

STUDY ON INVESTORS PERCEPTION TOWARDS MUTUAL FUNDS

Submitted in partial fulfillment of the requirements for the award of

Master of Business Administration

by

B V M S KIRAN KUMAR

39410098



**DEPARTMENT OF BUSINESS ADMINISTRATION
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**

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Jeppiaar Nagar, Rajiv Gandhi Salai, Chennai – 600 119

www.sathyabama.ac.in

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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of B V M S KIRAN KUMAR 39410098 who have done the Project work entitled “Study on Investors Perception Towards Mutual Funds” under my supervision from January 2021 to March 2021.

Dr. Y. AYSHA FATHIMA

Internal Guide

External Guide

Dr. BHUVANESWARI G.

Dean – School of Business Administration

Submitted for Viva voce Examination held on 09/04/2021.

Dr. Nithya Shankar

Internal Examiner

Mr. John Pual. M

External Examiner

DECLARATION

I B V MS KIRAN KUMAR 39410098 hereby declare that the Project Report entitled “Study on Investors Perception Towards Mutual Funds” done by me under the guidance of Dr. Y. Aysha Fathima, M. Com, M.B.A., M.Phil., Ph. D at SATHYABAMA INSTITUTE OF SCIENCE AND TECHNOLOGY, CHENNAI. is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

DATE: 09/04/2021

PLACE: Chennai

B. Kiran Kumar

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B V M S KIRAN KUMAR

ABSTRACT

In India Mutual Funds plays a vital role in mobilizing funds for capital and financial markets. Mutual funds are one of the best investment options available to the small investors. A mutual fund is a type of investment from where it manages to collect investment from a lot of investors to buy securities like stock, money market instrument, bonds, and other assets. As the Mutual Fund sector has developed, there has been a growing acceptance by most policy holders that the assured return era is a thing of the past. Mutual Funds are operated by professional money managers, who is allocated the funds asset and to attempt to procedure capital gains or income for the fund's investors. Now a days all types of investors are investing in Mutual Funds. The primary objectives of the study are to analyses investors perception towards Mutual Funds and to identify the reasons for investment in mutual funds. This study also aims to measure the returns for investment made in mutual fund and to evaluate the risk tolerance level of the investors.

This study contains with a sample of 140 different kinds of investors and their diversification of investment plan. The data was collected from the investors through circulated questionnaire in Hyderabad city and surrounded rural and urban areas. By this study found that most of the investors have positive impact and good knowledge on mutual funds. Based on the findings and analysis it concluded that most of the investors are satisfied with the returns and performance of mutual funds. Also found that tax benefits, diversification, and reduction in risk as more impact on the investors perception for investing in mutual funds.

Key words: Investor's perception, Risk Tolerance Level, Mutual Funds.

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CHAPTER- 1

INTRODUCTION

1.1 INTRODUCTION:

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. Mutual funds pool money from the investing public and use that money to buy other securities, usually stocks and bonds. The value of the mutual fund company depends on the performance of the securities it decides to buy. So, when you buy a unit or share of a mutual fund, you are buying the performance of its portfolio or, more precisely, a part of the portfolio's value. Investing in a share of a mutual fund is different from investing in shares of stock. Unlike stock, mutual fund shares do not give its holders any voting rights. A share of a mutual fund represents investments in many different stocks (or other securities) instead of just one holding. That's why the price of mutual fund share is referred to as the Net Asset Value (NAV) per share, sometimes expressed as NAVPS. A fund's NAV is derived by dividing the total value of the securities in the portfolio by the total amount of shares outstanding. Outstanding shares are those held by all shareholders, institutional investors, and company officers or insiders. Mutual fund shares can typically be purchased or redeemed as needed at the fund's current NAV, which—unlike a stock price—does not fluctuate during market hours, but it is settled at the end of each trading day. Ergo, the price of a mutual fund is also updated when the NAVPS is settled. The average mutual fund holds over a hundred different securities, which means mutual

fund shareholders gain important diversification at a low price. Consider an investor who buys only Google stock before the company has a bad quarter. He stands to lose a great deal of value because all his dollars are tied to one company. On the other hand, a different investor may buy shares of a mutual fund that happens to own some Google stock. When Google has a bad quarter, she loses significantly less because Google is just a small part of the fund's portfolio. A mutual fund is both an investment and an actual company. This dual nature may seem strange, but it is no different from how a share of AAPL is a representation of Apple Inc. When an investor buys Apple stock, he is buying partial ownership of the company and its assets. Similarly, a mutual fund investor is buying partial ownership of the mutual fund company and its assets. The difference is that Apple is in the business of making innovative devices and tablets, while a mutual fund company is in the business of making investments. If a mutual fund is construed as a virtual company, its CEO is the fund manager, sometimes called its investment adviser. The fund manager is hired by a board of directors and is legally obligated to work in the best interest of mutual fund shareholders. Most fund managers are also owners of the fund. There are very few other employees in a mutual fund company. The investment adviser or fund manager may employ some analysts to help pick investments or perform market research. A fund accountant is kept on staff to calculate the fund's NAV, the daily value of the portfolio that determines if share prices go up or down. Mutual funds need to have a compliance officer or two, and probably an attorney, to keep up with government regulations.

All investments whether in shares, debentures or deposits involve risk. Share value may go down depending upon the performance of the company, the industry, state of capital markets and the economy. Generally, however, longer the term, lesser the risk. Companies may default in payment of interest and principal on their debenture or bonds or deposits. While risk cannot be eliminated, skillful management can minimize risk. Mutual Funds help to reduce risk through diversification and professional management. The experience and expertise of Mutual Fund managers in selecting fundamentally sound securities and timing their purchases and sales help them to build a diversified portfolio that minimizes risk and maximizes returns. Worldwide, the Mutual Fund, or Unit Trust as it is called in some parts of the world, have almost overtaken bank deposits

and total assets of insurance funds. As of date, in the US alone there are over 8,002 Mutual Funds with total assets of over US \$9.36 trillion (Rs.427 lakh crores). In India there are 29 Mutual Funds and over 592 schemes with total assets of approximately of Rs. 2,31,862 crores (US \$ 52 Billion). The Securities and Exchange Board of India (SEBI) regulate all mutual funds in India

1.2 INDUSTRY PROFILE:

The first company of mutual funds was the UNIT TRUST of INDIA. It has been launched by venture of the Reserve Bank of India and the government of India in 1963. The foremost concept of UTI was to guide small and uniformed investors who wanted to buy for shares and financial products in large organizations. Until 1987, UTI enjoyed monopoly in the Indian Mutual Funds market at the point Mutual Fund industry has acquired its own identity with the general public. From 1987, many public sectors banks have instigated the government for starting their own Mutual Fund financial companies.

A feature of Mutual Fund scheme is the low minimum investment amount as low as Rs. 1000 for more schemes. This makes more investors to require a footing. The expense ratio which is incredibly low it is not quite 2.5% in many schemes, especially in liquid and index funds are below than 0.05% and few schemes, there are lower compared to other schemes which will also help in making mutual funds an excellent instrument for build the investors wealth over the long-term plans.

Mutual Funds is closely regulated by SEBI- Securities and Exchange Board of India. The regulation of Mutual Fund is 1996, which is applicable in SEBI. Under this regulation Board of Trustee plays a significant role in defending the interest of the investors in mutual funds schemes. Another defending feature is to test and balances in mutual fund system. For instance, while the Asset Management Company (AMC) handles the investment management activity, the custody of the investments is with an independent custodian. The investors records are normally maintained by the Register and Transfer Agents (RTA), who offers their service to multiple mutual funds. In some cases, AMC itself maintains the investors records.

A BREIF HISTORY OF MUTUAL FUNDS: The mutual fund industry in India started in 1963 with the formation of Unit Trust of India, at the initiative of the Government of India and Reserve Bank. The history of mutual funds in India can be broadly divided into four distinct phases.

First Phase (1964-1987): Started in 1963 with Unit Trust of India, Government of India & RBI. Unit Trust of India (UTI) was established in 1963 by an Act of Parliament. It was set up by the Reserve Bank of India and functioned under the Regulatory and administrative control of the Reserve Bank of India. In 1978 UTI was de-linked from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. First scheme launched by UTI was Unit Scheme 1964. In 1988 UTI had Rs.6,700 crores of Assets Under Management.

Second Phase (1987-1993) (Entry of Public Sector Funds): In 1987 public sector banks and Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC) got the Entry in MF Industry. SBI was the first non- UTI Fund established in June 1987 followed by Canara bank (Dec 87), Punjab National Bank (Aug 89), Indian Bank (Nov 89), Bank of India (Jun 90), Bank of Baroda (Oct 92). LIC established its mutual fund in June 1989 while GIC had set up its mutual fund in December 1990. At the end of 1993, the mutual fund industry had Assets Under Management of Rs.47,004 crores.

Third Phase (1993-2003) (Entry of Private Sector Funds): In 1993, a new era started in the Indian MF industry, giving the Indian investors a wider choice of fund families. In 1993 first Mutual Fund Regulations came into being, under which all mutual funds, except UTI were to be registered and governed. The erstwhile Kothari Pioneer (now merged with Franklin Templeton) was the first private sector mutual fund registered in July 1993. The 1993 SEBI Regulations were substituted by a more comprehensive and revised Regulations in 1996. The industry now functions under the SEBI (Mutual Fund) Regulations 1996. The number of mutual fund houses went on increasing, with many foreign mutual funds setting up funds in India and the industry has witnessed several mergers and acquisitions. As at the end of January 2003, there were 33 mutual funds

with total assets of Rs. 1,21,805 crores. The Unit Trust of India with Rs.44,541 crores of assets under management was way ahead of other mutual funds involvement.

Fourth Phase since February 2003: In February 2003, following the repeal of the Unit Trust of India Act 1963 UTI was bifurcated into two separate entities. One is the Specified Undertaking of the Unit Trust of India with assets under management of Rs.29,835 crores as at the end of January 2003, representing broadly, the assets of US 64 scheme, assured return and certain other 5 schemes. The Specified Undertaking of Unit Trust of India, functioning under an administrator and under the rules framed by Government of India and does not come under the purview of the Mutual Fund Regulations. The second is the UTI Mutual Fund Ltd, sponsored by SBI, PNB, BOB and LIC. It is registered with SEBI and functions under the Mutual Fund Regulations. With the bifurcation of the erstwhile UTI which had in March 2000 more than Rs.76,000 crores of assets under management and with the setting up of a UTI Mutual Fund, conforming to the SEBI Mutual Fund Regulations, and with recent mergers taking place among different private sector funds, the mutual fund industry has entered its current phase of consolidation and growth. As at the end of September 2004, there were 29 funds. Till March 2008 assets under management was Rs.5,05,152 crores under 421 schemes.

Characteristics of Mutual Funds:

1. Mutual Funds are managed by the investment professionals and other services providers, who help the investors to get their returns and they take fee for their services from the fund.
2. Investor's purchase shares in the mutual fund from the fund itself, or through a broker of the fund. And investors cannot purchase the shares from other investors on a secondary market, such as New York Stock Exchange or other type of stock companies.
3. The price that investors pay for mutual fund shares is the funds current Net Asset Value (NAV) per share plus any fees that the fund may charge at purchase, such as sales charge or loads.

4. Mutual funds generally sell and buy their shares for continuous basis, although some funds will stop selling when the certain level of assets under management.
5. Mutual funds shares are redeemable that means when investors want to sell their shares, they can sell them back to the fund or to a broker acting for the fund.
6. The investment portfolios of mutual funds typically are managed by separate entities known as investment advisers this because investment advisers are registered with the Securities and Exchange Commission (SEC) and subject to SEC regulations.
7. Size matters when it comes to managing a mutual fund. Over the years, many mutual funds have produced enviable track records in their early years of existence only to see that performance taper off as their reputation grew and new investor money poured in. Size is especially critical in mutual funds that invest in small- or mid-cap stocks. These stocks have more limited investment opportunities, and at some point, a fund manager can run out of good opportunities within the fund's investing niche. Mutual fund companies that are shareholder-centric might close the fund to new investment, which can help. But as the fund grows due to its own success, management problems can surface again. To address growth problems, some funds have transitioned from small-cap funds to mid-cap stocks. Others have just started investing outside of their original investment mandates, and the results of such diversification have been mixed. The issue of size is not as much of a concern for mutual funds that invest in large-cap stocks or for index funds. Nonetheless, savvy fund investors pay attention to the assets under management for funds and look for any performance drag if the fund gets too big.

Advantages and Disadvantages of Mutual Funds:

Advantages:

1. Advanced Portfolio Management:

When you buy a mutual fund, you pay a management fee as part of your expense ratio, which is used to hire a professional portfolio manager who buys and sells stocks, bonds, etc. This is a relatively small price to pay for getting professional help in the management of an investment portfolio.

2. Dividend Reinvestment:

As dividends and other interest income sources are declared for the fund, it can be used to purchase additional shares in the mutual fund, therefore helping your investment grow.

3. Risk Reduction (Safety):

Reduced portfolio risk is achieved using diversification, as most mutual funds will invest in anywhere from 50 to 200 different securities—depending on the focus. Numerous stock index mutual funds own 1,000 or more individual stock positions.

4. Convenience and Fair Pricing:

Mutual funds are easy to buy and easy to understand. They typically have low minimum investments (some around \$2,500) and they are traded only once per day at the closing net asset value (NAV). This eliminates price fluctuation throughout the day and various arbitrage opportunities that day traders' practice.

Disadvantages:

1. High Expense Ratios and Sales Charges:

If you are not paying attention to mutual fund expense ratios and sales charges, they can get out of hand. Be very cautious when investing in funds with expense ratios higher than 1.20%, as they are on the higher cost end. Be wary of 12b-1 advertising fees and sales charges in general. There are several good fund companies out there that have no sales charges. Fees reduce overall investment returns.

2. Management Abuses:

Churning, turnover, and window dressing may happen if your manager is abusing his or her authority. This includes unnecessary trading, excessive replacement, and selling the losers prior to quarter-end to fix the books.

3. *Tax Inefficiency:*

Investors do not have a choice when it comes to capital gains payouts in mutual funds. Due to the turnover, redemptions, gains, and losses in security holdings throughout the year, investors typically receive distributions from the fund that are an uncontrollable tax event.

4. *Poor Trade Execution:*

If you place your mutual fund trade any time before the cut-off time for same-day NAV, you will receive the same closing price NAV for your buy or sell on the mutual fund. For investors looking for faster execution times, maybe because of short investment horizons, day trading, or timing the market, mutual funds provide a weak execution strategy.

Emergence of Mutual Funds:

Mutual Funds now signify the most appropriate investment opportunity for most investors, as financial market became more cultured and complex, investors need a financial intermediary who provides the required knowledge and specialized expertise on successful invest.

The birthplace of Mutual Fund is United States of America, the mutual fund industry has already overtaken the banking industry, more funds were invested in mutual funds management than deposited with bank.

The Indian Mutual Funds industry already started opening many of the existing investment opportunities to Indian Investors. In India also found that most of the investors using mutual fund instrument as an investment tool.

Despite the expected continuing growth industry. Mutual Funds are still a new financial intermediary in India.

Hence, it is important that the investors of mutual funds should be influenced by agent or distributors of the mutual funds, as agents have acquired better information of what mutual funds are, how can they help investors and how they cannot. In simple terms agents show right direction and right safety for investors. The association of mutual

funds in India has commissioned of the minimum knowledge required by both the fund distributors and the employees. The course book will also serve as guide to AMFI testing programmed for distributor and human resources.

Structure of Mutual Funds:

Mutual Funds were set in the form of trust which they are few participants namely as sponsors, transfer register agents, asset management companies, trustee, and custodian. The trust is recognized by sponsor or more than one sponsor. The trustees of mutual funds hold its property for the benefit of the unit holder, Asset management company acts as invest manager of the trust under the Board Supervision and direction of the trustee. Asset Management Company has approved and registered with SEBI. Custodian should hold the securities of various schemes of the fund in its custody. The trustee is conferred with the general power of superintendence and direction over AMC. The task to monitor the performance and compliance of SEBI regulations by the mutual funds.

SEBI necessity that at least two thirds of directors of trustee company must be independent because they should not be associated with the sponsors. In AMC 50% of the directors should be independent and it required that all mutual funds to be registered with SEBI before they launch any schemes.

