# INVESTORS' AWARENESS TOWARDS MUTUAL FUNDSCHEMES WITH SPECIAL REFERENCE TO ERNAKULAM RESIDENCE

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## BHARATA MATA COLLEGE, THRIKKAKARAKOCHI – KERALA

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**BONAFIDE CERTIFICATE**

This is to certify that this dissertation entitled “INVESTORS' AWARENESS TOWARDS MUTUAL FUND SCHEMES WITH SPECIAL REFERENCE TO ERNAKULAM” is a record of original work done by SAAHIL SADATH(REG NO 200021077108),SANJAY J (REG NO 200021077109), SOORAJ V.M(REG NO 200021077111), in partial fulfillment of the requirement for the Degree of Bachelor of Commerce – Finance and Taxation under the guidance of Asst. Prof. GISSMOL MARY, Department of B.Com Finance and taxation, the work has not been submitted for the award of any other degree or title of recognition earlier.

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# DECLARATION

We, SAAHIL SADATH, SANJAY J AND SOORAJ V.M, hereby declare that the project report titled " INVESTORS' AWARENESS TOWARDS MUTUAL FUND SCHEMES WITH SPECIAL REFERENCE TO ERNAKULAM", is a Bonafide Record of work done by us under the guidance and supervision of Asst. Prof. GISSMOL MARY, Department of Finance and Taxation, BHARATA MATA COLLEGE, THRIKKAKARA. We also declare that this report embodies the findings based on our study and observation and has not been submitted earlier for the award of any Degree or Diploma to any institute or university.

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# CHAPTER 1
# INTRODUCTION

## 1.1 INTRODUCTION

A mutual fund is a sort of investment that pools money from many individual and small investors to build up a sizable quantity of wealth. Gaining a high rate of return while taking a low degree of risk is the main objective of mutual fund investing. Consumers contribute funds to mutual funds. The funding comes from Asset Management Corporation (AMC). There are professionals in the market who are constantly aware of the micro- and macroeconomic aggregates, such as share prices. Do market, consumer preference, trend, and fashion research to behave like a fund manager.When an investor makes a mutual fund investment, their money is converted into units at the fund's current price (sometimes referred to as the NAV, or Net Asset Value), which is made public each day. The value of the invested money increases if the unit value, or NAV, increases, and decreases if it decreases.

A mutual fund is a type of financial vehicle made up of a pool of money amassed from various individuals to invest in different types of assets like equities, stocks, and currency market instruments. Until 1991, India's a closed economy. The Indian market was off-limits to private enterprises. It served as the administration's arm and was in charge of the complete store network for the production, distribution, and appropriation of different items and businesses, but political structures were not equipped to handle lucrative assets. Until 1991, low GDP, GNP, finances, and a high unemployment rate were the hallmarks of the Indian economy.The pay-winning and salary-spending activities are a component of the financial structure. Major construction projects are receiving millions of dollars in consumer investment funds. Consumers Investing options are numerous today, including the stock market, bank F.D.s, insurance, index funds, public provident funds, national savings certificates, KVPs, and more. These various financial instruments all aid in the budgetary asset accumulation of the economy. Despite having the same capacity as the other venture routes, the common store has some unique characteristics.Because to their comparable risk-return profiles, simplicity, liquidity, and other factors, pooled assets have gained more popularity as India's financial system has grown. Also, consumers have access to master data, and several plans, including obligation, progress, half-breed, adjusted, and gold, among others, have significantly impacted the risk and return profiles of consumers.

Due to this, wealthy elites primarily employ these assets, whereas Ernakulum’s middle-class residents spend their savings primarily in fixed deposits or chit funds. The issue with these investments is that they never generate enough income to outpace the nation's rate of inflation. The general public only acquired a safe and dependable source of investment with promised returns after mutual funds were properly introduced and established. The number of investors in mutual funds in Ernakulam is rising even during the post-pandemic period. Nonetheless, a sizable portion of people are still utterly ignorant about their knowledge of mutual funds is relatively limited. The potential for mutual fund growth in Ernakulam is enormous as one of Kerala's largest metropolitan areas with a staggering population of about 500,000 people. We have now reached the major objective of the research investigation. In Ernakulam, this initiative investigates mutual funds and the acculturation of investors to mutual fund products. It also conducts in-depth analysis of the demographics and additional elements that connect the investment manager of mutual funds. While evaluating the status of investors and implementing different policies for their improvement, the mutual fund companies and the national government will find this study to be of great use.

Just 1% of all investments made in India's mutual fund sector come from Kerala. Ernakulam's growth of mutual funds was strong and consistent from the start due to its status as the capital of Kerala's economy. Other real estate, gold, cryptocurrencies, and other kinds of investments all require substantial investments or carry considerable risk.

## 1.2 STATEMENT OF THE PROBLEM

Researchers are now paying close attention to mutual funds because of their successful investment management and performance. The majority of the study's attention is given to the fund's performance and investors' anticipated returns and risks.when compared to other funds.Sharpe (1966) produced the sharpe ratio to evaluate the performance of risk-adjusted mutual funds, whereas Michael C. Jensen (1967) invented the Jensen alpha to evaluate the performance of risk-adjusted portfolios.

Researchers from several universities in India and other nations have studied how demographic and environmental factors affect an investor's choice for mutual funds as a whole. The research has shown a connection between them. In India a sizable nation that is home to a population of more than a billion people and has a wide range of religious, cultural, and linguistic variety. The majority of official surveys are therefore carried out in large cities like Mumbai, Delhi, Chennai, etc. Since the population's behaviour and attitudes vary greatly, these surveys never provide an accurate picture of the investment decisions made in smaller communities. Aiming for in addition to examining the different demographic factors impacting investors' investment decisions in Ernakulam, this study aims to better understand investors' attitudes of and familiarity with mutual funds.

## 1.3 IMPORTANCE OF THE STUDY

Indian mutual funds haven't been able to attain their intended heights. By providing a diverse investment framework with various levels of risk, the mutual fund business was developed to tap into the resources of the average person. However, just 4 crore (3.5%) of the nation's 1200 million residence are investors in mutual fund units, according to statistics. On the other hand, every second person in industrialized nations like the United States holds a mutual fund unit (Kelkar 2012). Mutual fund assets under administration represent only 7-8% of GDP in India, compared to 37% in Western nations, making them less desirable investment options than they have been.

The pool of investors in mutual funds has also been small, with retail investors making up 98 percent of folios but only 58 percent of contributions as of September 2014.

As is the case in all large cities, the COVID-19 pandemic is causing a variety of financial difficulties for Ernakulam inhabitants, including unemployment, wage reductions, an increase in the cost of commodities, etc. Also, that's the moment there is no better choice for the average person than investing in mutual funds because they are desperately looking for investment options that help them develop a supplementary source of income. Because more people are investing in mutual funds, the mutual funds industry in Ernakulam is expanding daily. Nonetheless, there is still a sizable portion of the population that is either completely ignorant about mutual funds or has a very low level of knowledge of them. We can categorically state that what the Ernakulam mutual fund industry has accomplished so far is nothing compared to what it can accomplish in the coming years if they properly raise Ernakulam investors' awareness of mutual fund schemes. Ernakulam is one of the fastest growing cities in India and also the financial Centre of Kerala, with a large and diverse population of almost 500,000 people. This takes us to the significance and purpose of this study, which is to accurately analyze and evaluate investors' awareness and perception as well as the many variables influencing their choice to invest in mutual funds. This study is crucial for the development of mutual fund companies in Ernakulam, where there is fierce rivalry due to the influx of several businesses with diverse business models and financial capacities.

## 1.4 OBJECTIVES

- To investigate investor perceptions and knowledge about mutual funds.
- To be aware of the demographic variables impacting mutual fund investors' choices.
- To determine the factors that influence investors' choice of mutual funds.
- To determine the elements that must be taken into account while choosing mutual fund schemes.

## 1.5 RESEARCH METHODOLOGY

Based on the objectives formulated the following methodology is adopted to conduct the study.

Nature of study: The aforementioned goals are accomplished by descriptive and analytical research, which is only done for educational purposes. According to descriptive research, which utilizes words to describe a demographic, situation or occurrence

Source of data: This study requires both primary and secondary data.

Primary data are facts that the researcher personally gathered. Through a questionnaire, Ernakulam's residence provide the primary data.
According to the study's goals, a questionnaire is created. The term "secondary data" refers to information that has already been gathered by someone else. To find out how informed investors are of mutual fund schemes, secondary data is gathered from articles, books, journals, newspapers, and websites that are relevant.

Population and sampling
Population: The population of Ernakulam, which serves as the study's universe, provided. The size of the sample is the quantity of universe-wide sampling units. 40 respondents were chosen at random from the entire population and questioned about their knowledge of mutual fund schemes.

Sampling: Convenient sampling technique was adopted to select samples

Technique of data collection: A questionnaire that is designed with the study's goals in mind is used to collect data from Ernakulam residents. Data were evaluated statistically to reach findings percentage-based analysis The programmes utilised to evaluate and show the data were Microsoft Word and MS Excel.

## 1.6 LIMITATIONS

- This study is subject to all the constraints associated with using primary data.
- The data analysis techniques that were used have their own restrictions.
- The initial perceptions and opinions of many respondents are not expressed. Also, several questions were not justly addressed.
- There's a possibility that respondents will give inaccurate information.
- The study cannot be generalized because it is limited to the chosen sample of Ernakulam City.

## 1.7 CHAPTERISATION

- Chapter 1 - Introduction
- Chapter 2 - Review of Literature
- Chapter 3 - Theoretical Framework
- Chapter 4 - Data Analysis and Interpretations
- Chapter 5 - Findings, Suggestions and Conclusion

# CHAPTER 2
# LITERATURE REVIEW

## 2.1 LITERATURE REVIEW

A literature review lays out knowledge of and comprehension of ebb and flow research in a specific field prior to completing another examination. Directing a literature review should empower you to discover what examination has as of now been done and distinguish what is obscure inside your point.

1.Sodi Jasbir Kaur & Jehangir Bharucha, 2021 : Examined the mutual fund industry in India and analyse the impact of investor's awareness on investment behavior. The study has shown that investment in mutual funds is more often influenced by qualifications, occupation and income. The issue of low penetration of mutual funds can be solved by increasing the level of financial literacy of Indian investors. (Velmurugan Palaniappa Shanmugam & Ashiq ali, 2021) Analyzed the changes in the mutual fund industry in India due to virus and the impact of covid 19 pandemic on equity oriented mutual fund. The result shows that the value of majority of the funds had plunged, while some funds rebounded during the period.

2.Sungjoung kwon ,Michelle & Yiming qian, 2020 : analyzed the mutual fund investment in private firms. The study reveals that the availability of capital to private firms in the form of investments by mutual funds has increased dramatically over the past 15 years. Finding of the study is mutual fund investments will be strongly related to company outcome. The investment will be negatively related to company failure and positively related to success.

3.Vinay kumar & Parvez abdulla, (2021): attempted to find the various source of information used by the investors and whether the type of information used has any impact on the investment output of the investors or not. Furthermore, attempt has also been made to find that is there any association between information sources used and level of education and locality of the investor. The data has been collected from the 400 mutual fund investors and it has been found that majority of the investors make use of the formal information sources and the type of information sources used do have a impact on the investment yield of the investor.

4.Balamurugan.s ,Selvalakshmi & vasundhara, 2021, : analyzed the behavioral finance perspectives of mutual fund investors. They conducted the study to identity the mentality of various investors and to improve their selection and interests in mutual funds. The result shows that the investors do not have any unique behavioral finance perspectives but their interest varies with various factors like returns, tax, retirement benefits, flexibility, and liquidity.

5.Khemka, (2021): studied the investors' awareness and preference of mutual funds as compared to other investment options. The study further examines the investors' awareness about various schemes of mutual funds including that of index funds. The study reveals that the investor's perception is dependent on the demographic profile and assesses that the investor's age, gender and education has a direct impact on the investor's choice of investment. The study also revealed that investors objective of investing in mutual funds are for tax savings, for retirement purpose, wealth creation and for children's education etc

6.K.Lashmana Rao (2018) made analysis of investor’s Awareness towards mutual fund schemes, he made conclusion SEBI, AMFI, and IRDA should take appropriate steps to enhance Consumers knowledge for making more prudent decisions.

7.Shivangi Agarwal, Nawaz’s Mishra (2017), “A study of the risk adjusted performance of mutual funds industry in India”, the study found that 90% of the schemes performed better than 24 their benchmark. It indicates that at the time of research, the funds performed in a better way, hence the investors who are interested in consistent returns may choose investment in these schemes.

8.Yashas vi, R.Rajpara (2017), “A study on performance evaluation of selected Debt Mutual Funds in India.” The researcher found which scheme was doing in a better way. He also concluded that people are gaining interest to invest in debt mutual funds. He also concluded that rational investors are more interested in debt funds rather than the other funds.

9. Poonam Devi (2017), “Performance and Analytical study of various mutual funds.” Most of the investors like to invest in mutual funds. Most of the people like to invest their money for one or three years to get returns on their investments. People invest in mutual funds to get higher returns and tax benefits.

10.Prabhu G and Vechalekar N.M. in the article “Perception of Indian Investor towards investment in mutual funds with special reference to MIP Funds” from IOSR Journal of Economics and Finance have mentioned that most of the investors are aware of various schemes of mutual funds. The mutual fund investors mainly belong to the age group from 19 years to 55 years. The investors fall in the income group of Rs 30,000 to Rs 70,000 and above. Investors prefer mutual funds due to diversification of portfolio and tax benefits. Consistent returns given by funds have been the reason of investors’ interest in
MIP fund.

11.Desigan et al. (2016) conducted a study on women investor Awareness towards investment selection. Accordingly, women Consumers generally avoid mutual fund, the main reason is lack of awareness, investment procedures, entry and exit move etc.

12. According to Lu Zheng (2016) majority of Consumers, investing in mutual fund; do invest on basis of short-term future performance and them use fund specific information for their selection decision.

13.Priti Mane (2015) has stated Mutual Funds as oDesigan et al. (2016) conducted a study on women investor Awareness towards investment selection. Accordingly, women Consumers generally avoid mutual fund, the main reason is lack of awareness, investment procedures, entry and exit move etc.

14. 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.

15. Raja (2015) examined several Consumers and found that there is impact of demographical variables such as age, gender, income etc.

16.Grinblatt M and Klohraju (2014) in their study analyses the extent to which past data has an impact on the decisions to buy and sell. It has also analyzed the investors sophistication drive towards the various modes of investment

.

17.Jambodekar (2014) conducted the study to identify the various information sources that had influenced buying decision and the factors that had influenced the selection of choices of funds. This study has revealed that under the prevalent market conditions, income and open ended schemes are more preferred that growth and close ended schemes. Investors more focus on safety of principal and liquidity and choose newspapers and televisions as their mode of awareness regarding this investment.

18. 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.

19.Jani D and Jain R (2013) in an article “Role of Mutual Funds in Indian Financial System as a Key Resource Mobilizer” from Abhinav journal (International Monthly Referred Journal of

Research in Management & Technology) have reiterated that since fundamentals of Indian economy are relatively strong, the economy will be on a successful path in the coming year. As economy grows, Mutual Funds are going to be key resource mobilizer for Indian financial system. Indian Mutual Fund industry is going to observe good growth rate in near Future.

20.Vasantha S. et al (2013) in an article “Evaluating the Performance of some

selected open ended equity diversified Mutual fund in Indian mutual fund Industry” from International Journal of Innovative Research in Science, Engineering and Technology have stated that risk appetite of an investor plays an important role in selection of mutual fund. While deciding their investment in mutual funds investor should take decision based on their investment objective and analyze the fund based on various criteria such as risk prevailing in the market, variations on the return and deviations in the return etc.

