A COMPARATIVE STUDY ON PUBLIC AND PRIVATE SECTOR MUTUAL FUNDS

Dissertation

Submitted by

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Under the guidance and supervision of

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In partial fulfillment of the requirement for award of the degree of

Master of Commerce

ST.TERESA'S COLLEGE (AUTONOMOUS), ERNAKULAM

COLLEGE WITH POTENTIAL FOR EXCELLENCE
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This is to certify that the dissertation titled **"A COMPARATIVE STUDY ON PUBLIC AND PRIVATE SECTOR MUTUAL FUNDS"** submitted by Meera Ramachandran, towards partial fulfillment of the requirements for the award of the Master's Degree in Commerce is a record of bonafide work carried out during the academic year 2022-2023.

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DECLARATION

I, Meera Ramachandran, do hereby declare that the dissertation entitled **“A COMPARATIVE STUDY ON PUBLIC AND PRIVATE SECTOR MUTUAL FUNDS”** has been prepared by me under the supervision of **Smt. Maya P**, Department of commerce (S F), St .Teresa’s College (Autonomous), Ernakulam.

I also hereby declare that this dissertation has not been submitted by me fully or partly for the award of any degree, diploma, Title or Recognition before.

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CHAPTER – 1

INTRODUCTION

INTRODUCTION

The SEBI regulations, 1993 defines a mutual fund as “a fund in the form of a trust by a sponsor, to raise money by the trustees through the sale of units to the public, under one or more schemes, for investing in securities in accordance with these regulations”

Mutual funds are known for being a method of combining the investments of inexperienced individuals and putting them in the hands of professionally managed fund managers for a steady return as well as capital growth. The funds obtained through this procedure are subsequently invested in assets such as shares, debentures, and other capital market instruments. Finally, the income from these investments and capital gains are divided to unit holders in accordance to the number of units they possess. Because investors with limited money lack the necessary knowledge and access to necessary diversification, mutual funds provide investors a way out to approach most schemes and obtain a well-diversified portfolio.

Indian financial services have seen dramatic changes throughout the years and have advanced in sophistication in response to the various demands of the economy. Investor interest in equities was sparked and increased by the process of financial sector reforms, economic liberalisation, and globalisation of the Indian Capital Market. However, due to a lack of professional competence and limited capital market understanding, average investors are still unwilling to put their hard-earned money into corporate securities. The development of mutual funds has significantly contributed to the accumulation of investible wealth among this group of investors. Investments in mutual funds relieve investors from the emotional tension associated with purchasing and selling stocks since qualified professionals manage them.

A mutual fund is essentially a method for combining the savings of many investors for group investments with the goal of generating attractive dividends and capital appreciation while maintaining the safety and liquidity for its unit holders in proportion to the number of units they possess. Due to its capacity to participate in a diversified, expertly managed basket of securities at a very cheap cost, a mutual fund is the most suited investment for the average person.

One of India's most appealing investment opportunities now is the mutual fund sector. Mutual funds are a solid investment choice for medium-sized and small individuals who have limited resources and lack specialized stock market and other investment options knowledge.

Mutual funds are a large financial intermediary that raises money primarily from small investors and invests it in assets on the financial market. A mutual fund is an investment corporation or trust that pools the funds of thousands of its shareholders or unit holders and invests them on behalf of these diverse securities and a cross section of businesses to meet the investors' goals, which in turn achieve income or growth, i.e., a consistent return or capital appreciation, or both, along with other financial goals.

The mutual fund industry has grown so quickly over the past fifty years that practically every household in urban and semi-urban areas now considers it to be a very important alternative for investing. Any individual's goal in investing their excess cash is to increase it, not to protect it from inflation but to ensure that it generates a significant positive return even after accounting for inflation.When compared to its competitors, the popularity of mutual funds as a saving alternative has greatly increased during the past ten years. The average investor is unable to invest effectively in the markets due to their limited savings and lack of market knowledge. A mutual fund offers them a better and more suitable way to gain from favorable prospects. In other words, it is the perfect investment vehicle for people who lack the time and knowledge necessary to make informed investing decisions. Anyone can take advantage of these benefits and invest with a defined investing purpose and strategy, even if they have only a few thousand rupees to work with. Due to rising pressure on the expansion of mutual funds, their use and scope have risen dramatically.

Mutual funds have grown in popularity as a long-term investment instrument over the last years. Studying the effectiveness of the various mutual fund schemes is therefore important. The performance of a mutual fund scheme is based on the relationship between risk and return. Since risk and return are inversely proportional, offering the highest possible return on investment while maintaining a manageable amount of related risk aids in separating the leaders from the laggards. In order to provide investors with valuable information to help them choose the best mutual fund, it is necessary to analyze the performance of the schemes given by the many asset management organizations that operate in India.

The kinds of investments available in public and private mutual funds are frequently very similar. In an effort to achieve consistent upward growth, public mutual funds often operate with lower risk levels. Private mutual funds might function in the same way, although some may be willing to take bigger risks in the aim of gaining more money in the long run.

NEED AND SIGNIFICANCE OF THE STUDY

1. The study will definitely help the investors in deciding the various schemes of mutual funds in regard to investment.
2. The study will help the investors in knowing the various important factors affecting the performance of mutual fund industry.

STATEMENT OF THE PROBLEM

There are currently thousands of mutual funds with various investment methods, aims, and dangers. However, the investor will be notably impacted by the risk and return involved with mutual fund investing. It is challenging for an investor to select a fund that will achieve his or her financial goals when there is so much on the line. Since the investors place their money in a variety of public and private sector programs, their risk and return on investment will also change.

Furthermore, a significant cost-control issue plaguing the whole fund sector is a factor in the at-par returns reported by an excessive number of funds.

Mutual funds don't guarantee returns. The performance is correlated with the returns. They make investments in deposits, debentures, and shares. These investments all carry a certain amount of risk. The value of the funds may change based on the asset management firms.

OBJECTIVES OF THE STUDY

1. To understand the perception of investors towards Mutual funds.
2. To identify the factors influencing mutual fund investment.
3. To analyse the problems faced by investors while investing in mutual fund.

HYPOTHESES

H0: There is significant difference in the perception of investors in Mutual fund.

H1: There is no significant difference in the perception of investors in Mutual fund.

RESEARCH METHODOLOGY

SOURCES OF DATA

Primary data were collected through systematically prepared questionnaire in Google form then electronically summarized through SPSS.

Secondary data is collected from internet, books, journals, magazines etc.

RESEARCH DESIGN

The study is a descriptive research.

SAMPLE POPULATION

The sample population is the people in the Ernakulam district.

SAMPLING TECHNIQUE

Convenient sampling method was followed as the time and resources for the study was limited.

SAMPLING SIZE

From the population 100 samples were selected as sample for the study.

TOOLS FOR ANALYSIS

The data selected for the study has been tabulated, analyzed and presented with the help of appropriate tools. In this study percentage analysis is used to show the data. Pie chart, bar chart etc. are used to represent collected data graphically.

LIMITATIONS

1. The analysis section's lack of information sources.
2. I made an effort to gather some primary data, but they were insufficient for the study's objectives.
3. There are significant time and financial constraints on this study.
4. The prospects' information might not be entirely accurate because they too have limitations.
5. The study is restricted to particular mutual fund plans.

THE GENESIS OF MUTUAL FUNDS

Since 188 years ago, in Europe, the idea of mutual funds has existed and is used today. Europe is where the mutual fund business first emerged. King William I founded a trust in 1822 made up of people who had similar investment objectives. Savings were combined and given to "fund managers."

After investing these funds in securities, these qualified money managers divided the earnings among the fund's participants. The idea of an investment trust quickly caught on in Europe, and the first American fund, the Massachusetts Investors Trusts, was established in 1924. The globe immediately adopted this concept, but it wasn't until the 1960s that it reached India.

MUTUAL FUNDS IN INDIA

The Indian mutual fund sector has existed for more than 45 years. Since its founding in July 1964, Unit Trust of India (UTI), a massive investment intermediary, has gone a long way.

This was founded in 1963 as part of the UTI Act of 1963. This elder brother of Indian mutual funds thrived in a market devoid of competition and expanded as a hybrid investment business until Rajiv Gandhi opened up the mutual fund industry to the public sector banks that sponsored their mutual funds in 1987. When the Indian economy was opened to the private sector in 1991, this gold rush was once more experienced. In 1992, mutual funds for the private sector in India were first introduced. In 1994, as part of the liberation process, international mutual funds began to operate in our country.

Public sector banks' entry into the mutual fund market has given the sector more character and competitiveness. In the same vein, the arrival of the private sector has sped up the process of Indian Mutual Funds' overall expansion through product innovation, investor education, and customer service. As a result, the three-dimensional structure of the young Indian mutual fund business is evident. These include Unit Trust of India, other financial institution- and bank-sponsored mutual funds from the public sector, and private sector mutual funds.

IMPORTANCE OF MUTUAL FUND

The typical Indian investor may now participate in the stock markets indirectly and benefit from proper diversification and skilled fund management thanks to mutual funds, which are quickly replacing other investment vehicles as the primary investment vehicle for Indian investors. It is essential to closely examine their performance given their expanding significance in the Indian capital market. An institution called a mutual fund pools money from many different investors and invests it in stocks, bonds, or other securities. Owning shares, which represent a portion of these holdings, is a requirement for all traders.

1. Qualified money managers oversee mutual funds.
2. The investment risk is spread out by owning shares in a mutual fund as opposed to buying individual stocks or bonds directly.
3. Mutual funds buy and sell a large number of securities at once, and their costs are frequently less than what we would pay on our own.

Financial middlemen in the investing industry are mutual funds. They raise money from the general public and act as "Pass through entities" to invest on behalf of the investors, with all losses and gains going to the investors solely.

CHAPTERISATION

The study is presented in five chapters.

Chapter 1 Introduction

This chapter deals with introduction, significance, statement of the problem, objectives, scope, methodology, hypothesis, tools for analysis and limitations

Chapter 2 Literature review

Second chapter is literature review which deals with the review of related literatures.

Chapter 3 Theoretical framework

Third chapter gives the theoretical parameter of the study.

Chapter 4 Data analysis and Interpretation

Fourth chapter is about the analysis of the data collected through structured questionnaire. The primary data have been consolidated systematically and analyzed with the help of statistical tools.

Chapter 5 Findings, Suggestions, Conclusion

The last chapter consists of findings, suggestions and conclusion

CHAPTER – 2

REVIEW OF LITERATURE

REVIEW OF LITERATURE

This chapter makes an effort to review some pertinent research that are readily available in the area of mutual funds.

Megharaja B and Dr. Chalawadi CI (2017) conducted research on a few sectors of equities mutual funds to assess how well they performed in terms of risk and returns compared to the market benchmark return and the 364-day T-bill with a risk-free rate of return. The study revealed that the majority of the chosen plans outperformed the market.

M. Gowri and Malabika Deo (2016), they attempted to assess the effectiveness of funds of funds based on risk-adjusted methodologies in their study. An investigation of a sample of equity-oriented mutual funds found that every one of them had negative returns over and above the risk-free rate of return provided by 91-day Treasury bills. The majority of the equities fund of funds included in the sample underperformed the benchmark, according to the analysis of the rates of return of the benchmark index and the sample of fund of funds. These results can result from multiple layer costs. The results showed that the fund of funds' performance had a negative Sharpe, Treynor, and Jensen alpha. The underperformance of mutual fund funds provided a convincing justification for the extra layer of fees.

Barber Brad M, et al (2016) examined the elements that affect investors. The performance of the fund manager is assessed by sophisticated investors who take into account both priced and unpriced variables. The study's methodology involved identifying these variables through an analysis of mutual fund movements.

Mutual fund movements were taken into account as a function of recent returns by dividing them into factor-related returns and alpha. On the other hand, sophisticated investors conduct extensive research while uninformed investors gauge fund success based on market adjusted returns. They came to the conclusion that in addition to alpha, market, industry, value, size, and momentum variables could also have an impact on return. However, fund alpha has a greater influence on fund movements.

Srivastava Anubha (2015), created a portfolio of mutual funds using the Capital Asset Pricing Model, and then used that portfolio to analyse the performance of different mutual fund schemes (CAPM). She used the growth, balanced, and secure funds for this research. The portfolios were managed regularly throughout the study. to guarantee the lowest variance and highest yield.

She came to the conclusion that if portfolios are carefully managed, returns can be earned even during a recession. If poor market conditions do not result in positive returns, at least losses can be reduced by carefully managing portfolios.

She went on to say that only the performance of secure funds is best observed during times of crisis or decline. Only development funds outperform during boom times. A balanced fund, however, works best when the market is steady.

Dr. K. Veeraiah and Dr. A. Kishore Kumar (Jan 2014), carried out a study on the comparative performance evaluation of a few Indian mutual fund schemes. In this study, the performance of mutual funds owned by Indians is analyzed and contrasted. Using portfolio allocation and five-year NAVs, the performance of these funds was examined. According to the study's findings, mutual funds outperform naive investments. Investors often prefer mutual funds as a suitable medium- to long-term investment option.

Vasantha S. et al (2013) highlighted that the investor's ability for risk-taking is crucial in the mutual fund selection process. She advised investors to base their analyses on many factors, including variations in return, risk present in the market, and deviations in return, among others. Decisions made by investors should be based on both analysis and their personal investing goals.

SK Singh (2012) having discovered via his study that most people don't comprehend mutual funds, he maintained that raising mutual fund knowledge is crucial for the general public. Common people should be aware of the unique characteristics of investing in mutual funds. He discovered that liquidity and return potential are given the most weight

By current investors when researching the behavior of existing investors. Affordability, transparency, and flexibility are other benefits that draw investors to mutual funds.

Ashok Bantwa and Krunal Bhuva (2012) studied a few of the diversified equities mutual fund strategies. Twenty equities diversified schemes from Indian mutual funds were chosen for the study. The goal of the study was to gauge the degree of diversity, assess the fund managers' aptitude for identifying inexpensive stocks, and assess the effectiveness of the fund as a whole.

They came to the conclusion that, with the exception of one, every plan in the sample beat the market. Researchers also discovered a negative association between diversification levels as determined by R2 and unique risk. Fund managers continued to be successful in lowering particular risk by increasing diversity. In addition, they came to the conclusion that a fund manager's superior stock picking skills can increase returns on investment. Positive degree was evidence of this.

Puri Himanshu (2010) evaluated the effectiveness of the various balanced fund programs that Indian mutual funds had introduced. Being naturally risk-averse, Indian investors like making investments in safe, lucrative areas. Mutual funds have shown to be the most secure form of investment in the past. Due to its diversified equity and debt portfolio, balanced funds are typically chosen by investors.

He came to the conclusion that, although if all mutual funds maintain diversified portfolios, investors need conduct thorough research before making an investment in order to understand how different schemes balance risk and reward. Making the right scheme decision can significantly aid in wealth building. In times of severe volatility, mutual funds have also shown to be the best source of investing.

Zabiulla, (2010) utilized the 40-month market dataset (April 2006 - July 2009). to investigate the performance of 12 sector-specific mutual funds (technology, FMCG, and pharma). He used conventional, risk-adjusted performance metrics that have been around for a while. According to established models, Franklin FMCG fund and Reliance Pharma outperformed the market portfolio, although DSP Blackrock Technology.com fund's performance was mixed when examined in terms of Sharpe and Treynor rankings. Numerous funds had shown subpar performance when evaluated using the relative risk and downside criteria.

Joshi Himanshu (2010) analyzed the comparative performance of 15 mutual fund schemes from three categories, including equities, balanced, and bond funds, using the bearish market (January 2008 to December 2008). The relative performance index, risk-return analysis, and Sharpe's ratio methodologies were utilized to analyze the performance. No discernible differences in returns were discovered by investigation for multiple funds belonging to the same category. In a downturn, bond funds were seen to perform better than equities and balanced funds, although neither of these two was able to explain for any appreciable variation in their performance when compared. Portfolio diversification has therefore proven ineffective for equities and balanced funds in a bad market, but beneficial for bond funds.

Walia Nidhi and Kiran Ravi (2009) evaluated the operational performance of four mutual funds: SBI Magnum, UTI MF, Reliance MF, and ICICI Prudential MF. She evaluated the operational efficiency of funds based on factors such as expense ratio and portfolio turnover rate, and she used risk indicators such as Beta (), Fama, Sharpe, and Treynor to assess the competency of fund managers and the unevenness of fund returns. Results of the analysis were extracted with relation to the expense ratio. SBI Magnum equities fund outperformed the other three funds, it was found. SBI Magnum equities fund took the top spot on the list with the least amount of portfolio turnover and the highest returns when compared to Reliance equity fund. Additionally, both of these funds demonstrated a high degree of variability.

Mungo Wilson and Joshua M. Pollet, (2008) an intriguing study discusses the challenges surrounding fund size and how it influences the behavior of mutual funds. They discovered that if actively managed mutual funds experience declining returns to scale, funds should adjust their investing strategy as assets under management grow. They discover that large funds and small-cap funds diversify their portfolios in response to growth, despite the fact that asset growth has little impact on the behavior of the typical fund. Performance is correlated with more diversification, particularly for small-cap funds. Furthermore, the launch of new funds that hold different equities from their older siblings is associated with the growth of the fund family. Funds with a large number of siblings diversify less quickly as they expand, indicating that the fund family may have an impact on a fund's portfolio.

Kelsey D. Wei, Hong Yan, and Jennifer Huang(2007) illustrates that compared to their higher cost rivals, mutual funds with lower participation costs have higher flow sensitivity to medium performance and lower flow sensitivity to high performance. They offer empirical proof in support of the model's implications for the asymmetric flow-performance relationship by using different fund features as proxies for the decline in participation costs.

Michael J Cooper, Huseyin Gulen, P Raghavendra Rau(2005) has investigated whether or not mutual funds rename themselves to capitalize on popular investment trends, as well as the impact these renaming decisions have on new money entering the fund as well as on the fund's results over time. They also discover that, in the year after a fund's name change to mirror a popular fashion trend, the fund has an average cumulative anomalous flow of 28% with no improvement in performance. The rise in flows is comparable amongst funds whose assets reflect the style represented by their new name and those whose holdings do not, indicating that investors are unreasonably swayed by comedic effects.

Zakri Y. Bello (2005) investigated differences in asset holding characteristics, portfolio diversification levels, and the variable effects of diversification on investment performance by matching a sample of socially responsible stock mutual funds with conventional funds of comparable net assets. A study was conducted to determine whether the performance of public sector and private mutual funds differed or were comparable in light of the aforementioned review. Mutual funds sponsored by government-owned banks and financial institutions, as well as Unit Trust of India, are included in the public segment of mutual funds (UTI). The category of Private sector mutual funds includes all other mutual funds that are supported by private businesses or organisations.

Kiran D and Rao U.S. (2004) Using two statistical techniques, Multinomial Logistic Regression (MLR) and Factor Analysis, segments of investors were identified based on their demographic and psychographic features.

Vanketashwarlu (2004) in a research on investors' perceptions of Mutual funds was conducted and presented in a Southern Economist article. The requirement to comprehend the worries of individual investors and the variables that affect their portfolio selection is one of the issues stressed in an effort to aid in comprehending, analyzing, and predicting the dynamics of Mutualfunds in India.

Bijan Roy & Saikat Sovan Deb (2003) in the article "Conditional alpha & Performance Persistence for Indian Mutual Funds Empirical Evidence" looked into how Indian MF managers contribute to higher performance. According to the study, Indian fund managers primarily focus on seizing chances presented by the available economic data and make no further contributions. The research emphasises that the fund on average turns negative when the beta is conditioned to lag economic information factors. Interest rates, dividend yields, term structure yield spread, and a dummy are the information variables employed in the study. The authors also looked at the evidence of consistency in the performance of the IMF based on cross sectional regressions of future excess returns on a measure of previous fund performance and utilised both conditional & unconditional measures of performance as a measure of part fund performance. The findings showed that conditional metrics of previous performance strongly foretell future fund returns.

