

Summer Training Project Report
ON
INVESTORS PERCEPTION TOWARDS INVESTMENT IN MUTUAL FUNDS
Submitted to



**BIJU PATNAIK INSTITUTE OF INFORMATION TECHNOLOGY &
MANAGEMENT STUDIES (BIITM)**

Submitted by
Deepak Kumar Mallick

Supervisor
MR. Ranjan Santi



DEPARTMENT OF MANAGEMENT STUDIES
BIITM, BHUBANESWAR.
2020 - 2022

CERTIFICATE

DECLARATION

I **DEEPAK KUMAR MALLICK**, REDG no - **2006218082** hereby declare that I have undergone my summer training at **LKP SECURITIES** from 1st June 2021 to 03 Aug 2021. I have completed a research project titled **INVESTORS PERCEPTION TOWARDS INVESTMENT IN MUTUAL FUNDS** under the guidance of Mr **RANJAN SANTI**.

Further I hereby confirm that the work presented herein is genuine and original and has not been published elsewhere.

Deepak kumar mallick

ACKNOWLEDGEMENT

I, **DEEPAK KUMAR MALLICK** express my sincere gratitude to **Mr. RANJAN SANTI** and **Ms. ANKITA AGARWAL** Assistant Professor Dept. Master of Business Administration for providing me an opportunity to work on this project.

I am very grateful for their constant support and guidance throughout the duration of the entire project. I express my sincere thanks to **K. CHANDRA SEKHAR** the Head of **TRAINING AND PLACEMENT** Department and our present summer internship coordinator.

I also thankful to my parents, family members and friends for their Constant support in my endeavour.

Deepak kumar mallick

TABLE OF CONTENT

Name of the topic	Pg no.
Certificate	02
Declaration	03
Acknowledgement	04
Introduction	06
Company Profile	14
Industry Analysis	27
Objective of Study	28
Research Methodology	29
Limitations	30
Data analysis and interpretation	32
Findings	40
Conclusion	41
Recommendation	42

INTRODUCTION

Introduction 1.1

A mutual fund is a professionally-managed form of collective investments that pools money from many investors and invests it in stocks, bonds, short-term money market instruments, and/or other securities. In a mutual fund, the fund manager, who is also known as the portfolio manager, trades the fund's underlying securities, realizing capital gains or losses, and collects the dividend or interest income. The investment proceeds are then passed along to the individual investors. The value of a share of the mutual fund, known as the net asset value per share (NAV) is calculated daily based on the total value of the fund divided by the number of shares currently issued and outstanding.

Mutual fund is a trust that pools the savings of a number of investors who share a common financial goal. This pool of money is invested in accordance with a stated objective. The joint ownership of the fund is thus “Mutual” i.e. the fund belongs to all investors. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciations realized are shared by its unit holders in proportion the number of units owned by them. Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost.

A Mutual Fund is an investment tool that allows small investors access to a well-diversified portfolio of equities, bonds and other securities. Each shareholder participates in the gain or loss of the fund. Units are issued and can be redeemed as needed. The fund's Net Asset value (NAV) is determined each day.

When an investor subscribes for the units of a mutual fund, he becomes part owner of the assets of the fund in the same proportion as his contribution amount put up with the corpus (the of the scheme. NAV is defined as the market value of the Mutual Fund scheme's assets net of its liabilities. NAV of a scheme is calculated by dividing the market value of scheme's assets by the total number of units issued to the investor's total amount of the fund).

Mutual Fund investor is also known as a mutual fund shareholder or a unit holder. Any change in the value of the Investments made into capital market instruments (such as shares, debentures etc.) is reflected in the Net Asset Value (NAV).

1.2 RESEARCH PROBLEM

In few years Mutual Fund has emerged as a tool for ensuring one's financial well being. Mutual Funds have not only contributed to the India growth story but have also helped families tap into the success of Indian Industry. As information and awareness is rising more and more people are enjoying the benefits of investing in mutual funds. The main reason the number of retail mutual fund investors remains small is that nine in ten people with incomes in India do not know that mutual funds exist. But once people are aware of mutual fund investment opportunities, the number who decide to invest in mutual funds increases to as many as one in five people. The trick for converting a person with no knowledge of mutual funds to a new Mutual Fund customer is to understand which of the potential investors are more likely to buy mutual funds and to use the right arguments in the sales process that customers will accept as important and relevant to their decision. This Project gave me a great learning experience and at the same time it gave me enough scope to implement my analytical ability. The analysis and advice presented in this Project Report is based on market research on the saving and investment practices of the investors and preferences of the investors for investment in Mutual Funds. This Report will help to know about the investors' Preferences in Mutual Fund means Are they prefer any particular Asset Management Company (AMC), Which type of Product they prefer, Which Option (Growth or Dividend) they prefer or Which Investment Strategy they follow (Systematic Investment Plan or One time Plan). This Project as a whole can be divided into two parts. The first part gives an insight about Mutual Fund and its various aspects, the Company Profile, Objectives of the study, Research Methodology. One can have a brief knowledge about Mutual Fund and its basics through the Project. The second part of the Project consists of data and its analysis collected through survey done on 100 people. For the collection of Primary data I made a questionnaire and surveyed of 100 people. This Project covers the topic 11 **"INVESTORS PERCEPTION ABOUT INVESTMENT IN MUTUAL FUND."** The data collected has been well organized and presented.

1.3 OPERATIONAL DEFINITIONS

A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments, and other assets. Mutual funds are operated by professional money managers, who allocate the fund's assets and attempt to produce capital gains and/or income for the fund's investors. A

mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus. Mutual funds give small or individual investors access to professionally managed portfolios of equities, bonds and other securities. Each shareholder, therefore, participates proportionally in the gains or losses of the fund. Mutual funds invest in a wide amount of securities, and performance is usually tracked as the change in the total market cap of the fund, derived by the aggregating performance of the underlying investments. When an investor subscribes for the units of a mutual fund, he becomes part owner of the assets of the fund in the same proportion as his contribution amount put up with the corpus (the of the scheme. NAV is defined as the market value of the Mutual Fund scheme's assets net of its liabilities. NAV of a scheme is calculated by dividing the market value of scheme's assets by the total number of units issued to the investor's total amount of the fund). Mutual Fund investor is also known as a mutual fund shareholder or a unit holder. Any change in the value of the investments made into capital market instruments (such as shares, debentures etc.) is reflected in the Net Asset Value (NAV).

HISTORY OF MUTUAL FUND INDUSTRY IN INDIA

The origin of Mutual Fund industry in India is with the introduction of the concept of mutual fund by UTI in the year 1963. Though the growth was slow, but it accelerated from the year 1987 when non-UTI players entered the industry. In the past decade, Indian Mutual Fund industry had seen dramatic improvements, both 12 quality wise as well as quantity wise. Before, the Monopoly of the Market had seen an ending phase; the Assets under Management (AUM) were Rs. 67bn. The private sector entry to the fund family raised the AUM to Rs. 470bn in March 1993 and till April 2004; it reached the height of 1,540 bn. Putting the AUM of the Indian Mutual Funds Industry into comparison, the total of it is less than the deposits of SBI alone, constitute less than 11% of the total deposits held by the Indian banking industry. The main reason of its poor growth is that the Mutual Fund industry in India is new in the country. Large sections of Indian investors are yet to be intellectualized with the concept. Hence, it is the prime responsibility of all mutual fund companies, to market the product correctly abreast of selling. The Mutual Fund industry can be broadly put into four phases according to the development of the sector. Each phase is briefly described as under. First Phase - 1964-87 Unit Trust of India (UTI) was established on 1963 by an Act of Parliament. It was set up by the Reserve Bank of India and functioned under the Regulatory and administrative control of the Reserve Bank of India. In 1978 UTI was de-linked

