Project Report on

"CHANGING PREFERENCES OF CONSUMERS FROM FIXED DEPOSITS TO MUTUAL FUNDS"

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DECLARATION

I Vikas Sehrawat, student of MBA 2016-18 of Delhi School of Management, Delhi Technological University, hereby declare that Project Dissertation Report on **"A project report on changing preferences of consumers from Fixed Deposits to Mutual Funds"** submitted in partial fulfilment of Degree of Masters of Business Administration is the original work conducted by me.

The information and data given in the report is authentic to the best of my knowledge.

This report is not being submitted to any other University for award of any Degree, Diploma and Fellowship.

VIKAS SEHRAWAT

Place:

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CERTIFICATE FROM INSTITUTE

This is to certify that Project Dissertation Report on "**A project report on changing preferences of consumers from Fixed Deposits to Mutual Funds**" is a bona fide work carried out by Vikas Sehrawat who is a student of MBA 2016-18 Batch. The project is submitted to Delhi School of Management, Delhi Technological University in partial fulfillment of the requirement for the award of degree of Masters of Business Administration.

Signature of Guide | Signature of Head (DSM)

Place: | Seal of Head

Date:

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VIKAS SEHRAWAT

ABSTRACT

The Indian Mutual Fund Industry is more than five-decade-old and is a fast growing industry in the banking sector. Mutual Fund schemes have become the most preferred investment area in the recent years. Considering the good returns, safety, liquidity, comparative low risk and professional management, investors prefer the MF route for their investment plans. Mutual fund industry has experienced a high growth in last two decades. Rise in the number of schemes with increased mobilization of funds in past years note the importance of Indian mutual funds industry. To meet the expectations of large number of retail investors, the mutual funds need to function as successful institutional investors. Right assessment of various fund performance and comparison with other funds helps retail investors for making investment decisions properly.

It provides different options to the Investor to meet to their needs and risk return profile of various categories of investors. The Investors get updates regularly through timely reports and statutory disclosures regarding the health of their schemes. SEBI has made it mandatory to give periodic reports and certain statutory disclosures by the different Mutual Funds.

The main aim of this research is to study the changing preferences of consumers from fixed deposit to mutual funds with evaluation of the performance of mutual fund and comparison of these returns with fixed deposit rates and returns. Considering the interest of retail investors simple statistical techniques like means, return on investments and interest rates are used.

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CHAPTER-1

INTRODUCTION

1.1 Organization Profile

A growing India offers opportunity across the different investments, a considerable part of money wealth. So investment plays a vital role in growth of those economies. Conjointly there's rise in financial gain of peoples in India as a result of some factors owing to this investment is augmented day by day in varied investment choices. As financial gains very quickly increasing there is a need to increase awareness among the individuals connected with varied investment opportunities and completely different schemes.

The project is an attempt to study the awareness among the individuals connected with some investment options and conjointly the preference of individuals whereas implementing the same. It provides thorough information of various aspects connected with the behavior of individuals for mutual funds as compared to bank fixed deposit. The report is split in four elements. The first part is addressing information related with advantage and disadvantage of Bank fixed deposit. Second is conception of advantage and disadvantage mutual funds. Third is concept of research methodology. Fourth deals with interpretation of data collected.

Most of metro cities individuals prefer to invest the money in market related schemes rather than merchandising it within the bank lockers, thus it's quite obvious that they want to invest their funds in profitable venture. However still individuals opting traditional schemes furthermore for safety and security purpose.

Nowadays people have become more sensible while selecting any type of investment. it's more necessary to possess sensible information and understanding related with such schemes which can facilitate to decide on better and safe investment tools.

BANK FIXED DEPOSIT:

A fixed deposit is a financial instrument provided by banks that provides investors with the high rate of interest than a usual saving account, till the date of maturity. It may or may not need to open a separate account.

It is also termed as TERM OR TIME DEPOSIT. They're thought to be very safe investment because it denotes a higher category of investments with varied levels of liquidity. Here, rate of interest varies between from 4 to 11 percent. The tenure of FIXED Deposit varies from 7, 15, or 45 days to 1.5 years and may be as high as 10 years.

TYPES OF FIXED DEPOSITS:

BASICALLY THERE ARE TWO TYPES OF DEPOSIT:

DEMAND DEPOSIT:- The money we tend keep in our saving accounts is sort of a medium of exchange and this is often referred to as deposit. There's no fixed term to maturity for demand deposits.

TIME DEPOSIT:- If we tend to deposit our money in a FD within the bank it becomes a Time Deposit on that No cheque is drawn. They're paid on maturity at a particular time.
a. FIXED DEPOSIT:-A fixed rate of interest is paid at fixed, regular intervals.

b. RECURRING DEPOSIT:-Fixed amount is deposited at regular intervals for fixed term and therefore the reimbursement of principal and accumulated interest is made at the end of the term.

ADVANTAGES OF BANK FIXED DEPOSIT:

A. SAFETY :-The fixed deposits of renowned banks and financial organization regulated by RBI the banking regulator in India are very secure and thought of collectively of the safest investment strategies.

B. REGULAR INCOME:-Fixed deposit earn fixed interest rates for his or her entire tenure, that is typically compounded quarterly. So, people who wish to have financial gain on a daily basis will invest into fixed deposit and use the rate of interest as their financial gain. This makes a fixed deposit very popular approach of investing money for retirees.

C. LIQUIDITY:-Bank deposits have good liquidity. They can be closed and therefore the principal withdrawn at an intervals in a number of hours in some banks to some of days in others.

The other option is to sanction a loan on the fixed deposit. Banks lend up to 90% of the principal of the deposit. Interest charged for this is often solely 1 to 2 per cent associated just for the amount that we've used the money (The feature works like an over-draft against the fixed deposit).

DISADVANTAGES OF BANK FIXED DEPOSIT:

A.CAPITAL APPRECIATION:- Capital appreciation doesn't apply to bank fixed deposits. Solely the principal invested with is given back at the time of maturity.

B.TAX TREATMENT:-Bank fixed deposits don't seem to be tax efficient.
The interest is taxed. Also there's no benefit from making the investment. There are the 5-year bank deposits (tax saving) that offer profit underneath section 80C of the tax Act. However the advantages like partial withdrawal or closure, and loan facility don't seem to be offered. The deposit rates are lower compared to the conventional fixed deposits. This effectively negates the tax saved.

C. RISK:-Perhaps the main reason for investment in bank deposits is safety of the principal. The capital (only up to Rs1,00,000 though) has the highest safety compared to the other investment because it is secured by the Deposit Insurance & Credit Guarantee scheme of India. All banks in operation in India are covered under this scheme.

IN SHORT

The risk faced while investing in bank deposits is that the rate of interest risk. This is often related to the lost opportunity to invest in an instrument that contains a higher profit return. Midterm closing of a fixed deposit can be expensive (up to 1 per cent of the principal), after we exit untimely. So we may have to forgo potential earnings once the rate of interest has risen by concerning 1 per cent.

The highest risk faced with fixed deposits is that the result of inflation. The real return after adjusting for inflation is very less or sometimes negative for fixed deposits of banks. This is often a giant burden, notably for retired individuals, WHO have invested with their retirement money to get regular financial gain. Their income may be regular and steady however the money's value keeps going down throughout the tenure of the fixed deposit.

The bank deposit primarily serves us to preserve savings. Banks now-a-days have supplementary benefits to the traditionally benign service. Retired individuals could make the appropriate use of this avenue for securing a fixed and steady financial gain.

The caution isn't to use the fixed deposit as a long term investment avenue. The rationale is that the real return is incredibly less once adjusted for inflation. The tax treatment of the interest conjointly eats into the returns.

MUTUAL FUND

The first introduction of mutual funds in India occurred in 1961, when the Government of India launched Unit Trust of India (UTI). Until 1987, UTI enjoyed a monopoly within the Indian mutual funds market. Then a number of different government-controlled Indian financial institutes and corporation came up with their own funds. These included State Bank of India, Canara Bank, and Punjab National Bank. This market was made open to private players in 1993.

As a results of the historic constitutional amendments brought forward by the then Congress-led government underneath the prevailing regime of Liberalization, Privatization and Globalization (LPG). The first private sector fund to come in existence in India was Kothari Pioneer, that later incorporated with Franklin Templeton.

An investment vehicle that's created from a pool of funds collected from several investors for the aim of investing in securities like stocks, bonds, market instruments and similar assets. Mutual funds are operated by finance managers, who invest the fund's capital and commit to produce capital gains and financial gain for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives.

