CONSUMER BUYING BEHAVIOUR IN MUTUAL FUNDS SPECIAL REFERENCE TO RAJKOT CITY

A dissertation

Submitted to the

Department of Commerce

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in partial fulfilment of the requirements for the degree of

MASTER OF COMMERCE

by

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April, 2023

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CHAPTER 1

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1.1 INTRODUCTION

Mutual Funds are investment companies that exchange on the national capital market. For new investors, mutual funds have emerged as a new option. The American banking industry is where the idea first emerged.

It is presently one of the oldest sectors in the US, with more than 4000 Funds and 6000 or so scrip's. It was established in the 1930s. The UTI initially offered mutual funds to India in 1963. Even though the UTI was a mutual fund, it wasn't until mutual funds from the public and private sectors entered the Indian financial market that the term "mutual fund" became commonly used. Having started with one in 1963, there are now 40 registered Mutual Funds in operation in India.

Investors can choose from a large range of mutual fund products at currently, and there is strong competition among the funds for the savings of individual investors. The investing public is increasingly recognizing mutual fund schemes as an asset class they may choose to include in their portfolios. In order to provide efficient customer service and employ aggressive marketing techniques to promote its investment products, the mutual fund sector has established a national distribution network.

1.2 MUTUAL FUND: CONCEPT

A mutual fund is a company that collects the savings of individual investors to buy securities on the stock and money markets. The mutual fund invests in a range of securities in an effort to lower investment risks. Mutual funds manage the portfolio, and from the investment returns, dividends are given to mutual fund investors. Even a small investment can be used to buy units of mutual fund schemes. The benefits of diversification would not have been available to the investors with greater stakes.

In short, the mutual fund concept developed to meet two problems. At first, investors would not be able to choose the assets for their portfolio due to the wide variety of securities available on the market. It is advisable to let professionals handle the choosing process. Because of the limited funds at their availability, the investor might not be able to have a diverse portfolio, which would prevent him from taking advantage of having more investors.

According to the SEBI (Mutual Funds) regulations from 1996, a mutual fund is “a fund established in the form of a trust by a sponsor to raise funds by the trustee through sale of units to the public under one or more schemes for investing in securities in compliance with the regulations.”

The Association of Mutual Funds in India (AMFI)describes a mutual fund as "aninstitute that collects the savings of all investors who share a same financial target". There are many opportunities for profit on the financial market. Mutual funds are one of these opportunities for investors. Mutual fund investing is advantageous since buying assets takes extensive research and a full-time professional staff. They are crucial for managing risk and making sure that your portfolio is made up of high-quality assets and shares. Mutual funds provide low-cost access to investing experts' services along with the benefits of risk diversification and administrative simplicity.

1.3 HISTORY OF MUTUAL FUNDS IN INDIA

For the developed economy, a strong financial market with significant participation is required. The Indian Government and Reserve Bank of India came up with the idea to establish the Unit Trust of India (UTI), the country's first mutual fund, in 1963 with the objective of "encouraging investment and savings as well as participation in theprofits, income, and gains accruing to the Corporation from the acquisition,operation, holding, and disposal of securities."

The MF Industry has advanced substantially in recent years. In India the development of mutual funds can be broadly divided into the following five phases.

1.3.1 FIRST PHASE (1964-1987)

The formation of UTI by a Parliament Act in 1963 marked the beginning of the Indian mutual fund sector, which was governed administrative and formally by Reserve Bank of India (RBI). Industrial Development Bank of India (IDBI) replaced the RBI as the administrative and regulatory authority when UTI's ties to the RBI were severed in 1978. Unit Scheme, developed by UTI in 1967, was its inaugural programmed. UTI had ₹ 6,700 crores in Assets Under Management (AUM) at the end of 1988.

1.3.2 SECOND PHASE (1987-1993)

The establishment of public sector mutual funds by public sector banks, GIC(General Insurance Corporation of India), and LIC(Life Insurance Corporation of India)was observed in the year 1987. In June 1987, SBI Mutual Funds became the first "non-UTI" mutual fund to be introduced, and it was soon followed by Punjab National Bank Mutual Funds, Canbank Mutual Funds, Indian

Bank Mutual Funds, Bank of Baroda Mutual Funds, Bank of India Mutual Funds, and SBI Mutual Funds (Oct. 1992). When LIC introduced its mutual funds in June 1989, General Insurance Corporation of India developed its mutual funds in December 1990. As of the end of 1993, the MF industry had assets under management of 47,004 crore.

1.3.3 THIRD PHASE (1993-2003)

With the establishment of SEBI in April 1992 to protect the interests of investors in the securities market, encourage its expansion, and regulate it, the Indian securities market was given significant attention.

The first set of SEBI Mutual Funds Regulations, with the exception of UTI, went into effect in 1993. The first MF registered in the private sector was the previous Kothari Pioneer (since merged with Franklin Templeton MF), which was established in July 1993. With the launch of private sector funds, which provided Indian investors with a range of MF products, a new era in the Indian MF industry was inaugurated in 1993. The earlier SEBI MF Regulations were replaced and modified in 1996 by a comprehensive set of regulations known as the SEBI (Mutual funds) Regulations, 1996, which are currently in force.

The number of MFs increased over time as more foreign guarantors created mutual funds in India. The MF industry also had a number of mergers and expansions during this time. By the end of January 2003, there were 33 MFs, with a total AUM of ₹ 1,21,805 crore, of which UTI alone had AUM of ₹ 541 crore.

1.3.4 FOURTH PHASE (SINCE FEBRUARY 2003 – APRIL 2014)

After the Unit Trust of India (UTI) Act of 1963 was repealed in February 2003, UTI split into two distinct organisations: the Specified Undertaking of the Unit Trust of India (SUUTI) and UTI Mutual Funds, which operate in accordance with the SEBI MF Rules. The fourth phase of the MF business's unification was initiated with the earlier UTI's divergence and the many combinations among other private sector funds.

In the midst of the 2009 global financial crisis, securities markets all over the world had collapsed, including in India. The bulk of investors who entered the capital market at its peak lost money, substantially undermining their conviction in MF products.The slow growth in MF Industry AUM between 2010 and 2013 shows that the Indian MF Industry battled to recover and revise itself more than twice in an effort to sustain its economic viability.The invalidation of Entry Load by SEBI, in addition to the fallout from the extreme global financial situation, intensified the negative effects on the Indian MF Industry.

1.3.5 FIFTH (CURRENT) PHASE – SINCE MAY 2014

In September 2012, SEBI adopted a number of progressive initiatives in an effort to "re-energize" the Indian mutual fund industry and increase the adoption of MFs. These actions were taken in reaction to the poor MF penetration, notably in Tier II and Tier III cities, as well as the requirement for a more complete alignment of the interests of all relevant parties.

In due course, the policies did successful in reversing the unfavorable trend that had emerged following the global financial crisis and had become much worse following the establishment of the new central government.

Since May 2014, the sector has seen consistent inflows, a rise in AUM, and an increase in the number of investor folios (accounts).

The industry's AUM reached the target of ₹10 trillion (ten lakh crore) on May 31, 2014, for the first time. The AUM size more than doubled in only three years and in August 2017 reached ₹20 trillion (twenty lakh crore) for the first time. The AUM size first crossed ₹30 trillion (₹30 Lakh Crore) in November 2020.

From 7.93 trillion on November 30, 2012, to 40.38 trillion on November 30, 2022, the total size of the Indian MF Industry increased by more than 5 fold during the course of ten years.

The AUM of the MF Industry increased from 22.79 trillion on November 30, 2017 to 40.38 trillion on November 30, 2022, or over a twofold increase over a period of five years.

From 6.49 crore investor folios on November 30, 2017, to 13.98 crore on November 30, 2022, there has been a more than 2-fold increase in just 5 years.

Since November 2017 and on average 12,47 lakh additional new folios have been added each month during the past five years.

Due to the complementary effects of the regulatory actions made by SEBI to re-energize the MF Industry in September 2012 and the assistance from mutual funds distributors in growing the retail base, the industry's size is likely to have increased.

Particularly in smaller towns, MF Distributors have been supplying the vitally important last mile connection with investors. This helps investors stay on course during times of market volatility, which goes beyond simply enabling them to engage in suitable schemes and enables them to enjoy the advantages of participating in mutual funds.

Systematic Investment Plans (SIP) has become increasingly popular over time partly due to MF distributors. The number of SIP accounts surpassed the 1 crore mark in 2016, and as of November 30, 2022, there were 6.05 crore SIP accounts in existence.

1.4 FORMATION OF MUTUAL FUND

An Asset Management Company (AMC) creates a mutual fund and registers it with the Securities and Exchange Board of India (SEBI).

After that, the Mutual Fund introduced a number of schemes and made its units available to small-scale investors. In order to invest in stock and money market assets such as shares, bonds, gilts, etc., money is raised from investors. The percentage of investment in different items would change depending on the scheme's objective. In other words, he builds a portfolio by investing in a range of stock and money market products. The instruments in which the money are to be placed and in what proportion are chosen by the mutual fund's fund manager.

1.5 TYPES OF MUTUAL FUNDS

1.5.1 CLASSIFICATION OF SCHEME BASED ON ORGANIZATIONAL STRUCTURE

- **Open-ended scheme:** A fund that accepts subscriptions all year time is an open-ended fund. They have no specified maturity level. Units can be bought and sold by investors at prices based on the value of their net assets. An open ended scheme's key characteristic is liquidity.
- **Close-ended scheme:** This scheme has a defined maturity date. The units are issued at the time of the initial sale and are only redeemed on maturity. The units of recently closed schemes must be placed on stock exchanges in order to provide an exit strategy prior to maturity.
- **Interval schemes:**The advantages of both open-ended and close-ended investing are combined in interval funds. At specified time periods, they are offered for sale or redemption at NAV-related prices.

- ## 1.5.2 CLASSIFICATION OF SCHEME BASED PORTFOLIO MANAGEMENT

1. Active Fund.

The mutual fund manager is "Active" in an active fund while selecting whether to buy, hold, or sell the underlying securities and when choosing stocks. Several approaches and techniques are used by active funds to create and maintain the portfolio.The investment philosophy and strategy are specifically described in the Scheme Information document (offer document). Active funds aim to outperform their benchmark in terms of returns. The fund's risk and return will be determined by the strategy used. Active funds employ strategies to "select" the stocks for the portfolio.

2. Passive Funds

In a passive fund, the fund manager plays a passive role because the benchmark index decides which stocks to buy, hold, and sell, and the fund manager or dealer only needs to repeat that with little tracking error. Investment holdings that closely track a benchmark index include Exchange Traded Funds (ETFs) and Index Funds.

1.5.3 CLASSIFICATION BASEDINVESTMENT OBJECTIVES

Products from mutual funds are available to investors that have different investing goals, such as:

1. Capital Appreciation (Growth)
2. Liquidity
3. Tax-Saving
4. Capital Preservation
5. Regular Income

To facilitate customize the investment to the needs of the investor, mutual funds can provide investment plans like Dividend and Growth alternatives.

➢ **INCOME FUNDS**

- The primary goal of Income Funds is to provide investors with a consistent and reliable income.

- The return of the fund is composed of the interest income from these assets and any capital gains from changes in the value of the securities.
- Income funds make investments in fixed-income instruments such government securities, corporate bonds, and debentures.The fund will distribute the income if the portfolio generates the required returns. There is no assurance of financial benefit.
- The returns will depend on the term and credit quality of the securities owned.

➢ **GROWTH FUNDS**

- Growth Funds are investment strategies designed to raise capital.
- Invest mainly on assets with prospects for growth, such equity
- Investing in growth-oriented funds requires a medium- to long-term perspective on finances.
- When held more than a lengthy period of time, equity has traditionally outperformed the majority of other asset types. Growth fund returns, however, could be unpredictable in the short term because to the possibility that the prices of the underlying stock shares will vary.
- The capacity to deal with short-term return volatility is hence a must for investors.

➢ **OVERNIGHT /LIQUID / MONEY MARKET MUTUAL FUNDS**

• Overnight funds, liquid schemes, and money market mutual funds should be selected by investors seeking liquidity, principle protection, and proportional returns.

• The funds invest in securities with a maturity of less than 91 days known as money market instruments.

They are ideal for investors who wish to temporarily park their extra cash and the return on the invested money will be determined by the market's standard short-term interest rate. Investors may lose out on the possibility for greater returns from products created for such periods if these funds are held for longer periods of time.

*Money Market Instruments include call or notice money, instrument of deposit, commercial bills, commercial papers, treasury bills, government securities with an unexpired maturity up to one year, and any other similar instruments as determined from time to time by the Central Bank of India (RBI).

1.5.4 CLASSIFICATION BASED INVESTMENT PORTFOLIO

Mutual funds products can be classified based on their underlying portfolio composition

- The level one of categorization will be on the basis of the asset class the fund invests in, such as equity / debt / money market instruments or gold.
- The level two of categorization is on the basis of strategies and styles used to create the portfolio, such as, Income fund, Dynamic Bond Fund, Infrastructure fund, Large-cap/Mid-cap/Small-cap Equity fund, Value fund, etc.
- The portfolio composition flows out of the investment objectives of the scheme.

1.6 SEBI CATEGORIZATION OF MUTUAL FUND SCHEMES

Mutual fund schemes are categorised as follows in accordance with SEBI guidelines on categorization and rationalization of schemes released in October 2017.

1. Equity Schemes
2. Hybrid Schemes
3. Debt Schemes
4. Solution Oriented Schemes – For Retirement and Children
5. Other Schemes – Index Funds & ETFs and Fund of Fund

- Big, Mid, and Small cap stocks have now been defined under the equity category.
- Naming convention of the schemes, specifically debt schemes, in accordance with the level of risk present in the underlying portfolio (e.g., the erstwhile "Credit Opportunity Fund" is also known as the "Credit Risk Fund").
- Balanced/Hybrid funds are further divided into three categories: aggressive, balanced, and conservative.

1. **EQUITY SCHEMES**

A fund that has an equity scheme -

- Invests mostly in equity-related securities and instruments.
- Aims for long-term growth yet could be unstable in the short term.
- Appropriate for investors with a greater risk appetite and a longer investment horizon.
- An equity fund's main objective is generally to seek long-term capital growth. Equity funds may concentrate on particular market segments or may have a particular approach to investing, such as buying growth or value equities.

Table 1.1

Equity fund categories as per SEBI guidelines on categorization and rationalization of schemes

Multi Cap Fund*	investment in equities and equity-related instruments of at least 65%
Large Cap Fund	investment in large-cap stocks of at least 80%
Large & Mid Cap Fund	investment in large-cap stocks and mid-cap stocks of at least 35% each
Mid Cap Fund	investment in mid-cap stocks of at least 65%
Small cap Fund	investment in small-cap stocks of at least 65%

(Source: https://www.amfiindia.com)

*Also known as Diversified Equity Funds because they invest in equities from several market segments and industry sectors. Low exposure to a few stocks, sectors, or market segments is reduced by diversification.

- **Sector Specific Funds**

  Sectoral funds make investments in a certain area of the economy, such as banking, technology, medicines, or infrastructure.
  - These funds reduce diversification and increase risk because they concentrate on a single economic area.
  - Because the performance of the sectors tends to be cyclical, timing of investments into such funds is crucial.
  - Examples of Sector Specific Funds - Equity Mutual Funds with an investment objective to invest in
    - Fast moving consumer goods (FMCG) and related industries
    - Healthcare & Pharmaceutical Sector

- Banking and Finance sector.
- Sectors related to technology

➢ **Thematic Funds**

- Thematic funds choose equities from businesses in sectors related to a specific topic, such as infrastructure, services, PSUs, or multinational companies.
- They are less risky than Sectoral Funds since they are more diversified.

➢ **Contra Funds**

- Equity mutual funds that adopt a contrarian view on the market areknown as contra funds.
- Unnecessary stocks and industries are chosen at low price points with the expectation that they would perform over the long term.
- Defensive and undervalued stocks that have produced negative returns during bear markets are included in the portfolios of counter funds.
- These funds run the risk of making bad predictions because it's not always possible to spot trends before the herd, and they often perform worse in bull markets.
- A fund company is only permitted to provide a Contra Fund or a Value Fund, not both, in accordance with SEBI guidelines on the scheme classification of mutual funds.

➢ **Thematic Funds**

- Thematic funds choose equities from businesses in sectors related to a specific topic, such as infrastructure, services, PSUs, or multinational companies.
- They are less risky than Sectoral Funds since they are more diversified.

➢ **Equity Linked Savings Scheme (ELSS)**

According to the Equity Linked Savings Scheme, 2005, announced by the ministry of finance, ELSS invests at least 80% in stocks.

- Has lock-in period of 3 years (which is shortest amongst all other tax saving options)
- Up to 1,50,000 is currently deductible under section 80c of the income tax act.

➢ **Value Funds (Strategy And Style Based Funds)**

- Based on the valuation parameters used in stock selection, equity funds can be divided into many categories, including:

- Growth funds find stocks with momentum that are anticipated to outperform the market.
- Stocks that are now undervalued but are anticipated to do well over time as the value is unlocked are identified by value funds.
- Equity funds could keep a small number of stocks in their portfolio to gain from stock selection.
- These funds will be more risky because a poor choice could have a significant negative impact on the return of the portfolio.

2. DEBT SCHEMES

- A fund that primarily invests in bonds and other debt securities is referred to as a debt fund (sometimes known as an income fund).
- Debt funds invest in short- and long-term securities such as Treasury bills, Government Securities, Debentures, Commercial paper, Certificates of Deposit, and other securities issued by governments, public financial institutions, and companies.
- According on the tenor of the securities held in the portfolio, the issuers of the securities, or their fund management strategies, debt funds can be divided into three categories:
  - Short-term funds, medium-term funds, and long-term funds.
  - Infrastructure debt fund, Corporate bond fund, Gilt fund, and Treasury fund

- Fixed Maturity Plans, Floating Rate Funds, and Dynamic Bond Funds
- Debt funds have the capacity to preserve capital and generate revenue.

Table No. 1.2

Debt Fund categories as per SEBI guidelines on categorization and rationalization of schemes

Overnight Fund	Overnight securities with a one-day maturity
Liquid Fund	only debt and money market securities with a maximum maturity of 91 days
Ultra Short Duration Fund	Debt and money market products with a portfolio Macaulay duration of between 3 and 6 months.
Low Duration Fund	Investing in debt and money market securities with a Macaulay portfolio with a term of six to twelve months

Money Market Fund	investment in money market instruments with a one-year maximum maturity
Short Duration Fund	Investing in debt and money market securities with a portfolio's Macaulay duration between one and three years
Medium Duration Fund	Investing in debt and money market securities with a portfolio's Macaulay duration between three and four years
Medium to Long Duration Fund	Investing in debt and money market securities with a portfolio's Macaulay duration between 4 and 7 years
Long Duration Fund	Investing in debt and money market instruments with a portfolio Macaulay duration of at least seven years
Dynamic Bond	investment across a range of time
Corporate Bond Fund	only AA+ and higher rated corporate bonds with a minimum 80% investment
Credit Risk Fund	Only invest in corporate bonds with ratings of AA and lower, with a minimum of 65%.
Banking and PSU Fund	A minimum of 80% must be invested in debt securities from banks, PSUs, PFIs, and municipal bonds.
Gilt Fund	Minimum 80% across maturity in G-secs
Gilt Fund with 10 year constant Duration	Minimum 80% in G-secs, so that the portfolio's Macaulay duration is equivalent to 10 years.
Floater Fund	Minimum 65% of assets must be in floating rate instruments, including fixed rate assets that have been exposed to floating rate exposures via swaps or derivatives.

(Source: https://www.amfiindia.com)

In accordance with expectations for interest rates, dynamic bond funds change the tenor of the assets in their portfolio. If lower interest rates are expected, the tenor is increased, and vice versa.

Investing in bonds with periodic interest resets provides floating rate funds to obtain coupon income that is in line with market rates and substantially reduces interest rate risk.

- **Short-Term Debt Funds**

  Coupon income is the main focus of short-term debt funds. The credit risk that short-term debt funds may take in exchange for higher coupon income must also be considered. The return and risk of the fund will be determined by the tenor of the securities.

  - The risk and return on investments held by funds with shorter-term securities are lower.
    - Liquid funds invest in securities with not more than 91 days to maturity.
    - To earn higher coupon income, ultra short-term debt funds hold a portfolio with a slightly higher tenor.

  To gain from price growth, the Short-Term Fund combines coupon income from a portfolio of mostly short-term debt with limited exposure to longer-term assets.

- **Fixed Maturity Plans (FMPs)**
  - FMPs create a portfolio of investments whose maturity profile matches the tenor of the FMP.
  - Since those investments are locked in, they may be able to offer better returns than liquid funds and ultra-short-term funds.
  - Low market risk due to investments being liquidated at maturity.
  - Investors commit money for a specified time.
  - Investors are not allowed to prematurely redeem their fund units.
  - Because FMPs are closed-end schemes, they must be listed; after the NFO, investors can only purchase or sell FMP units on the stock exchange.
  - Only Units held in dematerialized mode can be traded; therefore investors seeking liquidity in such schemes need to have a Demat account.

- **Capital Protection Oriented Funds**

  Close-ended hybrid funds called Capital Protection Oriented Funds create a portfolio of debt and equity derivatives.

  - A credit rating agency has given the portfolio a rating based on its capacity to offer capital protection. Every quarter, the rating is revised.
  - The highest investment grade securities must be used to fund the portfolio's debt component.
  - A percentage of the funds received from investors is put towards debt securities with estimated maturities equal to the initial capital contributions

made by investors to the fund. Hence, the capital is protected. The remaining balance is invested in stock derivatives in order to increase returns.

3. HYBRID FUNDS

Hybrid funds Invest in a mix of equities and debt securities.

SEBI has classified Hybrid funds into 7 sub-categories as follows

Table 1.3

Table showing Hybrid funds have been categorised by SEBI into 7 sub-categories.

Types of Funds	Investments in %
Conservative Hybrid Fund	Equity and equity-related investments range from 10% to 25%, and debt instruments range from 75% to 90%.
Balanced Hybrid Fund	Investments range from 40% to 60% in debt instruments and 40% to 60% in equity and equity-related assets.
Aggressive Hybrid Fund	Investments range from 20% to 35% in debt instruments, and from 65% to 80% in equity and equity-related instruments.
Dynamic Asset Allocation or Balanced Advantage Fund	Investments in dynamically managed equity and debt (ranging from 0% to 100% for equity and equity-related products and 0% to 100% for debt instruments)
Multi Asset Allocation Fund	Investment across at least three asset classes, with a minimum of 10% allocated to each asset class.
Arbitrage Fund	Arbitrage-based scheme that includes at least 65% of investments in equities and equity-related instruments
Equity Savings	Equity-related products (at least 65%), debt instruments (at least 10%), and derivatives (min. for hedging to be specified in the SID)

(Source: https://www.amfiindia.com)

4. Solution-oriented & Other funds

Table 1.4

Table showing solution-oriented & other funds

Retirement Fund	Lock-in for a minimum of five years, or until retirement age, whichever comes first.
Children's Fund	Lock-in for at least five years, or until the child reaches majority age, whichever comes first.
Index Funds/ ETFs	Investment in securities of a given index of at least 95%
Fund of Funds (Overseas/ Domestic)	Investment in the underlying fund(s) of at least 95%

(Source: https://www.amfiindia.com)

- **Hybrid funds**

  Invest in a mix of debt and equity securities. They invest in both equities and debt in an effort to find a "balance" between income and growth.

  - The returns from such funds are more stable due to the regular income generated by the debt instruments.
  - The Scheme Information Document specifies the percentage of stock and debt that will be kept in the portfolio.
  - Equity focused hybrid funds (also known as aggressive hybrid funds) are the best choice for investors seeking growth with some stability in their investments.
  - Conservative investors searching for a return boost with little exposure to equity might consider Debt-oriented hybrid funds (Conservative Hybrid Fund).
  - The risk and return of the fund will depend upon the equity exposure taken by the portfolio - Higher the allocation to equity, greater is the risk

- **Arbitrage Funds**

  The simultaneous purchase and sale of an asset is referred to as "arbitrage" in order to profit from the price difference on the two marketplaces and the price difference of the asset on various markets or in various formats.