from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. The first scheme launched by UTI was Unit Scheme 1964. At the end of 1988 UTI had Rs.6, 700 crores of assets under management. Second Phase - 1987-1993 (Entry of Public Sector Funds) Entry of non-UTI mutual funds. SBI Mutual Fund was the first followed by Can bank Mutual Fund (Dec 87), Punjab National Bank Mutual Fund (Aug 89), Indian Bank Mutual Fund (Nov 89), Bank of India (Jun 90), Bank of Baroda Mutual Fund (Oct 92). LIC in 1989 and GIC in 1990. The end of 1993 marked Rs.47, 004 as assets under management. Third Phase - 1993-2003 (Entry of Private Sector Funds) With the entry of private sector funds in 1993, a new era started in the Indian mutual fund industry, giving the Indian investors a wider choice of fund families. Also, 1993 was the year in which the first Mutual Fund Regulations came into being, under which all mutual funds, except UTI were to be registered and governed. The erstwhile Kothari Pioneer (now merged with Franklin Templeton) was the first private sector mutual fund registered in July 1993. The 1993 SEBI (Mutual Fund) Regulations were substituted by a more comprehensive and revised Mutual Fund Regulations in 1996. The industry now functions under the SEBI 13 (Mutual Fund) Regulations 1996. The number of mutual fund houses went on increasing, with many foreign mutual funds setting up funds in India and also the industry has witnessed several mergers and acquisitions. As at the end of January 2003, there were 33 mutual funds with total assets of Rs. 1, 21,805 crores. The Unit Trust of India with Rs.44, 541 crores of assets under management was way ahead of other mutual funds. Fourth Phase - since February 2003 This phase brought bitter experience for UTI. It was bifurcated into two separate entities. One is the Specified Undertaking of the Unit Trust of India with AUM of Rs.29, 835 crores (as on January 2003). The Specified Undertaking of Unit Trust of India, functioning under an administrator and under the rules framed by Government of India and does not come under the purview of the Mutual Fund Regulations. The second is the UTI Mutual Fund Ltd, sponsored by SBI, PNB, BOB and LIC. It is registered with SEBI and functions under the Mutual Fund Regulations. With the bifurcation of the erstwhile UTI which had in March 2000 more than Rs.76, 000 crores of AUM and with the setting up of a UTI Mutual Fund, conforming to the SEBI Mutual Fund Regulations, and with recent mergers taking place among different private sector funds, the mutual fund industry has entered its current phase of consolidation and growth. As at the end of September, 2004, there were 29 funds, which manage assets of Rs.153108 crores under 421 schemes.

Mutual funds can be classified as follow:

❖ **Based on their structure:**

i) **Open-ended funds:**

Investors can buy and sell the units from the fund, at any point of time.

ii) **Close-ended funds:**

These funds raise money from investors only once. Therefore, after the offer period, fresh investments cannot be made into the fund.

❖ **Based on their investment objective:**

Equity funds:

These funds invest in equities and equity related instruments. With fluctuating share prices, such funds show volatile performance, even losses. However, short term fluctuations in the market, generally smoothens out in the long term, thereby offering higher returns at relatively lower volatility. At the same time, such funds can yield great capital appreciation as, historically, equities have outperformed all asset classes in the long term. Hence, investment in equity funds should be considered for a period of at least 3-5 years. It can be further classified as:

- I. Index funds- In this case a key stock market index, like BSE Sensex or Nifty is tracked. Their portfolio mirrors the benchmark index both in terms of composition and individual stock weight ages.
- II. Equity diversified funds- 100% of the capital is invested in equities spreading across different sectors and stocks.
- III. Dividend yield funds- it is similar to the equity diversified funds except that they invest in companies offering high dividend yields.
- IV. Thematic funds- Invest 100% of the assets in sectors which are related through some theme. e.g. -An infrastructure fund invests in power, construction, cements sectors etc.
- V. Sector funds- Invest 100% of the capital in a specific sector. e.g. - A banking sector fund will invest in banking stocks.
- VI. ELSS- Equity Linked Saving Scheme provides tax benefit to the investors.

Balanced fund: Their investment portfolio includes both debt and equity. As a result, on the risk-return ladder, they fall between equity and debt funds. Balanced funds are the ideal mutual funds vehicle for investors

who prefer spreading their risk across various instruments. Following are balanced funds classes:

➤ **Based on Balanced Funds:**

i) Debt-oriented funds -Investment below 65% in equities.

ii) Equity-oriented funds -Invest at least 65% in equities, remaining in debt. Debt fund: They invest only in debt instruments, and are a good option for investors averse to idea of taking risk associated with equities. Therefore, they invest exclusively in fixed-income instruments like bonds, debentures, Government of India securities; and money market instruments such as certificates of deposit (CD), commercial paper (CP) and call money. Put your money into any of these debt funds depending on your investment horizon and needs. ∞ Based on Debt Funds

❖ **Based on Debt Funds :**

i) Liquid funds- These funds invest 100% in money market instruments, a large portion being invested in call money market.

ii) Gilt funds ST- They invest 100% of their portfolio in government securities of and T-bills.

iii) Floating rate funds - Invest in short-term debt papers. Floaters invest in debt instruments which have variable coupon rate.

iv) Arbitrage fund- They generate income through arbitrage opportunities due to miss-pricing between cash market and derivatives market. Funds are allocated to equities, derivatives and money markets. Higher proportion (around 75%) is put in money markets, in the absence of arbitrage opportunities.

v) Gilt funds LT- They invest 100% of their portfolio in long-term government securities

vi) Income funds LT- Typically; such funds invest a major portion of the portfolio in long-term debt papers.

vii) MIPs- Monthly Income Plans have an exposure of 70%-90% to debt and an exposure of 10%-30% to equities.

❖ **FACTORS TO BE CONSIDERED BEFORE SELECTING A MUTUAL FUND:**

1. Making Risk- adjusted returns comparison. By doing this the investor will know whether the returns generated by the scheme have been adequately compensated for the extra risk undertaken by the scheme.

2. The investor depending upon his risk appetite and preferences should subclassify the schemes on the basis of the characteristics of the schemes, which may be defensive or aggressive in nature.
3. Portfolio concentration is also an important factor to be considered. It is always advisable to choose a scheme, which has a well-diversified portfolio rather than a concentrated portfolio, as it carries lesser risk.
4. Liquidity of the portfolio is also one of the critical parameters.
5. The corpus size of the scheme is also of importance. A large corpus size firstly denotes investor's confidence in the scheme and its fund manager abilities over the years and, secondly it allows the fund manager to diversify the portfolio, which reduces the overall market risk.
6. Other factors like turnover rates, low expense ratio, load structure etc of the schemes etc should also be considered before finally zeroing down on a scheme of your choice.
7. The rankings undertaken by ICRA are an initiative to inform the investors-who does not have the time or the expertise to undertake the analysis on their own about the relative performance of the schemes. It considers all important parameters to arrive at a comprehensive rank with a view to help investors decide the scheme which may suit their investment profile.
8. Although much neglected, the due diligence in selection of the right mutual fund scheme is of utmost importance as an investor cannot move in and out of a particular scheme on a regular basis, because of the high costs involved, and investments made into a particular scheme should be looked on a long-term basis as a wealth creation tool.

Merits and Demerits of mutual funds:

MERITS:

1. Professional Investment Management. By pooling the funds of thousands of investors, mutual funds provide full-time, high-level professional management that few individual investors can afford to obtain independently. Such management is vital to achieving results in today's complex markets. Your fund managers' interests are tied to yours, because their compensation is based not on sales commissions, but on how well the fund performs. These managers have instantaneous access to crucial market information and are able to execute trades on the largest and most cost-effective scale. In short, managing investments is a full-time job for professionals.

2. Diversification. Mutual funds invest in a broad range of securities. This limits investment risk by reducing the effect of a possible decline in the value of any one security. Mutual fund shareowners can benefit from diversification techniques usually available only to investors wealthy enough to buy significant positions in a wide variety of securities.

3. Low Cost. If you tried to create your own diversified portfolio of 50 stocks, you'd need at least \$100,000 and you'd pay thousands of dollars in commissions to assemble your portfolio. A mutual fund lets you participate in a diversified portfolio for as little as \$1,000, and sometimes less. And if you buy a no-load fund, you pay no sales charges to own them.

