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**A STUDY ON THE AWARENESS OF MUTUAL FUND AS A TAX SAVER OPTION
AND OTHER TAX SAVER SCHEMES WITH SPECIAL REFERENCE TO
SHAREKHAN LIMITED, CHENNAI**

A PROJECT REPORT

Submitted by

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REG. NO. 0720400008



In partial fulfillment of the requirements
for the award of the degree

of

MASTER OF BUSINESS ADMINISTRATION

April, 2009

KCT Business School

Department of Management Studies

Kumaraguru College of Technology

(An autonomous institution affiliated to Anna University, Coimbatore)

Coimbatore - 641 006



**KCT BUSINESS SCHOOL
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BONAFIDE CERTIFICATE

Certified that this project report titled **“A STUDY ON THE AWARENESS OF MUTUAL FUND AS A TAX SAVER OPTION AND OTHER TAX SAVER SCHEMES WITH SPECIAL REFERENCE TO SHAREKHAN LIMITED, CHENNAI”** is the bonafide work of Mr. **PM.ASHRAF ALI (0720400008)** who carried out the research under my supervision. Certified further, that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

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(K.R. SATHISHKUMAR)
Project Guide

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Director

Viva – Voce Examination held on 5 - 5 - 09

[Signature]
24/5/09



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This is to certify that Mr. **PM.ASHRAF ALI** Roll No. (0720400008), a student of KCT Business School, Kumaraguru College of Technology, Coimbatore had undergone a project entitled **"A STUDY ON THE AWARENESS OF MUTUAL FUND AS A TAX SAVER OPTION AND OTHER TAX SAVER SCHEMES** between 16th January 2009 to 15th April 2009

During the tenure, his performance is good. We wish him for his future endeavour

R. sadasivam

Branch Manager

Tamilnadu



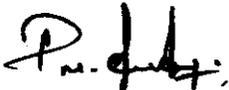
DECLARATION

I, hereby declare that this project report entitled as **“A STUDY ON THE AWARENESS OF MUTUAL FUND AS A TAX SAVER OPTION AND OTHER TAX SAVER SCHEMES WITH SPECIAL REFERENCE TO SHAREKHAN LIMITED, CHENNAI”** has been undertaken for academic purpose submitted to Anna University, Coimbatore in partial fulfillment of requirements for the award of the degree of Master of Business Administration. The project report is the record of the original work done by me under the guidance of **K.R Sathishkumar**, Lecturer, MBA Department during the academic year 2007-2009.

I, also declare hereby, that the information given in this report is correct to the best of my knowledge and belief.

Date: 2/5/09

Place: Coimbatore


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ACKNOWLEDGEMENT

ACKNOWLEDGEMENT

I am indebted to the powerful **Almighty God** for all the blessings he showered on me and for being with me throughout the study.

At the Outset I am grateful to our honorable Correspondent **Mr. Balasubramanian M** and other college trust members for allowing me to develop the project in their institution.

I extend my heartfelt thanks to our Principal **Dr. Joseph V Thanikal**, for providing the facilities to do this project.

I would like to express my sincere thanks to **Dr. S V Devanathan**, Director, Department of management studies, **Kumaraguru College of Technology**, who provided me an opportunity to do this project.,

In great honour and with indebt gratitude I think my inspiring guide **K.R Sathishkumar** who has taken great interest in helping me on and often in the successful pursuit of my project. I am very much fortunate to get such a good guide, who encouraged me constantly with good counsel and helped me to complete the project successfully on time.

I express my sincere gratitude to **Mr. Sadasivam**, Asst. Manager, **ShareKhan Private Limited**, Chennai for giving me the opportunity to carry out the project at his concern and for his valuable guidance all through.

I express my profound gratitude to my **Family Members & Friends** for their help and encouragement. I also take this opportunity to thank all those creative minds and helpful hearts for their assistance in making this project work.

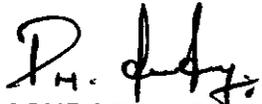

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ABSTRACT

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A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost.

The research entitled **“A Study On The Awareness Of Mutual Fund As A Tax Saver Option And Other Tax Saver Schemes With Special Reference To ShareKhan Limited, Chennai”**. The study is based on the descriptive analysis of the data obtained through the questionnaire collected from the client of SHARE KHAN LIMITED. The study based on the population of 200 client of share khan limited.

The collected data are analyzed using tools like percentage analysis, Anova and chi square. The result obtained from the survey that the public are moving away from the traditional modes of saving and are resorting to other ways like Mutual Funds which give high returns and at the same time are subjective to high market risks.

The public are aware of the Mutual Fund companies and they are aware about the Mutual Fund products from various sources. The strength of the Mutual Funds is that it gives high returns when the right MF is chosen. The weakness is that though it gives high returns the risk involved is also high.

The study about awareness of Mutual Fund as a tax saver option among the general public was conducted successfully and suggestions were given to help the company for further development.

INTRODUCTION

1. INTRODUCTION

ABOUT THE STUDY

The study focuses on finding out the level of awareness and the investor's opinion about Mutual Fund as a tax saver option among the people in CHENNAI.

- To find out the awareness of other Tax Saver options
- To create awareness about Mutual Fund and its Tax Saver option options.
- To find out the sources of awareness about Mutual Fund.
- To study about the tax saver option (ELSS).
- To study about different schemes in mutual fund.
- A study about the existing and new schemes of mutual fund

EQUITY LINKED SAVING SCHEME (ELSS)

Equity linked saving schemes is a kind of mutual funds like diversified equity funds with Tax benefits. It is just like other tax saving instruments like National Savings Certificate and Public Provident Fund. Main advantage with ELSS is lock-in period is only 3 years while for NSC it is 6 years and for PPF it is 15 years. At the same time risk factor is high in ELSS. As per Income Tax act 80c investment up to Rs 1,00,000 are eligible for deduction from the gross total income hence reducing the total taxable income. For example if your total annual income is Rs 3,00,000 and you invest Rs 1,00,000 in ELSS then your taxable income will become Rs 2,00,000.

Previously there was an upper limit for investing in tax saving instruments like ELSS of 5,00,000. Only individuals with less than 5,00,000 annual income are allowed to invest in tax saving instruments. But last year financial budget removed this restriction and now any individual can invest in ELSS irrespective of their income level.

Advantages of ELSS over NSC and PPF

1. Main advantage of ELSS is its short lock-in period. Maturity period of NSC is 6 years and PPF is 15 years.
2. Since it is an equity linked scheme earning potential is very high.
3. Investor can opt for dividend option and get some gains during the lock-in period
4. Investor can opt for Systematic Investment Plan
5. Some ELSS schemes also offer personal accident death cover insurance
6. Provides 30 to 40% returns compared to 8% in NSC and PPF

Disadvantages of ELSS

1. Risk factor is high compared to NSC and PPF
2. Premature withdrawal is not allowed but it is allowed in other instruments in some specific conditions.

Diversified Equity Schemes and ELSS

Both Equity linked saving scheme and diversified equity scheme operates in same way. Both are high return and high risk schemes. But there is a 3 year lock in period of ELSS and it provides tax benefits too.

Systematic Investment Plan

Best way to invest in ELSS is through Systematic Investment Plan (SIP). With SIP you can invest a small amount every month for a specific time period. With SIP investor can take advantage of fluctuations in the stock market. So investor will get more units when the market is down and get fewer units when the market is up.

For e.g. if you are investing Rs 1000 every month and you will get 100 units for when Net Asset Value (NAV) is 10 and will get 50 units when NAV is 20. So investing a fixed sum regularly helps to cover the market fluctuations by rupee costs averaging. Also most of the Asset Management Companies (AMC) charges less entry load for SIP compared to normal purchase.

ELSS: A FORMIDABLE TAX-PLANNING TOOL

Equity linked saving schemes has emerged as a compelling tax saving option. ELSS or tax-planning funds gained popularity when their exemption limit was increased from Rs 10,000 to Rs 1 lakh in April 2005.

In December 2006 alone, three funds were launched -- DSPML Tax Saver, Lotus India Tax Plan and HSBC Tax Saver Equity.

Some funds like Birla Sun Life Tax Relief '96 grew by 14 times in just one year. The fund, which was just managing assets worth Rs 21 crore in March 31, 2006, is now a Rs 309 crore fund. Birla Sun Life had acquired this fund from the erstwhile Alliance Mutual Fund in September 2005. Funds like Sundaram Tax Saver, Magnum Taxgain, HDFC Tax Saver have also more than doubled in size in a year.

- Why you must invest in ELSS funds

The assets under management of tax planning funds, which were Rs 684 crore in March 2005, zoomed to Rs 5,089 crore in March 2006. Further, in March 2007, the AUMs of these funds increased to Rs 8,417 crore, a rise of 65 per cent in one year. No wonder then, ELSS funds have become a formidable alternative for investors to do their tax planning. The tax planning funds compare well with diversified equity funds. While the former delivered returns of 51.76 per cent in 2005 and 30 per cent in 2006, the latter delivered a 46.72 per cent return in 2005 and a 34 per cent return in 2006.

- How mutual funds help you make money

Magnum Tax Gain has become the largest ELSS fund in the country with an asset size of Rs 1,664 crore. The fund, whose assets were just above Rs 80 crore two years ago, saw its assets size swell to Rs 705 crore in 2006. The five-star fund (as rated by Value Research) returned 96 per cent in 2005 and 45 per cent in 2006. The fund's performance has propelled it into the number one slot in the ELSS category since 2004.

Asset size (Rs Crore)				
Fund	Launch	Mar '07	Mar '06	Mar '05
Magnum Taxgain	Mar '93	1,664	705	80
Reliance Tax Saver	Aug '05	1,511	1,196	◆
HDFC Tax saver	Mar '96	897	463	44
Fidelity Tax Advantage	Jan '06	708	511	◆
HDFC LT Advantage	Dec 2000	613	435	93
Prudential ICICI Tax Plan	Aug '99	603	396	57
Franklin India Taxshield	Apr '99	369	284	127
Birla Sun Life Tax Relief'96	Mar '96	309	22	15
UTI Equity Tax Savings	Dec '99	259	206	37
Kotak Tax Saver	Oct '05	201	138	◆
HSBC Tax Saver Equity	Dec '06	179	◆	◆
Sundaram BNP Paribas Tax saver	Nov '99	173	57	10
Principal Tax Savings	Mar '96	167	156	93
ABN AMRO Tax Advantage Plan	Dec '05	132	132	◆
DSPML Tax Saver	Dec '06	129	◆	◆
Tata Tax Saving	Mar '96	126	119	52
Birla Equity Plan	Feb '99	107	84	47
ING Vysya Tax Savings	Mar '04	47	33	2

In terms of asset size, Magnum is followed by Reliance Tax Saver (launched in August 2005), HDFC Tax Saver (Rs 897.28 crore) and Fidelity Tax Advantage (Rs 707.74 crore). HDFC Tax Saver, which had ranked among the five star funds (as rated by Value Research) for quite some time, has slipped in its rankings. The fund, which was ranked number two in the tax-planning category in 2004 and 2005, stood at the tenth rank in 2006 among the 23 tax-planning funds.

Fidelity Tax Advantage, launched in January 2006, has also done well. Its one-year returns (as on April 12, 2007) stood at 13.74 per cent, much more than the category's average of 1.62 per cent

ELSS: BENEFIT FROM THE POWER OF EQUITIES

Most risk-averse investors are comfortable resorting to the fixed income, government-guaranteed instruments (like PPF, NSC, infrastructure bonds) to fulfill their tax-related investment obligations. An equity-linked, tax-saving instrument like the ELSS is given the snub because of the higher risk involved and absolutely no guarantee of returns. Only a financial novice would go for something like that, when you have assured return products on the other hand!

As 'sensible' as that last line may sound, we believe that there is a strong investment rationale for investing in an ELSS.

- To begin with, there is an Rs 10,000 cap on ELSS investments for investors who want to avail of Section 88 benefit. Out of Rs 100,000 that one can invest in to avail of Section 88 benefit, this constitutes a mere 10%. Even for a risk-averse investor, having such a small allocation to an equity-linked product is not exactly disastrous.
- One grouse that risk-averse investors have against an equity-linked instrument is the volatility. However, that is taken care of in the case in an ELSS given the mandatory 3-Yr lock-in. Equities tend to be volatile over the short-term, but the

performance tends to get smoothened out over a longer, 3-Yr time-frame. Even the fund manager is not under pressure to take risky, aggressive investment calls to deliver short-term growth as investors are in the fund for the long haul. This translates into lower volatility in an ELSS as compared to a diversified equity fund.

- It is well-acknowledged that equities outperform other investment avenues, like bonds, real estate, and gold over the long term (at least 10 years). ELSS offers investors a window to benefit from the 'power' of equities and also claim tax benefits to boot! No doubt NSC and PPF offer investors an assured return, but equities have the potential to offer a higher return vis-à-vis fixed income avenues as has been established in several studies.
- One factor that is often ignored by investors and rarely factored in while calculating returns is inflation. Inflation dampens returns and pulls down the 'real return on investment'. To put it simply, if your investment offers you a return of 8.0% p.a. and inflation is at 4.0%, your real return is $(8.0\% - 4.0\%) = 4.0\%$ at the end of the first year. Equities are the only investment avenue that can effectively counter inflation and enable investors to post a healthy return post-inflation.
- As equities are market-linked, they afford investors the opportunity to benefit from rupee cost-averaging. With rupee cost-averaging, investors can accumulate by investing in an ELSS every time the market falls. This way they can lower the average cost of purchase significantly and really reap the benefit over a 3-Yr investment time frame.
- ELSS offers investors a low entry level. Most ELSS has a minimum investment limit of just Rs 500. This can be very convenient for an investor who wishes to take only moderate exposure to equities and remain invested largely in debt instruments like NSC, PPF and infrastructure bonds.

ABOUT THE INDUSTRY

INVESTMENTS IN MUTUAL FUND

All of us are not born with a silver spoon in our mouth. But each one of us wish to strike gold and has a desire to be rich. There is a constant urge in us to make our money grow at a pace that not only provides for our financial goals but also helps us to improve our standard of living from Good to better.

This makes it really essential for all of us to plan the allocation of our available financial resources in such a way that we can generate the maximum possible return. The term 'allocation of resources' means putting your money in the various asset classes such as debt, equity and cash.

One is required to plan investments in a systematic manner so that he gets maximum returns with minimum risk. Also, the allocation should be regularly reviewed at periodic intervals.

Different investment avenues are available to investors. An investor may invest their money directly in to the equity market by buying the company's equity shares or they may invest through Mutual fund scheme.