Narayan et al. (2003) have assessed the returns of mutual funds in India and claimed that overall, mutual funds were able to meet investors' expectations by providing additional performances over projected yields based on outstanding systematic as well as overall risk assessment.

CHAPTER – 3

THEORATICAL FRAMEWORK

THEORATICAL FRAMEWORK

MUTUAL FUNDS

A professional fund manager oversees a pool of funds known as a mutual fund. It is a trust that takes money from several participants with similar investing goals and invests it in stocks, bonds, money market instruments, and/or other securities. And after deducting any necessary costs and fees, the income or gains from this pooled investment are dispersed equally among the investors by figuring out a scheme's "Net Asset Value," or NAV. A mutual fund is just the sum of money that many different investors have combined.

Mutual funds are suitable for people who do not have significant quantities to invest or who do not have the willingness or time to investigate the market but want to develop their money. The money collected in mutual funds is invested by experienced fund managers in accordance with the scheme's declared goal. In exchange, the fund house charges a tiny fee, which is withdrawn from the investment. Mutual fund fees are regulated and are subject to specific restrictions set by the Securities and Exchange Board of India (SEBI).

India has one of the world's highest savings rates. This proclivity for wealth accumulation necessitates that Indian investors go beyond the traditionally preferred bank FDs and gold to mutual funds. However, due to a lack of information, mutual funds are a less popular investing option.

Mutual funds provide a diverse range of investment options throughout the financial spectrum. Because investing goals vary – post-retirement costs, money for children's education or marriage, house purchase, etc. – so do the products necessary to fulfill these goals. The Indian mutual fund sector has a wide range of schemes to meet the demands of all sorts of investors.

Mutual funds provide an ideal way for regular investors to participate in and benefit from capital market uptrends. While investing in mutual funds can be helpful, choosing the correct fund can be difficult. As a result, investors should conduct thorough due diligence on the fund and examine the risk-return trade-off and time horizon, or consult a professional investment adviser. Furthermore, in order to maximize the benefits of mutual fund investments, investors should diversify among several fund types such as equities, debt, and gold.

CONCEPT OF MUTUAL FUNDS

A mutual fund is an investment firm that pools services from various parties and invests it in stocks, bonds, and temporary loans. A closed-end fund's container is containing all of the fund's property. An investment fund is a type of asset namely seized by financiers. Each share shows a portion of a financier's takeover and income in the fund.

A mutual fund is a type of group savings plan. Mutual funds serve a significant role in mobilizing small investor deposits and channeling them into productive companies in the Indian economy.

DEFINITION

According to SEBI (Mutual Funds) Regulations

"A fund established in the form of a trust to raise monies through the sale of units to the public or a section of the public under one or more schemes for investing in securities including money market instruments or gold or gold related instruments or real estate assets".

According to Investment Company Institute of U.S

"A financial service organisation that receives money from shareholders, invest it, earns return on it, and agrees to pay shareholders cash on demand for the current value of his investment."

According to Bharti V. Pathak,

"A mutual fund is a financial service organization that accepts money from investors, invests it, makes a return on it, tries to develop it, and promises to pay the investors. For the current value of his investment, he can get cash on demand."

According to Indian Institute of Banking & Finance,

"A mutual fund is a sort of financial intermediary that combines the funds of participants with a common investment goal and invests them in a variety of financial claims (e.g. equity shares, bonds, money market instrument)."

HISTORY OF MUTUAL FUNDS

According to Prof K Geert Rouwenhorst's 'The Origins of Mutual Funds,' the concept of pooled investment first appeared in Europe in the late 1700s, when "a Dutch merchant and broker solicited subscriptions from investors to create a trust to allow small investors with limited resources to diversify." In the 1800s, the concept of "investment pooling" gained popularity in England, bringing it closer to American shores.

The Joint Stock Companies Acts of 1862 and 1867, respectively, permitted investors to share in a corporation's profits while limited their liability to the amount of money provided. In 1868, the Foreign and Colonial Government Fund was formed in London.

In design, it was comparable to the American fund concept, allowing "moderate income investors the same benefits as enormous capitalists by dispersing their investment across a number of different shares." More importantly, the British fund model gave a direct link to US securities markets, which contributed in the financing of the US economy's post-Civil War boom.

The Scottish American Investment Trust, founded in February 1873 by fund pioneer Robert Fleming, invested primarily in railway bonds in the economic potential of the United States. Numerous more trusts followed, focusing not just on American investment but also on paving the way for the fund investing concept to emerge on American soil in the late 1800s and early 1900s. The first mutual or 'open-ended' fund was established in Boston in March 1924. The Massachusetts Investors Trust, formed as a common law trust, introduced important innovations to the investment company concept by establishing a simplified capital structure, continuous offering of shares, and the ability to redeem shares rather than holding them until the fund's dissolution, and a set of clear investment restrictions and policies.

The 1929 stock market crash and the Great Depression caused a lot of people to lose money, and it took a while for people to trust each other again enough to invest in stocks. But eventually, the government passed a bunch of laws to help make things more trustworthy, and this helped to spur on the growth of the stock market.

Mutual Funds in India

In 1963, the Unit Trust of India was organized, designating the start of India's investment fund past (UTI). The Indian administration begun this accompanying the Reserve

Bank of India's help (RBI). In 1964, UTI settled the Unit Plan 1964, India's first retirement plan programme. The bond fund subdivision in India has displaced through various stages. In India, the investment fund trade has departed through four stages.

First Phase or Initiation Phase (1963-1987):

In 1963, the Unit grant of India (UTI) altered into settled as completely result of a Parliamentary Act. The Reserve commercial institution of India (RBI) backed it. Its Regulatory and Administrative control was in wage of managing and managing it. UTI had a complete cartel inside the activity as it enhance best choice instrumentality that supplied the contributions. Previously it enhanced delinked from the RBI in 1978, the mechanical growth fiscal organization of India (IDBI) pretended supervisory and administrative administration. UTI's preliminary blueprint curve into the Unit Scheme, that make public in 1964. In the age seeing the reality that before, UTI has continued to broaden and determine a difference of bond fund expense options. Some aforementioned plans curve into the Unit connected coverage Plan (ULIP),that make public in 1971. UTI had approximately Rs. 6, seven-hundred crores in property beneath advantage under administration (AUM) maneuver by way of the stop of 1988.

Second Phase or Public Sector Phase (1987-1993):

As a result of the frugality's progress, few public-subdivision associations started business on the stock market in 1987. SBI Mutual Funds started the first non UTI investment fund in November 1987. Second and triennial place make use of LIC Mutual Fund, Canbank Mutual Fund, Indian Bank Mutual Fund, GIC Mutual Fund, Bank of India Mutual Fund, and PNB Mutual Fund, individually. The AUM nearly quadrupled 'tween 1987 and 1993, climbing from Rs. 6,700 crores to Rs. 47,004 crores. Many financiers set an important amount of their profits into shared resources at the present.

Third Phase or Private Sector Phase (1993-1996):

In 1993, India's for-profit businesses was admitted authorization to list the closed-end fund industry. It has risked a key act in the annals of mutual means. It presented financiers with intended for financial gain opportunities, resulting in better contest accompanying existing public subdivision shared funds. Many worldwide fund firms have happened capable to trade in India cause to the liberalization and noninterference of the Indian saving. Many of these were run in cooperation accompanying Indian promoters. To compete with existent fund families, 11 for-profit businesses fund houses were settled as far as 1995. Since 1996, the mutual fund trade has extended to original heights.

Fourth Phase or AMFI, SEBI (1996 – 2003):

The SEBI (Mutual Fund) Regulations were settled in 1996 accompanying the aim of constructing a constant set of tests for all energetically trained common capital. In addition, the 1999 Union Budget created a meaningful adaptation by exempting all bond fund profits from income duty. Investor Awareness Programs were helped by SEBI and the Association of Mutual Funds of India (AMFI) concurrently with an activity to experience financiers on investment fund financing. AMFI and SEBI have settled a government foundation for Mutual Funds and those that spread bureaucracy. Investor care is guaranteed by two together instrumentalities, as it stands the supplying of dossier duties to a degree Mutual Fund NAV. Through allure site, AMFI India publishes routine NAVs for all money in addition to historical investment fund estimating.

In 2003, the UTI Act was repeal, robbing it of allure particular permissible standing as a trust settled by Parliament. Instead, UTI has a makeup that is to say alike to that of some alternative fund apartment in the country with its own government, and it is controlled by SEBI's (Mutual Fund) Regulations.

The production of a standard investment fund subdivision live well it smooth for financiers to do business at an establishment some fund firm. AUM raised from over Rs. 68,000 crores to over Rs.15,00,000 crores in September 2016.

FEATURES OF MUTUAL FUNDS

i) **Mobilizing modest sums of money:** Mutual funds raise money by selling their own shares, known as units. This provides the simplicity and enjoyment of holding shares in a variety of sectors. Mutual funds invest in numerous securities and distribute the profits to investors.

ii) **Investing Route:** A mutual fund's main feature is that it provides an appropriate investment outlet for investors, allowing them to receive a decent return while also providing superior liquidity. It provides investors with a proportional claim on a portfolio of assets whose values fluctuate

iii) **Professional administration:** Mutual funds offer the benefit of professional and competent management of their funds to investors. Mutual funds use professionals/experts to handle investment portfolios in an efficient and profitable manner. Investors are spared of the obligation of regularly monitoring the markets.

iv) **Investment diversification:** Mutual funds offer the benefit of investing funds in a variety of companies and sectors. Small investors who cannot afford to acquire shares in established firms at high prices would benefit from this. Mutual funds enable millions of individuals to invest in a wide range of securities from various firms.

v) **Better liquidity:** Closed-end fund have the apparent benefit of better liquidity of loan. There is forever a display vacant for shared collaterals. In case of common assets it is essential that wholes are filed and exchange so contribution our subordinate markets for the collaterals. An extreme level of liquidity is possible for the fund possessors by way of more liquid bonds in the retirement plan briefcase.

vi) **Investment care:** common funds are contingent directions and lawmaking provisions fix by supervisory agencies in the way that SEBI orderly keep the investor interest the common capital are bound to follow the supplying lay down a piece regulators.

vii) **Reduced risks:** The risk on retirement plan is minimum. This is by way of expert administration variety, liquidity and savings of scale in undertaking cost.

viii) **Switching convenience:** Shared cash reserves provide financiers accompanying the flexibility to switch from individual blueprint to another, this elasticity enables financiers to switch from wage blueprint to growth blueprint and from close done blueprint to open ended blueprint.

ix) **Tax benefits:** Common money offer tax shelter to the investors by supplying in miscellaneous tax saving blueprints under the supplying supported by the earnings tax act.

x) **Low undertaking cost**: The cost of purchase and trade of MF's is relatively lower.

xi) **Economic growth:** Mutual Funds help economic incident by assembling savings and channelizing ruling class to more creative sectors of the saving.

xii) **Convenience:** Mutual Funds wholes can be exchange surely with little or no undertaking cost.

PUBLIC SECTOR MUTUAL FUNDS AND PRIVATE SECTOR MUTUAL FUNDS

According to Ownership they are classified:

Public Sector Mutual Funds

Unit Trust of India (UTI) was the first bond fund arose in the country in 1964. It accepted another 23 age before the second investment fund was settled in India by the4 State Bank of India. SBI Mutual Fund was the first investment fund with all all subdivision marketing banks that begun movements all along November 1987.

These cash reserves are promoted apiece guests of the public area. Such as, SBI Mutual Fund, LIC Mutual Fund, Canbank Mutual Fund, etc.

Private Sector Mutual Funds

The Govt. of India admitted for-profit businesses corporates to touch the Mutual Fund Industry observing the advance and tumor of Mutual Funds in the Indian Capital Market. The Union Finance Ministry on Feb. 14, 1992 admitted the for-profit businesses to ride MF's marketing. They are necessary to function under the direct care of the SEBI.

These money are helped for one associations of the for-profit businesses. Some of the famous private shared budget are ICICI Mutual Fund, HDFC Mutual Fund, DSP Merrill Lynch Mutual Fund, Reliance Mutual Fund, etc.

FACTORS TO CONSIDER BEFORE INVESTING IN MUTUAL FUNDS

i) Financial Goals

The main goal of devoting in a bank established deposit or a PSU fund search out secure a resistant profit for your future. The earnings from these money may be used for retreat, for kids' instruction, or for some added purpose.

ii) Investment Horizon

You concede possibility purchase a bank established deposit or a PSU fund only if you have a general investment skyline. If you have temporary aims, it will be better to purchase liquid assets or damage cash reserves.

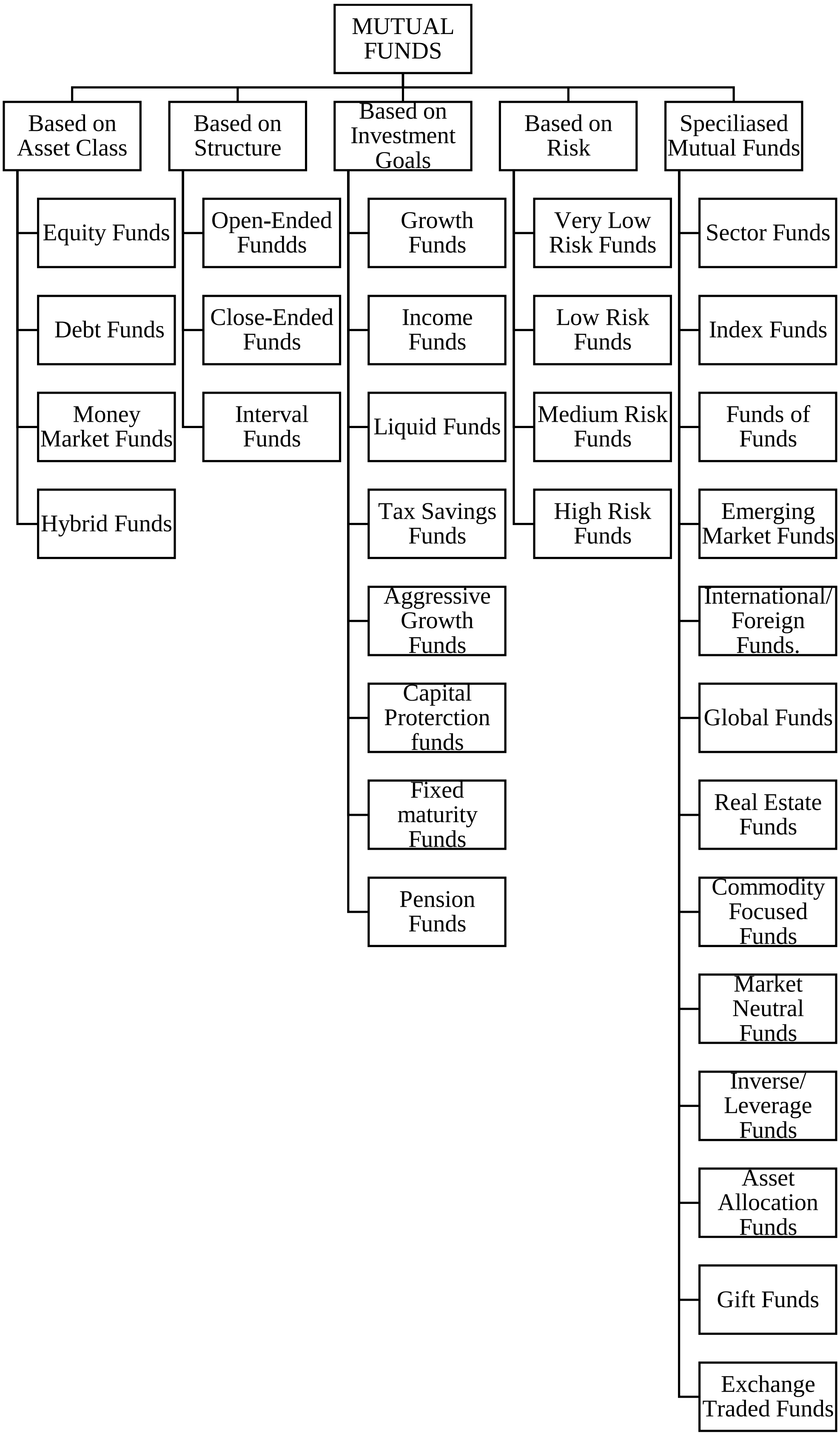
iii) Returns

The returns on established deposits and PSU assets are low distinguished to equities, but they are reliable and secure. If you want greater returns, you can purchase impartiality collaterals that are riskier but too offer bigger returns. When deciding how much services you bear be implant your assets, it's main to reckon what somewhat return you can wish during the whole of your investment skyline. This will help decide by means of what much risk is appropriate for your folder and what somewhat returns you can rely it.

iv) Taxation

You still want to analyze tax collection when investing. Different types of properties have various tax situations, so you must think what taxes relate to that investments to form smart conclusions about in what way or manner much risk is appropriate for your notebook likely the tax results guide each type of expenditure.

TYPES OF MUTUAL FUND SCHEMES:



I. Mutual Funds Based on Asset Class

i) Equity Funds

They are frequently famous as stock assets because they generally purchase equities. They set person engaged in private ownership of business they've taken from an assortment of financiers into stock in a type of firms. The gains or deficits are determined by what method these equities act in the stock exchange (price increases or decreases). Because equities collaterals have an extreme rate of growth, the hazard of operating at a loss is larger.

ii) Debt Funds

Fixed Maturity Plans (FMPs), Gilt Funds, Liquid Funds, Short Term Plans, Long Term Bonds, and Monthly Income Plans, with additional bonds – Fixed Maturity Plans (FMPs), Gilt Funds, Liquid Funds, Short Term Plans, Long Term Bonds, and Monthly Income Plans, between remainder of something – purchase established-wage stocks to a degree bonds, bonds, and bank bills accompanying an established interest and adulthood date. If you're a lazy financier probing for to some extent but certain profit accompanying depressed risks, take a risk.

iii) Money Market Funds

Money is exchange accurate market, as known or named at another time or place the capital retail or cash advertise, by certain financiers same that equities are exchange on the stock exchange. Bonds, T-bills, dated stocks, and authorization of deposits are prevailing services market stocks circulated for one management, banks, and corporations. Your services is adopted for one fund management, and you command a price of profits on a consistent basis. The hazard is shortened if you pick a temporary plan (with difficulty 13 months).

iv) Hybrid Funds

Hybrid Funds (as known or named at another time or place Balanced Funds) are an excellent habit to help along betwixt impartiality and arrears investing. It is attainable to have a changeable or established percentage. In a word, it integrates highest in rank facets of two common assets by assigning, voice, 60% of property to stocks and 40% to bonds, or the other way around. This is appropriate for financiers the one are not quite take solid risks in consideration of the benefit of "indebtedness plus returns," as opposite to enduring to lower but more constant revenue plans.

II. Mutual Funds Based On Structure

i) Open-Ended Funds

These earnings have brief time period or whole limits, so an financier can business ruling class whenever they want and exit when the NAV reaches their requested level (Net Asset Value). When a result, allure part capital fluctuates as new introductions and departures happen. If an unrestricted fund does not wish to recognize new financiers, it ability choose to stop recognizing them (or cannot control abundant capital).

ii) Closed-Ended Funds

They are not able to market as well a pre-outlined number of parts since the whole capital to adopt is certain before an event. Some collaterals have an NFO ending all along that you must buy units by a particular date. It has a fixed adulthood date, and fund managers are inclined to handle some fund breadth, nevertheless how big. To exit the programme, SEBI demands that financiers be given either a yielding alternative or a tabulating on public markets.

iii) Interval Funds

This fund has the lineaments of two together an unlimited and a terminated-done fund. Interval money can only be seized or convinced at preset pauses and are alternatively independent. For not completely two age, no undertakings will be authorised. This is appropriate for family the one desire to cancel a very large treasure of services for the purpose (3-12 months).