4. Convenience and Flexibility. You own just one security rather than many, yet enjoy the benefits of a diversified portfolio and a wide range of services. Fund managers decide what securities to trade, clip the bond coupons, collect the interest payments and see that your dividends on portfolio securities are received and your rights exercised. It's easy to purchase and redeem mutual fund shares, either directly online or with a phone call.

5. Quick, Personalized Service. Most funds now offer extensive websites with a host of shareholder services for immediate access to information about your fund account. Or a phone call puts you in touch with a trained investment specialist at a mutual fund company who can provide information you can use to make your own investment choices, assist you with buying and selling your fund shares, and answer questions about your account status.

DEMERITS:

1. Professional Management. Did you notice how we qualified the advantage of professional management with the word "theoretically"? Many investors debate whether or not the so-called professionals are any better than you or I at picking stocks. Management is by no means infallible, and, even if the fund loses money, the manager still takes his/her cut. We'll talk about this in detail in a later section.

2. Costs. Mutual funds don't exist solely to make your life easier - all funds are in it for a profit. The mutual fund industry is masterful at burying costs under layers of jargon. These costs are so complicated that in this tutorial we have devoted an entire section to the subject.

3. Dilution. It's possible to have too much diversification. Because funds have small holdings in so many different companies, high returns from a few investments often don't make much difference on the overall return. Dilution is also the result of a successful fund getting too big. When money pours into funds that have had strong success, the manager often has trouble finding a good investment for all the new money.

4. Taxes. When making decisions about your money, fund managers don't consider your personal tax situation. For example, when a fund manager sells a security, a capital-gains tax is triggered, which affects how profitable the individual is from the sale. It might have been more advantageous for the individual to defer the capital gains liability.

COMPANY PROFILE

2.1 BACKGROUND AND INCEPTION OF THE COMPANY

LKP Securities (ISO 9002 certified) is a multi-dimensional financial services group in the field of equities markets, debt markets, corporate finance, investment banking, merchant banking, wealth management and commodities. It started as one of India's first securities brokerage houses in 1948. It is a non-banking finance company registered with RBI and a listed public limited company having a net worth of Rs142 crores as on FY 10.

It is listed on the BSE (Bombay Stock Exchange), the company has its headquarters in Mumbai. Mr Mahendra V. Doshi is the executive chairman and is a promoter of the company. The company has a network of 414 outlets in 147 cities in India with 67,500 customers registered in retail. It has tied up Bajaj-Allianz, one of the leading insurance companies in India for distribution of their insurance products. In a 200 crore deal, LKP Forex and Thomas Cook India merged for the foreign exchange space in India. The current market capitalisation stands at Rs 136.59 crore. The company has reported a consolidated sales of Rs 22.02 crore and a Net Profit of Rs 4 crore for the quarter ended June 2021.

LKP Securities Limited and its associates enjoy the following registrations & memberships:

- Category I Merchant Bankers with SEBI
- Membership of BSE & NSE (Capital & Debt Market)
- AMFI registered all India Mutual Fund Distributors
- Member of Commodity Exchanges MCX, NCDX and DGCX (Dubai)
- Member of NSE for Interest Rate Futures
- Member of MCX SX and NSE Currency

2.2 NATURE OF BUSINESS CARRIED

- **Equities:**

LKP offers a wide spectrum of services that includes Equity Broking in Cash and Derivatives, Internet based trading, Demat services & Research services. When people deal with LKP people are dealing with a professional broker who has centralized risk managementsystem in place at Mumbai. LKP follows a hub & spoke model of Branch management wherein all the branches & franchise interact with the hub/regional office & in turn the regional/huboffice talks to Head office. This company a great level of flexibility in managing the risk level of the clients, which in turn benefit the client.LKP is the first brokerage house to offer Direct Market Access (DMA) to Institutional Clients on FT Platform. They offer research based broking services on the equity as well as derivative segments to their institutional clients.

- **Fixed Income Securities:**

1) LKP understands Debt & Money Market in all its dimensions. Recognized as major dealer of Fixed Income Securities, they execute deals for Banks, Institutions, FIIs, MFs, Insurance companies, Primary Dealers, large Corporates, PSUs & PF Trust.

2) They are leading Merchant Banker for Primary Placement of short term & longterm debts and leading intermediary on Secondary Wholesale Debt Markets

They deal in wide spectrum of debt instruments such as fixed and floating rate Debentures, Bonds, CDs, CPs, PTCs, Gsec, T-Bills & Oil / Fertiliser / Food Bonds

Retail Distribution:

- 1) Primary Market Division
- 2) Mutual Funds & Insurance Advisory

- **Commodities:**

A sister concern of the renowned and trusted LKP Group, Alpha Commodities offers a complete bouquet of client- friendly services in the burgeoning Commodity Futures market. dealing, investing or hedging in Commodity Futures which includes Bullions, Metals, Energy and Agro Commodities.

- **Currency:**

With the launch of currency derivatives, LKP offers its clients yet another segment for trading. Jointly regulated by SEBI and RBI provides traders with another lucrative trading avenue.

Currency derivative can be described as a future contract between two parties, to buy or sell the underlying at a future date, in this case the underlying being a currency.

2.3 PROMOTORS

SL.NO.	NAME	DESIGNATION
1	Mr. M.V Dhoshi	Chairman
2	Mr. V.N Suchanti	Director
3	Mr. G.B Innani	Company Secretary
4	Mr. M.S Bhise	Director
5	Mr. Pratik Doshi	Director
6	Mr. Hari Padmanabhan	Director
7	Mr. Sayanta Basu	Director
8	Mr. Anish Unadkat	Chief Executive Officer

2.4 VISION, MISSION AND QUALITY POLICY

Vision: "To become a globally renowned organization that provides state of the art trading solutions and infrastructure and to grow with latest technology and services, by delivering the best solutions by best-in-class people."

Mission: "To achieve our objectives in an environment of fairness, honesty, and courtesy towards our clients, employees, vendors and society at large."

Quality Policy: To achieve and retain leadership, LKP shall aim for complete customer satisfaction, by combining its human and technological resources, to provide superior quality financial services. In the process, LKP will strive to exceed Customer's expectations

Quality Objectives:

- As per the Quality Policy, LKP will: Build in-house processes that will ensure transparent and harmonious relationships with its clients and investors to provide high quality of services.
- Establish a partner relationship with its investor service agents and vendors that will help in keeping up its commitments to the customers.
- Provide high quality of work life for all its employees and equip them with adequate knowledge & skills so as to respond to customer's needs.
- Continue to uphold the values of honesty & integrity and strive to establish unparalleled standards in business ethics.
- Use state-of-the art information technology in developing new and innovative financial products and services to meet the changing needs of investors.

PRODUCTS/SERVICE PROFILE

LKP Securities is a well established and dynamic broking house in India. Known for its state-of-the-art systems and innovative processes, LKP offers a single window advantage to its clients for all capital and money market related requirements. LKP is a one stop shop for all your financial requirements & offers a wide spectrum of services that includes

- Equity Broking in Cash and Derivatives
- Internet based trading
- Demat services
- Research
- Debt and Money Market Broking

- Merchant Banking (category 1)
- Currency
- Loan Against Shares And Margin Funding
- Merger and Acquisition (M&A)
- Commodity Trading
- AMFI registered all India Mutual Fund Distributors
- IPO (New Issue) distribution
- Life Insurance distribution

Value Added Services:

- Research and Advisory Services
- Margin Funding
- Technology that guarantees seamless connectivity for trading
- Flexibility of a local broking house and sophistication of corporate brokerage
- A dedicated Relationship Manager to help in sales and other business related queries
- 24x7 Online Back-office systems for the Partner as well as all their customers

LKP is dedicated to serving the needs of their customers and, to that end, focuses on providing a high level of specialized and personal service. Their highly experienced broking teams, provide the trader with everything they need in a competitive market. Unlike most broking houses that rely either on Technical or fundamental analysis, they at LKP believe in a blend of both, which ensures the accuracy and quality of their research.

Over the years LKP has been able to deliver a consistently high level of service and professionalism whilst meeting customer requirements. This is in great part due to the stability of its management, broking, trading and administration teams.