Mutual funds also offer good investment opportunities to the investors. Like all investments, they also carry certain risks. The investors should compare the risks and expected yields while taking investment decisions.

The investors may seek advice from experts and consultants including agents and distributors of mutual funds schemes while making investment decisions.

Mutual Funds over the years have gained immensely in their popularity. Apart from the many advantages that investing in mutual funds provide like diversification, professional

management, the ease of investment process has proved to be a major enabling factor. However, with the introduction of innovative products, the world of mutual funds nowadays has a lot to offer to its investors. With the introduction of diverse options, investors need to choose a mutual fund that meets his risk acceptance and his risk capacity levels and has similar investment objectives as the investor. With the plethora of schemes available in the Indian markets, an investor needs to evaluate and consider various factors before making an investment decision. Since not everyone has the time or inclination to invest and do the analysis himself, the job is best left to a professional. Since Indian economy is no more a closed market, and has started integrating with the world markets, external factors which are complex in nature affect us too. Factors such as an increase in short-term US interest rates, the hike in crude prices, or any major happening in Asian market have a deep impact on the Indian stock market. Although it is not possible for an individual investor to understand Indian companies and investing in such an environment, the process can become fairly time consuming. Mutual funds (whose fund managers are paid to understand these issues and whose Asset Management Company invests in research) provide an option of investing without getting lost in the complexities.

Most importantly, mutual funds provide risk diversification: diversification of a portfolio is amongst the primary tenets of portfolio structuring, and a necessary one to reduce the level of risk assumed by the portfolio holder. Most of us are not necessarily well qualified to apply the theories of portfolio structuring to our holdings and hence would be better off leaving that to a professional. Mutual funds represent one such option.

Lastly, Evaluate past performance, look for stability and although past performance is no guarantee of future performance, it is a useful way to assess how well or badly a fund has performed in comparison to its stated objectives and peer group. A good way to do this would be to identify the five best performing funds (within your selected investment objectives) over various periods, say 3 months, 6 months, one year, two years and three years. Shortlist funds that appear in the top 5 in each of these time

horizons as they would have thus demonstrated their ability to be not only good but also, consistent performers.

An investor can choose the fund on various criteria according to his investment objective, to name a few:

- Thorough analysis of fund performance of schemes over the last few years managed by the fund house and its consistent return in the volatile market.
- The fund house should be professional, with efficient management and administration
- The corpus the fund is holding in its scheme over the period of time.
- The price at which you can enter/exit (i.e. entry load / exit load) the scheme and its impact on overall return.

MUTUAL FUND

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

The flow chart below describes broadly the working of a mutual fund:

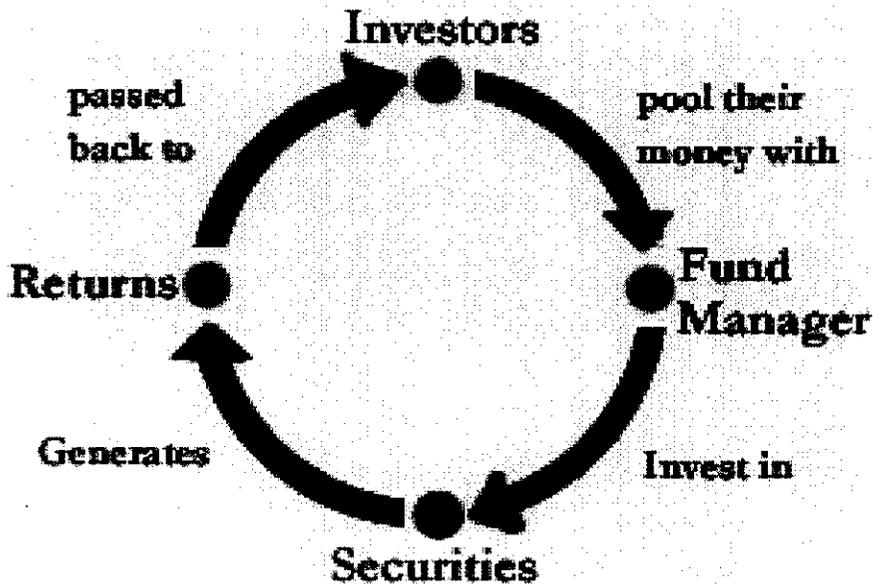


Figure: Mutual Fund Operation Flow Chart

HISTORY OF THE INDIAN MUTUAL FUND INDUSTRY

The mutual fund industry in India started in 1963 with the formation of Unit Trust of India, at the initiative of the Government of India and Reserve Bank the. The history of mutual funds in India can be broadly divided into four distinct phases.

First Phase – 1964-87:

Unit Trust of India (UTI) was established on 1963 by an Act of Parliament. It was set up by the Reserve Bank of India and functioned under the Regulatory and administrative control of the Reserve Bank of India. In 1978 UTI was de-linked from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. The first scheme launched by UTI was Unit Scheme 1964. At the end of 1988 UTI had Rs.6,700 crores of assets under management.

Second Phase – 1987-1993 (Entry of Public Sector Funds)

1987 marked the entry of non- UTI, public sector mutual funds set up by public sector banks and Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC). SBI Mutual Fund was the first non- UTI Mutual Fund established in June 1987 followed by Canbank Mutual Fund (Dec 87), Punjab National Bank Mutual Fund (Aug 89), Indian Bank Mutual Fund (Nov 89), Bank of India (Jun 90), Bank of Baroda Mutual Fund (Oct 92). LIC established its mutual fund in June 1989 while GIC had set up its mutual fund in December 1990. At the end of 1993, the mutual fund industry had assets under management of Rs.47,004 crores.

Third Phase – 1993-2003 (Entry of Private Sector Funds)

With the entry of private sector funds in 1993, a new era started in the Indian mutual fund industry, giving the Indian investors a wider choice of fund families. Also, 1993 was the year in which the first Mutual Fund Regulations came into being, under which all mutual funds, except UTI were to be registered and governed. The erstwhile Kothari Pioneer (now merged with Franklin Templeton) was the first private sector mutual fund registered in July 1993. The 1993 SEBI (Mutual Fund) Regulations were substituted by a more comprehensive and revised Mutual Fund Regulations in 1996. The industry now functions under the SEBI (Mutual Fund) Regulations 1996.

The number of mutual fund houses went on increasing, with many foreign mutual funds setting up funds in India and also the industry has witnessed several mergers and acquisitions.

As at the end of January 2003, there were 33 mutual funds with total assets of Rs. 1,21,805 crores. The Unit Trust of India with Rs.44,541 crores of assets under management was way ahead of other mutual funds.

Fourth Phase – since February 2003

In February 2003, following the repeal of the Unit Trust of India Act 1963 UTI was bifurcated into two separate entities. One is the Specified Undertaking of the Unit Trust of India with assets under management of Rs.29, 835 crores as at the end of January 2003, representing broadly, the assets of US 64 scheme, assured return and certain other schemes. The Specified Undertaking of Unit Trust of India, functioning under an administrator and under the rules framed by Government of India and does not come under the purview of the Mutual Fund Regulations.

The second is the UTI Mutual Fund Ltd, sponsored by SBI, PNB, BOB and LIC. It is registered with SEBI and functions under the Mutual Fund Regulations. With the bifurcation of the erstwhile UTI which had in March 2000 more than Rs.76,000 crores of assets under management and with the setting up of a UTI Mutual Fund, conforming to the SEBI Mutual Fund Regulations, and with recent mergers taking place among different private sector funds, the mutual fund industry has entered its current phase of consolidation and growth. As at the end of September, 2004, there were 29 funds, which manage assets of Rs.153108 crores under 421 schemes.

The graph indicates the growth of assets over the years.

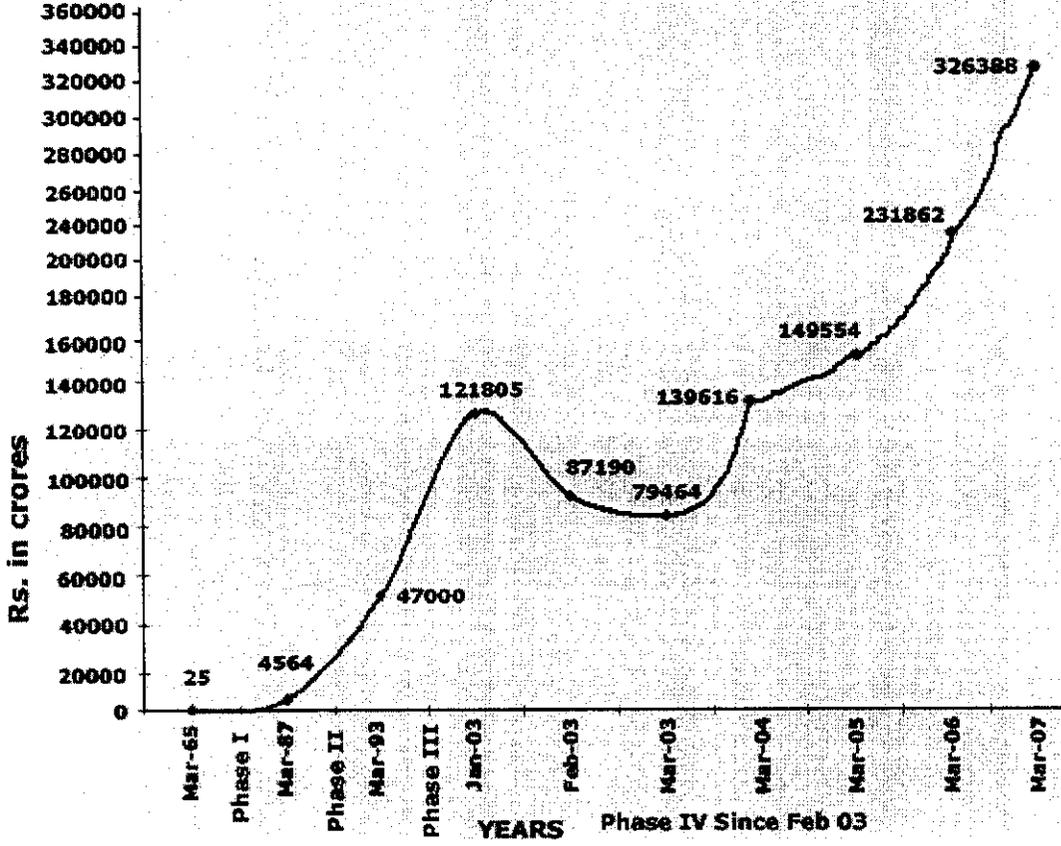


Figure: GROWTH IN ASSETS UNDER MANAGEMENT

BENEFITS OF MUTUAL FUND

- **Small investments:** Mutual funds help you to reap the benefit of returns by a portfolio spread across a wide spectrum of companies with small investments.
- **Professional Fund Management:** Professionals having considerable expertise, experience and resources manage the pool of money collected by a mutual fund. They thoroughly analyze the markets and economy to pick good investment opportunities.
- **Spreading Risk:** An investor with a limited amount of fund might be able to invest in only one or two stocks / bonds, thus increasing his or her risk. However, a mutual fund will spread its risk by investing a number of sound stocks or bonds. A fund normally invests in companies across a wide range of industries, so the risk is diversified at the same time taking advantage of the position it holds. Also in cases of liquidity crisis where stocks are sold at a distress, mutual funds have the advantage of the redemption option at the NAVs.
- **Transparency and interactivity:** Mutual Funds regularly provide investors with information on the value of their investments. Mutual Funds also provide complete portfolio disclosure of the investments made by various schemes and also the proportion invested in each asset type. Mutual Funds clearly layout their investment strategy to the investor.
- **Liquidity:** Closed ended funds have their units listed at the stock exchange, thus they can be bought and sold at their market value. Over and above this the units can be directly redeemed to the Mutual Fund as and when they announce the repurchase.
- **Choice:** The large amount of Mutual Funds offer the investor a wide variety to choose from. An investor can pick up a scheme depending upon his risk / return profile.
- **Regulations:** All the mutual funds are registered with SEBI and they function within the provisions of strict regulation designed to protect the interests of the investor.

TYPES OF RISKS IN MUTUAL FUND

Risk is an inherent aspect of every form of investment. For mutual fund investments, risks would include variability, or period-by-period fluctuations in total return.

Market Risk: At times the prices or yields of all the securities in a particular market rise or fall due to broad outside influences. When this happens, the stock prices of both an outstanding, highly profitable company and a fledgling corporation may be affected. This change in price is due to "market risk".

Inflation Risk: Sometimes referred to as "loss of purchasing power." Whenever the rate of inflation exceeds the earnings on your investment, you run the risk that you'll actually be able to buy less, not more.

Interest Rate Risk: Changing interest rates affect both equities and bonds in many ways. Bond prices are influenced by movements in the interest rates in the financial system. Generally, when interest rates rise, prices of the securities fall and when interest rates drop, the prices increase. Interest rate movements in the Indian debt markets can be volatile leading to the possibility of large price movements up or down in debt and money market securities and thereby to possibly large movements in the NAV.

Investment Risks: In the sectoral fund schemes, investments will be predominantly in equities of select companies in the particular sectors. Accordingly, the NAV of the schemes are linked to the equity performance of such companies and may be more volatile than a more diversified portfolio of equities.

Liquidity Risk: Thinly traded securities carry the danger of not being easily saleable at or near their real values. The fund manager may therefore be unable to quickly sell an illiquid bond and this might affect the price of the fund unfavorably. Liquidity risk is characteristic of the Indian fixed income market.

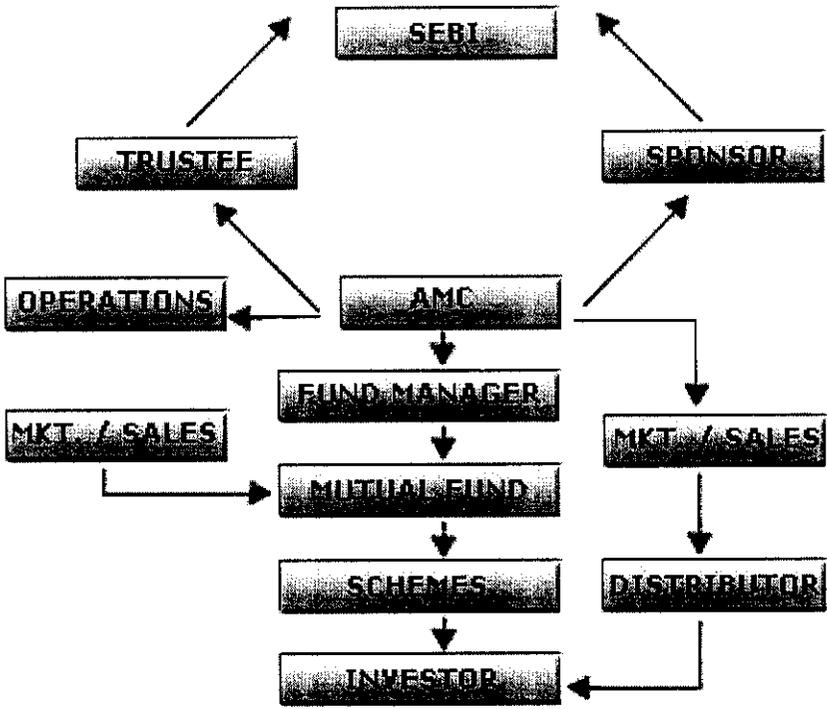
Changes in the Government Policy: Changes in Government policy especially in regard to the tax benefits may impact the business prospects of the companies leading to an impact on the investments made by the fund.