1. The Fund sponsor:

The Fund Sponsor is the first layer in the three-tier structure of Mutual Funds in India. SEBI regulations say that a fund sponsor is any person or any entity that can set up a Mutual Fund to earn money by fund management. This fund management is done through an associate company which manages the investment of the fund. A sponsor can be seen as the promoter of the associate company. A sponsor must approach SEBI to seek permission for setting up a Mutual Fund. However, a sponsor is not allowed to work alone. Once SEBI agrees to the inception, a Public Trust is formed under the Indian Trust Act, 1882 and is registered with SEBI. After the successful creation of the trust, trustees are registered with SEBI and appointed to manage the trust, protect the unit holder's interest and to comply by the mutual fund regulations of SEBI.

Subsequently, an asset management company is created by the sponsor that should be complying with the Companies Act, 1956 to regulate the management of funds.

2. *Trust and Trustees:*

A trust is created by the fund sponsor in favor of the trustees, through a document called a trust Deed. The trust is managed by the trustees and they are answerable to investors. They can be seen as primary guardians of fund and assets. Trustees can be formed by two ways – a Trustee Company or a Board of Trustees. The trustees work to monitor the activities of the Mutual Fund and check its compliance with SEBI (Mutual Fund) regulations. They also monitor the systems, procedures, and overall working of the asset management company. Without the trustees' approval, AMC cannot float any scheme in the market. The trustees must report to SEBI every six months about the activities of the AMC. Also, SEBI has established tightened transparency rules to avert any type of conflict of interest between the AMC and the sponsor. Therefore, it is critical for trustees to behave independently and take satisfactory measures to keep the hard-earned money of investors protected. Even trustees must get registered under SEBI. And furthermore, SEBI regulates their registration by revoking or suspending the registry if any condition is found to be breached.

3. *Asset Management Company (AMC):*

The third layer in the structure of Mutual Funds. Registered under SEBI, it is a type of company that is created under the Companies Act. An AMC is meant to float a variety of mutual fund schemes that are in compliance with the requirements of investors and the nature of a market. The asset management company acts as the fund manager or as an investment manager for the trust. A small fee is paid to the AMC for managing the fund. The AMC is responsible for all the fund-related activities. It initiates various schemes and launches the same. Furthermore, it also creates mutual funds with the sponsor and the trustee and regulate its development. The AMC is bound to manage funds and provide services to the investor. It solicits these services with other elements like brokers, auditors, bankers, registrars, lawyers, etc. and works with them by getting

into an agreement together. To ensure that there is no conflict between the AMCs, there are certain restrictions imposed on the business activities of the companies.

Other components in structure of Mutual Funds:

1. Custodian:

A custodian is one such entity that is responsible for the safekeeping of the securities of the Mutual Fund. Registered under SEBI, they manage the investment account of the Mutual Fund, ensure the delivery and transfer of the securities. Also, custodians allow investors to upgrade their holdings at a specific point of time and assist them in monitoring their investments. They also collect and track the bonus issue, dividends & interests received on the Mutual Fund investment.

2. Registrar and Transfer Agents (RTAs):

RTAs act as an essential link between investors and fund managers. To the fund managers, they serve by keeping them updated with the details of investors. And, to the investors, they serve by delivering the advantages of the fund. Even they are registered under SEBI and execute a variety of tasks and responsibilities. These are the entities who provide services to Mutual Funds. RTAs are more like the operational arm of Mutual Funds. Since the operations of all Mutual Fund companies are similar, it is economical in scale and cost effective for all the 44 AMCs to seek the services of RTAs. CAMS, Karvy, Sundaram, Principal, Templeton, etc are some of the well-known RTAs in India.

3. Auditor:

Auditors audit and scrutinize record books of accounts and annual reports of various schemes. They are known as the independent watchdogs who have a responsibility of auditing the financials of sponsor, trustees, and the AMC. Each AMC hires an independent auditor to analyze the books to keep their transparency and integrity intact.

4. Brokers:

Mainly, the brokers work with a responsibility to attract more investors and to disseminate the funds. AMC uses the services of brokers to buy and sell securities on the stock market. Moreover, brokers must study the market and foresee the market's future movement. The AMCs uses research reports and recommendations from many brokers to plan their market moves.

Types of Mutual Funds:

Mutual funds offer one of the most comprehensive, easy, and flexible ways to create a diversified portfolio of investments. There are different types of mutual funds that offer different options to suit investors diverse risk appetites. Let us understand the different types of mutual funds available currently in the market to help you make an informed investment decision.

1. Money Market Funds:

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

2. Equity Oriented Funds:

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

3. Balanced Oriented Funds:

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

funds hold more equities and fewer bonds, while conservative funds hold fewer equities relative to bonds.

4. Fixed income Oriented Funds:

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

5. Index Funds:

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

6. Specialty Funds:

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

7. Fund of Funds:

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

8. Open-ended Funds:

An open-ended funds allows investors to buy or sell the shares at any point of time. These do not have a fixed maturity time and is one that available for subscription all through the year. Investors can accessibly buy and sell units at NAV related price.

9. Close ended funds:

A close ended funds has a stipulated maturity period which generally ranging from 3-15 years. Some close ended schemes will give investor an additional option of selling

investor units directly to the mutual funds through periodic repurchase at NAV related price. Investors can invest their savings in the schemes at time of initial public issue and then they can purchase and sell the units of the schemes on the stocks of exchange where they listed.

10. Interval funds:

Interval funds operates combination of open and closed ended funds, means interval funds combine the features or advantages of open-ended and close-ended schemes. Investors may have a choice on trade, they may even be open for sale or redemption during pre-determined intervals at NAV related prices.

Net Asset Value (NAV):

Net Asset Value is the market value of the securities seized by the schemes. The performance of any schemes of a mutual fund is signified by the NAV, schemes also vary on day-to-day basis. The mutual funds invest the money collected from the investors in securities markets

Calculation of NAV:

$$\text{NAV} = \text{Total Asset} - \text{Total Liabilities}$$

$$\text{Total Assets} = \text{Market value of the investment} + \text{Current Assets} + \text{Accrued Income}$$

$$\text{Total Liabilities} = \text{Current Liabilities} + \text{Accrued Expenses}$$

1.3 NEED FOR THE STUDY:

A Mutual Fund is a financial mediator which collect the money from the investors who are willing to take a position of their savings in primary and secondary securities, like money market instruments, government and corporate bonds, equity shares of joint stock companies. As the mutual funds sectors has developed there has been a growing acceptance by most policy holders that the assured return era is a thing of the past.

This Study would help in explaining the investor's perception on Mutual Funds and their risk and returns of their investment. This study also explains the expectations of returns of the individual respondents from their holdings.

1.4 SCOPE OF THE STUDY:

1. The scope of the study is to analyze and interpret the investor's perception towards Mutual Funds.
2. The research record around a general awareness on the mutual funds and investments.
3. To measure the experience and expectations of the investors in Mutual Funds.
4. To Analyze and interpret the factors affecting and influencing the choice of mutual funds and investors preferences.

Significance of the study: The primary objectives of an investment proposal would fit into one or a combination of two broad categories viz., income and capital appreciation. Mutual funds are emerging as the favorite investment vehicle because of many advantages they have than other investment alternatives, particularly for the investor who has limited resources and intends low risks. From the review of previous studies, it is found that they were concentrated on Investors' financial behavior in Indian perspective. There was no study establishing the perception of investors, characteristics of mutual funds on investment decisions with respect to a specific city like Hyderabad. In this background a study has been felt necessary to discover the pattern of investment adopted by them and to elucidate their expectations to make them achieve their investment objectives. Hence, this study would be helpful to many investors who want to know a rational method to have a better, safe, and profitable investment portfolio.

1.5 OBJECTIVES OF THE STUDY:

Primary Objective:

- To analyze the perception of investors towards mutual funds.

Secondary Objectives:

- To analyze the opinion among demographic group on attitude towards investment.
- To study the objectives of investment among demographics groups.

1.6 LIMITATIONS OF THE STUDY:

1. The size of the sample compared to the population is small and hence it might not indicate the ideas of entire population.
2. The geographical area of the study is confined to the opinions expressed by the respondents of place only.
3. A few respondents might have furnished the required information from their momentary memory; hence the collected data might be subject to bias.
4. Since the study covers the overview of investing in mutual funds, it cannot be generalized.
5. Few respondents do not agree to express their opinion and understandings on their investment and have stated common view on investment practices.

CHAPTER- 2

REVIEW OF LITERATURE

Jaspal Singh and Subhash Chander (2003) Evaluated two major factors, past record and growth prospects influenced the choice of scheme. Investors look for repurchase facility, prompt service and adequate information in mutual funds. For appraisal of mutual funds return, portfolio selection and NAV were important criteria. It is indicated in the results that occupational status and age are insignificant influencing the choice of scheme.

Jaspal Singh and Subhash Chander (2004) The results show that the investors consider gold to be the most preferred form of investment, followed by NSC and Post Office schemes. Investors belonging to the salaried category, and in the age group of 20-35, years showed inclination towards close-ended growth (equity-oriented) schemes over the other scheme type.

Senthil and Syed Zefar (2005) had published an Article “Mutual Fund Investors Perceptions and realities”. The main aim of the study is to find out the investor’s perception and realities in the current scenario and measure extend of satisfaction derived by customer towards the performance of mutual fund and willingness to invest in future despite the current prevailing condition of the market. The main purpose of the study is to identify the factors which make them invest and to retain in mutual fund. The study says that investors prefer mutual fund than share because high risk is associated with shares.

Ranganathan (2006) Analyzed the fund selection behavior of individual investors towards mutual funds with reference to Mumbai City. He found that mutual funds have become an important investment option for the small investors as an outcome of reforms of industrial policy, public sector, financial sector and the many other developments in the Indian money market and capital market.

Madhumita Chakra Borty, Jain and VinayKallianpur (2007) evaluated the performance of mutual fund based on rate of return as well as risk adjusted methods. The performances of the mutual funds are compared with the risk-free returns as well as the benchmark index (BSE 100). The result must be interpreted from the view that the study has been conducted for the period 2005-2007 when the economy was growing at a rapid rate (8% GDP growth). The finding of the study was monthly reruns have been computed for all 40 mutual funds in the sample, for BSE 100 index and for 364-day T-bills. The study concludes regarding the capability of mutual fund manager is still elusive.

Mittal and Gupta (2008) in their paper examined the awareness of the investors about mutual funds and various factors affecting the investment decision in the mutual funds. The study revealed that mutual funds had comparative advantage over other options due to high return, high safety, high liquidity, and high convenience with moderate volatility. When compared to other investment options, it ranked third most preferred option, Insurance and government bonds having first and second positions. The overwhelming majority (85%) of the respondents were aware of the mutual fund product and risk associated with it and most of them were satisfied with the service provided by mutual fund.

Walia and Kiran (2009) The study examined investor's perception towards risk involved in mutual funds, returns from mutual funds in comparison to other financial avenues, transparency, and disclosure practices. The study found that majority of individual investors did not consider mutual fund as highly risky investment. The study also reported that significant relationship of interdependence exists between income level of investors and their perception for mutual funds' investments.

Senthil Kumar and Maruthamutu (2010) This study tried to understand financial behavior of mutual funds investors towards mutual fund investment. The study was basically focused on the investor's awareness and preferences on various mutual funds schemes and to know the level of satisfaction obtained by them from the mutual fund it

was done with the help of the survey conducted in Dharmapuri. The authors conclude while make investing decision the investors should seek advice from the expert and consultants including agents and distributors of mutual funds schemes. The investors should compare the risks and expected yields after adjustment of tax on various instrument while investment decision. To make investors aware of mutual fund an attempt to be made by providing information in question answer format which may help the investors in taking in investment decisions.

Nishi Sharma (2012) Attempted to investigate the reasons responsible for lesser recognition of mutual fund as a prime investment option. It examines the investors perception with reference to distinct features provided by mutual fund companies to attract them for investing in specific funds/schemes.

Binod Kumar Singh (2012) The study found that some demographic factors like gender, income and level of education have their significant impact over the attitude towards mutual funds. On the contrary age and occupation have not been found influencing the investor's attitude. The study noticed that return potential and liquidity have been perceived to be most lucrative benefits of investing in mutual funds and the same are followed by flexibility, transparency, and affordability.

Rathnamani (2013) concluded in her research that many investors prefer to invest in mutual fund to obtain high gain at low level of risk, safety, and liquidity.

Annapoorna & Pradeep Gupta (2013) The main aim of the study to evaluate the performance of the mutual fund schemes which is ranked by 1 CRISIL is an Indian analytical company and compare with these returns with the SBI company. By this research done to fulfil the belief of huge number of investors. The results obtained from the study clearly contempt that in most of the cases mutual fund have failed to give the returns of SBI domestic term deposits. It was concluded mutual funds as risky as compared to other investment platform, the investors should make good investment decision while investing.

Vipin Kumar & Preeti Bansal (2014) focused attention on various parameters that highlights investor's perception on mutual funds. It was calculated that the scheme of mutual fund investment was not well-known to many of the investors as still the investors trust upon the traditional form of investments like investment in banks and postal savings. As most of the mutual fund investors used to invest in mutual fund for not more than three years and used to quit from the fund as they were not giving anticipated result as specified in the objective during inception of mutual fund scheme. It was also found from the research that extreme number of mutual fund investors must depend upon their brokers and agent to invest in mutual fund.

Khitoliya (2014) examined through her research that majority of the respondents in the age group of 35-44 years wish to invest in mutual fund having moderate risk which guarantees wealth maximization followed by balanced and income funds. Similar results have been seen in the age group of 25-34. But a reverse trend was seen in the age group of 45 years and above where majority are risk averse as they wish to invest in mutual fund schemes which assures safety of principal amount followed by balanced fund and growth fund.

Sharma & Agarwal (2015) attempted to understand the effect of demographic factors in mutual fund investment decisions. The study tells that the investors' perception is reliant on their demographic profile. Investor's age, marital status and profession has a direct impact on investor's choice of investment. The research also reveals that the liquidity and transparency are some factors which have a high impact on investment decisions.

Subramanya (2015) identified that the socio-economic factors like age, gender, education, income, and savings influence on investor's perception towards mutual fund is not encouraging but the investor's age and saving habit of the respondent is closely correlated.

Ujjwal Mishra & Vinod Peerapur (2016) The study was conducted to investigate the performance of funds of each AMC (Asset Management company) in a different category. The funds for this research taken are only of open-ended schemes, regular plan, and growth option. Risk management tools are used to analyses the performance of selected schemes. This study was based own Birla Sun life mutual funds schemes and other asset management company's schemes. In this research they found that only Birla fund company as more value than other asset management company.

Rrajan Bilas Bajracharya & Sushil Bhkta Mathema (2017) "A study of investors preference towards mutual funds in Kathmandu Metropolitan city, Nepal", the objective of this research is to find out the investor's preference towards mutual funds in Kathmandu city. The research was done by using in structured questionnaire, descriptive statistical tool. From the analysis, research has found that a lot of investors are not feeling confident to invest in mutual funds this is because they think mutual funds are unsecure and it is related to more risk. And most prefer to invest in bank deposits because they think this investment platform is more secure and fair returns compare to mutual funds.

Monty Kanodia & Kiran Khinchi (2017) The study was conducted to analysis varied mutual funds schemes and the way it will facilitate to investors to judge which mutual funds scheme is healthier. The study also wants to examine the risk and return in mutual fund. The study was concluded that performance and comparison of mutual funds in India, should be provided to create powerful study and a degree of correlation is extremely vital between funds and market return and the impact of funds specific characteristics on the mutual fund performance. This correlation should have to develop to have better idea to investors on how parameter can affect the other.

Aruna Senthamil Selvi (2017) this study was done to help the Mutual funds broking houses to understand the behavior plan of individual while investing in Systematic Investment Plan schemes and to know the expectation and satisfaction level of

individuals from their investment in Systematic Investment Plan. The authors explained that how systematic investment plan protect the investors from market volatility and derives maximum benefits as the investment is done at regular basis irrespective of market condition. This research concluded that there are only few people aware of systematic investment plan and but fear to invest in SIP. The investors should make their investment in such way that should match the inflation and this study reveals that investing in mutual fund especially in systematic investment plan the investors will get good returns. And SIP will be a best option for small investor who wish to invest small amount regularly to build their wealth for future needs.