One of the main advantages of mutual funds is that they offer low investors access to professionally managed, diversified portfolios of equities, bonds and different securities, which might be quite tough (if not impossible) to make with a little quantity of capital. Every stockholder participates proportionately within the gain or loss of the fund. Mutual funds units, or shares, are issued and may generally be purchased or redeemed as needed at the fund's current net asset value (NAV) per share, that is typically expressed as NAVPS.

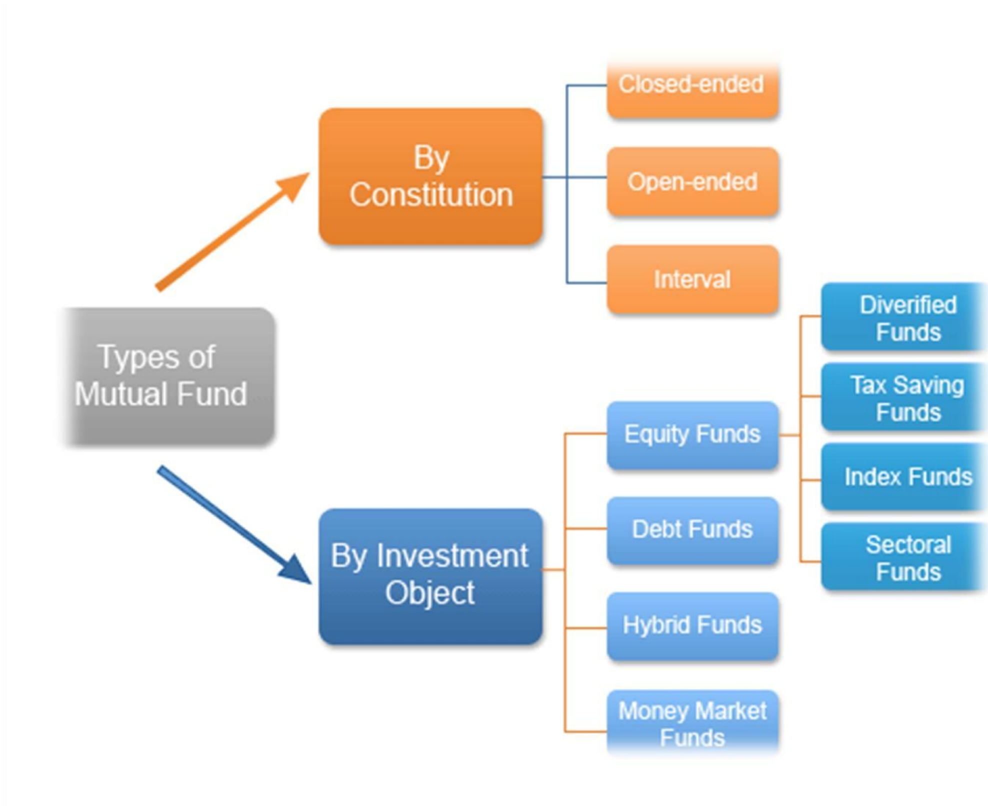
NET ASSET VALUE – NAV

A mutual fund's value per units, the per- units Rupee sum of the fund is calculated by dividing the whole price of all the securities in its portfolio, less any liabilities, by the quantity of fund units outstanding.

In the context of mutual funds, NAV per units is computed once on a daily basis supported the closing market prices of the securities within the fund’s portfolio. All mutual funds buy and sell orders are processed at the NAV of the trade date.

TYPES AND FORMS OF MUTUAL FUNDS

FIG 1.1 TYPES OF MUTUAL FUNDS



OPEN-ENDED:-This scheme permits investors to buy or sell units at any point in term. This doesn't have a fixed maturity date.

DEBT/ INCOME:- A significant part of the investable fund is channelized towards debentures, government securities, and different debt instruments. Though capital appreciation is low (compared to the equity mutual funds), this is often a comparatively low risk-low income investment avenue that is right for investors seeing a gradual financial gain.

MONEY MARKET/ LIQUID:-This is an appropriate scheme for investors trying to utilize their surplus funds in brief term instruments whereas awaiting better options. These schemes invest in short-term debt instruments and ask to provide reasonable returns for the investors.

EQUITY/ GROWTH:-Equities are a preferred mutual funds class amongst retail investors. Though it might be a high-risk investment within the short term, investors will expect capital appreciation within the long haul.

a. Index Scheme:-Index schemes are a widely popular conception in the west. These follow a passive investment strategy wherever our investments replicate the movements of benchmark indices like Nifty, Sensex, etc.

b. Sectoral Scheme:-Sectoral funds are invested within a very specific sector like infrastructure, IT, pharmaceuticals, etc. or segments of the capital market like large caps, mid-caps, etc. This scheme provides a comparatively high risk-high return chance in the equity space.

c. Tax Saving:-As the name suggests, this scheme offers tax benefits to its investors. The funds are invested within the equities thereby providing long-run growth opportunities. Tax saving mutual funds (called Equity Linked Savings Schemes) contains a 3-year lock-in period.

BALANCED:-This scheme permits investors to relish growth and financial gain at regular intervals. Funds are invested within each equities and fixed income securities; the proportion is pre-determined and disclosed within the scheme related offer document. These are ideal for the cautiously aggressive investors.

CLOSED-ENDED:-In India, this kind of scheme contains a stipulated maturity period and investors will invest solely throughout the initial launch amount called the NFO (New Fund Offer) period.

A. CAPITAL PROTECTION:-The primary objective of this scheme is to safeguard the principal sum whereas attempting to deliver reasonable returns. These invest in high-quality fixed income securities with marginal exposure to equities and mature alongside the maturity period of the scheme.

B. FIXED MATURITY PLANS (FMPS):- Mutual funds schemes with an outlined maturity period. These schemes usually comprise of debt instruments that mature in line with the maturity of the scheme, thereby earning through the interest element (also referred to as coupons) of the securities within the portfolio. FMPs are usually passively managed, i.e. there's no active trading of debt instruments within the portfolio.

INTERVAL:-Operating as a mix of open and closed ended schemes, it permits investors to trade units at pre-defined intervals.

1.2 CONCEPTUAL FRAMEWORK

A mutual fund is a trust that pools the savings of variety of investors who share a typical money goal. The money therefore collected is invested by the fund manager in several kinds of securities relying upon the objectives of the scheme. These might vary from shares to debentures to money market instruments. The financial gain attained through these investments and therefore the capital appreciations completed by the scheme are shared by its unit holders in proportion to the quantity of units owned by the (pro rata). Therefore a mutual fund is that the most suitable investment for the people because it offers a chance to invest in a very diversified , professionally managed portfolio at a comparatively low value. Anybody with an inventible surplus of as a few thousand rupees can invest in Mutual Funds. Every mutual fund scheme contains a defined investment objective and strategy.

A mutual fund is the ideal investment vehicle for today's advanced and fashionable money situation. Markets for equity shares, bonds and different fixed gain instruments, property, derivatives and different assets became mature and knowledge driven. Value changes in these assets are driven by international events occurring in faraway places. A typical individual is unlikely to possess the information, skills, inclination and time to stay track of events, perceive their implications and act apace. a private conjointly finds it tough to stay track of possession of his assets, investments, brokerage dues and bank transactions etc.

A mutual fund is answer to all or any these things. It appoints professionally qualified and full-fledged workers that manages every of those functions on a full time basis. The big pool of cash collected within the fund permits it to rent such workers at a awfully low value to every capitalist. In effect, the mutual fund vehicle exploits economies of scale altogether 3 areas - analysis, investments and dealings process. Whereas the conception of people coming back along to invest money put together isn't new, the mutual fund in its present form may be a twentieth century development. In fact, mutual fund gained quality solely after the World War II. Globally, there are thousands of corporations providing tens of thousands of mutual funds with completely different investment objectives. Today, mutual funds put together manage nearly the maximum amount as much as more money as compared to banks.

A draft offer document is to be prepared at the time of launching the fund. Typically, it pre specifies the investment objectives of the fund, the risk associated, the cost utilized within the method and therefore the broad rules for entry into and exit from the fund and different areas of operation. In India, as in most countries, these sponsors want approval from a regulator, SEBI (Securities exchange Board of India) in our case. SEBI looks at track records of the sponsor and its financial strength in granting approval to the fund for commencing operations.

A sponsor then hires an asset management company to invest the funds as per the investment objective. It also hires another entity to be the guardian of the assets of the fund and maybe a 3rd one to handle registry work for the unit holders (subscribers) of the fund.