DRAWBACKS OF MUTUAL FUNDS

Mutual funds have their drawbacks and may not be for everyone:

- **No Guarantees:** No investment is risk free. If the entire stock market declines in value, the value of mutual fund shares will go down as well, no matter how balanced the portfolio. Investors encounter fewer risks when they invest in mutual funds than when they buy and sell stocks on their own. However, anyone who invests through a mutual fund runs the risk of losing money.
- **Fees and commissions:** All funds charge administrative fees to cover their day-to-day expenses. Some funds also charge sales commissions or "loads" to compensate brokers, financial consultants, or financial planners. Even if you don't use a broker or other financial adviser, you will pay a sales commission if you buy shares in a Load Fund.
- **Taxes:** During a typical year, most actively managed mutual funds sell anywhere from 20 to 70 percent of the securities in their portfolios. If your fund makes a profit on its sales, you will pay taxes on the income you receive, even if you reinvest the money you made.
- **Management risk:** When you invest in a mutual fund, you depend on the fund's manager to make the right decisions regarding the fund's portfolio. If the manager does not perform as well as you had hoped, you might not make as much money on your investment as you expected. Of course, if you invest in Index Funds, you forego management risk, because these funds do not employ managers.

MUTUAL FUND STRUCTURE



The structure consists of

Securities and Exchange Board of India (SEBI)

SEBI is Regulatory Authority of mutual fund. To protect the interest of the investors, SEBI formulates policies and regulates the mutual funds. It notified regulations in 1993 (fully revised in 1996) and issues guidelines from time to time. Mutual fund either promoted by public or by private sector entities including one promoted by foreign entities is governed by these Regulations.

SEBI approved Asset Management Company (AMC) manages the funds by making investments in various types of securities. Custodian, registered with SEBI, holds the securities of various schemes of the fund in its custody.

According to SEBI Regulations, two thirds of the directors of Trustee Company or board of trustees must be independent. The Association of Mutual Funds in India (AMFI)

reassures the investors in units of mutual funds that the mutual funds function within the strict regulatory framework. Its objective is to increase public awareness of the mutual fund industry. AMFI also is engaged in upgrading professional standards and in promoting best industry practices in diverse areas such as valuation, disclosure, transparency etc.

SPONSOR

Sponsor is the person who acting alone or in combination with another body corporate establishes a mutual fund. Sponsor must contribute atleast 40% of the networth of the Investment managed and meet the eligibility criteria prescribed under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

The Sponsor is not responsible or liable for any loss or shortfall resulting from the operation of the Schemes beyond the initial contribution made by it towards setting up of the Mutual Fund.

TRUST

The Mutual Fund is constituted as a trust in accordance with the provisions of the Indian Trusts Act, 1882 by the Sponsor. The trust deed is registered under the Indian Registration Act, 1908.

TRUSTEE

Trustee is usually a company (corporate body) or a Board of Trustees (body of individuals). The main responsibility of the Trustee is to safeguard the interest of the unit holders and ensure that the AMC functions in the interest of investors and in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, the provisions of the Trust Deed and the Offer Documents of the respective Schemes. At least 2/3rd directors of the Trustee are independent directors who are not associated with the Sponsor in any manner.

ASSET MANAGEMENT COMPANY (AMC)

The AMC is appointed by the Trustee as the Investment Manager of the Mutual Fund. The AMC is required to be approved by the Securities and Exchange Board of India (SEBI) to act as an asset management company of the Mutual Fund. At least 50% of the directors of the AMC are independent directors who are not associated with the Sponsor in any manner. The AMC must have a networth of atleast 10 crore at all times.

FUND MANAGER

The individual or team of individuals manages a mutual funds portfolio of stocks, bonds and other securities. The fund manager decides when to buy or sell the securities held in the mutual fund. The fund manager is paid an annual management fee for his or her services. A fund manager is also referred to as a Portfolio Manager, Money Manager, or Mutual Fund Manager.

REGISTRAR AND TRANSFER AGENT

The AMC if so authorized by the Trust Deed appoints the Registrar and Transfer Agent to the Mutual Fund. The Registrar processes the application form, redemption requests and dispatches account statements to the unit holders. The Registrar and Transfer agent also handles communications with investors and updates investor records.

DIFFERENT TYPES OF MUTUAL FUNDS

Mutual fund schemes may be classified on the basis of their structure and their investment objective

1) Classification by Structure

- ❖ *Open-ended Funds*
- ❖ *Close-ended Funds*

2) Classification by Investment Objective

- ❖ *Growth Funds*
- ❖ *Income Funds*
- ❖ *Balanced Funds*
- ❖ *Money Market Funds*

3) Classification by Other Equity Related Schemes

- ❖ *Tax Saving Schemes*
- ❖ *Index Schemes*
- ❖ *Sectoral Schemes*

Classification by Structure

Open-ended Funds

An Open-ended Fund is one that is available for subscription all through the year. These do not have a fixed maturity. Investors can conveniently buy and sell units at Net Asset Value (NAV) related prices.

Close-ended Funds

A Close-ended Fund has a stipulated maturity period, which generally ranges from 3 to 15 years. The fund is open for subscription only during a specified period. Investors can

invest in the scheme at the time of the initial public issue and thereafter they can buy or sell the units of the scheme on the Stock Exchanges, if they are listed. The market price at the stock exchange could vary from the scheme's NAV on account of demand and supply situation, unit holders' expectations and other market factors.

By Investment Objective

Growth Funds

The aim of growth funds is to provide capital appreciation over the medium to long term. Such schemes normally invest a majority of their corpus in equities. Growth schemes are ideal for investors who have a long-term outlook and are seeking growth over a period of time.

Debt/Income Funds

The aim of Income Funds is to provide regular and steady income to investors. Such schemes generally invest in fixed income securities such as bonds, corporate debentures and Government securities.

Income Funds are ideal for capital stability and regular income. Capital appreciation in such funds may be limited, though risks are typically lower than that in a growth fund.

Balanced Funds

The aim of Balanced Funds is to provide both growth and regular income. Such schemes periodically distribute a part of their earning and invest both in equities and fixed income securities in the proportion indicated in their offer documents. This proportion affects the risks and the returns associated with the balanced fund - in case equities are allocated a higher proportion, investors would be exposed to risks similar to that of the equity market.

Balanced funds with equal allocation to equities and fixed income securities are ideal for investors looking for a combination of income and moderate growth.

Money Market Funds

The aim of Money Market Funds is to provide easy liquidity, preservation of capital and moderate income. These schemes generally invest in safer short-term instruments such as Treasury Bills, Certificates of Deposit, Commercial Paper and Inter-Bank Call Money. Returns on these schemes may fluctuate depending upon the interest rates prevailing in the market. These are ideal for corporate and individual investors as a means to park their surplus funds for short periods.

Other Equity Related Schemes

Tax Saving Schemes

These schemes offer tax rebates to the investors under specific provisions of the Indian Income Tax laws, as the Government offers tax incentives for investment in specified avenues. Investments made in Equity Linked Savings Schemes (ELSS) and Pension Schemes are allowed as deduction under Section 88 of the Indian Income Tax Act, 1961.

Index Schemes

Index Funds attempt to replicate the performance of a particular index such as the BSE Sensex or the NSE S&P CNX 50.

Sectoral Schemes

Sectoral Funds are those which invest exclusively in specified sector(s) such as FMCG, Information Technology, Pharmaceuticals, etc. These schemes carry higher risk as compared to general equity schemes as the portfolio is less diversified, i.e. restricted to specific sector(s) / industry (ies).

DIFFERENT PLANS IN MUTUAL FUNDS

Growth Option

Dividend is not paid-out under a Growth Option and the investor realises only the capital appreciation on the investment (by an increase in NAV).

Dividend Payout Option

Dividends are paid-out to investors under the Dividend Payout Option. However, the NAV of the mutual fund scheme falls to the extent of the dividend payout.

Dividend Re-investment Option

Here the dividend accrued on mutual funds is automatically re-invested in purchasing additional units in open-ended funds. In most cases mutual funds offer the investor an option of collecting dividends or re-investing the same.

Retirement Pension Option

Some schemes are linked with retirement pension. Individuals participate in these options for themselves, and corporate participate for their employees.

Insurance Option

Certain Mutual Funds offer schemes that provide insurance cover to investors as an added benefit.

Systematic Investment Plan (SIP)

Here the investor is given the option of preparing a pre-determined number of post-dated cheques in favor of the fund. The investor is allotted units on a predetermined date specified in the offer document at the applicable NAV.

Systematic Encashment Plan (SEP)

As opposed to the Systematic Investment Plan, the Systematic Encashment Plan allows the investor the facility to withdraw a pre-determined amount / units from his fund at a pre-determined interval. The investor's units will be redeemed at the applicable NAV as on that day.

Performance Measurement of Mutual Fund Scheme

Mutual Fund industry today, with more than six hundred schemes, is one of the most preferred investment avenues in India. However, with a plethora of schemes to choose from, the retail investor faces problems in selecting funds. Factors such as investment strategy and management style are qualitative, but the funds record is an important indicator too. Though past performance alone can not be indicative of future performance, it is, frankly, the only quantitative way to judge how good a fund is at present. Therefore, there is a need to correctly assess the past performance of different mutual funds.

Return alone should not be considered as the basis of measurement of the performance of a mutual fund scheme, it should also include the risk taken by the fund manager because different funds will have different levels of risk attached to them. Risk associated with a fund. The Total Risk of a given fund is measured in terms of standard deviation of returns of the fund. Systematic risk, on the other hand, is measured in terms of Beta, which represents fluctuations in the NAV of the fund vis-à-vis market. Mutual fund schemes performances are usually measured in changes in the Net Asset Value (NAV) with compared to the appropriate benchmark like BSE 100, S&P Nifty and BSE Sensex.

What is Net Asset Value (NAV)?

Net Asset Value of the units in each plan of the scheme is calculated in the manner provided in this offer document or as may be prescribed by Regulations from time to time. The NAV will be computed up to four decimal places.

Market / Fair Value of Scheme's investments

(+) Receivables (+) Accrued Income (+) Other Assets

Net Asset Value = (-) Accrued Expenses (-) Payables (-) Other Liabilities

Number of Units Outstanding

TYPES OF RETURNS IN MUTUAL FUND

There are three ways, where the total returns provided by mutual funds can be enjoyed by investors:

- ✓ Income is earned from dividends on stocks and interest on bonds. A fund pays out nearly all income it receives over the year to fund owners in the form of a distribution.
- ✓ If the fund sells securities that have increased in price, the fund has a capital gain. Most funds also pass on these gains to investors in a distribution.
- ✓ If fund holdings increase in price but are not sold by the fund manager, the fund's shares increase in price. You can then sell your mutual fund shares for a profit. Funds will also usually give you a choice either to receive a check for distributions or to reinvest the earnings and get more shares.

MUTUAL FUND PLAYERS IN INDIA

Some of Mutual Fund player in India as follows:

- ❖ ABN AMRO Mutual Fund
- ❖ JM Financial Mutual Fund
- ❖ AIG Global Investment Group Mutual Fund
- ❖ JP Morgan Mutual Fund
- ❖ Alliance Capital Mutual Fund
- ❖ Kotak Mahindra Mutual Fund
- ❖ Benchmark Mutual Fund
- ❖ LIC Mutual Fund
- ❖ Birla Sun Life Mutual Fund
- ❖ Lotus India Mutual Fund
- ❖ BOB Mutual Fund
- ❖ Morgan Stanley Mutual Fund
- ❖ Canbank Mutual Fund
- ❖ PNB Mutual Fund
- ❖ DBS Chola Mutual Fund
- ❖ PRINCIPAL Mutual Fund
- ❖ Deutsche Mutual Fund
- ❖ Quantum Mutual Fund
- ❖ DSP Merrill Lynch Mutual Fund
- ❖ Reliance Mutual Fund
- ❖ Escorts Mutual Fund
- ❖ Sahara Mutual Fund
- ❖ Fidelity Mutual Fund
- ❖ SBI Mutual Fund
- ❖ Franklin Templeton Mutual Fund
- ❖ Standard Chartered Mutual Fund
- ❖ GIC Mutual Fund
- ❖ SUN F&C Mutual Fund
- ❖ HDFC Mutual Fund
- ❖ Sundaram BNP Paribas Mutual Fund
- ❖ HSBC Mutual Fund
- ❖ Tata Mutual Fund
- ❖ ICICI Prudential Mutual Fund
- ❖ Taurus Mutual Fund
- ❖ IL&F S Mutual Fund
- ❖ UTI Mutual Fund
- ❖ ING Mutual Fund
- ❖ Zurich India Mutual Fund

ABOUT THE COMPANY

SHAREKHAN:

ShareKhan is one of India's leading brokerage Company, is the retail arm of SSKI. With over 950 shops in 310 cities and India's premier on line trading portal. Our customers enjoy multi channel access to the stock markets.

Been in the business for over 80 years, Share Khan can provide you with the assistance and the advice like no one else could. We have created special information tools for you, to help to answer any queries you may have. All you have to do is sign up to receive all the tools you need to understand the markets and invest in shares. From the right tools and right information at your disposal to the host of services besides training, you can trust Share Khan to be your true guide to the financial jungle.

SERVICES:

A) Online Services:

Online trading account, you can buy and sell shares in an instant. Any time you like and from anywhere you like.

- First Step (We will guide you through investing process)
- Classic Account (it enables you to trade online on the NSE through our websites)
- Speed Trade (Next generation online trading product and its a perfect trading platform for active day traders)
- Dial n Trade (Free with our Classic Account, We will assist you through phone)

B) Share Shops:

Walk into our 640 shops across 280 cities in India. Our Customer service staff will assist you with any accounts related queries.