Subbalakshmi and Balachandar (2017) “A study on investor’s Attitude towards Mutual funds as an Investment Option”. The authors conducted a primary research on 100 respondents in Tamil Nadu and founded that many people have started investing in mutual funds instead of the conventional investment options. But still there are many people who unsure to invest in same due to their lack of knowledge about the benefits.

Khan and Agarwal (2017) The study was conducted in Delhi and Meerut areas in different public sector and private sectors to know the investors perception towards in mutual fund with help of close- ended and open-ended questions. In this research Khan and Agarwal observed that despite being a lot of continues advertising by mutual funds houses still the investors of Meerut area are not believing on private mutual fund but in case of metro cities Delhi are more aware than tier two cities and in Delhi city people are more eager to invest in private and public sector of mutual funds. They founded that the few investors are not electing or feel confident to invest in mutual fund because they think that mutual funds are risky than other investment options and the awareness level of mutual funds among the investors are very low because of only having less knowledge about the mutual fund, there are few less educated people who knows lot about mutual funds but at end of the day they are not willing or ready to put their hard earn money in mutual fund to avoid risk bearing factors and danger of great loss. They observed that there are few people with more income, but they are in confusion in absence of awareness.

Rajesh Trivedi (2017) state that Indian financial market is becoming more competitive and the supply of various financial instruments to be in stability to the demand perspective of the investors. The prime drive of every investors to get maximum return with a minimum risk, the same advantage can be seen in mutual funds. The research provides all types of risk which exist in mutual fund scheme. The research focused on the relationship between investment decision and different factors like financial awareness, and demography. The data was collected from investors as well as non-mutual fund investors of the industry. It was founded that mutual fund industry has more struggle to gain more investors. It was also founded that low-risk funds and liquidity of funds scheme are more having impact on investors perception for investing in mutual fund.

Jyothi Ainapur (2018) conducted study on the awareness on mutual funds. In this research paper it was founded that awareness of mutual fund is less among the people. Mutual funds having more advantages compare to other investment platform like; comparatively higher Return of Investment, Tax benefit and Liquidity, Ease of investing and monitoring, Diversification and Systematic Withdrawal Plan despite all these advantages still investors are not interested investing in mutual fund, may be because of lack of awareness. Only 24% of 36-45 age group are invested in mutual fund through brokers, 36% people are willing to invest through SIP and 69% of the respondents are not at all willing to recommend others to invest in mutual fund. So, to motivate people to invest in mutual funds broking houses to be organized to get more awareness among the people.

Mazhar (2018) “A Study on Mutual Fund Performance and Factors Affecting Mutual Fund Investments by Retail Investors in Eastern (UP)” the purpose of the research was conducted to regulate behavior of the investors and investment preferences in eastern part U.P. Investors with different personality have different way of the investments, investors with different needs having the different objective of investments. To also analysis association between investment objective and investment attitude of the respondents and to know various factors that may affect selection of mutual fund

schemes directly or indirectly. After analysis based on the respondents, they concluded that investors with different categories (gambling, cautious and rational) have different optimal of investment objective while making investment in mutual funds. So, when investors investing in mutual fund, they have their own behavior and it depend on their attitude.

Raju (2018) The study aims at finding out the behavior and perception of the investors in mutual fund in Devanagari city. The study shows that high income investors, invested their money in mutual fund and low-income investors have invested their money in systematic investment plan with their savings motive and the low-income investors not at all investment their money in mutual funds due to lack of knowledge in mutual fund and the study also reveals most of the respondents fear to invest in mutual fund due to unsecure and fear to invest in mutual fund.

Vipin Kumar & Preeti Bansal This research paper has focused more attention on various factors that highlights investor's perception on mutual funds. It was studied that the schemes of mutual fund investment were not all aware to many of the investors, who are following their own traditional pattern of the investment such as bank deposit and investment in postal savings. As in this study most of mutual fund investors used to invest in mutual fund for not more than 3 (three) years and they automatically used to quit from the mutual funds because as they were not satisfying from the returns. It was also founded that the maximum investors of the mutual fund should depend upon their brokers and agent to invest in mutual fund.

Sridevi July (2019) The study was conducted to examine the investors behavior towards mutual fund investment. The study was conducted in Kerala, with a sample of 150 individual investors has been selected. The study was concluded that the Indian mutual fund industry is growing at good pace and it also concluded that there are people who are outside the umbrella of the mutual fund industry.

Jayalakshmi Saraswathy Amma (2019) In this research authors want to know the investors attitude towards mutual funds and to study the various factors which motivate the investors to in mutual fund through SIP (Systematic Investment Plan). The study was conducted in Kozhikode city in Kerala city with the help of 160 investors by sampling method. The result of the study concludes in a positive manner that means most of the respondents made positive behavioral towards systematic investment plan in mutual funds. And find out the factors which influence them to invest in mutual fund (reduction in risk, monthly investment facility and portfolio diversification etc.,

Jaison David (2019) The research paper was made to help taxpayers' investors to get good returns for their investment and those investors who want to invest in SIP or Lump sum. The research paper compares between five equity linked mutual fund schemes invested in 3 different way by the investors and compares the return these investment after lock in period. The authors used secondary data for this research and after survey they concluded that systematic investment plan will be best option to the investors second option will be value averaging and the third option comes lump-sum method for the investments with the smallest possible returns.

Pragya Prashant Gupta (2019) The purpose of study was based on Systematic Investment Plan which has become an alternative investment plan for large numbers of investors and to know the motivating factors which attract the investors to invest in SIP. The study concluded that mutual fund sip is monthly basis investment plan where every investor is willing to invest in sip to make high returns with less-risk taking it also concluded that this type of investment made people to make more savings and become more simple, available, and reasonable. The sip as lot of benefits includes such as liquidity, diversification, monthly instalments, convenience etc. which will better than other type of investment platform.

Alpesh Gajera (2020) The research was undertaken to compare the risk and return of the investment in mutual fund through SIP or Lump sum investment. The small investors also have more doubts regarding whether where to invest their funds in lump

sum or sip. The analysis given a very clear cut that lump sum investment is better than compared to sip investment as far risk and return conditions. The lump sum investment is always controversial point and of great attraction for individual or retail investors. Commonly every investor makes more conditions while investing their funds such as flexibility, secure of funds and liquidity etc.

Ankit Kumar (2020) In this study researchers want to know what are the various factor that attract the investors to invest in mutual fund. The researchers also explained how the Mutual funds shaping their strategies to attract the investors to invest more in market platform. From the analysis researchers concluded that mutual funds new advantage for the beginners and investors from each selected sector such as semi-urban, urban, and rural almost all are in same perception rural areas investors more interest in dividend variable whereas same condition in case of capital appreciation and semi-urban area people are influenced for liquidity.

CHAPTER- 3

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problems. It may be understood as a science of studying how research is done scientifically. It includes the overall research design, the sampling procedure, data collection method and analysis procedure.

3.1 RESEARCH DESIGN:

A primary research was carried out through a questionnaire. The questionnaire was well structured, and the responses were sought from the respondents. The nature of the questions was such that it avoided ambiguous responses from the respondents and it also helped in quick analysis of the data collected.

We followed it by a descriptive research design to understand the problem and carry out the research in a lucid manner. The survey research study method was a structured questionnaire was used to collect data from the desired sample. The data was collected from 140 respondents who are from Hyderabad city. A survey design provides a description of some fraction of the population that is sampled through the data collection process. The study also employed the questionnaire as the data collection Instrument for the study. The responses are gathered in a standardized way, so questionnaires are more objective, certainly more so than interviews.

Descriptive Research Design: The reason taking descriptive research design is to get the features of individual an objective or the variable of attention in a situation. A descriptive research design is one that simply describes something such as descriptive something such as demographic characteristics of group or customers of products.

3.2 SAMPLING TECHNIQUE:

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

3.3 SOURCE OF DATA:

Primary Data: Primary data, by contrast, are collected by the investigator conducting the research. Primary data refer to demographic and socio-economic characteristics of the investors, behavior and opinion of investors, their awareness and knowledge.

Secondary Data: Secondary data has collected been collected from journals, Books, Websites, and magazines.

3.4 STRUCTURE OF QUESTIONNAIRE:

The questionnaire tried to capture the responses of the customers mainly from the Mutual fund investors and their key deliverables, derived from the survey conducted, and a few questions have been included to gauge the level of satisfaction and to gain insight into customer expectations.

3.5 SAMPLE SIZE:

A sample size is a component of population which is cautiously selected to signify the population. The study was conducted with the sample size of 140 investors.

3.6 PERIOD OF STUDY:

The period of study is of three months from January 2021 To March 2021.

3.7 HYPOTHESIS/ ANALYTICAL TOOLS:

The analytical tools used are SPSS for testing the One-way ANOVA test, chi-square test and correlation in SPSS tool.

Chi-square:

Null Hypothesis (H₀): There is no association between risk tolerance and time preference of periodical investment plan.

Null Hypothesis (H₀): There is no association between annual income and objective of investment.

ANOVA:

Null Hypothesis (H_0): There is no significant difference between occupation of the respondent and awareness on mutual funds.

Null Hypothesis (H_0): There is no significant difference between age and which periodical plan investors choose.

Correlation:

Null Hypothesis (H_0): There is no correlation between respondent's locality and their awareness on mutual funds.

ANALYTICAL TOOLS:

The analytical tools used are SPSS for testing

Chi- Sqare: It is a single number that tells you how much difference exists between your observed counts and the counts you would expect if there were no relationship at all in the population.

ANOVA: It is a collection of statistical models and their associated estimation procedures used to analyze the differences among means

Correlation: It is a statistic that measures the degree to which two variables move in relation to each other.

CHAPTER- 4

DATA ANALYSIS AND INTERPRETATION

Table 4.1 Respondents based on Gender.

Particulars	No. of respondents	Percentage of respondents
Male	103	73.5%
Female	37	26.5%
Total	140	100

Source: Primary data

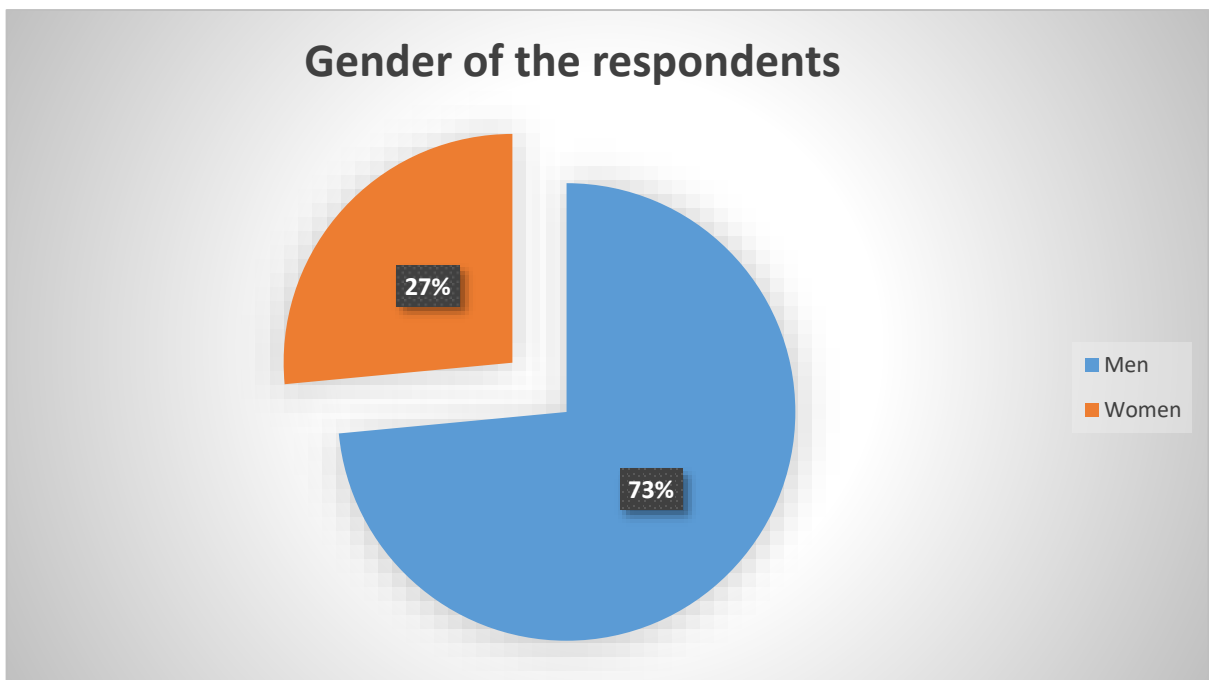


Chart no 4.1: Chart showing gender of respondents

Interpretation: From the above table it is interpreted that total investors are 140 from which 73.5% of the investors are men and 26.5% investors are women.

Table 4.2 Respondents based on Marital Status.

Particulars	No. of respondents	Percentage of respondents
Married	13	9.29%
Unmarried	127	90.71%
Total	140	100

Source: Primary data

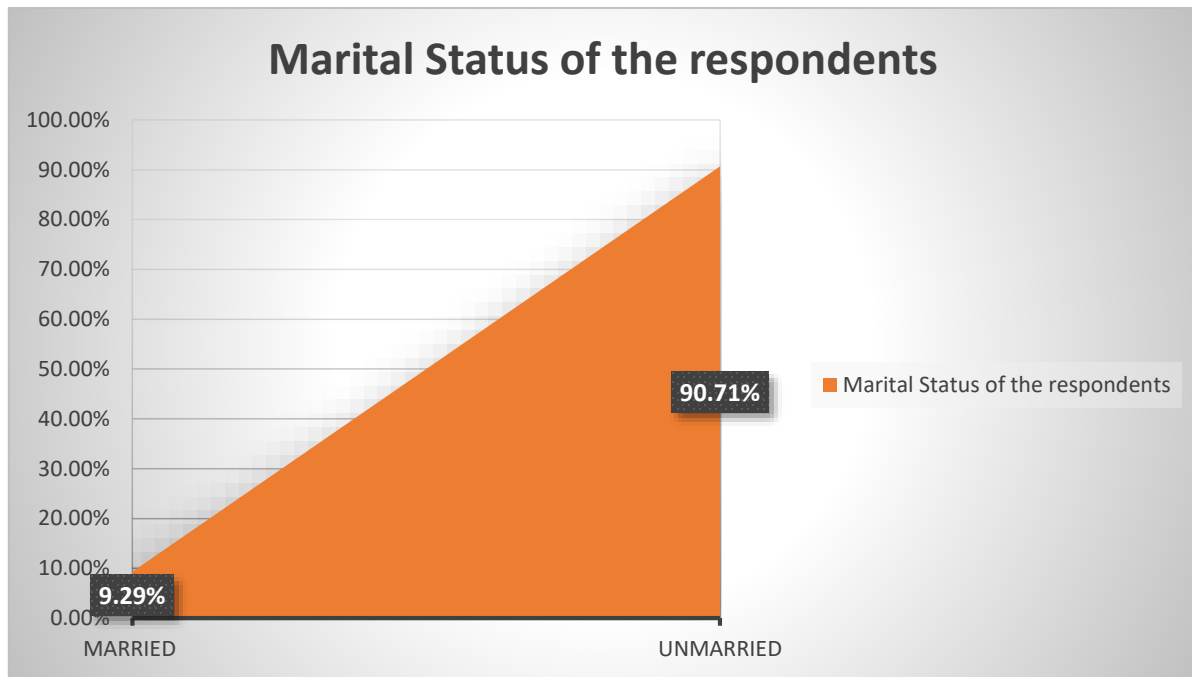


Chart 4.2: Chart showing percentage of marital status of respondents

Interpretation: From the above table it is interpreted that 91% of the investors are unmarried and 9% of the investors are married. Also, from the table we can find that out of 140 investors 127 of the are unmarried and 13 of them are married investors.

Table 4.3 Respondents based on Age.