  - An arbitrage fund will purchase a stock on the cash market and sell it at a higher price on the futures market in order to profit from the difference in price between the two markets.
  - The fund enters both markets with equal but opposing holdings, locking in the difference. Both positions must be closed at the same price in order to realise the difference, and the positions must be held until the derivative cycle expires.
  - At the end of the contract period, the cash market price and the futures market price converge. As a result, it provides risk-free return for the trader or investor. Price differences have no impact on the initial price differential since the gain in one market is set-off by the loss in the other. When mutual funds invest their own funds, the difference is fully the return.

- Arbitrage funds are therefore considered as a good choice for cautious investors who want to profit from a volatile market without taking too much risk.

➢ **Multi Asset Funds**

- A multi-asset fund provides access to many different asset classes and frequently provides the amount of diversification typically found in institutional investing.
- The traditional equity and fixed income strategies, index-tracking funds, financial derivatives, and commodities like gold are all possible investments for multi-asset funds.
- In particular in volatile markets, this diversity allows portfolio managers to potentially balance risk and reward and provide investors with steady, long-term returns.

➢ **Index Funds**

A portfolio created by index funds reflects a market index.

- The fund manager does not rebalance the portfolio based on their perception of the market or sector.
- The fund manager does not rebalance the portfolio based on their perception of the market or sector.
- Index funds are passively managed, which means the management of the fund only makes a few, sporadic changes to the investment to maintain it in line with the index. As a result, index funds provide the same return and risk as the index they monitor.
- The maximum amount of fees that an index fund may charge is 1.5%.

Since the composition of the index is known, investors can feel secure knowing the stocks that will constitute their portfolio.

➢ **Exchange Traded Funds (ETFs)**

An Exchange-Traded Fund (ETF) is a marketable security that follows an index, a commodity, bonds, or a collection of assets, similar to an index fund.

- ETFs are listed on stock exchanges.
- An ETF trades on a stock exchange like a common stock, unlike regular mutual funds. While an ETF is bought and sold on the stock market throughout the day, its traded prices vary just like the price of any other stock.

- ETF Units must always be kept in Demat mode.
- ETFs are actively managed;therefore the fund manager only sometimes makes small changes to maintain the ETF in line with its benchmark index.
- Unlike to actively managed portfolios, an ETF has fewer administrative costs because it simply monitors an index rather than attempting to outperform it.
- When one purchases units of an ETF, they are utilising the power of the market itself as opposed to investing in a "active" fund managed by a fund manager.
- Suitable for investors seeking index-like returns and stock-like liquidity.

1.7 WHAT IS TOTAL EXPENSE RATIO?

- According to the SEBI (Mutual funds) Regulations, 1996, mutual funds are permitted to charge certain operating fees for managing a mutual funds scheme, such as administrative costs, sales & marketing / advertising expenses, transaction costs, registrar fees, investment management fees, custodian fees, and audit fees, as a percentage of the fund's daily net assets. These fees are collectively referred to as "Total Expense Ratio" (TER)
- Based on the average Net Asset Value of the Scheme, the Total Cost Ratio is determined as a percentage (NAV). After expenses are deducted, a mutual fund's daily NAV is shown.
- The expense rate is now fungible in India, meaning that as long as the overall expense ratio stays within the predetermined range, any type of expenditure is permitted. Under Regulation 52 of the SEBI Mutual Funds Rules, the regulatory limitations of TER that can be incurred/charged to the fund by Mutual Funds AMC have been clearly defined.
- The TER limitations have been updated as of 1 April 2020 as follows.

Table 1.5

Maximum TER as a percentage of daily net assets

Assets Under Management (AUM)	TER for Equity funds	TER for Debt funds
On the first ₹ 500 crore	2.25%	2%
On the next ₹ 250 crore	2%	1.75%
On the next ₹ 1,250 crore	1.75%	1.5%

On the next ₹ 3,000 crore	1.6%	1.35%
On the next ₹ 5,000 crore	1.5%	1.25%
On the next ₹ 40,000 crore	TER reduction of 0.05% for every increase of ₹ 5,000 crore of daily net assets or part thereof.	TER reduction of 0.05% for every increase of ₹5,000 crore of daily net assets or part thereof.
More than₹ 50,000 crore	1.05%	0.8%

(Source: https://www.amfiindia.com)

Additionally, mutual funds are permitted to charge up to 30 basis points (bps) more if new inflows from retail investors outside the top 30 cities (B30) account for at least (a) 30% of the scheme's gross new inflows or (b) 15% of the scheme's average assets under management (year to date), whichever is higher. This is necessary to promote mutual fund inflows from tier 2 and tier 3 cities.

The TER directly affects a scheme's NAV; the lower a scheme's expenditure ratio, the greater it's NAV. TER is therefore a vital factor to consider when selecting a mutual fund plan.

1.8 RISK FACTORS

1.8.1 STANDARD RISK FACTORS

- Mutual fund schemes are not products with certain or guaranteed returns.
- Mutual fund unit investments come with a number of hazards, including trading volume, settlement risk, liquidity risk, evasion risk, and potential principal loss.
- The value of an investment in a mutual funds Scheme may increase or decrease in line with changes in the cost, value, and interest rates of the securities in which the Scheme invests.
- The NAV of the Scheme may fluctuate with changes in the larger equity and bond markets in addition to the factors that affect the value of individual investments in the Scheme. These factors include, but are not limited to, changes in interest rates, exchange rates, government rules and regulations, taxation, political, economic, or other developments, and increased volatility in the bond market.

- Any mutual fund scheme's past performance cannot guarantee its future performance.

1.8.2 SPECIFIC RISK FACTORS

1. RISKS IMPLICIT IN INVESTING IN DEBT SECURITIES AND MONEY MARKET INSTRUMENTS

Debt Securities may also be subject to cost volatility due to factors like interest rate perception, market awareness of the issuer's creditworthiness, and general market liquidity (Market Risk). Debt Securities are subject to the risk of an issuer's inability to collect principal and interest payments on the obligation on the due date(s) (Credit Risk).

Because the value of debt obligations typically varies similarly with the current interest rates, the timing of dealings in debt obligations, which will commonly depend on the timing of the buying and redeeming in the scheme, may effect in capital appreciation or depreciation.

- **Credit Risk**

  This is a risk related to fixed income security issuers defaulting on interest and/or principal payments. If there is a dereliction, the plan might not get all of the money that is owed, and its NAV might fall to the level of the dereliction. The price of a security may change even in the absence of default due to potential changes in the issuer's credit rating. The fact that a government security is independent and safer may be mentioned at this point. More credit risk is there in commercial bonds than in government securities. There are several levels of safety for commercial bonds as well and a bond with a higher rating from the same rating agency is safer than one with a lower rating.

- **Interest Rate Risk**

  Interest rate movement and market value of fixed income assets are typically correlated. In general, the cost of existing fixed income assets rises when interest rates fall and falls when interest rates rise. As a result, the value of a scheme portfolio may fall when the market interest rate rises and increase when it declines. The coupon and maturity of the investment determine how much the price will rise or fall. Furthermore, it is based on the yield stage at which the security is traded.

- **Spread Risk**

  Commercial bond credit spreads may fluctuate in an unstable market. If credit spreads widen, the market value of the portfolio's debt instruments may decrease, and vice versa. Also, the value of variable rate assets may decrease if spreads over the benchmark security or index widen.

- **Liquidity Risk**

  The ease with which a security can be sold at, or close to, its yield-to-maturity (YTM) or real value is referred to as liquidity risk. The level of liquidity in a request can change at any time. A bond's liquidity may alter depending on the request conditions that cause variations in the liquidity decoration associated with the bond's price. When there is limited liquidity, selling securities may have a higher impact cost than usual. Also, depending on the request condition and taking an advance reduction at the time of selling, the liquidity of any specific investment in the portfolio may decrease.

  The difference between the shot price and the offer price given by a dealer serves as the key indicator of liquidity risk. The liquidity of some of these investments may be influenced by trading volume, settlement times, and transfer procedures. Various settlement times apply to different areas of the Indian financial markets, and these times might be greatly lengthened by unforeseen events. Furthermore, occasional delays in payment may occur when a portion of the Scheme's assets aren't invested, earning no interest, or when the Scheme misses lucrative investment possibilities.

  The security may become illiquid at the time of sale, causing a drop in the portfolio's value.Limited and illiquid securities may indicate a considerable discount from the market pricing of comparable securities for which a liquid market exists in their purchase price and subsequent appraisal.

- **Prepayment Risk**

  The borrower repays the loan before the due date, this occurs. This could lead to a change in the mutual fund scheme's yield and tenor. When interest rates drop, borrowers typically use money borrowed at a lower interest rate to pay off high interest loans, shortening the average duration of Asset-Backed Securities (ABS). When an owner pays off a mortgage when they sell their home or an auto loan when they sell their automobile, for example, there is a prepayment risk if interest rates rise. Reinvestment risk, or the chance that the principal will only be reinvested at a lesser rate, is also introduced since prepayment risk rises when interest rates fall.

- **Counterparty Risk**

  This risk refers to the failure of the counterparty to a sale to deliver securities against consideration in full or in part, or in accordance with the specified terms, or to receive or give consideration in exchange for securities supplied. If counterparty is dishonest, the fund could suffer damages.

- **Re-investment Risk**

  Investments in fixed income instruments involve a risk of reinvestment because the interest rates that apply at the time of coupon payments or bond maturities may fluctuate from the bond's initial coupon (the buying yield of the security). This could result in a lower ultimate realized yield than was initially anticipated.

  The "interest on interest" component is the new income from reinvestment. The rate at which intermediate cash flows can be reinvested might not be as high as initially anticipated.

2. RISKS IMPLICIT IN INVESTMENTS IN EQUITIES

- **Price Risk:**

  Equity shares and products that are related to equity are sometimes impacted by price changes that are unpredictable.

- **Risk of losing money:**

  Investors shouldn't invest in equity schemes unless they can afford to assume the risk of likely principal loss because investments in equity and equity-related products include some level of risk.

- **Event Risk**

  Price risk caused by a business or sector specific event.

- **Liquidity Risk for listed securities:**

  Trading volumes and settlement times may impose limits on the liquidity of investments made in shares. Unexpected events may significantly extend settlement times. Listed assets have a smaller liquidity risk than unlisted securities, but the volume of trade on stock exchanges as a whole restricts the capacity to sell these investments. Should the value of the securities held in the scheme portfolio decline later, the inability of a mutual fund to sell the securities in its portfolio could result in implicit losses to the scheme and cause the fund to suffer losses up until the security is eventually sold.

1.9BENEFITS OF AN INVESTMENT IN MUTUAL FUNDS

1. Risk Diversification — Buying shares in mutual funds is an easy way to diversify your assets over many diverse asset classes, including gold, debt, and equities, which helps spread risk and prevents you from put all of your eggs in one basket. When a fundamental security of a specific mutual funds scheme is aware of market headwinds, this is helpful. With diversification, the risk posed by one class of assets is offset by the risk posed by the others. Yet, several assets may not be affected and may even increase in value if the value of one item in the portfolio declines. In other way, even if one component of your portfolio experiences confusion, you won't lose the entire cost of your investment. One of the most significant benefits of investing in mutual funds is risk diversification.

2. Professional Management — Investors might not have the necessary time, information, or resources to thoroughly research and buy specific stocks or bonds. A mutual fund is managed by full-time, qualified money managers with the knowledge, resources, and ability to actively buy, sell, and carefully examine investments. To achieve the scheme's objectives, a fund manager continuously examines investments and rebalances the portfolio as necessary. One of the most significant advantages of mutual funds is the portfolio management provided by professional fund managers.

3. Liquidity — On any business day (when the stock markets and/or banks are open), we can simply redeem (liquidate) units of open ended mutual funds schemes to satisfy our financial needs. As a result, we have easy access to our money. Depending on the form of the scheme, the redemption amount is paid out the following business day in the case of liquid funds and overnight funds. After redemption, the redemption amount is credited in your bank account between 1 day to 3-4 days.

However, kindly take note that close-ended mutual fund schemes' units can only be redeemed at maturity. The same is true for ELSS units, which have a 3-year lock-in term and can only be liquidated after that.

4. Affordability & Convenience (Invest Small Amounts) — For many investors, purchasing all of the individual securities held by a single mutual fund directly could be more expensive. In contrast, most mutual funds have lower initial investment requirements.

5. Low Cost — The affordability of mutual funds is one of its main benefits. Mutual fund plans have a lower expenditure rate because of significant economies of scale. The expense ratio is a measurement of a scheme's annual fund running costs as a share of its daily net assets. Management, administration, related expenses to advertising, etc., are examples of operating expenses for a scheme. In accordance with SEBI Mutual Funds Rules, 1996, Regulation 52 specifies the upper and lower limits of expenditure ratios for various types of schemes.

6. Tax Benefits —Section 80C of the Income Tax Act, 1961 permits tax benefits for investments in ELSS up to 1,50,000. When kept for a longer period of time, mutual fund investments are tax efficient.

7. Well-Regulated — Under the SEBI (Mutual funds) Rules, 1996, mutual funds are governed by the capital markets regulator, Securities and Exchange Board of India (SEBI). In order to preserve investor protection, transparency, a proper framework for risk improvement, and fair valuation standards, SEBI has established stringent laws and regulations.

1.10 WHAT IS A DIRECT PLAN AND REGULAR PLAN?

In a "**Direct Plan**" people may invest in mutual funds directly, that is, without involving or routing the investment through any distributors or agents.

A "**Regular Plan**" is one in which a person chooses to invest in mutual funds with the help of a mutual funds brokers, distributor or agent.

"**Direct Plan**" and "**Regular Plan**" are both a part of the same mutual funds scheme, have the same or a similar portfolio, and are managed by the same fund manager, their fee ratios are vary (recurring expenses that is incurred by the mutual funds scheme).

Since there is no distributor or agent involved, the Direct Plan has a less expense ratio than the Regular Plan. As a result, there is a savings in terms of the distribution costs and commissions paid to the distributor or agent, which are then contributed back to the scheme's returns. As a result, the NAV of a Direct Plan is different from the NAV of a "Regular" Plan.

The Direct Plan's lower expenditure percentage eventually translates to larger investment returns that compound over time. As a result, compared to an investment in the same scheme's Regular Plan, a Direct Plan investment would be worth more in the long run. Yet, it should be remembered that the NAV of the Direct Plan and Regular Plan differ only little from one another.

For those who would want to invest directly in a mutual fund scheme without the aid of a distributor or intermediary, there exist direct plans. Purchasing a product directly from the manufacturer results in a lower cost to the customer when investing in a Direct Plan. However, investing directly in a mutual funds scheme is more complicated than purchasing a product from a factory store since selecting a mutual funds scheme requires thorough understanding of the mutual funds product, particularly the dangers connected to the potential rewards.In short, Direct Plan is best suited for those who are aware of the types of mutual funds required for various investment needs, are able to conduct independent research on these topics, identify/shortlist the funds to invest in, and carry out the actual investing process without the aid of a middleman.

Yet, independent counsel from a qualified advisor can assist one in maintaining the course when the market decline and investment values are under pressure. So, the Direct Plan only makes sense if you have the necessary skills and knowledge to choose quality funds on your own, or if you are ready to pay a qualified investment adviser for their expertise.

While the Direct Plan makes sense for informed, DIY (Do-it-Yourself) investors, it might not be appropriate for all investors, particularly novice and inexperienced ones. Hence, it may be best for you to seek the advice of a mutual funds distributor and engage in the Regular Plan if you are a novice and inexperienced investor or are unsure in which plan to invest and require direction or support with investing.

- **HOW TO INVEST IN A DIRECT PLAN?**

  Using the online websites of individual mutual funds, online stock exchange platforms, Mutual Funds Utility (MFU), or other digital channels, you could invest in a Direct Plan.

Also, there are numerous online platforms that provide an installation for Direct Plan investments. Yet, there are private businesses that operate comparable online platforms that provide robo-advisory financial planning services for a fee, which may be per transaction or per sale.Please keep in mind that not all online platforms offer Direct Plans, even while similar platforms allow one to invest in mutual fund schemes. Many banks provide an opportunity for Internet banking users to invest in mutual fund schemes. Financial intermediaries, such as banks, distribute mutual funds; as a result, they are unable to offer you Direct Plans on their online platform.

You can also make a physical operation form investment in the Direct Plan by submitting it to the investor service centre or branch of the relevant mutual fund or its Registration and Transfer Agent (RTA) accompanied with a check or demand draught.

Please be sure to check the "Direct Plan" box when completing a mutual fund operation form, whether online through the mutual fund's website or in person. However, if you're selecting the physical mode, it's prudent to cross off the distributor law box on the top of the operation form or enter the term "Direct" in the box.

1.11 CONCLUSION

The present chapter highlights an introduction of Mutual Fund including meaning and concept of mutual funds. Mutual Funds' history can be divided into five sections. The first phase, which spanned the years 1964 to 1987, highlighted the regulatory administrative control in place of the RBI. The second phase saw the industry's base widen due to the arrival of Mutual Funds sponsored by commercial banks and public sector financial institutions. In the third phase, it was permitted for private sector participants, in particular those who had ties to overseas banks.The fourth stage discussed in detail the function of the UTI Act and UTI Mutual Funds Ltd, which are supported by SBI, PNB, BOB, and LIC. The Fifth phase, which is the present phase To "re-energize" the Indian mutual fund business and broaden the adoption of MFs, SEBI unveiled a number of progressive steps in September 2012. With the aid of an asset management business, a mutual fund is formed and registered with SEBI. The mutual fund then launches several types of schemes based on investment, structure, and other factors. For simple comprehension advantages of Mutual Funds schemes, the distinctive aspects of the schemes are also presented in detail

REFERANCES

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CHAPTER 2

CONCEPTUAL FRAMEWORKOFCONSUMER BUYING BEHAVIOUR

CHAPTER 02

INDEX

2.1 INTRODUCTION

Your life is heavily influenced by your consumer behaviour. You could go through different stages of your life and be a user, shopper, vendor, influencer, or environmentally conscientious consumer. You could take part in the procedure singly or in groups. You might make impulsive purchases of items or tickets. When a brand is out of stock, you might accept a substitute or stick with your usual brand. When making expensive purchases, you can take some time to consider all of your possibilities.

2.1.1 What is Consumer?

The person who uses any goods or services on a daily basis is the consumer. Consumers are anyone who purchases goods or services and consumes them with the buyer's consent. This includes anyone else. Consumers include any individual or group of individuals who purchase goods or services from the buyer but do so without the buyer's knowledge or consent. The consumer can also be referred to as the final user of the goods or services.

2.1.2 What is Behaviour?

Behaviour is the way a person behaves. It is what someone does to cause something to change, occur, or remain the same. Behaviour is a reaction to internal events, such as thoughts and feelings.

2.1.3 What is Consumer Behaviour?

The study of consumer behaviour focuses on how individuals, communities, and organizations choose, acquire, utilize, and dispose of concepts, products, and services to fulfill their needs and desires. It relates to consumer behaviour in the marketplace and the underlying causes of that behaviour.

Marketers anticipate being able to identify which products are needed in the marketplace, which are outmoded, and how best to offer the commodities to consumers by understanding what drives people to purchase specific goods and services.

Some selected definitions of consumer behaviour are as follows

1. According to Engel, Blackwell, and Mansard, 'consumer behaviour is the actions and decision processes of people who purchase goods and services for personal consumption'.
2. According to Louden and Bitta, 'consumer behaviour is the decision process and physical activity, which individuals engage in when evaluating, acquiring, using or disposing of goods and services'

2.2 NATURE OF CONSUMER BEHAVIOUR

1. Affected by a number of factors

The different factors that influence the consumer behaviour are as follows

a. Marketing factors include packaging, positioning, price, marketing, and distribution of the product.
b. Individual factors like age, gender, degree of education, and income.
c. Psychological factors such as buying motives, the product's perception and attitudes towards the product.
d. Situational factors, such as the physical environment at the time of purchase, the social environment, and the passage of time.
e. Social factors including family, friends, and social position.

2. Undergoes a continuous changes

Consumer behaviour changes throughout time. Depends on the nature of the products, it changes gradually over time. For instance, young people enjoy trendy footwear, whereas youngsters and teenagers prefer colourful and extravagant footwear, and middle-aged and elderly people choose more sober footwear. Several other factors, such as a rise in income level, education level, and marketing considerations, may also contribute to the shift in purchasing behaviour.

3. Varies from consumer to customer

Different consumers show various behaviours. Individual characteristics including consumer nature, lifestyle, and culture are to blame for the variations in consumer behaviour. Some consumers, for instance, are technophiles. They go shopping and spend more than they can afford.

They borrow money from friends, family, banks, and occasionally even use dishonest methods to pay for purchases of cutting-edge equipment. However, there are those consumers who, despite having extra money, choose not to make even routine purchases and refrain from using or purchasing advanced technologies.

4. Varies from statesto states and country to county

The consumer behaviour differs across states, and nations. For example, the behaviour of urban and rural consumers differs from one another. Many rural consumers are conservative in their purchasing habits.

While urban customers may even take out bank loans to buy luxury things like vehicles and home appliances, wealthy rural consumers may hesitate to spend on luxuries while having sufficient finances. Additionally, consumer behaviour may differ throughout states, regions, and nations. Depending on the upbringing, way of life, and degree of development, it could be different.

5. Knowledge of consumer behaviour is important to the marketers

Marketers must be knowledgeable in consumer behaviour. They must research the different variables that affect the buying habits of their intended market.

In considering the following elements, they can make wise marketing decisions thanks to their understanding of consumer behaviour

a. Product design/model

b. Pricing of the product

c. Promotion of the product

d. Packaging

e. Positioning

f. Place of distribution

6. Leads to purchase decision

Positive consumer behaviour can lead to a purchase decision. A consumer's decision to purchase a product may be influenced by a variety of factors.The decision to buy results in greater demand, which boosts the marketers' revenue.

Therefore, in order to boost consumer spending, marketers must change consumer behaviour.

7. Varies from product to product

Different products have different consumer behaviour. Some customers might purchase larger quantities of some products while purchasing little to no amounts of others. Teenagers, for instance, might spend a lot of money on branded clothing and cell phones for snob appeal but not on general and academic reading. A middle-aged individual might spend less on clothes, but they might put money in pension plans, insurance, and other types of investments.

8. Raise in living standards

Consumers' purchasing habits may lead to improved living standards. The standard of living rises as a person purchases more products and services. However, if a person, although having a good income, spends less on goods and services, they are denying themselves a better standard of living.

9. Reflects status

The status of a consumer not only affects but also reflects on their behaviour as consumers. Luxury automobile, watch, and other item owners are regarded as being of a higher status. The owners' pride is increased by the expensive products.

2.3 IMPORTANCE OF CONSUMER BEHAVIOR

Studying customer behaviour is crucial for marketers. This helps marketers in investigating into and understanding consumer behaviour.

Below are some of the importance of consumer behaviour is given below

1. Identifying market opportunity

The study of consumer behaviour helps in identifying the unmet needs and wants of consumers. This demands evaluating the prevailing trends in the marketplace, consumers' lifestyles, income levels and emerging influences.

2. Selecting target market

Analysis of different consumer segments with highly unique needs and wants frequently benefits from a review of market opportunities. The marketer can build and promote products and services that are especially suited to consumers' goals and requirements by identifying these groups, learning how they behave, and understanding how they make purchasing decisions.

For instance, an FMCG company's study of consumer behaviour revealed that many current and potential shampoo users preferred to purchase little sachets of shampoo that had enough products for one or two washes rather than expensive large bottles. In response to the findings, the company launched shampoo sachets to establish itself in the market.

3. Customer retention

Organizations place more focus on customer retention than just customer acquisition. Maintaining current clients by meeting and even exceeding their expectations is known as customer retention. Consumer behaviour research can help change a passing customer into a dedicated, loyal customer.

4. Dynamic nature of market

Consumer behaviour highlights the market's dynamic nature. It helps the manager in becoming dynamic and pro-active in customers satisfaction before its competitors. It will be difficult for the organization to remain relevant in the market if it cannot stay up with current developments.

