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# A Study of Investors Perception towards Mutual Funds in the City of Delhi and Meerut

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**Abstract:** *Mutual fund is an investment vehicle that pools in the monies of many investors, and collectively invests this amount in either the equity market or the debt and money market, or both, depending upon the objective of the scheme. This means one can access either the equity or the debt market, or both, with investing directly now mutual do innovation into objective of fund by introducing liquid fund by putting some amount in this fund money slowly move to desired fund without losing any benefit.*

*My study is conducted in Delhi and Meerut areas in different public sector and private banks. By asking close ended and open ended questioners. We observed that despite being a lot of bombarding of continuous advertising by Mutual fund houses still investors of tier two cities are not believing on private mutual fund but in case of metro like Delhi are more aware and eager to invest in private and PSU mutual funds. In our study we touch student's business man and working people of middle class. And found that people are hungry to invest in Good Avenue but they are not getting proper counseling in their own language or in simple way. I meet during the data collecting process many ordinary and less educated person who knows a lot about mutual funds but at end of the day they are not ready to put their hard earn money in any private funds and private equity.*

**Keywords:** *Asset Management Company (AMC); Investment Option; Investor; Liquidity; Mutual Fund. Abbreviations Mutual fund schemes*

## I. INTRODUCTION

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Mutual funds are investment companies that collect funds from individual investors and invest those funds in a potentially wide range of securities or other assets. Pooling of assets is the key idea behind forming these investment companies. Each investor has a claim to the portfolio established by the investment company in proportion to the amount invested. These companies thus provide a mechanism for small investors to pool their funds to get benefits of large scale investing.

## II. RATIONALE OF THE STUDY

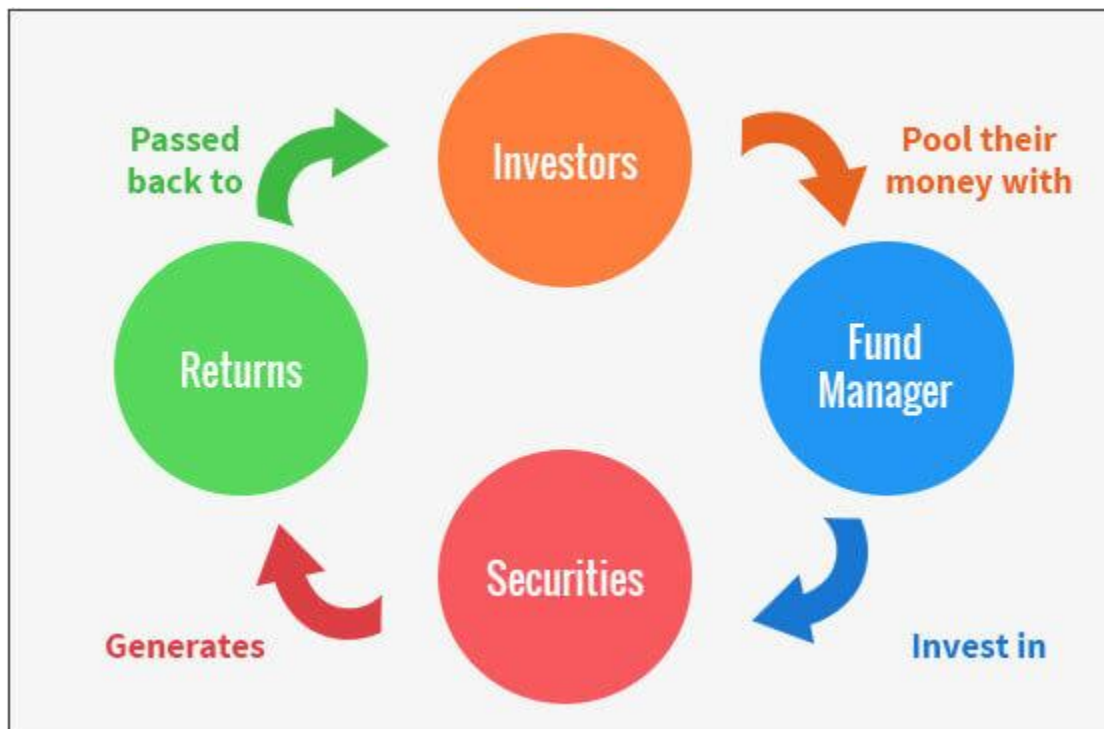
My study based on the fact rather than pure assumptions about the mutual fund schemes cater for different category of people and give clear understanding about schemes and break the myth about the mutual that only few selected institutional investor and AMCs are benefited. And rest is loser and expense ratio is hidden and entry load is low and exit load is very high. Every investor has equal awareness about mutual whether belong to tier two cities or metros. Picture is quite different all myth about the mutual are came out of rather serious research. So my research try to answer those entire questions arise in mind of common investor about the subject.

