

**A study on  
INVESTORS PREFERENCE TOWARDS MUTUAL FUNDS WITH SPECIAL REFERENCE  
TO ERNAKULAM CITY**

**Project Report**

**Submitted by**

**NATASHA IRENE KONNULLY: (SB20CCM026)**

**AMISHA SILVESTER: (SB20CCM011)**

**ANNA MARTIN: (SB20CCM012)**

**Under the guidance of**

**Ms. MAYA P**

**In partial fulfillment of the requirement for the Degree of  
BACHELOR OF COMMERCE**



**ST. TERESA'S COLLEGE ESTD 1925**

**ST. TERESA'S COLLEGE (AUTONOMOUS), ERNAKULAM**

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**March-2023**

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**CERTIFICATE**

This is to certify that the project titled "**A STUDY ON INVESTORS PREFERENCE TOWARDS MUTUAL FUNDS WITH SPECIAL REFERENCE TO ERNAKULAM CITY**" submitted to Mahatma Gandhi University in partial fulfillment of the requirement for the award of Degree of Bachelor in Commerce is a record of the original work done by **Ms. Natasha Irene Konnully, Ms. Amisha Silvester and Ms. Anna Martin** under my supervision and guidance during the academic year 2020-23.

**Project Guide**

**Ms. MAYA P**

**Assistant Professor**

**Department of Commerce (SF)**



**Smt. JINI JUSTIN D'COSTA**

**(Head of the Department)**

**Department of Commerce (SF)**

**Viva Voce Examination held on....**

**External Examiner(s)**

## **DECLARATION**

We, Ms. Natasha Irene Konnullly, Ms. Amisha Silvester, Ms. Anna Martin, final year B.Com students, Department of Commerce (SF), St. Teresa's College (Autonomous) do hereby declare that the project report entitled A STUDY ON THE INVESTORS PREFERENCE TOWARDS MUTUAL FUNDS WITH SPECIAL REFERENCE TO ERNAKULAM CITY submitted to Mahatma Gandhi University is a bonafide record of the work done under the supervision and guidance of Ms. Maya P, Assistant Professor of Department of Commerce (SF), St. Teresa's College (Autonomous) and this work has not previously formed the basis for the award of any academic qualification, fellowship, or other similar title of any other university or board.



**PLACE: ERNAKULAM**

**NATASHA IRENE KONNULLY**

**DATE: 17.05.2023**

**AMISHA SILVESTER**

**ANNA MARTIN**

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**Natasha Irene Konnullu**

**Amisha Silvester**

**Anna Martin**

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**CHAPTER – 1**  
**INTRODUCTION**



## 1.1 INTRODUCTION

At the present scenario Indian mutual fund industry plays a key role by mobilizing the savings and investments. More and more individual investors have shown interest in special financial products. With more emphasis on professional managed investments, the role of mutual funds has boosted. Mutual funds are financial tools which help the individual investors to diversify their investments with the aim of making good returns. Mutual fund is trust or Investment Company, which undertakes the work of intermediary by pooling in the savings of large number individual investors in corporate securities and bonds. In this way many individual investors get good returns, capital appreciation at a lower risk than direct equities. Mutual fund schemes are right choice for individual investors as the schemes are professional managed, diversified and offers steady returns at very low cost. At present there are many variations of mutual fund schemes available in the market and the asset management companies compete with one other to launch schemes.

Mutual funds are ideal for investors who either lack large sums for investment, or for those who neither have the inclination nor the time to research the market, yet want to grow their wealth. The money collected in mutual funds is invested by professional fund managers in line with the scheme's stated objective. In return, the fund house charges a small fee which is deducted from the investment. The fees charged by mutual funds are regulated and are subject to certain limits specified by the Securities and Exchange Board of India (SEBI).

India has one of the highest savings rates globally. This penchant for wealth creation makes it necessary for Indian investors to look beyond the traditionally favored bank FDs and gold towards mutual funds. However, lack of awareness has made mutual funds a less preferred investment avenue.

Mutual funds offer multiple product choices for investment across the financial spectrum. As investment goals vary – post-retirement expenses, money for children's education or marriage, house purchase, etc. – the products required to achieve these goals vary too. The Indian mutual fund industry offers a plethora of schemes and caters to all types of investor needs.

Mutual funds offer an excellent avenue for retail investors to participate and benefit from the uptrends in capital markets. While investing in mutual funds can be beneficial, selecting the right fund can be challenging. Hence, investors should do proper due diligence of the fund and take into consideration the risk-return trade-off and time horizon or consult a professional investment

adviser. Further, in order to reap maximum benefit from mutual fund investments, it is important for investors to diversify across different categories of funds such as equity, debt and gold.

While investors of all categories can invest in securities market on their own, a mutual fund is a better choice for the only reason that all benefits come in a package.

Understanding an investors psychology is becoming an interesting and challenging area for research to both academicians and practitioner's alike in a country like India where financial penetration and access to credit is very low, this become much important and meaningful. Gap has to be identified between investors and financial instruments. Despite this, financial intermediaries providing the financial products are unable to mobilize the surplus funds from the surplus spenders to the deficit spenders in their own way. The primary market provides the platform channelization of funds and indirectly stock market take the main role. This transfer of funds through the primary market or stock market may be indirect (through mutual funds) or direct (through IPOs of shares) in India, the share of stock market out of total financial assets is still quite low. The commencement of Mutual Funds and stock market collectively is less than 3.5% of the total financial assets in the financial year 2011-2012. The main hindrance is the lack of proper distribution of the Mutual Funds schemes in India (CII, 2013). There is always a cost and benefits analysis involved with this decision. The investors have their own reasons for preferring a particular mode of investment. Similarly, investors have their own reasons for choosing a particular channel to buy mutual funds. The primary survey asked different odd reasons from the investors related to buying Mutual Funds through banks. Despite the primary survey having direct issues to be rated by the investors, there are some issues or reasons that cannot be directly asked and similarly the investors also do not articulate directly.

## **1.2 STATEMENT OF THE PROBLEM**

The mutual fund market is under transition. Things are evolving extremely quickly. If the mutual fund sector does not change and rectify itself, some alternative investment methods will eventually replace it. There are people who have surplus funds to invest. Understanding the preferences of investors is crucial since it will determine the type of investment that provides higher and safer returns, and having liquidity and providing additional perks like tax breaks will be deciding considerations.

## **1.3 OBJECTIVES OF THE STUDY**

- To understand the factors influencing investor preference.
- To determine whether the factors important for mutual fund schemes are affected by demographic variables or not.
- To understand the awareness level of investors.
- To understand the future of mutual fund industries in Ernakulam.

## **1.4 METHODOLOGY**

### 1.4.1 RESEARCH DESIGN

The present study is descriptive and explanatory in nature. The descriptive research design was used for the purpose of describing the demographic profile of the investors and to determine the frequencies, percentages of the measures and variables used in the study. In order to explain the relationship between the variables and also to understand the relationship and association between variables explanatory research was used.

### 1.4.2 POPULATION OF STUDY

The population of the study covers mutual fund investors in Ernakulam of different age groups who have invested through various Asset Management Companies in India.

### 1.4.3 DATA COLLECTION

Both the primary and secondary data are used for the purpose of the study.

#### 1.4.3.1 SECONDARY DATA

Secondary data was collected from published sources such as journals and articles published by the Reserve Bank of India, Ministry of Finance (Government of India) and various semi-government and private agencies to provide figures shown in the study.

#### 1.4.3.2 PRIMARY DATA

The primary data was collected from 100 investors with the help of a questionnaire. The questionnaire was distributed through both online and offline mode.

#### 1.4.4 QUESTIONNAIRE USED FOR DATA COLLECTION

A well-structured questionnaire was developed. The questionnaire consists of the demographic profile of the investors, questions related to factors influencing investment, awareness level perception and preference of investors towards investment.

### **1.5 SIGNIFICANCE OF THE STUDY**

The significance of the study is that it can be used by the mutual fund companies to know the preferences and factors that influence their investment decisions which can eventually help the Asset Management Company to market Mutual Funds effectively. Knowing investors psychology is challenging this will help in identifying the gap that exists between the investors and the financial instruments. The most influencing factors are return earned and past performance of the funds. Similarly, some other factors also influence investment decision of the investor they are the type of fund, scheme portfolio, reputation of fund manager, dividend history of the funds and prompt settlement. Scope of Mutual Funds has grown enormously over the years. In the first age of mutual funds, when the investment management companies started to offer mutual funds, choices were very few. Even though people invested their money in mutual funds as these funds offered them diversified investment option for the first time. By investing in these funds, they were able to diversify their investment in common stocks, preferred stocks, bonds and other financial securities. At the same time, they also enjoyed the advantage of liquidity. With Mutual Funds, they got the scope of easy access to their invested funds on requirement

But, in today's world, scope of Mutual Funds has become so wide, that people sometimes take long time to decide the mutual fund type, they are going to invest in. Several Investment Management Companies have emerged over the years who offer various types of Mutual Funds, each type carrying unique characteristics and different beneficial features.

## **1.6 LIMITATIONS OF THE STUDY**

- Detailed study may not be possible due to time constraints.
- There will be lack of conscious responses.
- Few investors were reluctant to share their investment details.
- Sample size of the study was limited to 100 only.
- The sample size may not represent the whole market.

**CHAPTER – 2**  
**REVIEW OF LITERATURE**

## 2.1 REVIEW OF LITERATURE

- **Shanmugam (2019)** studied a group of 90 investors to examine the factors affecting investment decisions. The study focused its analysis on investment objectives and the extent of awareness of factors affecting investment decisions. The study concluded that the investors were high risk takers, then interested in capital gains and current dividend income. Investors possessed adequate knowledge of government. Regulations, monetary and fiscal policy.
- **Reddy and Sudhakar (2016)** found that most investors are males belonging to higher income group. Mostly investors invest in long term savings and prefer bank deposits followed by equity share, P.O. Saving Schemes and then mutual funds. Investors prefer to invest in mutual funds which provide them with higher return at low risk and great amount of security.
- **Kahneman and Amos Tversky (2014)** originally described "Prospect Theory" and found that individuals were much more distressed by prospective losses than they were happy by equivalent gains. Some economists have concluded that investors typically consider the loss of \$1 twice as painful as the pleasure received from a \$1 gain, many investors do not have data analysis and interpretation skills. This is because, data from the market supports the merits of index investing, passive investors are more likely to base their investment choices on information received from objective or scientific sources. Investor fund selection Behaviour influences marketing decisions of fund management and has captured the attention of researchers.
- **Kothari and Mindargi (2013)** highlighted that individuals belonging to middle income group are more likely to invest in the mutual funds and bear the risk. The study also indicated that mostly investors prefer to invest in open-ended schemes and have invested their money for tax assumption followed by higher returns and value creation in fund. Also, investors have invested in short term duration rather than long term because of the numerous risks associated with the long-term duration of the investment.
- **Sirri and Tufano (2005)** Attributed the asymmetry between the investor reaction to past winners and losers of marketing as fund families tend to advertise top past performers. Their explanation would suggest that convexity will be more pronounced among investors that are swayed by advertising. Since being susceptible to behavioral biases and to the influence of advertising are features commonly associated with naive investors, these arguments suggest that flow-performance convexity is inversely related to investor sophistication

- **Sivanesan S (2002)** revealed that his analysis has brought out various Results arising from different tools of analysis. All relevant factors have been considered to bring out the relationship awareness. The investor's awareness increases with the duration of investment, when investors invest for a considerable long period, they tend to acquire more awareness. Gordon J. Alexander, Jonathan Jones and Peter. Nigro (1997) analyzed the various characteristics and investment knowledge of investors and found that the investors are knowledgeable about costs, risk and returns associated with mutual funds
- **Suguna G (2002)** studied investor's attitude towards saving pattern in Coimbatore. There exists pour positive savings are increasing when the income increase but in the same perception. There exists high positive correlation between income and tax indicating that the tax are increasing when the income increases most of the bank executives expressed the view that due to insufficiency of income, they were not able to contribute to savings scheme like public provident fund, post office time deposit.
- **Marcel and JohnPender (2000)** in their paper investigated the extent to which poor households are discouraged from making a non-divisible but profitable investment. Using data on irrigation wells in India, we estimate the parameters of a structural model of irreversible investment. Results shows that poor farmers fail to undertake a profitable investment that they could, in principle, self-finance because the non- visibility of the investment puts it out of their reach inversibility constitutes an additional disincentive to invest. Simulations show that the availability of credit can dramatically increase investment in irrigation and that interest rate subsidization has little impact.
- **KevinJames (2000)** in his research article "The Price of Retail Investing in the UK" evaluates the financial wealth services provided by investment funds in UK, the study identifies that the retail investors largely delegate the management of their wealth to investment funds. These funds in turn charge retail investors for the portfolio and risk management services they provide, sparing retail investors the burdensome task of performing these various services themselves. So, in order to choose a sensible fund (a fund that meets his or her requirements), a retail investor must be able to ascertain the services provided and the price charged by each of the funds he or she may consider.



