

A STUDY ON MUTUAL FUND INVESTMENT PATTERNS AMONGST UNIVERSITY FACULTIES IN PUNE CITY

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ABSTRACT

Introduction

A popular investment proverb goes this way – “Do not put all your eggs in one basket”. What this means in financial terms is that investors need to be careful in choosing where to invest their money. If they feel that they can gain more by investing all their money in just one type of investment and that “type” of investment crashes, they have lost all their investment.

When we talk about investments, the most common term that we all associate with investments is by keeping our money in the bank. The actual term used for keeping our money in the bank account is “saving” our money because even though there is a future benefit out of that money, we do not gain enough to cover the inflation that takes place over some time.

Investments are made keeping in mind the possibility of gaining enough money to cover our expenses at a later date by investing a smaller amount today. For example, we “save” for a rainy day in the sense of “saving” or “investing” today and in the days to come so that when there is an emergency, we have the funds to take care of that emergency. When we talk about an emergency, it may not necessarily be an emergency but a planned future expense may be an expense related to raising a family, giving good education to our children, marriage expenses, retirement plans, or early retirement plans.

So basically, investments need to gain more than inflation and that is only possible when we look beyond a savings account, a fixed account, a recurring fixed account, etc. This is where diversification comes into play. We need not neglect savings accounts as they prove to be less risky and therefore give us a smaller gain versus a higher risk-return investment. A proportionate balance should be kept in mind to make sure our money grows as well as does not diminish because of rash investments.

An investment portfolio is built upon this notion where an investor creates carefully and diligently selected sources of investment so that they are as diverse as possible as well as understandable to the investor.

Significance

Why did I choose University Faculty members? While going through literature on mutual funds and other investment patterns in general, it came to my notice that very little study was done in the education section specifically in relation to higher learning academic sectors. I have noticed that very little study was done on university faculty members. This sector seems to be a very important sector because the faculty members are very influential in the decision making process and investment priorities of young minds as the next step after university is career, where investment priorities will begin.

If the university faculty members are investing in Mutual funds, they will be able to share that knowledge with their students, if they do not invest in mutual funds, the students are left out of that knowledge and thereby not all of them will see a future in mutual funds. This becomes crucial not only to the students but also to the economic growth of the nation.

Objectives

The objectives of the study are laid down below

- To identify the savings and investment behaviour of University faculty in Pune city.
- To identify if University faculty in Pune city have access to information to make sound decisions in investments.
- To Identify mutual fund investment patterns among University faculty in Pune city

Hypothesis

The hypothesis of the study are stated below

1. Do the respondents perceive factors affecting the investment in mutual funds differently.

H₀: The respondents do not perceive factors affecting the investment in mutual funds differently

H1: The respondents perceive factors affecting the investment in mutual funds differently

2. How does source of information impact the investment patterns among University Faculty members?

H0: Source of information does not make a difference to the investment pattern among the university faculty members.

H1: Source of information has an impact on investment pattern of the university faculty members.

3. Do respondents perceive the factors differently when it comes to investment in public vs private institutions

H0: The respondents do not perceive the factors differently when it comes to investment into public vs private institutions

H1: The respondents perceive the factors differently when it comes to investment into public vs private institutions

4. Does income level and age group have an impact on the investment pattern in Mutual Funds?

H0: Income level and age group does not have an impact on the investment pattern among the university faculty members.

H1: Income level and age group has an impact on investment pattern of the university faculty members.

5. Does knowledge of Mutual funds and its functioning influence in choosing Mutual Funds as a source of Investment?

H0: There is no relation between knowledge of how Mutual Funds work and choosing Mutual Funds as a source of Investment.

H1: There is a relation between knowledge of how Mutual Funds work and choosing Mutual Funds as a source of investment.

Scope of the study

Research was conducted on Faculty members of Universities in Pune city. According to the UGC website there are 16 Universities located in Pune city. The researcher was determined to concentrate only on the University Campuses and not the colleges associated to the Universities.

Research Method

The Research Method used for this study was the Quantitative method as a questionnaire was formulated and tested before it was sent out to respondents for data collection. Once these questionnaires were answered, this data was analyzed using SPSS (Statistical Package for Social Sciences). This data was tabulated and graphs were built to show a pictorial representation of the data.

Data Collection

Due to the pandemic it would not be possible for the researcher to reach out and visit all the campuses since there are restrictions on visiting and visiting each other in public places keeping in mind the need for social distancing and the possibility of a lockdown. It is therefore necessary that the data collection be done over an online medium such as Google Forms where the researcher would collect the email addresses of faculty members and send them the Google form with the questionnaires and request them to fill out the forms as part of the data collection process.

Limitations

- This research is constrained to only the University campuses in Pune city
- This research is conducted during the Covid – 19 Pandemic and therefore personally visiting and gathering information is not possible.
- This research studies only Mutual funds as an investment tool.

Recommendations

The recommendations are broken down into two sections, one for the investor and the other for the mutual fund companies.

Investors need to be actively involved in gathering information from brokers as much as they are seeking information from the newspapers and financial journals. Investors need to stay active in mutual fund investments even after they pass their prime earning age.

Mutual Fund companies on the other hand need to encourage older generation as well as female faculty members into investing in mutual funds. Most investors are seeking wealth building and so mutual fund companies can showcase their best wealth building mutual fund portfolios.

Public mutual fund companies need to inculcate a sense of caring toward their customers who are looking for better customer satisfaction from mutual fund companies.

Conclusion

We see that active investments happened in the age group of 31 to 40 years of age whose income level was between Rs. 10,000/- and 24,999/-. We also notice that most investors had gainful knowledge of mutual funds and how they function. Sadly, we see a trend where more males were actively investing in comparison to females. We also see that the purpose of investment was for wealth generation. Most investors are looking at the credit history of the mutual fund company before they make investments.

Most investors look at Private mutual fund companies to be more profitable but they find Public mutual fund companies as a more secure source of investment. More investors prefer returns over dividends for returns. Most investors also agree that small investments are enough to start investing in Mutual funds. Quite a lot of investors see mutual funds as a source of tax shielding. There seems to be a very clear comparison of mutual funds to any other assets and how the investors look at mutual funds from the perspective of asset accumulation. Investors also see lesser risk in the mutual fund investment comparing it to the share market.

Scope for Further studies

Based on findings from the study, the researcher has a few suggestions that could be used as the beginning for further study in the Mutual Funds domain.

1. Investment opportunities for older generation as well as female investors could be studied.
2. Studies could be conducted on comparing the public vs private mutual fund companies.
3. A study can be performed on the sources of information from where knowledge can be obtained.
4. A comparative study can be conducted to find out the investment patterns of faculty members in other tier – 1 vs tier – 2 cities in India.

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Chapter 1 - Introduction

1.1 Introduction

Unit Trust of India was created as a public sector organization keeping in mind that a large number of people could be mobilized into pooling smaller amounts so that they all could earn some money by taking this money and infusing it in the capital market. This would be used to create an enhancement in the Industrial initiatives in India. The Unit Trust of India (UTI) was established on February 1, 1963, after the Unit Trust of India Act (UTI Act) was passed. Unit Scheme 64 was pushed and introduced as the pioneering program. Those who put money into this program were assured of a return on their money and given tax relief. Next, in 1971, the Unit Linked Insurance program was introduced. For a few years, up until 1987, UTI was the only player in the industry.

In 1987, the government of India authorised additional public sector banks and public sector insurance corporations to establish mutual fund subsidiaries. There are several mutual fund options in India, including the GIC Mutual Fund, the Indian Bank Mutual Fund, and the Bank of India Mutual Fund. SBI Mutual Fund was the first non-UTI Mutual Fund provider to begin issuing Mutual Funds, followed by Canbank Mutual Fund and LIC Mutual Fund. By 1993, the aggregate AUM of all these mutual fund affiliates had reached Rs. 47,000 Crores. UTI oversaw 5 operations out of 80 total.

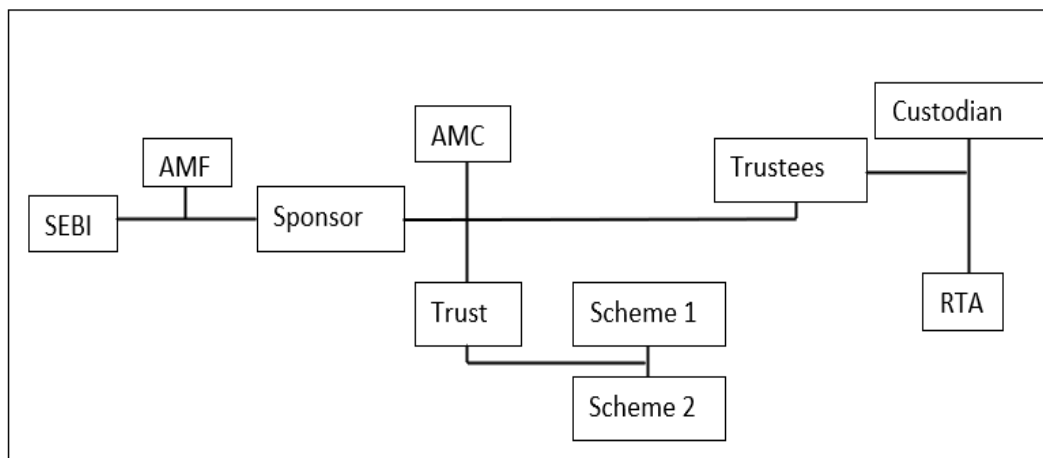
In 1993, the government of India liberalised its mutual fund industry, allowing private firms, both domestic and foreign, to participate. In the same year, the first mutual fund dedicated to the private sector, Kothari Pioneer Mutual Fund, was founded. In the same year, the Securities and Exchange Board of India (SEBI) gained traction in its mission to regulate the mutual fund business. In 1996, SEBI updated and expanded upon the mutual fund laws, and these are the rules that are still in place today.

In 2003, following the failure of the US64 scheme, the Government of India repealed the UTI Act and split UTI in two; one half was used to wind down the US64 scheme, while the other half was renamed UTI Mutual fund and took over the NAV based schemes. Until

that year, SEBI had no jurisdiction over UTI. Consequently, UTI Mutual Funds was compelled to follow SEBI rules as well. As of March 31, 2013, there were 40 mutual fund firms managing a total of Rs. 7.1 Lac crores of assets in 6290 active mutual fund schemes with 4.28 investors as of March 31, 2013.

1.2 Structure of Indian Mutual Funds

1. Figure 1.01 SEBI Regulatory Structure



Source: Compiled based on SEBI Regulatory Structure.

To regulate the Indian securities market, the Securities and Exchange Board of India (SEBI) was established in 1992 when the SEBI Act was passed. Listed below are SEBI's three primary goals.

- a. To make sure the interests of the investors are paramount
- b. To make sure that the securities market is developed
- c. To make sure the securities market is well regulated

All policy-making and implementations of regulations are done by the SEBI so that the interests of the investors of Mutual funds are kept in mind. It is also the responsibility of SEBI to make sure that the Mutual fund business goes on without any hiccups.

The Indian mutual-fund sector has an advocate in the form of the Association of Mutual Funds. In the same way that it aids in marketing and safeguarding investors in mutual funds, IT also helps to keep industry standards high. The AMFI does all of this despite the fact that it is not an SRO.

A Trust is established and that Trust becomes the sponsor of the Mutual Fund. The sponsor's role is to register the Mutual fund with the SEBI. This leads to the appointment of trustees who work on behalf of the Sponsor and makes sure that the Mutual fund follows all the rules and regulations that are established by the SEBI. The trustees also make sure that the unit holders and their interests are kept safe.

The Asset Management Company (AMC) is appointed by the Trustees who are appointed by the Sponsor. The Asset Management Company helps in managing the investment schemes for the Trust. The Trustees are also responsible for appointing a Custodian. His main role is to keep the Securities owned by the trust safe. Apart from the above-mentioned two appointments, the Trustees appoint the Registrar and Transfer Agent whose responsibility is to take care of the accounting for the investors.

1.3 Distribution of Mutual Funds

Unless and until a product is not visible to the people around, no one will purchase the product. The same is true about Mutual funds. Mutual Funds are Financial products that need to be advertised and promoted so that people can make investments. There are a few distribution channels that can be used to reach investors.

- a. Individual Mutual Fund Advisors
- b. Corporate Distributors
- c. Directly from the Fund Houses

Keeping the interest of investors in mind, SEBI has made it mandatory for all Mutual Fund Distributors to register themselves with AMFI. This can only be done after a certification exam is cleared. There were 52,194 AMFI registered distributors, which can be broken down into 48,276 IFA's and 3,918 Corporate distributors as of March 31, 2013.

1.4 Types of Mutual Funds

Investors who are willing to make investments in Mutual funds pick portfolios that meet their needs. These portfolios contain mutual funds. Every now and then AMC's create new combination of schemes so that they can meet the interest in the mind of investors who have certain objectives in order to make investments.

These Mutual funds are categorized by types as follows

- a. Load
- b. Maturity
- c. Trading Facility
- d. Investment Portfolio
- e. Demography of Investment

Mutual funds are classified as follows according to the maturity of investments

- a. Open Ended Funds
- b. Close Ended Funds

Mutual funds that do not have any constraints on when they can be subscribed or redeemed are called as open-ended funds. This means that investors are free to choose when they want to enter the fund as well as when they want to exit the fund. These do not have any set date to redeem.

Mutual funds that are not always open so that investors can subscribe and redeem as and when they want to are called as close ended funds. There are restrictions on when investors can enter into these funds as well as when investors can exit these funds. Once the pre-determined redemption date is met, the funds are closed and the amounts that are due to the investors are paid off to the investors. SEBI has made it mandatory that close ended funds to either be listed on a stock exchange or be repurchased. This gives an opportunity for the investors to exit these kinds of close ended funds.

Mutual funds can be classified in the following way based on the Investment Portfolio

- a. Liquid Funds
- b. Income Funds

- c. Growth Funds
- d. Balanced Funds

Investors invest in funds that are liquid in nature, which can provide liquidity very quickly. These are Liquid funds. The maturity period of these kind of funds is less than a year. These funds are invested in Money market securities, and therefore can be called as Money Market funds.

Many Investors prefer a regular steady income over a period of time. Funds that can provide this type of regular income are called as Income Funds. Investors invest their assets in debt securities and therefore these kinds of funds are called as Debt funds.

Investors whose objective is to grow their capital over a long period of time invest into equity and securities relating to equity. This kind of Growth fund is also called an Equity Fund.

As the word defines, investors who keep a balance of their investment between equity shares and these kinds of securities as well as debt security assets are investing in balanced funds. The outcome of this type of investment is to make sure that the investor has enough capital appreciation and current income. Therefore, these funds can either be classified as Debt oriented funds or Equity oriented funds.

Any fund that invests at least 65% of its assets in domestic equities qualifies as an equity-oriented fund and is therefore eligible for certain tax advantages. To qualify as an equity-oriented fund under Section 10(38) of the Income Tax Act, at least 65% of the fund's total assets must be invested in equity shares of domestic enterprises. A debt oriented balanced fund is one in which the debt portion of the portfolio is greater than the equity portion. The tax advantages enjoyed by equity funds are also available to debt-focused balance funds.

Investors who invest for short term of less than 365 days, invest in the money market because they are looking to invest with the intent of liquidating their investment in the short term. These kinds of investments are called as Liquid funds.

Equity funds are further classified on the following basis.

- a. Tax Saving
- b. Diversification
- c. Market Capitalization
- d. Portfolio Management Style

Investors who have the intention of saving money by making investments are looking for tax saving funds. One type of fund that falls into this category is the Equity Linked Savings Scheme. This helps the investor to deduct income tax benefits under Section 80 C of the Income Tax Act of up to Rs. 1,00,000.

Investors are advised to diversify their investments and therefore hold a diversified equity portfolio to reduce the effects of the business and the overall risk of the portfolio. The funds that are not diversified are called Sector funds. This is when the investor is leaning toward a sector or toward sectors that are related to each other.

Another way to categorize Equity Funds is by the market capitalization of the equities included. A company's market capitalization is equal to the current share price multiplied by the number of outstanding shares.

Portfolio Managers help to manage mutual fund portfolios based on certain classifications. These are as below.

- a. Active Funds / Dynamic Funds
- b. Passive Funds / Index Funds

The portfolios that are regularly mixed by the fund manager in order to take over the market and make it work for the fund manager are called as Active funds. Their objective here is to maximize the returns from the market. On the other hand, the funds that are purchased

and held for a longer period of time with the objective to earn at the market price is called as the Passive fund.

Funds can be classified under the following based on the Demography

- a. Global Funds
- b. Domestic Funds
- c. Off Shore Funds

Global Funds are investments made both in the domestic as well as the foreign markets providing more diversification of funds whereas Domestic funds are those fund that are issued only in the domestic market and Off Shore Funds are funds that are issued by foreign companies.

The term “Load” in Mutual funds refers to the fees that are charged by a fund when the investor either enters in or the scheme or exits the scheme. When the investor enters the scheme, it is called an “entry load” and when the investor exits the scheme it is called an “exit load”. Funds can be classified as follows based on Loads.

- a. Load Funds
- b. No Load Funds

Whenever an investor entered or exited a fund, a Load fund was charged to the investor and the seller on that investment. Entry load was charged by the mutual fund companies in order to cover the distribution expenses of the company. In the year 2009, SEBI banned the changing of entry load so that the investor could be empowered. An Entry load of up to 2.25 per cent of the investment value was charged to the investor prior to 2009 by mutual fund companies. There were occasions where nothing was charged to the investor to both parties and this is called “No Load Funds”.

Net Asset Value (NAV) is usually traded at the end of the day for Mutual funds. There is a cutoff time and it is fixed for the login of the application to take advantage of the NAV of the day. This is a guideline set by SEBI depending on the type of fund. NAV would be

calculated as of the next business day's NAV if the fund was purchased or repurchased that was stamped after the cutoff time. The Transfer agents would process these transactions on behalf of the fund houses. On a regular basis the normal trading of mutual funds does not have any scope for intra-day trading. However, there are a select few mutual funds that trade only on the stock market and have intraday values that are analogous to those of stocks. Exchange Traded Funds (ETFs) are another name for these investments. Index Exchange Traded Funds and Gold Exchange Traded Funds are two types of ETFs. The value of the ETF's Index fluctuates throughout the day as its underlying index does. When there is a shift in the Cash price of Gold during the day, the Gold ETF will reflect that shift in price. Because of this, the ETF can now participate in intraday trading. After the New Fund Offer, they will be available for trading on the stock market (NFO).

1.5 Mutual Fund Benefits.

A Mutual Fund company sets up portfolios for the Investor to pick up. This way the investor is investing a small part of the entire investment. This means that the investor is a part of the entire investment that is divided among the many investors investing in mutual fund schemes. It is the responsibility of the Asset Management Company to receive this investment from all investors and create the right portfolios to invest in based on the investment policy. The gains from this pool are then divided among all the investors at the end of the time period. This gives the investor many advantages.

These advantages of Mutual funds are listed below.

- a. Tax Benefits
- b. Readymade Portfolios
- c. Instant Diversification
- d. Investment Convenience
- e. Professional Management

In order for investors to invest in the Equity market of Mutual funds, the Government of India is promoting a few tax benefits. This is a huge advantage to investors. There are a few main tax advantages of Mutual funds listed below

- i. The dividends that are received from Mutual funds dealing with Equity are completely exempt from tax, neither are they required to pay the Dividend Distribution Tax.
- ii. If a Mutual fund is held for more than 12 months, or 36 months for non-equity mutual funds, they are considered a long-term mutual fund.
- iii. If an investor invests into Long Term Capital in the Equity type of Mutual funds, the gains are completely exempt from tax. Other long-term capital gains incur a 10 to 20 percentage of Income tax on them.
- iv. Profits from equity-based mutual funds can be taxed at a reduced rate of 15.45 per cent on a short-term basis. Depending on the investor's other taxable income, a tax rate anywhere from 10% to 30% may be applied to any other short-term capital gains.

The Investor doesn't need to be an expert in the field of Mutual funds as the mutual funds offer ready-made portfolios where the investor gets to pick based on why he wants to invest and if he has any restrictions on how much he wants to invest. Investors who want to invest in Gold and Real Estate which require a higher investment value, can now invest in the same as mutual funds make it possible for many investors to pool in their share of the investment. In a real-world scenario that would not be possible as a single investor needs to invest a huge capital in those high investment value commodities.

One of the main conveniences that mutual funds offer is the provision for diversification where the investor can invest from as low as Rs. 500. If an investor needs to make a full-fledged investment, the same kind of diversification would require the investor to invest a larger amount into the commodities.

Systematic Investment Plan (SIP), Systematic Withdrawal Plan (SWP) and Systematic Transfer Plan (STP) are some of the other advantages offered by the Mutual funds. SIP automates the investment for the investor so that the fund is invested at different intervals as well as dates that are predefined. SIP helps with accumulating savings over longer time periods so as to help in creation of wealth. SWP works similar to SIP by automating the

withdrawal process of funds. This is also predefined and is automated for intervals as well as dates. STP helps the investors by allowing the investor to transfer the funds from one scheme to another scheme as long as they are within the same fund house. This is all done without any manual intervention.

Professional guidance is expensive especially if the investor does not have much money to spare. With Mutual Funds, the portfolio is professionally managed. This is done by charging very little to each investor which is monitored by SEBI. The expense ratio that SEBI allows for Mutual fund companies to charge the investor is 2.5 percent for Equity Funds and 2.25 percent for Debt Funds. This ratio takes into account all the fees and charges like investment management and advisory fees charged by the mutual fund company.

Every Investor invests for different purposes and therefore the Mutual Fund Investments are broken down into the following investment options so that Investors can choose from to suite them.

- a. Growth Option
- b. Dividend Option
- c. Dividend Reinvestment Option

The Growth Option helps the investor to let the investment grow and receive a lumpsum of money at the end of tenure. The choice of when to withdraw the investment is left to the investor who does not receive any payout throughout the time period of the investment. This helps in long term investment benefits to the investor. So, the investor has the benefit of choosing the tenure and also when that tenure ends. The amount of tax to be paid by the investor is on the capital gains.

A Investor who is looking for regular income chooses the Dividend Option as the investor receives payouts as and when dividends are declared and paid. At the end of tenure, when the investor chooses to close and redeem the Mutual funds, the investor gains from the Capital growth. The Net Asset Value for the Dividend option is different from the Growth option as the Dividend payout. The Dividend option pays out lesser than the Growth option.

The dividend paid to the investor are reinvested into additional units and therefore the investor does not receive cash but receives additional units of investment. As time progresses, there is an increase to the fund units due to the reinvestment of the dividend into investment units. Investors who are interested in wealth creation opt for the Dividend Reinvestment Option. The taxation on Dividend Reinvestment Option is similar to Dividend Option.

1.6 Equity Linked Savings Schemes

Diversification of Equity funds that provide tax benefits to investors who invest into diversified equity funds based on the amount that is invested in the funds are called as Equity Linked Savings Scheme (ELSS). Tax Saving Funds are the other name by which Equity Linked Savings Scheme are known as.

In the year 1991, the Government of India came up with the idea of the ELSS so that small investors could be encouraged to bring them into the equity investment culture. This was done so as to draw investors to invest and bring about growth to the country.

On December 28, 1992, ELSS Regulations came into existence with the implementation of Notification No. S. O 928 (E). Amendments were made to this on December 22, 1998 with the implementation of Notification No. S. O. 1092 (E). Furthermore, on November 3, 2005, another amendment was passed with the implementation of Amendment No. S. O. 1563 (E). To begin with, the floating Close-ended funds as Tax Savings funds were promoted. Every year after that, there were several new funds were floated every year. All these moves were made so that the investor may reap tax benefits. After initiating an ELSS account, the investor is eligible for a tax refund under section 88 of the Income Tax Act. It was possible to receive a 30% tax rebate. In any given fiscal year, you might claim a tax break on investments up to the tune of Rs. 10,000. This meant that an investor who put in Rs. 10,000 through ELSS would have the opportunity to set aside Rs. In the 2005–2006 fiscal year, this was modified, and the investment amount was increased to Rs. 1,00,000 to

take advantage of the tax benefit provided by u/s 80C. As a result, the investor's income dropped by Rs. 1,00,000, and the investment amount dropped by the same amount.

Following is the tax benefit Table of ELSS funds.

1. Table 1.01 Income Tax Benefits on ELSS Investment

Income tax benefits on ELSS Investment			
Year	Type of Benefit	Eligible Investment (Rs)	Maximum Benefit
On or before March 31, 2005	Rebate u/s 88	10,000	30%
On or after April 1, 2005	Deduction u/s 80 C	1,00,000	30%

From April 1, 2015, the Eligibility limit on investment was appraised to Rs. 1,50,000

Source: Finance Act 2005 and 2015

Once an investment in ELSS is made, it can't be redeemed or transferred to someone else or pledged or assigned for a duration of 3 years. This means that there is a lock timeframe in place which is that 3 years period. In case the investor dies, the investment can be withdrawn by the nominee after a period of 1 year from the date of allotment. This is the only way the investment can be withdrawn by the nominee.

A minimum of 80 percent of the corpus of the investment must be made into equity shares and securities that are related to equity shares. When there are new investments made, the 80 percent limit must be attained within a 6 months period from the time the subscription has been closed. In exceptional circumstances only, this regulation is relaxed. This is done so that the interest of the investor is kept in mind. This is how ELSS regulates the investment pattern of the fund.

Tax is charged on ELSS funds the same way tax is charged on equity funds, this is because ELSS funds represent a kind of equity funds. The investor does not need to pay tax on the dividends earned from the ELSS funds. The same applies true to the non-payment of tax

on Dividend Distribution Tax. The capital profits that are gained from selling ELSS units are viewed as long term capital gains as the ELSS funds are to be held for a period of 3 years by default. Due to this long-term period lock on the ELSS funds, no tax needs to be paid on these capital gains. On all three stages, the ELSS investments are favored by the EEE status, i.e., Exempt – Exempt – Exempt. The three stages that we are talking about are the Investment, accumulation and withdrawal stages. The Investor is also exempt from taxation on the amount that the investor has made into the ELSS throughout the financial year. Even the dividends that are paid throughout the time are exempt from taxes.

As on March 31, 200, below mentioned is the tax treatment of the ELSS fund returns.

2. Table 1.02 Tax Treatment of the ELSS fund returns

Income Tax Treatment of Returns earned on ELSS Mutual funds March 31, 2013		
Form of Return	Tax Rate	Remarks
Dividend Income	0%	Dividend Distribution Tax is not applicable
Long Term Capital Gains	0%	
Short Term Capital Gains	N.A.	Due to its Long-term nature of 3 years, Tax is not applicable.

Source: Income Tax Act AY 2013-14

Below is a list of alternative investments that qualify for the same tax break as those made under Section 80C of the Income Tax Act for the current fiscal year.

3. Table 1.03 Alternative Investments

List of Tax Saving Investments under Section 80C of Income Tax Act			
Eligibility Investment	Returns* Percentage	Lock in Period	Returns Taxation
Life Insurance Premiums	Variable	5 Years for ULIP / 2 Years for Traditional Plans	Exempt – Exempt – Exempt (EEE)#
Employees Provident Fund Contributions	8.50%	5 Years	EEE#
Tax Saving Bank Fixed Deposit	8.75%	5 Years	Interest Taxable at Marginal Rates
Tax Saving Post Office Fixed Deposit	8.50%	5 Years	Interest Taxable at Marginal Rates
National Savings Certificate VIII Issue	8.60%	5 Years	Interest Taxable but eligible for Reinvestment Deduction
National Savings Certificate IX Issue	8.90%	10 Years	Interest Taxable but eligible for Sec 80C Reinvestment Deduction
Public Provident Fund	8.80%	6 Years	EEE

*Returns as on March 31, 2020

#Subject to conditions

Sources: Compiled from Post office, SBI, EPF and LIC Websites.

1.7 Industry Trends

For an economy to develop, one of the most important roles played in capital formation is the savings and investments of households. The average savings of householders in India has always been over averages over the past many years. The table below shows the average gross savings of the Indian householders. This is viewed in Percentages of the GDS from the year 2000 to 2013 which is at 29 per cent which stands at 23 per cent compared to the world average.

4. Table 1.04 Percentages of the GDS from the year 2000 to 2013

Gross Domestic Savings as a Percentage of GDP														
Country Name/Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	24	24	24	24	24	25	26	26	27	28	27	28	28	27
Brazil	17	17	18	19	21	21	21	21	21	18	21	21	20	19
China	37	38	40	43	45	46	49	49	50	51	50	49	50	50
Germany	24	24	24	23	24	24	25	27	27	23	25	26	25	25
France	23	23	23	22	22	22	22	23	22	20	20	21	20	20
United Kingdom	18	17	16	16	16	16	16	17	15	13	14	15	14	15
India	23	25	24	25	31	32	33	34	30	31	32	32	30	29
Japan	27	25	24	24	24	24	24	25	23	20	21	19	19	18
Korea, Rep.	35	33	32	34	36	35	33	34	33	33	35	34	34	34
Russian Federation	39	35	31	32	33	34	34	33	35	26	31	34	32	29
United States	20	19	18	17	17	18	18	17	16	15	15	15	16	16
World Average	24	23	23	23	24	24	24	25	24	22	22	22	23	23

Source: World Bank Data

After Provident funds and Life Insurance, most households in India take a liking toward bank deposits. The post office deposit schemes that are Government small saving schemes have begun to crumble over a period of time. Investors interest in the equity shares and debentures as well as mutual funds have stopped trending as with the savings of investors

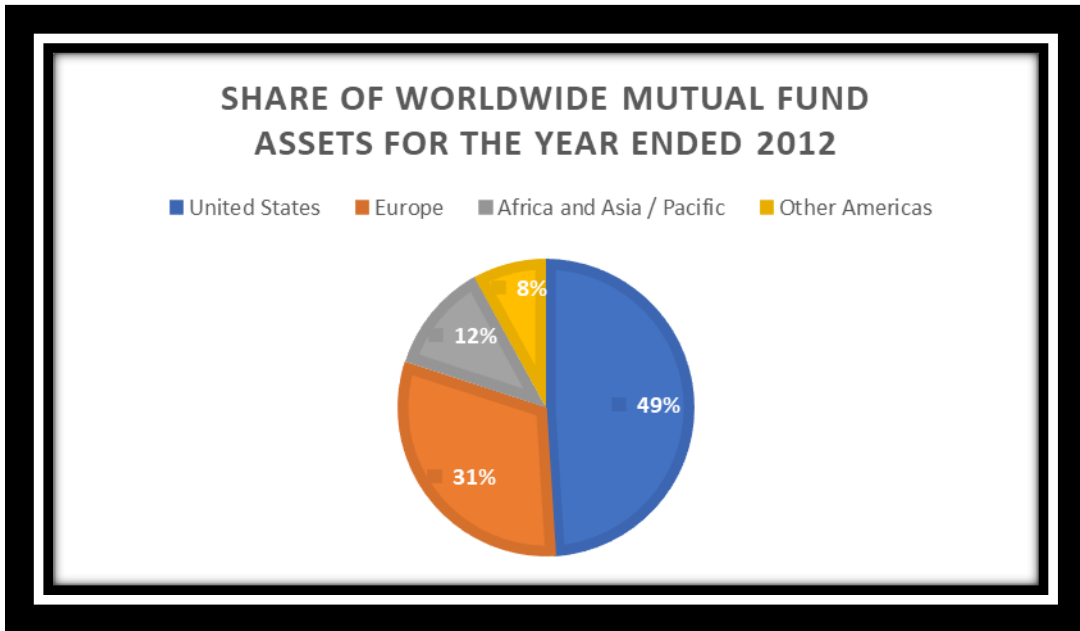
in the banks. From the below table, it is visible that the mutual funds have a share of 1 percentage in regards to the financial savings in the year 2000 – 2001. This amount has grown to 8 percent from that period to the period of 2007 – 2008. This has declined to 3 percent by the period of 2012 – 2013.

5. Table 1.05 Percentage of Gross Financial Savings of Household Sector

Percentage of Gross Financial Savings of Household Sector									
Items / Year	2000 - 2001	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013
Currency	6	9	10	11	13	10	13	11	10
Deposits	41	47	49	52	59	47	51	58	56
Shares & Debentures	3	1	4	4	4	1	1	1	1
Mutual Funds	1	4	5	8	-1	3	-1	-1	3
Govt. Sec & Small Savings	16	15	3	-4	-3	4	3	-3	-1
Life Insurance	14	14	17	18	20	23	20	20	16
Provident & Pension Funds	19	11	11	10	10	12	13	14	15

By the end of 2012, the global market for mutual funds had reached \$26.8 trillion. Approximately 49% of the global mutual fund market is handled by funds based in the United States. Only 0.43 percent of the total mutual funds in existence are located in India. The Investment Company Institute provided all of the information used here.