2.6 AREAS OF OPERATION

The company is in the field of financial Services such as issue management, bill discounting, leasing and hire-purchase, full fledged money changing and has also started providing travel related Insurance Policy to bound passengers, etc. It has presence in 147 cities through its network of longstanding franchisees and sub brokers.

2.7 INFRASTRUCTURE FACILITY

- Secured and sophisticated systems, operation processes and clear Risk management policies to handle high volumes business
- 1500+ Outlets across India Covering 200 cities in the country, including 7 regional offices at Delhi, Kolkata, Pune, Ahmedabad , Bangalore , Chennai and Gujarat
- Research covers a wide spectrum from macro economics forecasts to penetrating analysis of companies and sectors; the research is highly rated for its accuracy, clarity and comprehensive coverage which include Fundamental Analysis, Technical Analysis & daily research reports. Research also covers Fixed Income Markets, Mutual Fund Schemes & Commodities Markets.
- A broad-based team of more than 300 personnel

2.8 COMPETITORS INFORMATION:

1. VLS FINANCE LTD:



VLS Group is a multi-faceted multi-divisional integrated financial services group with major presence in almost all areas of financial services such as Asset Management, Strategic Private Equity Investments, Arbitrage and more particularly in Stock broking and Corporate Consulting & Advisory Services. The current market capitalisation stands at Rs177.07 crore. The company has reported a standalone sales of Rs 896.82 crore and a Net Profit of Rs 1.76 crore for the quarter ended September 2020.

2. BNK SECURITIES PRIVATE LTD:



BNK Securities Pvt. Ltd. (ISO 9001:2008 Certified) is the member of National Stock Exchange, Bombay Stock Exchange, DP with CDSL and the company is also the member of MCX-SX and Calcutta Stock Exchange (CSE).

It provides broking and depository services to a lot of high net worth investors, corporate and business houses, financial institutions, banks and mutual funds. It is also involved in distribution of financial products. The current market capitalisation stands at Rs 48.85 crore. The company has reported a standalone sales of Rs 0.74 crore and a Net Profit of Rs 2.71 crore for the quarter ended September 2020.

3. R K GLOBAL SHARES & SECURITIES LTD:



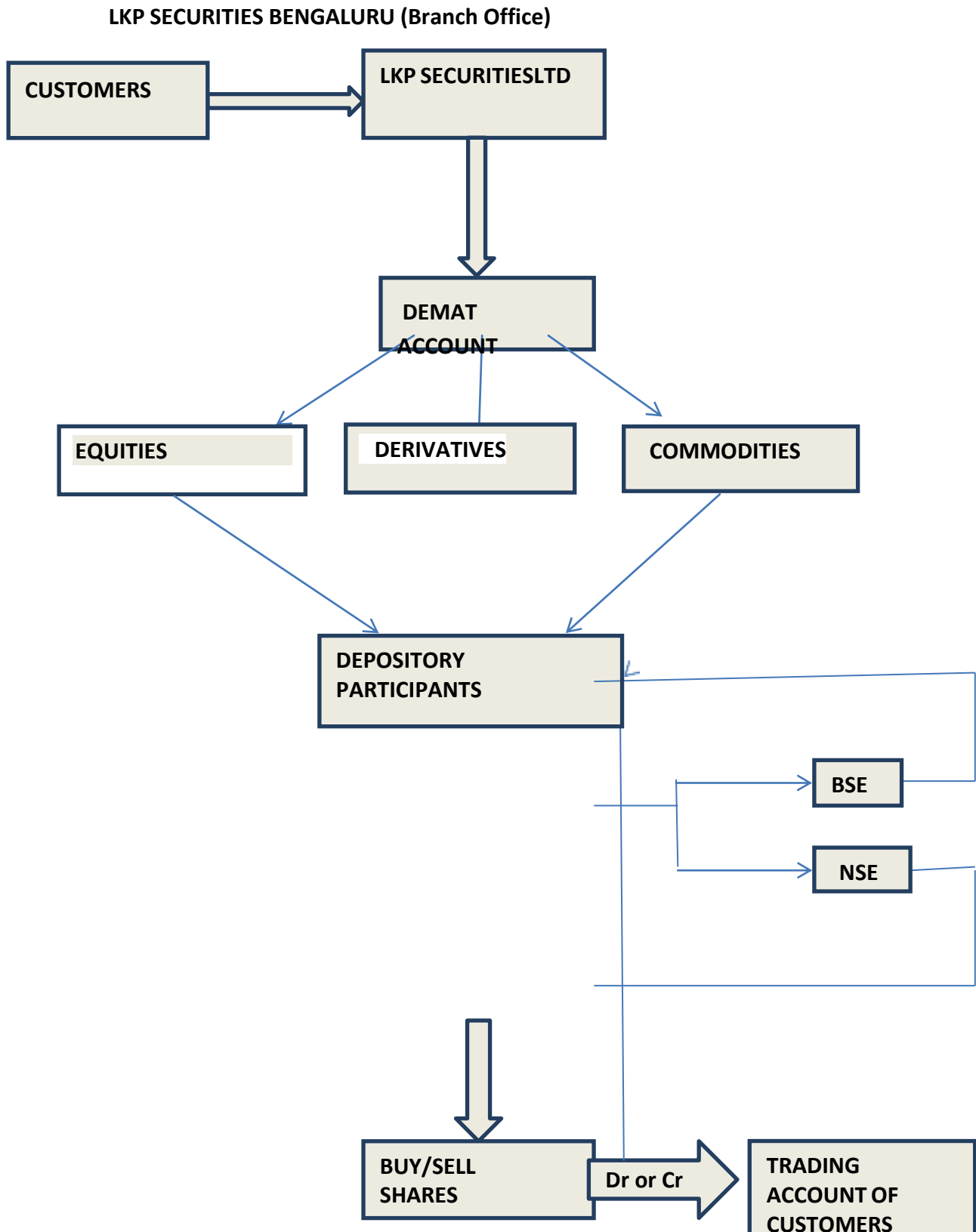
R K Global is India based fastest growing Share and Commodity Broking Company. RK Global launched its retail brokering business in year 2004 and since then grown exponentially. Company today provides services under Equities, Derivatives, Commodities, Currency, Depository, IPO Distribution, Mutual Fund Distribution and Consultancy areas. RK Global today has Pan India presence with its product offerings in over 150 cities across India through its business associates.

4. ZERODHA:



Zerodha is a Bangalore, India based Flat Free Share Broker for trading in Stock, Commodity and Currency Derivative. It charges brokerage of 0.01% or Rs.20 per executed order, whichever is lower, irrespective to number of shares or their prices . Zerodha is first and No.1 discount broker in India by volume, number of customers and growth. Like other online stock trading companies, Zerodha offers trading services to buy & sell stocks, futures & options (in Equity, Currency & Commodity segments). Zerodha's share trading platform is powered by Omnesys 'NEST Trader’.

