IJNRD.ORG ISSN : 2456-4184
INTERNATIONAL JOURNAL OF NOVEL RESEARCH AND DEVELOPMENT (IJNRD) | IJNRD.ORG
An International Open Access, Peer-reviewed, Refereed Journal

# "A Study of investors preference on selected Mutual funds in a part of Bangalore City"

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**ABSTRACT**

A mutual fund is a pool of money managed by an Asset Management Company (AMC) that collect funds from different individuals as well as institutional investors, and invest those funds in various securities, capital assets such as bonds, real estates, stocks as well as in mutual funds. Most of the Asset Management Companies have different categories of equity mutual funds depending upon the risk associated with such investments. In this case, trailing return and rolling return indicate the performance of a mutual fund. However, a long-term investor has to consider other factors associated with such mutual funds (like asset under management, expenses ratio, number of stocks, and experience of the management) to finalise the selection of mutual funds. In this research paper, an attempt has been made to identify the relationship among the performance of selected equity mutual funds and the parameters considered by the investors for selecting the fund. 't-statistic' has been used to identify such relationship. This research shows that there is no relationship between trailing return of any kinds of Equity mutual funds and the selected parameters by the investors. However, number of stocks and experience of management have a little impact on the rolling return of equity large cap mutual funds and Assets under management has a little impact on rolling return in case of mid-cap mutual fund only.

**Keywords:** asset management companies, mutual funds, trailing return, rolling return, asset under management, expenses ratio

## Introduction

### Investment:

Investing is the act of allocating assets, typically cash, with the expectation of generating an income or profit. You could put money into endeavours, which include the use of money to begin a business, or in assets, together with buying actual property in hopes of reselling it later at a higher price.

- In investing, hazard and go back are aspects of the identical coin; low danger commonly means low anticipated returns, at the same time as better returns are generally accompanied with the aid of higher risk.

- Risk and return expectancies can vary broadly in the same asset elegance; a blue-chip that trades at the NYSE and a micro-cap that trades over-the-counter could have very different risk-go back profiles.
- The kind of returns generated relies upon the asset; many stocks pay quarterly dividends, even as bonds pay each quarter.
- Investors can take the do-it-yourself method or rent the services of an expert money supervisor.
- Whether buying security qualifies as investing or hypothesis relies upon 3 factors - the quantity of chance taken, the keeping length, and the source of returns.

**Categories of investments:**

**1. Ownership Investments:**

Ownership investments, as the name clearly suggests, are assets that are purchased and owned by the investor. Examples of this kind of investment include stocks, real estate properties, and bullion, among others. Funding a business is also a kind of ownership investment.

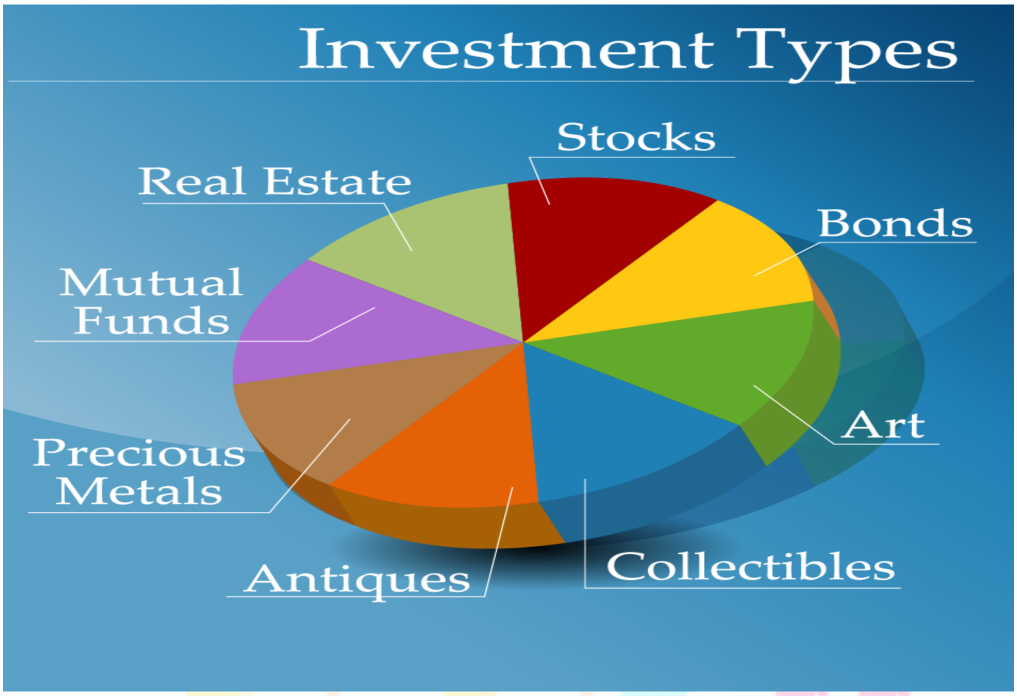
**2. Lending Investments**

When you invest in lending instruments, you're essentially behaving like the bank. Corporate bonds, government bonds, and even savings accounts are all examples of lending investments. The money you park in a savings account is basically a loan that you give the bank. This money is used by the bank to fund the loans it gives out to its customers.

**3. Cash Equivalents**

These are investments that are highly liquid and can easily be converted into cash. Money market instruments, for instance, are excellent examples of cash equivalents. Cash equivalents generally offer low returns, but correspondingly, the risk associated with them is also negligible.

**Types of Investments:**




Source: https://assets.site-static.com/userFiles/610/image/different-investment-types.jpg

**Stocks:**

A purchaser of a corporation's stock turns into a fractional proprietor of that employer. Proprietors of an enterprise's inventory are called its shareholders and might take part in its increase and success through appreciation inside the stock rate and regular dividends paid out of the organization's income.

**Bonds:**

Bonds are debt responsibilities of entities, such as governments, municipalities, and agencies. Shopping for a bond implies that you preserve a percentage of an entity's debt and are entitled to obtain periodic payments and the go back of the bond's face cost while it matures.

**Budget:**

Funds are pooled units controlled by way of funding managers that enable investors to put money into stocks, bonds, preferred stocks, commodities, and so forth. The 2 maximum common varieties of finances are mutual finances and change-traded price range or ETFs. Mutual finances do not trade on an exchange and are worth the give up of the trading day; ETFs alternate on inventory exchanges and, like shares, are valued continuously all through the trading day. Mutual price range and ETFs can either passively track indices, consisting of the S&P 500 or the Dow Jones commercial average, or can be actively controlled by using fund managers.

