




# Mahesh Lande

## mahesh lande MRP

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**Project Dissertation Report on**

**“TO ANALYZE THE INVESTMENT PREFERENCES OF**

**SALARIED**

**INDIVIDUALS IN MUTUAL FUND”**

**Submitted By:**

**Mahesh Babasaheb Lande**

**2K24/DMBA/130**

**Under the guidance of Dr Arushi Jain**



**DELHI SCHOOL OF MANAGEMENT**

**Delhi Technological University,**

**Bawana Road, Delhi, 110042**

|

**CERTIFICATE**

This is to certify that the Major Research Project (MRP) titled:  
" **TO ANALYZE THE INVESTMENT PREFERENCES OF SALARIED INDIVIDUALS IN MUTUAL FUND** " has been submitted by Mahesh Lande (Roll No: 24/DMBA/130) in partial fulfilment of the requirements for the award of the degree of Master of Business Administration (MBA) at Delhi School of Management, Delhi Technological University.

**Faculty Guide:****Dr. Arushi Jain**

Asst. Professor, DSM

Delhi School of Management, DTU

**Date:** \_\_\_\_\_**Place:** New Delhi, DTU

## DECLARATION

I, Mahesh Lande (Roll No: 24/DMBA/130) a student of the MBA programme (Batch 2024–26) at Delhi School of Management, Delhi Technological University, do hereby solemnly declare that the Major Research Project entitled "TO ANALYZE THE INVESTMENT PREFERENCES OF SALARIED INDIVIDUALS IN MUTUAL FUND " is an original and independent piece of work conducted by me in partial fulfilment of the requirements for the award of the degree of Master of Business Administration (MBA). The project has been completed under the guidance of Dr. Arushi Jain, Delhi School of Management, DTU.

I further declare that this work has not been submitted elsewhere for the award of any degree or diploma

Place: New Delhi

Date: \_\_\_\_\_

Mahesh Lande

2k24/DMBA/130

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## ACKNOWLEDGMENT

I would like to express my deepest gratitude to my mentor, **Dr. Arushi Jain**, for her unwavering support, expertise, and dedication. The successful completion of this major research project on "Analysing the Investment Preferences of Salaried Individuals in Mutual Funds" would not have been possible without her continuous guidance and encouragement.

I am sincerely thankful to everyone who provided personal and professional guidance throughout this study. Additionally, I would like to extend a special thanks to Ms **Shubhangi Gulati** and Mr **Rishav Raj** for their consistent guidance, motivation, and support throughout my entire MBA journey. I truly appreciate the cooperation and encouragement from my peers and mentors that helped me navigate the challenges of this research and bring it to completion.

I wish to acknowledge the support of my family, whose unwavering encouragement and belief in my abilities have been a constant source of strength throughout the rigours of the MBA programme and this research project.

**Mahesh Lande**

2k24/DMBA/130

MBA, Batch 2024–26

Delhi School of Management, DTU

## EXECUTIVE SUMMARY

The aim of the present study is to find out the investment preferences of the salaried class, with particular reference to mutual funds, as an innovative and convenient investment avenue. The Indian mutual fund industry has witnessed remarkable expansion. It has evolved into a vibrant and diverse industry from the erstwhile government-run schemes. Mutual funds today provide various types of schemes such as equity-oriented, debt schemes, and hybrid schemes. The advantage is that they are suitable for different classes of investors with varied risk profiles. This kind of investment involves professional fund management, diversification of risks, and liquidity.

According to most salaried and survey-based primary research, a majority of the salaried and The study reveals that the major mutual fund investors are in the age group of 31-40 years. The preference for balanced and open-ended schemes has been observed due to their flexibility and Moderately balanced risk and return profile. Most individuals have a preference for security, diversification, and short-term investment horizon, indicating that they are financially literate yet prudently inclined. Moreover, Individuals tend to take individual responsibility for investments. The level of income is also an important factor with many investors belonging to the ₹2-4 lakhs bracket and investing small amounts below Rs. 50,000.

Most respondents exhibit moderate levels of risk but have a good understanding of fund manager's performance and the need for transparency in mutual fund structure. As per the research findings, mutual funds have become popular among the working class owing to their accessibility and the fact that they offer higher returns as compared to traditional investments such as FDs, gold, and real estate. However, there is considerable scope for growth in the Indian mutual fund industry considering the low levels of awareness and financial penetration.

In summary, mutual funds are a good investment choice for salaried people, particularly as they are increasingly financially literate and goal-oriented. Asset management companies should also focus on investor education and come up with user friendly investment platforms and innovative schemes to suit the risk profiles and financial objectives of investors to further boost their participation. To convert hesitant

savers into active mutual fund investors, it will be critical to encourage SIPs, enhance digital outreach and provide personalized advisory services.