In the Indian context, the sponsors promote the Asset Management Company conjointly, during which it holds a majority stake. In several cases a sponsor will hold a 100 percent stake within the Asset Management Company (AMC). E.g. ICICI is that the sponsor of the ICICI PRUDENTIAL AMC Ltd., that has floated completely different mutual funds schemes and also acts as an asset manager for the funds collected underneath the schemes.

A mutual fund may be a collective investment fund shaped with the target of raising money from a large variety of investors and investing it in accordance with a such objective to produce returns that accrue proportionately to all or any investors in proportion to their investment. The units command by associate capitalist represent the stake of the investors within the fund. A professionally qualified and full-fledged team manages the investments and different functions. With the big pool of money, a mutual fund is in a position to use economies of scale within the areas of analysis, investing, shuffling the investments and dealings process - it's able to rent professionals in these functions at a awfully low value per capitalist.

As per SEBI laws, mutual funds can give secured returns for a maximum period of 1 year. Just in case returns are guaranteed, the name of the sponsor and the way the guarantee would be honored is needed to be disclosed within the provided document.

Following is a glossary of some risks to contemplate once investment in Mutual Funds:

1. Call Risk: The chance that falling interest rates can cause a bond institution to redeem-or call- its high-yielding bond before the bond's due date.
2. Country Risk: The chance that political events (a war, national elections), financial issues (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in this country to decrease.

3. Credit Risk: The chance that a bond institution can fail to repay interest and principal in a very timely manner. Conjointly referred default risk.
4. Currency Risk: The possibility that returns might be reduced for Americans investment in foreign securities owing to an increase n the price of the U.S. dollar against foreign currencies conjointly referred to as exchange-rate risk.
5. Income Risk: The chance that a fixed fund's dividends can decline as a result of falling overall interest rates.
6. Industry Risk: The possibility that a gaggle of stocks in a very single trade can decline in value as a result of developments in this trade.
7. Inflation Risk: The chance that increases in the value of cost of living scale back or eliminate a fund's real inflation-adjusted returns.
8. Interest Rate Risk: The chance that a bond fund can decline in price owing to a rise in interest rates.
9. Manager Risk: The chance that an actively managed Mutual Fund's consultant can fail to execute the fund's investment strategy effectively leading to the failure of explicit objectives.
10. Market Risk: The chance that stock fund or bond fund costs can overall decline over short or perhaps extended periods. Stock and bond markets tend to maneuver in cycles, with periods once price rise and different periods once price fall.
11. Principal Risk: The chance that an investment can go down in price, or "lose money", from the initial or invested sum.

1.3 OBJECTIVES & SCOPE

1. To find out different options available for investment.

2. To study change in investment pattern.

3. To find out the causes for changing preferences of consumers from Fixed Deposit to mutual funds.

CHAPTER-2:

LITERATURE REVIEW

LITERATURE REVIEW

Literature on mutual fund performance evaluation is enormous. A few research studies that have Influenced the preparation of this paper substantially are discussed in this section.

Sharpe, William F. (2014) suggested a measure for the evaluation of portfolio performance. Drawing on results obtained in the field of portfolio analysis, economist Jack L. Treynor has suggested a new predictor of mutual fund performance, one that differs from virtually all those used previously by incorporating the volatility of a fund's return in a simple yet meaningful manner.

Michael C. Jensen (2015) derived a risk-adjusted measure of portfolio performance (Jensen's alpha) that estimates how much a manager's forecasting ability contributes to fund's returns. As indicated by Statman (2000), the e SDAR of a fund portfolio is the excess return of the portfolio over the return of the benchmark index, where the portfolio is leveraged to have the benchmark index's standard deviation.

S.Narayan Rao , et. al., evaluated performance of Indian mutual funds in a bear market through relative performance index, risk-return analysis, Treynor's ratio, Sharpe's ratio, Sharpe's measure , Jensen's measure, and Fama's measure. The study used 269 open-ended schemes (out of total schemes of 433) for computing relative performance index. Then after excluding funds whose returns are less than risk-free returns, 58 schemes are finally used for further analysis. The results of performance measures suggest that most of mutual fund schemes in the sample of 58 were able to satisfy investor's expectations by giving excess returns over expected returns based on both premium for systematic risk and total risk. Bijan Roy, et. al., conducted an empirical study on conditional performance of Indian mutual funds. This paper uses a technique called conditional performance evaluation on a sample of eighty-nine Indian mutual fund schemes .This paper measures the performance of various mutual funds with both unconditional and conditional form of CAPM, Treynor- Mazuy model and Henriksson-Merton model. The effect of incorporating lagged information variables into the evaluation of mutual fund managers' performance is examined in the Indian context. The results suggest that the use of conditioning lagged information variables improves the performance of mutual fund schemes, causing alphas to shift towards right and reducing the number of negative timing coefficients.

Mishra, et al., (2012) measured mutual fund performance using lower partial moment. In this paper, measures of evaluating portfolio performance based on lower partial moment are developed. Risk from the lower partial moment is measured by taking into account only those states in which return is below a pre-specified "target rate" like risk-free rate.

Kshama Fernandes(2013) evaluated index fund implementation in India. In this paper, tracking error of index funds in India is measured .The consistency and level of tracking errors obtained by some well-run index fund suggests that it is possible to attain low levels of tracking error under Indian conditions. At the same time, there do seem to be periods where certain index funds appear to depart from the discipline of indexation. K. Pendaraki et al. studied construction of mutual fund portfolios, developed a multi-criteria methodology and applied it to the Greek market of equity mutual funds. The methodology is based on the combination of discrete and continuous multi-criteria decision aid methods for mutual fund selection and composition. UTADIS multi-criteria decision aid method is employed in order to develop mutual fund's performance models. Goal programming model is employed to determine proportion of selected mutual funds in the final portfolios.

Zakri Y.Bello (2015) matched a sample of socially responsible stock mutual funds matched to randomly selected conventional funds of similar net assets to investigate differences in characteristics of assets held, degree of portfolio diversification and variable effects of diversification on investment performance. The study found that socially responsible funds do not differ significantly from conventional funds in terms of any of these attributes. Moreover, the effect of diversification on investment performance is not different between the two groups. Both groups underperformed the Domini 400 Social Index and S & P 500 during the study period.

CHAPTER 3

RESEARCH METHODOLOGY

RESEARCH METHODOLOGY

Research Design

The research design for the study is descriptive in nature. The respondents belonged to New Delhi. The questionnaire constructed for the study included several questions which were continuous and categorical in nature.

Sample Size: -100 respondents

Sample Area : New Delhi

Sampling Techniques: Sampling techniques can be broadly classified in to two types:

- Probability Sampling
- Non Probability Sampling

This project has been based on the non-probability, purposive, quota sampling. As in the given project the sample has been considered specific to predetermine in New Delhi.

Judgmental sampling: Sample was taken on judgmental basis. The advantage of sampling are that it is much less costly, quicker and analyses will become easier.

METHODOLOGY USED FOR DATA COLLECTION

Primary Data

Looking into the objectives and information needed, I have chosen following two methods as per the response of the subject:-

- Schedules
- Personal Interview.

Scheduler Method

Schedules has been filled in by the respondents.

Personal Interview Method

To take personal interview wherever it has been essential. The strategy has been adopted to avoid the biased information and to spill out the required data from the respondent.

b) Secondary Data

The Secondary data has been mainly collected from different books, magazines, Journals, Newspapers, Internet etc.

Methodology used for data analysis

- Bar chart (Bar charts has been used for comparing two or more values that will be taken over time or on different conditions, usually on small data set)
- Pie-chart (Circular chart divided into sectors, illustrating relative magnitudes or frequencies)

As the data's has been of various types such as comparing based on value as well as the relative comparison, hence both the tools are to be use for the proper analysis of the data's.