1. Graph 1.01 Share of Worldwide Mutual Fund Assets for the year Ended 2012



Source: ICI Fact Book 2012

6. Table 1.06 Worldwide Total Net Assets of Mutual Funds in \$ Millions

Worldwide Total Net Assets of Mutual Funds in \$ Millions								
		2006	2007	2008	2009	2010	2011	2012
World		21808884	26131496	18920057	22945623	24710398	23796672	26837407
Americas		11470489	13423089	10581988	12578593	13598071	13530122	15139998
	United States	10397935	12001463	9603649	11112970	11831878	11627357	13045221
Europe		78,03,877	89,34,861	62,31,116	75,45,53	79,03,389	72,20,298	82,30,061
	Austria	1,28,236	1,38,709	93,269	99,628	94,670	81,038	89,125
	Belgium	1,37,291	1,49,842	1,05,057	1,06,721	96,288	81,505	81,651
	Bulgaria	N/A	N/A	226	256	302	291	324
	Czech Republic	6,488	7,595	5,260	5,436	5,508	4,445	5,001
	Denmark	95,601	1,04,083	65,182	83,024	89,800	84,891	1,03,506
	Finland	67,804	81,136	48,750	66,131	71,210	62,193	73,985
	France	17,69,258	19,89,690	15,91,082	18,05,641	16,17,176	13,82,068	14,73,085
	Germany	3,40,325	3,72,072	2,37,986	3,17,543	3,33,713	2,93,011	3,27,640
	Greece	27,604	29,807	12,189	12,434	8,627	5,213	6,011
	Hungary	8,472	12,573	9,188	11,052	11,532	7,193	8,570
	Ireland	8,55,011	9,51,371	7,20,486	8,60,515	10,14,104	10,61,051	12,76,601
	Italy	4,52,798	4,19,687	2,63,588	2,79,474	2,34,313	1,80,754	1,81,720
	Liechtenstein	17,315	25,103	20,489	30,329	35,387	32,606	31,951
	Luxembourg	21,88,278	26,85,065	18,60,763	22,93,973	25,12,874	22,77,465	26,41,964
	Malta	N/A	N/A	N/A	N/A	N/A	2,132	3,033
	Netherlands	1,08,560	1,13,759	77,379	95,512	85,924	69,156	76,145
	Norway	54,075	74,709	41,157	71,170	84,505	79,999	98,723
	Poland	28,959	45,542	17,782	23,025	25,595	18,463	25,883
	Portugal	31,214	29,732	13,572	15,808	11,004	7,321	7,509
	Romania	247	390	326	1,134	1,713	2,388	2,613
	Russia	5,659	7,175	2,026	3,182	3,917	3,072	N/A
	Slovakia	3,168	4,762	3,841	4,222	4,349	3,191	2,952
	Slovenia	2,486	4,219	2,067	2,610	2,663	2,279	2,370
	Spain	3,67,918	3,96,534	2,70,983	2,69,611	2,16,915	1,95,220	1,91,284
	Sweden	1,76,968	1,94,955	1,13,331	1,70,277	2,05,449	1,79,707	2,05,733
	Switzerland	1,59,517	1,76,282	1,35,052	1,68,260	2,61,893	2,73,061	3,10,686
	Turkey	15,462	22,609	15,404	19,426	19,545	14,048	16,478
	United Kingdom	7,55,163	8,97,460	5,04,681	7,29,141	8,54,413	8,16,537	9,85,517
Asia and Pacific		24,56,492	36,78,325	20,37,536	27,15,234	30,67,323	29,21,276	33,22,198
	Australia	8,64,234	11,92,988	8,41,133	11,98,838	14,55,850	14,40,128	16,67,128
	China	N/A	4,34,063	2,76,303	3,81,207	3,64,985	3,39,037	4,37,449
	Hong Kong	6,31,055	8,18,421	N/A	N/A	N/A	N/A	N/A
	India	58,219	1,08,582	62,805	1,30,284	1,11,421	87,519	1,14,489
	Japan	5,78,883	7,13,998	5,75,327	6,60,666	7,85,504	7,45,383	7,38,488
	Korea, Rep. of	2,51,930	3,29,979	2,21,992	2,64,573	2,66,495	2,26,716	2,67,582
	New Zealand	12,892	14,925	10,612	17,657	19,562	23,709	31,145
	Pakistan	2,164	4,956	1,985	2,224	2,290	2,984	3,159
	Philippines	1,544	2,090	1,263	1,488	2,184	2,363	3,566
	Taiwan	55,571	58,323	46,116	58,297	59,032	53,437	59,192
Africa		78,026	95,221	69,417	1,06,261	1,41,615	1,24,976	1,45,150
	South Africa	78,026	95,221	69,417	1,06,261	1,41,615	1,24,976	1,45,150

Source: ICI Fact Book 2012

7. Table 1.07 Mutual Fund Industry Summary Statistics as on 31-08-2013

Mutual Fund Industry Summary Statistics as on 31.08.2013													
Sl. No.	AMC Name	Inception Date	Total		Equity		Debt		Other		Total No. of Schemes	Open Ended	Close Ended
			AUM ₹ (Cr.)	% of Total	AUM ₹ (Cr.)	% of Total	AUM ₹ (Cr.)	% of Total	AUM ₹ (Cr.)	% of Total			
1	Axi Asset Management Company Ltd.	13-Jan-2009	9329.10	1.3%	1587.79	0.9%	5519.85	1.2%	2221.46	1.3%	115	105	10
2	Baroda Pioneer Asset Management Company Limited	05-Nov-1992	3990.86	0.6%	304.76	0.2%	3351.04	0.7%	335.06	0.5%	77	77	0
3	Birla Sunlife Asset Management Company Limited	05-Sep-1994	67770.60	9.5%	10238.03	5.7%	51939.03	11.2%	5598.54	8.4%	383	348	35
4	BNP Paribas Asset Management India Pvt. Ltd.	04-Nov-2003	3430.82	0.5%	280.26	0.2%	2859.78	0.6%	290.78	0.4%	90	90	0
5	BOI AXA Investment Managers Private Limited	13-Aug-2007	430.47	0.1%	93.95	0.1%	337.32	0.1%	-0.80	0.0%	55	55	0
6	Canara Robeco Asset Management Company Limited	02-Mar-1993	6321.21	0.9%	1632.32	0.9%	3265.89	0.7%	1422.99	2.1%	116	116	0
7	Deutsche Asset Management (India) Private Limited	21-Mar-2002	15367.11	2.2%	179.16	0.1%	12895.16	2.8%	2292.80	3.4%	255	214	41
8	DSP BlackRock Investment Managers Private Limited	13-May-1996	31635.07	4.4%	9608.70	5.3%	18384.31	4.0%	3642.06	5.5%	188	162	26
9	Edelweiss Asset Management Limited	23-Aug-2007	224.40	0.0%	48.79	0.0%	133.27	0.0%	42.35	0.1%	68	68	0
10	Escorts Asset Management Limited	01-Dec-1995	247.17	0.0%	11.44	0.0%	194.17	0.0%	41.57	0.1%	60	60	0
11	Franklin Templeton Asset Management (India) Private Limited	06-Oct-1995	38863.78	5.5%	12849.96	7.1%	23221.60	5.0%	2792.23	4.2%	211	205	6
12	Goldman Sachs Asset Management (India) Private Limited	10-Mar-2008	4605.28	0.6%	754.90	0.4%	0.00	0.0%	3850.38	5.8%	23	23	0
13	HDFC Asset Management Company Limited	10-Dec-1999	97295.60	13.7%	37699.26	20.9%	52313.54	11.3%	7282.79	10.9%	285	253	32
14	HSBC Global Asset Management (India) Private Limited	12-Dec-2001	5111.17	0.7%	1406.03	0.8%	3329.93	0.7%	375.21	0.6%	115	115	0
15	ICICI Prudential Asset Management Company Limited	22-Jun-1993	77628.53	10.9%	15284.51	8.5%	56153.40	12.1%	6190.62	9.3%	604	529	75
16	IDBI Asset Management Ltd.	25-Jan-2010	3914.21	0.6%	240.72	0.1%	3876.50	0.8%	-203.01	-0.3%	65	61	4
17	IDFC Asset Management Company Limited	20-Nov-1999	32505.25	4.6%	4961.29	2.8%	25559.62	5.5%	1984.35	3.0%	284	265	19
18	India Infoline Asset Management Co. Ltd.	22-Mar-2010	204.94	0.0%	44.50	0.0%	158.49	0.0%	1.95	0.0%	9	6	3
19	Indiabulls Asset Management Company Limited	10-Apr-2008	958.68	0.1%	5.21	0.0%	1225.78	0.3%	-272.31	-0.4%	30	30	0
20	JM Financial Asset Management Private Limited	09-Jun-1994	3053.38	0.4%	439.92	0.2%	2163.49	0.5%	449.97	0.7%	138	138	0
21	JPMorgan Asset Management India Private Limited	20-Sep-2006	12509.58	1.8%	316.47	0.2%	11306.94	2.4%	886.17	1.3%	92	74	18
22	Kotak Mahindra Asset Management Company Limited	05-Aug-1994	29322.14	4.1%	2697.94	1.5%	24469.30	5.3%	2154.89	3.2%	187	185	2
23	L&T Investment Management Limited	25-Apr-1996	11391.03	1.6%	4432.43	2.5%	6026.66	1.3%	931.94	1.4%	171	156	15
24	LIC Nomura Mutual Fund Asset Management Company Limited	20-Apr-1994	6112.16	0.9%	685.49	0.4%	4588.30	1.0%	838.36	1.3%	105	97	8
25	Mirae Asset Global Investment Management (India) Private Limited	20-Nov-2006	523.61	0.1%	432.78	0.2%	32.18	0.0%	58.65	0.1%	48	48	0
26	Motilal Oswal Asset Management Company Limited	14-Nov-2008	464.96	0.1%	219.17	0.1%	169.61	0.0%	76.18	0.1%	8	8	0
27	Peerless Funds Management Co. Ltd.	09-Apr-2009	2447.53	0.3%	46.56	0.0%	2253.42	0.5%	147.54	0.2%	56	56	0
28	PineBridge Investments Asset Management Company (India) Private Limited	30-Oct-2006	1011.10	0.1%	175.72	0.1%	674.24	0.1%	161.14	0.2%	62	62	0
29	Pramerica Asset Managers Private Limited	24-Sep-2008	1604.45	0.2%	93.28	0.1%	1569.82	0.3%	-58.66	-0.1%	75	75	0
30	Principal Pnb Asset Management Company Private Limited	20-Nov-1991	3661.01	0.5%	1553.24	0.9%	1538.54	0.3%	569.23	0.9%	130	128	2
31	Quantum Asset Management Company Private Limited	19-Sep-2005	293.58	0.0%	144.78	0.1%	34.51	0.0%	114.28	0.2%	13	13	0
32	Reliance Capital Asset Management Limited	24-Feb-1995	83690.82	11.8%	24946.22	13.9%	48665.86	10.5%	10078.74	15.1%	358	310	48
33	Religare Invesco Asset Management Company Pvt Ltd.	20-May-2005	10881.97	1.5%	537.26	0.3%	8949.13	1.9%	1395.58	2.1%	183	178	5
34	Sahara Asset Management Company Private Limited	31-Aug-1995	231.91	0.0%	59.90	0.0%	148.04	0.0%	23.97	0.0%	88	88	0
35	SBI Funds Management Private Limited	07-Feb-1992	53841.59	7.6%	13378.49	7.4%	33317.23	7.2%	7145.88	10.7%	239	219	20
36	Sundaram Asset Management Company Limited	26-Feb-1996	12884.18	1.8%	5609.57	3.1%	6224.28	1.3%	1050.33	1.6%	230	216	14
37	Tata Asset Management Limited	15-Mar-1994	15713.98	2.2%	4184.27	2.3%	10931.53	2.4%	598.19	0.9%	244	235	9
38	Taurus Asset Management Company Limited	27-Jul-1993	1954.03	0.3%	345.47	0.2%	1618.36	0.3%	-9.80	0.0%	66	66	0
39	Union KBC Asset Management Company Pvt. Ltd.	30-Dec-2009	1665.85	0.2%	190.39	0.1%	1345.29	0.3%	130.16	0.2%	42	37	5
40	UTI Asset Management Company Private Limited	14-Nov-2002	58045.88	8.2%	22393.63	12.4%	33459.00	7.2%	2198.26	3.3%	306	287	19
	Total		711137.98		180114.57	25.3%	464203.42	65.3%	66820.00	9.4%	5874	5458	416

Source: ACE MF Database

For the past 20 or more years, Mutual funds has existed in India as a full-fledged industry, but has only been given permission to private players only from the year 1992 onward. As the economy has grown, so has the mutual fund industry. There have been changes in how the mutual fund industry has been regulated over this period of time so that the investors can be benefited out of it.

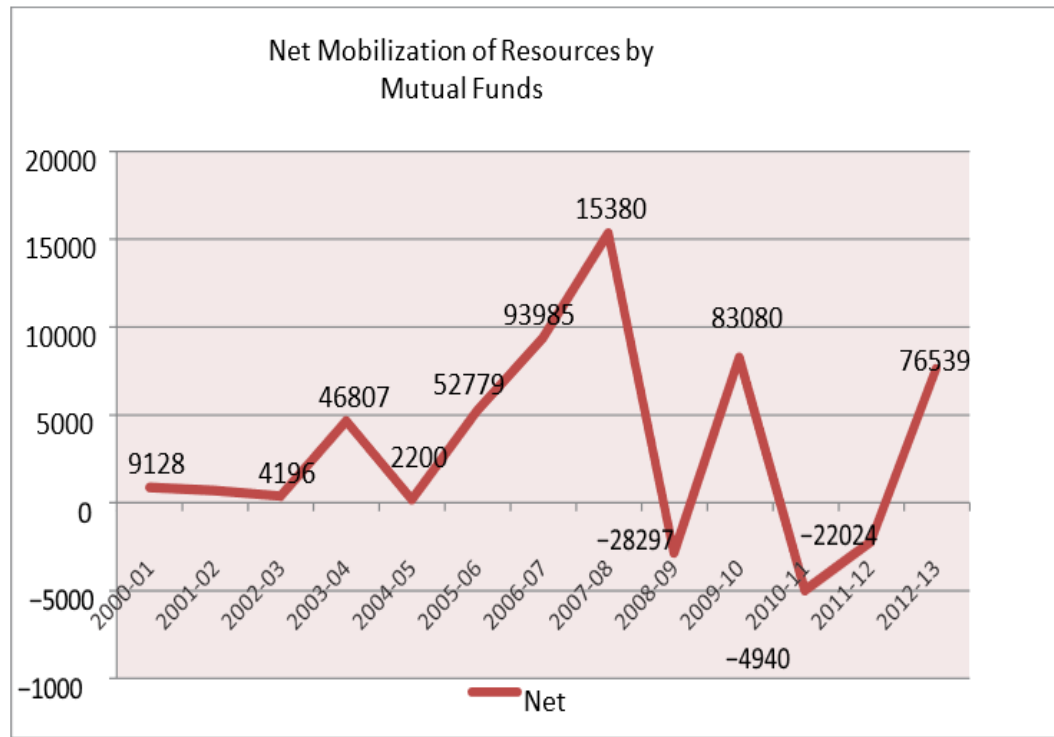
There are over 40 mutual fund houses that are active and operating as on March 31, 2013. A sum of Rs 7.11 Lac Crores is the AUM of the mutual funds industry as on March 31, 2013, this amount is from the 5458 open ended schemes and the 416 close ended schemes that make up a total of 5874 schemes. The amount of Equity AUM is Rs. 1.80 Lac crores which makes up 25.3 percent of the total AUM. 65.3 percent of the total Aum makes up of the Debt funds which also includes the liquid funds that account for the AUM of Rs 4.64 Lac crores. The following table shows that the debt fund compared to the equity fund has a bigger AUM. In close comparison of the years 2000 – 2001 till 2012 – 2013, it can be noticed that the AUM of the industry total has grown at a CAGR of 17.24 percent per year.

8. Table 1.08 Resource Mobilization by Mutual Funds for the period 2000-01 to 2012-13

Resource Mobilization by Mutual Funds for the period 2000-01 to 2012-13 (in 3Crore)			
Year	Gross Mobilization	Repurchase / Redemption	Net Mobilization
2000-01	92957	83829	9128
2001-02	164523	157348	7175
2002-03	314706	310510	4196
2003-04	590189	543382	46807
2004-05	839708	837508	2200
2005-06	1098149	1045370	52779
2006-07	1938493	1844508	93985
2007-08	4464376	4310575	153801
2008-09	5426353	5454650	-28297
2009-10	10019022	9935942	83080
2010-11	8859515	8908921	-49406
2011-12	6819678	6841702	-22024
2012-13	7267885	7191346	76539

Source: Annual Reports of SEBI

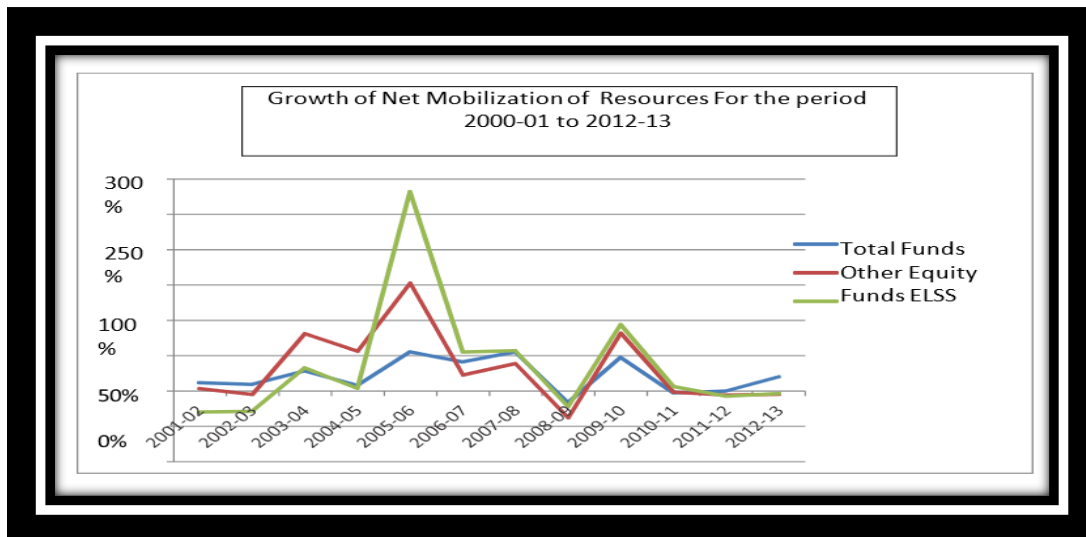
2. Graph 1.02 Net Mobility of Resources by Mutual Funds



Source: Based on Table 1.08

In Table 1.08, we can see how the mutual fund business has shifted its resources from 2000–2001 to 2012–2013. The mutual fund industry transition increased from Rs 9128 crores in 2000–2001 to Rs 76539 crores in 2012–2013. In the past 13 years, three changes have been for the worse. Over the course of 2008–2009, 2010–2011, and 2011–2012, redemptions exceeded gross mobilization. That's what Graph 1.02 shows. The scheme-specific gross mobilization, redemption, and net flow of funds are shown in Tables 1.06, 1.07, and 1.08.

3. Graph 1.03 Growth of Net Mobilization of Resources for the Period 2000 - 01 to 2012-13



Source: Based on Table 1.08

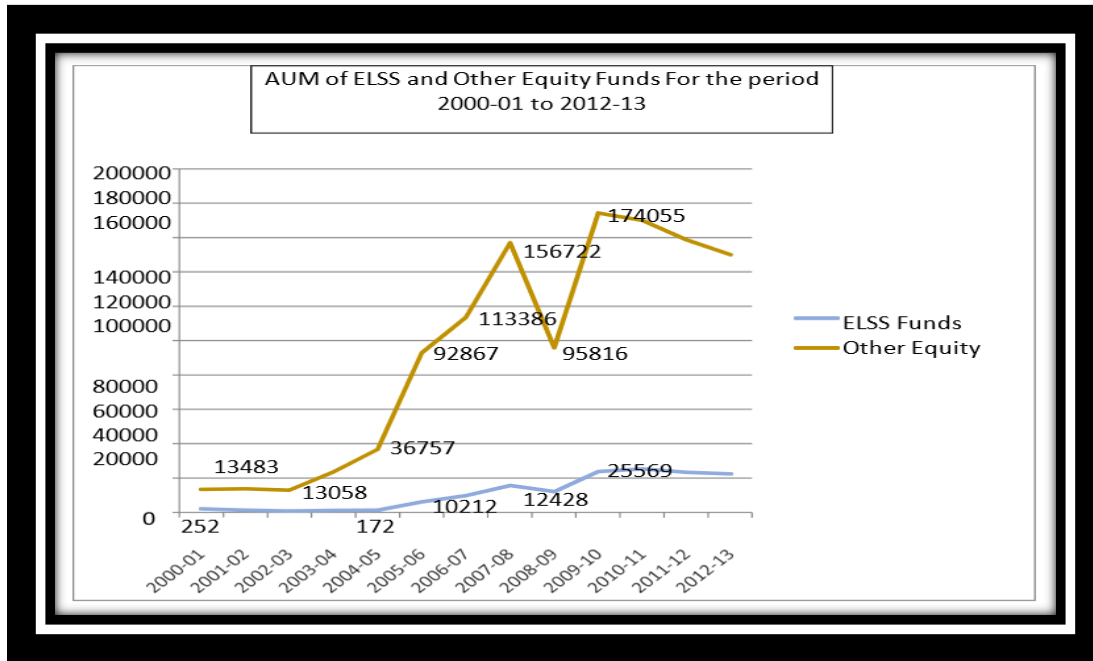
Growth went up from Rs 13283 crores in the year 2000 – 2001 to Rs 149762 crores in the year 2012 – 2013 in the AUM of equity schemes which does not include ELSS schemes. During the same period ELSS fund AUM also grew from Rs 2523 crores to Rs 22746 crores. The CAGR of Equity fund AUM was 21.26 percent per annum between 2000 – 2001 and 2012 – 2013. During the same period of time, the CAGR of ELSS was 18.94 percent per annum.

9. Table 1.09 Scheme wise Assets under Management for the Years 2000-01 to 2012-13

Year	Liquid		Debt		Equity		ELSS		Balanced		Gold / Other ETF's		Overseas FOF		Total	
	No. of Schemes	Net Assets ₹ Crs.	No. of Schemes	Net Assets ₹ Crs.	No. of Schemes	Net Assets ₹ Crs.	No. of Schemes	Net Assets ₹ Crs.	No. of Schemes	Net Assets ₹ Crs.	No. of Schemes	Net Assets ₹ Crs.	No. of Schemes	Net Assets ₹ Crs.	No. of Schemes	Net Assets ₹ Crs.
2000-01	27	4128	148	51179	110	13483	77	2523	32	19274	0	0	0	0	394	90587
2001-02	30	8069	175	59951	115	13853	63	1767	34	16954	0	0	0	0	417	100594
2002-03	32	13734	170	67177	121	13058	47	1258	36	14072	0	0	0	0	406	109299
2003-04	36	41704	161	68550	126	23613	43	1668	37	4080	0	0	0	0	403	139615
2004-05	39	54068	188	52182	151	36757	37	1727	35	4867	0	0	0	0	450	149601
2005-06	45	61500	280	63413	194	92867	37	6589	36	7493	0	0	0	0	592	231862
2006-07	55	72006	395	121579	227	113386	40	10212	38	9110	0	0	0	0	755	326293
2007-08	58	89402	535	223595	270	156722	43	16020	37	16283	13	3130	0	0	956	505152
2008-09	56	90594	543	209756	293	95816	47	12428	35	10629	17	1396	10	2681	1001	417300
2009-10	56	78094	402	315110	307	174055	48	24066	33	17246	21	2547	15	2862	882	613980
2010-11	51	73666	628	295384	328	169753	48	25569	32	18445	28	6917	16	2516	1131	592250
2011-12	55	80354	817	294503	303	158432	49	23644	30	16261	35	11493	20	2530	1309	587217
2012-13	55	93392	802	404059	297	149762	50	22746	32	16307	37	13124	21	2053	1294	701443

Source: SEBI Reports

4. Graph 1.04 AUM of ELSS and Other Equity Funds for the period 2000-01 to 2012-13



Source: Based on Table 1.09

10. Table 1.10 Scheme wise Mobilization of Gross Resources for the years 2000-01 to 2012-13

Year	Liquid		Debt		Equity		ELSS		Balanced		Gold / Other ETF's		Overseas FOF		Total	
	No. of Schemes	Mobilization ₹ Crs.	No. of Schemes	Mobilization ₹ Crs.	No. of Schemes	Mobilization ₹ Crs.	No. of Schemes	Mobilization ₹ Crs.	No. of Schemes	Mobilization ₹ Crs.	No. of Schemes	Mobilization ₹ Crs.	No. of Schemes	Mobilization ₹ Crs.	No. of Schemes	Mobilization ₹ Crs.
2000-01	27	36212	148	30835	110	17997	77	214	32	7701	0	0	0	0	394	92957
2001-02	30	104546	175	57460	115	2007	63	33	34	477	0	0	0	0	417	164523
2002-03	32	195047	170	114625	121	4618	47	22	36	394	0	0	0	0	406	314706
2003-04	36	375646	161	185327	126	26642	43	53	37	2523	0	0	0	0	403	590191
2004-05	39	638594	188	160080	151	37126	37	155	35	3755	0	0	0	0	450	839710
2005-06	45	836859	280	171270	194	82079	37	3935	36	4006	0	0	0	0	592	1098149
2006-07	55	1626790	395	212878	227	89683	40	4669	38	4473	0	0	0	0	755	1938493
2007-08	58	3432737	535	884526	270	119839	43	6448	37	11488	13	9339	0	0	956	4464377
2008-09	56	4187977	543	1195390	293	29481	47	3324	35	2695	17	5719	10	1767	1001	5426353
2009-10	56	7044818	402	2899875	307	61114	48	3600	33	4693	21	3535	15	1387	882	10019022
2010-11	51	6599724	628	2177310	328	63142	48	3450	32	7490	28	7709	16	689	1131	8859514
2011-12	55	5946498	817	807615	303	47921	49	2698	30	5027	35	8563	20	1356	1309	6819678
2012-13	55	6365420	802	848159	297	40723	50	2641	32	5205	37	5052	21	686	1294	7267886

Source : SEBI Report

11. Table 1.11 Scheme wise Repurchase/ Redemption for the years 2000-01 to 2012-13

Scheme wise Repurchase / Redemption for the Years 2000-01 to 2012-13																
Year	Liquid		Debt		Equity		ELSS		Balanced		Gold / Other ETF's		Overseas FOF		Total	
	No. of Schemes	Redemption ₹ Crs.	No. of Schemes	Redemption ₹ Crs.	No. of Schemes	Redemption ₹ Crs.	No. of Schemes	Redemption ₹ Crs.	No. of Schemes	Redemption ₹ Crs.	No. of Schemes	Redemption ₹ Crs.	No. of Schemes	Redemption ₹ Crs.	No. of Schemes	Redemption ₹ Crs.
2000-01	27	33648	148	26307	110	18299	77	656	32	4919	0	0	0	0	394	83829
2001-02	30	101255	175	47687	115	2260	63	314	34	5831	0	0	0	0	417	157348
2002-03	32	190042	170	113849	121	3917	47	679	36	2022	0	0	0	0	406	310510
2003-04	36	351069	161	170299	126	18957	43	519	37	2536	0	0	0	0	403	543380
2004-05	39	628246	188	175672	151	29832	37	349	35	3410	0	0	0	0	450	837509
2005-06	45	832654	280	158854	194	50440	37	343	36	3079	0	0	0	0	592	1045370
2006-07	55	1621805	395	153796	227	65929	40	216	38	2762	0	0	0	0	755	1844508
2007-08	58	3417761	535	795635	270	79056	43	297	37	5720	13	12106	0	0	956	4310575
2008-09	56	4191576	543	1223952	293	28425	47	356	35	2634	17	6718	10	989	1001	5454650
2009-10	56	7056891	402	2806594	307	60519	48	2047	33	5386	21	2752	15	1754	882	9935943
2010-11	51	6603244	628	2214133	328	76547	48	3184	32	6145	28	4072	16	1596	1131	8908921
2011-12	55	5953603	817	826164	303	47657	49	2841	30	4645	35	5540	20	1254	1309	6841704
2012-13	55	6362194	802	761202	297	53669	50	4282	32	4989	37	3850	21	1160	1294	7191346

Source: SEBI Reports

12. Table 1.12 Scheme wise Net Flows of Resources for the period 2000-01 to 2012-13

Scheme wise Net Flows of Resources for the period 2000-01 to 2012-13												
Year	Liquid		Debt		Equity		ELSS		Balanced		Total	
	Schemes	Net Flow	Schemes	Net Flow	Schemes	Net Flow	Schemes	Net Flow	Schemes	Net Flow	No. of Schemes	Net Flow
2000-01	27	2564	148	4527	110	-303	77	-442	32	2782	394	9128
2001-02	30	3291	175	9773	115	-253	63	-282	34	-5354	417	7175
2002-03	32	5005	170	776	121	701	47	-657	36	-1628	406	4196
2003-04	36	24577	161	15028	126	7685	43	-466	37	-13	403	46811
2004-05	39	10348	188	-15592	151	7294	37	-194	35	345	450	2201
2005-06	45	4205	280	12416	194	31639	37	3592	36	927	592	52779
2006-07	55	4985	395	59082	227	23753	40	4453	38	1711	755	93984
2007-08	58	14976	535	88891	270	40782	43	6151	37	5768	956	153801
2008-09	56	-3599	543	-28562	293	1055	47	2969	35	61	1001	-28296
2009-10	56	-12074	402	93281	307	595	48	1554	33	-693	882	83079
2010-11	51	-3520	628	-36823	328	-13405	48	266	32	1345	1131	-49407
2011-12	55	-7104	817	-18549	303	264	49	-143	30	382	1309	-22024
2012-13	55	3226	802	86956	297	-12946	50	-1641	32	216	1294	76539

Source: SEBI Reports

The share of the total Industry AUM as on March 31, 2013 is as follows. HDFC Mutual funds has 13.68 percentage at the first place, Reliance Mutual funds has 11.77 percent and was ranked at second place, with 10.92 percent ICICI Prudent Mutual Fund was ranked as the third one. The five top most mutual fund houses together contribute to 54 percent of the mutual funds.

13. Table 1.13 Ranking of Asset Management Companies based in Total AUM as on 31-03-2013

Ranking of Asset Management Companies (AMC) based on Total Assets Under Management as on 31.03.2013			
Rank	AMC	Total AUM ₹ Crs .	% Share
1	HDFC Asset Management Company Limited	97295.60	13.68%
2	Reliance Capital Asset Management Limited	83690.82	11.77%
3	ICICI Prudential Asset Management Company Limited	77628.53	10.92%
4	Birla Sunlife Asset Management Company Limited	67770.60	9.53%
5	UTI Asset Management Company Private Limited	58045.88	8.16%
6	SBI Funds Management Private Limited	53841.59	7.57%
7	Franklin Templeton Asset Management (India) Private Limited	38863.78	5.47%
8	IDFC Asset Management Company Limited	32505.25	4.57%
9	DSP BlackRock Investment Managers Private Limited	31635.07	4.45%
10	Kotak Mahindra Asset Management Company Limited	29322.14	4.12%
11	Tata Asset Management Limited	15713.98	2.21%
12	Deutsche Asset Management (India) Private Limited	15367.11	2.16%
13	Sundaram Asset Management Company Limited	12884.18	1.81%
14	JPMorgan Asset Management India Private Limited	12509.58	1.76%
15	L&T Investment Management Limited	11391.03	1.60%
16	Religare Invesco Asset Management Company Pvt Ltd	10881.97	1.53%
17	Axis Asset Management Company Ltd.	9328.10	1.31%
18	Canara Robeco Asset Management Company Limited	6321.21	0.89%
19	LIC Nomura Mutual Fund Asset Management Company Private Limited	6112.16	0.86%
20	HSBC Global Asset Management (India) Private Limited	5111.17	0.72%
21	Goldman Sachs Asset Management (India) Private Limited	4605.28	0.65%
22	Baroda Pioneer Asset Management Company Limited	3990.86	0.56%
23	IDBI Asset Management Ltd.	3914.21	0.55%
24	Principal Pnb Asset Management Company Private Limited	3661.01	0.51%
25	BNP Paribas Asset Management India Pvt. Ltd.	3430.82	0.48%
26	JM Financial Asset Management Private Limited	3053.38	0.43%
27	Peerless Funds Management Co. Ltd.	2447.53	0.34%
28	Taurus Asset Management Company Limited	1954.03	0.27%
29	Union KBC Asset Management Company Pvt. Ltd.	1665.85	0.23%
30	Pramerica Asset Managers Private Limited	1604.45	0.23%
31	PineBridge Investments Asset Management Company Private Limited	1011.10	0.14%
32	Indiabulls Asset Management Company Limited	958.68	0.13%
33	Mirae Asset Global Investment Management (India) Private Limited	523.61	0.07%
34	Motilal Oswal Asset Management Company Limited	464.96	0.07%
35	BOI AXA Investment Managers Private Limited	430.47	0.06%
36	Quantum Asset Management Company Private Limited	293.58	0.04%
37	Escorts Asset Management Limited	247.17	0.03%
38	Sahara Asset Management Company Private Limited	231.91	0.03%
39	Edelweiss Asset Management Limited	224.40	0.03%
40	India Infoline Asset Management Co. Ltd.	204.94	0.03%

Source: Compiled from ACE MF Database

In the Equity AUM HDFC and Reliance Mutual funds still held first and second ranks with a percentage of 20.93 and 13.85 respectively, at number 3 was the UTI Mutual fund with 12.43 percent share. As per Table 1.14, 63 percent was in the control of the top five fund houses and 87 percentage of the Equity AUM was held by the top ten houses together.