Particulars	No. of respondents	Percentage of respondents
Below 20	0	0%
21-40	128	91.4%
41-60	10	7.14%
61 & above	2	1.42%
Total	140	100

Source: Primary data

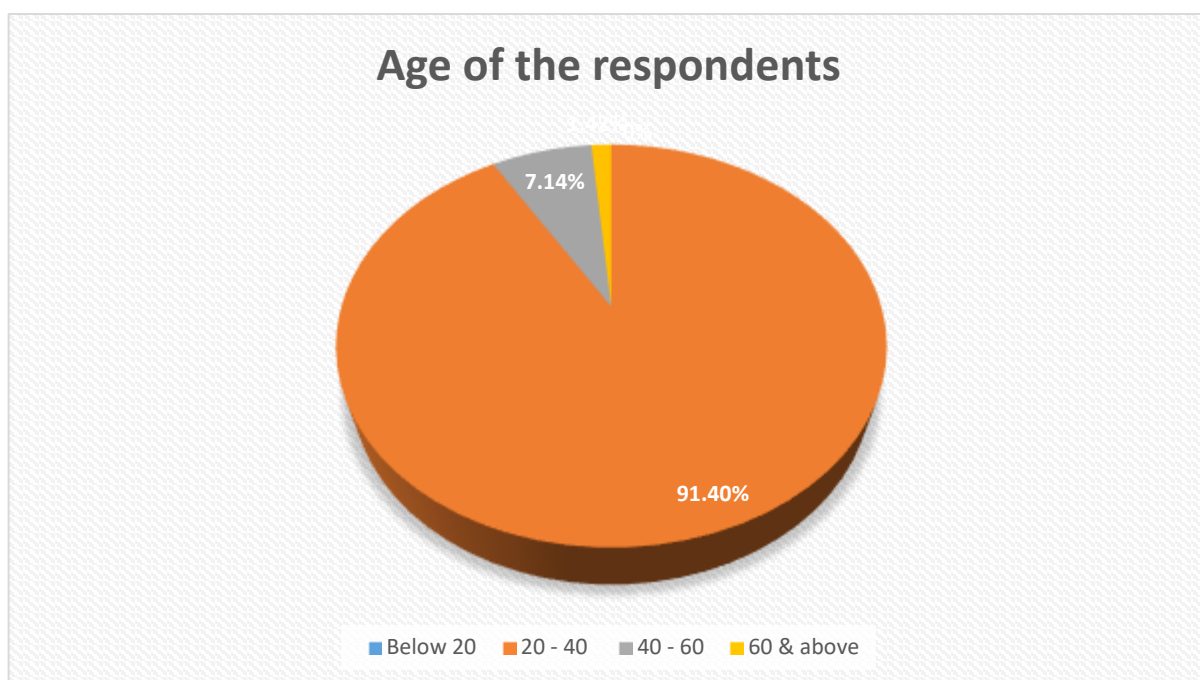


Chart no 4.3: Chart showing percentage of age groups.

Interpretation: From the above table it is interpreted that there are none from below 20 of age, there are maximum investors from age group of 20 – 40 by 91.4%, minimal investors from age group of 40 – 60 by 7.14% and 1.42% of investors found from 60 and above age groups.

Table 4.4 Respondents based on the Locality.

Particulars	No. of respondents	Percentage of respondents
Rural	4	2.85%
Semi- Urban	12	8.57%
Urban	124	88.57%
Total	140	100

Source: Primary data

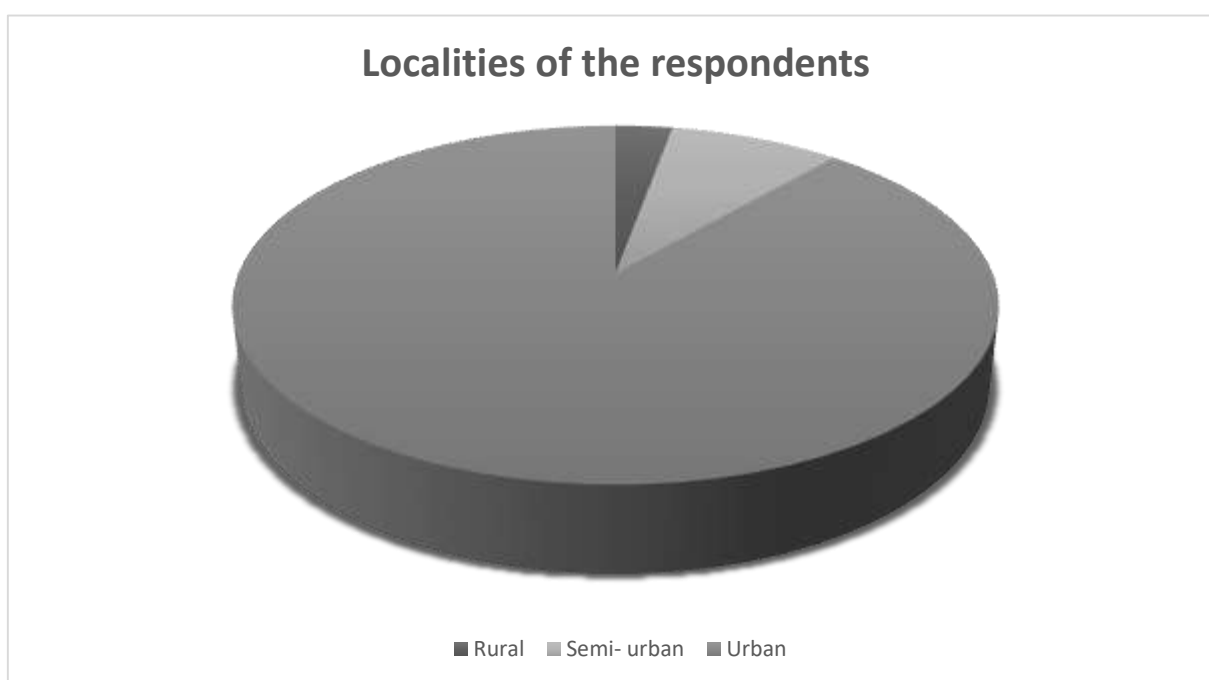


Chart no 4.4: Chart showing percentage of respondents residing in different localities.

Interpretation: From the above table it is interpreted that majority of the investors are from Urban areas by 88.57%, found 8.57% are from semi- urban areas, were very few from rural areas by 2.85%.

Table 4.5 Respondents based on Occupation.

Particulars	No. of respondents	Percentage of respondents
Salaried	84	60%
Self Employed Professional	8	5.71%
Business	16	11.42%
Retired	28	20%
Others	4	2.85%
Total	140	100

Source: Primary Data

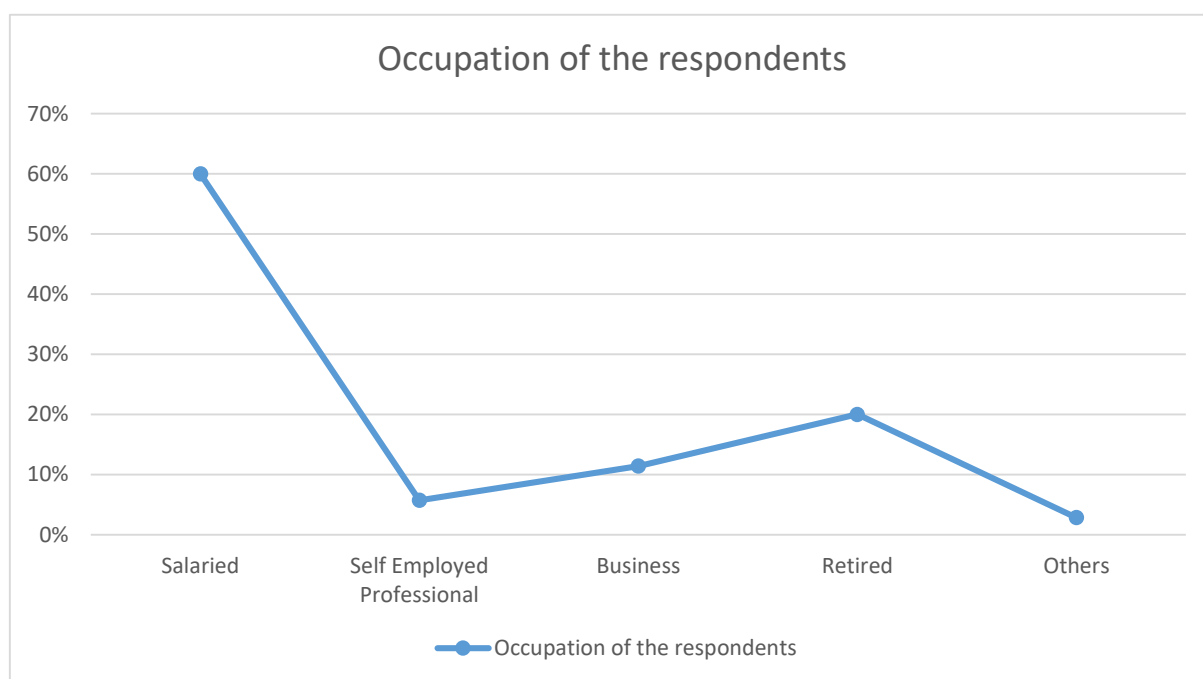


Chart no 4.5: Graph showing the percentage of respondents occupied with different types of occupations.

Interpretation: From the above table it is interpreted that there are 60% of salaried, 5.71% of self-employed professionals, 11.42% of them are businesspeople, 20% of them are retired investors and 2.85% of the investors are from other professions who invest in mutual funds.

Table 4.6 Respondents based on their Annual income.

Particulars	No. of respondents	Percentage of respondents
Below 2,00,000	20	14.28%
3,00,000 – 4,00,000	21	15%
5,00,000 – 6,00,000	46	32.85%
7,00,000 & above	53	37.85%
Total	140	100

Source: Primary Data

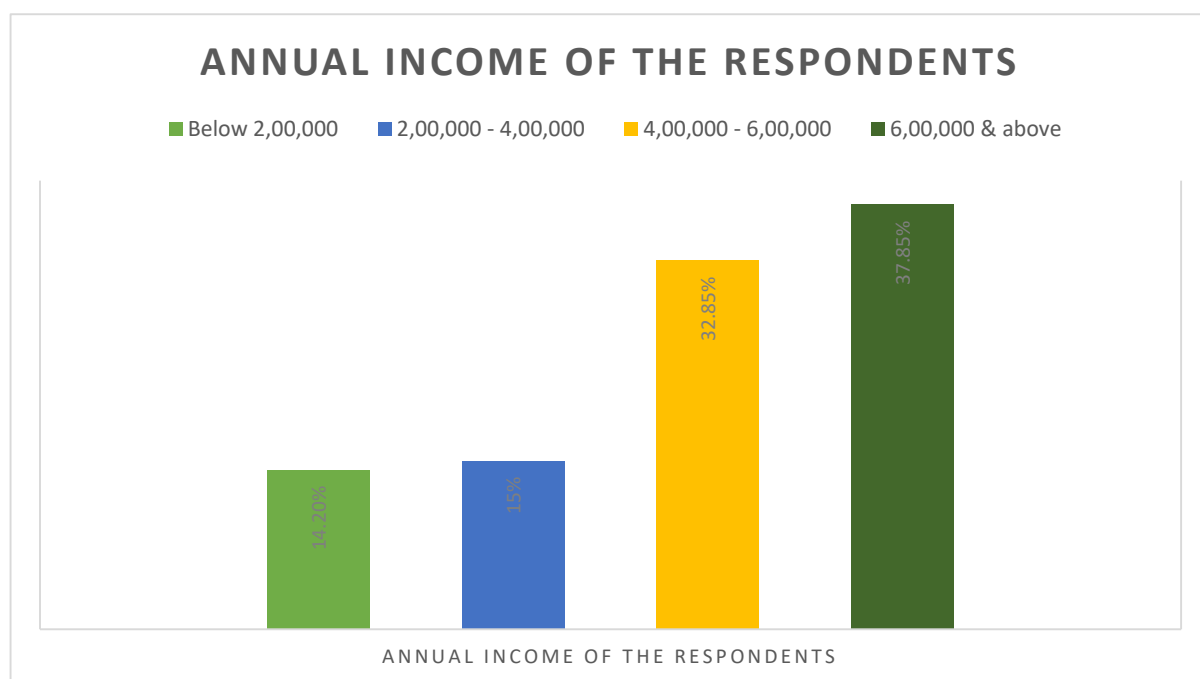


Chart no 4.6: Graph showing percentage of income of the respondents according to divided price brackets.

Interpretation: From the above table it is interpreted that there are 14.2% of investors who earn below Rs.2 Lakhs, 15% who earn from Rs.2 – 4 Lakhs, 32.85% who earn between Rs. 4 – 6 Lakhs mark, and there are 37.85% of investors who earn above Rs. 6 Lakhs per annum.

Table 4.7 Respondents based on their monthly investment.

Particulars	No. of respondents	Percentage of respondents
5 – 10%	10	7.14%
11 – 20%	24	17.14%
21 – 30%	43	30.71%
31% & above	63	45%
Total	140	100

Source: Primary Data

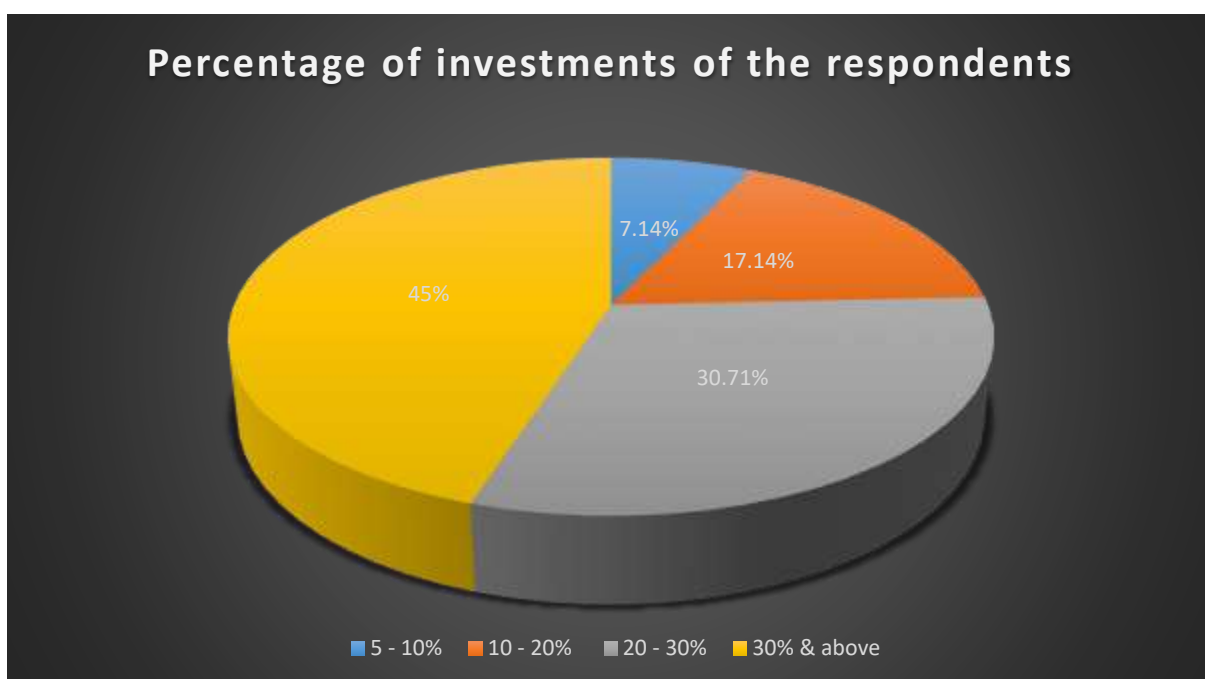


Chart no 4.7: Pie chart showing percentage of monthly income respondents invest as SIP.

Interpretation: From the above table it is interpreted that 7.14% of the investors save up to 5 – 10% of their monthly income, were as 17.14% of them save up to 10 – 20%, 30.71% of them save up to 20 – 30%, and 45% of them save above 30% of their monthly income.

Table 4.8 Respondents based on their awareness on mutual funds.