5. Marketing-mix decisions

The study of consumer behaviour helps in identifying the unmet needs and wants of consumers. This demands evaluating the prevailing trends in the marketplace, consumers' lifestyles, income levels and emerging influences.

6. Effective use of productive resources

The manager can make organizational activities more customer-focused by studying consumer behaviour. It makes sure that resources are used as effectively as possible for maximum effectiveness.

7. Fulfil varied consumer preferences

In contrast to the period before 1991, buyers now have a wide choice of options due to modernization. So, it is important for marketers to analyze consumer behaviour in order to respond to a variety of customer preferences.

For example, customers currently have a variety of automobile manufacturers to choose from, including Hyundai, Honda, Mercedes, BMW, and others. Every automobile manufacturer targets a particular customer group.

8. Address custom needs

Customers choose different goods that reflect their specific requirements, personalities, and lifestyles. Organizations can satisfy the particular wants by studying consumer behaviour.

For example, Onida 21 was advertised on television as being "for the elite class" when it was first introduced. Similar to this, Maggi emphasized "It's different" while introducing its tomato sauce.

2.4 TYPES OF BUYING DECISION BEHAVIOR

While selecting goods and services, various consumers follow different steps.

Depending on two important aspects, namely the level of involvement and the degree of perceived difference between various market choices, there is a significant amount of diversity in the decision processes.

There are generally 4 types of buying decision behavior which is discussed below

1. Dissonance Reducing Buying Behaviour
2. Complex Buying Behaviour
3. Habitual buying Behaviour
4. Variety Seeking Buying Behaviour

It isexplain fully as follow

1. Dissonance Reducing Buying Behaviour

Customers are highly involved in the purchasing process and cannot find a significant difference between the alternatives.

The consumer is actively interested and doesn't see many differences between brands.

2. Complex Buying Behaviour

Although the consumer is very interested, he discovers a significant difference between the brands that are offered.

In this case, the purchaser first creates opinions about the item or service, then creates attitudes towards it, and lastly, he makes a deliberate choice. In this situation, the items are costly, infrequently purchased, dangerous, and extremely self-expressive.

3. Habitual buying Behaviour

This type of behaviour is sometimes shown when there is little to no observable brand difference but the consumer shows low participation behaviour.

4. Variety Seeking Buying Behaviour

When a consumer shows limited involvement behaviour but there is a large brand difference, this type of behaviour can be observed.

The behaviour of consumers in switching brands is very common.

2.5 CONSUMER BUYING PROCESS

In the normal consumer buying process, the buyer goes through five separate stages identifying a need or problem, gathering information, assessing alternatives, making a decision, and post-purchase behaviour.

1. Stage of identifying problem
2. Stage of gathering information
3. Stage of assessing alternatives
4. Stage of making a decision
5. Stage of Post Purchase Behaviour

1. Stage of Identifying Problem

When a consumer experiences a "problem," they are more likely to identify a need. When a consumer identifies that there is a significant gap between his current level of satisfaction and expectations in a consuming circumstance, the buying procedure starts.

2. Stage of Gathering Information

After the arousal of a need, the consumer's behaviour directs them to gather information about various stimuli, or in this example, items and services, from a variety of sources (personal, public, commercial, experiential) for future processing and decision-making.

3. Stage of Assessing Evaluation

When a consumer's interest in a product or products is aroused, they go on to the next phase of assessing their alternatives.

Customers generally use two types of information when assessing prospective alternatives

A list of brands (or models) from which they want to choose (the evoked set), together with the standards they'll use to assess each brand (or model).

Cognitive evaluation when a customer makes a decision based on facts.

Affective evaluationitis the process of assessing the alternatives using emotional factors.

4. Stage of making a decision

The consumer ultimately decides to make a purchase. Buying decisions can fall into one of three categories don't buy, buy later, or buy now.

Consumers who choose not to purchase reach the stage of problem recognition. Purchases may be delayed as a result of decreased motivation or changes in one's personal and financial situation. The consumer will buy if favorable attitudes are developed towards the selected option.

Three additional factors are crucial when making a purchasing decision

- Attitude of other people, such as the spouse, family, and friends.
- Situational variables including anticipated family income, anticipated product costs overall, and anticipated product benefits.
- Unexpected situational elements, such as accidents, illnesses, etc.

5.Stage of Post Purchase Behaviour

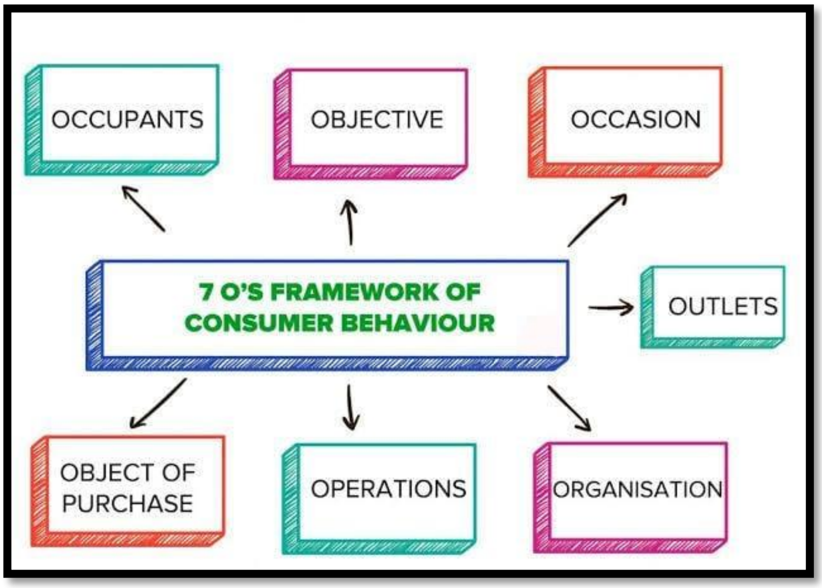
After committing to a product, a consumer's behaviour is referred to as post-purchase behaviour.

Customer satisfaction, customer joy, and customer dissatisfaction are the three outcomes of post-purchase behaviour.

Consumer discomfort brought on by post-purchase conflict is known as cognitive dissonance.

2.6 7 O’S FRAMEWORK OF CONSUMER BEHAVIOUR

By analyzing the various issues related to consumer behaviour, a framework is created to understand consumer behaviour. This framework, popularly known as the "7 O's Framework," is used to explain customer behaviour at its most fundamental level.



(Source https//images.app.goo.gl)

1. **Occupants** Who is the Consumer
2. **Object of Purchase** What does the Consumer Buy
3. **Objective** Why is the Consumer Buying
4. **Occasion** When do they Buy or How Often do they Buy and Use
5. **Outlets** Where do they Buy
6. **Operations** How do they Buy
7. **Organization** Who is Involved

2.7 FACTORS INFLUENCING CONSUMER BEHAVIOUR

Many different factors affect consumer behaviour. The effectiveness of your go-to-market strategy depends on how well you understand your customers. These are the top 5 elements that affect how consumers behave

1. Psychological Factors
2. Cultural Factors

3. Social Factors
4. Personal Factors
5. Economic Factors

Following are the factors influencing consumer behaviours

1. Psychological Factors

A significant aspect of predicting customer behaviour is human psychology. While being difficult to measure, these factors have the potential to affect a buyer's decision. Several significant psychological factors include

i. **Motivation**

When someone is strongly motivated, it affects their purchasing decisions. A person has a variety of wants, including those for self-actualization, esteem, security, and social needs. The fundamental needs and security needs take precedence over all other demands out of all these needs. So, a consumer's motivation to purchase goods and services can be influenced by their fundamental necessities and security needs.

ii. **Perception**

Customer behaviour is significantly influenced by consumer perception. Customer perception is the process through which a consumer gathers facts about a product and interprets those facts to generate an impression of that specific product. Customers form opinions about products based on what they see in advertisements, promotions, customer reviews, social media comments, etc. As a result, customer perception has a significant impact on what people choose to buy.

iii. **Learning**

A person gets more knowledge about a product when they purchase it. Through time, through experience, we learn new things. Learning is dependent on a consumer's abilities and knowledge. Though practice can help with skill development, experience is the only way to learn new things. Learning might be cognitive or conditioned. In conditional learning, the customer is repeatedly exposed to a situation, which causes the consumer to form an opinion about it. Inversely, in cognitive learning, the buyer will use his knowledge and abilities to find fulfillment and a solution in the product he purchases.

iv. **Attitudes and Beliefs**

Customers hold specific attitudes and ideas, which have an impact on their purchasing decisions. The consumer behaves a certain manner towards a product based on this mentality. The brand image of a product is significantly influenced by this mentality. So, in to develop their marketing strategies, marketers work very hard to understand consumer attitudes.

2. Cultural factors

A group of individuals is connected to a certain community's beliefs and ideologies. A person's behaviour is greatly influenced by the culture associated with the community from which they are originally. Some of the cultural factors are

i. **Culture**

Consumer purchasing behaviour is mainly influenced by cultural factors. The fundamental beliefs, needs, wants, preferences, perceptions, and behaviours that a consumer learns from close relatives and other influential persons in their life are included in the category of cultural factors.

ii. **Subculture**

There are many subcultures within each cultural group. The beliefs and values of these subculture groupings are similar. People from different religions, castes, geographic locations, and nations can make up subcultures. By themselves, these subcultures create a customer segment.

iii. **Social Class**

Every society in the world has some variation of social class. The social class is influenced by a number of characteristics in addition to income, including employment, family background, education levels, and residential location. The social class plays a key role in predicting consumer behaviour.

3. Social Factors

Due to their social nature, humans are always surrounded by people who can affect their purchasing decisions. Humans try to imitate other people and also strive to fit in with society. Their purchasing decisions are therefore influenced by those around them. These elements are regarded as social factors. Many social factors include

i. **Family**

Family has a big influence on how individuals behave when they go shopping. A person forms preferences as a youngster by observing their family members purchase goods, and they maintain those choices as they get older.

ii. **Reference Groups**

A reference group is an association of persons that a person identifies with. The reference group's members typically have similar purchasing habits and affect one another.

iii. **Roles and status**

A person's social status has an influence on him or her. If a person occupies a powerful position, his purchasing decisions will be strongly influenced by his position. Whereas a staff member or employee of the same organization will have a different buying pattern, the chief executive officer of a company will make purchases that represent his status.

4. Personal Factors

Consumers' personal situation has an impact on what they buy. These individual characteristics vary from person to person, resulting in various perceptions and purchasing patterns.

Some of the personal factors are

i. **Age**

A significant factor that influences purchasing behaviour is age. Youngsters make different purchasing decisions than middle-aged people do. Older consumers behave entirely differently when making purchases. Teens will be more likely to buy brightly coloured clothing and cosmetics. Middle-aged people are concerned with their family's home, possessions, and automobile.

ii. **Income**

A person's buying behaviour may be influenced by their income. Consumers with higher incomes have more purchasing power. A consumer has more opportunities to spend on luxurious goods when they have more disposable income. Inversely, low- or middle-income consumers spend the majority of their income on necessities like food and clothing.

iii. **Occupation**

The consumer's profession affects their purchasing decisions. A person usually purchases items that are suitable for his or her profession. For example, a doctor would purchase clothing in accordance with this job, whereas a professor would do the opposite.

iv. **Lifestyle**

A person's lifestyle is their attitude and how they interact with others in society. The lifestyle of a consumer has a significant effect on their buying habits. For example, when a customer follows a healthy lifestyle, his purchases will be related to healthier substitutes for fast food.

5. Economic Factors

The economic situation of a nation or market has a significant impact on consumer purchasing patterns and choices. When a country is rich, its economy is powerful, which results in more money available on the market and better consumer purchasing power. Customers are more likely to spend money on goods when they believe the economy to be in good condition.

A weak economy, however, reveals a market that is in crisis as a result of unemployment and declining purchasing power.

A consumer's purchase decision is significantly influenced by economic reasons. Several significant economic factors include

i. **Personal Income**

A person's purchasing power rises in accordance with their level of disposable income. The money that is left over after meeting a person's fundamental necessities is referred to as disposable income.

More disposable income results in higher spending on a variety of goods. But parallel to the decline in disposable income was a decline in multi-item spending.

ii. **Family Income**

The combined income of a family's members is referred to as family income. When there are more income earners in the household, there is more money to spend on necessities and luxuries. A higher family income encourages members to make additional purchases. The tendency is to purchase additional luxuries that a person might not have been able to afford when there is extra money available for the family.

iii. Consumer Credit

Easy credit options for consumers who want to buy items encourage greater expenditure. Customers can now easily obtain credit from sellers through the use of credit cards, easy installment loans, bank loans, hire purchase, and many other credit options. Consumers tend to buy more luxuries and comforts when credit is more readily available.

iv. Liquid Assets

Spending on comforts and luxuries is more common among consumers with liquid assets. Assets that can be quickly turned into cash are known as liquid assets. Liquid assets include cash on hand, bank deposits, and securities, for examples. More liquid assets provide a buyer more confidence to purchase luxury products.

v. Savings

The amount of savings a consumer wishes to make from his or her income has significant effect on that consumer. If a consumer decided to increase his savings, his spending on purchases would decrease. A consumer will spend the majority of his income on goods if he wants to save more money.

2.8 CONSUMER BEHAVIOR MODELS

Models of consumer behaviour are important for understanding how, when, and why your customers make purchases. You can accurately identify who will buy your product and target the right customers at the right time by using the models in your customer acquisition efforts.

What is consumer behaviour model?

A theoretical framework for describing why and how consumers make purchasing decisions is known as a consumer behaviour model. Consumer behaviour models are designed to provide a predictable map of customer choices up until conversion, assisting you in managing every phase of the buyer's journey.

2.8.1 TYPES OF CONSUMER BEHAVIOR MODELS

Models of consumer behaviour can help you better understand the characteristics of your specific customer and attract, engage, and retain them. These models can be classified as either traditional or modern.

- ## TRADITIONAL BEHAVIOR MODELS

Economists established traditional behaviour models in an effort to understand why consumers make the purchases they do. Traditional models include the following models of consumer behaviour.

1. The Economic Model

The Economic Model Economist were the first who trying to explain the Consumer Behavior. The Wealth of Nation by Adam Smith and The Consumer/Producer/Product by Germy Benthamen's were used to first explain consumer behaviour. Adam Smith introduces the theory that can be used to describe either individual or group behaviour. The person may be a consumer or a producer. Every person wants to maximize their self-utility or minimize their sacrifices, which involves buying things at the cheapest prices and selling them for the highest. The term "Marginal Utility" describes this. Adam Smith concentrated on total utility rather than directly explaining marginal utility. Near the end of the 19th century, Alfered Marshal and William Hyrvonss both individually but simultaneously introduced the idea of marginal utility, resulting in the creation of the economic model known as the Marshal model. This approach presents consumers as intelligent, rational people. The choice of a product is based on the buyer's belief that it is the finest in each and every way. Practical terms, only a few customers will follow this model. Even for industrial consumers, it is challenging to follow this model.

2. The Pavlov Model

Marketers sought psychological model explanations due to the economic model's inadequate justification.

According to this model, consumer thought processes have an impact on purchasing decisions. Ivan Pavlov, a Russian scientist, tested the human nervous system and behaviour using psychological models of consumer behaviour on dogs. This model's four basic elements

1. Need or want

   Which has two types as follow

   a. Primary need – Primary need related to the basic need such as food, shelter and clothes which must be satisfied.

b. Secondary need - Secondary need are related to the external environment such as family, friends etc.

2. Research about the product he wants to buy.
3. Response of the consumer when actual purchase takes place.
4. When a consumer satisfied with a product he buys it again then it is called positive reinforcement.

- **MODERN BEHAVIOR MODELS**

Modern models are the good example of consumer behavior because they are based on more than one variable. Some of the following are as follows -

1. The Engel – Kollat – Black Well Model

It is a model for learning and it is used to resolve problems with customer behaviour. The internal auditing unit, which controls information searching, processing, and storage, is the fundamental component of this model. The Howard Sheth Model's input is mostly used to compare this model's decision-making element. In this model, information about the product may have an effect on the choice to buy the product. This model has the following elements-

1. Identification of the product
2. Evaluation of the available alternative solutions
3. Selection of the best alternative
4. Evaluation of results

The decision-making process begins with the product's identification and ends with the best alternative being decided. Both internal and external environmental factors may have an impact on the purchase decision. Consumers' basic needs are influenced by internal circumstances, whereas acquired needs like self-esteem are influenced by external circumstances. This model suggests the following two probable types of behaviour

- If a customer is satisfied with a product, he or she will likely purchase it again in the future.
- Frustration is caused when a customer is unhappy with the purchased item. This dissatisfaction influences the consumer's decision to purchase the goods and makes them less likely to do so in the future. By developing promotional programmes that support the consumer's attitude towards the

organization's products and brands, the consumer's frustration can be reduced.

2.9 REFERANCE

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CHAPTER 03

REVIEW OF LITERATURE

CHAPTER: 03

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3.1 INTRODUCTION

A literature review covers information that has been published in a specific field of study, and occasionally information that has been published within a specific time frame. A mature topic's literature review addresses the need for a critique of, and perhaps a future reconceptualization of, the subject's growing and more varied knowledge base. The second phase of review of the literature deals with emerging or developing topics that might profit from a holistic conceptualization and synthesis of the literature. The literature review is more probable to result in an initial or preliminary conceptualization of the topic, such as a new model or framework, because these topics are still relatively new and have not yet undergone a thorough assessment of the literature.

There are many justifications for conducting a literature review, including gathering data for the development of policies and evidence-based care, a phase in the research process, and as part of an academic evaluation. To many qualified students faced with undertaking a literature review the work appears intimidating. Where to begin, how to choose a topic, how many articles to include, and what goes into a literature review are some of the often asked topics. Although a literature review might just be a list of the sources, it often follows an organisational structure and combines summary and synthesis.

3.2 WHAT IS LITERATURE REVIEW?

A literature review is a survey of books, journals, and other materials related to a specific problem, area of study, or theory, and it offers a description, summary, and critical analysis of these works. The purpose of a literature review is to summaries the sources you used to research a certain topic and to show your readers how your work fits into the broader field of theory. A literature review is a summary of the works that are relevant to a certain topic or area of study. It provides a summary of what has been stated, names of significant authors, descriptions of prevalent theories and hypotheses, questions being posed, and approaches and methodologies that are acceptable and helpful.As such, it is not in itself primary research, but rather it reports on other findings.

3.2 REVIEW OF LITERATURE

(Rani, 2022) has carried out study to examines how consumers' and investors' preferences for mutual funds are perceived. The study's main objective is to examine at the factors that affect people's decisions to invest in mutual funds. The research additionally examines at the objectives that investors have for their investments in financial instruments and determines the most popular/highly used source of information for those alternatives, allowing investors to choose their favorite financial instrument. The sample size of the study is 105 respondents. The study has revealed mutual funds have failed in a number of societal areas because individuals fail to completely understand them.[1]

(Rathod, 2022) made analysis of consumer perception about growth of mutual funds. The study was conducted to determine the mutual fund objectives and features that had the greatest impact on the investor during the investing process as well as to determine what factors discouraged investors from investing in mutual funds. Understanding the variables that deter investors from investing in mutual funds is the goal of the study. The study's sample size is around 106 Ahmedabad district residents. The majority of people want to invest in mutual funds, according to the research, thus companies must work to make some improvements to investing by understanding their needs and desires.[2]

(P & Dinesh.N, 2022)conduct a study to examine the performance of various mutual funds used in the market as well as the customer's preferences and knowledge of mutual funds. The study's objective is to evaluate the effectiveness of particular companies' mutual fund schemes. The study's sample size includes 50 individuals from Bangalore, Kolar, and Tirupati, three Indian cities. The information was gathered using a thorough, structured questionnaire. According to the study, small investors are the best candidates to invest in mutual funds. the study also found that the awareness of the mutual funds has increase over a period of time.[3]

(Mehta, 2022)have investigated a study on the consumer's perspective of investment plans, with a reference to mutual funds. The study's main goal was to examine how Bhubaneswar residents perceived about investing in mutual funds. According to the study, those who provide services are more likely to engage in mutual fund investment activities. Public sector mutual funds are the most popular choice for investors in mutual funds. There study revealed that there is no significance difference between age groups and investments in mutual funds.[4]

(Tyagi, Agarwal, & Gupta, 2022)has investigated how customers invest their money in various investments, such as the equities market, fixed deposits, insurance, etc., and how well-informed they are about mutual funds. The study's purpose is to evaluate investor preferences with regard to mutual funds. According to the study, men are majority of the respondents who took part in this activity. According to the researcher, consumers prefer bank investments when deciding how to invest their savings, with mutual fund investments ranking second.[5]

(T, 2022)has conducted research to examine investor preferences for the public or private sector and customer perceptions of the Indian mutual fund system. With a focus on private and public actors, the research's goal is to find out more about investors' preferences and perceptions of the Indian mutual fund system. Mutual fund companies were chosen using the public and private investor classes, which make up the majority of investors in the Indian mutual fund sector. According to the study, Indian investors choose private sector mutual funds. With higher returns and lower risks in the private sector, private investors outweigh public participants in the Indian mutual fund system.[6]

(Gawande, Swaroop, Singh, Lohiya, Bansal, & Adhav, 2022)a research should be conducted to examine how investors perceive mutual funds and how they behave while dealing with them. The study's goal is to examine how investors behave towards mutual funds. According to the study, it is critical for Indian mutual fund companies to identify the most important variables that should be considered while developing mutual fund products and other investment plans. The study has come to the conclusion that investing in mutual funds is significantly influenced by one's attitude towards investments.[7]

(Malik & Chawla, 2021) has carried out study with aim to examine investor's awareness and perception towards mutual fund as a means of investment. According to the research, the majority of investors prefer to invest in open-ended plans because they provide them the flexibility to purchase or redeem the funds whenever it is most convenient for them.