2.9 WORK FLOW MODEL



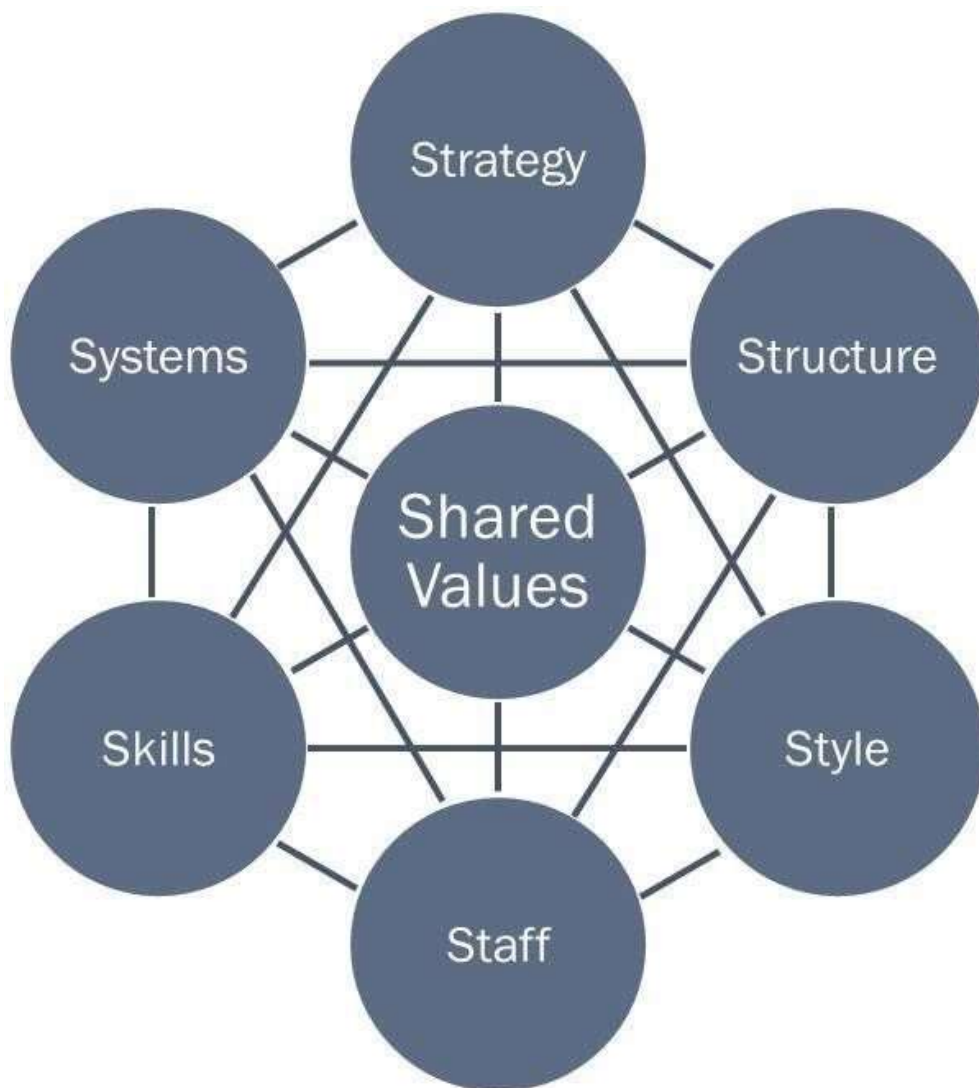
2.9 FUTURE GROWTH AND PROSPECTS

In an ever-evolving market, they constantly seek value for their clients and they intend to add more services to their existing Investment Banking bouquet and be the preferred choice for clients for their fund raising and advisory needs. Some of their plans include:

- Value-based proactive Portfolio Management Services (PMS) to Resident and Non-Resident Indians.
- Significant market-share in Commodities Futures Trading Segment in India.
- Value based Global Portfolio and Asset Allocation access to Resident Indians.
- Clearing, execution and custodian services for Non-Resident Indians, Foreign Institutional Investors and Overseas Corporate Bodies.
- Debt market trading in both Retail and Whole-sale segment for resident investors as well as overseas bodies.

2.11 McKINSEY'S 7S FRAME WORK MODEL

The McKinsey 7S framework is developed in the early 1980s by Tom Peters and Robert Waterman, two consultants working at the McKinsey & Company consulting firm, the basic premise of the model is that there are seven internal aspects of an organization that need to be aligned if it is to be successful. The 7S model can be used in a wide variety of situations where an alignment perspective is useful. These factors affect an organisation's ability to implement new strategies.



- **SYSTEMS:**

Here the company follows the system of “Team Leadership” here the management gives the authority for the team leader and carry on the work under their guidance and several team leaders are linked to one manager or the superior person. Other than these the other systems of the company are Managing / sharing customer information, Unified reporting of digital marketing effectiveness, Campaign planning approach- integration.

- **STRUCTURE:**

It prescribes the formal relationship that should exist among various position and activities. It is the duty of the top management to design the organisation structure of an organisation. It is one of the critical tasks. The designing of the super structure involves issues like division of organisation tasks and allocation of responsibilities between various departments.

- **STYLE:**

Style stands for the patterns of actions taken by the top management over a period of time. In LKP Securities, the decisions are taken by the top management concerning matters related to the organization. The decisions relating to department matters are taken by the departmental heads. LKP follows a participative leadership style which allows the ideas, suggestions etc. for the betterment of the company. The team members are cooperative rather than being competitive.

- **STAFF:**

Each incumbent should have a specific academic qualification to match the position he is going to hold and also necessary skills to execute the assignment. The departments in the organisation consist of Senior Manager, Officers, Clerks and sub-staff. Specialized trainings to the Senior Management level/ Top level executives are conducted based on the requirement.

- **SKILLS:**

Skill is an ability or proficiency in performing particular task. Training policies and programs are suitably designed, modified and updated on a continuous basis to upgrade the knowledge levels and skills of its Executives, Officers, and Workmen on par with the best in the industry. While several new programs are introduced in tune with the corporate goals, the existing programs are made more interactive and learner friendly.

- **STRATEGY:**

A company of LKP Securities stature cannot afford to work without objectives. An overall group objective is already set and all the employees are driven towards LKP Securities believes that no individual is big as the organizational itself. Competition is the key to survival and for giving diversification for the given product as such competition is always good. LKP Securities updates itself to the surrounding competitions and bring out changes are services and related products to be in competitors.

- **SHARED VALUES:**

Values refer to the institutional standards of behavior that strengthen commitment to the objectives, and guide strategy formulation and purposive action. The core values are shaped around the belief that enterprises exist to serve society. In terms of this belief, profit is a means rather than an end in itself a compensation to owners of capital linked to the effectiveness of contribution to society and the essential ingredient to sustain such enlarged societal contribution.

2.12 SWOT ANALYSIS

STRENGTHS:

Company provide a superior customer service

- LKP"s having a innovative range of financial products
- LKP is known for transparent functioning
- Emphasis on building stronger bond with customers by a company
- Company with well diversified portfolio.

WEAKNESS:

- LKP"s having a limited sales executives
- Low advertisements from the company

OPPORTUNITY:

- Growing consumer awareness about equity related product
- Positive outlook of people towards financial products
- Growing rural market is the best opportunity for the company.

THREATS:

- Uncertainty of the market volatility and fluctuations in the stock prices
- Threat from new entrants into the field of stock broking
- Stringent economic measures by Government and RBI

INDUSTRY PROFILE

3.1 History of mutual fund in India

The history of Mutual Fund Industry in India can be traced back to 1963, with the launch of the Unit Trust of India by the Government of India under an Act of Parliament. UTI was launched under the regulatory and administrative control of RBI. In 1978, the regulatory and administrative control of UTI was transferred from the Reserve Bank of India to IDBI (Industrial Development Bank of India). The first mutual fund scheme that was introduced in India by UTI was in the Unit Scheme (1964). UTI had Assets Under Management worth Rs. 6,700 Crores, by the end of the year 1988.

In 1987, public sector enterprises such as State Bank of India, Punjab National Bank, Canara Bank, etc. and other non-UTI segments such as General Insurance

Corporation of India (GIC) and Life Insurance Corporation of India (LIC) entered the market and established public sector mutual funds. The funds introduced by the public sector banks, by way of historic progression, are listed below:

- SBI Mutual Fund
- Canbank Mutual Fund
- Punjab National Bank Mutual Fund
- Indian Bank Mutual Fund
- Bank of India Mutual Fund
- Bank of Baroda Mutual Fund

From the year 1993 onwards, private sector funds were established in the mutual fund industry. In the same year, Mutual Fund Regulations were introduced in India under which all mutual funds except UTI has to be registered. The first private sector mutual fund that was registered was the Kothari Pioneer Fund, which was merged with Franklin Templeton later on. In 1996, the Mutual Fund Regulations were revised and this substituted the earlier version.