Particulars	No. of respondents	Percentage of respondents
High	66	47.14%
Moderate	50	35.71%
Low	24	17.14%
Total	140	100

Source: Primary Data

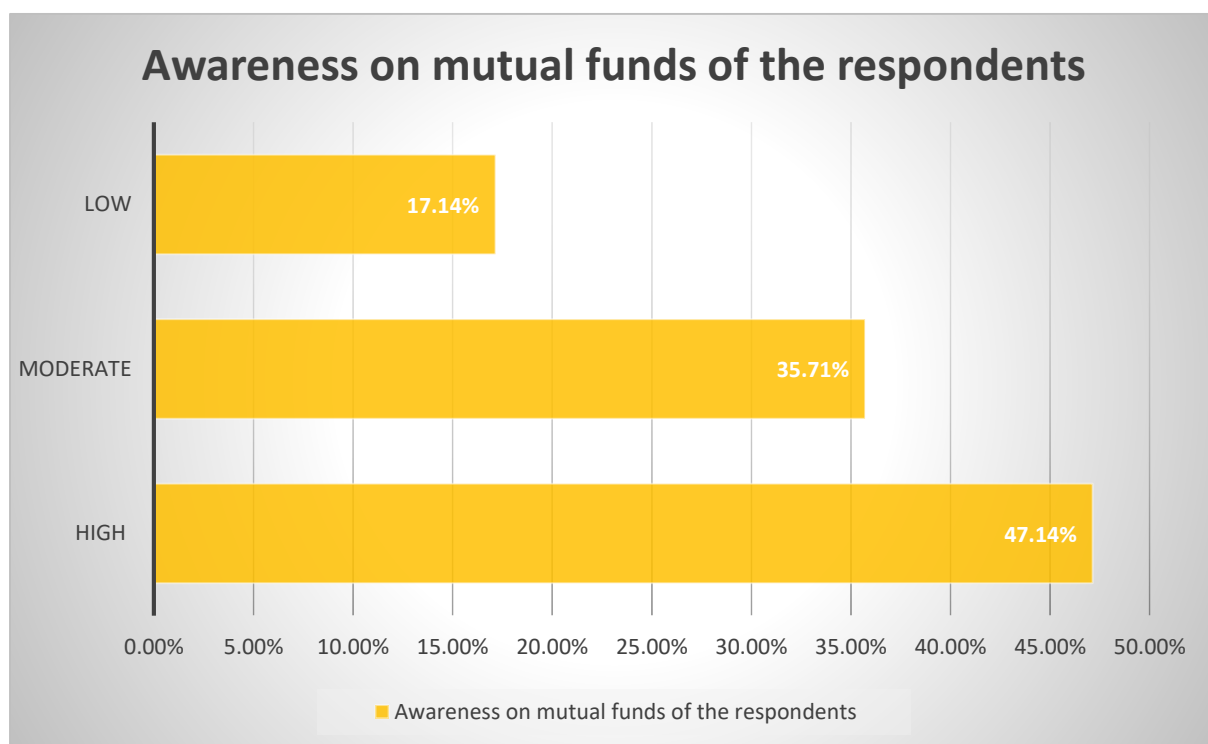


Chart no 4.8: Graph showing respondents Awareness levels on mutual funds.

Interpretation: From the above table it is interpreted that 17.14% of the investors have low awareness on the mutual funds, were as in 35.71% of the investors have moderate awareness, 47.14% of the investors have high awareness on the mutual funds.

Table 4.9 Respondents based on the influence of their investment decision

Particulars	No. of respondents	Percentage of respondents
Own choice	38	27.14%
Family guidance	24	17.14%
Financial specialist guidance	78	55.71%
Total	140	100

Source: Primary Data

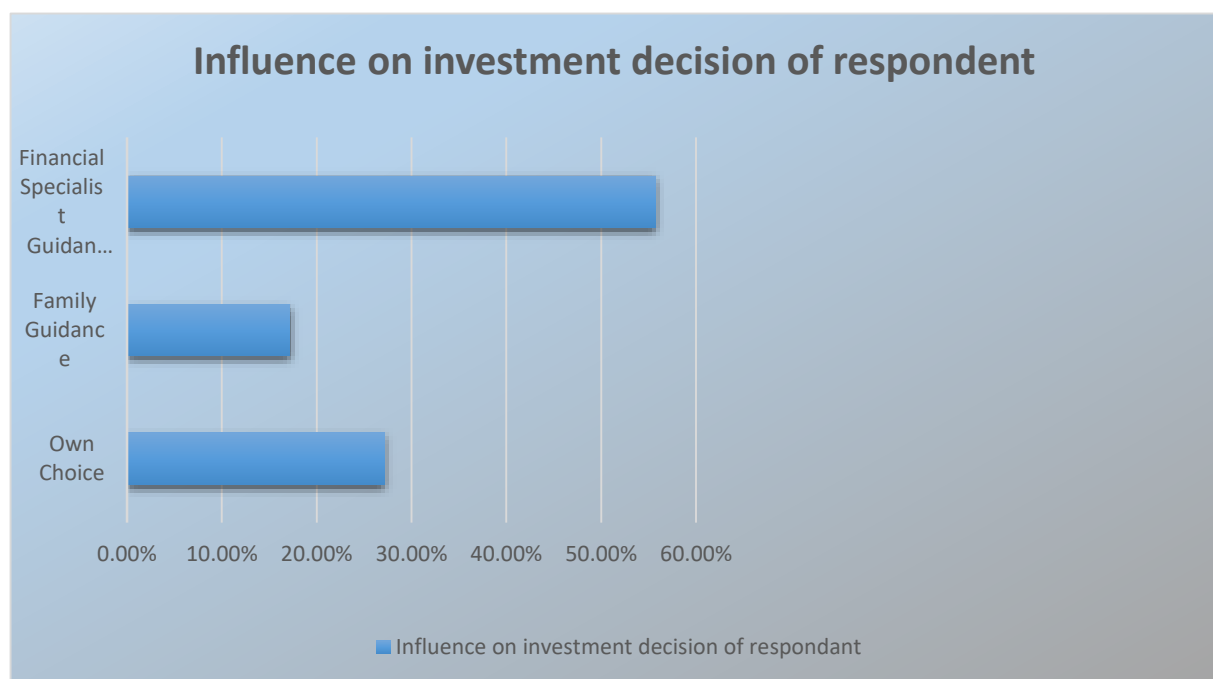


Chart no 4.9: Graph showing percentage of respondents got influenced of investment decision based on divided groups.

Interpretation: From the above table it is interpreted that 27.14% had made their own choice, were 17.14% of the investors got influenced by their family members and 55.71% of the investors have made their investment decision towards mutual funds by guidance of financial specialists.

Table 4.10 Respondents based on their risk tolerance

Particulars	No. of respondents	Percentage of respondents
High Risk	16	11.42%
Moderate Risk	31	22.14%
Low Risk	93	66.42%
Total	140	100

Source: Primary Data

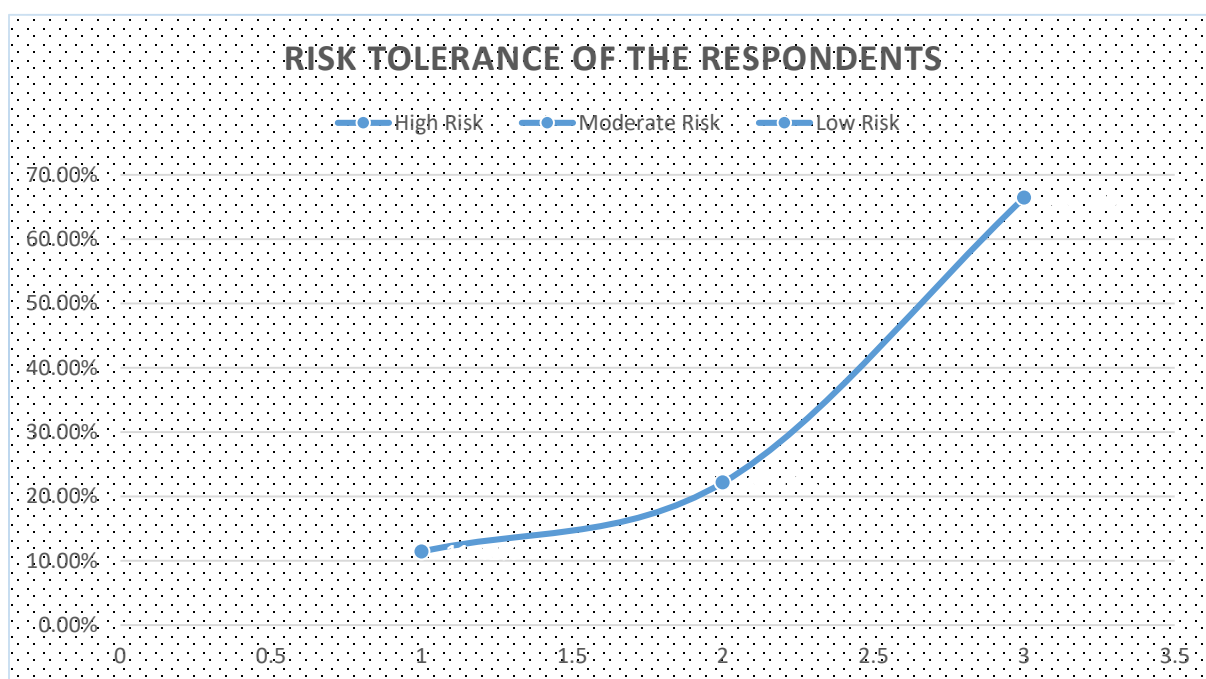


Chart no 4.10: Pie chart showing percentage of risk tolerance of the respondents according to divided groups.

Interpretation: From the above table it is interpreted that 11.42% of the investors are ready to take high risk, were 22.14% of the investors want to take moderate risk and 66.42% of the investors want to take low risk on their investments.

Table 4.11 Respondents based on their investment out of their total income

Particulars	No. of respondents	Percentage of respondents
Below 25%	13	9.28%
26 – 30%	56	40%
31 – 40%	48	34.28%
41% & above	23	16.42%
Total	140	100

Source: Primary Data

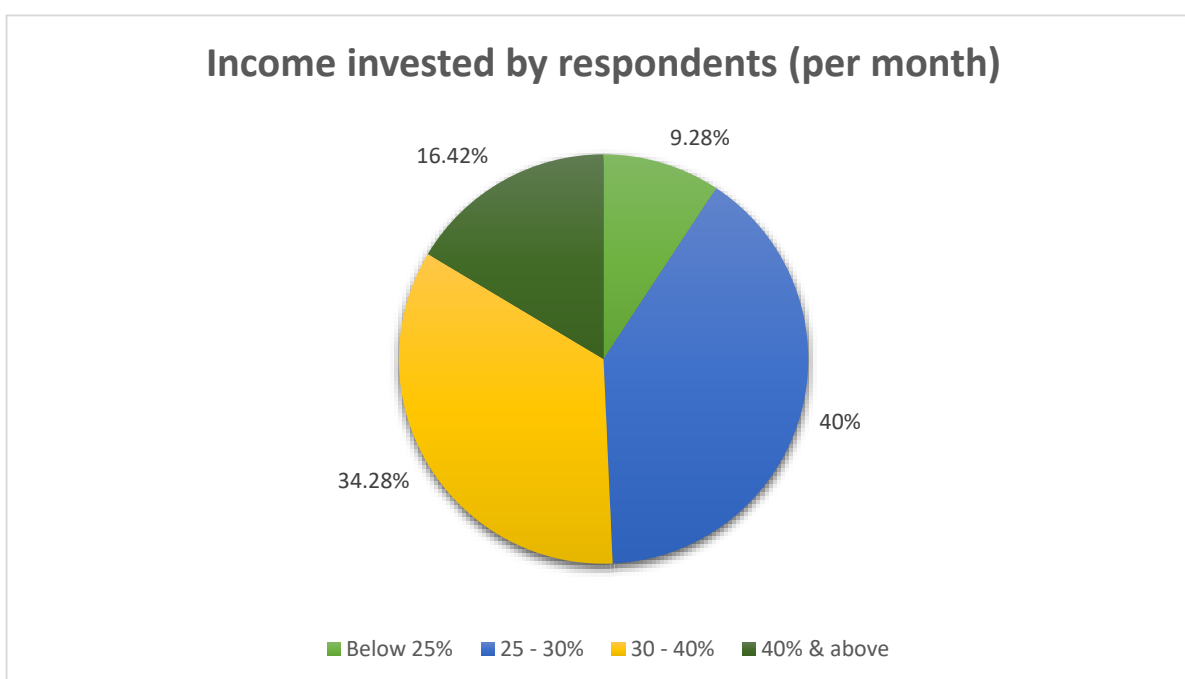


Chart no 4.11: Pie chart showing percentage of investment of respondent's total income according to divided groups.

Interpretation: As per the table it is interpreted that 9.28% invest below 25% of their income, 40% of the investors invest 25 – 30% of their income, 34.28% of the investors invest 30 – 40% of their income, 16.42% of the investors invest 40% and above of their monthly earnings.

Table 4.12 Respondents based on how they know about the mutual funds

Particulars	No. of respondents	Percentage of respondents
Friends and Relatives	38	27.14%
Agents and Brokers	62	44.28%
Media	40	28.57%
Total	140	100

Source: Primary Data

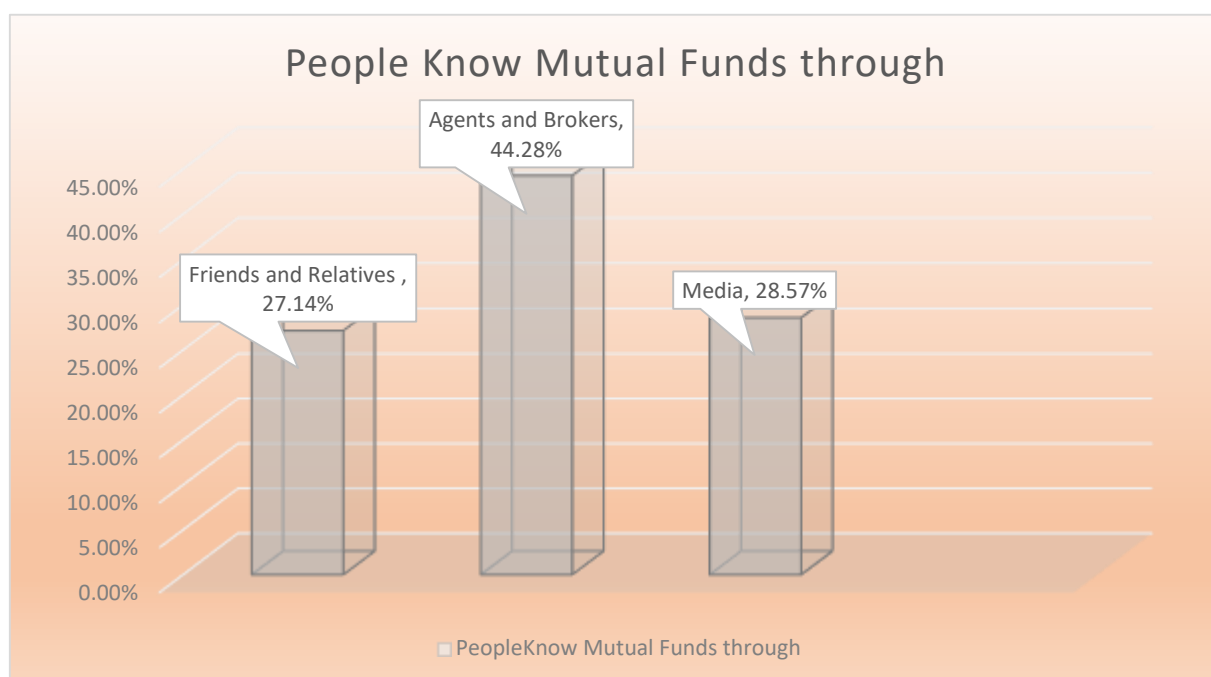


Chart no 4.12: Graph showing percentage of how respondents came to know about the mutual funds according to divided groups.

Interpretation: From the above it is interpreted that 27.14% of the investors found mutual funds from their friends and relatives, were 44.28% of the investors found through agents and brokers, were 28.57% of the investors found through media.

Table 4.13 Respondents based on their advisor's knowledge.

