TO STUDY THE GROWTH OF MUTUAL FUNDS REGARDING SALARIED INDIVIDUALS

A Project Submitted to

University of Mumbai for partial completion of the degree of

Bachelor in Commerce (BANKING & INSURANCE)

Under the Faculty of Commerce

By

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Under the Guidance of

MR. NIRAV GODA

THAKUR COLLEGE OF SCIENCE AND COMMERCE

Thakur Village, Kandivali (E), MARCH 2023

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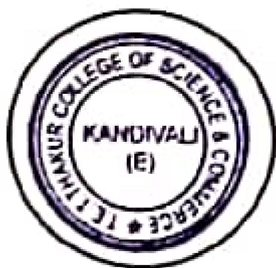

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Declaration by Learner

I the undersigned Mr. MANAV KANSARA hereby, declare that the work embodied in this project work titled "TO STUDY THE GROWTH OF MUTUAL FUNDS REGARDING SALARIED INDIVIDUALS forms my own contribution to the researchwork carried out under the guidance of MR. NIRAV GODA , result of my own research work and has not been previously submitted to any other University forany other Degree/ Diploma to this or any other University.

Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography.

I, hereby further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

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Name and signature of the Guiding Teacher

MR. NIRAV GODA

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1.

INTRODUCTION

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1. 1. INTRODUCTION

Mutual Funds are financial instruments. These funds are collective investments which gather money from different investors to invest in stocks, short-term money market financial instruments, bonds and other securities and distribute the proceeds as dividends. The Mutual Funds in India are handled by Fund Managers, also referred as the portfolio managers. The Securities Exchange Board of India regulates the Mutual Funds in India. The unit value of the Mutual Funds in India is known as net asset value per share (NAV). The NAV is calculated on the total amount of the Mutual Funds in India, by dividing it with the number of units issued and outstanding units on daily basis. Unlike investment in stocks, mutual funds do not invest in a specific stock. Mutual fund investment takes place across several investment options so that the investor gets the maximum returns. An investor himself does not have to select the stocks for investment. Fund manager selects those stocks with top-performing investment options that can bring the best possible returns.

For example:

Imagine there is a box of 12 oranges which cost Rs.40. There are 4 friends, who want to buy this box but have only Rs.10 each. They decide to pool in their money and buy the box. Based on each of their contributions, they are entitled to get 3 oranges. Now try equating this example with mutual funds. The cost per unit is calculated simply by dividing the total amount of investment by the total number of shares/equities. Every investor is a part-owner of the fund and collectively they own the entire pool of money.

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1.2. DEFINITION

A mutual fund is like a trust that pools money from different investors who share a mutual investment objective. This trust is managed by a professional fund manager. The manager uses these funds to invest in equities, stocks, and different money market instruments which help increase wealth. The income gained from this collective investment is then distributed amongst all the investors proportionately after deducting certain expenses.

1.3. HISTORY

The first company that dealt in mutual funds was the Unit Trust of India. It was set up in 1963 as a joint venture of the Reserve Bank of India and the Government of India. The objective of the UTI was to guide small and uninformed investors who wanted to buy shares and other financial products in larger firms. The UTI was a monopoly in those days. One of its mutual fund products that ran for several years was the Unit Scheme 1964.

The mutual fund industry in India has undergone at least 4 phases. Let us now look at each phase in brief:

>Phase of Inception (1964-87):

The first phase was marked by the setting up of the UTI. Though it was a collaboration between the RBI and the Indian Government, the latter was soon delinked from the day-to-day operations of the Unit Trust of India. In this phase, the company was the sole operator in the Indian mutual fund industry. In 1971, the UTI launched the Unit Linked

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Insurance Plan or the ULIP. From that year until 1986, UTI introduced several plans and played a very big role in introducing the concept of mutual funds in India. When UTI was set up several years ago, the idea was to not just introduce the concept of mutual funds in India; an associated idea was to set up a corpus for nation-building as well. Therefore, to encourage the small Indian investor, the government built in several income-tax rebates in the UTI schemes. Not surprisingly, the investible corpus of UTI swelled from 600 crores in 1984 to 6,700 crores in 1988. Clearly, the time had come for the Indian mutual industry to move into the next phase.

>Entry of Public Sector (1987-1993):

By the end of 1988, the mutual fund industry had acquired its own identity. From 1987, many public sector banks had begun lobbying the government for starting their own mutual fund arms. In November 1987, the first non-UTI Asset Management Fund was set up by the State Bank of India. This AMC was quickly followed by the creation of other AMCs by banks like Canara Bank, Indian Bank, Life Insurance Corporation, General Insurance Corporation, and Punjab National Bank. This opening up of the mutual fund industry delivered the desired results. In 1993, the cumulative corpus of all the AMCs went up to a whopping Rs. 44,000 crores. Observers of this industry say that in the second phase, not only the base of the industry increased but also it encouraged investors to spend a higher percentage of their savings in mutual funds. It was evident that the mutual fund industry in India was poised for higher growth.

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>Entry of Private Sector Phase (1993-1996):

In the period 1991-1996, the Government of India had realized the importance of the liberalization of the Indian economy. Financial sector reforms were the need of the hour. India needed private sector participation for the rebuilding of the economy. Keeping this in mind, the government opened up the mutual fund industry for the private players as well. The foreign players welcomed this move and entered the Indian market in significant numbers. In this period, 11 private players –in collaboration with foreign entities- launched their Asset Management Funds.

Some of the top AMCs in the private sector were:

• ICICI Prudential AMC- This Company is a joint venture between ICICI Bank of India and Prudential Plc of UK. It manages a corpus of INR 2, 93,000 crores and has an inventory of more than 1400 schemes.

• HDFC Mutual Fund- Launched in the 1990s, the HDFC Mutual Fund manages more than 900 different kinds of funds.

• Kotak Mahindra Mutual Fund- This AMC has an asset base of more than Rs. 1,19,000 crores. It is a joint venture of Kotak Financial Services and the Mahindra Group.

>SEBI Interventions and Growth, And AMFI:

As the mutual fund industry grew further in the 1990s, the AMCs government felt that it was time for regulation and some control. Investors had to be protected as well as a level playing ground had also to be laid down. A few years ago, the Indian industry had suffered a lot

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because of bank scams and there was a real threat that investors might lose their monies yet again. Consequently, the government introduced the SEBI Regulation Act in 1996 which laid down a set of fair and transparent rules for all the stakeholders. In 1999, the Indian government declared that all mutual fund dividends would be exempt from income tax. The idea behind this decision was to spur further growth in the mutual fund industry. Meanwhile, the mutual fund industry also realized the importance of self-regulation. As a result, it set up an industry body- the Association of Mutual Funds of India (AMFI). One of the goals of this body is investor education.

>Phase of Consolidation (February 2003 – April 2014):

In February 2003, the Unit Trust of India was split into two separate entities, following the repeal of the original UTI Act of 1963. The two separated entities were the UTI Mutual Fund (which is under the SEBI regulations for MFs) and the Specified Undertaking of the Unit Trust of India (SUUTI). Following this bifurcation of the former UTI and occurrence numerous mergers among different private sector entities, the mutual fund industry took a step towards the phase of consolidation. After the global economic recession of 2009, the financial markets across the globe were at an all-time low and Indian market was no exception to it. Majority of investors who had put in their money during the peak time of the market had suffered great losses. This severely shook the faith of investors in the MF products. The Indian Mutual Fund industry struggled to recover from these hardships and remodel itself over the next two years. The situation toughened up more with SEBI abolishing the entry load and the lasting

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repercussions of the global economic crisis. This scenario is evident from the sluggish rise in the overall AUM of the Indian MF industry.

>Phase of Steady Development And Growth (Since May 2014):

Recognizing the lack of penetration of mutual funds in India, especially in the tier II and tier III cities, SEBI launched numerous progressive measures in September 2012. The idea behind these measures was to bring more transparency and security for the interest of the stakeholders. This was SEBI's idea to 're-energize' the Indian MF Industry and boost the overall penetration of mutual funds in India. The measures bore fruit in the due course by countering the negative trend that was set because of the global financial crisis. The situation improved considerably after the new government took charge at the center. Since May '14, the Indian MF industry has experienced a consistent inflow and rise in the overall AUM as well as the total number of investor accounts (portfolio). Currently, all the Asset Management Companies in India manage a combined worth of around Rs. 23 lac crore of assets. Though this number looks attractive, we still have to go a long way in order to match the west. It is estimated that Indians save approximately Rs. 20-30 lakh crore annually. The Indian mutual fund industry can grow immensely if Indians started parking a higher percentage of their savings in MFs. Observers say that Indians have begun shifting a part of their savings from physical assets like gold and land to financial instruments like bonds and silver. However, the AMFI and the government need to encourage Indians even more for investments in mutual funds.

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1.4. CHARACTERISTICS

A diversified portfolio of high-performing mutual funds can provide an investor with an excellent vehicle for accumulating wealth. However, with thousands of possibilities to choose from, selecting the proper funds to invest in can be an overwhelming task. Fortunately, there are certain characteristics that the best-performing funds seem to share.

Using a list of basic characteristics as a way of filtering, or paring down, the massive list of all possible funds available for consideration can greatly simplify the task of fund selection, as well as increase the probability that an investor's choices become profitable.