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## Chapter No.1: Introduction

### 1.1 Introduction:

This study aims to know the investment preference of the salaried people with special emphasis on investing in a modern and easily accessible investment option “Mutual Funds”. The mutual fund industry in India has undergone significant transformation since the inception of government controlled schemes to a vibrant and diversified industry regulated by the Securities and Exchange Board of India (SEBI). The mutual funds nowadays have various alternatives such as equity funds, debt funds and hybrid funds. These choices are appealing to investors with varying risk tolerances and financial goals. The advantages are that it means that they can professionally manage their funds and diversify their risk and liquidity. They can be a convenient choice for salaried people who might not have time and knowledge to actively manage their investments. The result of the majority of the primary research through salaried and Survey shows that the majority of the investors for the mutual funds are in 31-40 age group. The balanced schemes and open-ended funds were favoured the most as they were flexible and had an A moderate risk-return profile. Most investors prefer to be secure, diversified and have investment time horizons that are short term, thus demonstrating that they are knowledgeable and yet prudent. What's more, Most of the respondents make investment decisions autonomously, which indicates their growing financial skills and independence in investment management. Income is also a determining factor, as the number of investors investing in the income range of ₹2-4 lakh is quite high, and generally, small investors invest small amounts, usually less than Rs. 50,000. Respondents have a moderate risk appetite but understand the importance of fund manager performance and structural transparency of mutual funds. The study reveals that mutual funds are the preferred choice of the working class for a number of reasons: they are easily accessible, simple and come with higher returns than traditional instruments such as FDs, gold or real estate. The untapped potential, however, in the Indian mutual fund industry is tremendous considering the lack of awareness, low financial penetration in smaller cities and the conservative investors' attitude. To conclude, if you are a salaried individual, and more people are becoming more financially aware and have goals to invest in, you will find investing in mutual funds a good idea. Asset management companies should also focus on investor

education and come up with user-friendly investment platforms and innovative schemes to suit the risk profiles and financial objectives of investors to further boost their participation. Yes, it will be essential to promote SIPs, digital reach and personalized advice to get the hesitant savers to become active mutual fund investors.

1. The best mutual funds investment for salary earners are:

**Equity Mutual Fund:** Equity mutual funds are those mutual funds where a minimum of 65% of funds go towards equity investments. The advantage of these funds is that the investors who do not have the means or time to invest in stocks have an opportunity to gain from the high growth potential of stocks. Then, too, fixed income instruments and inflation have been consistently beaten by equities over the long term and equity is best suited to creating corpuses for long-term financial goals. Some equity schemes which may be invested are given here:

- **Multi-cap fund-** Multi cap funds are the type of funds that do not come with any limitations regarding the types of stocks they can invest in. Fund Managers of this type of fund have liberty to shift the asset allocation of this fund into different market capitalizations and segments as and when there occur changes in market conditions. These funds are required to invest at least 65% of their total assets in equity and equity-linked instruments.
- **Large Cap Fund-** Large cap funds are those funds that invest the majority of their funds in large cap stocks. The top 100 companies, according to their market capitalization, are considered as the large cap stocks by SEBI. As per the guidelines of SEBI, these funds must invest at least 80% of their portfolios in equity or equity-linked investments of large cap stocks.
- **Equity Linked Savings Scheme (ELSS)-** ELSS otherwise called tax saving mutual funds are those mutual fund schemes that allow investors to claim tax deductions of up to Rs 1.5 lakh annually under section 80C. These schemes have the shortest lock-in period of only 3 years. which is the smallest among all Section 80C investment options. As these funds are invested in equities, these funds have the highest long term wealth creation potential among all tax saving investment options available under Section 80C.

Mutual Funds Investing in debt Mutual funds can be defined as investments which are made mainly in fixed income securities like money market securities, corporate bonds, government securities and many others. Being market linked fixed income

securities, debt mutual funds are relatively stable compared to equity funds and among all hybrid/equity funds; they rank among the most stable investments. Debt funds typically provide you with a higher return than savings and fixed deposits because they have invested in fixed income instruments linked to the market. You can look at investing in the following debt funds:

**3** Overnight Fund: Overnight fund is a type of debt fund that makes investments in overnight securities or assets with a remaining maturity period of one day

**3** •Liquid fund: Liquid fund: Liquid funds refer to such funds that are allowed to invest in debt and money market securities that mature in 91 days or less.

**5** Money market funds: These are debt funds that make investments in money market securities with a maturity period of one year. Money market funds: Money market funds are debt funds, which invest in money market instruments with the maturity period up to 1 year.

**11** Medium duration fund: It is a debt fund with medium duration, such as money market and debt market instruments, where the fund invests in these instruments in a manner that result in medium duration. 4 Macaulay duration of portfolio is from 3 to 4 years These funds have the flexibility to hold the Macaulay duration of 1 to 4 years in the event of anticipated adverse situations. These funds aim to invest at least 65% of their total asset base in AA and lower rated corporate bonds (excluding AA+ rated bonds).

**3** HYBRID MUTUAL FUNDS- Hybrid mutual funds are those funds that invest in equity, debt and other asset classes for generating better risk adjusted returns. These funds are also ideal for those who wish to see their mutual fund managers adhere to their asset allocation strategy too. The following is a list of hybrid mutual funds you can consider investing.

**3** **Conservative Hybrid Fund:**

Conservative hybrid funds invest majorly in debt instruments and also include only a limited exposure to equities. According to SEBI, equity savings funds should be considered under the category of equity and equity-linked instruments, which would include 10-25% of the entire fund and the remaining 75%-90% of the entire fund would consist of debt instruments, where the investment in arbitrage

opportunities can be made from the above mentioned equity and debt instruments. According to SEBI, equity savings fund must allocate at least 65% of its total assets to equity and equity-linked investments, and minimum 10% in debt instruments.. The funds also need to report on the minimum hedged and unhedged exposure in their scheme information document (SID). Reading the title makes me wonder what a comparison is. I'm not sure what a comparison is, but I'm told 1.3 is talking about comparing mutual funds to other investment options. When it comes to saving or investing money, most Indians favour conventional. Fixed deposits (FDs), Public Provident Fund (PPF) or gold are some of the options. These are The corridors where the preservation of capital and relatively stable returns are the rule. But, For short term and long term return, mutual funds are preferable investment option.