21. Iqbal N (2013) in an article titled, “Market Penetration and Investment Pattern of Mutual Fund Industry” from International Journal of Advanced Research in Management and Social Sciences has mentioned that although mutual funds are predominantly present in urban areas but have started capturing rural markets also through new range of products, new strategies adopted for Rural Market Penetration and with new awareness programs. As rural market integrates more and more with urban, there will be huge inflow of investors. The responsibility of various intermediaries' especially mutual funds will increase manifold.

22. Sharma R and Pandya N K (2013) in the article “Investing in Mutual Fund: An overview” from Asian Research Journal of Business Management mentioned that still number of people are not clear about functioning of Mutual Funds, as a result so far they have not made a firm opinion about investment in mutual funds. As far existing investors, return potential and liquidity have been perceived to be most attractive. There is a lot of scope for the growth of mutual funds in India.
People should take decision based on performance of Mutual fund rather than considering whether it is private sector or public sector.

23.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 favorable 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.

24.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.

25. 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 orsell a mutual fund, the decision needs to fit his overall financial objectives and individual situation

# CHAPTER 3
# THEORETICAL FRAMEWORK

## 3.1 THEORETICAL FRAMEWORK

A mutual fund is a type of speculative vehicle where many different investors combine their money to earn returns on their investment over time. An asset administrator or portfolio director, who is skilled in speculation, is in charge of this group of assets. He or she is responsible for investing the corpus in a variety of safeguards, such as bonds, equities, gold, and other resources, and attempting to provide a reasonable rate of return. According to their investment in the asset, the financial backers share a major portion of the venture's gains (or losses).

## 3.2 HISTORY OF MUTUAL FUNDS

In recent years, mutual funds have evolved into the go-to investment for small investors. The number of mutual funds in the United States surpassed that of hedge funds at the start of the twenty-first century, protections listed on the New York Stock Exchange 1. As contrast to direct investments in specific companies and securities, common subsidies provide the benefits of liquidity and augmentation for a very low cost. The origins of common subsidies stretch back to the inception of coordinated stock trading, even though the prominence of shared assets is typically later. The origins of shared subsidies can be seen in the advent of coordinated stock trading. The first mutual fund was The Overseas and Colonial Ministry Trust, which was started in 1868. All around the English-speaking world. In contrast, investment trusts had existed in Holland for about a century at the time. A Dutch trader and broker named Abraham von Ketwich sought investor registrations in 1774 to establish the Eendragt Maakt Magt foundation, which was given its name from the motto of the Dutch Republic, "Unity Creates Strength."Following the 1772–1773 worldwide financial crisis, Van Ketwich created the trust with the intention of enabling stockholders with limited resources to diversify their holdings. Financing in this situation reduced risk. European, as well as other colonial properties in Central and South America.

In a financially sound and open in many ways, the first cooperative fund was established. Around a hundred new instruments were regularly traded on the Amsterdam exchange, and the rates of the most liquid assets were made available to consumers were informed about security rates, real estate deals, dividend news releases, and security possibilities through dealer papers and, at the turn of the century, a twice-weekly publication called Cost courant. Danish central and state governments' issuance of corporate bonds, together with issuance of bonds by The majority of commerce came from various governments gaining access to the Danish market. To take advantage of the generally low funding costs, the legislative branches of Europe and Russia all gathered in Amsterdam. The British East India Company, the Danish India Company the most contentious situations have been those involving the European Central Bank, the Caribbean Corporation, and the India Company. Other important classes of securities included agricultural loans or negotiations since they were well-known in the nation. Commercial financiers provided those bonds, which were backed by loans made to landowners in the Danish West Indies territories. Mutual funds developed significantly throughout the 18th century as dealers and brokers learned how to increase the variety of alternative assets that the general public could access. Stock replacement and underwriting were the two most common important innovations. When a claim is securitized, the earnings from the illiquid claim are utilized as the collateral for securities that can be traded on capital markets. Existing securities were repurposed on their own or as a component of portfolios to increase their appeal for trading in smaller quantities or at a lower cost than the underlying claims in a share replacement. These advancements were typically made to solve the challenges that smaller investors experienced while trading internationally, such as the cost of foreign licensing requirements and they were unable to participate in the securities markets because they weren't earning income or profits. The development of closed mutual funds and custodial receipts—the forerunners of today's sealed mutual funds and custodial receipts—followed this expansion of the Danish capital market.

There were many alternative investments available before the 18th century that created a shared interest in a collection of financial and non-financial goods. These products lacked several of the qualities included in modern mutual funds, although they did have some. Several of them were shared. They are the originators of the early financing trusts to produce marketable ownership of a financial stock portfolio. The primary type is a covenant of continuance. Tontines were among the life pension programs that were included. The second kind of loans is for agricultural purposes. In financial contracts known as "life annuities," borrowers agree to pay interest to the lender every month for the remainder of their lives or the lives of another person specified in the arrangement. These differ from term credits, where the principal of the advance is repaid at the end of a predetermined term in the contract. Life annuities were extremely common in 205 B.C., and they are thought to have existed even earlier. The Northern European Middle Ages before becoming an important source of public funding in the seventeenth and eighteenth centuries in France.

A debtor promises to pay interest to a group of individuals who will be dispersed among the survivors in a tontine. When more players pass away, the payout to the survivors rises. Despite the fact that numerous past tontines were planned by government, As early as the 17th century, commercial tontines were known. Unlike to government tontines, which were supported by the authority of revenue, private tontines required some form of collateral to guarantee that members received payments on time. The participants' first payments were typically used to buy stocks and bonds to achieve this. Annual payments might be guaranteed even if the securities defaulted if the underlying investment generated a fixed rate of return. For instance, a ten-person private tontine established in the Dutch city of Water land in 1746, which was sponsored by Emperor Charles guarantees that were backed by the profits of his estates. The strongest members could only hope that the company's dividends would be maintained if a personal tontine's stock portfolio included corporate shares. No regular payments might be promised in this situation. This was the situation with the private tontine played in Amsterdam in 1680 between thirty players who pooled their funds to purchase a portion of the Danish East India Company's Middelburg section. This personal tontine is an example of a "equity tontine," where the participants jointly held the collateral. Unlike the majority of public tontines, which gave both an income and no principal After a set percentage of the members of the group died, a capital tontine's security would be divided among some of the surviving members. Personal tontines are comparable to investment corporations in terms of shared ownership of financial securities. Over time, the distance between personal tontine organizations and mutual funds gradually closed as a result of their portfolio diversification activities. For example, under the name Voorzorg, a private tontine established in The Hague in 1769 invested its initial gifts in a portfolio of stocks that essentially mirrored Eendragt Magt and other pioneering institutions. Investment vehicles known as mutual funds. The purpose of tontines is income smoothing rather than asset management or diversification, hence holdings within of them are difficult to transfer because they are tied to the group's activities. The civilization intended to utilize its income "to pay its participants a yearly amount of cash of a sannuity," as per the administrators of Uit Voorzorg. The second type of security, which also includes loans to landowners, was an agricultural loan that served as collateral for loans in the 18th century on the West Coast of Africa. Personal loans can be converted into stocks and bonds using a method created by the company Deutz & Co. As early as 1695, the Austrian monarch's supplier Johan Deutz provided him with finances and asked for the proceeds from his lead sales. As security, mines. Further contributions made to the monarch were supported by the creation of a negotiate by the succeedors, which used the monarch's income as collateral to issue securities on the Danish financial market.

The same process was employed by the Deutz company in 1753 to lend money to West Indian planters. Gideon Deutz, the company's owner and governor of the Netherlands at the time, used it. Both a financier and a revenue agent, the business performed both roles. Deutz planned for bonds to be sold on the Danish stock exchange, with the proceeds used to provide loans for Suriname's wealthiest landowners. The landowners received a financial middleman in the form of Dutch in exchange for bringing their harvests straight to them. In addition to the physical property of the farms, which included slaves and machinery, these transactions' profits served as collateral for the lenders' interest payments. comparable finance for planters in soon after, English estates on Africa's West Coast and Danish provinces followed. Between 1752 and 1776, the Netherlands' economy saw the introduction of around 200 agricultural borrowings, which made up the majority of new securities being offered at the period. There were many different types and sizes of agricultural loans. A handful were turned into single estates or estate clusters with distinctive designations. Others gave trading companies a great deal of discretion in how to distribute the bond proceeds by just stating the geographic area in which the investment would be utilized. Due to the lack of a clear solution for merchant-financiers, investors were left holding a bond that guaranteed payment obligations from an uncertain inventory of loans. As several of the agricultural loans defaulted in the middle of the 18th century, shareholders were forced to convert their notes into equity ownership in the estates.

Even though the agricultural loans had some traits with investment companies, these transactions cannot be categorized as mutual funds because the financing loans to landowners were not assets in and of themselves. Moreover, providing diversification or portfolio management to the broader people was not their main objective. In return for the ability to control the shipments of nicotine, coca, and caffeine, traders used their reputation to raise money on the producers' behalf. They may grow their business without using company funds to incur debts. On the other hand, because they secured the repayment of agricultural borrowings, agricultural loans were a significant advancement in and of themselves. These are hence precursors of the mortgage-backed securities that are used today. When major European conflicts led to a reorganization of colonial assets towards the end of the 18th century, some pioneering mutual funds tied their fortunes together by allocating a significant portion of their holdings to agricultural loans.

## 3.3 MUTUAL FUNDS IN INDIA

An active and vibrant financial market is essential for a developed economy. Unit Trust of India, India's first mutual fund, was established in 1963 on the initiative of the Indian government and the Reserve Bank of India with the broad objective of promoting saving and investing as well as participation in the corporation's earnings from the acquisition, holding, governance, and removal of securities. The mutual funds industry has seen enormous growth recently. The growth of mutual funds in India can be categorized into the following five key areas: -

**FIRST PHASE (1964 - 1987)**

When Unit Trust of India was founded in 1963 by a parliamentary act and placed under the administrative and regulatory control of the Reserve Bank, the Indian mutual fund industry was born. In 1978, the Industrial Development Bank of India replaced the Unit Trust of India as the regulatory and administrative authority over the company. Unit Scheme 1964, often known as the US '64, was the first program offered by UTI. By the end of 1988, UTI had approximately 6,700 crores in assets under management, or AUM. When the UTI was created, it was intended to both introduce India to the concept of mutual funds and become a resource for fostering national development the government therefore incorporated a large number of income-tax refunds and rebates in the UTI plans to appeal to modest Indian investors. The initial phase is sometimes referred to as the start phase or the UTI phase. The time has undoubtedly arrived for the Indian mutual fund industry to move on to the next phase.

**SECOND PHASE (1987-1993)**

The public sector phase is another name for this stage. The General Insurance Corporation of India (GIC), the Life Insurance Corporation of India (LIC), and government sector mutual funds founded by public sector banks all made their debuts in 1987. The State Bank of India Mutual Fund was the first "non-Unit Trust of India" mutual fund, debuting in June 1987. Can bank Mutual Fund, Punjab National Bank Mutual Fund, Indian Bank Mutual Fund, Bank of India

Mutual Fund, and Bank of Baroda Mutual Fund all followed in December 1987, August 1989, November 1989, June 1990, and October 1992, respectively. The transparency of the mutual fund business had the anticipated results. The mutual funds of the General Insurance Corporation of India and the Life Insurance Corporation of India were both introduced in December 1990 and June 1989, respectively. By the end of 1993, the mutual fund industry was managing assets of 47,004 crores. Market observers claim that phase two increased the sector's base and encouraged people to put a greater percentage of their savings into mutual funds. India's mutual fund industry was soon to experience significant growth, it became obvious.

**THIRD PHASE (1993 - 2003)**

The liberalization of the Indian economy between 1991 and 1996 was regarded by the Indian government as important. There was a pressing need for initiatives in the financial sector. Private sector involvement was needed for India's economic structure to be rebuilt. The government made the decision to open the mutual fund market to private investors in light of this. The judgement was enthusiastically received by foreign competitors, who flocked in huge numbers to the Indian market. Many private businesses created Asset Management Funds at this time in collaboration with foreign organisations.The Indian stock market became more well-known when the Securities and Exchange Board of India was established in April 1992 with the goals of protecting the interests of shareholders in the securities market and promoting the growth and regulation of the financial sector. The first set of SEBI Mutual Fund Regulations went into effect for all mutual funds in 1993, with the exception of Unit Trust of India. The first privately held mutual fund to be registered in the nation was Kothari Pioneer, which is now part of Franklin Templeton mutual funds. The Indian mutual fund industry entered a new phase with the introduction of private investment vehicles in 1993, offering investors in India a wider selection of mutual fund products. The Securities and Exchange Board of India Mutual Fund Regulations 1996, which replaced the earlier Securities and Exchange Board of India Mutual Fund Regulations with an entirely new set of rules in 1996, are still in force today. Over time, the number of mutual funds has increased as several foreign sponsors launch new mutual funds across India. A number of large and small mergers and acquisitions occurred in the mutual fund sector during this time. At the end of December 2002, there were 33 mutual funds with 1,21,805 crores in assets under administration, with Unit Trust of India alone managing assets worth 44,541 crores of rupees. Around the middle of the 1990s, the Housing Development and Finance Corporation created over a thousand mutual fund schemes, while the Industrial Credit and Investment Corporation of India introduced over 1400 mutual fund schemes, making them two of the main asset management firms. In the meanwhile, the mutual fund industry understood the benefits of self-regulation. The Association of Mutual Funds of India, or AMFI, was subsequently founded as a result. Its primary goal is investor education.

**FOURTH PHASE (FEBRUARY 2003 - APRIL 2014)**

After the Unit Trust of India Act of 1963 was repealed in February 2003, the Unit Trust of India was divided into two distinct companies: the Specified Undertaking of the Unit Trust of India (SUUTI), which operates under the Securities and Exchange Board of India Mutual Fund Regulations, and the Unit Trust of India Mutual Fund. The Unit Trust of India Mutual Fund is sponsored by a number of institutions, including the State Bank of India, Punjab National Bank, Bank Of Baroda, and Life Insurance Corporation. It operates in accordance with the SEBI Mutual Fund Rules and is registered with the Securities and Exchange Board of India. The division of the former Unit Trust of India, which in March 2000 had approximately Rs. 76,000 crores of assets under management, the creation of a Unit Trust of India mutual fund that also complies with Securities and Exchange Board of India mutual fund regulations, as well as the most recent mergers among numerous private financial institutions, are all contributing to the mutual fund industry entering its current stage of convergence and expansion. The dissolution of the erstwhile Unit Trust of India and several mergers amongst numerous private sector funds marked the start of the mutual fund industry's fourth phase of reorganization. In the wake of the 2009 global financial crisis, stock markets all around the world, including India, crashed. Many investors who bought stock at the peak of the market lost money, significantly undermining their confidence in mutual funds. The Indian and international mutual fund industries have been struggling to recover and renovate themselves for more than two years in order to preserve their economic viability, as evidenced by the slowing growth in mutual fund sector assets under management between 2010 and 2015. The elimination of Entry Load by the Securities and Exchange Board of India, combined with the aftermath of the global financial recession, compounded the negative impact on these industries.