1. Low Fees or Expenses-

Mutual funds with relatively low expense ratios are generally always desirable, and low expenses do not mean low performance. In fact, it is very often the case that the best-performing funds in a given category are among those that offer expense ratios below the category average. There are some funds that charge substantially higher-than-average fees and justify the higher fees by pointing to the fund's performance. But the truth is there is very little genuine justification for any mutual fund having an expense ratio much over 1%. Mutual fund investors sometimes fail to understand how big a difference even a relatively small percentage increase in fund expenses can make in the investor's bottom-line profitability. A fund with a 1% expense ratio charges an investor with $10,000 invested in the fund $100 annually. If the fund generates a 4% profit for the year, then that $100 charge takes away a

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full 25% of the investor's profits. If the expense ratio is 2%, it takes half of the profits. But an expense ratio of 0.25% only takes 6% of the investor's total profit. In short, expenses are of critical importance for mutual fund investors, who should be diligent in seeking out funds with low expense ratios. In addition to the basic operating expenses charged by all funds, some funds charge a "load," or a sales fee that can run as high as 6% to 8%, and some charge 12b-1 fees used to cover advertising and promotional expenses for the fund. There is no need for mutual fund investors to ever have to pay these additional fees, since there are plenty of perfectly good funds to choose from that are "no-load" funds and do not charge any 12b-1 fees.

2. Consistently Good Performance-

Most investors utilize investing in mutual funds as part of their retirement planning. Therefore, investors should select a fund based on its long-term performance, not on the fact that it had one really great year. Consistent performance by the fund's manager, or managers, over a long period of time indicates the fund will likely pay off well for an investor in the long-run. A fund's average return on investment (ROI) over a period of 20 years is more important than its one-year or three-year performance. The best funds may not produce the highest returns in any one year but consistently produce good, solid returns over time. It helps if a fund has been around long enough for investors to see how well it manages during bear market cycles. The best funds are able to minimize losses during difficult economic periods or cyclical industry downturns. A large part of consistently good performance is having a good fund manager. Investors should review a fund manager's

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background, previous experience, and performance as part of their overall evaluation of the fund. Good investment managers do not usually suddenly go bad, nor do poor investment managers tend to suddenly become overachievers.

3. Sticking to a Solid Strategy-

The best-performing funds perform well because they are directed by a good investment strategy. Investors should be clearly aware of the fund's investment objective and the strategy the fund manager uses to achieve that objective. Be wary of what is commonly called "portfolio drift." This occurs when the fund manager drifts off course from the fund's stated investment goals and strategy in such a way that the composition of the fund's portfolio changes significantly from its original goals. For example, it may shift from being a fund that invests in large-cap stocks that pay above-average dividends to being a fund mainly invested in small-cap stocks that offer little or no dividends at all. If a fund's investing strategy changes, the change and the reason for it should be clearly explained to fund shareholders by the fund manager.

4. Trustworthy, With Solid Reputations-

The best funds are perennially developed by well-established, trustworthy names in the mutual fund business, such as Fidelity, T. Rowe Price, and the Vanguard Group. With all the unfortunate investing scandals over the past 20 years, investors are well-advised to do business only with firms in which they have the utmost confidence

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in, in regard to honesty and fiscal responsibility. The best mutual funds are invariably offered by companies that are transparent and upfront about their fees and operations, and they do not try to hide information from potential investors or in any way mislead them.

5. Plenty of Assets, but Not Too Much Money-

The best-performing funds tend to be those that are widely invested in but fall short of being the funds with the very highest amount of total assets. When funds perform well, they attract additional investors and are able to expand their investment asset base. However, there comes a point at which a fund's total assets under management (AUM) become so large as to be unwieldy and cumbersome to manage. When investing billions, it becomes increasingly difficult for a fund manager to buy and sell stocks without the size of their transaction shifting the market price, so it costs more than they would ideally wish to pay to acquire a large amount of a specific stock. This can be particularly true for funds that seek undervalued, less-popular stocks. If a fund suddenly looks to buy $50 million worth of a stock that is ordinarily not very heavily traded, then the demand pressure injected into the market by the fund's buying could drive the stock's price substantially higher. This would make the stock less of a bargain than it appeared when the fund manager evaluated it prior to deciding to add it to the portfolio.

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1.5. BEST MUTUAL FUNDS INVESTMENT OPTION FOR SALARIED INDIVIDUALS

> Equity Mutual Fund-

Equity mutual funds have to invest a minimum of 65% of their corpus in equities. These funds allow the investors lacking required expertise or time to invest in stocks to benefit from the high growth potential of equities. Moreover, as equities beat fixed income instruments and inflation over the long term by a wide margin, they are best suited for creating corpuses for achieving the long term financial goals.

Listed below are equity schemes where you can consider investing:

Multicap fund-Multi cap are those funds that invest across all market capitalizations, segments and themes without any SEBI imposed caps. Fund managers of this fund can freely change their exposure to various market capitalisations and segments as per the changing market conditions. These funds have to invest at least 65% of the total assets in equity and equity linked instruments.

Large cap fund: Large cap funds primarily invest in large cap companies. As per SEBI guidelines, top 100 companies in terms of market capitalization are classified as large cap companies. SEBI guidelines have mandated large cap funds to invest at least 80% of the total assets in the equity and equity linked instruments of large cap companies.

Equity Linked Savings Scheme (ELSS): ELSS popularly known as tax savings mutual funds, are equity oriented schemes qualifying for tax deduction of up to Rs 1.5 lakh per financial year under Section 80C.

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These schemes have a lock in period of just 3 years, the shortest lock among all investment options available under the Section 80C. Being invested in equities, these funds have the greatest long term wealth creation potential among all tax saving investment options available under Section 80C.

Midcap fund: Midcap funds invest primarily in the equity and equity related instruments of midcap companies. As per SEBI guidelines, mid cap funds have to invest a minimum of 65% of the total assets in the midcap companies. Midcap companies are those ranked from 101st to 250th in terms of full market capitalization.

Focused fund: According to SEBI guidelines, focused funds are those that can invest in a maximum of thirty stocks. These funds have to invest at least 65% of their total assets in equity and equity related instruments.

Sectoral/thematic fund: Sectoral and thematic fund are those that invest predominantly in stocks related to a pre-determined theme or sectors like pharma, banking, technology, energy, real estate etc. Examples of investment themes can be commodity, defence, rural consumption, urban consumption, etc. As per SEBI guidelines, sectoral or thematic funds have to invest at least 80% of the total assets in equity and equity linked instrument selected sector or theme respectively.

Dividend Yield fund: Dividend yield funds are those that invest predominantly in dividend yielding stocks. As per SEBI guidelines, dividend yield funds have to invest at least 65% of their total assets in dividend yielding stocks.

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>Debt Mutual Funds-

Debt funds basically invest in fixed income instruments such as money market instruments, corporate bonds, government securities, etc. As market-linked fixed income instruments are less volatile than equities, debt mutual funds too are relatively less volatile than most equity and hybrid fund categories. Being invested in market-linked fixed income instruments, debt funds usually generate higher returns than savings and fixed deposits.

Listed below are debt funds where you can consider investing:

Overnight fund: Overnight funds are those debt funds that invest in overnight securities or assets having a residual maturity of 1 day.

Liquid fund: Liquid funds are those that are allowed to invest only in debt and money market securities having maturity of up to 91 days.

Ultra short duration fund: Ultra short duration funds are those that primarily invest in debt and money market instruments to build portfolios with Macaulay duration of 3 to 6 months.

Low duration fund: Low duration funds are debt funds, which invest in debt and money market instruments in a manner that the Macaulay duration of portfolio is between 6 and 12 months.

Money market fund: Money market funds are those debt funds that invest in money market instruments with maturity of up to 1 year.

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Short duration fund: Short duration funds are those debt funds, which invest in money and debt market instruments in such a way that the Macaulay duration of their portfolios are from 1 to 3 years.

Medium duration fund: Medium duration funds are those debt funds that invest in money and debt market instruments in such a way that the Macaulay duration of portfolio is from 3 to 4 years. These funds have been given the flexibility to maintain a Macaulay duration of 1 to 4 years in case of anticipated adverse situations.

Medium to long duration fund: 'Medium to long duration' funds are those that invest in money and debt market instruments in such a manner that the Macaulay duration of the portfolio ranges from 4 to 7 years. These funds have been given the flexibility to maintain a Macaulay duration of 1 to 7 years in case of anticipated adverse situations.

Long duration fund: Long duration funds are those debt funds that invest in money and debt market instruments in such a manner that the Macaulay duration of portfolio is more than 7 years.

Dynamic bond fund: Dynamic bond funds are open-ended dynamic debt schemes that are free to invest in money market and debt instruments across duration depending on the interest rate scenario, credit quality and other market factors.

Credit risk fund: Credit risk funds are those that invest at least 65% of their total assets in AA rated papers (except AA+) and below rated corporate bonds.

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>Hybrid Mutual Funds-

Hybrid mutual funds are those funds that invest in equity, debt and other asset classes to generate better risk-adjusted returns. These funds are ideal for those who want their mutual fund managers to implement their asset allocation strategy as well.

Here a list of hybrid mutual funds where you can consider investing in:

Conservative hybrid fund: Conservative hybrid funds primarily invest debt instruments with some exposure to equities. As per SEBI guidelines, conservative hybrid funds have to invest between 10% and 25% of their total assets in equity and equity linked instruments and between 75% and 90% of the total assets in debt instruments.