In 2003, the Unit Trust of India Act 1963 was repealed and was divided into 2 separate entities – the UTI Mutual Fund, which is sponsored by Punjab National Bank, State Bank of India, Life Insurance Corporation of India and Bank of Baroda and the second entity is the Specified Undertaking of the Unit Trust of India. This bifurcation was effective from February 2003

3.2 Growth of Industry

Mutual funds offer investors a means to get exposure to equities as well as other capital market asset instruments. The mutual fund industry has grown tremendously. Current assets under management (AUM) are INR 23.6 trillion; this number was just INR 1 trillion in January 2000. Currently INR 7.9 trillion are under management in equity schemes, up from INR 1.8 trillion 5 years back. In January 2000, the AUM of equity funds stood at just 0.26 trillion. SIP inflows in December 2018 were at INR 80 bn. The Indian economy has been resilient, IMF forecasts growth for FY2019-20 to be 7.4%, which is a strong number. Though the outlook has been clouded recently on account of a liquidity crunch following a crisis in NBFC sector, however, we believe this is a temporary blip and the economy should be able to overcome these headwinds. We feel optimistic about the outlook for India for a couple of reasons.

3.3 Challenges

Firstly , the industry is still under penetrated . Technology has enabled us to reach out to a larger audience via websites and apps but there is still a lot to be done. We need to reach out to a farthest corners of the country and as an AMC , we continue to expand our footprint via technology offerings or opening of branches in newer underserved locations. Secondly , investor education initiatives need to continue and we , as an industry , need to maintain the momentum along with the help of SEBI . After 25 years , SIPs today have become synonymous with mutual funds and are preferred way to invest. Although equity remains the primary asset class for the retail investor , i believe the next level of growth needs to come through promoting the other side of the coin i.e debt mutual fund scheme .

RESEARCH METHODOLOGY

4.1 • RESEARCH: Research refers to a search for knowledge.

In other words research refers to a systematic search on a specific area of study and activity.

• **METHODOLOGY:** It refers to a system of methods used in a particular area of study or activity.

• **STEPS OF METHODOLOGY:**

Collection of data

Organization of data

Presentation of data

Analysis of data Interpretation of data

5.1 CHARACTERISTICS

Some of the characteristics of research methodology are as follows:

- 1) Research is directed towards a solution of problem. It may attempt to answer a question or determine the relation between two or more variables .
- 2) Research involves gathering new data for primary of first hand sources or using existing data for new purposes.
- 3) Research is based on observable experience or empirical evidence.

6.1 OBJECTIVES OF THE STUDY

- To know the perceptions of the investors towards investment in mutual funds in various areas of Chandigarh.
- To determine the level of awareness towards Mutual Funds among investors.
- 3. To know the preference of investors for investment

6.2 RESEARCH DESIGN

A Market Research was performed to find out the actuality from the investors about what they think about the various Investment Options. It was done to find out the investment patterns and behavior of the people i.e. how much they invest, what are the reasons behind their investments, and where they invest.

Thus a questionnaire was devised to fetch the above mentioned information from the investors. Most of the questions in the questionnaires were objective in nature which helped the people to fill it with utmost ease.

a) Sampling procedure:

The sample is selected in a random way, irrespective of them being investor or not or availing the services or not. It was collected through mails and personal visits to the known persons, by formal and informal talks and through filling up the questionnaire prepared

b) Sample size:

The sample size of my project is limited to 100 only. Out of which only 75 people attempted all the questions

c) Sample design:

Data has been presented with the help of bar graph, pie charts, line graphs etc.

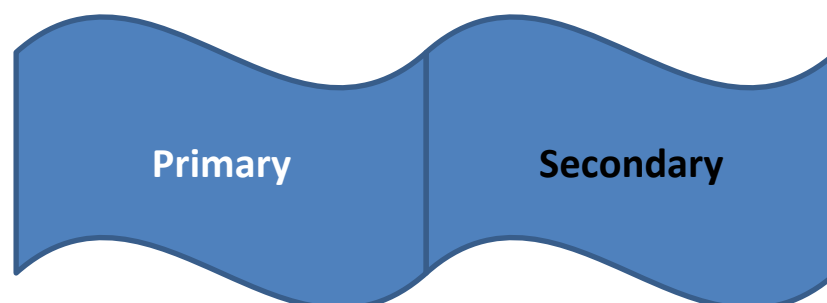
Tools and Techniques for Analysis:

TOOLS: Excel and word

TECHNIQUES: Convenience sampling

AREA COVERED: Different areas of Bhubaneswar.

6.3 DATA COLLECTION:



- ❖ **Primary Data:** It means the data which is collected for the first time.
- ❖ **Secondary Data:** It means the data which had been collected by someone else.

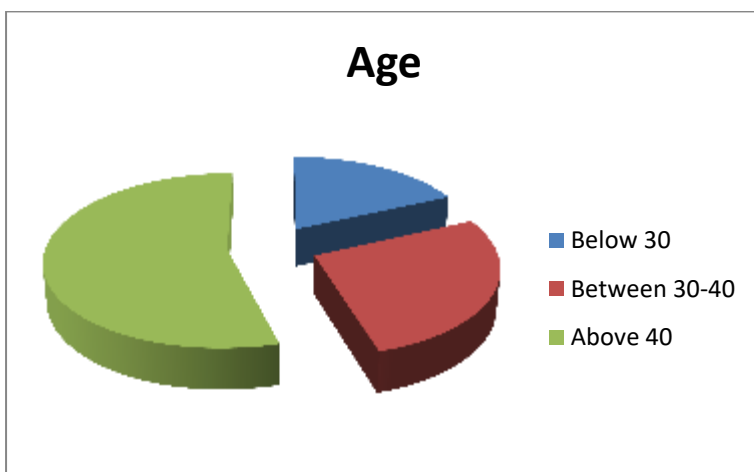
Research is totally based on primary data. Secondary data can be used only for the reference. Research had been done by primary data collection, and primary data had been collected by interacting with various people.

Limitations of the study :

- Time limitation.
- Some of the persons were not so responsive.
- Possibility of error in data collection and due to small sample size.

DATA ANALYSIS AND INTERPRETATION

1.) INVESTOR AGE DISTRIBUTION



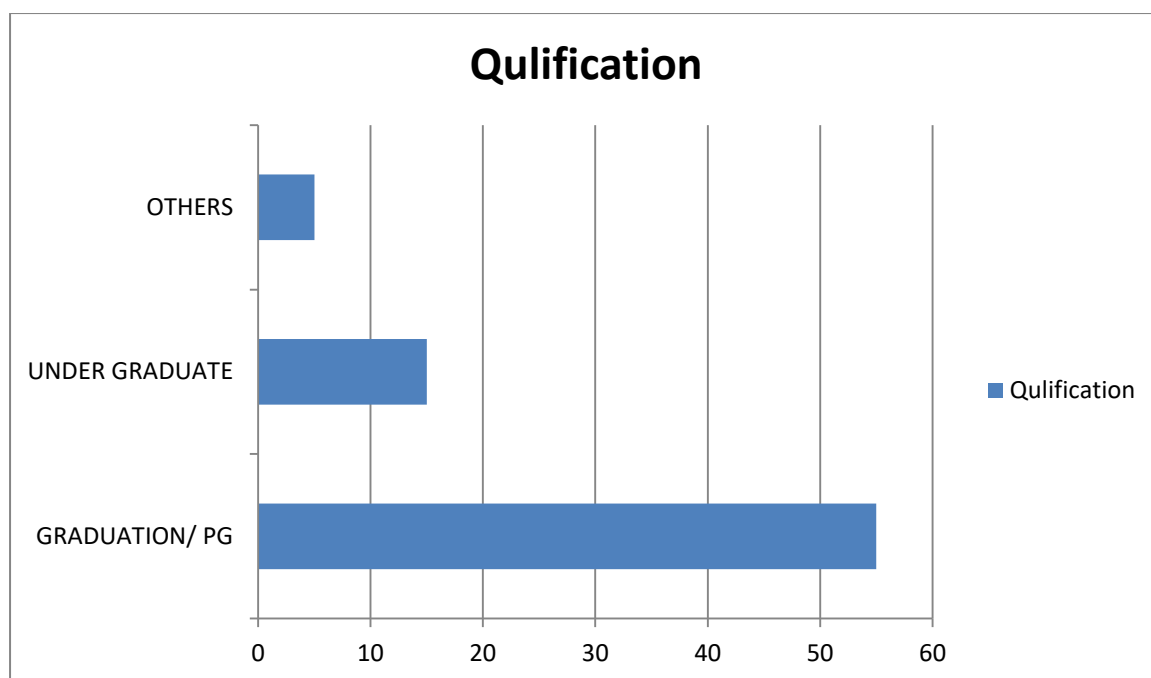
BELOW 30 years	10
BETWEEN 30-40 YEARS	15
ABOVE 40	30

Table 1

INTERPRETATION:

Out of 75 investors 10% investors are below the age of 30 years, 35% investors are between 30-40 years 30% investors are above the age of 40 years.