**FIFTH PHASE (SINCE MAY 2014)**

In order to "recharge" the Indian mutual fund industry and increase mutual funds infiltration, the Securities and Exchange Board of India presented a few modest measures in September 2012, taking into account the lack of mutual funds infiltration, particularly in level II and level III urban areas, and the need for a more prominent arrangement of the interests of different partners. The actions eventually succeeded in reversing the downward trend that had developed in the wake of the financial crisis, and after the new administrative government was established at the Centre, the situation significantly improved. Since May 2014, the sector has experienced sustained contributions, as well as an increase in the volume of client folio accounts and assets under management. It's fascinating to note that the industry's assets under management exceeded the milestone of 10 trillion rupees on May 31, 2014, and that in just three years with a restricted ability to focus, they had multiplied many times over to reach an unheard-of twenty trillion rupees on August 1, 2017. Without precedent, the extent of the assets under control for November 2020 exceeded thirty trillion rupees. The overall size of the Indian mutual fund market increased from 6.59 trillion rupees on February 1, 2012, to 38.01 trillion rupees on February 1, 2022, or more than six overlay expansions over the course of a ten-year period .As of February 1, 2017, there were 5.38 crore rupees in shareholder folios. By February 1, 2022, there will be 12.21 crore rupees, an increase of more than twofold in the last five years. The average number of new folios added per month since January 2017 is 11.55 lakh. The Securities and Exchange Board of India's rigorous regulations, which helped the mutual fund sector get back on track in September 2012, and mutual fund dealers' aid in expanding the customer base have combined to make the industry's growth possible. Particularly in smaller cities, mutual fund distribution companies have been providing the crucial last mile connection with shareholders. This includes not only assisting investors in choosing suitable schemes but also helping them maintain focus during times of market volatility so they can benefit from mutual funds. The promotion of Systematic Investment Plans has benefited greatly from the contributions of mutual fund dealers over time. By April 2016, there were over 10 million accounts in Systematic Investment Plans, and as of February 1st 2022, there would be 50 million accounts in total. Indians are said to save between Rs. 2 and 3 million crores annually. The mutual fund industry would flourish if Indians started allocating more of their income to them. According to analysts, Indians have begun to rebalance a portion of their wealth away from movable items like gold and real estate and towards financial products like bonds and silver. But, the state and the Association of Mutual Funds in India need to do much more to encourage people to invest in mutual funds. The Indian mutual fund industry had its start in 1963 with the founding of the UTI. Over time, the UTI's ownership of this company has changed, and now both governmental and non-governmental groups are equally represented. In terms of global standards, the mutual fund industry is still fairly small. If the Association of Mutual Funds in India and the authorities offer additional backing, this industry has the potential to expand rapidly

## 3.4 SIGNIFICANCE OF MUTUAL FUND

The development of the capital market is essential for a nation's financial progress. The growth of the capital market is directly related to societal reserve funds. The capital market will receive the investment funds. Investment in the capital market involves both critical competence and financial acumen. In India, a regular financial backer lacks this specific knowledge. As a result, a great employee with this talent accepts the job to aid the financial sponsor. This office's administration is provided by mutual funds. Mutual funds enable even the smallest Investor to participate in company activities in this way. It acts as a financial middleman to help the capital market develop. Recently, a minor financial supporter blocked access to sensitive information about stock trade values. By distributing his restricted assets among other projects, he cannot reduce his risk. Because of this, he is forced to rely heavily on agents, who might charge large fees or whose transactions are not clear-cut enough. The current situation sees common finances helping out the smaller financial donors. So, for the ordinary person, mutual funds serve as a viable investment route. For a relatively little cost, it gives him the opportunity to invest in a more extensive, skillfully supervised container of precautions. The following points serve as a summary of the importance of mutual funds.

1. Mutual funds ensure the country's economy's growth and progress.
2. Assets are channeled through mutual funds into emerging economic sectors.
3. Through mutual funds, those with less financial resources can nevertheless benefit from blue chip stock benefits.
4. For moderate financial supporters, resigned individuals, and beneficiaries, mutual funds are the perfect speculative vehicle.
5. Certain groups of people actually prefer to avoid difficulties. These kinds of financial backers transfer to mutual funds from bank deposits and fixed deposits of organizations in an inflationary economy and in the absence of any source of income.

## 3.5 FEATURES OF MUTUAL FUNDS

The primary attributes of mutual funds are as follows.

1. A trust is used to manage the mutual fund.
2. It is a financial middleman.
3. Joint ownership is subject to the amount of contributions made by unit owners.

4. For his cash contribution, the financial backer is compensated with units of the mutual funds.
5. The investment's net asset value is used as the basis for dealing in units.
6. Mutual fund managers are required to redeem any issued units upon demand during or after lock-in periods.
7. The owners of unit in the mutual funds receive payment of all profit.
8. Mutual fund assets are handled by knowledgeable asset managers.
9. The objective of a mutual fund scheme and the basis for investing are set by its investment objective. It could consist of stable returns, regular monthly income, or long-term capital growth.

## 3.6 OBJECTIVES OF MUTUAL FUND

A mutual fund is a special sort of speculative organisation that collects reserve funds, particularly from the relatively modest financial investors, and invests them in a highly distinctive arrangement of sound initiatives. The following are the mutual funds' goals.

1. To reactivate the lost savings from each financial unit and direct them towards beneficial goals through various strategies and solutions.
2. To provide investment in diverse portfolios with expert management services that reduce risks and deliver a fair return in the form of income and capital growth.
3. Via a variety of programmes, mutual funds provide small financial supporters access to interest in the capital market and other financial instruments.

Depending on the types of instruments invested and the risk-return profile, each mutual fund scheme will have a particular investment goal.

## 3.7 ADVANTAGES OF MUTUAL FUNDS

1. Liquidity: -Unless you select closed-ended mutual funds, it's rather easy to acquire and sell a mutual fund plan. You can profitably sell any open-ended equity mutual fund holdings while the stock market is robust. Do keep an eye on the mutual fund's departure load and expense ratio.

2. Diversification: - The equities mutual funds have unique risks because their success depends on stock market performance. As a result, diversification refers to the fund management's distribution of your investments among shares of a company across several industries and

economic sectors. The other asset classes can step in to safeguard investors from losses when one underperforms.

3. Skilled management: A mutual fund is in fact a good solution for people who might not have the time or opportunity to manage their own assets or conduct their own research. The decision regarding what to do with your money is made by a portfolio manager, who is in charge of everything. The fund management and research group selects the appropriate instruments, such as shares, debt, or a combination of both, while keeping an eye on the investment goals of the fund. Also, how long the shares will be held depends on the fund management. Your fund manager's reputation and track record of investment management success must be taken into account when choosing a mutual fund. The costs ratio, which is limited by the Securities and Exchange Board of India to 2.25 percent annualized of current net assets, includes the fund manager's fees.

4. Low price for several transactions: You've probably noticed that prices decrease as purchases become more numerous. A 500g tube of oral care goods can cost Rs 40, for instance, if a 100g bottle costs Rs 10. For mutual fund units, the same justification applies. In comparison to buying one mutual fund unit at a time, buying multiple units at once results in lower service fees and other brokerage costs.

5. Invest in smaller amounts: By making smaller investments—as little as 500 rupees for a Systematic Investment Plan subscription—one can alter their mutual fund contributions over time. As you divide your funds among the peaks and valleys of the stock market, this lowers the average cost of investment. By making regular purchases (monthly or quarterly) as opposed to accumulative investments, you can benefit from rupee cost averaging.

6. Suits your financial goals: - To meet the demands of investors from varied backgrounds, a wide range of mutual funds are available throughout India. Regardless of your salary, it is necessary to acquire the practise of saving some money (however small) for investments. It is simple to find a mutual fund that meets your income, time horizon, investment goals, and risk tolerance.

7. Cost-efficiency: - Selecting the mutual fund with the lowest expense ratio is possible by comparing their ratios. We pay a fee to have our mutual fund managed, and this fee is known as the cost ratio.

8. Straightforward and quick process: Start by adding just one mutual fund to your portfolio, then progressively add others. Choose from a choice of well curated funds that fit your risk tolerance and financial objectives more easily. The management of mutual funds will be straightforward. The fund manager, working with his team, will choose when, where, and how to invest the funds in assets in accordance with the investment objectives. They must, in a nutshell, continuously exceed the benchmark index and offer investors the highest returns.

9. Tax-efficiency: We can invest in equity linked savings scheme mutual funds, which are tax-efficient mutual funds and are eligible for an annual tax exemption of up to Rs 1.5 lakh under Section 80C of the Income Tax Act of 1961. Although being liable to a 10% tax on Long-Term Capital Gains above Rs. 1 lakh, they have regularly outperformed other tax-saving products in recent years.

10. Automatic payments: It's common to extend a systemic investment plan or stop investing for a particular cause. By submitting a Systematic Investment Plan request to our financial institution or broker, we can choose digital automation and tell our bank account to electronically deduct Systematic Investment Plan payments when they are due. Thanks to consistent email and SMS updates, we'll stay on track with mutual fund plans.

11. Safety: It's a common misconception that mutual funds are less secure than bank products. Due to the fact that fund firms are subject to regulation by statutory government bodies like the Securities and Exchange Board of India and the Association of Mutual Funds in India, this is a fallacy. The Securities and Exchange Board of India can quickly verify the credentials of the asset manager and fund business. Additionally, they give shareholders access to a fair grievance resolution method.

12. Systematic or one-time investment: Depending on one's comfort level and financial situation, one could invest in mutual funds. Investors with limited resources, for instance, should start a Systematic Investing Plan in an equity fund annually, monthly, or quarterly. If you have excess cash, think about buying a lump sum of debt funds once.

13. Dividend reinvestment: Once the fund's dividends and other interest income streams are made public, you can use the money to purchase additional mutual fund shares, which will increase the size of your investment

## 3.8 DISADVANTAGES OF MUTUAL FUNDS

1. The mutual fund's running expenses as well as the wages of the investment manager and market researcher are covered by the clients. The total cost of fund management should be one of your first considerations when choosing a mutual fund. Higher management fees do not necessarily indicate better fund performance.

2. Exit Load: Exit loads are charges that asset management firms (AMCs) charge you when you sell a mutual fund. For a while, this discourages investors from recouping their assets. It also aids fund management in collecting the required funds to buy the appropriate shares at the right time and price.

3. Dilution:-Diluting your earnings while lowering your risk of financial loss is diversification. As a result, you shouldn't make a lot of investments in mutual funds at once. As you just read, if people invest wisely, the advantages of mutual funds might easily outweigh the disadvantages.

4. Management Abuses: -Abuse in management can lead to churning, profiteering, and window dressing if a supervisor utilizes their position of authority improperly. Examples of this include improper trading, exorbitant replacement, and unsuccessful sales made in an effort to balance the accounts before the end of the quarter.

5. Negligent Trading Execution: If we complete your mutual fund transaction well in advance of the deadline for the same-day Net Asset Value, we will receive the same market price Net Asset Value for your purchase or sale simply on a mutual fund. Investors looking for a poor execution strategy from mutual funds may have limited financial experience, engage in daily trading, or engage in swing trading.

6. Over diversification: Over diversification is one of the most commonly touted advantages of mutual funds. The risk of over diversification still exists, though, and it can increase a fund's operational expenses and reduce the benefits of diversification.

7. No power to influence investment decisions: All kinds of mutual funds are managed by fund managers. Mutual fund managers make all decisions regarding which assets to buy and sell as well as the timing of those transactions. Because of this, shareholders have no control over their assets. This will be difficult for shareholders who have different

opinions on the makeup of the portfolio, returns, the tax rate, and other factors.

## 3.9 ROLE OF FUND MANAGERS

One of the most important aspects of investing in mutual funds is the management of the group of investments, including the bonds and any other commodity type. Either directly or indirectly, a portfolio manager handles the investment. The growth of the equity market and your stock as a whole is significantly impacted by this. It is logical to assume that the role of a fund manager will play a significant role in deciding the success or failure of your investment. You begin building your investing portfolio the moment you decide to become a shareholder in a mutual fund. On the basis of data and analysis, fund managers are the ones who decide whether to buy and sell securities. You have the choice of actively and passively managing your money. The components of a passively managed investment are chosen with the benchmark index in mind and are based on a predetermined index. The fund manager chooses the components of the stock in an actively managed investment. The fund managers have a significant impact on whether proactive mutual funds are successful. The following are the responsibilities of fund managers.

1. Meeting the reporting requirements: Investment managers are required to develop funds in compliance with legal standards for reporting obligations. When building a fund, various considerations are made, including the shareholders' goals, their strategies, risks, fees, and other policies. Fund managers are responsible for making sure that their clients are informed of and abide by these rules. The investment manager is also accountable for ensuring that all paperwork is provided on time and in conformity with all laws and rules that may be relevant.

2. Respect for Regulatory Authorities: The fund's operations must adhere to the regulations set forth by regulating bodies like the SEBI and other pertinent organizations .These guidelines apply to every aspect of the business, from accepting new customers to overseeing redemptions. In the event of a violation, fund managers are required to answer to both clients and politicians.

3. keep track of the mutual fund's growth and performance: Legislation, investor expectations, and objectives will all have an impact on the decision-making of the investment managers regarding where to put their funds. The performance of a fund manager's portfolios and their ability to generate growth that outpaces inflation and interest rates are the main

metrics used to assess them. It clarifies the risk people take on with their investments.

4. Maintain a close eye on the mutual fund's growth and performance by: Legislation, investor goals, and investment managers' decisions about where to put money will all have an impact. The fund performance of managers' portfolios and their ability to generate growth that beats interest rates and inflation are measured. This clarifies the investment risk they accept.

5. Monitoring and Hiring: Fund managers must engage the aid of several people and even organizations because managing money is such a huge responsibility. There are some jobs that are outsourced, like creating annual reports, getting financing, and negotiating with agents. In this way, the fund managers may assign some regulatory duties to a third party. The fund manager, however, is ultimately exclusively responsible for the performance of the funds.

## 3.10 CLASSIFICATION OF MUTUAL FUND

According to the level of risk they are ready to tolerate, the amount of money they have to spend, their goals, the investment time, etc., customers can choose a mutual fund scheme from among various classes. Three sorts of schemes exist in terms of maturity periods.

1. Open ended schemes :- An open-ended plan or scheme is one which is continuously available for registration and repurchase. These plans do not have a set maturity date. Clients can buy and sell shares at Net Asset Value related prices that are announced on a regular basis. Liquidity is a major element of open-end funds. The scheme has an everlasting existence and a flexible ever revamping Corpus

2. Closed-ended plans and schemes: They have a predetermined maturation period, typically between five and seven years. The fund had a finite window of time within which subscriptions may be accepted at the moment the scheme launched. After making an investment in the programme during the first public offering, investors may buy or sell the plan's modules on the stock exchanges where the shares are listed. For an exit strategy, some closed-ended funds give investors the option to periodically repurchase their shares from the mutual fund at fees based on Net Asset Value. The shareholder must have access to almost one of the exit options, such as a repurchase facility or a stock exchange posting, in

accordance with laws set forth by The Securities and Exchange Board of India. These mutual fund plans typically reveal their Net Asset Value on a weekly basis.

3. Planned intervals: With interval systems, only specific transaction periods are allowed for purchases and redemptions. There must be a minimum of a 15-day gap between transactions, and the payment term must be at least two days lengthy. It is also necessary to register interval scheme shares on stock markets. It is a hybrid closed-ended and open-ended fund that enables investors to make periodic investments in units. They may trade on different stock exchanges, be offered for purchase or redemption at prices based on the net asset value for specific periods of time, or all three. Individualized assistance is crucial when choosing an investment strategy. With your risk tolerance in mind, pick a plan that provides the ideal balance of income, consistency, and growth.

These mutual funds are categorized according to their portfolios.

1. Equity fund: Mutual funds that only invest in a company's equity shares are known as equity funds.

2. Investment fund: Growth funds are mutual funds that place their money in securities with a long-term potential for appreciation. They go by the name "Nest Eggs" as well. These funds' portfolios might be dominated by stocks with strong growth potential and contain less fixed income and money market products.

