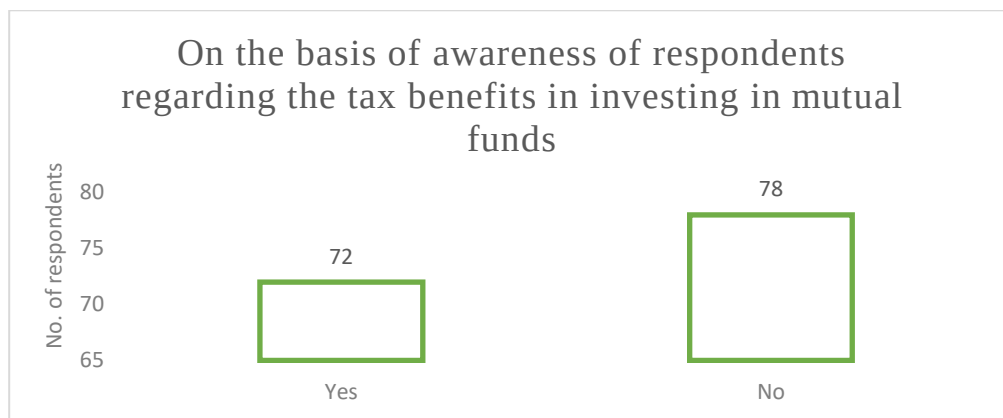


Figure 4.1.16 Classification on the basis of people working under the downline of the respondents.

Interpretation

Among the respondents, 51.72% are not aware of the tax benefits and 48.28% are aware of the tax benefits while investing in mutual funds.

Table 4.1.17 Classification on the basis of the tax benefits

Tax benefits	lo. of respondents	Percentage
Income tax benefits	62	45.00%
Tax-free dividends	51	35.00%
Lower lock-in period	37	20.00%
Others	0	0.00%
Total	150	100%

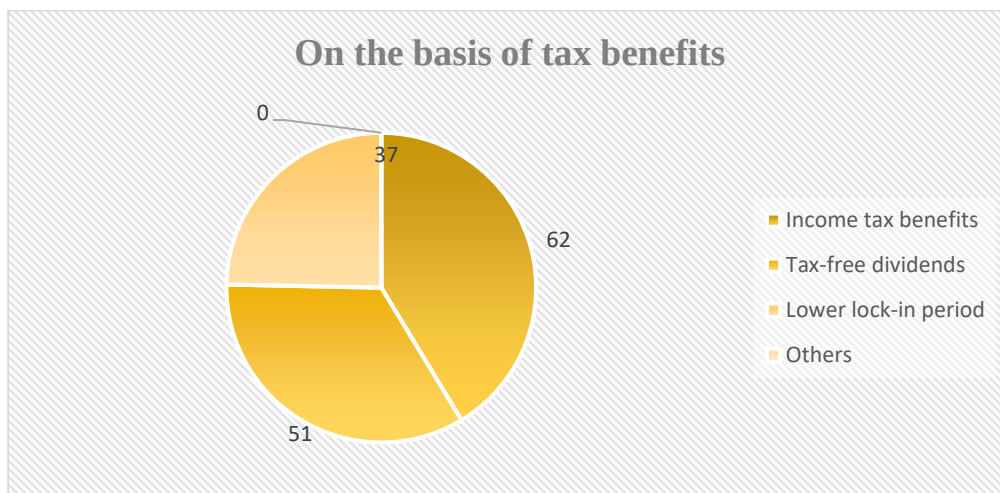


Figure 4.1.17 Classification on the basis of the tax benefits

Interpretation

45% of the respondents are aware about income tax benefits, 35% are aware about tax-free dividends and 20% are aware about lower lock-in period as tax benefits on investing in mutual funds.

Table 4.1.18 Classification on the basis of the planned duration to invest in mutual funds

Term	No. of respondents	Percentage
Long term (>12 months)	62	41.38%
Medium term (6-12 months)	37	24.14%
Short term (<6 months)	50	34.48%
Total	150	100%

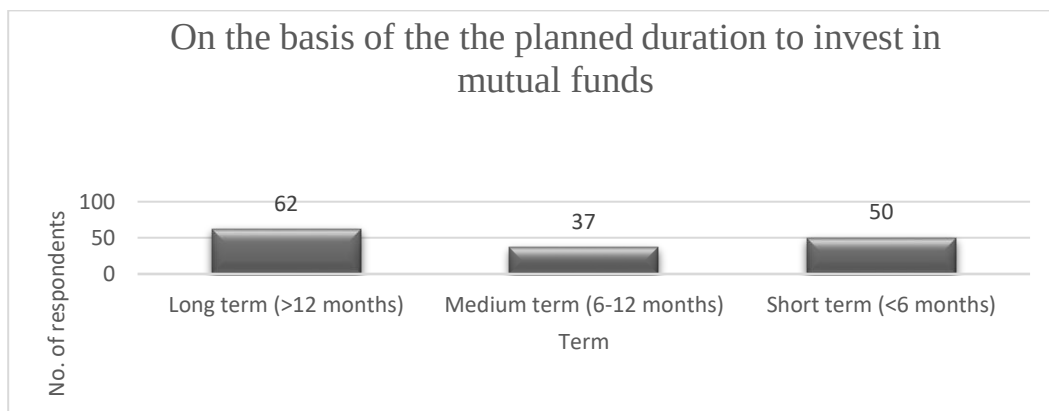


Figure 4.1.18 Classification on the basis of the the planned duration to invest in mutual funds

Interpretation

Among the respondents, 41.38% plan to invest for long term, 34.48% plan to invest for short term whereas, 24.14% plan to invest for medium term.