**Mutual funds vs fixed deposits**

Fixed Deposits	Debt mutual funds
<p>There are 2 reasons to invest in FDs:</p> <ol style="list-style-type: none"> <li>1) Capital preservation</li> <li>2) Good returns</li> </ol>	<p>Similar benefits can be availed by the investors of the debt mutual funds. Highly liquid. Any debt fund can be settled anytime you want.</p>
<p>Liquid: you can withdraw funds anytime you want to.</p>	<p>The returns can differ, but they aid in overcoming the effects of inflation.</p>
<p>Investors can enjoy similar advantages from debt mutual funds. Returns change, but they do help to withstand inflation. Highly liquid. Debt funds are flexible and can be redeemed anytime.</p>	<p>Highly liquid. Any debt fund can be settled anytime you want.</p>

The two main reasons to opt for FDs are capital protection and return. The investor may also reap the benefits associated with FDs through debt mutual funds. First, debt mutual funds are considered a safe place to invest. Second, even though the rate of return varies, they help combat inflation. Also, mutual funds are highly liquid in nature as compared to fixed deposits. You can redeem your mutual funds anytime, whereas you cannot do this with Fixed deposits.

## Mutual Funds vs Bank Deposits

Comparison between Mutual Funds & Bank Deposits Bank deposits were always considered as a risk-free investment by most investors. In this article, we have made a comparison between mutual funds and bank deposits on different aspects, such as returns, risk factors, liquidity, etc, which will help you make a better decision.

Parameters	Mutual Funds	Bank Deposits
Returns	The rate is not set; in the long-term, the return is greater than that of bank savings.	These can be withdrawn, but will fetch little. Recently, their prices have fallen sharply, and there are possibilities for further decline in the future.
Risks	Mutual funds come with several systematic and unsystematic risks.	They do not carry any risk to the fluctuations in the market and are immune from the ups and downs in the stock market.
Liquidity	You can simply redeem your mutual fund, and it will be deposited in your bank account the next day.	If you have already put your money into such a bank deposit that will help you to save tax, you cannot withdraw before the expiry of the term.

## Mutual funds vs Gold

For decades, the prospect of gold has enthralled Indians. Every single family acquires the yellow metal in the shape of gold jewelry and gold coins. However, gold ETFs prove to be an excellent substitute to physical gold.

Gold	Gold ETFs
There is no standard pricing. Different jewellers offer different types!	The trading and price mechanism for gold ETFs is totally transparent.
A big cost is the charges made (20-30%).	The broker fee (approximately 0.5%) and expense ratio (1%) are much smaller.
Security concerns: there's a risk of physical gold being lost or stolen	No risk of theft because they are traded in dematerialized form.
It's difficult to convert physical gold into cash in a timely manner.	If needed, gold ETFs can be sold without difficulty.

Although the majority of Indians tend to stick to the conventional methods of investments, the trend is gradually changing. Over the past few years, mutual funds have been gaining popularity in India. The explanation is simple: there are numerous mutual funds in the market that can be used to fulfill your financial needs.

## **Comparison between Mutual Funds and Real Estate Investments**

Among various aspects related to personal finances, one of the commonest topics of discussion is the comparison between mutual funds and real estate investments. For decades, investing in real estate has been viewed as both secure and wise.. We have

looked at various factors like ease of investment, liquidity, risk and return etc. which will aid you in making the right investment decision.

Parameters	Mutual Funds	Real Estate
Ease of investment	It is very simple. Once KYC compliance has been done, then you can invest in your chosen mutual fund scheme.	The advent of property portals has helped investments in real estate become quite easy. But there is much to consider legally as far as the nitty gritty is concerned.
Liquidity	Highly liquid. You can easily redeem when required.	Non-liquid Asset. Funds put into real estate cannot be easily turned into cash.
Risks	Mutual funds investments are risky. The value of your investments in a fund will fluctuate with market conditions and may go down as well as up	Returns Returns cannot be guaranteed but are dependent on a number of internal and external factors. Ultimately though, returns will be positive and possibly double digit.
Returns	There is no guaranteed rate of return because the rate will depend on various internal and external parameters. But over time, it does	While returns are not guaranteed, properties researched and equipped with the amenities tend to

	provide positive returns, sometimes even reaching double-digit numbers.	yield good returns in the long-term..
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## Chapter No.2: Review of literature

The research conducted by Lee in 2005 outlined the structure and process involved in mutual funds. The study emphasized the major problems encountered by individuals working in mutual funds.

Tyson in his research paper in 2007 suggested various techniques used in investing in mutual funds. It was concluded that the investor needs to choose the right schemes based on his or her financial objectives, risk profile, and long-term goals in relation to the mutual funds. The study suggested that mutual funds assist in improving investors' profits as well as reduce the effort required in managing the investments.

Singh carried out research related to the attitude of individuals towards mutual funds in 2012. It was concluded from the research that most ordinary investors do not have adequate knowledge about the mutual funds.