- **Ramasamy Tand VinayakamoorthyS (2000)** had concluded the study on "Investment -a development factor on savings". The study reveals that, both savings and investment have equality. It means that an individual wants to have more investment, first he has to save that extent, savings and investment decisions are taken separately by an investor with different motives. The savings and investments are brought about by the changes in income. Whenever investment exceeds savings, the income level rises. As a result savings have been raised by rise in the income level. It is concluded that the investment is dependent on savings.
- **Chalapati Rao K S Murthy MR and Ranganathan K VK (1999)** in their research article "Some aspects- of the Indian Stock Market in the post liberalization period evaluates that as a part of the process of economic liberalization, the stock market has been assigned an important place in financing the Indian corporate sector. Besides enabling mobilizing resources for investment, directly from the investors. Providing liquidity for the investors and monitoring and disciplining company management are the principal functions of the stock market. This paper examines the development in the Indian stock markets during the nineties in terms of these three roles.
- **Chen and Lin (1998)** explored equity mutual fund management reaction to poor performance using data beginning in 1994. They observed that management had good reason to be concerned about poor performance, as management compensation is based upon the amount of money under management and performance of the fund. Their analysis explores possible management reactions to poor performance. Management could trade more often, reduce costs, take more risks, or adopt a more aggressive marketing. They found that the management of lower performing funds did more trading and had greater expense rates than the management of funds that had good performance. We examine these issues and contribute to the understanding of mutual fund performance by studying a later time period with a larger sample and by including fixed-income as well as equity funds. We also contribute by considering the role of economies of scale both at the level of the individual fund and the level of the fund family
- **Syama Sunder (1998)** conducted a survey to get an insight into the Mutual Fund operations of private institutions with special reference to Kothari Pioneer. The survey revealed that the awareness about Mutual Fund concept was poor during that time in small cities. Agents play a vital role in spreading the MF culture, open-end schemes were much preferred then; age and income are the two important determinants in the selection of fund/ scheme; brand image and return are their prime considerations.

- **Malhotra and Robert** (1997) reported that the preoccupation of Mutual Fund investors using performance evaluation as selection criteria is misguided because of volatility of returns, which may be due to superior management or just good luck is difficult to determine.
- **Woerheide** (1982) conducted a study on "investor response to suggested criteria for mutual funds" in which he tested the effect of different factors. It was proved that factors like size of fund, effectiveness of marketing programme and past return of funds have great impact. Among these the effectiveness of marketing programme has strong impact. DeBondi and Thaler (1985) while investigating the possible psychological basis for investor behavior, argue that mean reversion in stock prices is evidence of investor overreaction where investors over emphasize recent firm performance in forming future expectations.

**CHAPTER – 3**  
**INDUSTRY PROFILE**

# **MUTUAL FUND INDUSTRY: AN OVERVIEW**

## **3.1 INTRODUCTION**

The Indian financial system is based on four basic components like Financial Market, Financial Institutions, Financial Service, Financial Instruments. All play important role for smooth activities for the transfer of the funds and allocation of the funds. The main aim of the Indian financial system is to provide efficient services to the capital market. The Indian capital market has been increasing tremendously during the second-generation reforms. The first-generation reforms started in 1991 the concept of LPG. (Liberalization, privatization, Globalization) Then after 1997 second generation reforms were started, still it's going on, it include reforms of industrial investment, reforms of fiscal policy, reforms of ex-imp policy, reforms of public sector, reforms of financial sector, reforms of foreign investment through the institutional investors. Reform's in banking sectors. The economic development model adopted by India in the post-independence era has been characterized by mixed economy with the public sector playing a dominating role and the activities in private industrial sector control measures emaciated form time to time. The last two decades have seen a phenomenal expansion in the geographical coverage and the financial spread of our financial system. The growth of the banking system has been a major factor in promoting financial intermediation in the economy and in the growth of financial savings with progressive liberalization of economic policies, there has been a rapid growth of capital market, money market and financial services industry including merchant banking, leasing and venture capital, hire purchasing. Consistent with the growth of financial sector and second generation reforms its need to fruition of the financial sector. It also need to provide the efficient service to the investor mostly if the investors supply small amount, in that point of view the mutual find play vital for better service to the small investors.

## **3.2 WHAT IS A MUTUAL FUND?**

Mutual fund is the pool of money, based on the trust (Asset management Company) which invests the savings of a number of investors who shares a common financial goal, like the capital appreciation and dividend earning. The money thus collect is then invested in capital

market instruments such as shares, debenture, and foreign market. Investors invest money and get the units as per the unit value which we call as NAV (net assets value). Mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in diversified portfolio management, good research team. Professionally managed Indian stock as well as the foreign market, the main aim of the fund manager is to take the scrip that have under value and future value will be rising, then fund manager sell out the stock. Fund manager concentrates on risk-return trade off, minimize the risk and maximize the return through diversification of the portfolio. The most common features of the mutual fund unit are low risk and high return.

### **3.3 GROWTH OF MUTUAL FUND INDUSTRY:**

The history of mutual funds dates back to the 19<sup>th</sup> century when it was introduced in Europe, in particular, Great Britain, Robert Fleming set up in 1868 the first investment trust called Foreign and colonial investment trust which promised to manage the finances of the moneyed classes of Scotland by scattering the investment over a number of different stocks. This investment trust and other investment trusts which were later set up in Britain and the U.S., resembled today's close-ended mutual funds. The first mutual fund in the US. Massachusetts investor's trust, was set up in March 1924. This was the open-ended mutual fund. The stock market crash in 1929, the Great Depression, and the outbreak of the Second World War slackened the pace of growth of the mutual fund industry. Innovations in products and services increased the popularity of mutual funds in the 1950s and 1960s. The first international stock mutual fund was introduced in the US in 1940. In 1976, the first tax-exempt municipal bond funds emerged and in 1979, the first money market mutual funds were created. The latest additions are the international bond fund in 1986 arm funds in 1990. This industry witnessed substantial growth in the eighties and nineties when there was a significant increase in the number of mutual funds, schemes, assets, and shareholders. In US the mutual fund industry registered ten-fold growth in eighties. Since 1996, mutual fund assets have exceeded bank deposits. The mutual fund industry and the banking industry virtually rival each other in size.

A mutual fund is a type of Investment Company that gathers assets from investors and collectively invests in stocks, bonds, or money market instruments. The investment company concepts date to Europe in the late 1700s, according to K. Geert Rouwen host in the Origins Mutual Funds, when “a Dutch Merchant and Broker invented subscriptions from investor with limited means.” The materialization of ‘investment pooling’ in England in the 1800s brought the concept closer to US shores. The enactment of two British Laws, the Joint Stock

Companies Acts of 1862 and 1867, permitted investors to share in the profits of an investment enterprise, and limited investor liability to the amount of investment capital devoted to the enterprise. May be more outstandingly, the British fund model established a direct link with US Securities markets, serving finance the development of the post-Civil War U.S. economy. The Scottish American Investment Trust, formed on February 1, 1873 by fund pioneer Robert Fleming, invested in the economic potential of the United States, Chiefly through American railroad bonds. Many other trusts followed that not only targeted investment in America, but led to the introduction of the fund investing concept on U.S. shores in the late 1800 and early 1900s. Nov. 1925. All these funds were open-ended having redemption feature. Similarly, they had almost all the features of a good modern Mutual Funds -like sound investment policies and restrictions, open endless, self-liquidating features, a publicized portfolio, simple capital structure, excellent and professional fund management and diversification etc. and hence they are the honored grand-parents of today's funds. Prior to these funds all the initial investment companies were close-ended companies. Therefore, it can be said that although the basic concept of diversification and professional fund management, were picked by U.S.A. from England Investment Companies, "The Mutual Fund is an American Creation." Because of their exclusive feature, open-ended Mutual Funds rapidly became very popular. By 1929, there were 19 open-ended Mutual Funds in USA with total assets of \$140 million. But the 1929 Stock Market crash followed by out depression of 1930 ravaged the US. Financial Market as well as the Mutual Fund Industry. This necessitated stricter regulation for mutual funds and for Financial Sectors. Hence, to protect the interest of the common investors, US. Government passed various Acts, such a Securities Act 1933, Securities Exchange Act 1934 and the Investment Companies Act 1940. A committee called the National Committee of Investment Company (Now, Investment Company Institute), was also formed to co-operate with the Federal Regulatory Agency and to keep informed of trends in Mutual Fund Legislation. As a result of these measure, the Mutual Fund Industry began to develop speedily the total net assets of the Mutual Funds Industry increased from \$448 million in 1940 to \$2.5 billion in 1950. The number of shareholder's accounts increased from 296000, to more than one Million during 1940 -1951. "As a result of renewed interest in Mutual Fund Industry they grew at 18% annual compound rate reaching peak of their rapid growth curve in the late 1960s."

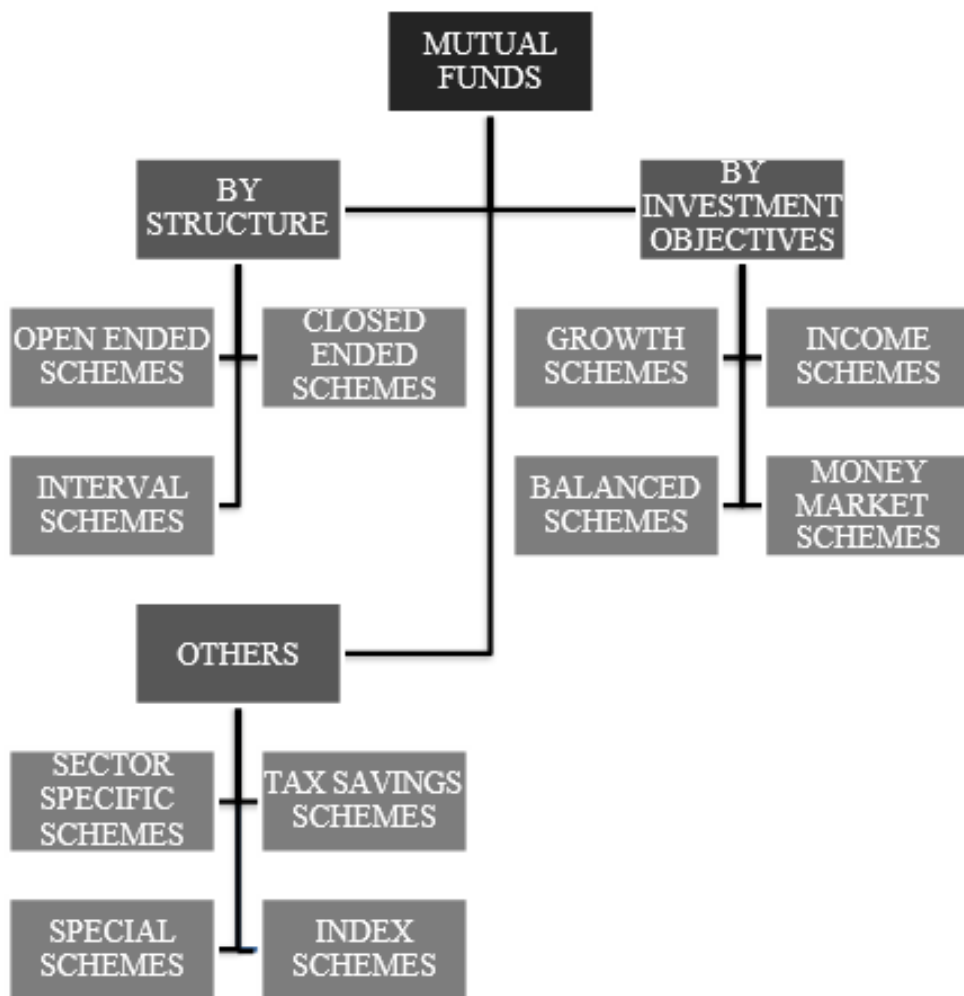
### **3.4 ORGANIZATION STRUCTURE OF MUTUAL FUND**

Mutual funds have a unique structure not shared with other entities such as companies of firms. It is important for employees & agents to be aware of the special nature of this structure, because it determines the rights & responsibilities of the fund's constituents viz., sponsors, trustees, custodians, transfer agents & of course, the fund & the Asset Management Company (AMC) the legal structure also drives the inter-relationships between these constituents. The structure of the mutual fund India is governed by the SEBI (Mutual Funds)

regulations, 1996. These regulations make it mandatory for mutual funds to have a structure of sponsor, trustee, AMC, custodian. The sponsor is the promoter of the mutual fund, & appoints the trustees. The trustees are responsible to the investors in the mutual fund, & appoint the AMC for managing the investment portfolio. The AMC is the business face of the mutual fund, as it manages all affairs of the mutual fund. The mutual fund & the AMC have to be registered with SEBI. Custodian, who is also registered with SEBI, holds the securities of various schemes of the fund in its custody.

### **3.5 TYPES OF MUTUAL FUNDS SCHEMES**

The Purpose of mutual funds is to provide liquidity and higher returns with optimum degree of safety to investors at minimum risk. Based on these goals, various types of mutual fund schemes have evolved over a period of time.







### **3.6 ADVANTAGES OF MUTUAL FUNDS**

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

- **LIQUIDITY**

The most important benefit of investing in a Mutual Fund is that the investor can redeem the units at any point in time. Unlike Fixed Deposits, Mutual Funds have flexible withdrawal but factors like the pre-exit penalty and exit load should be taken into consideration.

- **DIVERSIFICATION**

Diversification reduces the risk involved in building a portfolio thereby further reducing the risk for an investor. As Mutual Funds consist of many securities, investor's interests are safeguarded if there is a downfall in other securities so purchased.