Table 4.1.19 Classification on the basis of the awareness about various types of mutual funds, ie equity, hybrid, debt, liquid sectorial/thematic, gold etc

Option	No. of respondents	Percentage
Yes	98	65.52%
No	52	34.48%
Total	150	100%

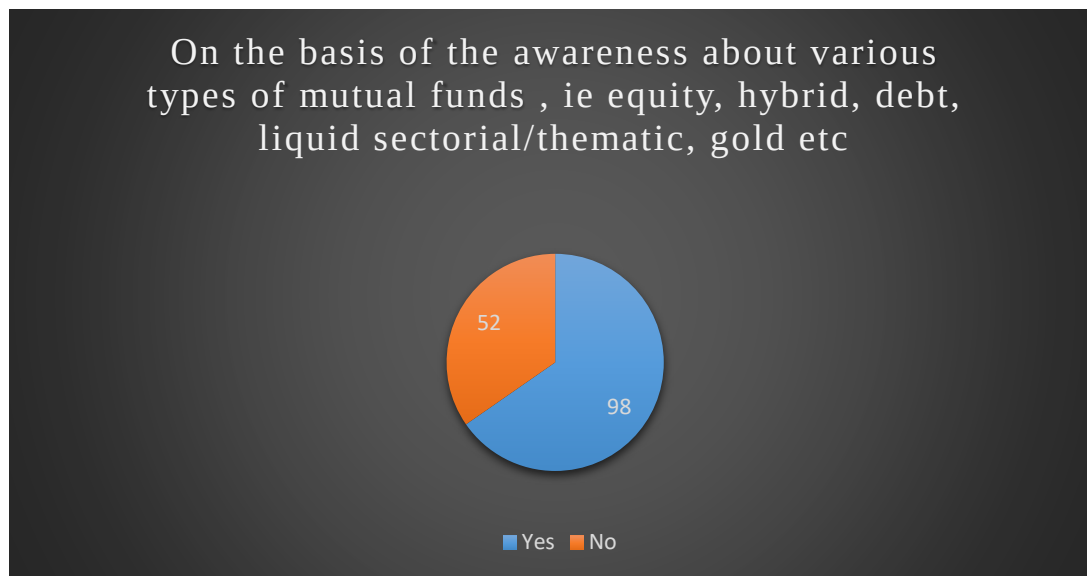


Figure 4.1.19 Classification on the basis of the awareness about various types of mutual funds, ie equity, hybrid, debt, liquid sectorial/thematic, gold etc

Interpretation

Among the respondents, 65.52% are aware about the various types of mutual funds whereas 34.48% are not aware about the types of mutual funds.

Table 4.1.20 Classification on the basis of the opinion of respondents to advise others to invest in mutual funds

Options	No. of respondents	Percentage
Certainly	8	3.57%
Yes,with caution	119	82.14%
No	23	14.29%
Total	150	100%

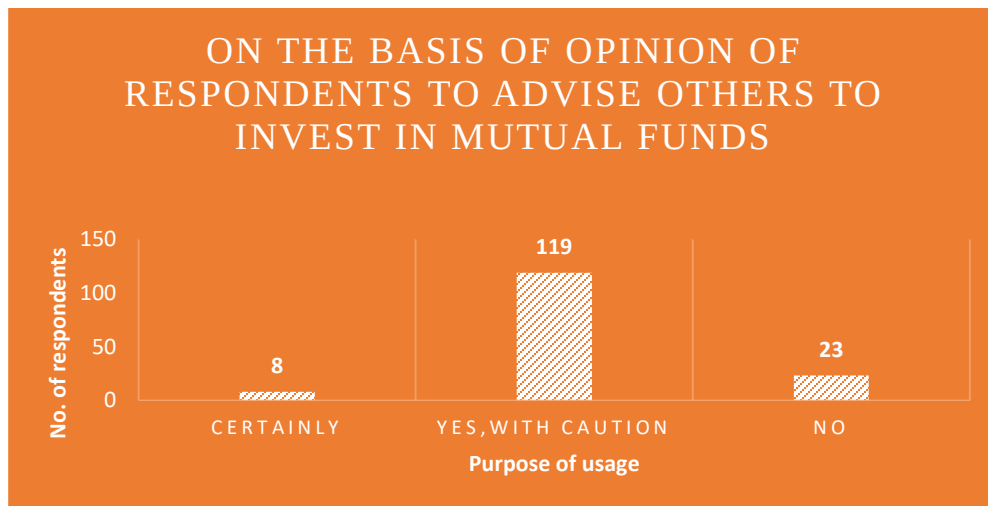


Figure 4.1.20 Classification on the basis of the opinion of respondents to advise others to invest in mutual funds

Interpretation

Among the respondents, 82.14% will advise others to invest in mutual funds with caution, 14.29% wont advise to invest whereas 3.57 will certainly advise others to invest in mutual funds.