14. Table 1.14 Ranking of Asset Management Companies based in Equity Assets under Management as on 31-03-2013

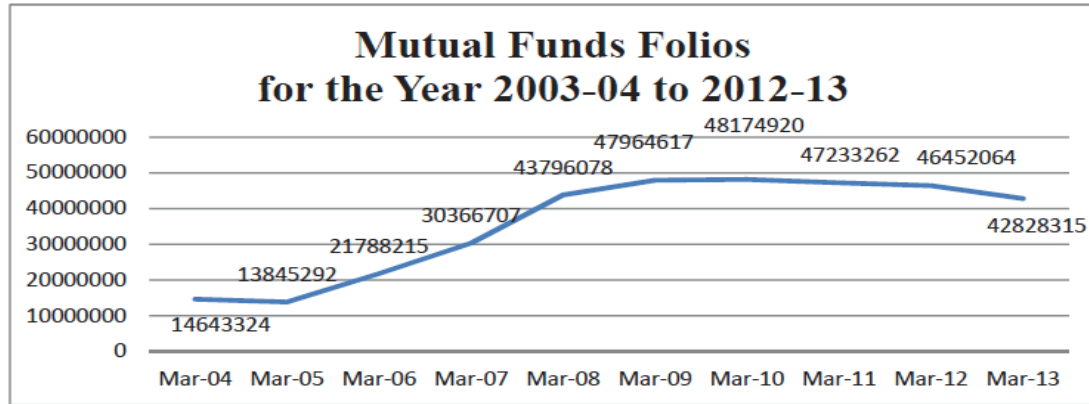
Ranking of Asset Management Companies (AMC) based on Equity Assets Under Management as on 31.03.2013			
Rank	AMC	Total AUM ₹ Crs.	% Share
1	HDFC Asset Management Company Limited	37699.26	20.93%
2	Reliance Capital Asset Management Limited	24946.22	13.85%
3	UTI Asset Management Company Private Limited	22393.63	12.43%
4	ICICI Prudential Asset Management Company Limited	15284.51	8.49%
5	SBI Funds Management Private Limited	13378.49	7.43%
6	Franklin Templeton Asset Management (India) Private Limited	12849.96	7.13%
7	Birla Sunlife Asset Management Company Limited	10238.03	5.68%
8	DSP BlackRock Investment Managers Private Limited	9608.70	5.33%
9	Sundaram Asset Management Company Limited	5609.57	3.11%
10	IDFC Asset Management Company Limited	4961.29	2.75%
11	L&T Investment Management Limited	4432.43	2.46%
12	Tata Asset Management Limited	4184.27	2.32%
13	Kotak Mahindra Asset Management Company Limited	2697.94	1.50%
14	Canara Robeco Asset Management Company Limited	1632.32	0.91%
15	Axis Asset Management Company Ltd.	1587.79	0.88%
16	Principal Pnb Asset Management Company Private Limited	1553.24	0.86%
17	HSBC Global Asset Management (India) Private Limited	1406.03	0.78%
18	Goldman Sachs Asset Management (India) Private Limited	754.90	0.42%
19	LIC Nomura Mutual Fund Asset Management Company Limited	685.49	0.38%
20	Religare Invesco Asset Management Company Pvt Ltd.	537.26	0.30%
21	JM Financial Asset Management Private Limited	439.92	0.24%
22	Mirae Asset Global Investment Management (India) Private Limited	432.78	0.24%
23	Taurus Asset Management Company Limited	345.47	0.19%
24	JPMorgan Asset Management India Private Limited	316.47	0.18%
25	Baroda Pioneer Asset Management Company Limited	304.76	0.17%
26	BNP Paribas Asset Management India Pvt. Ltd.	280.26	0.16%
27	IDBI Asset Management Ltd.	240.72	0.13%
28	Motilal Oswal Asset Management Company Limited	219.17	0.12%
29	Union KBC Asset Management Company Pvt. Ltd.	190.39	0.11%
30	Deutsche Asset Management (India) Private Limited	179.16	0.10%
31	PineBridge Investments Asset Management Company (India) Private Limited	175.72	0.10%
32	Quantum Asset Management Company Private Limited	144.78	0.08%
33	BOI AXA Investment Managers Private Limited	93.95	0.05%
34	Pramerica Asset Managers Private Limited	93.28	0.05%
35	Sahara Asset Management Company Private Limited	59.90	0.03%
36	Edelweiss Asset Management Limited	48.79	0.03%
37	Peerless Funds Management Co. Ltd.	46.56	0.03%
38	India Infoline Asset Management Co. Ltd.	44.50	0.02%
39	Escorts Asset Management Limited	11.44	0.01%
40	Indiabulls Asset Management Company Limited	5.21	0.00%

Source: Compiled from ACE MF Database

As on March 31, 2004, the industry managed 1.46 crore investor portfolios. By March 31, 2013, this number had grown to 4.28 crores. In ELSS funds, investor portfolios went from 13.03 lac on March 31, 2004 to 71.63 lac on March 31, 2013. In Equity funds, the portfolios went up from 67.3 lac in March 31, 2004 to 2.6 crores from March 31, 2013. During that 9 year period the CAGR of the Investor portfolios was 7.2 percent for the Mutual fund

Industry comparing it to 12.40 percent for Other Equity funds and 18.18 percent for ELSS funds.

5. Graph 1.05 Mutual Funds Folios for the year 2003-04 to 2012-13



Source: AMFI Data

68.75 percent of the Equity Funds AUM comes from the Retail Investors which excludes balanced, which includes High Net worth Investors assets in the tune of 19.54 percent (Table 1.14 & Graph 1.05). The individual investor takes part in the equity funds at a higher rate, this is shown in Table 1.14 where the Retail investors portfolio is at 98 percent and 1 percent is held by HNI portfolio. Corporates hold 80.48 percent of Liquid, 61.52 percent of Gilt and 55.5 percent of Debt funds.

15. Table 1.15 Number of Investors / Investor Folio Data for the year ended 31 March 2004 to 31 March 2013

Number of Investors / Investor Folio Data for the year ended 31st March 2004 to 31st March 2013								
Year Ended	ELSS Funds				Other Equity Funds			
	Open Ended	Close Ended	Interval Funds	Total	Open Ended	Close Ended	Interval Funds	Total
Mar-04	338427	964885		1303312	5903361	826895		6730256
Mar-05	408637	655985		1064622	7236776	739677		7976453
Mar-06	2005504	611202		2616706	13590016	1032054		14622070
Mar-07	3743736	745270		4489006	17357697	3529644		20887341
Mar-08	5968178	1205800		7173978	23030947	7561334		30592281
Mar-09	6986692	1198137		8184829	26027982	6916267	2545	32946794
Mar-10	7420739	1183342		8604081	27585831	4926855	2018	32514704
Mar-11	7369747	1081706		8451453	30424254	414257	325	30838836
Mar-12	7052948	938101		7991049	29652938	3479		29656417
Mar-13	6366243	797235		7163478	25977421	33289		26010710

Source: AMFI Data

The holding pattern in debt, gilt and liquid funds show that the investors from the corporate sector have a very high percentage of investment compared to the individual investor. 88 percent of the retail investor portfolio hold Debt funds which is 7 percent of the AUM. Retail investor hold 5 percent of the AUM but the portfolio consists of 82 percent of the gilt funds. 98 percent of the balanced funds portfolio are held by the retail investor where 52 percent of shares are in AUM. 78 percent of the portfolio of liquid funds are held by the retail investors with 1 percent of the AUM.

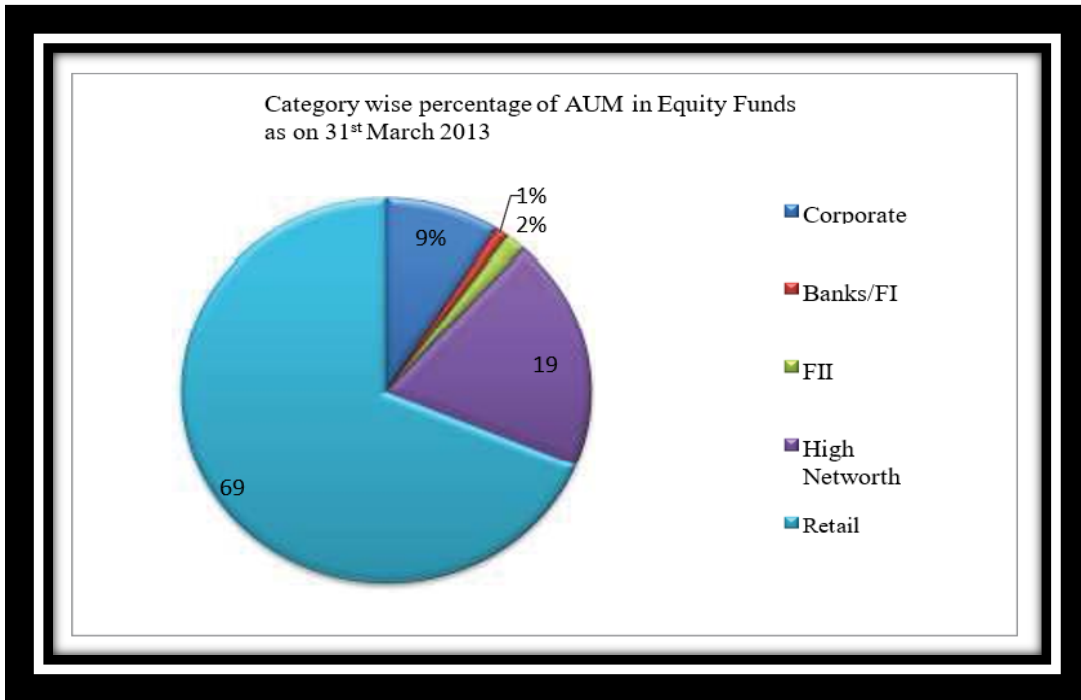
16. Table 1.16 Percentage of AUM Composition for Various Investor Categories as on 31-03-2013

% of AUM Composition for various Investor Categories as on 31.03.2013			
Types of Schemes	Investor Classification	% to Total AUM	% to Total Folios
Liquid/Money Market	Corporates	80.48	11.49
	Banks/Fis	11.3	0.13
	Fis	0.69	0.02
	High Networth Individuals*	6.17	10.8
	Retail	1.36	77.55
Gilt	Corporates	61.52	6.33
	Banks/Fis	0.42	0.06
	Fis	0.39	0.01
	High Networth Individuals*	32.32	11.47
	Retail	5.36	82.13
Debt Oriented	Corporates	55.5	3.72
	Banks/Fis	1.12	0.01
	Fis	0.4	0
	High Networth Individuals*	35.73	8.44
	Retail	7.25	87.82
Equity Oriented	Corporates	9.07	0.58
	Banks/Fis	1.01	0
	Fis	1.63	0
	High Networth Individuals*	19.54	1.02
	Retail	68.75	98.39
Balanced	Corporates	11.75	0.59
	Banks/Fis	0.26	0
	Fis	0.06	0
	High Networth Individuals*	36.19	1.98
	Retail	51.73	97.43
Gold ETF	Corporates	54.47	0.88
	Banks/Fis	0.08	0
	Fis	0.04	0
	High Networth Individuals*	18.59	2.05
	Retail	26.82	97.06
ETFs(other than Gold)	Corporates	27.66	13.45
	Banks/Fis	4.87	0.01
	Fis	6.95	0.01
	High Networth Individuals*	37.95	1.68
	Retail	22.56	84.85
Fund of Funds investing Overseas	Corporates	14.19	1.24
	Banks/Fis	0.05	0
	Fis	0	0
	High Networth Individuals*	49.55	4.21
	Retail	36.21	94.56

* Defined as individuals investing Rs 5 lakhs and above

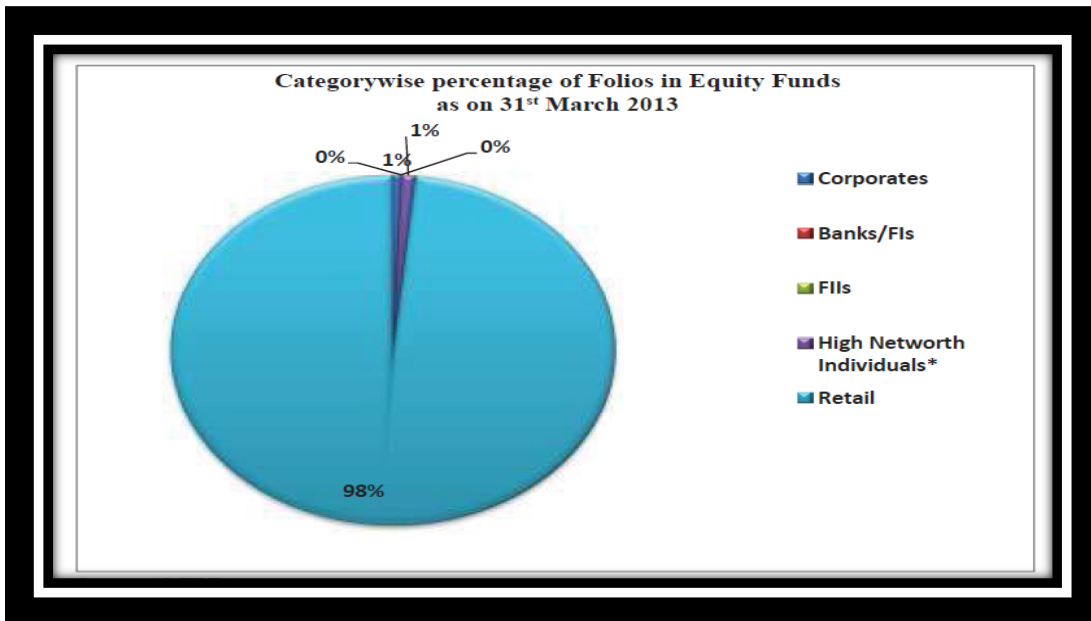
Source: AMFI Data

6. Graph 1.06 Category wise percentage of AUM in Equity Funds as on 31st March 2013.



Source: AMFI Data

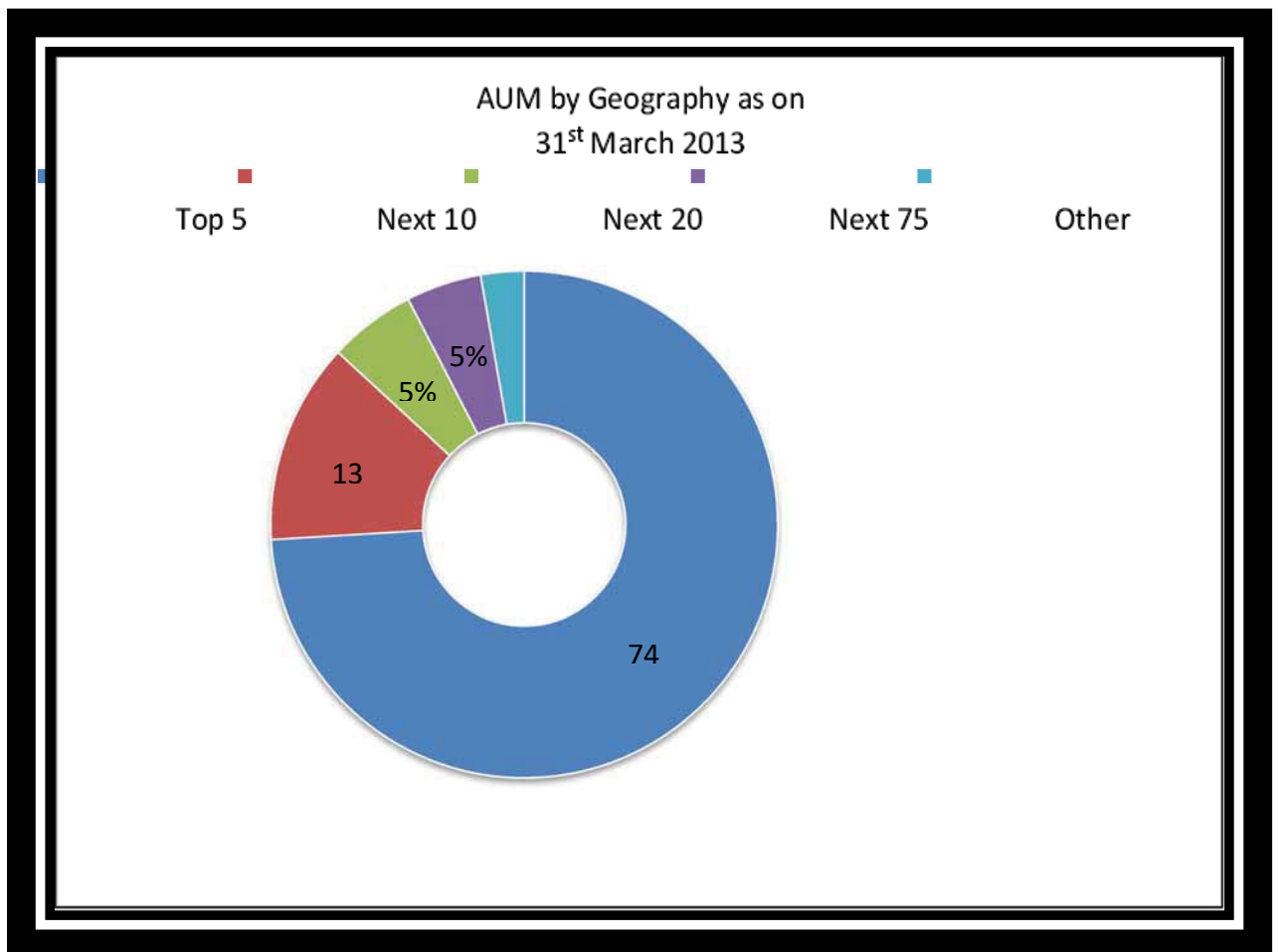
7. Graph 1.07 Category wise Percentage of Folios in Equity Funds as on 31st March 2013



Source: AMFI Data

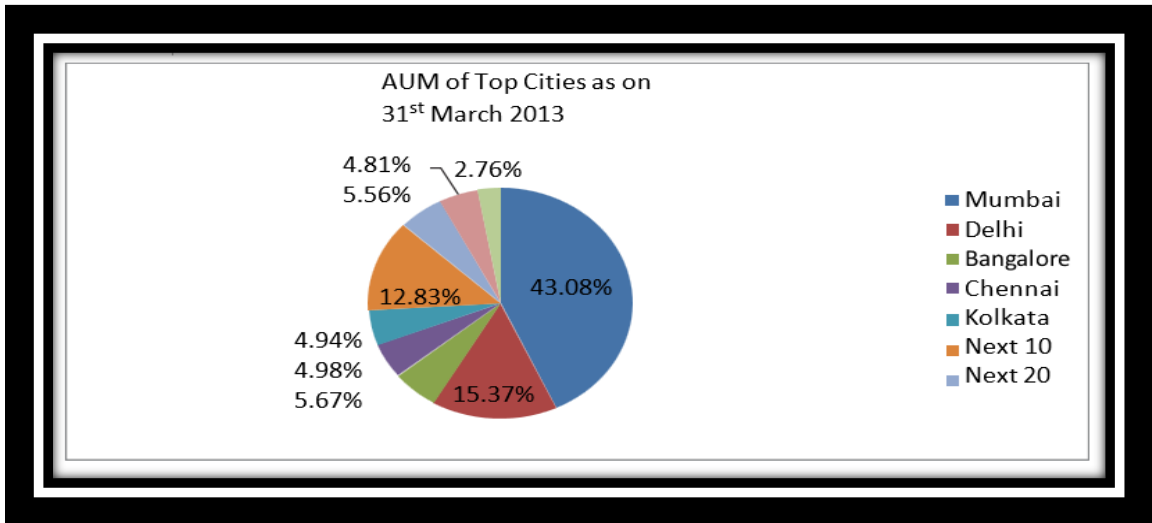
Graph 1.06 and 1.07 show the how well the demography has been influenced by mutual fund investments. The top 5 cities contribute to 74 percent of the industry AUM as on March 31, 2013. A Combination of the top five cities, namely Delhi, Mumbai, Chennai, Kolkata and Bangalore collectively contribute to 15.37 percent, 43.08 percent 4.98 percent 4.94 percent and 5.67 percent. The total of the next 10 cities works out to 13 percent. Therefore the total contribution of the top 15 cities added up sums it to 87 percent of the industry AUM. The next gap of 5 percent is shared among the next 20 cities and another 5 percent among the next 75 cities and the rest contribute to 3 percent.

8. Graph 1.08 AUM by Geography as on 31st March 2013



Source : AMFI Data

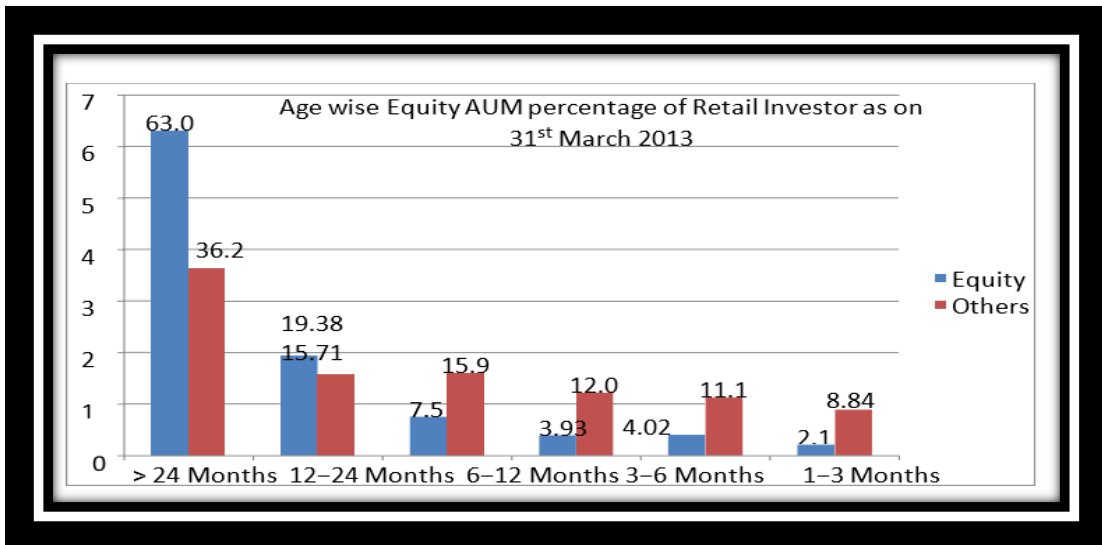
9. Graph 1.09 AUM of Top Cities as on 31st March 2013



Source: AMFI Data

As on March 31, 2020 the age wise holding of the equity mutual funds reveals 63 percent of the AUM to be invested for a time frame of more than 24 months. The AUM that were held for more than 24 months was 36 percent in the case of the other funds (Graph 1.10).

10. Graph 1.10 Age wise Equity AUM percentage of Retail Investor as on 31st March 2013



Source: AMFI Data

1.8 The Mutual Fund Industry Is Taking Some Bold Steps Forward

To help the mutual fund business get off the ground in India, SEBI is providing investor perks and making it easier for people to enter the market. Several plans are in the works to make this a reality, including expanding into new regions, reaching out to retirees with retirement plans, and facilitating online mutual fund investments through dedicated websites. The following are examples of such efforts:

Product Labelling

One of the most common complaints that investors have is Mis-selling. Investors are required to depend on fund distributors to make decisions on where to invest and select and redeem these funds. This is due to the fact that investors are not aware of the different kinds of funds and their characteristics.

SEBI came up with the initiative to label all mutual fund products on March 18, 2013. This was implemented by June 1, 2013. The initiative was taken so that mis-selling could be curtailed and in doing so, investors would be empowered. Every advertisement or document that proposes the selling of mutual funds needed to have the name of the fund written on it. This was done in order to help investors understand the types of funds they were interested in investing as well as if these funds were suitable to their objective of investment.

The following are the labels that were made:

- a. The Scheme's Potential for Wealth Creation or Income Generation,
- b. The Fund's Objective and Investment Universe, and
- c. The Percentage of Risk, as Depicted by Color-Coded Boxes
- d. Principal at Low Risk (Blue)
- e. Yellow: Principal Exposure to Moderate Danger
- f. High-risk Principal (Brown)

Direct Plans

Distribution of Mutual funds was done by fund distributors. These fund distributors gained their income as incentives in the form of trail commissions and initial commissions by the AMC. How much a fund distributor earned depended on the type of fund sold, varying from equity, debt or liquid funds.

SEBI sent out a circular on September 13, 2020, requiring all fund houses to come up with two plans. One for plans that involved the Fund distributors and the other which was direct in nature, where the investment was made directly to the fund house removing the need to purchase with the help of fund distributors. The direct plan would remove all distributor fees and commissions and by so doing would make these fund expenses available at lower prices to the investors. This was done so that the investors could be empowered as well as the benefits passed on to these direct investors wherein a separate NAV was passed for direct plans.

1.9 Stock Exchange Listing for Mutual Funds

On November 13, 2009, SEBI released a notification permitting the purchase and sale of mutual funds through stock exchanges, expanding access to these investments across the country. To facilitate the buying of mutual funds by its clients, the Mumbai Stock Exchange and the National Stock Exchange of India have begun listing them on their respective exchanges. Dematerialized mutual fund units are created to facilitate trading on exchanges. Opening an account with a stock exchange member was all that was required for investors to make orders. In the 2013–14 proposed budget, SEBI enables AMFI-registered IFAs to become restricted members of these exchanges so that they can place orders in mutual funds on their customers' behalf. This allowed IFAs to bypass using a stockbroker and instead place orders on their client's behalf. The initiative's goal is to overcome geographical limitations to the distribution of funds, and it will succeed in doing so.

1.10 New Cadre of Distribution

There is a new category of sellers or distributors in mutual fund schemes. These are Retired Bank Officers, Retired Government Officials and Retired Teachers who have 10 years of service as well as Postal Agents. The motive behind this move was to reach investors from different villages and towns across the country.

1.11 Investor Education and Awareness

When it comes to investor education, AMC's are obligated by SEBI to spend 0.02% of daily net assets that are within the maximum specified total expense ratio. SEBI mandates that mutual funds update them on these efforts every six months.

1.12 Conclusion

The Indian Mutual Funds sector has been around for 50 years, and has been a fully functioning industry for over 20 years, but still has a ways to go. It has been estimated by the Reserve Bank of India that just 2.5% of Indian households invest in mutual funds during the 2012–2013 fiscal year. Small percentages of savings are invested in mutual funds, but this industry has seen less attention and has significant room for expansion into underserved regions.

Chapter 2 - Review Of Literature

2.1 Introduction

Small investors, in pursuit of saving the little that they have in order to grow their wealth, invest in mutual funds. The investments that investors choose to make into mutual funds are based on a few factors such as their goals and intentions. As most investors are not proficient in the money market, mutual funds are portfolios that are created keeping this in mind. They will be spread over keeping in mind risk as well as asset classes.

The Government looks at mutual funds keeping in mind the investment capabilities of small investors and their ability to invest into the capital market with as minimal risk as possible. The Government also keeps the small investor in mind while promoting tax benefits on these investments and returns while trying to promote mutual funds. Changes in the mutual fund Industry is constantly monitored and regulated by SEBI so that the interest of small investors are safeguarded as well as empowered.

For over 25 years from the year 1993, Mutual Fund Industry in India has been opened to private players leading to a full-fledged industry so far. Even though there is a consistent CAGR growth of 15 percent of the industry AUM for the past 20 years, a lot could have been done by motivating investors and reaching out over a large spectrum over the geography of the nation. Since Mutual funds are slowing growing and a lot needs to be done to popularise it as an investment alternative in India, a lot of academic research as well as industry research can be done on the same.

For the past 60 years, there has been quite a number of studies done on Mutual funds in Academics. Numerous topics, including performance analysis, performance persistence, investing style research, return attribution, market timing, the influence of fund fees, fund flows, investor perception and behaviour, are the subject of mutual fund studies that are undertaken all over the world.

The mutual fund studies that have been conducted to date are divided into two categories.

- a) Study on mutual funds and investment performance
- b) Study on investor perception of mutual funds

2.2 Studies on The Performance Of Investments In Mutual Funds

The causes for the emergence of open ended funds have been outlined in a research by **Close (1952)** on the differences between close ended and open ended funds and the patterns in their AUMs up until 1950. Additionally, research has been done to examine the eleven close-ended funds and 37 open-ended funds that were presented between 1937 and 1946. This analysis found that the mean returns of closed-end funds had an excess of sample open-ended funds. It is also said that an investor should consider the fund expenses before making an investment.

In a different research, **Brown and Vickers (1962)** distinguished between many fund categories and among particular funds that belong to the same category. The difference in the market index and the net inflow into the fund are related, despite the fact that they are two separate things. The performance of funds is influenced by factors such portfolio turnover, portfolio structure, and the timing of security of transactions. This study found that small size funds had a greater turnover rate than large size funds, which have a lower turnover rate. The turnover rates increased along with market price increases. According to the study, the fund's performance on average over the study period was comparable to the market in terms of performance analysis. Annual portfolio turnover rates and the return performance of the fund over the current and preceding years did not have a consistent connection. The study's finding was that there was no distinction between the outcomes of static market portfolio management and active portfolio management.

One of the most used metrics for evaluating the performance of mutual fund portfolios was developed by **Sharpe (1966)**. The term "reward to variability ratio" or, in more common usage, "Sharpe Ratio" was used to describe this criterion. Sharpe used the reward to variability measure to gauge and analyse the performance of 34 open ended funds between 1954 and 1963. This technique revealed significant performance differences across funds.

For sample funds, the reward to variability ratio's variance was 0.78 to 0.43. According to this study, this performance could be quantified in this way because fund managers were able to identify companies at an inaccurate price or because fund expense ratios varied.

Treyor and Mazury (1966) studied the market timing abilities of mutual fund managers. This study took into consideration 57 open ended funds between 1953 and 1962 to test the market timing ability of fund managers. For a fund manager to time the outcome right, is by changing the fund volatility systematically. To conclude, the author states that on an average, no investment manager would be able to guess successfully the outcome of the market and therefore the suggestions would most probably be wrong in most cases.

Jensen (1968) studied the mutual fund investment performance and came up with the measure of performance reviewing the risk that was to be undertaken by the portfolio. Therefore the measures that were available for fund estimation was based on relative measurement. The author used the Capital Asset Pricing Model in order to measure the absolute portfolio performance. The performance provide by this study was labelled as α (alpha) which was the absolute measure which was regarded as the absolute measure. This was therefore used to measure the portfolio managers skill at forecasting the future prices. α would be considered positive if the portfolio manager succeeded to make a correct prediction. α would be considered negative when the portfolio manager failed at making a correct prediction. 115 open ended mutual funds were tested between 1955 and 1964. This study concluded that the sample fund's manager was not able to make any predictions which led to out-perform the market.

Bauman (1968) studied the methods that could be used to predict future performance and also the factors that affect performance in the future. The following factors were examined – portfolio objectives, economic environment, security market conditions and investment management operations. Comparisons of 28 mutual fund returns were studied keeping in mind the return of the stock market form the year 1952 to 1966. This study came to the conclusion that portfolio performance were influenced largely by environmental conditions.

Smith and Tito (1969) studied the relationship between Sharpe's composite portfolio performance measurement and Treynor and Jensen. According to this study, the author found out that the measure for funds was equal without any systematic risk. Treynor's measure was consistent with the ranking of Jensen alpha. The assumption that was made in this study stated that there was consistency in the risk free rate with was in reality not true when looked in the long run. Therefore a variable risk free rate was used to analyse this study. A new type of measurement using α and β was proposed by calling it modified Jensen measure. Using the continuously compounded return, performance of 38 funds were studied from the year 1958 to 1967 by using the above mentioned models. The result of this study lead to believe that all the four measures were in agreement to each other.

McDonald (1974) used the monthly returns from 1960 to 1969 to study the objectives and the risk and return of 123 mutual funds. According to this study, the funds which had aggressive objectives have performed better keeping ratios of mean returns to beta and also mean returns to variability in mind. As risk increased so did the average returns. Out of the 123 samples, 67 sample funds had a Treynor ratio that was greater than the market. Parallely a positively Jensen's alpha rating was seen in 50 percent of the sample funds. Of the 123 funds, 84 of them had a Sharpe ratio that was lesser than the market. The conclusion of the study led to the belief that through the decade, there were neither inferior nor superior performance in the sample funds.

Chang and Lewellen (1984) studied whether fund managers might deliver a different performance by altering the risk configuration of the portfolio by predicting the movements of market prices. This study examined the potential effects of market timing on portfolio performance and offered supporting data. Between 1971 and 1977, a group of 67 funds with various investment goals was taken into account. This study requested parametric statistical approaches to assess the improved market timing and selection abilities. The findings of this study led to the conclusion that fund managers lacked a wealth of market timing or securities selection skills, making it impossible for these funds to beat a passive market portfolio at the same time.

Lehman and Modest (1987) studied if there is a relation between fund rankings of performance and how they affect the benchmark chosen. The intent of the study was to find out the effectiveness of the Security Market Line in judging the performance of mutual funds. Between the years 1968 and 1982, 130 funds were studied. Alternative APT and CAPM benchmarks were taken into consideration for this study. According to this study, the most important aspect for evaluating the performance of funds was the choice of what constitutes normal performance.

Grinblatt and Titman (1991) researched a variety of performance metrics that offer various performance ratings based on various benchmarks. In this study, the openness of performance metrics to the selection of benchmarks was put to the test. 109 passively created portfolios and 279 mutual fund samples in all were taken into account. According to the study's findings, when using multi-factor risk adjustment models, factor portfolios performed better than return covariances.

Sharpe (1992) measured performance using the factor models. Asset classes were set as the base while stressing on the classification and importance of the fund. While looking at the performance of fund managers, the value he adds can be uncovered when comparisons are made against the dissimilarities in returns of major asset classes. This study considered the period from the year 1985 to 1989 and used the factor model on open ended funds. The conclusion of this study states that the style analysis can be used as a method to establish benchmarks for analysis.

Hendricks et al. (1993) conducted a study to prove that profitability can be attained using active selection of managed funds. Quarterly returns from the year 1974 to 1988 were considered using 165 growth funds. The blueprint of selecting the best possible performing mutual funds was to look at the past four quarters and pick the one that performed very well over the average mutual funds. Comparatively to the benchmark market indices, this strategy proved to be slightly better. This study also established that the funds that performed bad over the past few years would continue to perform bad even in the near

future. The concluding remarks of the study state that underperformance was seen as a sustaining factor and superior performance did not sustain.

Malkiel (1995) took a look at all the diversified equity mutual funds that were issued between the years 1971 and 1991 in order to comprehend the surviving capabilities, performance persistence of fund performance on return of funds as well as the expense ratio of funds. Performance persistence was the core of the study and was reported. The study states that the persistence differed between 1970 and 1980. The funds that were persistent in the 1970's were not persistent in the 1980's. There was no evidence stating that high beta funds provided high returns. The findings of the study state that the dollar weighted average returns for the period for all funds that included liquidated funds too was 15.69 percent which when compared to the average surviving funds was lower by 150 basis points. The concluding outcome of the study stated that the markets were exceptionally efficient and that the funds underperformed the market. Investments into passive funds was encouraged and active funds were discouraged.

Kahn and Rudd (1995) studied if there is any relevance between past performance and the ability to predict the future performance of mutual funds. The author took equity and fixed income funds into account for the study. A period of 10 years beginning from 1983 was considered for the study. There was no evidence of persistence when the author studied the equity fund performance whereas there was evidence of persistence when the author studied fixed income fund performance. The author suggested that investors should consider index funds as they performed on an average, had lower selection risk, were issued at lower fees, had low turnover and cheaper due to the fact that there was no definite winner in the future to choose from. This therefore gave priority to the index funds that were above median compared to all funds that were of the same or similar type.