### A. Structure of Mutual Fund

There are three parties in mutual fund

- 1) Sponsor
- 2) Trustee
- 3) AMC
- 4) First entity- sponsor, qualification of sponsor, good reputation, increasing order of profit for last 5 years
- 5) Custodian
- 6) Second- trustee, 2/3<sup>rd</sup> member of should not from sponsors
- 7) Third- AMC.in case AMC 50% members should be independent
- 8) In mutual fund
- 9) , our relation is trustee and Banificery

- 10) Sponsor will be any banks or financing company .after taking prior permission from SEBI. Sponsor develops a trust and according to trust deed AMC is formed. Start functioning of mutual fund activities. Schemes are design according to need of investors



#### B. Types of Mutual Fund Scheme

Mutual Fund schemes can be classified into different categories depends on their investment goals or their maturity time. Mutual Fund schemes can be classified into three categories based on their maturity periods.

#### C. Open-ended funds

An open-ended fund or scheme is one that is available for subscriptions and redemptions on a continuous basis. Investors can willingly sell and buy units at Net Asset Value (NAV) related prices which are declared on weekly bases.

#### D. Close-ended funds

A close-ended fund or scheme has a variable maturity period which can range from a few months to a few years, e.g. 6 months, 6years or 10 years. i.e. fund is open for subscription only during a specified period at the time of launch of the scheme.

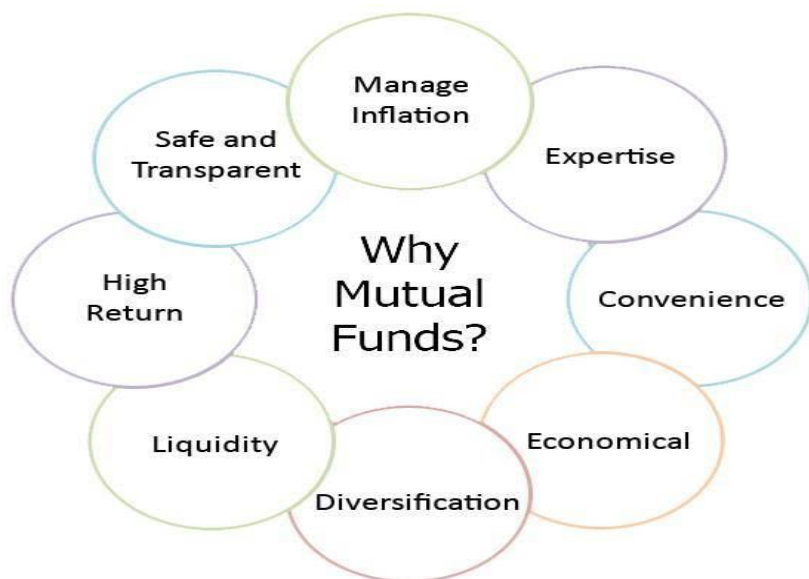
#### E. Interval funds

These schemes are a cross between an open-ended and a close-ended structure. These schemes are open for both purchase and redemption during pre-specified intervals (viz. monthly, quarterly, annually etc.) at the prevailing NAV based prices. Interval funds are very similar to close-ended funds, but differ on the following points:-

- 1) They are not required to be listed on the stock exchanges,
- 2) They can make fresh issue of units during the specified interval period, at the prevailing NAV based prices.
- 3) Maturity period is not defined

#### F. Advantages of Mutual fund:

- 1) Mange inflation
- 2) Safe and Transparent
3. High Return
- 4.Diversification
- 5.Liquidity



### III. OBJECTIVES OF STUDY

- A. To know investor view towards Mutual fund
- B. To know the preference of investor toward specific instrument●
- C. To know the level of awareness of mutual funds in metro and other cities and study the investor behavior in mutual fund schemes.