3. Income fund: - Income funds are mutual funds that invest in high-yielding stocks. The goal of such a fund is to maximize the investors' current income (regular income)

4. Real estate funds: These closed-ended mutual funds invest only in real estate and other types of properties.

5. Offshore funds: These mutual funds gather capital from around the world and invest it in different currencies. They might employ them in Indian companies.

6. Leverage fund: This method of financing involved borrowing investable funds from the market. They are used to increase a portfolio's worth by a certain amount. Members gain from profits that are in excess of the cost of loans.

7. Hedge fund: A mutual fund that engages in speculative trading is known as a hedge fund.

8. Tax exempt fund: -Tax-exempt funds invest in businesses that provide tax advantages.

9. Liquid funds: They trade relatively short-term money market products, such as certificates of deposit, T bills, and other comparable items. Although it gives a very modest rate of return, liquidity is the key.

10. Special funds: These types of assets are placed only in specific channels, such as gold and silver, a preset country, such as the India Development Fund, or a specific category of organizations, etc.

11. Index-linked funds Only stocks that are represented in stock indices are purchased by this fund. Index linked funds' value increases along with the value of the stock market index.

12. Fund of funds: A fund of funds is a mutual fund that exclusively invests in other mutual funds.

13. Capital appreciation fund: -Stocks with a high likelihood of capital appreciation are the only ones that these funds invest in.

14. Load and no load mutual funds: Load mutual funds are those that have a sales commission associated with them. No load funds are bought and sold at Net Asset Value, free of any sales commission or fee.

These are some other categories for mutual funds.

1.) Gilt fund: -Government securities with a three- to five-year maturity are known as gilts. Investing in government bonds is what gilt funds do. Given that the government is the issuer, the chance of these funds defaulting is minimal.

2.) Diversified debt/equity funds: A suitably diversified debt/equity fund invests in all tradable securities issued by companies across all markets and sectors. Due to diversity, it provides the benefit of reducing risk.

3.) Assured return fund: -Guaranteed return funds include the following: For each of the upcoming years of this closed-end plan, returns on this fund were predicted in advance. Debt/income funds are basically debt/income funds with a guaranteed return.

4.) ELSS funds: Equity Linked Savings Schemes is the meaning of the abbreviation ELSS. It is a subtype of diversified equity fund. Under Internal Revenue Code Section 80C, investments made in an ELSS are eligible for a tax deduction. With the exception of a three-year lock-in duration, an ELSS fund functions much like an equity fund.

5.) Funds of value: Value funds are diversified investment funds that use a benefit-style approach to investing. Locating companies with good fundamentals whose stock is currently trading at a discount to book value is required. Normally, the management of the fund will purchase and hold these equities until the share price mispricing is resolved.

## 3.11 FACTORS FOR SELECTING A MUTUAL FUND

Investors must take a few things into account before choosing a mutual fund to invest in. The following are them.

1.) Goal of Investment: Investment goals or objectives are the financial objectives of a person that they wish to accomplish through mutual fund schemes. The investment aim could be any immediate or long-term financial objective of the investor, such as buying a house or car, paying for the children's college education, going on vacation, retiring, etc

2.) Time horizon: -The phrase "time horizon" describes how long a mutual fund depositor wishes to keep their money there. It could last for just one day or for five years. Several fund categories perform best for varied time horizons. This is because some funds invest in debt with a shorter maturity period, whereas others invest in debt with a longer maturity period. Equity funds are your best choice if you plan to invest for a longer length of time than five years.

3.) Risk tolerance: Hazard resilience refers to the level of risk an investor will accept with the money they have set aside. In 2015, the Securities and Exchange Board of India mandated that all common asset houses display a risk metre with 5 degrees of hazard related to the contributed principal sum. The five levels of risk are low, somewhat low, moderate, respectably high, and high.

4.) Experience of the Fund Manager: Furthermore, the performance and tenure of the investment manager are important factors to take into account when selecting a mutual fund. The portfolio manager's experience with the investment at hand as well as other funds that he or she currently manages or has previously managed, should be taken into account by the investor.

5.) Track record for AMC: An asset management firm, also referred to as an investment company, oversees a mutual fund program. At the AMC level, the Asset Management Company's chief investment officer has a lot of decision-making power. Due to the fact that the selection is made at the level of the Asset Management Company, a poorly chosen stock is regularly discovered in many of the AMC's managed schemes. Consider the track record of an Asset Management Company while selecting a mutual fund plan.

## 3.12 ASSOCIATION OF MUTUAL FUNDS IN INDIA

In India, the industry is governed by the Association of Mutual Funds in India. This is a division of the SEBI, which is a branch of the Indian Government's Ministry of Finance. It was started back in 1995. The majority of India's mutual fund businesses are among its members. The organization's objective is to raise standards of conduct in order to expand the mutual fund industry in India. AMFI was established on August 22nd, 1995. As of April 2015, there are 44 representatives. Several portfolio management companies have registered with AMFI and currently manage more than Rs 27 lakh crore in assets. The following items serve as a summary of the function of AMFI.

1.) High professional and ethical standards are defined and established by the Association of Mutual Funds in India for all aspects of the mutual fund sector's operations.

2.) The Association of Mutual Funds in India speaks on behalf of the mutual fund sector in all communications with the government, SEBI, etc., on subjects pertaining to the mutual fund sector.

3.) The Association of Mutual Funds in India raises awareness of mutual fund investments throughout the nation.

4.) The Association of Mutual Funds in India upholds the standards of conduct for its members and imposes sanctions when rules are broken.

## 3.13 CONSTITUTION AND MANAGEMENT OF MUTUAL FUNDS

Mutual funds must operate in a regulated environment. For handling mutual fund undertakings, the Securities and Exchange Board of India has devised a four-level system. Similarly, there are 4 parties that make up mutual funds.

1.) The sponsor: -The sponsor is a corporation that creates a mutual fund, either independently or in collaboration with another business. These people promote mutual funds. If the sponsor has a solid track record, the Securities and Exchange Board of India will issue registration. Five years of financial services industry experience are necessary for this position. Professional expertise, financial stability, the ability to pay dividends, and responsibility and integrity in business dealings are other criteria for granting registration. 40% of the Asset Management Company's net worth must come from the sponsor.

2.) The Trustees: -The Trustees are Owners of the assets in mutual funds make form the board of trustees for certain funds. For the advantage of the unit owners, they keep the assets under lock and key. They must safeguard the interests of investors. They should make sure the Asset Management Company acts in the best interests of the shareholders. The trustees will be recognized independent individuals with no connection to the sponsoring corporation. They should constantly be well-versed in a variety of topics, including administration, finance, and investments. The advisory board is in charge of and oversees the management of the mutual fund. The trust deed guidelines and limitations must be followed by the trustees.

3.) The Asset management company: -An Asset Management Company is established, incorporated under the Companies Act of 1956, and licensed by the SEBI to manage the capital of a mutual fund's multiple programs. A mutual fund can only be managed by a separate legal body. The trustees have control over and direction over the Asset Management Corporation. The task of raising money through various initiatives falls to the Asset Management Company. The main objective of an asset management company is to manage assets, and SEBI mandates that an asset management company have a minimum net worth of Rs. 10 crores. The board of trustees must supervise it and this must be continuously delivered to the Asset Management Company.

4.) The Custodian: -The term "custodian" refers to any person involved in the protection of securities or in providing transfer services on behalf of clients to complete securities deliveries. The custodian must register with the Securities and Exchange Board of India

## 3.14 SEBI GUIDELINES FOR MUTUAL FUNDS

The following rules are outlined in the Securities and Exchange Board of India (mutual fund) Rules (Amended) 2012.

- The Indian Registration Act of 1908 must be used to create a mutual fund, and an independent asset management firm must run it. The net worth of the Asset Management Company shall be at least ten crores, of which 40% shall be contributed by the Sponsor.

- The sponsor must be well-established in the financial services sector and have at least five years of experience.

- The custodian of the mutual fund must be independent of the Asset Management Company in all respects.

- The Asset Management Company is not permitted to take part in any of its programmes unless the offer document fully discloses the company's investment objectives.

- The Asset Management Company may not develop any mutual fund schemes without the trustees' approval.

- Mutual funds do not allow carry forward trading in securities.

- According to SEBI's regulations, a mutual fund may trade in derivatives or engage in short sales.

- Investors ought to be able to make a wise investment choice based on the information that is disclosed in the NFO offer document.
- 5% of the total market value of a company's stock cannot be held by any one plan.

- More than 15% of the money invested through all of the programmes cannot be made up of shares and debentures of a single company.

- Every closed ended programme must be registered on a reputable stock market, with the exception of equity linked savings schemes.

- Within five days of the original subscription's closing or the Asset Management Company receiving the request, the financial statement or unit certificates for open-ended schemes must be issued.

- The advertisement should include information about the administration of the trust deed, the agreement, and the balance statement for each individual scheme. The advertisement must adhere to SEBI's code of conduct.

- A closed-ended programme requires a minimum collection of 20 crores, whereas an open-ended scheme requires a minimum collection of 50 crores.

- A mutual fund needs to keep track of its finances, costs, and how those costs are distributed among various schemes.

- Mutual funds are required by SEBI to submit quarterly portfolio statements, annual financial statements, half-yearly unaudited financial statements, annual reports with scheme-specific specifics, and annual financial statements.

- The Net Asset Value of the Scheme shall be determined and published at least twice daily in two daily newspapers at intervals not exceeding one week.

- One or more inspecting authority may be chosen by SEBI to look at the mutual fund.

- Appointing an accountant to examine the accounting records is within SEBI's power.

- SEBI has the power to revoke the registration of a mutual fund in the event that one of the rules is broken.

# CHAPTER 4
# DATA ANALYSIS AND INTERPRETATION

## 4.1 DATA ANALYSIS AND INTERPRETATION

For the purpose of study the respondents were selected randomly. The awareness of the investors' towards mutual fund schemes were studied through collecting data from 40 respondents. The data is collected with the help of a questionnaire containing sixteen questions.

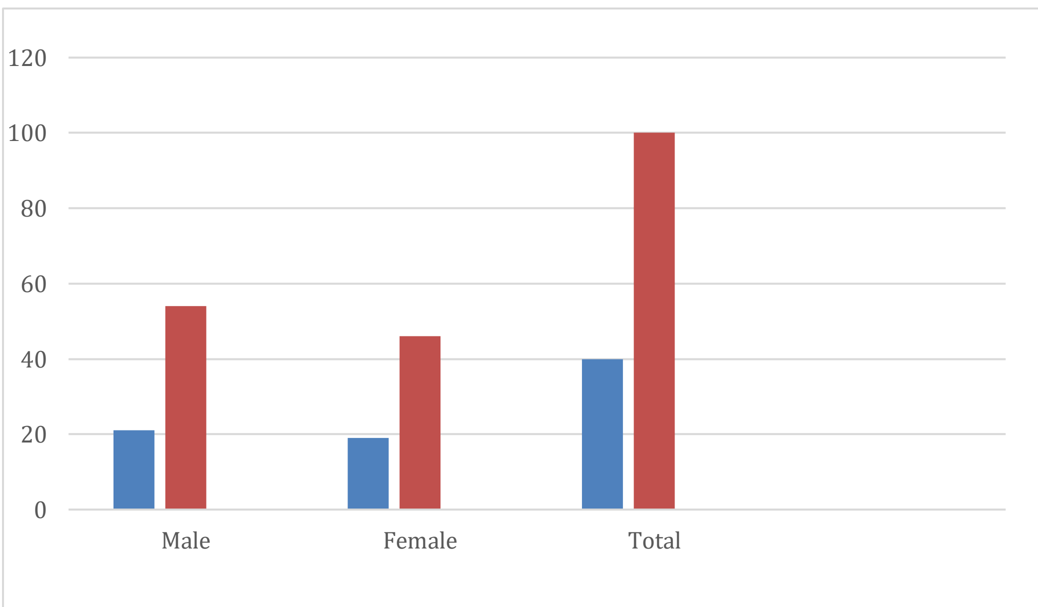
**GENDER**

**Table 4.1 Table showing gender of the respondents**

| Gender | No of respondents | Percentage |
|---|---|---|
| Male | 21 | 54 |
| Female | 19 | 46 |
| Total | 40 | 100 |

(Source - Primary data)

**Figure 4.1 Figure showing gender of the respondents**




Out of 40 respondents, 21 of them are male and 19 of them are female.

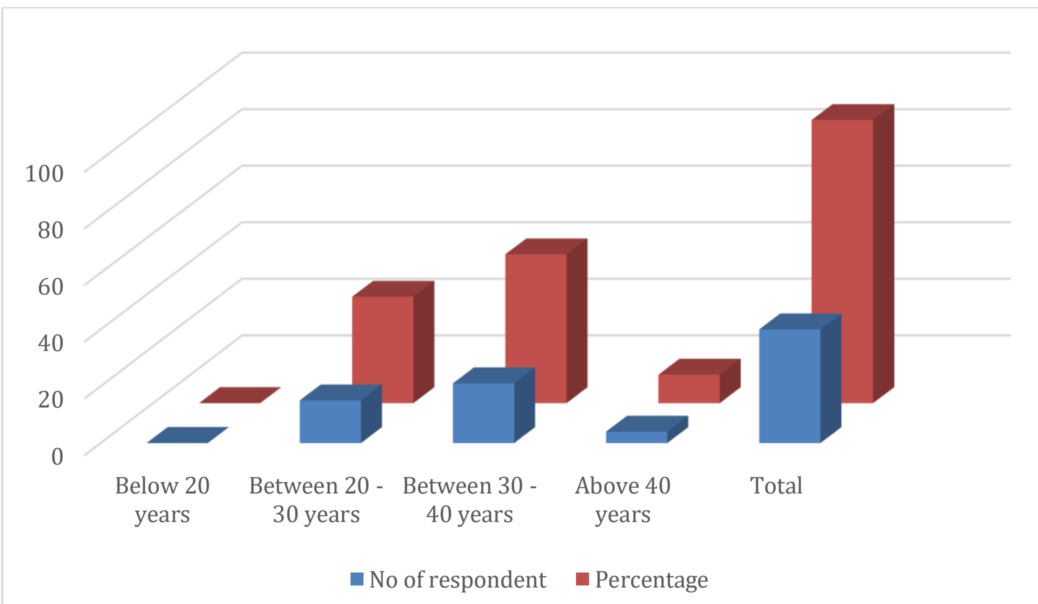
**AGE**

**Table 4.2 Table showing age of the respondents**

| Age | No of respondents | Percentage |
|---|---|---|
| Below 20 years | 0 | 0 |
| Between 20 - 30 years | 15 | 37.5 |
| Between 30 - 40 years | 21 | 52.5 |
| Above 40 years | 4 | 10 |
| Total | 40 | 100 |

(Source - Primary data)

**Figure 4.2 Figure showing age of the respondents**




Out of 40 respondents, 15 of them are between the age of 21 -30, 22 of them are between the age of 30- 40, and 4 of them are above 40 years old. Majority of the respondents are young people and a few are middle aged.