**Investment trusts:**

Trusts are every other sort of pooled funding, with real estate investment trusts (REITs) the maximum popular in this category. REITs invest in commercial or residential homes and pay normal distributions to their traders from the condo income acquired from these properties. REITs change on stock exchanges and accordingly offer their investors the advantage of on-the-spot liquidity.

**Alternative investments:**

That is a trap-all category that includes hedge finances and personal equity. Hedge funds are so-referred to as due to the fact they could hedge their funding bets by means of going lengthy and quick on stocks and other investments. Non-public fairness permits companies to elevate capital without going public. Hedge funds and personal fairness have been commonly handiest to be had to prosperous traders deemed "permitted traders" who met certain income and net worth requirements. But, in recent years, alternative investments have been added in fund formats that are on hand to retail traders.

**Alternatives and derivatives:**

Derivatives are financial gadgets that derive their value from any other instrument, consisting of an inventory or index. An option is a famous spinoff that gives the purchaser the right but not the responsibility/ obligation to shop for or sell an underlying asset or instrument at a set price inside a particular period. Derivatives normally rent leverage, making them an excessive-chance, excessive-reward proposition.

**Commodities:**

Commodities consist of metals, oil, grain, and animal products, in addition to financial devices and currencies. They can both be traded through commodity futures—which might be agreements to buy or promote a specific quantity of a commodity at a precise rate on a selected destiny date—or ETFs. Commodities can be used for hedging danger or speculative purposes.

**Mutual funds:**

The mutual fund industry in India was started in 1963 with the formation of Unit Trust of India, at the initiative of the Government of India and Reserve Bank of India. At the end of January 2003, there were 33 mutual funds with total assets of Rs.1, 21,805 Crores. The Unit Trust of India with Rs. 44,541 Crores of assets under management was way ahead of other mutual funds. In February 2003, following the repeal of the Unit Trust of India Act 1963, Unit Trust of India was diverged, one is the Specified Activities of the Unit Trust of India with assets under management of Rs. 29,835 crores as at the end of January 2003, representing broadly, the assets of US 64 scheme, assured returns and certain other schemes. The Specified Undertaking of Unit Trust of India is functioning under an administrator and under the rules framed by the government of India and does not come under the purview of the Mutual Fund Regulations. The second is the Unit Trust of India Mutual Fund, sponsored by SBI, PNB, BOB and LIC. It is registered with Security Exchange Board of India and functions under the Mutual Fund Regulations. With the bifurcation of the erstwhile Unit Trust of India which had in March 2000 more than Rs.76, 000 Crores of assets under management and with the setting up of a Unit Trust of India Mutual Fund, conforming to the Security Exchange Board of India Mutual Fund Regulations, and with recent mergers taking place among different private sector funds, the mutual fund industry has entered its current phase of consolidation and growth.

A mutual fund is a kind of economic vehicle made of a pool of money gathered from many traders to spend money on securities like shares, bonds, cash marketplace units, and other assets. Mutual finances are operated employing professional cash managers, who allocate the fund's and try to produce capital profits or profits for the fund's investors. A mutual fund's portfolio is dependent and maintained to healthy the investment targets said inside the prospectus.

Mutual budget supplies small or character buyers get the right of entry to professionally managed portfolios of equities, bonds, and different securities. Each shareholder, therefore, participates proportionally inside the gains or losses of the fund. Mutual finances invest in an enormous wide variety of securities, and performance is usually tracked as the trade in the overall market cap of the fund-derived through the aggregating overall performance of the underlying investments.

Unlike shares, mutual finances are not invested in a selected Share, rather they are invested in several investment alternatives which yield better returns. The returns will depend on the number of fund gadgets held by the investor. Holding the budget doesn't offer balloting rights for the buyers. Investors need no longer worry a whole lot about the risk for the reason that investment can be made on one-of-a-kind securities. As a result, investing in the mutual fund is an excellent manner of diversifying the investment portfolio. The charge of a fund unit of a mutual fund is referred to as Net Present Value (NPV). The mutual price range is sold and offered at the triumphing NPV.

**History of mutual fund in India**

Mutual fund Industry Started in India with the initiative of the Government of India and Reserve Bank of India with the formation of Unit Trust of India in 1963. Mutual fund industry has observed four phases till now-

**First Phase (1964-1987)**

In 1963 Unit Trust of India (UTI) was established by an act of parliament and functioned under RBI (Reserve Bank of India). In 1978, administrative control was shifted from RBI to Industrial Development Bank of India (IDBI).

**Second Phase (1987-1993, Public Sector Funds Entry)**

In 1987 non-UTI, public sector mutual funds came into existence by Public sector banks, Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC) after the permission of Government of India. First non-UTI mutual fund was the SBI mutual fund (June 1987).

**Third Phase (1993-2003, Entry of Private Sector Funds)**

With the introduction of private sector funds in 1993, a new era was started and investors got a wide range of options in case of mutual fund schemes. Kothari Pioneer (now merged with Franklin Templeton) was the first private sector mutual fund registered in July 1993.

**Fourth Phase (since February 2003)**

In February 2003, the UTI act was repealed and bifurcated into 2 entities UTI mutual fund and specified undertaking of the Unit Trust of India. The specified undertaking of UTI comprised of US 64 schemes and assured return scheme and functioned under Government of India. Indian mutual fund industry has witnessed impressive growth with their number of schemes increased from 1 in 1964 to 2000 in 2019, with 42 players i.e. mutual fund companies in the market. The total AUM had also increased from Rs. 24.67 crore in March 1965 to Rs. 24,78,757 crores in March, 2019.

**Valuation of mutual fund**

The net asset value of the fund is the cumulative market value of the assets fund net of its liabilities. In the other words, if the fund is dissolved or liquidated by selling of all the assets in the fund, this is the amount that shareholders would collectively own. This gives rise to the concept of net asset value per unit, which is the value, represented by the ownership of one unit of the Fund. It is calculated simply by dividing the net asset value of the fund by the number of units. However, most of people prefer lonely to the NPV per unit as NPV, ignoring the "per unit". We also able by the same convention.

**Calculation of NAV**

The most important part of the calculation is the valuation of the assets owned by the Fund. Once it is calculated, the NAV is simply the net asset value of assets divided the number of units outstanding. The detailed methodology for the calculation of the net asset value is given below. The net asset value is the actual value of a unit on any business day. NAV is the barometer of the performance of the scheme. The net asset value is the market value of the assets of the scheme minus its liabilities and expenses. The per unit NAV is the net asset value of the scheme divided by the number of the units outstanding on the valuation date.