Balanced hybrid fund: As per SEBI guidelines, balanced funds are those that have to invest between 40% and 60% of the total assets in equity and equity linked instruments and between 40% and 60% of the total assets in debt instruments. These schemes are not allowed to exploit arbitrage opportunities.

Aggressive hybrid fund: Aggressive hybrid funds predominantly invest in equity and equity related instruments. As per SEBI guidelines, these funds have to invest between 65% and 80% of their total assets in equity and equity linked instruments and between 20% and 35% of the total assets in debt instruments.

Dynamic asset allocation/Balanced advantage fund: Dynamic asset allocation funds, popularly known as balanced advantage funds, have the freedom to dynamically manage their exposure to equity and debt instruments as per the market conditions and without any minimum or maximum exposure limits.

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Multi asset allocation fund: Multi asset allocation funds are those that invest in at least 3 asset classes. As per SEBI guidelines, multi asset allocation funds have to maintain at least 10% of their total assets in each of the 3 asset classes pre-determined by the respective fund houses.

Arbitrage fund: Arbitrage funds are those that seek to benefit from arbitrage opportunities. As per SEBI guidelines, arbitrage funds have to invest a minimum 65% of their total assets in equity and equity linked instruments while following their arbitrage strategies.

Equity savings fund: Equity savings funds aim to provide capital appreciation and income distribution by investing in equity, debt and arbitrage opportunities. As per SEBI guidelines, equity savings funds have to invest at least 65% of the total assets in equity and equity linked instruments and minimum of 10% of the total assets in debt funds. These funds have to also disclose their minimum hedged and unhedged exposure in their Scheme Information Document (SID).

1.6. COMPARING MUTUAL FUNDS WITH OTHER INVESTMENT

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Mutual funds vs fixed deposits

Fixed Deposits	Debt mutual funds
2 reasons for investing in FDs: 1) Capital preservation 2) Good returns	Debt mutual funds offer similar benefits to investors
Constant returns	Returns can vary but they help to beat inflation
Less liquid: you cannot exit an FD any time you wish	Highly liquid. You can exit a debt fund any time you wish

Capital preservation and regular returns: two of the biggest reasons why people put their money in FDs. Debt mutual funds offer similar benefits to the investor. For instance, they are considered relatively safe investments. And while the returns can vary, they can help beat inflation. In addition, mutual funds are more liquid compared to FDs. You can exit a fund any time you want to. FDs don't provide you that facility.

Mutual Funds vs Bank Deposits

Bank deposits for long have been seen as a safe investment avenue by majority of investors. We have compared mutual funds and bank deposits on parameters such as returns, risks and liquidity, among others that will help you make an informed choice.

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Parameters	Mutual Funds	Bank Deposits
Returns	Returns aren't fixed. However, returns are higher compared to bank deposits in the long run.	Returns are assured but quite low. Of late, they have plummeted, and there are chances of them going down further.
Risks	Performance of mutual funds is subject to various systematic and unsystematic risks.	They are latent to market risks and the vagaries of the stock market.
Liquidity	You can easily redeem your mutual fund and the money is credited into your bank account the next day.	If you have invested in a tax-saving bank deposit, you can't withdraw before the tenure ends. For regular deposits, you can withdraw after paying a certain penalty.

Mutual funds vs Gold

The allure of gold has captivated Indians for centuries. Every family buys and invests in the yellow metal in the form of jewellery and gold coins. However, gold Exchange Traded Funds (ETFs) are a good alternative to physical gold.

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Gold	Gold ETFs
Pricing is not uniform. It varies from one jeweller to another	Pricing and transaction of gold ETFs are completely transparent
Making charges (20-30%) form a significant expense	Brokerage charges (around 0.5%) and expense ratio (1%) are much lower
Safety issues: loss or theft of physical gold is possible	No danger of theft since they are traded in demat form
Tough to liquidate physical gold for cash in short time	Easy to sell gold ETFs when required

While most Indians still prefer the traditional investment avenues, the scenario is slowly changing. Over the past few years, the mutual fund industry has gained traction in the country. The reason is simple: there

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Mutual Funds
Quite easy. Once you are KYC-compliant, you can invest in mutual funds of your choice.
Highly liquid. You can easily redeem when required.
Investments in mutual funds are subject to market risks. Returns vary depending on the type of fund and market performance.
Returns are not fixed and depend on various internal and external factors. However, in the long run, returns are positive and can even be in double digits.

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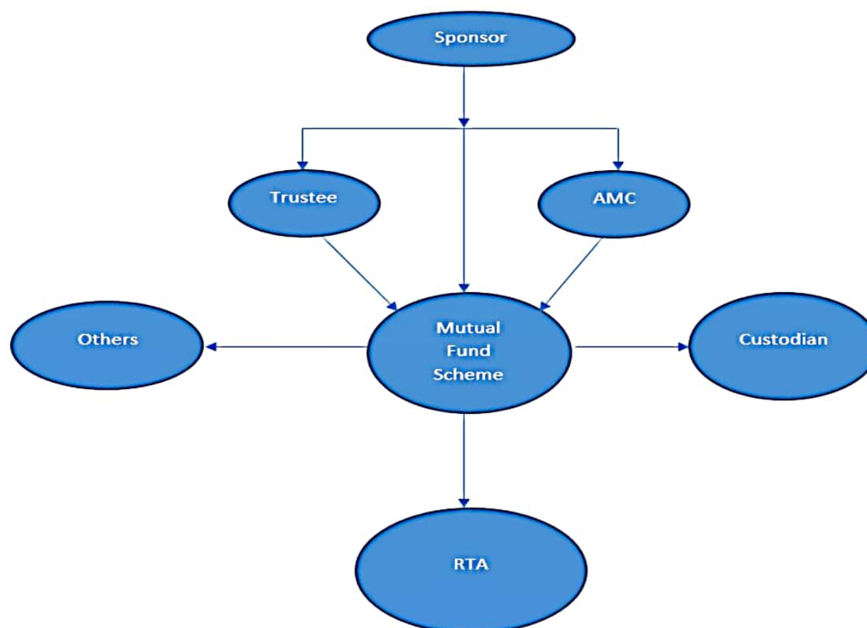
1.7. STRUCTURE OF MUTUAL FUNDS

In India, the structure of Mutual Funds is a three-tier structure with a few other significant components. It is not just the different banks or AMCs that create or float different mutual fund schemes; instead, there are other players that are involved in the structure of mutual funds. The primary watchdog in all these transactions is the Securities Exchange Board of India ('SEBI') under whom each entity is required to be registered with. The inception of SEBI (Mutual Funds) Regulations, 1996, revolutionized the structure of mutual funds and since then all the entities are regulated under it. Currently, mutual funds comprise of five basic participants, namely a Sponsor, Mutual Fund Trustee, Asset Management Company, Custodian & Registrar and a Transfer Agent.

The hierarchy looks like this-



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>Sponsor-

A sponsor is any person or entity that can set up a mutual fund scheme to generate income through fund management. The sponsor can be said as the first layer of the three-tier structure of mutual funds in India. The sponsor is required to approach SEBI and get a mutual fund scheme approved. The sponsor cannot work alone. It needs to create a Public Trust under the Indian Trust Act 1882 and get the same registered with SEBI. Once the trust is created, the Trustee is registered with SEBI and is appointed as the trustee of the fund in order to safeguard the interest of the unit holders and to adhere the SEBI Mutual Fund regulations. The Sponsor subsequently creates an Asset Management Company under the Companies Act, 1956 to deal with the fund management. There are certain eligibility criteria to become a Sponsor, as prescribed under:

a. The Sponsor must have profit in 3 of the last 5 years including immediately preceding year.

b. The Sponsor must have a minimum of 5 years of experience in financial services.

c. The net worth of the Sponsor must be positive for all the preceding five years.

d. Out of the total net worth of the AMC, 40% must be participated by the Sponsor.

As seen above, the position of a Sponsor is crucial and they should have high credibility. Strict norms show that the sponsor must have enough liquidity and faithfulness to return the money of an innocent investor, in case of a financial meltdown.

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>Trust And Trustees-

Trust and trustees make up the second layer of the structure of mutual funds. Trustees are also known as the protectors of the fund and are employed by the fund sponsor. As the name suggests, they have a very important role in maintaining the trust of the investors and to oversee the growth of the fund. SEBI mandates the trustees to provide a report on the fund and the functioning of the AMC on a half-yearly basis. Trustees can be created either in the form of Board of Trustees or a Trust Company. The Trustees supervise the entire functioning of the AMC and regulate the operations of the mutual fund schemes. The SEBI has tightened the rule of transparency so as to avoid any conflict of interest between the Sponsor and the AMC. Without the permission and approval of the Trust, an AMC cannot float a new mutual fund scheme. It is important for the Trustees to act independently and take appropriate measures to safeguard the hard earned money of the investors. The Trustees are also required to be registered under SEBI, and SEBI further regulates their registration by either suspending or revoking the registration if found breaching any conditions.

