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A STRATEGIC STUDY ON INVESTORS PREFERENCES OF MUTUAL FUNDS IN INDIA

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ABSTRACT

Emerging economy reflects the health of the nation and its regular growth consolidates its universal economic participation which has multiple impacts due to which stock market changes day by day. There are many internal and external factors which influence the performance of the stock market particularly ‘risk and return, which ultimately caste deep impact on the perception of the investors to invest. To meet out the challenges of growth after liberalization and globalization GOI adopted continuous reform process which boosted confidence of investors. Economic growth has increased the savings and astonishingly explored the participation of investor in stock market which added a new dimension and explored the potential of the financial sector which has grown many fold and require regular flow of financial resources to meet the desired economic pace which is possible with efficient and effective securities market. Investors in general have appetite to invest in that instrument which may generate maximum return with minimum risk. To avail the advantage of economic growth large number of hybrid financial product came into existence and Mutual Fund is one of them. Thus in the light of these ever-growing developments a careful analysis of the Mutual Fund is inevitable to explore hidden potential of investor preference in Luckhnow city. The present survey based study attempts to analyze the investor preference, influencing factor and awareness in the selected city by using Chi – Square Test on nine most trusted mutual funds irrespective of their size; they are Reliance AMC, ICICI Prudential AMC, Franklin Templeton, UTI AMC, HDFC AMC, Birla Sunlife AMC, Kotak AMC, JM Finance AMC, and SBI AMC. In last concluding remarks and recommendation is been given.

JEL Classifications: C11, G11, G12,

KEY WORDS: AMCs, Index, Rank, Mutual Funds, Risk–Return, Chi - Square Test, GOI, SEBI

Introduction:

Industrialization reflects nations self sufficiency’s which is herculean task and requires judicious approach to justify factors involve. It can be possible by adopting balance economy structure which largely depends upon sound financial health of the nation and its economy. Liberalization multiplied global competition which translated into growth and resulted high earning and saving. To cater the universal economic and political competition, government has to play parental role in money supply which is possible through sound earning and social saving of the investor and their risk taking psychology. Generally decisions about investment are quiet crucial for an investors as they are influenced by many factors and have considerations like company goodwill, government policies, economics of sales and the trend in a particular sector, economic and social environment, risk and return, level of earning of the individual, his educational background, marital status and demographic variables etc. Traditional finance and economic theory is based on the notion of "rational man" which is based on the assumption that individuals are smart enough to understand complicated puzzles and conduct endless instantaneous optimizations and classical economic literature consider human beings as rational entities with having incredible ability of making right decisions in the situation of complete transparency. Herbert Simon, on the other hand emphasizes that in decision making human beings are suffocated rational not absolute rational.

In capital markets, “expectations” of the investors hold the key position. The power of expectation drives the price of the securities and set the pace of trade volume, ultimately determines the trends which are very much influenced by their “perception” and investor convert perception to action which is largely influenced by the dissonance effect and endowment effect. Investor being human have natural tendency to adjusted belief to justify their past action and have a faith that what they possess is better than what they do not have. However, there are no exclusive models which can justify and explain the influence of these “perceptions” and “beliefs” on “expectations” and “decision making”. Due to absence of judicious ability to understand the reason of motivations and expectations we ignore it deliberately. Human being are the most unpredictable and complex creation of Almighty and it is impossible to establish any model in which individual investor beliefs can be adjusted, but can develop some models to test the financial behavior on the principle of social psychology where behavioral patterns, rational or irrational, are developed and empirically tested.

Before making any investment investors tried to extract filtered information through their behavioral ability and process it accordingly to take investment decision which lead to systematic errors. It is noted that safe return on investment up to extent act as a key motivator of any individual for making investment which is the exchange of certain present value of money wealth (savings) into some tangible wealth (assets) in expectation of future reward and exclusively involves strategic decisions like, where to invest, when to invest and how to invest. Thus investors want to invest in those safe portfolios which give them the better future return in terms of interest or capital gain. To avail the advantage of saving many hybrids financial instrument came into existence and mutual fund is one of those safe avenues. With passing time it became most preferred and safest investment option among all class especially for the first timer’s due to its vibrancy in benefits plus balancing abilities.

Mutual fund is an American concept which played instrumental role in bridging the gap between supply and demand of financial resources and now it has worldwide presence. It is structured around a fairly simple concept, the mitigation of risk through the spreading of investments across multiple entities, which is achieved by the pooling of a number of small investments into a large bucket. In India it was introduced in 1964 when the Indian government felt that participation of small savers in growth of the nation is also important for balance growth and channelizes these savings to the capital markets by forming corporation under a separate Act of the Parliament in 1963 which became operational in 1964 with the issue of units under the scheme US-64. Observing its success and growth, in 1987, Government of India took logical step and granted permission to six public sector banks and two insurance companies to promote mutual fund schemes. To make strategic control on capital market Government of India constituted the Securities and Exchange Board of India(SEBI) under the Resolution of the Government of India in the Department of Economic Affairs No.1 (44)SE/86, dated the 12th day of April, 1988, and empowered it to handle the affair of stock market including mutual fund accept UTI. To coordinate, control and ensure smooth functioning of mutual fund the Securities and Exchange Board of India (Mutual Funds) Regulations, 1993 was introduced ("SEBI") and allowed entry of private sector players in the mutual fund industry. In 1995 RBI‘permitted private players to set up Money Market Mutual Funds (MMMFs).