(Divya, 2012): The study conducted comparative evaluation of selected mutual funds in India and concluded that fund managers should design new investment strategies based on market dynamics and benchmark performance for increasing return on investments.

(Goel, 2012): The study was conducted to evaluate the performance indicators of mutual funds. According to the study, stock selection skills and experienced fund manager had a positive effect on mutual funds performance. Moreover, domestic mutual funds are expected to perform well as they have good understanding of local markets.

(Karrupasamy, 2013): It is an evaluation study conducted to check performance of selected balanced mutual fund schemes in the private sector. According to the results of the study, balanced mutual funds have offered better risk adjusted returns. Positive Sharpe Ratio, Treynor Ratio and Jensen's Alpha were observed in case of selected balanced mutual funds.

(Santhi, 2013): This study evaluated growth of mutual funds and regulatory aspects of mutual funds in India. As per the findings of the research, innovation in mutual fund products requires regulated growth of mutual funds.

(Sharma, 2013): The objective of the study was to evaluate risk-return relation of selected equity based mutual funds using CAPM approach. According to the research findings,

According to (Nair, 2014), mutual funds help in mobilizing savings among individuals as well as economic development. Further, according to this research, there is need for financial institutions and banks to have a significant involvement in mutual fund marketing strategies. The study of (Malhotra, 2015) identified various tools to be used in measuring risks among mutual funds and came up with the conclusion that equity-based mutual funds performed better than debt mutual funds.

According to (Gupta, 2016), the research aimed at studying the perception held by investors regarding mutual funds, where it was discovered that investors preferred mutual funds to other investments because of their profit making ability.

(Kumar, 2016) studied the behaviors and habits of different employees and found out that employees from middle class opted for SIP investments because SIP encouraged savings.

According to (Patel, 2017), this research considered various factors affecting mutual fund investments among investors.

(Mehta, 2017) researched on the extent of awareness of investors regarding mutual funds and concluded that because of financial advertising and technology use, the people were able to invest in the funds more frequently.

(Jain, 2018) investigated the impact of demographics on the behaviour of investors in mutual funds and showed that demographic factors like age, educational qualification, occupation, and annual income played a major role in such decisions.

(Kothari, 2018) researched on the behavioural aspect of investors while investing in mutual funds and observed that the balanced and open-ended funds were most opted due to their liquidity, flexibility, and moderate combination of risks and returns.

(Verma, 2019) investigated on the effect of systematic investment plans (SIP) in creation of wealth and came up with the conclusion that salaried people prefer SIPs due to lower market timing risks.

(Agarwal, 2019) carried out research on the issue of customer satisfaction in mutual fund services and found out that factors such as transparency, performance of portfolio, and reputation of fund manager affect customer satisfaction.

According to (Reddy, 2020), the effect of financial literacy on mutual funds investment was studied and found that financially literate individuals prefer equity-based mutual funds for wealth generation.

(Chauhan, 2020) examined the effects of the coronavirus outbreak on investors' behavior and found that investors became conservative in their approach and preferred diversified and balanced mutual funds at the time of uncertainty.

(Bansal, 2021) investigated digitalization in the mutual fund business and highlighted that online investing portals, mobile applications, and digital KYC process have facilitated investments for salaried individuals.

(Mishra, 2022) investigated the risk tolerance and preference for investment and concluded that individuals who earn consistent income choose mutual fund investments carrying moderate risks.

(Singh, 2023) investigated the trend of investment in the post-pandemic era and found that mutual funds have emerged as popular investment avenues among salaried individuals.

## 2.2 Research Gaps

- Past research has concentrated mostly on the performance and risk-return analysis of mutual funds, and there has been comparatively little research about the investment preferences of salary earners.
- Secondary data was largely used in past research, while primary data was not considered to any extent.
- Past research lacked information on how the factors of salary, risk attitude, duration of investment, and awareness affected mutual fund investment choices.
- Past research did not emphasize the reasons for salary earners' inclination towards mutual funds rather than conventional investments such as fixed deposits, gold, and property.

## Chapter No.3: Research Objectives and Methodology

### 3.1 Research Objectives

- To determine about the investment of salaried individuals in mutual funds.
- To compare mutual funds with other investment options and assess their benefits and limitations.
- To assess the awareness of mutual fund schemes among salaried individuals and gain a deeper understanding of these schemes.

### 3.2 Research Methodology

This present study is done for understanding the behavior of investments made by salaried individuals on mutual funds. The results from this study will help in understanding various factors like investment behavior, awareness, income level, tenure of investments, risk tolerance, and others.

For primary data collection, a survey and questionnaire method was used. Questionnaire consisted of several questions related to income level, investment behavior, risk tolerance, amount of money invested, tenure of investments, choice of mutual fund schemes, and so forth. The primary data collected would give us insights on how the individuals invest their money.

Various sources were used for gathering secondary data. The sources included books, published journals, websites, SEBI publications, and other published materials. These secondary data sources would provide us with information on past studies, trends, and so forth.