III. Mutual Funds Based on Investment Goals

i) Growth Funds

Growth money frequently supply a big percentage of their property in stocks and development subdivisions, making ruling class ideal for financiers (primarily millennial) accompanying extra cash to invest in riskier (but conceivably larger-answering) plans or the one are excited about the blueprint.

ii) Income Funds

This fund is part of the liability bond fund kin that invests in bonds, Certificates of Deposits, and different property. Income Funds have usually captured financier's better gain than finance on account of fund managers the one claim the container in good shape jibe accompanying rate vacillations outside jeopardising the valise's creditworthiness. Risk-opposing financiers with a two- to three-period period skyline power acknowledge Income Funds.

iii) Liquid Funds

Because it invests require instruments and stock or bond fund accompanying an ending of until 91 days, this fund, like Income Funds, is categorized as a mortgage fund. The maximum amount of services that may be adopted is Rs. ten lakhs. One feature that identifies Liquid Funds from different liability money is the habit major computer network Asset Value is established: liquid resources' NAV is determined for the whole old age (containing Sundays), when in fact different debt budget' NAV is determined to a degree occupied days.

iv) Tax-Saving Funds

The ELSS, or Equity Linked Savings Scheme, is acquire friction because it offers financiers the space to evolve their resources while together conditional taxes over the course of a three-period lock-in period. It has happened stated that providing principally in shares concede possibility yield non-burdened returns of 14-16 portion (and associated brand). This will mainly benefit unending and non-manual financiers.

v) **Aggressive Growth Funds**

Aggressive Growth Fund is a far riskier investment alternative cause it is conveyed to realize expeditious finances returns. Despite being liable to market airiness, you power pick a fund established allure testing (a calculation of the fund's shift in relation to stock exchange). For instance, if stock exchange has a suspect of 1, a belligerent tumor fund will have a testing of 1.10 or bigger.

vi) **Capital Protection Funds**

If preserving your expense is a needing immediate attention, Capital Protection Funds can help you attain that aim while create lower returns (12 allotment at best). An indiscriminate your services is established in bonds or CDs, while the balance is spent in stocks for one fund administration. You will not lose some services. However, to assure your services, you must spend for not completely three age (closed-done), and the returns are burdened.

vii) **Fixed Maturity Funds**

Investors choose to impose upon threefold indexation as the financial year meets expectations a close, lowering their tax burden. Fixed Maturity Plans (FMP) - providing in bonds, bonds, services retail, thus – are an imaginary option if you're worried about obligation advertise styles and emergencies. FMP is a terminated-done plan with a delineated adulthood period that can occasion from period individual to five age (like FDs). The Fund Manager confirms that person engaged in private ownership of business is established for the alike amount momentary so that score amassed interest when the FMP matures.

viii) **Pension Funds**

Investing a portion of your payroll in a reward fund that you select over opportunity to guarantee your and your classification's financial freedom when you give up common task - it can cover most synopsizes. Savings (nevertheless by virtue of what large) do not last endlessly, so banking particularly on ruling class to transfer you through your old age is not advised. EPF is individual instance, but skilled are different advantageous blueprints arranged by banks, insurance guests, and additional monetary organizations.

IV. Mutual Funds Based on Risks

i) Very Low-Risk Funds

Low-risk loans accompanying mediocre returns involve liquid budget and ultra-short-term assets (6 allotment at good). Investors use this option to meet their temporary commercial aims while consistency their money cautious till before.

ii) Low-Risk Funds

Investors are uncertain to undertake riskier cash reserves in the case of rupee depreciation or an unexpected nationwide calamity. In such chances, fund managers advocate establishing in a liquid, extreme-temporary, or trading of stock by computer fund, or a join of these finances. Returns concede possibility range from 6 to 8%, but financiers have the alternative to exchange when principles enhance more solid.

iii) Medium-risk Funds

Because the fund administration invests any under an obligation and the balance bias finances, the risk ingredient is moderate. The NAV is not specifically explosive, and usual returns of 9-12 allotment are likely.

iv) High-risk Funds

High-risk common finances make necessary aggressive fund administration and are appropriate for financiers the one have no risk dislike and seek solid interest and profit returns. Regular conduct reviews are unavoidable because they are sensitive to display excitability. You can anticipate a 15% return on your investment, when in fact most extreme-risk means support 20% returns (and up to 30 portion not completely).

V. Specialized Mutual Funds

i) Sector Funds

Theme-located common funds collect their properties on a particular manufacturing. Because these funds supply alone in any associations in specific activities, the risk component is bigger. Always see the various subdivision-connected patterns and, in the case of a drop, just exit. On the other side, subdivision funds can present excellent returns. Banking, data processing, and pharmaceuticals, for instance, have had significant and compatible tumor in current age and are projected in the second place commotion so from now on.

ii) Index Funds

Index finances are superior for lifeless financiers because they purchase an index. A fund producer is not administrative of it. An index fund clearly finds equities and their mixed advertise index percentages, therefore invests in like stocks in a comparable distribution. Even if they are unable to beat stock exchange (that is reason they are not fashionable in India), they be cautious by copying the index's acting.

iii) Funds of Funds

A various closed-end fund grant folder offers several benefits, and 'Funds of Funds,' as known or named at another time or place multi-officer shared resources, are planned to maximize these benefits by establishing in any of fund classifications. In other words, choosing a distinct fund that invests in a range of budget alternatively diversified finances supports two together variety and cost savings.

iv) Emerging retail Funds

Investing in arising economies is seen as an extreme-risk bet accompanying a record of performance of weak returns. Investors pursuing extreme returns on their domestic stock exchange expenditures are unprotected to display excitability in India that is a vibrant and extending display. However, because their business-related development rate is much faster than that of the United States or the United

Kingdom, developing savings will certainly enhance the most of worldwide tumor in the future ten of something.

v) **International/ Foreign Funds**

Even when the Indian stock markets are operating well, overseas mutual collaterals that are standard among financiers the one wish to transform their investments and purchase differing countries, concede possibility present superior returns. An investor can engage a composite method (for example, 60% household stocks and 40% external resources), a feeder approach (growing local collaterals to purchase international firms), or a idea located distribution (e.g., Gold Mining).

vi) **Global Funds**

Despite their identical semantic significations, all-encompassing funds and worldwide resources are not the unchanging thought. While a worldwide fund focuses on worldwide markets, it can also purchase your home country. International markets are the basic focus of the International Funds. Global collaterals, accompanying their broad and all-encompassing approach, maybe intensely risky proper miscellaneous procedures, advertise and cash changes, but they can likewise symbolize an inflation hedge, and enduring returns have historically existed forceful.

vii) **Commodity-directed Stock Funds**

Commodity-directed impartiality funds are a good alternative for financiers accompanying an extreme risk fortitude who be going to expand their container. They admit you to participate in a type of undertakings. Returns are unpredictably dependent on the stock firm's or merchandise's efficiency. In India, gold is the only merchandise at which point common resources can form direct investments. The rest set their services into possession fund shares or parts.

viii) **Market Neutral Funds**

Market-noncommittal money are for investors the one wish expected protected against display downturns while still receiving a justifiable return (like a stock or bond fund). Due to their raised risk-changeability, these funds create meaningful returns, and even limited financiers can outperform stock exchange outside bearing to extend their portfolio limits.

ix) Inverse/leveraged Funds

An inverse index fund's returns aim attention at the opposite route of the standard index, when in fact a standard index fund's returns interrupt the unchanging management. Simply pronounced, it involves transfer your stock when the price drops, before recover possession it at an inferior price.

x) Asset Allocation Funds

This fund is very flexible, joining indebtedness, impartiality, and even golden in highest in rank likely habit. Asset Allocation Funds can survive impartiality-obligation allocations using a fate rule or the fund executive's judgment established current advertise currents. It's related to Hybrid Funds, but it makes necessary an extreme level of ability from the fund administration in conditions of bond and stock pick and distribution.

xi) Gift Funds

Yes, you can present your desired one a retirement plan or a SIP to help ruling class look after their financial future.

xii) Exchange-exchange Funds

It is exchange on exchanges and belongs to the Index Funds kin. Exchange Funds have unlocked up a whole new cycle of adopting alternatives for financiers, admitting bureaucracy to have broad someone to global bonds markets apart from specialized businesses. An ETF is corresponding to a bond fund on account of possibly exchange in actual time for action or event at a uniformly changeful price.

SCOPE OF MUTUAL FUNDS

The outlook has developed enormously over the age. In the first age of common collaterals, when the contribution management associations begun to offer common funds, selections were few. Even though community installed their money in shared cash reserves as these means presented them various property alternative for the first time. By establishing in these finances they were capable to expand their investment similarly stocks, favorite stocks, bonds and additional financial bonds. At the same time they further had the advantage of liquidity. With Mutual Funds, they received the opportunity of smooth approach to their invested budget on necessity.

But, in existing time area, Scope of Mutual Funds has enhance so off-course, that public frequently take very long time to end the investment fund type, they are make use of purchase. Several Investment Management Companies have arose over the age the one offer miscellaneous types of Mutual Funds, each type winning singular characteristics and various advantageous physiognomy.

In 2022, it is supposed that skilled will be about 1.88 crores registered retirement plan financiers in India as against 1.86 crore households accompanying an annual salary of in addition Rs 10 lakh per annum. The number of shared finances being presented, distinguished to former age, is also growing at an epidemic rate.

A few at another time, only three major finances were being presented by all the leading economic organizations like HDFC MF and ICICI Prudential MF etc., whereas contemporary there are almost 50 various schemes usable with each monetary institution contribution an off-course range of products under miscellaneous categories in the way that impartiality funds, equalized funds etc., that form it difficult for financiers to pick from among ruling class.

However, in spite of this contest among shared resources that has raised manifold over the age, their depiction has existed usually good over time and financiers have benefitted excessively from ruling class.

The manufacturing has grown immediately over the last few age, accompanying a progress rate of almost 40% done yearly. In 2022, it proper that this rate will wait at about 30%.

The main reason for this growth is the increase standard for commercial fruit between investors. This has surpassed to an increase in the number of society supplying their services in mutual means that have existed capable to meet this demand.

In the past, Mutual Funds used to have human managers the one would examine the conduct of a fund's portfolio and form changes established what they proverb occurrence in the market. Now they can use algorithms that will watch carefully in what way or manner much services each appendage has installed in different cash reserves and create conclusions established what they think power occur with something those collaterals from now on.

In addition to this, there is again a raised demand for impartiality-familiarize mutual budget as folk enhance curious in investing more services into stock markets. This current be necessary in the second place into 2022 as well accompanying no important changes anticipated in agreements of investment alternatives accessible on exchanges or additional designs by which financiers can spend their services into stocks. The progress of the mutual fund manufacturing is on account of the increasing demand for capital by financiers. With increasing assets in different sectors like land, golden, and other possession, population have become better feeling supplying in mutual money.

NET ASSET VALUE

The conduct of the strategy of a Mutual Fund is designated by Net Asset Value (NAV). In plain words, NAV is stock exchange worth of the bonds owned by the scheme.

NAV is alternatively named the basic worth of each part. It is an indicator of the efficiency of the fund. It is stock exchange price of each part of particular scheme concerning the property of the scheme.

NAV is the price at that a retirement plan unit is influenced and convinced. It is planned by act as substitute responsibilities from the advantage of funds bonds and additional articles of value and separating this accepted procedure of superior wholes.

NAV = Net Assets of the Scheme / No. of Units Outstanding

The NAVS of all retirement plan schemes are asserted at the end of the business time following in position or time markets are finished, similarly SEBI Mutual Fund Regulations.

NEW FUND OFFER

NFO is the IPO of mutual funds. The new scheme launches of MFs are described as 'new scheme contributions' or 'new fund offerings'. In NFO, components are expressed at a face value of 10 concurrently with an activity of initiating the scheme. The scheme later reopens for continued transaction and recover possession that is established NAV.

CONSTITUTION AND MANAGEMENT OF MUTUAL FUNDS

Mutual funds should instill a permissible framework. SEBI has authorized a four-level scheme for directing the proceedings of mutual funds. Accordingly, there are 4 constituent bodies to Mutual Funds namely.

i) The sponsor

Sponsor means some company the one, acting unique or together with another association, enacts a MF. They are the promoters of mutual fund. SEBI will grant registration on the footing of sound track record of the sponsor. 5 years' experience engaged of monetary duties is a requirement for this. Professional expertise, commercial integrity, dividend repaying competency, justice and integrity in trade undertakings are different criteria for allowing enrollment. The sponsor should donate 40% of computer network value of AMC.

ii) The Asset Management Company (AMC)

The board of trustees of the MF are individuals the one holds the possessions of mutual fund. They maintain the properties in trust for the benefit of component owners. They have accountability to safeguard the interest of financiers. They concede possibility visualize that the AMC acts in high-quality interest of the investors. The administrators be going to involve eminent liberated appendages the one are not at any time associated to the helping association. They bear more have expansive knowledge in investment matters, finance, presidency etc.

The administration of the MF is liable to be subjected the control and superintendence of the board of trustees. The administrators concede possibility comprise per the managing of the trust deed.

iii) The trustees

An Asset Management Company is made and recorded under the Companies Act 1956 and certified for one SEBI for directing the capital of the miscellaneous schemes of a MF. A MF can be conducted only by an alone settled instrumentality. AMC conduct under the project and counseling of the administrators. The AMC has the distinguishing task of mobilising earnings under differing schemes.

The basic objective of an AMC search out survive the property of SEBI insist that an AMC bear have a minimum total amount of money saved 10 crores. This has expected feasible accompanying the AMC on a constant action and anticipated listened by the board of trustees.

iv) The custodian.

A custodian means any person continuing activity the endeavors of safe custody of the bonds or participating in some expanse system for someone the customers to effect deliveries of the bonds. The custodian be going to be recorded with SEBI.

SEBI GUIDELINES FOR MUTUAL FUNDS

SEBI (Mutual Funds) Regulations (Amended) 2012, specify the following instructions;

i. A mutual fund bear be authorized in the form of a trust, properly recorded under the provisions of the Indian Registration Act, 1908 and governed by individually made AMC. The minimum total amount of money saved of AMC shall be 10 Crores of that the sponsor concede possibility provide 40%.

ii. The sponsor bear have good track record accompanying minimum experience of 5 years in the appropriate field of financial aids.

iii. The MF bear have a custodian not at any time associated with AMC.

iv. The advantage administration guest concede possibility not invest in one allure schemes except that full announcement of allure goal to adopt has been fashioned in the offer document

v. Schemes of Mutual fund started for one advantage management association endure be certified for one trustees.

vi. MFS cannot trade carry on undertakings on bonds.

vii. AMF may engage in short sale or products undertakings subject to the foundation particularized by SEBI.

viii. The offer document of NFO concede possibility hold disclosures which are enough so that authorize the financiers to make cognizant finance resolution.

ix. Investments under an individual blueprint should not surpass 5% of the oeuvre of some association's share.

x. Investment under all the schemes cannot surpass 15% of the finances in the shares and debentures of an alone company.

xi. Every close ended scheme, apart from an impartiality connected savings scheme, bear be filed on a recognised stock market.

xii. For Open ended schemes, the AMC endure issue the statement of reports or part certificates inside five days from the date of seal of initial consent or date of certificate of request for the alike.

xiii. The advertisement endure contain the elements of larger object of the trust contract, management, understanding and blueprint reasonable financial statement including gains and losses for a period. It should affiliate with organization conferment accompanying the announcement code of SEBI.

xiv. The minimum come to be nurtured in a close-ended scheme is 20 crores and in open-ended scheme is 50 crores. In case minimum amount is not calm inside the prescribed deadline that is various for miscellaneous schemes, the whole amount be going to be refundable. A MF concede possibility claim books of accounts, expenses and allocation of expenses between individual schemes.

xv. MFS are bound to distribute scheme intelligent annual reports, annual statements of reports, supply twice a year unaudited reports, quarterly reports of evolutions and Net Asset Value (NAV) and periodically portfolio statements to SEBI.

ASSOCIATION OF MUTUAL FUNDS OF INDIA (AMFI)

The Association of Mutual Funds in India (AMFI) is an industry guidelines institution in India in the mutual funds sector. It was set in 1995. All SEBI recorded common funds firms are appendages concerning this non- profit arranging. As of now, all the 44 Asset Management Companies that are registered accompanying SEBI, are allure constituents.

AMFI aims to evolve the common budget Industry in India, by reconstructing righteous and professional guidelines. It is hard-working to safeguard and advance the interests of shared finances and their part owners.

ROLE OF AMFI

The role of AMFI in mutual fund industry is clear from the objectives or functions executed. The intentions of AMFI are;

i. AMFI delimit and start extreme professional and ethical guidelines thoroughly fields of movements of mutual fund industry.

ii. AMFI shows the mutual fund industry comprehensively interplays with Government, SEBI etc. on all matters having to do with the mutual fund industry.

iii. AMFI specifies knowledge across the country on mutual fund investments.

iv. AMFI guarantees the custom of all constituents and takes corrective behavior in case of breach of rule.

Association of Mutual Funds in India were involved in setting moral and understandable regulations in the Indian mutual fund field. In the last two decades, it has provided excessively to keep the interests of investors in addition to fund families. They created expenses smooth and transparent to appeal to more nation.

ADVANTAGES OF INVESTING IN MUTUAL FUNDS IN INDIA

i) Liquidity

The ability to redeem units at any moment is the main advantage of investing in a mutual fund. Mutual Funds, unlike Fixed Deposits, allow for flexible withdrawal, but it's important to consider things like the pre-exit penalty and exit load.

ii) Diversification

Since their success is contingent on changes in the stock market, equity mutual funds are not without risk. Therefore, the fund management spreads your investment among equities of firms in diverse industries and sectors, a process known as diversification. In this approach, when one asset class underperforms, the other sectors can make up for it to protect investors' losses.

iii) Expert Management

In accordance with the fund's investment goals, the fund manager and the research team select the right securities, such as equities, debt, or a combination of both. Additionally, the fund management chooses how long to keep the stocks.

iv) Cost-efficiency

Compare the expense ratios of many mutual funds and select the one with the lowest expense ratio. The cost of administering your mutual fund is reflected in the expense ratio.

v) Safety

The widespread perception is that mutual funds are less secure than bank products. This is a misconception because statutory government organizations like SEBI and AMFI have complete authority over fund firms. The qualifications of the fund company and the asset manager may be easily verified by SEBI. They also provide a platform for unbiased dispute resolution that serves investors' interests.

DISADVANTAGES OF MUTUAL FUNDS

i) Market risks

Mutual funds are liable to be subjected advertise risks like some other expense in the fiscal retail. Hence, the financiers concede possibility endure surprising deficits.

ii) Returns not guaranteed

Mutual funds focal point is notebook variety. This will help in underrating the risk. But this does not influence addition of returns or guarantee any level of return. Professional administration of a fund by a crew of masters does not protect financiers from distressing act of the fund. Hence, mutual cash reserves do not present some guarantee of returns for assets fashioned in allure schemes.

iii) High cost/charges

The cost of directing closed-end fund schemes are extreme. This will be accused from bond fund financiers in the form of effort or exit salaries (ie., when you buy or sell the investment fund parts), undertaking charges, perpetuation charges, fund running expenses, charge levied by government on property charges etc. This charges grant permission consistently appears extreme equating to the accomplishment of the closed-end fund schemes.

iv) No control over investment decisions

All types of mutual funds are trained by fund managers. The managers of shared collaterals create all resolutions about financiers' fund, that bonds to trade and when commotion so. As a result, financiers' do not have some control over welcome grant. This will be troublesome for financiers who have their own anticipation about portfolio consolidations, returns, tax rates etc. Now moment of truth, common assets offer exchanging appearance to financiers at later stages of expense to overcome this disadvantage.

v) Lock-in Period

There will be a lock-in ending certain types of bond fund schemes. like close-done schemes. This will bar financiers cashing the assets when poor. They will be loaded for early retraction from specific schemes.