Functioning of mutual funds is highly regulated and several legal documents are needed to be fulfilled in order to obtain registration as a mutual fund. SEBI requires that all MFs should be registered with SEBI accept UTI on which SEBI regulation are not applicable and is governed by the UTI Act and follow trust approach. SEBI-regulated mutual funds have combined both trust and corporate approaches. It requires that all mutual funds should be set in the form of trust which is to be constituted under the Indian Trusts Act1882, and have several registered legal parties to mutual funds such as sponsor, the trustees, the AMC, the custodians and the investors as beneficiaries. The instrument of trust shall be in the form of a deed between the sponsor and the trustees, all the schemes floated by mutual fund to raise monies through the sale of units should be registered with SEBI under the provisions of the Indian Registration Act, 1908 (16 of 1908) accept those mutual fund dealing exclusively with money market instruments have to be registered with RBI. The actual fund management activity shall be conducted from asset management company (AMC) appointed by the sponsor or by the trustees as a separate body of management from ownership, control and supervision, approved by SEBI and incorporated under the Companies Act, 1956.

Generally MF is considered as a retail product, especially designed to expand the horizon of financial market by including small investors; salaried people and others who are intimidated by the financial market but have little or no exposure and want to utilize their surplus resources to reap the benefits of stock market investing. At the retail status investors are peculiar and are highly unpredictable, diversified and heterogeneous group and designing product of common class and expecting a good response from the investor’s means expecting kiss from lion. With holistic vision to develop balance economical and financial growth GOI took lead and established Unit Trust of India (UTI) in 1963 which became operational in 1964. It is the beginning of the first phase in MF industry (1964-87). During this period of time (1963 – 1988) UTI was having monopoly and was the sole player in the industry; the assets under management grew to about Rs. 67 billion. In the second phase (1987-1993) public sector funds were introduced to expand MF which gave birth to oligopolistic competition with enough space for all to grow, the mutual fund industry registered almost seven times expansion in term of assets and grew to about Rs. 610 billion, with 167 schemes by the end of 1994. The third phase of the mutual fund industry (1993-2003) opened the door to private sector and fueled the competition in perfect form by repositioning existing schemes and launching new MF products. During this period SEBI (Mutual Fund) Regulation was introduced. By the end of January 2003, with existing 33 mutual funds total assets reached to the tune of 121,705, crore. In Forth phase (2003 onward) UTI was bifurcated into UTU-I and

UTI-II. UTI-I is the specified undertaking of the UTI (SUVTI) with assets under management of Rs. 44,541by the end of January 2003. The UTI-I manages the assets of US-64 schemes. UTI-II was known as UTI Mutual Fund Ltd. It comprises 36 net asset value schemes of UTI and its fund is managed by Asset Management Company (AMC) registered with SEBI subject to Mutual Fund Regulations 1996. By the end of April 2004 it had total 19,847 crore assets under him, 34 registered mutual funds with corpus of Rs. 198,662. Fifth phase (2005 onward) happen to be MF consolidation phase. During this period several mergers and acquisitions took place, by the end of July 2007, there were 34 registered MFs with corpus of Rs. 486,513 crore. By the end of Mar 31, 2012, total number of scheme launched during the month was 154, sales of new schemes was 36092 , sale of existing schemes was 595316, (Total, 631408) redemption of the scheme stood to 709910, assets under management on 31, March was Rs.‘607099 crores and total inflow/ out flow was Rs. 607099 crores.

Now a day’s peoples are much aware about the financial products and having sufficient market information and are ready to take challenge of investing in financial market through mutual funds. Large number of management companies have came up with huge variety of schemes due to which selection of particular scheme became confused puzzle. Considering all these circumstances this study has been undertaken. The core objective of the study is to analyze that what are real factor which influence the investor while making investment in a particular fund along with their preference of the companies.

Review of Literature:

Review of the literature play spiritual role in exploring the hidden truth of the research work carried out by the researchers who have little knowledge or no exposure. It provide base for the future study. In order to analyze the past and to predict the future growth, study on mutual fund is paramount. Considering the importance several academicians and research agencies tried to study the psychology of investors which is influenced by prevailing surroundings and cast its shadow on capital market potential. It is found that very few of studies have been done in past on behavioral finance and the produced fact about investor perceptions, preferences, attitudes and behavior of that time is not sufficient for any purpose but with passing time their authenticity needed to be justified. With this noble view this study is carried out in order to fulfill the gap and judicially verify the authenticity and validity of the past studies and correlate the future of MF.