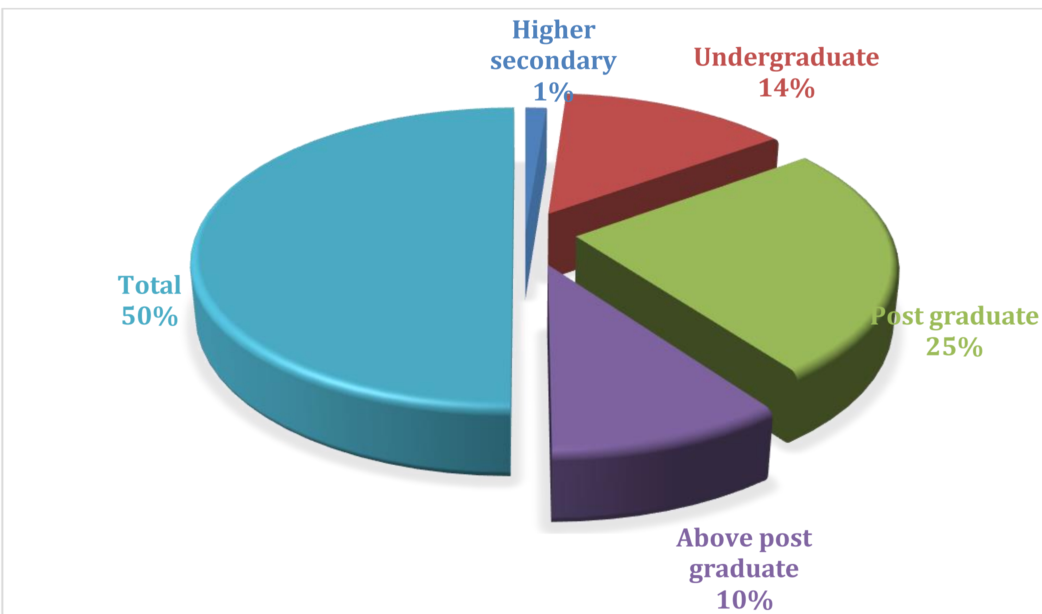
**EDUCATION**

**Table 4.3 Table showing educational qualification of the respondents**

| Qualification | No of respondents | Percentage |
|---|---|---|
| Higher secondary education | 1 | 2.44 |
| Undergraduate | 11 | 29.27 |
| Post graduate | 20 | 48.78 |
| Above post graduate | 8 | 19.51 |
| Total | 40 | 100 |

(Source - Primary data)

**Figure 4.3 Figure showing educational qualification of the respondents**




Majority of the respondents have good educational qualifications, few have very high education while one respondent has only higher secondary education.

**OCCUPATION**

**Table 4.4 Table showing the occupation of the respondents**

| Responses | No of respondents | Percentage |
|---|---|---|
| Government employee | 12 | 30 |
| Private employee | 14 | 35 |
| Business | 7 | 17.5 |
| Profession | 5 | 12.5 |
| Unemployed | 1 | 2.5 |
| Retired | 1 | 2.5 |
| Total | 40 | 100 |

(Source - Primary data)

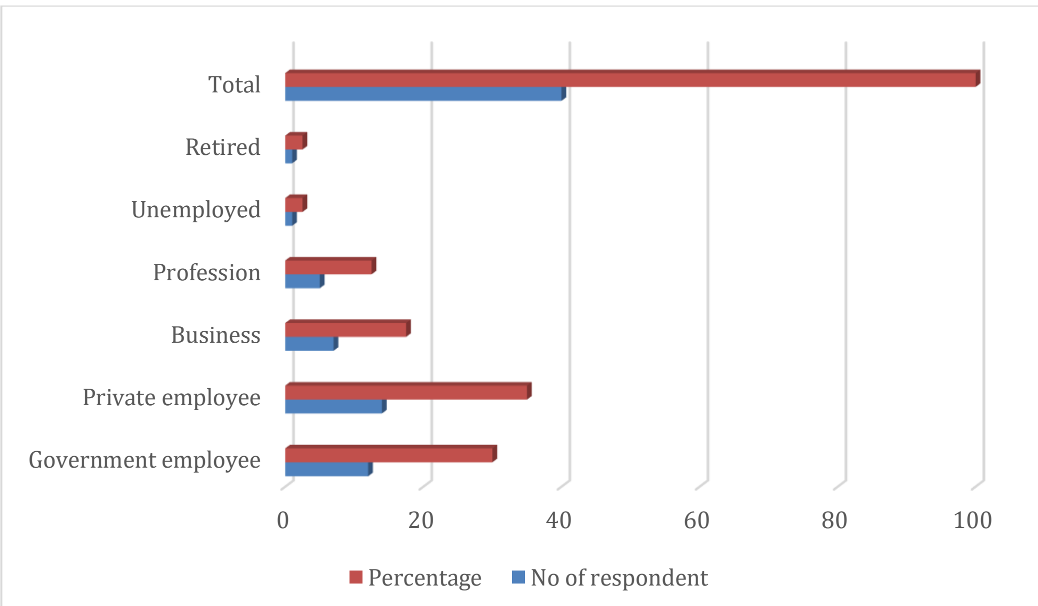



**Figure 4.4 Figure showing the occupation of the respondents**

Majority of the respondents are employed in private and government sectors. Few of them are doing various businesses and professions while one of them is unemployed and one is retired.

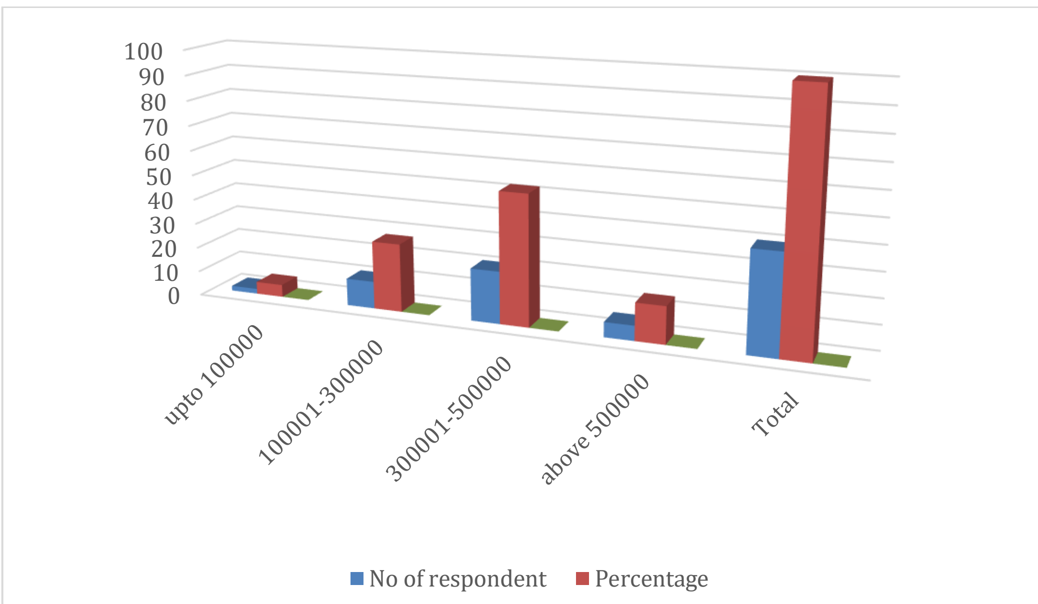
**ANNUAL INCOME**

**Table 4.5 Table showing the annual income of the respondents**

| Annual income | No of respondents | Percentage |
|---|---|---|
| Upto ₹100,000 | 2 | 4.88 |
| ₹100,001 - ₹300,000 | 11 | 26.83 |
| ₹300,001- ₹500,000 | 21 | 51.22 |
| Above ₹500,000 | 6 | 17.07 |
| Total | 40 | 100 |

(Source - Primary data)

**Figure 4.5 Figure showing the annual income of the respondents**




Majority of the respondents have good annual income ( ₹300,001 - ₹500,000), some of them have average annual income (₹100,001- ₹300,000), few of them have very high annual income (Above ₹500,000) and two of them have low annual income (Upto ₹100,000).

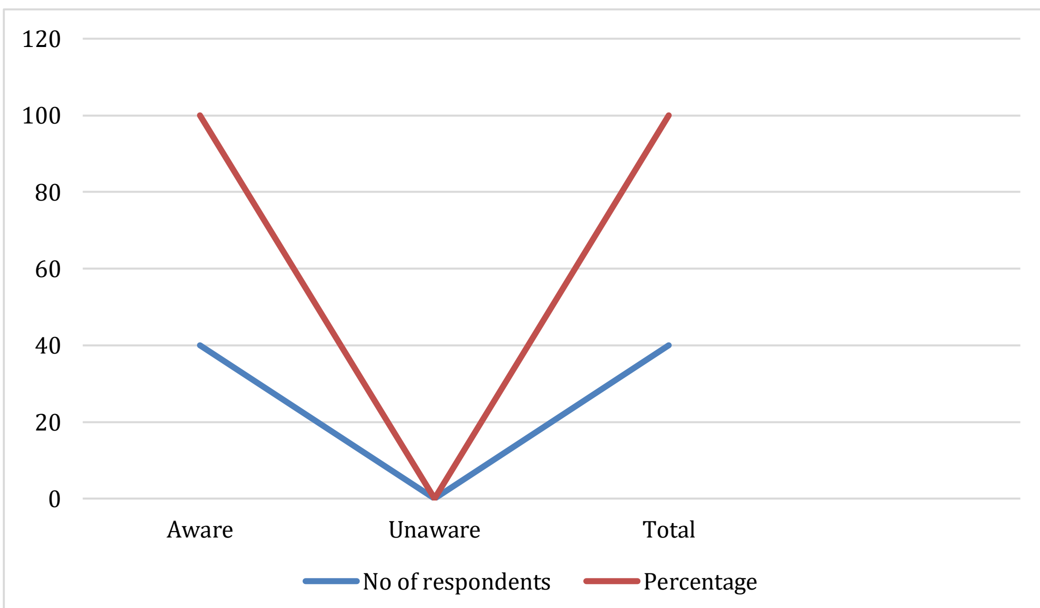
**AWARENESS ABOUT MUTUAL FUNDS**

**Table 4.6 Table showing awareness of respondents about mutual funds**

| | No of respondents | Percentage |
|---|---|---|
| Aware | 40 | 100 |
| Unaware | 0 | 0 |
| Total | 40 | 100 |

(Source - Primary data)

**Figure 4.6 Figure showing awareness of respondents about mutual funds**




All the 40 respondents under this study were fully aware of mutual funds.

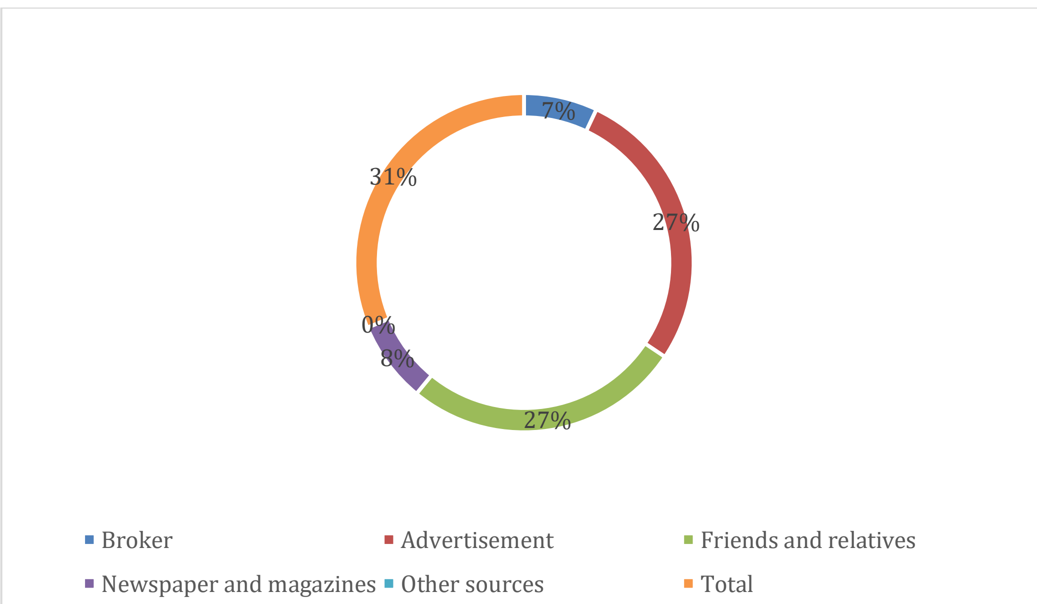
**WHERE DID THE RESPONDENTS GET AWARENESS ABOUT MUTUAL FUNDS**

**Table 4.7 Table showing about how the respondents get to know about mutual funds**

| Medium of awareness | No of respondents | Percentage |
|---|---|---|
| Broker | 9 | 21.95 |
| Advertisements | 35 | 85.37 |
| Friends and relatives | 34 | 82.93 |
| Newspaper and magazines | 20 | 48.78 |
| Other sources | 0 | 0 |
| Total | 40 | 100 |

(Source - Primary data)

**Figure 4.7 Figure showing about how the respondents get to know about mutual funds**




Majority of the respondents get to know about mutual funds from advertisements (35 out of 40) and from friends and relatives (34 out of 40). They also get sufficient information about mutual funds from newspapers but the number of respondents that get to know about mutual funds from brokers are comparatively low.

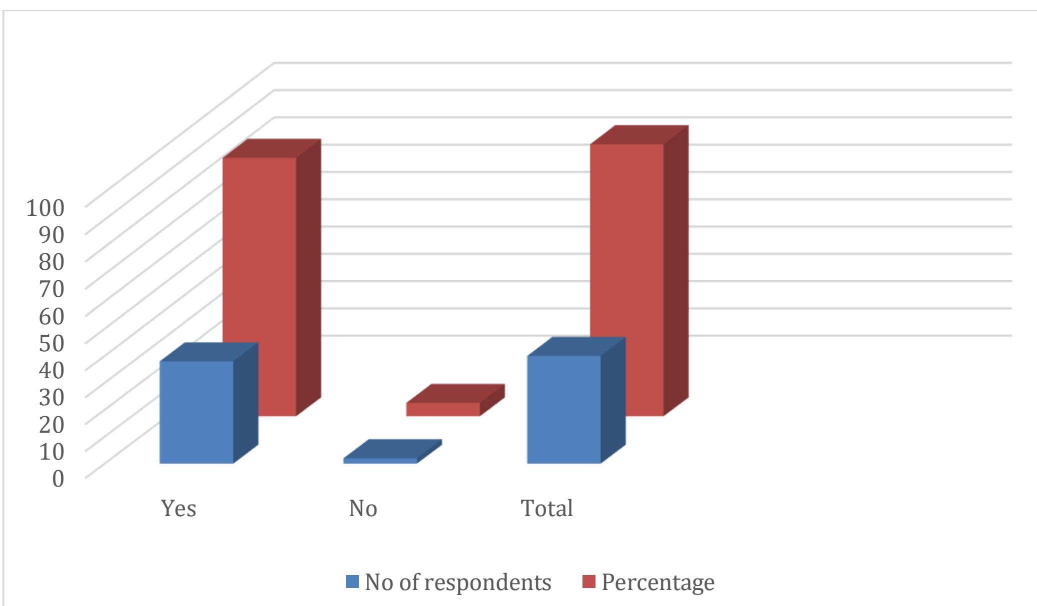
**DATA ON WHETHER THE RESPONDENT MADE ANY INVESTMENT IN MUTUAL FUND**

**Table 4.8 Table showing whether the respondent made any investment in mutual fund**

| Responses | No of respondents | Percentage |
|---|---|---|
| Yes | 38 | 95.12 |
| No | 2 | 4.88 |
| Total | 40 | 100 |

(Source - Primary data)

**Figure 4.8 Figure showing whether the respondent made any investment in mutual fund**




From the study it is clear that the majority of the respondents have made their investment in mutual funds.

