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Investors Perception with Regards to Mutual Funds at Sirf Investment Pvt Finance Research

Shivani Teotia[1], Mrs. Shiwani Singh[2]

[1]Student, Galgotias University
[2]Guide, Galgotias University

Introduction

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. 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 appreciation realized is shared by its unit holders in proportion to the number of units owned by them. It is a very useful source of investment for common man.

Concept of Mutual Funds

Mutual Fund is essentially a mechanism of pooling together the savings of a large number of small investors for collective investment, with an avowed objective of attractive yields and capital appreciation, holding the safety and liquidity as prime parameters. A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. 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 appreciation realized is shared by its unit holders in proportion to the number of units owned by them. Mutual funds are dynamic financial institutions (FIs) which play a crucial role in an economy by mobilizing savings and investing them in the stock-market, thus establishing a direct link between savings and the capital market. Therefore, the activities of mutual funds have both short-and long-term impact on the savings pattern, growth of capital markets and the economy. The Mutual fund is a basket of securities, which contains variety of financial products in various combinations and these various combinations of financial securities are individually called Portfolio's. In a Mutual fund company the Fund Managers make Portfolios of different combinations they continuously analyse the market risk and expected returns so that a positive return can be provided to the Mutual fund Investors.

Benefits to the General Public:

It may not be obvious at first why you would want to purchase shares in different securities through a mutual fund "middleman" instead of simply purchasing the securities on your own. There are, however, some very good reasons why millions of Americans opt to invest in mutual funds instead of, or in addition to, buying securities directly. Mutual funds can offer you the following benefits:

Diversification can reduce your overall investment risk by spreading your risk across many different assets. With a mutual fund you can diversify your holdings both across companies (e.g. by buying a mutual fund that owns stock in 100 different companies) and across asset classes (e.g. by buying a mutual fund that owns stocks, bonds, and other securities). When some assets are falling in price, others are likely to be rising, so diversification results in less risk than if you purchased just one or two investments.

Choice: Mutual funds come in a wide variety of types. Some mutual funds invest exclusively in particular sector(e.g. energy funds), while others might target growth opportunities in general. There are thousands of funds, and each has its own objectives and focus. The key is for you to find the mutual funds that most closely match your own particular investment objectives.

Liquidity is the ease with which you can convert your assets--with relatively low depreciation in value--into cash . In the case of mutual funds, it's as easy to sell a share of a mutual fund as it is to sell a share of stock (although some funds charge a fee for redemptions and others you can only redeem at the end of the trading day, after the current value of the fund's holdings has been calculated)

Low Investment Minimums: Most mutual funds will allow you to buy into the fund with as little $1,000 or $2,000, and some funds even allow a "no minimum" initial investment, if you agree to make regular monthly contributions of $50 or $100. Whatever the case may be, you do not need to be exceptionally wealthy in order to invest in a mutual fund.

Convenience: When you own a mutual fund, you don't need to worry about tracking the dozens of different securities in which the fund invests; rather, all you need to do is to keep track of the fund's performance. It's also quite easy to make monthly contributions to mutual funds and to buy and sell shares in them.

Low Transaction Costs: Mutual funds are able to keep transaction costs -- that is, the costs associated with buying and selling securities -- at a minimum because they benefit from reduced brokerage commissions for buying and selling large quantities of investments at a single time. Of course, this benefit is reduced somewhat by the fact that they are buying and selling a large number of different stocks. Annual fees of 1.0% to 1.5% of the investment amount are typical.

Regulation: Mutual funds are regulated by the government under the Investment Company Act of 1940. This act requires that mutual funds register their securities with the Securities and Exchange Commission . The act also regulates the way that mutual funds approach new investors and the way that they conduct their internal operations. This provides some level of safety to you, although you should be aware that the investments are not guaranteed by anyone and that they can (and often do) decline in value.

Additional Services: Some mutual funds offer additional services to their shareholders, such as tax reports, reinvestment programs, and automatic withdrawal and contribution plans.

Professional Management: Mutual funds are managed by a team of professionals, which usually includes one mutual fund manager and several analysts. Presumably, professionals have more experience, knowledge, and information than the average investor when it comes to deciding which securities to buy and sell. They also have the ability to focus on just a single area of expertise. (However, it should be noted that this apparent benefit has not always translated into superior performance, and in fact the majority of all mutual funds don't manage to keep up with the overall performance of the market.)

GENERATION X

Generation X, which is sometimes shortened to Gen X, is the name given to the generation of Americans born between the mid-1960s and the early-1980s. The exact years that make up Gen X vary by who you ask, as researchers, like demographers William Straus and Neil Howe, place the exact birth years at 1961 to 1981, whereas Gallup places the birth years between 1965 and 1979. But all agree that Gen X follows the Baby Boom generation and precedes Generation Y or the millennial generation.

MILLENNIAL INVESTORS or GENERATION Y

The term Millennials generally refers to the generation of people born between the early 1980s and 1990s, according to the Merriam-Webster Dictionary. Some people also include children born in the early 2000s. The Millennial Generation is also known as Generation Y, because it comes after Generation X — those people between the early 1960s and the 1980s.