De Bondt and Thaler (1985) in their study examined the possible psychological basis for investor behavior and found that recent firm performance impact investor perception in forming future expectations, *Ippolito (1992)* in his study revealed that past performance of the funds and money flows play important role in selection of any fund / schemes, *Shafir etal., (1993)* in his study suggests that, role of investor psychology in asset price is everyday fact for the practitioner. And advocated that investors are not completely rational, they exhibit risk-seeking behavior, they tend to segregate outcomes of different decisions, and their expectations are often biased in predictable direction, *Gupta (1994)* in his survey based study on the investor preferences on MFs and other financial assets, and suggested that the policy makers and mutual funds to design the financial products for the future, *Madhusudhan V Jambodekar (1996)* in their study examined the awareness and influencing factor in buying decision of MFs among investors and found that the investors look for safety of Principal, Liquidity and Capital appreciation in the order of importance, *Sujit Sikidar and Amrit Pal Singh (1996)* in their study examined the behavioral aspect of the investors of the North

Eastern region and revealed that the salaried and self employed formed the major investors in mutual fund primarily due to tax concessions, *Shanmugham (2000)* in his study found that among the various factors, psychological and sociological factors dominated the economic factors in share investment decisions, *(Rangarajan, 2001)* in his study concluded that all advertisement of Mutual Funds should disclose the high and lows (on a yearly basis) of the fund and the month and year when the NAV was below par, *(Balaramasamy, 2003)* in his study revealed that investor consider financial advisor as a important motivator in the selection of Mutual Funds, *(Veenavenugopal, 2006)* in his study conclude that the Mutual Funds are typically a debt Funds with an Equity Kicker added to it. Investors feel that it provides them with valuation as against investing according to the NAV after the close of the IFO, *Kavitha Ranganathan (2006)* in her study examined financial markets as an aggregate of statistical observation and the related aspects of the fund selection behavior of individual investors. She concludes that the Mutual Funds which has become an important portal for the small investors, is also influenced by their financial behavior, *Manish Mittal and Dr. R. K. Vyas (1) (2007)* in their study examined the behavioral finance as a emerging science and its impact which focuses on understanding how psychology affects investment decision and also investigated how investment choice gets affected by the demographics of the investor and reveled that demographic variables play critical role in decision making, *Bazo, Javier & Pablo (2009)* in their study tried to examine the market for equity mutual funds and found that funds with worse decline performance charge higher fees and emphasizes that better fund governance may bring fees more in line with performance, *Boyson, Naik &Narayan Y (2009)* in their study examined the performance of funds relative to hedge funds and traditional mutual funds and found that despite using similar trading strategies, hedged mutual funds underperform hedge funds, *Chen, Kraft & Weiss (2011)* in their study investigated mutual funds that engage in tax planning and how do they respond to changes in the capital gains tax rates and found that there was consistency with tax planning by managers of both open-end and closed-end mutual fund and indicated that the tax planning play important role in selection of the fund, *Manish Mittal and Dr. R. K. Vyas (2) (2009)* in their study stated that men and women differ in their risk and investment styles. Women are more risk averse and prefer low risk fixed income investments. Psychologists suggest the reason for their different investing style is that women are more methodical in information processing strategy, which leads to increased perception of risk as compared, Dr. Yadav Ajay Pratap (2011), in his survey based study reveals that private sector mutual funds have now not only captured market share but also mind share of the investors, *Saini Simran, Dr Anjum Bimal, Saini Ramandeep (2011)* in their study analyses the mutual fund investments in relation to investor's behavior and examined the investors' opinion and perception in respect to financial advisors and brokers, investors' opinion relating to factors that attract them to invest in mutual funds, sources of information, deficiencies in the services provided by the mutual fund managers. The study found that investors are highly influenced by the financial advisors and select funds recommended by them without any analysis.

Objective of the Study:

The core objective of the study in emerging economy of the nation is to analyze the investor perception, their buying behavior, their awareness of the various MF products, influencing factor in preferring particular brand among various schemes of different Mutual Fund Companies along with comparing and finding out the market leader in all the Mutual fund companies on certain parameter.

<u>Hypothesis Formulation of the Study</u>:

For better interpretation and conclusion following hypothesis is formulated and tested in respect of investor preference among various mutual fund of different companies:

H_0 : There is no significant relationship between the age and the level of satisfaction of the investors.
H_1 : There is a significant relationship between the age and the level of satisfaction of the investors.

<u>Methodology used for the Study</u>:

The study is done to analyze and measure investor perception and preference among nine most trusted mutual funds over period of 1 year (2011-12) in Luckhnow city from investor point of views. For the purpose descriptive and exploratory research were adopted and Non – probability (convenience sampling) has been employed for the study. For the study Primary data was collected from investors with the help of a structured questionnaire consists of various question related demography of the investor, the factor which influences the investor to invest in mutual funds etc. which was distributed to 125 people belonging to different area of the Luckhnow city and out of this 90 correctly filled questionnaire of the respondents were considered for further analysis and the secondary data were collected from the various sources "websites and published reports of the respective mutual fund companies, magazines". The satisfaction levels of the investor were measured on five point Likert scale. The study period is (2011-12) and the outcome of the study depends on the selected period by the researchers, implemented tools and sample size which may differ from other analysis

<u>Statistical Tools Used for the Analysis</u>:

Frequency calculation, percentage and Chi – Square Test were used for the analysis and interpretation of data.