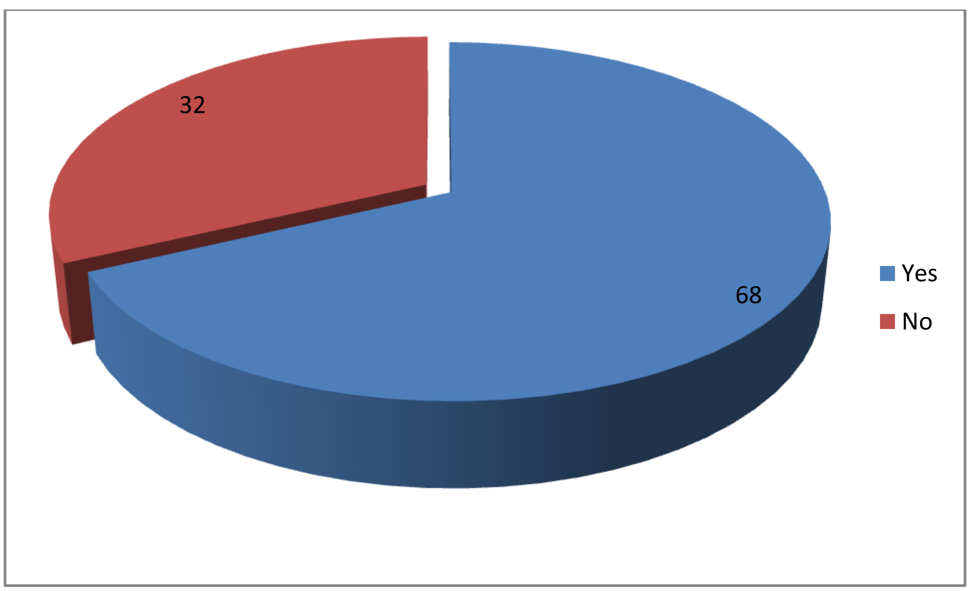
CHAPTER 4:

DATA ANALYSIS & INTERPRETATION

DATA ANALYSIS & INTERPRETATION

1) Do you invest your saving in mutual fund?

Investment	Number Of Respondents
Yes	68
No	32
Total	**100**

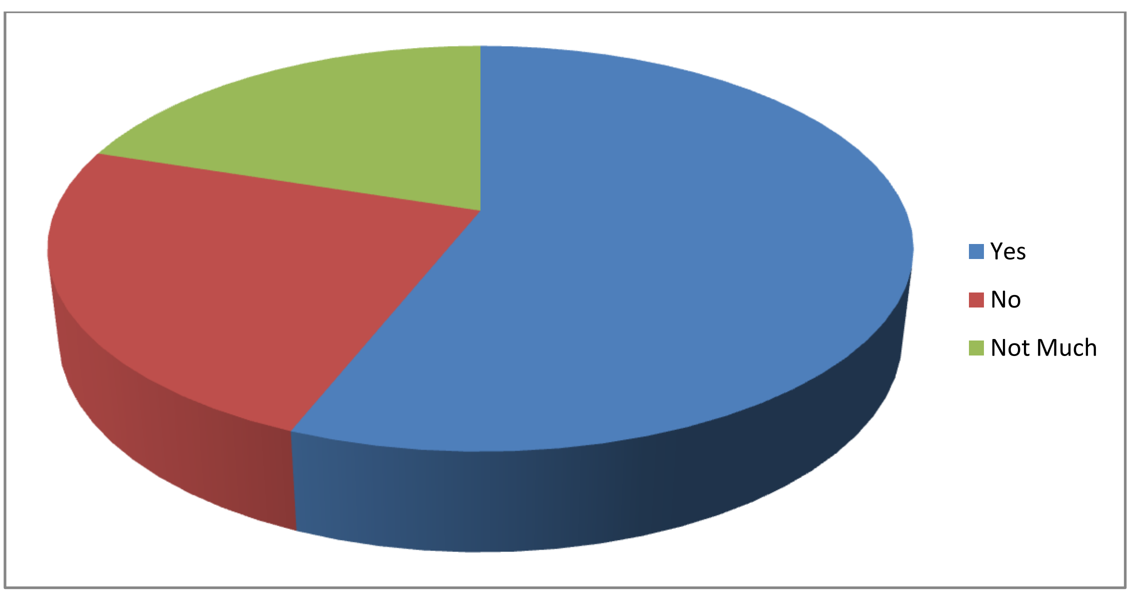


We observe that 68% of all the respondents invest in mutual fund. We have got 32% of our total respondents who do not invest in any mutual fund at all.

2) Do you have complete information about mutual fund?

Awareness Level

Information	**Number Of Respondents**
Yes	56
No	24
Not Much	20
Total	**100**

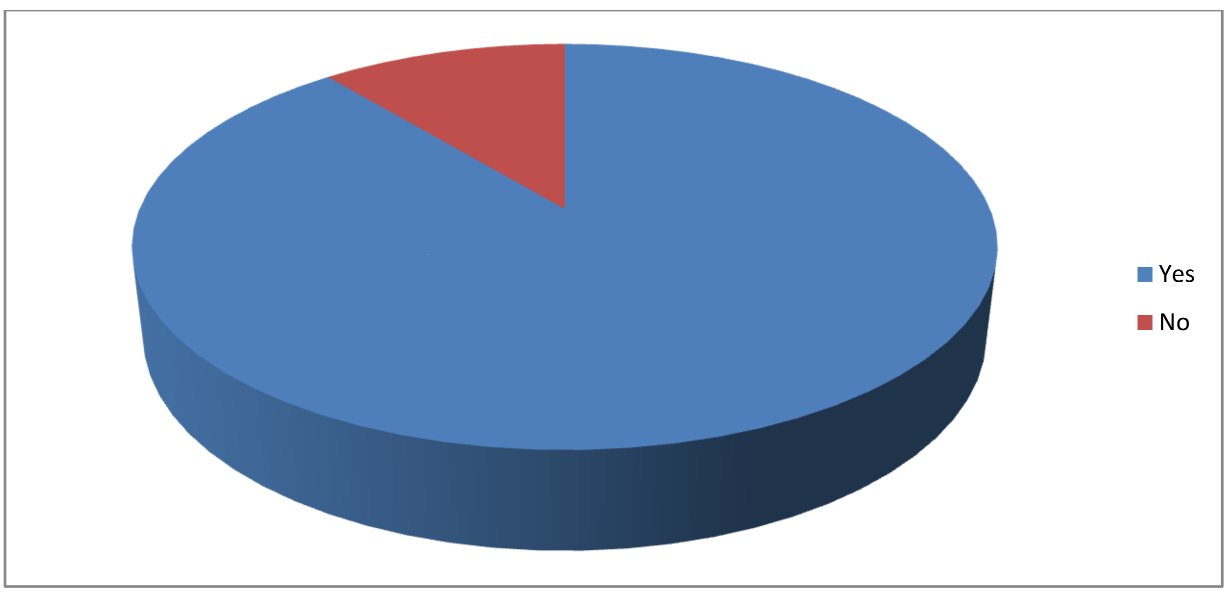


We observe that 56% of all the respondents have complete information of mutual funds. We have got 24% of our total respondents who do not have complete information of mutual fund at all and 20% of our total respondents have some information of mutual fund.

3) Are you an investor, who is interested in getting good deduction from tax?

Interested in Tax Deduction

Information	**Number Of Respondents**
Yes	89
No	11
Total	**100**

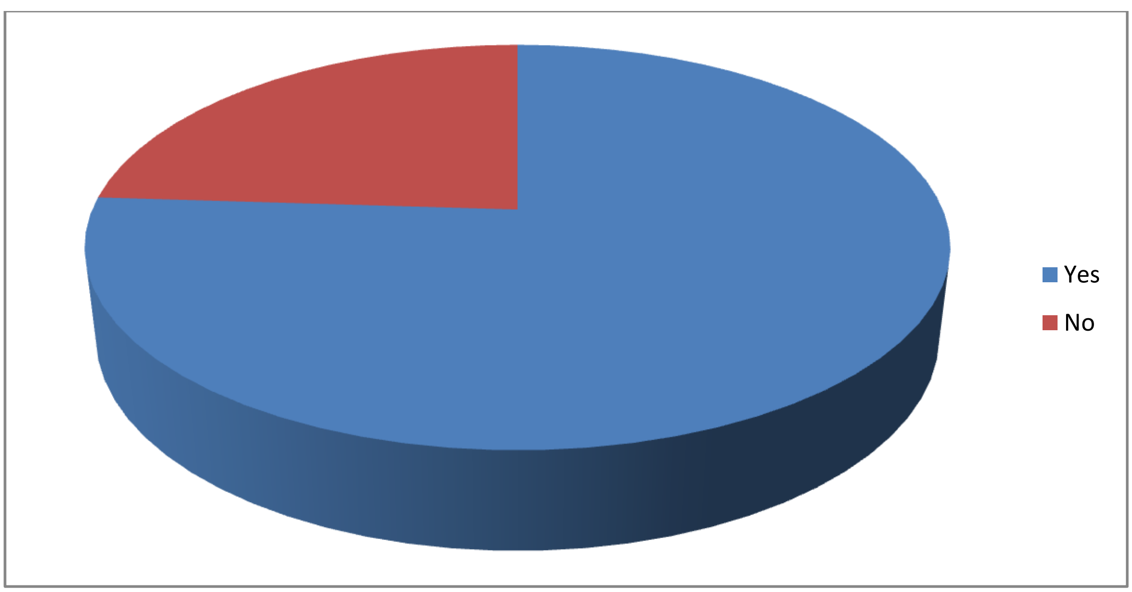


We observe that 89% of all the respondents are interested in getting good deduction from tax. We have got 11% of our total respondents who are not interested in getting good deduction from tax at all.