Types of Mutual Funds

1. Mutual Funds Based on Asset Class

a. Equity Funds

Primarily investing in stocks, they also go by the name stock funds. They invest the money amassed from investors from diverse backgrounds into shares of different companies. The returns or losses are determined by how these shares perform (price-hikes or price-drops) in the stock market. As equity funds come with a quick growth, the risk of losing money is comparatively higher.

b. Debt Funds

Debt funds invest in fixed-income securities like bonds, securities and treasury bills – Fixed Maturity Plans (FMPs), Gilt Fund, Liquid Funds, Short Term Plans, Long Term Bonds and Monthly Income Plans among others – with fixed interest rate and maturity date. Go for it, only if you are a passive investor looking for a small but regular income (interest and capital appreciation) with minimal risks.

c. Money Market Funds

Just as some investors trade stocks in the stock market, some trade money in the money market, also known as capital market or cash market. It is usually run by the government, banks or corporations by issuing money market securities like bonds, T-bills, dated securities and certificate of deposits among others. The fund manager invests your money and disburses regular dividends to you in return. If you opt for a short-term plan (13 months max), the risk is relatively less.

d. Hybrid Funds

As the name implies, Hybrid Funds (also go by the name Balanced Funds) is an optimum mix of bonds and stocks, thereby bridging the gap between equity funds and debt funds. The ratio can be variable or fixed. In short, it takes the best of two mutual funds by distributing, say, 60% of assets in stocks and the rest in bonds or vice versa. This is suitable for investors willing to take more risks for 'debt plus returns' benefit rather than sticking to lower but steady income schemes.

2. Mutual Funds Based On Structure

Mutual funds can be categorized based on different attributes (like risk profile, asset class etc.). Structural classification – open-ended funds, close-ended funds, and interval funds – is broad in nature and the difference depends on how flexible is the purchase and sales of individual mutual fund units.

a. Open-Ended Funds

These funds don't have any constraints in a time period or number of units – an investor can trade funds at their convenience and exit when they like at the current NAV (Net Asset Value). This is why its unit capital changes constantly with new entries and exits. An open-ended fund may also decide to stop taking in new investors if they do not want to (or cannot manage large funds).

b. Closed-Ended Funds

Here, the unit capital to invest is fixed beforehand, and hence they cannot sell a more than a preagreed number of units. Some funds also come with an NFO period, wherein there is a deadline to buy units. It has a specific maturity tenure and fund managers are open to any fund size, however large. SEBI mandates investors to be given either repurchase option or listing on stock exchanges to exit the scheme.

c. Interval Funds

This has traits of both open-ended and closed-ended funds. Interval funds can be purchased or exited only at specific intervals (decided by the fund house) and are closed the rest of the time. No transactions will be permitted for at least 2 years. This is suitable for those who want to save a lump sum for an immediate goal (3-12 months).

3. Mutual Funds Based on Investment Goals

a. Growth Funds

Growth funds usually put a huge portion in shares and growth sectors, suitable for investors (mostly Millennials) who have a surplus of idle money to be distributed in riskier plans (albeit with possibly high returns) or are positive about the scheme.

b. Income Funds

This belongs to the family of debt mutual funds that distribute their money in a mix of bonds, certificate of deposits and securities among others. Helmed by skilled fund managers who keep the portfolio in tandem with the rate fluctuations without compromising on the portfolio's creditworthiness, Income Funds have historically earned investors better returns than deposits and are best suited for risk-averse individuals from a 2-3 years perspective.

c. Liquid Funds

Like Income Funds, this too belongs to the debt fund category as they invest in debt instruments and money market with a tenure of up to 91 days. The maximum sum allowed to invest is Rs 10 lakhs. One feature that differentiates Liquid Funds from other debt funds is how the Net Asset Value is calculated – NAV of liquid funds are calculated for 365 days (including Sundays) while for others, only business days are calculated.

d. Tax-Saving Funds

ELSS or Equity Linked Saving Scheme is gaining popularity as it serves investors the double benefit of building wealth as well as save on taxes – all in the lowest lock-in period of only 3 years. Investing predominantly in equity (and related products), it has been known to earn you non-taxed returns from 14-16%. This is best-suited for long-term and salaried investors.

e. Aggressive Growth Funds

Slightly on the riskier side when choosing where to invest in, Aggressive Growth Fund is designed to make steep monetary gains. Though susceptible to market volatility, you may choose one as per the beta (the tool to gauge the fund's movement in comparison with the market). Example, if the market shows a beta of 1, an aggressive growth fund will reflect a higher beta, say, 1.10 or above.

f. Capital Protection Funds

If protecting your principal is your priority, Capital Protection Funds can serve the purpose while earning relatively smaller returns (12% at best). The fund manager invests a portion of your money in bonds or CDs and the rest in equities. You will not incur any loss. However, you need a least 3 years (closed-ended) to safeguard your money and the returns are taxable.

g. Fixed Maturity Funds

Investors choose as the FY ends to take advantage of triple indexation, thereby bringing down tax burden. If uncomfortable with the debt market trends and related risks, Fixed Maturity Plans (FMP) – investing in bonds, securities, money market etc. – present a great opportunity. As a close-ended plan, FMP functions on a fixed maturity period, which could range from 1 month to 5 years (like FDs). The Fund Manager makes sure to put the money in an investment with the same tenure, to reap accrual interest at the time of FMP maturity.

h. Pension Funds

Putting away a portion of your income in a chosen Pension Fund to accrue over a long period to secure you and your family's financial future after retiring from regular employment – it can take care of most contingencies (like a medical emergency or children's wedding). Relying solely on savings to get through your golden years is not recommended as savings (no matter how big) get used up. EPF is an example, but there are many lucrative schemes offered by banks, insurance firms etc.