Table 4.1.21 Classification on the basis of the satisfaction level on the decision to invest in mutual funds

Satisfaction level	No. of respondents	Percentage
Highly satisfied	10	3.85%
Satisfied	55	38.46%
Neutral	75	53.85%
Not satisfied	10	3.85%
Highly dissatisfied	0	0.00%
Total	150	100%

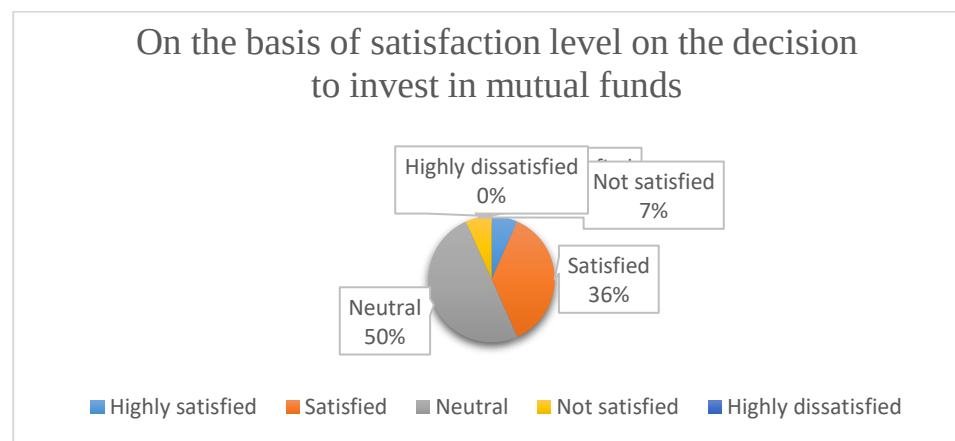


Figure 4.1.21 Classification on the basis of the satisfaction level on the decision to invest in mutual funds

Interpretation

Among the respondents, 53.85% are neutral about their satisfaction on mutual funds, 3.85% are highly satisfied, 38.46% are satisfied whereas, 3.85% are not satisfied with their decision to invest in mutual funds.

4.2 INDEPENDENT T-TEST

The classification of satisfaction of the investors in mutual funds and the knowledge gained about mutual funds.

HYPOTHESIS

HO= There is no significance difference between satisfaction of the investors in mutual funds and the knowledge gained about mutual funds.

H1= There is significance difference between satisfaction of the investors in mutual funds and the knowledge gained about mutual funds.

	Levene's Test for Equality of Variances		t-test for Equality of Means	
Satisfied with the mutual funds	1 year	more than 1 year	t	Sig. (2- tailed)
	.720	.308	-.523	.532

INFERENCE:

Since the significance value is higher than the probability value 0.05, we accept the null hypothesis, hence there is no significance difference between satisfaction of the investors in mutual funds and the knowledge gained about mutual funds.

4.3 ONE-WAY ANOVA

Analysis of variance for the frequency of returns received with the satisfaction level

HYPOTHESIS

H₀=There is no significance difference between frequency of returns received with the satisfaction level

H₁=There is significance difference between frequency of returns received with the satisfaction level

		Sum of Squares	df	Mean Square	F	Sig.
Satisfaction level	Between Groups	23.223	3	4.893	3.036	.004
	Within Groups	156.478	122	1.378		
	Total	179.225	108			

ANOVA

INFERENCE:

Since the significance value is lower than the probability value 0.05, we accept the hypothesis; hence there is significance difference between the frequency of returns received with the satisfaction level.

CHAPTER - 5

5.1 FINDINGS

- From this survey, 56.67% of the respondents are male and the rest 43.33% are female.
- Among the 150 respondents 80% are between the age group 18 – 24 years. 6.67% of them are from the age group 24 – 30 years. 13.33 % are from the age group 30– 50 years and 0.00% are above the age 50.
- In the survey, majority of the respondents i.e. 83.33% are single, 10% are married and 6.67% prefer not to say
- A majority of 63.33% of the respondents are qualified to graduation. 3.33% of the respondents have completed only their higher secondary. 33.33% had completed their Post-Graduation.
- Among the 150 respondents majority of the respondents i.e. 48% are working privately, 24% are into business, 4% are into government jobs agriculture and 20% are into other occupation
- 39.29% of the respondents are earning both below 10000 and in a range of 20000 to 50000 whereas 21.43% of the respondents are earning in a range of 10000 to 20000.