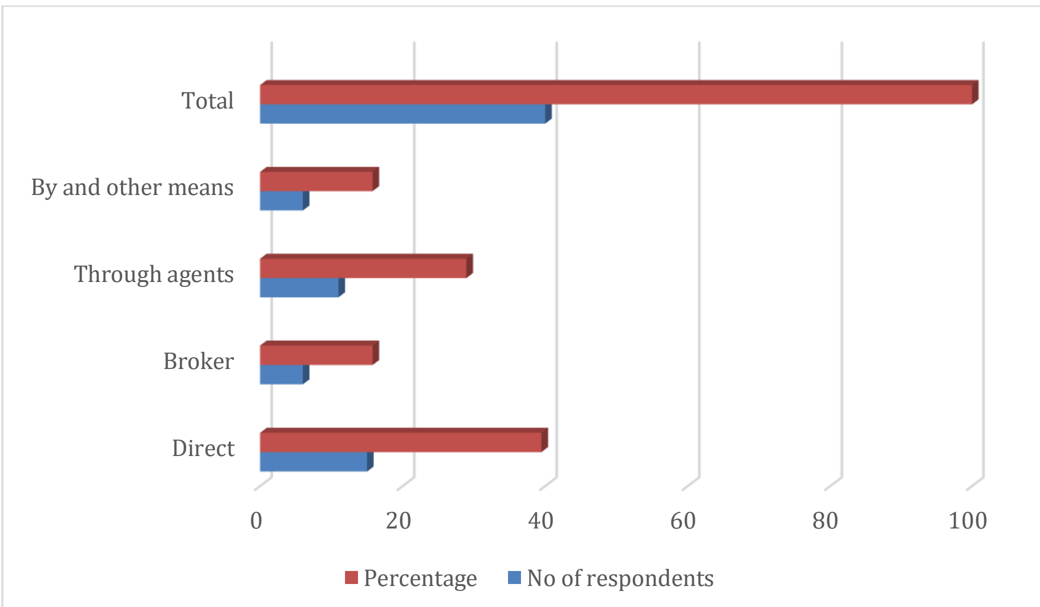
## DATA ON HOW THE RESPONDENTS INVEST IN MUTUAL FUNDS

**Table 4.9 Table showing how the respondents invest in mutual funds**

| | No of respondents | Percentage |
|---|---|---|
| Direct | 15 | 39.47 |
| Broker | 6 | 15.78 |
| Through agents | 11 | 28.94 |
| By any other means | 6 | 15.78 |
| Total | 38 | 100 |

(Source - Primary data)

**Figure 4.9 Figure showing how the respondents invest in mutual funds**




Out of 38 respondents who invest in mutual funds, the majority of them invested either directly or through agents. A few invested through brokers and one by other means.

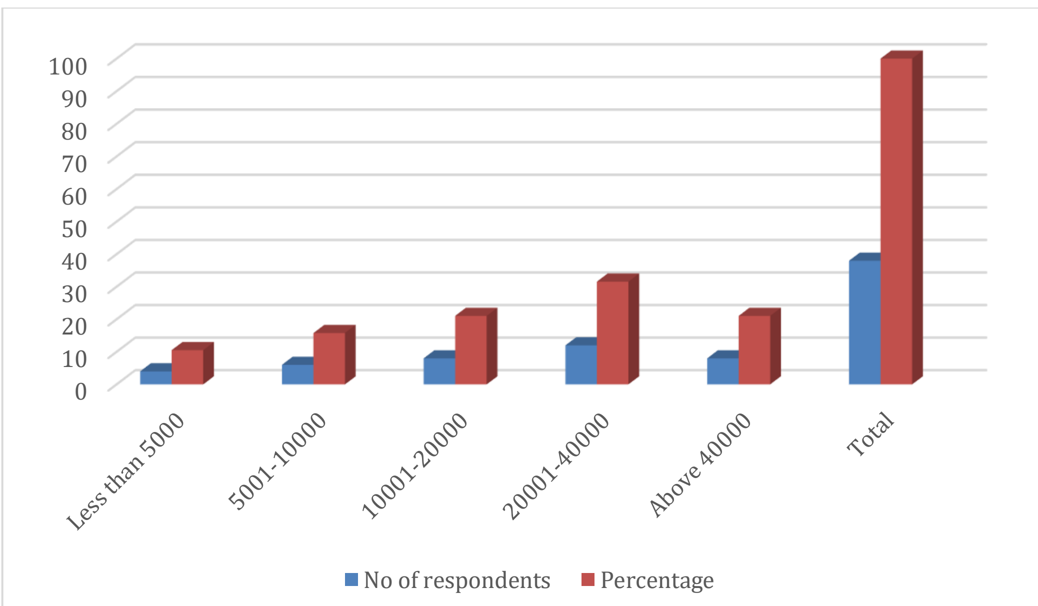
**AMOUNT OF MONEY INVESTED IN MUTUAL FUNDS**

**Table 4.10 Table showing the amount of money invested in mutual funds**

| | No of respondents | Percentage |
|---|---|---|
| Less than ₹5000 | 4 | 10.52 |
| ₹5001- ₹10,000 | 6 | 15.78 |
| ₹10,001- ₹20,000 | 8 | 21.05 |
| ₹20,001- ₹40,000 | 12 | 31.57 |
| Above ₹40,000 | 8 | 21.05 |
| Total | 38 | 100 |

(Source - Primary data)

**Figure 4.10 Figure showing the amount of money invested in mutual funds**




From the data collected it is clear that the majority of the respondents have invested an amount ranging between ₹20,001 - ₹40,000.

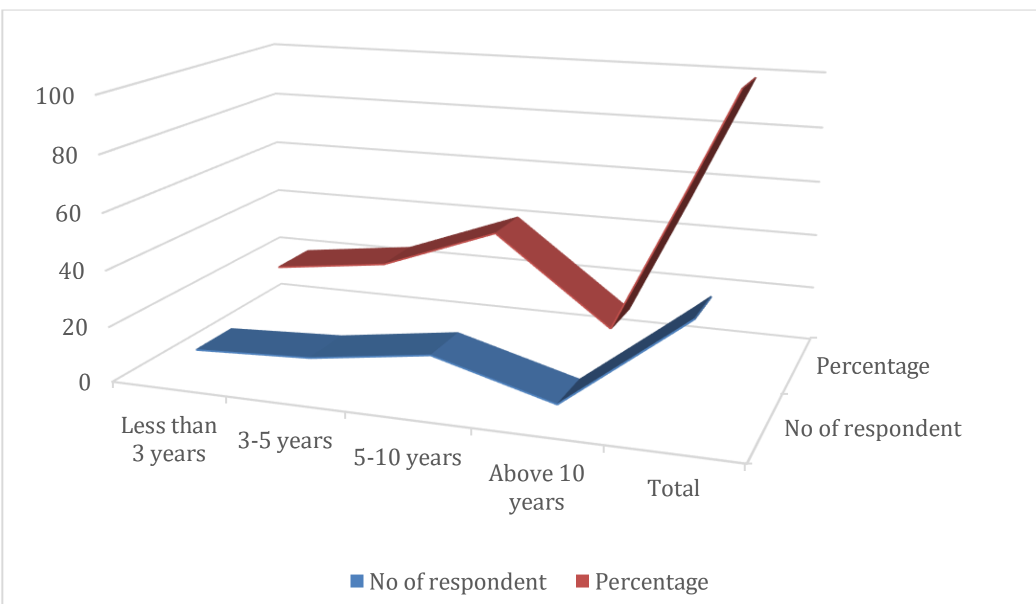
**PERIOD OF INVESTMENT IN MUTUAL FUND SCHEMES**

**Table 4.11 Table showing the period of investment in mutual fund schemes of the respondents**

| | No of respondents | Percentage |
|---|---|---|
| Less than 3 years | 8 | 23.08 |
| 3-5 years | 11 | 28.2 |
| 5-10 years | 17 | 43.59 |
| Above 10 years | 4 | 5.13 |
| Total | 40 | 100 |

(Source - Primary data)

**Figure 4.11 Figure showing the period of investment in mutual fund schemes of the respondents**



from the data collected it is clear that most of the respondents invest for a time period of 5-10 years followed by 3-5 years and less than 3 years. The least amount of investment occurs for a period more than 10 years.

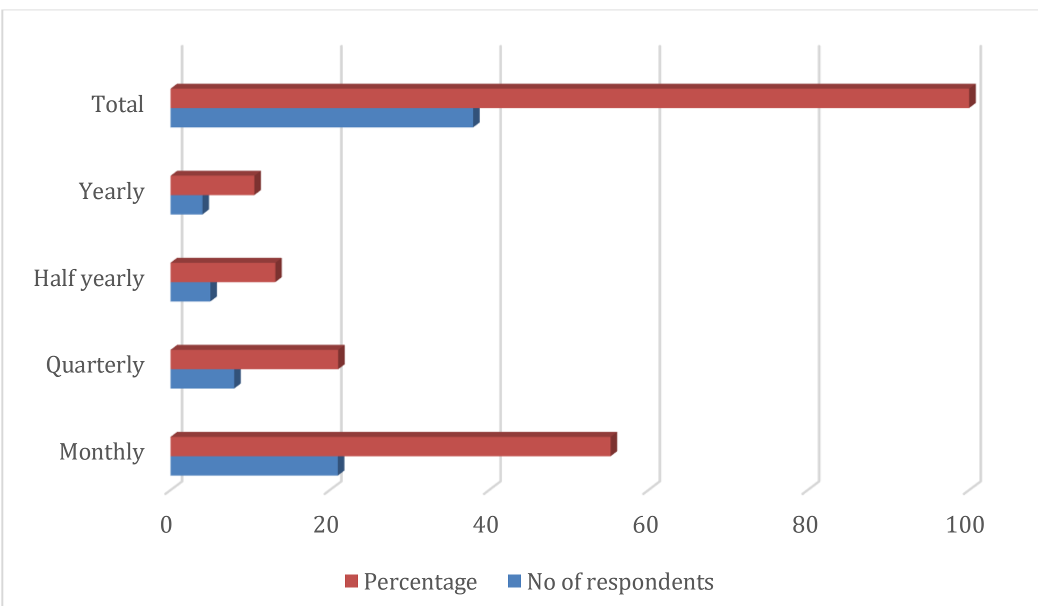
**DATA ON HOW OFTEN THE RESPONDENTS INVEST IN MUTUAL FUNDS**

**Table 4.12 Table showing how often the respondents invest in mutual funds**

| | No of respondents | Percentage |
|---|---|---|
| Monthly | 21 | 55.26 |
| Quarterly | 8 | 21.05 |
| Half yearly | 5 | 13.15 |
| Yearly | 4 | 10.52 |
| Total | 38 | 100 |

(Source - Primary data)

**Figure 4.12 Figure showing how often the respondents invest in mutual funds**



From the data collected it is clear that the majority of the respondents invest in mutual funds monthly.

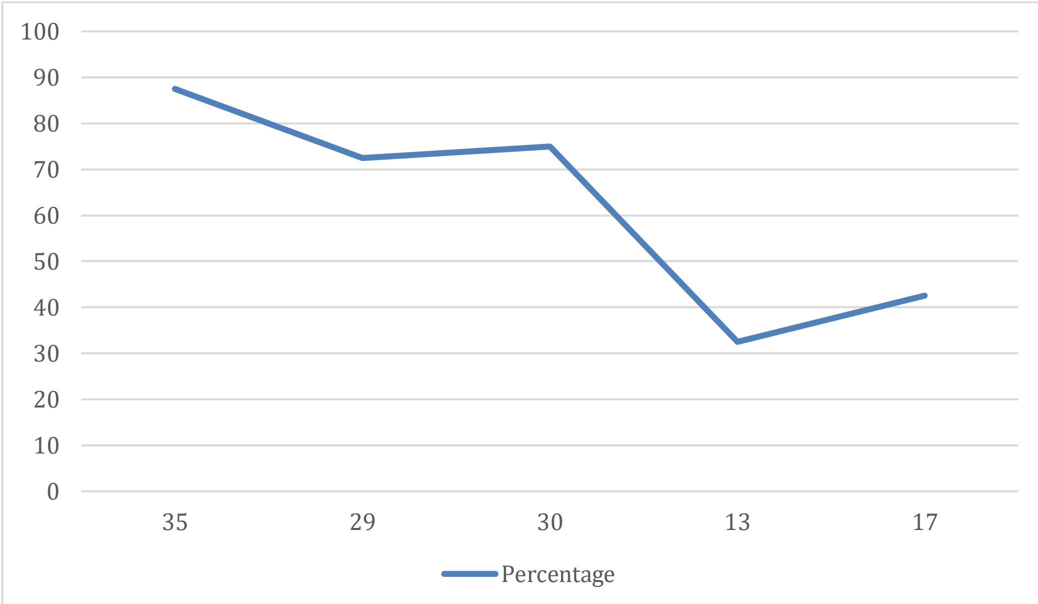
**FACTORS CONSIDERED WHILE INVESTING IN MUTUAL FUNDS**

**Table 4.13 Table showing the factors considered by the respondents while investing in mutual funds**

| | Total | No of respondents | Percentage |
|---|---|---|---|
| Your investment objective | 40 | 35 | 85.37 |
| The fund managers experience | 40 | 29 | 70.73 |
| AMC track record | 40 | 30 | 73.17 |
| Time horizon of the scheme | 40 | 13 | 31.7 |
| Your risk tolerance | 40 | 17 | 41.46 |

(Source - Primary data)

**Figure 4.13 Figure showing the factors considered by the respondents while investing in mutual funds**




From the data collected, the individual's investment objective and the track record of the Asset Management Company are the most important factors followed by the fund manager's experience, risk tolerance and time horizon of the scheme.