>Asset Management Company-

An AMC is the third working layer in the structure of mutual funds. An AMC floats various schemes of mutual fund in the market, pursuant to the needs of the investors and the nature of the market. They create mutual funds along with the trustee and the sponsor and then oversee its development. While creating the scheme, they take help of bankers,

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brokers, RTAs auditors etc. and enter into an agreement with them. An AMC is a company formed under Companies Act and needs to be registered under SEBI. Similar to the Trustees, an AMC also needs to ensure that there is no conflict of interest amongst them, the sponsor and the trustees.

Other Participants In The Structure Of Mutual Funds-

>Custodian-

A Custodian is an entity, which is responsible for the safekeeping of the securities. Custodians are registered with SEBI and are responsible for the transfer and delivery of units and securities. Custodians also enable investors in updating their holdings at a particular point of time and help them in keeping track of their investments. Along with the primary job of safekeeping, custodians are also in charge of the collection of corporate benefits such as bonus issue, interest, dividends etc.

>Registrar And Transfer Agents-

RTAs are an important link between fund managers and investors. They cater to the fund managers by updating them with the investor details and to investors by delivering the benefits of the fund to them. RTAs are SEBI registered entities who process the applications of mutual funds, help with investor KYC, manage and deliver periodical statements of investments, update records of investors and process investor requests. Link-in time, Karvy etc. are some of the famous RTAs in India and they provide the requisite operational support to the AMC in mutual fund activities.

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>Other Participants-

Some other participants in the structure of mutual funds are brokers, auditors, and bankers. The brokers are responsible to attract investors and help to disseminate the fund. The brokers help investors in sell, purchase of units and provide with their valuable advice. Brokers also study the market trend and predict the future movement of the market. Unlike brokers, auditors are an independent internal watchdog, who audit the financials of the AMC, Trustee, and Sponsor and provide their report. Bankers are also an important participant, who act as collecting agents on behalf of the fund managers.

1.8. LIST OF MUTUAL FUNDS IN INDIA

>Axis Asset Management Company Ltd.

>Aditya Birla Sun Life AMC Limited

>Aditya Birla Sun Life AMC Limited

>BNP Paribas Asset Management India Private Limited

>BOI AXA Investment Managers Private Limited

>Canara Robeco Asset Management Company Limited

>DHFL Pramerica Asset Managers Private Limited

>DSP Investment Managers Private Limited

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>Edelweiss Asset Management Limited

>Franklin Templeton Asset Management (India) Private Limited

>HDFC Asset Management Company Limited

>ICICI Prudential Asset Management Company Limited

>IDBI Asset Management Ltd.

>Kotak Mahindra Asset Management Company Limited (KMAMCL)

>LIC Mutual Fund Asset Management Limited

1. Axis Asset Management Company Ltd.

This AMC launched its first mutual fund in October 2009 and since then the firm has been able to make its presence in over 90 cities in India. It manages more than 20 lakh investor accounts and offers around 50 mutual fund schemes in the categories of debt, equity, hybrid, ETFs (Exchange-Traded Funds), FoFs (Fund of Funds), etc.

2. Aditya Birla Sun Life AMC Limited.

Touted as one of the 3rd largest AMCs in India in terms of domestic AAUM (Average Assets Under Management). The firm forms a part of the Aditya Birla Group, a Fortune 500 Indian multinational and offers 24 schemes in the debt, equity, and hybrid categories.

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3. Baroda Asset Management India Limited.

Previously known as Baroda Pioneer Asset Management Co. Ltd., this AMC is a wholly owned subsidiary of the Bank of Baroda, India's second largest public sector bank. It offers 16 mutual fund schemes in the categories of equity, debt income, and liquid.

4. Canara Robeco Asset Management Company Limited

The fund house is a joint venture between public sector lender Canara Bank and Netherlands-based investment firm, Robeco. The firm was founded in December 1987 and initially was known as Canbank Mutual Fund. The fund house was later renamed to Canara Robeco Mutual Fund in 2007 and offers 18 schemes in various categories (equity, debt, hybrid, and ETF).

5. HDFC Asset Management Company Limited.

This asset management firm is sponsored by the Housing Development Finance Corporation Limited (HDFC Ltd.) and Standard Life Investments Ltd. The fund house launched its first scheme in July 2001 and at the moment, offers 40 schemes

6. Kotak Mahindra Asset Management Company Limited (KMAMCL) The AMC is wholly-owned by Kotak Mahindra Bank Limited (KMBL) and commenced its operations in December 1998. The fund house has its presence in 80 cities and offers 46 schemes in various categories.

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2.

RESEARCH METHODOLOGY

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2.1. ADVANTAGES AND BENEFITS

>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:

The value of an investment may not rise or fall in tandem. When the value of one investment is on the rise the value of another may be in decline. As a result, the portfolio's overall performance has a lesser chance of being volatile. 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:

A novice investor may not have much knowledge or information on how and where to invest. The experts manage and operate mutual funds. The experts pool in money from investors and allocates this

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money in different securities thereby helping the investors incur a profit. The expert keeps a watch on timely exit and entry and takes care of all the challenges. One only needs to invest and be least assured that rest will be taken care of by the experts who excel in this field. This is one of the most important advantages of mutual funds

> Flexibility to invest in Smaller Amounts:

Among other benefits of Mutual Fund the most important benefit is its flexible nature. Investors need not put in a huge amount of money to invest in a Mutual Fund. Investment can be as per the cash flow position. If You draw a monthly salary then you can go for a Systematic Investment Plan (SIP). Through SIP a fixed amount is invested either monthly or quarterly as per your budget and convenience.

>Accessibility – Mutual Funds are Easy to Buy:

Mutual Funds are easily accessible and you can start investing and buy mutual funds from anywhere in the world. An asset management companies (AMC) offers the funds and distributes through channels like:

Brokerage Firms

Registrars like Karvy and CAMS

AMC'S Themselves

Online Mutual Fund Investment Platforms

Agents and Banks

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This factor makes mutual funds universally available and easily accessible. More so, you do not require a Demat Account to invest in Mutual Funds.

>Schemes for Every Financial Goals:

The best part of the Mutual Fund is the minimum amount of investment can be Rs. 500. And the maximum can go up to whatever an investor wishes to invest. The only point one should consider before investing in the Mutual Funds is their income, expenses, risk-taking ability, and investment goals. Therefore, every individual from all walks of life is free to invest in a Mutual Fund irrespective of their income.

>Safety and Transparency:

With the introduction of SEBI guidelines, all products of a Mutual Fund have been labeled. This means that all Mutual Fund schemes will have a color-coding. This helps an investor to ascertain the risk level of his investment, thus making the entire process of investment transparent and safe.

This color-coding uses 3 colors indicating different levels of risk-

Blue indicates low risk

Yellow indicates medium risk, and

Brown indicates a high risk.

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Investors are also free to verify the credentials of the fund manager, his qualifications, years of experience, and AUM, solvency details of the fund house.

>Lower cost:

In a Mutual Fund, funds are collected from many investors, and then the same is used to purchase securities. These funds are however invested in assets which therefore helps one save on transaction and other costs as compared to a single transaction. The savings are passed on to the investors as lower costs of investing in Mutual Funds. Besides, the Asset Management Services fee cost is lowered and the same is divided between all the investors of the fund.

>Best Tax Saving Option:

Mutual Funds provide the best tax saving options. ELSS Mutual Funds have a tax exemption of Rs. 1.5 lakh a year under section 80C of the Income Tax Act. All other Mutual Funds in India are taxed based on the type of investment and the tenure of investment. ELSS Tax Saving Mutual Funds has the potential to deliver higher returns than other tax-saving instruments like PPF, NPS, and Tax Saving FDs.

>Lowest Lock-in Period:

Tax Saving Mutual Funds have the lowest lock-in periods of only 3 years. This is lower as compared to a maximum of 5 years for other tax

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saving options like FD, ULIPs, and PPF. On top of that one has the option to stay invested even after the completion of the lock-in period.

>Lower Tax on the Gains:

With Equity linked saving scheme you can save tax up to Rs. 1.5 Lakh a year under section 80C of Income Tax (IT) Act. All other types of Mutual Funds are taxable depending on the type of fund and tenure. Before making an investment one should keep in mind the various advantages Mutual Fund provides. Thorough knowledge of the benefits of Mutual Funds would lead to better gains in the future.

2.2. DISADVANTAGES AND LIMITATIONS

>Cost to Manage the Mutual Fund scheme:
As mentioned above, Market Analysts or Fund Managers manage and operate the mutual funds. These Fund Managers work for the fund houses that manage huge investments every day. This requires a lot of efficiencies, expertise, and experience in the subject matter.

>Dilution:
Due to dilution, it is not recommended to invest in too many Mutual Funds at the same time. Diversification, although saves an investor from major losses, also restricts one from making a higher profit.

>Management Abuses:
Churning, turnover, and window dressing may happen if your manager is abusing his or her authority. This includes unnecessary trading,

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excessive replacement, and selling the losers prior to quarter-end to fix the books.

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

>Poor Trade Execution:
If you place your mutual fund trade anytime before the cut-off time for same-day NAV, you will receive the same closing price NAV for your buy or sell on the mutual fund. 2 For investors looking for faster execution times, maybe because of short investment horizons, day trading, or timing the market, mutual funds provide a weak execution strategy.

2.3. FEATURES

>Managed by A Qualified Expert:

An expert fund manager manages a mutual fund and takes care of your hard earned money. It goes on without saying that managing financial investments is not an easy task. Amidst this, if you don't get the help of an expert, you may get lost in the financial ocean. Mutual fund schemes provide you with the service of an expert who takes care of your money along with the other investments.