Brown and Goetzmann (1995) also studied the persistence in performance of equity mutual funds. The inputs that were taken into consideration for this study were taken from the year 1977 to 1989. The persistence phenomenon was reported to be dependent on the time period of the study. If there is a poor record, it states that there is a strong forecaster

of a sad state. The study concludes that if the investor is looking at following the positive alpha strategy, it would lead to high risk.

Mutual fund performance risk and fees were investigated in a research by **Golec (1996)**. A sample size of 530 funds were taken into consideration from 1988 to 1990. The study looked at the education qualifications of the fund managers and stated that those with an MBA degree, outperformed others. The study also stated that fund managers with experience of at least 7 years or more were most likely to adjust risks, it went on to state that younger fund managers also fell into that category with age of under 46 years to be precise. Suggestions were made to investors to stay away from funds that had large operating expenses except those with management fees. The chance of a manager to manage risk and modify return performance was positively correlated with the fund's beta, turnover, team size, age, asset size, and managers' years of schooling.

Trivedi, Swain, and Dash (2017) In the year 1822, the former king William of Netherlands established the first Mutual fund in the world giving it the title “Societe Generale de Belique”. Subsequently in the year 1964 by an act of Parliament, Unit Trust of India was the first Mutual Fund to be set up in India. The reason Mutual fund was set up in India was to make small investors convert their savings into investments. Most people do not have the information, or skill and are also fearful of the market and therefore pooling their savings together toward achieving a common goal was the intent of this Mutual Fund. Nowadays there are a lot of international mutual funds setting up funds in India. There are a lot of banks and private businesses also that have started to cater to the Mutual fund industry thus creating a rapid growth of the capital markets. The body that sets up policies and regulates the Mutual funds in India to protect the interests of investors is SEBI.

Kulkarni & Rawal (2016) “In Finance, investment means putting money into something with the expectation of profits, usually over a longer-term.” There are many ways that a person can choose to invest in the future, examples include equity, mutual funds, bonds,

commodities, bullion, futures and options, real estate, government, and RBI bonds, company bonds, post office investments, and insurance.

Singh (2012) The most common forms of Mutual funds are cash, stock, and bonds even though there are hundreds of sub-categories. A parent Mutual fund company hires professional managers who forecast how a particular investment would perform in the future and thereby advise investors to invest in those types of stock or bonds. Mutual fund companies are not taxed on their income because they are required to disburse their income to investors.

Kulkarni & Rawal (2016) Money is a very important part of the life of individuals and therefore there is a need for investment and savings. Most teachers save money for the education of their children and also for the child's marriage. Most of these teachers invest in bank deposits, government securities, bullions, and real estate. Teachers find these avenues to be safe and an avenue of assured income.

Gruber (1996) investigated the rapid expansion of mutual funds in the U.S. economy and the reasons behind this, particularly given the poor performance of index funds. The inability of the management was cited as a primary issue. The research took into account not just absolute returns but also returns relative to the market, returns that were outlandish according to a single index model, and returns that were outlandish according to four other index models. From 1985 to 1994, 270 different types of funding were used for the study's sample. Each year, mutual funds' returns behind the market by 1.94 percentage points, after adjusting for risk return by 1.56 percentage points in the single index model and by 65 basis points in the four index model, respectively.

Based on monthly returns, **Jayadev (1996)** analysed Master Gain and Magnum Express and compared their results to the index. In this analysis, we employed the risk-adjusted performance indicators developed by Sharpe, Treynor, and Jensen. From June of 1992 to March of 1994, a total of 21 months were devoted to the research. The study found that while both Magnum Express and Master Gain were bad at market timing and market

selection, Magnum Express was more varied. As the research also showed, the funds lagged behind their benchmark.

Elton et al. (1996) measured the performance of equity funds using risk adjusted returns by studying the predictability of mutual funds using a sample that had no bias toward survival. The net value of the sample was \$15 million in net assets in the year 1976. The study consisted on 188 funds that were closely followed between the years 1977 and 1993. Using a four factor index model, the funds adjusted performance risk was assessed using α (alpha). The conclusion of the study states that there is information about the future in the past and that persistence in performance is longer.

Carhart (1997) studied the short term endurance in mutual funds. The study picked on the span from 1962 to 1993 and studied the diversified equity funds. The sample size contained 1892 diversified equity funds. The CAPM and Carhart four factor model was used to complete the study. Observations were made in the study wherein when the investor purchases the last year's top percent and sells the last years bottom percent funds, they were able to gain 8 percent every year. The study also states that there is a negative relation between performance and the expense ratio, portfolio turnover and load fees. The findings from the study also show that the funds that yielded high returns in the previous year were able to yield higher than average return the following year but that did not continue. There was enough evidence in the study to prove that the cost that included transaction and load had a direct and negative impact on performance.

The longevity of fund performance was investigated by **White and Miles (1999)**. The purpose of the research was to see if a typical investor could successfully implement the trading rule of identifying winning trades and generating excess profits. A portion of next year's budget was allocated to the fund that had the best return. From 1963 to 1994, data were collected for the research. The analysis found that the winner in a given year will outperform the market the next year. The author concludes that investors might identify the previous year's winner with caution the following year since "winners follow winners" with a 65 percent accuracy during the research.

Wermers (2000) studied the portfolio performance of funds into different components to evaluate the style of active fund management. The sample size was 1788 from the year 1975 to 1994. In the study, funds took over the gross return basis and 70 basis points were assigned to the characteristics of stock held and 60 basis points for the ability to pick stocks. Nevertheless, the overall execution of the funds was undercut by 230 points. From these points, 160 points were credited to expense ratio and transactional costs of the fund. By possessing cash in the fund for liquidity as a motive, it would wear on the net returns of funds. The study concluded on the notion that higher turnover funds held on to stocks that produce higher average returns.

Chan et al. (2002) conducted a study on the investment approaches of equity fund managers. The study was conducted to find out if there is a meaningful description of the fund managers behaviour because the funds were classified on the basis of market capitalization and value growth orientation. The sample size taken into account at the end of 1997 was 3336 funds. The findings of the study show that there were consistency in the overall fund style. Where the funds performed poorly, there were shift in style of the fund. Throughout the study the deviation of widely followed benchmarks were not visible. If and when funds strayed away from the index, growth was favoured over value and choice was made to pick high pass return stocks over low pass return stocks. The study also states that size and book-to-market are good rubrics of fund styles.

Sapar and Madava (2003) conducted research comparing the risk incurred by mutual funds to that of market indexes and risk-free investing. A significant component of the research involved identifying top-performing funds through the use of several quantitative metrics such as the performance index, Sharpe ratio, Jensen measure, Fam's measure, and the Teynor ratio. The research period covered 269 open-ended funding from September 1998 to April 2002. The analysis found that the best results were seen in medium-term debt funds. From the pool of 269 funds, 118 have been deemed exceptional, 49 have been deemed subpar, and 102 have been deemed average. We looked at 58 sample schemes for additional analysis; 32 of them had positive Treynor, and 30 of them had positive Sharpe.

Of the 58 schemes, 35 had a positive Jensen measure. According to the author's findings, the fund's unsystematic risk was high since its beta value was low and its correlation with the index was weak.

Chen et al. (2004) conducted a study on the effect of scale of operation on fund performance. The author was in search of finding out how economies of scale worked in an active money management industry and to test and see if there was any dependence of the investment performance on the size of the fund. The data that the author considered for the study pertained to the years between 1962 and 1999. The author was interested only in the diversified equity mutual funds. Cross sectional variation was adopted for the study in order to find the performance variance of fund size. Performance erosion was prominent in small cap funds which related to fund size. Liquidity became an important factor to be checked when looking at the size performance. Fund size and performance were related to each other when there was organizational diseconomies.

Dhar (2004) studied the selective skills and market timing abilities of fund managers. This study took 12 funds into consideration as sample and studied their performance between April 1997 and March 2003. Using Jensen and Fama Criteria to study Selective skills and Treynor and Mazuy measure to study Market timing, the author tried to find the correlation between the two. After studying the correlation, the author concluded that most of the fund managers have excellent selective skills that were founded on the Fama criterion. This however was not found when the author used the Jensen criteria. Another finding that came to the surface was that open ended schemes performed way better than close ended schemes. The study also concluded that most of the fund managers were good with market timing.

Tripathy (2005) conducted a research to find the market timing abilities of fund managers by checking the return risk situation of tax planning schemes. A sample size of 31 tax planning schemes were taken into consideration from the years 1994 to 2003. The methods of evaluation that were used were, Treynor and Mazuy and Henriksson and Merton's models. According to Treynor and Mazuy, two schemes were able to succeed in the market. The study concluded that the Indian Fund managers were not able to time the market and

this was based on the Henriksson and Merton model where the fund managers timing of the market was in the wrong direction.

Anand and Murugaiah (2006) conducted a study to examine the components of investment performance to assign specific activities of the fund manager. A total of 113 schemes were selected from 25 fund houses and studied between April 1999 and March 2003. The elements that were used to verify performance were overall performance, selectivity, net selectivity and diversification and risk. Most of the funds could not manage to stay afloat without inducing risk. Even though the manager diversified the funds, there were no supplementary returns. During that period, a lack of forecasting and stock selectivity skills were visible. The study concluded that there was a very close relationship between market risk and market return factors as well as fund returns.

Bhattacharjee and Roy (2006) took the study conducted by Grinblatt and Timan and conducted it for a span of 26 months on 50 Indian Mutual funds. This was done by using the Performance Change Measure. The findings showed that there was an imbalance of information where the fund managers had better information. According to the PCM model, the longer the time period the better the average returns on the investment.

Dabbeeru (2006) studied the classification of open ended fund schemes into different investment styles to study their performance and find out if there were differences in the way they performed statistically. The study was conducted from April 2005 to March 2006 to look at open ended equity schemes. According to the study, it was concluded that 80 percent of growth plans were better than the dividend plans and 70 percent had lesser risk. Out of 42 plans that were studied, only 5 of them outperformed the market. The conclusion of the study states that the investors were more likely to gain from growth plans than from dividend plans.

Comparing publicly and privately sponsored funds, **Panwar and Madhumathi (2006)** looked at how they varied with respect to fund features, portfolio diversity, and investment performance. There were a total of 18 sponsored funds used, with 6 coming from the

governmental sector and the remaining 12 coming from the private sector. Between the months of May 2002 and May 2005, the research was carried out. Even though there were no statistically significant differences between the public and private sector sponsored mutual funds when calculating the mean percentage return, there was a difference in the average standard deviation.

By looking at 59 uncompleted asset plans spanning the years 2000-2004, **Sehgal and Jhanwar (2007)** pondered the efficiency with which assets were executed in the near term. Researchers used the Capital Asset Pricing Model (CAPM), the Fama and French Model (using three factors), and the Carhart Model (using four factors) to identify out-of-the-ordinary returns. Results from the study showed that monthly data consistency was less stable than daily data. When using all three metrics and the one-factor benchmark, the winners provide a massive positive return. In this case, the four-factor criterion did not provide a clear cut answer. In addition, the study noted that larger section burdens are not reflected in the board costs of high-performing plans.

Sidana and Acahrya (2007) studied the classification of the Indian mutual funds based on investment styles and market capitalization. Ten rules are utilized to play out a group study which included mean return, alpha, beta, R square, Sharpe proportion and so on. The information utilized related to the period 2002-2006. The study discovered some irregularity among style and target order and real execution across areas, styles and goals.

Debashish (2009) analysed 23 plans displayed by 6 private area assets and 3 public area assets between April 1996 and March 2009. The analysis relied on the following metrics: mean return, beta, assurance coefficient, Sharpe ratio, Treynor ratio, and Jensen alpha. According to the results, UTI and the Franklin Templeton plan offered the most engaging experiences. Mutual funds from Birla Sun Life, HDFC, and LIC all seemed to be performing below par.

There was a research done by **Bawa and Brar (2011)** that compared the success of growth mutual funds from private and public sector fund companies. Two public sector schemes

and three private sector funds were analysed between 2000 and 2010. Sharpe, Treynor, and Risk-adjusted CAGR were some of the metrics considered. According to the results, private sector funds outperformed their public sector counterparts in terms of AUM growth, total return growth, beta increase, and risk-adjusted CAGR growth. Funds from the public sector outperformed their private sector counterparts in terms of lower standard deviation, Sharpe, Treynor, and cost ratio.

Research conducted by **Bhuvaneshwari and Selvam (2011)** compared the presentation of value subsidies based on risk and return to a benchmark. Twelve asset management firms were analysed for the years 2002-2007. The research concluded that half of the profit choice assets in the sample outperformed the mean.

Kumar (2011) investigated the sensitivity of business outcomes to beta-level alterations in marketing. Measures like Sharpe's, Treynor's, and Jensen's were used to analyse the presentation of assets as well. Twenty open-ended plans from five different mutual fund firms were included in the research. The research spanned the years 2000 through 2009. Twenty-five percent of the sample supports showed normal returns higher than the BSE 100 file, the study's benchmark. These programmes represented a 25% reduction in risk relative to the market as a whole. Improved results were also seen when these strategies were evaluated using the Sharpe, Treynor, and Jensen metrics.

When **Bahl and Rani (2012)** wanted to evaluate the merits of several proposals according to their potential for loss or gain, they commissioned a research. Research also compared actual performance to a benchmark record. Thirty-nine strategies were analysed, covering the years from April 2005 through March 2011. Results showed that out of 29 strategies, 14 had better returns than the benchmark. From Treynor's perspective, 19 strategies were superior to the norm. All strategies had a good Sharpe ratio. 19 assets showed positive alpha according to Jensen.

Dhanda et al. (2012) conducted an study to analyse the risk return execution of select open finished plans comparable to BSE 30 and furthermore its capacity to give better

compensation than inconstancy and award to unpredictability. The study considered 10 open finished development plans for period between April 2009 to March 2010. The study found that all select plans neglected to give a better prize than inconstancy when contrasted with benchmark. Just four plans of the sample gave higher prize to instability than the benchmark.

Mutual fund growth and profit strategies were analysed in a similar fashion by **Kaur (2012)**. Analysis compared the comparable and the benchmark for 18 plans based on monthly returns from 2005 to 2010. The researchers considered the mean, standard deviation, beta, co-productivity of assurance, fundamental and un fundamental risk, and the Treynor, Sharpe, Jensen, and Fama risk-changed proportions. According to the research, the presentation of growth strategies is more predictable than the presentation of profit strategies. At any rate, it turned out that the market was more unpredictable than any of the plans. It was stated that Sharpe, Treynor, and Jensen's work influenced four different development designs. According to Fama's methodology, the heads of assets did a terrible job of picking winners among stocks. According to the data, the study found that, with the exception of four strategies, none of the others had lived up to the market's high standards.

The presentation of open-ended Equity Linked Savings Schemes was analysed by **Kaur and Gupta(2012)**. Twenty programmes based on monthly returns were considered in the study. By and large, the standard deviation, beta, coefficient of assurance, basic and un-foundational risk, and execution proportions of Treynor, Sharpe, Jensen, and Fama were used to form an opinion. According to the results, the great majority of proposals fell short of the mark. It was speculated that the asset returns' standard deviation was higher than the market's. Sharpe, Treynor, and Jensen models only improved the performance of 20% of the assets. The research revealed that the assets selected inadequate safeguards.

Comparing the market to the presentation of value-expanded plans for selecting reserve homes, **Prajapati and Patel (2012)** analysed the data. The top five investment firms were selected, and five financial strategies were developed. Specifically, the research covered the years 2007-2011. Mean returns, standard deviation, beta, Sharpe ratio, Treynor ratio,

Jensen's alpha, and Fama esteem were used to evaluate the assets. Among the mutual funds analysed, the study found that HDFC and Reliance funds performed better than the average. The percentage of risk in ICICI and UTI finances was lower than in HDFC and Reliance savings. The Sharpe ratio was highest for HDFC reserves. Comparisons between HDFC and Reliance's Treynor ratio and that of ICICI, UTI, and Birla Sun Life's mutual funds were more favourable for HDFC and Reliance.

The relationship between asset presentation and market listings was analysed by **Poornima and Theivanayaki (2012)**. The research looked at the five best-performing growth funds and the ten best-performing record assets from 2007-2008 to 2011-2012. The research showed that the asset connections were overwhelmingly favourable. The research found that aids resulted in higher returns and accelerated growth compared to the market.

Santhi and Gurunathan (2012) conducted an study to assess the exhibition of development arranged open finished ELSS reserves. The study considered 32 plans for the period 2006-07 to 2011-12. The benchmark considered was NSE Nifty. Execution assessment was done utilizing Sharpe, Treynor and Jensen models.

Zafar et al. (2012) conducted another study to assess the exhibition of value development plans and to rank them dependent on Sharpe, Treynor and Jensen models. The information considered were of 13 assets for a time of 2007-08. The study announced that a direct connection among risk and return doesn't hold great as they revealed less return for a higher component of risk embraced.

In their research, **Muruganandan and Padmasani (2013)** used the Treynor and Mazuy model to try to get an overview of how Fund of Fund (FOF) directors convey their work. The sample included 25 domestic and 15 international FOFs and covered the years April 2004 through March 2011. Reserve managers were assumed to lack market timing skills and negative choice capabilities throughout the research.

2.3 Studies related to Mutual Fund Investor Perception

Rajeshwari and Moorthy (2001) studied the elements impacting mutual fund determination. The sample had about 350 investors. The study uncovered that the most favoured investment road for investors was bank stores and common subsidizes positioned fourth among eight investment options. Investors favoured open finished development plans. Investors saw wellbeing, returns and tax breaks as three significant elements that impact investment. The vast majority of the respondents chose the asset to contribute all alone. The study expressed that investors are more impacted by characteristic characteristics of the plan, productive asset the board and picture of asset house while choosing mutual funds' investments.

Singh and Chander (2004) studied the perception of investors towards mutual funds. The study additionally dissected the purposes behind withdrawal or non-investment. The study covered 400 investors from Punjab, Delhi and Mumbai. The study found that salaried investors, experts and those in the age groups of 25 to 35 favoured everyday revelation of NAV. According to the study investors see better get back from mutual funds and furthermore favoured posting of assets on stock trades. Low return's is referred to as one reason for salaried class pulling out of mutual funds' investments. Helpless guidelines, underperformance and wasteful administration of assets are referred to as the explanations behind withdrawal.

Investors' perspectives on the relative risk and return of mutual funds relative to other financial outlets were examined by **Walia and Kiran (2009)**, who also identified the resulting gaps. One hundred people were surveyed from different parts of Punjab. Age was found to be a significant factor in determining investing goals. They were wary of investing in mutual funds due to the perceived risk. The study concludes that accelerating the growth of the mutual fund business requires a better comprehension of investors' underlying assumptions. Given that mutual funds present the investor with fair products and improve the nature of existence at the same time, they may be a preferred investment.

Meena (2011) investigated the impact of financial institutions imparting investment expertise on mutual fund investments in addition to the prudence and contentment of investors. There were 144 total participants, all residents of western Rajasthan. The research concluded that the financial base needs constant enhancement. Improved investing alternatives are needed, and the mutual fund sector may help provide them. The research suggests that practising mindfulness might help investors. It is important for advisors to concentrate down on their clients' risk tolerance and preferred investing locations..

Nihar (2011) made an attempt to collect data on the number of people who invest in mutual funds. The researchers also aimed to dissect the link between knowledge and danger. Participants in the research totalled 436 business owners in Visakhapatnam. Investors were shown to be powerless and in the dark by the study. The majority of savers choose bank and post office savings accounts. According to the findings, businesses should manage with a minimal degree of awareness since ignorance protects capital.

Investors in mutual funds were studied by **Saini et al. (2011)**, who looked at their behaviour, evaluation, and understanding of problems such as asset type, investment goal, role of financial advisors, incentives for investing in mutual funds, information sources, service gaps, and more. The research involved 200 people in Chandigarh, India. Interest in reserves was shown to be motivated by hopes of future tax reductions, high returns, and improved well-being. Historically-based performance metrics, such as a track record of profits, are a major focus for investors. The majority of people cite newspapers as their primary source of news and information, with books and the internet coming in a distant second and third. The research found no significant association between the segment variables and reserve evaluation methods. The research suggests that assets should implement novel strategies to regain the confidence of financial investors.

Saha and Dey (2011) performed research to gauge investors' level of awareness of mutual fund investments and to determine what factors they evaluate before making a contribution. One hundred Kolkata residents who had invested in mutual funds were surveyed for the study. The research found that investors were most interested in bank shops, next insurance,

and finally mutual funds when it came to long-term savings vehicles. Ranking above other types of financial products such as bonds, debentures, and offers, mutual funds were found to be the most reliable investment option. Overall, 56% of people who took the survey preferred to invest in the future by means of mutual funds. Capitalists backed long-term projects and speculative schemes. Investors prioritised safety, high returns, and liquidity, but not necessarily in that order. When it came to consulting informational resources, investors relied heavily on references and printed publications. Sixty-seven percent of those surveyed preferred investing in mutual funds over purchasing stocks directly. Seventy-two percent of those polled were invested in mutual funds with a preference. The research found that investors of all ages received similar levels of service and care when it came to mutual funds. The research concluded that investors' actions should be taken into account and that products should be designed to meet their expectations for risk and return.

Investor sentiment toward Tax Saving assets in Tamil Nadu was investigated by **Santhi and Gurunathan (2011)**. The research assumed that an investor's income and age would both have a role in their propensity to invest for tax purposes. According to the findings, the vast majority of participants (78%) invested regularly in ELSS assets following predetermined strategies. Age is hypothesised to be correlated with ELSS investors' satisfaction, although marital status and level of education are not.

Das (2012) studied the mentality of small investors towards interest in mutual funds in the territory of Assam. A sample of 250 respondents from various towns in the state were picked. The study expressed that there is critical connection between fulfilment percent of male and female respondents with interest in mutual funds. The equivalent doesn't exist for various age groups, education qualifications and occupation. The study additionally expresses that tax reductions, exceptional yields and wellbeing are the primary thought processes behind mutual fund contributing.

D'Silva et al. (2012) conducted a study to know the inclinations of mutual fund investors and to comprehend the job of socioeconomics in mutual fund investments. The study likewise attempted to discover the variables that could help increment the mutual fund

interest. The study was led with a sample size of 101 respondents from Mumbai. The study thought that investors pick value assets for risk diversity and to profit tax breaks. Educational foundation of investor's don't fundamentally impact the motivation behind investment. The study presumes that finances should be client driven that fulfils investors as well as builds their dedication towards the asset.

Jain and Rawal (2012) invested out to study the inclination design in mutual funds and to dissect the components affecting the choice. The study depended on an sample size of 123 respondents from Delhi and Gurgaon. The study expresses that there is connection between age, reserve funds and inclination towards monetary instruments. Anyway there is no huge connection between gender and inclination for mutual fund plans. The study saw that most investors pick tax saving plans and development plans. It additionally exposed the way that there is financial ignorance among investors who are educated and that there is an expanding shift towards interest in gold.

Jain and Mandot (2012) studied the effect of segment factors on investment choices. The study picked a sample of 200 investors from various urban areas of Rajasthan. The aftereffects of the study demonstrated that there is a connection between marital status, age, pay, schooling and occupation and the degree of risk attempted. There was no connection between investor's gender and risk attempted.

Murugan (2012) considered the effect of various segment factors on the disposition of mutual fund investors. The study had a sample size of 300 respondents from Chittoor area. The aftereffects of the study show that there is critical relationship between age, gender, pay, occupation and their demeanour towards mutual funds. The study concluded stating that the return potential and liquidity were positioned one and two as components answerable for investment.

Mehta and Shah (2012) distinguished the necessities of asset investors and their inclinations. For this reason they completed a study with 100 educated investors of Ahmedabad and Vadodara urban areas. The investors positioned mutual funds as their

second favoured investment decision .The study demonstrated that investors under the age of 30 are pulled in to exceptional yields followed by generally safe, liquidity and friends notoriety. Investors who were above the age of 50 favoured generally safe more than different factors. The study expressed that yearly pay and yearly interest into mutual funds are depending of one another. Educational qualification as well as knowledge of the mutual funds depend on each other . In excess of 50 percent of the sample favoured development in NAV as opposed to profit deliver out or profit reinvestment choice.

Paul and Garodia (2012) looked at the degree of gap that existed between value Investor's assumption and experience. The study was directed in the city of Guwahati. The study depended on 4C's comprising of client arrangement, client cost, client accommodation and client correspondence. A sample size of 164 investors was thought of. The study found that there existed a gap between value investors assumption and experience. The study brings up that components like absence of information, unpredictability and dread of losing cash are a portion of the explanations behind investor aloofness towards business sectors. The study likewise weights on the need to promote value investment through advertising efforts.

Pawar and Kumar (2012) in their study attempted to distinguish investor's discernment towards risk and return. The study considered an sample of 1200 investors across Warangal locale. According to the study investors evaluated shares as most unsafe investment followed by mutual funds. Lion's share of investors considered mutual funds as exceptionally risky on a relative scale. The study believed that mutual funds can turn into a favoured monetary road on the off chance that it is put before the investors in their ideal structure for which shared subsidizes should be creative and furthermore increment their nature of administration.

Purohit and Sharma (2012) conducted a study to comprehend the impact of segment factors on interests in mutual funds. The sample of the study was 524 investors. The study uncovered that age is a factor in risk taking choice. The study believed that gender assumes an imperative part in investment choices and all the more so with respect to risk direction.

Vipparthi and Margam (2012) considered the investor insight towards mutual funds and furthermore whether any connection existed between segment profile of investor and choice of mutual fund from public and private area store houses. The sample size was 400 investors from various locales of Warangal. The study uncovered that mutual funds are more common with men and that there is no huge contrast of assessment of gender on interests in public and private. Lion's share of asset investors had a place with age 20-30 and 51-60 in both public and private assets. Investors in the age group of 41-50 had interests in public sector and not in private sector funds.

Vyas (2012) conducted a study to know the investment inclination, information on risk and the holding time of investment of mutual fund investors. The sample considered were 363 respondents from the city of Indore. According to the study, mutual funds were positioned sixth by investors out of the nine investment alternatives. Gold and Fixed stores were the favoured investments. Investors basically picked singular amount method of interest into assets when contrasted with SIP mode. 73 percent of the investors realized the risk factors in mutual funds. Most investors favoured mutual funds when contrasted with direct interest into value. The study indicated that investors accepted advice from intermediaries followed by companions and family members. 69 percent of the investors wanted to hold mutual funds for a time of 1 to 3 years.

Agarwal and Jain (2013) contemplated the investment inclination of investor's relating to Mathura, specifically about mutual fund investments. The sample size was 300 investors. The study found that 96 percent of the investors know about mutual funds. The investors positioned returns and tax reductions as the main elements impacting investments. 23 percent of the investors demonstrated investment inclination for mutual funds. The study noted that mutual funds as an idea is yet to arrive at the small investor and accordingly is anything but a favoured road of investment.

Bhuvaneshwari (2013) examined the investor insight towards value charge saving mutual funds. The study considered an sample size of 120 respondents. The study demonstrated

that there is no huge connection between age and assessment towards offices gave by mutual funds. Likewise that complaint taking care of instrument embraced by reserves is free of the age of the respondent. The study discovered huge contrast between assessments of respondents towards administration offices given by the assets and investors experience. Concerning pace of return, the assessment of respondents supposedly was autonomous of the experience.

Kothari and Mindargi (2013) studied the effect of various segment factors on the disposition of investors towards mutual funds. The study had an sample of 200 respondents of Solapur city. As per the study, 42 percent of the respondents contributed for tax cuts followed by 33 percent for more significant yields. Of the sample, 50 percent of the investors were not keen on putting resources into mutual funds. 33 percent expressed that they have defective information on assets. 80 percent of the investors had a transient term for investment. The wellspring of data was predominantly through print media. The study thought that there is need to make mindfulness among clients about mutual funds.

Khan and Kotishwar (2013) conducted a study to test whether the decision of public and private area mutual funds is free of segment profile and furthermore the personality factors that influence the investors discernment and choice of assets. The sample size of the study was 500 investors from Telangana district. The study expressed that the elements impacting interests into assets in the request for significance are liquidity, adaptability, charge reserve funds, administration quality and transparency. There was no huge distinction in impression of investors on these variables for both public and private sector funds. For factors like administration expenses, returns, security, there is huge contrast in discernments. The study likewise uncovered that investor's discernment is reliant upon segment profiles like gender, age and education.

Nandan and Thomas (2013) conducted an study to comprehend the investment pattern of college educators at Bangalore all the more especially of mutual fund investments. The study was considered on a sample size of 100 educators. The study indicated that the most favoured investment alternative was fixed depositors. Development of investment was a

significant factor for picking the investment. 60 percent of the investors didn't put resources into mutual funds. The study noticed that there is no critical connection between subjects educated by an instructor and the presence of mutual funds in his portfolio.

Rakesh and Srinivas (2013) studied conduct components of investors, to recognize their disposition towards mutual funds. The study thought about an sample of 400 investors from three districts of Andhra Pradesh. The study expressed that investors in the age group of under 35 years want to face more challenge and foresee more returns.

Rathnamani (2013) conducted a study to comprehend the investment pattern and inclination of investors towards mutual funds. With the intent of the study, 100 respondents were considered in the city of Trichy. The study expresses that investors favour mutual funds to procure exceptional yields at low degree of danger and for liquidity. The investors risk taking capacity is expressed to be moderate to low. The study reasons that investor mindfulness projects can achieve the advantages of mutual fund investment.

Subramanya and Murthy (2013) conducted a study to test the disposition of investors towards mutual funds which could help advertising of funds. The exploration was completed with a sample size of 150 investors from Chikkamagalore area in Karnataka state. The study saw that there is critical relationship between age, gender, schooling, pay, occupation and mentality towards mutual funds. The study inferred that security of contributed sum is a prime worry of the investor. The study likewise believed that investor's instruction could assume a major part in expanding the asset streams into mutual funds.

Zafar et al. (2013) dissected the investor insight, purchasing conduct, and consciousness of mutual funds among investors and furthermore the factor impacting their inclination for a brand. The study was directed on a sample size of 125 respondents in the city of Lucknow. The study expressed that the lion's share of the respondents knew about the advantages of mutual funds and that investor's buy mutual funds for tax reductions and to bring potential back. According to the study, the top favoured brands included ICICI, Reliance, SBI, UTI

and HDFC mutual funds. The study expresses that factors considered by investors while contributing included asset execution, store size and age of the asset.

Chawla (2014) examined to comprehend the asset purchasing conduct of individual investors. The study additionally attempted to recognize the characteristics that are viewed as significant for contributing. The study considered an sample size of 431 respondents via an online study. According to the investigation, the main factor for considering a plan for investment is the presentation record, trailed by suggestion from companions and family members. The majority of the respondents of the study made their own investment choices. The most favoured assets were growth funds and tax saving funds. The main explanation referred to interest into mutual funds was tax savings, trailed by more significant yields and capital appreciation.

Kumar (2014) conducted research to dismantle investors' assumptions that mutual funds are risk-free investments. There were 160 people who lived in the Sirsa region that were included in the sample. According to the findings, there is little variation in how people from different income brackets and backgrounds see the risk-free nature of mutual funds. The research assumes that investors generally have poor judgement when it comes to selecting mutual funds.

To better understand how private investors make decisions about which assets to buy, **Chawla (2014)** conducted a study. The research also aimed to identify the traits often held to be crucial for making a positive impact. A total of 431 participants from an online survey were included in the analysis. The presentation track record, followed by recommendations from friends and family, is the most important consideration when deciding whether or not to invest, the study found. Individual investing decisions were made by the vast majority of survey respondents. Growth funds and tax-deferred investments were the most sought-after investments. Investing in mutual funds is popular because of the potential tax benefits, which investors value most.

Kumar (2014) conducted research to dismantle investors' assumptions that mutual funds are risk-free investments. There were 160 people who lived in the Sirsa region that were included in the sample. According to the findings, there is little variation in how people from different income brackets and backgrounds see the risk-free nature of mutual funds. The research assumes that investors generally have poor judgement when it comes to selecting mutual funds.

Kumar and Goel (2014) investigated what factors investors take into account when making investment decisions, where they get their information, and how they evaluate the performance of investments. The research was conducted using a sample size of 200 Punjabi investors. According to the findings, investment priorities should prioritise development, standard pay, and liquidity. The asset's track record of success in the past is one of the most important criteria used to determine whether or not the asset should be used by the brand. For the most part, investors rely on bulletins and, secondarily, dealer recommendations as their primary sources of information. The basic limit for judging an execution is the return of the supreme court. Investors see a lack of responsiveness to their needs as a major shortcoming of mutual funds.

Arathy, Aswathy, Anju, Pravitha (2015) A lot of people are considering the possibility of investing in mutual funds in recent years because of the possibility of household savings, favorable tax policies, investor education campaigns, and role of distributors. The other factors can also be attributed to the safety of principal amount, interest earned, as well as capital appreciation. Most investors prefer to receive updates on their portfolios via email.

Parimalarani (2018) Most people have taken the route of the spending culture, which has grown in the present day due to the growing consumerism. Savings and investment are not viewed as a priority and most people consider that a better lifestyle is a priority. People need to be taught that “A penny saved is a penny earned”.

Usha (2017) Teachers are not educated in matters relating to the stock market and therefore they do not prefer to invest in the stock market but are most likely to invest in bank deposits, gold, and post office schemes. Teachers prefer to invest in low-risk investments even if that means that they will receive low returns. This does go to say that awareness of investment alternatives has increased, but investment in high-risk portfolios can be made only when people gain the ability to analyze risk-return portfolios.

Prabhu, Vechalekar (2014) Most people are aware of mutual funds and they invest due to the tax benefit. The age groups are usually between 19 and 55 years and their income levels are between Rs. 30,000 and Rs. 70,000.

Samita, Shende (2013) There has been substantial change in investment pattern when people saw an increase in their incomes. With the implementation of the Sixth Pay Commission, most people were wanting to invest in a middle term to long term investments. People were willing to invest in highly risky ventures which led to an increase in investment in real estate.

Bindu (2017) Investors invest money only if they see some kind of benefit in that investment. They also invest only when they have money to spare. Most teachers in this study have Provident funds but they do not have much investment in other investments like bonds and shares. The main factor that would influence these investors are liquidity, high return on investment, and tax benefits.