- **EXPERT MANAGEMENT**

An investor may not have much knowledge or information on how and where to invest. The fund manager manages and operate mutual funds. They pool in money from investors and allocates this money in different securities thereby helping the investors incur a profit.

- **LESS RISK**

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

- **LOW TRANSACTION COSTS**

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

- **CHOICE OF SCHEMES**

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

- **TRANSPARENCY**

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

- **FLEXIBILITY**

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

- **SAFETY**

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

### **3.7 DISADVANTAGES OF MUTUAL FUNDS**

The mutual fund not just have advantages to investors but also has disadvantages for the funds. The fund manager not always make profits but might create loss if not properly managed the fund have its own strategy for investment to hold, to sell, to purchase, unit at particular time period.

- **COSTS OF MANAGING THE MUTUAL FUND**

The salary of the market analysts and fund manager comes from the investors along with the operational costs of the fund. Total fund management charges are one of the first parameters to consider when choosing a mutual fund. Higher management fees do not guarantee better fund performance.

- **EXIT LOAD**

You have exit load as fees charged by AMCs when exiting a mutual fund. It discourages investors from redeeming investments for some time. This indirectly works like a lock-in period that fund houses use to maintain stability of funds. It also helps the fund manager garner the required funds to purchase the appropriate securities at the right price and time.

- **DILUTION**

While diversification averages your risks of loss, it can also dilute your profits. Hence, you should not invest in many mutual funds at a time.

As you have just read above, the benefits of mutual funds can undoubtedly override the disadvantages, if you make informed choices.

## **3.8 ASSET MANAGEMENT COMPANIES IN INDIA**

### **▸ SBI MUTUAL FUND**

The SBI Mutual Fund was set up on June 29, 1987, and was incorporated on February 7, 1992. It was India's second largest Mutual Fund after the Unit Trust of India started operations in 1963. Since then, it has made its place as a Top AMC in India and is also known as the largest mutual fund in India. SBI Mutual Fund has 146 funds in total and as of March 2023 and holds Rs.647064.29 Cr. of AUM.

### **▸ HDFC MUTUAL FUND**

HDFC Asset Management Company Ltd. or HDFC Mutual Fund is currently the largest mutual fund and actively managed equity mutual fund in India. It is also known as the top Asset Management Company in India It is one of the most profitable asset management companies in the country. HDFC Mutual Fund has 85 no. of funds in total and as of March 2023 holds Rs.432084.97 Cr. of AUM.

### **▸ ICICI PRUDENTIAL MUTUAL FUND**

ICICI Prudential Mutual Fund is one of India's top 2 largest Asset Management Companies. It is one of the oldest and most profitable Mutual Funds. ICICI Prudential is widely known as the best AMC in India. Most of their offerings are rated 'AAAmfs' which indicates a high degree of confidence and reliability. ICICI Prudential Mutual Fund has 142 no. of funds in total and as of March 2023 holds Rs. 468258.02 Cr. of AUM.

### **▸ NIPPON INDIA MUTUAL FUND**

Nippon India Mutual Funds is one of the leading asset management companies in India. It manages assets across managed accounts, mutual funds, pension funds, alternative investments, and offshore funds. Nippon India Mutual Fund has 131 no. of funds in total and as of March 2023 holds Rs. 283260.97 Cr. of AUM.

▸ **AXIS MUTUAL FUND**

Axis Mutual Funds is currently one of India's leading Mutual Fund houses. It is touted as a key member in the market and has been in the Top 10 AMC in India 2023 for the past many years. Axis Mutual Fund offers around 76 schemes across multiple categories that include 30 equity, 35 hybrid mutual funds, and 101 debt mutual funds.

▸ **DSP BLACKROCK MUTUAL FUND**

DSP Mutual Fund is one of India's leading AMCs. Since its inception, this fund house has grown by leaps and bounds to become one of India's premier Asset Management Companies. It focuses to deliver a high performance which has immensely helped the fund house to generate a large number of investor folios. DSP Mutual Fund has 49 no. of funds in total and as of March 2023 holds Rs. 107873.94 Cr. of AUM.

▸ **KOTAK MUTUAL FUND**

Kotak Mahindra Asset Management Company is a public limited company registered under the Companies Act, 1956 on August 2, 1994. The company is the asset manager of Kotak Mahindra Mutual Fund and a wholly and a subsidiary of Kotak Mahindra Bank Limited. Kotak Mahindra Mutual Fund has 82 no. of funds and as of March 2023 holds Rs. 284617.8 Cr. of AUM.

▸ **TATA MUTUAL FUND**

Tata Asset Management Ltd. is a pet of the Tata Group that manages Tata Mutual Fund. The company was established in 1994 and offers diverse investment options to investors based on their risk appetite, financial objectives, and income. Tata Mutual Fund has 47 no. of funds in total and as of March 2023 holds Rs. 86396.95 Cr. of AUM.

▸ **ADITYA BIRLA SUN LIFE MUTUAL FUND**

Aditya Birla Sun Life Mutual Funds is a joint-venture company co-sponsored by the Indian company, Aditya Birla Capital Limited, and Canada-based financial service company, Sun Life AMC Investments, Inc. Aditya Birla Sun Life Mutual Fund has 119 no. of funds in total and as of March 2023 holds Rs. 295804.91 Cr of AUM.

▸ **L&T MUTUAL FUND**

L&T Investment Management Ltd. is one of the top asset management companies of L&T Mutual Fund. The company is a wholly-owned subsidiary of L&T Finance Holdings Ltd., which is a publicly-listed NBFC. L&T Mutual Fund has 34 no. of funds in total and as of March 2023 holds Rs. 75591.56 Cr. of AUM.

**CHAPTER – 4**  
**DATA ANALYSIS AND INTERPRETATION**



# DATA ANALYSIS AND INTERPRETATION

Questionnaire consists of many of about 28 questions which include questions relating to demographics, factors influencing investor decisions and their preferences. A total of 109 questionnaires were administered through a google form. The data collected from the investors is analyzed and tabulated below to explore the objectives of the study.

## DEMOGRAPHIC PROFILE OF INVESTORS

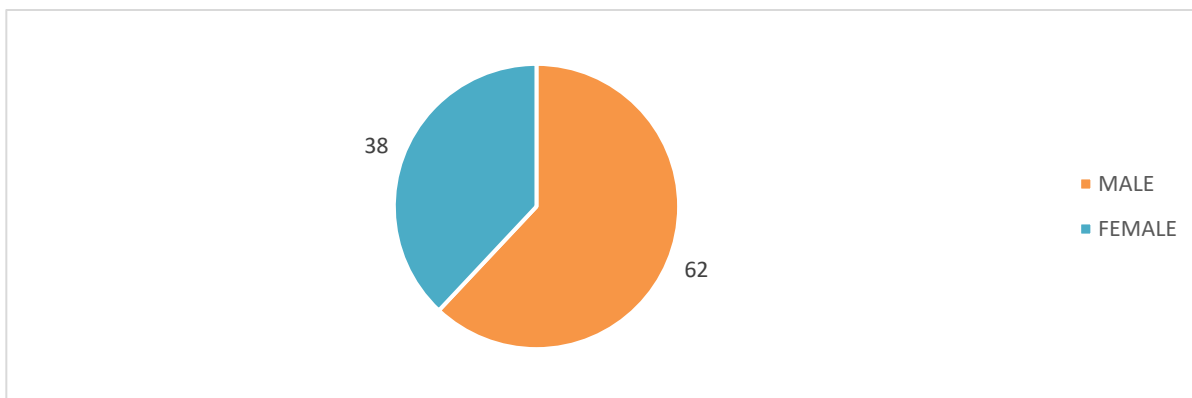
Sex, occupational status, age, work experience and corresponding questions were included in the questionnaire to know the demographic profile of the investors.

### 4.1 GENDER

Table 4.1

	FREQUENCY	PERCENTAGE
MALE	62	62
FEMALE	38	38
OTHERS	0	0
TOTAL	100	100

Fig 4.1



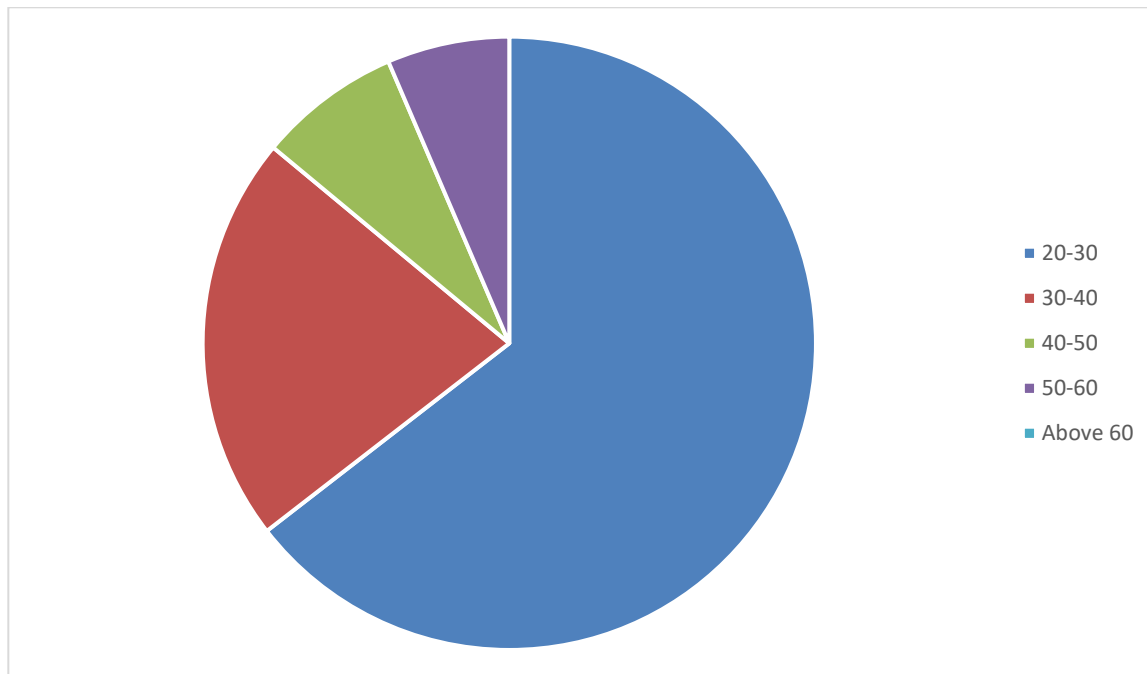
Out of 100 investors 62% are men and 38% are women.

## 4.2 AGE

Table 4.2

	FREQUENCY	PERCENT
20-30	60	60
30-40	20	20
40-50	7	7
50-60	6	6
Above 60	7	7
<b>TOTAL</b>	<b>100</b>	<b>100</b>

Fig 4.2



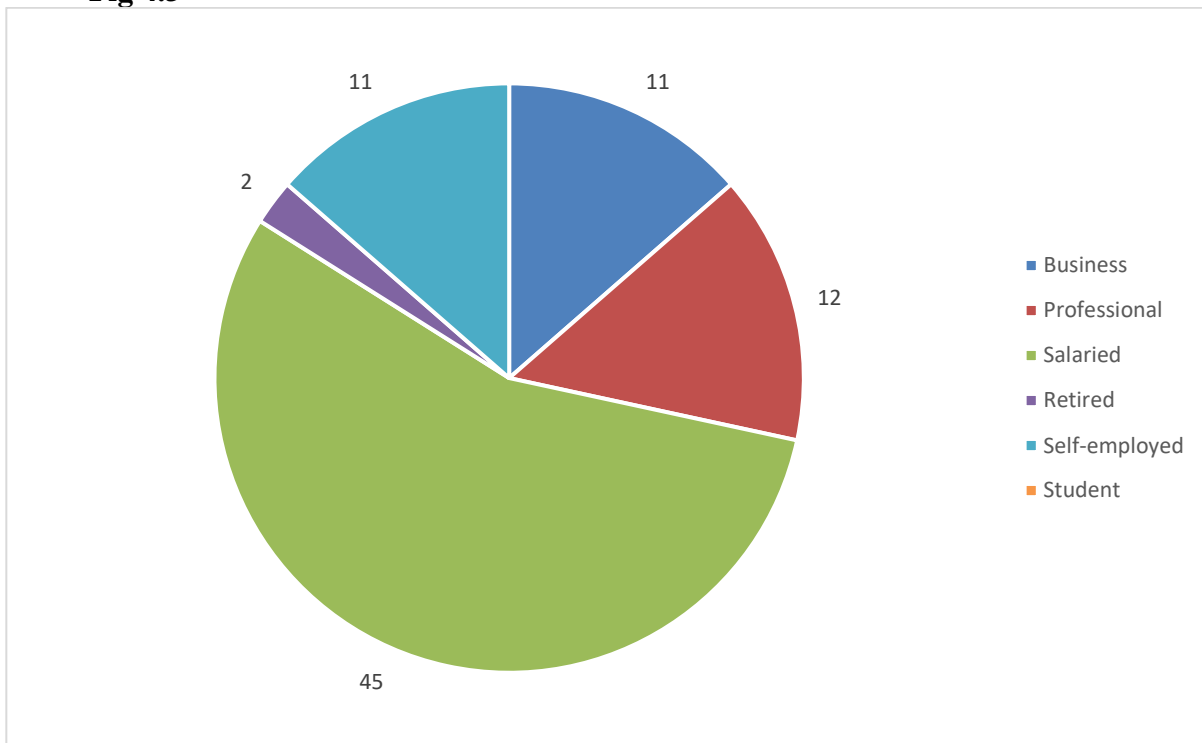
Above 60% of the investors are of the age group 20-30, 20% are of the age group 30-40, 7% are of the age group 40-50, 6% are of the age group 50-60 and about 7% are above 60 years. Majority of the investors are from the age group of 20-30.