Particulars	No. of respondents	Percentage of respondents
High	68	48.57%
Moderate	45	32.14%
Low	18	12.85%
Total	140	100

Source: Primary Data

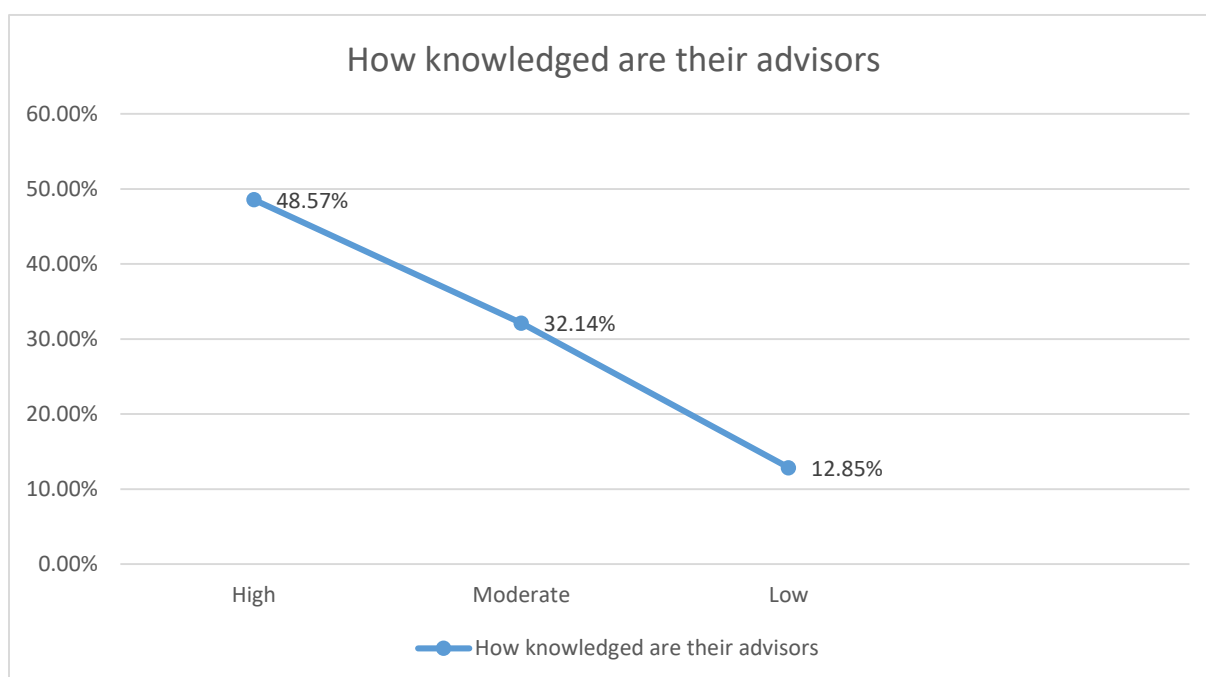


Chart no 4.13: Graph showing percentage of respondents who believe on their advisor is well knowledgeable.

Interpretation: From the above table it is interpreted that very few investors as 12.85% of them mentioned that their advisors are least knowledge, 32.14% of people mentioned that their advisors have moderate knowledge, 48.57% of the investors have mentioned their advisors have high knowledge of mutual funds.

Table 4.14 Respondents based on their selection of periodical savings plan.

Particulars	No. of respondents	Percentage of respondents
Systematic Investment Plan (SIP)	78	55.71%
Lump sum	35	25%
Both	27	19.28%
Total	140	100

Source: Primary Data

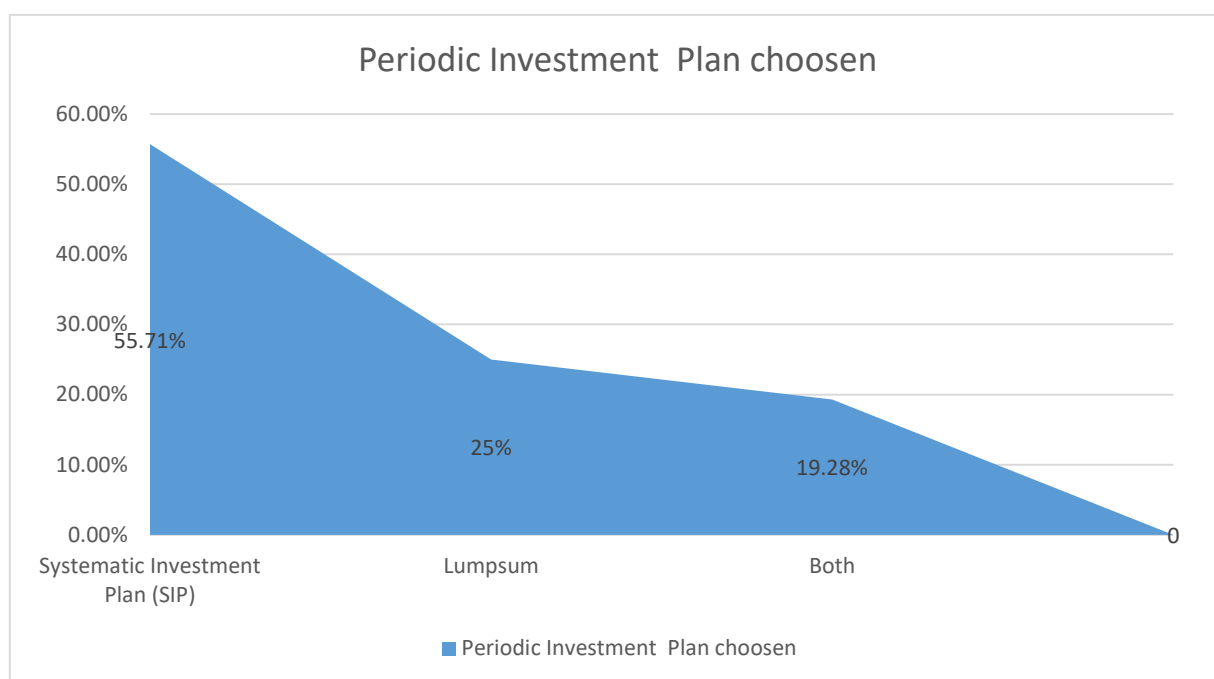


Chart no 4.14: Graph showing percentage of respondents who choose periodical savings plan.

Interpretation: From the above table it can be inferred that majority of the investors as 55.71% of them have chosen Systematic Investment Plan (SIP), 25% of the investors have chosen only for Lump sum and 19.28% of the investors have chosen both.

Table 4.15 Respondents based on their time preference to invest.

Particulars	No. of respondents	Percentage of respondents
<1 year	16	11.42%
2 – 3 years	22	15.71%
4 – 5 years	27	19.28%
6 years & above	75	53.57%
Total	140	100

Source: Primary Data

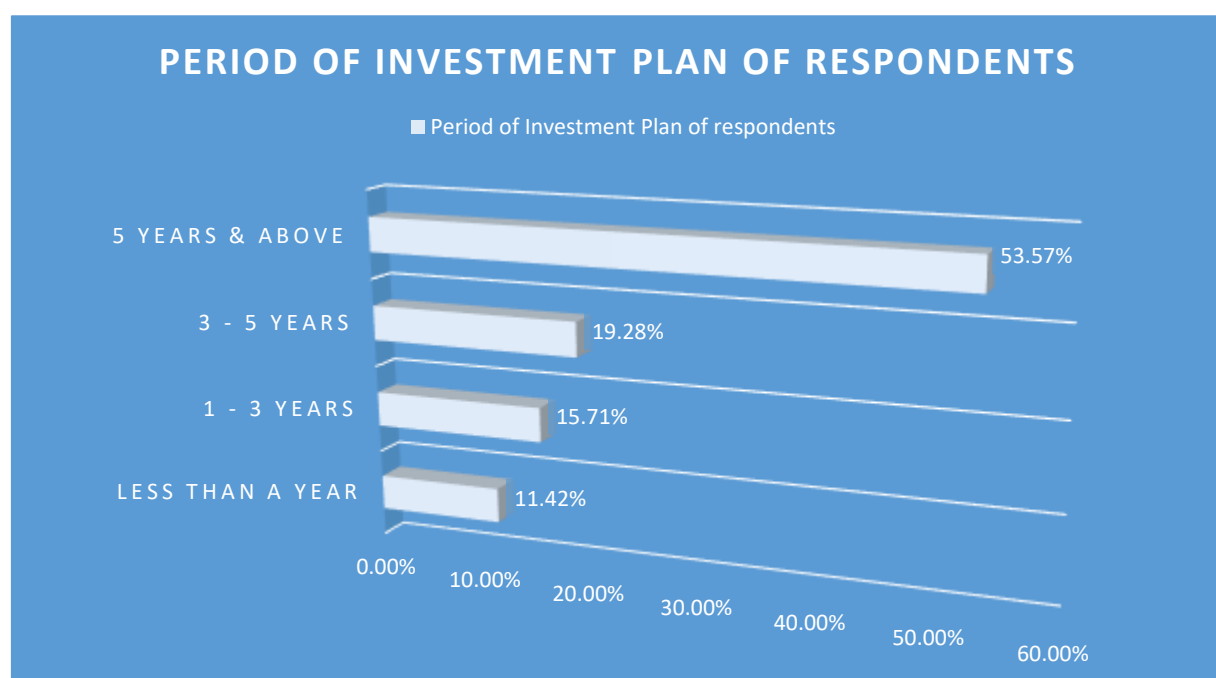


Chart no 4.15: Graph showing how long respondents prefer to invest in mutual funds according to the divided groups.

Interpretation: From the above table it can be inferred that 11.42% of the investors chosen less than a year plan with high risk, 15.71% has chosen 1 – 3 years plan, 19.28% has chosen 3 – 5 years plan with moderate risk, 53.57% of the investors have chosen 5 years and above plan with less risk.

Table 4.16 Respondents based on their objectives of investing.

Particulars	No. of respondents	Percentage of respondents
Savings for future	67	47.85%
Growth and income	48	34.28%
Tax benefits	25	17.85%
Total	140	100

Source: Primary Data

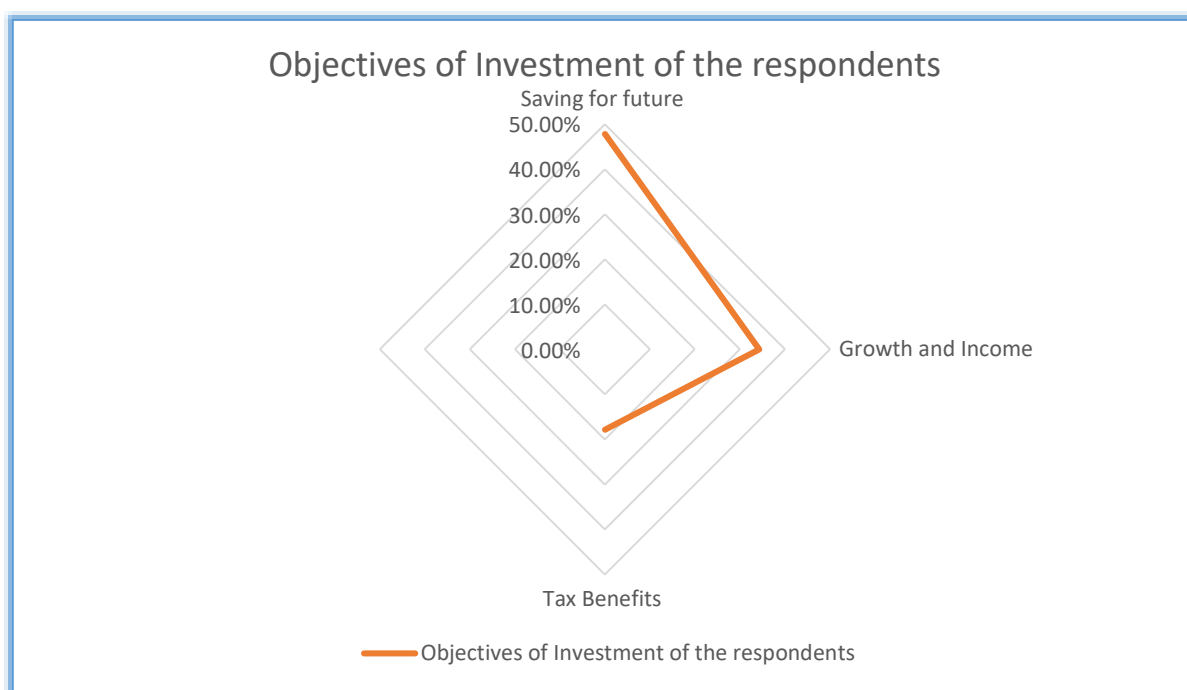


Chart no 4.16: Graph showing the respondents objectives of investing in mutual funds according to divided groups.

Interpretation: From the above table it can be inferred that 47.85% of the investors have chosen the mutual fund investment for saving and future, 34.28% of the investors have chosen for growth and income, were 17.85% of the investors have chosen for tax benefits.

Table 4.17 Respondents based on their preference mutual funds to invest.

Particulars	No. of respondents	Percentage of respondents
Close Ended	48	34.28%
Open Ended	34	24.28%
Interval Funds	58	41.42%
Total	140	100

Source: Primary Data

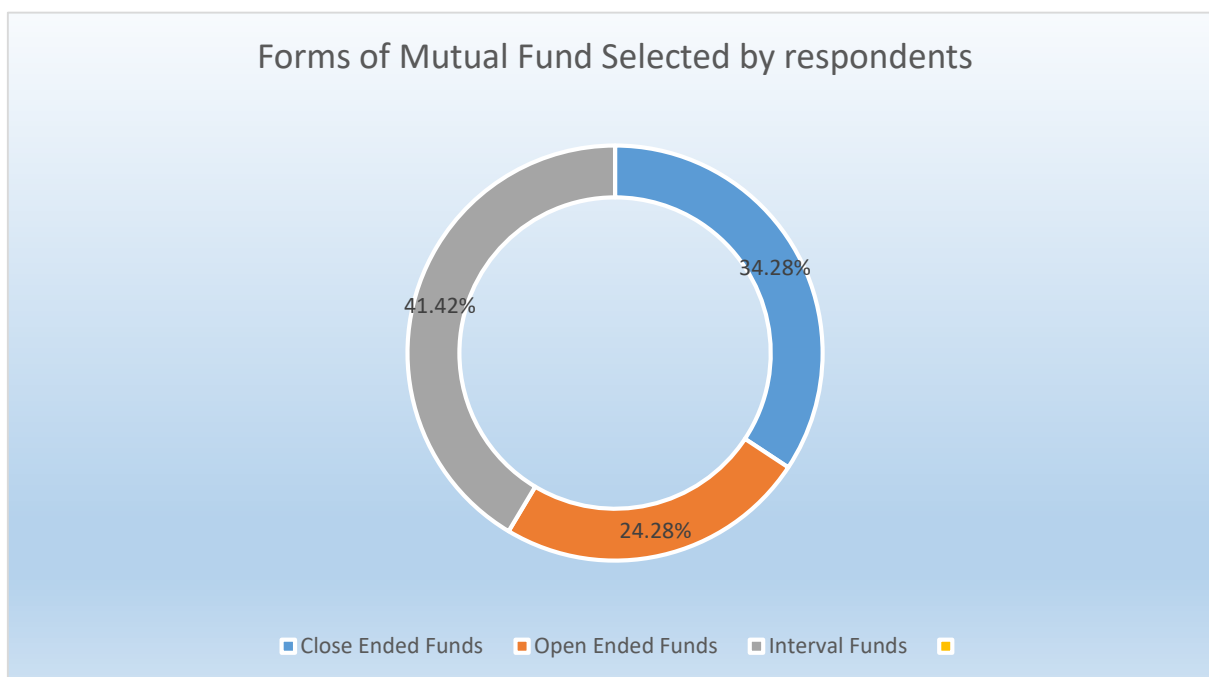


Chart no 4.17: Pie chart showing percentage of respondents who prefer most form of mutual funds.

Interpretation: From the above table it is interpreted that 34.28% of the investors selected close-ended funds, 24.28% of the investors selected open-ended funds, 41.42% of the investors have selected interval funds.

Table 4.18 Respondents based on their expectation on returns.