- 50% of the respondents have average knowledge about financial products, 40% of them have good knowledge whereas 6.67% have below average knowledge about financial products.
- Among the respondents, 36.67% came to know about mutual funds through friends/relatives, 30% through tv/news, 23.33% through social media platforms 6.67% through company websites and rest through banks.
- Among the respondents, 62.07% prefer to invest less than 10%, 34.48% prefer to invest 10% to 25% and 3.45% prefer to invest more than 50% of their savings in mutual funds.
- From the survey, 44.83% prefer SBI mutual fund, 13.79% prefer both HDFC and Tata mutual fund, 10.34% prefer Birla sunlife and 3.45% prefer Kotak mutual fund.
- In the survey, 66.67% consider bank deposits, 13.33% prefer mutual funds, 10% prefer real estate, 6.67% prefer stock exchange and 3.33% prefer others as the safest investment option.
- Among the respondents, 70% consider lack of knowledge, 16.67% consider bitter past experience and 13.33% consider inefficient investment advice as a factors preventing them from investing in mutual funds
- From the survey, mong the respondents, 56.67% consider high return, 16.67% consider liquidity and 13.33% consider both professional management and brand as a factor which affect their decision while investing in mutual funds.
- Among the respondents, 60% expect 8% to18%, 26.67% expect upto8% and 6.67% expect both above 18% and other as retun on investing in mutual funds.

- Among the respondents, 75% prefer open ended scheme and 25% prefer close ended scheme.
- Among the respondents, 51.72% are not aware of the tax benefits and 48.28% are aware of the tax benefits while investing in mutual funds.
- 45% of the respondents are aware about income tax benefits, 35% are aware about tax-free dividends and 20% are aware about lower lock-in period as tax benefits on investing in mutual funds.
- Among the respondents, 41.38% plan to invest for long term, 34.48% plan to invest for short term whereas, 24.14% plan to invest for medium term.
- Among the respondents, 65.52% are aware about the various types of mutual funds whereas 34.48% are not aware about the types of mutual funds.
- Among the respondents, 82.14% will advise others to invest in mutual funds with caution, 14.29% won't advise to invest whereas 3.57 will certainly advise others to invest in mutual funds.
- Among the respondents, 53.85% are neutral about their satisfaction on mutual funds, 3.85% are highly satisfied, 38.46% are satisfied whereas, 3.85% are not satisfied with their decision to invest in mutual funds.
- the significance value is higher than the probability value 0.05, we accept the null hypothesis, hence there is no significance difference between satisfaction of the investors in mutual funds and the knowledge gained about mutual funds.

- the significance value is lower than the probability value 0.05, we accept the hypothesis; hence there is significance difference between the frequency of returns received with the satisfaction level.

5.2 SUGGESTIONS

After a thorough study and analysis of the data and information, the following are the few recommendations and suggestions, if implemented, would definitely benefit the financial market in India, which is in its booming stage, in short run and in long run as well. Recommendations and suggestions are normally given when there are some problems or difficulties lying in market. Here in this research report recommendations and suggestions are totally based on the facts, reactions, attitudes, perceptions, and many other things of the respondents which were received from them during research work. The recommendation part of this research work has three parts only, which can push the mutual fund market in India to a higher level.

Awareness:

Awareness of mutual fund products must be increased in Kochi city. The awareness can be enhanced in following ways

- ❖ Conference or seminars on mutual funds can be conducted on regular basis. This will no doubt increase the awareness of mutual fund in minds of the investors.
- ❖ All the companies must join hands and work together for this.

Customer education:

As the awareness of mutual funds is still lacking in this market, companies should give focus on customer education. For this purpose again conference and seminars can be the best way towards educating the customers. Again free training programme to the agents can be fruitful.

Government intermediation:

Government must also work together with the mutual fund companies in promoting the concept of mutual fund in India.

Confidence building activities:

People in this city are not confident in investing their money in mutual funds. Hence there is a need to do something which will build the confidence in minds of the investors. Hence the confidence building activities must be carried out by the mutual fund companies. Because most of the people in India think that investing in mutual funds is a very risky affair. In following ways the confidence can be increased in minds of the people in India.

- ❖ The present performance of the mutual funds is very good compared with other Investment and the companies should cash in on this opportunity. The performance of the mutual funds can be published widely.
- ❖ Other newspapers and magazines, journals. This will no doubt induce the investors towards investing in mutual funds.
- ❖ Case study of the investors who have been benefited in investing in mutual funds can be published in newspapers, magazines and journals.
- ❖ As selling of financial products requires well trained people, the companies must provide proper training to the agents and financial planners. For this training institute must be opened in this township.
- ❖ Continuous brand building activities must be carried out by the companies. For this purpose companies should initiate some sort of promotional activities like, ads in newspapers, magazines, journals.