Nallakannu, Selvaraj (2018) Most of the teachers prefer to invest or save in low-risk instruments, especially in bank deposits. Safety and reliability are major considerations for the teachers to make any kind of investments. Teachers are not aware of other investment options such as mutual funds, debentures, and equities. Taking all of the above-mentioned factors, teachers chose to keep their money in banks and the second option that some of them consider investing in is Insurance schemes.

Kavitha (2006) The average India believes in fixed-income because of the Indian Culture. Most investors who earn a salary, believe in investing in mutual funds as the risk is low due to the pooling of money as well as the provision of a professional who will take care of the decision for investment. There is a huge urban market as well as semi-urban and rural market that needs to be entered when mutual funds are talked about. If investor behavior as well as their expectations are studied, mutual fund companies can easily tap this market. Investors' perception keeps on changing and therefore more research needs to be conducted by larger organizations to understand what investors are looking for.

Thulasipriya (2015) studied the investment pattern of Government employees and how they invested in different avenues. She was able to find out that age, gender marital status, income level, and profession played a huge role in the investment pattern. Government employees above the age of 50, women, singles, as well as employees in the government hospitals preferred to invest part of their income. The government employees were investing in both short-term as well as long-term investments keeping the future in mind. Tax benefits as well as consistent returns were among the top patterns of investment.

Investors' preferences and perceptions of mutual funds, as well as the contributing factors, were examined by **Sehdev and Ranjan (2014)**. The study was headed up in Delhi, and its sample size was 160 people. According to the findings, investors prefer companies with reasonable commitment reserves. Financial stability, future assurance, regular compensation, and appreciation of one's wealth are among reasons cited for purchasing retail stocks. When given the choice between bank deposits and mutual funds, the investors chose the former. The study finds that the internet and visual media are the most trusted sources of information for investors, while periodicals are the least trusted.

The awareness and understanding of mutual funds as an investment vehicle was the subject of research by **Kumar and Goel (2014)**. A total of 200 Delhi-based investors were surveyed for the study. The findings showed that people's acquaintance with mutual funds

increased with age and education. In any case, expertise with mutual funds has nothing to do with one's line of work. The research found a significant association between participants' demographic characteristics and their motivations for investing in mutual funds based on their gender and age. Investors also cited tax benefits and flexibility as two major benefits of mutual funds, according to the survey. The Internet and scholarly publications are two of the most popular means of obtaining information. Lack of knowledge was cited as the primary reason by those who did not invest in shared subsidies.

Specifically, Sharma (2015) conducted research with the goals of distinguishing the behaviour measurement of investors in ELSS reserves, assessing the segments that influence investor preferences, dissecting consumer loyalty, its role in the investment dynamic, and establishing a model defining consumer loyalty. Customer loyalty and understanding of ELSS reserves were shown to be affected by complaint redressal, after-sale administration, and transparency.

2.4 Conclusion

Researchers have long taken an interest in the topic of mutual funds. The survey results show that analysts have investigated all facets of mutual fund behaviour, including execution assessment, determination of execution, attribution, impact of size, reserve costs, chief attributes, and so on. There is a wealth of research on the savviness and preferences of investors in mutual funds.

In addition to a number of other comparable studies, Indian academics have concentrated on the execution study of assets. These assets may be studied individually or in groups. Studies on the general public's knowledge, attitudes, preferences, and discretion with regards to mutual fund investments have been conducted. Whether it be venture execution or investor discrimination, there aren't many research pertaining to Equity Linked Savings Scheme mutual funds as a free and unambiguous categorization of mutual funds.

In 1991, the government introduced Equity Linked Savings Schemes and offered tax breaks to encourage those with smaller nest eggs to engage in the stock market. After more than two decades, there has been sufficient time to assess the investors' scheme, both in terms

of visibility and influence. The work being done now is an effort in that direction. This study aims to address a knowledge vacuum by analysing investor knowledge and preference for ELSS assets relative to alternative tax-saving investment options, as well as by evaluating the speculative execution of ELSS assets as a categorization.

2.5 Research Gap

While reading various literature and analysing the pattern on which literature has been written, it has come to the notice of the research scholar that several studies have been done on mutual funds keeping in mind various sectors of society, but very little is done on University faculty. Keeping this in mind, the researcher has chosen to study the investment patterns of University faculty members in Pune City.

Chapter 3 - Research Methodology

3.1 Introduction

In this chapter we will look at the research from the methodological perspective. Section 3.2 will provide a description of the research design and the section 3.3 will describe the context of this research as well as the design used for sampling which includes the sampling unit, area of study as well as the procedure used for sampling of this quantitative study. The section 3.5 will provide information regarding the primary as well as the secondary sources of information. Section 3.6 will provide details on the method used to collect data and section 3.7 will provide the instruments design process. The statistical procedures used in this study are found in section 3.8.

3.2 Research Design

According to Yogesh (2006) “research designing is a mapping strategy. It is essentially a statement of the objective of the inquiry and the strategies for collecting the evidences, analysing the evidences and reporting the findings.”

The researcher chose to follow the Quantitative Research method as the researcher will be using questionnaires to collect information from the respondents. Further, the type of research that the researcher has adapted is the descriptive type of research. Kumar (2011) states that descriptive study “attempts to describe systematically a situation, problem, phenomenon, service or program, or provides information about, say, the living conditions of a community, or describes attitudes towards an issue.”

The study that is being conducted here is on the study of mutual fund investment patterns amongst university faculties in Pune City. To achieve this goal, the Quantitative research methodology has been used where the study is trying to find a pattern between investment in mutual funds and University Faculty members in Pune City.

3.3 Industry selection and sample design

3.3.1 Universities in Pune City

Every nation is built primarily due to the strength of its education system. Pune being the hub of education and also called as the Oxford of the east has a rich legacy in Education. Many students from different parts of the nation as well as the world come to Pune in search of a university to study. When there are education institutions there is a substantial need of educators to impart knowledge to these students.

At the beginning of this study, the researcher learnt that there are 16 universities in Pune City and therefore there was a need to look at the investment patterns of the faculty members in these universities in regards to their investments particularly in regards to Mutual fund investments.

3.3.2 Sampling Design

Information regarding the sampling design that was adopted for this study is found in this section. In the subsequent sub sections a description of the sampling frame, sampling method, sample unit and sample size adopted in this quantitative study can be found.

3.3.2.1 Quantitative Study

This study has been conducted in two stages: the pilot study and the final study. The pilot study and the final study was conducted using two different sets of sample respondents. Kumar (2011) states that descriptive study “attempts to describe systematically a situation, problem, phenomenon, service or program, or provides information about, say, the living conditions of a community, or describes attitudes towards an issue.”

3.3.2.1.1 Sampling Frame

While conducting the pilot study, faculty members were chosen from the different universities in Pune City. These faculty members were randomly chosen from different age

groups, income groups as well as gender. For the final study, the sample frame belonged to the same type of respondents except that the respondents who participated in the pilot study were not involved in the final study.

This sampling frame was selected to ascertain the investment patterns of faculty members of universities in Pune City. Only faculty members who invested in Mutual funds were asked to participate in the survey as the outcome of the survey was to find out Mutual Fund Investment Patterns of University Faculties in Pune City.

3.3.2.1.2 Sampling Method

With the sample size obtained, the simple random sampling method was chosen to be executed and data was collected by sending the google forms to respondents from different universities. As mentioned in the previous section, respondents were chosen only if they were investing in Mutual funds.

3.3.2.1.3 Sample Area and Sampling Unit

All respondents were drawn from the universities in Pune City, these include those chosen for the pilot study as well as the final study. The respondents were representative to different age groups, gender as well as different income groups.

3.3.2.1.4 Sample Size

The Pilot study as well as the final study had their own set of sample sets. These consisted of 50 for the pilot study and 230 respondents for the final study.

The respondents were sent the questionnaire and were reminded after an interval of 10 days. Those who did not respond were sent a reminder again after another 5 days. After recording the suggestions of the respondents from the pilot study, these suggestions were

incorporated into the final study. The questions were again tested to make sure they were easy to read as well as to remove any words or phrases that would be misunderstood.

The sample size was calculated using a sample size generator on www.calculator.net. The margin of error taken into consideration was 7% which gave a sample size of 196 respondents. Data was collected from 230 respondents.

3.4 Hypothesis

The hypothesis of the study are stated below

1. Do the respondents perceive factors affecting the investment in mutual funds differently.

H0: The respondents do not perceive factors affecting the investment in mutual funds differently

H1: The respondents perceive factors affecting the investment in mutual funds differently

2. How does source of information impact the investment patterns among University Faculty members?

H0: Source of information does not make a difference to the investment pattern among the university faculty members.

H1: Source of information has an impact on investment pattern of the university faculty members.

3. Do respondents perceive the factors differently when it comes to investment in public vs private institutions

H0: The respondents do not perceive the factors differently when it comes to investment into public vs private institutions

H1: The respondents perceive the factors differently when it comes to investment into public vs private institutions

4. Does income level and age group have an impact on the investment pattern in Mutual Funds?

H0: Income level and age group does not have an impact on the investment pattern among the university faculty members.

H1: Income level and age group has an impact on investment pattern of the university faculty members.

5. Does knowledge of Mutual funds and its functioning influence in choosing Mutual Funds as a source of Investment?

H0: There is no relation between knowledge of how Mutual Funds work and choosing Mutual Funds as a source of Investment.

H1: There is a relation between knowledge of how Mutual Funds work and choosing Mutual Funds as a source of investment.

3.5 Sources of Data Collection

Primary as well as Secondary data were sought after for the completion of this research. Secondary data was used to identify the research gap and the results of the questionnaire were collected to show the Primary data.

3.5.1 Secondary Source

While conducting the literature review the researcher was able to identify the secondary source of the data. This resulted in identifying the research gap. Inputs for the primary data came about from the outcome of the secondary data.

Filtering through many articles from scholarly journals led to the collection of secondary data. Many articles were found from bibliographical aggregators such as EBSCO. Since this research was conducted at a time where the Covid -19 Pandemic was rampant, the researcher did not have access to the physical library and therefore was dependant on online sources such as Google Scholar, Research Gate etc.

Google Search Engine was also used to match keywords such as Mutual Funds and University Faculty as well as Faculty members and their investment in Mutual funds while looking for research articles as well as periodicals and magazines.

3.5.2 Primary Source

Validating the observations found in the secondary sources was possible by using the primary data. This primary data was collected by sending out questionnaires to various university faculty members in Pune City via Google forms.

3.6 Method of Data Collection

In this section we will see the methods used for collection of data in this quantitative study. The quantitative method was used to carry out the validation of the items used on the scale which was developed and gathered while carrying out the literature review.

There are two stages of this study.

- i. The Pilot Study – Stage 1
- ii. The Final Study – Stage 2

To complete this study, a questionnaire was prepared distributed to collect quantitative data. During the Pilot study, the structured questionnaire was constructed using Google forms and was distributed via various university groups using WhatsApp, email and Facebook messenger. Some of the questionnaires were also sent using a QR Code and redirecting it to the Link to Google forms. The questionnaires were sent out to about 30 respondents and was also forwarded to a few groups that these 30 respondents were part of in Pune City.

Since the only method of collecting data was Google forms, the researcher was able to only collect the data from those respondents who were willing to complete the form in its totality.

This yielded a response of 50 completely filled questionnaires. The data from these were then pushed into a Google Sheet.

While conducting the Final study, the finalized questionnaire was sent out using the same method as the Pilot study. This time a lot more links to the google form were sent in order to collect more sample data from the respondents. This yielded a submission of 230 respondents who filled out the google form questionnaire which were recorded using a Google Sheet.

3.7 Instrument Design

A few studies have been conducted in the field of Mutual funds. These have had their own questionnaires that were different from each other. This study uses a questionnaire that was developed by Malhotra, Satish Kumar (2009). Most of the questions from the questionnaire were relevant to the study and therefore were picked for this research.

The questionnaire was modified with the following core features that needed to be considered.

- i. Will there be any hesitation in answering the question?
- ii. Is there a need for this question to be asked?
- iii. Does the respondent understand the scales adequately?
- iv. What is the outcome that is expected when this question is asked?
- v. Is the question designed for easy answering?
- vi. Does the question meet the scope of the research?

3.8 Statistical Procedures

The statistical procedures used in the hypothesis testing are the Friedman Test and Chi-square Test. Using the Friedman Test resulted in finding of the mean rank and the Chi-square Test resulted in finding the test of Association. Descriptive Statistics were used to analyse the data and come out with the findings which were divided into demographic analysis and descriptive analysis.

3.9 Quantitative Research

After collecting the data and conducting the data analysis using the SPSS software, the decoded values needed to be interpreted so as to be understood. The quantitative studies were adopted from Literature review.

3.10 Summary of the Chapter

In this chapter, a description of the details of research methodology used and adapted are mentioned. Quantitative design was used for this study. This includes the sample size, sample method, sampling frame and sample selection. A brief explanation has also been given on the primary as well as the secondary data sources. The methods used to collect the data have also been mentioned.

Chapter 4 - Data Analysis And Findings

4.1 Data Analysis and Findings

The three parts that this chapter is classified as are demographic analysis, descriptive analysis and hypothesis testing.

4.2 Demographic Analysis

4.2.1 Gender

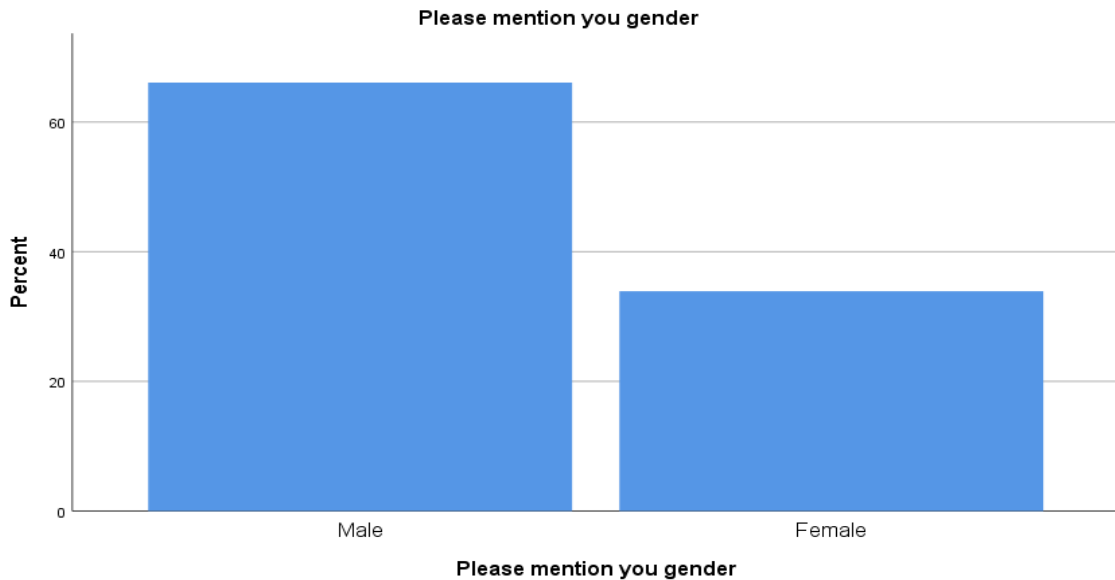
Even though the researcher sent out the questionnaire without any restrictions on gender, the primary data that was gathered from the respondents showed that there was a ration that represented 2/3 male respondents and 1/3 female respondents. This could be stated as 2:1 ratio between males and females. The total respondents were 230 out of which 152 were male and 78 were female. This shows a 66.1 percent of males and a 33.9 percent of female respondents in this study. Table 4.1 shows this data which can also mean that in most scenarios males are dominating in financial decisions and therefore they make the decision as to where financial investments are made in regards to mutual funds.

1. Table 4.01 Gender Categories

Please mention you gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	152	66.1	66.1	66.1
	Female	78	33.9	33.9	100.0
	Total	230	100.0	100.0	

1. Graph 4.01 Gender Categories



4.2.2 Monthly Income

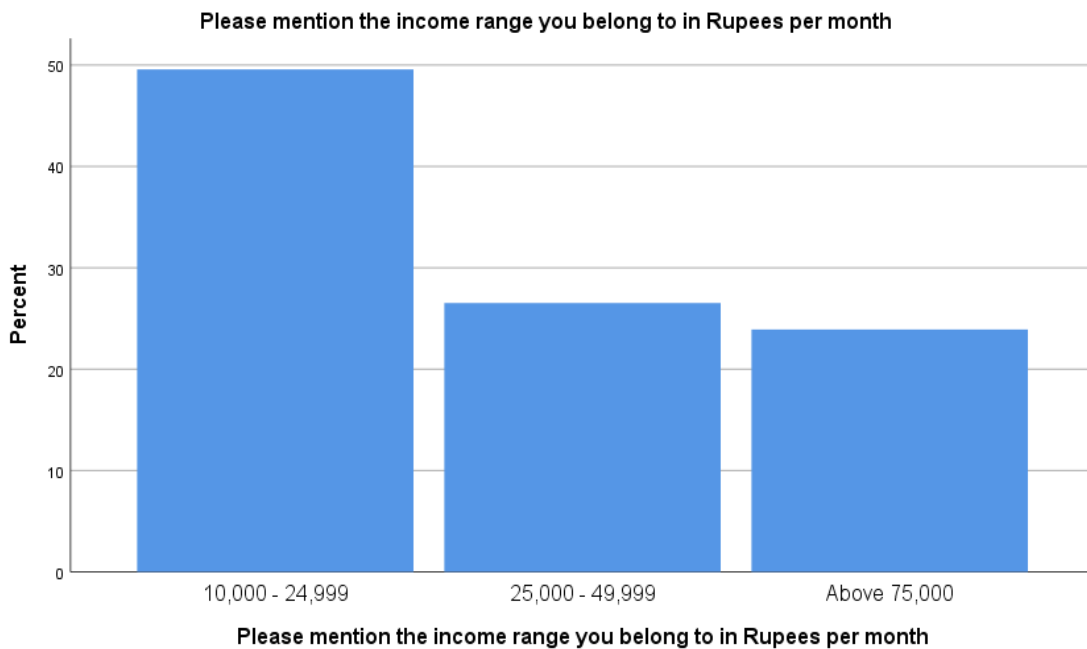
The income range of faculty members was also considered and the outcome of the income range shows that the most active respondents fall under the Rs. 10,000 to Rs. 24,999 income group. We can see from this result that most of the respondents who belong to this group can be categorized as career beginners as their income is smaller compared to those who would have more years of work experience. Since we established that this income group belonged to a younger generation, they might have more disposable income as they could be living with their parents and therefore would not have major financial responsibilities which would lead them to invest this part of their income in mutual funds.

2. Table 4.02 Monthly Income range of respondents

Please mention the income range you belong to in Rupees per month

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10,000 - 24,999	114	49.6	49.6	49.6
	25,000 - 49,999	61	26.5	26.5	76.1
	Above 75,000	55	23.9	23.9	100.0
	Total	230	100.0	100.0	

2. Graph 4.02 Monthly Income range of respondents



4.2.3 Age group

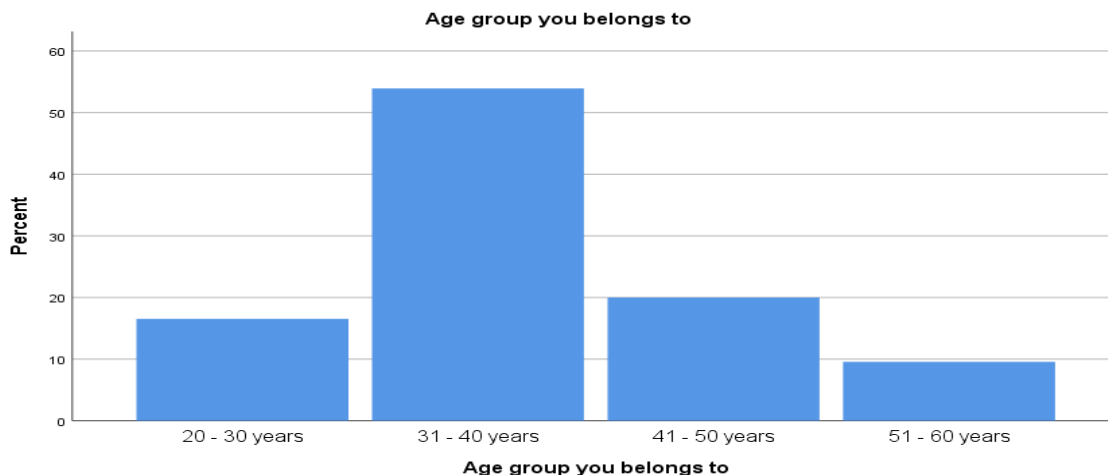
The most active respondents in mutual funds can be seen in the age group of 31 to 40 years of age. The least active respondents fall into the age group of 51 to 60 years of age. The age group of 61 to 70 did not participate in this research and therefore it is safe to assume that members of this age group either have retired or do not invest in mutual funds. Less than half of the respondents who fall under the age groups between 20 and 30 as well as 41 and 50 are investing in mutual funds but not as actively as the age group between 31 and 40 years of age. By this we can see that most of the respondents are from the Millennials.

3. Table 4.03 Age group of the faculty members

Age group you belongs to

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 - 30 years	38	16.5	16.5	16.5
	31 - 40 years	124	53.9	53.9	70.4
	41 - 50 years	46	20.0	20.0	90.4
	51 - 60 years	22	9.6	9.6	100.0
	Total	230	100.0	100.0	

3. Graph 4.03 Age group of the faculty members



4.3 Descriptive Analysis

4.3.1 Knowledge of Mutual Funds

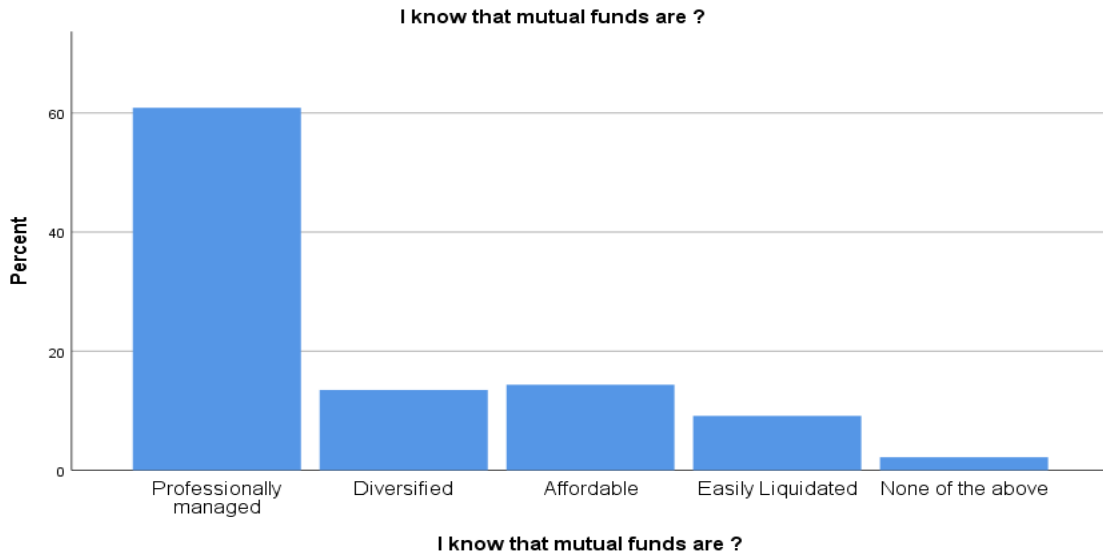
Even though all of the options stand true about mutual funds it can be seen that most respondents prefer to show their acceptance of mutual funds to be professionally managed. This can also be seen as a factor for choosing mutual funds because the respondents are not well versed in investing in the stock market and therefore prefer professional help to make the right investment.

4. Table 4.04 Basic information or knowledge on Mutual Funds.

I know that mutual funds are ?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Professionally managed	140	60.9	60.9	60.9
Diversified	31	13.5	13.5	74.3
Affordable	33	14.3	14.3	88.7
Easily Liquidated	21	9.1	9.1	97.8
None of the above	5	2.2	2.2	100.0
Total	230	100.0	100.0	

4. Graph 4.04 Basic information or knowledge on Mutual Funds.



4.3.2.1 Safety as a preference while investing in Mutual funds

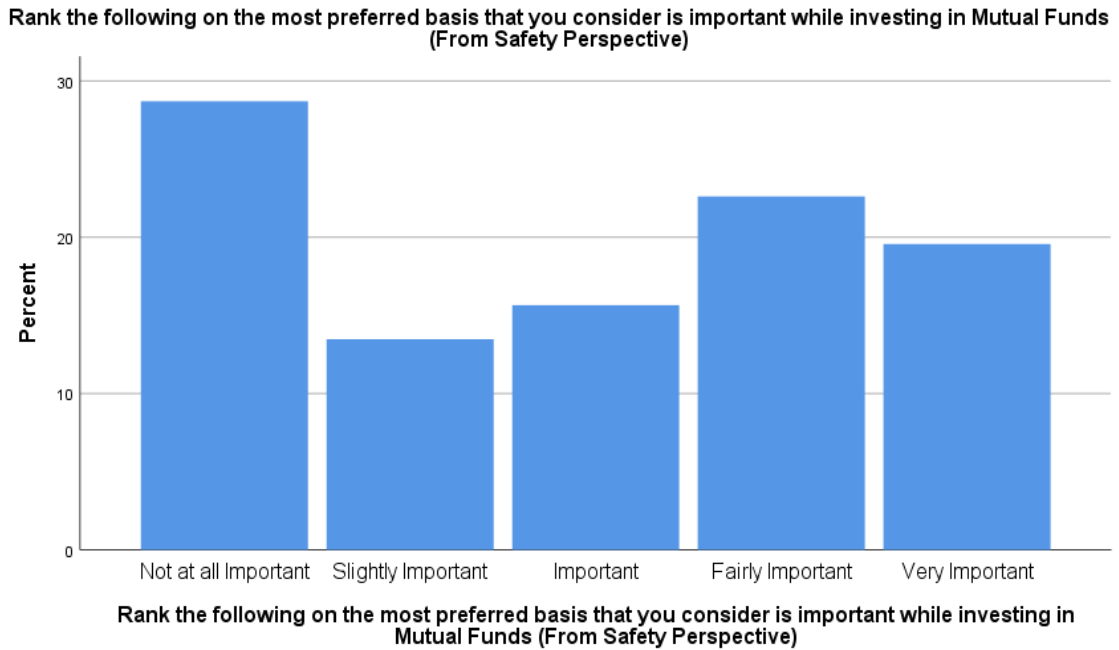
The percent of respondents who have looked toward Mutual Funds as a safe investment stood at 19.6 percent which fell into the middle ground. Most respondents felt that safety was not important to them.

5. Table 4.05 Perception of Safety while investing in Mutual funds

Rank the following on the most preferred basis that you consider is important while investing in Mutual Funds (From Safety Perspective)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all Important	66	28.7	28.7	28.7
	Slightly Important	31	13.5	13.5	42.2
	Important	36	15.7	15.7	57.8
	Fairly Important	52	22.6	22.6	80.4
	Very Important	45	19.6	19.6	100.0
	Total	230	100.0	100.0	

5. Graph 4.05 Perception of Safety while investing in Mutual funds



4.3.2.2 Liquidity as a preference while investing in Mutual funds

The percent of respondents who have looked toward Mutual Funds as an investment that could be easily liquidated stood at 4.8 percent which fell into the lowest percent of respondents. A little above 1/3rd of the respondents felt that liquidity was slightly important to them.

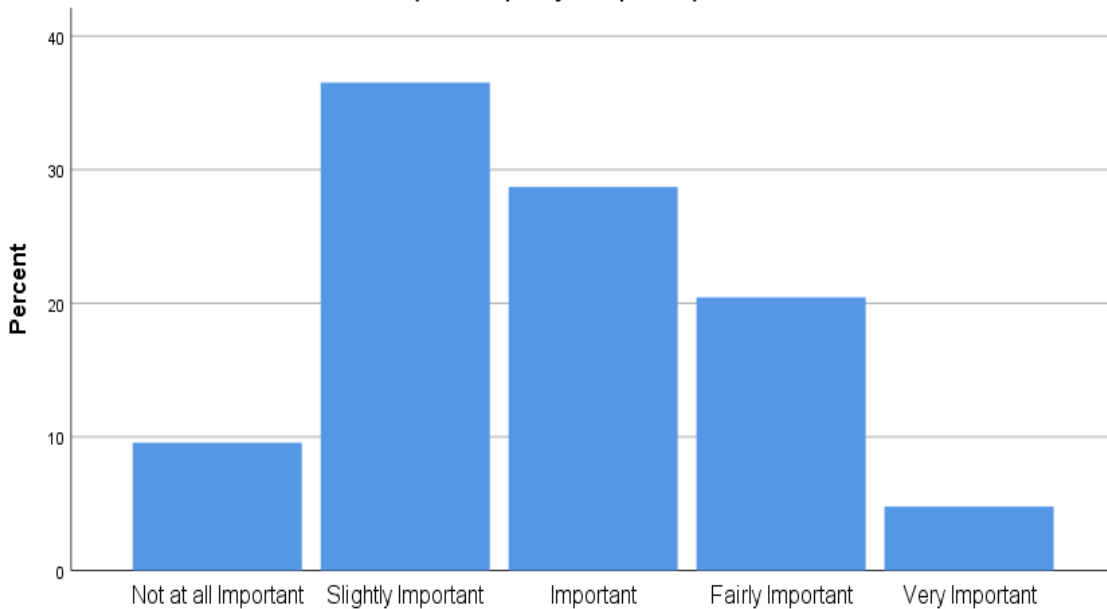
6. Table 4.06 Perception of Liquidity while investing in Mutual funds

Please rank the following criteria in terms of how significant you find them to be when choosing a mutual fund. (From Liquidity Perspective)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all Important	22	9.6	9.6	9.6
	Slightly Important	84	36.5	36.5	46.1
	Important	66	28.7	28.7	74.8
	Fairly Important	47	20.4	20.4	95.2
	Very Important	11	4.8	4.8	100.0
	Total	230	100.0	100.0	

6. Graph 4.06 Perception of Liquidity while investing in Mutual funds

Rank the following on the most preferred basis that you consider is important while investing in Mutual Funds (From Liquidity Perspective)



Rank the following on the most preferred basis that you consider is important while investing in Mutual Funds (From Liquidity Perspective)

4.3.2.3 Tax Benefit as a preference while investing in Mutual funds

The percent of respondents who have looked toward Mutual Funds as a Tax Benefit investment stood at 28 percent which fell into the lowest percent of respondents. A little less than 1/3rd of the respondents felt that Tax Benefit was important to them.

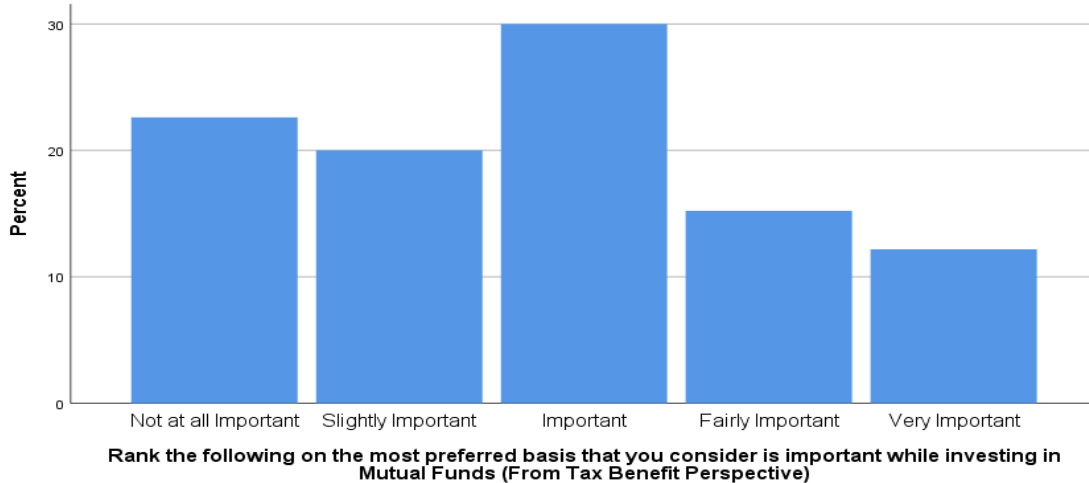
7. Table 4.07 Perception of Tax Benefit while investing in Mutual funds

Rank the following on the most preferred basis that you consider is important while investing in Mutual Funds (From Tax Benefit Perspective)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all Important	52	22.6	22.6	22.6
	Slightly Important	46	20.0	20.0	42.6
	Important	69	30.0	30.0	72.6
	Fairly Important	35	15.2	15.2	87.8
	Very Important	28	12.2	12.2	100.0
	Total	230	100.0	100.0	

7. Graph 4.07 Perception of Tax Benefit while investing in Mutual funds

Rank the following on the most preferred basis that you consider is important while investing in Mutual Funds (From Tax Benefit Perspective)



4.3.2.4 Reliability as a preference while investing in Mutual funds

The percent of respondents who have looked toward Mutual Funds as a Reliable investment stood at 20 percent which fell into the second largest percent of respondents. 31.7 percent looked at reliability as fairly important but only 18.3 percent looked at reliability as not at all important.