## **Chapter No. 4. Data Analysis and Interpretation**

### **4.1 Market Research**

According to the findings of the market research, there is a trend towards the increasing popularity of mutual funds investment among salaried persons and professionals owing to greater financial literacy and the requirement for diversified and safe avenues of investments. The typical investor profile consists of middle-class people who invest in balanced and open-ended schemes, offering a combination of safety, flexibility, and reasonable rates of return. The choice of shorter-term investment horizons and small investment amounts reflects cautiousness in investments, and self-choice as the major influence on decisions testifies to an independence trend among investors. On the whole, it is evident that mutual funds have great prospects ahead in the current situation..

### **Selection Criteria**

The criteria followed by individuals in making investments through mutual funds depend on the following factors like nature of scheme, risk involved, rate of returns, and time period. Individuals make their choices from balanced and open-end schemes since both are a combination of safety and selection criteria followed by individuals to invest in a mutual fund include the following: risk spread, safety and reasonable rate of returns. Investors usually prefer schemes depending on the risks they can take, their income levels, and investment objectives. Balanced schemes are more popular because of low risks and returns involved while open end schemes are more popular because of liquidity reasons. Performance of the fund managers also influences individuals to select a mutual fund scheme though individual views differ regarding its significance. Most individuals normally analyze the period of investment, the amount to be invested, and their knowledge about investment schemes.

### Shortlisting

Mutual fund screening is highly flexible in the hands of investors. Other important criteria to consider while shortlisting include performance of the mutual fund, agent advice, and personal research. The reputation of the mutual fund house and the capability of the mutual fund manager are two other factors considered by many individuals. In essence, shortlisting is a function of risk awareness, coupled with a reasonable expectation of return, influenced by personal judgment and external advice.

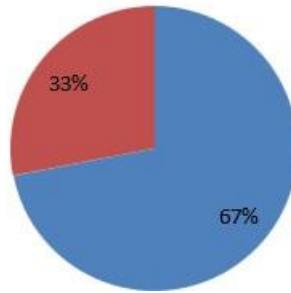
#### 4.2 Data Visualisation:

1: Are you investing in mutual fund?

Visualisation:

It is evident from the above chart that out of the total number of participants, 67% invest in mutual funds whereas 33% do not invest in mutual funds.

## INVEST IN MUTUAL FUNDS



YES-BLUE

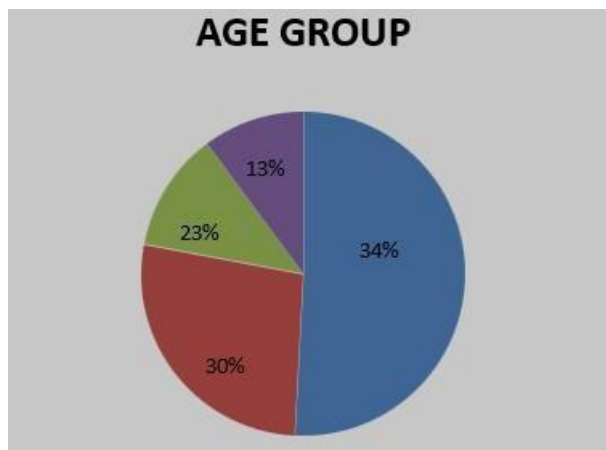
NO-RED

The above graph depicts the number of people who have invested **in mutual funds.**

**Interpretation:** From **the above graph, it is clear that most people invest in mutual funds.** It amounts to **67%**. It clearly implies that mutual funds should be accessed by more people.

2. What age group do you belong to?

Data Visualization: From the above data visualization, it is clear that the predominant age group of investors falls between 31-40 years, that is 34%. Second highest age group of investors is between 41-50 years, that is 30%. Third highest age group of investors fall between 51-60 years, accounting for 23%, and lowest age group of investors falls between 21-30 years, that is 13%.



21-30 PURPLE

31-40 BLUE

41-50 RED

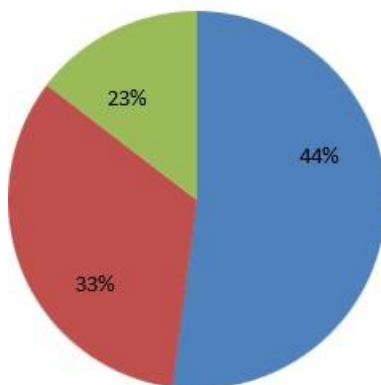
51-60 GREEN

Graph no. 2: Graph representing the age group of the respondents.

Interpretation: According to the above graph, it could be concluded that most of the respondents belong to the age group of 31-40 while the least number of investors belong to the age group of 21-30. This depicts that investment is mostly preferred by working class people rather than young individuals.

Data Visualization: According to the visualization from table above out of 30 respondents, 44% investors are professionals such as doctors, Chartered Accountants and other, 33% are salaried people and 23% are businessmen.

### NO OF INVESTORS



BUSINESS- GREEN

PROFESSIONAL- BLUE

SALARIED- RED

Graph no 3: Graph on occupation of the investors

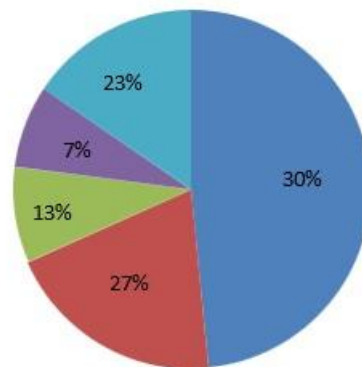
Interpretation: From the above graph, one can interpret that the specialized group including doctors, CPAs, and consultants have a tendency to invest in mutual funds, followed by salary earners.