### 4.3 PROFESSION

Table 4.3

	FREQUENCY	PERCENT
Business	11	11
Professional	12	12
Salaried	45	45
Retired	2	2
Self-employed	11	11
Student	19	19
TOTAL	100	100

Fig 4.3



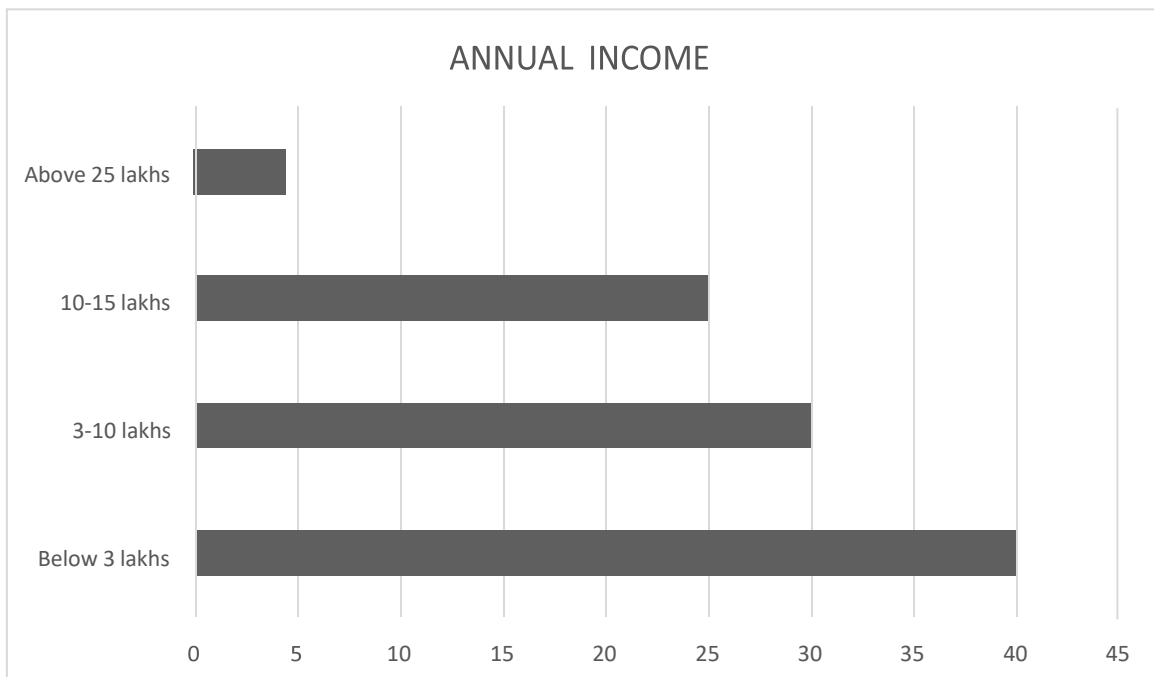
11% of the investors are businessmen, 2% are retired, 12% are professionals, 45% are salaried, 11% are self-employed and 19% are students. Majority of the investors are from the salaried group.

#### 4.4 ANNUAL INCOME

Table 4.4

	FREQUENCY	PERCENT
Above 25 lakhs	5	5
10-15 lakhs	25	25
3-10 lakhs	30	30
Below 3 lakhs	40	40
<b>TOTAL</b>	<b>100</b>	<b>100</b>

Fig 4.4



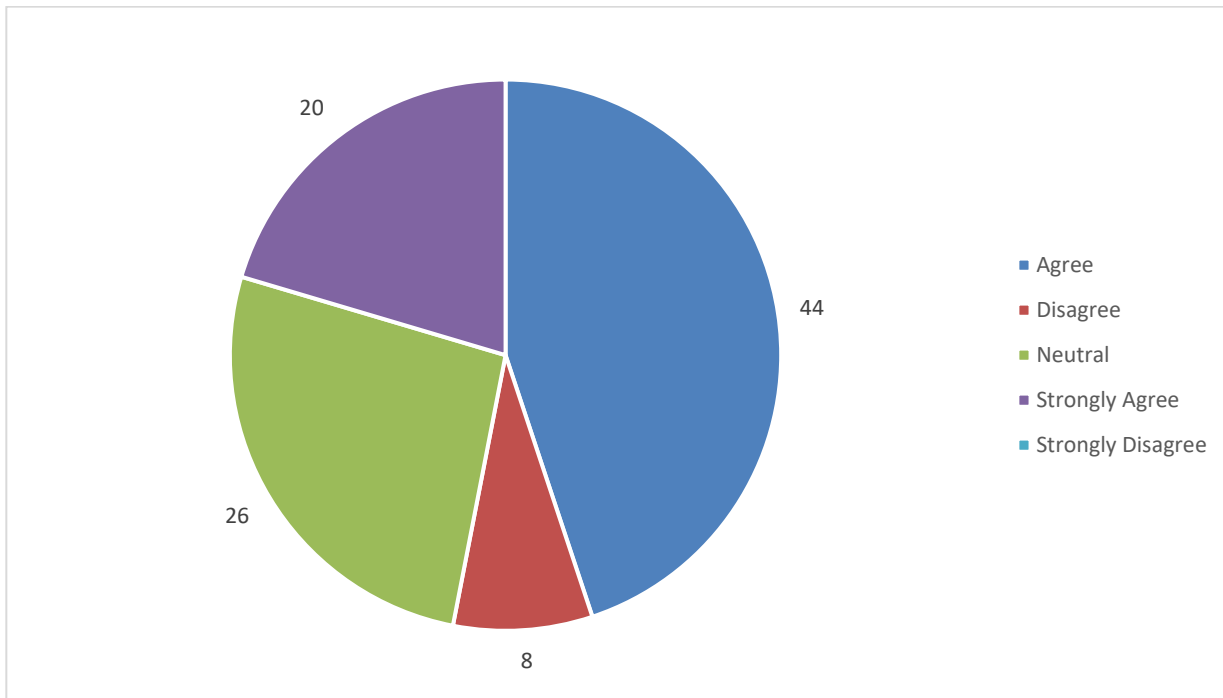
25% of the investors is having annual income between 10-15 lakhs, 5% have 25 lakhs above 30% have in between 3-10 lakhs and 40% have annual income below 3 lakhs. Majority of the investors have annual income below 3 lakhs.

## 4.5 DISTRIBUTORS

Table 4.5

	FREQUENCY	PERCENT
Agree	44	44
Disagree	8	8
Neutral	26	26
Strongly Agree	20	20
Strongly Disagree	2	2
<b>TOTAL</b>	<b>100</b>	<b>100</b>

Fig 4.5



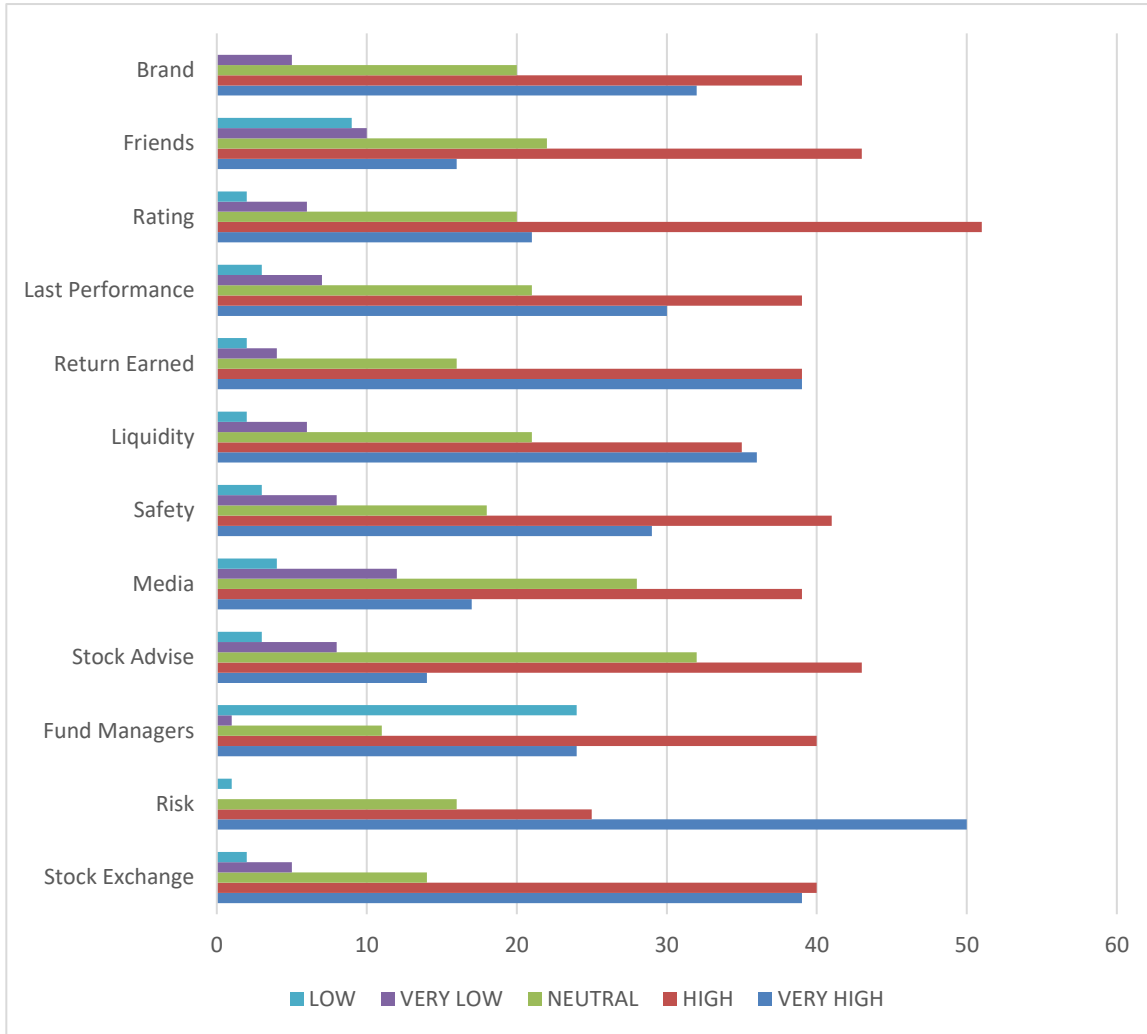
20% investors strongly agree to invest through distributors, 44% agree, 26% neutral, 8% disagree, 2% strongly disagree.

## 4.6 INFLUENCING FACTORS

**Table 4.6**

<b>FACTORS</b>	<b>VERY HIGH</b>	<b>HIGH</b>	<b>NEUTRAL</b>	<b>VERY LOW</b>	<b>LOW</b>
Stock exchange	39	40	14	5	2
Risk	50	25	16	0	1
Fund Managers	24	40	11	1	24
Stock Advise	14	43	32	8	3
Media	17	39	28	12	4
Safety	29	41	18	8	3
Liquidity	36	35	21	6	2
Return Earned	39	39	16	4	2
Last performance	30	39	21	7	3
Rating	21	51	20	6	2
Friends	16	43	22	10	9
Brand	32	39	20	5	4

**Fig 4.6**



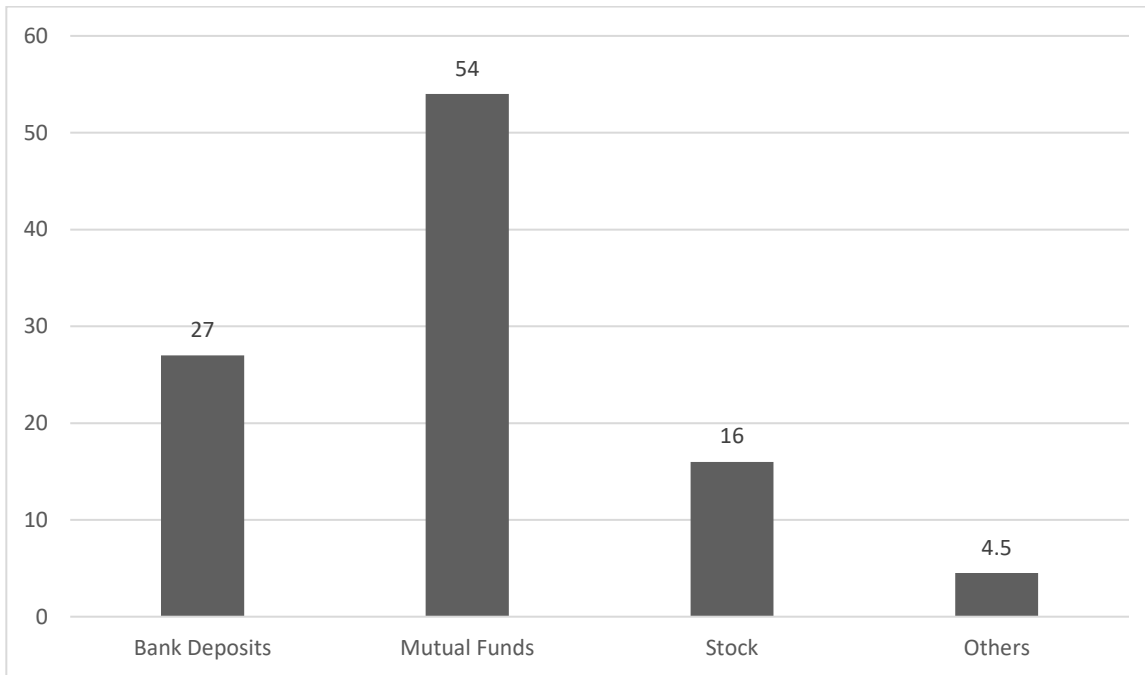
These are the important factors which influence the investors to take investment decisions. The rating factor influence the investors the most. The least factor that influences the investors is risk.