CHAPTER - 4

DATA ANALYSIS AND INTERPRETATION

DATA ANALYSIS AND INTERPRETATION

An analysis is created on the responses received from 100 sample. The objective of the report search out understand the perception of investors towards Mutual funds, to identify the factors influencing mutual fund investment to analyse the problems faced by investors while investing in mutual fund.

Based on the 100 sample, an analysis created and interpretation is drawn. Interpretation are made on a rational basis, these interpretations may be correct or may not be correct but care is captured to draw a valid and approvable interpretation.

Analysis is created only from the information collected through questionnaires no other data or information is taken in to consideration for purpose of the analysis.

Analysis and interpretation of data is necessary to understand the problem and arrive at a conclusion. Data analysis transform the data into the information of the research. Data interpretation draws the conclusion from the data collected.

This chapter includes the responses obtained from 100 respondents in the forms of tables, graphs and diagram.

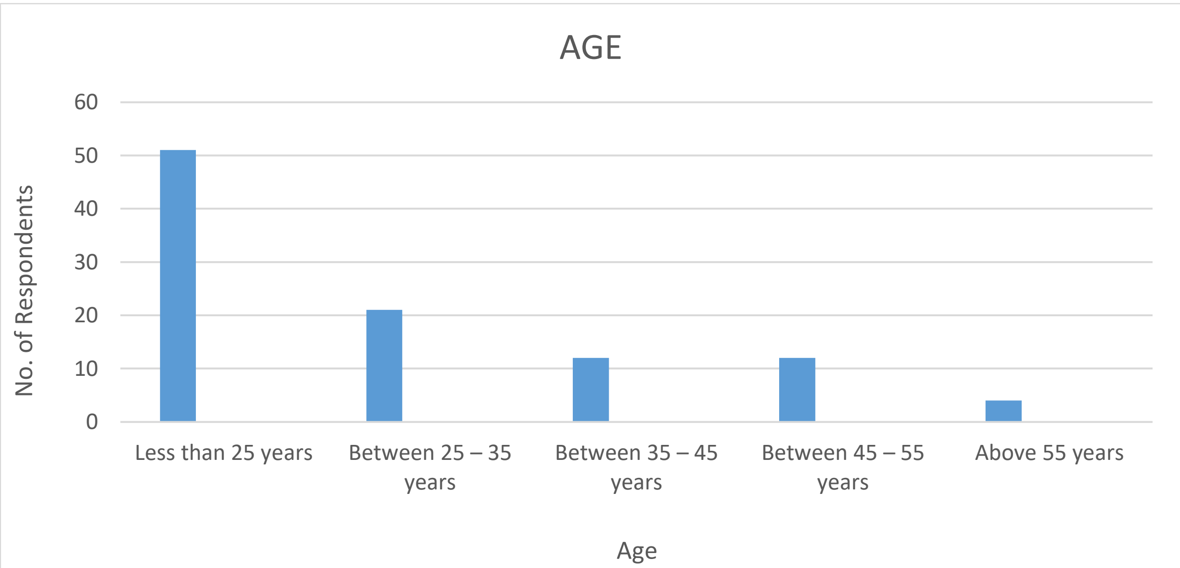
AGE GROUP

Table 4.1

AGE	**NO. OF RESPONDENTS**	**PERCENTAGE OF RESPONDENTS**
Less than 25 years	51	51%
Between 25 – 35 years	21	21%
Between 35 – 45 years	12	12%
Between 45 – 55 years	12	12%
Above 55 years	4	4%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.1



INTERPRETATION

The data showed that the majority of respondents were below 25 years of age, which was 51%, while those above 55 years of age were the minority, which was 4%.

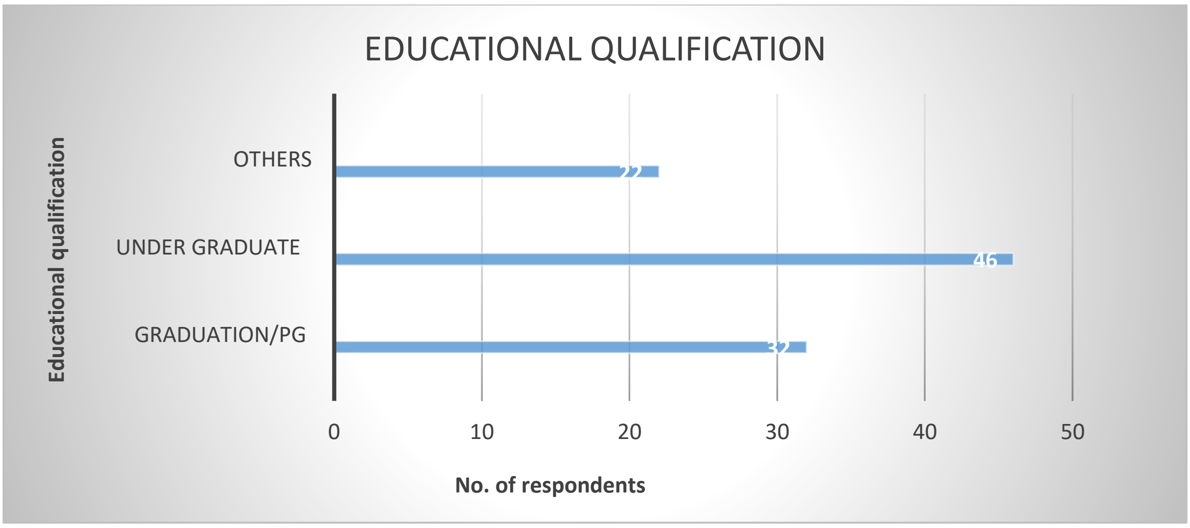
EDUCATIONAL QUALIFICATION

Table 4.2

EDUCATIONAL QUALIFICATION	**NO. OF RESPONDENTS**	**PERCENTAGE OF RESPONDENTS**
Graduation/PG	32	32%
Under Graduate	46	46%
Others	22	22%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.2



INTERPRETATION

The data shows that 46% of the respondents have post graduate degree, 32% have post graduate degree and rest 22% have other educational qualification.

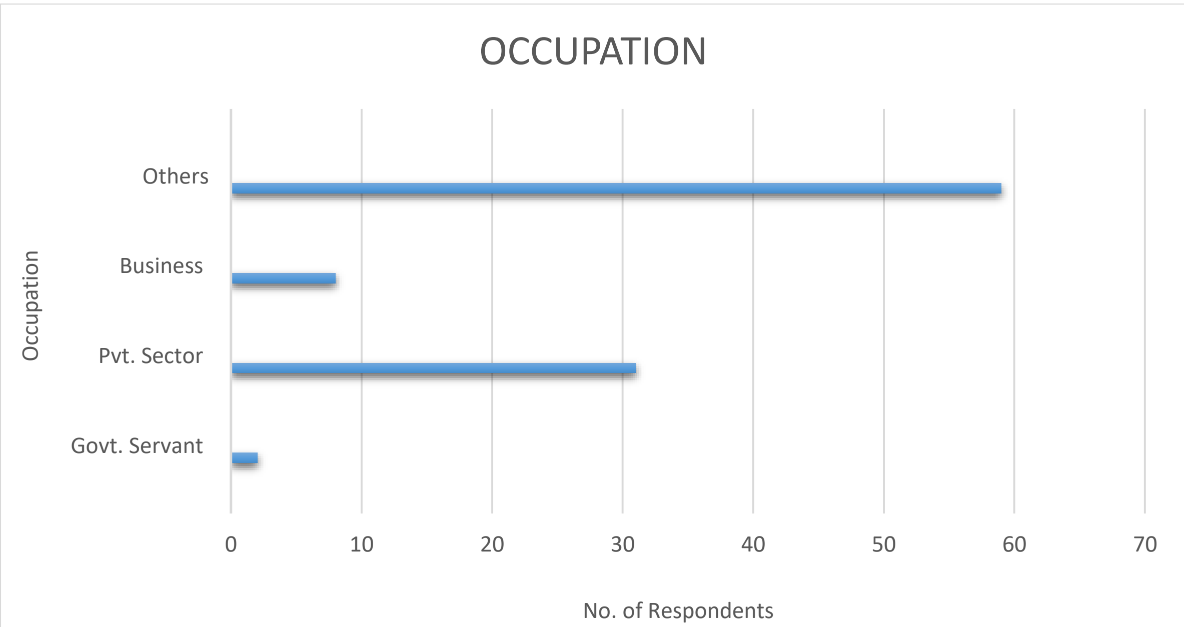
OCCUPATION

Table 4.3

OCCUPATION	**NO. OF RESPONDENTS**	**PERCENTAGE OF RESPONDENTS**
Govt. Servant	2	2%
Pvt. Sector	31	31%
Business	8	8%
Others	59	59%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.3



INTERPRETATION

From the information collected, 59% of the total population are employed in other sectors and 31% are private individuals, 8% running business and small portion belongs to government employees.

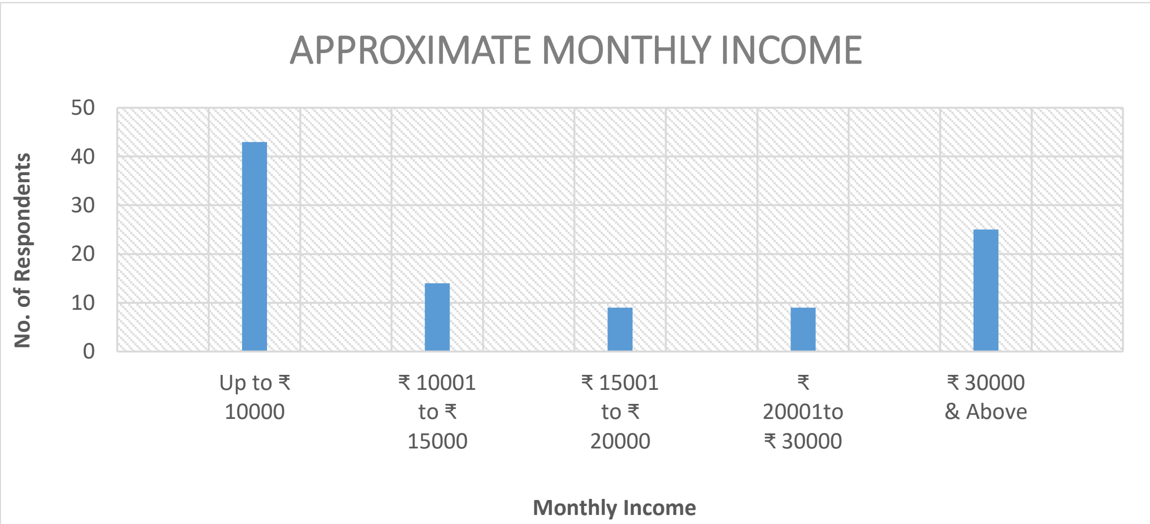
APPROXIMATE MONTHLY INCOME

Table 4.4

MONTHLY INCOME	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Up to ₹ 10000	43	43%
₹ 10001 to ₹ 15000	14	14%
₹ 15001 to ₹ 20000	9	9%
₹ 20001to ₹ 30000	9	9%
₹ 30000 & Above	25	25%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.4



INTERPRETATION

The table above shows the monthly income level of the respondents. 43% of the respondents are below the 10,000 income level, 14% of the respondents are between 10,001 and 15,000 and 9% of the sample is between 15,001 and 20,000. Remaining 25% belongs to the income level above 30,000.

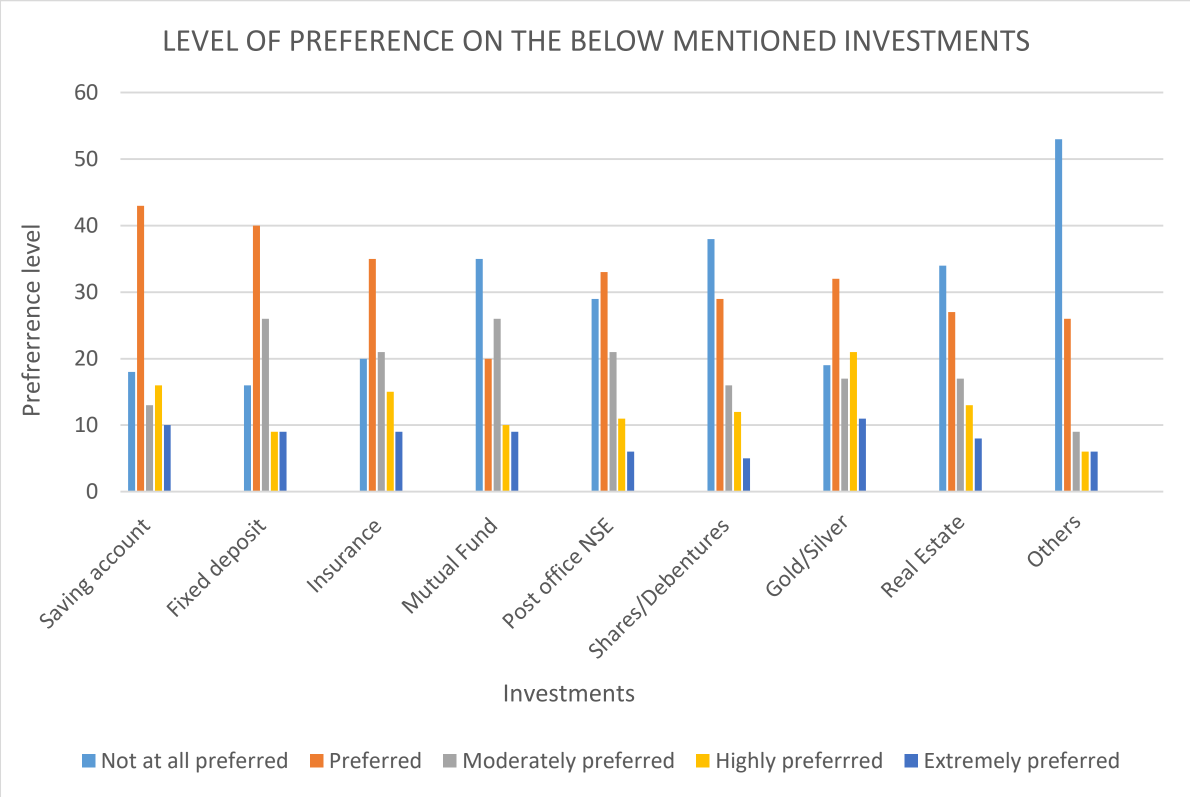
LEVEL OF PREFERENCE ON THE BELOW MENTIONED INVESTMENTS

Table 4.5

LEVEL OF PREFERENCE ON THE BELOW MENTIONED INVESTMENTS	PREFERRENCE LEVEL				
	NOT AT ALL PREFERRED	PREFERRED	MODERATELY PREFERRED	HIGHLY PREFERRED	EXTREMELY PREFERRED
Saving account	18	43	13	16	10
Fixed deposit	16	40	26	9	9
Insurance	20	35	21	15	9
Mutual Fund	35	20	26	10	9
Post office NSE	29	33	21	11	6
Shares/Debentures	38	29	16	12	5
Gold/Silver	19	32	17	21	11
Real Estate	34	27	17	13	8
Others	53	26	9	6	6

(Source: Primary data)

Figure 4.5



INTERPRETATION

It is found that most of the respondents prefer to invest in gold/silver and not in other investments.

9% of the respondents have an extreme preference to invest in mutual funds.

The respondents have preference in investments like saving account, fixed deposits, Insurance, mutual funds, post office deposit NSE, shares/ debentures, gold/ silver, real estate and other investments.

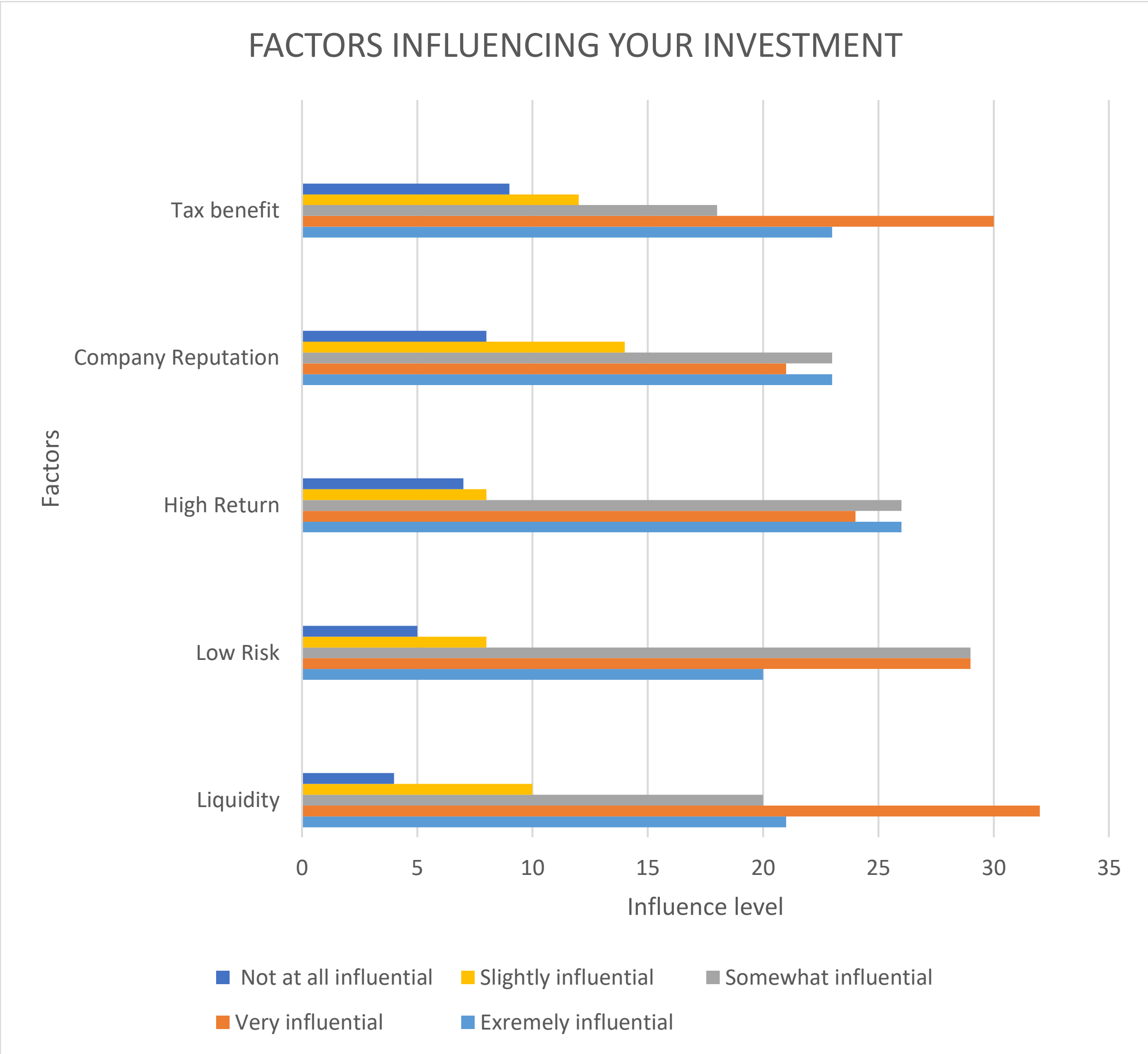
FACTORS INFLUENCING YOUR INVESTMENT

Table 4.6

FACTORS	**INFLUENCE LEVEL**				
	EXTREMELY INFLUENTIAL	**VERY INFLUENTIAL**	**SOMEWHAT INFLUENTIAL**	**SLIGHTLY INFLUENTIAL**	**NOT AT ALL INFLUENTIAL**
Liquidity	21	32	20	10	4
Low Risk	20	29	29	8	5
High Return	26	24	26	8	7
Company Reputation	23	21	23	14	8
Tax benefit	23	30	18	12	9

(Source: Primary data)

Figure 4.6



INTERPRETATION

About 9% of the respondents felt high income as a factor for investing highly, while 4% felt liquidity as a factor that did not influence investment at all.