**Meaning:**

A mutual fund is a company that pools money from many investors and invests the money in securities such as stocks, bonds, and short-term debt. The combined holdings of the mutual fund are known as its portfolio. Investors buy shares in mutual funds.

**Definition:**

A mutual fund is a professionally managed funding scheme, where an asset control company brings together a collection of human beings and invests their cash in stocks, bonds, and different securities.

**Kinds of mutual finances:**

It's far essential to recognize approximately the unique sorts of mutual budgets and the blessings they offer before investing. The mutual finances are classified based on the subsequent traits;

## I. Based on asset elegance:

### a. Fairness price range:

The investment made in proportion/shares of different businesses is known as fairness funds. It's also referred to as the inventory price range. The profits or losses related to those finances rely upon the overall performance of the stocks within the stock marketplace. The risk related to those funds is comparatively better.

### b. Debt funds:

Investing in constant earnings securities like bonds, securities, and treasury bills, constant adulthood plans, gilt funds, short term plans, long term bonds, monthly income plans are called debt finances. Much less risk is concerned in debt fund investments as the investor gets a hard and fast return on a regular foundation.

### c. Cash marketplace finances:

Investing inside the cash market is referred to as cash market finances. It's also referred to as capital/cash marketplace. The cash marketplace securities are treasury bills, dated securities, and certificates of deposits. The fund managers make investments in your cash and normal dividends may be paid in going back. A short-period plan can lower the chance of investment.

### d. Hybrid funds:

It's also called balanced funds. It is the mix of bonds and shares which enables in bridging the gap among fairness price range and debt finances. The ratio among fairness and debt can be either variable or constant. Its miles suitable for traders who're equipped to take greater risks for debt plus return benefits in place of going with regular earnings schemes.

## II. Primarily based on structure:

It's far categorized based totally on distinct attributes like chance profile, asset magnificence, and many others. The forms of mutual budget based totally on the structure are differentiated primarily based on flexibility to buy and sell the individual mutual fund unit.

### a. Open-ended budget:

Open-ended finances do not have any particular constraint to the duration or variety of gadgets to be traded. The traders can change in step with their convenience and go out while required. They can also determine to forestall taking in new investors if they cannot manage widespread funds.

**b. Closed-ended price range:**

The unit capital to invest is pre-defined in closed-ended finances. The corporation cannot sell more than the pre-agreed wide variety of gadgets. Few price ranges also comes with a brand new Fund provide (NFO) duration. NFO comes with pre-described maturity tenure with fund managers open to any fund size. As a consequence, SEBI has mandated that the buyers have to receive the choice to both repurchases or to list the finances on inventory exchanges to go out schemes.

**c. Programming language funds:**

It has the trait of each pen-ended and closed-ended price range. These budgets are open best for the purchase or redemption in the course of unique intervals. No transactions can be accredited for two years. It's far appropriate for buyers trying to store a lump sum quantity for a brief-time period economic intention (3-12)

**Obstacles / disadvantages of mutual budget:**

**a. Cost to manipulate the mutual fund:**

Revenue of the market analysts and fund managers is derived from the investors, so the first parameter to be considered in choosing the mutual fund is the overall fund management charge. The higher controls expenses do no longer guarantee higher fund overall performance.

**b. Dilution:**

Diversification will now not most effectively reduce the hazard, however also dilutes earnings. For this reason, the investments have to be made on less than 10 unique asset instructions.

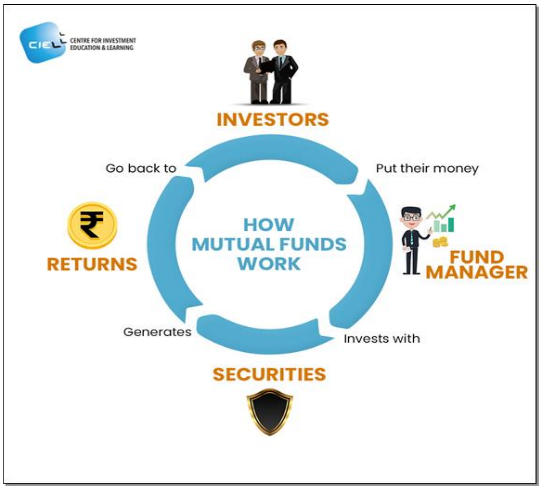
**c. High fee ratio and sales charges:**

The investor needs to be very careful while investing in the price range with a cost ratio higher than 1.20%, as they've taken into consideration to be on the higher price stop. The investors must look for accurate groups who do now not have any income charges.

**d. Control abuses:**

For you to fix the books, the manager would possibly encompass pointless trading, excessive alternative, and promoting the losers before sector-end.

## How mutual funds works?




Source: https://miro.medium.com/max/578/1*z0L8UB19Kkb7kQcBWR-eJQ.png

A mutual fund is fashioned while an asset control enterprise (AMC) pools investments from various man or woman and institutional traders with common funding targets. A fund supervisor professionally manages the pooled investment by means of strategically investing in capital property to generate most returns for the investors. Fund managers are professionals inside the discipline of finance with an high-quality song file of coping with investments and have an in-depth know-how of markets. The fund houses rate cost ratio, that's the annual maintenance price to manipulate investments of people. The buyers make cash via ordinary dividends/hobby and capital profits. They are able to either pick out to reinvest the capital profits through an increase option or earn steady earnings by way of a dividend option.

**Why should you put money into a Mutual budget?**

**a. Convenience:**

Investing in a Mutual price range is a paperless and simple technique. Traders can monitor the marketplace and invest according to their necessities. Moreover, switching between finances and portfolio re-balancing helps to keep returns in step with expectancies.

**b. Low initial funding:**

You could have various mutual fund portfolios by using investing as little as Rs 500 a month. You also have the option to invest either as a lump sum or a systematic investment plan (SIP). However, while compared to lump-sum investments, a SIP can reduce the general price of funding while unleashing the electricity of compounding.

**c. Tax-saving:**

Segment 80C presents tax deductions on specific economic gadgets, and a mutual fund is considered one of them. Fairness linked savings Scheme (ELSS) has ended up a famous tax-saving choice for Indians in the last few years, as a result of its higher returns and the shortest lock-in length of three years among all section 80C alternatives.