Since public sector mutual fund companies are owned and controlled by the government, there are fewer opportunities for fraud and fund transparency is also maintained, according to the majority of respondents, investing in public sector mutual funds is more safe and secure than investing in private sector mutual funds.According to the researcher's conclusions, there is a significant relationship between gender and an investor's perception of the returns on mutual funds. Also, there is a significant correlation between investor age and their perception of the higher tax shelter offered by mutual funds.[8]

(Abrol, 2021)have undergone the research of a study on "Consumer Perspective towards Mutual Funds as an Investment Vehicle." The objective of the research is to determine how customers evaluate mutual funds in regard to other available investing options. A total of 120 individual investors make the study's sample. According to the research, many customers believed that mutual funds were a beneficial investment and had a positive opinion of them, but many were hesitant to make the investment due to inexperience.[9]

(Naik & S.G, 2020) conducted a study to find out the awareness level of the investors of mutual fund. The main objective of this study is to compare and contrast other leading mutual funds on the market currently. The study used a sample of 50 individual investors. According to the study, the majority of investors invested in mutual funds, with SBI Mutual Funds being the most popular option. The study also shown that risk diversification is provided by mutual funds. Risk reduction, liquidity, affordability, simplicity, flexibility, and diversity are all advantages of investing in MF.[10]

(Shah, 2020)has undertaken a research onconsumer activities towards SBI mutual funds company with reference to Nadiad city. The study's main objective is to find out more about investor preferences for mutual funds, namely SBI mutual funds and rival mutual fund company branches. For this study, 100 investors were selected as a sample. According to the report, mutual funds are a reliable source of returns for the most majority of households, and they are especially helpful for those who are close to retirement age.[11]

(B, 2020) has carried out study with aim to evaluated perception of the investors towards mutual fund schemes investments. The research's main objective is to identify the variables that influence the investing decisions made in mutual fund schemes. According to the survey, most investors in mutual fund schemes are eager to find out crucial information about such schemes, mutual fund businesses, and investor services; as a result, mutual fund firms make an effort to give investors access to all of that information in a transparent manner.[12]

(Mysa, 2020)has undertaken a research to analyze how buyers and buyers perceived mutual funds. The study looked at 100 randomly chosen respondents who had saved money and put it in mutual funds. He said in his research that there are variations in opinions between men and women. In terms of how they see investing in mutual funds, it has been shown that men prefer tax benefits while women prefer investment safety.Those with high incomes are expressing interest in investing their savings in mutual funds and assuming a reasonable amount of risk. The majority of buyers, according to analysis, read the newspaper to learn about mutual fund investments, while younger buyers, particularly those under the age of 30, prefer the internet and other sources to learn about the many financial options offered by various mutual fund schemes.[13]

(Choudhary, 2019) have investigated a research study on a study on investor's preference towards Mutual Funds. Finding investors' preferred investment avenue in the financial sector is the study's major goal. The study indicates that when different investment options (such as savings accounts, fixed deposits/recurring deposits, insurance, mutual funds, post offices, shares/debentures, real estate, and commodities) are available in the market, investors choose insurance, followed by mutual funds. According to the study, the majority of them are informed about mutual funds—specifically, through financial advisors. Capital growth and tax advantages are two considerations that investors take into account when investing in mutual funds. On the other hand, a lack of information and difficulties making a decision keep investors from choosing mutual funds as a place to park their resources.[14]

(Bhutada & Pingale, 2019) have investigated a research study on exploratory study on perception of customers and consumer behavior towards mutual fund. This research's main objective is to understand how consumers choose and behave while investing in mutual funds. 50 customers from the Pune region were used as the study's sample size. The survey revealed that customers are less knowledgeable about mutual funds. According to the research, customers are generally satisfied with mutual fund investments and drawn to them because of their links to the equities market.[15]

(S.Suresh, 2019) has conducted study to analyze investor's perception and expectations, and share important information to support financial decision making of mutual funds. The researcher collected data by obtaining direct response from 400 individual investors of Mutual Funds from Thiruvarur District. The study's purpose is to recommend retail mutual fund investors on the most effective strategy for raising their return and lowering their risk while investing in mutual funds. According to the study, close ended mutual funds are preferred by 22% of respondents, whereas the majority of respondents favor open ended mutual funds for liquidity. Both open ended and closed ended mutual funds are preferred by about 11% of the survey respondents.[16]

(Octarina & Hartoyo, 2019) have investigated a research study on customer purchase intention on Sharia mutual fund products: a TPB approach. The purpose of this study was to determine the relationship between intention to acquire a Sharia mutual fund and factors in TPB (religiosity, knowledge, and risk perception), as well as attitude towards conduct, perceived behavioural control, and subjective norm. 164 Bank Sharia XYZ customers made up the sample for this study. The analysis applied in this study was Structural Equation Modeling-Partial Least Square. The results of this research revealed a positive and substantial effect of the independent variable on the subjective norm and attitude towards conduct in the dependent variables. Religiosity and knowledge have no significant influence towards intention to purchase, while perceived behavioural control and risk perception had no significant influence with intention to purchases.The other finding indicated that religion positively and significantly impacted attitude towards behaviour. The findings of this study indicate that religiosity is a factor that influences behavioural attitudes, and subjective norms are a factor that influences the interest in buying Sharia mutual funds.[17]

(Chatterjee & Chattopadhyay, 2019) has conducted a study to explore the behaviour of investors' towards mutual fund. The study was based on the premise of regression analysis and binary logistic regression has been used to develop a model that best represents the consumer behaviour. The study, which had a sample size of 376, was descriptive in nature and based on a primary survey. The study found that, after liquidity, which is also clear from the odds ratio computation, large returns are the most desired factor in determining investing behaviour. According to research, there is a higher probability of liquidity increasing investment opportunities than there are of an investor receiving large profits. Although tax advantages, diversification, etc., are dependent on mutual funds, these factors have shown out to be insignificant. The managerial implication is to strategize campaign, activities and events which will advocate awareness and increase more popularity of mutual fund.[18]

(Priya, 2018) has conducted a survey on the aspects that investors perceive affect their perception of investing in mutual funds.The objective of the study is to know perception of investors towards investment in mutual funds. The survey is undertaken of on 100 educated investors of Delhi/NCR and the major findings revealed that the major factors that influence buying behavior of mutual funds investors are fund characteristics, creditability, convenience, success factors, and fund family. The study revealed that the investors' perception is depends on various demographic factors like gender as the demographic composition reveals that female segment is not fully tapped and also there is low target on higher income group people.[19]

(Mishra, 2018)has found that very little of the respondents' knowledge about mutual funds. Since most customers find it difficult to make decisions about investing in mutual funds. Finding a relationship between investor preferences for mutual funds and demographic factors is the main objective of the study. 250 investors from the Bhubaneswar region make up the sample. For his survey, the researcher used a judgment sampling approach to gather data. Researchers have found that the three demographic factors of gender, income, and educational attainment have a considerable impact on investors' attitudes about mutual funds, but the other two demographic factors of age and occupation had no such impact.[20]

(Kumar, 2018) has studied on Customers' Preference towards Investment in Mutual Funds and Equity Shares in Lucknow city. A For this study, a sample of 100 investors was collected. This study's major objective is to determine the most critical factor for investment consideration. This study came to the conclusion that, in Lucknow, mutual funds are the preferred investment option over equity shares. It has been determined that return is the key factor to take into account when making an investment. Saving for the future is favored over maximizing wealth and obtaining tax benefits as a cause or goal for investing.[21]

(Udhayasankar, 2018)has conducted research to identify the various factors influencing how investors perceive investing in mutual funds. The study's objective is to determine the investor's fundamental perception of investing in mutual funds. 150 investors were used in the study to examine their perceptions of mutual funds. The study revealed that the investors feel that, the company should analysis perfectly before going to invest the specific fund schemes. The company makes every effort to impress its customers by offering prompt services. Investors in today's market are more intelligent, choosier, and demanding than ever before. Understanding consumer needs can therefore help an organization survive, continue, and succeed in the long run.[22]

(Bajracharya, 2017) have carried out a study titled "A Study of Investors' Preference towards Mutual Funds in Kathmandu Metropolitan City" in an attempt to understand the variables that influence investors' investing decisions. The study's sample size was made up of 207 respondents from the Kathmandu metropolitan area, and primary data were collected using a structured questionnaire. This study's main objective is to determine Kathmandu's metropolitan area's mutual fund investment preferences. According to the study, investors are less confident about investing in mutual funds since they believe these are riskier than other asset opportunities. Bank deposits are the most popular choice among investors since they are seen as secure and having a fixed rate of return.[23]

(Samira, 2017)has investigated how Salem district investors perceive investing in mutual funds. The study's goal is to assess how individual investors feel about mutual funds and which mutual fund schemes they prefer. According to the researcher's findings, respondents still lack confidence in new age investment possibilities because they lack sufficient financial expertise and are more likely to favor risk-free investments.[24]

(M.S.R.Anjaneyulu, 2017)has conducted research on the factors that encourage retail investors to invest in MF plans. The study's primary objective is to examine how investors see mutual funds and their performance in previous years. 100 investors from Mahabubnagar Town were surveyed for the study utilizing a given questionnaire. The study found a correlation between factors impacting mutual fund investment and investor motivating factors that increase satisfaction levels.The purpose of the study was to identify the numerous factors that investors in mutual funds must consider. The following major factors were observed by the researcher: capital growth, high returns, tax savings, liquidity, safety and security, regular income, regular savings, risk, diversification, and easy payments.[25]

(Islam, 2016)200 different individual investors were surveyed in Dehradun to understand more about the factors influencing retail investors' fund/scheme selection behaviour. The major goal of this study is to determine customer purchase behavior and underlying mutual fund preferences. A questionnaire was used to collect the information. According to the study, there is a purpose to promote the mutual fund industry, even if it is only because they give Indian investors more investment options and competition with more established financial products. The study revealed that maximum investors prefer growth in their investment as the objectives of growth fund is to provide capital appreciation over the medium to long term.[26]

(Singh, March, 2016)has conducted a study on how investors in the Phagwara region perceive unconventional investing tools, particularly mutual funds. The study's main objective is to compare the perception of risk associated with mutual funds to alternative investing options. 200 respondents make the study's sample size. For this survey, the researcher used non-probable convenience sampling. The researcher has come to the conclusion that a mutual fund is an excellent investing tool to achieve a good return. Huge sums of money are invested by people in mutual funds, indicating substantial penetration.[27]

(M.Kalaiselvi, 2016)has carried out a research to understand what Coimbatore investors think about recent issues and the development of mutual fund investments. The main objective of this research is to evaluate mutual fund performance and investor perceptions of mutual fund investments. A sample of 250 responses from mutual fund investors was gathered for the study. In terms of how investors perceive mutual funds and the factors affecting their preferences and investing decisions, the study's findings are satisfying.[28]

(Begum & Rahman, 2016)has conducted an examination in Bangladesh's capital city of Dhaka on an analytical investigation on investors' preferences for mutual fund investments. The study's main goal is to examine the preferences of investors for mutual funds and the factors that influence those preferences. The researcher discovered that the investor's attitude towards investing in mutual funds is significantly influenced by demographic parameters such as gender, income, and savings. Mutual funds are preferred by investors for their high returns and life protection. According to the study, the majority of investors are not satisfied with their investments..[29]

(Barik, 2016)have undergone research for a study on mutual fund purchasers' purchasing behaviour. Understanding the factors influencing ethical mutual fund purchasing behaviour was the aim of this research. The study's sample size was 100, and it was conducted using a convenience sampling. According to the research, many investors invest in mutual funds because they believe in value. The study revealed that there is less awareness of ethical investing. It is also found that in spite of having options and opportunities, people are not ready to take a risk.[30]

(Ganapathi, 2015) conducted a study on investors’ perception towards mutual fund. The main objective of the study is to analyse the investors’ perception towards mutual funds in Coimbatore City. The study revealed that there is a significant association between educational qualification of the investors and the risk tolerance level and occupation of the investors and the risk tolerance level. The study also indicates that there is no significant association between occupation of the investors and the level of knowledge of mutual fund and monthly savings of the investors and the level of knowledge of mutual fund. Therefore, the investors have to consider the prevailing rate of risk free returns and to compare the fund returns with it.[31]

(Sehdev & Ranjan, 2014)has studied how investors perceive investing in mutual funds. Its main objective is to investigate the factors behind the preference for mutual funds as an investment decision. The research also examines at the objectives that investors set for their investments when they buy financial instruments, and it identifies the most popular/highly used source of information for the many investment options that investors use to buy their most desired financial instrument. With a structured questionnaire, 160 respondents who live in Delhi provided the data. The researcher has found that “Benefits & Transparency” is the major factor that is responsible for the investor’s preference for mutual funds.It is also observed from the study that the majority of the investors examined in this investigation accept modest risks and are interested in balanced funds since they enable them to achieve higher returns while assuming less risks.[32]

(Prabhavathi & Kishore, 2013)have conducted study to understand the attitude, awareness, and investing preferences of investors in mutual funds, as well as the variables impacting the investors' selection of fund and their preferences for different investment paths. The study's main objective is to identify respondents' preferences for mutual funds. The researcher's findings the majority of respondents prefer structured investing plans, and banks and financial consultants were their primary sources of information. Investors chose mutual funds mainly for their expert fund management and higher returns, and they evaluated the funds mostly based on their past performance and net asset values.[33]

(Rakesh & Srinivas, 2013)has undertaken research to discover the behavioural characteristics of investors and evaluate how they feel about their assets. A sample of 400 Investors has been taken by researcher for the study. According to the study, investors who invested in mutual funds were not adequately compensated for the additional risk they undertook. The study comes to the conclusion that market factors had a greater negative impact on fund performance during periods of poor fund performance, while selectivity abilities of fund managers had a greater positive impact on fund performance during periods of good fund performance.[34]

(Padmaja, 2013)conducted a survey to determine the level of knowledge about mutual funds with a focus on ICICI Prudential Mutual Funds, Vijayawada town. The major objective of the study was to know about the extent of awareness about mutual funds and also to know about the preferences of investors towards mutual funds with special reference to ICICI Prudential. It was observed from the study that investors in business class and professionals like to invest in equity fund and balanced fund, and also observed investors of service class, business and professional like to invest in ICICI Tax saving plan.[35]

(Sharma D. K., 2013)investigate consumer attitudes towards mutual funds by conducting a study. The study's objective is to find out customer preferences for various mutual fund products. The study revealed that mutual funds are one of the best investment options. Women are less like to invest in mutual funds. Investors in Mutual Funds mostly invest in Public Sector Mutual Funds. Mutual funds are investments that collect the money of millions of people to invest in a diverse portfolio of assets with the objective of dispersing risk and assuring appropriate and consistent returns, both in dividends and capital gain.**[36]**

(Sharma D. N., 2012)has undertaken research on how Indian investors perceive mutual funds. Analyzing investors' perspectives on mutual fund investments is the study's purpose. According to the study, there are three general categories into which all the advantages of investing in mutual funds can be divided. The scheme/fund-related attributes make up the first category. This includes regular updates on every trading day, full disclosure of all pertinent information, favourable credit ratings of the fund or scheme by reputable credit agencies, and safety of the money invested in mutual funds.The second category relates to the financial advantages that funds and schemes offer in the form of liquidity, capital growth, return on investment (ROI), fringe benefits, early bird incentives, and fee reductions (expense ratio, entry load and exit load). The last category relates with the sponsor related attributes. The survey found that mutual fund companies must ensure full disclosure and frequent updates of the relevant information in addition to the assurance of safety and financial rewards in order to win the patronage of Indian investors.[37]

(Murugan, 2011)have investigated at a study on the attitudes of retail investors regarding mutual funds. The research's main objective is to understand how retail investors behave towards various savings options based on factors such as age, gender, education, and career. The study used a 100-person sample size. In consideration of the age of the retail investors in India, the researcher has come to the conclusion that the various investment patterns do not offer the same level of services. Although though the investment strategies essentially offer the same service, there is differences.[38]

(Ranganathan, 2006) have undergone research on Mumbai city's mutual funds' financial behaviour towards individual investors. The main goal of the study was to understanding the behaviour of individual investors, especially how they select their investments, the many factors affecting this behaviour, and the conceptual ability of these investors. The study's sample size includes 100 respondents, all of whom were city residents of Mumbai. According to the researcher, the typical Indian investor lacks experience in the financial markets for a number of reasons, such as a lack of opportunities, a lack of conceptual understanding, and the cultural impact of a fixed-income mindset.Salary earn investorsusually invest their savings in mutual funds with the idea that by pooling a sizable amount of individual savings and investing them under the expert direction of the fund manager, one can spread risk, expertise, benefit from volume buying and scientific data analysis and other factors. It is therefore thought to be the greatest option for someone who lacks the time, knowledge, or experience to make a variety of decisions regarding his hard-earned money.[39]

(Prabhu)have conducted study on Indian investors' perceptions of mutual fund investments, specifically with regard to MIP funds. The objective of this research is to determine the significance of variables like liquidity, greater return, firm reputation, and other variables that affect a mutual fund holder's decision to invest. The researcher has been observed that most of the investors are not aware of the various advantages of investment in mutual funds. The majority of investors are aware of MIP Funds, and the preferred stated reason for doing so is the funds' consistent returns.[40]

3.4 RESEARCH GAP

While consumer behavior in mutual funds has been extensively researched, there are still several research gaps that need to be filled. The first of these gaps is the limited research on how different marketing strategies affect consumer behavior. There is also a lack of research on the role of financial literacy and education in shaping investor decisions towards mutual funds. Additionally, cultural and social factors have not been studied enough in relation to their impact on consumer behavior towards mutual funds. Furthermore, there is a lack of empirical evidence on the effectiveness of different communication channels, such as online versus offline methods. Emotions are another area that has not been studied sufficiently, despite their potential importance in shaping investor decisions. Regulatory changes are also an important factor that has not been studied enough in relation to their impact on consumer behavior towards mutual funds. By addressing these research gaps, researcher can gain valuable insights into the factors that influence consumer behavior and help mutual fund companies design more effective marketing and communication strategies to attract and retain investors.

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CHAPTER 4

RESEARCH METHODOLOGY

CHAPTER4

INDEX

4.1 INTRODUCTION

Researching and analysing the steps that are actually taken is one of the essential features of any research study. These steps must be appropriate to test the research's questions or hypotheses and provide access to the overall design of the study, including data collecting and analysis. This chapter explains the research methodologies used to test the hypotheses presented by the problem under study. It also provides the structure to evaluate the reliability of the results, an understanding of the rationale behind the decisions taken, and sufficient information for another researcher to conduct a related research.The problem being analysed, the literature review, the objectives and hypotheses and the methodologies developed for them are all included in this chapter. Additionally, the data instruments, including data collection and analysis, are also covered in detail. The chapter concludes with a statement of the research methodology's limitations and suggestions.

The present study is purely based on data gathered from primary sources. In this study, the researcher selected 125 respondents to analyse the consumer’s behaviour towards mutual funds in Rajkot city in 2022.

4.2 MEANING AND DEFINITION OF RESEARCH

Research is the process of learning new information in order to find solutions to questions. The word research consists of two parts re (again) and search (find) which indicate that we are taking up an activity to look into an aspect once again or we want to look for some new information about something. For example, a front office executive who wants to work in sales instead of just being a host must learn about the facilities, timings, and key features of the products and services provided by the hotel. "All development springs from enquiry. Overconfidence is frequently better than doubt since it prevents inquiry, which leads to invention "is a wellknown Hudson maxim that helps to explain the need of study.

➢ DEFINITIONS OF RESEARCH

- "The word research is composed of two syllables, re and search. Re is a prefix meaning again, anew or over again search is a verb meaning to examine closely and carefully, to test and try, or to probe. Together they form a noun describing a careful, systematic, patient study and investigation in some field of knowledge, undertaken to establish facts or principles."

4.3 PROCESS OF RESEARCH

The research process is a set of activities and steps required for performing scientific research; if the researcher follows these stages, the work can be completed with the least possible difficulty. These steps are referred to as below

Stage 1. Problem Identification

Without a problem, research cannot proceed, because there is nothing to proceed from and proceed towards. Hence, identifying a problem, whether theoretical or practical, is the first step in conducting research. Studies are motivated by the identification or existence of a problem. It should be mentioned that research is the process of constantly searching for the truth or the facts. Investigation is impossible without a problem to search for. As a result, a problem establishes the objective or direction of research.

When there is a difference between the current condition and a set of conditions that would be preferable, a problem occurs. In other words, a gap exists between the way things are now and a way that things could be better. In other words, a problem is "some difficulty the researcher faced in a theoretical or practical situation. Research's objective is to discover a solution to this problem. A problem exists when we do not have enough information to answer a question (problem). The purpose of the research is to find a solution to the issue or question.

Stage 2. Reviewing the literature

To assess the level of knowledge in the field, a literature review fundamentally involves reading, analyzing, and organizing existing literature on the subject with a critical reading. At this stage, your aim should be to establish yourself as a "expert" in your area of study. In most cases, the development of the theoretical and conceptual frameworks occurs simultaneously with the literature review. Reading broadly may also make you aware of other beneficial aspects, such as whether similar research has already been done, what kinds of results you might expect, or descriptions of the theoretical frameworks and previous methodologies used by others doing related research.

Stage 3. Developing Hypothesis

After an extensive literature review, the researcher should clearly identify the working hypothesis or hypotheses. A working hypothesis is a tentative assumption that is made to explore and test the logical or empirical consequences of that assumption. As a result, as they serve as the main focus of study, how research hypotheses are formed is very crucial. They have an indirect impact on the quality of the data needed for the analysis as well as the method tests must be carried out throughout data analysis. The development of a working hypothesis is important for most types of research. Because it needs to be tested, a hypothesis should be very specific and limited to the current study.The role of the hypothesis is to assist the researcher by establishing the scope of the study and assuring that he stays on the right track. He thinks more clearly as a result, and the more crucial aspects of the issue come into focus. It also indicates the type of data necessary and the type of methods of data analysis to be used.

Stage 4. Developing Research Design

After properly identifying the research problem, the researcher will need to develop a research design, in which he will need to identify the conceptual framework within which the research will be carried out. A research design may be regarded as the blueprint of those procedures which are adapted by the researcher for testing the relationship between the dependent variable and the independent variable. The establishment of such a design makes it easier for research to produce the most knowledge while being as efficient as possible. In other words, the objective of research design is to make it possible to get relevant information with the minimum of effort, money, and time. However, how all of these can be accomplished largely depends on the research purposes. Research purposes may be grouped into three categories, viz., (i) Exploration, (ii) Description, (iii) Experimentation (Conclusive).

Stage 5. Data Collection

After the research design is finished, data collecting for the study itself starts. The collection of data is an essential step for obtaining the knowledge needed to answer the study's question. To answer the research question, every study requires collecting information in some manner, whether it derives from the literature or from respondents. A survey, a questionnaire, observations, or knowledge from the literature can all be used to collect information.

Stage 6. Data Analysis

To answer your research question, you must analyse the data you collected in stage 6. The objectives of the study should always be taken into consideration when selecting data analysis methods, which means that your analysis should answer the research question or hypothesis. Reference to the literature that was studied in stage 2 should also be included when explaining the findings; for example, how do the findings contribute to it? Do they support the literature? If not, what are some possible reasons?

A common error is to explain the results without making any reference of the literature that was examined during stage 2 of the conceptual framework's development.

Stage 7. Interpretation of Findings

As was already discussed, a statistical result is obtained after applying data analysis techniques. The results must be interpreted, and nonstatistical findings derived from the findings must be presented. A meaningful interpretation of the result is a skillful activity and is an important aspect of research. The researcher must evaluate if the study's findings are consistent with the collection of existing literature. The findings must be presented in a scientifically supported manner as well. The analysis's findings are statistical in nature. Procedure and findings are meticulously set up at the end.

Stage 8. Writing Research Report

Reporting is the last stage of a research investigation. The research results, findings and conclusions drawn etc., have to be communicated. You have two options for doing thisorally or in writing. Even though oral reporting has a place, written reports are more popular and reliable. Technical reports and popular reports are the two types of reports that can be produced based on the requirements. The stages of report writing include understanding the subject matter and its logical analysis, creating the final outline or sketch, creating the rough drafts, and polishing and finalising. A report needs to be accurate, coherence, concise, and easy to read, among other things. It must be made in accordance with the best compositional standards.

4.4 PROBLEM OF THE STUDY

The present study is an attempt to examine the **"CONSUMERS BUYING BEHAVIOUR IN MUTUAL FUNDS SPECIAL REFRENCE TO RAJKOT CITY."** The aim of the study is to analyse the level of awareness of investors have about their mutual funds.

4.5 OBJECTIVES OF THE STUDY

The main objectives of this study are

- To check the difference between age and factor that influencing to selection mutual funds.
- To check the difference between age and perception towards mutual funds.
- To compare the demographic factors with mutual funds related aspects.
- To analyze the awareness level of investors regarding mutual funds as an investment option.
- To examine the most preferred Mutual Fund Scheme.
- To know whether they are going to invest in the Mutual Fund in future.
- To identify the problem faced by the Mutual Funds investors.

4.6 HYPOTHESIS OF THE STUDY

An assumption can be said to as a hypothesis when it is based on evidence. Any investigation that converts the research questions into predictions must originate there. Variables, the population, and the relationships between the variables are among its constituent elements. A hypothesis used to examine the relationship between two or more variables is known as a research hypothesis.

1. **Null Hypothesis:** This form of hypothesis states that there is no significant difference between the variables. This type of hypothesis generally has mathematical model form which is used in statistical test of hypothesis. Here, the assumption is of two groups, which are tested and then found to be equal. It is denoted by H0
2. **Alternative Hypothesis:** The alternative hypothesis includes possible of the population parameter which is not included null hypothesis which states there is a difference between the procedures and is denotes by H1.

- **<u>To test the above objectives the following hypothesis was formulated</u>**

For the present study the researcher has formulated null hypotheses

Null Hypothesis

- There is no significant difference between age and factor that influence the selection of mutual funds.
- There is no significant difference between age and perception towards mutual funds.

4.7 RESERCH DESIGN

The research design is the conceptual framework through which the study is carried out; it provides as the blueprint for data collection, measurement, and analysis. As a result, the design contains a description of the researcher's steps, from developing the hypothesis and considering its operational significance to completing the final data analysis. So, the plan, framework, and strategy of a research to identify alternative tools to solve the problems and to reduce the variances can be described as the research design. Here in this research study "CONSUMERS BUYING BEHAVIOUR TOWARDS MUTUAL FUNDS SOECIAL REFRENCE TO RAJKOT CITY" will be analysed.