- ❖ Educational institutes must start some professional courses on mutual funds and other finance specialized courses. This will create some sort of awareness about the mutual funds.
- ❖ Mutual fund companies must tie up with other financial institute like banks, post office for reaching to the mass people. Because these financial institute have tremendous reach to the mass people in our country. As a result mutual fund companies can have easy access to the common people. The companies must go in for this kind of strategic alliance with other companies as well. Because strategic alliance not only benefit the companies but help in developing the market also.
- ❖ For opening of new savings bank account, certain units of mutual funds of a company (strategic alliance company) can be given at free of cost to the account holder. This will no doubt make the people more familiar with the concept of mutual funds.
- ❖ On buying of one or some life insurance policies, again certain units of mutual fund can be given at free of cost
- ❖ Again each car loan or other kind loan of a certain amount will get the loan taker certain units of mutual funds absolutely free of cost.

5.3 CONCLUSION

We can infer from the analysis that the concept of mutual fund in India is still in its growing phase. With the growing importance of mutual fund in other areas in country, this place is witnessing the same rate of growth in mutual funds. Apart from these facts the following are some other important facts which can easily be inferred from the paper.

- ❖ Huge opportunities of Mutual funds exist in India. In short the market in this city is a growing market
- ❖ As because many companies exist in this market, competition is cut to throat.
- ❖ Mindsets of the investors are not towards mutual funds. They still think of investing in traditional investment alternatives. Customers are not properly educated about the mutual funds.
- ❖ Few private sectors banks like ICICI, HDFC, UTI, TATA etc. sell mutual funds through their branches only.
- ❖ Specialized agents of mutual funds are rarely seen. Financial advisors are not seen there who can educate the investors.
- ❖ Posters, banners or other promotional activities are rarely seen in this market.
- ❖ Mutual fund companies do not have aggressive strategies.
- ❖ Insurance products are and can be the main competitors of mutual funds.

- ❖ Mutual fund investors are confined to the upper-middle and upper social class in this market. Upper-lower class and lower-upper class people are still untouched.
- ❖ More than half of the respondents have wrong perception about the mutual funds. They feel mutual funds are very risky investment alternative
- ❖ Most of the respondents neither do not want to take risk in investing their money in mutual funds.

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APPENDIX - I

QUESTIONNAIRE

1. Name :

2. Gender :

- Male
- Female

3. Age :

- 18-24
- 24-30
- 30-50
- 50 & above

4. Marital Status:

- Single
- Married
- Prefer not to say

5. Qualification:

- Secondary
- Higher Secondary
- Under-Graduation
- Post-Graduation
- Other_____

6. Occupation:

- Government
- Private
- Business
- Agriculture
- Other_____

7. Mention your monthly income?

- Below 100000
- 100000-300000
- 300000-500000
- 500000-100000
- Above 100000

8. How would you describe/rate your level of knowledge about financial products?

- Excellent
- Good
- Average
- Below average
- Poor

9. From which source you came to know about mutual funds?

- Broker
- Friend / Relative
- TV/News
- Bank
- Asset Management Company
- Social Media Platforms
- Company Websites

10. What portion of your savings do you prefer to invest in mutual funds?

- Less than 10%
- 10% - 25%
- 25% - 50%
- More than 50%

11. Your most preferred Asset Management Company

- SBI Mutual Fund
- HDFC Mutual Fund
- Birla Sun Life Mutual Fund
- ICICI Prudential Mutual Fund
- UTI Mutual fund
- Kotak Mutual Fund
- Tata Mutual Fund

- L&T Mutual Fund
- DSP BlockRock Mutual Fund
- Others_____

12. Which among these are the safest investment options?

- Mutual funds
- Stock Markets
- Bank deposit
- Real estate
- Others _____

13. Which of the factors given below prevent you from investing your funds in Mutual funds?

- Bitter past experience
- Lack of knowledge
- Inefficient investment advisors
- Others _____

14. While investing your money, which of these factors affect your decision?

- Liquidity
- High return
- Professional management
- Brand management
- Others_____

15. What is your expected return on investing in mutual funds?

- Up to 8%
- 8% - 18%
- Above 18%
- Other

16. Which scheme do you feel is acceptable?

- Open ended scheme
- Close ended scheme

17. Are you aware about the different tax benefits while investing in mutual funds?

- Yes
- No

18. If yes, choose any

- Income tax benefits
- Tax-free dividends
- Lower lock-in period

19. How long are you planning to stay invested?

- Long Term (>12 months)
- Medium Term (6-12 months)
- Short Term (<6 months)

20. Are you aware about the various types of mutual funds i.e equity, hybrid, debt, liquid, sectorial/thematic , gold etc?

- Yes
- No

21. Will you advice others to invest in mutual funds?

- Certainly
- Yes, with caution
- No

22. Are you satisfied with your decision to invest in mutual funds?

- Highly Satisfied
- Satisfied
- Neutral
- Highly Dissatisfied
- Dissatisfied

APPENDIX – II

ARTICLE

A STUDY ON CUSTOMER PERCEPTION TOWARDS PERFORMANCE OF MUTUAL FUNDS

Nimith Paul Sajan

Dr. N. Kumar

ABSTRACT

The main purpose of the project is to understand the perception of customers about mutual funds. Mutual funds are financial intermediaries, which collect the savings of investors & invest them in a large & well diversified portfolio of securities such as money market instruments, corporate & government bonds & equity shares of joint stock companies. The project is done to understand the awareness about mutual funds among the Indian investors and measure their willingness to stay invested in the future.