C) Mutual Funds:

D) Commodity:

Consumer goods like Gold, Silver, Oil, Gas, Fabrics, Red Chilly, Jeera and etc.

E) PMS Pro Prime:

Investing based on Company fundamentals (Minimum 10 lakhs investment & lock in period is 6 months)

- Consistent, Steady and Sustainable returns
- Margin of safety
- Low volatility

F) PMS Pro Tech:

Investing based on price movements.

- Long short strategies
- Focus on absolute returns
- Timing the market

G) Demat:

Demat mode is the safer and faster alternative to the physical existence of securities. Demat as a parallel solution offers freedom from the delays, thefts, forgeries, settlement risks and paper work. This system works through Depository Participants (Dps) who offers Demat services and the securities are held in the electronic form for the investor directly by the depository.

A Share Khan Depository service offers dematerialization services to individual and corporate investors. We have a team of professionals and latest technological expertise dedicated exclusively to our Demat department.

Apart from national network franchisee to making our services Quick, Convenient and Efficient. At Share Khan, our commitment is to provide a complete Demat solution which is Simple, Safe and Secure (SSS)

H) NFO:

I) IPO:

J) VALUE GUIDE:

Value Guide is a complete investment tool-kit for making money smartly using products, techniques and research from Sharekhan's team of over 35 research analysts. Sharekhan Value Guide has a twin objective of providing value and financial guidance to all types of customers. Its 4 new sections dedicated to equities, derivatives and commodities markets provide in-depth research and recommendations, whatever be your investment profile - investors, traders or high net worth individuals.

1. Comprehensive:

All asset classes (equities, mutual funds, derivatives, and commodities) covered in 4 sections.

2. Credible:

Inputs from 35 specialized stock analysts from the Sharekhan Central Research Team.

3. Unbiased:

Independent company, independent reviews.

4. Personalized:

Featuring separate sections on each investor profile- Investors, Traders and HNIs.

5. Investment Insights:

Information and recommendations in equities and investments, for the best dealings with our Stock recommendations and Market views. Best for investors.

6. Trader's Techniques:

Technical findings on equities, commodities and derivatives markets which aim at spotting the best trading opportunities. Best for active traders.

7. Commodities Corner:

Latest market news, trends and recommendations on commodities markets

Research:

At Share khan we understand that every investor's needs and goals are different. Hence we provide a comprehensive set of research reports, so that our customers can make the right investment decisions regardless of your investing preferences!

- **Fundamental Research:**

1. **New Stock Ideas**

Aimed at investors. Presents our stock pick and discusses reasons for the same. It comes with a price target and a time frame over which gains can be materialized

2. **Investor's Eye:**

- A daily fundamental news letter to help you to take right decisions.
- Contents views on most important news reports of the day
- Recos using the bottom up approach
- Stock update reports
- Special reports
- Other reports

3. **Sharekhan Top Picks:**

A model portfolio comprising of 12 stocks for investors with a horizon of more than a year. Portfolio is updated with new stocks replacing existing stocks as and when required to optimize performance

4. **View Point:**

Views on companies we don't track. Views on economy, policy changes and government initiatives

5. **Special Reports:**

Specialized reports on unique market opportunities.

Reports like - Selectivity pays monetary policy review, Hurricane gains, Dividend yield stocks, etc.

6. **IPO Flash:**

Report on forthcoming IPO's - only those IPO's which are covered by our research team

7. **Sector Reports:**

View on various sectors and its constituents (eg: sugar and Balrampur Chini, KCP Sugar Industries, Upper Ganges)

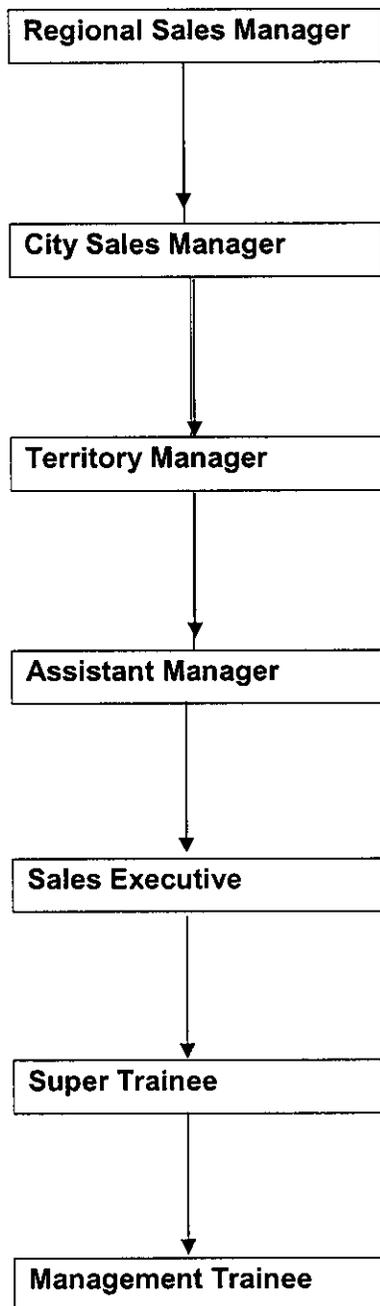
8. **Market Strategy:**

View on various sectors and its constituents (eg: sugar and Balrampur Chini, KCP Sugar Industries, Upper Ganges)

9. **New Stock Ideas**

Aimed at investors. Presents our stock pick and discusses reasons for the same. It comes with a price target and a time frame over which gains can be materialized

Organization Structure:



MAIN THEME OF THE PROJECT

2. MAIN THEME OF THE PROJECT

2.1 OBJECTIVES OF THE STUDY

The study focuses on finding out the level of awareness and the investor's opinion about Mutual Fund as a tax saver option among the people in CHENNAI.

Primary Objective:

To find out the level of awareness and the investors opinion about 'Mutual Fund-as a Tax Saver Option'.

Secondary Objectives:

- To find out the awareness of other Tax Saver options
- To create awareness about Mutual Fund and its Tax Saver option options.
- To find out the sources of awareness about Mutual Fund.

2.2 SCOPE AND LIMITATIONS

The scope of the study is to find out the awareness of Mutual Fund among the public. The study helps to identify awareness level of Mutual Funds and the Tax Saver Option among the people and to find out their opinion regarding the Mutual funds. With the information that is acquired from the research the companies can know as to what extent the people have awareness which could be utilized to improve their promotional methods for the Mutual Fund Products.

As everything has a dull side and bright side there were a number of limitations during the study. Most of the people did not show that much interest to fill the questionnaire. Even in the filled questionnaires the level of truth in the answers disclosed cannot be judged. Another hindrance was limitation of resources.

2.3 RESEARCH METHODOLOGY

2.3.1 RESEARCH DESIGN

The study is based on the descriptive analysis of the data obtained through the questionnaire collected from the client from SHAREKHAN LIMITED. The research design used in the study is the descriptive research design. A descriptive study is undertaken in order to ascertain and able to describe the characteristics of the variables of interest in a situation. The goal of a descriptive study is to offer to the researcher a profile or to describe relevant aspects of the phenomena of interest from an individual, organizational, industry oriented or other perspective. Descriptive studies that present data in a meaningful form helps to

1. Understand the characteristics of a group in a given situation,
2. Think systematically about aspects in a given situation,
3. Offer ideas for further probe and research and
4. Help make certain simple decisions.

2.3.2 SAMPLING DESIGN

When elements in the population have a known chance of being chosen as subjects in the sample, it is resorted to a probability sampling design. When several groups with intra group heterogeneity and intergroup homogeneity are found, then a random sampling of clusters or groups can ideally be done and information is gathered from each of the members in the randomly chosen clusters. When research pertains to populations within identical geographical areas such as countries, city blocks, or particular boundaries within a locality, area sampling can be done. **In this study client from SHAREKHAN LIMITED Chennai Alwarpet branches of Tamilnadu are taken as sample.**

2.3.3 METHOD OF DATA COLLECTION

TYPE OF DATA

PRIMARY DATA

Primary data are that which are collected afresh and for the first time and thus happens to be original in character. They are collected for the first time for analyzing the study. In this study the primary data were collected through questionnaire method.

SECONDARY DATA

The secondary data for this project for this project is to be collected from Company Records and Websites.

DATA COLLECTION INSTRUMENTS

The instrument used to collect data for this study was structured questionnaire. The data required for this study is collected from the client from sharekhan limited in Chennai.

The data is to be collected through a suitable questionnaire and then to be converted into conventional way for the purpose of the research. The data collection tool is questionnaire.

POPULATION: The total population of the company is 1500(clients) of sharekhan limited.

SAMPLE SIZE

The sample size refers to the number of items to be selected from the universe to constitute a sample. The sample size selected for the survey is 200.

SAMPLE DESIGN

The sampling method to be used is Simple Random sampling.

TOOLS OF ANALYSIS

The tools used for analysis are

1. Anova
2. Chi square
3. Simple Percentage Analysis

2.4 REVIEW OF LITERATURE

Franklin, Mary Beth¹ The article presents suggestions on retirement planning. Buying shares of *mutual funds* in the U.S. when prices are low positions an employee for big gains when the market rebounds. The savers' credit can also be used for contributions to an individual retirement accounts (IRA), either a traditional IRA that offers up-front tax breaks or a Roth IRA that provides tax-free withdrawals in retirement. Other tips include checking retirement saving and selling a company stock

Deb, Soumya Guha² This paper focuses on return-based style analysis of equity *mutual funds in India* using quadratic optimization of an asset class factor model proposed by William Sharpe. The study finds the 'Style Benchmarks' of each of its sample of equity *funds* as optimum exposure to 11 passive asset class indexes. The study also analyzes the relative performance of the *funds* with respect to their style benchmarks. The results of the study show that the *funds* have not been able to beat their style benchmarks on the average.

Light, Larry³ The article offers financial investment advice on the worthiness of high-yield, tax-free municipal bonds despite the risk usually involved with high-yield bonds. The author gives the example of Ohio's Buckeye Tobacco Settlement Bonds that yield a tax-free 6.6% return compared to 10.2% U.S. government bills that will be taxed. The article lists several poorly and well-performing municipal bonds, and details how investors can minimize risk by buying into *mutual funds*.

¹ Franklin, Mary Beth "6 simple ways to retire rich." Kiplinger's Personal Finance; Fall2008 Retirement Planning, p8-14.

² Deb, Soumya Guha "Performance of Indian Equity Mutual Funds vis-é-vis Their Style Benchmarks" ICAI Journal of Applied Finance; Jan2008, Vol. 14 Issue 1, p49-81, 33p.

³ Light, Larry "High-Yield Munis Still Worth Risk" Wall Street Journal - Eastern Edition; 7/5/2008, Vol. 252 Issue 4, pB1-B1, 0p

Glassman, James K⁴ The article offers stock market investment advice for investors in the U.S. Investors can ask a *mutual fund* manager to look for businesses whose profits they could share for the next few decades. Investors must think of their investments as businesses selling products and services in the real world. They should consider the stocks of Pfizer as demand for health-care a basic escalates and drug research is getting more efficient.

Aspan, Maria⁵ The author reports that Countrywide Financial Corp. has been asked by mutual fund owners to hire a third party to look into its "Friends of Angelo" loan program. A description of the loan program is given. According to the article, the loan program has been accused of violating laws regarding public corruption and securities.

Whitmore, Regina⁶ The article reports on the increase in money-fund assets in the U.S. in the last week of June 2008 based on the Money Fund Report published by iMoneyNet Inc. Investors have contributed \$8.06 billion to money-market funds during the week ending June 24. Money-fund assets surged to \$3.442 trillion. Institutional investors added \$15.73 billion while retail investors withdrew \$7.67 billion.

Treynor, Jack L⁷ The Wharton study on the performance of mutual funds was followed by Treynor(1965) when he devised a satisfactory way to measure the performance of the fund with the help of the characteristic line and the portfolio possibility line. The characteristic line contains information about expected rate of return and risk. The slope of the line measures volatility. He found that relative quantitative performance ranking

⁴ Glassman, James K." Keep the Best Company" Kiplinger's Personal Finance; Jul2008, Vol. 62 Issue 7, p22-24,

⁵ Aspan, Maria" Fund Leaders Seek Countrywide Probe." American Banker; 6/23/2008, Vol. 173 Issue 120, pp16-16

⁶ Whitmore, Regina" Money-Fund Assets Increased in Week" Wall Street Journal - Eastern Edition; 6/26/2008, Vol. 251 Issue 149, pC11.

⁷ Treynor, Jack L." How to Rate Management of Investment Funds", Harvard Business Review, Vol 43, January/February 1965, pp 63-75

could be read directly from the characteristic line despite market fluctuations and different risk policies.

Sharpe, William F⁸(1966) attempted to extend Treynor's work by subjecting his proposed measure to empirical test in order to evaluate its predictive ability. Based on portfolio analysis theory, the behaviour of stock market prices and Capital Asset Pricing Model, the author analyzed the annual rate of return for 34 open ended funds for a period of 10 years (1954-1963). He found that there was a linear and significant relationship between the average annual rates of return.

Jensen, Micheal C.⁹(1968) developed an absolute measure rather than a relative measure of evaluating a portfolio manager's predictive ability based on Capital Asset Pricing Model. The sample selected consisted of the return on the portfolios of 115 open mutual funds for the ten year period from 1955 to 1964. He employed 't' values to question the statistical significance of the estimated performance measures. Based on the above, he concluded that none of the mutual funds in the sample was able to predict security prices well enough to outperform the market.

Carlson S.Robert¹⁰ Risk adjusted performance evaluation is also made by Carlson (1970). He concluded that even though some of the funds had outperformed the benchmarks, there was no consistency in performance.

⁸ Sharpe, William F. " Mutual Fund Performance", The Journal of Business, Vol.39, No 1, January 1966, pp.119-138

⁹ Jensen, Micheal C. " The performance of Mutual Funds in the Period 1945", 1964, The Journal of Finance , Vol.23, No 2, May 1968, pp.389-416.

¹⁰ Carlson S.Robert. "Aggregate Performance of Mutual Funds 1984-1967" Journal of Financial and Quantitative Analysis, Vol.5, March 1970, pp.1-32.

Friend, Irwin and Blume, Marshall ¹¹ (1970) commended on the one parameter risk adjusted measures of portfolio performance of Sharpe, Treynor and Jensen as biased and suggested that improvement measures of portfolio performance for any period could be obtained by adjusting the earlier measures depending on the degree of risk. They were of the opinion that traditional two parameter measures would be more useful.