Particulars	No. of respondents	Percentage of respondents
Below 7%	10	7.14%
8 – 13%	43	30.71%
14 – 18%	65	46.42%
19% & above	22	15.71%
Total	140	100

Source: Primary Data

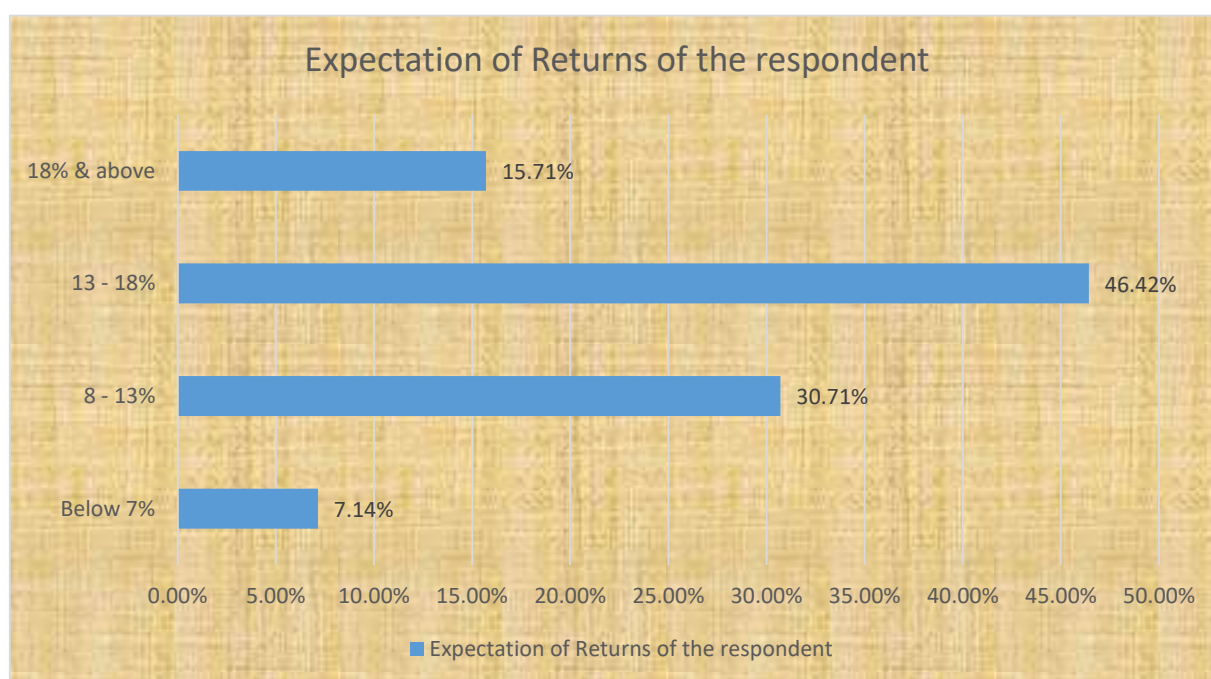


Chart no 4.18: Graph showing percentage of respondent's expectation of returns.

Interpretation: From the above table it is interpreted that 7.14% of the respondents expect Below 7%, 30.71% of the respondents expect 8 – 13% and 46.42% of the respondents expect 13 – 18% returns and 15.71% expect above 18% of the returns from their holdings.

Table 4.19 Respondents based on their satisfaction on their present holdings.

Particulars	No. of respondents	Percentage of respondents
Highly Satisfied	59	42.14%
Moderately Satisfied	43	30.71%
Less Satisfied	38	27.14%
Total	140	100

Source: Primary Data

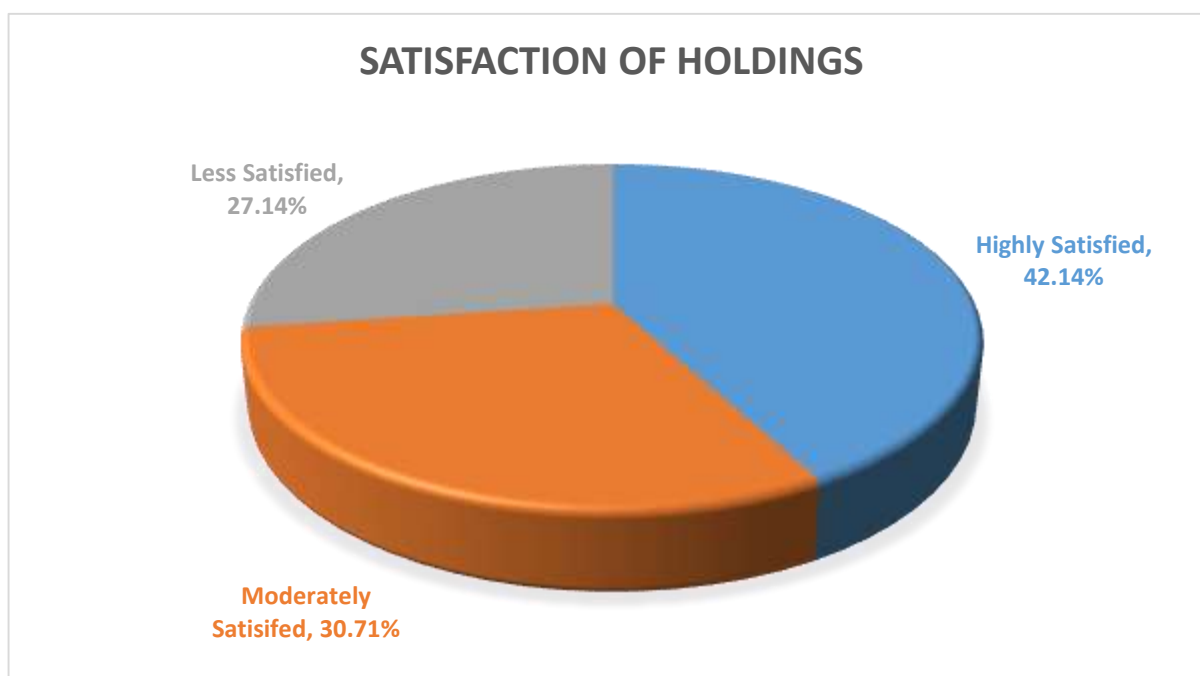


Chart no 4.19: Pie chart showing percentage of satisfaction of respondents on their present holdings.

Interpretation: From above table it is interpreted that 42.14% of the investors are highly satisfied with their current holdings, 30.71% of the investors are moderately satisfied, 27.14% of the investors have less satisfaction on their investments.

Table 4.20 Respondents based on recommending others to invest in mutual funds.

Particulars	No. of respondents	Percentage of respondents
Highly recommend	87	62.14%
Eventually recommend	42	30%
Never recommend	11	7.85%
Total	140	100

Source: Primary Data

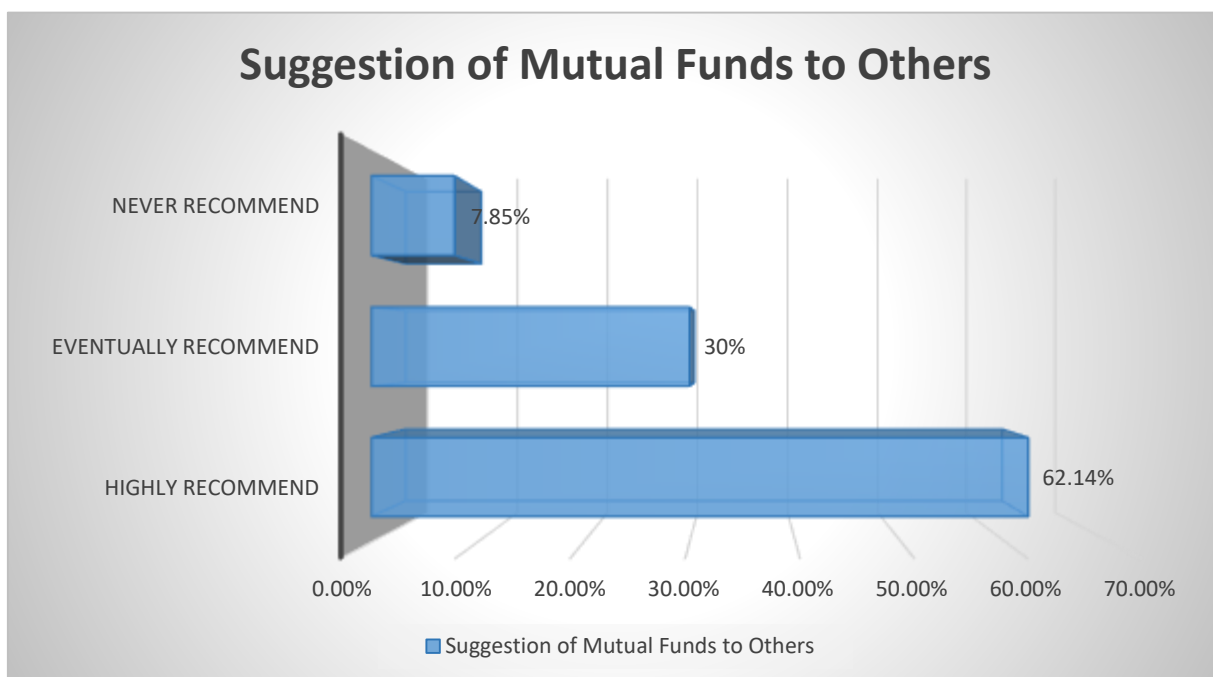


Chart no 4.20: Graph showing percentage of respondents recommending others to invest in mutual funds.

Interpretation: From the above data found that 62.14% of the investors will recommend investing in mutual funds, were as 30% of the investors recommend eventually, 7.85% will never recommend investing in mutual funds.

HYPOTHESIS:

Chi Square:

Table 4.21 Table showing relationship between risk tolerance and time preference of periodical investment plan.

Null Hypothesis (H0):

There is no association between risk tolerance and time preference of periodical investment plan.

Alternate Hypothesis (H1):

There is association between risk tolerance and time preference of periodical investment plan.

Table 4.21 Crosstabulation of Risk tolerance and which periodical plan you choose

		Which periodical saving plan you choose			Total
		1.0	2.0	3.0	
What is your risk tolerance	1.0	0	16	0	16
	2.0	0	19	12	31
	3.0	78	0	15	93
Total		78	35	27	140

Source: Primary Data

Table 4.22 Chi square on risk tolerance and which periodical plan you choose

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	124.631 ^a	4	.000
Likelihood Ratio	153.608	4	.000
Linear-by-Linear Association	29.477	1	.000
N of Valid Cases	140		

a. 2 cells (22.2%) have expected count less than 5. The minimum expected count is 3.09.

Source: Primary Data

Result: Since H0 is rejected, there is no association between the risk tolerance and time preference of periodical investment plan.

Since H1 is accepted, there is association between the risk tolerance and time preference of periodical investment plan.

Table 4.22 Table showing relationship between annual income and objective of investment.

Chi Square:

Null Hypothesis (H0):

There is no association between annual income and objective of investment.

Alternate Hypothesis (H1):

There is association between annual income and objective of investment.

Table 4.23 Crosstabulation of Annual income and objectives of investment

Count

		Objectives of investing in mutual funds			Total
		1.0	2.0	3.0	
Annual Income	1.0	0	0	20	20
	2.0	0	16	5	21
	3.0	14	32	0	46
	4.0	53	0	0	53
Total		67	48	25	140

Source: Primary Data

Table 4.24 Chi square on Annual income and objectives of investment

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	198.799 ^a	6	.000
Likelihood Ratio	208.065	6	.000
Linear-by-Linear Association	114.930	1	.000
N of Valid Cases	140		

a. 2 cells (16.7%) have expected count less than 5. The minimum expected count is 3.57.

Source: Primary Data

Result: Since H0 is rejected, there is no association between the annual income and objective of investment.

Since H1 is accepted, there is association between the annual income and objective of investment.

Table 4.23 Table showing relationship between respondents' occupation and awareness on mutual funds.

ANOVA:

Null Hypothesis (H0):

There is no significant difference on awareness on mutual funds among occupation of the respondent.

Alternate Hypothesis (H1):

There is significant difference between occupation of the respondent and awareness on mutual funds.

Table 4.25 Descriptive Statistics of Occupation and awareness on mutual funds of Investors

					95% Confidence Interval for Mean			
					Lower Bound	Upper Bound		
	N	Mean	Std. Deviation	Std. Error			Minimu m	Maximu m
Salaried	84	1.2143	.41279	.04504	1.1247	1.3039	1.00	2.00
self-employed professional	8	2.0000	.00000	.00000	2.0000	2.0000	2.00	2.00
Business	16	2.0000	.00000	.00000	2.0000	2.0000	2.00	2.00
Retired	28	2.7143	.46004	.08694	2.5359	2.8927	2.00	3.00
Others	4	3.0000	.00000	.00000	3.0000	3.0000	3.00	3.00
Total	140	1.7000	.74621	.06307	1.5753	1.8247	1.00	3.00

Source: Primary Data significant at level of high percentage

Table 4.26 ANOVA on Occupation and awareness on mutual funds of Investors

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	57.543	4	14.386	97.802	.000
Within Groups	19.857	135	.147		
Total	77.400	139			

Source: Primary Data

Result: ANOVA was performed to examine the difference occupation of the respondents and awareness on mutual funds.

Results of ANOVA shows that significant value is .000 which is less than 0.05, we accept null hypothesis and reject alternate hypothesis. Therefore, there is no significant difference between occupation of the respondent and awareness on mutual funds. Hence, the null hypothesis is accepted (H₀)

Table 4.24 Table showing relationship between respondents age and which periodical plan investors choose.

ANOVA:

Null Hypothesis (H₀):

There is no significant difference between age and which periodical plan investors choose.

Alternate Hypothesis (H₁):

There is significant difference between age and which periodical plan investors choose.

Table 4.27 Descriptive Statistics of age and which periodical plan investors choose

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
2.0	128	1.58	.671	.059	1.46	1.70	1	3
3.0	10	3.00	.000	.000	3.00	3.00	3	3
4.0	2	3.00	.000	.000	3.00	3.00	3	3
Total	140	1.70	.756	.064	1.57	1.83	1	3

Source: Primary Data

Table 4.28 ANOVA on Age and which periodical plan investors choose

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	22.181	2	11.091	26.555	.000
Within Groups	57.219	137	.418		
Total	79.400	139			

Source: Primary Data

Result: ANOVA was performed to examine the difference of the age and which periodical plan investors choose

Results of ANOVA shows that significant value is .000 which is less than 0.05, we accept null hypothesis and reject alternate hypothesis. Therefore, there is no significant difference between age and which periodical plan investors choose. Hence, the null hypothesis is accepted (H0)

Table 4.25 Table showing relationship between respondent's locality and their awareness on mutual funds.

Correlation:

Null Hypothesis(H0): There is no relationship between respondent's locality and their awareness on mutual funds.

Alternate Hypothesis (H1): There is relationship between respondent's locality and their awareness on mutual funds.

Table 4.29 Descriptive Statistics Locality and awareness on mutual funds

	Mean	Std. Deviation	N
Awareness on Mutual funds	1.70	.746	140
PLACE	2.86	.425	140

Source: Primary Data

Table 4.30 Correlation on Locality and awareness on mutual funds

		Awareness on Mutual funds	PLACE
Awareness on Mutual funds	Pearson Correlation	1	-.589**
	Sig. (2-tailed)		.000
	N	140	140
PLACE	Pearson Correlation	-.589**	1
	Sig. (2-tailed)	.000	
	N	140	140

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Primary Data

Result: The results from table indicates that respondent's locality and their awareness on mutual funds are positively and significantly correlated with each other. The correlation value is 0.589. hence the two variables are low corelation.

CHAPTER- 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDINGS:

1. Most of the investors are men by 73.5%.
2. Most of the investors are Unmarried by 91%.
3. Most of the investors are from age group of 20 – 40 by 91.4%
4. Most of the investors are from urban area by 88.57%.
5. Most of the investors are salaried self employed by 60%.
6. Most of the investors who earn above Rs. 6 lakhs per annum by 37.85%.
7. Most of the investors save above 30% of their monthly earnings by 45%.
8. Most of the investors have high awareness on mutual funds by 47.14%.
9. Most of the investors by 55.71% have made their investment decision by guidance of financial specialists.
10. Most of investors by 66.42% want to take least risk.
11. Most of the investors by 40% invest their 25 – 30% of their income into mutual funds.
12. Most of the investors by 44.28% got aware of mutual funds through agents.
13. Most of the investors by 48.57% stated that their advisors have high knowledge.