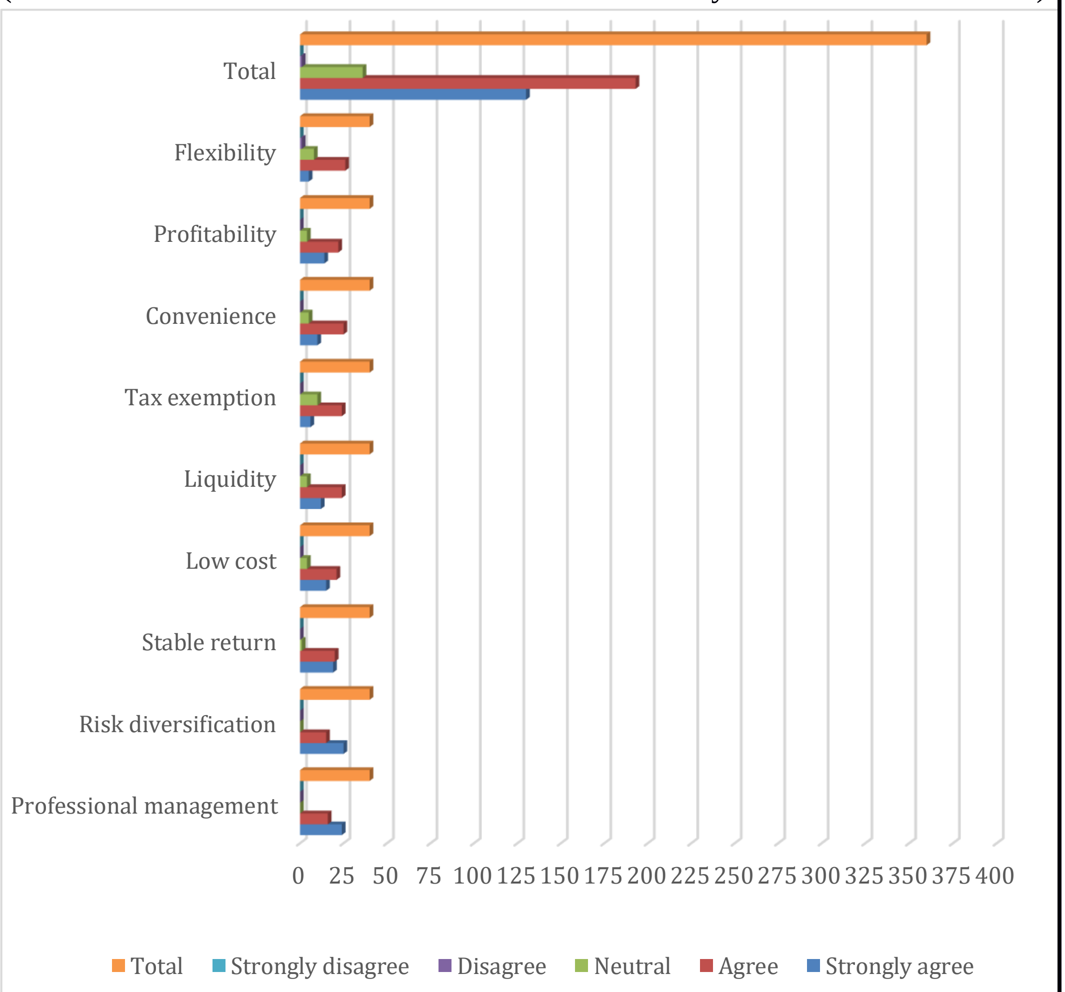
**REASONS FOR INVESTING IN MUTUAL FUNDS OVER OTHER INVESTMENT VENUES**

**Table 4.14 Table showing the reason for investment by the respondents in mutual funds over other investment venues**

| Factors | Strongly agree | Agree | Neutral | Disagree | Strongly disagree | TOTAL |
|---|---|---|---|---|---|---|
| Professional management | 24 | 16 | 0 | 0 | 0 | 40 |
| Risk diversification | 25 | 15 | 0 | 0 | 0 | 40 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Stable return | 19 | 20 | 1 | 0 | 0 | 40 |
| Low cost | 15 | 21 | 4 | 0 | 0 | 40 |
| Liquidity | 12 | 24 | 4 | 0 | 0 | 40 |
| Tax exemption | 6 | 24 | 10 | 0 | 0 | 40 |
| Convenience | 10 | 25 | 5 | 0 | 0 | 40 |
| Profitability | 14 | 22 | 4 | 0 | 0 | 40 |
| Flexibility | 5 | 26 | 8 | 1 | 0 | 40 |
| TOTAL | 130 | 193 | 36 | 1 | 0 | 360 |

(Source - Primary data)



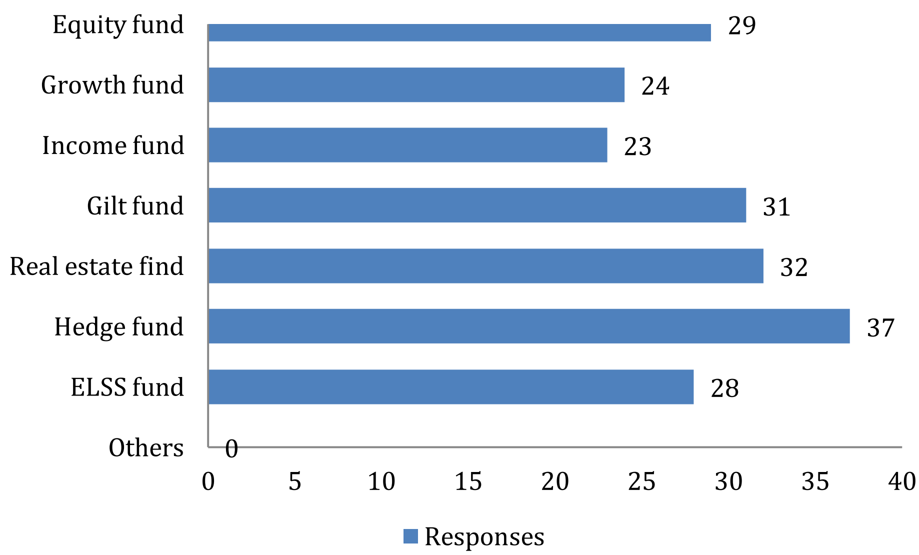
**MUTUAL FUND SCHEMES THE RESPONDENTS PREFER TO INVEST IN**

**Table 4.15 Table showing the mutual fund schemes the respondents prefer to invest in**

| | Total | No of respondents | Percentage |
|---|---|---|---|
| Equity fund | 40 | 29 | 72.5 |
| Growth fund | 40 | 24 | 60 |
| Income fund | 40 | 23 | 57.5 |
| Gilt fund | 40 | 31 | 77.5 |
| Real estate fund | 40 | 32 | 80 |
| Hedge fund | 40 | 37 | 92.5 |
| ELSS fund | 40 | 28 | 70 |
| Others | 40 | 0 | 100 |

(Source - Primary data)

**Figure 4.15 Figure showing the mutual fund schemes the respondents prefer to invest in**




From the data collected it is clear that most of the respondents prefer to invest in hedge fund (90%) followed by real estate funds, gilt funds, equity funds, elss funds. The least amount of respondents prefer to invest in growth funds and income funds.

**OPINION OF THE RESPONDENTS REGARDING THE FOLLOWING STATEMENTS**

**Table 4.16 (a) Table showing the opinion regarding the statement "Your investment risk is low while investing in mutual funds"**

| Responses | No of respondents | Percentage |
|---|---|---|
| Strongly agree | 19 | 47.5 |
| Agree | 20 | 50 |
| Neutral | 0 | 0 |
| Disagree | 1 | 2.5 |
| Strongly disagree | 0 | 0 |
| Total | 40 | 100 |

(Source - Primary data)

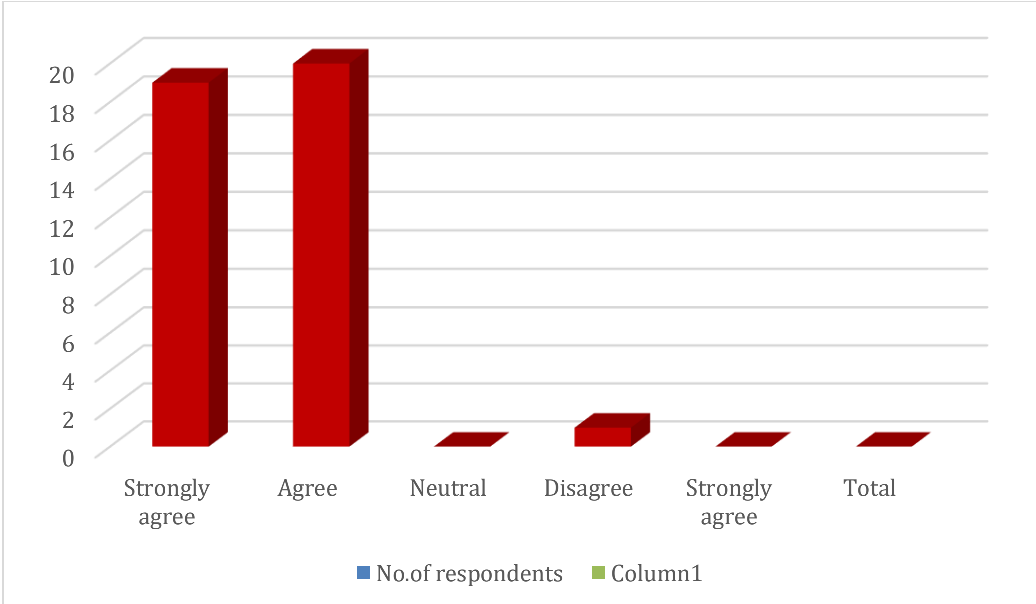



**Figure 4.16 (a) Figure showing the opinion regarding the statement "Your investment risk is low while investing in mutual funds"**

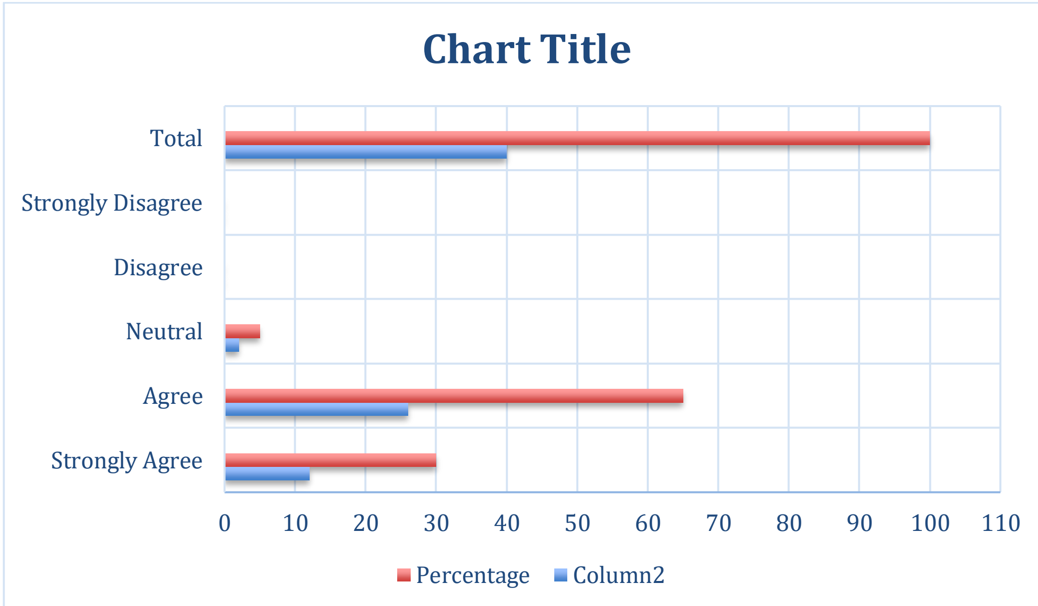
From the total data collected, 50% of the respondents agree and 47.5% of the respondents strongly agree with the above statement and also one of the respondent disagree with it

**Table 4.16 (b) Table showing the opinion regarding the statement "You get high returns from investing in mutual funds"**

| Responses | No of respondents | Percentage |
|---|---|---|
| Strongly Agree | 12 | 30 |
| Agree | 26 | 65 |
| Neutral | 2 | 5 |
| Disagree | 0 | 0 |
| Strongly Disagree | 0 | 0 |
| Total | 40 | 100 |

(Source - Primary data)

**Figure 4.16 (b) Figure showing the opinion regarding the statement "You get high returns from investing in mutual funds"**



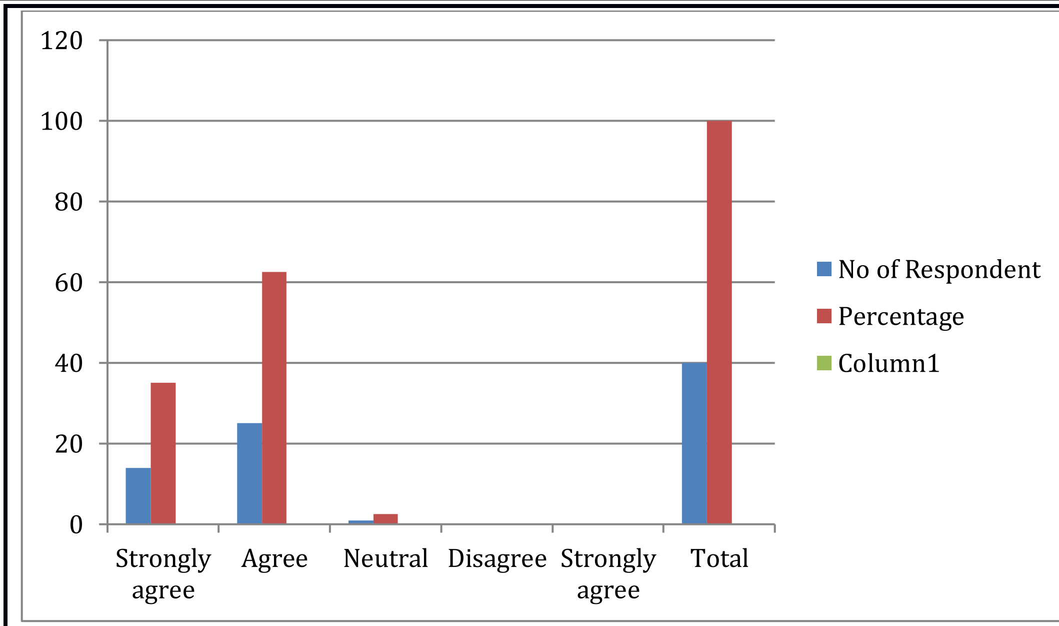

From the total data collected, 65% of the respondents agree and 30% of the respondents strongly agree with the above statement while two (5%) of the respondents take a neutral stand on it.

**Table 4.16 (c) Table showing the opinion regarding the statement "Mutual funds give you high satisfaction"**

| | No of respondents | Percentage |
|---|---|---|
| Strongly agree | 14 | 35 |
| Agree | 25 | 62.5 |
| Neutral | 1 | 2.5 |
| Strongly disagree | 0 | 0 |
| Disagree | 0 | 0 |
| Total | 40 | 100 |

(Source - Primary data)

**Figure 4.16 (c) Figure showing the opinion regarding the statement "Mutual funds give you high satisfaction"**



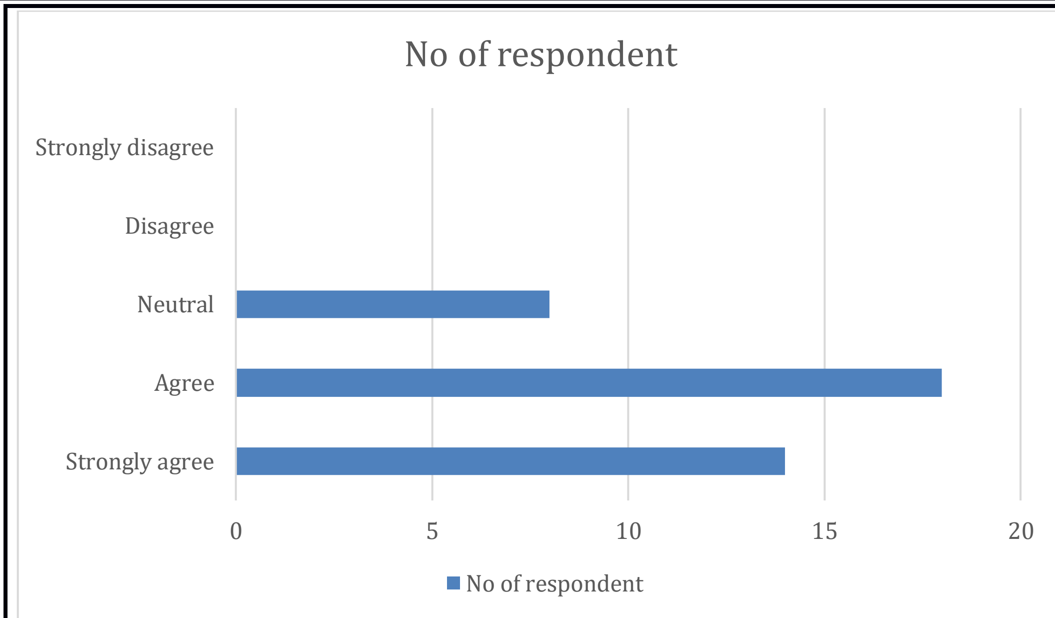

From the total data collected 62.5% of the respondents agree and 35% of the respondents strongly agree with the above statement while only one (2.5%) of the respondents takes a neutral stand on it.