## 4.7 TYPE OF INVESTMENTS

Table 4.7

	FREQUENCY	PERCENT
<b>Bank Deposits</b>	27	27
<b>Mutual Funds</b>	54	54
<b>Stock</b>	16	16
<b>Others</b>	3	3
<b>TOTAL</b>	100	100

Fig 4.7



54% of the investors prefer to invest in Mutual funds, 27% prefer to invest in bank deposits 16% prefer to invest in stocks and 2% prefer to invest in others.

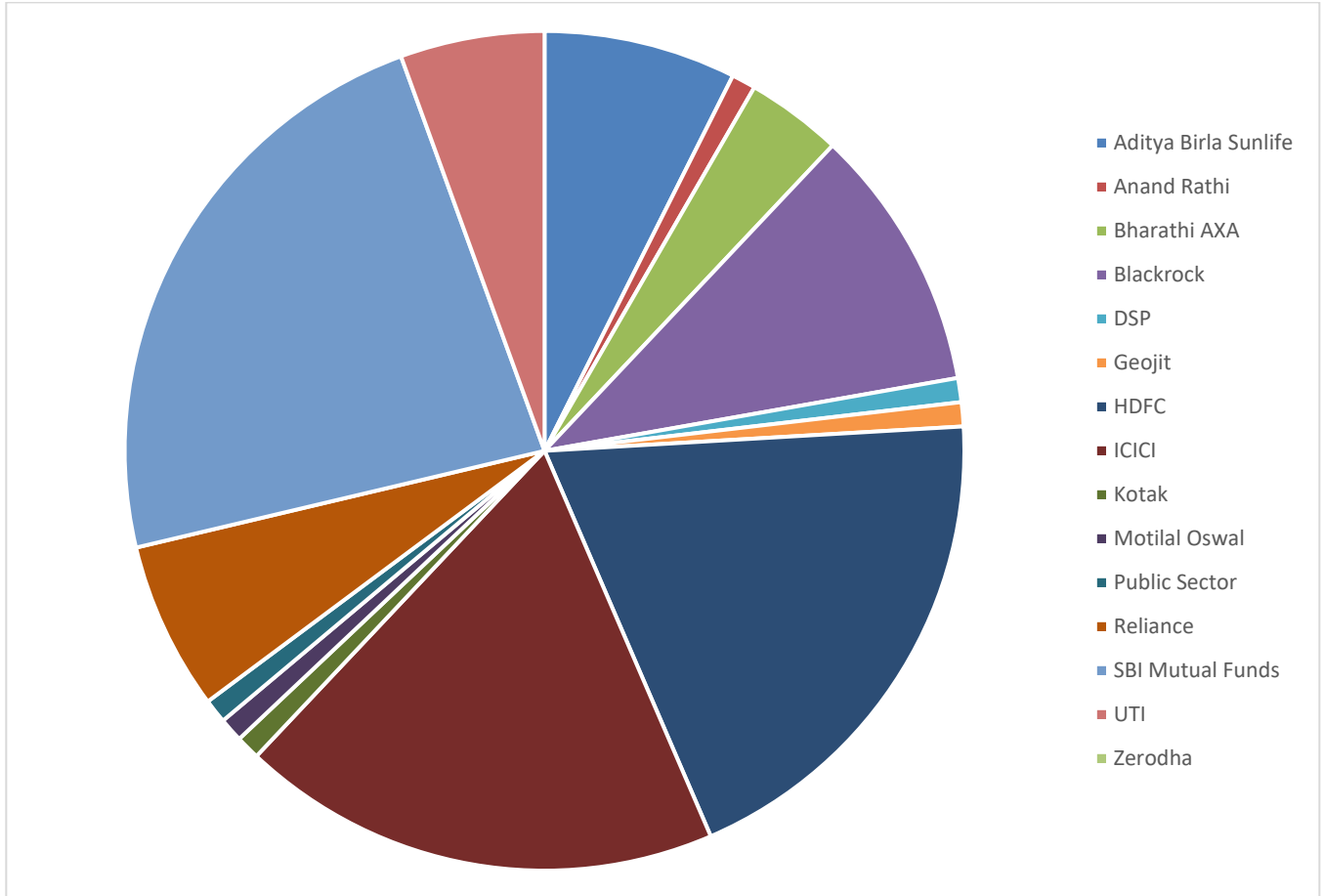


## 4.8 ASSET MANAGEMENT COMPANIES

**Table 4.8**

	<b>FREQUENCY</b>	<b>PERCENT</b>
Aditya Birla Sunlife	8	8
Anand Rathi	1	1
Bharathi AXA	4	4
Blackrock	11	11
DSP	1	1
Geojit	1	1
HDFC	21	21
ICICI	20	20
Kotak	1	1
Motilal Oswal	1	1
Public Sector	1	1
Reliance	7	7
SBI Mutual Funds	25	25
UTI	6	6
Zerodha	2	2
<b>Total</b>	<b>100</b>	<b>100</b>

**Fig 4.8**



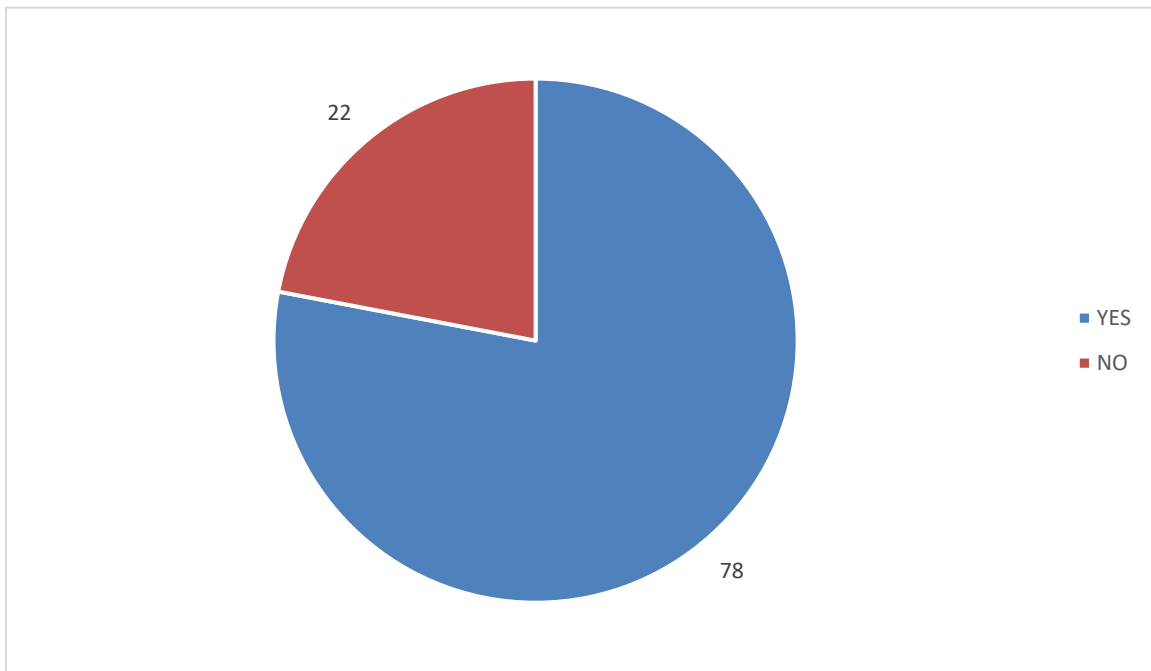
25% Of the investors prefer to invest in SBI Mutual funds, 21% of the investors prefer to invest in HDFC Mutual funds, 20% prefer to invest in ICICI securities, 8 prefer to invest in Aditya Birla, 7% prefer to invest in Reliance, 6% prefer to invest in UTI and rest of the investors prefer other asset management companies.

#### 4.9 INVESTMENT OVER SAVINGS

Table 4.9

	FREQUENCY	PERCENT
YES	78	78
NO	22	22
TOTAL	100	100

Fig 4.9



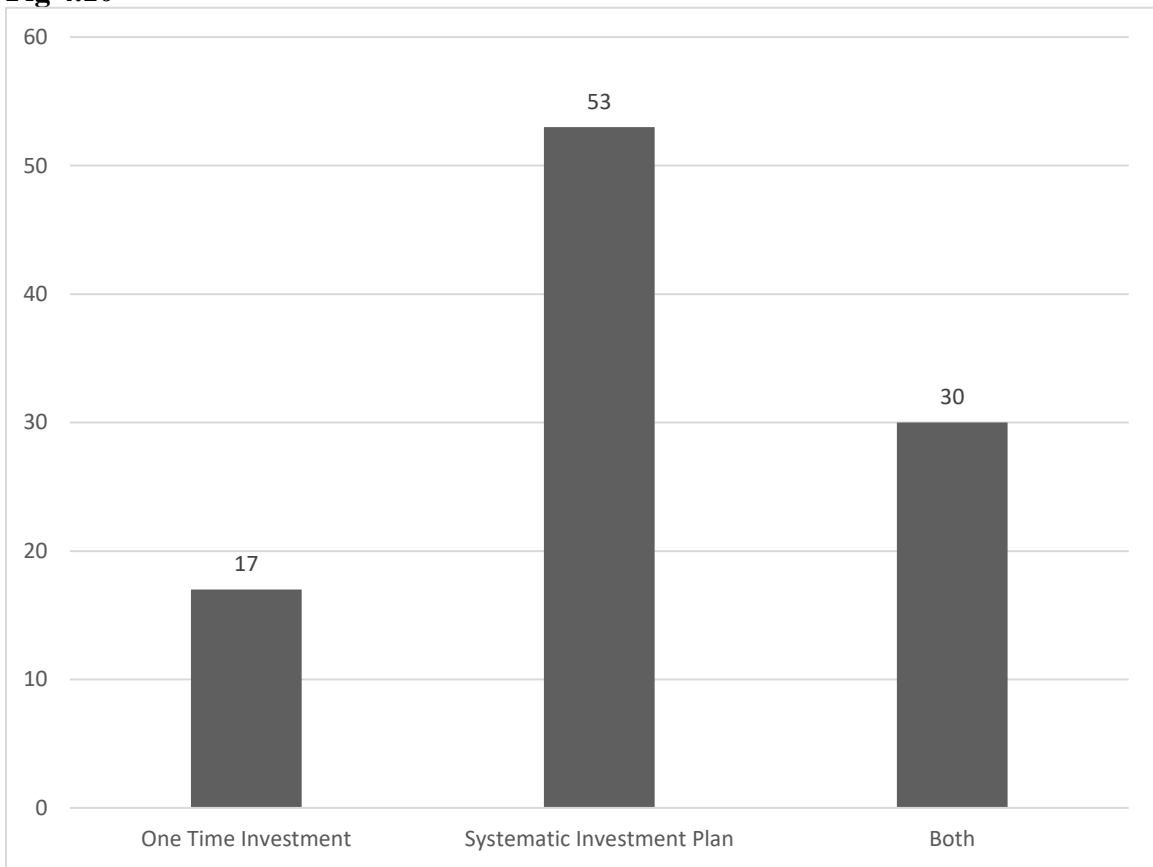
78% of the respondents prefer to do investment over savings 22% of the investors prefer savings over investment.