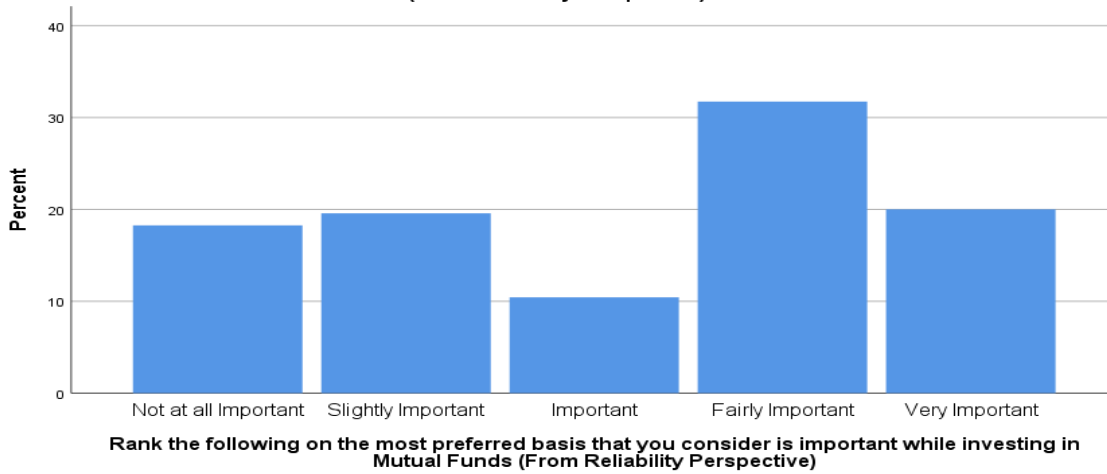
8. Table 4.08 Perception of Reliability while investing in Mutual funds

Please rank the following criteria in terms of how significant you find them to be when choosing a mutual fund (From Reliability Perspective)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all Important	42	18.3	18.3	18.3
	Slightly Important	45	19.6	19.6	37.8
	Important	24	10.4	10.4	48.3
	Fairly Important	73	31.7	31.7	80.0
	Very Important	46	20.0	20.0	100.0
	Total	230	100.0	100.0	

8. Graph 4.08 Perception of Reliability while investing in Mutual funds

Rank the following on the most preferred basis that you consider is important while investing in Mutual Funds (From Reliability Perspective)



4.3.2.5 High Returns as a preference while investing in Mutual funds

The percent of respondents who have looked toward Mutual Funds as an investment for High Returns stood at 43.5 percent which fell into the largest percent of respondents. This shows how important high returns is for respondents who are investing in mutual funds.

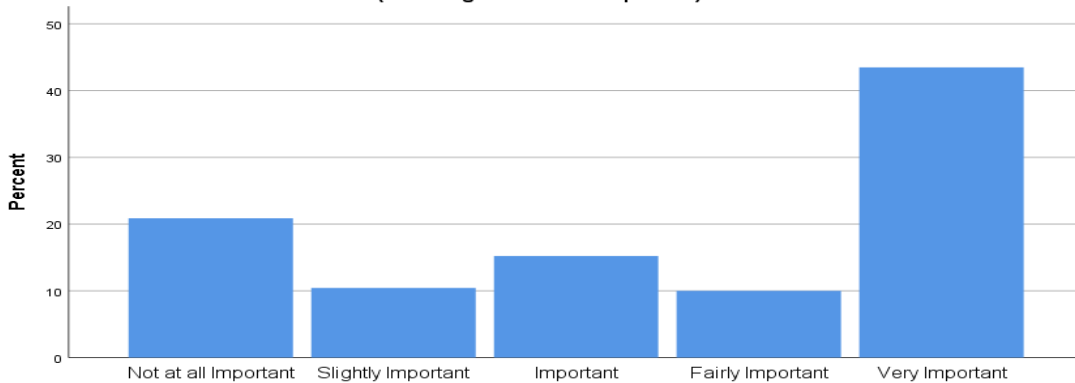
9. Table 4.09 Perception of High Returns while investing in Mutual funds

Please rank the following criteria in terms of how significant you find them to be when choosing a mutual fund (From High Returns Perspective)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not at all Important	48	20.9	20.9	20.9
Slightly Important	24	10.4	10.4	31.3
Important	35	15.2	15.2	46.5
Fairly Important	23	10.0	10.0	56.5
Very Important	100	43.5	43.5	100.0
Total	230	100.0	100.0	

9. Graph 4.09 Perception of High Returns while investing in Mutual funds

Rank the following on the most preferred basis that you consider is important while investing in Mutual Funds (From High Returns Perspective)



Rank the following on the most preferred basis that you consider is important while investing in Mutual Funds (From High Returns Perspective)

4.3.3 Source of information

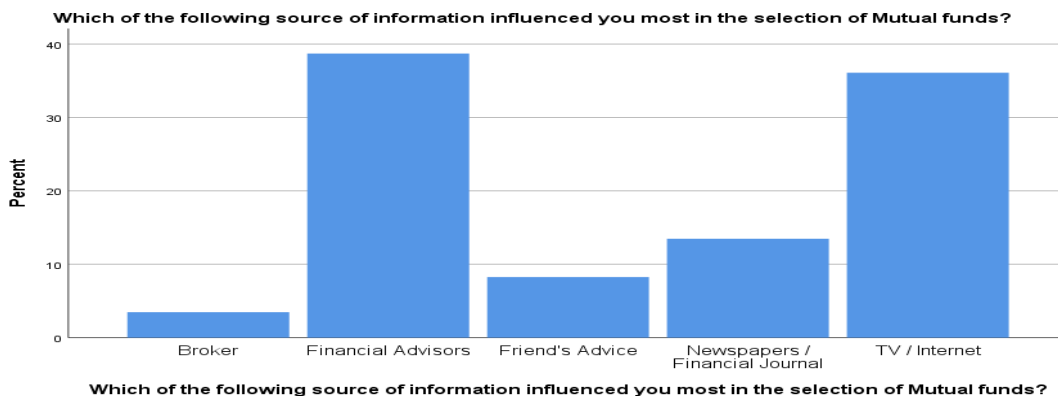
Most respondents found their source of investment from Financial Advisors as well as TV / Internet. This goes to show that Financial Advisors are doing a great job of explaining and sharing information with the respondents. It also shows that the respondents are doing a bit of research on their own from the internet as well as watching the news channels or business channels to get more investment knowledge. The least amount of information is received from the Mutual Fund Broker.

10. Table 4.10 Source of information

When choosing a mutual fund, which of the following was the most helpful to you?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Broker	8	3.5	3.5	3.5
Financial Advisors	89	38.7	38.7	42.2
Friend's Advice	19	8.3	8.3	50.4
Newspapers / Financial Journal	31	13.5	13.5	63.9
TV / Internet	83	36.1	36.1	100.0
Total	230	100.0	100.0	

10. Graph 4.10 Source of information



4.3.4 Experience with investment returns

A meagre 3 percent of respondents expected a very high return on their investment. A healthy 43.9 percent expected Very High returns which fell into about half of the respondents. The next and a very close 38.3 percent of respondents neither expected high not low returns.

11. Table 4.11 Experience with expected returns

How realistic do you find the returns to be on mutual fund investments?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not Applicable	33	14.3	14.3	14.3
	Very Low	5	2.2	2.2	16.5
	Neither High nor Low	88	38.3	38.3	54.8
	High	101	43.9	43.9	98.7
	Very High	3	1.3	1.3	100.0
	Total	230	100.0	100.0	

11. Graph 4.11 Experience with expected returns



4.3.5 Influence of the track record in choice of the Mutual Fund

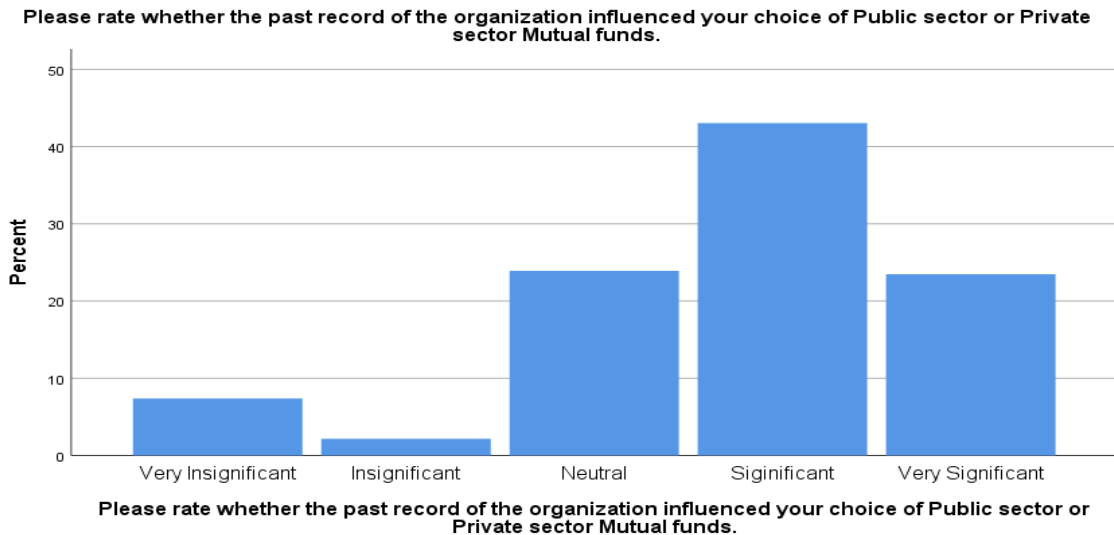
A sizable portion of investors decided on the Mutual Fund based on the firm's track record. A healthy 43% of respondents felt this way, representing just under half of everyone who participated.

12. Table 4.12 Track record of organization when choosing Mutual Funds

When deciding between public and private mutual funds, how much weight do you give the organization's track record?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Insignificant	17	7.4	7.4	7.4
	Insignificant	5	2.2	2.2	9.6
	Neutral	55	23.9	23.9	33.5
	Significant	99	43.0	43.0	76.5
	Very Significant	54	23.5	23.5	100.0
	Total	230	100.0	100.0	

12. Graph 4.12 Track record of organization when choosing Mutual Funds



4.3.6 Influence of the growth prospects in choice of the Mutual Fund

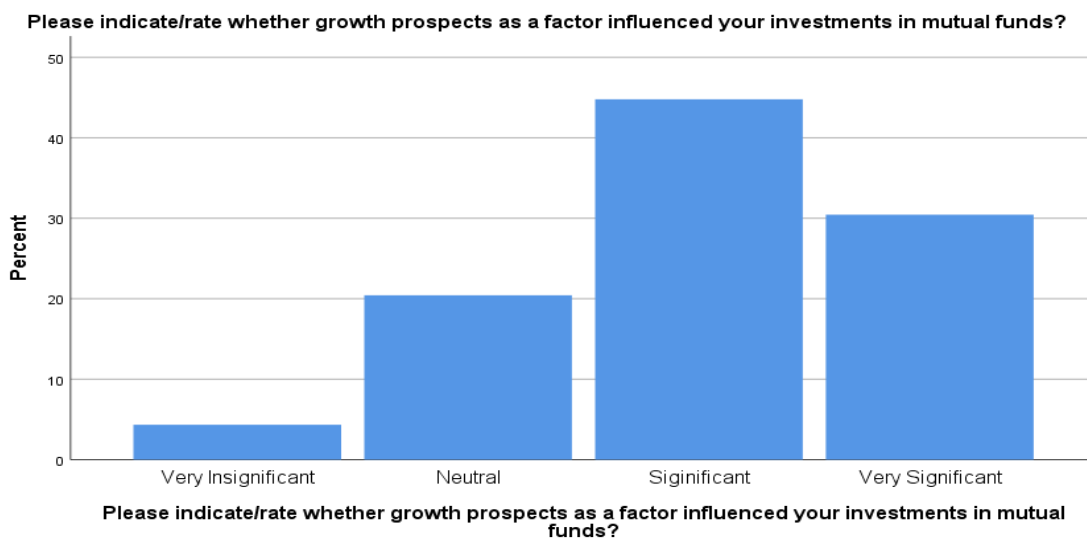
About 30 percent of the respondents find it very Significant to consider growth prospects of the organization while choosing the Mutual Fund. The higher percentage of 44.8 percent look toward growth prospects as a Significant requirement while choosing Mutual Funds.

13. Table 4.13 Do growth prospects influence investments in Mutual Funds

Please indicate/rate whether growth prospects as a factor influenced your investments in mutual funds?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very Insignificant	10	4.3	4.3	4.3
Neutral	47	20.4	20.4	24.8
Significant	103	44.8	44.8	69.6
Very Significant	70	30.4	30.4	100.0
Total	230	100.0	100.0	

13. Graph 4.13 Do growth prospects influence investments in Mutual Funds



4.3.7 Influence of the credit rating in choice of the Mutual Fund

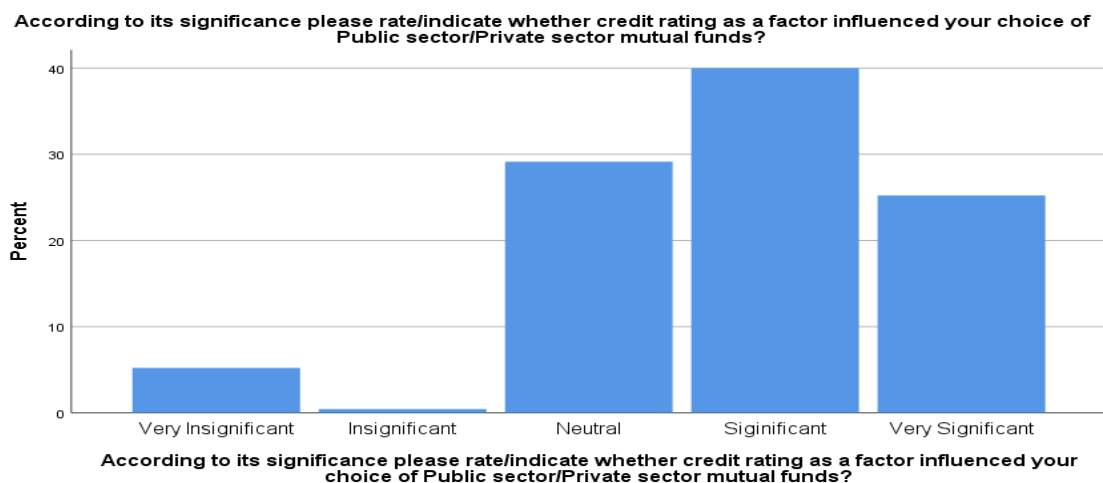
A majority of 40 percent of respondents which leads to almost half of the respondents find it Significant to look at the credit ratings before choosing Mutual funds. A pastry 0.4 percent feel that looking at credit ratings is insignificant followed by 5.2 percent who think that credit ratings are very insignificant while choosing Mutual Funds.

14. Table 4.14 Does credit rating influence investments in Mutual Funds

Please specify the extent to which credit rating played into your decision between public and private mutual funds.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very Insignificant	12	5.2	5.2	5.2
Insignificant	1	.4	.4	5.7
Neutral	67	29.1	29.1	34.8
Significant	92	40.0	40.0	74.8
Very Significant	58	25.2	25.2	100.0
Total	230	100.0	100.0	

14. Graph 4.14 Does credit rating influence investments in Mutual Funds



4.3.8 Influence of the market fluctuation in choice of the Mutual Fund

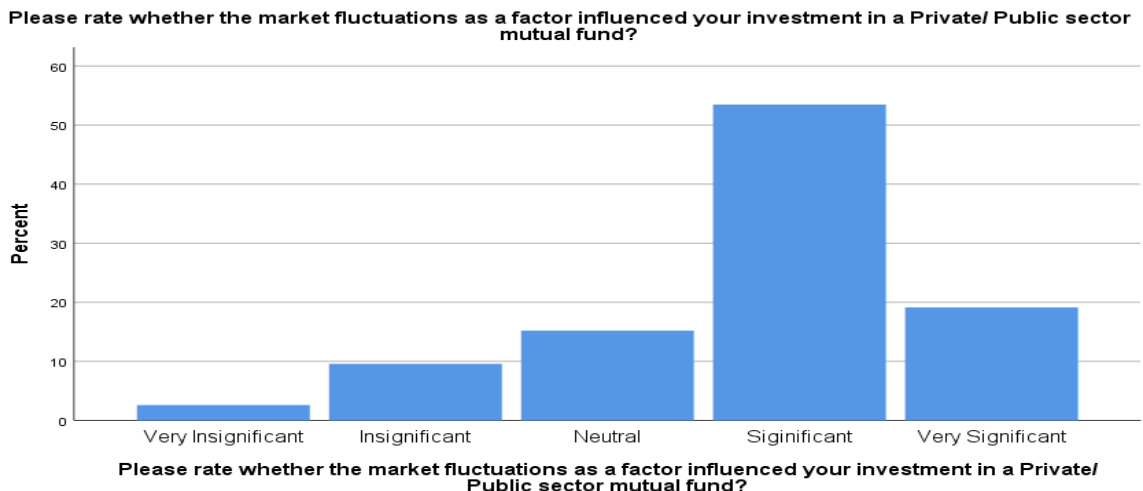
A majority of 53.5 percent of respondents which leads to more than half of the respondents find it Significant to look at the market fluctuation before choosing Mutual funds. A very small 2.6 percent feel that looking at market fluctuation is very insignificant while choosing Mutual Funds.

15. Table 4.15 Does market fluctuation influence investments in Mutual Funds

Please rate whether the market fluctuations as a factor influenced your investment in a Private/ Public sector mutual fund?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Insignificant	6	2.6	2.6	2.6
	Insignificant	22	9.6	9.6	12.2
	Neutral	35	15.2	15.2	27.4
	Significant	123	53.5	53.5	80.9
	Very Significant	44	19.1	19.1	100.0
	Total	230	100.0	100.0	

15. Graph 4.15 Does market fluctuation influence investments in Mutual Funds



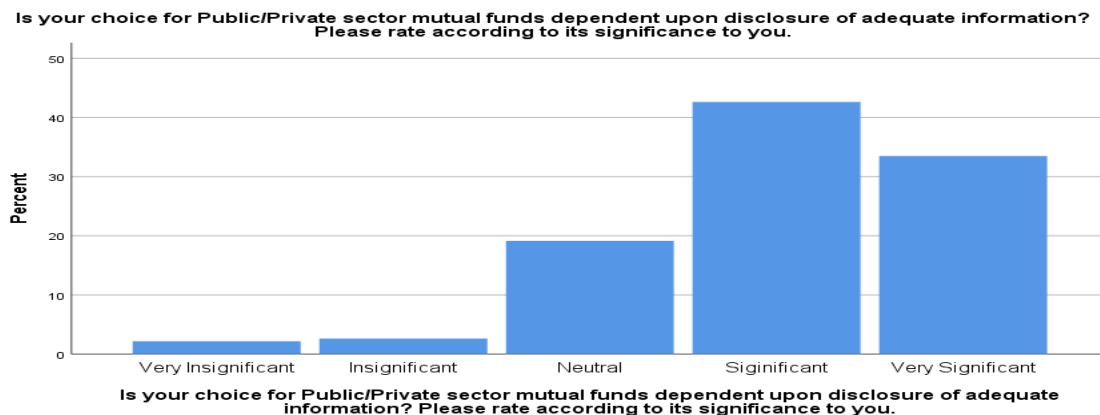
4.3.9 Influence of the disclosure of adequate information in choice of the Mutual Fund
 Very much like the market fluctuation, a majority of 42.6 percent of respondents find it Significant to look at disclosure of adequate information before choosing Mutual funds. A very small 2.2 percent feel that disclosure of adequate information is very insignificant while choosing Mutual Funds.

16. Table 4.16 Does disclosure of adequate information influence investments in Mutual Funds

Is complete transparency essential before you invest in public or private sector mutual funds? Kindly rank it based on how important you find it to be.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Insignificant	5	2.2	2.2	2.2
	Insignificant	6	2.6	2.6	4.8
	Neutral	44	19.1	19.1	23.9
	Significant	98	42.6	42.6	66.5
	Very Significant	77	33.5	33.5	100.0
	Total	230	100.0	100.0	

16. Graph 4.16 Does disclosure of adequate information influence investments in Mutual Funds



4.3.10 Influence of the size of the fund in choice of the Mutual Fund

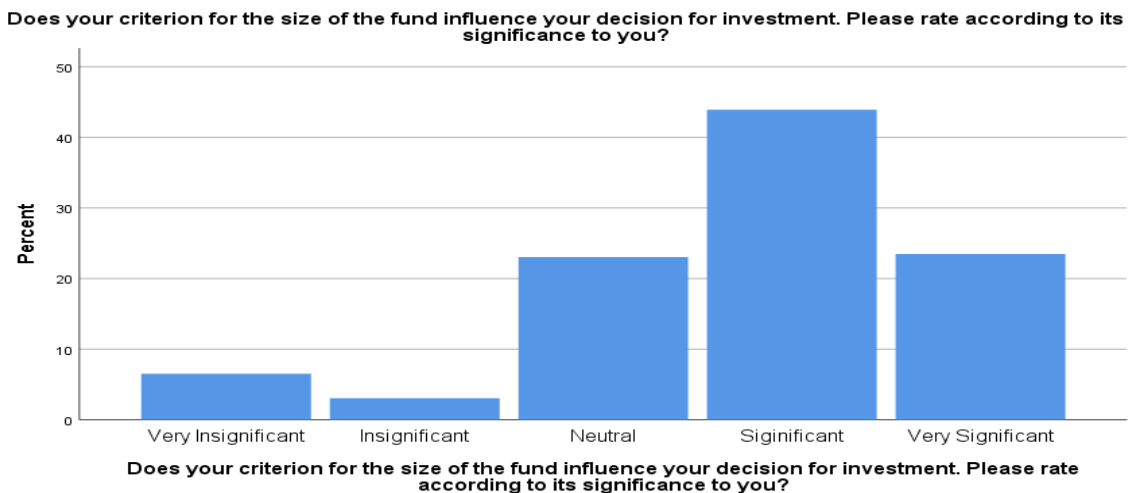
A majority of 43.9 percent of respondents find it Significant to consider the size of the fund while choosing Mutual Funds. A minor 3.0 percent feel that the size of the fund is insignificant when making a choice of Mutual Fund investments.

17. Table 4.17 Does size of the fund influence investments in Mutual Funds

Does the size of the fund matter to you when making a financial commitment? How important do you think it is to rate it?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Insignificant	15	6.5	6.5	6.5
	Insignificant	7	3.0	3.0	9.6
	Neutral	53	23.0	23.0	32.6
	Significant	101	43.9	43.9	76.5
	Very Significant	54	23.5	23.5	100.0
	Total	230	100.0	100.0	

17. Graph 4.17 Does size of the fund influence investments in Mutual Funds



4.3.11 Significance of performance appraisal based upon portfolio selection in choice of the Mutual Fund

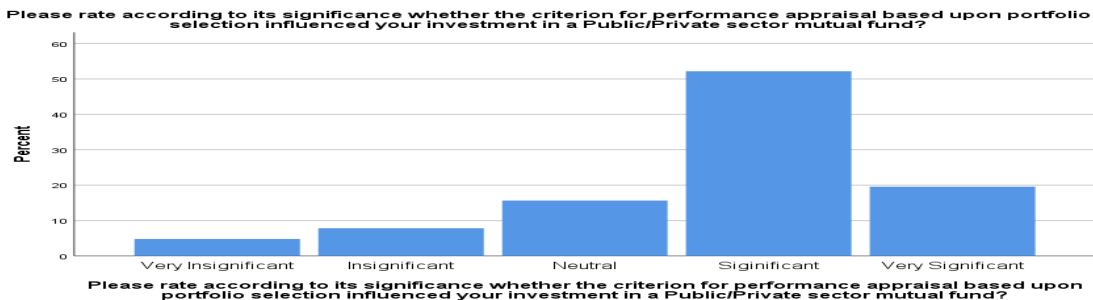
Very much like the size of the fund, a majority of 52.2 percent of respondents which make it to more than half of the respondents find it Significant to consider performance appraisal based upon portfolio selection before choosing Mutual funds. A small 4.8 percent feel that performance appraisal based upon portfolio selection is very insignificant while choosing Mutual Funds.

18. Table 4.18 Does performance appraisal based upon portfolio selection influence investments in Mutual Funds

Please indicate the extent to which the criteria for performance evaluation based upon portfolio selection affected your decision to invest in a public/private sector mutual fund.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very Insignificant	11	4.8	4.8	4.8
Insignificant	18	7.8	7.8	12.6
Neutral	36	15.7	15.7	28.3
Significant	120	52.2	52.2	80.4
Very Significant	45	19.6	19.6	100.0
Total	230	100.0	100.0	

18. Graph 4.18 Does performance appraisal based upon portfolio selection influence investments in Mutual Funds



4.3.12 Preference of receiving return over dividend on Mutual Fund Investment

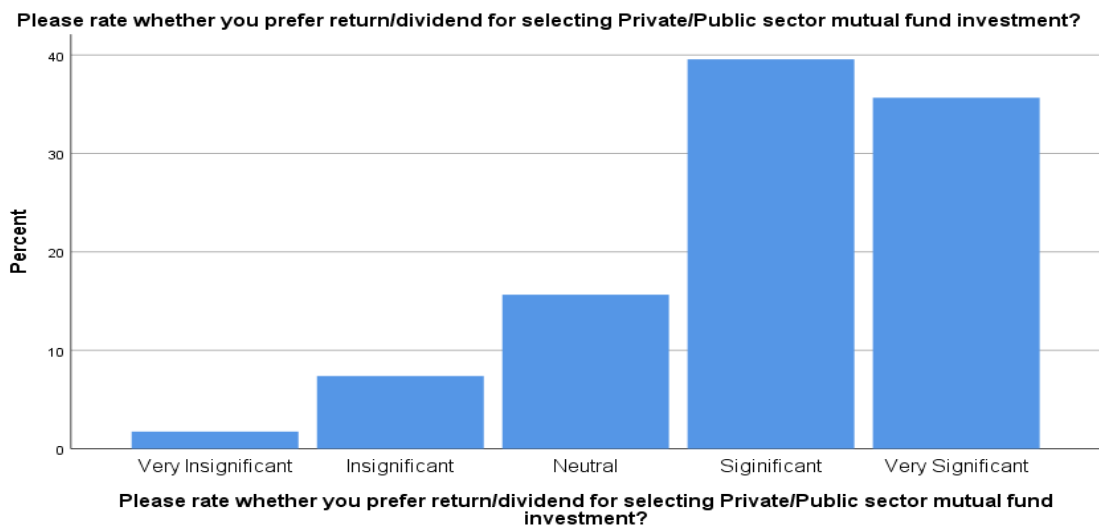
Most respondents lean toward the significant as well as very significant side of the spectrum with the choice of return over dividend with 39.6 percent leaning on significant and 35.7 percent leaning on very significant. This shows that more than 3/4th of the respondents prefer returns over dividends.

19. Table 4.19 Preference of return / dividend on Mutual Fund Investment

How important is it for you to receive a return or dividend when deciding between a mutual fund in the private or public sector?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very Insignificant	4	1.7	1.7	1.7
Insignificant	17	7.4	7.4	9.1
Neutral	36	15.7	15.7	24.8
Significant	91	39.6	39.6	64.3
Very Significant	82	35.7	35.7	100.0
Total	230	100.0	100.0	

19. Graph 4.19 Preference of return / dividend on Mutual Fund Investment



4.3.13 Are Mutual Funds useful for small investors

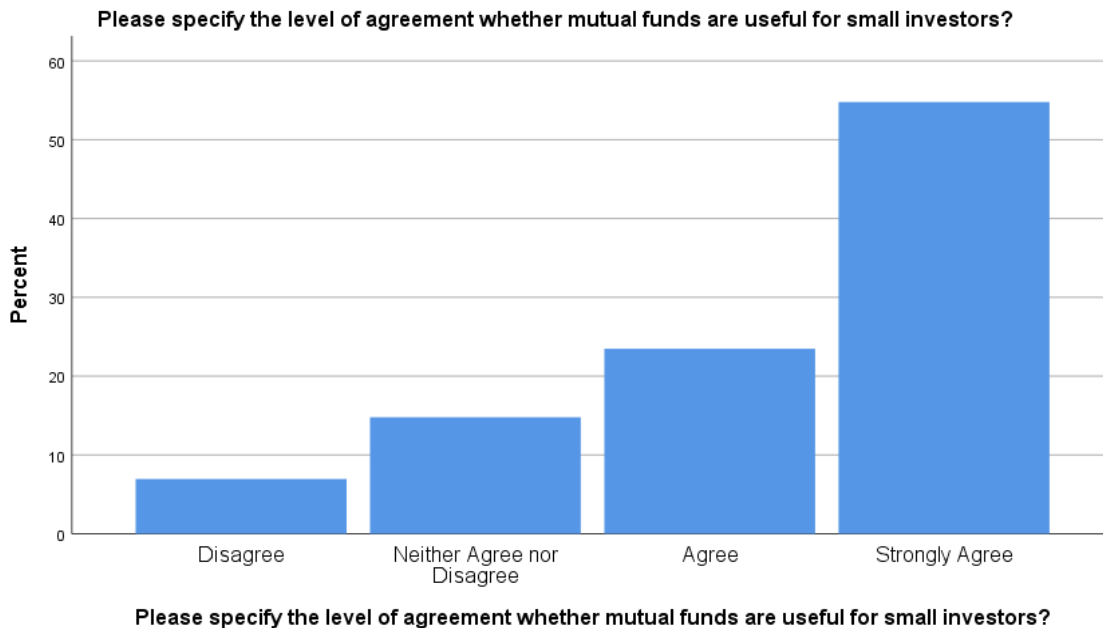
With over half of respondents strongly agreeing that mutual funds are appropriate for retail investors, this question has a definitive answer of 54.9 percent. There are just a small percentage of people (7%) who would even agree to the opposite opinion.

20. Table 4.20 Should small investors invest in Mutual Funds

In what ways do you think mutual funds may help novice investors?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	16	7.0	7.0	7.0
	Neither Agree nor Disagree	34	14.8	14.8	21.7
	Agree	54	23.5	23.5	45.2
	Strongly Agree	126	54.8	54.8	100.0
	Total	230	100.0	100.0	

20. Graph 4.20 Should small investors invest in Mutual Funds



4.3.14 When compared to other types of investments, do mutual funds often yield a better rate of return?

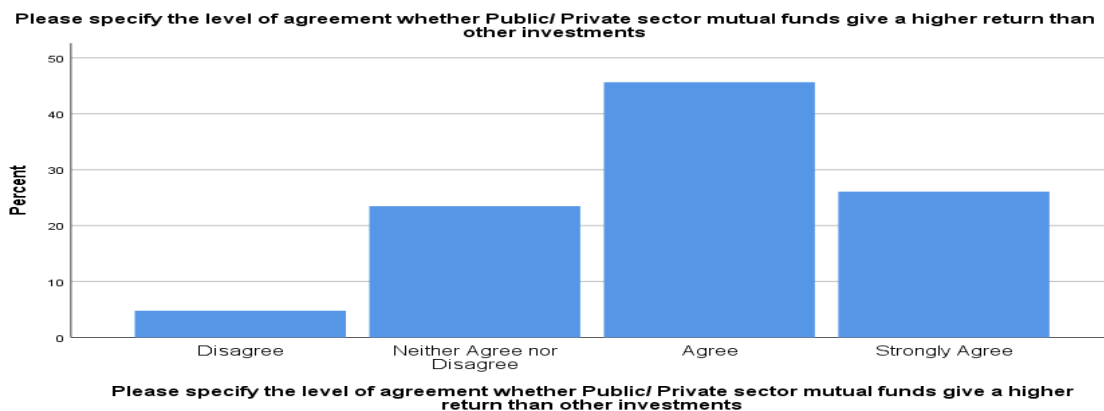
With only 4.8 percent disagreeing that Mutual funds give higher returns in comparison to other investments it is very visible that 45.7 percent of the respondents who Agree and 26.1 percent who Strongly Agree that Mutual Funds give a higher return in comparison to other investments. This shows that about 3/4th of the respondents believe that Mutual Funds are a better investment.

21. Table 4.21 Compared to other investments are Mutual Funds a better choice of investment

Share your thoughts on whether or not you think mutual funds in the public or private sector offer a better return than alternative investing options.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	11	4.8	4.8	4.8
	Neither Agree nor Disagree	54	23.5	23.5	28.3
	Agree	105	45.7	45.7	73.9
	Strongly Agree	60	26.1	26.1	100.0
	Total	230	100.0	100.0	

21. Graph 4.21 Compared to other investments are Mutual Funds a better choice of investment



4.3.15 Are Private Mutual Funds better in performance in comparison to Public Mutual Funds

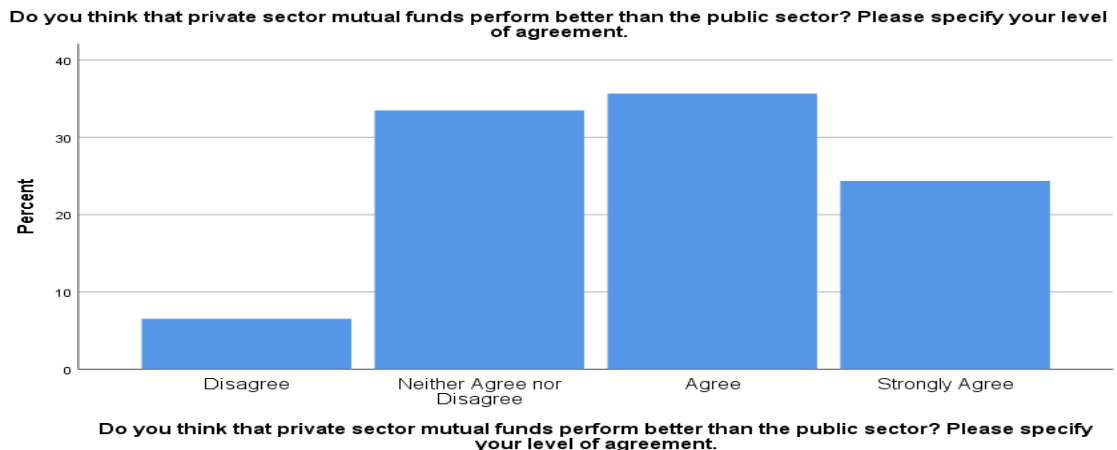
This seems to be a very tricky question to most respondents as quite a number are stuck to the middle of the spectrum with 35.7 percent agree that Private Mutual Funds perform better than public sector mutual funds, and 33.5 who neither Agree nor Disagree. We also see that there is a 24.3 percent who strongly agree in favor of Private Mutual Funds. There are only 6.5 percent of respondents who Disagree over Private Mutual Funds being a better choice over Public Mutual Funds

22. Table 4.22 Are Private Mutual Funds better than Public Mutual Funds

Is it your opinion that mutual funds managed by private companies outperform those managed by governments? Kindly rate your level of agreement.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	15	6.5	6.5	6.5
	Neither Agree nor Disagree	77	33.5	33.5	40.0
	Agree	82	35.7	35.7	75.7
	Strongly Agree	56	24.3	24.3	100.0
	Total	230	100.0	100.0	

22. Graph 4.22 Are Private Mutual Funds better than Public Mutual Funds



4.3.16 Do Mutual Funds Offer a Greater Tax Shelter to Shareholders?

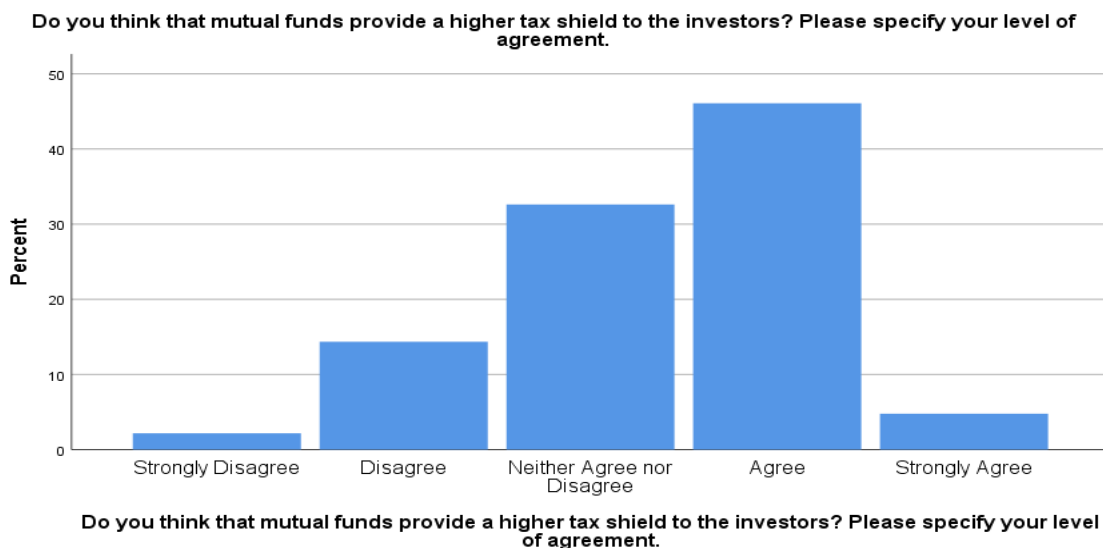
Of those who took part in the survey, 46.1% agreed that mutual funds indeed give an increased tax shield to investors, and 4.8% were even more emphatic in their agreement. Only 2.2% of people Strongly Disagree with this statement, which is a very tiny percentage.