<u>Analysis and Interpretation</u>:

<u>Table 1: Awareness about all the Benefits, Terms & Conditions of Investment</u>

Awareness about all the benefits, terms & conditions of investment in Mutual funds	**Frequency**	**Percent**	**Cumulative Percent**	
Yes	87	96.7	96.7	
No	3	3.3	100.0	
Total	90	100.0		

***Sources**: Though Microsoft Excel*

From the above table (No: 1), it is found that that 96.7% of the respondents are familiar with benefits, terms & condition of mutual fund only 3.3% of respondents are not aware of benefits, terms & condition.

Table 2: Respondents Feeling about Risk Appetite:

When you think of investment which statement best characterizes your feelings	Frequency	Percent	Valid Percent	Cumulative Percent	
I want to be as sure as possible that my savings will not go down significantly	25	27.8	27.8	27.8	
I prefer taking on a small amount of risk in order to gain higher expected returns	45	50.0	50.0	77.8	
I prefer substantial risk to gain higher expected returns	20	22.2	22.2	100.0	
Total	**90**	**100.0**	**100.0**		

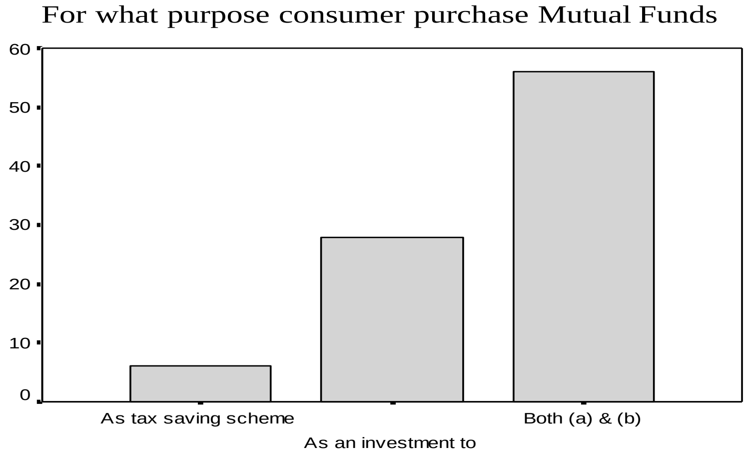
Sources: *Though SPSS*

From the above table (No:2), it is found that 27.8% of respondents are as sure as that there savings will not go down significantly, 50% of the respondents prefer taking on a small amount of risk in order to gain higher returns, and 22.2% of them prefer substantial risk in order to gain higher returns.

Table 3: Purpose of Purchase Decision:

For what purpose you purchase Mutual Funds	Frequency	Percent	Valid Percent	Cumulative Percent	
As tax saving scheme only (a)	6	6.7	6.7	6.7	
As an investment to get returns (b)	28	31.1	31.1	37.8	
Both (a) & (b)	56	62.2	62.2	100.0	
Total	**90**	**100.0**	**100.0**		

Sources: *Though Microsoft Excel*



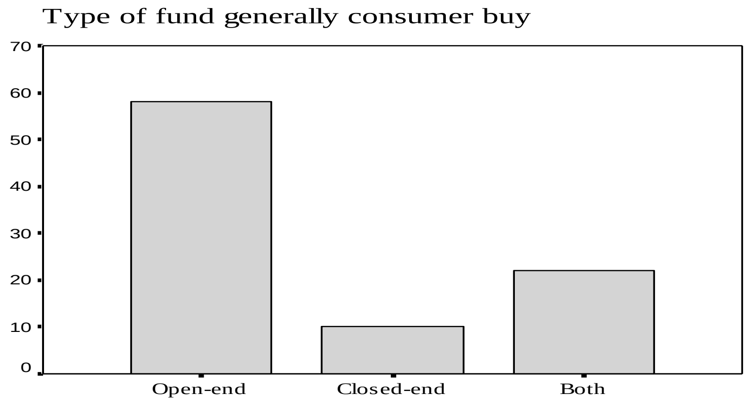
For what purpose consumer purchase Mutual Funds

It is inferred from the above table (No:3) that 6.7% of respondent purchase mutual fund as a tax saving scheme only, while 31.1% of the respondent purchase as investment to get returns only and rest 62.2% purchase for both as tax saving and investment to get returns. It is found that majority of investors purchase mutual funds for both purposes.