### IV. RESEARCH METHODOLOGY

#### A. Source of Data

The present study is based on primary data which was collected using questionnaire method

#### B. Data Collection

The data was collected using questionnaire from professionals/common man like those who want to invest in mutual funds and other investment options.

#### C. Hypothesis

- 1) Investors have mixed opinion about mutual fund
- 2) Investors are more interested about known instruments
- 3) Investors of metros are more aware about mutual fund

#### D. Data Analysis and Interpretation

Table no.1 (Meerut) Give preferences of investor to different instruments

Age group	Profession/Number	income	preferences
25-30	Student 20	100,000-200,000	Not aware
35-40	Clerk 15	200,000-300,000	Fixed deposit
40-45	Bank employee 10	300,000-400,000	SBI mutual fund
45-50	Teacher 20	400,000-500,000	NSC
55-60	Advocate 15	500,000-600,000	Tax saving SBI mutual fund
60-65	Business man 10	600,000-800,000	Not aware
Above	Retired person 10	10,00,000	LIC

$$\text{Sigma } X = 200,000 + 300,000 + 400,000 + 500,000 + 600,000 + 800,000 + 10,00,000 \\ = 38,00,000$$

$$N = 100$$

$$\text{Mean of income} = 38,000$$

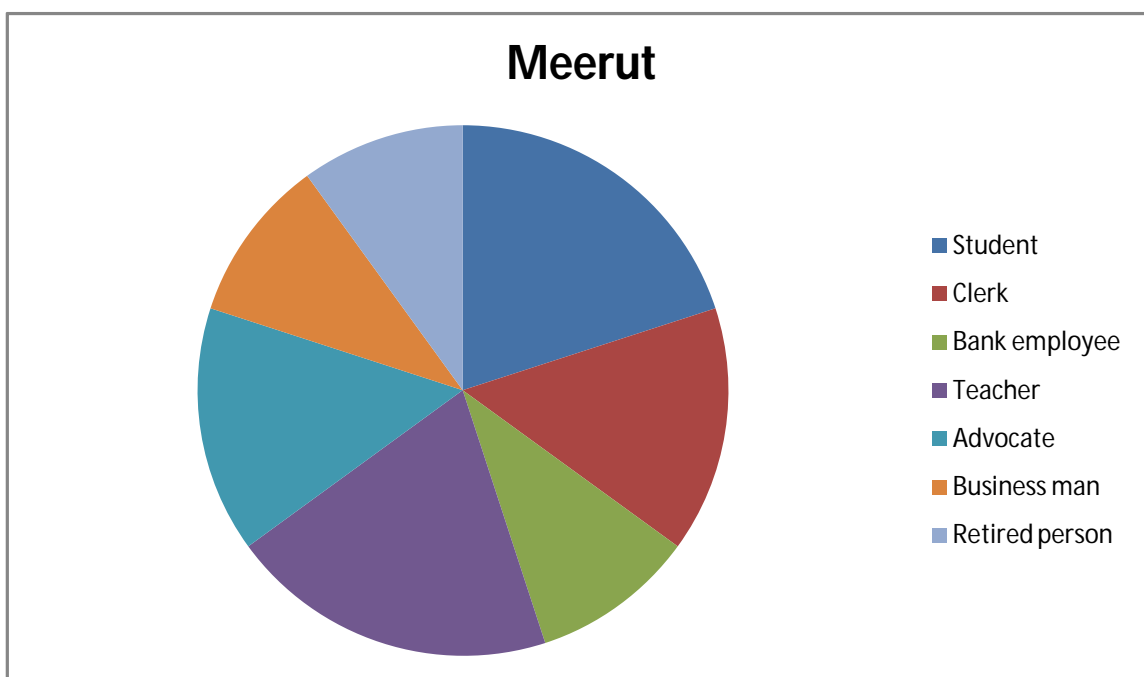
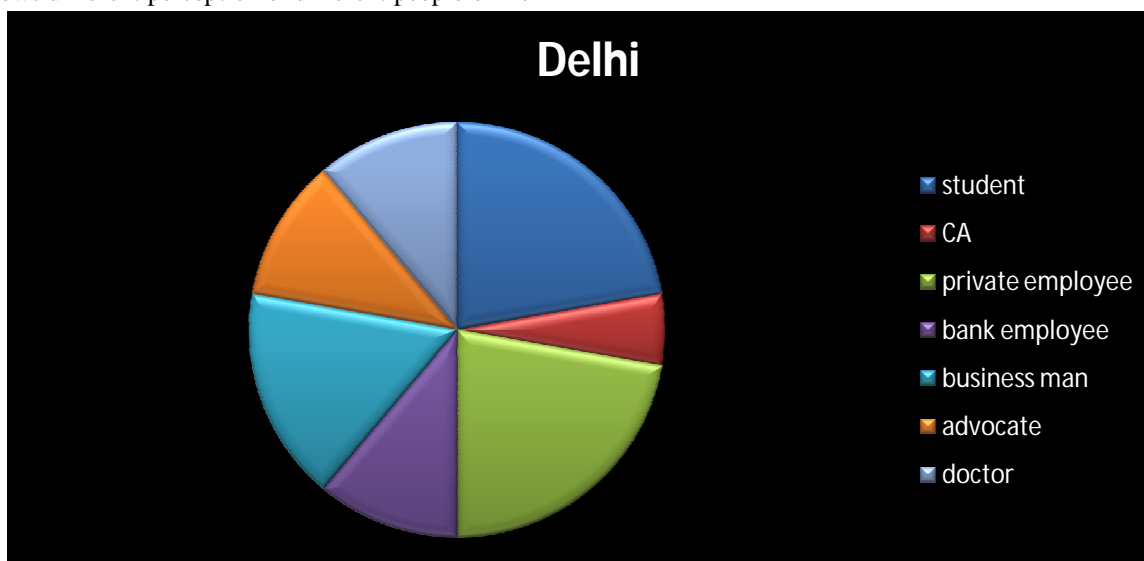
$$\text{Sigma of } X = 30 + 40 + 45 + 50 + 60 + 65 + 70 \\ = 360$$

$$N = 100$$

$$\text{Mean of age} = 3.6 \text{ year insignificant}$$

After computing these mean we conclude about the perceptions.

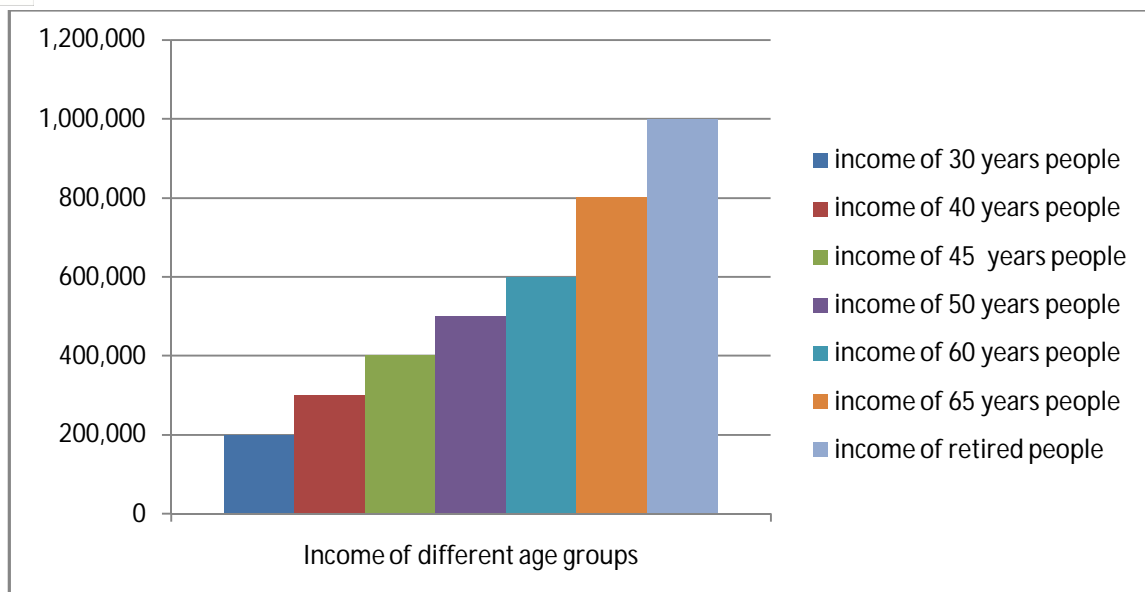
Pie chart shows different perception of different people of Delhi