4. Mutual Funds Based on Risks

a. Very Low-Risk Funds

Liquid Funds and Ultra Short-term Funds (1 month to 1 year) are not risky at all, and understandably their returns are low (6% at best). Investors choose this to fulfill their short-term financial goals and to keep their money safe until then.

b. Low-Risk Funds

In the event of rupee depreciation or unexpected national crisis, investors are unsure about investing in riskier funds. In such cases, fund managers recommend putting money in either one or a combination of liquid, ultra short-term or arbitrage funds. Returns could be 6-8%, but the investors are free to switch when valuations become more stable.

c. Medium-risk Funds

Here, the risk factor is of medium level as the fund manager invests a portion in debt and the rest in equity funds. The NAV is not that volatile, and the average returns could be 9-12%. **d. High-risk Funds**

Suitable for investors with no risk aversion and aiming for huge returns in the form of interest and dividends, High-risk Mutual Funds need active fund management. Regular performance reviews are mandatory as they are susceptible market volatility. You can expect 15% returns, though most high-risk funds generally provide 20% returns (and up to 30% at best).

5. Specialized Mutual Funds

a. Sector Funds

Investing solely in one specific sector, theme-based mutual funds. As these funds invest only in specific sectors with only a few stocks, the risk factor is on the higher side. One must be constantly aware of the various sector-related trends, and in case of any decline, just exit immediately. However, sector funds also deliver great returns. Some areas of banking, IT and pharma have witnessed huge and consistent growth in recent past and are predicted to be promising in future as well.

b. Index Funds

Suited best for passive investors, index funds put money in an index. It is not managed by a fund manager. An index fund simply identifies stocks and their corresponding ratio in the market index and put the money in similar proportion in similar stocks. Even if they cannot outdo the market (which is the reason why they are not popular in India), they play it safe by mimicking the index performance.

c. Funds of Funds

A diversified mutual fund investment portfolio offers a slew of benefits, and 'Funds of Funds' aka multimanager mutual funds are made to exploit this to the tilt – by putting their money in diverse fund categories. In short, buying one fund that invests in many funds rather than investing in several achieves diversification as well as saves on costs.

d. Emerging market Funds

To invest in developing markets is considered a steep bet and it has undergone negative returns too. India itself a dynamic and emerging market and investors to earn high returns from the domestic stock market, they are prone to fall prey to market volatilities. However, in a longerterm perspective, it is evident that emerging economies will contribute to the majority of global growth in the coming decade as their economic growth rate is way superior to that of the US or the UK.

e. International/ Foreign Funds

Favored by investors looking to spread their investment to other countries, Foreign Mutual Funds can get investors good returns even when the Indian Stock Markets do fare well. An investor can employ a hybrid approach (say, 60% in domestic equities and the rest in overseas funds) or a feeder approach (getting local funds to place them in foreign stocks) or a theme-based allocation (eg, Gold Mining).

f. Global Funds

Aside from the same lexical meaning, Global Funds are quite different from International Funds. While a global fund chiefly invests in markets worldwide, it also includes investment in your home country. The International Funds concentrate solely on foreign markets. Diverse and universal in approach, Global Funds can be quite risky to owing to different policies, market and currency variations, though it does work as a break against inflation and long-term returns have been historically high.

g. Real Estate Funds

In spite of the real estate boom in India, many are wary about investing in such projects due to multiple risks. Real Estate Fund can be a perfect alternative as the investor is only an indirect participant by putting their money in established real estate companies/trusts rather than projects. A long-term investment, it negates risks and legal hassles when it comes to purchasing a property as well as provide liquidity to some extent.

h. Commodity-focused Stock Funds

Ideal for investors with sufficient risk-appetite and looking to diversify their portfolio, commodity-focused stock funds give a chance to dabble in multiple and diverse trades. Returns are not periodic and are either based on the performance of the stock company or the commodity itself. Gold is the only commodity in which mutual funds can invest directly in India. The rest purchase fund units or shares from commodity businesses.

i. Market Neutral Funds

For investors seeking protection from unfavorable market tendencies while sustaining good returns, Market-neutral Funds meet the purpose (like a hedge fund). With better risk-adaptability, these funds give high returns and even small investors can outstrip the market without stretching the portfolio limits.

j. Inverse/leveraged Funds

While a regular index fund moves in tandem with the benchmark index, the returns of an inverse index fund shift in the opposite direction. Simply put, it is nothing but selling your shares when the stock goes down, only to buy them back at an even lesser cost (to hold until the price goes up again).

k. Asset Allocation Funds

Combining debt, equity and even gold in an optimum ratio, this is a greatly flexible fund. Based on a pre-set formula or fund manager’s inferences on the basis of the current market trends, Asset Allocation

Funds can regulate the equity-debt distribution. It is almost like Hybrid Funds but requires great expertise in choosing and allocation of the bonds and stocks from the fund manager.