14. Most of investors by 55.71% of them chosen Systematic Investment Plan (SIP).
15. Most of the investors by 53.57% have chosen 6 years and above 6 years plan with less risk to invest.
16. Most of the investors by 47.85% have chosen mutual funds for future savings
17. Most of the investors by 41.42% have selected interval funds
18. Most of the investors by 46.42% expect 13 - 18% of returns.
19. Most of the investors by 42.14% are satisfied with their current holdings.
20. Most of the investors by 62.14% will recommend others to invest in mutual funds.
21. Through this study it is interpreted that not everyone in urban area knows about mutual funds and there are people in rural areas who are aware of mutual funds.
22. Through this study it is interpreted that there are people who do not want to take risks but need higher returns.
23. Even though mutual funds are not risky, there are people who want to take higher risks for higher returns.
24. Not only salaried employees, retired people but also students are investing in mutual funds. This makes good practice that in future there would not be more risk while saving the money.
25. Most of the people have no clue how a mutual fund works and how it makes money, but still, they do invest in mutual funds.
26. Most of the investors do not have any idea what mutual funds are, but they invest as future savings, for tax benefits, etc.

27. Samples states that most of the investor's perception is to get higher returns through mutual funds.

28. Even though few respondents know what mutual funds are and how they work still there are few others who just follow their advisors and fund managers.

29. Mutual funds have become investment vehicle, as it gives the best returns than fixed deposits.

30. Even retired people are investing their money in mutual funds rather than keeping in banks for fixed deposits, this shows how mutual funds are growing day by day.

31. As there is no limit for investing and the initial amount of investment is minimal, every age group is showing interest to invest in mutual funds.

32. Investments are for future usage, or a goal oriented or a saving initiative, through which one can full fill their aims and goals.

33. Not every investor perception one and the same, few may invest as savings, few may invest as a day-to-day business, few may even invest for just to check how it works.

34. We can see every age group as most of them are of 20 – 40 age group were mutual funds helps to make more money by investing in early ages.

35. ANOVA was performed to examine the difference occupation of the respondents and awareness on mutual funds. Results of ANOVA shows that significant value is .000 which is less than 0.05, we accept null hypothesis and reject alternate hypothesis. Therefore, there is no significant difference between occupation of the respondent and awareness on mutual funds. Hence, the null hypothesis is accepted (H_0)

36. Investors have stated that investing through mobile app teaches many new things such as coming across new schemes, less risk more return funds, high risk high return funds.

37. Investors who have more knowledge on mutual funds go with high-risk high return funds as they understand how it works.

38. Investors who have less knowledge on mutual funds stick to one single fund, as investors stated they stick to long term equity fund which are 5-year time period. There are investors who invest for 10 years as well.

5.2 SUGGESTIONS:

As there is no comprehensive law to regulate the mutual fund in India, uniform coordinated regulations by a single agency would be formed which would provide the shelter to the investors. As the investors are not willing to invest in mutual fund unless a minimum return is assured, it is very essential to create in the mind of the investors that mutual funds are market instruments and associated with market risk hence mutual fund could not offer guaranteed income. The growth of mutual fund tends to increase the shareholdings in good companies, give rise the fear of destabilizing among industrial group, hence introduction of nonvoting shares and lowering the debt-equity ratio help to remove these apprehensions. Infrastructure bottlenecks will have to be removed and banking and postal system will have to be taken place for growth of mutual funds. Mutual funds need to take advantages of modern technology like computer and telecommunications to render service to the investors. Recently they have started investing through apps and online trading platforms, but not everyone is comfortable with the apps and online platforms, these technologies should be user friendly so that there would not be any confusion or miscommunication while investment process.

1. The investor should keep an eye on the performance of scheme and other good schemes which are available in the market for the closed comparison.
2. Efforts should be made to encourage or enhance online dealing of mutual funds. This will save time and cost. They can effortlessly sell or purchase any number of funds whenever they want.

3. The brokers should reduce the brokerage charges for the intraday and delivery based, so that the investor can save more amount to generate extra investment for the investor himself as well as for the mutual fund companies.

4. The mutual fund industry must also help people in mobilizing their savings in such a way that they can get maximum benefits out of them. The companies must try to increase the investments in moderate to high-risk investments by highlighting the rewards and returns on such funds.

5. Some investors suggested that the fund values of the mutual fund investment should be informed to the investors through SMS on fortnightly basis. This will help the investors in keeping themselves up to date with the latest information of different funds.

5.3 CONCLUSION:

The minds of the investing public look for investments are safe and that it will earn good returns. This study conducted was regarding the factors influencing the investor's perception towards mutual fund investment. It is highlighted that investors of middle-income level agrees that regular income and liquidity of the investment plays a vital role. It can be perceived that high risk leads to high returns in the investment. The flexibility in the investment would lead to good performance of the funds. There is a scope where investors belonging to different age groups seek for many other factors that can attract them to invest in the mutual fund industry than just the ones considered for the study. Measures should be taken to increase the confidence and morale of the investors as they think mutual funds are unsafe and not every person who invests gets higher returns where it all depends on the risk bearing levels and the type of fund which we invest in, investing in a best fund make a best choice while investing and expecting higher returns. This can be done through proper communication and by educating investors to invest in mutual funds as they do not know where their money is invested in, also people do not have basic idea how their money works for them or funds work for them, people should be educated about what all the funds, schemes, and options they have to full fill their requirement. Sensible and right information should be given to them by various communication modes as these days there are fraudulent acts in mutual funds too, this information helps them to avoid such acts, also they know what

mutual funds are up to with all the new schemes added so that they get to know about the latest trends in the market. Mutual funds are still and would carry on being the unique financial instrument in the country.

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APPENDIX- 1

QUESTIONNAIRE

Personal Profile:

1. Name:

2. Gender:

a) Male

b) Female

3. Marital status:

a) Unmarried

b) Married

4. Age:

a) Below 20

b) 21-40

c) 41-60

d) 61 and above

5. Locality:

a) Rural

b) Semi-urban

c) Urban

6. Occupation:

- a) Salaried
- b) Self-employed professional
- c) Business
- d) Retired
- e) Others

7. Annual income:

- a) Below 2,00,000
- b) 3,00,000 – 4,00,000
- c) 5,00,000 – 6,00,000
- d) 7,00,000 and above

Investors on investment decisions:

8. What percentage of your income do you invest?

- a) 5 - 10%
- b) 11 - 20%
- c) 21 - 30%
- d) 31% and above

9. Awareness on mutual funds

- a) High
- b) Moderate
- c) Low

10. How you got influenced of investment decisions?

- a) Own choice

- b) Guidance from family
- c) Financial specialists

11. What is your risk tolerance?

- a) High risk
- b) Moderate risk
- c) Low risk

Investors' perceptions towards mutual funds:

12. How much you invest of your total income?

- a) Below 25%
- b) 26-30%
- c) 31-40%
- d) 41% and above

13. How you came to know about mutual funds?

- a) Friends and relatives
- b) Agents and brokers
- c) Media

14. Do you think your advisor is well knowledgeable?

- a) High
- b) Moderate
- c) Low

15. Which periodical savings plan you choose?

- a) SIP
- b) Lumpsum
- c) Both

16. How long you prefer to invest in mutual funds?

- a) Less than 1 year
- b) 2-3 years
- c) 4-5 years
- d) 6 years and above

17. Objectives of investing in mutual funds?

- a) Saving for future
- b) Growth and income
- c) Tax benefits

18. Which form of mutual fund you prefer?

- a) Close ended funds
- b) Open ended funds
- c) Interval funds

19. Your return expectation?

- a) Below 7%
- b) 8 – 13%
- c) 14 – 18%

d) 19% and above

20. Satisfied with your present holdings?

a) Highly Satisfied

b) Moderately Satisfied

c) Less Satisfied



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Study on investors perception towards mutual funds

B. V. M. S. Kiran Kumar

Sathyabama Institute of Science and Technology, Chennai, Tamil Nadu

ABSTRACT

The aim of the study is that to know the investors perception towards mutual funds. It aims at understanding the perception of the investors who invest in mutual funds as not every one are familiar with mutual funds but still they invest in it to get returns. This study contains a sample of 140 different kinds of investors and their diversification of investment plan. The data was collected from the investors through circulated questionnaire in Hyderabad city and surrounded rural and urban areas. By this study found that most of the investors have positive impact and good knowledge on mutual funds. Based on the findings and analysis it concluded that most of the investors are satisfied with the returns and performance of mutual funds. Also found that tax benefits, diversification and reduction in risk as more impact on the investors perception for investing in mutual funds.

Keywords: Mutual Fund, Investors, Risk, Perception, and Return.

1. INTRODUCTION

A Mutual Fund is an investment vehicle for investors who gather their saving to invest in diversified portfolio of securities with expectation of good returns and increase their value. Profits and losses are shared by the investors in proportion to their investment. Factors affecting Mutual Fund investments are risk factor, regular income factor, return factor, liquidity factor and awareness factor. The mutual funds generally come out with various types of schemes with different investment objectives, which are pushed from time to time. Various types of Mutual Funds are Growth funds, income funds, money market funds, equity funds, debt funds, open-ended funds, closed-ended funds, balanced funds, tax savings funds, index funds and sector specific funds. Investors perception means how the investor think and visualize the fund before investing into it or sees different investment opportunities. Knowledge of investor perception is important because the perception of investors can influence the investment pattern and his investment behavior like risk tolerance level, investment preference on the basis of age, gender, education, income, occupation etc.

Objectives of The Study

Primary Objective

To analyze the perception of investors towards mutual funds.

Secondary Objectives

- To analyze the opinion among demographic group on attitude towards investment.
- To study the objectives of investment among demographics groups.

2. REVIEW OF LITERATURE

Jyothi Ainapur (2018) conducted study on the awareness on mutual funds. In this research paper it was founded that awareness of mutual fund is less among the people. Mutual funds having more advantages compare to other investment platform like; comparatively higher Return of Investment, Tax benefit and Liquidity, Ease of investing and monitoring, Diversification and Systematic Withdrawal Plan despite all these advantages still investors are not interested investing in mutual fund, may be because of lack of awareness. Only 24% of 36-45 age group are invested in mutual fund through brokers, 36% people are willing to invest through SIP and 69% of the respondents are not at all willing to recommend others to invest in mutual fund. So, to motivate people to invest in mutual funds broking houses to be organized to get more awareness among the people.

Jaison David (2019) The research paper was made to help taxpayers' investors to get good returns for their investment and those investors who want to invest in SIP or Lump sum. The research paper compares between five equity linked mutual fund schemes invested in 3 different way by the investors and compares the return these investment after lock in period. The authors used secondary data for this research and after survey they concluded that systematic investment plan will be best option to the investors second option will be value averaging and the third option comes lump-sum method for the investments with the smallest possible returns.

Ankit Kumar (2020) In this study researchers want to know what are the various factor that attract the investors to invest in mutual fund. The researchers also explained how the Mutual funds shaping their strategies to attract the investors to invest more in market platform. From the analysis researchers concluded that mutual funds new advantage for the beginners and investors from each selected sector such as semi-urban, urban, and rural almost all are in same perception rural areas investors more interest in dividend variable whereas same condition in case of capital appreciation and semi-urban area people are influenced for liquidity.

3. RESEARCH METHODOLOGY

3.1 Research Method

Descriptive research

3.2 Sample Size

The study was conducted with the sample size of 140 investors. Sampling technique- Convenience Sampling.

3.3 Research Instrument Used for Data Analysis

The collected data will be analyzed through statistical tools like correlation & chi-square test.

3.4 Statement of the Problem

There has been no comprehensive study establishing the perception of investors and factors or characteristics influencing the investment in mutual fund. Hence, the main focus of the study is to know the basis under which the mutual fund investment is done, whether it's as per the factors, schemes, nature or structure of the funds.

3.5 Need of the Study

The main purpose of this study is to analyze the investor's perception towards mutual fund. Further, the study also helps us to understand if the investor perception is dependent on the demographics of the investor along with various other factors.

3.6 Limitations of the study

1. The size of the sample compared to the population is small and hence it might not indicate the ideas of entire population.
2. The geographical area of the study is confined to the opinions expressed by the respondents of place only.
3. A few respondents might have furnished the required information from their momentary memory; hence the collected data might be subject to bias.
4. Since the study covers the overview of investing in mutual funds, it cannot be generalized.
5. Few respondents do not agree to express their opinion and understandings on their investment and have stated common view on investment practices.

4. DATA ANALYSIS AND INTERPRETATION

Percentage analysis of Demographics factors

Factors	Dimensions	No. Of respondents	Percentage
Age	Below 20 Years	0	0%
	21 to 40 Years	128	91.4%
	41 to 60 Years	10	7.14%
	61 & Above	2	1.42%
Gender	Male	103	73.5%
	Female	37	26.5%
Occupation	Salaried	84	60%
	Self Employed professional	8	5.71%
	Business	16	11.42%
	Retired	28	20%
	Others	4	2.85%
Marital Status	Married	13	9.29%
	Unmarried	127	90.71%
Annual Income	Below 2,00,000	20	14.28%
	3,00,000 – 4,00,000	21	15%
	5,00,000 – 6,00,000	46	32.85%
	7,00,000 & above	53	37.85%

Source: Primary Data

Chi Square Test:

Null Hypothesis (H0):

There is no association between annual income and objective of investment.

Alternate Hypothesis (H1):

There is association between annual income and objective of investment.

Cross tabulation of Annual income and objectives of investment

		Objectives of investing in mutual funds			Total
		1.0	2.0	3.0	
Annual Income	1.0	0	0	20	20
	2.0	0	16	5	21
	3.0	14	32	0	46
	4.0	53	0	0	53
Total		67	48	25	140

Chi square on Annual income and objectives of investment

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	198.799 ^a	6	.000
Likelihood Ratio	208.065	6	.000
Linear-by-Linear Association	114.930	1	.000
N of Valid Cases	140		

Source: Primary Data

Result:

Since H0 is rejected, there is no association between the annual income and objective of investment. Since H1 is accepted, there is association between the annual income and objective of investment.

ANOVA Test:

Null Hypothesis (H0):

There is no significant difference between age and which periodical plan investors choose.

Alternate Hypothesis (H1):

There is significant difference between age and which periodical plan investors choose.

Descriptive Statistics of age and which periodical plan investors choose

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
2.0	128	1.58	.671	.059	1.46	1.70	1	3
3.0	10	3.00	.000	.000	3.00	3.00	3	3
4.0	2	3.00	.000	.000	3.00	3.00	3	3
Total	140	1.70	.756	.064	1.57	1.83	1	3

ANOVA on Age and which periodical plan investors choose

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	22.181	2	11.091	26.555	.000
Within Groups	57.219	137	.418		
Total	79.400	139			

Source: Primary Data

Result:

ANOVA was performed to examine the difference of the age and which periodical plan investors choose. Results of ANOVA shows that significant value is .000 which is less than 0.05, we accept null hypothesis and reject alternate hypothesis. Therefore, there is no significant difference between age and which periodical plan investors choose. Hence, the null hypothesis is accepted (H0).

5. FINDINGS, SUGGESTIONS, CONCLUSION

Findings

1. Most of the investors are men by 73.5%.
2. Most of the investors are Unmarried by 91%.
3. Most of the investors are from age group of 20 – 40 by 91.4%
4. Most of the investors are from urban area by 88.57%.
5. Most of the investors are salaried self employed by 60%.
6. Most of the investors by 37.85% who earn above Rs. 6 lakhs per annum.

Suggestions

1. The investor should keep an eye on the performance of scheme and other good schemes which are available in the market for the closed comparison.
2. Efforts should be made to encourage or enhance online dealing of mutual funds. This will save time and cost. They can sell or purchase any number of funds whenever they want with out any complications.
3. The brokers should reduce the brokerage charges for the intraday and delivery based, so that the investor can save more amount to generate extra investment for the investor himself as well as for the mutual fund companies.
4. The mutual fund industry must also help people in mobilizing their savings in such a way that they can get maximum benefits out of them. The companies must try to increase the investments in moderate to high level of risk investments by highlighting the rewards and returns.

Conclusion

The public minds look out for safe investments and that it will earn good returns. This study conducted was regarding the factors influencing the investor's perception towards mutual fund investment. It is highlighted that investor's of middle income level agrees that regular income and liquidity of the investment plays a vital role. It can be perceived that high risk leads to high returns in the investment. The flexibility in the investment would lead to good performance of the funds. There's a scope where investors belonging to different age groups seek for many other factors that can attract them to invest in the mutual fund industry than just the ones considered for the study. Measures should be taken to increase the confidence and morale of the investors. This can be done through proper awareness by educating investors to invest in mutual funds. Sensible and right information should be given to them by various communication modes so that they get to know about the latest trends in the market. Mutual funds are still and would carry on to be the unique financial instrument in the country.

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