Table 4: Type of Fund mostly Consumer Prefer:

Type of fund	**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Open-end	58	64.4	64.4	64.4
Closed-end	10	11.1	11.1	75.6
Both	22	24.4	24.4	100.0
Total	**90**	**100.0**	**100.0**	

***Sources**: Though Microsoft Excel*



Type of fund generally consumer buy

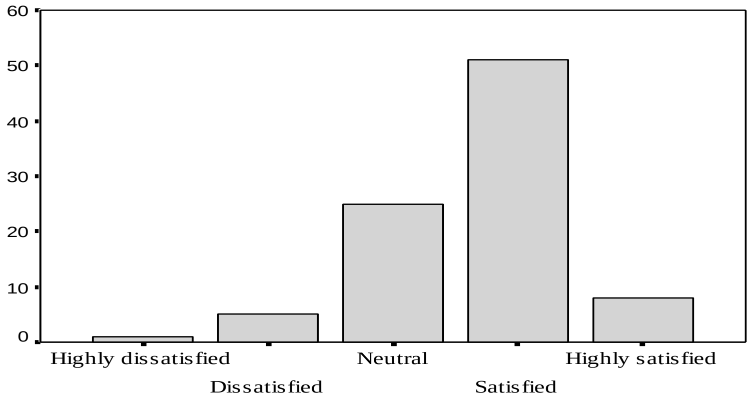
From the above table (No:4) it is found that 64.4% of respondent purchase open-ended fund, while 11.1% purchase close-ended fund and rest 24.4% purchase both type of fund. Hence it can be concluded that more people are investing in open-ended fund.

Table 5: Consumer Level of Satisfaction from the Current Fund:

	Frequency	Percent	Valid Percent	Cumulative Percent	
Highly dissatisfied	1	1.1	1.1	1.1	
Dissatisfied	5	5.6	5.6	6.7	
Neutral	25	27.8	27.8	34.4	
Satisfied	51	56.7	56.7	91.1	
Highly satisfied	8	8.9	8.9	100.0	
Total	90	100.0	100.0		

***Sources**: Though SPSS*

Satisfaction level getting from the current fund



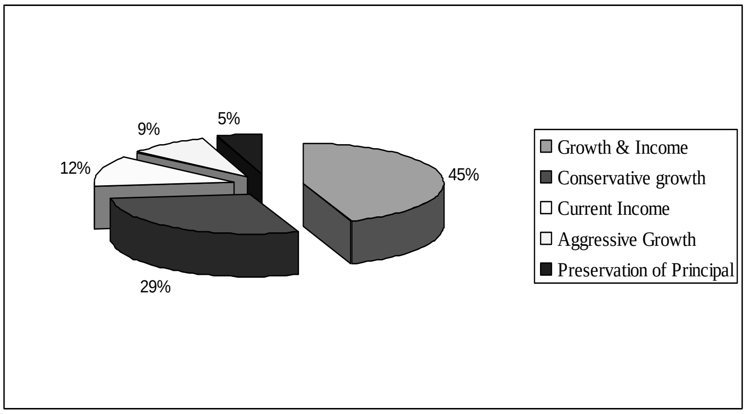
Satisfaction level getting from the current fund

In the survey the question regarding level of satisfaction from their AMCs was asked and found that 1.1% of the respondents are highly dissatisfied, 5.6% of the respondent are dissatisfied, 27.8% of them are neutral, 56.7% of the respondents are satisfied and wile rest 8.9% of them are highly satisfied.

Table 6: Rating of the Consumer Objective for Investment:

Serial No.	Primary Objective for Investment	Preference Score	Rank
1	Growth & Income	43	1
2	Conservative growth	28	2
3	Current Income	12	3
4	Aggressive Growth	9	4
5	Preservation of Principal	5	5

***Sources**: Though Microsoft Excel*



Above Chart-: Shows Respondent Objective for Investment in Mutual Fund

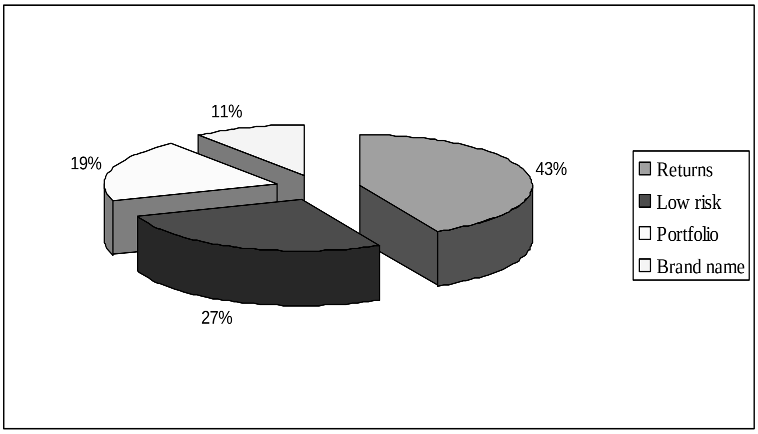
It is inferred from the table (No: 6) that the primary objective of the investment through mutual fund is growth & income than conservative growth and rest other objectives.