l. Gift Funds

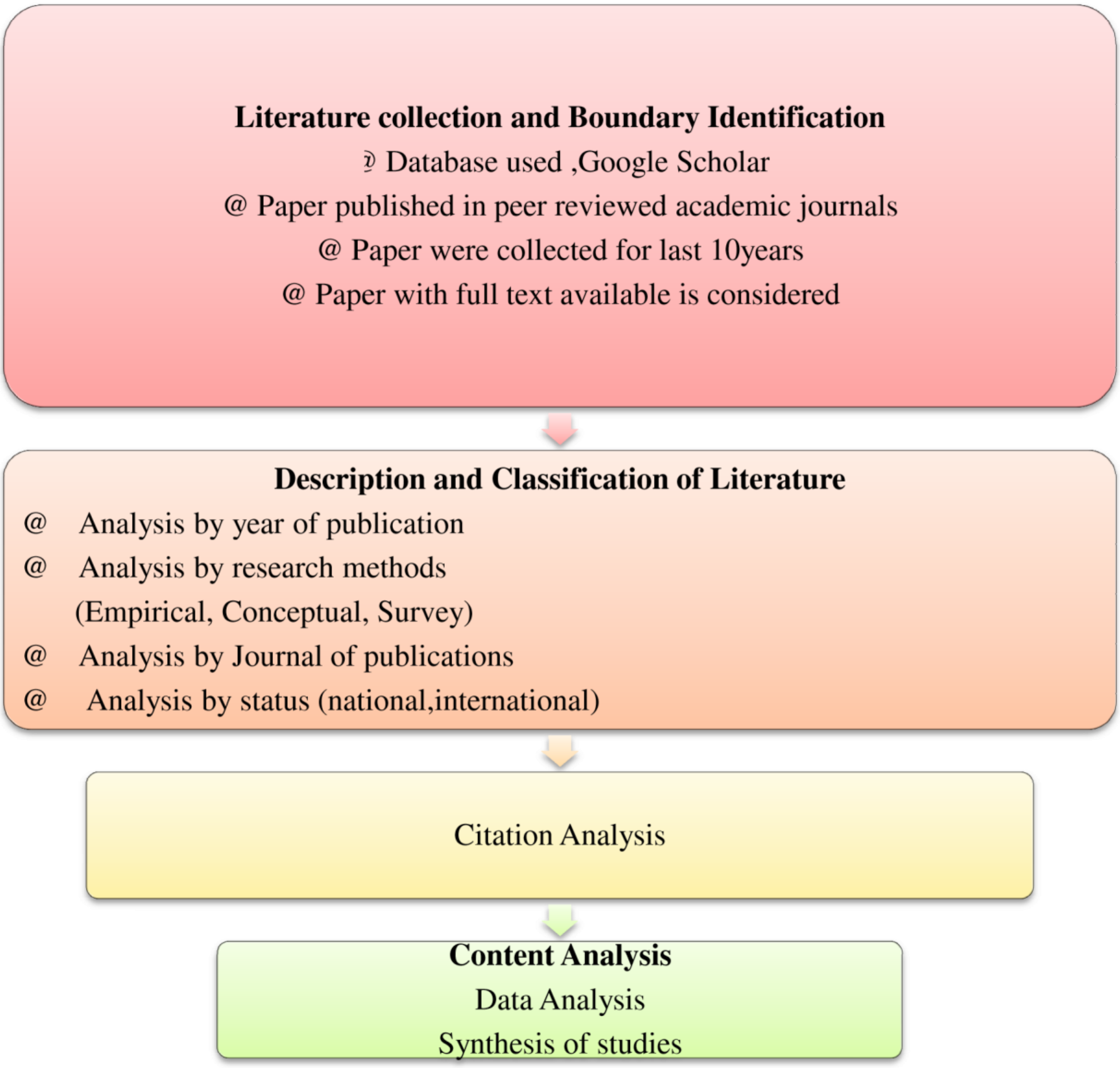
Yes, you can gift a mutual fund or a SIP to your loved ones to secure their financial future.

m. Exchange-traded Funds

It belongs to the Index Funds family and is bought and sold on exchanges. Exchange-traded Funds have unlocked a world of investment prospects, enabling investors to gain comprehensive exposure to stock markets abroad as well as specialized sectors. An ETF is like a Mutual Fund that can be traded in real-time at a price that may rise or fall many times in a day.

Review of Literature

Flow of Literature Review



Research Articles by year of publication

Year	No. of Research Paper
1996-2000	5
2001-2005	7
2006-2010	6
2011-2015	6
2016-2017	1

Research article by research methods:

Topic	No. of Related articles
Empirical	20
Conceptual	2
Survey	3

Research article by Journal of Publication:

S.NO	Journal of Publication
1	Social science research Network, papers.ssrn.com
2	Finance India vol. x no. 1
3	Perspective Vol. 4 / No. 3
4	Social science research Network, papers.ssrn.com
5	Journal of Finance, 2008-ifa.com
6	Vikalpa • Volume 32 • No 2 • April - June 2007.
7	Paulian Journal of Research and Studies Vol. 1, No. 2, March 2014
8	Zenith International Journal Of Multidisciplinary Research Vol.1 Issue 1
9	Business Management Dynamics Vol.2, No.2, Aug 2012, pp.01-09
10	International Journal of Business and Management, vol 4, no5, may 2009
11	Social science research Network, papers.ssrn.com
12	Social science research Network, papers.ssrn.com
13	Financial Analysts Journal ,Volume 69 · Number 4 ©2013 CFA Institute
14	Social science research Network, papers.ssrn.com
15	Social science research Network, papers.ssrn.com
16	Journal of Financial and Strategic Decisions, Volume 13 Number 1, Spring 2000
17	The Journal of Business vol.78 No.6
18	Social science research Network, papers.ssrn.com

19	Yale ICF working paper No. 04-48, papers.ssrn.com
20	Social science research Network, papers.ssrn.com
21	Researchgate.net
22	Social science research Network, papers.ssrn.com
23	NBER working paper no. 7855
24	Researchgate.net
25	Social science research Network, papers.ssrn.com

Research article by Status

National	International
4	21

Citation Analysis

Citation means that someone has referred work of other author(s). In the present literature review, citation information provided by Google Scholar has been used for citation analysis to observe the quality of papers.