4.7.1 Title of the study

"CONSUMERS BUYING BEHAVIOUR IN MUTUAL FUNDS SPECIAL REFERENCE TO RAJKOT CITY"

4.7.2 Period of the study

The study is conducted in the year 2022-23.

4.7.3 Sample of the study

The researcher has adopted convenient sampling for this study of 125 respondents.

4.7.4 Data Collection

The data was collected through **Questionnaire** and this study is based on the **Primary data**.

4.7.5 Data Analysis

Primary data collected through the questionnaire were classified, tabulated and analysed with the help of SPSS and Excel. Statistical Tools and Techniques such asArithmetic Average, Percentages and Frequency distribution were used for studying Ranks for the testing hypotheses researcher were used ANOVA.

As per nature of the study, researcher use following tools and techniques for analyzing consumers behaviour and testing hypotheses.

- **Tools and Techniques**

Tools

- **Average**

The term "Average" describes a value that should represent the sample. The average is calculated by dividing the total number of values in a given set by the sum of all the values in that set. It is also called as arithmetic mean.

- **Weighted average**

  A calculation known as a weighted average accounts for the different levels of significance of the values in a data collection. Each number in the data set is multiplied by a specified weight before the final calculation is done when calculating a weighted average.

- **Percentage**

  A figure or ratio that may be stated as a fraction of 100 is a percentage. Divide the number by the total, and then multiply the result by 100 to get the percent of that number. The proportion therefore means a part per hundred. The word per cent means per 100. It is represented by the symbol "%".

- **Frequency distribution**

  A frequency distribution is a representation of the number of observations within a particular interval that can be either graphical or tabular in nature. The distribution is the pattern of the variable's frequency, whereas the frequency is how frequently a value occurs within an interval.

Statistical techniques

- ANOVA

➢ **ANOVA**

Prof. R.A. Fisher was the first man to use term, "Variance" and in fact, it was he who developed a very elaborate theory conceding ANOVA, explaining its usefulness in practical field. ANOVA is essentially a procedure for testing the difference among different groups of data for homogeneity. The differences between samples might appear.

4.8 LIMITATION OF THE STUDY

The limitations of the study are as under

- Sample size was limited to 125 because of limited time which is small to represent the whole population.
- The research was limited to Rajkot city only and if the same research would have been carried in another city, the results may vary.

- Sometimes the respondents because of their business didn't able to concentrate while filling up the questions. However the researcher tried her level best to overcome the limitation by explaining the importance of research.
- The study is based on primary data collected by questionnaire, there are chances of biased information provided by the respondent and also limitations of the questionnaire method are viably attached to the present study.
- The research based on the primary data. So it would be depends upon the respondents awareness for survey.
- The statistical techniques have their own limitations. They also apply to the study.

4.9 SCOPE OF THE STUDY

The scope of the study is as follow

- Study covers only Rajkot city. So researcher caninclude other city or state also.
- The sample size of the study is 125 so size of the respondents can increase.
- This study throws light on the fund selection behavior of mutual fund investors so it is also possible to apply on other financial services.

4.10 SIGNIFICANCE OF THE STUDY

The significances of the study are as follow

This study provides an accurate description of consumer's behaviour towards mutual funds in Rajkot city. The study gives various information, such as the awareness of consumers about mutual funds and their perceptions and behaviours about mutual funds. The factors that influence the consumer's behaviour in the selection of mutual funds and the current preferences of respondents about mutual funds schemes. It also highlights which consumer's knowledge about mutual funds.

4.11 CHAPTER PLAN

- <u>Chapter 1 Introduction to Mutual funds</u>
- <u>Chapter 2 Conceptual framework</u>
- <u>Chapter 3 Review of literature</u>
- <u>Chapter 4 Research Methodology</u>
- <u>Chapter 5 Data Analysis & Interpretation</u>
- <u>Chapter 6 Summery, Findings and Suggestions</u>

Chapter 1 Introduction to Mutual funds

This chapter gives introduction of mutual funds. Its meaning, concept, history of mutual funds, types of mutual funds schemes, SEBI categorised mutual fund schemes, risk factors, advantages of investing in mutual funds, total expense ratio, direct plan and regular plan, how to invest in direct plan and regular plan?.

Chapter 2 Conceptual framework

This chapter gives conceptual framework of consumer's behaviour. Its meaning and definitions, nature of consumer's behaviour, importance of consumer's behaviour, types of buying decision behaviour, consumer buying process, 7 O's framework of consumer's behaviour, factors influencing consumer's behaviour, consumer's behaviour models and its types.

Chapter 3 Review of literature

A description of past research on the research topic is included in a descriptive literature review. This literature review assists in establishing a foundation for the research, reducing duplication, identifying gap, and fully assisting in the development of the methodology and theoretical framework.

Chapter 4 Research Methodology

In this chapter, the study's methodology is explained. This chapter provides an overview of research methodology, outlining terms like what is research, definition of research, research process, problem of the study, objectives of the study, and hypothesis of the study. It also discusses research design, in which the title of the study, period of the study,scope of the study,sample of the study, data collection, tool and techniques, significance of the study, limitations of the study etc.

Chapter 5 Data Analysis & Interpretation

The chapter is mainly deals with the data analysis and interpretations of the data which is collected from structured questionnaire.

Chapter 6 Summery, Findings and Suggestions

This chapter presents summery, findings and conclusion of the whole study which find out by researcher after the completion of research.

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CHAPTER 5

DATA ANALYSIS AND INTERPRETATION

CHAPTRE 5

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5.1 INTRODUCTION

This study was created to measure consumers' buying behaviour towards mutual funds by measuring consumer awareness, consumer behaviour, and consumer attitude. This study is based on primary data and data collection has been made through the help of structured questionnaire. Various statistical tools and techniques are used in this study to provide more accurate result. In this research researcher used ANOVA tool.

5.2 WHAT IS DATA ANALYSIS?

The process of gathering, modeling, and analyzing data using various statistical and logical techniques is known as data analysis. Companies rely on analytics processes and tools to gather information for operational and strategic decision-making. In other word data analysis is the science of analyzing data to draw conclusions that help decision-makers or researchers learn more about a variety of subjects. It consists of subjecting data to operations. This procedure helps us reach our objectives by obtaining exact results, such as actions that cannot be predicted because data collecting may specific difficulties.

5.3 WHAT IS DATA INTERPRETATION?

The process of evaluating data and finding relevant conclusions from it using different analytical techniques is known as data interpretation. Researchers can categories, manipulate, and summaries data with the help of data analysis to find answers to significant questions.

5.4MAIN PROFILE OF RESPONDENT

This research is based on primary data and data collection has been made through the help of questionnaire. In this research researcher has selected 125 respondents as a sample to measure consumers buying behaviour towards mutual funds in Rajkot city.

Table 5.01

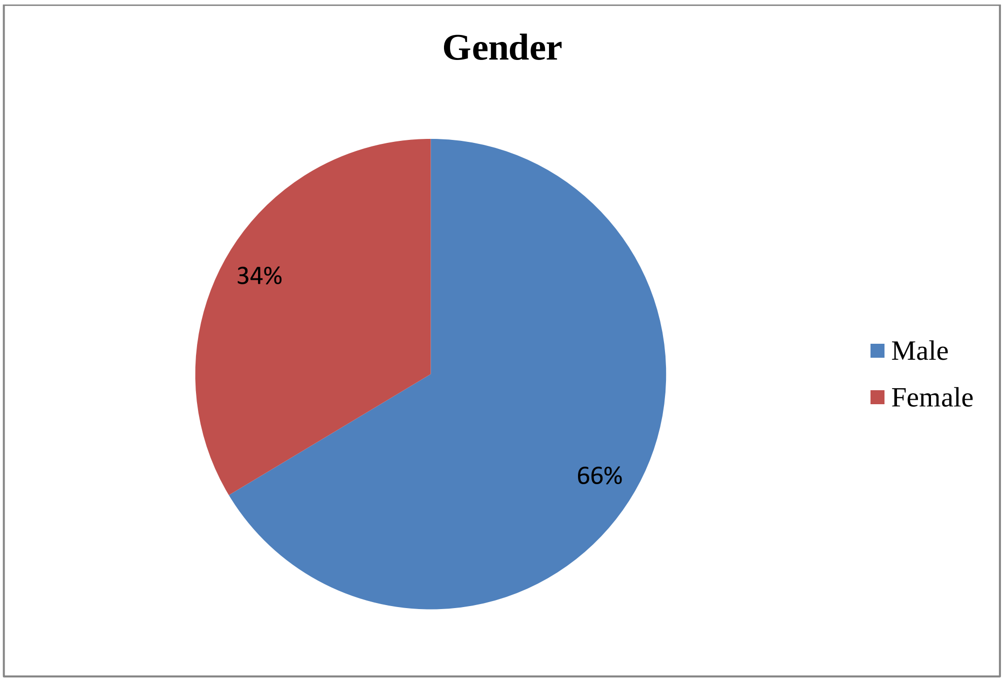
Classification of respondent according to Gender

Sr. No.	Gender	No. of respondents	%
1	Male	83	66.40%
2	Female	42	33.60%
	Total	**125**	**100.00%**

(Source: Computed from the questionnaire)

Chart: 5.01

Classification of respondents according to the Gender



(Source: Computed from the questionnaire)

Analysis:-

The above table and chart shows the gender of respondents. Out of 125 respondents, 33.60% are female and 66.40%are male. This shows that major respondents are male in this research.

Table: - 5.02

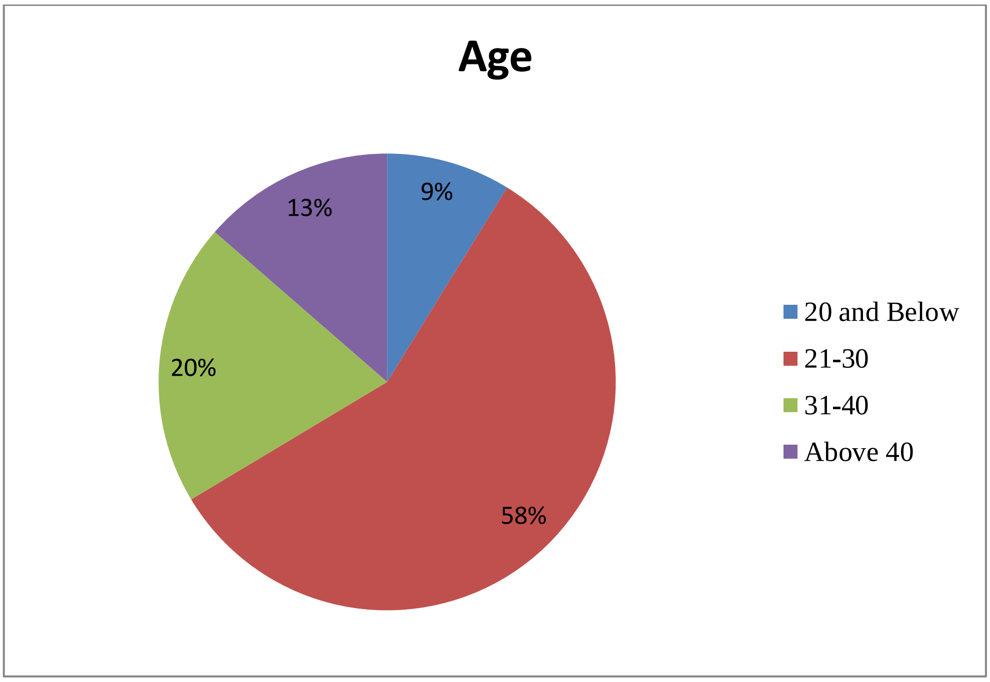
Classification of respondents according to the Age Group

Sr. No.	Age Group	No. of respondents	%
1	20 and Below	11	8.80%
2	21-30	72	57.60%
3	31-40	25	20.00%
4	Above 40	17	13.60%
	Total	**125**	**100.00%**

(Source: Computed from the questionnaire)

Chart: 5.02

Classification of respondents according to the Age Group



(Source: Computed from the questionnaire)

Analysis

The above table and chart 5.02 shows the age of respondent. Out of 125 respondents, there are 8.80% respondents include in the age group of 20 years and below,57.60% respondents include in the age 21 to 30 years, 20% respondents include in the age 31 to 40 years, and 13.60% respondents include in the age group of above 40 years. In comparison of all age groups, Age group of 21 to 30 years is more as compare to other groups.

Table: - 5.03

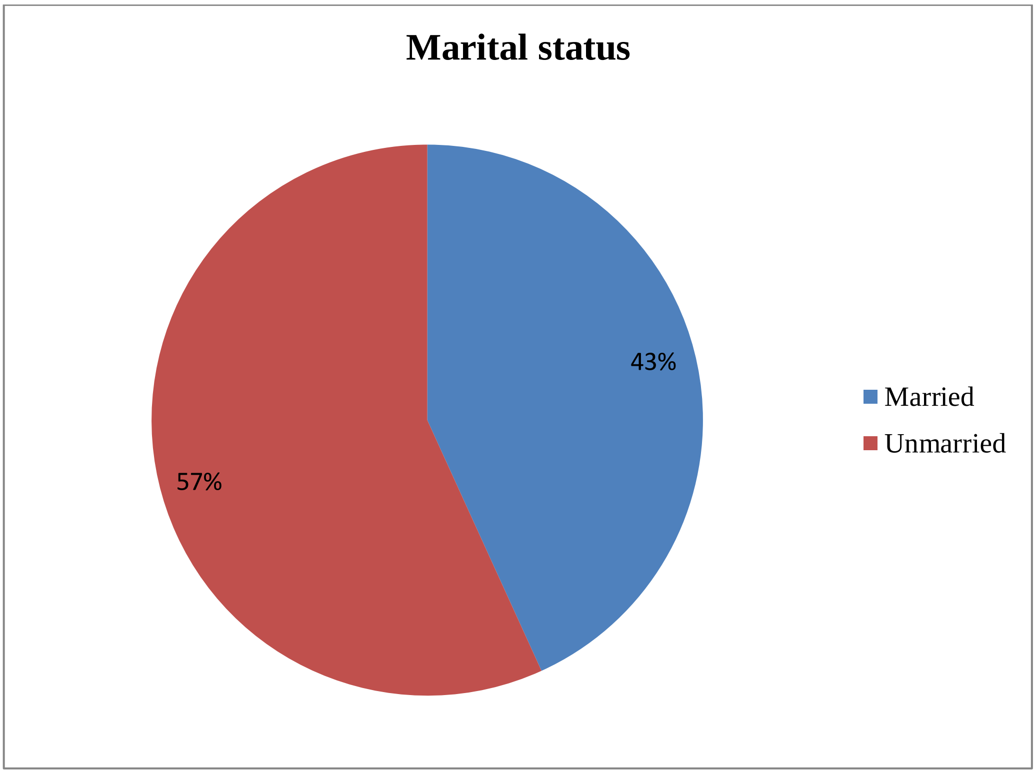
Classification of respondents according to the Marital status

Sr. No.	Marital status	No of respondents	%
1	Married	54	43.20%
2	Unmarried	71	56.80%
	Total	125	100.00%

(Source: Computed from the questionnaire)

Chart: 5.03

Classification of respondents according to theMarital status



(Source: Computed from the questionnaire)

Analysis:-

The above table and chart no.5.3 shows the marital statusof respondents. Out of 140 respondents, 43.20%respondents are married and 56.80%are unmarried. That shows unmarried respondents are higher than the married respondents in the research.

Table 5.04

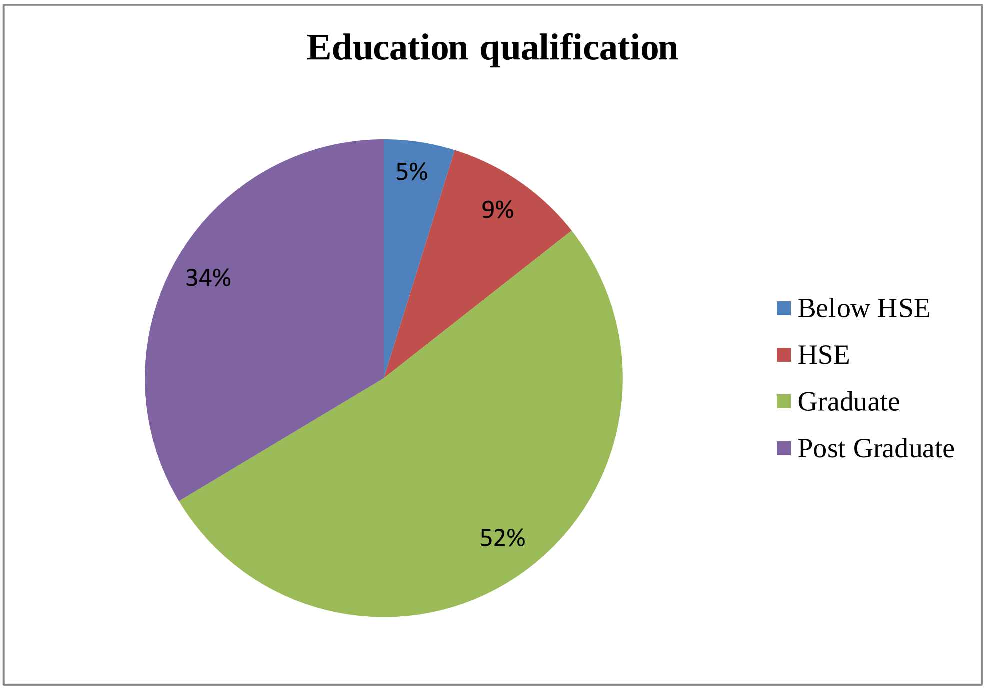
Classification of respondents according to theEducation qualification

Sr. No.	**Education qualification**	**No. of respondents**	**%**
1	Below HSE	6	6
2	HSE	12	12
3	Graduate	65	65
4	Post Graduate	42	42
	Total	**125**	**100%**

(Source: Computed from the questionnaire)

Chart: 5.04

Classification of respondents according to theEducation qualification



(Source: Computed from the questionnaire)

Analysis:

The above table and chart no. 5.4 shows the Educational Qualifications of respondents of 125 respondents, 4.80%respondents are from belowHSC, 9.60%respondents are from HSCand 52.00%respondents are from Graduate and 33.60%respondents are from Post Graduate. The research data shows that majority investorsare Graduate than others.

Table 5.05

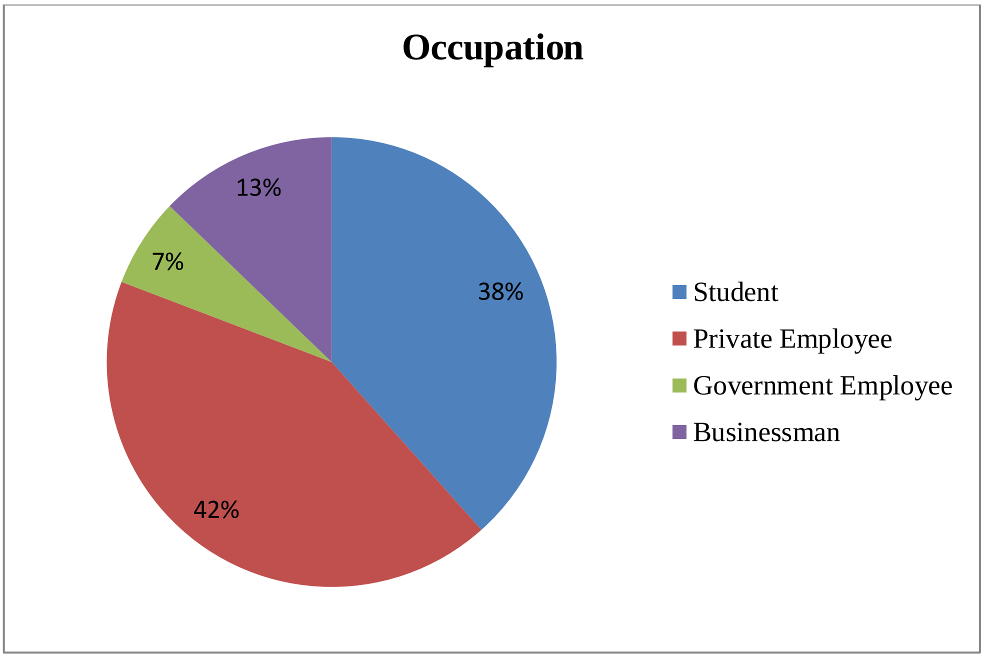
Classification of respondents according to the Occupation

Sr. No.	Occupation	No. of respondents	%
1	Student	48	38.40%
2	Private Employee	53	42.40%
3	Government Employee	8	6.40%
4	Businessman	16	12.80%
	Total	**125**	**100.00%**

(Source: Computed from the questionnaire)

Chart: 5.05

Classification of respondents according to the Occupation



(Source: Computed from the questionnaire)

Analysis:

The above table and chart no. 5.05 shows Occupation wise classification of respondents. From that 38.40%respondents are fall in the group of students, 6.40%respondents are fall in the group of Government Employees, 42.40%respondents are fall in the group of Private Employees and 12.80%respondents are fall in the group of Businessman. The research data shows that majority investors are private employee in this research.

Table 5.06

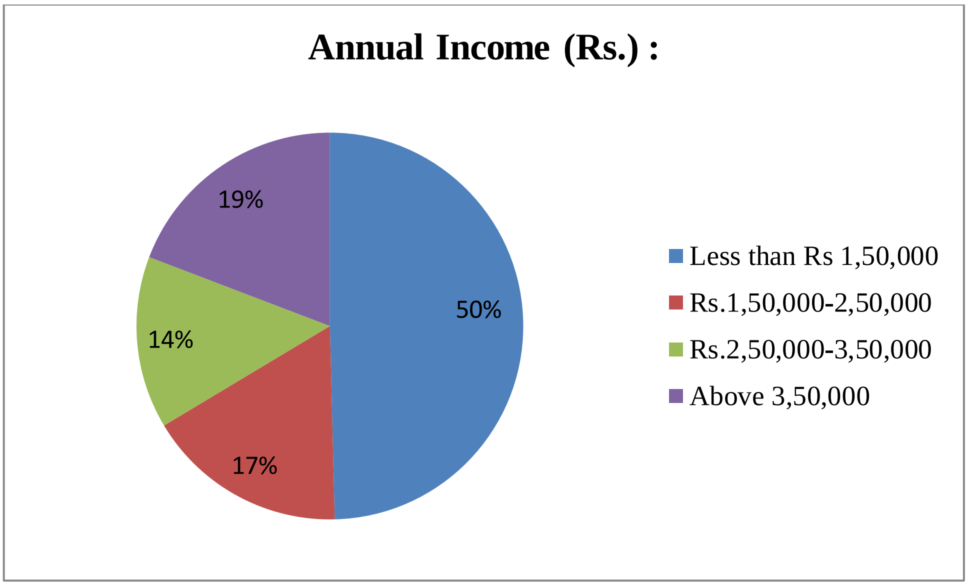
Classification of respondents according to the Annual Income

Sr. No.	Annual Income (Rs.) :	No. of respondents	%
1	Less than Rs 1,50,000	62	49.60%
2	Rs.1,50,000-2,50,000	21	16.80%
3	Rs.2,50,000-3,50,000	18	14.40%
4	Above 3,50,000	24	19.20%
	Total	**125**	**100.00%**

(Source: Computed from the questionnaire)

Chart: 5.06

Classification of respondents according to the Annual Income



(Source: Computed from the questionnaire)

Analysis:

The above table and chart no 5.06 shows the Annual Income of respondents. Out of 125 respondents 49.60%respondents having annual income less than Rs. 1,50,000,16.80%having annual income from RsRs.1,50,000 to 2,50,000, 14.40%respondents having annual income from RsRs.2,50,000 to 3,50,000and 19.20%respondents whose annual come more than Rs. 3,50,000. The research data shows that majority investors has Annual Income less than Rs. 1,50,000.