Table 7: Rating of the Reasons for Purchase Particular Fund:

Serial No.	Reasons For purchase particular fund in Mutual Funds	Preference Score	Rank
1	Returns	48	1
2	Low risk	31	2
3	Portfolio	22	3
4	Brand name	12	4

***Sources**: Though Microsoft Excel*

Reasons for Purchase of Mutual Fund

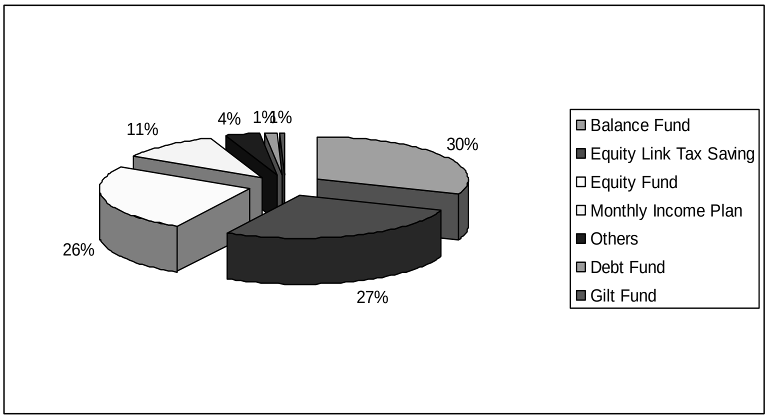


It is inferred from the above table (No:7) that mostly people are investing in mutual funds is for generating high return, and peoples are hardly bothered about the brand name of the particular funds.

Table 8: Rating of the Category of Funds Consumer Prefers to Invest:

Serial No.	Category of fund generally prefer for investment	Preference Score	Rank
1	Balance Fund	50	1
2	Equity Link Tax Saving	45	2
3	Equity Fund	42	3
4	Monthly Income Plan	18	4
5	Others	6	5
6	Debt Fund	2	6
7	Gilt Fund	1	7

***Sources**: Though Microsoft Excel*

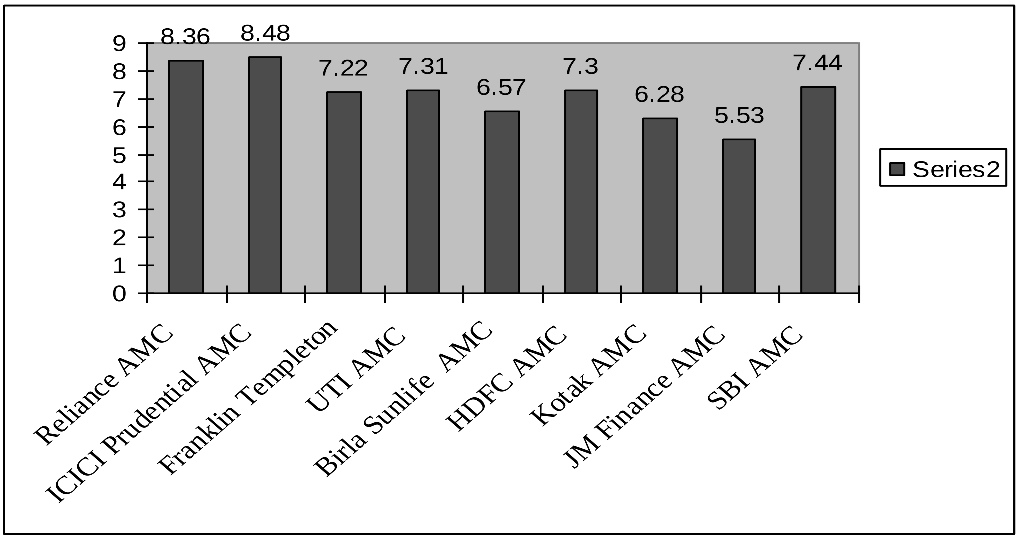


From the above table (No: 8) it has been found that large no. of people are investing in equity link tax saving (ELSS), balance fund and equity fund schemes to generate high returns.

Table 9: Consumer Preference for AMCs to invest in Mutual Funds:

List of Companies	N	Mean	Rank
Reliance AMC	90	8.36	2
ICICI Prudential AMC	90	8.48	1
Franklin Templeton	90	7.22	6
UTI AMC	90	7.31	4
Birla Sunlife AMC	90	6.57	7
HDFC AMC	90	6.57	5
Kotak AMC	90	6.28	8
JM Finance AMC	90	5.53	9
SBI AMC	90	7.44	3