#### 4: Why do you invest in mutual funds?

Visualization:

From the above table analysis shows that 30 percent of respondents invest in mutual funds with an aim to secure their money, 23 percent respondents are investing for better returns, 13 percent respondents are investing in order to save taxes, 7 percent respondents are investing for appreciation of capital, and 27 percent respondents for risk diversification.

### PURPOSE OF INVESTMENT



SAFETY- DARK BLUE

GOOD RETURNS- BLUE

TAX BENEFIT – GREEN

CAPITAL APPRICIATION- PURPLE

RISK DIVERSIFICATION- RED

#### Graph no.4: Purpose of investment

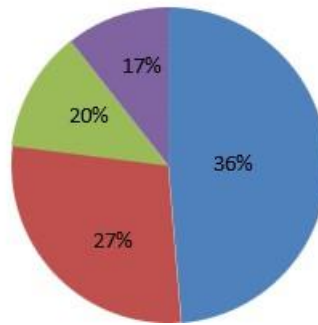
Explanation: Based on the above chart, it is observed that safety and risk diversification are important aspects while choosing mutual fund investments. Capital appreciation is the least important factor for mutual fund investment.

Question 5: Your income?

Graphical representation of the data:

Based on the above graph, it is found that 27% of the respondents have income below 1 lakh, 36% of the investors earn between 2-4 lakh, 20% earn between 4-5 lakh, and 17% have income more than 5 lakh.

### INCOME LEVEL OF INVESTORS



1 LAKH- RED

2-4 LAKH- BLUE

4-5 LAKH- GREEN

MORE THAN 5 LAKH – PURPLE

Graph no 5: graph showing income level of investors.

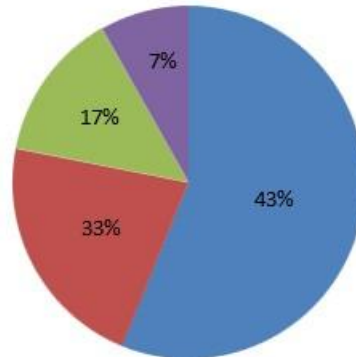
Interpretation: From the above graph it can be interpreted that most of the respondents belonging to the income above 2-4 lakhs. These investors are interested in mutual funds because it is their primary financial goal.

### 6. what is Duration of your investment

#### Data Visualisation:

As per the above table, it can be analysed that 33% of the respondents are interested to invest between 0-1 year, 43% of the respondents are interested to invest between the duration of 1-2 years, 17% of the respondents are interested to invest between duration of 2-4 years and 7% of the respondents are interested in investing more than 5 years.

## DURATION OF INVESTMENT



0 TO 1 YEAR- RED

1-2 YEARS- BLUE

2-4 YEARS- GREEN

MORE THAN 4 YEARS- PURPLE

Graph no 6: graph showing duration of investment

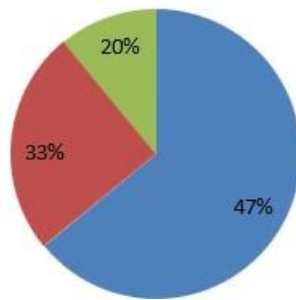
Interpretation: From the above graph, one can understand that maximum respondents are investing for 1 to 2 years and these respondents are short-term investors looking for high returns within a short period.

7: how much amount do you invest?

Data Visualization:

From the above table, it is analyzed that 47% of the respondents are interested in investing an amount below Rs.50000, whereas 33% of the respondents want to invest an amount ranging from Rs.50000-Rs.100000 and 20% respondents are interested in investing an amount above Rs.100000

## AMOUNT OF INVESTMENT



< RS50000- BLUE

BETWEEN RS50000 TO 100000 – RED

>RS 100000 –GREEN

Graph no 7: graph depicting investment amount.

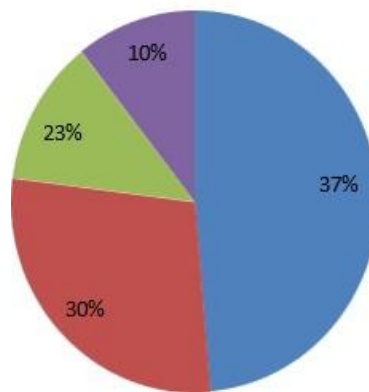
Interpretation: According to the above graph, it can be said that people generally invest in <50000 because they do not want to take any risks, whereas secondly, most of the people who have shown interest to invest in between Rs.50000-Rs100000 have been seen.

Question 8 : What kind of scheme do you prefer ?

Data Visualization :

According to the above table, it can be stated that among the scheme preference where most of the investors like a balanced scheme with 37%, followed by investors interested in equity schemes at 30%, fixed maturity plan at 23%, whereas last one is debt with 10%.

## PREFERRED SCHEME



EQUITY- RED

DEBT- PURPLE

BALANCED- BLUE

FIXED MATURITY PLAN- GREEN

Graph no 8: graph showing preferred scheme of respondents

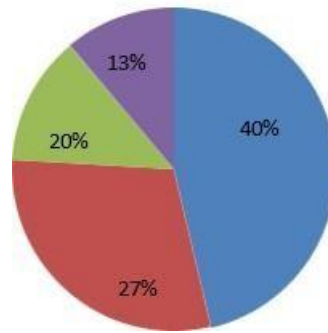
Interpretation: From the above diagram, it can be seen that it is highly probable that there exists a balanced fund in the market. However, due to its complexity, it is hidden from the knowledge of investors.