The awareness about mutual funds among the Indian investors are identified through this survey. The survey is conducted in the Kochi region. The various mutual funds investment options available to the investors are examined and the behavior of the investors while selecting the investment option is also examined thoroughly

Keywords: Intermediaries, Stock market, Investment, Return, Customers.

1. INTRODUCTION ABOUT THE STUDY

Mutual funds are financial intermediaries, which collect the savings of investors & invest them in a large & well diversified portfolio of securities such as money market instruments, corporate & government bonds & equity shares of joint stock companies. A Mutual fund is a pool of common funds invested by different investors, who have no contact with each other. Mutual funds are conceived as institutions for providing small investors with avenues of investments in the capital market. Since small investors generally do not have adequate time knowledge, experience & resources for directly accessing the capital market, they have to rely on an intermediary which undertakes informed investment decisions & provides consequential benefits of professional expertise. The advantages for the investors are reduction in risk, expert professional management, diversified portfolios, & liquidity of investment & tax benefits. By pooling their assets through mutual funds, investors achieve economies of scale. The interests of the investors are protected by the SEBI, Which acts as a watchdog. Mutual funds are governed by the SEBI (Mutual funds) regulations, 1993. From its inception the growth of mutual funds is very slow and it took really long years to evolve the modern day mutual funds. Mutual Funds emerged for the first time in Netherlands in the 18th century and then got introduced to Switzerland, Scotland and then to United States in the 19th century. The main motive behind mutual fund investments is to deliver a form of diversified investment solution. Over the years the idea developed and people received more and more choices of diversified investment portfolio through the mutual funds. In India, the mutual fund concept emerged in 1960. The credit goes to UTI for introducing the first mutual fund in India. Monetary Funds benefited a lot from the mutual funds. Earlier investors used to invest directly in the stock market and many times suffered from loss due to wrong speculation. But with the coming up of mutual funds, which were handled by efficient fund managers, the investment risks were lowered by a great extent.

A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities like stocks, bonds, money market instruments, and other assets. Mutual funds are operated by professional [money managers](#), who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus.

2.OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVE

- To assess the perception of customers towards mutual funds schemes.

SECONDARY OBJECTIVE

- To examine the penetration of mutual funds among Indian investors.
- To examine the various mutual fund investments available to investors in India.
- To understand the awareness about mutual funds among Indian investors.
- To identify the investor behavior while selecting a fund.

3.RESEARCH METHODOLOGY

Research Methodology is the systematic process of collecting data and analyzing.

RESEARCH DESIGN

Research Design is a logical and systematic plan prepared for directing a research study. In this study **Descriptive research design** is used.

SOURCES OF DATA

Primary data and secondary data are used in this research.

PRIMARY DATA: Primary data refers to the data which is collected for the first time. In this research the primary data is collected through questionnaire.

SECONDARY DATA: The secondary data collected through journals, books, reports etc.

SAMPLE SIZE

The sample size of the study is 150 respondents

PERIOD OF STUDY

The period of time taken to conduct the survey and prepare the research paper is 3 months.

POPULATION

In this study customers at kochi region is referred to as the population.

ANALYTICAL TOOLS

The data has been analyzed using the following methods,

- Simple Percentage method
- Independent t-test
- One way ANOVA

4. DATA ANALYSIS AND INTERPRETATION

4.1 PERCENTAGE ANALYSIS

Table 4.1.1 Classification on the basis of gender

Gender	No. of respondents	Percentage
Male	85	56.67%
Female	65	43.33%
Total	150	100%

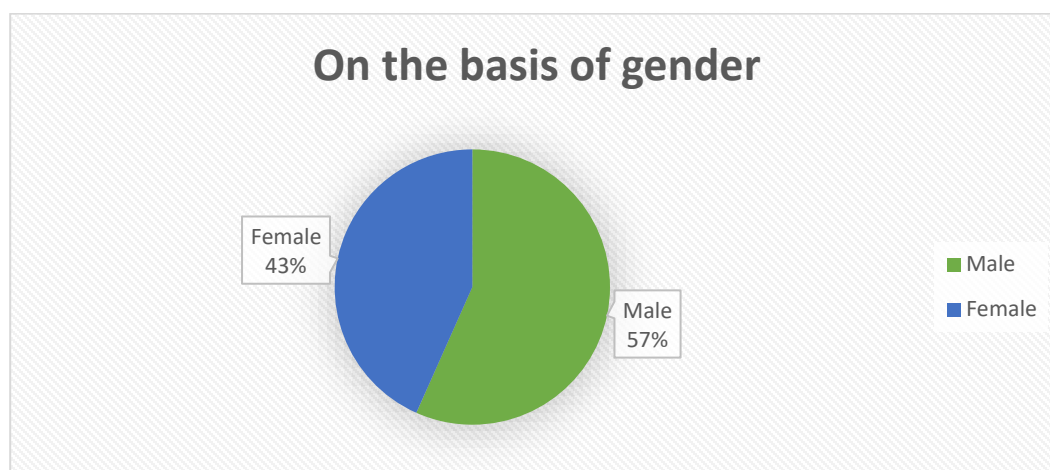


Figure 4.1.1 Classification on the basis of gender

Interpretation

Among the 150 respondents of this survey, 56.67% of the respondents are male and the rest 43.33% are female.