4) Do you know mutual fund is a good instrument of tax saving?

Awareness for Tax saving

Investment	**Number Of Respondents**
Yes	76
No	24
Total	**100**

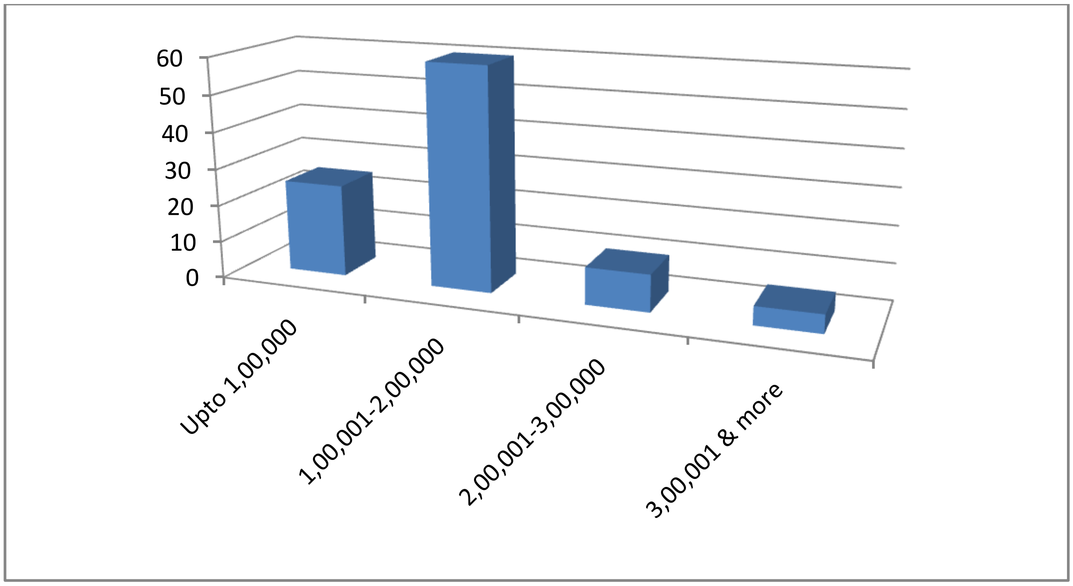


We observe that 76% of all the respondents knows mutual fund is a good instrument of tax saving. We have got 24% of our total respondents who are mutual fund is a good instrument of tax saving.

5) Among which of the following income group you fall?

Income Group

Income group	Number Of Respondents
Upto 1,00,000	25
1,00,001-2,00,000	60
2,00,001-3,00,000	10
3,00,001 & more	5
TOTAL	100

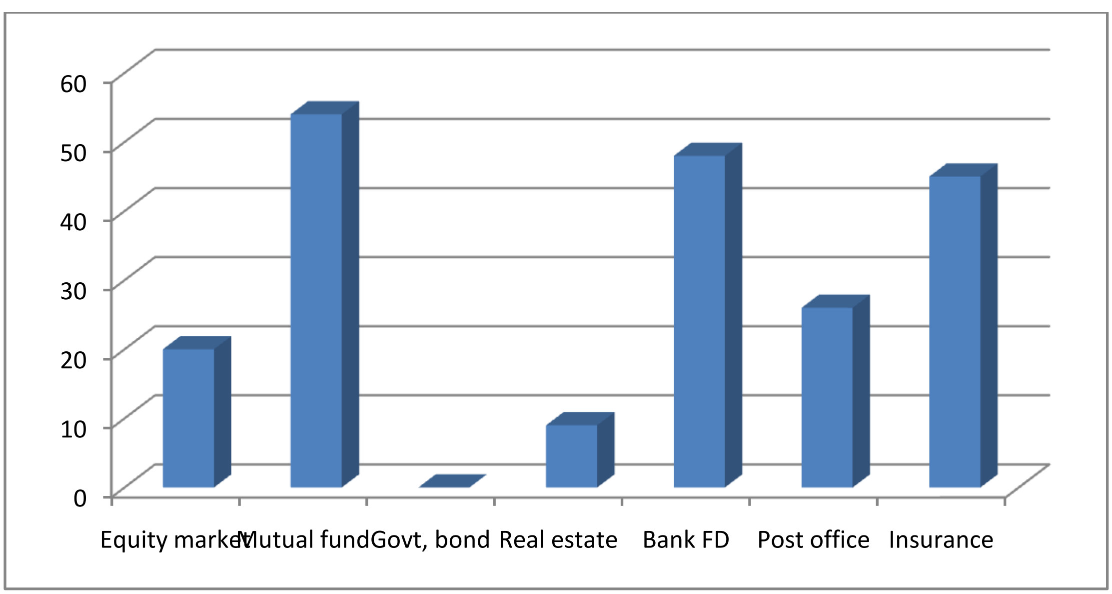


We observe that 25% of all the respondents fall under income group of less than 1,00,000. We have got 60% of our total respondents fall under income group of 1,00,001-2,00,000 and 10% of our respondents fall under income group of 2,00,001-3,00,000 while 5% of our respondents fall under income group of 3,00,000 & more.

6) Which are the investments you hold at present?

Investment Holding

Investment	**Number Of Respondents**
Equity market	20
Mutual fund	54
Govt. bond	0
Real estate	9
Bank FD	48
Post office	26
Insurance	45

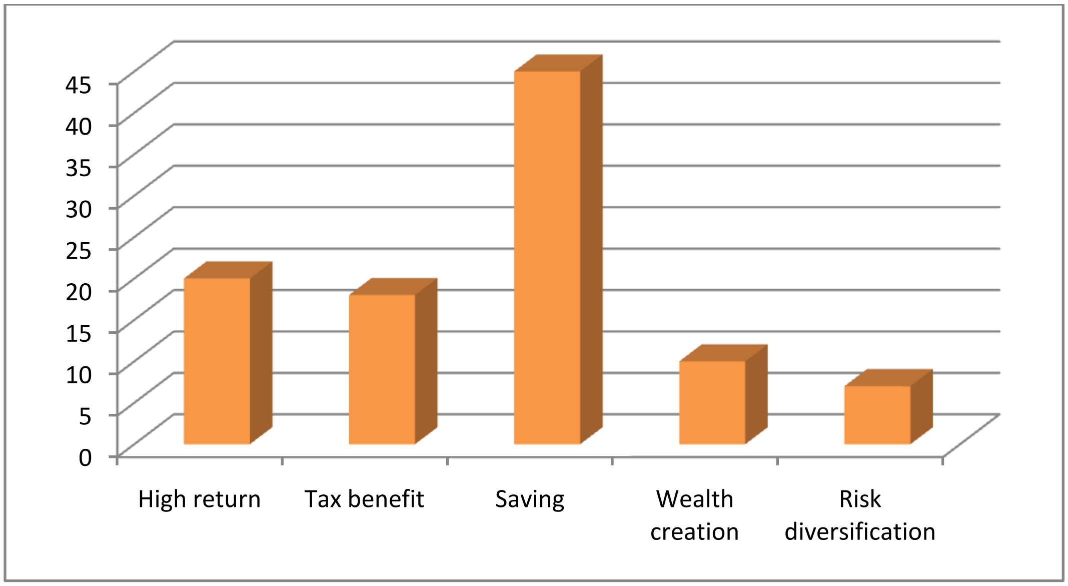


We observed that many respondents invest in more than one instrument of saving. The people are not channelizing all of their savings in just one Investment Avenue.

7) What is the Basic purpose of your investments?