S.NO	Author (Year)	No. of citations
1	Agrawal, Deepak .2007	56
2	Jayadev , M.–(1996)	108
3	Rea,JohnD.& Reid, Brian k(1998)	69
4	Geczy, Christopher C. Stambaugh,Robert F. & Levi ,David. - (2003)	397
5	Fama, Eugene F. & French Kenneth R. - (2008)	49
6	Deb, Soumya Guha. Banerjee, Ashok, & Chakrabarti, B.B. -(2007)	30
7	Kumar, M.C. Dileep &. Gonzaga Rosalind. - (2014)	-
8	Saini, Simran. Anjum, Bimal. & Saini, Ramandeep. -(2011)	4
9	Sharma, Nishi.-(2012)	17
10	Kiran, Ravi. & Walia, Nidhi -(2009)	40

11	Edelen, Roger M. Evans, Richard. & Kadlec, Gregory B. -(2004)	105
12	Wermers,Russ.November	458
	(2003)	
13	Antti Petajisto, July/August (2013)	217
14	Ding, Bill. Wermers, Russ. June (2012)	187
15	Pandow, Bilal Ahmad(2017)	-
16	Redman, Arnold L. Gullett, N.S. & Manakyan, Herman - (2000)	71
17	Barber, Brad M. & odean, Terrance. & zheng, Lu. (2005)	831
18	Guedj, Ilan. & Papastaikoudi, Jannette. (2003)	133
19	Geert Rouwenhorst, K. (2009)	115
20	Khorana, Ajay. & Servaes, Henri.(2004)	97
21	Gallaher, Steven. Kaniel, Ron.& starks, Laura. (2006)	112
22	Massa, Massimo.(1998)	93
23	kaminsky,Graciela. Lyons, Richard k. & Schmukler, Sergio (2000)	306
24	Gillian, Stuart L. & Starks, Laura T. (2007)	691
25	Rao, S. Narayan. & Ravindran. M (2003)	55

Agarwal (2007) examine there has been a tremendous growth in the mutual fund industry in India, attracting large investments not only from the domestic investments but also from the foreign investors. Increasing number of Asset based Management Companies providing opportunity to the investors in the form of safety, hedging and arbitrage. With the growing middle-class household families with limited risk bearing capacity, it provides better returns than any other long-term securities. India's high rate of savings and a rapid-liberalizing economy is expected to elevate the mutual fund sector to new hikes.

Jayadev,M.(1996) He has observed that the two growth oriented mutual funds have not performed better than their benchmark indicators. Though Master Gain has performed better than the benchmark of its systematic risk (volatility) but with respect to total risk the fund has not outperformed the Market Index. Growth oriented mutual funds are expected to offer the advantages of Diversification, Market timing and Selectivity. In the sample, Magnum Express is found to be highly diversified fund and because of high diversification it has reduced total risk of the portfolio.

Rea,et.al(1998) his paper estimates and analyzes trends in the total cost of investing in equity funds. Total cost includes all major fees and expenses incurred by investors purchasing fund shares in a particular year. The paper finds that this cost, measured by the total shareholder cost ratio, declined significantly between 1980 and 1997. The average cost of investing in equity funds in 1980 was 2.25 percent of each dollar invested; by 1997, that cost had dropped more than one-third to 1.49 percent.

Geczy,et.al(2003) He observed that the cost of the SRI constraint is especially high for investors who insist upon allocating their entire mutual fund investments to socially responsible funds but it is also quite substantial for the average SRI investor who (according to Silby, 2002) allocates only a third to that subset of funds. Given its focus on mutual funds, this paper formally considers less than the entire universe of socially responsible managed funds. The intent is that the setting and general characteristics of the mutual funds studied are representative of the SRI industry at large, including institutional investments.

Fama,et.al(2008) He finds for 1984-2006, when the CRSP mutual fund database is relatively free of survival bias, mutual funds on average and the average dollar invested in fund underperform three-factor and four-factor benchmarks by about the amount of fees and expenses. Thus, if there are funds with good information that enhances expected b returns they are offset by funds with bad information.

Deb,et.al(2007) He by using the conditional models where market timing and stock selection ability of fund managers based only on 'private' information is separated from that exhibited using 'total' (public as well as private) information, we found the Indian fund managers showing a weak evidence of stock selection and no evidence towards meaningful market timing.

Kumar,et.al(2014) He has made an attempt to understand the financial behavior of Mutual Fund investors in connection with the preferences of Brand (AMC),Products, Channels etc. I observed that many of people have fear of Mutual Fund. They have a notion that money is not secure in the mutual fund front. They need to be educated more on Mutual fund only then knowledge of Mutual Fund and its related terms can be attained.

Saini.et.al(2011) has outlined that mostly the investors have positive approach towards investing in mutual funds. In order to maintain their confidence in mutual funds they should be provided with timely information relating to different trends in the mutual fund industry. For achieving heights in the financial sector, the mutual fund companies should formulate the strategies in such a way that helps in fulfilling the investors' expectations.