Hendricks Darryll, Patel and Zeckhauser ¹² (1993) found that mutual funds offer superior returns predominantly over a short period of roughly four quarters. The study suggests that a strategy of selecting the top performers in the last four quarters significantly outperform the average returns on mutual funds.

Shah Ajay, Thomas Susan¹³ studied the performance of eleven mutual fund schemes on the basis of market price data. The weekly returns were computed for these schemes since their commencement to April 1994. Jensen and Sharpe measures were used to evaluate the superior performance of the schemes. They concluded that except UGC 2000 of Unit Trust of India, none of these schemes is very high an funds might be inadequately diversified.

¹¹ Friend, Irwin and Blume, Marshall. "Measurement of Portfolio Performance under Uncertainty", American Economic Review, Vol.60, No 4, September 1970, pp.561-575.

¹² Hendricks Darryll, Patel and Zeckhauser. " Hot Hands in Mutual Funds: Short Run Persistence of relative Performance, 1974-1988", The Journals of Finance, Vol. 48, March 1993, No.1, pp. 93-130.

¹³ Shah Ajay, Thomas Susan. " Performance Evaluation of Professional Portfolio Management in India", A Paper Prepared by CMIE, April 10 1994

*DATA ANALYSIS AND
INTERPRETATION*

3. DATA ANALYSIS

3.1 PERCENTAGE ANALYSIS

3.1.1 AGE OF THE RESPONDENTS

Table showing age of the respondents

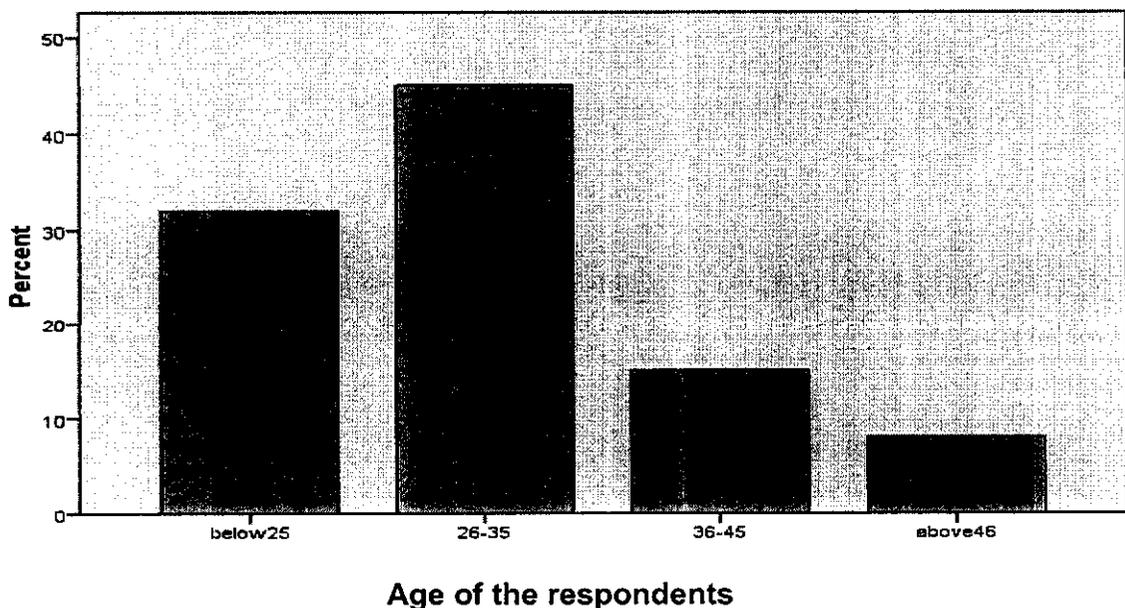
Age	Frequency	Percent	Valid Percent	Cumulative Percent
below25	64	32.0	32.0	32.0
26-35	90	45.0	45.0	77.0
36-45	30	15.0	15.0	92.0
above46	16	8.0	8.0	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 45% of the respondents are 26-35 years of age, 32% of the respondents are from below 25 years, 15% are from 36-45 years and 8% are above 46 years of age.

Most (45%) of the respondent belong to the age category 26-35 years. And 8% of the respondents are above 46 years of age

Chart showing age of the respondents



3.1.2 GENDER OF THE RESPONDENTS

Table showing gender of the respondents

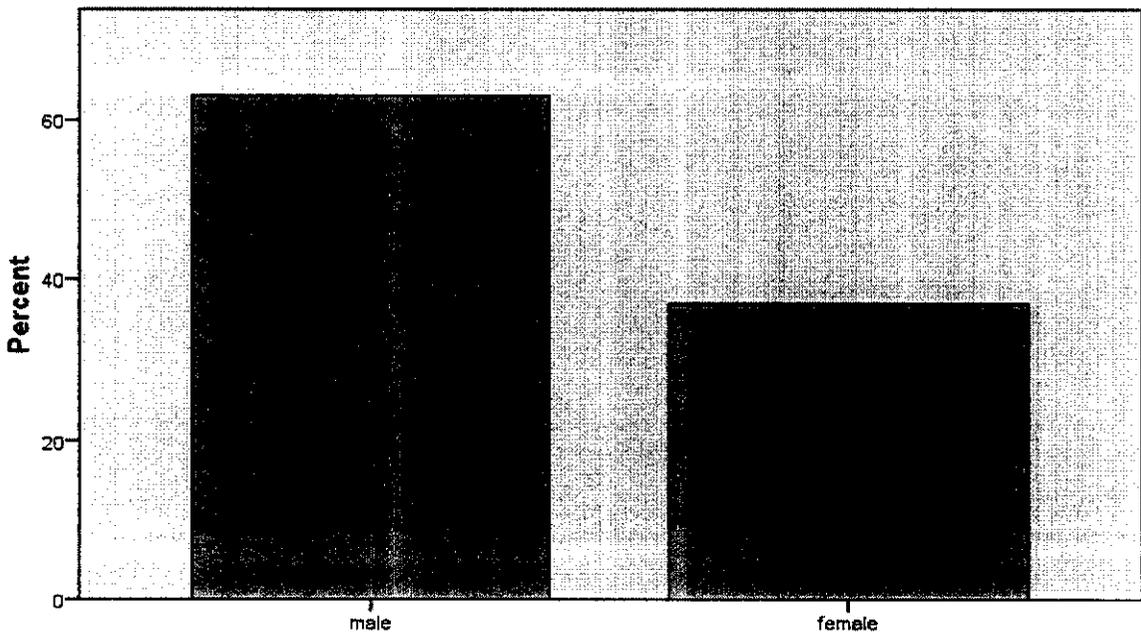
Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	126	63.0	63.0	63.0
Female	74	37.0	37.0	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 63% of the respondents are male and 37% of the respondents are female.

It is observed that 63% of the respondents are male because they are financial decision makers of the family.

Chart showing gender of the respondents



Gender of the respondents

3.1.3 EDUCATIONAL QUALIFICATION OF THE RESPONDENTS

Table showing educational qualification of the respondents

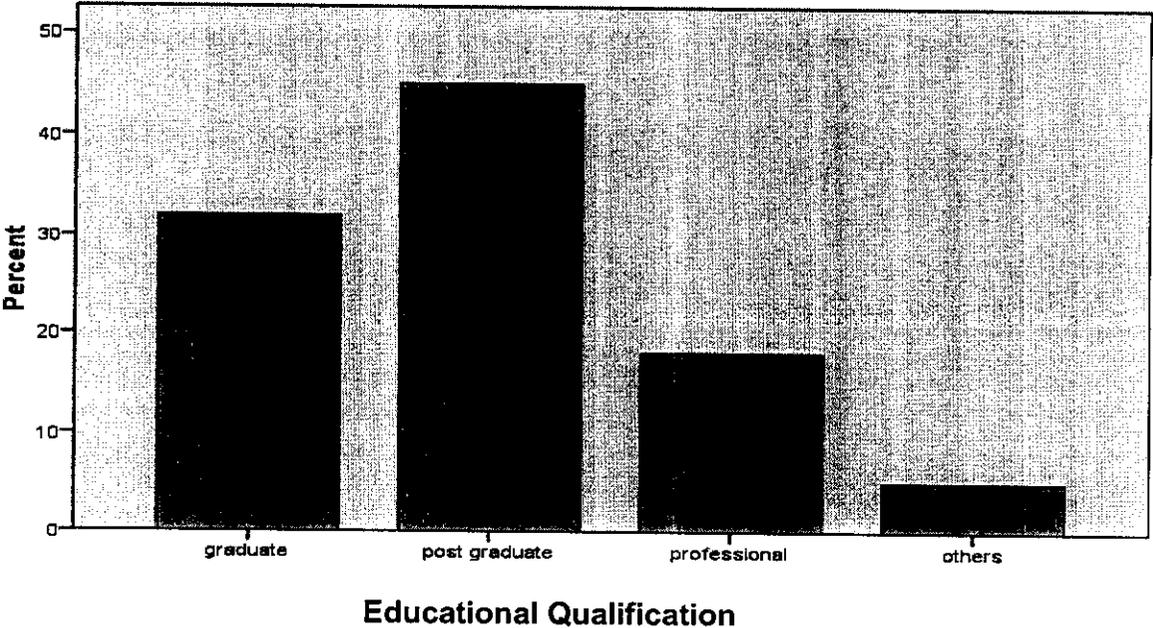
Educational qua	Frequency	Percent	Valid Percent	Cumulative Percent
graduate	64	32.0	32.0	32.0
post graduate	90	45.0	45.0	77.0
professional	36	18.0	18.0	95.0
others	10	5.0	5.0	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 32% of the respondents are graduates, 45% of the respondents are postgraduates, 18% of the respondents are professionals and 5% fall under the others category.

Most (45%) of the respondents are post graduate. Hence post graduate are more aware about the mutual funds

Chart showing educational qualifications of the respondents



3.1.4 OCCUPATION OF THE RESPONDENTS

Table showing Occupation of the respondents

occupation	Frequency	Percent	Valid Percent	Cumulative Percent
self employed	33	16.5	16.5	16.5
employed	154	77.0	77.0	93.5
retired	5	2.5	2.5	96.0
others	8	4.0	4.0	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 16.5% of the respondents are self employed, 77% of the respondents are employed, 2.5% of the respondents are retired and 4% fall under the others category.

Most (77%) of the respondents are employed and 2.5% of the respondents are retired persons. Employed person invested more in mutual funds.

Chart showing occupation of the respondents



3.1.5 MARITAL STATUS OF THE RESPONDENTS

Table showing marital status of the respondents

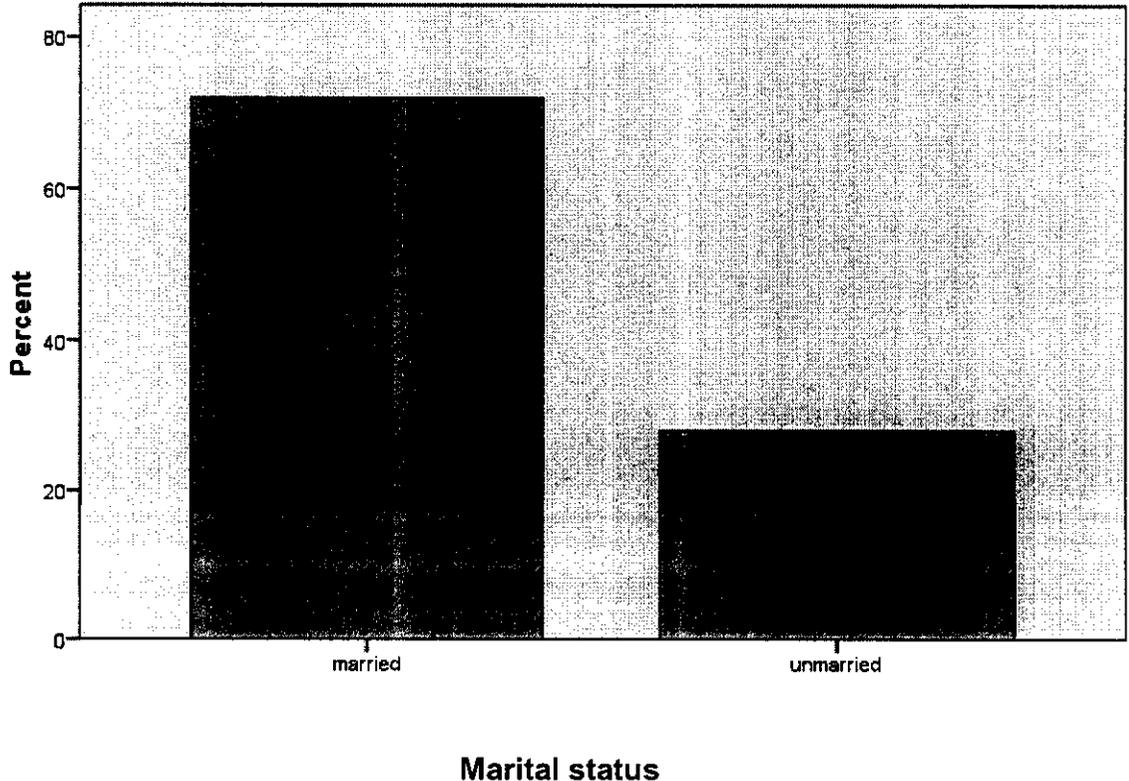
Marital status	Frequency	Percent	Valid Percent	Cumulative Percent
married	144	72.0	72.0	72.0
unmarried	56	28.0	28.0	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 72% of the respondents are married, 28% of the respondents are unmarried.

Most (72%) of the respondents are married. They aware investment schemes in mutual funds.