Table 5.07

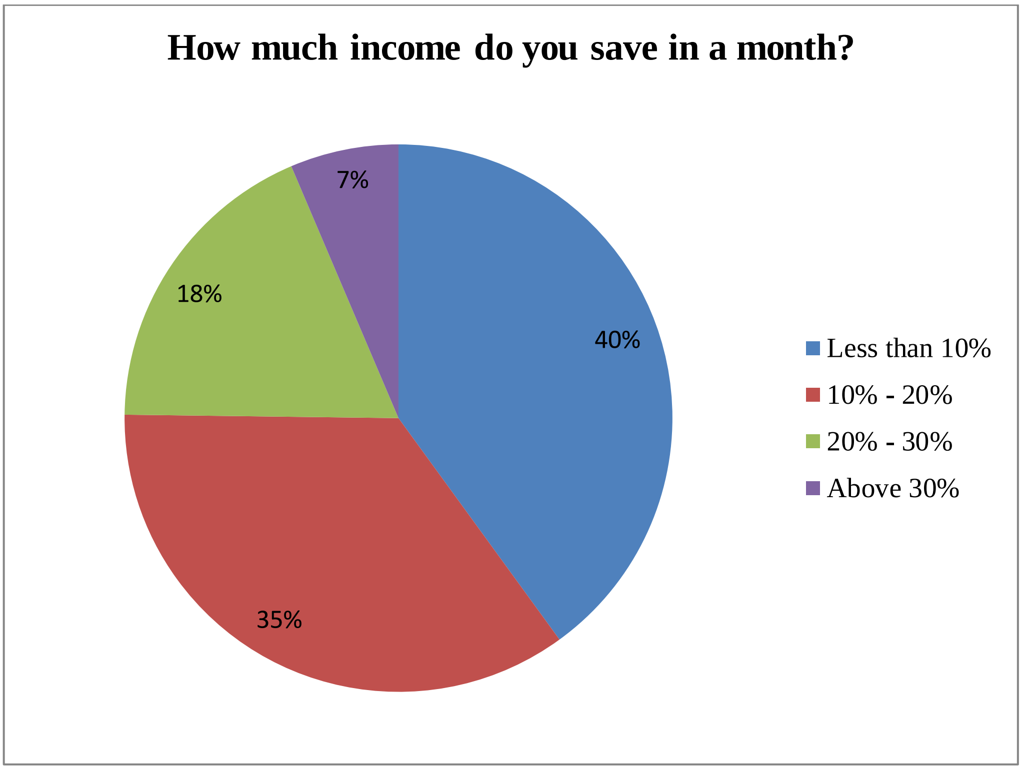
Classification of respondents according to theincome saved in a month

Sr. No.	Count of How much income do you save in a month?	No. of respondents	%
1	Less than 10%	50	40.00%
2	10% - 20%	44	35.20%
3	20% - 30%	23	18.40%
4	Above 30%	8	6.40%
	Total	**125**	**100%**

(Source: Computed from the questionnaire)

Chart: 5.07

Classification of respondents according to the income saved in a month



(Source: Computed from the questionnaire)

Analysis:

The above table and chart no 5.07 shows the monthly saving of respondents. Out of 125 respondents there are 40.00%respondents has save monthly Less than 10%, 35.20%respondents has monthly saving from Rs. 10% to 20%, 18.40%respondents has monthly saving from 20% to 30% and 6.40%respondents has monthly saving from above 30%. Majority have saving from Less than 10%.

Table 5.08

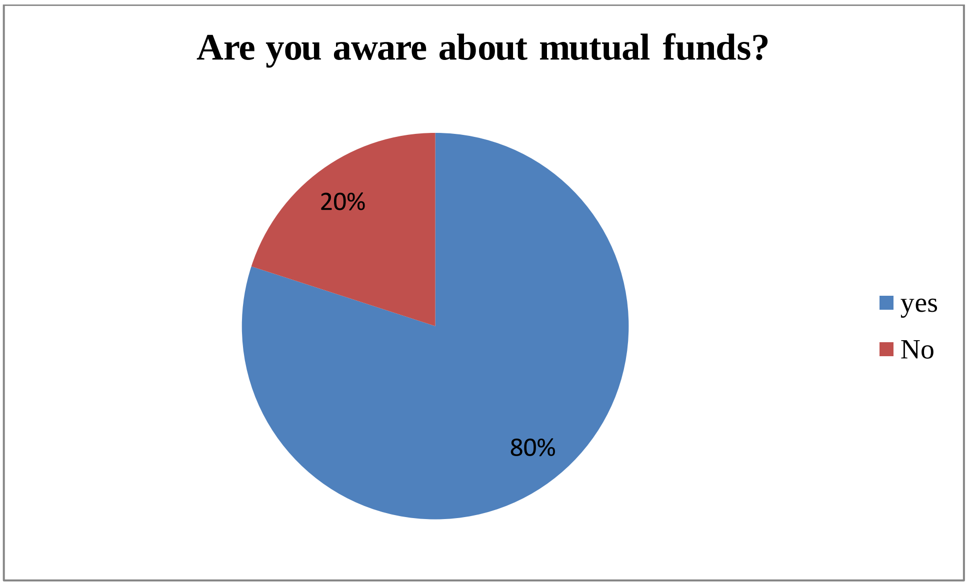
Classification of respondents according to the awareness about Mutual funds

Sr. No.	Are you aware about mutual funds?	No. of respondents	%
1	Yes	100	80.00%
2	No	25	20.00%
	Total	**125**	**100%**

(Source: Computed from the questionnaire)

Chart: 5.08

Classification of respondents according to the awareness about Mutual funds



(Source: Computed from the questionnaire)

Analysis

The above table and chart no 5.08 shows the awareness of respondents about mutual funds.Out of 125 respondents there are80.00% respondents are aware about Mutual Funds and 20.00% respondents are not aware about Mutual Funds. This shows that majority respondents are aware about Mutual Funds in this research.

Table 5.09

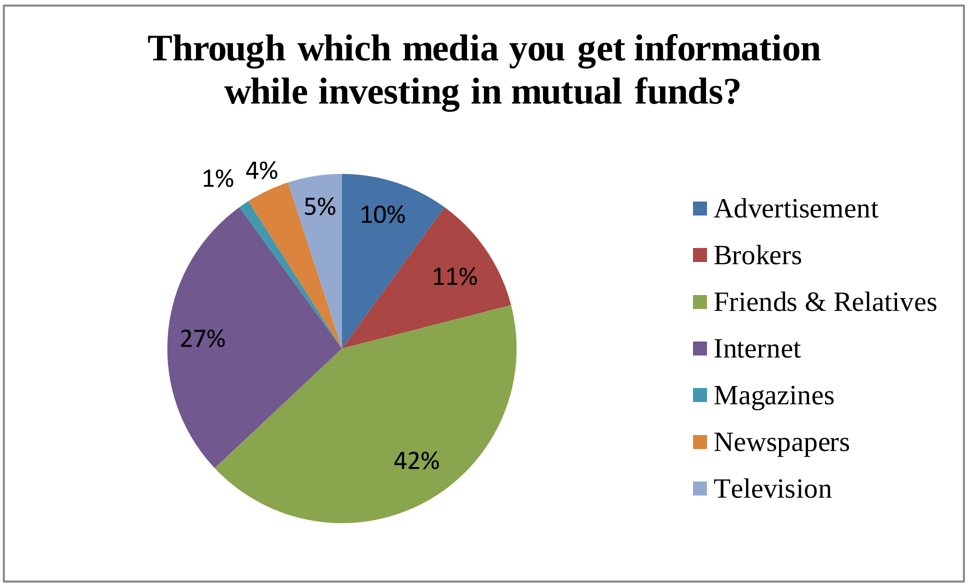
Classification of respondents according to the different media to get information while investing in mutual funds

Sr. No.	Through which media you get information while investing in mutual funds?	No of respondents	%
1	Advertisement	10	10.00%
2	Brokers	11	11.00%
3	Friends & Relatives	42	42%
4	Internet	27	27%
5	Magazines	1	1%
6	Newspapers	4	4%
7	Television	5	5%
	Total	**100**	**100%**

(Source: Computed from the questionnaire)

Chart: 5.09

Classification of respondents according to the different media from which they get information while investing in mutual funds



(Source: Computed from the questionnaire)

Analysis:

The above table and chart no. 5.09 shows the classification of respondents according to the different media from which they get information while investing in mutual funds.10% respondents get information through Advertisements, 11%respondents get information through Brokers, 42% respondents get information through Friends & Relatives, 27% respondents get information through internet, 1% respondents get information through Magazines, 4% respondents get information through Newspaper and 5% respondents get information through Television. Majority of respondents get information through Friends & Relatives while investing in mutual funds in this research.

Table: - 5.10

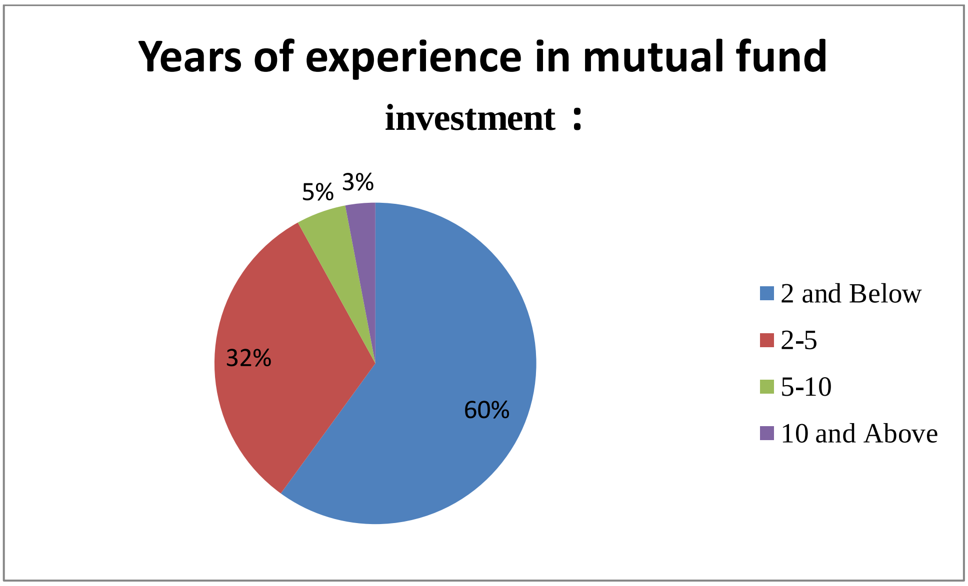
Classification of respondents according to their years of experience in mutual funds investment

Sr. No.	Years of experience in mutual fund investment :	No of respondents	%
1	2 and Below	60	60.00%
2	2-5	32	32.00%
3	5-10	5	5.00%
4	10 and Above	3	3.00%
	Total	**100**	**100%**

(Source: Computed from the questionnaire)

Chart: 5.10

Classification of respondents according to their years of experience in mutual funds investment



(Source: Computed from the questionnaire)

Analysis

The above table and chart no. 5.10 showclassification of respondents according to their years of experience in mutual funds investment. 60%respondents have2 and below years of experience in mutual funds investment, 32% respondents have 2 to 5 years of experience in mutual funds investment, 5% respondents have 5 to 10 years of experience in mutual funds investment and 3%% respondents have 10 and above years of experience in mutual funds investment. Majority of respondents have 2 and below years of experience in mutual funds investment in this research.

Table: - 5.11

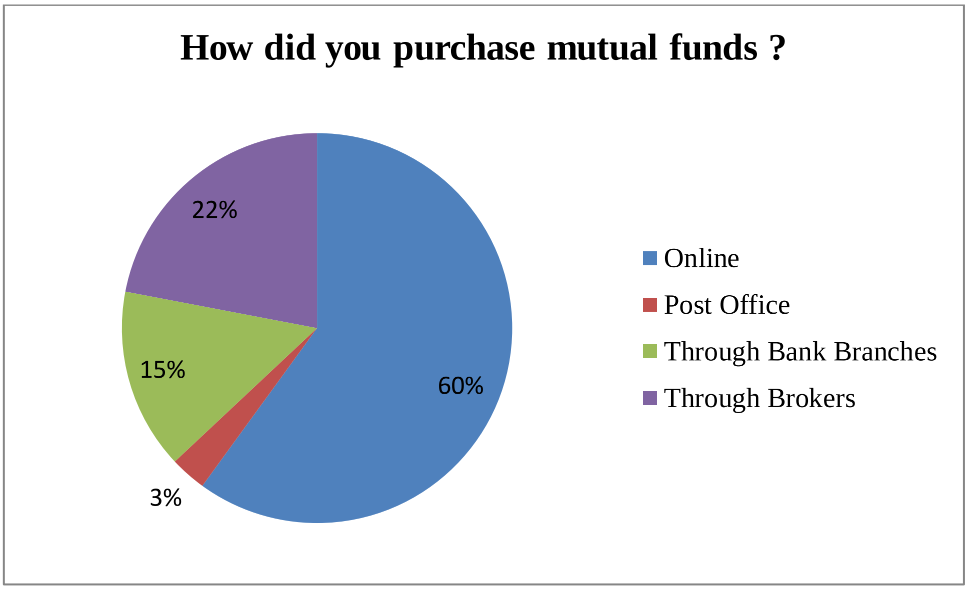
Classification of respondents according to the mode of purchase mutual funds

Sr. No.	How did you purchase mutual funds?	No of respondents	%
1	Online	60	60%
2	Post Office	3	3%
3	Through Bank Branches	15	15%
4	Through Brokers	22	22%
	Total	**100**	**100%**

(Source: Computed from the questionnaire)

Chart: 5.11

Classification of respondents according to themode of purchase mutual funds



(Source: Computed from the questionnaire)

Analysis

The above table and chart no. 5.11 show classification of respondents according tothe mode of purchase of mutual funds. 60% respondents purchase mutual fund from online, 3% respondents purchase mutual fund from post office, 15% respondents purchase mutual fund through bank branches and 22% through brokers. Majority of respondents purchase mutual fund from online in this research.

Table: - 5.12

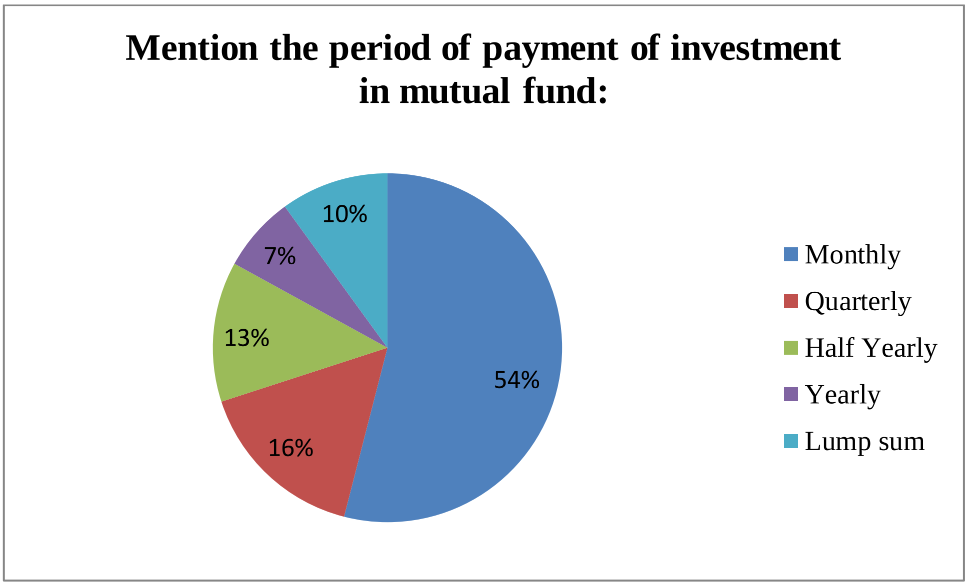
Classification of respondents according to theperiod of payment of investment in mutual funds

Sr. No.	Mention the period of payment of investment in mutual fund:	No of respondents	%
1	Monthly	54	54.00%
2	Quarterly	16	16.00%
3	Half Yearly	13	13.00%
4	Yearly	7	7.00%
5	Lump sum	10	10.00%
	Total	**100**	**100%**

(Source: Computed from the questionnaire)

Chart: 5.12

Classification of respondents according to theperiod of payment of investment in mutual fund



(Source: Computed from the questionnaire)

Analysis

The above table and chart 5.12 show classification of respondents according to the period of payment of investment in mutual fund. 54% respondents choose monthly payment of investment in mutual funds, 16% respondents choose quarterly payment of investment in mutual funds, 13% respondents choose half yearly payment of investment in mutual funds, 7% respondents choose yearly payment of investment in mutual funds and10% respondents choose lump sum payment of investment in mutual funds. Majority of respondents choose payment of investment in mutual funds in this research.

Table: - 5.13

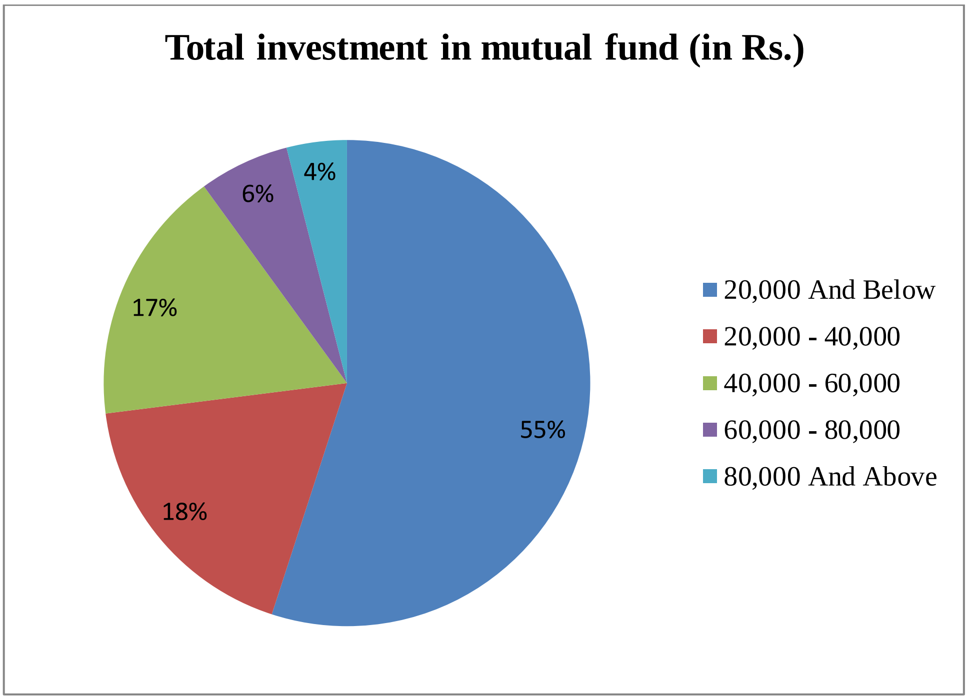
Classification of respondents according to thetotal investment in mutual funds

Sr. No.	Total investment in mutual funds (in Rs.)	No of respondents	%
1	20,000 And Below	55	55%
2	20,000 - 40,000	18	18%
3	40,000 - 60,000	17	17%
4	60,000 - 80,000	6	6%
5	80,000 And Above	4	4%
	Total	**100**	**100%**

(Source: Computed from the questionnaire)

Chart: 5.13

Classification of respondents according to the total investment in mutual fun1ds



(Source: Computed from the questionnaire)

Analysis

The above table and chart no. 5.13 represent Classification of respondents according to the total investment in mutual funds. 55% respondents have Rs. 20,000 and below as a total investment in mutual funds, 18% respondents have Rs. 20,000 to 40,000 as a total investment in mutual funds, 17% respondents have Rs. 40,000 to 60,000 as a total investment in mutual funds, 6% respondents have Rs. 60,000 to 80,000 as a total investment in mutual funds and4% respondents have Rs. 80,000 and above as a total investment in mutual funds. Majority of respondents have Rs. 20,000 and below as a total investment in mutual funds in this research.

Table: - 5.14

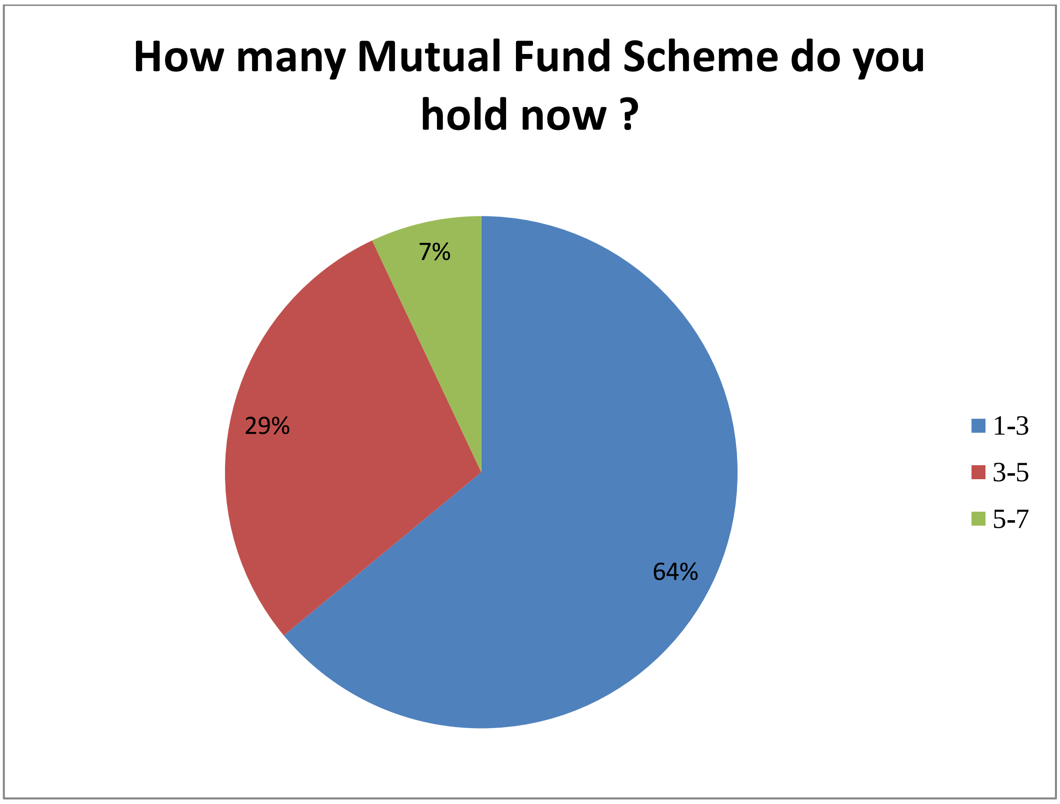
Classification of respondents according to themutual funds schemes hold by them

Sr. No.	How many Mutual Funds Scheme do you hold now?	No of respondents	%
1	1-3	64	64%
2	3-5	29	29%
3	5-7	7	7%
	Total	**100**	**100%**

(Source: Computed from the questionnaire)

Chart: 5.14

Classification of respondents according to the mutual funds schemes they hold



(Source: Computed from the questionnaire)

Analysis

Above table and chart no. 5.14 shows the classification of respondents according to the mutual funds schemes they hold. 64% respondents hold 1 to 3 mutual funds schemes, 29% respondents hold 3 to 5 mutual funds schemes and 7% respondents hold 5 to 7 mutual funds schemes. Majority of respondents hold 1 to 3 mutual funds schemes in this research.