Purpose for Investment

Investment purpose	**Number Of Respondents**
High return	20
Tax benefit	18
Saving	45
Wealth creation	10
Risk diversification	7
Total	100

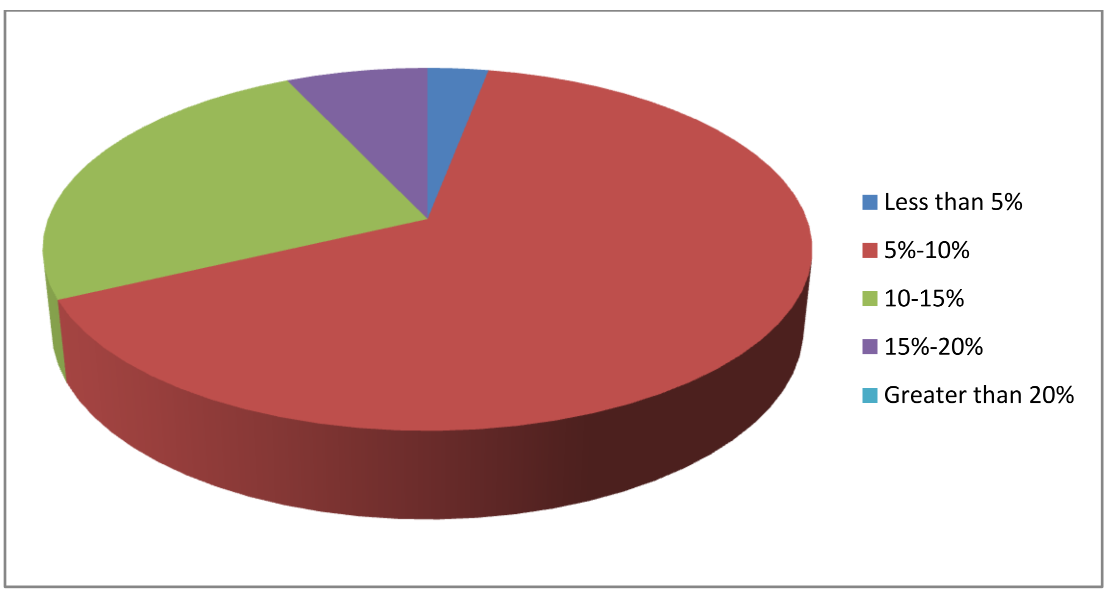


We observe that 20% of all the respondents Invest for the purpose of high return, 18% Invest for the purpose of tax benefit, 45% Invest for the purpose of saving, 10% Invest for the purpose of wealth creation , 7% Invest for the purpose of risk diversification.

8) What returns do you receive at present from all your investments?

Returns from Investment

Investment Returns	Number Of Respondents
Less than 5%	3
5%-10%	65
10-15%	20
15%-20%	7
Greater than 20%	5
Total	100

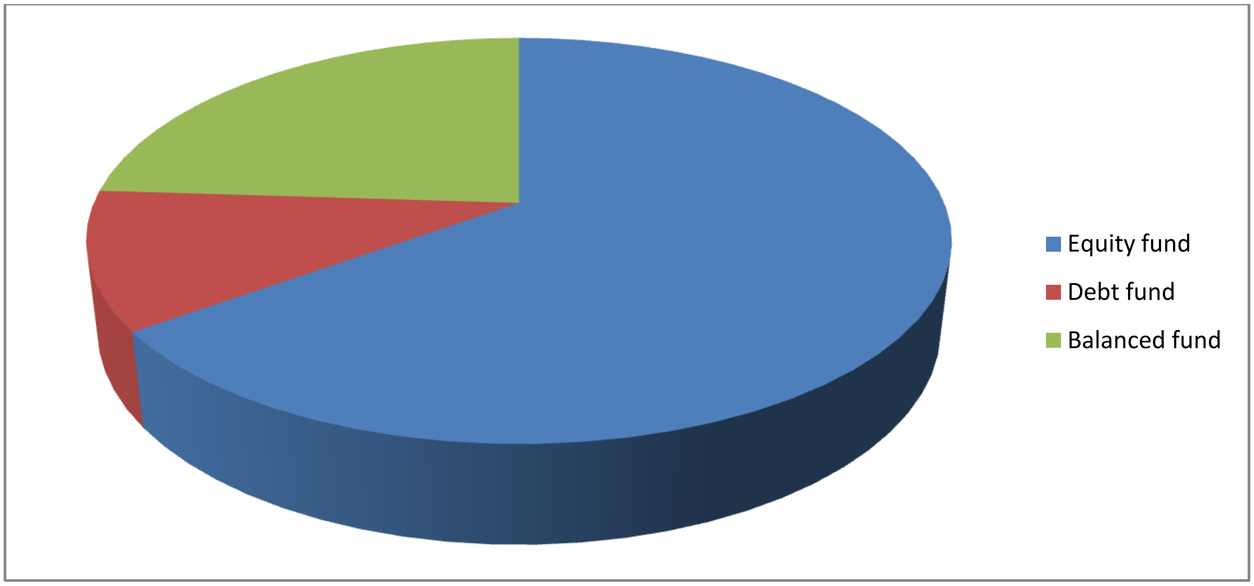


We observe that 3% of all the respondents get less than 5%, 65% of all the respondents get between 5%-10%, 20% of all the respondents get between 10%-15%, 7% of all the respondents get between 15%-20% and 5% of all the respondents get more than 20%.

9) Which types of funds would you like to prefer for your investment in mutual fund?

Fund Preference

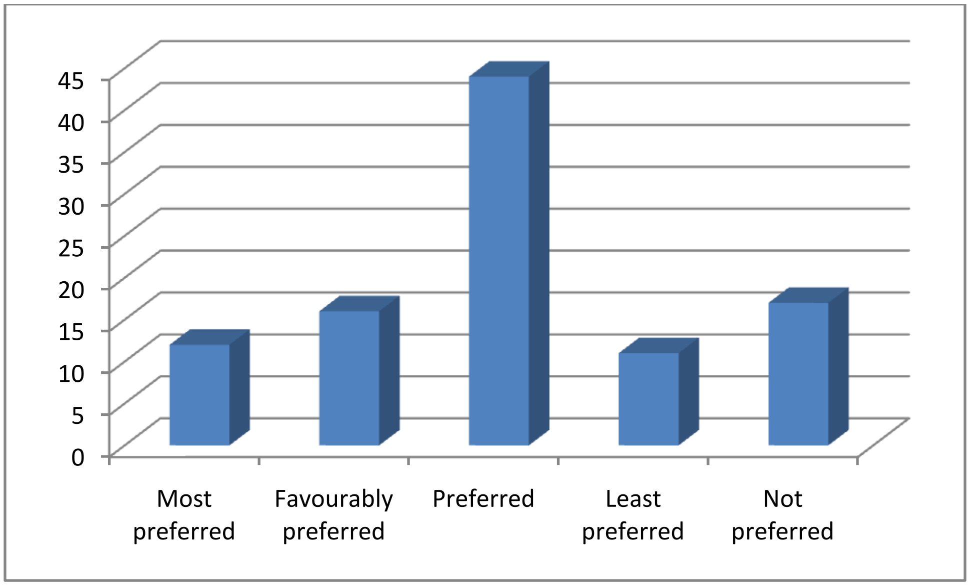
Investment preference	**Number Of Respondents**
Equity fund	65
Debt fund	11
Balanced fund	24
Total	100



We observe that 65% of all the respondents prefer investment in equity fund, 11% of all the respondents prefer investment in Debt fund, and remaining 24% of all the respondents prefer investment in balanced fund.

10) Give your preference for tax saving plan of mutual fund ?

Investment Preference	**Number Of Respondents**
Most preferred	12
Favorably preferred	16
Preferred	44
Least preferred	11
Not preferred	17
Total	100



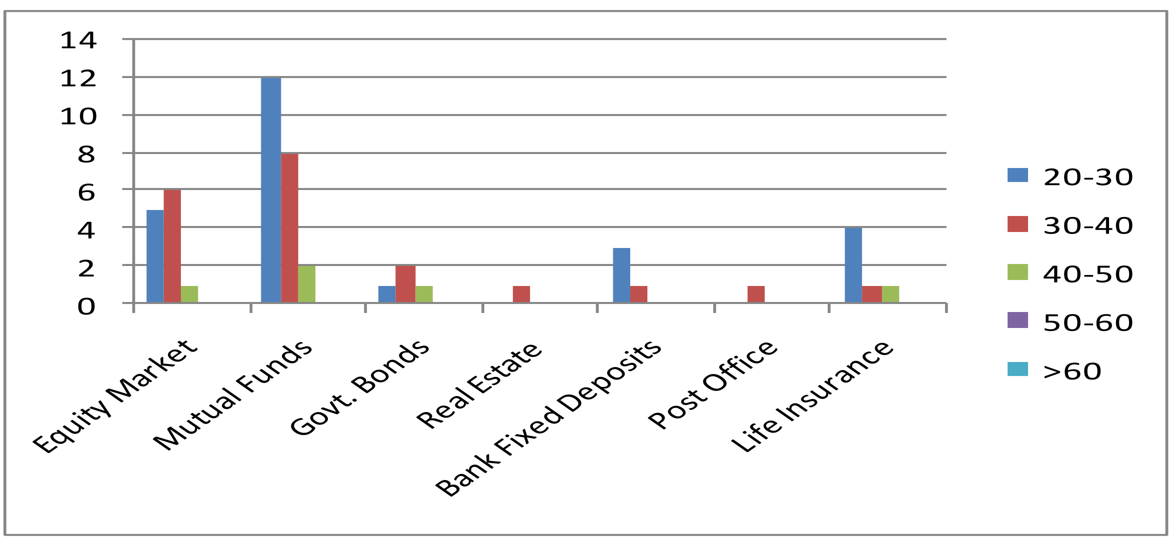
We have observed that a large number of investors prefer tax plan.