#### 4.10 MODE OF INVESTMENT

**Table 4.10**

	FREQUENCY	PERCENT
One Time Investment	17	17
Systematic Investment Plan	53	53
Both	30	30
<b>TOTAL</b>	<b>100</b>	<b>100</b>

**Fig 4.10**



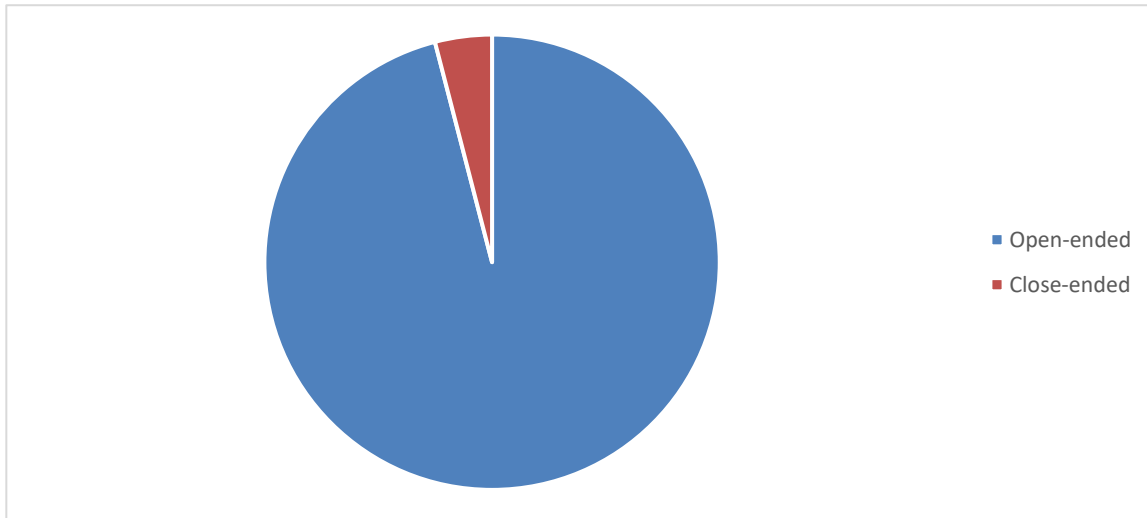
53% of the investors prefer to invest in Systematic investment plan, 17% prefer to invest in one time investment plan and 30% prefer to invest in both.

#### 4.11 NATURE OF MUTUAL FUND

**Table 4.11**

	FREQUENCY	PERCENT
<b>Open-ended</b>	76	76
<b>Close-ended</b>	24	24
<b>TOTAL</b>	100	100

**Fig 4.11**



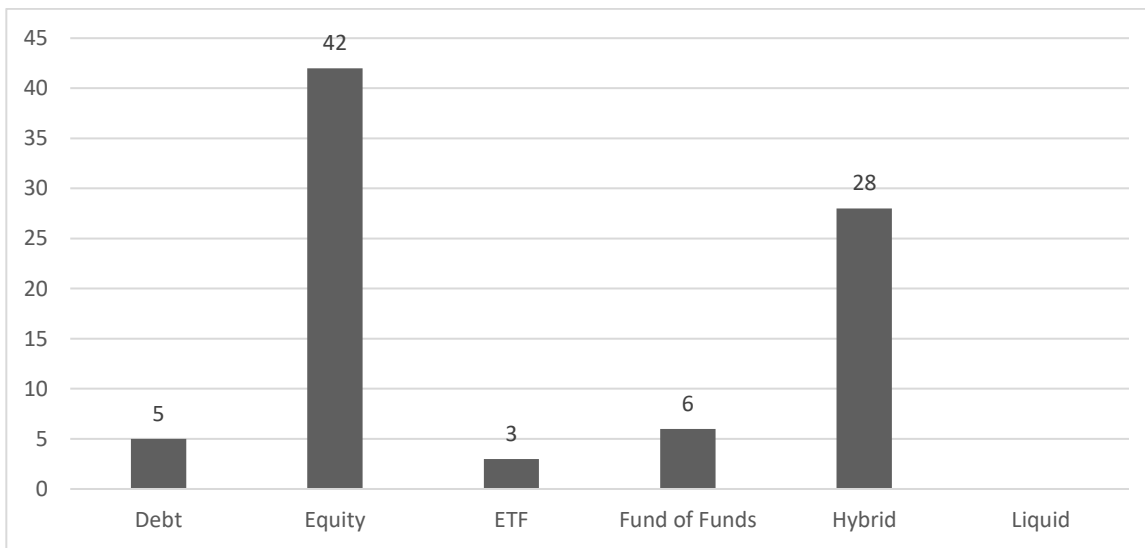
76% of the investors prefer to invest in Open Ended Schemes of Mutual Funds and 24% prefer to invest in Close Ended Schemes.

#### 4.12 CATEGORY OF FUND

Table 4.12

	FREQUENCY	PERCENT
Debt	5	5
Equity	42	42
ETF	3	3
Fund of Funds	6	6
Hybrid	28	28
Liquid	16	16
<b>TOTAL</b>	<b>100</b>	<b>100</b>

Fig 4.12



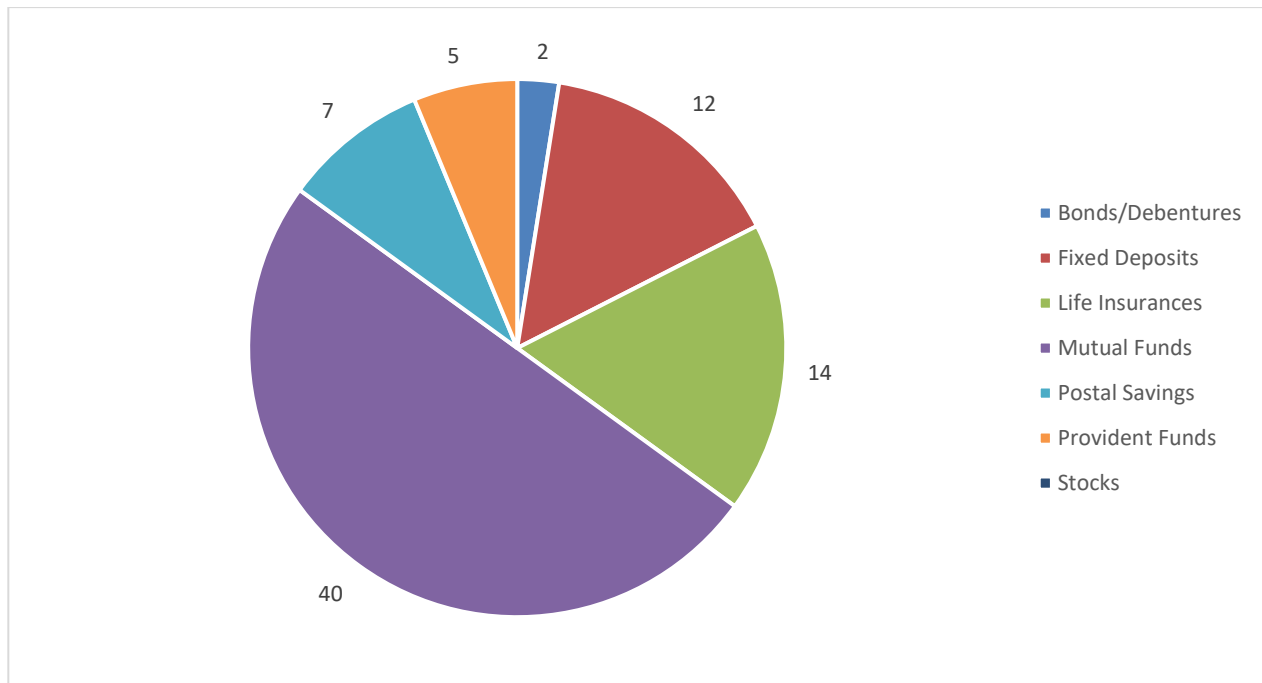
42% of investors prefer to invest in Equity category of funds, 28% prefer to invest in Hybrid category. 16% prefer to invest in liquid category, 6% prefer to invest in fund of funds, 5% prefer to invest in debt category and 3% prefer to invest ETF.

### 4.13 INVESTMENT SCHEMES

Table 4.13

	FREQUENCY	PERCENT
Bonds/ Debentures	2	2
Fixed Deposits	23	12
Life Insurances	14	14
Mutual Funds	40	40
Postal Savings	7	7
Provident Fund	5	5
Stocks	9	9
<b>TOTAL</b>	<b>100</b>	<b>100</b>

Fig 4.13



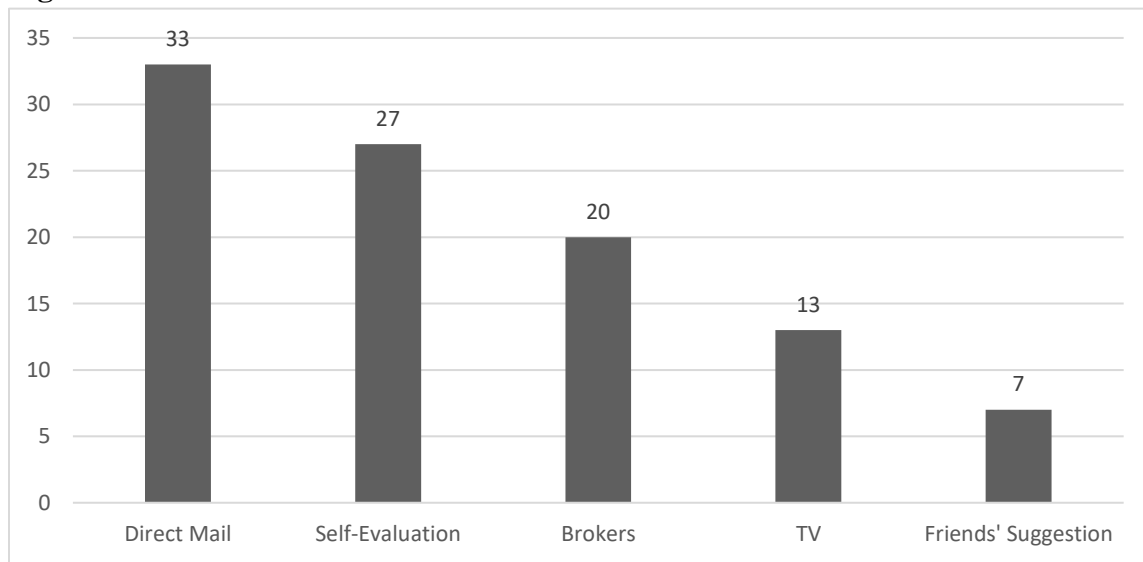
40% of the investors invested the most in Mutual Funds till date, 23% invested the most in Fixed deposits. 14% invested the most in Life insurance. 9% invested the most in stocks, 7% invested the most in postal savings, 5% invested the most in provident fund and 2% invested the most in bonds /Debentures.

#### 4.14 ENVIRONMENTAL FORCES

Table 4.14

	FREQUENCY	PERCENT
Direct Mail	33	33
Self-Evaluation	27	27
Brokers	20	20
TV	13	13
Friends' suggestion	7	7
<b>TOTAL</b>	<b>100</b>	<b>100</b>

Fig 4.14



From the response recorded from the investors from the ranking shows that the most preferred environmental force that influenced the investment decision of an investor is direct mail or email. then most influenced factor is television and commercials, the influence of brokers and agents comes third and self- evaluation decision comes fourth and finally the least influenced factor is friends' suggestion.

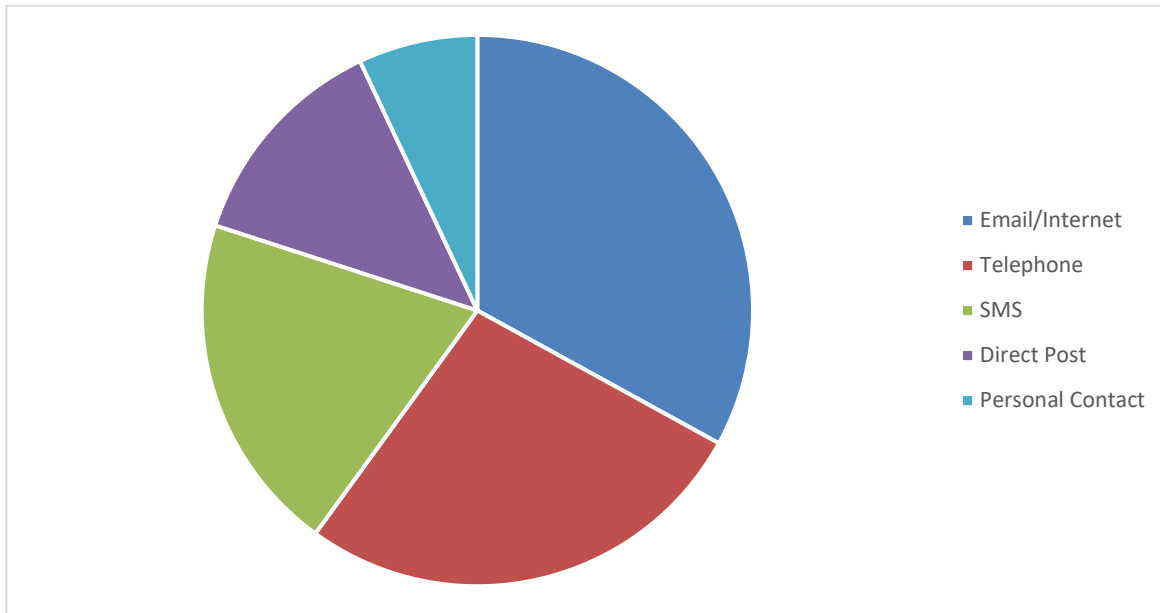


#### 4.15 MODE OF COMMUNICATION

Table 4.15

	FREQUENCY	PERCENT
Email/Internet	33	33
Telephone	27	27
SMS	20	20
Direct Post	13	13
Personal Contact	7	7
TOTAL	100	100