**d. Expert fund control:**

In mutual finances, your cash is controlled by an expert fund supervisor who's backed by a team of researchers. The fund manager formulates the investment method on your asset allocation. He/she will have actual-time get admission to the financial environment and adjusts your mutual fund portfolio for this reason.

**How to put money into a mutual budget in India?**

You could spend money on mutual funds directly with the asset control agency (AMC) via the direct plan. You must complete your KYC at a KRA (KYC Registration Agency) on-line by using filling the KYC registration shape and uploading the self-attested identity evidence along with PAN Card and deal with evidence consisting of Passport/Driving License/Voter identity and also a passport size image. You may also have to complete the IPV (In-individual Verification).

You may additionally spend money on a mutual price range thru a mutual fund distributor by opting for an ordinary plan. The mutual fund house would pay a fee to the mutual fund distributor or the middleman. You may put money into mutual funds offline by traveling the mutual fund house and filling up the utility shape and submitting documents for KYC compliance.

**How to spend money on a mutual budget through SIP online?**

- You need to first entire your KYC before investing in a mutual fund.
- You could do so at a KRA (KYC Registration Agency) online by filling the KYC registration shape and submitting the self-attested identification and cope with proof.
- Then you visit the website of the fund residence and pick out the mutual fund scheme of your preference.
- You may fill an application form with required information together with name, cell quantity, PAN, and create a username and password.
- Then you input your financial institution account info and set up the SIP vehicle-debit quantity.
- You could go browsing in your account created at the fund house and pick the mutual fund scheme.
- You need to make the primary SIP installment online and the subsequent installment after 30 days. (The AMC will intimate you on the needful date).
- You may retain the SIP until the end of the chosen tenure. (you may decide the tenure of the SIP).

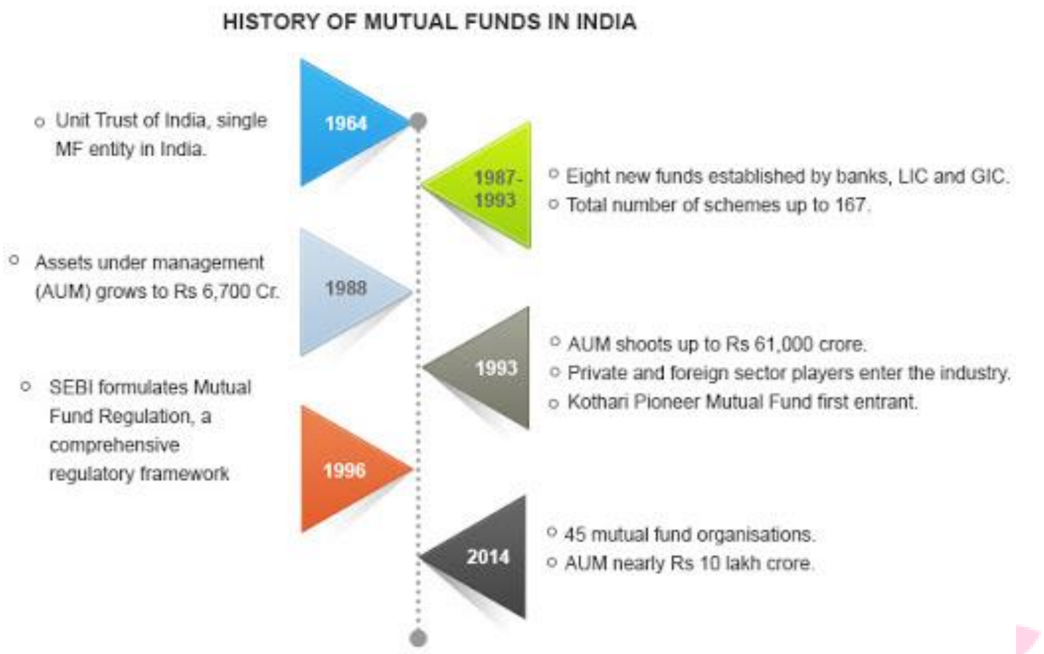
**Objectives of the study:**

- To identify the investors notion about mutual fund.
- To give an idea of the types of schemes available.
- To understand whether investors are going to invest in the mutual funds in future.
- To know about which investment Avenue the investors will choose.

## Mutual funds

### Boom / Evolution of mutual budget in India:

Mutual price range changed into launched with the formation of UTI in India in 1963 by using the government of India below an act of parliament. The history of mutual funds is divided into four levels.

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**1. First Segment: 1964-1987**

The mutual fund industry turned into released with the formation of UTI in 1963. UTI turned into installed in 1963 by RBI by using an act of parliament. The primary scheme was released in 1964 by UTI known as a unit scheme. In 1978 IDBI took over the regulatory and administrative control within the area of RBI. At the give up of 1988, UTI had Rs.6700 Crores of property underneath control.

**2. Second Segment: 1987-1993 (access of public zone finances)**

1987 was marked because of the access of non-UTI, public area mutual price range installation with the aid of the general public region banks, LIC of India, the fashionable insurance company of India.

- The first non-UTI mutual fund become SBI mutual fund established in June 1987.
- Canara financial institution mutual fund (December 1987)
- Punjab countrywide financial institution mutual fund (august 1989)
- Indian bank mutual fund (November 1989)
- Bank of India (June 1990)
- Financial institution of Baroda mutual fund (October 1992)

LIC set up its mutual fund in 1989 and GIC mounted its mutual fund in December 1990. At the give up of1993, assets below control of the arena became Rs.47000 crores.

The second segment holds significant importance in the records of the mutual price range, as the mutual fund enterprise becomes added underneath a formal regulatory framework via the SEBI. It became established in 1988 and the statutory powers had been given in 1992 through the SEBI act.

**3. Third Segment: 1993-2003 (entry of private quarter finances)**

New technology becomes started within the Indian mutual fund industry with the entry of private sector finances in 1993. The investors were given a much wider preference for investment avenues. The "erstwhile Kothari pioneer" [now merged with Franklin Templeton] changed into the first non-public area mutual fund registered in July 1993.

In 1995, an affiliation of Mutual Fund in India (AMFI) changed into integrated to act as a prime governing body of all the asset management businesses.

The mutual fund policies were revised in 1996. The mutual fund industries now feature below SEBI regulations 1996.

In 1999, the union budget announced exemption of all mutual fund dividends from earnings tax within the fingers of buyers.