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>Open-Ended And Close-Ended Funds:

Based on the constitution there are two types of mutual funds open-ended and close-ended. In an open-ended fund, an investor is free to invest money whenever he/she feels like. Similarly, you are also free to withdraw money anytime. These are the funds in which the freedom or flexibility of investment timing is highest. In a close-ended fund, an investor has limited time to invest money in the fund. Whenever a scheme is launched, investors are offered with a time frame to invest. If an investor is interested in investing, he/she is required to put in money during the time period failing which he/she is not provided with units of the fund nor another time frame for investing.

>Lump Sum And SIP Investment:

As seen in the previous point, in an open-ended fund, you have the timing flexibility for investment. Similarly, you have no restriction on the frequency or amount you can invest per year. If you are investing Rs 50000 at a time or making any irregular investments such as Rs 10000 in one month and Rs 25000 in another, all these are considered to be the lump-sum investment. These funds also provide you with an option of investing regularly. However, mutual funds allow you to invest regularly. In this case, when you invest a fixed amount at a fixed interval, it is called the Systematic Investment Plan (SIP). In a SIP, you can decide the amount and interval such as monthly, quarterly, weekly, etc. SIP is very similar to recurring deposit.

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>No Fixed Returns:

Mutual funds invest in capital market instruments such as bonds, equities, and money market instruments. The price of these instruments change as per the market dynamics, and thus it is not possible to predict the returns a mutual fund. Mutual fund schemes buy and sell bonds and equities from the market, the profit of such as transactions are also re-invested in subsequent transactions. Also, redemption by investors often lead to selling decisions by fund managers, and thus the returns from the mutual fund are not fixed and are purely dependent on the market condition.

>Equities Can Make Losses:

Equity mutual funds are the funds that invest in equities. Equities by nature are riskier instruments and come with high profitability and high risk. While an investor may generate healthy returns, he/she may have to go through a harrowing period as well depending on the market dynamics.

2.4. OBJECTIVES

>To give a brief idea about the benefits available from mutual fund investment.

>To know more about the investment of salaried individuals in mutual funds.

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>To study and know more about the mutual fund schemes.

>To know and compare other investments with mutual funds.

>To study the limitations and benefits of mutual funds.

>To know how salary people know about mutual fund schemes.

2.5. TOOLS AND TECHNIQUES TO INVEST IN MUTUAL FUNDS FOR SALARIED INDIVIDUALS

>Credit Rating (Debt schemes only)

What it indicates

All debt papers that the fund invests in are rated by agencies according to their risk profile. While government securities are totally risk free, corporate papers are rated from AAA (highest safety) to D (default).

How is it calculated

Agencies use their own methodology to rate a fund. The ratings are usually provided in the fund's fact sheet.

Implications for investors

High rating indicates that the fund is taking lower credit risk. Since investors go for debt investment to reduce risk, they should avoid schemes with too many low quality papers.

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>Sharpe Ratio

What it indicates

This ratio shows the return per unit of the total risk taken by the scheme.

How is it calculated

(Return – risk free return) ÷ standard deviation

Implications for investors

Compare only within categories. Higher than category average Sharpe ratio indicates that the fund manager was able to generate higher return per unit of total risk.

>Average Maturity or Maturity Profile (Debt schemes only)

What it indicates

Debt funds invest in papers with varying maturities. The maturity profile indicates the average maturity of all debt securities in a fund.

How is it calculated

This is usually given in the fund's fact sheet.

Implications for investors

Market prices of long-duration papers are more sensitive to movements in interest rates. Investors should avoid funds with long maturity if interest rates are likely to rise. If rates are likely to fall, such schemes can give higher returns.

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>Expense Ratio

What it indicates

This ratio represents the annual expense the fund will charge the investor. It ranges between 0.1% (for fixed maturity plans) to 3.25% (for small-sized equity funds).

How is it calculated

Total expenses charged by the fund/average assets under management of the fund.

Implications for investors

The lower the expense ratio, the better it is for the investor. Since most debt funds generate similar gross returns, expense ratio becomes more important for debt funds. Direct plans have lower expense ratios.

>Portfolio Concentration Ratio

What it indicates

This ratio shows where and how much has the fund invested.

How is it calculated

This is usually a percentage of the fund's top five stocks or sectors.

Implications for investors

Normal range is 30%-40% for top five stocks and 30%-60% for top five sectors for diversified funds. Investors go to mutual funds for

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diversification, any undue concentration in its portfolio defeats this goal.

>Standard Deviation

What it indicates

This is a measure of the volatility in a fund's returns and, therefore, indicates the risk in a funds portfolio.

How is it calculated

First, calculate the average of daily returns. Deduct this average from each daily return and square the difference. The sum of all these squared values is then divided by the number of days to get the variance. And the square root of the variance is standard deviation.

Implications for investors

Lower the deviation, the better it is. However, one needs to compare it only within categories. The range can be below 1% for liquid funds and 20%-40% for equity funds.

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3.

LITERATURE REVIEW

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3.1.MEANING OF REVIEW OF LITERATURE.

Review of literature is very important to give better understanding and insight necessary to develop a broad conceptual framework in which a particular problem can be examined. It helps in the formation of specific problem and helps acquaint the investigator to what is already known in relation to the problem under review and it also provides a basis for assessing the feasibility of the research, Review of literature is important to a scholar in order to know what has been established and documented as there are critical summaries of what is already known about a particular topic. Therefore a review of literature helps in relating the present study to the previous ones in the same field.

> Martin P. and McCann B. (1998) in their book titled "The Investor's

Guide to Fidelity Funds – Winning Strategies for Mutual Fund Investing" have very nicely guided investors regarding issues related with mutual fund investing. They have advised that Investors should focus on sectors of the global economy that have the greatest potential for profit in order to beat the market averages. By combining this approach with the safety provided by mutual funds' inherent diversification, mutual funds become an investment vehicle with all the advantages of trading individual securities and none of the disadvantages. Like any other investment, it is essential to develop a strategy for selecting which funds to buy and sell – and when. These decisions should not be left to the emotions or to chance.

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>Gremillion L (2005) in his book “Mutual Fund Industry Handbook – A Comprehensive Guide for Investment Professionals” has given detailed information about working of mutual fund industry. It has also mentioned the different type of challenges faced by various professionals connected with this industry. The book has provided a broad and comprehensive sweep of information and knowledge, which will help everybody who has serious interest in the industry.

>Tyson E (2007) in his book “Mutual Funds for DUMMIES” (5th edition) has provided practical and profitable techniques of mutual fund investing that investors can put to work now and for many years to come. By proper selection investor can identify good schemes, where fund managers invest in securities as per that match investors’ financial goals. Investors can spend their time doing the activities in life that they enjoy and are best at. Mutual Funds should improve investors’ investment returns as well as their social life. The book helps investors how to avoid mutual fund investing pitfalls and maximizing their chances for success. Whenever any investor wants to buy or sell a mutual fund, the decision needs to fit his overall financial objectives and individual situation.

>Jank S (2010) in his Discussion Paper on “Are there disadvantaged clieneles in mutual funds?” has mentioned that mutual fund investors chase past performance, even though performance is not persistent over time. This means that investors buy mutual funds that had a high return in the past. On the other hand, investors are reluctant to withdraw their money from the worst performing funds. This behavior

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has often been attributed to the irrationality of mutual fund investors. Sophisticated investors rationally chase past performance, because high past performance is a signal for managerial ability. No significant difference was found between investor composition of the worst performing funds and those with average performance.

>Singh B K (2012) in an article “A study on investors’ attitude towards mutual funds as an investment option” from International Journal of Research in Management has reiterated the need for spreading the awareness about Mutual Funds among common masses. There is a strong need to make people understand the unique features of investment in Mutual Funds. From the existing investors point of view the benefits provided by mutual funds like return potential and liquidity have been perceived to be most attractive by the invertors’ followed by flexibility, transparency and affordability.

>Divya K. (2012) in the article “A Comparative study on evaluation of Selected Mutual Funds in India” from International Journal of Marketing and Technology has suggested that the investment managers whose performance is below benchmark index should have a relook at their investment strategy and asset allocation. Investing styles should be redesigned according to up & down swings of the market to generate superior performance. To increase the efficiency and popularity of mutual funds, the regulator should set the standard criteria of benchmarks which will be helpful to asset management companies.

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>Goel S et al (2012) in the article “A Review of Performance Indicators of Mutual Funds” from Researchers World – Journal of Arts, Science & Commerce have reiterated that the Stock picking ability and lengthy tenure of fund managers are favourable for mutual funds’ performance. Performance of the Mutual Fund is also related to its ownership style. Local mutual funds perform better than the foreign mutual funds as they have better knowledge of the local market. Mutual Fund companies with larger asset base are performing better than lower asset base companies.

>Vanaja V. and Karrupasamy R (2013) in the article “A study on the performance of select Private Sector Balanced Category Mutual Fund Schemes in India” from International Journal of Management Sciences and Business Research have mentioned that Out of five private sector balanced category mutual funds (under study) two earned a return above the average returns. Two have made negative returns. All the private sector balanced category funds selected for the study have a positive Sharpe ratio. The range of excess returns over risk free return per unit of total risk is wide. All the funds selected for the study have a positive Treynor ratio. All the funds selected for the study has positive Jensen’s alpha indicating superior performance.