2.) INVESTORS QUALIFICATION



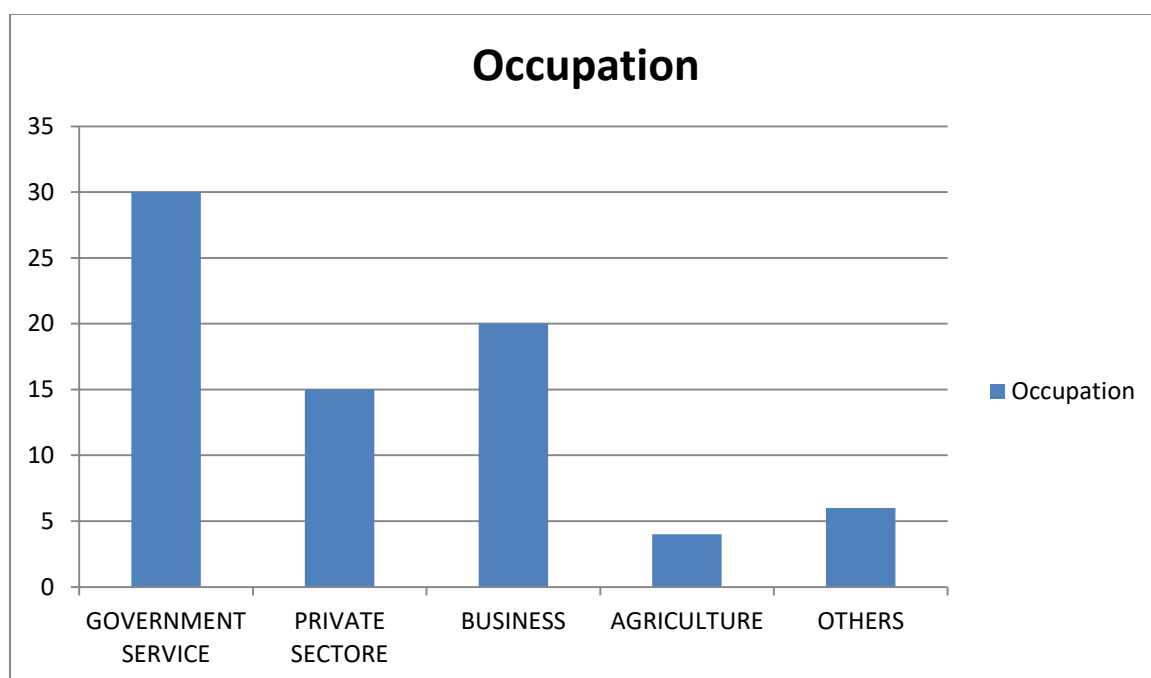
GRADUATION/ PG	55
UNDER GRADUATE	15
OTHERS	5

INTERPRETATION:

Out of 75 investors 73% are graduate, 20% are under graduate & 6% are others.

3.) OCCUPATION OF INVESTORS:

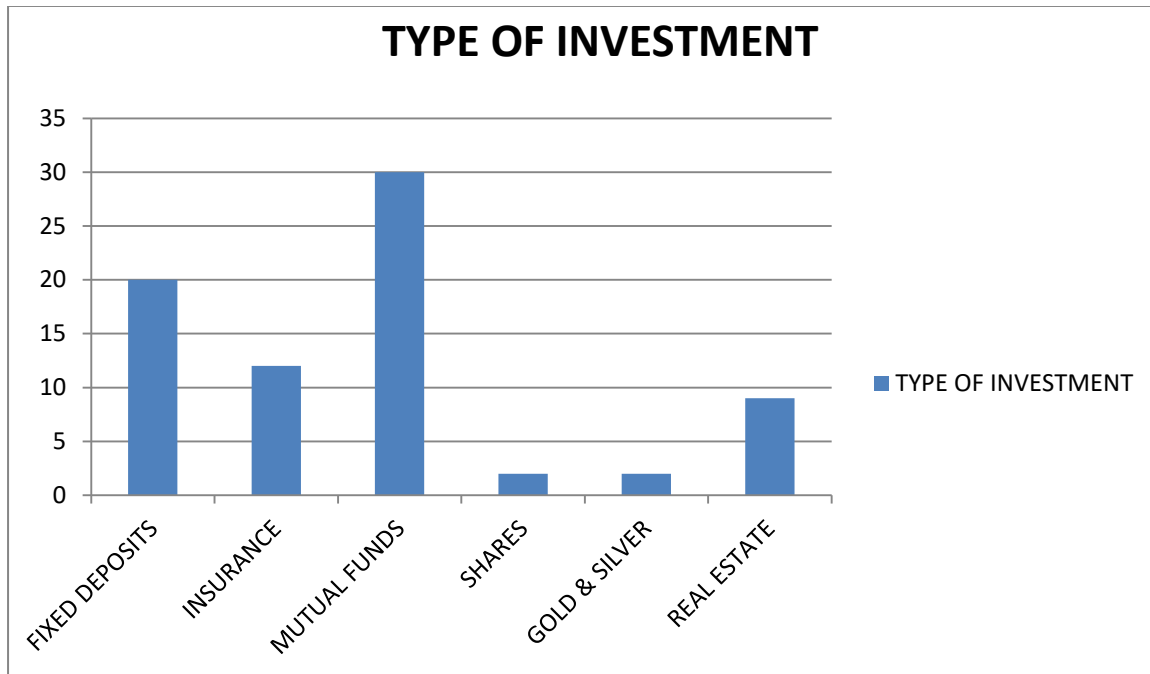
GOVERNMENT SECTOR	30
PRIVATE SECTOR	15
BUSINESS	20
AGRICULTURE	4
OTHERS	6



INTERPRETATION:

Out of 75 investors 30 are in Govt. sector, 15 are in Pvt Sector, 20 are in own business, 4 from agriculture, 16 investor are from various sectors.

4.) Customer preference about type of investment



FIXED DEPOSITS	20
INSURANCE	12
MUTUAL FUNDS	30
SHARES	2
GOLD & SILVER	2
REAL ESTATE	9

INTERPRETATION:

Out of 75 investors 26.6% are investing in fixed deposits, 16% in insurance, 40% in mutual funds, 2.66% in shares and gold and in real estate its 12%.

5.) FACTORS AFFECTING WHILE INVESTING

LIQUIDITY	20
LOW RISK	10
HIGH RETURN	40
TRUST	5

INTERPRETATION:

Out of 75 Investors 53.33% are investing due to high return, 13.33% are invest due to low risk, 26.66% are investing due to liquidity & 11.11% due to trust .

6.) AWARENESS REGARDING MUTUAL FUNDS

AWARE	53
NOT AWARE	23

INTERPRETATION:

Out of 75 investors 69.33% are aware of mutual funds and rest are unaware.

7.) MEDIUM TO KNOW ABOUT MUTUAL FUNDS

ADVERTISEMENT	8
PEER GROUPS	10
BANKS	48
FINANCIAL ADVISORS	9

INTERPRETATION:

Out of those who invest in mutual funds 64% knows about mutual funds through banks, 12% from financial advisor, 10.66% are know through advertisement, & 13.33% from peer groups.