Chart showing marital status of the respondents



3.1.6 INCOME OF THE RESPONDENTS

Table showing income of the respondents

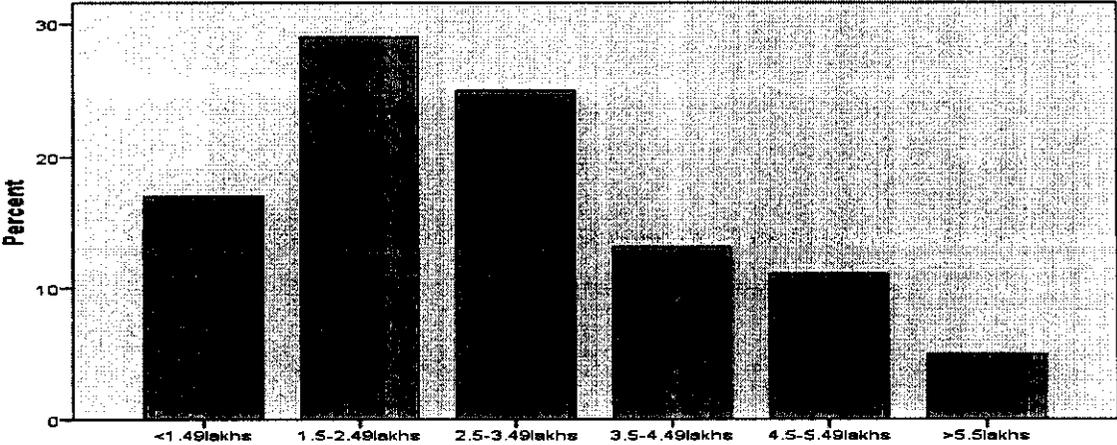
Income	Frequency	Percent	Valid Percent	Cumulative Percent
<1.49lakhs	34	17.0	17.0	17.0
1.5-2.49lakhs	58	29.0	29.0	46.0
2.5-3.49lakhs	50	25.0	25.0	71.0
3.5-4.49lakhs	26	13.0	13.0	84.0
4.5-5.49lakhs	22	11.0	11.0	95.0
>5.5lakhs	10	5.0	5.0	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 17% of the respondents earn <1.49 lakhs, 29% of the respondents earn 1.5-2.49 lakhs, 25% of the respondents earn 2.5-3.49 lakhs, 13% of the respondents earn 3.5-4.49 lakhs, 11% of the respondents earn 4.5-5.49 lakhs and 5% of the respondents earn >5.5 lakhs.

Most (29%) of the respondents are earn 1.5-2.49 lakhs. This group of income holders invests more in mutual funds.

Chart showing income of the respondents



Income of the respondents

3.1.7 NO OF DEPENDANTS OF THE RESPONDENTS

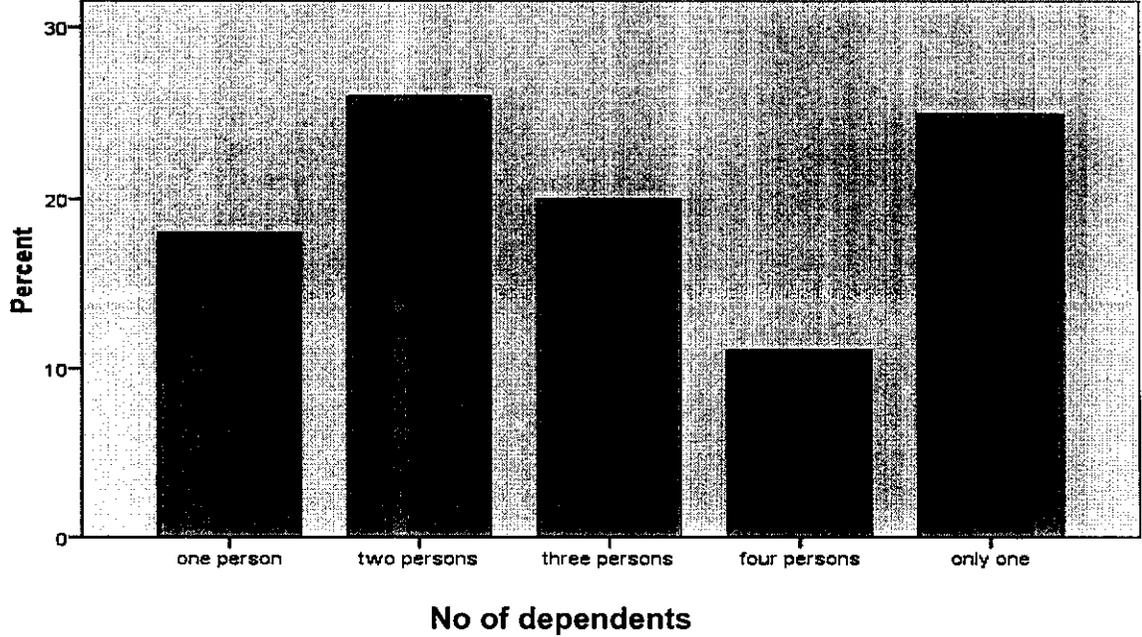
Table showing no of dependants of the respondents

No of dependents	Frequency	Percent	Valid Percent	Cumulative Percent
one person	36	18.0	18.0	18.0
two persons	52	26.0	26.0	44.0
three persons	40	20.0	20.0	64.0
four persons	22	11.0	11.0	75.0
SINGLE	50	25.0	25.0	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 18% of the respondents have 1 dependant, 26% of the respondents have 2 dependants, 20% of the respondents have 3 dependants, 11% of the respondents have 4 dependants and 25% of the respondents have no dependants. Most (26%) of the respondents have two dependents. An investment activity is differing from each individual, which varies according to the family pattern.

Chart showing no of dependants of the respondents



3.1.8 TYPE OF SAVINGS OF THE RESPONDENTS

Table showing type of saving of the respondents

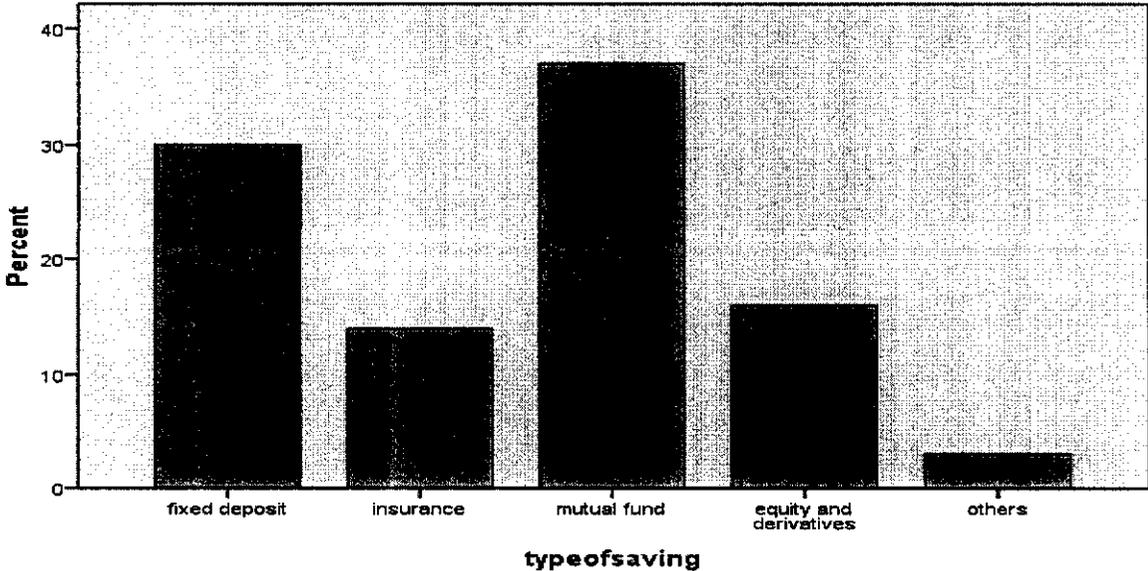
Type of saving	Frequency	Percent	Valid Percent	Cumulative Percent
fixed deposit	60	30.0	30.0	30.0
insurance	28	14.0	14.0	44.0
mutual fund	74	37.0	37.0	81.0
equity and derivatives	32	16.0	16.0	97.0
others	6	3.0	3.0	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 30% of the respondents have savings in fixed deposits, 14% of the respondents have savings in insurance, 37% of the respondents have savings in mutual funds, 16% of the respondents have savings in equities and derivatives and 3% of the respondents have savings in other forms.

Most (37%) of the respondents have saving in mutual funds. Because of more awareness about the mutual funds and others schemes.

Chart showing type of saving of the respondents



3.1.9 AWARENESS ABOUT MUTUAL FUND TAX SAVER SCHEMES

Table showing awareness about MF tax saver schemes

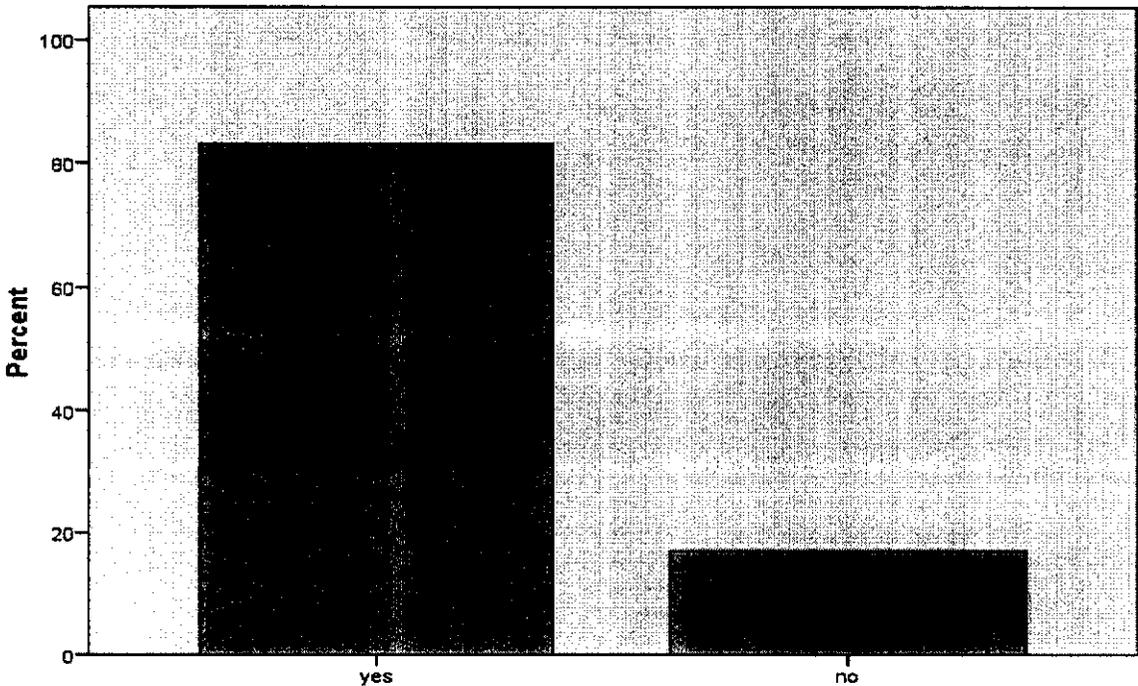
aware	Frequency	Percent	Valid Percent	Cumulative Percent
yes	166	83.0	83.0	83.0
no	34	17.0	17.0	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 83% of the respondents are aware and 17% of the respondents are unaware of the mutual fund tax saver schemes.

Mutual funds are more secure than the shares so the majority (83%) of the respondents aware of the mutual fund tax saver schemes.

Chart showing awareness about MF tax saver schemes



Awareness about MF tax saver schemes

3.1.10 MUTUAL FUND AS AN ADDITIONAL SOURCE OF INCOME

Table showing MF as an additional source of income

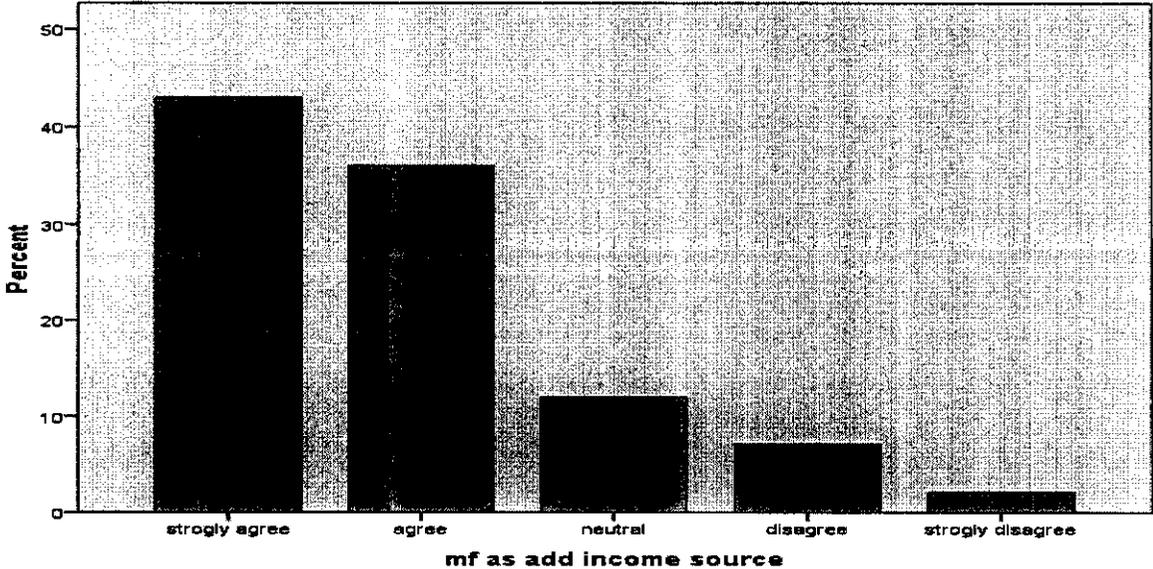
Source of income	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	86	43.0	43.0	43.0
agree	72	36.0	36.0	79.0
neutral	24	12.0	12.0	91.0
disagree	14	7.0	7.0	98.0
strongly disagree	4	2.0	2.0	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 43% of the respondents strongly agree that mutual fund is an additional source of income, 36% of the respondents agree, 12% of the respondents have neutral opinion, 7% of the respondents disagree and 2% of the respondents strongly disagree.

Maximum (43%) of the respondents invested in mutual fund and earn additional income and strongly agree that mutual fund is an additional source of income.