>Narayanasamy R. and Rathnamani V (2013) in an article “Performance Evaluation of Equity Mutual Funds(on selected Equity Large Cap Funds)” from International Journal of Business and Management Invention have mentioned that all funds performed well during the period under study despite volatility in the market. The fall in NIFTY

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during the year 2011 impacted the performance of all selected mutual funds. In order to ensure consistent performance of mutual funds, investors should also consider statistical parameters like alpha, beta, standard deviation besides considering NAV and total return.

>Santhi N.S. and Gurunathan K. (2013) in the article “The growth of Mutual Funds and Regulatory Challenges” from Indian Journal of Applied Research have mentioned that as mutual fund industry has grown tremendously over past few years, Regulators are keeping close watch on any potential impact of mutual fund products on financial stability and market volatility. The growth of mutual funds has been accompanied by innovative products and servicing methods. Regulators will have to do balancing act by carefully managing risks and not imposing unnecessary regulation.

>Sharma N. and Ravikumar R (2013) in an article “Analysis of the Risk and Return relationship of Equity based Mutual Fund in India” from International Journal of Advancements in Research & Technology have mentioned that their study investigated the performance of Equity based mutual fund schemes using Capital Asset Pricing Model (CAPM). In the long run private and public sector mutual funds have performed well. But while comparing the performance over last 15 years it is found that private sector mutual funds have outperformed the Public Sector mutual funds. The schemes of private sector mutual funds not only performed better than those of public sector mutual funds but were also found to be less risky.

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

>Srivastava S and Malhotra S (2015) in an article “A Paradigm Shift in Risk Measuring Tools of Mutual Fund Industry” from International Journal of Informative & Futuristic Research have mentioned that equity funds are performing better than debt funds. A strong linear relationship was found between risk and return. Fund managers can adopt Calmar ratio and safety first ratio to analyze the risk of selected funds. No fund is risk free and Investors should invest in equity and equity related instruments to diversify the risk.

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AND INTERPRETATION

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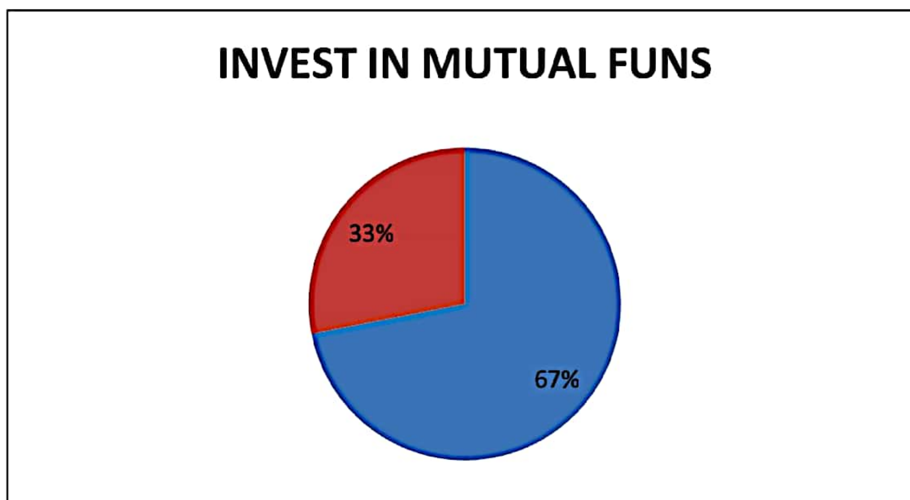
Table no 1: Do you invest in mutual fund?

Particulars	No of respondents	Percentage
Yes	67	67%
no	33	33%
total	100	100%

Analysis:

As per the above table it is clear that while 67% of respondents are investing in mutual funds, 33% of respondents are not investing in mutual funds.



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Interpretation: As per the above graph it can be interpreted that most respondents are investing in mutual funds. That is 67%. This still indicates that mutual fund products are to be used by a large pool of investors

Table no 2: The age group under you belong to

Age group	No of investors	percentage
21-30	13	13%
31-40	34	34%
41-50	30	30%
51-60	23	23%
total	100	100%

Analysis:

As in the above table, the majority of respondents can be analyzed to be in the 31-40 years age group, ie 34%. The second most common investor is the age group of 41 to 50 years, ie 30%, the age group of 51 to 60 years has 23% investors and the lowest investor of 13% is 21 to 30 years It is an age group.

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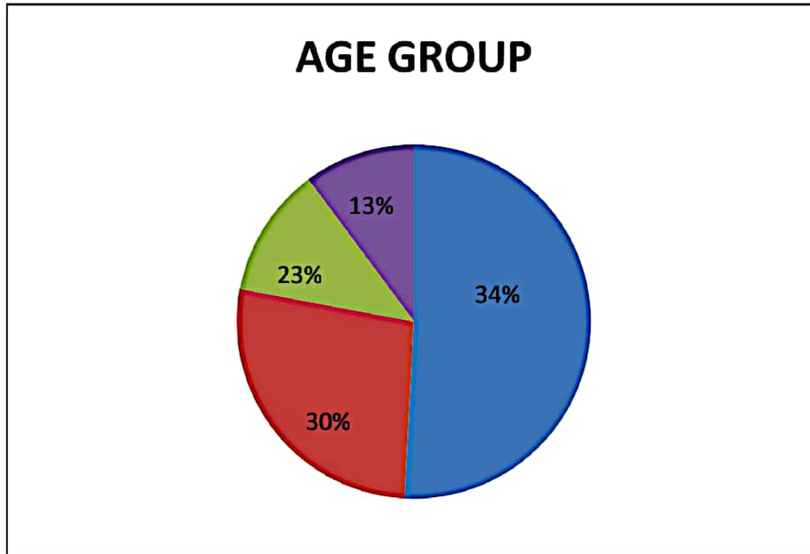

21-30 PURPLE

31-40 BLUE

41-50 RED

51-60 GREEN

Graph no 2: graph showing age group of the respondents.

Interpretation: As per the above graph, it can be interpreted the most of the respondents are corresponds to the age group of 31-40 and least of the investors are falling under the age group of 21-30. It means that working class individuals are more lure towards investments than young individuals.

Table no 3: Occupation of the investors:

occupation	No of investors	percentage
Business	23	23%

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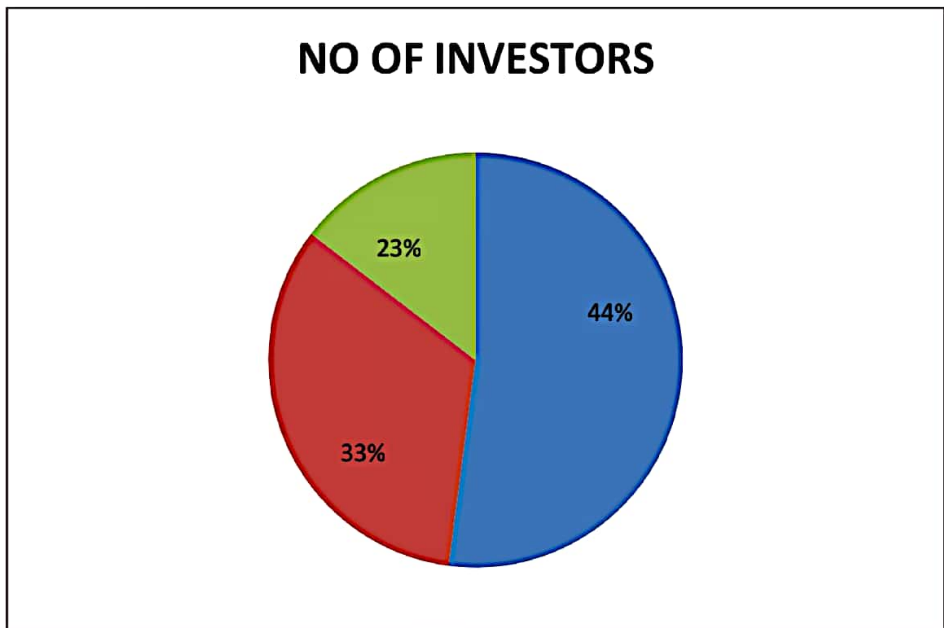
Salaried	33	33%
total	100	100%

Analysis: From the analysis out of 100 respondents as per above table 44% investors are professionals like doctor, CA and others. 33% investors are of salaried persons and 23% investors are business persons.



BUSINESS- GREEN

PROFESSIONAL- BLUE

SALARIED- RED

Graph no 3: graph showing occupation of investors

Interpretation: From the above graph, it can be interpreted that specialists such as doctors, CPAs and consultants are inclined to invest in mutual funds. It is followed by salary individuals.