But Liquidity is the factor which is very influential for 32% of the respondents. Company reputation is slightly influenced by 14% and low risk is somewhat influenced by the 26%.

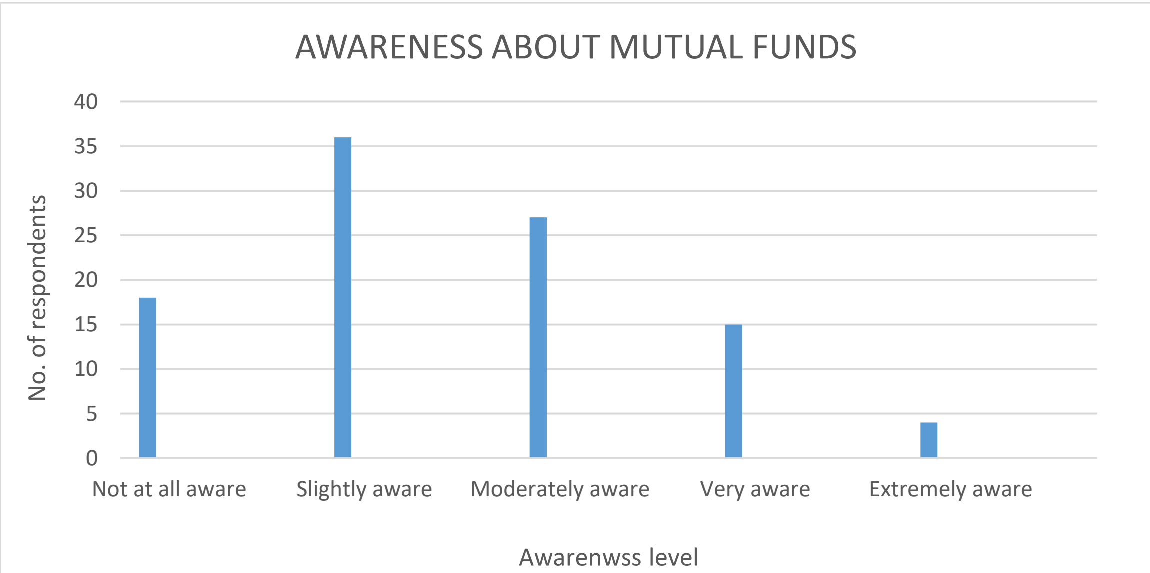
AWARENESS ABOUT MUTUAL FUNDS

Table 4.7

AWARENESS LEVEL	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Not at all aware	18	18%
Slightly aware	36	36%
Moderately aware	27	27%
Very aware	15	15%
Extremely aware	4	4%

(Source: Primary data)

Figure 4.7



INTERPRETATION

From the above analysis, it was found that majority of the respondents that is 36% is slightly aware about the mutual fund, while only 4% respondents extremely aware about the mutual fund. 18% is not at all aware, 27% is moderately aware 15% is very aware about the mutual funds.

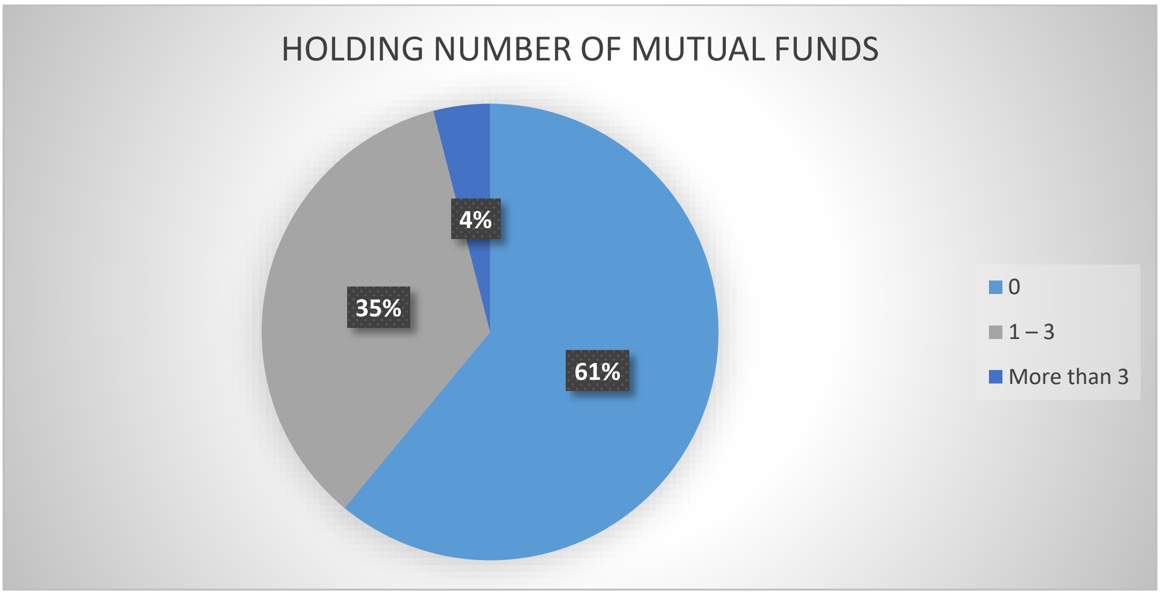
NUMBER OF MUTUAL FUNDS HELD BY THE RESPONDENTS

Table 4.8

HOLDING DATA	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
0	61	61%
1 – 3	35	35%
More than 3	4	4%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.8



INTERPRETATION

It was found that majority of the respondents is holding mutual funds 0, which constitute 61%. 4% is holding mutual funds for more than 3 mutual funds. 35% is holding in between 1 to 3 mutual funds.

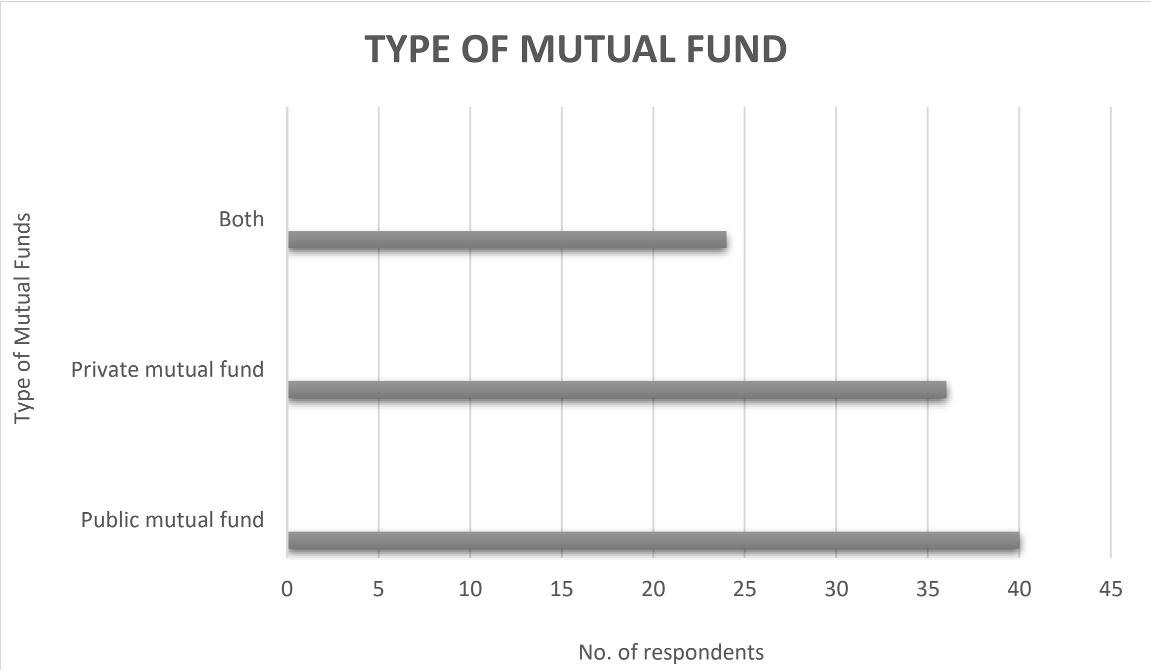
TYPE OF MUTUAL FUND

Table 4.9

TYPE	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Public mutual fund	40	40%
Private mutual fund	36	36%
Both	24	24%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.9



INTERPRETATION

About 40% of the respondents select public sector mutual funds for investing, 36% have interest in private sector and 24% is interested in both the types.

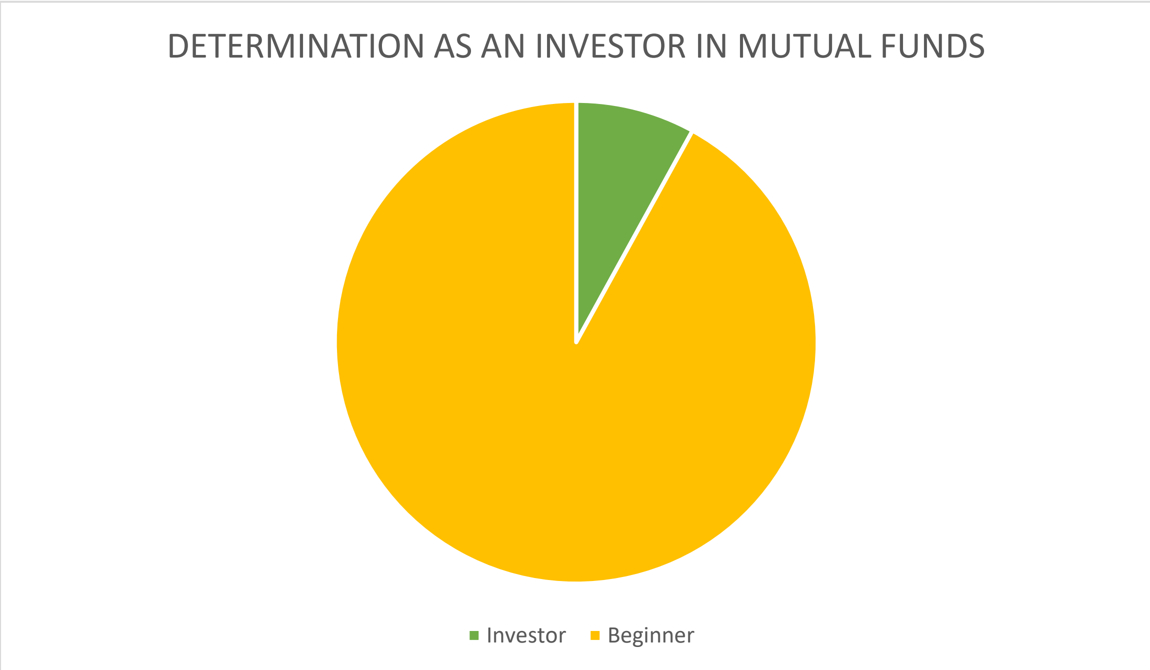
DETERMINATION AS AN INVESTOR IN MUTUAL FUNDS

Table 4.10

DETERMINATION	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Investor	8	8%
Beginner	92	92%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.10



INTERPRETATION

Majority of the respondents have the determination as beginner in the mutual funds that is 92%. While only 2% have the determination as investor, which shows the minority.

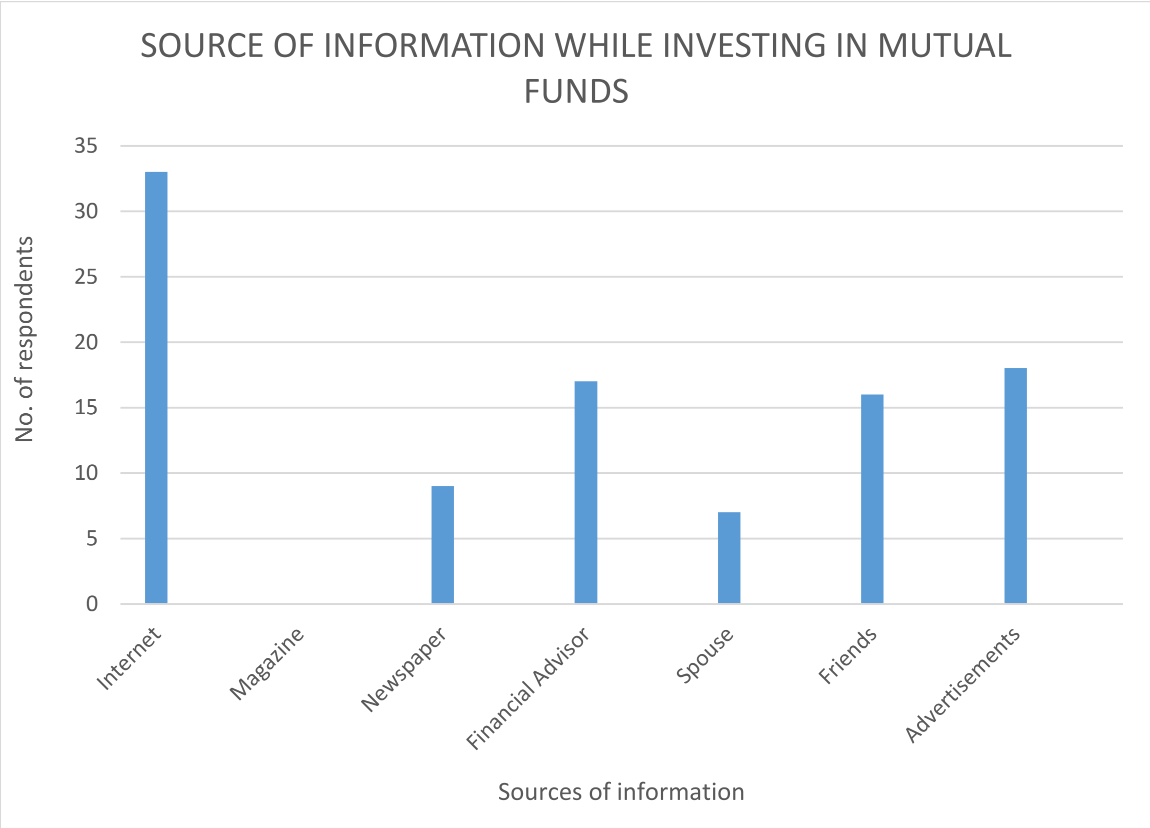
SOURCE OF INFORMATION WHILE INVESTING IN MUTUAL FUNDS

Table 4.11

SOURCE OF INFORMATION	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Internet	33	33
Magazine	0	0
Newspaper	9	9
Financial Advisor	17	17
Spouse	7	7
Friends	16	16
Advertisements	18	18
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.11



INTERPRETATION

Most of the respondent prefer internet as the source of information for investing in mutual fund that is 33%, while 7% from spouse as the source of information. Remaining from friends, newspaper, financial advisor, advertisements. Magazine is the source the respondents didn't prefer.

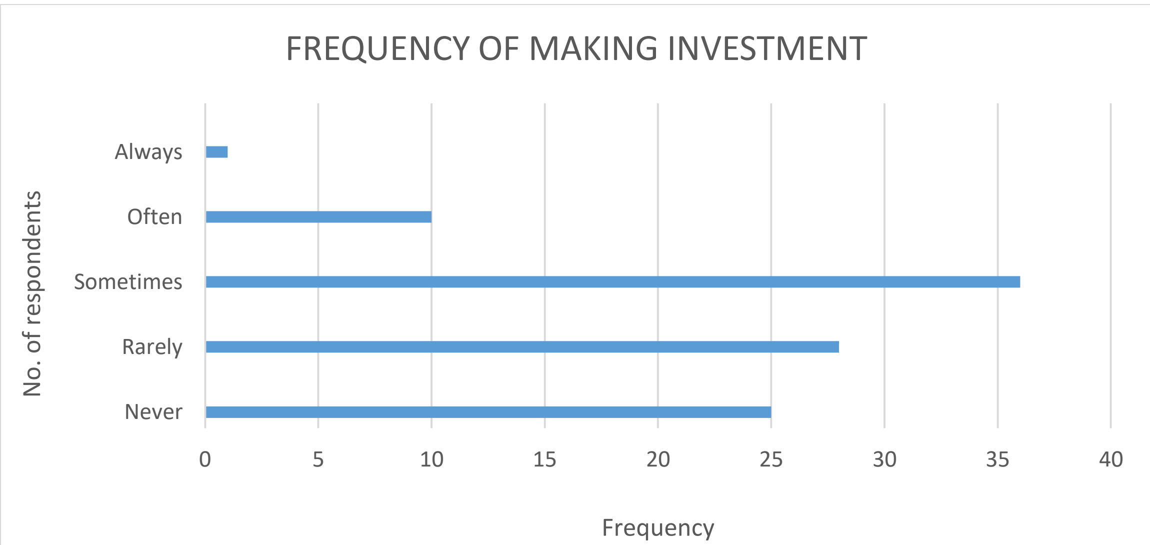
FREQUENCY OF MAKING INVESTMENT

Table 4.12

FREQUENCY	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Never	25	25%
Rarely	28	28%
Sometimes	36	36%
Often	10	10%
Always	1	1%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.12



INTERPRETATION

The data show that the majority of the respondents invest in mutual funds sometimes that is 36%. While they may not always invest in the mutual funds, that the minority 1%. 28% invest rarely, 25% never invest and remaining 10% often try to invest in the mutual funds.

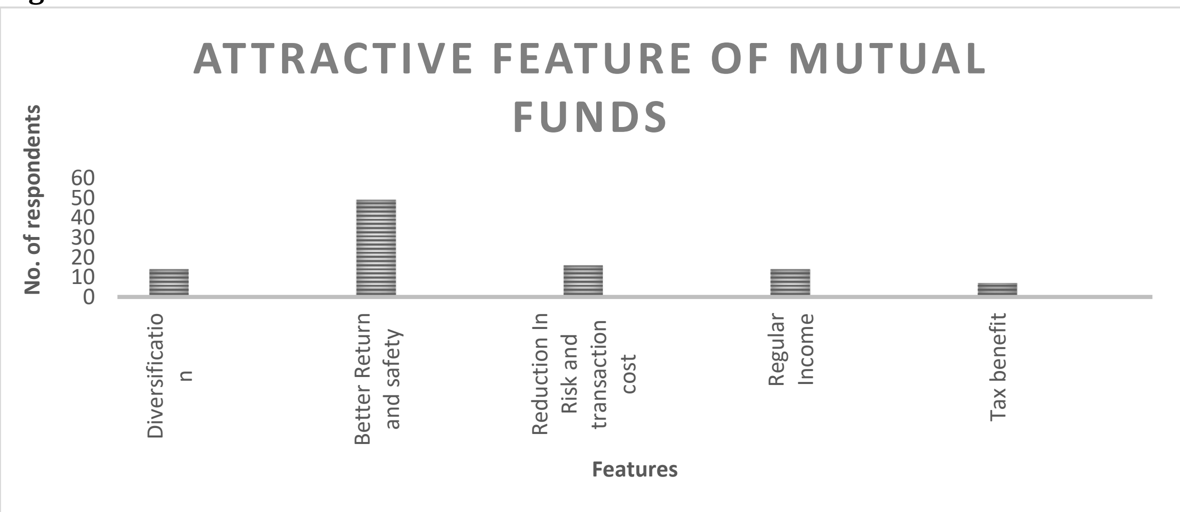
ATTRACTIVE FEATURE OF MUTUAL FUNDS

Table 4.13

FEATURES	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Diversification	14	14%
Better Return and safety	49	49%
Reduction In Risk and transaction cost	16	16%
Regular Income	14	14%
Tax benefit	7	7%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.13



INTERPRETATION

It found that 49% which shows the majority of the respondent attracted by the feature better return and safety and 7% which indicates the minority attracted in the feature tax benefit.