9: Sources from where you came to know about mutual funds

Data Visualization

From the above table it can be seen that 27% of respondents came to know about mutual funds through agents, 20% through friends' suggestions, 40% are their own choice and the remaining 13% came to know through TV.

## SOURCES



FRIENDS SUGGESTION- GREEN

SELF DECISION- BLUE

TELIVISION- PURPLE

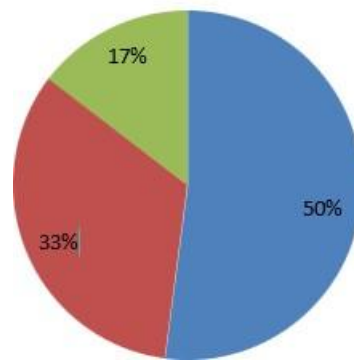
AGENT/BROKERS- RED

Graph No 9: Graph showing the source from which respondents have knowledge about mutual funds.

1 Interpretation: From the above graph, we can interpret that the majority of the respondents are self-governing in answering for making investments. Only a few people rely on the television medium to help them make investments. Thus, AMC & SBI find out that there should be provision of more data to provide them with the necessary inputs to make investment decisions.

10: What is the risk preference? Data Visualisation As per the above table, it can be analyzed that 33% of the respondents are innovators; who invest a larger amount of money, irrespective of risk and 50% of the respondents check the risk factor involved before taking a decision and 17% are never interested in taking risks.

## RISK PREFERENCE



INNOVATOR- RED

MODERATOR- BLUE

RISK ADVERSE- GREEN

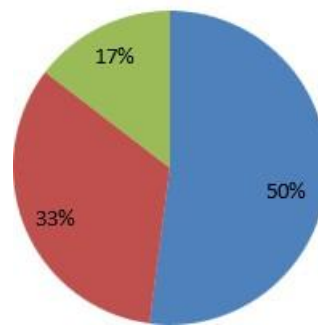
Graph no 10: graph depicting risk taking

Explanation: As depicted in the graph above, the majority of the investors are willing to take medium risk in terms of mutual funds and few of the investors fall under "high risk, high returns" schemes. It may be concluded from the graph that the investors can be seen as being basically medium risk takers.

11: type of scheme you prefer

Visual Analysis: As per the above table, it may be concluded that 50% of the investors are inclined towards an open-ended approach, 33% are inclined towards closed-ended schemes, and 17% have an interval scheme.

## SCHEME TYPE



OPEN ENDED METHOD- BLUE

CLOSE ENDED METHOD- RED

INTERVAL METHOD- GREEN

Graph no 11: Graphical representation of preferred scheme types

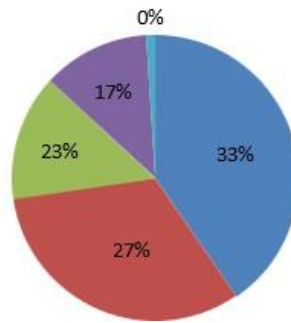
Interpretation: From the above graph, according to the priority ranking of the scheme according to its structure, most individuals prefer “open end schemes”. This is because most investors think that open-end schemes have good returns, flexible liquidity, etc. No investor prefers the interval approach. Indeed, some individual investors were confused by the naming conventions of intervals.

## 12: Performance of the Fund Manager

Data Visualization:

According to the above table, we can analyze that 27% of the total number of respondents rank the performance of the fund manager as most important, while 23% give it an important rank. 33% give it a neutral rank, and none of the respondents

## PERFORMANCE OF FUND MANAGER



rank it as not important at all.

MOST IMPORTANT- RED

IMPORTANT- GREEN

NEUTRAL- DARK BLUE

LESS IMPORTANT- PURPLE

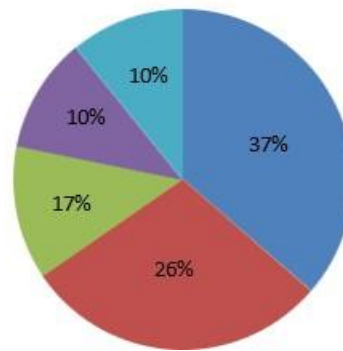
NOT AT ALL IMPORTANT- LIGHT BLUE

Graph no 12 Graph representing ranking of performance of fund manager

Analysis: As per the above graph, it can be inferred that most of the participants have indicated the performance of fund manager as neutral, and some of the participants have rated the performance of fund manager as most important. Hence, the responsibility of the fund manager lies in implementing the fund investment strategy and managing the activities of the portfolio. The quality of the fund manager becomes one of the important elements while evaluating the quality of fund investment. Table number 13: Attitude towards risk among salaried people.

Graphical Representation: According to the above table, it has been identified that 17% of respondents considered the attitude towards risk as most important, 37% considered it as important, 26% considered it as neutral, 10% as less important, and 10% respondents have considered it as not at all important.