23. Table 4.23 Mutual Funds as a Tax Shield

Do you think that mutual funds provide a higher tax shield to the investors? Please specify your level of agreement.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	2.2	2.2	2.2
	Disagree	33	14.3	14.3	16.5
	Neither Agree nor Disagree	75	32.6	32.6	49.1
	Agree	106	46.1	46.1	95.2
	Strongly Agree	11	4.8	4.8	100.0
	Total	230	100.0	100.0	

23. Graph 4.23 Mutual Funds as a Tax Shield



4.3.17 To what extent do large-capacity mutual funds outperform their smaller counterparts.

Nearly half (48.7%) of respondents agree that large-corpus mutual funds perform better than small-corpus funds. In addition to the 51% who agree, there are additional 11.7% who Strongly agree. Only 4.3% of people really disagree with this assertion.

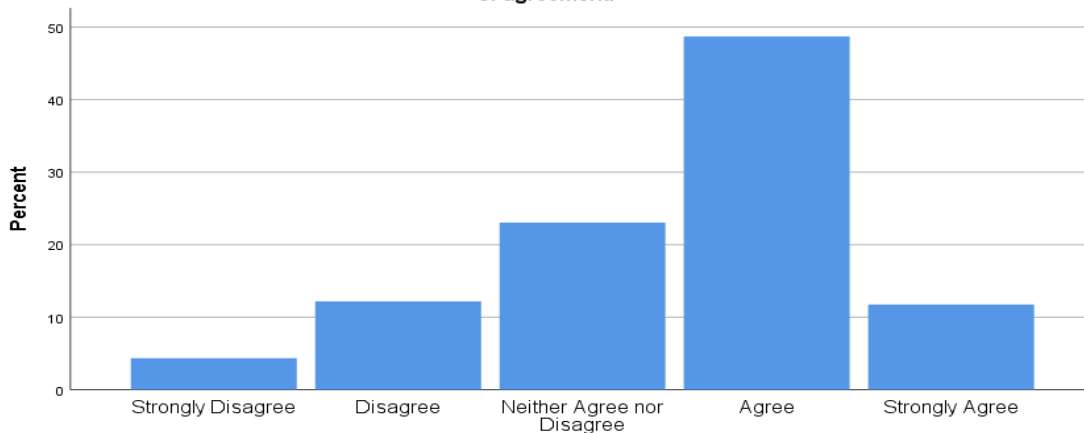
24. Table 4.24 Large Corpus vs Small Corpus

Which do you believe performs better, mutual funds with a huge corpus or those with a smaller one? Kindly rate your level of agreement.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	4.3	4.3	4.3
	Disagree	28	12.2	12.2	16.5
	Neither Agree nor Disagree	53	23.0	23.0	39.6
	Agree	112	48.7	48.7	88.3
	Strongly Agree	27	11.7	11.7	100.0
	Total	230	100.0	100.0	

24. Graph 4.24 Large Corpus vs Small Corpus

Do you think that mutual funds with a large corpus perform better than smaller ones? Please specify your level of agreement.



Do you think that mutual funds with a large corpus perform better than smaller ones? Please specify your level of agreement.

4.3.18 Do Mutual Funds with a balanced portfolio give better returns.

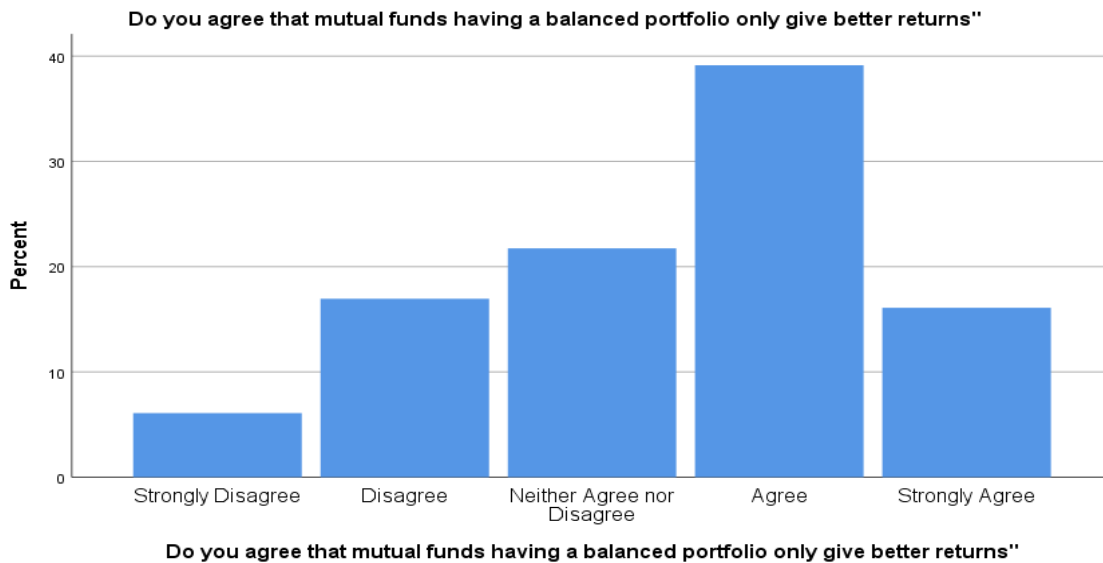
Between Agree and Strongly Agree we can see that more than half of the respondents have answered on behalf of a balanced portfolio with 39.1 percent who state that they Agree and 16.1 percent who Strongly Agree. We can also see that there are 6.1 percent of the respondents who Strongly Disagree to this statement.

25. Table 4.25 Better returns on balanced portfolio

Is it your opinion that mutual funds with a diversified portfolio can only increase in value over time?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	14	6.1	6.1	6.1
	Disagree	39	17.0	17.0	23.0
	Neither Agree nor Disagree	50	21.7	21.7	44.8
	Agree	90	39.1	39.1	83.9
	Strongly Agree	37	16.1	16.1	100.0
	Total	230	100.0	100.0	

25. Graph 4.25 Better returns on balanced portfolio



4.3.19 Are close – ended Mutual Funds Risky.

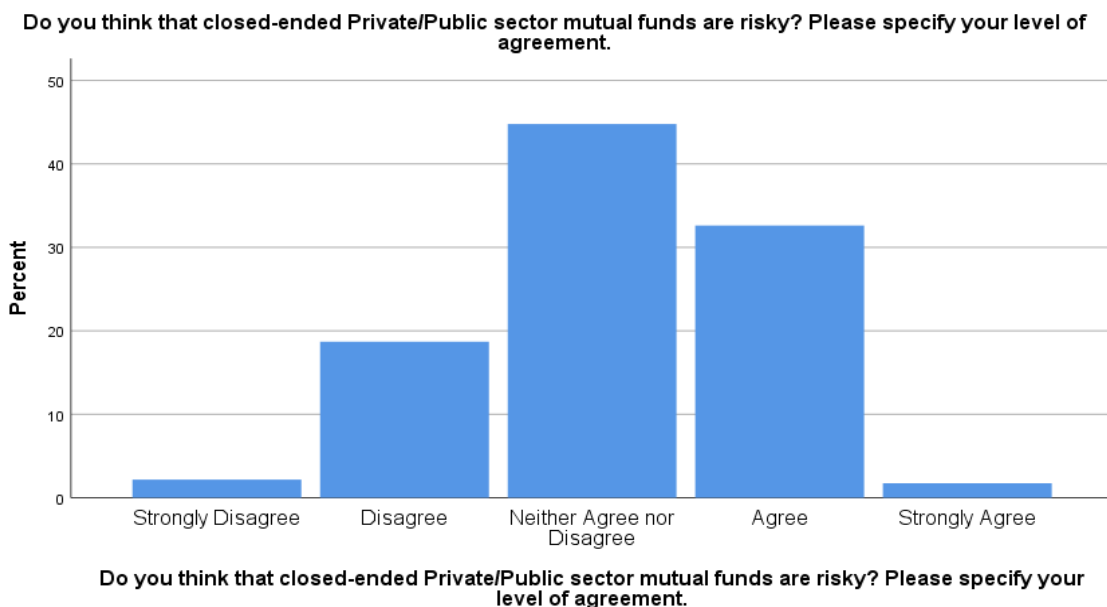
Almost half of the respondents Neither Agree nor Disagree to the Riskiness of Close – Ended Mutual Funds. We can see 44.8 percent who Neither Agree nor Disagree and we also see that 2.2 percent Strongly Disagree.

26. Table 4.26 Risk of Close -ended Mutual Funds

Do you believe closed-ended Private/Public sector mutual funds to be high-risk investments? Kindly rate your level of agreement.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	5	2.2	2.2	2.2
Disagree	43	18.7	18.7	20.9
Neither Agree nor Disagree	103	44.8	44.8	65.7
Agree	75	32.6	32.6	98.3
Strongly Agree	4	1.7	1.7	100.0
Total	230	100.0	100.0	

26. Graph 4.26 Risk of Close -ended Mutual Funds



4.3.20 Is there a difference in the safety of public and private mutual funds?

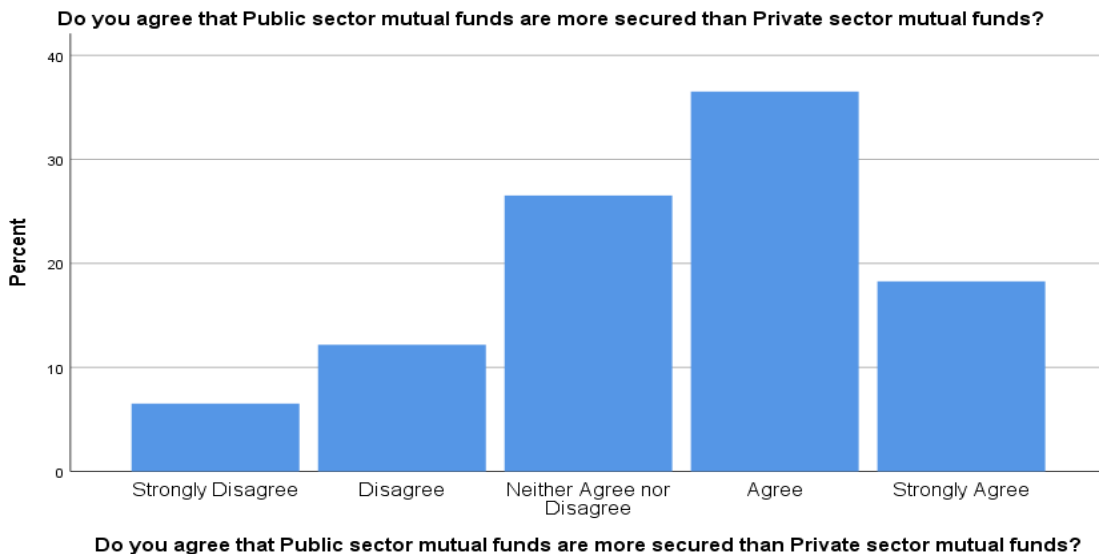
The graph portrays a lean toward the right of the spectrum with 36.5 percent of respondents who Agree with Public Sector Mutual Funds being more Secure than Private Sector Mutual Funds with 26.5 percent coming in second place and 6.5 percent Strongly Disagree with this statement.

27. Table 4.27 Public Sector Vs Private Sector in terms of security

To what extent do you think that mutual funds managed by the government are safer than those managed by private companies?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	15	6.5	6.5	6.5
	Disagree	28	12.2	12.2	18.7
	Neither Agree nor Disagree	61	26.5	26.5	45.2
	Agree	84	36.5	36.5	81.7
	Strongly Agree	42	18.3	18.3	100.0
	Total	230	100.0	100.0	

27. Graph 4.27 Public Sector Vs Private Sector in terms of security



4.3.21 The question is raised as to whether or not Open-Ended Mutual Funds (or ETFs) should be traded on the stock market.

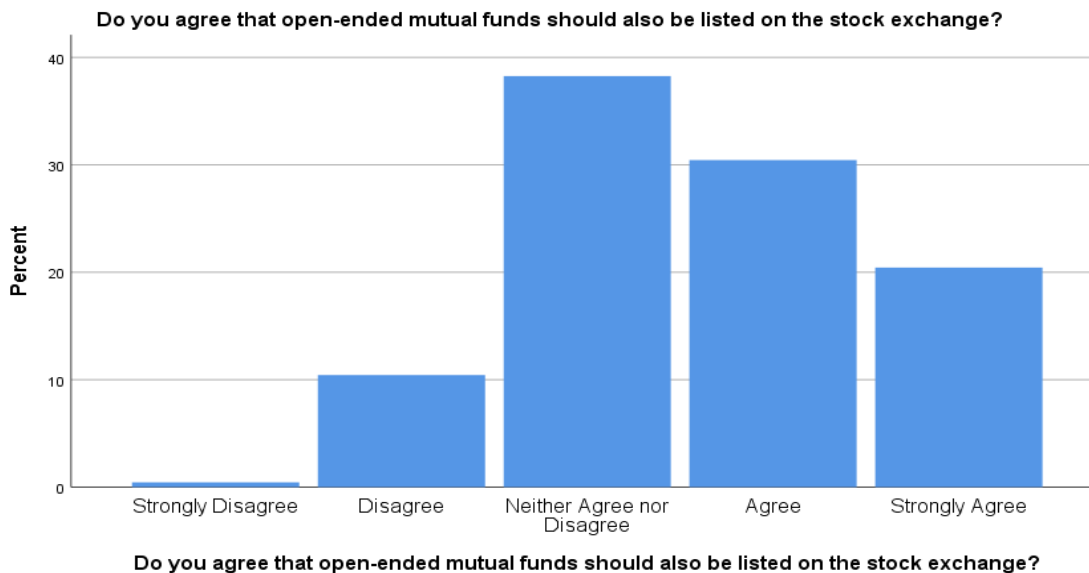
Although 38% of respondents lean toward the neutral position of Neither Agree nor Disagree, there is a tiny but significant minority of 0.4% who Strongly Disagree with the requirement that Open-Ended Mutual Funds be listed on the Stock Exchange.

28. Table 4.28 Listing of Open – Ended Mutual Funds on the Stock Exchange

Do you think open-ended mutual funds should be traded publicly as well?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	1	.4	.4	.4
Disagree	24	10.4	10.4	10.9
Neither Agree nor Disagree	88	38.3	38.3	49.1
Agree	70	30.4	30.4	79.6
Strongly Agree	47	20.4	20.4	100.0
Total	230	100.0	100.0	

28. Graph 4.28 Listing of Open – Ended Mutual Funds on the Stock Exchange



4.3.22 Can Mutual Fund Ownership be compared with owning any other Asset.

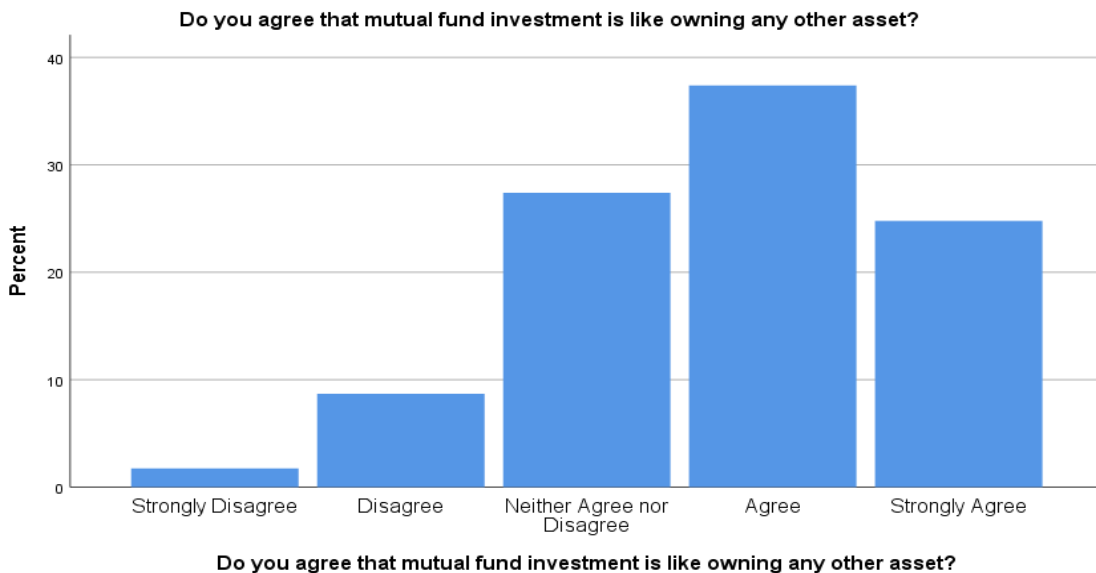
With 1.7 percent of respondents Strongly Disagreeing to comparing Mutual Funds with any other Asset, we can still see a lean toward the other end of the spectrum with 37.4 percent who Agree as well as 24.8 percent who Strongly Agree that Mutual Fund ownership can be compared to owning any other Asset.

29. Table 4.29 Mutual fund ownership compared to owning any other asset

Do you think investing in mutual funds is similar to owning any other asset?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	4	1.7	1.7	1.7
Disagree	20	8.7	8.7	10.4
Neither Agree nor Disagree	63	27.4	27.4	37.8
Agree	86	37.4	37.4	75.2
Strongly Agree	57	24.8	24.8	100.0
Total	230	100.0	100.0	

29. Graph 4.29 Mutual fund ownership compared to owning any other asset



4.3.23 Comparing losses between Mutual Funds and Shares.

The majority of respondents (45.7% to be exact) agree that mutual funds reduce exposure to potential financial losses when compared to investing directly in the stock market. Among those who participated in the survey, 2.6% Strongly Disagreed with the statement in question.

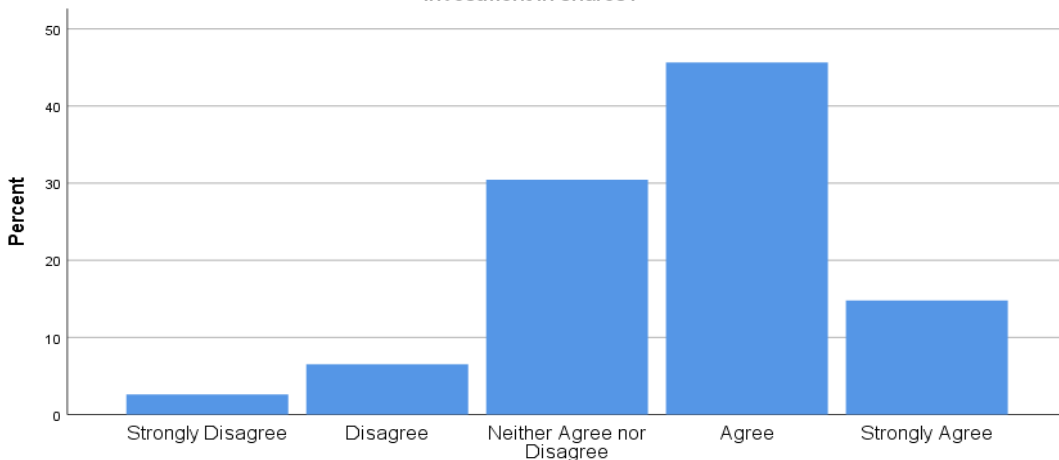
30. Table 4.30 Loss protection in Mutual Funds compared to Shares

Do you think investing in private/public mutual funds mitigates the danger of losing money on direct stock purchases?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.6	2.6	2.6
	Disagree	15	6.5	6.5	9.1
	Neither Agree nor Disagree	70	30.4	30.4	39.6
	Agree	105	45.7	45.7	85.2
	Strongly Agree	34	14.8	14.8	100.0
	Total	230	100.0	100.0	

30. Graph 4.30 Loss protection in Mutual Funds compared to Shares

Do you agree Private/Public sector mutual fund investment provides a shield against the risk of loss of direct investment in shares?



Do you agree Private/Public sector mutual fund investment provides a shield against the risk of loss of direct investment in shares?

4.3.24.1 Trust as a perceptual factor in Public and Private Mutual Fund Institutions.

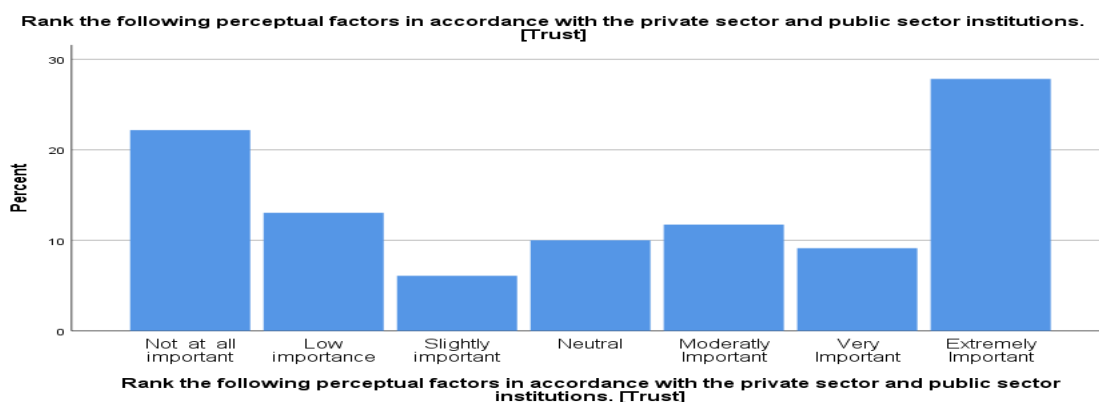
There seems to be a mix feeling when trust is considered as a perceptual factor in Public and Private Mutual Fund Institutions. The majority of 27.8 percent say that it is Extremely Important and 22.2 percent say that it is Not at all Important. We also see that there is a 10 percent of respondents who feel Neutral of Trust being a Perceptual Factor.

31. Table 4.31 Trust as a Perceptual Factor

**Put the following perceptions in order from private to public organisations.
[Trust]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all important	51	22.2	22.2	22.2
	Low importance	30	13.0	13.0	35.2
	Slightly important	14	6.1	6.1	41.3
	Neutral	23	10.0	10.0	51.3
	Moderately Important	27	11.7	11.7	63.0
	Very Important	21	9.1	9.1	72.2
	Extremely Important	64	27.8	27.8	100.0
	Total	230	100.0	100.0	

31. Graph 4.31 Trust as a Perceptual Factor



4.3.24.2 Bonding as a perceptual factor in Public and Private Mutual Fund Institutions.

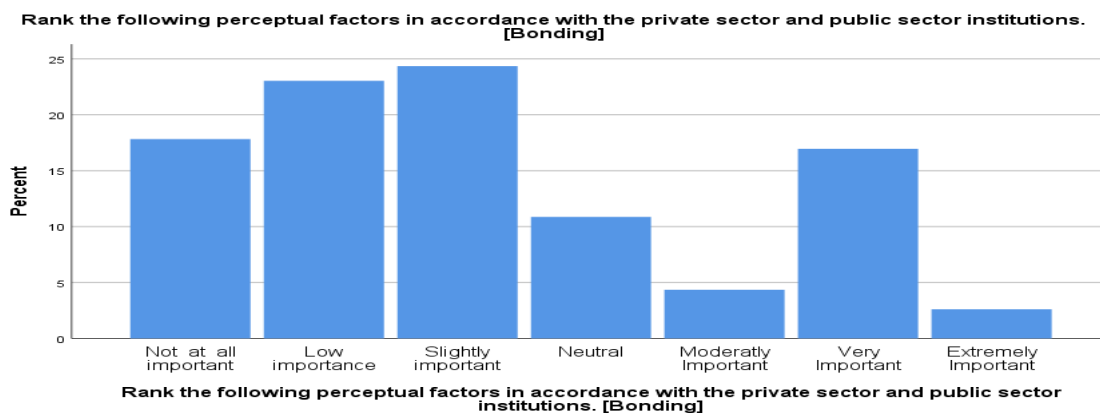
Most of the respondents have stuck to the lower end of the spectrum with 24.3 percent stating that Bonding was Slightly Important, 23.0 percent stating Low Importance and 17.8 percent stating Not at all Important. All together this works out to more than half of the respondents. Only 2.6 percent of the respondents stated that Bonding was Extremely Important for them.

32. Table 4.32 Bonding as a Perceptual Factor

**Put the following perceptions in order from private to public organisations.
[Bonding]**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not at all important	41	17.8	17.8	17.8
Low importance	53	23.0	23.0	40.9
Slightly important	56	24.3	24.3	65.2
Neutral	25	10.9	10.9	76.1
Moderately Important	10	4.3	4.3	80.4
Very Important	39	17.0	17.0	97.4
Extremely Important	6	2.6	2.6	100.0
Total	230	100.0	100.0	

32. Graph 4.32 Bonding as a Perceptual Factor



4.3.24.3 Communication as a perceptual factor in Public and Private Mutual Fund Institutions.

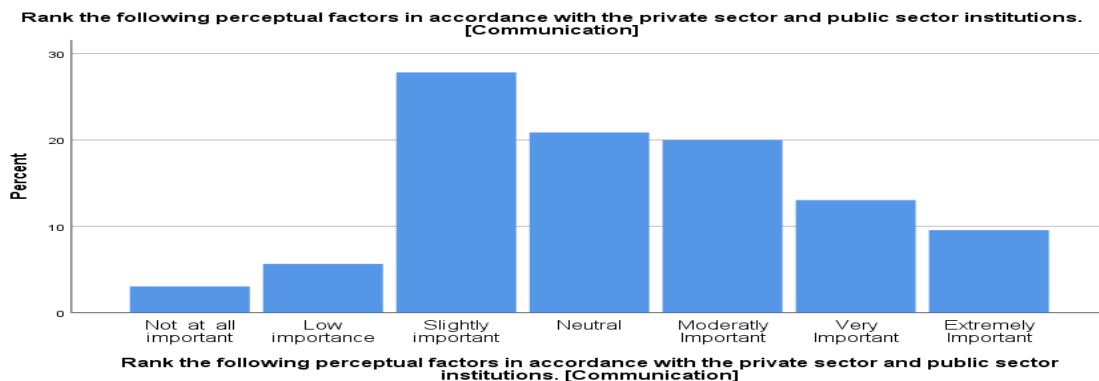
While looking at Communication as a Perceptual Factor, we can see that the spectrum is leaning toward the right with only 3 percent stating Not at all Important but 27.8 percent stated Slightly Important continuing to 20.9 percent who were Neutral about it and slightly less than 50 percent stuck to the extreme right of the spectrum with 20 percent stating Moderately Important, 13 percent stated Very Important and 9.6 percent stating Communication as Extremely Important factor.

33. Table 4.33 Communication as a Perceptual Factor

**Put the following perceptions in order from private to public organisations.
[Communication]**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not at all important	7	3.0	3.0	3.0
Low importance	13	5.7	5.7	8.7
Slightly important	64	27.8	27.8	36.5
Neutral	48	20.9	20.9	57.4
Moderately Important	46	20.0	20.0	77.4
Very Important	30	13.0	13.0	90.4
Extremely Important	22	9.6	9.6	100.0
Total	230	100.0	100.0	

33. Graph 4.33 Communication as a Perceptual Factor



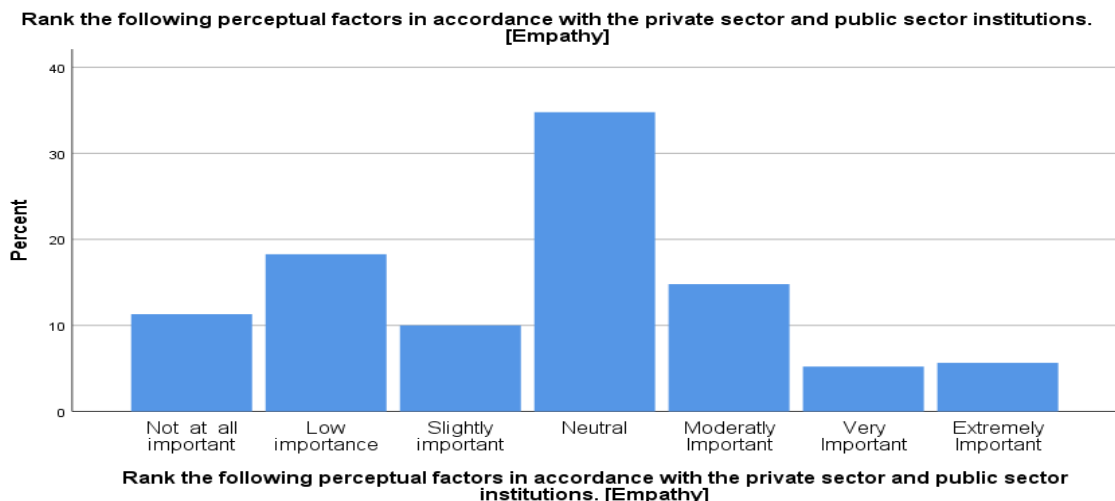
4.3.24.4 Empathy as a perceptual factor in Public and Private Mutual Fund Institutions. Majority of the respondents that consist of 34.8 percent state Neutral as their answer for Empathy as a Perceptual Factor. There are a only 5.7 percent who express Extremely Importance and 11.3 percent who state Not at all Important toward Empathy as a Perceptual Factor.

34. Table 4.34 Empathy as a Perceptual Factor

**Put the following perceptions in order from private to public organisations.
[Empathy]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all important	26	11.3	11.3	11.3
	Low importance	42	18.3	18.3	29.6
	Slightly important	23	10.0	10.0	39.6
	Neutral	80	34.8	34.8	74.3
	Moderately Important	34	14.8	14.8	89.1
	Very Important	12	5.2	5.2	94.3
	Extremely Important	13	5.7	5.7	100.0
	Total	230	100.0	100.0	

34. Graph 4.34 Empathy as a Perceptual Factor



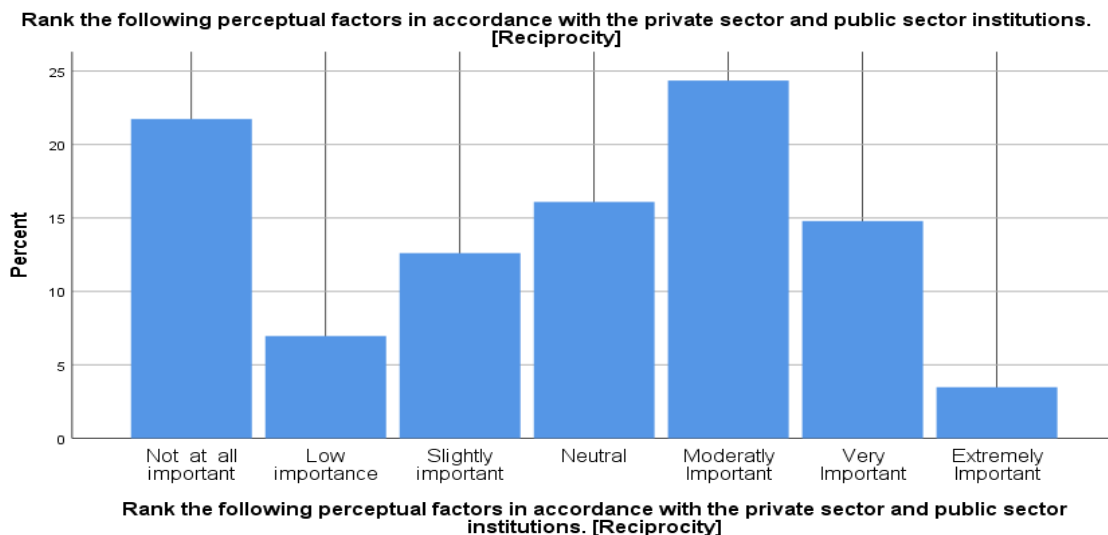
4.3.24.5 Reciprocity as a perceptual factor in Public and Private Mutual Fund Institutions. With only 3.5 percent of the respondents stating that Reciprocity is an important factor, 24.3 percent state Moderately Important and 21.7 percent of the respondents state Not at all Important.