Pie chart shows different perception of different people of Meerut

Results and analysis

Graphical presentation age and income



#### E. Suggestions And Finding Of The Study

There are some suggestions based on our study for better investing for investors that they should keep their investment for long time keeping in mind the level of risk involves and saving pattern investors first look over the risk factor because they are investing for the maximum returns. Once they invested in mutual fund they need returns and if it is not giving proper returns to them again it is affecting the interest of the investors to invest in MF. There is need to work on ground level in tier two cities because there is huge potential but is still untapped. Expert people go for make people aware about financial product hold small gathering and show the documentary and return back to their home this is merely not possible. We should go and talk to them after knowing their future financial need things will surely improved like metro. In my study I have taken three hypothesis and found that on the bases of empirical studies found true. The findings show that mutual funds as an investment option have displayed tremendous growth potential when the markets are optimistic and when wise choices are made. They have performed much better than traditional investment options in the long term and thus help investor beat inflation to some extent. It is of paramount importance that investors do not make a rash decision simply by looking at the return figures generated by an individual fund, But investor belong to tier two cities are not aware about good news about mutual fund and stock market but news of scandal and miss happening reach very fast to them so they scared.

### V. CONCLUSION

The objectives of study towards mutual fund as per the sample size and method Which is applied to the study and found that the investors are not choosing or feeling confident in investing in mutual fund because they think that mutual fund is risky than other investment options. The awareness level of mutual fund among the investors are very low because of only having the partial knowledge about the mutual fund which prevent them to Invest in mutual fund to avoid risk bearing factor and fear of losing money. The objective of study to know about the perception of common investor about mutual funds of PSU and private entities in different cities. The awareness level of mutual fund among the investors are very low because of only having the little knowledge about the mutual fund which prevent them to invest in mutual funds. To avoid risk bearing factors and danger of great loss. What we observed there is enough money with them in tier two cities of people but they are in confusion in absence of awareness.

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## APPENDICE

### Questionnaire

Name..... Age.....

Income..... Profession.....

❖ Why do you invest?

- 1) To beat inflation
- 2) Saving for future
- 3) For children education
- 4) Do you know about mutual fund?
- 5) Yes
- 6) Very little
- 7) No
- 8) What is your preference to chose mutual fund?
- 9) SBI mutual fund
- 10) HDF mutual fund
- 11) Birla Sun life
- 12) Others
- 13) How did you know about mutual fund?
- 14) By TV
- 15) By radio
- 16) By news paper
- 17) Which instrument you prefer?
- 18) Bond
- 19) FD
- 20) RD
- 21) Mutual fund
- 22) Do you know types of bank
- 23) Yes
- 24) No
- 25) Have you taken any loan?
- 26) Yes
- 27) No
- 28) Have you heard about financial inclusion?
- 29) Yes
- 30) No
- 31) Do you know any Government Scheme
- 32) Yes
- 33) No
- 34) Have you heard about SIP?
- 35) Yes
- 36) No
- 37) Do you know about stock market?
- 38) Yes
- 39) No



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