Table 4.1.2 Classification on the basis of age

Age	No. of respondents	Percentage
18 - 24	120	80%
24 - 30	10	6.67%
30 - 50	20	13.33%
50 & above	0	0.00%
Total	150	100%

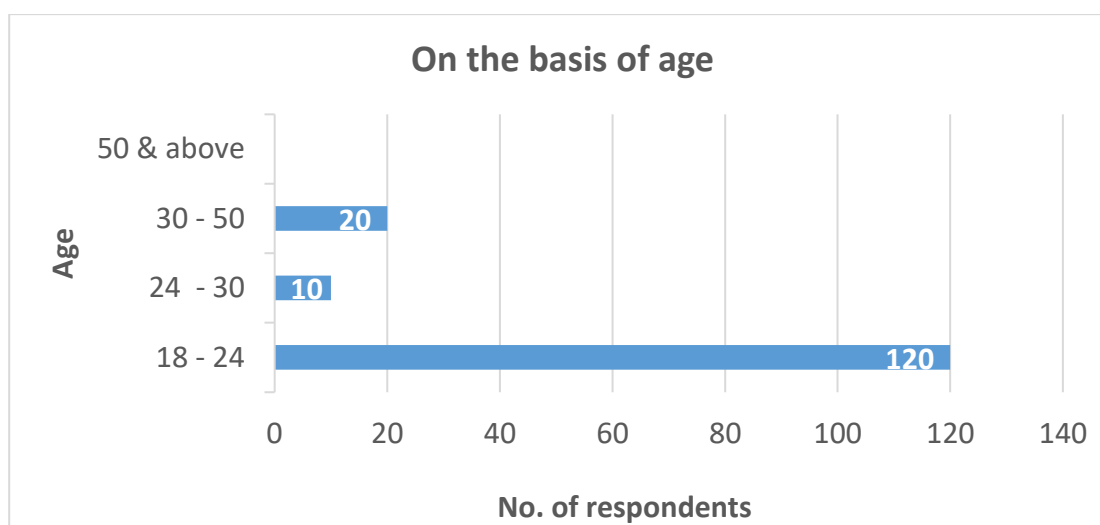


Figure 4.1.2 Classification on the basis of age

Interpretation

Among the 150 respondents 80% are between the age group 18 – 24 years. 6.67% of them are from the age group 24 – 30 years. 13.33 % are from the age group 30– 50 years. And the 0.00% are above the age 50.

Table 4.1.3 Classification on the basis of marital status.

Marital status	No. of respondents	Percentage
Single	125	83.33%
Married	15	10.00%
Prefer not to say	10	6.67%
Total	150	100%

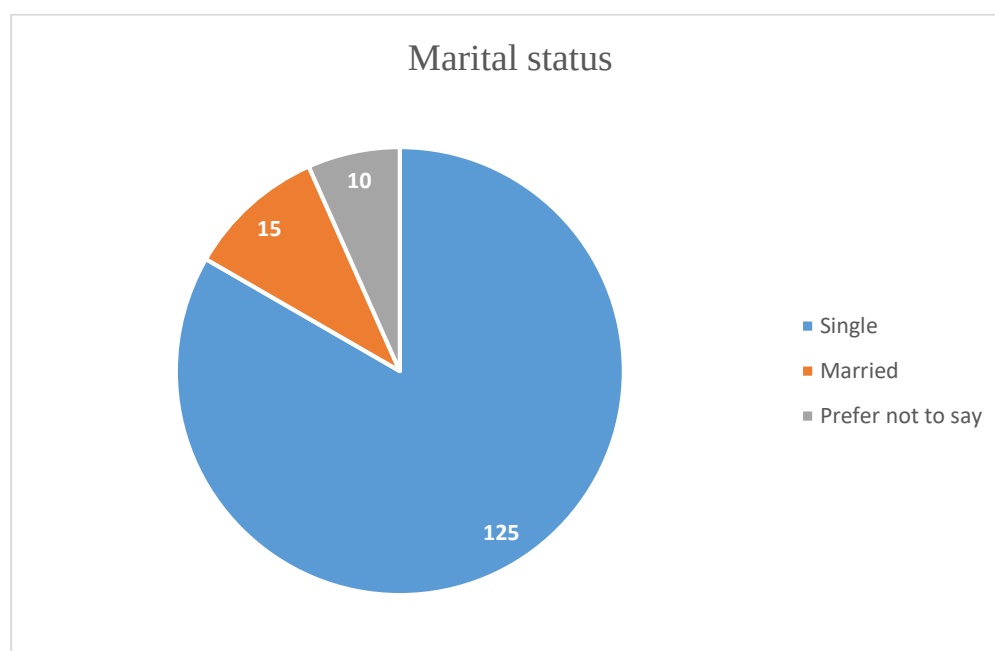


Figure 4.1.3 Classification on the basis of marital status

Interpretation

Among the 150 respondents majority of the respondents i.e. 83.33% are single, 10% are married and 6.67% prefer not to say.