Table: - 5.15

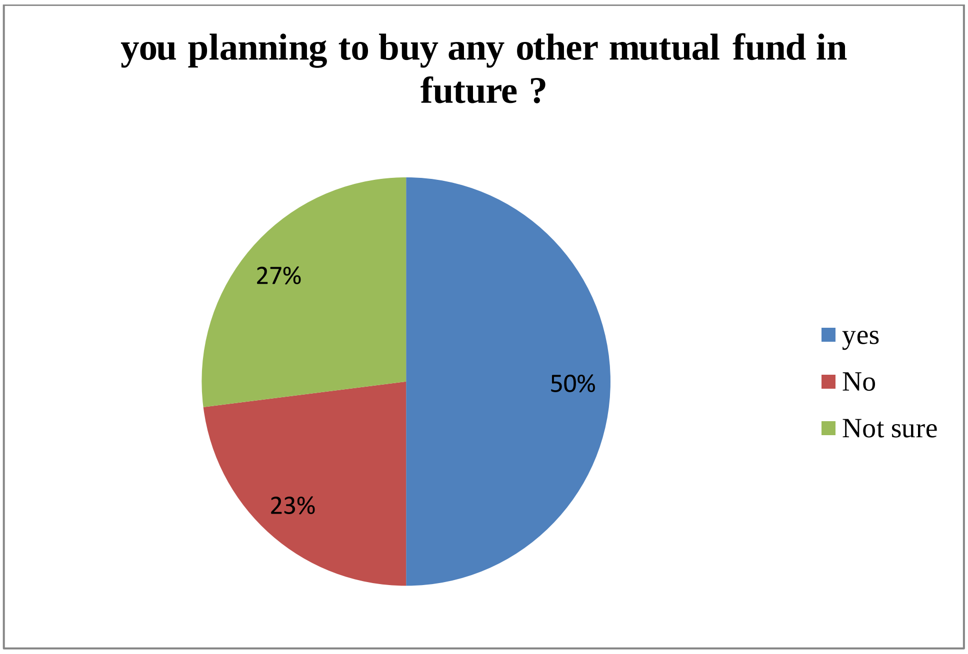
Classification of respondents according to their future plans to buy any other mutual funds

Sr. No.	Are you planning to buy any other mutual fund in future?	No of respondents	%
1	Yes	50	50.00%
2	No	23	23.00%
3	Not sure	27	27.00%
	Total	**100**	**100%**

(Source: Computed from the questionnaire)

Chart: 5.15

Classification of respondents according to their future plans to buy any othermutual funds



(Source: Computed from the questionnaire)

Analysis

The above table and chart no. 5.15 shows Classification of respondents according to their future plans to buy any other mutual funds. 50% respondents want to buy mutual funds in future, 23% respondents don't want to buy mutual funds in future and 27% respondents not sure about to buy mutual funds in future. Majority of respondents want to buy mutual funds in future in this research.

Table: - 5.16

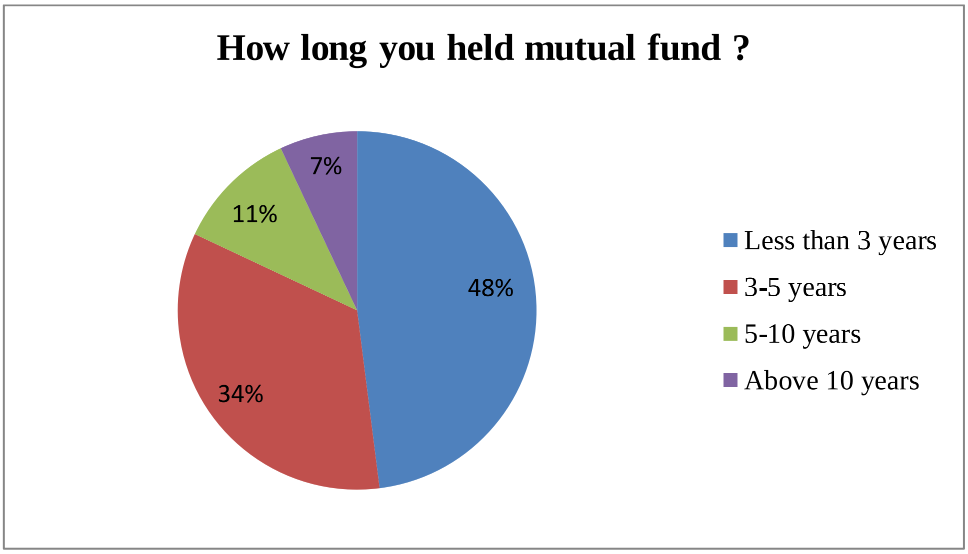
Classification of respondents according to time they held mutual funds

Sr. No.	How long you held mutual fund?	No of respondents	%
1	Less than 3 years	48	48%
2	3-5 years	34	34%
3	5-10 years	11	11%
4	Above 10 years	7	7%
	Total	**100**	**100%**

(Source: Computed from the questionnaire)

Chart: 5.16

Classification of respondents according to time they held mutual funds



(Source: Computed from the questionnaire)

Analysis

Above table and chart no. 5.16 shows the Classification of respondents according to time they held mutual funds. 48% respondents held their mutual funds for less than 3 years, 34% respondents held their mutual funds for 3 to 5 years, 11% respondents held their mutual funds for 5 to 10 years and 4% respondents held their mutual funds for above 10 years. Majority of respondents held their mutual funds for less than 3 years in this research.

Table: 5.17

Classification of respondents according to current preference for mutual funds schemes

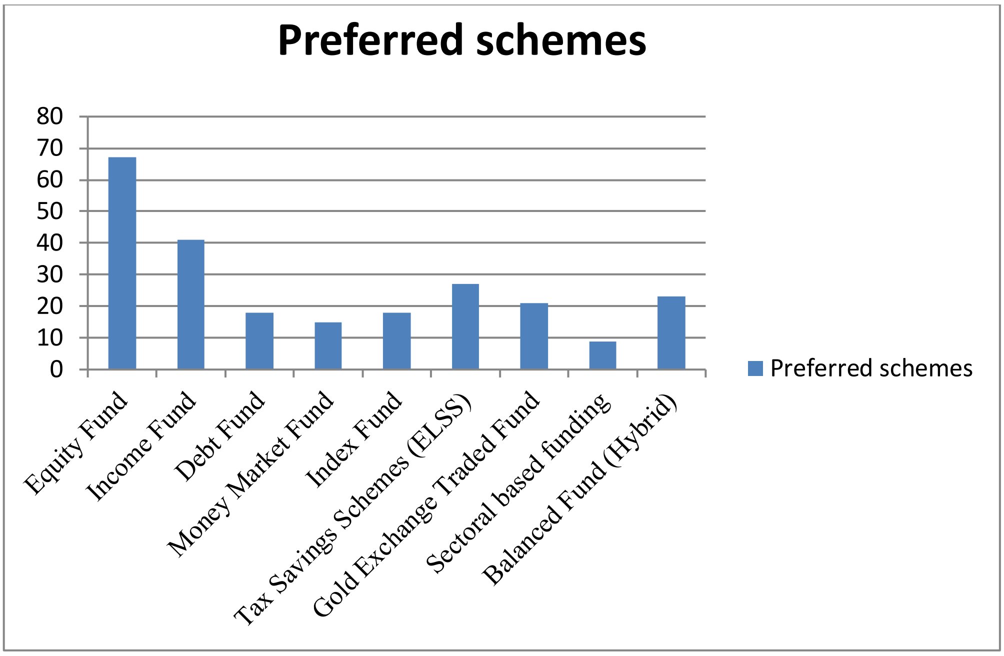
Mutual Funds Schemes	Preferred schemes	Not preferred schemes	No. of respondents
Equity Fund	67	33	**100**
Income Fund	41	59	**100**
Debt Fund	18	82	**100**
Money Market Fund	15	85	**100**
Index Fund	18	82	**100**
Tax Savings Schemes (ELSS)	27	77	**100**
Gold Exchange Traded Fund	21	79	**100**

Sectoral based funding	9	91	**100**
Balanced Fund (Hybrid)	23	77	**100**

(Source: Computed from the questionnaire)

Chart: 5.17

Classification of respondents according to current preference for mutual funds schemes



(Source: Computed from the questionnaire)

Analysis

Above table and chart no. 5.16 shows the Classification of respondents according to current preference for mutual funds schemes**.** Out of 100 respondents 67 respondents are preferred equity fund scheme and 33 respondents are not preferred equity fund scheme. Out of 100 respondents 41 respondent preferred income fund schemeand 59 respondents are not preferredincome fund scheme.Out of 100 respondents 18 respondents are preferred debt fund schemeand 82 respondents are not preferred debtfund scheme.Out of 100 respondents 15 respondents are preferred is money market fund schemeand 85 respondents are not preferredmoney market fund scheme.Out of 100 respondents 18 respondents are preferred is index fund schemeand 82 respondents are not preferredindex fund scheme.Out of 100 respondents 27 respondents are preferred is tax savings schemes (ELSS)and 73 respondents are not preferredtax savings schemes (ELSS).Out of 100 respondents 21 respondents are preferred is gold exchange traded fund schemeand 89 respondents are not preferredgold exchange traded fund scheme.Out of 100 respondents 9 respondents are preferred is sectoral based fundingschemeand 91 respondents are not preferredsectoral based funding scheme.Out of 100 respondents 23 respondents are preferred is balanced fund (Hybrid)schemeand 77 respondents are not preferredbalanced fund (Hybrid)scheme. Majority of respondents preferred equity fund scheme more and sectoral based funding scheme are less preferred in this research.

Table: - 5.18

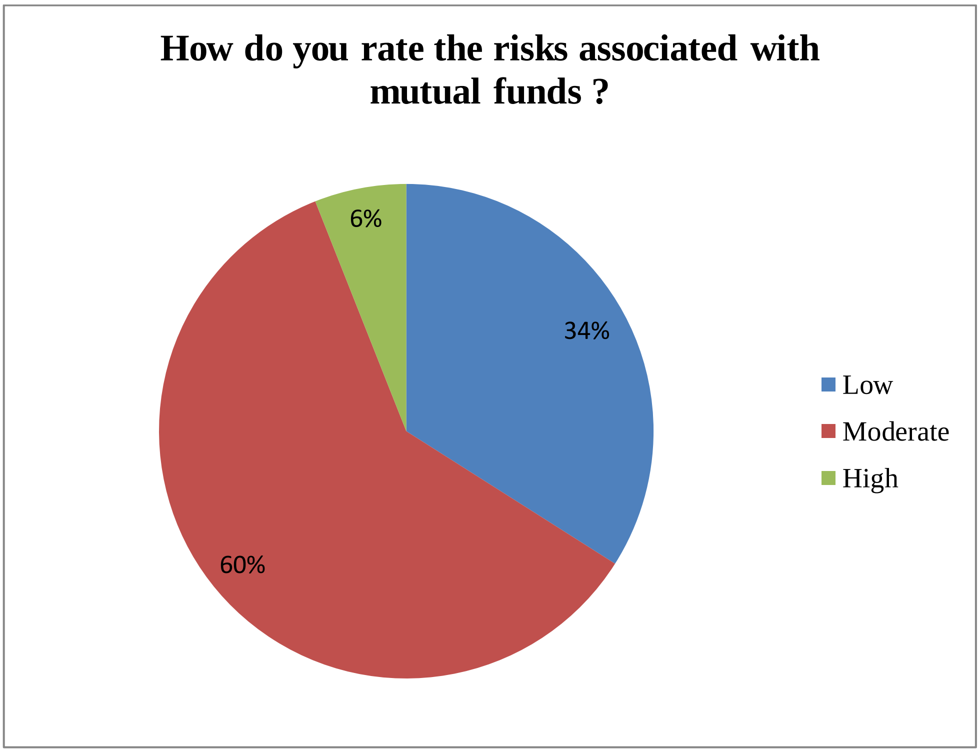
Classification of respondents according to therisks associated with mutual funds

Sr. No.	How do you rate the risks associated with mutual funds?	No of respondents	%
1	Low	34	34.00%
2	Moderate	60	60.00%
3	High	6	6.00%
	Total	100	100%

(Source: computed from the questionnaire)

Chart: 5.18

Classification of respondents according to the risks associated with mutual funds



(Source: computed from the questionnaire)

Analysis

The above table and chart no. 5.18shows classification of respondents according to the risks associated with mutual funds. 6% respondents choose that there is high risk associated with mutual funds. 34% respondents choose that there is low risk associated with mutual funds.60% respondents choose that there is moderate risk associated with mutual funds. Majority of respondents choose that there is moderate risk associated with mutual funds.

Table: - 5.19

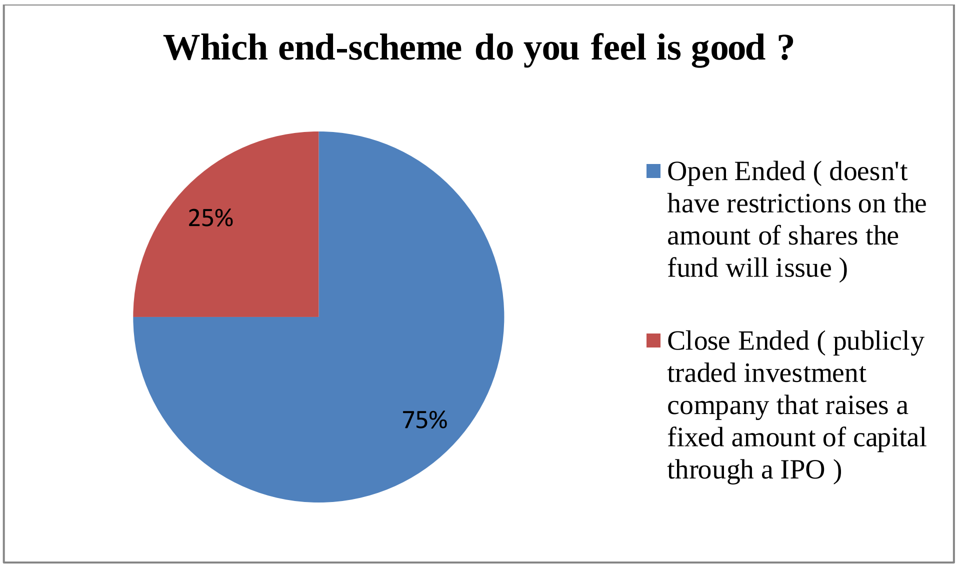
Classification of respondents according to the end schemes

Sr. No.	Which end-scheme do you feel is good?	No of respondents	%
1	OpenEnded	75	75%
2	Close Ended	25	25%
	Total	**100**	**100%**

(Source: Computed from the questionnaire)

Chart: 5.19

Classification of respondents according to the end schemes



(Source: Computed from the questionnaire)

Analysis:

Above table and chart no. 5.19 shows the classification of respondents according to end schemes. 75% respondents feel that open ended scheme is good scheme and 25% respondents feel that close ended scheme is good scheme. Majority of respondents feel that open ended scheme is good scheme in this research

Table: - 5.20

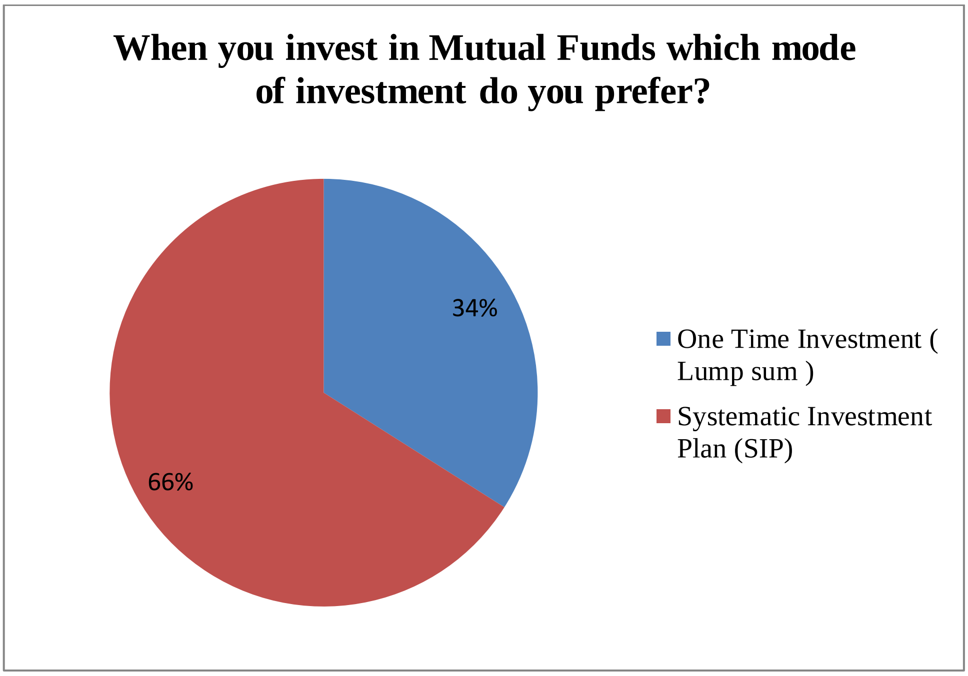
Classification of respondents according to the preferable mode of investment in mutual funds

Sr. No.	When you invest in Mutual Funds which mode of investment do you prefer?	No of respondents	%
1	One Time Investment (Lump sum)	34	34%
2	Systematic Investment Plan (SIP)	66	66%
	Total	**100**	**100%**

(Source: Computed from the questionnaire)

Chart: 5.20

Classification of respondents according to the preferable mode of investment in mutual funds



(Source: Computed from the questionnaire)

Analysis

The above table and chart no. 5.20 represent the classification of respondents according to the preferable mode of investment in mutual funds. 34% respondents prefers one time investment mode of investment at the time of invest in mutual funds and 66% respondents prefers systematic investment mode of investment at the time of invest in mutual funds. Majority of respondents prefers systematic investment mode of investment at the time of invest in mutual funds in this research.

Table: - 5.21

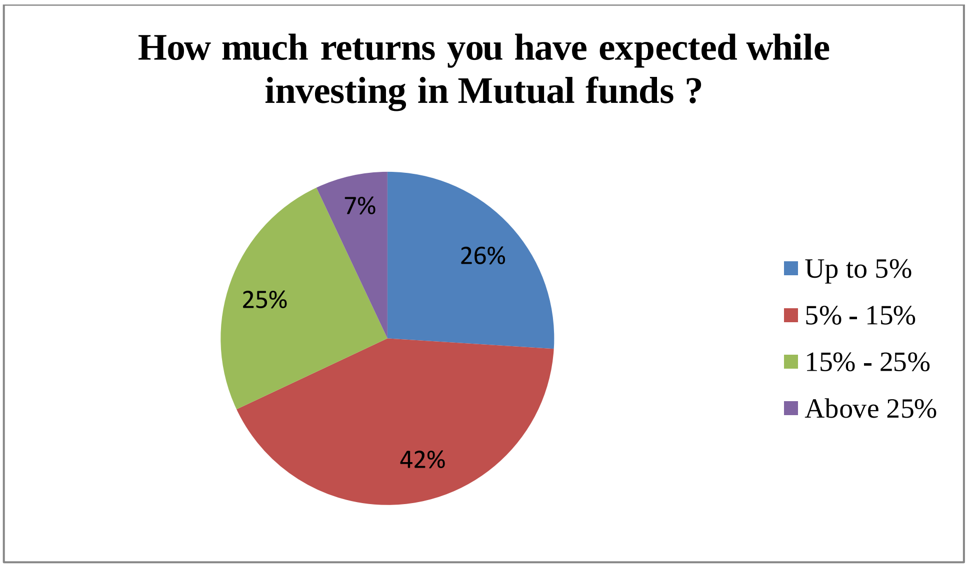
Classification of respondents according to theexpected return while investing in mutual funds

Sr. No.	How much returns you have expected while investing in Mutual funds	No of respondents	%
1	Up to 5%	26	26%
2	5% - 15%	42	42%
3	15% - 25%	25	25%
4	Above 25%	7	7%
	Total	**100**	**100%**

(Source: Computed from the questionnaire)

Chart: 5.21

Classification of respondents according to theexpected return while investing in mutual funds



(Source: Computed from the questionnaire)

Analysis:

The above table and chart no. 5.21 represent the classification according to respondent's expected return while investing in mutual funds. 26% respondents choose up to 5% return, 42% respondents select 5% to 15% return, 25%respondents choose 15% to 25% return and 7%respondents select above 25% return. Majority of respondents expect return are between 5% to 15% while investing in mutual funds that shows consumers are not expect very high return from mutual funds.

Ta **5.22**

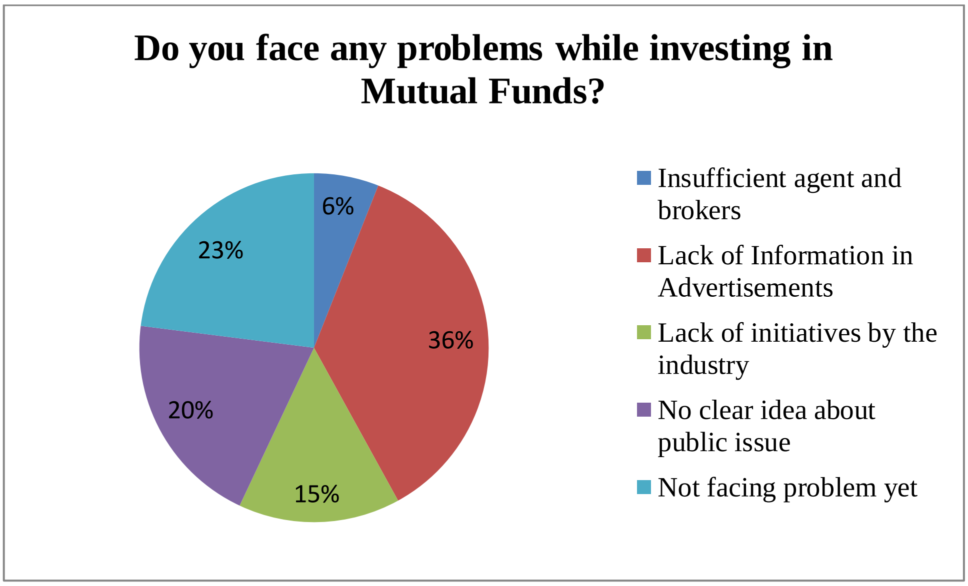
Classification of respondents according to the facing problems while investing in mutual funds

Sr. No.	Do you face any problems while investing in Mutual Funds?	No. of respondents	%
1	Insufficient agent and brokers	6	6%
2	Lack of Information in Advertisements	36	36%
3s	Lack of initiatives by the industry	15	15%
4	No clear idea about public issue	20	20%
5	Not facing problem yet	23	23%
	Total	**100**	**100%**

(Source: Computed from the questionnaire)

Chart: 5.22

Classification of respondents according to the facing problems while investing in mutual funds



(Source: Computed from the questionnaire)

Analysis

The above table and chart no. 5.22 shows Classification of respondents according to the facing problems while investing in mutual funds. 6% respondents face problem of lack of information in advertisements while investing in mutual funds, 36% respondents face problem of lack of information in advertisements while investing in mutual funds, 15% respondents face problem of lack of initiatives by industry while investing in mutualfunds, 20% respondents face problem of no clear idea about public issue while investing in mutual funds and 23% respondents not facing any problems while investing in mutual funds. Majority of respondents has facing problem of lack of information in advertisement in this research.

Table no. 5.23

Classification according factors that influence the respondents in selection Mutual funds

Factors	Strongly Agree		Agree		Neutral		Disagree		Strongly disagree		T	W.A (100)	R
	F	W (5)	F	W (4)	F	W (3)	F	W (2)	F	W (1)			
Returns/ Capital Appreciation	62	310	25	100	9	27	3	6	1	1	444	4.44	1
Tax Saving Purpose	28	140	47	188	20	60	4	8	1	1	397	3.97	5
Liquidity	36	180	45	180	13	39	5	10	1	1	410	4.10	3
Marketability	25	125	49	196	24	72	2	4	0	0	397	3.97	5
Safety	50	250	32	128	14	42	2	4	2	2	426	4.26	2
Legality	26	130	48	192	20	60	5	10	1	1	393	3.93	7
To cover Inflation	29	145	44	176	21	63	5	10	1	1	395	3.95	6
Performance of Fund	32	160	44	176	18	54	5	10	1	1	401	4.01	4
Performance of AMC	36	180	36	144	19	57	5	10	4	4	395	3.95	6
Wide Advertisement	23	115	45	180	25	75	5	10	2	2	382	3.82	8

(Source: Computed from the questionnaire)

Analysis

For the purpose of overall comparison, researcher has used weighted average method and gives weight to rank like strongly agree – 5 weight, agree – 4 weight, neutral – 3 weight, disagree – 2weight and strongly disagree - 1 weight. The following table computed weighted average of number of respondents according to factors that influencing respondentsin selection Mutual funds.