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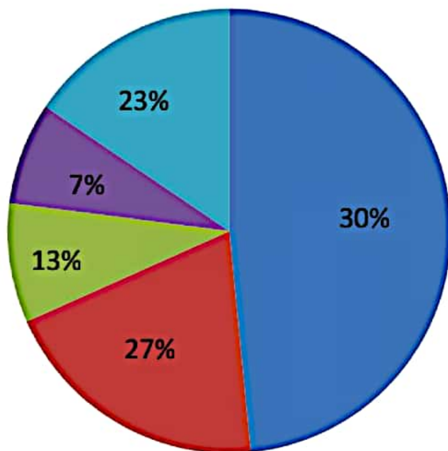
Tax benefit	13	13%
Capital appreciation	7	7%
Risk diversification	27	27%
total	100	100%

Analysis:

As per the above table, it is analysed that 30% of respondents invest in mutual funds for purpose of safety, 23% of respondents are invest for good returns, 13% of the respondents invest to get tax benefit, 7% of the respondents are for capital appreciation and 27% respondents for risk diversification.

PURPOSE OF INVESTMENT



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SAFETY- DARK BLUE

GOOD RETURNS- BLUE

TAX BENEFIT – GREEN

CAPITAL APPRICIATION- PURPLE

RISK DIVERSIFICATION- RED

Graph no 4: graph showing purpose of investment

Interpretation: From the above graph, it can be interpreted that safety and risk diversification are key considerations for investing in mutual funds. Capital appreciation is found to be least considered for making investment.

Table no 5: What is your income?

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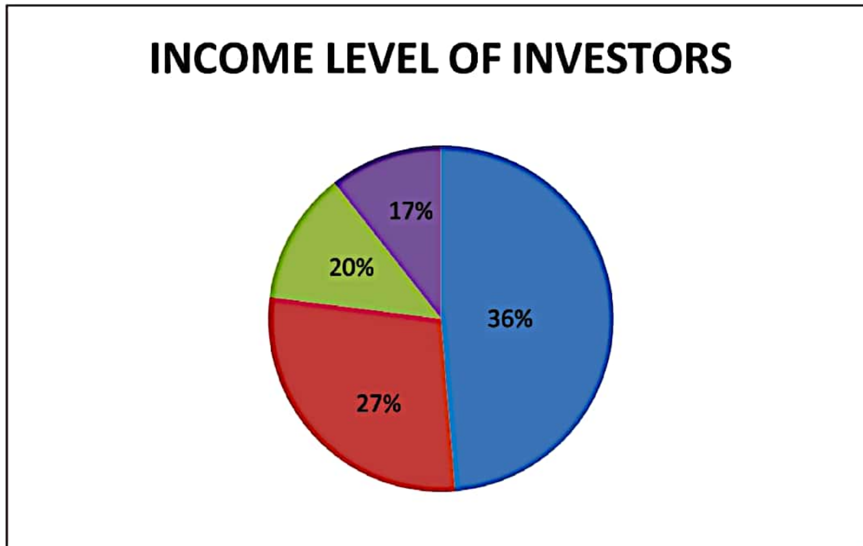
lakh, 20% of the respondents have income between 6-8 lakh and 17% of the respondents are of above 8 lakh.



2-4 LAKH- RED

4-6 LAKH- BLUE

6-8 LAKH- GREEN

MORE THAN 8 LAKH – PURPLE

Graph no 5: graph showing income level of investors.

Interpretation: From the above graph it can be interpreted that most of the respondents belonging to the income between 4-6 lakhs. These investors are interested in mutual funds because it is their primary financial goal.

Table no 6: what is Duration of your investment

Duration	No of investors	percentage

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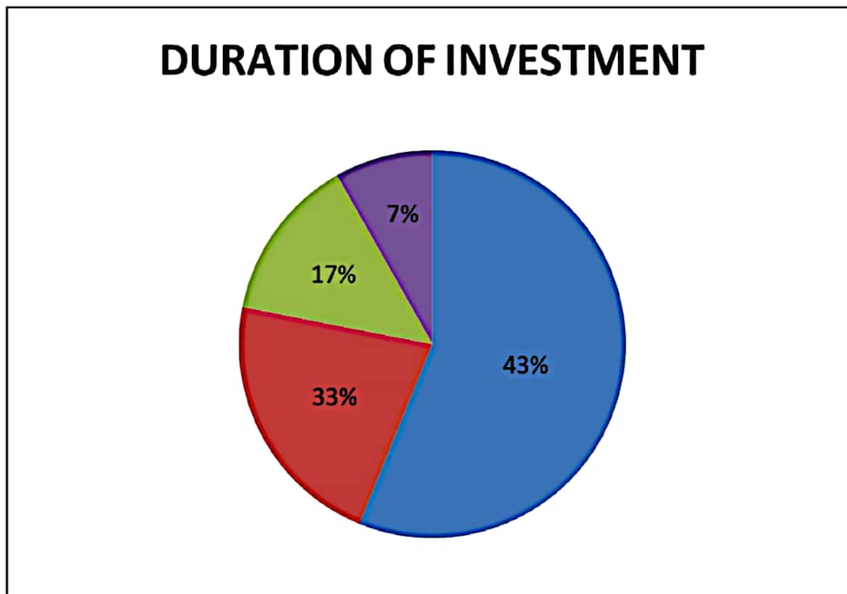
1-2 years	43	43%
2-4 years	17	17%
More than 4 years	7	7%
total	100	100%

Analysis:

As per the above table, it can be analysed that 33% of the respondents are interested to invest between 0-1 year, 43% of the respondents are interested to invest between the duration of 1-2 years, 17% of the respondents are interested to invest between duration of 2-4 years and 7% of the respondents are interested in investing more than 4 years.



0 TO 1 YEAR- RED

1-2 YEARS- BLUE

2-4 YEARS- GREEN

MORE THAN 4 YEARS- PURPLE

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	< rs 50000	47
	Between rs 50000- rs 100000	33
	>Rs 100000	20
	total	100

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< RS50000- BLUE

BETWEEN RS50000 TO 100000 – RED

>RS 100000 –GREEN

Graph no 7: graph showing amount of investment.

Interpretation : As per the above graph, it can be interpreted that most of the people invest <50000 because they are not ready to take risk, second most of the respondents are interested to invest between Rs.50000-Rs100000 and they are ready to take risk.

Table no 8: what type of scheme do you prefer?

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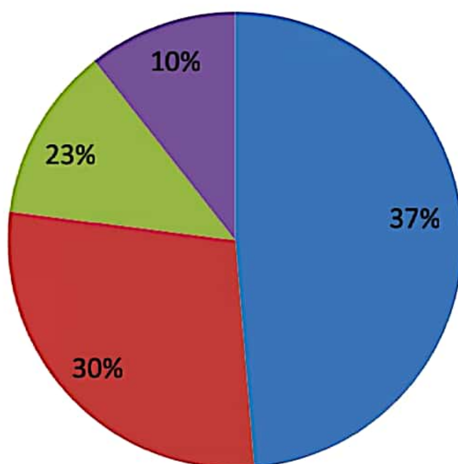
Analysis:

As per the above table, it can be analysed that where in the scheme preference most of the investor Prefer a balanced scheme which has 37%, the second most investors are in Equity Schemes are in 30% then fixed maturity plan has 23% and the least investors scheme debt has 10%.



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Interpretation: As the graph above shows, it is highly likely that there is a balanced fund in the market. This is not revealed to investors because of its complexity and low awareness.

Table no 9: from which sources you came to know about mutual funds

particulars	No of respondents	percentage
Friends suggestion	20	20%
Self- decision	40	40%
Television	13	13%
Agent/brokers	27	27%
total	100	100%

Analysis:

As per the above table it is analysed that 27% of respondents are came to know about mutual funds by agents, 20% of the respondents by friend's suggestion, 40% of the respondents are self-decided and 13% of the respondents came to know by television.

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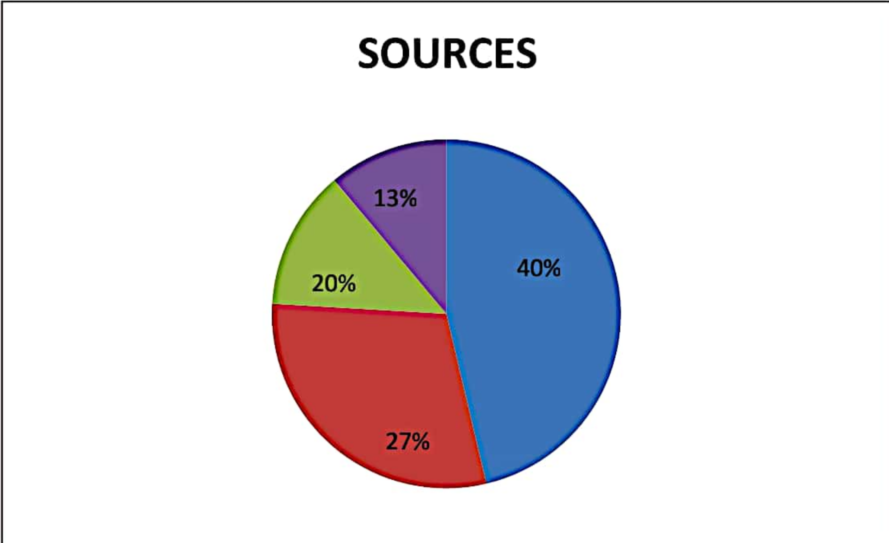

FRIENDS SUGGESTION- GREEN

SELF DECISION- BLUE

TELIVISION- PURPLE

AGENT/BROKERS- RED

Graph no 9: graph showing from which source respondents have heard about mutual funds.