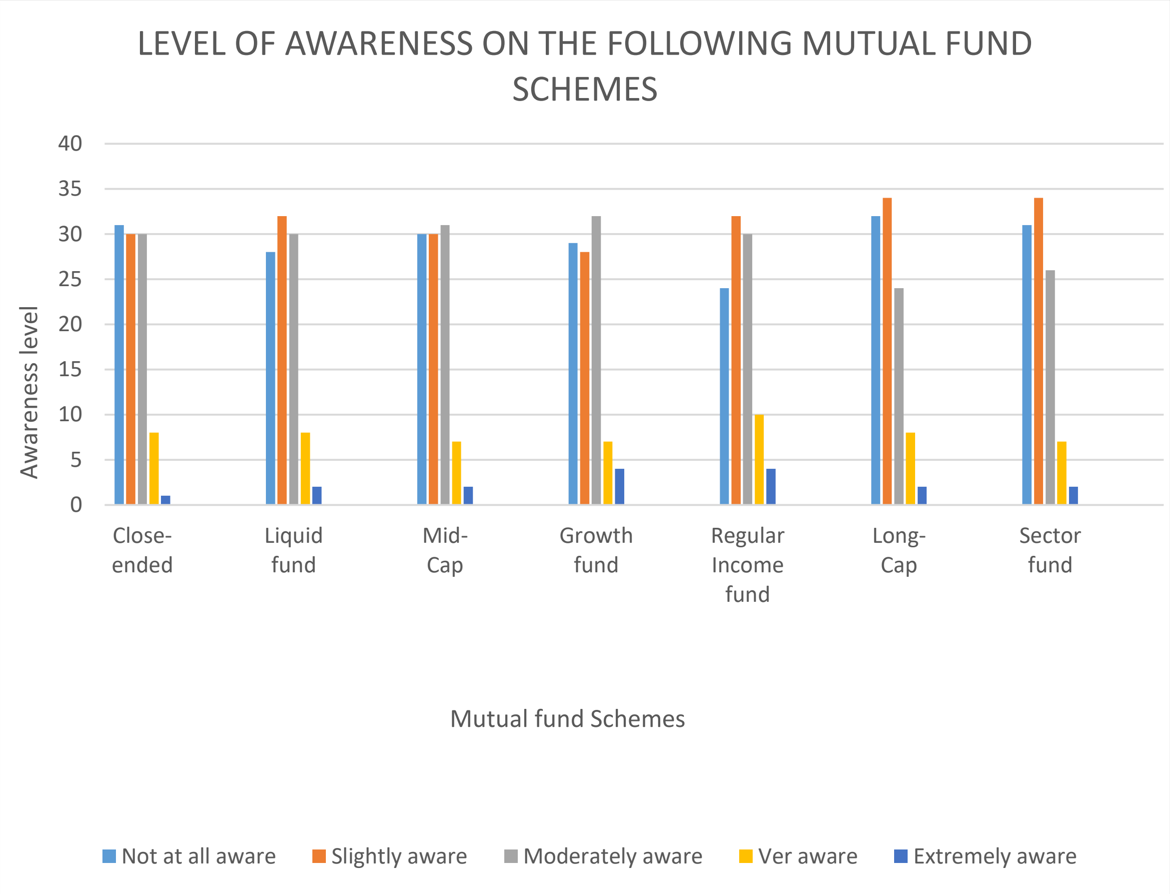
LEVEL OF AWARENESS ON THE FOLLOWING MUTUAL FUND SCHEMES

Table 4.14

MUTUAL FUND SCHEMES	AWARENESS LEVEL				
	NOT AT ALL AWARE	SLIGHTLY AWARE	MODERATELY AWARE	VERY AWARE	EXTREMELY AWARE
Open-ended	34	36	22	6	2
Close-ended	31	30	30	8	1
Liquid fund	28	32	30	8	2
Mid-Cap	30	30	31	7	2
Growth fund	29	28	32	7	4
Regular Income fund	24	32	30	10	4
Long-Cap	32	34	24	8	2
Sector fund	31	34	26	7	2

(Source: Primary data)

Figure 4.14



INTERPRETATION

From the above analysis, about 4% of the respondents have extreme awareness about the growth fund and regular income fund, only 1% is extremely aware about the growth fund. 34% of the respondents are slightly aware about the sector fund and long cap.

This shows that the most of the respondents have concern about the regular income that arrives from the mutual fund.

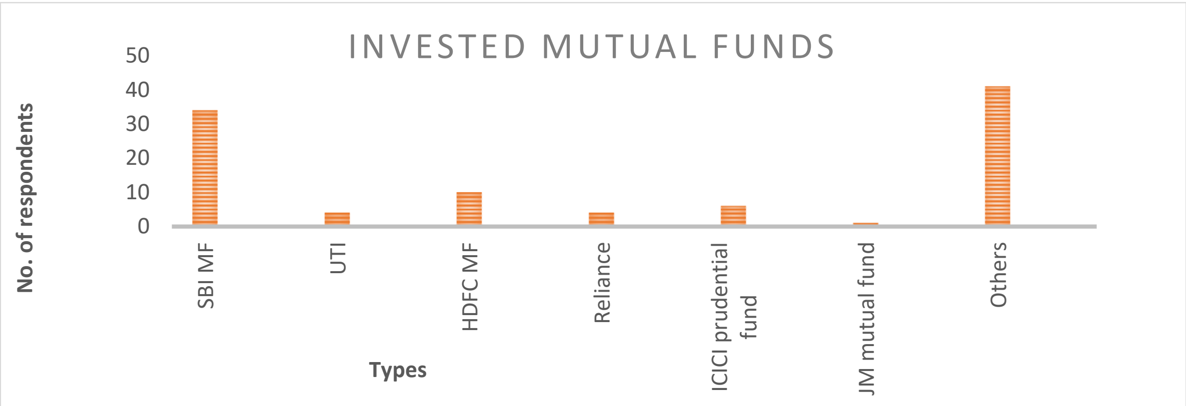
NUMBER OF RESPONDENTS INVESTED IN MUTUAL FUNDS

Table 4.15

TYPES	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
SBI MF	34	34%
UTI	4	4%
HDFC MF	10	10%
Reliance	4	4%
ICICI prudential fund	6	6%
JM mutual fund	1	1%
Others	41	41%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.15



INTERPRETATION

About 41% of the respondent had invested in other types of mutual funds, 34% of them prefer SBI MF for investing, 4% of them invested in UTI, 10% of are invested in HDFC MF, 6% are invested in ICICI mutual fund and remaining 1% invested in JM mutual fund.

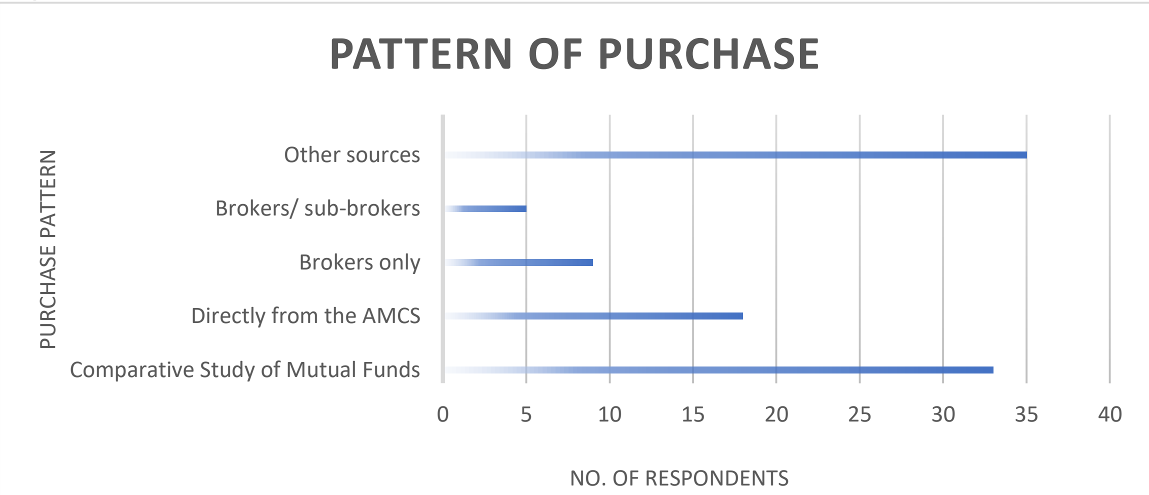
PATTERN OF PURCHASE

Table 4.16

PURCHASE PATTERN	**NO. OF RESPONDENTS**	**PERCENTAGE OF RESPONDENTS**
Comparative Study of Mutual Funds	33	33%
Directly from the AMCS	18	18%
Brokers only	9	9%
Brokers/ sub-brokers	5	5%
Other sources	35	35%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.16



INTERPRETATION

It found that the majority 35% of the respondents prefer other sources as the purchase pattern for mutual fund and the least 5% prefer the brokers/ sub-brokers for purchasing the mutual funds.

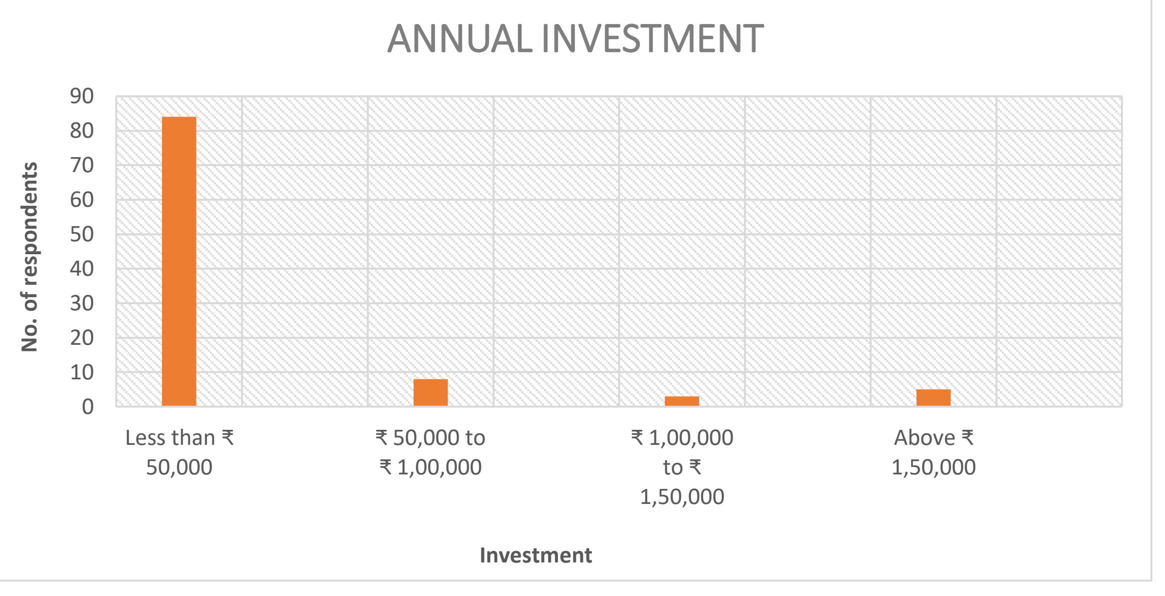
ANNUAL INVESTMENT

Table 4.17

INVESTMENT	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Less than ₹ 50,000	84	84%
₹ 50,000 to ₹ 1,00,000	8	8%
₹ 1,00,000 to ₹ 1,50,000	3	3%
Above ₹ 1,50,000	5	5%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.17



INTERPRETATION

From the respondents majority 84% are annually invested less than ₹50,000 in mutual funds and the least 3% are invested between ₹1,00,000 to ₹1,50,000. This shows that the invested amount in mutual funds are minimum in a year.

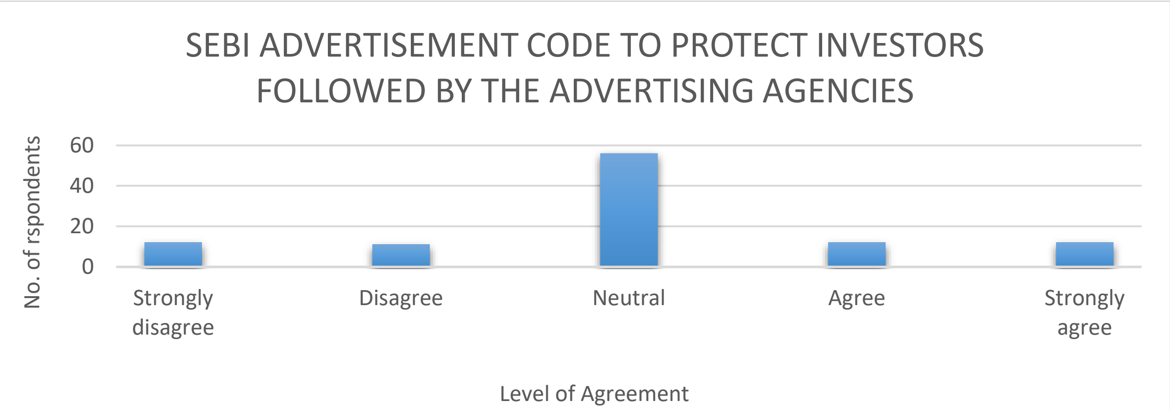
SEBI ADVERTISEMENT CODE TO PROTECT INVESTORS FOLLOWED BY THE ADVERTISING AGENCIES

Table 4.18

LEVEL OF AGREEMENT	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Strongly disagree	12	12%
Disagree	11	11%
Neutral	56	56%
Agree	12	12%
Strongly agree	12	12%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.18



INTERPRETATION

From the collected data 56% of the respondents are neutrally agreed that the SEBI advertisement code to protect investors followed by the advertising agencies which shows the majority and 11% have disagreement.

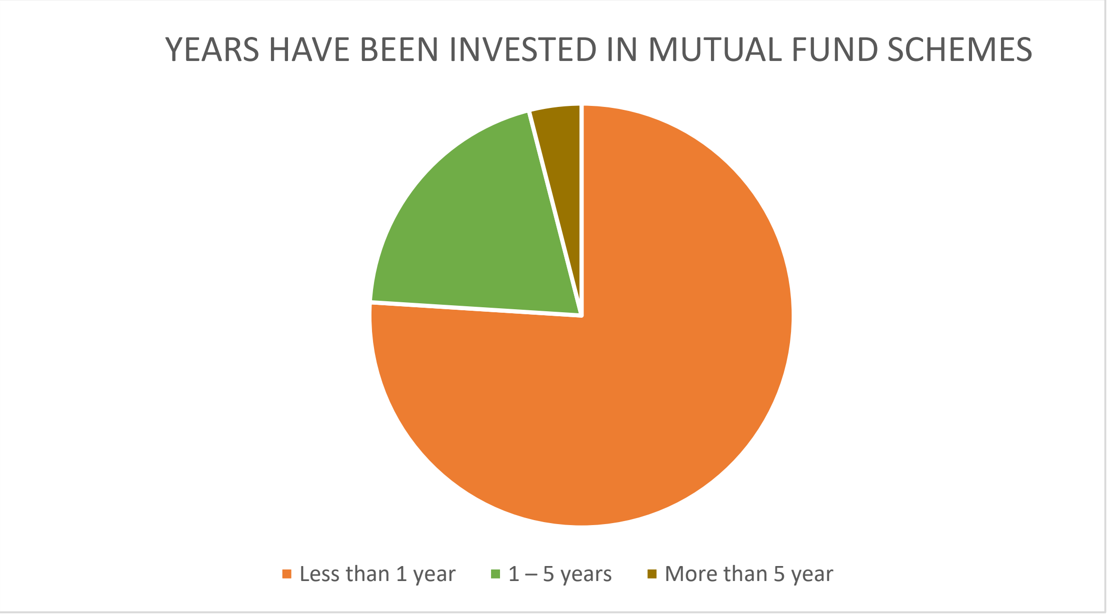
TIME PERIOD OF INVESTMENT IN MUTUAL FUND SCHEMES

Table 4.19

YEARS	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Less than 1 year	76	76%
1 – 5 years	20	20%
More than 5 year	4	4%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.19



INTERPRETATION

It was inferred that about 76% of the respondents invested in mutual fund for less than 1 year. Only 4% of the respondents has been invested in mutual fund for more than 5 years. Remaining 20% of the respondents has 1-5 years of investment.

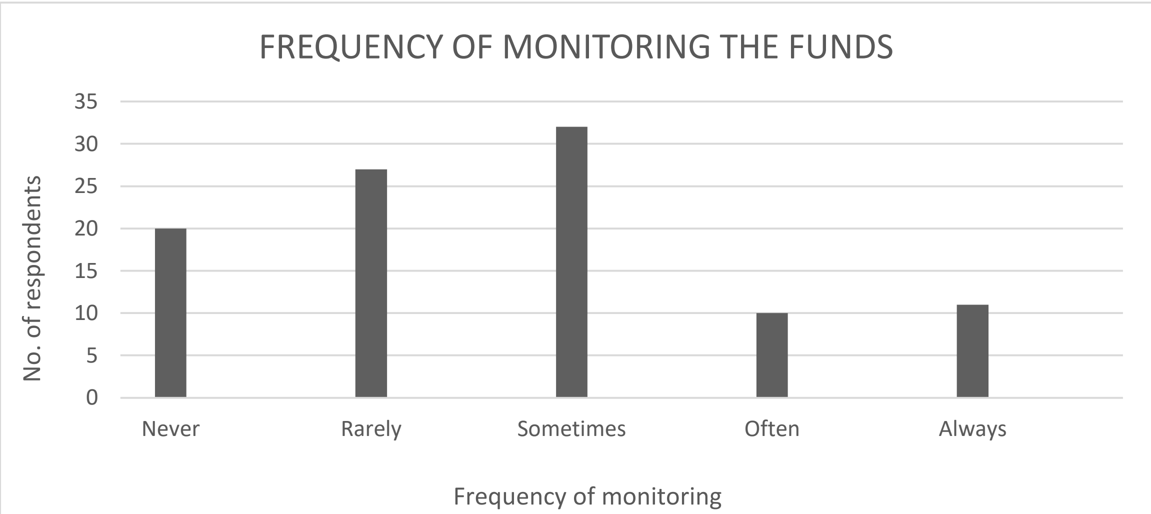
FREQUENCY OF MONITORING THE FUNDS

Table 4.20

FREQUENCY OF MONITORING	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Never	20	20%
Rarely	27	27%
Sometimes	32	32%
Often	10	10%
Always	11	11%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.20



INTERPRETATION

From the analysis, it shows that the majority 32% of the respondents monitor their funds sometimes, while 10% which indicate the minority often monitor their funds. The frequency of monitoring funds depends the personal preference of the investors.

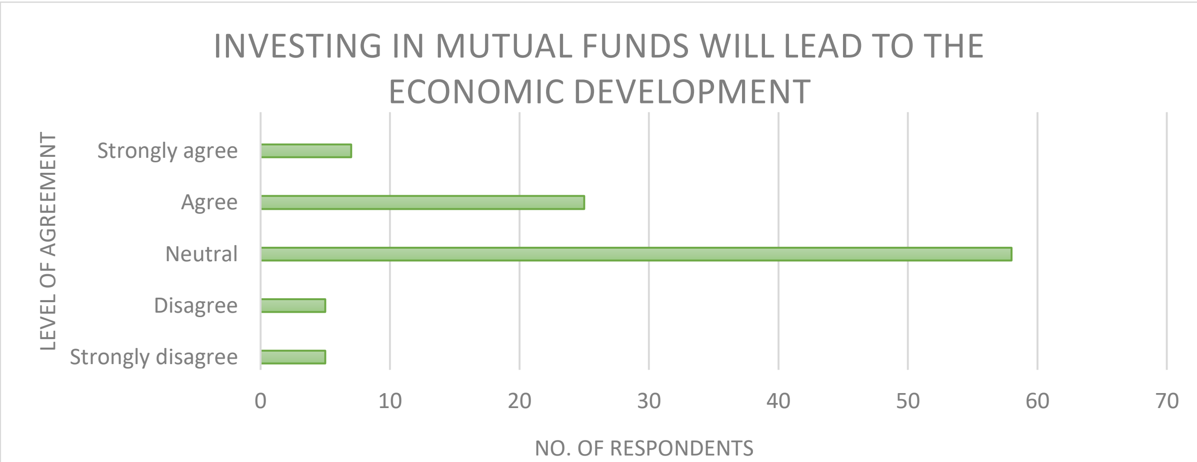
ECONOMIC DEVELOPMENT THROUGH INVESTMENT IN MUTUAL FUNDS

Table 4.21

LEVEL OF AGREEMENT	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Strongly disagree	5	5%
Disagree	5	5%
Neutral	58	58%
Agree	25	25%
Strongly agree	7	7%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.21



INTERPRETATION

From the collected data 58% of the respondents are neutrally agreed that the investing in mutual funds leads to economic development which shows the majority and 5% have disagreement.