## ATTITUDE TOWARDS RISK



**MOST IMPORTANT- GREEN**

**IMPORTANT- DARK BLUE**

**NEUTRAL- RED**

**LESS IMPORTANT- LIGHT BLUE**

**NOT AT ALL IMPORTANT- PURPLE**

Graph no 13: graph showing ranking of attitude towards risk

Graph indicating the order of Attitude towards Risk

Analysis: From the above graph, it can be analyzed that 17% of respondents are in the category of Attitude towards risk is 'most important', 36% of respondents are in the category of 'important'. Respondents in the categories of 'important' and 'most important' are willing to take risks

## Chapter No. 5. Findings and Interpretations

### **5.1 Findings:**

The result obtained indicates that more than half (67%) of the participants invest in mutual funds, especially in the age group 31–40 years, depicting an active involvement by professionals in the investment process. The professional investors account for the largest proportion (44%), while salaried investors come second at 33%. The reasons given for participating in mutual funds are mostly safety and risk diversification, with most of the investors earning annual salaries of ₹2–4 lakhs and being interested in short-term investments (1–2 years). Also, 47% of investors invest an amount below ₹50,000. Balanced mutual funds are the most popular, while self-awareness is the leading source of knowledge about mutual fund investment. In terms of risk-taking, most participants are moderate investors who like to invest in open-ended schemes. Fund manager performance is given different weightings, with most investors maintaining a neutral position.

### **5.2 Interpretation:**

Inferences drawn from the study show that mutual funds have become more popular among salary earners and professionals, particularly within the peak earning period of 31 to 40 years. Majority of the investors tend to make investments in conservative options with moderate risk, which shows that investors adopt a rational and cautious attitude towards investments. Preference of investors towards balanced funds and open ended mutual funds is an indication that investors are interested in getting returns along with flexibility. Many investors depend on their judgment alone while making investments, thereby revealing their soundness and financial independence in making decisions.

## Chapter No. 6. Conclusion and Recommendations

### 6.1 Conclusion:

Nowadays, mutual fund is considered the best and most appropriate way of investment available for most people. In an era where financial markets have become complex and sophisticated, the need arises for an expert financial intermediary to assist him in the process of making successful investments. The main purpose of the investor in making an investment is to increase his profits while minimizing the risk. Mutual funds ensure both of these criteria and offer good return with minimum risk.

With the advent of stiff competition within the sector, mutual funds come up with different schemes tailored to cater to the needs of a specific type of investor. Reliance India Mutual Funds are among such funds that offer many benefits to ordinary people.

Mutual funds have become one of the most lucrative forms of investment available today for investors as they offer easy access for investment and provide high returns as compared to other assets including FD and Saving Bank Deposits. In addition, methods of portfolio management, as well as the facilities offered like SIP, STP, and SWP, make mutual funds an attractive mode of investing. You also don't have to manage your stocks on your own, because the fund manager takes care of it for you. This has made mutual funds a highly desired method of investment these days.

In order to reach greater heights in the financial world, mutual fund companies must develop strategies that help meet the expectations of their investors. The challenge for the mutual fund industry today is to turn the potential investors into actual investors.

This can be done by launching new schemes and thus maintaining investor's confidence, which will result in mutual fund industry's growth.

The number of mutual funds is absolutely enormous. However, while certain mutual funds seek to make huge quick profits, others seek to make profits in the long run. However, many individuals are afraid of investing in capital markets. There are certain individual and family considerations that motivate these people to invest in different kinds of investments. Socio-demographic factors such as age, gender and marital status play an important role in their investment decisions.

Many studies have revealed that age plays a significant role in interaction with financial information.

## **6.2 Recommendations:**

The financial objectives will vary according to several things such as the age of the investor, lifestyle, financial independence, family commitment, and the levels of income and expenditure. As a result, it is important for investment trust companies to analyze the needs of the consumers because of reasons such as having the goal of investments like regular income, home purchase, children's weddings or education or both. Your needs will also include the risks you can tolerate, willingness to accept them and also the cash flow requirements.

The investor should consider picking a proper system of mutual funds for his needs. The investor must read thoroughly the offering documentation of the mutual fund scheme. There are several things that one must consider prior to making a choice of a specific mutual fund. Some of the things that one needs to look at include the past performance of the funds for some period. Also important is the allocation of the portfolio and dividend yield.

The best way for an investor to achieve success is to invest a certain amount in regular intervals. If you invest a certain sum monthly, the number of high-price purchases decreases and low-price purchases increase, hence resulting in a decrease in the cost per car. This process is known as rupee cost average.

## **6.3 Limitations and Scope of study:**

### **Limitations:**

There are many limitations in the study. Firstly, the sample size used was small, and hence the information gained from the analysis may not be a true reflection of the whole group of people investing in mutual funds. Second, since the data collected was largely self-reported, there might have been biases and errors that led to the distortion of some of the information. Third, since the study is geographically localised, the results derived from the survey may be limited in terms of their applicability across other areas. Lastly, the research focused more on quantitative

data rather than qualitative data, thus missing out on many aspects regarding the behaviour of the investors.

### **Scope of the Study:**

#### Scope of Research

Investment behaviour and preferences of mutual fund investors will be considered in the course of the research. There is an intention to examine some aspects of investment such as the level of income of investors, their age categories, investment preference for risky and safe assets, as well as the main sources of information that affect their decision-making process. The scope of research is based on gathering and analyzing data collected from investors using questionnaires. The study is limited to a particular geographic area and demographic category. This means that other aspects of mutual fund investments will not be examined in the course of research.

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