Interpretation: From the above graph, it can be interpreted that most respondents will take a self-determining answer to start investing in mutual funds. Only a few respondents helped TV make investment decisions. As a result, AMC and SBI have found that more information is needed to provide the best materials, services and information to facilitate investors' subsequent investment.

Table no 10: what is risk preference.

Risk preference	No of respondents	percentage

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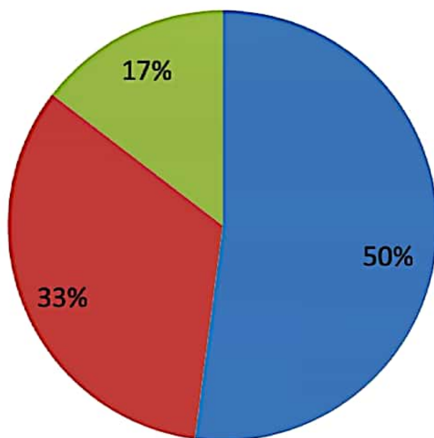
total	100	100%

Analysis:

As per the above table it can be analysed that 33% of the respondents are innovators they invest more amount of money and they are ready to take any risk, 50% of the people will check out all the factors and then if they find that they can bear the risk moderately they will invest and 17% of the people are never ready to take risks.



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Scheme type	No of respondents	percentage
Open ended method	50	50%
Close ended method	33	33%
Interval method	17	17%
total	100	100%

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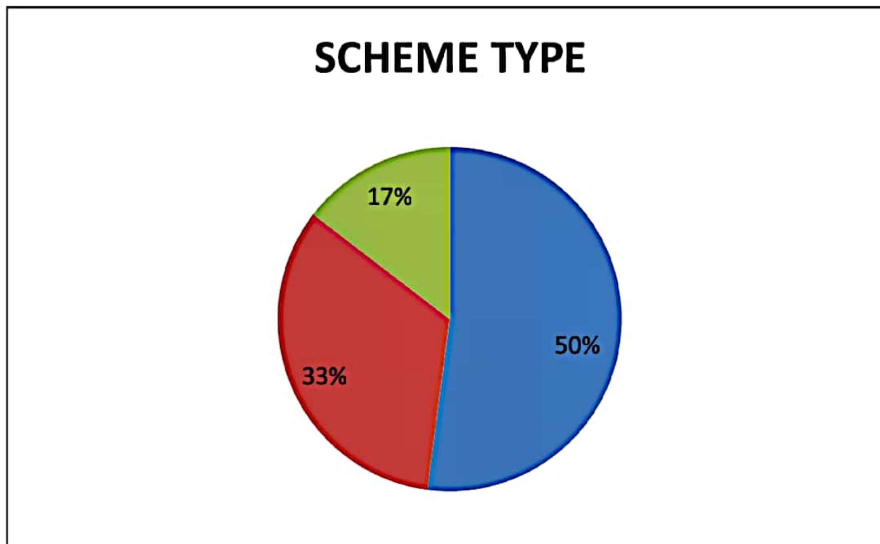

OPEN ENDED METHOD- BLUE

CLOSE ENDED METHOD- RED

INTERVAL METHOD- GREEN

Graph no 11: graph showing scheme types that respondents prefer

Interpretation: From the above graph, with regard to the scheme's prioritization based on its structure, most individual investors prefer “open-end scheme” mainly for redemption, investment, good return, flexibility of liquidity It can be interpreted. No investor likes the interval method. In fact, some individual investors have confused interval-based names.

Table no 12: performance of the fund manager.

particulars	No of respondents	percentage
Most important	27	27%
Important	23	23%

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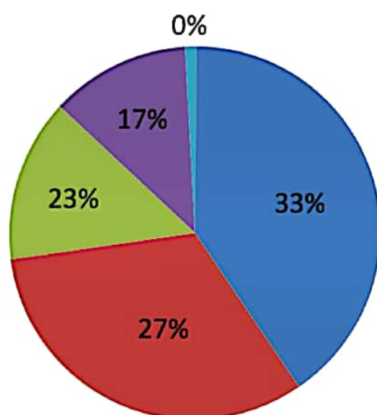
Less important	17	17%
Not at all important	0	0%
total	100	100%

Analysis:

As per the above table, it is analysed that 27% of the respondents are ranked performance of the fund manager a most important, 23% of the respondents given ranking has important, 33% given neutral and no one has marked it has not at all important.

PERFORMANCE OF FUND MANAGER



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important. Therefore, the fund manager is responsible for conducting the fund investment strategy and managing the portfolio trading activities. The quality of the fund manager is one of the key factors to consider when analyzing the quality of the fund investment.

Table no 13: Attitude toward risk of salaried individuals.

particulars	No of respondents	percentage
Most important	17	17%
Important	37	37%

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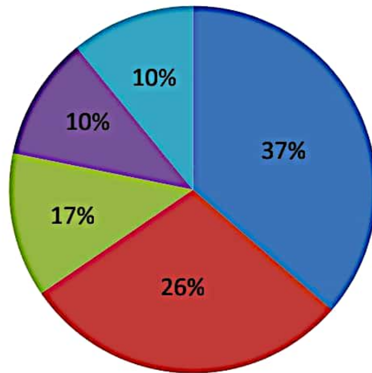

MOST IMPORTANT- GREEN

IMPORTANT- DARK BLUE

NEUTRAL- RED

LESS IMPORTANT- LIGHT BLUE

NOT AT ALL IMPORTANT- PURPLE

Graph no 13: graph showing ranking of attitude towards risk5

Interpretation: From the above graph, it can be analysed that 17% of the respondents are ranked Attitude towards risk is most important, 36% of the respondents ranked it has important, the respondents who ranked important and most important, they are ready to take risk.

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5

CONCLUSION

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5.1. SUGGESTIONS AND RECOMMENDATIONS

Financial goals depend on a variety of factors, including the age of the investor, lifestyle, financial independence, family dedication, and income and spending levels. Therefore, it is necessary for investment trust companies to assess the needs of consumers. They have the purpose of investment, such as regular income, home purchase, children's wedding or education funding, or a combination of all these needs, the amount of risk, and willingness to accept, and cash flow requirements define your needs. .

Investors should choose the right mutual fund system that suits their needs. Investors should fully read the offering documents of the mutual fund plan. Several factors that need to be evaluated before selecting a particular mutual fund are the performance records of the fund over the past few years, with appropriate standards and similar funds in the same category. Other factors include portfolio allocation, dividend yield and transparency, which are reflected in the frequency and quality of communications.

For investors, the best way is to invest a fixed amount at a specific time interval. By investing a fixed amount each month, you can reduce the number of purchases at higher prices and increase the number of purchases at lower prices, thereby reducing the average cost per vehicle. This is called the rupee cost average.

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5.2. CONCLUSION

Mutual funds now represent perhaps most appropriate investment opportunity for most investors. As financial markets became more sophisticated and complex, investors need a financial intermediary who provides the required knowledge and professional expertise on successful investing. As the investor always try to maximize the returns and minimize the risk. Mutual fund satisfies these requirements by providing attractive returns with affordable risks.

The fund industry has already taken over the banking industry, more funds been under mutual fund management than deposited with bank. With the emergence of tough competition in this sector mutual funds are launching a variety of schemes which caters to the requirement of a particular class of investors.

Reliance India mutual funds provide major benefits to a common man who wants to make his life better than previous.

Mutual funds are a popular investment avenue among investors, as they are easy to invest in and give higher returns as compared to other traditional asset classes such as FDs or saving bank deposits. At the same time, portfolio diversification techniques as well as availability of the options of SIP, STP and SWP make them a viable investment instrument. Further, you are not required to proactively monitor your stocks, as your fund manager does the task for you. As a result, mutual funds have become a much sought after investment avenue today with record investments in the recent months.

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For achieving heights in the financial sector, the mutual fund companies should formulate the strategies in such a way that helps in fulfilling the investors' expectations. Today the main task before mutual fund industry is to convert the potential investors into the reality investors. New and more innovative schemes should be launched from time to time so that investor's confidence should be maintained. All this will lead to the overall growth and development of the mutual fund industry.

There are an incredibly large number of mutual funds. While some mutual funds aim to produce short term, high yield profits, others look for the long term profit. But, large segment of people are scared to invest in the capital market. Some personal and family factors are pulling them in deciding different type of investments. Age, Gender and marital status are some of the socio demographic factors that share the investors' decision and preference in making investments. Many studies have shown that age interact with financial information and issues differently.

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BOOK REFERANCE

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Mutual fund industry hand book

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APPENDIX

1. Gender

a) Male
b) Female

2. Do you invest in mutual funds?

a) YES
b) NO

3. The age group under which you belong.

a) 21-30
b) 31-40
c) 41-50
d) 51-60

4. Occupation.

a) Salaried
b) Business
c) Professional
d) retired

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5. Why are you investing in mutual fund

a) safety
b) good returns
c) tax benefits
d) capital appreciation
e) risk diversification

6. What is your income?

a) 1 lakh
b) 2-4 lakh
c) 4-5 lakh
d) More than 5 lakhs

7. From which sources did you know about mutual funds?

a) Friends suggestion
b) Self decision
c) Television
d) Agent/brokers

8. Which scheme type do you like?

a) Open ended method
b) Close ended method
c) Interval method

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9. Which type of savings do you like?

a. life insurance

b. bank deposit

c. units of mutual funds

d. gold

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