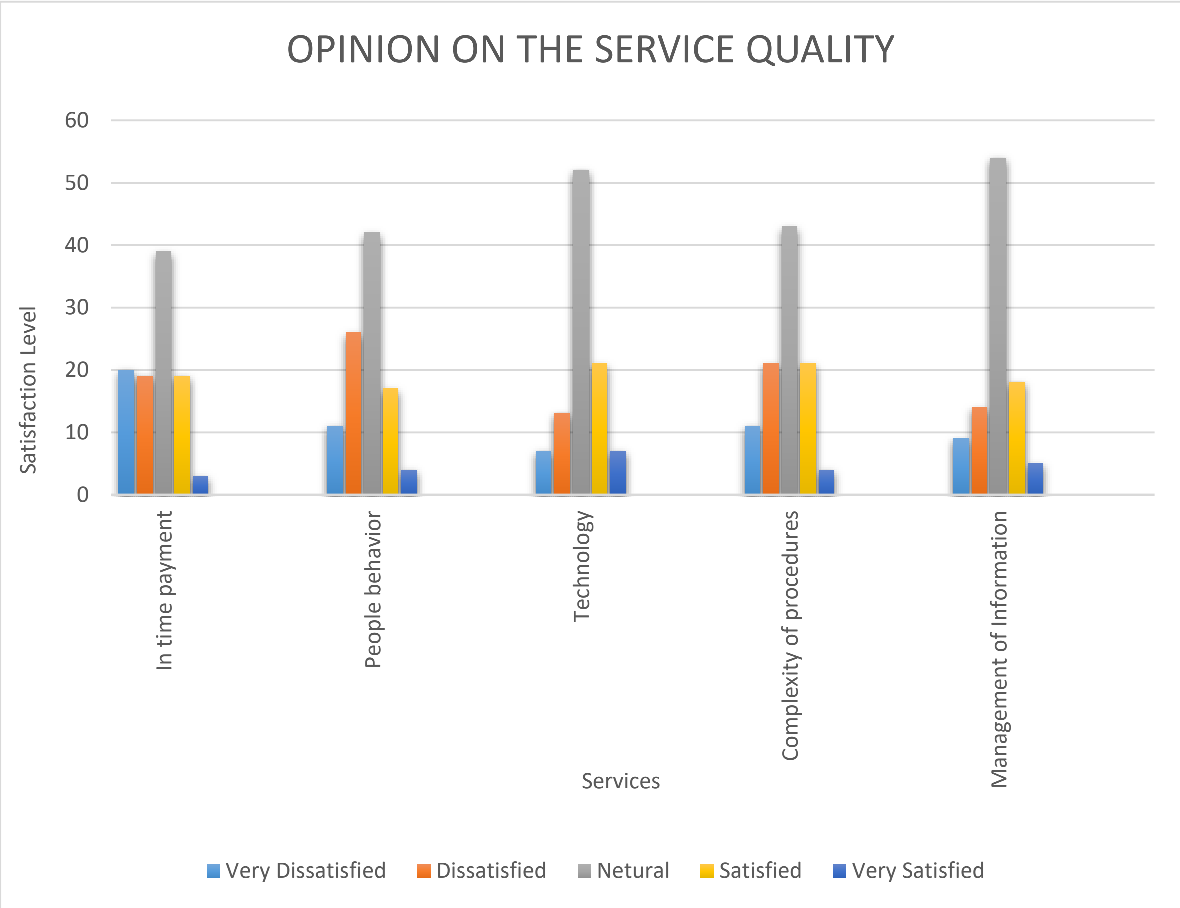
OPINION ON THE SERVICE QUALITY

Table 4.22

SERVICES	**SATISFACTION LEVEL**				
	VERY DISSATISFIED	**DISSATISFIED**	**NEUTRAL**	**SATISFIED**	**VERY SATISFIED**
In time payment	20	19	39	19	3
People behavior	11	26	42	17	4
Technology	7	13	52	21	7
Complexity of procedures	11	21	43	21	4
Management of Information	9	14	54	18	5

(Source: Primary data)

Figure 4.22



INTERPRETATION

It was found that the majority 7% respondents were very satisfied with the technology as the service quality factor, 3% respondents were very satisfied with the in time payment as the service quality factor. At the same time 54% of the respondents have neutral level of satisfaction in the service quality of management of information.

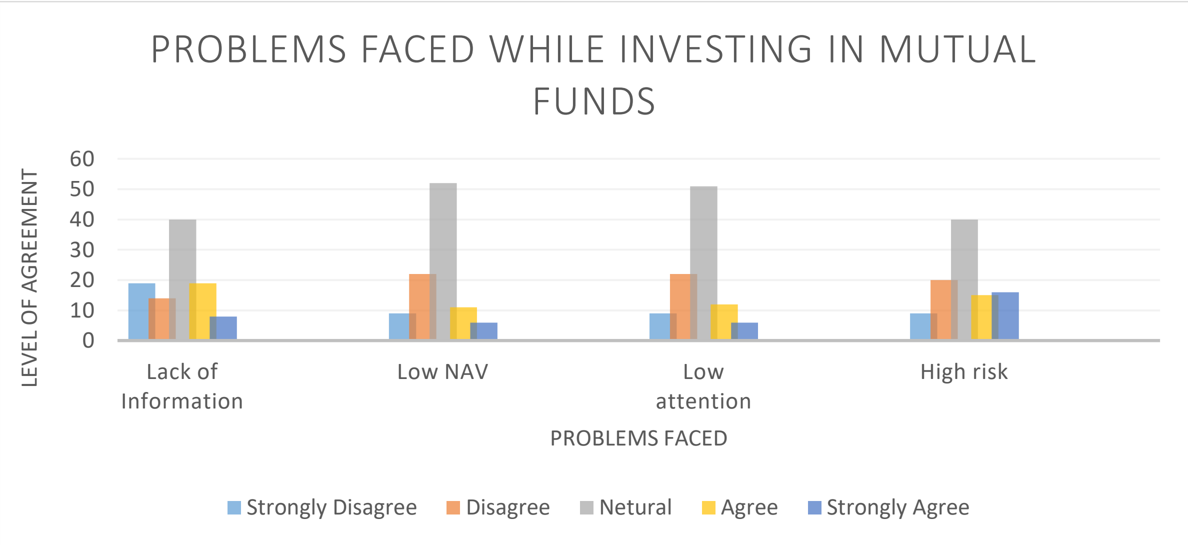
PROBLEMS FACED WHILE INVESTING IN MUTUAL FUNDS

Table 4.23

PROBLEMS FACED	LEVEL OF AGREEMENT				
	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
Lack of Information	19	14	40	19	8
Low NAV	9	22	52	11	6
Low attention	9	22	51	12	6
High risk	9	20	40	15	16

(Source: Primary data)

Figure 4.23



INTERPRETATION

From the collected data 16% of the respondents are strongly agree with the high risk is the problem faced by the respondents. While, 19% of the respondents are strongly disagree with that lack of information as problem faced while investing in mutual fund.

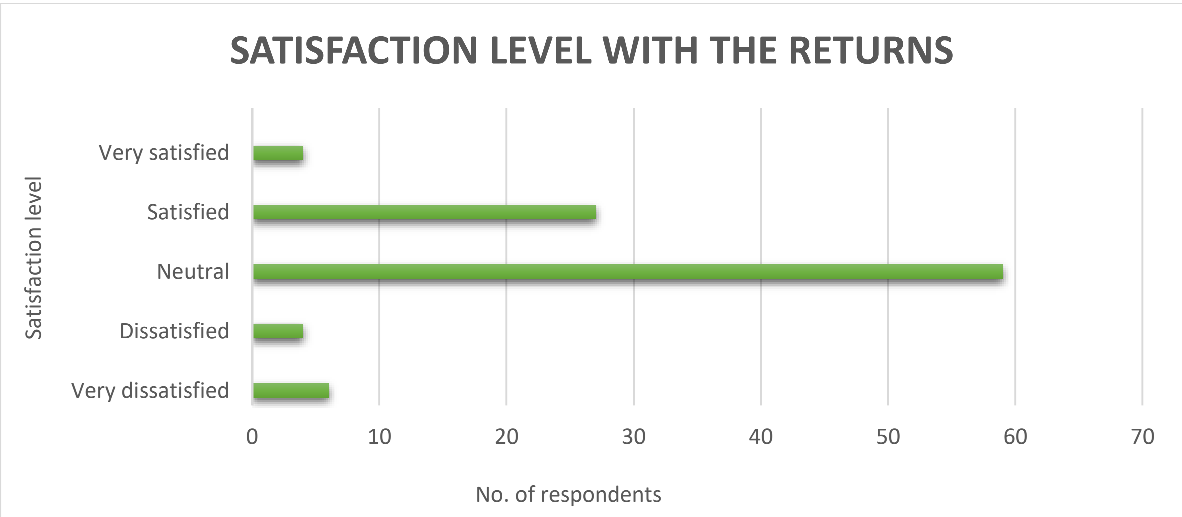
SATISFACTION LEVEL WITH THE RETURNS

Table 4.24

SATISFACTION LEVEL	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Very dissatisfied	6	6%
Dissatisfied	4	4%
Neutral	59	59%
Satisfied	27	27%
Very satisfied	4	4%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.24



INTERPRETATION

From the above analysis, it was found that the majority 59% of the respondents has the satisfaction level as neutral and very satisfied and dissatisfied shows the minority that is 4%.

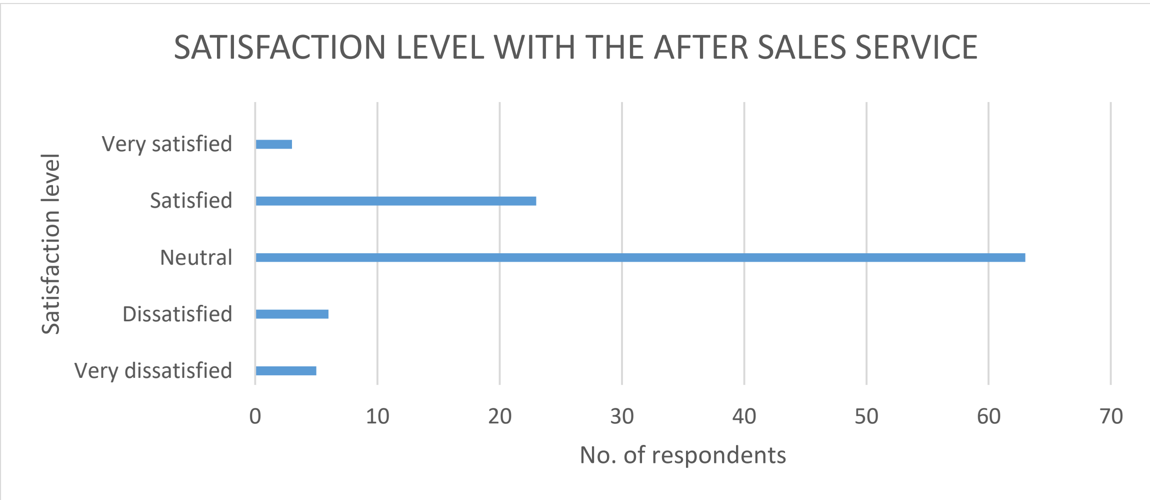
SATISFACTION LEVEL WITH THE AFTER SALES SERVICE

Table 4.25

SATISFACTION LEVEL	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Very dissatisfied	5	5%
Dissatisfied	6	6%
Neutral	63	63%
Satisfied	23	23%
Very satisfied	3	3%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.25



INTERPRETATION

The data shows that majority 63% of the respondents is neutrally satisfied with the after sales services being provided by the mutual fund companies, while 3% is the minority is very satisfied.

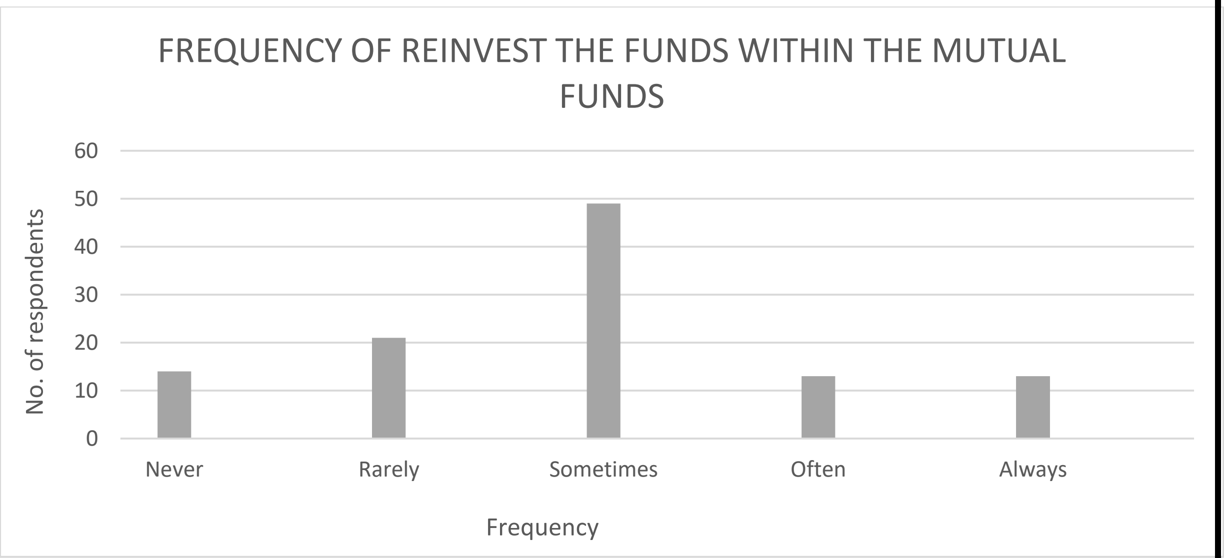
FREQUENCY OF REINVESTMENT WITHIN THE MUTUAL FUNDS

Table 4.26

FREQUENCY	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Never	14	14%
Rarely	21	21%
Sometimes	49	49%
Often	13	13%
Always	13	13%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.26



INTERPRETATION

The data show that the majority of the respondents reinvest in mutual funds sometimes that is 49%. While they may often reinvest in the mutual funds, that the minority 13%.

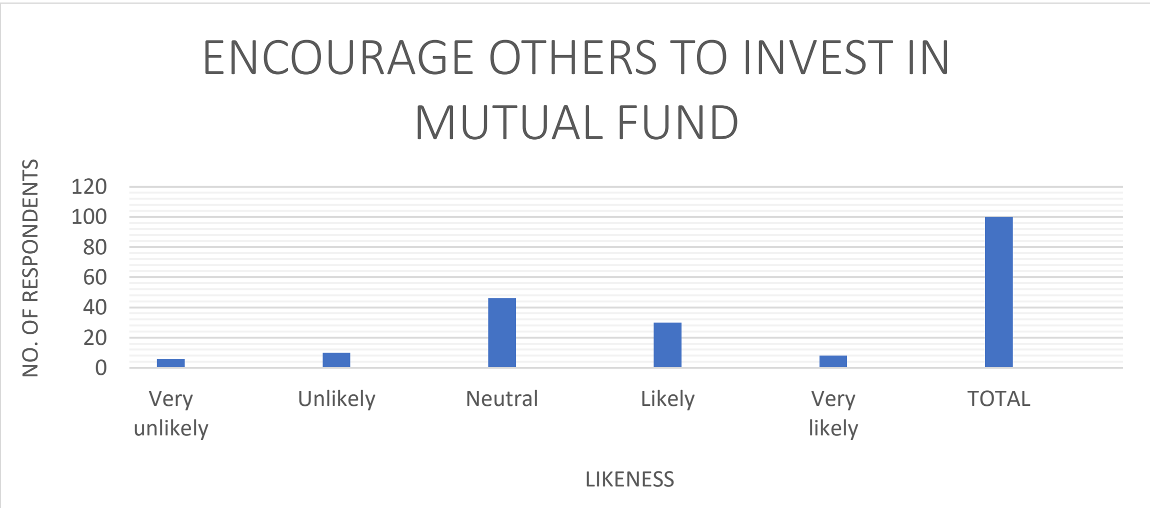
ENCOURAGEMENT TOWARDS MUTUAL FUNDS

Table 4.27

LIKENESS	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Very unlikely	6	6%
Unlikely	10	10%
Neutral	46	46%
Likely	30	30%
Very likely	8	8%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.27



INTERPRETATION

From the above analysis, it found that the 46% of the respondents neutrally encourage others to invest in the mutual funds. While only 6% very likely encourage others to invest in mutual funds.

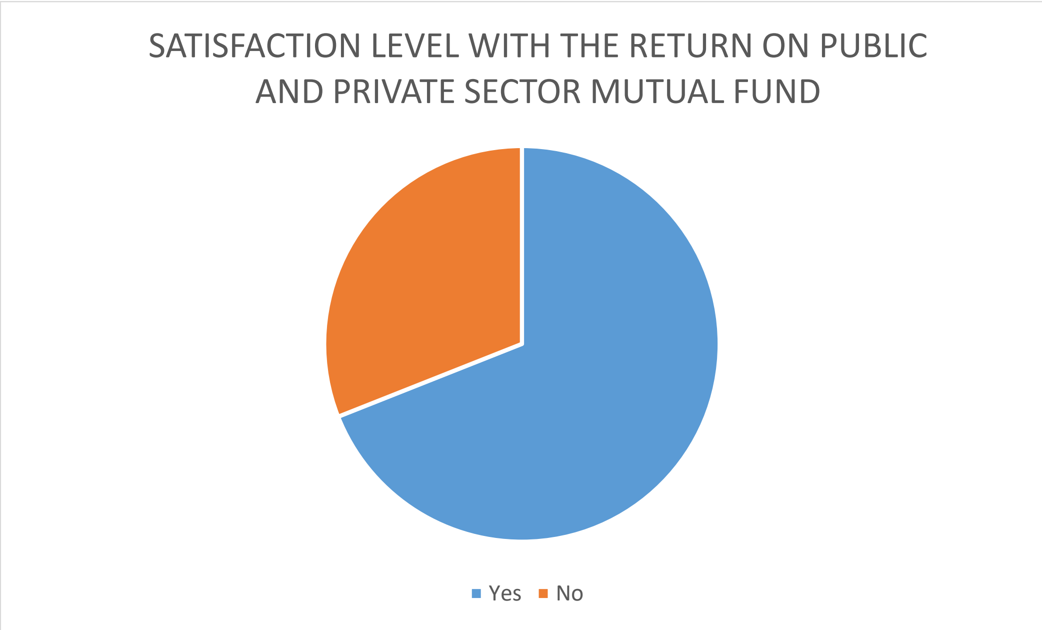
SATISFACTION LEVEL WITH THE RETURN ON PUBLIC AND PRIVATE SECTOR MUTUAL FUND

Table 4.28.1

OPINION	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Yes	69	69%
No	31	31%
TOTAL	100	100%

(Source: Primary data)

Figure 4.28.1



INTERPRETATION

About 69% of the respondents satisfied with the return incurred from the public sector and private sector mutual fund, which indicates the majority side. While 31% of the respondents are not satisfied with the return incurred from the public sector and private sector mutual fund.