Chart showing MF as an additional source of income



3.1.11 INVESTMENT IN MUTUAL FUND'S TAX SAVER OPTION

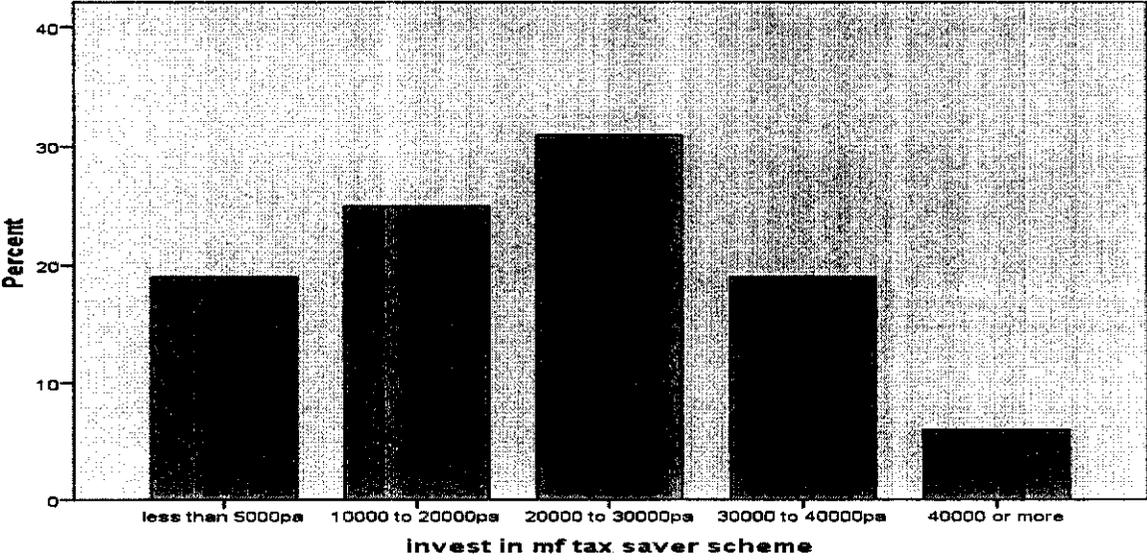
Table showing Investment in MF's tax saver option

	Investment (Rs)	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 5000pa	38	19.0	19.0	19.0
	10000 to 20000pa	50	25.0	25.0	44.0
	20000 to 30000pa	62	31.0	31.0	75.0
	30000 to 40000pa	38	19.0	19.0	94.0
	40000 or more	12	6.0	6.0	100.0
	Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 19% of the respondents like to invest <5000Rs.p.a, 25% of the respondents invest Rs.10000-20000, 31% of the respondents investRs.20000-30000, 19% of the respondents invest30000-40000 and 6% of the respondents invest >40000. Since Mutual fund tax saver option helps to save the tax amount. Hence Most (31%) of the respondents investRs.20000-30000 in mutual funds.

Chart showing Investment in MF's tax saver option



3.1.12 SOURCES OF AWARENESS OF THE RESPONDENTS

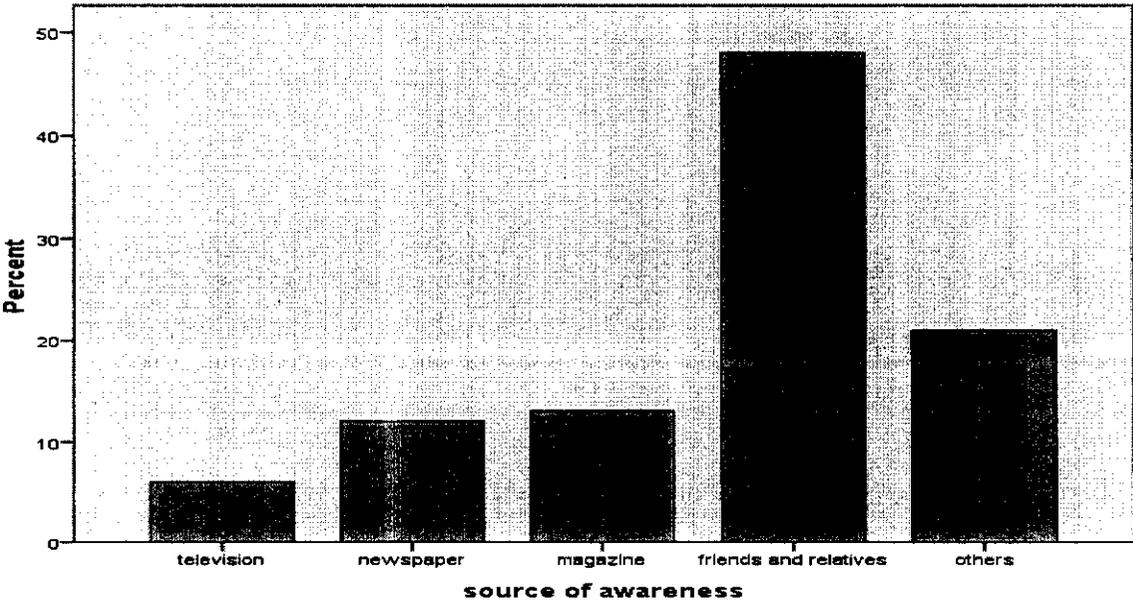
Table showing Sources of awareness of the respondents

Source of awareness	Frequency	Percent	Valid Percent	Cumulative Percent
television	12	6.0	6.0	6.0
newspaper	24	12.0	12.0	18.0
magazine	26	13.0	13.0	31.0
friends and relatives	96	48.0	48.0	79.0
others	42	21.0	21.0	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 6% of the respondents are aware of MF through television, 12% of the respondents through newspaper, 13% of the respondents through magazines, and 48% of the respondents through friends and relatives and 21% of the respondents through others. Most (48%) of the respondents are aware of MF through friends and relatives. They play a major role to influence the respondents to invest in MF.

Chart showing Sources of awareness of the respondents



3.1.13 PERCENTAGE OF SAVINGS THROUGH ELSS SCHEME

Table showing Percentage of savings through ELSS scheme

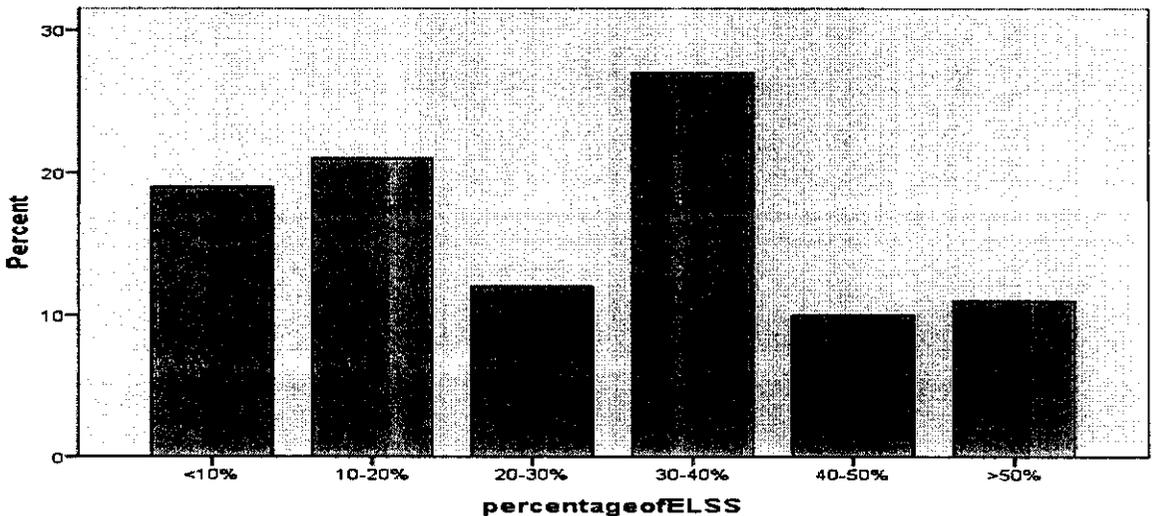
percent	Frequency	Percent	Valid Percent	Cumulative Percent
<10%	38	19.0	19.0	19.0
10-20%	42	21.0	21.0	40.0
20-30%	24	12.0	12.0	52.0
30-40%	54	27.0	27.0	79.0
40-50%	20	10.0	10.0	89.0
>50%	22	11.0	11.0	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 19% of the respondents would like to save less than 10% from ELSS scheme, 21% of the respondents want to save 10-20%, 12% of the respondents want to save 20-30%, 27% of the respondents want to save 30-40%, 10% of the respondents would like to save 40-50% and 11% more than 50%.

Most (27%) of the respondents to save 30-40% from ELSS scheme. This scheme help to save the tax amount for the respondents.

Chart showing Percentage of savings through ELSS scheme



3.1.14 OPTIONS THAT CAN BOOST UP YOUR SAVINGS

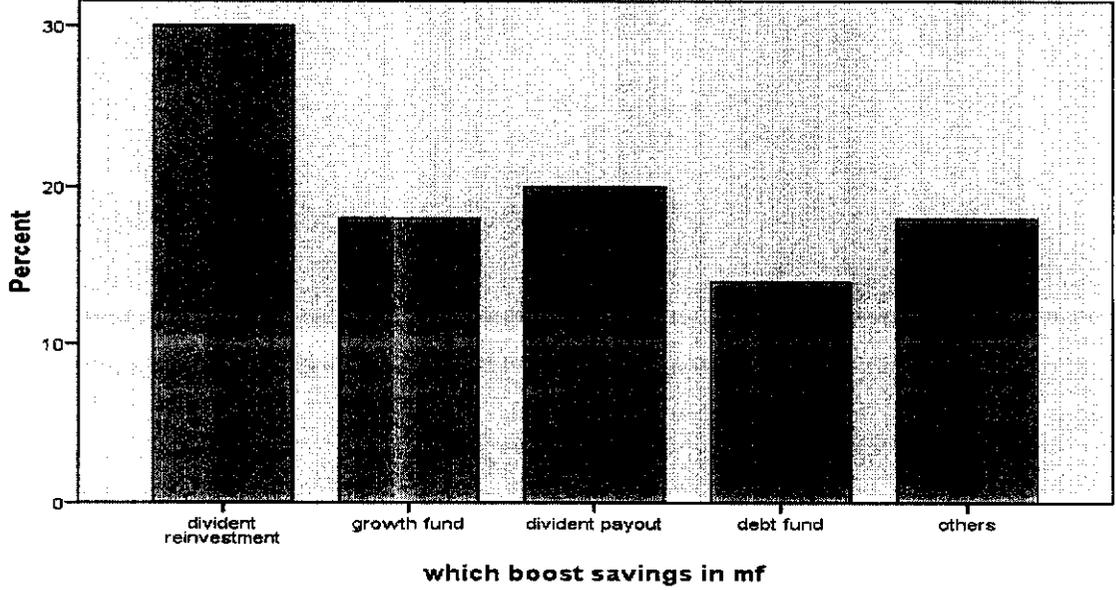
Table showing options that can boost up your savings

option	Frequency	Percent	Valid Percent	Cumulative Percent
dividend reinvestment	60	30.0	30.0	30.0
growth fund	36	18.0	18.0	48.0
dividend payout	40	20.0	20.0	68.0
debt fund	28	14.0	14.0	82.0
others	36	18.0	18.0	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 30% of the respondents think that dividend reinvestment can boost up their savings, 18% of the respondents think growth fund, 20% of the respondents think dividend payout, and 14% of the respondents think debt fund and 18% fall under the others category. It is observed that most (30%) of the respondents think that dividend reinvestment can boost up their savings. Dividend reinvestment is help to reinvest in some other schemes.

Chart showing options that can boost up your savings



3.1.15 WOULD YOU REDEEM YOUR INVESTMENT

Table showing that would you redeem your investment

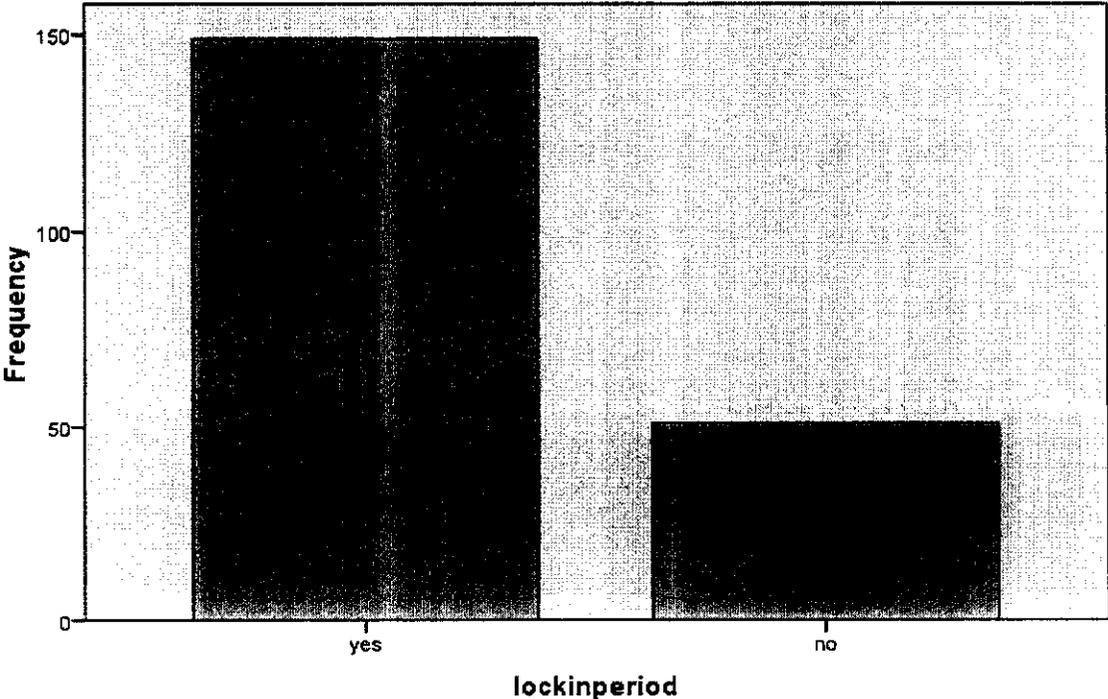
Redeem	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	149	74.5	74.5	74.5
No	51	25.5	25.5	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 74.5% of the respondents answered yes when asked if they would redeem their investments and 25.5% of the respondents said they would not redeem their investments.

To enjoy the benefit of lock in period, maximum (74.5%) of the respondents are favorable towards redeem their investment.