At the cease of January 2003, there was a 33 mutual price range with the full property of Rs.121805 Crores. The unit trust of India turned into beforehand with Rs.44541 crores of asset beneath control whilst as compared with other funds.

**4. Fourth Segment: because February 2003**

In 2003 UTI become bifurcated into separate entities below the UTI act of 1963.

- One is the required assignment of UTI with asset management of Rs.29835 crores and the second is the UTI mutual budget subsidized by way of SEBI, PNB, BOB, and LIC registered with SEBI which functions underneath the mutual fund law.
- The securities marketplace of India tumbled attributable to the global monetary crisis in 2009. SEBI abolished the access load to stem investor self-belief and reduce prices from the general rate shape of the price range. The increase of enterprise remained dismissal between 2010 and 2013.
- In 2012, if you want to grow the investor confidence and assist it to get better, SEBI introduced a series of re-energizing measures like;
- Increase in penetration of mutual fund merchandise.
- Protection of buyers on the issue of miss-selling and churning.
- Rajiv Gandhi fairness and savings scheme.

In 2012, SEBI additionally mandated a mutual budget to differentiate among direct and allotted plans.

In 2012, to enhance the attain of mutual budget among small investors, the cash transactions were prolonged to 20000 in keeping with an investor in step with the mutual fund for one financial year.

In 2014, the coin's transactions in the mutual budget became further extended to 50000 in may additionally.

In 2017, E-wallets changed into delivered to make investments in the mutual price range.

In 2017-18, SEBI undertook measures to categorize and nationalize mutual fund schemes with the purpose to carry uniformity across mutual price ranges and standardize the scheme categories and characteristics.

**Listing of asset control agencies in India:**

- Axis asset management organization
- Canara Robeco asset control organization
- Escorts asset management organization
- Franklin Templeton asset management business enterprise
- Goldman Sachs asset control enterprise
- HDFC asset management enterprise
- ICICI asset control organization
- IDBI asset management business enterprise
- IDFC asset control enterprise
- J.P Morgan asset management agency
- Kotak Mahindra asset management organization
- L&T asset management business enterprise
- LIC Nomura mutual fund asset control corporation.
- Quantum asset management agency.
- Reliance asset control agency
- SBI asset control agency
- Tata asset control business enterprise
- Union KBC asset management enterprise



# Review of Literature

- **Simran Saini, DR. Bimal Anjum, Raman deep Saini (2011),** studied the investors' preferences, priorities, and their awareness towards different mutual fund schemes. They found that mostly the investors have a positive approach towards investing in mutual funds. To maintain their confidence in mutual funds they should be provided with timely information relating to different trends in the mutual fund industry. For achieving heights in the financial sector, mutual fund companies should formulate strategies in such a way that helps in fulfilling the investors' expectations.

- **R Padmaja (2013),** studied the extent of awareness about mutual funds with special reference to ICICI Prudential Mutual Funds, the preferences of investors towards mutual funds with special reference to ICICI Prudential Mutual Funds, perceptions of investors towards mutual funds with special reference to ICICI Prudential Mutual Funds, the extent of satisfaction of investors towards mutual funds with special reference to ICICI Prudential Mutual Funds, Vijayawada. She found that mutual funds are a good source of returns for the majority of households and it is particularly useful for the people who are at the age of retirement.

- **Bhuvaneswari C (2013),** studied the investor's perception towards equity/tax saving mutual funds and is interested in identifying the major factors that contribute towards investor perception in the area of equity/tax saving mutual funds. The researcher used both primary and secondary data where the information was collected by 120 respondents through framing a structured questionnaire. For the purpose of analysis, the researcher used simple percentage analysis, chi-square test and spearman's rank correlation. By this research it was found that various parameters which covers investors perception towards equity/tax saving mutual funds and it has also identified few major parameters such as liquidity, rate of return and market share

- **Dr. Sanjeet-Kumar and Vivek-Jangid (2015),** studied the investor's satisfaction regarding liquidity in a mutual fund with a tentative hypothesis there is no significant difference in investors' satisfaction regarding liquidity in a mutual fund. They found that majority of the respondents in all the categories i.e. age, qualification, income, occupation, and genders are satisfied or highly satisfied with the opinion regarding liquidity in mutual funds investment.

- **According to R. Kathirvel and S.P. Dhandayuthapani (2016),** the main objective of this research is to find out the investor's perception and their attitude on mutual fund and also to analysis the level of satisfaction in India. The researcher collected primary data though structured questionnaire from 204 respondents through convenient sampling method. The statistical tools used are simple percentage analysis, chi-square test and one way anova. By this research it was found that 63.7% respondents invested in mutual fund scheme in equity funds and 24% respondents invested in debt funds and remaining 12.3% invested in hybrid funds and it was also found that only 52% of total respondents were aware about mutual fund scheme. The study was concluded by saying that many investors prefer to invest in mutual fund in order to have high return of safety and liquidity even though 48% were unaware about the mutual fund scheme.

- **Dr. Kaveri and B. Bindu (2017),** they studied the impact of attitude and perception of investors on their investment decision in mutual funds. The study was descriptive and analytical. The study found that there is a significant impact of attitude and perception of investors on their investment decision in mutual funds. Conclusions and suggestions are discussed.

- **According to Akhil Sebastian (2017),** he studied the investor's perception regarding investing in Mutual Funds, the factors that influence while buying mutual funds, the level of satisfaction among investors regarding the mutual fund. Finally, he concluded that Investors are increasingly concerned about fund selection and demanding detailed mutual fund information and investment advice. So, a regular performance evaluation of mutual funds is essential for investors and fund managers as well.

- **Samira.M (2018),** studied investor preference towards mutual funds. The study has been conducted based on primary data and secondary data. They found that respondents although are interested to invest in mutual funds but are still not confident that mutual fund investments will help in wealth creation and management. The main reason being they do not have adequate information regarding the mutual funds.

- **Dr. V.K. Punithavathi (2018),** she investigated the perception of the investor towards the mutual fund, the reason for preferring mutual fund investment, the method of investment, and the period of investment. She found that Respondents who fall under the 26-35 age group show interest in mutual fund investment, private employees and those who earn 15000 to 20000 as monthly income and married people invest more in the mutual fund than other categories. Friends& Relatives, Advertisement & social media play important role in creating awareness about the mutual fund.

- **Nissan Arora, Dr. Jasdeep K Dhami, Dr. Sonia Chawla (2019),** they studied the association of demographic profile and Risk perception of the investors, the performance of the selected public and private sector mutual fund’s scheme by using the Sharpe ratio. They found that the balanced and income mutual fund schemes have a lot of potentials to give high returns but the investor should be aware of schemes that are operating and give high returns.