CROSS TABULATION

NOTE: - The cross tabulation is done to analyze that how many investors in various classes and age groups prefer Mutual Funds over other investment options.

Age Wise Break up of "Service-Pvt" Class Respondents

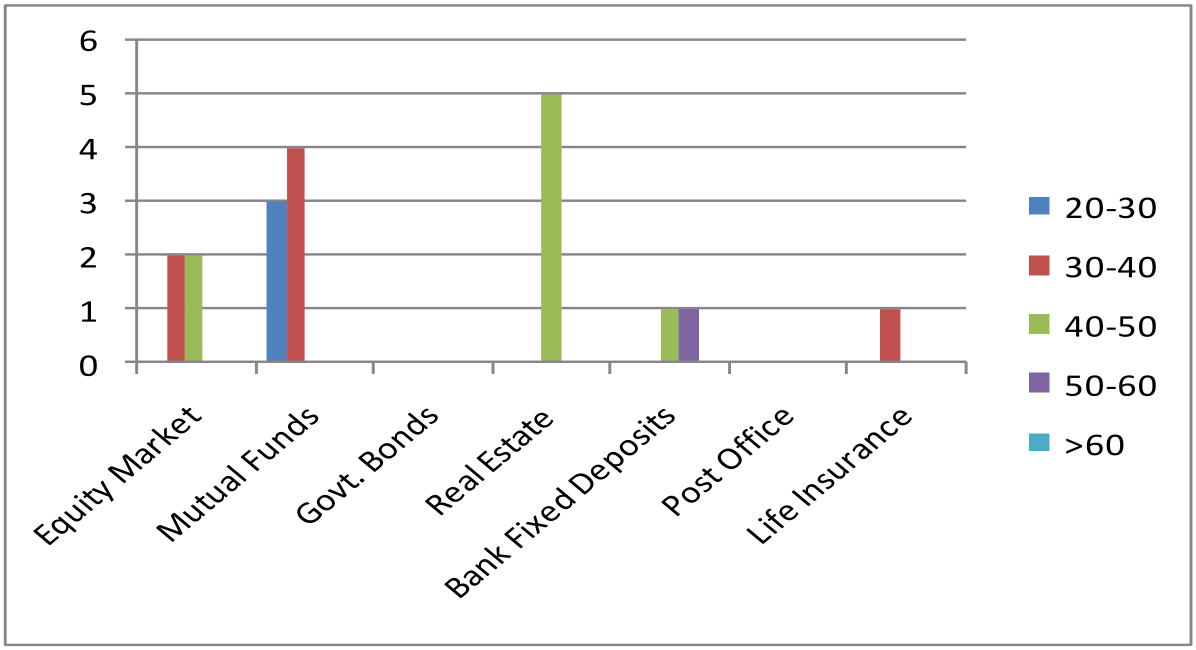
Service Class	**20-30**	**30-40**	**40-50**	**50-60**	**>60**	**Total**
Equity Market	5	6	1	0	0	12
Mutual Funds	12	8	2	0	0	22
Govt. Bonds	0	0	0	0	0	0
Real Estate	0	1	0	0	0	1
Bank Fixed Deposits	3	1	0	0	0	4
Post Office	0	1	0	0	0	1
Life Insurance	4	1	1	0	0	6
Total	**25**	**20**	**5**	**0**	**0**	**50**



It is observed that people in the age group of 20-30 years are more open to mutual funds holding and equity market. The share of mutual fund holding decreases as the age increases. It is observed that people above the age of 40 prefer Life Insurance policies and Government Securities over Equity and Mutual Funds.

Age wise break up of "Service - Govt" Class respondents

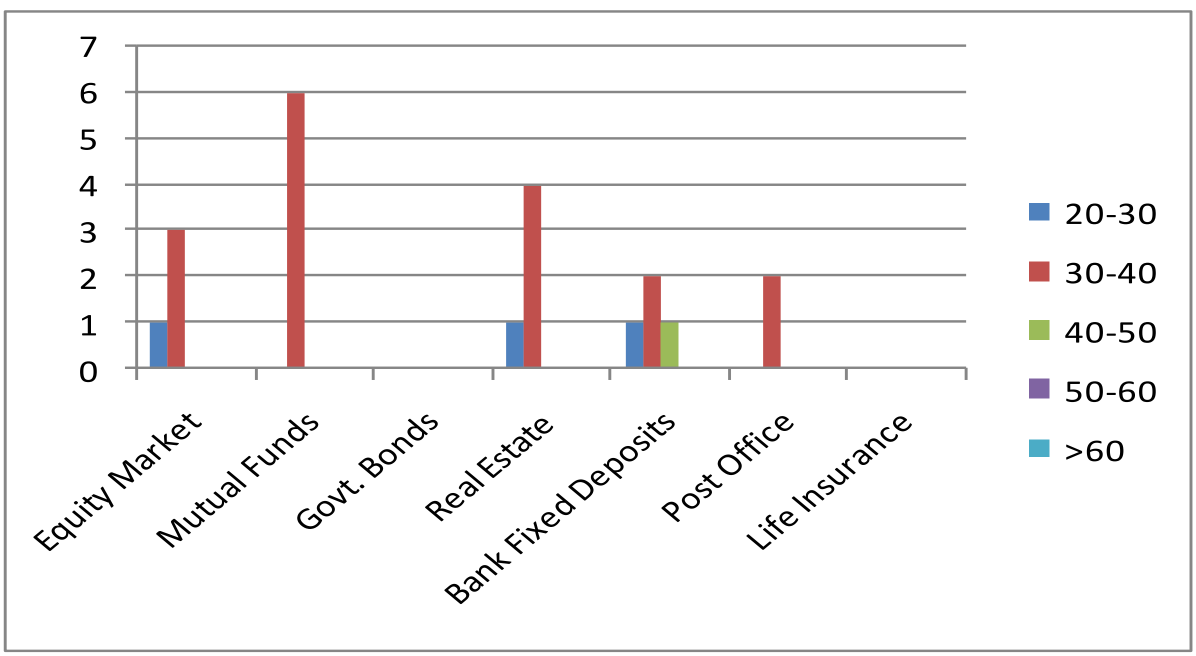
Professional	**20-30**	**30-40**	**40-50**	**50-60**	**>60**	**Total**
Equity Market	0	2	2	0	0	**4**
Mutual Funds	3	4	0	0	0	**7**
Govt. Bonds	0	0	0	0	0	**0**
Real Estate	0	0	5	0	0	**5**
Bank Fixed Deposits	0	0	1	1	0	**2**
Post Office	0	0	0	0	0	**0**
Life Insurance	0	1	0	0	0	**1**
Total	**3**	**8**	**8**	**1**	**0**	**20**



We observe that people in the age category of 30-40 and 40-50 years have a certain preference for Equity holdings, Mutual Fund, Real Estate. However these people are very conscious for the assured return and security.