The above table 5.23 shows rank wise classification of factors that influence the respondents in selection Mutual funds. In 1st rank, weighted average is 4.44which means that most number of respondents influenced from returns/capital appreciation factor in selection of mutual funds. In 2nd rank weighted average are4.26which means that respondents influenced from safety factor in selection of mutual funds after returns/capital appreciation. As per 3rd rank, weighted average is 3.97 which means that respondents influenced by liquidityfactor in selection of mutual funds. In 4th rank, weighted average is 4.01which means that respondents influenced by performance of fund factor in selection of mutual funds. In 5th rank, weighted average is 3.97 which means that respondentsequally influenced from tax saving purpose and marketabilityfactor in selection of mutual funds. As per 6th rank, weighted average is 3.95which means that respondents equally influenced from to cover inflation and performance of AMCfactor in selection of mutual funds. In 7th rank, weighted average is 3.93 which means that respondents influenced from legalityfactor in selection of mutual funds. As per 8th rank,weighted average is 3.82 which means that respondents influenced from wide advertisementfactor in selection of mutual funds. Researcher conclude from the above table that most number of respondents influenced from returns/capital appreciation factor and least are influenced fromwide advertisementfactor in selection of mutual funds.

Table no. 5.24

Classification according to perceptions of respondents towards mutual funds

Concepts	**Strongly Agree**		**Agree**		**Neutral**		**Disagree**		**Strongly disagree**		**T**	**W.A (100)**	**R**
	F	W (5)	F	W (4)	F	W (3)	F	W (2)	F	W (1)			
Mutual Funds are useful for small investors.	53	265	29	116	13	39	4	8	1	1	429	4.29	1
Investing in Funds are less risky	21	105	57	228	18	54	2	4	2	2	393	3.93	11

compared to share													
Mutual Funds give higher returns than other Investment.	38	190	38	152	17	51	6	12	1	1	406	4.06	3
ELSS Schemes are good for tax savings [Equity Linked Savings Schemes].	18	90	49	196	26	78	5	10	2	2	376	3.76	19
Mutual Funds Investment is an assets for the future.	40	200	35	140	18	54	5	10	2	2	406	4.06	3
Mutual Fund Investments are substitutes for share Investment.	18	90	54	216	22	66	3	6	3	3	381	3.81	17
Public sector Mutual Funds are more secure than Private sector Mutual Funds.	25	125	47	188	20	60	7	14	1	1	388	3.88	14
Mutual Funds large corpus of fund perform better.	29	145	43	172	22	66	6	12	0	0	395	3.95	9
Mutual Funds have better professional expertise than individual investor.	25	125	49	196	20	60	6	12	0	0	393	3.93	11
There is total transparency in Mutual Funds operations.	33	165	35	140	29	87	1	2	2	2	396	3.96	8

Investment in equity market through Mutual Funds reduce risk level.	24	120	51	204	19	57	4	8	2	2	391	3.91	12
Public Sector Mutual Funds perform better.	29	145	37	148	27	81	7	14	0	0	388	3.88	14
Returns from Mutual Funds are more than expected.	31	155	41	164	21	63	5	10	2	2	394	3.94	10
Mutual Funds provides easy withdrawal facilities.	24	120	54	216	17	51	1	2	4	4	393	3.93	11
Mutual Funds provides better tax benefits.	38	190	35	140	16	48	9	18	2	2	398	3.98	6
Management costs charged to the funds are reasonable.	20	100	46	184	28	84	3	6	3	3	377	3.77	18
NAV of Mutual Funds is disclosed on a day-to-day basis.	31	155	45	180	17	51	6	12	1	1	399	3.99	5
Mutual Funds provide innovative schemes with different objectives.	25	125	46	184	23	69	5	10	1	1	389	3.89	13
Regulatory bodies	36	180	41	164	19	57	3	6	1	1	408	4.08	2

like SEBI and others are able to control funds properly.													
Mutual Funds are healthy for Indian environment.	36	180	39	156	16	48	7	14	2	2	400	4.00	4
1Grievance redresses are effective.	22	110	46	184	26	78	4	8	2	2	382	3.82	16
Information on Mutual Funds is easily available.	37	185	40	160	15	45	2	4	5	3	397	3.97	7
Mutual Funds have deeper discount network.	19	95	57	228	19	57	2	4	3	3	387	3.87	15

(Source: Computed from the questionnaire)

Analysis

For the purpose of overall comparison, researcher has used weighted average method and gives weight to rank like strongly agree – 5 weight, agree – 4 weight, neutral – 3 weight, disagree – 2 weight and strongly disagree - 1 weight. The following table computed weightedaverage of number of respondents according to perceptions of respondents towards mutual funds.

The above table 5.24 shows rank wise classification of perceptions of respondents towards mutual funds. In 1st rank, the weighted average is 4.29, which means that the majority of respondent's perception towards mutual funds is that they are useful for small investors. The 2nd rank weighted average is 4.08, which means that respondent's perception towards mutual funds is that regulatory bodies like SEBI and others are able to control funds properly. As per the 3rd rank, the weighted average is 4.06, which means that the respondent's perception are equal towards mutual funds is that they give higher returns than other investments and mutual fund investment is an asset for the future. In the 4th rank, the weighted average is 4, which means that the respondent's perception towards mutual funds is that mutual funds are healthy for the Indian environment. In the 5th rank, the weighted average is 3.99, which means that the respondent's perception towards mutual funds is that the NAV of mutual funds is disclosed on a day-to-day basis. As per the 6th rank, the weighted average is 3.98, which means that the respondent's perception towards mutual funds is that mutual funds provide better tax benefits. In the 7th rank, the weighted average is 3.97, which means that respondent's perceptions towards mutual funds are that information on mutual funds is easily available.As per the 8th rank, the weighted average is 3.96, which means that the respondent's perception towards mutual funds is that there is total transparency in mutual fund operations. In the 9th rank, the weighted average is 3.95, which means that the respondent's perception towards mutual funds is that mutual funds with a large corpus of funds perform better.In the 10th rank, the weighted average is 3.94, which means that the respondent's perception towards mutual funds is that returns from mutual funds are higher than expected. In the 11th rank, weighted average is 3.93 which means that respondent's perception towards mutual fundsequal that mutual funds have better professional expertise than individual investor, mutual funds have better professional expertise than individual investor and mutual funds provides easy withdrawal facilities. In the 12th rank, the weighted average is 3.91, which means that the respondent's perception towards mutual funds is that investments in the equity market through mutual funds reduce risk level. In the 13th rank, the weighted average is 3.89, which means that the respondent's perception towards mutual funds is that they provide innovative schemes with different objectives. In the 14th rank, the weighted average is 3.88, which means that respondent's perceptions towards mutual funds are equal; they believe that public sector mutual funds are more secure than private sector mutual funds and that public sector mutual funds perform better. In the 15th rank, the weighted average is 3.87, which means that the respondent's perception towards mutual funds is that mutual funds have a deeper discount network. In the 16th rank, the weighted average is 3.82, which means that the respondent's perception towards mutual funds is that grievance redresses are effective. In the 17th rank, the weighted average is 3.81, which means that the respondent's perception towards mutual funds is that mutual fund investments are substitutes for share investment. In the 18th rank, the weighted average is 3.77, which means that the respondent's perception towards mutual funds is that the management costs charged to the funds are reasonable. In the 19th rank, the weighted average is 3.76, which means that the respondent's perception towards mutual funds is that ELSS schemes are good for tax savings [Equity Linked

Savings Schemes]. According to the researchers, the majority of respondents' perceptions of mutual funds are that they are useful for small investors, while the least number of respondents' perceptions of mutual funds are that ELSS Schemes [Equity Linked Savings Schemes] are good for tax savings.

Hypothesis testing:

H_0: There is no significant difference between age and factor that influence the selection of mutual funds.

H_1: There is significant difference between age and factor that influence the selection of mutual funds.

Table no. 5.25

ANOVA between age and factors that influence the selection of mutual funds

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.027745	3	0.009248	0.047831	0.986061	2.699393
Within Groups	18.56225	96	0.193357			
Total	18.59	99				

(Source: Computed from Excel)

Analysis

The table no. 5.25 showing the result of ANOVA between age and factors that influence the selection of mutual funds.The calculated value of F is 0.05 at 5% level of significance and table value is 2.70. That shows calculated value is less than table value. So, the null hypothesis is accepted. Therefore, there is no significant difference between age and factor that influence the selection of mutual funds.

Hypothesis testing:

H_0: There is no significant difference between age and perception towards mutual funds.

H_1: There is significant difference between age and perception towards mutual funds.

Table no. 5.26

ANOVA between age and perception towards mutual funds

ANOVA						
Source of Variation	SS	Df	MS	F	P-value	F crit
Between Groups	1.301852	3	0.433951	1.005093	0.39406	2.699393
Within Groups	41.44815	96	0.431752			
Total	42.75	99				

(Source: Computed from Excel)

Analysis

The table no. 5.26 showing the result of ANOVA between age and perception towards mutual funds.The calculated value of F is 1.00 at 5% level of significance and table value is 2.70. That shows calculated value is less than table value. So, the null hypothesis is accepted. Therefore, there is no significant difference between age and perception towards mutual funds.

5.5 CONCLUSION

From the data analysis and interpretation, researcher has concluded that there is no significant difference between age and factor that influence the selection of mutual funds and also there is no significant difference between age and perception towards mutual funds.Majority of the respondents are male in this research.

CHAPTER 6

SUMMERY, FINDINGS AND SUGGESTIONS

CHAPTER 6

INDEX

6.1 INTRODUCTION

This is a chapter of research work includes summery, findings, suggestions and conclusion from the data collection, its interpretations. Summery includes the overall previous chapter briefly. Where findings are concluded after the analysis of the available data and from that important suggestion is given by the researcher.

5.2 SUMMERY

The present chapter has been divided into six chapters. The brief summary of each chapter is as under:

Chapter 1Introduction

This chapter gives introduction of mutual funds. Its meaning, concept, history of mutual funds, types of mutual funds schemes, SEBI categorised mutual fund schemes, risk factors, advantages of investing in mutual funds, total expense ratio, direct plan and regular plan, how to invest in direct plan and regular plan?.Mutual funds are good source of returns for investors and it is particularly usefulfor the people who are at the age of retirement.

Chapter 2 Conceptual Framework

This chapter gives conceptual framework of consumer's behaviour. Its meaning and definitions, nature of consumer's behaviour, importance of consumer's behaviour, types of buying decision behaviour, consumer buying process, 7 O's framework of consumer's behaviour, factors influencing consumer's behaviour, consumer's behaviour models and its types.

Chapter 3 Review of Literature

A description of past research on the research topic is included in a descriptive literature review. This literature review assists in establishing a foundation for the research, reducing duplication, identifying gap, and fully assisting in the development of the methodology and theoretical framework.

Chapter 4 Research Methodology

In this chapter, the study's methodology is explained. This chapter provides an overview of research methodology, outlining terms like what is research, definition of research, research process, problem of the study, objectives of the study, and hypothesis of the study. It also discusses research design, in which the title of the study, period of the study, scope of the study, sample of the study, data collection, tool and techniques, significance of the study, limitations of the study etc.

Chapter 5 Data Analysis and Interpretation

The chapter is mainly deals with the data analysis and interpretations of the data which is collected from structured questionnaire. From the data analysis and interpretation researcher has conclude that there is no significant difference between age and factors that influencing selection behaviour of mutual funds investors.

Chapter 6 Summery, Findings & Suggestions

This chapter presents summery, findings and conclusion of the whole study which find out by researcher after the completion of research.

5.3 FINDINGS OF THE STUDY

After the analysis of the entire collected data researcher has found the various findings from the research work about consumer behaviour towards mutual funds in Rajkot city.

5.3.1 Findings based on the main profile of the respondents

1. In this study majority respondents are male. Out of 125 respondents, 33.60% are female and 66.40% are male.
2. In this research majority of investors are from 21 to 30 yearsage group in Rajkot city.
3. According to marital status out of 125 respondents, 43.20%respondents are married and 56.80%are unmarried.That shows unmarried respondents are higher than the married respondents in the research.
4. As per Educational qualification majority investors are Graduate.
5. According to occupation majority investors are private employee in this research.
6. 49.60% ofrespondents has annual income less than Rs. 1,50,000.
7. 40.00% of respondents have saved monthly Less than 10% of total income.
8. According to awareness about mutual funds 80.00% respondents are aware about mutual funds.
9. Out of 100 respondents 42% respondents get information through Friends & Relatives while investing in mutual funds in this research.
10. 60% respondents have 2 and below years of experience in mutual funds investment.
11. 60% respondents purchase mutual fund from online.
12. According to the period of payment of investment in mutual fund out of 100 respondents, 54% respondents choose monthly payment.

13. According to the total investment in mutual funds majority of respondents have Rs. 20,000 and below as a total investment in mutual funds in this research.
14. Out of 100 respondents, 64% respondents hold 1 to 3 mutual funds schemes.
15. According to their future plans to buy any other mutual funds majority of respondents want to buy mutual funds in future.
16. 48% respondents held their mutual funds for less than 3 years.
17. According to current preference for mutual funds schemes**,** out of 100 respondents 67 respondent are preferred equity fund scheme and 9 respondentpreferred sectoral based funding schemes. Therefore, majority of respondents preferred equity fund scheme and sectoral based funding scheme are less preferred in this research.
18. According to the risks associated with mutual funds, 60% respondents choose that there is moderate risk associated with mutual funds.
19. 75% respondents feel that open ended scheme is good scheme of mutual funds.
20. As per preferable mode of investment in mutual funds, out of 100 respondents 66% respondents prefers systematic investment mode of investment at the time of invest in mutual funds.
21. 42% respondents expect return are between 5% to 15% while investing in mutual funds that shows consumers are not expect very high return from mutual funds.
22. 36% respondents face problem of lack of information in advertisements while investing in mutual funds.
23. Study revealed that most number of respondents influenced from returns/capital appreciation factor and least are influenced fromwide advertisementfactor in selection of mutual funds.
24. Study revealed that the majority of respondents' perceptions of mutual funds are found that they are useful for small investors, while the least number of respondents' perceptions of mutual funds are that ELSS Schemes [Equity Linked Savings Schemes] are good for tax savings.

5.3.2 Findings based on F – test (ANOVA)

1. From the test results respondent’s age and factor that influence the selection of mutual funds null hypothesis is accepted. Therefore, there is no significant difference between age and factor that influence the selection of mutual funds.

2. From the test results respondent's age andperception towards mutual funds null hypothesis is accepted. Therefore, there is no significant difference between age and perception towards mutual funds.

5.4 SUGGESTIONS

From the based on the study researcher wants to offer few recommendations and suggestions. They are as follows

1. An investor should learn to make decisions regarding the selection of the Mutual funds.
2. Despite the fact that we frequently see advertisements for mutual funds on television, some people are still unaware of what a mutual fund is. My suggestion is to advertise it, but also to promote it through campaigns, word-of-mouth, banks, and other media by government and other financial institutions.
3. To attract more investors, the advantages of mutual funds must be highlighted by mutual funds industry.
4. Most of respondents facing problem of lack of advertisement about mutual fund. So, Mutual Funds Company has to give more advertisements about mutual funds.
5. Since investors will be of different ages, it is advised that the agents properly explain the various benefits, earnings, etc. to them. While explaining the details of the scheme to them, it is also essential to consider their education levels.
6. Organizations should improve proper infrastructural facilities to attract and retain the investors' of all areas which help them providing best service to investors'.
7. Mutual funds industries have to provide knowledge about different schemes and their benefits.
8. According to the study, female investors know less about mutual funds. As a result, mutual fund companies should focus on educating working women and female students about mutual funds.

9. Most investors expect mutual fund returns of 5% to 15%, so the mutual fund industry must provide them with higher returns.
10. Most of respondents feel that open ended fund is good scheme so mutual funds industry must provide more information about close ended fund.
11. People who do not have enough fund to invest should be made aware about Systematic Investment Plan (SIP).

6.5 CONCLUSION

The study concludes that 80% respondents are aware about mutual funds. There is no significant difference between perception about the mutual funds and age group. And also there is no significant difference between factors that influence selection of mutual funds and age group. The study gives the positive result of the consumer’s behaviour about mutual funds of Rajkot city. It means the investors are aware about mutual funds.

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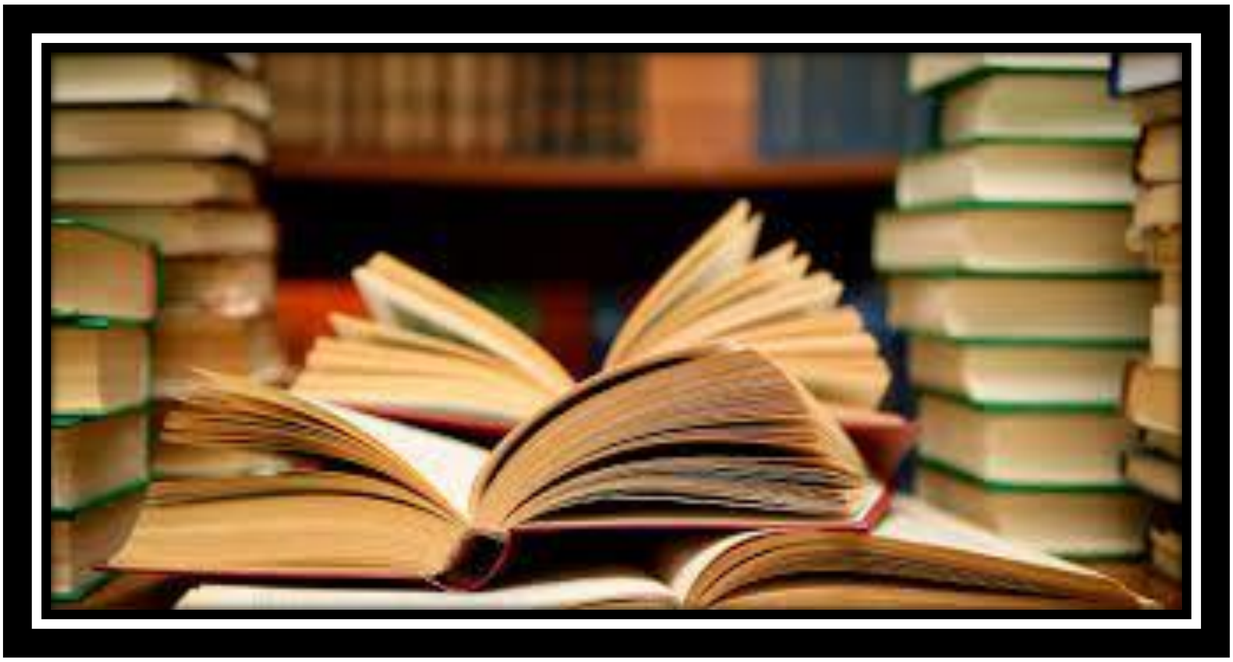

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QUESTIONNAIRE

1. Name: ______________________
2. Email Id: ____________________
3. Gender:

   1) Male [ ] 2) Female [ ]
4. Age :(in Years)

   1) Below 20 [ ] 2) 21-30 [ ]

   3) 31- 40 [ ] 4) Above 40 [ ]
5. Marital Status:

   1) Married [ ] 2) Unmarried [ ]
6. Occupation:

   1) Student [ ] 2) Businessman [ ]

   3) Government Employee [ ] 4) Private employee [ ]
7. Educational Qualification:

   1) Below HSE [ ] 2) HEC [ ]

   3) Graduate [ ] 4) Post Graduate [ ]
8. Annual income:

   1) Less than Rs.1,50,000 [ ] 2) Rs.1,50,000–Rs.2,50,000 [ ]

   3) Rs.2,50,000-Rs.3,50,000 [ ] 4) Above Rs.3,50,0 [ ]
9. How much do you save in a month?

   1) Less than 10% [ ] 2) 10%-20% [ ]

   3) 20%-30% [ ] 4) Above 40% [ ]
10. Are you aware about mutual funds?

    1) Yes [ ] 2) No [ ]
11. Through which media you get information while investing in mutual funds?

    1) Brokers [ ] 2) Friends & Relatives [ ]

    3) Advertisement [ ] 4) Television [ ]

    5) Newspapers [ ] 6) Internet [ ]

    7) Magazines [ ]
12. Years of experience in mutual funds investment:

    1) 2 and Below [ ] 2) 2-5 [ ]

    3) 5-10 [ ] 4) 10 and Above [ ]
13. How did you Purchase of mutual funds?

1) Online [ ] 2) Through Brokers [ ]

3) Through bank branches [ ] 4) Post Office [ ]

14. Mention the period of payment of investment in mutual funds:

1) Monthly [ ] 2) Quarterly [ ]

3) Half yearly [ ] 4) Yearly [ ]

5) Lump sum [ ]

15. Total investment in mutual funds:

1) Rs. 20,000 and Below [ ] 2) Rs. 20,000-40,000 [ ]

3) Rs. 40,000-60,000 [ ] 4) Rs. 60,000-80,000 [ ]

16. How many mutual funds scheme do you hold now?

1) 1-3 [ ] 2) 3-5 [ ]

3) 5-7 [ ] 4) 7 and Above [ ]

17. Are you planning to buy any other mutual funds in future?

1) Yes [ ] 2) No [ ] 3) Not sure [ ]

18. How long you held mutual funds?

1) Less than 3 years [ ] 2) 3-5 years [ ]

3) 5-10 years [ ] 4) Above 10 years [ ]

19. What is your current preference towards mutual funds?

1) Equity Fund [ ] 2) Income Fund [ ]

3) Debt Fund [ ] 4) Money Market Fund [ ]

5) Index Fund [ ] 6) Tax Saving Fund (ELSS) [ ]

7) Sectoral based Fund [ ] 8) Balanced Fund (Hybrid) [ ]

20. How do you rate the risk associated with mutual funds?

1) Low [ ] 2) Moderate [ ] 3) High [ ]

21. Which end-scheme do you feel good?

1) Open Ended[1] [ ] 2) Close Ended[2] [ ]

1. (Doesn't have restrictions on the amount of shares the fund will issue)

2. (Publicly traded Investment Company that raise a fixed amount of capital through IPO)

22. When you invest in mutual funds which mode of investment do you prefer?

1) One Time Investment (Lump sum) [ ]

2) Systematic Investment Plan (SIP) [ ]

23. Rate factors that influence you in selection of Mutual Funds:

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Returns/capital Appreciation					
Tax Saving Purpose					
Liquidity					
Marketability					
Safety					
Legality					
To cover inflation					
Performance of Fund					
Performance of AMC					
Wide Advertisement					

24. How much return you have expected while investing in Mutual Funds?

    1) Up to 5% [ ] 2) 5%-15% [ ]

    3) 15%-25% [ ] 4) Above 25% [ ]

25. Do you face any problem while investing in Mutual funds?

    1) Lack of information in Advertisement [ ]

    2) Lack of initiatives by the industry [ ]

    3) No clear idea about public issue [ ]

    4) Insufficient agents and brokers [ ]

    5) Not facing problem yet [ ]

26. What is your perception towards Mutual Funds?

No.		**SA**	A	N	D	SD
1.	Mutual funds are useful for small investor					
2.	Investing in funds are less risky compared to share?					
3.	MFs give higher return than other investments.					
4.	ELSS Schemes are good for tax savings. [Equity Linked Savings Schemes]					
5.	Mutual Funds Investment is an asset for the					

	future.					
6.	Mutual Funds Investment are substitutes for share Investment.					
7.	MFs with large corpus of fund perform better.					
8.	Public sector MFs are more secured than private sector MFs.					
9.	Public sector MFs perform better.					
10.	MFs have better professional expertise than individual investor.					
11.	There is total transparency in MFs operations.					
12.	Investment in equity market through MFs reduces risk level.					
13.	Returns from MFs are more than expected.					
14.	MFs provide easy withdrawal facilities.					
15.	MFs provide better tax benefits.					
16.	Management costs charged to the funds are reasonable.					
17.	NAV of MFs is disclosed on a day-to-day basis.					
18.	MFs provide innovative schemes with different objectives.					
19.	Regulatory bodies like SEBI and others are able to control funds properly.					
20.	Grievance redresses are effective					
21.	MFs are healthy for Indian environment					
22.	MFs have deeper discount network					
23.	Information on MFs is easily available.					

THANK YOU