- **Arpitha Naik and Pramod S G (2020),** they studied the awareness level of the investors of a mutual fund, the preference of the portfolios, why one has invested in SBI Mutual Funds, the most preferred channel, investor’s interest regarding SBI Mutual Funds, the comparative study between other leading mutual funds in the present market. They found that MF is investment vehicles and one can use them to invest in asset classes such as equities or fixed income. It is managed by professional fund managers. It provides risk diversification Benefits of investing in MF are reduction of risk, liquidity, affordability, convenience flexibility, and variety.

## 3.1 Problem assertion:

Empirical research on mutual funds has not given any special contribution for the mutual fund investor regarding their expected return assured by the fund agency. But, the purpose of this study is to identify the selection criteria, investor’s objective for the influencing factors to particular SBI mutual fund, and the investor’s perception towards and the satisfaction criteria for SBI-mutual fund.

A number of studies have been conducted regarding investor awareness and satisfaction regarding investments in mutual fund. A research survey is needed to assess the customer insights and satisfaction levels of mutual fund. Considering all the aspects of the discussions made in this section, it has to be pointed out that; the present research addresses the questions such as;

a) What is the perception of investors about Mutual Fund?

b) What are the chances of investment by potential investor's in Mutual Fund?

c) What is the level of satisfaction among the investor's in Mutual Fund?

**Scope and limitations of the study:**

**Scope of the study:**

The scope of the study is to track out the investors' preferences, priorities and their awareness towards different mutual fund schemes. Keeping in view the various constraints the scope of the study is limited only to the investors residing in Bangalore. Data for the study is collected from a sample of 150 investors by using stratified sampling.

**Limitations of the study:**

- The study is limited to the geographical boundaries of the Bengaluru city and is not applicable to other regions.
- Time constraints
- The data provided by the prospects may not be 100% correct as they too have their limitations.
- The study is limited to selected mutual funds.

**Age distribution of the sample**

| Age | Count | Percentage |
|---|---|---|
| 20 to 25 | 17 | 17 |
| 26 to 30 | 45 | 45 |
| 31 to 35 | 27 | 27 |
| 36 to 40 | 10 | 10 |
| 40 and Above | 1 | 1 |

**Analysis:** From the above table and chart, I can analyze that out of 100 respondents, 17% are between the ages of 20-25, 45% of them are between 26-30, 27% are between the ages of 31-35, 10% are between the age of 36-40, 1% is above the age of 40

**Inference:** From the above analysis, I can interpret that most of the respondents are from the age group of 26-30

**Source:** Primary data

## Profession sample

| Profession | Count | Percentage |
|---|---|---|
| Private Employee | 39 | 39 |
| Government Employee | 11 | 11 |
| Self Employed | 42 | 42 |
| Student | 8 | 8 |
| Others | 0 | 0 |

**Analysis:** From the above table and chart, I can analyze that 39% of the respondents are private employees, 11% of them are government employees, 42% of them are self-employed, 8% of them are students and 0% of them belong to other category.

**Inference:** From the above analysis, I can interpret that most of the respondents are private employees and self-employed.

**Source:** Primary data

**Do you prefer investing your money into any investment avenue?**

| Preference | Count | Percentage |
|---|---|---|
| Yes | 65 | 65 |
| No | 7 | 7 |
| May be | 28 | 28 |

**Analysis:** From the above table and graph, I can analyze that 65% of the respondents prefer to invest their money in different investment avenues, 7% of them do not invest their money into any of the investment avenues, and 28% of the respondents may or may not invest their money.

**Inference:** From the above analysis, I can interpret that most of the respondents would like to invest their money into different investment avenues instead of keeping the money idol.

**Source:** Primary data

**What kind of investment you prefer the most?**

| Preference | Count | Percentage |
|---|---|---|
| Savings Account | 19 | 19 |
| Fixed Deposit | 4 | 4 |
| Post Office | 11 | 11 |
| Mutual funds | 29 | 29 |
| Insurance | 7 | 7 |
| Gold/silver | 10 | 10 |
| Shares and Debentures | 11 | 11 |
| Real estate | 4 | 4 |
| PPF | 5 | 5 |

**Analysis:** From the above table and graph, I can analyze that 19% of the respondents would like to invest their money in savings account, 4% of them invest in fixed deposits, 11%of them invest in post office, 29% of them invest in mutual fund, 7% of them invest in insurance, 10% of them invest on gold/silver, 11% of them invest on shares/ debentures, 4% of them invest in real estate, 5% of them invest in PPF.

**Inference:** From the above analysis, I can interpret that most of the respondents would like to invest their money in mutual funds and savings account.

**Source:** Primary data

**Which factor do you prefer the most while investing your money?**

| Preference | Count | Percentage |
|---|---|---|
| Company reputation | 5 | 5 |
| Liquidity | 13 | 13 |
| High returns | 33 | 33 |
| Low risk | 49 | 49 |

**Analysis:** From the above table and graph, I can analyze that 5% of the respondents consider the company reputation while investing their money, 13% of them consider the liquidity, 33% of them prefer high returns and 49% of them prefer low risk on their investments.

**Inference:** From the above analysis, I can interpret that most of the respondents would like to invest their money in the investment avenue which is less risk.

**Source:** Primary data

**Have you ever invested money in Mutual fund?**

| Options | Count | Percentage |
|---|---|---|
| Yes | 32 | 32 |
| No | 68 | 68 |

**Analysis:** From the above table and chart, I can analyze that 32% of the respondents would like to invest their money in mutual funds and 68% of the respondents have never invested in mutual funds.

**Inference:** From the above analysis, I can interpret that most of the respondents have never invested in mutual funds

**Source:** Primary data

**If yes, where do you find yourself as a mutual fund investor?**

| Knowledge about mutual funds | Count | Percentage |
|---|---|---|
| Aware only on a specific scheme in which you have invested | 25 | 25 |
| Fully aware | 11 | 11 |
| Partial knowledge | 29 | 29 |
| Totally ignorant | 9 | 9 |
| Blanks | 26 | 26 |

**Analysis:** From the above table and graph, I can analyze that 25% of the respondents are aware only on a specific scheme in which they have invested, 29% of them have partial knowledge of mutual funds, 9% of them are totally ignorant and 11% of them are fully aware of the mutual funds.