8.) WHICH MUTUAL FUND TO SELECT WHILE INVESTING

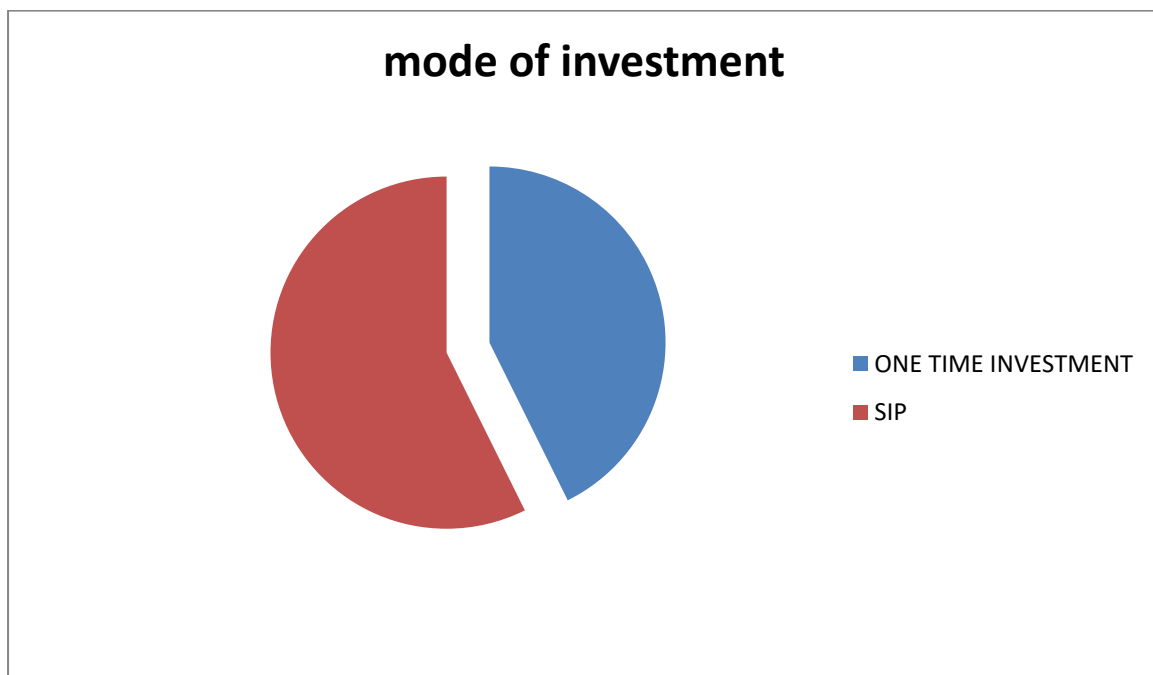
SBI MUTUAL FUNDS	30
HDFC	14
RELIANCE	25
KOTAK	6

INTERPRETATION:

Out of all 30 investor are investing in SBI MF, 14 investor in HDFC, 25 in reliance, 6 in kotak.

9.) MODE OF INVESTMENT YOU WILL PREFER

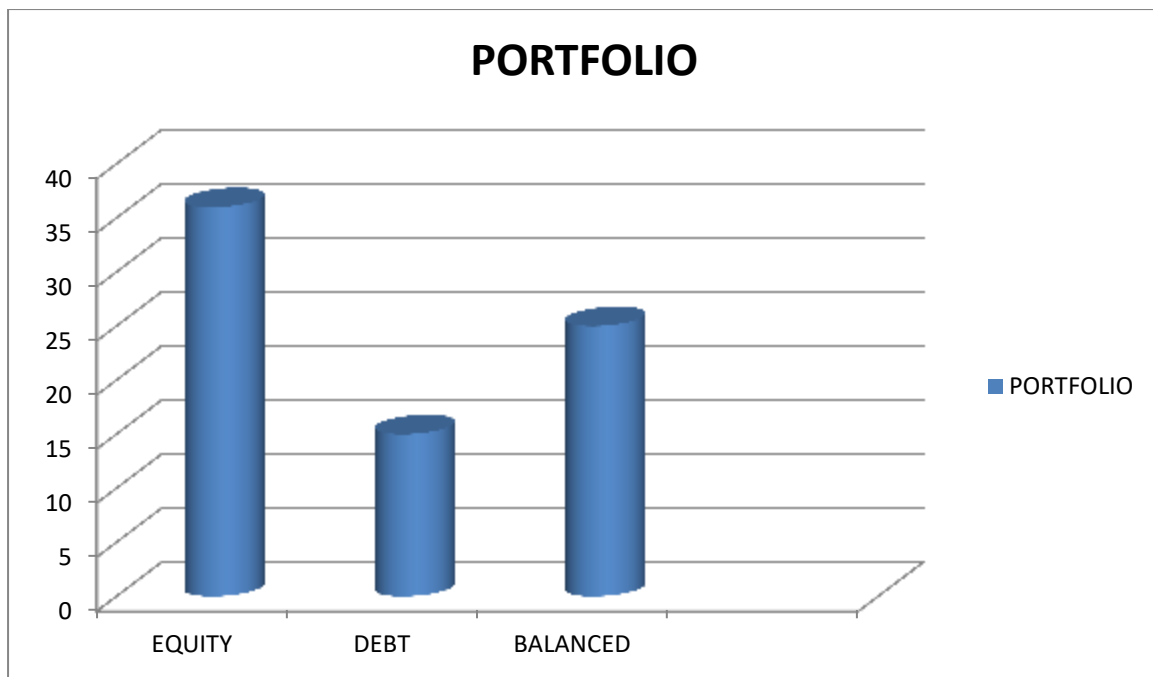
SIP	32
One time investment	43



INTERPRETATION:

Out of 75 investors 57.33% are investing in SIP and rest investing in one time investment.

10.) WHICH PORTFOLIO IS PREFERRED BY INVESTORS



EQUITY	36
DEBT	15
BALANCED	24

INTERPRETATION:

Out of 75 investors 48% investors prefer equity portfolio,20% prefer debt and 32% prefer balanced portfolio.

FINDINGS

According to my survey in BBSR, maximum numbers of investors falls in the age group of 30-40 years. The second most Investors were in the age group of above 40 years and the least were in the age group of below 30 years.

1) According to my survey, most of the Investors were Graduate or Post Graduate.

2) Mostly Respondents preferred High Return while investment, the second most preferred Liquidity and the least preferred Trust.

3) Among 75 respondents only 59% had invested in Mutual Fund and 16% did not invested in Mutual fund.

4) Out of 75 investors, 32% preferred One Time Investment and 43% preferred SIP out of both type of Mode of Investment.

5) The most preferred Portfolio was Equity, the second most was Balance (mixture of both equity and debt), and the least preferred Portfolio was Debt portfolio.

6) The awareness level among investors is 70%

7) Banks are the most preferred medium to know about mutual funds among advertisement, peer groups etc.

8) Mostly investors had used closed ended schemes because under this funds have fixed maturities and money cannot be withdrawal before maturity.

9) Investors want monthly reminders in order to stay aware about their investments.

CONCLUSION

The project that I undertook provided me a good experience of Investment Avenues like Mutual Funds, Insurance, Fixed Deposits and related activities. It was a good experience for me as it helped me to enhance my knowledge which would definitely prove to be very useful.

The Market Research performed gave an insight of the actual investors, their investment behaviour and their investment trends.

The research was carried out in the area of Chandigarh to find out various parameters that governs the investors perception towards mutual funds. This survey had identified the major parameters like liquidity, rate of return, market share and various schemes etc. I was interested to find out how investment in mutual fund gives different parameters of return, reminders etc.

RECOMMENDATIONS

a. To better operations management so as to reduce the time lag and improve customer feedback.

b. To improve market penetration by targeting not only metros but minimetros and smaller towns more effectively.

c. To come up with more innovative schemes and products so as to expand over the largest customer base as possible.

d. The most vital problem spotted is of ignorance. Investors should be made aware of the benefits. Nobody will invest until and unless he is fully convinced. Investors should be made to realize that ignorance is no longer bliss and what they are losing by not investing.

e. Mutual Fund Company needs to give the training of the Individual Financial Advisors about the Fund/Scheme and its objective, because they are the main source to influence the investors.

f. Before making any investment Financial Advisors should first enquire about the risk tolerance of the investors/customers, their need and time (how long they want to invest). By considering these three things they can take the customers into consideration.

g. Younger people aged under 35 will be a key new customer group into the future, so making greater efforts with younger customers who show some interest in investing should pay off.