Sharma, N.(2012) attempts to study the extent to which investors are satisfied (in terms of different benefits offered by mutual fund companies to attract investment in mutual fund) and also to identify factors essential for securing investor's penetration. The study found that all the benefits which emerge out from the investment in mutual fund may be grouped into three categories. The first category relates to the scheme/ fund related attributes. This includes safety of money invested in mutual funds, favorable credit rating of fund/ scheme by reputed credit agencies, full disclosure of all relevant information and regular updates on every trading day. The second category is related with the monetary benefits provided by fund/schemes in form of capital appreciation, liquidity, ROI (return on investment), early bird incentives, fringe benefits and relaxation in charges (expense ratio, entry load and exit load). The last category relates with the sponsor related attributes.

Kiran.et.al(2009) highlight the preferences of varied inverters who desire to invest in mutual funds but also require some innovations and added quality dimensions in existing services. The critical gaps identified in the study also provide the key information input regarding the discrepancies in existing framework of mutual funds which can be extremely beneficial to AMCs in designing more lucrative solutions to suit investor's expectations.

Edelen.et.al(2004) examines the hypothesis that trading costs are the source of diseconomies of scale at mutual funds. Using portfolio holdings data from Morningstar and transaction-level data from NYSE TAQ, we estimate funds' annual trading costs and find them comparable in magnitude to the expense ratio (144 bps versus 121 bps).

Wermers,Russ.(2003) revealed the persistence in performance of mutual funds over the 1975 to 1994 period

With a new database. This database was created by merging a database of mutual fund holdings with a database of mutual fund net returns, expenses, turnover levels, and other characteristics.

Antti Petajisto(2013) found that the most active stock pickers have been able to add value for their investors, beating their benchmark indices by about 1.26% a year after all fees and expenses. Factor bets have destroyed value after fees. For mutual fund investors, these findings suggest that they need to pay attention to measures of active management.

Ding.et.al(2012) has presented evidence on the role of mutual fund managers in generating portfolio performance, as well as the role of directors in the ongoing performance of funds and in the replacement of underperforming managers.

Pandow,B(2017) has observed if the industry has to utilize its potential fully, it has to address these challenges. To address these challenges the need is to penetrate into the tier II & tier III cities which among other things would require seeking more awareness of the investors through strategic initiatives and investor education drives.

Redman.et.al(2000) examined the risk-adjusted returns of international mutual funds over three time periods: 1985 through 1994, 1985 through 1989, and 1990 through 1994. Sharpe's Index, Treynor's Index, and Jensen's Alphawere computed for five portfolios of global mutual funds: world, foreign, Europe, Pacific, and international. The performance of the five portfolios was compared to that of a proxy for the stock market (the Vanguard Index 500 mutual fund) and a portfolio composed of mutual funds that invest in U.S. issued stocks (domestic mutual funds).

Barber.et.al(2005) reveals that over the last several decades investors have learned about mutual funds. They have grown less willing to invest in funds with higher front-end-load fees. However, funds with higher operating expense ratios have not lost market share.

Guedj.et.al(2003) observed that ,if mutual fund families consciously promote some of their funds more than others, this will result in a transfer of wealth from one group of investors to another one. By using the management fees collected from all its funds to favor only a smaller sub-group of them, the family is effectively shifting wealth between the majorities of investors to those that invest in the funds it promotes**.**

Geert.k(2009) The Massachusetts Investors Trust became the first U.S. mutual fund with an open-end capitalization, allowing for the continuous issue and redemption of shares by the investment company at a price that is proportional to the value of the underlying investment portfolio. Open-end capitalization has become the dominant model for mutual fund organization, suggesting that it has been an important innovation contributing to its modern success.

Khorana.et.al(2004) shows that the family characteristics measured specifically at the objective level are more important than the aggregate family level characteristics. Families have a higher market share within an objective when they charge lower fees, perform better, and innovate more than other families in that objective. The study indicates that price and product differentiation affect market share in the mutual fund industry, but several aspect of the relationship between price and market share point to the potential for substantial conflicts of interest between investors and fund management companies.

Gallaher.et.al (2006) several strategic decisions on the family level, with a focus on the advertising decision and the effects of these decisions on the family's net flows into its funds is examined. The fund's strategic decisions are important mechanisms through which mutual fund family management companies can affect their fund flows and consequent income.

Massa,M(1998) has provided an industry-specific micro foundation that integrates a financial economics and industrial organization to address the issue of what is driving fund and category proliferation in the mutual fund industry. It is showed that investors' heterogeneity, by itself is only a necessary, but not a sufficient condition to justify category proliferation, and has identified three competing effects to explain category and fund proliferation.

Kaminsky.et.al(2000) has examined portfolio of an important class of international investors-US Mutual funds relates to whether and when these funds engage in momentum trading –systematically buying winning stocks & selling losing stocks. International funds do engage in momentum trading and exhibits positive momentum , due to momentum at two levels: the fund manager level of the investor level(through redemption /inflows).

Gillian.et.al(2007) has revealed that the main motive for active participation by institutional investors in the monitoring of corporations has been the potential to enhance the value of their investments. The evidence provided by empirical studies of the effects of shareholder activism is mixed. While some studies have found positive short-term market reactions to announcements of certain kinds of activism, there is little evidence of improvement in the long-term operating or stock-market performance of the targeted companies.

Rao,S.(2003) concluded that 58 of 269 open ended mutual funds have provided better returns than the market during the bear period of September 98-April 2002, some of the funds provided excess returns over expected returns based on both premium for systematic risk and total risk.