**Inference**: From the above analysis, I can interpret that most of the respondents do have partial knowledge about the mutual funds.

**Source:** Primary data

**In which kind of mutual fund you would like to invest?**

| Sector | Count | Percentage |
|---|---|---|
| Public | 37 | 37 |
| Private | 45 | 45 |
| Blanks | 18 | 18 |

**Analysis:** From the above table and chart, I can analyze that 37% of the respondents are interested to invest in public sector funds, 45% of the respondents are interested to invest in private sector funds, the remaining 18% of the respondents are not interested to invest in any sector of mutual funds.

**Inference:** From the above analysis, I can interpret that most of the respondents are interested to invest in private sector funds.

**Source:** Primary data

**Which mutual fund scheme have you used?**

| Types of Scheme | Count | Percentage |
|---|---|---|
| Open ended | 7 | 7 |
| Close ended | 3 | 3 |
| Growth fund | 24 | 24 |
| Liquid fund | 17 | 17 |
| Long cap | 05 | 05 |
| Mid cap | 11 | 11 |
| Regular income | 14 | 14 |
| Sector fund | 2 | 2 |
| Blanks | 17 | 17 |

**Analysis:** From the above table and graph, I can analyze that 7% of the respondents have used open ended schemes, 3% have used closed ended, 17% have used liquid funds, 11% have used mid-cap, 14% have used regular income fund, 24% have used growth fund, 05% have used long cap scheme, 2% have used sector funds, 17% have not used any of the mutual fund schemes.

**Inference:** From the above analysis, I can interpret that only 24% of the respondents have used growth fund scheme and 17% of them have not used any schemes.

**Source:** Primary data

**If you have not invested in mutual funds, then why?**

| Options | Count | Percentage |
|---|---|---|
| Higher risk | 40 | 40 |
| Not any specific reason | 41 | 41 |
| Not aware of mutual funds | 7 | 7 |
| Blanks | 12 | 12 |

**Analysis:** From the above table and graph, I can analyze that 40% of the respondents have not invested in mutual funds as it involves high risk, 41% have no specific reason for not investing in mutual funds, 7% of them have not invested in mutual funds since they are not aware of it and 12% of them have no idea about mutual funds and have never invested on mutual funds.

**Inference:** From the above analysis, I can interpret that the respondents have not invested in mutual funds because it involves high risk and they do not have any specific reason for not investing in mutual funds.

**Source:** Primary data

**Which feature of the mutual funds allure you most?**

| Feature | Count | Percentage |
|---|---|---|
| Diversification | 2 | 2 |
| Better return and safety | 12 | 12 |
| Reduction in risk and transaction cost | 25 | 25 |
| Regular income | 27 | 27 |
| Tax benefits | 18 | 18 |
| Blanks | 16 | 16 |

**Analysis:** From the above table and graph, I can analyze that 2% of the respondents invest in mutual funds as it involves diversification of investment, 12% of them invest as it has better return and safety, 25% of them invest as it has reduction in risk and transaction cost,27% of the invest in regular income, 18% of them invest as it involves tax benefits and the remaining16% of the respondents have not invested in mutual funds.

**Inference:** From the above analysis, I can interpret that the respondents have invested in mutual funds as it reduces tax benefits, reduces the risk and transaction cost, regular income.

**Source:** Primary data

**When you have invested in mutual funds, which mode of investment do you prefer?**

| Mode of investment | Count | Percentage |
|---|---|---|
| One time investment | 24 | 24 |
| Systematic investment | 59 | 59 |
| Blanks | 17 | 17 |

**Analysis:** From the above table and graph, I can analyze that 24% of the respondents have chosen one-time investment mode, 59% of them have chosen systematic investment plan and the remaining 17% of the respondents have not invested in mutual funds.

**Inference:** From the above analysis, I can interpret that 59% of the respondents have invested in systematic investment plan of mutual funds.

**Source:** Primary data

**From where do purchase mutual funds?**

| Purchase option | Count | Percentage |
|---|---|---|
| Directly from AMC'S | 25 | 25 |
| Brokers only | 26 | 26 |
| Brokers/Sub brokers | 33 | 33 |
| Blanks | 16 | 16 |

**Analysis:** From the above table and graph, I can analyze that 25% of the respondents have purchased mutual funds directly from AMC's, 26% of them have purchased from brokers, 33% of them have purchased from brokers and sub-brokers, and the remaining 16% of them have not invested in any of the mutual funds.

**Inference:** From the above analysis, I can interpret that most of the respondents have purchased the mutual funds from brokers and sub brokers.

**Source:** Primary data

**Which sector are you investing in mutual fund sector?**

| Sector | Count | Percentage |
|---|---|---|
| General 1st | 0 | 0 |
| Oil and petroleum | 10 | 10 |
| Gold fund | 15 | 15 |
| Diversified equal fund | 15 | 12 |
| Power sector | 14 | 14 |
| Debt fund | 11 | 11 |
| Banking | 14 | 14 |
| Real estate | 05 | 5 |
| Blanks | 16 | 16 |

**Analysis:** From the above table and graph, I can analyze that none of the respondents wants to invest in general 1st sector of mutual funds, 10% of the respondents wants to invest on oil and petroleum,15% of them wants to invest on gold fund, 15% wants to invest on diversified equal fund, 14% wants to invest on power sector, 11%

wants to invest on debt fund, 14% wants to invest in banking sector, 5% wants to invest in real estate and the remaining 16% of the respondents doesn't want to invest their money in any sector of mutual funds

**Inference:** From the above analysis, I can interpret that most of the respondents are not interested to invest in any sector of the mutual funds and 15%-16% of the respondents are interested to invest in gold fund and diversified equal funds.

**Source:** Primary data

**Are you satisfied investing in mutual funds?**

| Options | Count | Percentage |
|---|---|---|
| Yes | 30 | 30 |
| No | 65 | 65 |
| Blanks | 5 | 5 |

**Analysis:** From the above table and graph, I can analyze that 30% of the respondents are satisfied investing in mutual funds and 65% of the respondents are not satisfied investing in mutual funds.

**Inference:** From the above analysis, I can interpret that most of the respondents are not satisfied investing in mutual funds.