***Sources**: Though Microsoft Excel*



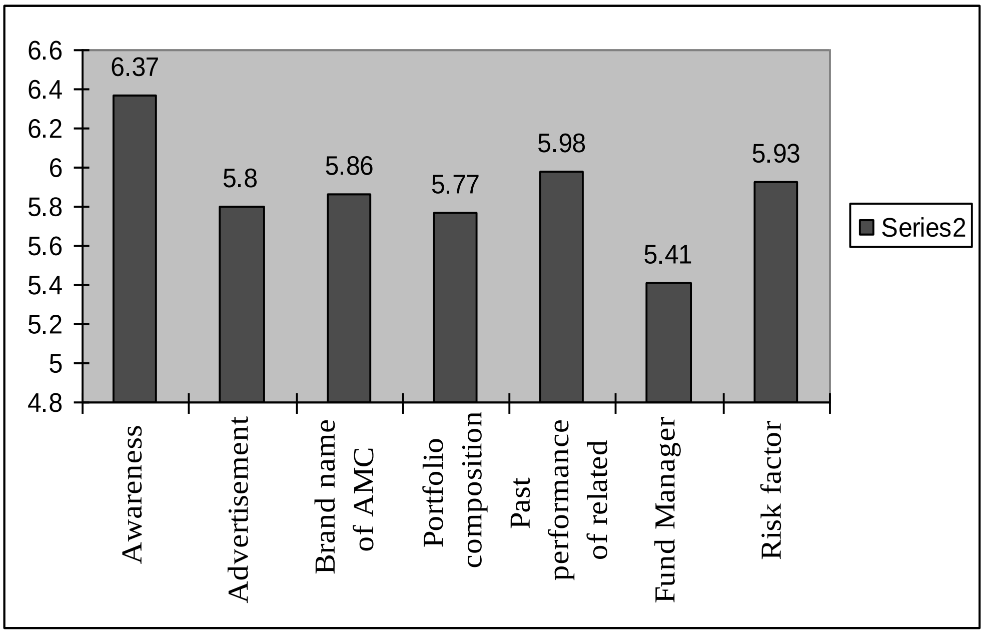
Above Chart-: **Shows Respondent Preference for Investment**

The above table (No:9) revealed that large no. of people are preferring to invest in the schemes of ICICI Prudential AMC which has been rank 1st with mean value 8.48, Reliance has been rank 2nd with mean value 8.48, SBI has been rank 3rd with mean value 7.44, UTI has been rank 4th with mean value 7.31, HDFC has been rank 5th with mean value 7.30, Franklin Templeton has been rank 6th with mean value 7.22, Birla Sunlife has been rank 7th with mean value 6.57, Kotak has been rank 8th with mean value 6.28, JM has been rank 9th with mean value 5.53.

Table 10: Factors Which Influence to Purchase a new Fund Offer (NFO):

Variables	**N**	**Mean**	**Rank**
Awareness	90	6.37	1
Advertisement	90	5.80	5
Brand name of AMC	90	5.86	4
Portfolio composition	90	5.77	6
Past performance of related scheme	90	5.98	2
Fund Manager	90	5.41	7
Risk factor	90	5.93	3

***Sources**: Though SPSS*



It is inferred from the above table (No: 10) that awareness is most important variable for purchase of NFO it has been rank 1st with mean value 6.37, past performance has been rank 2nd with mean value 5.98, risk factor has been rank 3rd with mean value 5.93, brand name of AMC has been rank 4th with mean value 5.86, advertisement has been rank 5th with mean value 5.80, Portfolio composition has been rank 6th with mean value 5.77, fund manager has been rank 7th with mean value 5.41.

Table 11: Important Variables while Investing in Mutual Funds:

Variables	Very Important	Somewhat Important	Somewhat unimportant	Not at all important	Mean	Rank
Fund performance	69	16	4	1	3.70	1
Sectoral fund	16	51	21	2	2.94	4
Fund asset size	30	45	14	1	3.22	2
Age of fund	37	30	19	4	3.17	3
Load criteria (entry/exit)	20	42	21	7	2.89	5
Minimum investment	23	38	20	9	2.90	6

***Sources**: Though SPSS*

It is inferred from the above table (No: 11) that Fund performance is the most important variable for investing in mutual funds it has been rank 1st with the mean value 3.70, fund asset size has been rank 2nd with mean value 3.22, age of fund has been rank 3rd with mean value 3.17, sectoral fund has been rank 4th with mean value 2.94, minimum investment has been rank 5th with mean value 2.90, load criteria has been rank 6th with mean value 2.89.

Analysis of Satisfaction Level of Customers:

Chi – square test is applied to find out the significant relationship between the age and level of satisfaction. The level of satisfaction between different age group,
The level of satisfaction among the different age groups is presented in table below.

Table 12: Age and the Level of Satisfaction towards Investors:

Sl. No.	Age Group	Level of Satisfaction					Total
		Highly dissatisfied	Dissatisfied	Neutral	Satisfied	Highly satisfied	
1.	20-30 years	0	4	8	23	1	**36**
2.	31-40 years	0	0	9	12	2	**23**
3.	41-50 years	1	0	5	10	2	**18**
4.	51-60 years	0	1	2	5	1	**9**
5.	Above 61 years	0	0	1	1	2	**4**
	Total	**1**	**5**	**25**	**51**	**8**	**90**

H_0 : There is no significant relationship between the age and the level of satisfaction of the investors.
H_1 : There is a significant relationship between the age and the level of satisfaction of the investors.