Fig 4.15



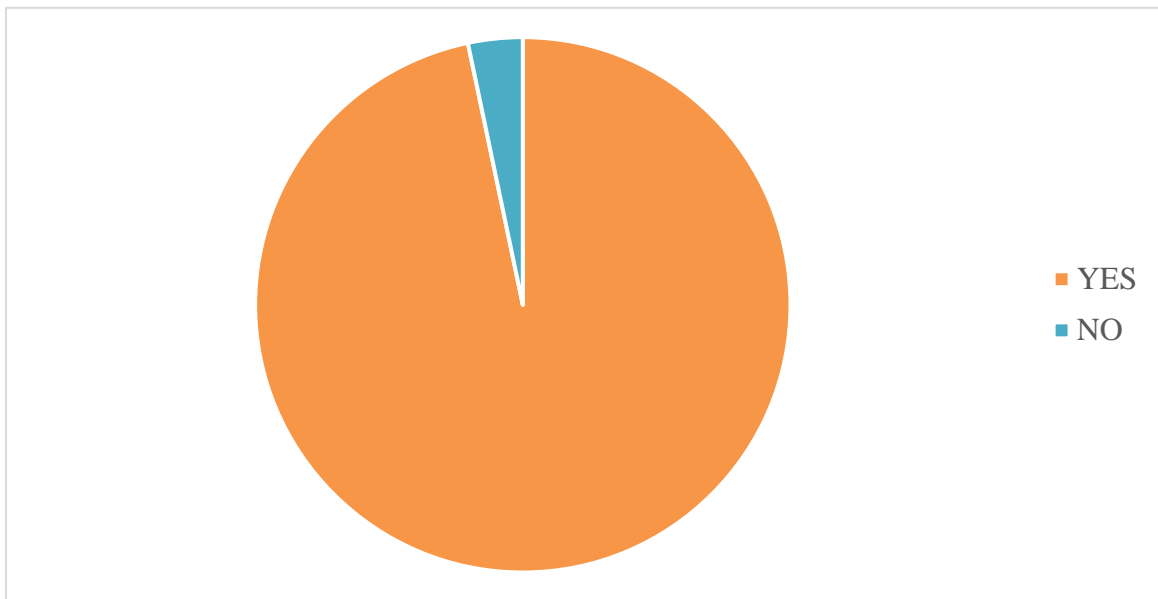
Mode of communication investors prefer to receive updates are telephone, email/Internet Direct post Personal contact email and SMS alerts, of which investors ranked SMS alerts first to receive alerts and second preferred mode of communication is direct post and the least preferred mode of communication is mail/internet.

#### 4.16 AWARENESS OF MUTUAL FUND SCHEMES

Table 4.16

	FREQUENCY	PERCENT
YES	94	94
NO	6	6
TOTAL	100	100

Fig 4.16



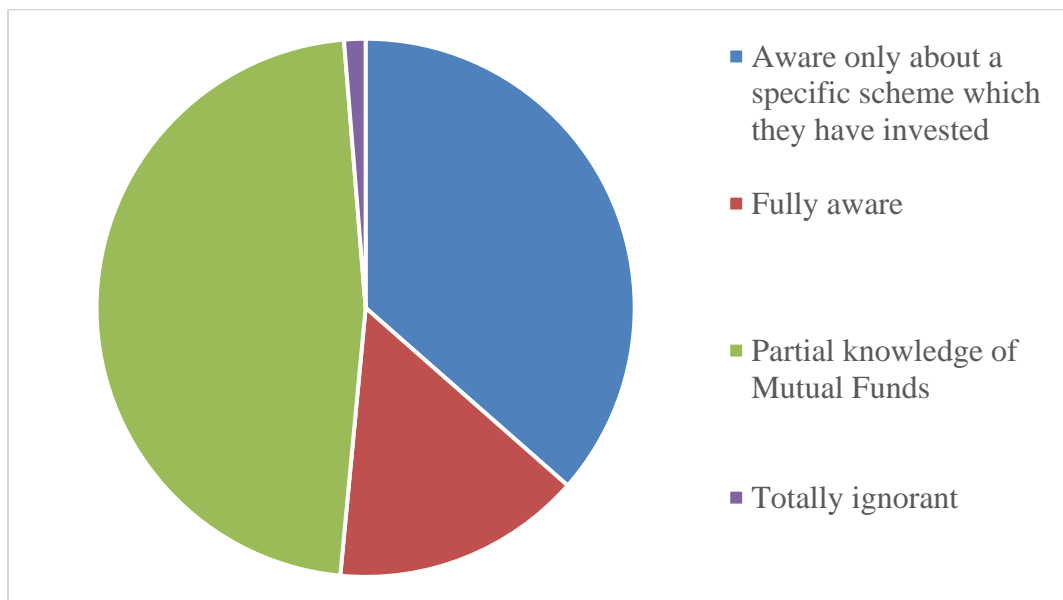
94% of the investors feel that awareness of mutual fund schemes is an important factor for investing only 6% do not consider awareness an important factor for investment.

#### 4.17 INVESTORS' KNOWLEDGE

Table 4.17

	FREQUENCY	PERCENT
Aware only about any specific scheme in which they have invested	34	34
Fully aware	14	14
Partial knowledge of Mutual Funds	44	44
Totally ignorant	8	8
<b>TOTAL</b>	<b>100</b>	<b>100</b>

Fig 4.17



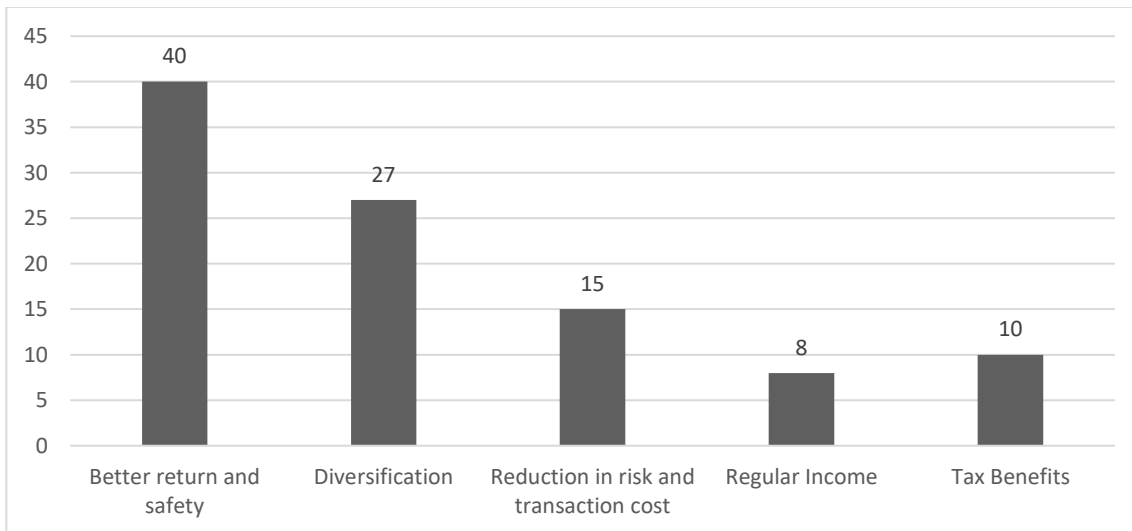
14% of the investors are fully aware about mutual funds .34% are aware only about any specific scheme in which they have invested.44% have only partial knowledge about mutualfunds and 8% are totally ignorant regarding the awareness of mutual funds.

#### 4.18 FEATURES OF MUTUAL FUNDS

Table 4.18

	FREQUENCY	PERCENT
Better return and safety	40	40
Diversification	27	27
Reduction in risk and transaction cost	15	15
Regular Income	8	8
Tax benefits	10	10
<b>TOTAL</b>	<b>100</b>	<b>100</b>

Fig 4.18



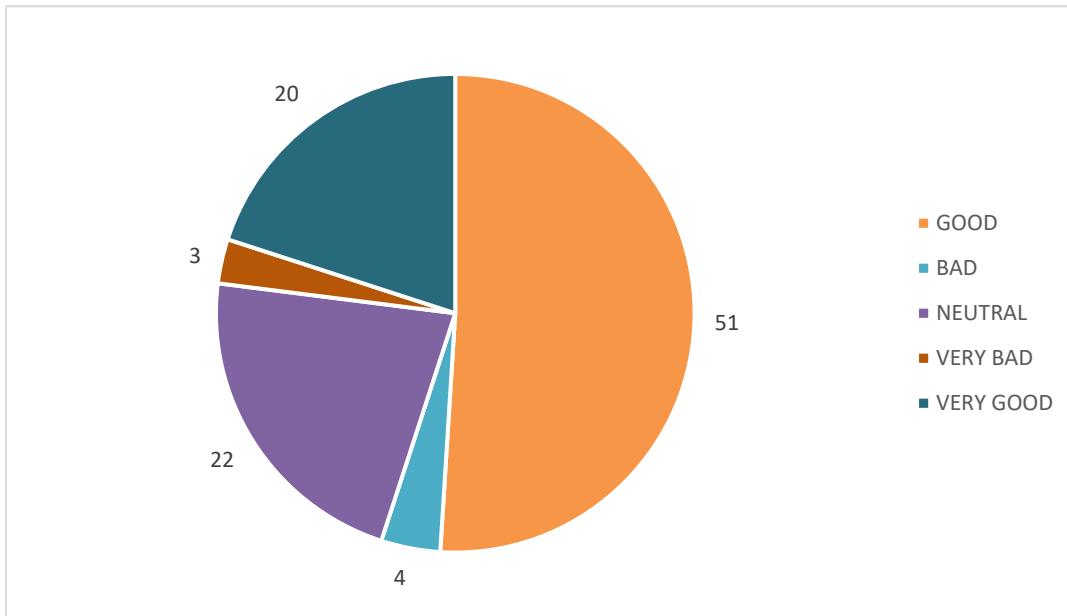
40% of the investors consider mutual fund as a good investment option as they get better return and safety of it. 27% find it good because of its diversification nature, 15% find it good due to its reduction in risk and transaction cost feature, 10% find it good due to tax benefit and 8% prefer it due to regular income.

#### 4.19 CUSTOMER RELATIONS

Table 4.19

	FREQUENCY	PERCENT
<b>GOOD</b>	51	51
<b>BAD</b>	4	4
<b>NEUTRAL</b>	22	22
<b>VERY BAD</b>	3	3
<b>VERY GOOD</b>	20	20
<b>TOTAL</b>	<b>100</b>	<b>100</b>

Fig 4.19



20% of the investors have rated the customer relations of their company as very good and 50% have rated it good 22% has rated it neutral, 4% have rated it bad and 3% has rated it very bad.

## 4.20 INVESTORS' PREFERENCE

**Table 4.20**

	<b>FREQUENCY</b>	<b>PERCENT</b>
<b>Existing Scheme</b>	70	70
<b>New Fund Offering</b>	30	30
<b>TOTAL</b>	<b>100</b>	<b>100</b>

**Fig 4.20**



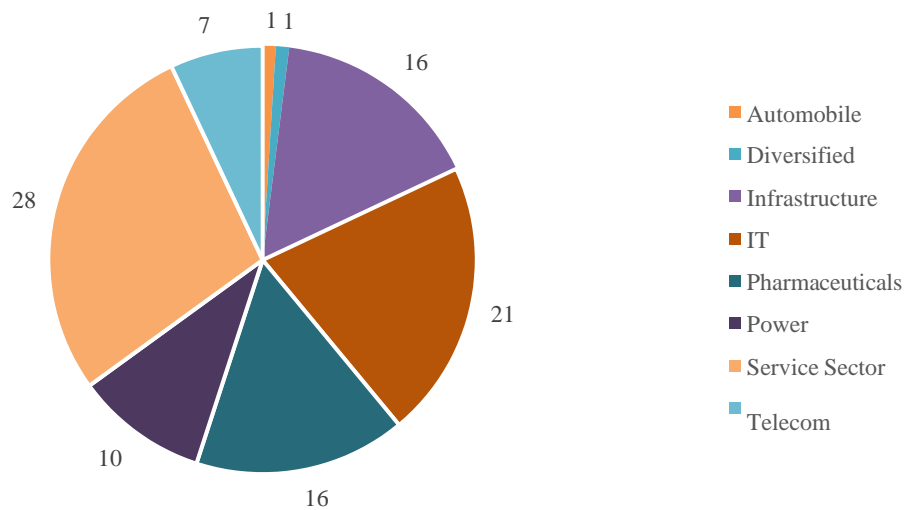
30% of the investors prefer to invest in new fund offerings and 70% prefer to invest in existing schemes. Hence, the major preference is for existing schemes.

#### 4.21 PREFERRED SECTOR FOR INVESTMENT

Table 4.21

	FREQUENCY	PERCENT
Automobile	1	1
Diversified	1	1
Infrastructure	16	16
IT	21	21
Pharmaceuticals	16	16
Power	10	10
Service Sector	28	28
Telecom	7	7
<b>TOTAL</b>	<b>100</b>	<b>100</b>

Fig 4.21



28% of the investors prefer to invest in service sector, 21% prefer to invest in IT Sector, 16% prefer invest in infrastructure and again 15.6% prefer to invest in pharmaceuticals and healthcare and only 2% prefer to invest in auto-mobile and other diversified sectors.