Table 4.1.4 Classification on the basis of qualification

Qualification	No. of respondents	Percentage
Secondary	0	0.00%
Higher secondary	5	3.33%
Under Graduation	95	63.33%
Post-Graduation	50	33.33%
Others	0	0.00%
Total	150	100%

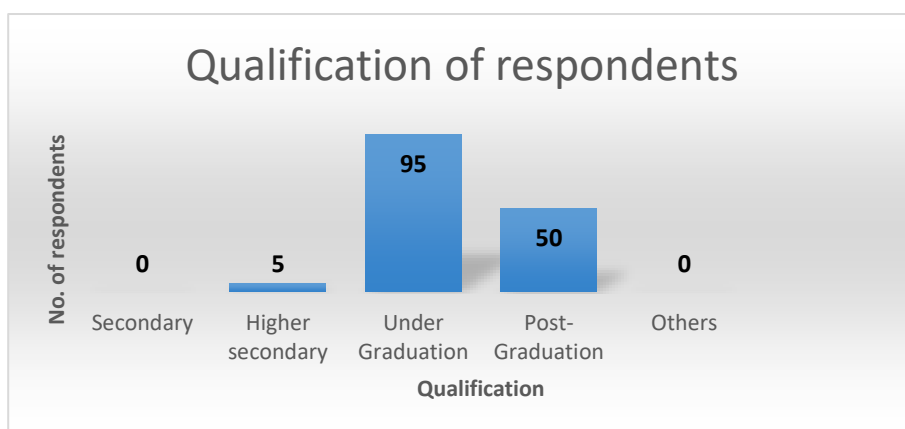


Figure 4.1.4 Classification on the basis of educational qualification

Interpretation

A majority of 63.33% of the respondents are qualified to graduation. 3.33% of the respondents have completed only their higher secondary. 33.33% had completed their Post-Graduation.

4.2 INDEPENDENT T-TEST

The classification of satisfaction of the investors in mutual funds and the knowledge gained about mutual funds.

HYPOTHESIS

HO= There is no significance difference between satisfaction of the investors in mutual funds and the knowledge gained about mutual funds.

H1= There is significance difference between satisfaction of the investors in mutual funds and the knowledge gained about mutual funds.

	Levene's Test for Equality of Variances		t-test for Equality of Means	
Satisfied with the mutual funds	1 year	more than 1 year	t	Sig. (2- tailed)
	.720	.308	-.523	.532

INFERENCE:

Since the significance value is higher than the probability value 0.05, we accept the null hypothesis, hence there is no significance difference between satisfaction of the investors in mutual funds and the knowledge gained about mutual funds.

4.3 ONE-WAY ANOVA

Analysis of variance for the frequency of returns received with the satisfaction level

HYPOTHESIS

H0=There is no significance difference between frequency of returns received with the satisfaction level

H1=There is significance difference between frequency of returns received with the satisfaction level

		Sum of Squares	df	Mean Square	F	Sig.
Satisfaction level	Between Groups	23.223	3	4.893	3.036	.004
	Within Groups	156.478	122	1.378		
	Total	179.225	108			

ANOVA

INFERENCE:

Since the significance value is lower than the probability value 0.05, we accept the hypothesis; hence there is significance difference between the frequency of returns received with the satisfaction level.

5.CONCLUSION

We can infer from the analysis that the concept of mutual fund in India is still in its growing phase. With the growing importance of mutual fund in other areas in country, this place is witnessing the same rate of growth in mutual funds. Apart from these facts the following are some other important facts which can easily be inferred from the paper.

- ❖ Huge opportunities of Mutual funds exist in India. In short the market in this city is a growing market
- ❖ As because many companies exist in this market, competition is cut to throat.
- ❖ Mindsets of the investors are not towards mutual funds. They still think of investing in traditional investment alternatives. Customers are not properly educated about the mutual funds.
- ❖ Few private sectors banks like ICICI, HDFC, UTI, TATA etc. sell mutual funds through their branches only.
- ❖ Specialized agents of mutual funds are rarely seen. Financial advisors are not seen there who can educate the investors.
- ❖ Posters, banners or other promotional activities are rarely seen in this market.
- ❖ Mutual fund companies do not have aggressive strategies.
- ❖ Insurance products are and can be the main competitors of mutual funds.

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