Age Wise Break up of "Business" Class Respondents

Business Class	20-30	30-40	40-50	50-60	>60	Total
Equity Market	1	3	0	0	0	**5**
Mutual Funds	0	6	0	0	0	**6**
Govt. Bonds	0	0	0	0	0	**0**
Real Estate	1	4	0	0	0	**5**
Bank Fixed Deposits	1	2	1	0	0	**4**
Post Office	0	2	0	0	0	**2**
Life Insurance	0	0	0	0	0	**0**
Total	**3**	**17**	**1**	**1**	**0**	22

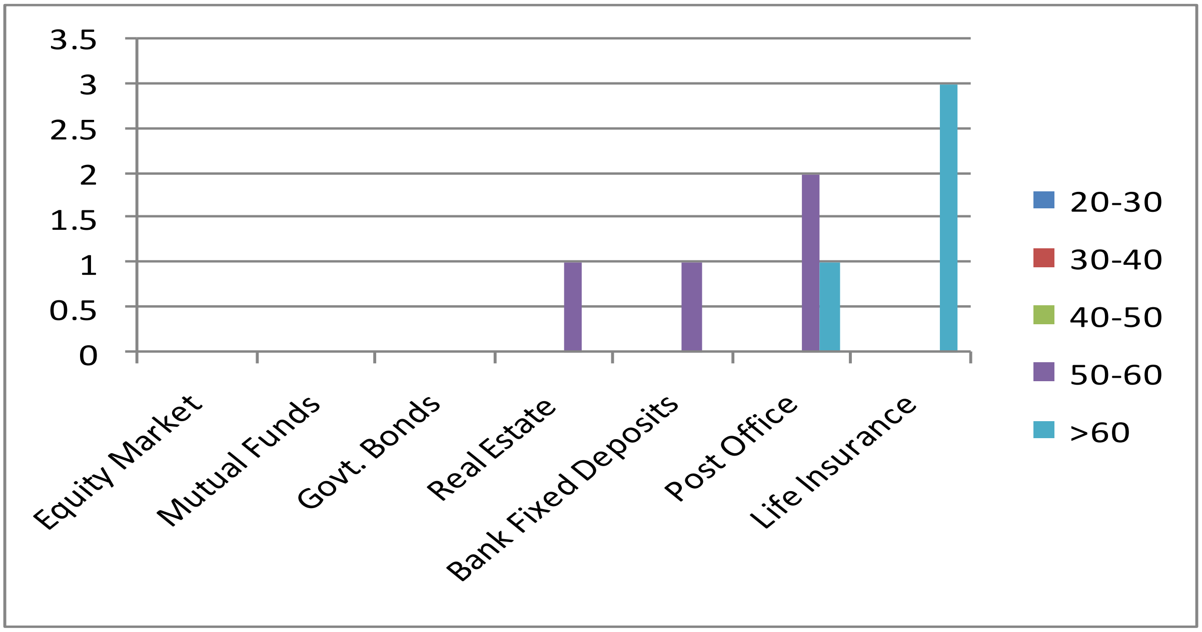


We observe that maximum classification of investment is made in 30-40 age group investors. Also they are holding a diversified portfolio which includes PPF, Postal Schemes, Fixed Deposit, as well as Equity Schemes (Mutual fund, Stock Market).

Age group 20-30 holds investments in Equity Market, Bank FD, and some also hold their Money in Real Estate. Business class people focuses more on high return with moderate security of return so majority of their investment is made in Mutual Investment.

Age wise break up of "Retired" Class respondents

Retired Class	**20-30**	**30-40**	**40-50**	**50-60**	**>60**	**Total**
Equity Market	0	0	0	0	0	**0**
Mutual Funds	0	0	0	0	0	**0**
Govt. Bonds	0	0	0	0	0	**0**
Real Estate	0	0	0	1	0	**1**
Bank Fixed Deposits	0	0	0	1	0	**1**
Post Office	0	0	0	2	1	**3**
Life Insurance	0	0	0	0	3	**3**
Total	**0**	**0**	**0**	**4**	**4**	**8**



It is observed in this category mostly consisting of retired people the preference for mutual fund holding is low. However, Bank Fixed Deposits, Post Schemes, Life Insurance have the greatest preference amongst people in this category.

CHAPTER 5

FINDINGS & CONCLUSION

FINDINGS OF THE STUDY

- We observe that 68% of all the respondents invest in mutual fund. We have got 32% of our total respondents who do not invest in any mutual fund at all.
- We observe that 56% of all the respondents have complete information of mutual fund. We have got 24% of our total respondents who do not have complete information of mutual fund at all and 20% of our total respondents have some information of mutual fund.
- We observe that 89% of all the respondents are interested in getting good deduction from tax. We have got 11% of our total respondents who are not interested in getting good deduction from tax at all.
- We observe that 76% of all the respondents knows mutual fund is a good instrument of tax saving. We have got 24% of our total respondents who are mutual fund is a good instrument of tax saving.
- We observe that our respondents invest in more than one instrument of saving.
- We observe that 20% of all the respondents Invest for the purpose of high return, 18% Invest for the purpose of tax benefit, 45% Invest for the purpose of saving, 10% Invest for the purpose of wealth creation ,7% Invest for the purpose of risk diversification.
- We observe that 3% of all the respondents get less than 5%, 65% of all the respondents get between 5%-10%, 20% of all the respondents get between 10%-15%, 7% of all the respondents get between 15%-20% and 5% of all the respondents get more than 20%.
- We observe that 65% of all the respondents prefer investment in equity fund, 11% of all the respondents prefer investment in Debt fund, and remaining 24% of all the respondents prefer investment in Balanced fund.
- We have observed that most of the investors prefer to save in tax plan.

CONCLUSION

The mutual fund investors prefer more of the equity fund as they want more return on their money. They avoid going in the debt fund because they can get same amount of return on their banks that is also without taking any risk.

Usually people preferred to invest in mutual fund during NFO rather than seeing the performance of mutual fund scheme. Sometimes due to lack of detailed awareness about mutual fund schemes the investors seek advice of distributors.

Investors feel that the AMC should go for more promotional activities & should try to come up with new innovative schemes which can easily be understood by the investors.

Even after seeing the market crash in May 2006 people still thinks that mutual fund is much reliable way to invest in stock market. So investors are not going for redemption during crash & were ready to wait. In fact during the crash time many people were ready to invest in mutual fund.

People will not accept the entry load if the company would any such type loads during NFO because during NFO the investors were not sure whether the given scheme can really give them better return or not.

SCOPE FOR FURTHER STUDY

There is need to build awareness of the new funds among the investors with constantly being in contact with them.

- Some of investors have asked for periodical market report about stock market so that they can get the knowledge properly.
- AMC's should go for increasing more awareness about different facilities of investment such as SIP& STP among investors.
- ICICI must try to locate hard working distributors who are providing good business in their respective geographical area.
- Investors are never going to accept the entry load during NFO. So such type of activity should be avoided as much as possible.
- The company should advertise their tax saving plan more so that they can gain more customers.

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ANNEXURE

Dear Respondent,

I Vikas conducting a survey on my project titled “changing preferences of consumers from FD to mutual funds” as a part of my MBA course, I would be grateful if u could spare a few minutes to fill this questionnaire. Information provided kept confidential and would be used for academic purpose only. Please fill your response in space provided.

(Note: Questionnaire is divided in two parts i.e. “Part A”- for the users basic details. And “Part B”- for the of questions.)

PART A

1. Name: Mrs/Ms/Mr ____

2. Age

(a) Between 20 – 30 years

(b) Between 30 – 40 years

(c) Between 40 – 50 Years

(d) Between 50 – 60 Years

(e) More than 60 Years

3. Contact Nos. / e-mail: ________________________________

4. Profession: ____

PART - B

1) Do you invest your saving in mutual fund?

a) Yes

b) No

2) Do you have complete information about mutual fund?

a) Yes

b) No

c) Not Much

3) Are you an investor, who is interested in getting good deduction from tax?

a) Yes

b) No

4) Do you know mutual fund is a good instrument of tax saving?

a) Yes

b) No

5) Among which of the following income group you fall?

a) Upto 1,00,000

b) 1,00,001-2,00,000

c) 2,00,001-3,00,000

d) 3,00,001 & more

6) Which are the investments you hold at present?

a) Equity market

b) Mutual fund

c) Govt. bond

d) Real estate

e) Bank FD

f) Post office

g) Insurance

7) What is the Basic purpose of your investments?

a) High return

b) Tax benefit

c) Saving

d) Wealth creation

e) Risk diversification

8) What returns do you receive at present from all your investments?

a) Less than 5%

b) 5%-10%

c) 10-15%

d) 15%-20%

e) Greater than 20%

9) Which types of funds would you like to prefer for your investment in mutual fund?

a) Equity fund

b) Debt fund

c) Balanced fund

10) Give your preference for tax saving plan of Mutual Fund?

a) Most preferred

b) Favorably preferred

c) Preferred

d) Least preferred

e) Not preferred

11) Rank the following investment options according to your preference.

a) Equity market

b) Mutual fund

c) Govt. bond

d) Real estate

e) Bank FD

f) Post office

g) Insurance