Research Gap

Most of the studies have been confined to developed countries, where as in countries like India, Mutual Fund Industry is growing tremendously. The Indian Capital Market has grown tremendously in every sphere- be it the amount of capital raised through Initial Public Offers (IPOs), exchange trading turnovers, the market indices, market capitalizations, access to foreign market to mobilize resources, listing of securities at overseas bourses or foreign institutional investment and resource mobilization through Mutual Funds. It has seen a phenomenal development. The Indian Capital market has come a long way by developing an efficient regulatory infrastructure towards ensuring conduct of securities transactions in an efficient and transparent way. Studies have ignored Customer perceptions towards Investment in Mutual Funds. The research will further focus on growth of mutual funds in Indian industry and attitude of customers towards various schemes.

Relevance of the study

The study will help mutual fund companies to improve their weak areas regarding the factors that influence investors' decision making as regard to choice of a mutual fund, the facilities or options they expect from a mutual fund.

To the academicians, the study will help to identify the factors that prevent the investors from investing in mutual funds. To study the investors' perception and preference towards Mutual funds.

To the scholars, the study will help them to explore the factors that influence investors to invest in mutual funds.

Scope of the Study

The proposed study will emphasis on the factors influencing investors to invest in mutual funds.. This study is proposed to be conducted in India and to be more precise in Rajasthan state.

The user perception will be taken into account with the help of Primary Data (Questionnaire) and in some aspects Secondary Data (Books, Journals, magazines etc.) would also be relied upon for the proposed study.

FLOW OF RESEARCH

Sr no	Name of the steps	Task to be performed in the step
1	Formulation of research problem	To study the factors influencing investments decisions of investors in Mutual funds.
2	Review of literature	Paper published in peer reviewed academic journals Paper were collected for last 15years Paper with full text available is considered
3	Developing hypothesis	There is a significant difference between the perceptions of investors regarding mutual funds. There is no significant impact of demographic factors on determinants of investor's perceptions regarding investment in mutual funds.
4	Operationalisation of concepts	Construct index Construct scales for measuring variables (Likert Scale)
5	Preparation of the research design	The means of obtaining information The availability and skills of the researcher Explanation of the ways in which selected means of obtaining information will be organized Time schedule

6	Determining the sample design	Define population Determine sample size Determine the sample design: • Multistage Sampling
7	Construction of the tools for data collection	Questionnaires Interview Schedule Secondary sources
8	Processing of data	Editing Classification Coding Transcription Tabulation
9	Analysis of data	Percentages Arithmetic & Weighted Mean Diagrammatic presentation
10	Hypothesis testing	• **For Data Reduction:** Exploratory Factor Analysis (EFA). • **For Checking the Reliability:** Cronbach Alpha, Split half techniques.. • **To test the Hypotheses & Models:** t test and anova
11	Interpretation and generalizations	Draw meaning from the analysis Reach to the conclusion See if the conclusion are applicable universally Make generalizations
12	The preliminary pages Main text o Introduction o Summary of findings o Main report o Conclusion End matter	

Theoretical framework
Construct items to be used in the proposed study

Factors affecting mutual fund investment
Monetary
Investors Expectation
Scheme's NAV
Promotional Measures
Risk-Return
Past performance record
Entry and exit load
Performance of the portfolio manager
Reputation of the company issuing the fund
Portfolio of the investment
Favorable rating by rating agency
Transparency of fund manager
Add-ons provided by the funds
Declaration of NAV on daily basis
Lock in period of the closed-ended funds
Tax benefits available on MF
Safety
Diversification
Liquidity
Promptness in service
Retaliation of Investor's Grievances
Suitable for small investors
involves less transaction cost
to meet the cost of inflation
provision for uncertain future
one can enter into blue chip co. with mutual fund
Demographic factors i.e. age, sex , education qualification, marital status, profession, annual family income.

This theory is based on two main variables that forms base for the study and their interconnection is required to be found in order to arrive at the results of the study and these two pillars are:

Independent Variables	Dependent Variable
• **Demographic variables**	• **Scheme's NAV** • **Promotional Measures** • **Risk-Return** • **Past performance record** • **Entry and exit load** • **Performance of the portfolio manager** • **Reputation of the company issuing the fund** • **Portfolio of the investment** • **Favorable rating by rating agency** • **Transparency of fund manager** • **Add-ons provided by the funds** • **Declaration of NAV on daily basis** • **Lock in period of the closed-ended funds** • **Tax benefits available on**
	MF • **Safety** • **Diversification** • **Liquidity** • **Promptness in service** • **Retaliation of Investor's Grievances** • **Suitable for small investors** • **involves less transaction cost** • **to meet the cost of inflation** • **provision for uncertain future**

	• **one can enter into blue chip co. with mutual fund**

Objectives of the study

- To explore determinants affecting perception of investors to invest in mutual funds.
- To explore the demographic factors responsible to influence determinants of investors' perception.
- To find out relationship between determinants of investors' perception and demographic factors.

Hypotheses of the study

Hypothesis 1:

H_{01}: There is no significant difference between perception for mutual funds of investors with regard to generation X and generation Y employees.

H_{a1}: There is significant difference between the perceptions for mutual funds of investors with regard to generation X and generation Y employees.

Hypothesis 2:

H_{02}: There is no significant difference between perceptions for mutual funds of investors with regard to their income.

H_{a2}: There is significant difference between perceptions of mutual funds of investors with regard to their income.

Hypothesis 3:

H_{03} : There is no significant association between demographic profile of investor and their Investment pattern in various types of mutual fund.

H_{a3}: There is significant association between demographic profile of investor and their Investment pattern in various types of mutual fund.