**Source:** Primary data

**TESTS:**

**ANOVA:**

**Single Factor**

| **Groups** | **Count** | **Sum** | **Average** | **Variance** |
|---|---|---|---|---|
| Have you ever invested money in mutual funds? | 2 | 100 | 50 | 648 |
| Are you satisfied investing in mutual funds? | 2 | 100 | 50 | 648 |

| **Source of variation** | **Sum of squares** | **df** | **Mean square** | **f** | **P-value** | **F crit** |
|---|---|---|---|---|---|---|
| Between groups | 0 | 1 | **0** | 0 | 1 | 18.51282051 |
| Within groups | 1296 | 2 | 648 | | | |
| **Total** | **1296** | **3** | | | | |

Dependent and Independent Variables: Investment-Independent

Satisfaction- Dependent

Hypothesis:

- H0: Customers are not fully satisfied investing in MF
- H1: Customers are satisfied investing in MF

**Interpretation:**

**P=1**

If P is less than 0.05, then H0 will get rejected

But P>0.05, hence H0 remains the same and H1 will get rejected.

- ✓ H1-Customers are fully satisfied investing in mutual funds- Gets rejected.
- ✓ H0-Customers are not fully satisfied investing in mutual funds- Hence proved from the study.

**4.3 T-TEST**

| Have you ever invested money in mutual fund? | Have you satisfied investing money in mutual fund? |
|---|---|
| 32 | 32 |
| 68 | 68 |
| Average : 50 | Average : 50 |

- ✓ Hypothesis: H0: Customers are not fully satisfied investing in MF

  H1: Customers are satisfied investing in MF

**T-TEST Value= 0.5**

**4.4 Z-TEST**

| Have you ever invested money in mutual funds? | Have you satisfied investing money in mutual funds? |
|---|---|
| 32 | 32 |
| 68 | 68 |
| Variance : 648 | Variance : 648 |

**Z-Test: Two Sample for Means**

| | Variable 1 | Variable 2 |
|---|---|---|
| Mean | 50 | 50 |
| Known variance | 648 | 648 |
| Observation | 2 | 2 |
| Hypothesized mean difference | 0 | |
| Z | 0 | |
| P(Z<=z) one-tail | 0.5 | |
| Z critical one tail | 1.644853627 | |
| P(Z<=z) two-tail | 1 | |
| Z critical two-tail | 1.959963985 | |

Dependent and Independent Variables: Investment - Independent

Satisfaction - Dependent

Hypothesis:

- H0: Customers are not fully satisfied investing in Mutual funds.
- H1: Customers are satisfied investing in Mutual funds.

**FINDINGS**

- According to the survey conducted maximum number of investors falls in the age group of 26-30. The second most investors were in the age group of 31-35 and the least were in the age group above 40 years.
- According to the research most of the respondents were private employees and self-employed and other category was very few.
- 65% of the respondents were interested to invest their money in different investment avenues and 7% were not interested to invest their money into any investment avenues.
- 29% of the respondents prefer to invest their money in mutual funds and 19% of the respondents prefer to invest their money in savings account.
- Mostly respondents preferred less risk while investment, the second most preferred high return then liquidity and the least company reputation.

- Among 100 respondents 68% of the respondents have never invested in mutual funds and 32% of the respondents are interested to invest in mutual funds.

- Most of the respondents did not have knowledge about mutual funds and 25% of the respondents were aware only on a specific scheme in which they have invested and only 11% of the respondents was fully aware about mutual funds.

- Most of the respondents were interested to invest their money in private sector rather than public sector.
- The most preferred portfolio was Growth funds and least preferred was closed ended and sector funds.

- Most of the respondents did not invest in mutual funds as it involves high risk and they do not have any specific reason for not investing in mutual funds.

- Respondents are interested to invest in mutual funds as it involves regular income, reduces risk and transaction cost and tax benefit.

- Mostly respondents preferred to purchase mutual funds from brokers and sub brokers.
- The most preferred sector of mutual fund was Gold fund and diversified equal fund.

- Most of the respondents were not satisfied investing in mutual funds.

**SUGGESTIONS:**

- It's a fact that mutual funds are a retail product designed with a goal to target small investors, salaried people and lower profits groups so one can mobilize their savings and presenting them protective opportunities to multiply their wealth by acquiring assets in the form of shares, but it has failed in providing safety, liquidity and returns on funding made with the aid of the small investor and are going through hassle at each stage. To gain this holistic goal many decisions are to be taken aggressively.

- As 50% chose financial advisors as their preferred channel. Mutual fund companies should give training to the financial advisors about the mutual fund schemes and its objectives as they are the main source to influence the investors.

- Mostly the investors are more interested in those schemes that can easily provide them liquidity. The suggestion makers have emphasized that the fund managers should invest the investor's money in secure income related schemes so that liquidity must be ensured.

- Some investors complained that the brokers/sub brokers are more interested in their incentives provided to them by the companies for selling more schemes. So it is very necessary that they should perform their duties with full care and diligence and should not misguide the investors. The brokers, sub brokers and agents should provide right and timely information to the investors.

- They must keep themselves aware of the latest happenings in the market for the sake of investors. ¬ Steps should be taken to boost the confidence and morale of the investors. This can be done through appropriate communication and by educating investors to invest in mutual funds. Timely and right information should be provided to them by different communication modes so that they come to know about the latest trends in the market

**CONCLUSION:**

The study is related to the preference and perception of investors toward mutual fund, a total of 100 respondents of Bengaluru has given their responses towards this study, this study has thrown a light on the investing pattern and the factors that are affecting the investors in order to select that particular mutual fund. Mostly people prefer the Growth funds and Liquid funds. Then investors look for Regular income fund and mid cap funds.

Mutual funds are good source of returns for majority of households and it is particularly useful for the people who are at the age of retirement. However, average investors are still restricting their choices to conventional options like gold and fixed deposits when the market is flooded with countless investment opportunities, with mutual funds. This is because of lack of information about how mutual funds work, which makes many investors hesitant towards mutual fund investments.

In fact, many a times, people investing in mutual funds too are unclear about how they function and how one can manage them. So the organizations which are offering mutual funds have to provide complete information to the prospective investors relating to mutual funds. Mutual funds are good source of returns for majority of households and it is particularly useful for the people who are at the age of retirement. However, average investors are still restricting their choices to conventional options like gold and fixed deposits when the market is flooded with countless investment opportunities, with mutual funds. This is because of lack of information about how mutual funds work, which makes many investors hesitant towards mutual fund investments.

In this study investors are willing to take moderate and low level risk; most of the investors belong to moderate investment style. In order to have more investors to invest in mutual funds, mutual fund companies have to take some awareness platform about the benefits of investing in mutual funds, and the safety and security provided my mutual fund companies in this moving stock market condition.

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