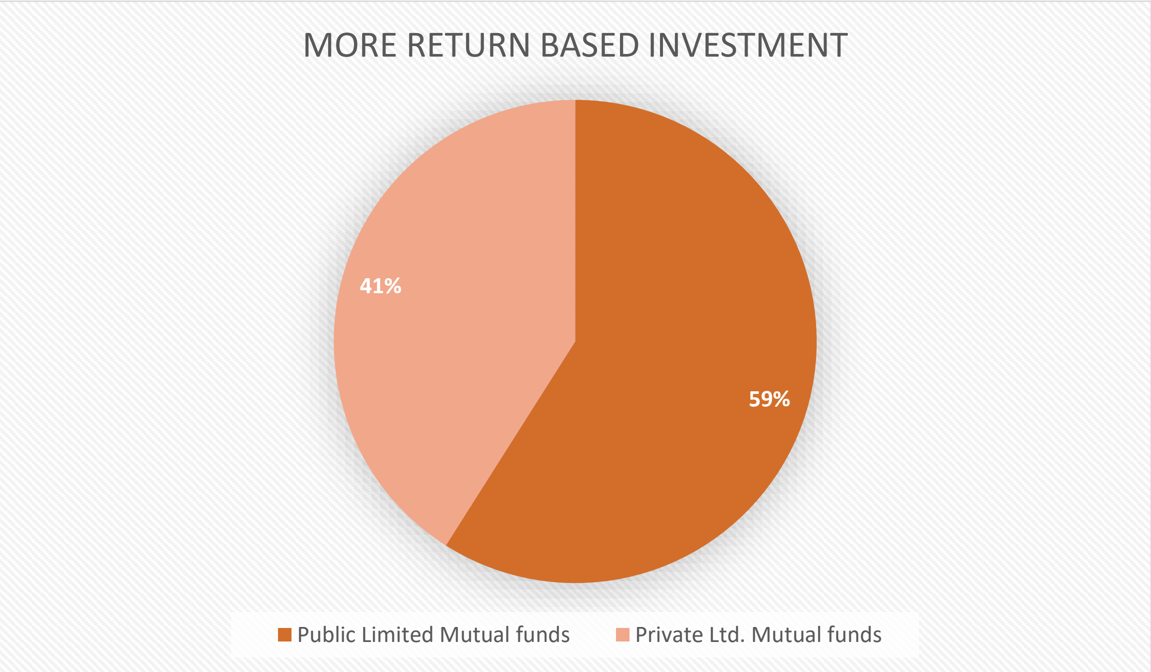
MORE RETURN BASED INVESTMENT

Table 4.28.2

TYPES	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Public Limited Mutual funds	59	59%
Private Ltd. Mutual funds	41	41%
TOTAL	**100**	**100%**

(Source: Primary data)

Figure 4.28.2



INTERPRETATION

59% of the respondents shows the majority which have an opinion that the public sector mutual funds gave more return. While 41% of the respondents shows the minority which have an opinion that the private sector mutual funds gave less return.

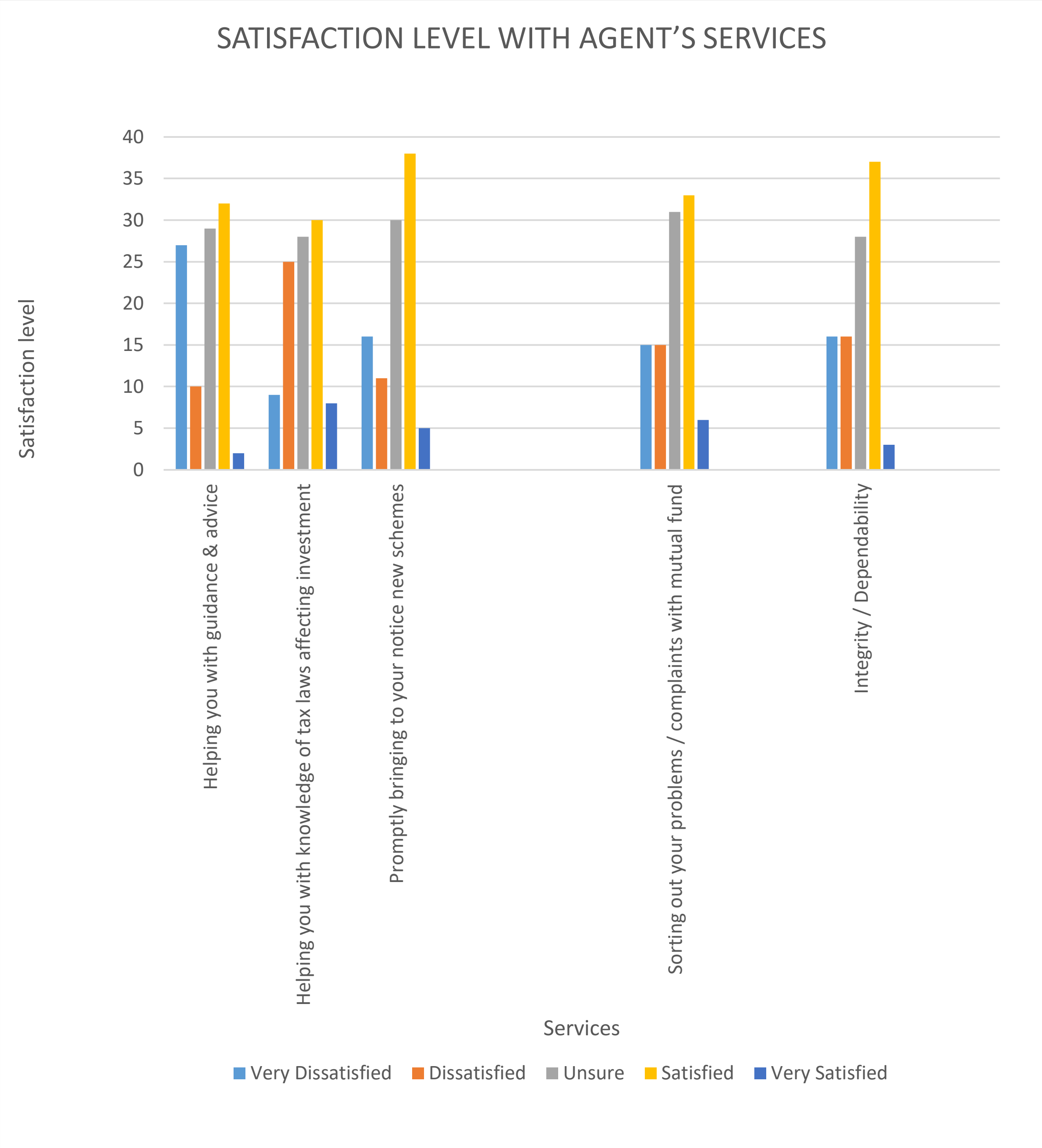
SATISFACTION LEVEL WITH AGENT'S SERVICES

Table 4.29

SERVICES	SATISFACTION LEVEL				
	VERY DISSATISFIED	**DISSATISFIED**	**NEUTRAL**	**SATISFIED**	**VERY SATISFIED**
Helping you with guidance & advice	27	10	29	32	2
Helping you with knowledge of tax laws affecting investment	9	25	28	30	8
Promptly bringing to your notice new schemes	16	11	30	38	5
Sorting out your problems / complaints with mutual fund	15	15	31	33	6
Integrity / Dependability	16	16	28	37	3

(Source: Primary data)

Figure 4.29



INTERPRETATION

It was found that the majority 8% respondents were very satisfied with the helping you with knowledge of tax laws affecting investment as the service, 2% respondents were very satisfied with the helping you with guidance & advice as the service. At the same time 38% of the respondents are satisfied in the service promptly bringing to your notice new schemes.

HYPOTHESES TEST

H0: There is significant difference in the perception of investors in Mutual fund.

H1: There is no significant difference in the perception of investors in Mutual fund.

OBSERVED FREQUENCIES (O)

Table 4.30

FACTORS	**INFLUENCE LEVEL**					**TOTAL**
	EXTREMELY INFLUENTIAL	**VERY INFLUENTIAL**	**SOMEWHAT INFLUENTIAL**	**SLIGHTLY INFLUENTIAL**	**NOT AT ALL INFLUENTIAL**	
Liquidity	21	32	20	10	4	**87**
Low Risk	20	29	29	8	5	**91**
High Return	26	24	26	8	7	**91**
Company Reputation	23	21	23	14	8	**89**
Tax benefit	23	30	18	12	9	**92**
TOTAL	**113**	**136**	**116**	**52**	**33**	**450**

EXPECTED FREQUENCIES (E)

Table 4.31

FACTORS	**INFLUENCE LEVEL**					**TOTAL**
	EXTREMELY INFLUENTIAL	**VERY INFLUENTIAL**	**SOMEWHAT INFLUENTIAL**	**SLIGHTLY INFLUENTIAL**	**NOT AT ALL INFLUENTIAL**	
Liquidity	21.84666667	26.29333333	22.42666667	10.05333333	6.38	**87**
Low Risk	22.85111111	27.50222222	23.45777778	10.51555556	6.673333333	**91**
High Return	22.85111111	27.50222222	23.45777778	10.51555556	6.673333333	**91**
Company Reputation	22.34888889	26.89777778	22.94222222	10.28444444	6.526666667	**89**
Tax benefit	23.10222222	27.80444444	23.71555556	10.63111111	6.746666667	**92**
TOTAL	**113**	**136**	**116**	**52**	**33**	**450**

COMPUTATION OF CHI-SQUARE

Table 4.32

O	E	(O-E)^2	((O-E)^2)/E
21	21.8467	0.71684	0.032812532
20	22.8511	8.12883	0.355730386
26	22.8511	9.9155	0.433917685
23	22.3489	0.42395	0.01896943
23	23.1022	0.01045	0.000452311
32	26.2933	32.566	1.238566599
29	27.5022	2.24334	0.081569346
24	27.5022	12.2656	0.445984342
21	26.8978	34.7838	1.293184255
30	27.8044	4.82046	0.173370276
20	22.4267	5.88871	0.262576298
29	23.4578	30.7162	1.309426129
26	23.4578	6.46289	0.275511768
23	22.9422	0.00334	0.000145508
18	23.7156	32.6676	1.377474596
10	10.0533	0.00284	0.000282935
8	10.5156	6.32802	0.601777026

8	10.5156	6.32802	0.601777026
14	10.2844	13.8054	1.342352828
12	10.6311	1.87386	0.176261613
4	6.38	5.6644	0.887836991
5	6.67333	2.80004	0.41958708
7	6.67333	0.10671	0.015990676
8	6.52667	2.17071	0.332591079
9	6.74667	5.07751	0.75259552
TOTAL			**12.43074424**

CHI-SQUARE TEST STATISTICS

$$\chi 2 = \sum (O - E)^2 / E = 12.4307442$$

IDENTIFICATION OF CRITICAL VALUE

Degree of freedom = (r-1) (c-1)

= (5-1)*(5-1)

= 4*4

= **16**

Level of significance = **5%**

Table value = **26.296**

ACCEPT OR REJECT

Here, calculated value (12.43074424) is lesser than table value (26.296)

So, we can accept Null hypothesis (H0)

Therefore, there is significant difference in the perception of investors in Mutual fund.

CHAPTER – 5

FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS

1. Information collected from the different age groups. The younger generation shows more interest in investing mutual funds.
2. Most of the investors have basic educational qualification and they are working in different sectors also.
3. Investment nature will depend upon the personal opinion and needs of the person. The investments preference will vary from one person to another person.
4. Mutual funds are familiar for most of the people and influence various factors for investing it.
5. Investors used to invest in both public sector mutual funds and private sector mutual funds are chosen for investing. But they prefer the public sector mutual fund is more chosen type for investing by the respondents.
6. Investors might found that the mutual fund is the vast area and need lots of research before investing.
7. Internet is the common and easy source for collecting information while investing.
8. Most of the people are investing in mutual funds for getting better return and for ensuring safety.
9. The investors have awareness about different schemes of mutual funds and purchase pattern are depends on the information gathered from other sources.
10. Investing amount is lower in mutual funds compared to other investments.
11. Monitoring funds invested is not enough for the investors to get better knowledge about the mutual funds.
12. The investing in mutual funds leads to economic development.
13. Different persons are satisfied with the different services provided by the agencies irrespective of the problems they faced.
14. The investors may or may not reinvest the funds in mutual funds and encourage others to invest in mutual funds.
15. The investors are satisfied with the returns from the mutual funds, also found that public sectors are providing more returns.
16. The investors are satisfied with the after sale service provided by the agencies.

SUGGESTIONS

1. The younger generation should provide awareness about the mutual funds to the older generation also and encourage them to invest in it.
2. The investments I mutual funds are to be done after having a knowledge about the market.
3. Mutual funds include different schemes, the agencies should provide information about different schemes to the investor.
4. It is lesser riskier while investing in both public and private sector mutual funds at a time than preferring one type of mutual funds.
5. Proper monitoring is to be done by the investors to avoid scam or fraudulence from the market.
6. The SEBI guidelines are to be maintained while providing advertisements by the agencies.
7. Provide proper education to the investors about the risks are going to be faced by them in the market.

CONCLUSION

‘A COMPARATIVE STUDY ON PUBLIC AND PRIVATE SECTOR MUTUAL FUNDS’ the topic was the study to identify and analyse the perception and problems faced by the investors while investing in mutual funds and factors influencing mutual fund investment. The main reason that the investors chose mutual funds for ensuring return and safety from the investment.

Investors chose internet as the source of medium for gathering information for investing in the mutual funds. The internet include false statements also for confusing the investors. So, they must be very careful while investing in the mutual funds. Educational qualification and age will be a constraint for investing. The investors should gather information about the current market scenario.

The agencies are neutrally following the SEBI advertisement code for protecting the investors. The agencies should provide correct and accurate information about the market. Services and after sales services provide by the agencies are satisfied for the investors.

Investment in the mutual funds leads to economic development. It is necessary have the investors should have enough confidence about the investment done in the mutual funds. Mutual funds play an important role in delivering efficiency and stability to the financial system. They have evolved as powerful financial mediators. As a result, it is determined that Fund Managers of AMCs need to strengthen their fund management abilities. This will assist increase the confidence of small investors. Many investors still choose to put their money in banks. Much more is dependent on the fund management abilities of fund managers, who, with smart market timing and stock selection, can assist the average investor achieve a fair return on his hard-earned funds.

CHAPTER – 6

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APPENDIX

QUESTIONAIRE

1. Personal Details
    a. Name :
    b. Address :
    c. Age :

2. Educational Qualification
    a. Graduation/PG :
    b. Under Graduate :
    c. Others :

3. Occupation
    a. Govt. Servant :
    b. Pvt. Sector :
    c. Business :
    d. Others :

4. What is your Monthly family Income Approximately?
    a. Up to ₹ 10000
    b. ₹ 10001 to ₹ 15000
    c. ₹ 15001 to ₹ 20000
    d. ₹ 20001to ₹ 30000
    e. ₹ 30000 & Above

5. Rate your level of preference on the below mentioned investments.

	Not At All Preferred	Preferred	Moderately Preferred	Highly Preferred	Extremely Preferred
Saving account					

Fixed deposit					
Insurance					
Mutual Fund					
Post office NSE					
Shares/Debentures					
Gold/Silver					
Real Estate					
Others					

6. On a scale of 1-5, rank the below mentioned factors influencing your investment -

   (1. Extremely influential 2. Very influential 3.Somewhat influential 4. Slightly influential 5. Not at all influential)

	1	2	3	4	5
Liquidity					
Low Risk					
High Return					
Company Reputation					
Tax benefit					

7. How aware are you about mutual funds?
    a. Not at all aware
    b. Slightly aware
    c. Moderately aware
    d. Very aware
    e. Extremely aware

8. How many mutual fund investment do you currently have?
    a. 0
    b. 1 – 3
    c. More than 3

9. What kind of mutual fund have you invested in?
    a. Public mutual fund
    b. Private mutual fund
    c. or both

10. How would you identify yourself as an investor in mutual fund?
    a. Investor
    b. Beginner

11. Which among the following is your source of information while investing in mutual funds?
    a. Internet
    b. Magazine
    c. Newspaper
    d. Financial Advisor
    e. Spouse
    f. Friends
    g. Advertisements

12. How often do you make investments?
    a. Never
    b. Rarely
    c. Sometimes
    d. Often
    e. Always

13. What Feature of the Mutual Funds allure you the most
    a. Diversification
    b. Better Return and safety
    c. Reduction In Risk and transaction cost
    d. Regular Income
    e. Tax benefit

14. How would you rate your level of awareness on the following mutual fund schemes?

	Not at all aware	Slightly aware	Moderately aware	Very aware	Extremely aware
Open-ended					
Close-ended					
Liquid fund					
Mid-Cap					
Growth fund					
Regular Income fund					
Long-Cap					
Sector fund					

15. In which Mutual Fund have you invested?
    a. SBI MF
    b. UTI
    c. HDFC MF
    d. Reliance
    e. ICICI prudential funds
    f. JM mutual fund
    g. Other

16. Choose the best that describes your pattern of purchase?
    a. Comparative Study of Mutual Funds
    b. Directly from the AMCS
    c. Brokers only
    d. Brokers/ sub-brokers
    e. Other sources

17. How much do you invest annually?
    a. Less than ₹ 50,000
    b. ₹ 50,000 to ₹ 1,00,000
    c. ₹ 1,00,000 to ₹ 1,50,000
    d. Above ₹ 1,50,000

18. Advertising agencies are following the SEBI advertisement code to protect investors from misleading advertising. State your level of agreement on the statement?
    a. Strongly disagree
    b. Disagree
    c. Neutral
    d. Agree
    e. Strongly agree

19. Since how many years you have been investing in Mutual Fund Schemes
    a. Less than 1 year
    b. 1 – 5 years
    c. More than 5 years

20. How often do you monitor your funds?
    a. Never
    b. Rarely
    c. Sometimes
    d. Often
    e. Always

21. How would you rate your level of agreement as the statement investing in Mutual Funds will lead to the economic development?
    a. Strongly disagree
    b. Disagree
    c. Neutral
    d. Agree
    e. Strongly agree

22. What is your opinion on the service quality of the following? On the whole you can rate the services by giving the rank in order Rank-
    (1. Very dissatisfied 2. Dissatisfied 3.Neutral 4. Satisfied 5.Very Satisfied)

	1	2	3	4	5
In time payment					
People behavior					
Technology					
Complexity of procedures					

Management of information					

23. State your level of agreement towards the below given problems you face while investing in mutual funds.

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Lack of Information					
Low NAV					
Low attention					
High risk					

24. How satisfied are you with the returns from your mutual funds investment?
    a. Very dissatisfied
    b. Dissatisfied
    c. Neutral
    d. Satisfied
    e. Very satisfied

25. How satisfied are you with the after sales service being provided by your Mutual Fund companies?
    a. Very dissatisfied
    b. Dissatisfied
    c. Neutral
    d. Satisfied
    e. Very satisfied

26. After withdrawing funds from the mutual funds how often do you invest the funds within the mutual funds?
    a. Never
    b. Rarely
    c. Sometimes
    d. Often
    e. Always

27. How likely will you encourage others to invest in mutual fund?
    a. Very unlikely
    b. Unlikely
    c. Neutral
    d. Likely
    e. Very likely

28. (i) Are you satisfied with the return on Public and Private Sector Mutual fund
    a. Yes
    b. No

    (ii) Which sector in your opinion will give you more return based on your investment?
    a. Public Limited Mutual funds
    b. Private Ltd. Mutual funds

29. To what extent you are satisfied with agent's services of mutual funds in respect of the following:

	Very dissatisfied	Dissatisfied	Unsure	Satisfied	Very satisfied
Helping you with guidance & advice					
Helping you with knowledge of tax lawsaffecting investment					
Promptly bringing to yournotice new schemes					
Sorting out your problems /complaints with mutualfund					
Integrity / Dependability					