**CHAPTER – 5**  
**FINDINGS, SUGGESTIONS AND CONCLUSION**



## **FINDINGS SUGGESTIONS AND CONCLUSION**

### **5.1 FINDINGS**

Major findings emerged out of the study are summarized below:

#### **❖ DEMOGRAPHIC PROFILE OF THE INVESTORS**

- ▶ The sample size of the study is 100 out of which 62 % are men and 38% are female.
- ▶ About 61% of the investors are of the age group 20-30, 18% are of the age group 30 - 40, 7% are of the age group 40 - 50 ,6% are of the age group 50 - 60 and about 7% are above 60 years. Majority of the respondents are young investors who are of the age group 20 to 30.
- ▶ 11% of investors doing business, 2% retired, 12% are professionals, 46% are salaried, 11% self-employed and 19% students. Majority of the investors are from salaried group.
- ▶ 12% the investors is having annual income between 10-15lakhs, 5% have 25 lakhs above, 39% have between 3 and10 lakhs rest of investors do not prefer to disclose. 40% have below 3 lakhs. Majority of the investors have annual income below 3lakhs.
- ▶ Most preferred asset management companies' by the investors are HDFC, ICICI, prudential mutual funds, SBI Mutual Funds. Few preferred other companies like Geojit, Axis Bank and Aditya Birla Sunlife Mutual funds. 43.1% of the investors agree that they think it is better to invest in Mutual Funds through distributors.

#### **❖ INFLUENCE OF FACTORS TO TAKE INVESTMENT DECISION**

- ▶ 39% of the investors state that stock exchange information has a very high influence on their investment decision. 40% of the investors are highly influenced by stock exchange information. 14% are neutral, 5% investors were influenced low and 2% influenced very low.
- ▶ 50% of the investors are highly influenced to take investment decision by risk factors. 25% are very highly influenced. 16% on neutral to this factor. 9% are influenced low by this factor.
- ▶ 24% of the investors are very highly influenced to take an investment decision by the factor "fund managers". 40% are highly influenced by this factor. 11% are influenced low by this factor. 9% are influenced very low. 24% are neutral with this factor. 14% of the investors are highly influenced by the factor "Broker's advice" to take investment decision. 43% are highly influenced by this factor. 32% are neutral with this factor. 8% are influenced low by this factor. 3% are influenced very low by this factor.

- ▶ 17% of the investors are very highly influenced by the factor "Media" take investment decision. 39% of the investors highly influenced this factor. 28% neutral this factor. 12% are influenced by this factor. 4% are influenced very low.
- ▶ 29% of the investors are influenced by the factor "Safety" to take investment decision. 41% are highly influenced by this factor. 18% neutral this factor. 8% influenced low this factor. 3% of the investors are influenced very low this factor.
- ▶ 36% of the investors are very influenced by the factor "Liquidity" for taking investment decision. 35% of investors are highly influenced by this factor. 21% neutral to this factor. 6% are influenced low this factor. 2% are influenced very low by this factor.
- ▶ 39% investors are highly influenced the factor "Returns earned". 16% neutral this factor. 4% are influenced.
- ▶ 29% of the investors a highly influenced by the factor "past performance" while they take investment decision. 39% of the investors are highly influenced by the factor. 21% are neutral to this factor .7% of the investors are influenced low by this factor. 3% of the investors are influenced very low by this factor.
- ▶ 21% of the investors are affected by the factor "rating of mutual fund schemes by agencies" for taking an investment decision. 51% are affected highly by this factor. 21% are neutral with this factor. 6% are influenced low by this factor. 2% are influenced very low by this factor.
- ▶ 16% of the investors are influenced very high by this factor "recommendations from friends" to take investment decision. 43% are influenced high by this factor. 22% are neutral with this factor. 10% are influenced low by this factor. 9% are influenced very low by the factor.
- ▶ 32% of the investors are influence very highly by the factor "Brand" while taking investment decision. 39% are highly influenced. 20% are neutral. 5% are influenced low by this factor. 4% are influenced very low by the factor.
- ▶ From the above factors the most important factor that influence an investor to take an investment decision is return earned.

#### ❖ INVESTORS PREFERENCE

- ▶ 25% of the investors prefer to invest in SBI Mutual Funds. 21% of the investors prefer to invest in HDFC mutual funds. 20% prefer to invest in ICICI security, 8% prefer to invest in Aditya Birla, 7% to invest in Reliance, 6% prefer to invest in UTI, rest of the investors prefer other Asset Management companies.

- ▶ 78% of the respondents prefers to do investment over savings, 22% of the investors prefer savings over investment.
- ▶ 53% of the investors prefer to invest in systematic investment plan. 17% prefer to invest in one time investment plan and 29 % prefer to invest in both.
- ▶ 76%prefer to invest in open-ended schemes of mutual funds and 24% prefer to invest in close-ended schemes.
- ▶ 42% of investors prefer to invest in equity category of funds, 28%prefer to invest in hybrid category, 16 % prefer to invest in liquid category, 6% prefer to invest in fund of funds, 5% prefer to invest in debt category and 3% prefer to invest in ETF.
- ▶ 40% of the investors invested the most in mutual funds till date, 23% invested the most in fixed deposits, 14% invested the most in life insurance, 9% invested the most in stocks, 7% invested the most in postal savings, 5% investor the most in provident fund and 2% invested in the most in bonds /Debentures.
- ▶ 30% investors prefer to invest new fund offerings, 70% prefer to invest in existing schemes, so major preference is for existing schemes. 28% of the investors prefer to invest in service sector, 21% prefer to invest in IT sector, 15% prefer to invest in infrastructure and again 16% prefer to invest in pharmaceuticals and healthcare and only 9% prefer to invest in automobile and other diversified sectors.

From the response recorded, the investors ranking shows that environmental factor that influenced the most to take an investment decision for investor is direct mail/ email. Most influenced factor is television and commercials, the influence of brokers and agents comes third and self-evaluation decisions comes fourth and finally the last influence factor is friends suggestions. Mode of communication, investors prefer receive updates mutual funds are telephone, email/Internet, Direct post, Personal contact and SMS alerts, of which investors prefer SMS alerts to receive alerts and preferred mode communication direct post and the least preferred mode communication is email/internet. 95% the investors feel that awareness of mutual fund schemes is an important factor for investment, only 5% do not consider awareness as an important factor. 14% of investors are fully aware. 34% are aware only about specific scheme which have invested. 44% have only partial knowledge about mutual funds and 8% are totally ignorant. 40% investors consider mutual fund as a good investment option as they get better returns and safety of it. 27% find it good because of its diversification nature. 14% find it good due to its reduction in risk and transaction cost feature. 10% find it good due to tax benefit and 8% prefer it due to regular income.

20% of the investors have rated the customer relations of their company as very good and 50% have rated it as good, 22% has rated it neutral, 4% have rated bad and 3% has the rated it very bad.

## **5.2 SUGGESTIONS**

The study clearly shows as to how attractive the mutual funds is to an investor and the reason behind investing in mutual funds is the basis of the personal observation of the researcher, the following suggestions have made, which would definitely bring about a change in the mind sets of the people with regard to Mutual Funds as an investment Avenue.

- Awareness is a very important factor that influence a person to take an investment decision,so generally people have to be made aware about the benefits and schemes of mutual funds for influencing them to take an investment decision.
- The company should come up with more funds such that it will be easier for the investor to further invest in mutual funds.
- More concentration should be shown towards the retired people, as they have good investment potential.

## **SUGGESTIONS FROM RESPONDENTS**

Many of the investors are satisfied with the Asset Management Company through which they made their investment, few suggestions they have made are:

- The repayment options should be made more secure at the time of closing.
- The Asset Management companies should improve on advising the customers and providenecessary guidance.
- People should be made aware of the benefits and should aim at long term returns.
- The Asset Management companies has to be honest to the clients and try to update the knowledge of the market and the factors influencing the market conditions.

### 5.3 CONCLUSION

The mutual funds have emerged as one of the important class of financial intermediaries which cater to the needs of the retail investors. The major factors influencing the investment decision of retail investors are tax benefits, high return, price and capital appreciation.

- Equity-based schemes are the most preferred by respondents.
- Open-ended scheme of mutual funds is the most preferred, existing schemes are the most preferred by respondents.
- Most preferred planets systematic investment plan.

The study explain that many investors preferred to invest in mutual fund in order to have high return at low level of risk, safety and liquidity. The world of investment has been changing day-to-day, so investor's preferences toward investment pattern also changed. In the demographic profile, most of the investors are willing to invest only 10% in their annual personal income, around 60.6% of investors belong to age range of 20 to 30 years. In this study, investors are willing to take moderate and low-level risk, most of the investors belong to moderate investment style. In order to have more investors to invest in Mutual Funds, mutual fund companies have to provide some awareness program about the benefits of investing in mutual funds and the safety and security provided by mutual fund companies in this changing stock market situation. Most preferred asset management companies, are HDFC, ICICI prudential mutual funds, and SBI Mutual Funds.

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# **ANNEXURE**



**ANNEXURE**

**Investor's preference towards mutual funds**

**Questionnaire**

As a part of our project, we are circulating this questionnaire for the purpose of survey on investor's preference towards mutual funds in Ernakulam city. All the data collected here will be confidential and used for research purposes.

● **Name**

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● **Gender**

- Male
- Female
- Other

● **Age**

- 20-30
- 30-40
- 40-50
- 50-60
- Above 60

- **4. Profession**

- Salaried
- Self-employed
- Professional
- Business
- Retired

- **5. Annual income**

- Below 3 lakhs
- 3-10 lakhs
- 10-15 lakhs
- 25 lakhs above

- **Name the Asset Management Company through which you have made your investment?**

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● **Do you think it is better to invest in mutual funds through distributors?**

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

● **State the influence of following factors.**

**Rank in the order of preferences from 1 to5  
(1-Very High, 5-Very Low)**

- Stock exchange                   **(1, 2, 3, 4, 5)**
- Risk factors                       **(1, 2, 3, 4, 5)**
- Fund managers                   **(1, 2, 3, 4, 5)**
- Stock advice                      **(1, 2, 3, 4, 5)**
- Media                               **(1, 2, 3, 4, 5)**
- Liquidity                          **(1, 2, 3, 4, 5)**
- Returned earned               **(1, 2, 3, 4, 5)**
- Past performance               **(1, 2, 3, 4, 5)**
- Rating                              **(1, 2, 3, 4, 5)**
- Friends                             **(1, 2, 3, 4, 5)**
- Brand                               **(1, 2, 3, 4, 5)**
- Safety                               **(1, 2, 3, 4, 5)**

● **Which type of investment would you prefer?**

- Mutual Funds
- Stocks
- Bank Deposits
- Others \_\_\_\_\_

● **Which Asset Management Company will you prefer to invest?**

**Mark only one oval.**

- ICICI
- Reliance
- Aditya Brila Sunlife
- HDFC
- Kotak
- UTI
- SBI Mutual Fund
- Anand Rathi
- Bharathi AXA
- Blackrock
- DSP
- Geojit
- Motilal Oswal
- Public Sector
- Zerodha

- **Do you prefer investment over savings?**

- Yes
- No

- **. State the preferred mutual fund nature.**

- Open-ended
- Close-ended

- **When you invest in mutual fund, which mode of investment will you prefer?**

- One time investment
- Systematic investment plan
- Both

- **Which category of fund you prefer?**

- Equity
- Hybrid
- Debt
- ETF
- Fund of funds
- Liquid

**•In which of the following have you invested the most till date?**

- Mutual funds
- Fixed deposit
- Postal savings
- Life insurance
- Provident fund
- Bonds/Debentures
- Stocks

**• Which environmental forces influence you the most to invest in mutual fund?**

**Rank in order of preferences from 1 to 5**

**(1-Highly Influenced, 2-Not Influenced)**

- Friends Suggestions (1, 2, 3, 4, 5)
- Television and Commercials (1, 2, 3, 4, 5)
- Brokers and Agents (1, 2, 3, 4, 5)
- Self evaluation decision (1, 2, 3, 4, 5)
- Direct mail/email (1, 2, 3, 4, 5)

**• Which mode of communication do you prefer most for receiving updates and performance of your scheme or portfolio of mutual fund investment?**

**Rank in the order of preferences from 1 to5**

**(1-Highly preferred, 2-Not preferred)**

- Telephone (1, 2, 3, 4, 5)
- Email/Internet (1, 2, 3, 4, 5)
- Direct Post (1, 2, 3, 4, 5)
- Personal contact/Email (1, 2, 3, 4, 5)
- SMS Alerts (1, 2, 3, 4, 5)

- **Does awareness of mutual fund schemes seem to be an important factor for your investment?**

- Yes
- No

- **Where do you place yourself as a mutual fund investor?**

- Totally ignorant
- Partial knowledge of mutual funds
- Aware only about any specific scheme in which you have invested
- Fully aware

- **Which feature of mutual funds attracts you the most?**

- Diversification
- Better return and safety
- Reduction in risk and transaction cost
- Regular income
- Tax benefit



- **Which scheme of mutual funds have you preferred to invest?**

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- **How do you rate the customer relation of asset management company in which you have invested?**

- Very good
- Good
- Neutral
- Bad
- Very Bad

- **Which one do you prefer to invest in?**

- New fund offerings
- Existing schemes

## •In which sector do you prefer to invest?

- Power
- Pharmaceuticals and healthcare
- IT
- Telecom
- Services sector
- Infrastructure Option
- Automobile
- Diversified

- **What are your views and suggestions on your current asset management company?**

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