Research Methodology

Research Design:

The proposed study will be based on the following Research Design:

Exploratory	Descriptive	Empirical
Review of Literature has been undertaken and will also be referred to in future.	Presentation of data as it will be derived.	Testing the Hypotheses and validating the proposed framework

Data Collection

The measures to be used in the proposed study will be primarily adapted from previous research and will be modified to fit the context of the proposed study. As the study will adopt a quantitative empirical approach, a survey questionnaire will be used as a method of data collection to test hypothesis. The use of Likert –type scale with anchors from "Strongly disagree" to "Strongly agree" will be applied for analyzing perception of investors.

Universe and Sample of the study

The data collection will be conducted in the State of Rajasthan between the periods of October 2018 to September 2019 **for the last five years**.

Sample Selection Process

	Sampling Process Undertaken	
1.	Identifying the Target population	Citizens of Rajasthan
2.	Specifying the sampling frame	Generation X and Generation Y Investors
3.	Specifying the sampling Unit	Investors of mutual funds
4.	Specifying the Sampling Method	Multi- stage Sampling
5.	Determination of the sample Size	**783 users**

Sample Size Determination

The sample size is determined on the basis of population size, the level of precision and confidence level. On the basis of the following factors, sample size is determined using Morgan formula.

Confidence Level = 95 %
Margin of Error = 3.5%
Population = More than 10,00,000
Sample size = 783

Tools and Techniques

The below mentioned techniques and tools will be used in order to derive the results of the proposed study. The techniques used will be:

- **For Descriptive Statistics:** Arithmetic Mean & Standard Deviation and Graphical Presentation.
- **For Data Reduction:** Exploratory Factor Analysis (EFA).
- **For Checking the Reliability:** Cronbach Alpha, Split half techniques.
- **To test the Hypotheses & Models:** T TEST, ANOVA, Multiple Correlation and Multiple Regression.
- **SPSS 22** will be used to analyze the data.

Limitations

Although this stage is too early to discuss the limitations of the study but some general limitations of the proposed study that can hinder the accuracy of the results can be:

- **The proposed research** does not claim **to include all the external factors affecting mutual fund investments.** Some equally important factors might be omitted..
- The study focuses on selected mutual funds investors only.

Scheme of Chapterization

Chapter	*Topic*	*Page No.*
	List of Tables	
	List of Figures	
	List of Abbreviations	
1.	**Introduction**	
1.1	Introduction	
	1.1.1 Concept of mutual funds	
	1.12 Concept of Generation X and Generation Y	
	1.1.3 Mutual funds	
	1.1.4 Importance of mutual funds	
	1.1.5 Factors affecting Mutual fund investments	
1.2	Conceptual Framework	
2.	**Review of Literature**	
2.1	Review related to Mutual funds	
2.2	Review related to factors affecting mutual funds investments	
2.3	Overall Review of Related Literature	
3.	**Research Methodology**	
3.1	Research Objectives	
3.2	Research Gap	
3.3	Relevance of the study	
3.4	Objectives of the Study	
3.5	Hypotheses	
3.6	Scope of the Study	
3.7	Universe of the Study	
3.8	Sample	
3.9	Tools	
3.10	Data Collection	
3.11	Processing of data	
3.12	Statistical Analysis	
4.	**Descriptive Analysis and Interpretation**	
5.	**Empirical Analysis and Interpretation**	
6.	**Conclusion**	
	Conclusion and Findings	
	Suggestions	

	Application of the Research	
	Limitations of the Study	
	Scope for further Research	
	Bibliography	
	References	
	Webliography (Websites)	
	Appendices	

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Conclusion

This research thesis has delved into the investor perception of mutual funds at Sirf Investment Pvt. Finance, shedding light on the factors shaping investors' attitudes and behaviors towards mutual fund investments. Through a comprehensive analysis utilizing both quantitative surveys and qualitative interviews, several key insights have emerged, offering valuable contributions to academia and practical implications for the industry.

The findings of this study indicate that investor perception of mutual funds at Sirf Investment Pvt. Finance is influenced by various factors, including perceived risks, expectations of returns, trust in fund managers, past experiences, and sources of information. While some investors exhibit a high level of confidence and trust in the mutual fund offerings, others may harbor concerns regarding risks and uncertainties associated with investing in financial markets.

One of the noteworthy observations is the significance of investor education and awareness initiatives in shaping investor perception. By enhancing financial literacy and providing transparent information about mutual fund products and performance, Sirf Investment Pvt. Finance can build trust and credibility among investors, thereby fostering long-term relationships and encouraging greater participation in mutual fund investments.

Furthermore, effective communication strategies and innovative product offerings tailored to meet the diverse needs of investors are essential in addressing barriers and enhancing investor confidence. Sirf Investment Pvt. Finance can leverage digital channels, educational seminars, and personalized advisory services to engage with investors and provide them with the necessary tools and resources to make informed investment decisions.

Moreover, regulatory compliance and adherence to industry standards play a pivotal role in building trust and instilling confidence among investors. By maintaining transparency, adhering to ethical practices, and upholding fiduciary responsibilities, Sirf Investment Pvt. Finance can demonstrate its commitment to investor protection and financial integrity.

In conclusion, this research thesis underscores the importance of understanding investor perception and addressing the underlying factors that influence investment decisions. By implementing targeted strategies to enhance investor confidence, Sirf Investment Pvt. Finance can strengthen its position in the mutual fund industry and contribute to the overall growth and sustainability of the financial market ecosystem. Moving forward, continued research and collaboration are essential to further explore the dynamics of investor perception and develop strategies to promote a culture of informed investing.