35. Table 4.35 Reciprocity as a Perceptual Factor

**Put the following perceptions in order from private to public organisations.
[Reciprocity]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all important	50	21.7	21.7	21.7
	Low importance	16	7.0	7.0	28.7
	Slightly important	29	12.6	12.6	41.3
	Neutral	37	16.1	16.1	57.4
	Moderately Important	56	24.3	24.3	81.7
	Very Important	34	14.8	14.8	96.5
	Extremely Important	8	3.5	3.5	100.0
	Total	230	100.0	100.0	

35. Graph 4.35 Reciprocity as a Perceptual Factor



4.3.24.6 Culture as a perceptual factor in Public and Private Mutual Fund Institutions.

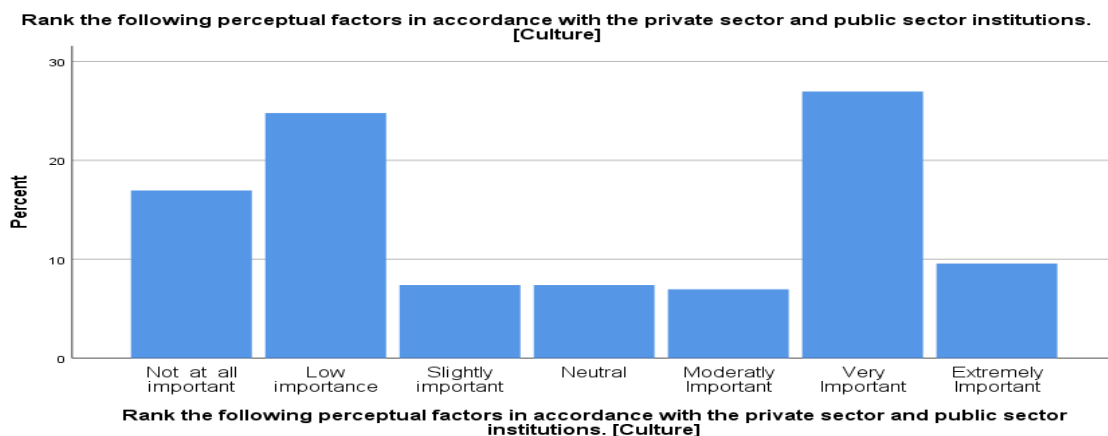
Looking at the numbers we can see that 27 percent of the respondents state that Culture is a Very Important Perceptual Factor whereas 24.8 percent state that they feel that it has Low Importance to them. There is a slightly even middle ground with 7.4 percent stating Slightly Important, 7.4 percent stating Neutral and 7 percent state Moderately Important toward Culture as a Perceptual Factor.

36. Table 4.36 Culture as a Perceptual Factor

**Put the following perceptions in order from private to public organisations.
[Culture]**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not at all important	39	17.0	17.0	17.0
Low importance	57	24.8	24.8	41.7
Slightly important	17	7.4	7.4	49.1
Neutral	17	7.4	7.4	56.5
Moderately Important	16	7.0	7.0	63.5
Very Important	62	27.0	27.0	90.4
Extremely Important	22	9.6	9.6	100.0
Total	230	100.0	100.0	

36. Graph 4.36 Culture as a Perceptual Factor



4.3.24.7 Customer Satisfaction as a perceptual factor in Public and Private Mutual Fund Institutions.

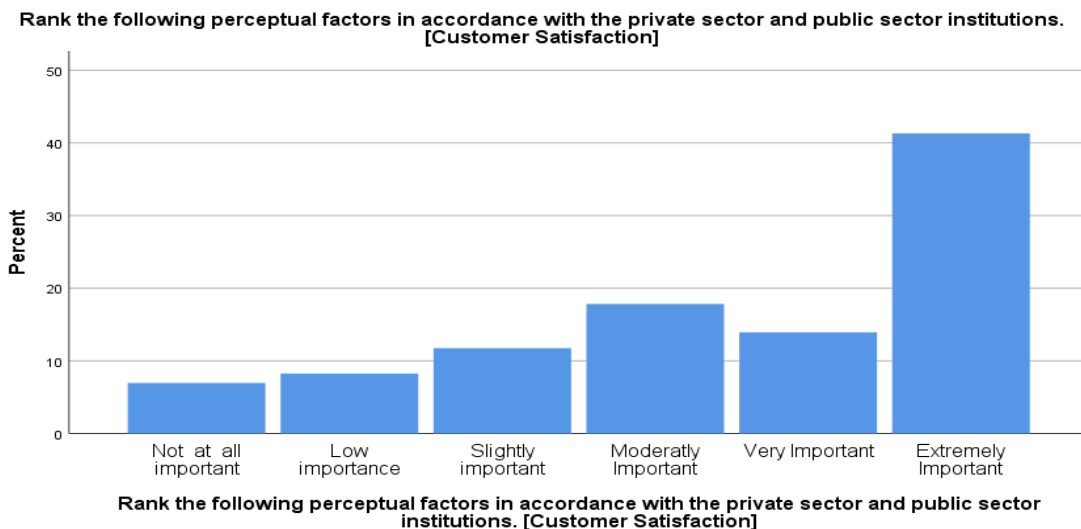
The Majority of respondents claim that Customer Satisfaction is Extremely Important with 41.3 percent stating this factor. We see a drop to 13.9 percent as Very Important with a gradual drop all the way till 7 percent who pick Customer Satisfaction as Not at all Important as a Perceptual Factor.

37. Table 4.37 Customer Satisfaction as a Perceptual Factor

**Put the following perceptions in order from private to public organisations.
[Customer Satisfaction]**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not at all important	16	7.0	7.0	7.0
Low importance	19	8.3	8.3	15.2
Slightly important	27	11.7	11.7	27.0
Moderately Important	41	17.8	17.8	44.8
Very Important	32	13.9	13.9	58.7
Extremely Important	95	41.3	41.3	100.0
Total	230	100.0	100.0	

37. Graph 4.37 Customer Satisfaction as a Perceptual Factor



4.4 Hypothesis Testing

The hypothesis of the study are stated below

1. Do the respondents perceive factors affecting the investment in mutual funds differently.

H0: The respondents do not perceive factors affecting the investment in mutual funds differently

H1: The respondents perceive factors affecting the investment in mutual funds differently

2. How does source of information impact the investment patterns among University Faculty members?

H0: Source of information does not make a difference to the investment pattern among the university faculty members.

H1: Source of information has an impact on investment pattern of the university faculty members.

3. Do respondents perceive the factors differently when it comes to investment in public vs private institutions

H0: The respondents do not perceive the factors differently when it comes to investment into public vs private institutions

H1: The respondents perceive the factors differently when it comes to investment into public vs private institutions

4. Does income level and age group have an impact on the investment pattern in Mutual Funds?

H0: Income level and age group does not have an impact on the investment pattern among the university faculty members.

H1: Income level and age group has an impact on investment pattern of the university faculty members.

5. Does knowledge of Mutual funds and its functioning influence in choosing Mutual Funds as a source of Investment?

H0: There is no relation between knowledge of how Mutual Funds work and choosing Mutual Funds as a source of Investment.

H1: There is a relation between knowledge of how Mutual Funds work and choosing Mutual Funds as a source of investment.

38 Table 4.38 Hypothesis Testing

Sl. No.	Research Question (Hypothesis)	Question No.	Tables
1	Do the respondents perceive factors affecting the investment in mutual funds differently.	4.3.2	Tables 4.05, 4.06, 4.07, 4.08, 4.09.
2	How does source of information impact the investment patterns among University Faculty members?	4.3.3	Table 4.10.
3	Do respondents perceive the factors differently when it comes to investment in public vs private institutions.	4.3.6	Tables 4.12, 4.13, 4.14, 4.15, 4.16.
4	Does income level and age group have an impact on the investment pattern in Mutual Funds?	4.2.2, 4.2.3.	Tables 4.02, 4.03.
5	Does knowledge of Mutual funds and its functioning influence in choosing Mutual Funds as a source of Investment?	4.3.1	Table 4.04.

Research Question – 1: RQ1: Do the respondents perceive factors affecting the investment in mutual funds differently.

Statistical Test: Friedman Test

Hypothesis:

H0: The respondents do not perceive factors affecting the investment in mutual funds differently

H1: The respondents perceive factors affecting the investment in mutual funds differently

39. Table 4.39 Research Question 1 – Level of Significance

Level of Significance = 0.05

Test Statistics:

N	230
Chi-Square	33.579
Df	4
Asymp. Sig.	.000

40. Table 4.40 Research Question 1 - Ranks

Observation : $\chi (4) = 33.579, p < 0.01$

Ranks

	Mean Rank
Rank the following on the most preferred basis that you consider is important while investing in Mutual Funds (From Safety Perspective)	2.91
Rank the following on the most preferred basis that you consider is important while investing in Mutual Funds (From Liquidity Perspective)	2.74
Rank the following on the most preferred basis that you consider is important while investing in Mutual Funds (From Tax Benefit Perspective)	2.74
Rank the following on the most preferred basis that you consider is important while investing in Mutual Funds (From Reliability Perspective)	3.16
Rank the following on the most preferred basis that you consider is important while investing in Mutual Funds (From High Returns Perspective)	3.45

Findings: From the above mentioned mean ranks we see that most of the investors seem to be investing in mutual funds with the motive of high returns. We also see that there are others who definitely see other perspectives as important to them while choosing mutual funds. The least important factors that was considered were for Liquidity and for Tax benefit purposes.

Therefore the alternative hypothesis is accepted.

Research Question - 2: How does source of information impact the investment patterns among University Faculty members?

Statistical Test: Chi-square Test

Hypothesis:

H0: Source of information does not make a difference to the investment pattern among the university faculty members.

H1: Source of information has an impact on investment pattern of the university faculty members.

41. Table 4.41 Research Question 2 – Chi-Square Test

Level of Significance = 0.05

Test Statistics:

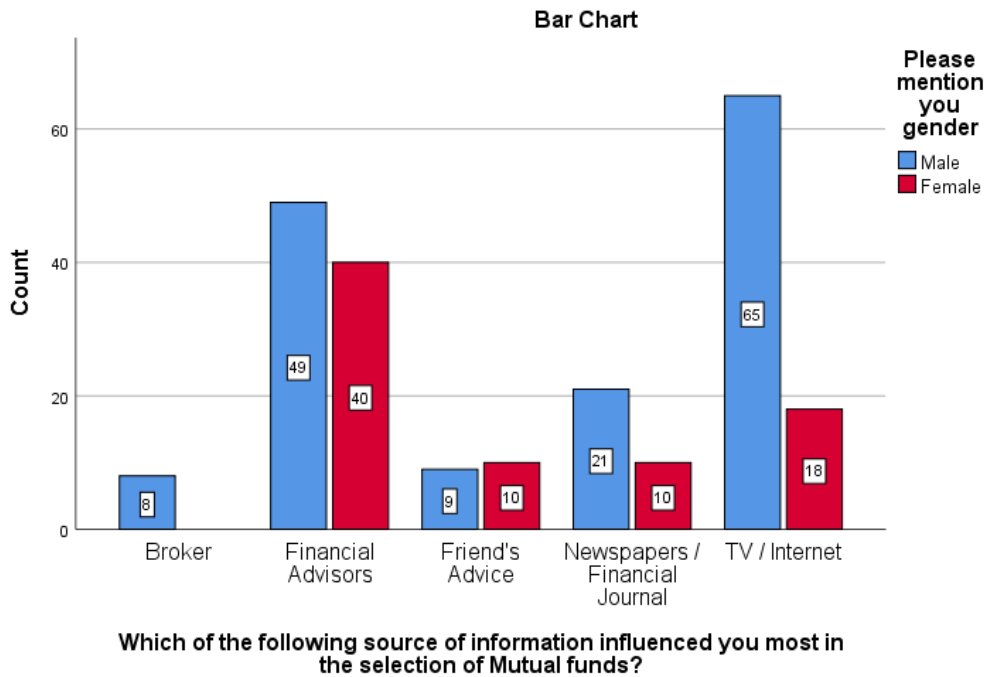
Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	17.481 ^a	4	.002
Likelihood Ratio	20.065	4	.000
Linear-by-Linear Association	6.308	1	.012
N of Valid Cases	230		

Observation : $\chi(4) = 17.481^a, p < 0.01$

Since the p value is less than the level of significance we will reject the null and accept the alternative hypothesis which suggests that there is a relation between information received and the investment pattern of University Faculty members.

38. Graph 4.38 Research Question 2



Findings: From the above bar graph it is evident that there is substantial influence of information that is received by the investors. By looking at the graph we can also see that a lot more male population is investing in mutual funds in comparison to the female population. This could be due to the reasons that males are more interested in news, specifically Business news. It could also be assumed that males spend more time socialising with others and therefore could be discussing financial information with them too.

Research Question - 3: Do respondents perceive the factors differently when it comes to investment in public vs private institutions

Statistical Test: Friedman Test

Hypothesis:

H0: The respondents do not perceive the factors differently when it comes to investment into public vs private institutions

H1: The respondents perceive the factors differently when it comes to investment into public vs private institutions

42. Table 4.42 Research Question 3 – Test Statistics

Level of Significance = 0.05

Test Statistics:

Test Statistics

N	230
Chi-Square	118.439
df	6
Asymp. Sig.	.000

43. Table 4.43 Research Question 3 – Ranks

Observation : $\chi (6) = 118.439, p < 0.01$

Ranks

	Mean Rank
[Trust]	4.15
[Bonding]	3.22
[Communication]	4.27
[Empathy]	3.62
[Reciprocity]	3.73
[Culture]	3.82
[Customer Satisfaction]	5.20

Findings: From the above mentioned Mean Rank it is observed that Customer Satisfaction is the most sought after perpetual factor by the investors . We also get to see Communication and Trust to be ranked at a high point but not as high as customer satisfaction. Customers are not so concerned about seeking a bonding experience with the private or public mutual fund company. This leads to the acceptance of the alternative hypothesis.

Research Question - 4: Does income level and age group have an impact on the investment pattern in Mutual Funds?

Statistical Test: Chi-square Test

Hypothesis:

H0: Income level and age group does not have an impact on the investment pattern among the university faculty members.

H1: Income level and age group has an impact on investment pattern of the university faculty members.

44. Table 4.44 Research Question 4 – Chi-Square Test

Level of Significance = 0.05

Test Statistics:

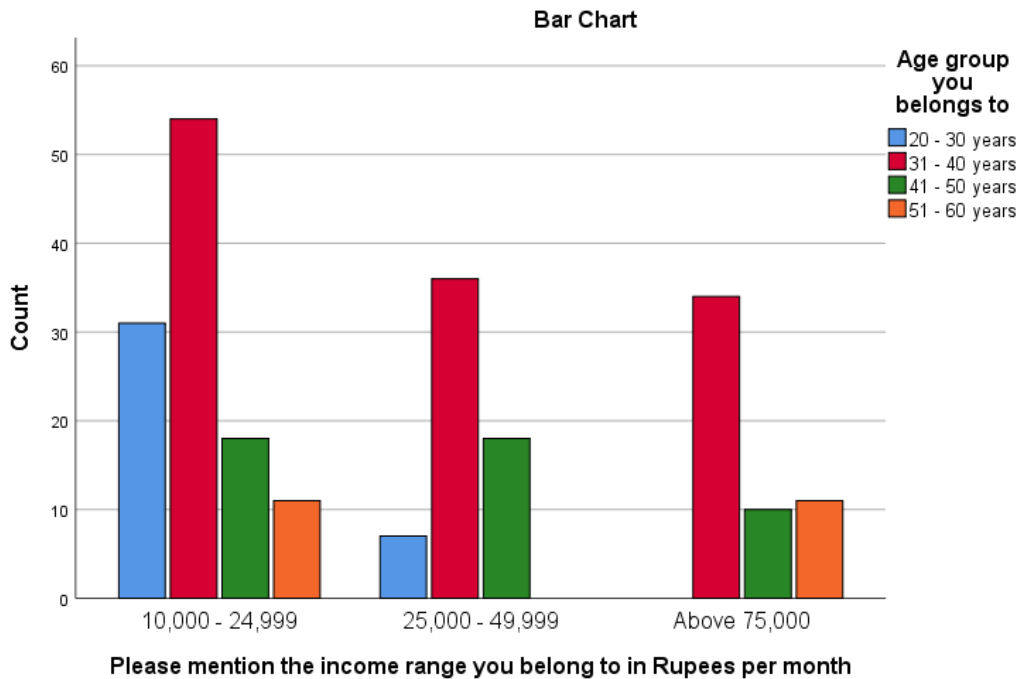
Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	35.678 ^a	6	.000
Likelihood Ratio	47.635	6	.000
Linear-by-Linear Association	13.375	1	.000
N of Valid Cases	230		

39. Graph 4.39 Research Question 4

Observation : $\chi(6) = 35.678^a, p < 0.01$

Since the p value is less than the level of significance we will reject the null and accept the alternative hypothesis which suggests that there is a relation between Income level and age group and the investment pattern of University Faculty members.



Findings: From the above bar graph we can see that the highest investment is done by investors in the age group of 31 to 40 years of age. We can assume that since these investors are in the prime of their working capabilities, they want to invest and have a safe future. We can also see that the most active investments are made by investors who are in the income group of Rs. 10,000 – 24,999, which could also hint at the condition that these are at the beginning of their career and therefore are willing to set aside more of their disposal income in order to meet the future expenditures.

Research Question - 5: Does knowledge of Mutual funds and its functioning influence in choosing Mutual Funds as a source of Investment?

Statistical Test: Chi-square Test

Hypothesis:

H0: There is no relation between knowledge of how Mutual Funds work and choosing Mutual Funds as a source of Investment.

H1: There is a relation between knowledge of how Mutual Funds work and choosing Mutual Funds as a source of investment.

45. Table 4.45 Research Question 5 – Chi-Square Test

Level of Significance = 0.05

Test Statistics:

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	51.487 ^a	12	.000
Likelihood Ratio	60.898	12	.000
Linear-by-Linear Association	6.255	1	.012
N of Valid Cases	230		

Observation : $\chi (12) = 51.487^a, p < 0.01$

Since the p value is less than the level of significance we will reject the null and accept the alternative hypothesis which suggests that there is a relation between knowledge of how Mutual Funds work and choosing Mutual Funds as a source of investment among University Faculty members.

Chapter 5 - Conclusions and Recommendations.

The two parts of this chapter are classified as Conclusions and Recommendations.

5.1 Conclusions

Hypothesis 1 states “Do the respondents perceive factors affecting the investment in mutual funds differently”.

The hypothesis stated below

H0: The respondents do not perceive factors affecting the investment in mutual funds differently

H1: The respondents perceive factors affecting the investment in mutual funds differently

This hypothesis has been statistically tested using the Friedman Test. By analysing the data, the level of significance of 0.05 is seen. It is also observed that the p value is lesser than the level of significance which allows us to reject the null and accept the alternative hypothesis.

From the Mean Ranks table it can also be seen that the highest rank is assigned to the High Returns Perspective, followed by Reliability Perspective.

Therefore I conclude that the respondents perceive factors affecting the investment in mutual funds differently which leads to seeing them investing in mutual funds according to these perceived factors.

Hypothesis 2 states “How does source of information impact the investment patterns among University Faculty members?”

The hypothesis is stated below

H0: Source of information does not make a difference to the investment pattern among the university faculty members.

H1: Source of information has an impact on investment pattern of the university faculty members.

Hypothesis 2 was tested using the Chi-square test as the statistical test. We see a level of significance of 0.05 here also which is above the p value of 0.01 which leads us to reject the null and accept the alternative hypothesis.

According to the information from the graph 4.38, we can see that a lot of information is sought from TV and Internet sources, the next source of information is from Financial advisors followed by Newspapers and financial journals. The least sought source of information is from brokers.

Therefore I conclude that sources of information has an impact on investment pattern of the university faculty members while choosing mutual fund investments.

Hypothesis 3 states “Do respondents perceive the factors differently when it comes to investment in public vs private institutions”.

The hypothesis is stated below

H0: The respondents do not perceive the factors differently when it comes to investment into public vs private institutions

H1: The respondents perceive the factors differently when it comes to investment into public vs private institutions

Hypothesis 3 was tested using the Friedman Test as the statistical test. Here too we notice that the value of p is 0.01 which is lower than the level of significance of 0.05, this leads us to reject the null and accept the alternative hypothesis.

According to Table 4.43, we see that customer satisfaction stands tall at 5.20 on the mean rank followed by communication. We see the table go down till 3.22 represented by Boding as the least sought factor while choosing public vs private mutual fund institutions.

I therefore conclude that the respondents perceive the factors differently when it comes to investing into public vs private institutions.

Hypothesis 4 states “Does income level and age group have an impact on the investment pattern in Mutual Funds?”

The hypothesis is stated below

H0: Income level and age group does not have an impact on the investment pattern among the university faculty members.

H1: Income level and age group has an impact on investment pattern of the university faculty members.

The statistic test used to test this hypothesis is the Chi-square test. According to this test we notice that the p value here also is lesser than 0.01 and therefore it is lesser than the level of significance of 0.05. This therefore leads us to reject the null and accept the alternative hypothesis.

Graph 4.49 shows us in detail the income levels vs the age groups of investors which also tends to show a decline in investments as the income level goes up. The most consistent investors that can be seen here are those in the age group of 31 to 40 years of age.

I therefore conclude that Income level and age group has an impact on investment pattern of the university faculty members.

Hypothesis 5 states “Does knowledge of Mutual funds and its functioning influence in choosing Mutual Funds as a source of Investment?”

The hypotheses is stated below

H0: There is no relation between knowledge of how Mutual Funds work and choosing Mutual Funds as a source of Investment.

H1: There is a relation between knowledge of how Mutual Funds work and choosing Mutual Funds as a source of investment.

Chi-square test was used as a statistic test to test this hypothesis. In this test we again see that the value of p is lesser than the level of significance and therefore we reject the null and accept the alternative hypothesis.

Therefore I conclude that there is a relation between knowledge of how mutual funds work and choosing mutual funds as a source of investment.

1. Table 5.01 Results of the Hypothesis Testing

Results of the Hypothesis Testing

H1	Do the respondents perceive factors affecting the investment in mutual funds differently.	Hypothesis Accepted
H2	How does source of information impact the investment patterns among University Faculty members?	Hypothesis Accepted
H3	Do respondents perceive the factors differently when it comes to investment in public vs private institutions	Hypothesis Accepted
H4	Does income level and age group have an impact on the investment pattern in Mutual Funds?	Hypothesis Accepted
H5	Does knowledge of Mutual funds and its functioning influence in choosing Mutual Funds as a source of Investment?	Hypothesis Accepted

5.2 Recommendations

5.2.1 Recommendation for Investors

Based on the data gathered about the source of information I would like to recommend that investors seek information from brokers as well as newspapers and financial journals too as brokers are closely tied to the mutual fund companies and therefore will have a lot of information that would help in decision making. Newspapers and financial journals carry updated news as well as researched information pertaining to various companies and therefore a lot of information can be gathered about the health of the company or the sector of the company which would help in decision making.

There seems to be a slope in the investment as age goes up. The most active age group seems to be at 31 to 40 years of age. I would like to recommend that investors should show more interest in mutual funds as age goes up and not showing down in their investments. This will add to wealth creation in the longrun.

It has been seen that quite a large percent of investors look at mutual funds as an investment similar to owning any other asset and therefore I would like to recommend that those who do not feel the same, reconsider their view and look at mutual funds as a investment that could be considered as owning an asset as similar to assets that grow in value, mutual funds also grow in value.

5.2.2 Recommendation for Mutual Fund Companies

Based on the demographic analysis of the data I would like to recommend that Mutual fund companies need to look at a way to encourage the older generation into investing in Mutual Funds as there seems to be a lack of interest in investing in mutual funds by the older generation.

I would also recommend that mutual fund companies find a way to promote investment schemes to female faculty members.

A huge priority is given to high returns perspective by investors and therefore this could be a good source of building mutual fund portfolios that will increase investment opportunities for the investors to invest in wealth creation with high returns.

Brokers need to step up their game and become more involved in advising mutual fund investors with information that could be accessible by the investors at the earliest as investors are seeking information from other sources too. Once investors see the knowledge base with brokers, they will most likely stick to the mutual fund companies who have great knowledge based with their brokers.

Public sector Mutual fund Companies need to step up their game with delivering customer satisfaction to investors to win them over as potential investors in mutual funds as most investors prefer private sector mutual fund companies as they see more customer satisfaction in private mutual fund companies.

5.3 Scope for Further studies

Based on findings from the study, the researcher has a few suggestions that could be used as the beginning for further study in the Mutual Funds domain.

1. Based on the demography, insights on the possibility of investment opportunities for older generation as well as female investors could be studied to help understand why not many from the older generation as well as female investors are not investing in Mutual funds on a regular basis.
2. Studies could be conducted on comparing the public vs private mutual fund companies which will help in finding out the orientation of the investor or mutual fund companies finding out their strengths and weaknesses to better their performance.
3. A study can be performed on the sources of information from where knowledge can be obtained by the investors as it will help the investors making a more informed decision which will help them in better decision making while investing in Mutual funds.

4. A comparative study can be conducted to find out the investment patterns of faculty members in other tier – 1 vs tier – 2 cities in India, as this would help in finding out a comparison to whether the attitude of investors would change from tier 1 to tier 2 cities while investing in Mutual Funds.

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ANNEXURE - I

A Study on Mutual Fund Investment patterns amongst University Faculties in Pune City Questionnaire

1. I know that mutual funds are (Choosing the best option)
 - a. Professionally managed
 - b. Diversified
 - c. Affordable
 - d. Easily liquidated
 - e. None of the above

2. Rank the following on the most preferred basis that you consider is important while investing in Mutual Funds. 1 being the lowest and 5 being the highest. (Do not give the same rank for a particular factor) (Likert Scale)
 - a. Safety
 - b. Liquidity
 - c. Tax Benefit
 - d. Reliability
 - e. High Return

3. Which of the following source of information influenced you most in the selection of Mutual funds? (Choosing the best option)
 - a. Broker
 - b. Financial Advisors
 - c. Friend's Advice
 - d. Newspaper / Financial Journal
 - e. TV / Internet

4. What has been your experience with returns expected from investment in mutual Funds? (Choosing the best option)
 - a. Very High
 - b. High
 - c. Neither High nor Low
 - d. Very low
 - e. Not Applicable

5. Please rate whether the past record of the organization influenced your choice of Public sector or Private sector Mutual funds. (Likert Scale)
 - a. Very Insignificant
 - b. Insignificant
 - c. Neutral
 - d. Significant
 - e. Very Significant

6. Please indicate/rate whether growth prospects as a factor influenced your investments in mutual funds? (Likert Scale)
 - a. Very Insignificant
 - b. Insignificant
 - c. Neutral
 - d. Significant
 - e. Very Significant

7. According to its significance please rate/indicate whether credit rating as a factor influenced your choice of Public sector/Private sector mutual funds? (Likert Scale)
 - a. Very Insignificant
 - b. Insignificant
 - c. Neutral
 - d. Significant
 - e. Very Significant

8. Please rate whether the market fluctuations as a factor influenced your investment in a Private/ Public sector mutual fund? (Likert Scale)
 - a. Very Insignificant
 - b. Insignificant
 - c. Neutral
 - d. Significant
 - e. Very Significant

9. Is your choice for Public/Private sector mutual funds dependent upon disclosure of adequate information? Please rate according to its significance to you. (Likert Scale)
- Very Insignificant
 - Insignificant
 - Neutral
 - Significant
 - Very Significant
10. Does your criterion for the size of the fund influence your decision for investment. Please rate according to its significance to you? (Likert Scale)
- Very Insignificant
 - Insignificant
 - Neutral
 - Significant
 - Very Significant
11. Please rate according to its significance whether the criterion for performance appraisal based upon portfolio selection influenced your investment in a Public/Private sector mutual fund? (Likert Scale)
- Very Insignificant
 - Insignificant
 - Neutral
 - Significant
 - Very Significant
12. Please rate whether you prefer return/dividend for selecting Private/Public sector mutual fund investment? (Likert Scale)
- Very Insignificant
 - Insignificant
 - Neutral
 - Significant
 - Very Significant

13. Please specify the level of agreement whether mutual funds are useful for small investors? (Likert Scale)
- Strongly Disagree
 - Disagree
 - Neither Agree Nor Disagree
 - Agree
 - Strongly Agree
14. Please specify the level of agreement whether Public/ Private sector mutual funds give a higher return than other investments (Likert Scale)
- Strongly Disagree
 - Disagree
 - Neither Agree Nor Disagree
 - Agree
 - Strongly Agree
15. Do you think that private sector mutual funds perform better than the public sector? Please specify your level of agreement. (Likert Scale)
- Strongly Disagree
 - Disagree
 - Neither Agree Nor Disagree
 - Agree
 - Strongly Agree
16. Do you think that mutual funds provide a higher tax shield to the investors? Please specify your level of agreement. (Likert Scale)
- Strongly Disagree
 - Disagree
 - Neither Agree Nor Disagree
 - Agree
 - Strongly Agree
17. Do you think that mutual funds with a large corpus perform better than smaller ones? Please specify your level of agreement. (Likert Scale)
- Strongly Disagree
 - Disagree
 - Neither Agree Nor Disagree
 - Agree
 - Strongly Agree

18. Do you agree that mutual funds having a balanced portfolio only give better returns" (Likert Scale)
- Strongly Disagree
 - Disagree
 - Neither Agree Nor Disagree
 - Agree
 - Strongly Agree
19. Do you think that closed-ended Private/Public sector mutual funds are risky?
Please specify your level of agreement. (Likert Scale)
- Strongly Disagree
 - Disagree
 - Neither Agree Nor Disagree
 - Agree
 - Strongly Agree
20. Do you agree that Public sector mutual funds are more secured than Private sector mutual funds? (Likert Scale)
- Strongly Disagree
 - Disagree
 - Neither Agree Nor Disagree
 - Agree
 - Strongly Agree
21. Do you agree that open-ended mutual funds should also be listed on the stock exchange? (Likert Scale)
- Strongly Disagree
 - Disagree
 - Neither Agree Nor Disagree
 - Agree
 - Strongly Agree
22. Do you agree that mutual fund investment is like owning any other asset? (Likert Scale)
- Strongly Disagree
 - Disagree
 - Neither Agree Nor Disagree
 - Agree
 - Strongly Agree

23. Do you agree Private/Public sector mutual fund investment provides a shield against the risk of loss of direct investment in shares? (Likert Scale)
- Strongly Disagree
 - Disagree
 - Neither Agree Nor Disagree
 - Agree
 - Strongly Agree
24. Rank the following perceptual factors in accordance with the private sector and public sector institutions. 1 being the lowest and 5 being the highest. (Do not give the same rank for a particular factor) (Likert Scale)
- Trust
 - Bonding
 - Communication
 - Empathy
 - Reciprocity
 - Culture
 - Customer Satisfaction

Demographic Data

25. Gender
- Female
 - Male
26. Income Range (pm)
- 10,000 – 24,999
 - 25,000 – 49,999
 - 50,000 – 74,999
 - Above 75,000
27. Age Group
- 20 - 30 years
 - 31 - 40 years
 - 41 - 50 years
 - 51 - 60 years
 - 61 - 70 years

ANNEXURE - II

List of Universities in Pune City

Sl. No	Pune City	Date/ Year of Notification/ Establishment
1	Ajeenkya D.Y. Patil University, Charholi Badruk, Via Lohegaon, Pune-412105, Maharashtra. (Private University)	25-02-2015
2	Amity Univesrity, Mumbai-Pune Expressway, Bhatan, Post – Somathne, Panvel, Mumbai, Maharashtra - 410206	25-07-2014
3	Bharati Vidyapeeth, Lal Bahadur Shastri Marg, Pune – 411030, Maharashtra. (Deemed University)	26-04-1996
4	Deccan College of Post-graduate & Research Institute, Alandi Road, Yarwada, Pune – 411006, Maharashtra (Deemed University)	05-03-1990
5	Dr. D.Y. Patil Vidhyapeeth, Snat Tukaram Nagar, Pimpri, Pune – 411018, Maharashtra. (Deemed Univesity)	11-01-2003
6	Dr. Vishwanath Karad MIT World Peace University, S.No. 124, Paud Road, Kothrud, Pune – 411038, Maharashtra (Private University)	05-06-2017
7	Flame University, GAT No. 1270, Village Lavale, Taluka Mulshi, Pune – 411042, Maharashtra (Private University)	13-02-2015
8	Gokhale Institute of Politics & Economics, 846, Shivajinagar, Deccan Gymkhana, BMC Road, Pune – 411004, Maharashtra (Deemed University)	07-05-1993
9	Institute of Armament Technology, Pune – 411025 (Deemed University)	10-09-1999
10	MIT Art Design & Technology Univesrity, Rajbaug, Next to Hadapsar, Loni Kalbhor, Pune – 412201, Maharashtra. (Private University)	13-10-2015
11	Savitrabai Phule Pune Univestiy, Ganeshkhind, Pune – 411007, Maharashtra (State University)	1949
12	Spicer Adventist Univesity, Aundh Road, Ganeshkhind Post, Pune – 411004, Maharashtra. (Private University)	25-07-2014
13	Symbisis International Univesity, Gram Lavale, Tal Mulshi, Dt. Oune – 412115, Maharashtra. (Deemed University)	06-05-2002
14	Symbiosis Skills and Open University, Village – Kiwale, Adjourning Pune Mumbai Expressway, Tal – Haveli, Pune – 412101, Maharashtra. (Private University)	05-05-2017
15	Tilak Maharashtra Vidyapeeth, Vidyapeeth Bhavan, Mukundnagar, Pune – 411037, Maharashtra. (Deemed University)	28-04-1987

16	Vishwakarma University, Survey No. 2,3,4, Laxminagar, Kondhwa Budruk, Pune – 411048, Maharashtra. (Private University)	05-05-2017
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