**Table 4.16 (d) Table showing the opinion regarding the statement "Mutual funds are easy to invest as compared to other investment venues"**

| Responses | No of respondents | Percentage |
|---|---|---|
| Strongly agree | 14 | 35 |
| Agree | 18 | 45 |
| Neutral | 8 | 20 |
| Disagree | 0 | 0 |
| Strongly disagree | 0 | 0 |
| Total | 40 | 100 |

(Source - Primary data)

**Figure 4.16 (d) Figure showing the opinion regarding the statement "Mutual funds are easy to invest as compared to other investment venues"**



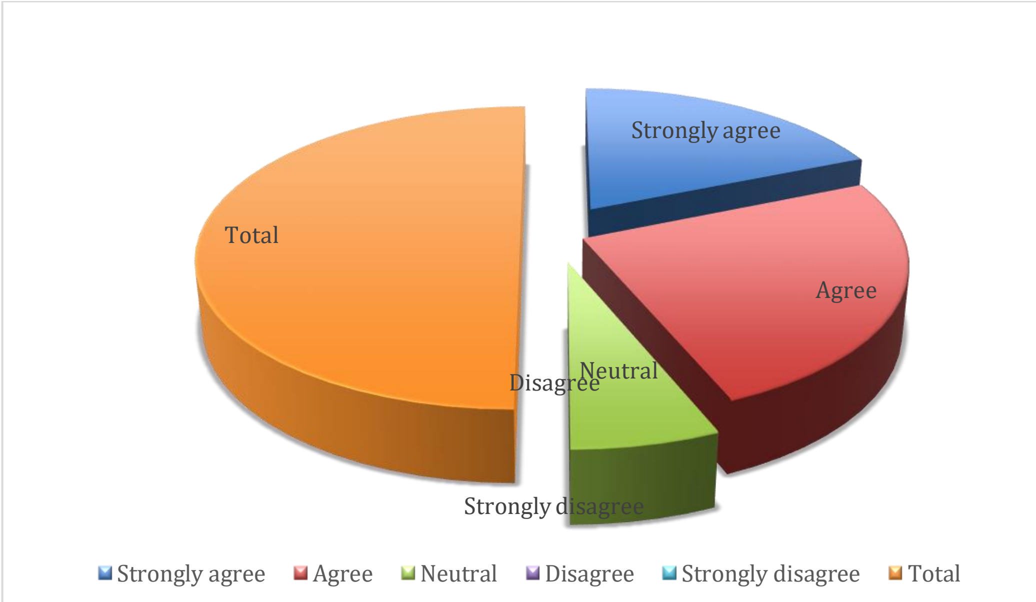

From the total data collected 45% of the respondents agree and 35% of the respondents strongly agree with the above statement while two (20%) of the respondents take a neutral stand.

**Table 4.16 (e) Table showing the opinion regarding the statement "The mutual fund advertisements should provide more information"**

| Responses | No of respondents | Percentage |
|---|---|---|
| Strongly agree | 15 | 37.5 |
| Agree | 20 | 50 |
| Neutral | 5 | 12.5 |
| Disagree | 0 | 0 |
| Strongly disagree | 0 | 0 |
| Total | 40 | 100 |

(Source - Primary data)

**Figure 4.16 (e) Figure showing the opinion regarding the statement "The mutual fund advertisements should provide more information"**



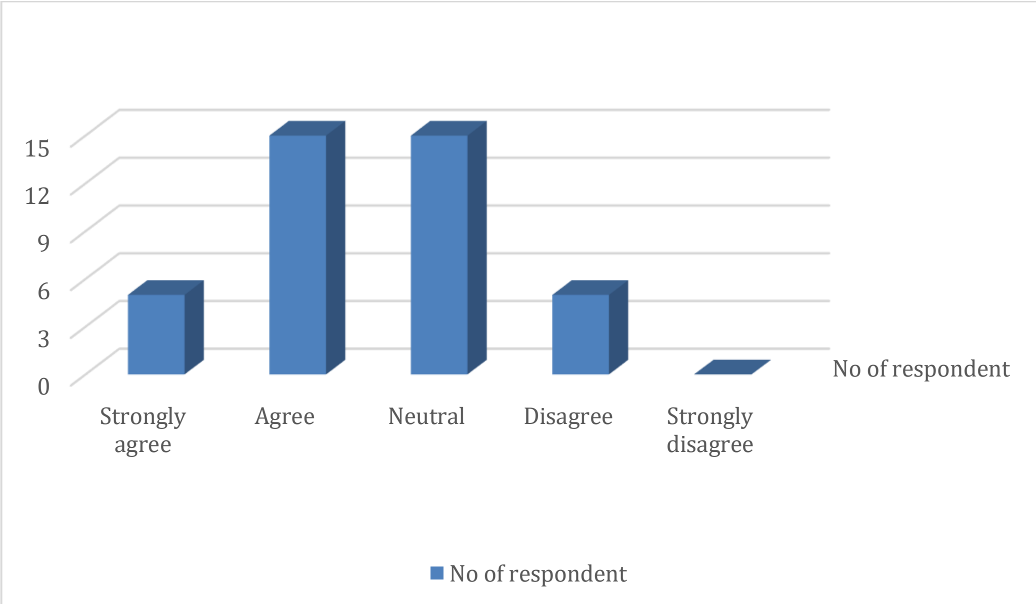

From the total data collected 50% of the respondents agree and 37.5% of the respondents strongly agree with the above statement while eight (12.5%) of the respondents take a neutral stand on it.

**Table 4.16 (f) Table showing the opinion regarding the statement "The number of mutual fund agents and brokers are insufficient in Ernakulam"**

| Responses | No of respondents | Percentage |
|---|---|---|
| Strongly agree | 5 | 12.5 |
| Agree | 15 | 37.5 |
| Neutral | 15 | 37.5 |
| Disagree | 5 | 12.5 |
| Strongly disagree | 0 | 0 |
| Total | 40 | 100 |

(Source - Primary data)

**Figure 4.16 (f) Figure showing the opinion regarding the statement "The number of mutual fund agents and brokers are insufficient in Ernakulam"**



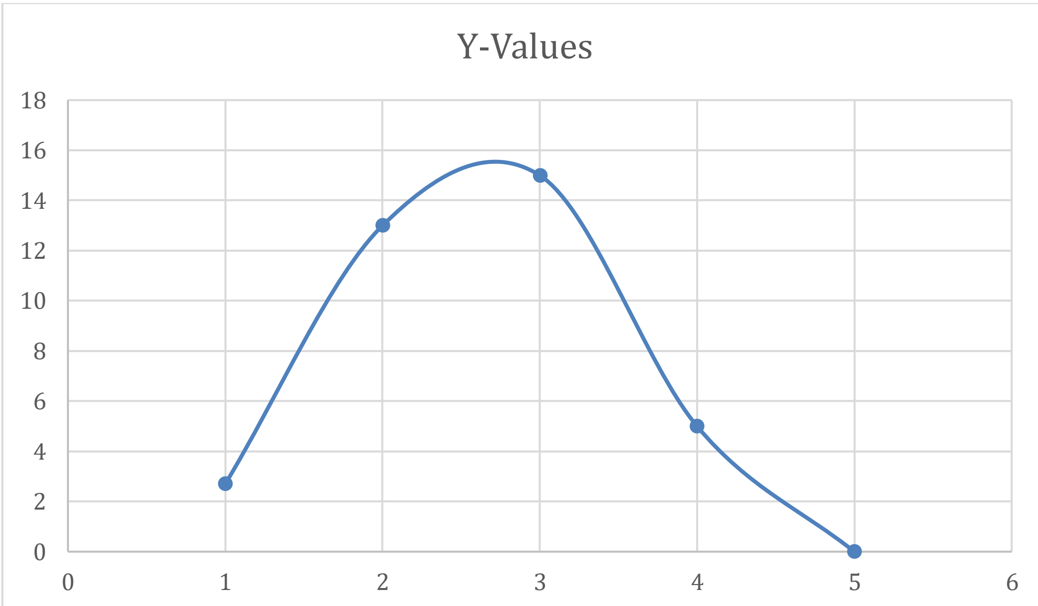

From the total data collected 37% of the respondents agree and 15% of the respondents strongly agree with the above statement while fifteen (37%) of the respondents take a neutral stand and five (12%) of the respondents disagree with the statement.

**Table 4.16 (g) Table showing the opinion regarding the statement "There is a lack of initiative in promoting new investment schemes in the mutual fund industry"**

| Responses | No of responses | Percentage |
|---|---|---|
| Strongly agree | 7 | 17.5 |
| Agree | 13 | 32.5 |
| Neutral | 15 | 37.5 |
| Disagree | 5 | 12.5 |
| Strongly disagree | 0 | 0 |
| Total | 40 | 100 |

(Source - Primary data)

**Figure 4.16 (g) Figure showing the opinion regarding the statement "There is a lack of initiative in promoting new investment schemes in the mutual fund industry"**




From the total data collected 37.5% of the respondents take a neutral stand on the above statement. However, 32.5% of the respondents agree and 17.5% of the respondents strongly agree on this statement while 12.5% of the respondents disagree on it.

# CHAPTER 5
# FINDINGS, SUGGESTIONS AND CONCLUSION

## 5.1 FINDINGS

- Each participant in this study is fully informed of the mutual
- Most people learned about mutual funds through friends, family, and ads.
- The majority of people have already invested in mutual funds.
- The majority of them invested either directly or through agents, while others used brokers and other methods.
- The majority of investors place a sum between Rs.40,000. The remaining investors either invest
- While investing in mutual funds, most people choose to make monthly installments over a period of 5–10 years.
- Nonetheless, the amount and duration of investment were positively impacted by demographic parameters including occupation and annual income. Individuals with high annual incomes and stable occupations typically invest more money in mutual funds over longer periods of time.
- Demographic parameters including gender, age, education level, etc. had no impact on knowledge of mutual funds because all study participants were aware of them regardless of these variables.
- The primary factors favouring mutual funds above other investing options are their expert management, risk diversification, and ability to offer consistent returns.
- Most mutual fund investors favour the many types of hedge funds, real estate funds, gilt funds, and equity funds.
- People also agree that mutual funds give you high mental satisfaction and are also easy to invest as compared to other investment venues.
- Respondents also concur that, compared to other investing options, mutual funds offer high levels of mental fulfilment and are simple to invest in.
- Many believe that mutual funds offer big returns as well.
- Investor issues include a lack of adequate information in mutual fund marketing, a dearth of mutual fund agents and brokersand a lack of effort in promoting new schemes.

## 5.2 SUGGESTIONS

- The marketing for mutual fund businesses should include more information about their programmes to help raise the general public's knowledge and awareness of mutual funds.
- There should be more brokers and agents for mutual funds in Ernakulam.
- The mutual fund providers should expand their small price plans because Ernakulam's low-income residents have a tremendous appetite for them.
- The mutual fund industry isn't doing enough to promote new investment strategies. Things must alter, and the businesses must implement new ideas instead of sticking with the previous plan.
- The central and state governments must take steps to encourage the average person to invest in mutual funds.
- To make sure that there isn't theft or fraud in the mutual fund business, the government and regulatory agencies must conduct regular inspections. This increases the general public's perception of mutual funds as being trustworthy

## 5.3 CONCLUSION

A mutual fund is a professionally managed investment fund that pools money from many investors to purchase securities. On the backdrop of the
mutual fund is an investment vehicle that is professionally managed and collects money from a number of investors to buy securities. To the left of the as in all large cities, the COVID-19 pandemic has left people of Ernakulam with a number of financial issues, including unemployment, wage reductions, an increase in the cost of products, etc. The average person has no other option than to invest in mutual funds at this moment since they are frantically looking for investment options that will help them develop a supplementary source of income. The primary focus of this research is on investor knowledge of mutual funds and the many factors affecting their choice of investments. The results of this study make it abundantly evident that every investor is familiar with mutual funds. Also, we learn about the many demographic and additional elements. As a result, we can claim that Ernakulam, one of India's fastest-growing towns and the financial hub of Kerala, has enormous potential for the expansion and development of the mutual fund sector due to its large and diversified population of about 500,000 people and its high rate of mutual fund awareness.

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1) www.wikipedia.org

# ANNEXURE

# QUESTIONNAIRE

## A. PERSONAL DATA

1) Gender
   - ☐Male
   - ☐Female
2) Age
   - ☐Below 20 years
   - ☐Between 20 - 30 years
   - ☐Between 30 - 40 years
   - ☐Above 40 years
3) Education
   - ☐Higher secondary education
   - ☐Undergraduate
   - ☐Postgraduate
   - ☐Above Postgraduate
4) Occupation
   - ☐Government employee
   - ☐Private employee
   - ☐Self employed
   - ☐Business
   - ☐Profession
   - ☐Unemployed
   - ☐Retired
5) Annual Income
   - ☐Upto Rs 100,000
   - ☐Rs 100,001 – Rs 300,000
   - ☐Rs 300,001 – Rs 500,000
   - ☐Above Rs 500,000

## B. SURVEY DATA

1) Are you aware of mutual funds?
   - ☐Aware
   - ☐Unaware

2) Where did you get awareness about mutual funds?
   ☐Brokers
   ☐Advertisement
   ☐Friends and relatives
   ☐Newspaper and magazines
   ☐Other sources
3) Did you ever invest in mutual funds?
   ☐Yes
   ☐No
4) In which way did you invest on mutual funds?
   ☐Direct
   ☐Brokers
   ☐Through agents
   ☐Any other means
5) Amount of money invested on mutual funds?
   ☐Less than Rs 5000
   ☐Rs 5001 – Rs 10,000
   ☐Rs 10,001 – Rs 20,000
   ☐Rs 20,000 – Rs 40,000
   ☐Above Rs 40,000
6) What is your period of investment in mutual fund scheme?
   ☐Less than 3 years
   ☐3 -5 years
   ☐5 -10 years
   ☐Above 10 years
7) How often do you invest in mutual funds?
   ☐Monthly
   ☐Quarterly
   ☐Half yearly
   ☐Yearly

8) Which of the following factors will you consider while investing in mutual funds?

| **PARTICULARS** | **MARK TICK** |
|---|---|
| a) Your investment objective | |
| b) The fund managers experience | |
| c) AMC track record | |
| d) Time horizon | |
| e) Your risk tolerance | |

9) What are the reasons for investing in mutual funds over other investment venues?

| PARTICULARS | STRONGLY AGREE | AGREE | NUTERAL | STRONGLY DISAGREE | DISAGREE |
|---|---|---|---|---|---|
| a)Professional management | | | | | |
| b)Risk diversification | | | | | |
| c)Stable returns | | | | | |
| d)Low cost | | | | | |
| e)Liquidity | | | | | |
| f)Tax exemption | | | | | |
| g)Convenience | | | | | |
| h)Profitability | | | | | |
| i)Flexibility | | | | | |

10) Which mutual fund scheme do you prefer to invest in?

| **PARTICULARS** | **MARK TICK** |
|---|---|
| a) Equity fund | |
| b) Growth fund | |
| c) Income fund | |
| d) Guilt fund | |
| e) Real estate fund | |
| f) Hedge fund | |
| g) ELSS fund | |

11) Rate your opinion in the following.

| PARTICULARS | STRONGLY AGREE | AGREE | NUTERAL | STRONGLY DISAGREE | DISAGREE |
|---|---|---|---|---|---|
| a) Your investment risk is low while investing in mutual funds | | | | | |
| b) You get high returns from investing in mutual funds | | | | | |
| c) Mutual funds give you high satisfaction | | | | | |
| d) Mutual funds are easy to invest as compared to other investment venues. | | | | | |
| e) The mutual fund | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| advertisements should provide more information | | | | | |
| f) The number of mutual fund agents and brokers are insufficient in Ernakulam | | | | | |
| g) There is lack of initiative in promoting new schemes in the mutual fund industry | | | | | |