Chi - Square Test:

Calculated chi- square value = 20.974
Degree of freedom = 16
Table value = 26.296 (at 5% level of significance)
Inference = Not significant

From the above analysis, it was inferred that the calculated value is less than the table value, i.e., the null hypothesis is accepted. So, there is no significant relationship between the age and the level of satisfaction towards investors.

Major Findings:

- It is found that majority of investors belong to age group between 20 to 40 which constitute 65.5%,
- It is found that 93.3% of the male respondents are interested to invest their savings in mutual funds.
- It is found that large no. of investor in mutual funds belongs to the categories of businessman, private sector professional and self employee professional
- It is found that majority of the investor are graduate and post graduate which constitute 94.5%.
- It is found from the analysis that majority of the respondent are investing their saving in between 10,000 up to 1, 00,000.

- It is found from the analysis that majority of the respondents 96.7% are familiar with benefits , terms & condition of mutual fund only rest 3.3% of respondents are not aware of .
- It is found from the analysis that 50% of the respondents prefer taking on a small amount of risk in order to gain higher expected returns.
- It is evident from the analysis that maximum 62.2% of the respondent purchase mutual funds for both purpose, tax saving and investment to get returns.
- It is found from the analysis that open-ended fund is the most popular for investment in mutual fund.
- It is evident from the analysis that maximum 56.7% of the respondents are satisfied with their current mutual fund company.
- The top three mutual fund companies rated on the basis of the investment made by respondent are ICICI Prudential, Reliance AMC, UTI & SBI respectively
- It is evident from the analysis that maximum 45% of the respondents' primary objective for purchase of mutual fund is growth & income while 29% of them purchase for conservative growth.
- It is found that maximum respondent purchase mutual funds due to returns and low risk.
- It is found from the analysis that most popular category of funds is balance which constitutes 45%, equity link tax saving 27% and equity funds 26%.
- On the basis of essential Services all the AMCs were almost the same.
- The top five mutual fund companies Preferred by respondent are ICICI Prudential, Reliance AMC, SBI, UTI & HDFC respectively
- The most important variable for selling mutual fund is the awareness, past performance of related scheme, risk factor and brand name of AMC.
- The most important variables while investing in mutual funds are fund performance, fund assets size and age of the fund.
- There is no significant relationship between the age and the level of satisfaction towards investors.

Conclusion:

The economical growth architected under the ages of liberalization and globalization has created positive environment and explored the hidden desire of the investor and motivated them to participate in creating wealth through investing their surplus reserves in financial market. With increased income investors are looking for new avenues to earn more and also diversifying their portfolio for better protected return and mutual fund are available avenue for shedding the risk through diversification, managed by qualified fund managers. Investor individually or through fund manager take decision of investing after collecting relevant information provided to them through prospectus about the fund, its operating limits and costs. Later fund managers operate within the specified boundaries which is critical to achieve expected results. The mutual funds are protected option to get conservative growth of the principle and are easy to buy and sell; individual investor can buy them in open market directly from Fund Company or through third party. The finding of the study will provide adequate help to the mutual fund companies to understand and adjudicate the investor expectations of the retail investor in Luckhnow city. The conducted survey for the study was done to facilitate MF companies to identify their customer's expectations and to bring improvement in the quality of the provided service according to desired expectations.

Suggestions:

It is a fact that MF is a retail product designed with an objective to target small investors, salaried people and middle and lower income groups in order to mobilize their savings and providing them protective opportunities to multiply their wealth by acquiring property in the form of shares. But it has failed in providing safety, liquidity and returns on investment made by the small investor and are facing problem at every stage. To achieve this holistic objective many decisions are to be taken aggressively. The Indian Trusts Act, 1882 needed to be modified as it deny perpetual succession, on the other hand the Companies Act, 1956 permit perpetual succession but incapable in protecting the interest of the investor due to privilege of limited liability. For the betterment of MF separate mutual fund act with transparent structure declaring the right, duties and obligations of all the legal constituents of MF in order to provide uniform regulatory framework with common opportunity to all FM including UTI have to be implemented by the legal parent body. To promote the MF, confidence of the investor is to be protected and boosted as most of the investor problems arise due to confused awareness, unethical practices of middleman, absence coordinated communication with poor after sales service to the investors by the funds promoters. The past track record of all the funds should be made readily available along with updated information. Compensation provision should be imposed heavily on all the fund promoters including agent and the distributer as they are largely concerned about their commission and incentives on selling schemes and ignore the investor requirement. Without greater transparency, increased innovations, flexible schemes tailored to investors changing needs, better services to the investors, judicious analysis of AMCs to understand the fund selection/switching behavior of the investors, liquidity and higher returns, survival of funds will be difficult in future. To make mutual fund schemes more popular and investor's friendly all the investigated and suggested points need attention and rectification with prompt and judicious futuristic view.

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