Chart showing that would you redeem your investment



3.1.16 WHICH INVESTMENT OF THE RESPONDENT SAVES TAX

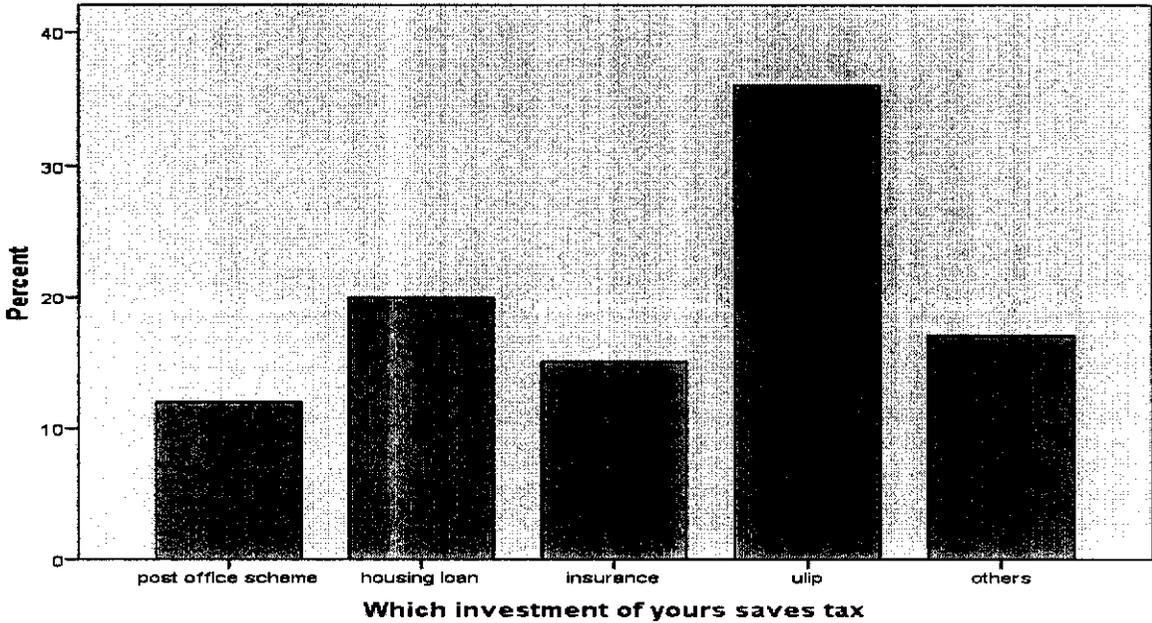
Table showing that which investment of the respondents saves tax

Investment	Frequency	Percent	Valid Percent	Cumulative Percent
post office scheme	24	12.0	12.0	12.0
housing loan	40	20.0	20.0	32.0
insurance	30	15.0	15.0	47.0
ulip	72	36.0	36.0	83.0
others	34	17.0	17.0	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 12% of the respondents save their tax through post office savings, 20% of the respondents through housing loan, 15% of the respondents through insurance, 36% of the respondents through ULIP and 17% of the respondents through other forms. It is find that most (36%) of the respondents save their tax through ULIP. It is more secure and also gives more profit.

Chart showing that which investment of the respondents saves tax



3.1.17 MODE OF INVESTMENT PREFERED BY RESPONDENTS

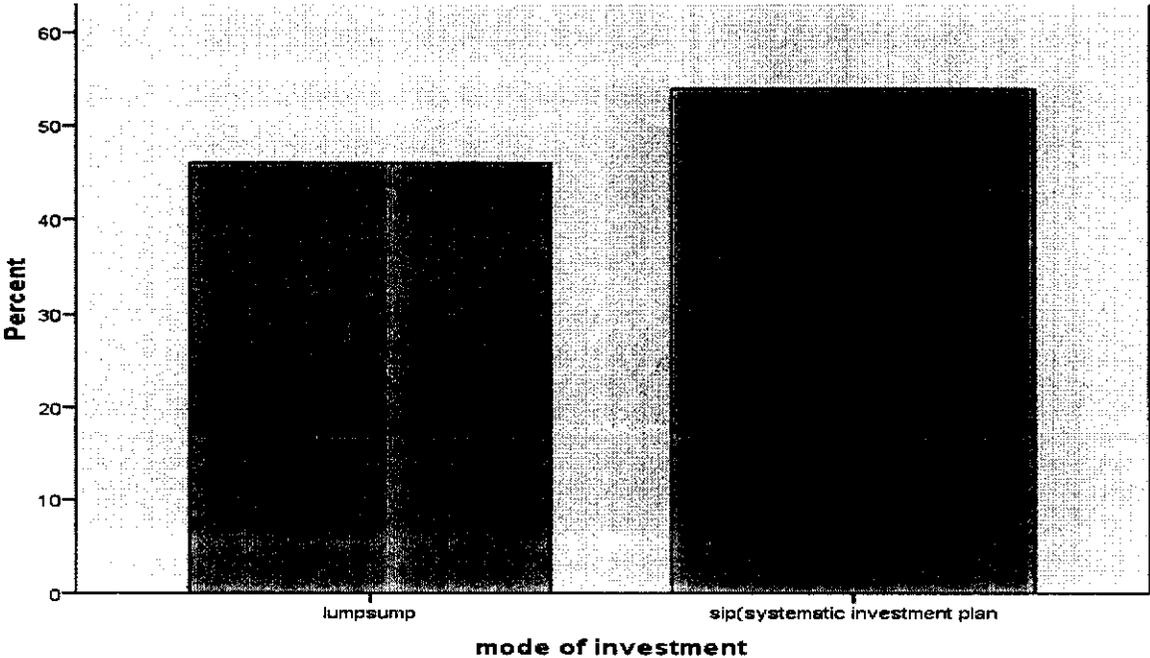
Table shows that Mode of investment preferred by respondents

Mode of investment	Frequency	Percent	Valid Percent	Cumulative Percent
lump sump	92	46.0	46.0	46.0
sip(systematic investment plan)	108	54.0	54.0	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 46% of the respondents prefer the LUMP SUM mode of payment while 54% of the respondents prefer the SYSTEMATIC INVESTMENT PLAN for paying. Most (54%) of the respondents prefer the SYSTEMATIC INVESTMENT PLAN for paying. It is help to gives additional income for the regular period of time.

Chart showing that Mode of investment preferred by respondents



3.1.18 INVESTMENT MADE IN ANY OTHER KIND OF MUTUAL FUND

Table showing that Investment made in any other kind of MF

Investment	Frequency	Percent	Valid Percent	Cumulative Percent
yes	142	71.0	71.0	71.0
no	58	29.0	29.0	100.0
Total	200	100.0	100.0	

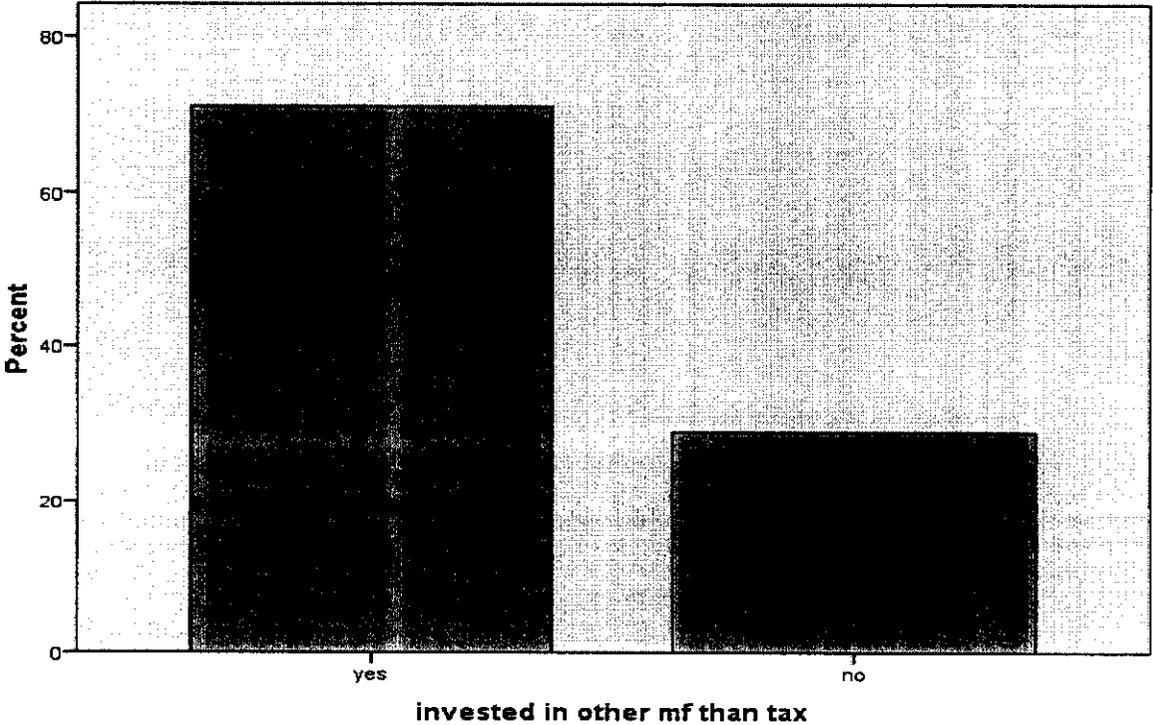
INTERPRETATION

It is inferred that 71% of the respondents have invested in other mutual funds and 29% of the respondents did not invest in other funds.

It is observed that most (71%) of the respondents have invested in other mutual funds.

MF gives more return. If they take more risk it will get more return.

Chart shows that Investment made in any other kind of MF



3.1.19 WHEN WOULD YOU REDEEM YOUR INVESTMENT

Table showing that when you would redeem your investment

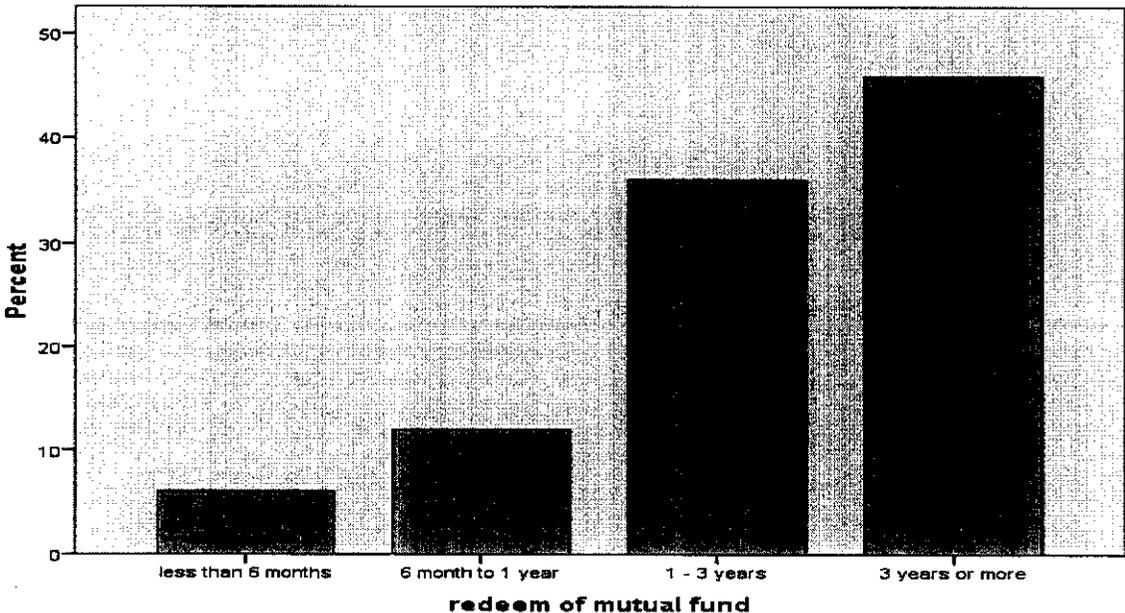
Redeem	Frequency	Percent	Valid Percent	Cumulative Percent
less than 6 months	12	6.0	6.0	6.0
6 month to 1 year	24	12.0	12.0	18.0
1 - 3 years	72	36.0	36.0	54.0
3 years or more	92	46.0	46.0	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 6% of the respondents would like to redeem their investments in < 6months, 12%of the respondents in 6monthhs-1year, 36% of the respondents in 1-3years, 46% of the respondents after 3 years.

Most (46%) of the respondents would like to redeem their investments in 3years or more. Long term investment is getting more return.

Chart shows that when would you redeem your investment



3.1.20 TAX BRACKET UNDER WHICH THE RESPONDENTS FALL

Table showing Tax bracket under which the respondents fall

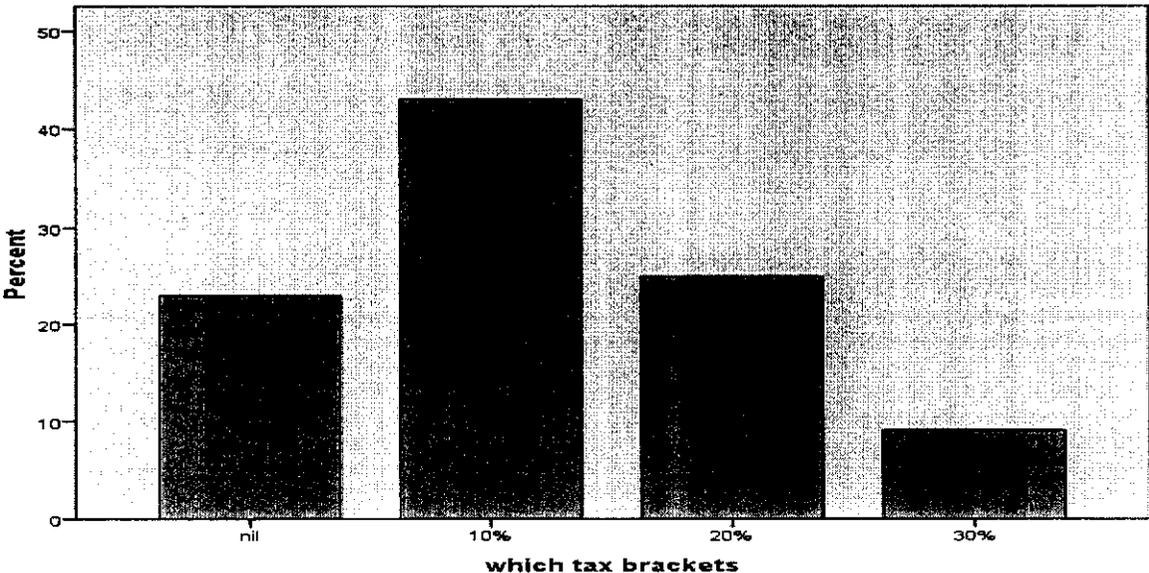
Tax %	Frequency	Percent	Valid Percent	Cumulative Percent
nil	46	23.0	23.0	23.0
10%	86	43.0	43.0	66.0
20%	50	25.0	25.0	91.0
30%	18	9.0	9.0	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 23% of the respondents fall under the no tax category, 43% of the respondents fall under the 10% tax bracket, 25% of the respondents in the 20% tax bracket and 9% fall under the 30% tax bracket category.

Most (43%) of the respondents fall under the 10% tax bracket. Mutual fund tax saver scheme is help to detect the tax amount.

Chart showing Tax brackets under which the respondents fall



3.1.21 CHANNEL OF PREFERENCE FOR YOUR INVESTMENTS

Table showing Channel of preference for MF investment

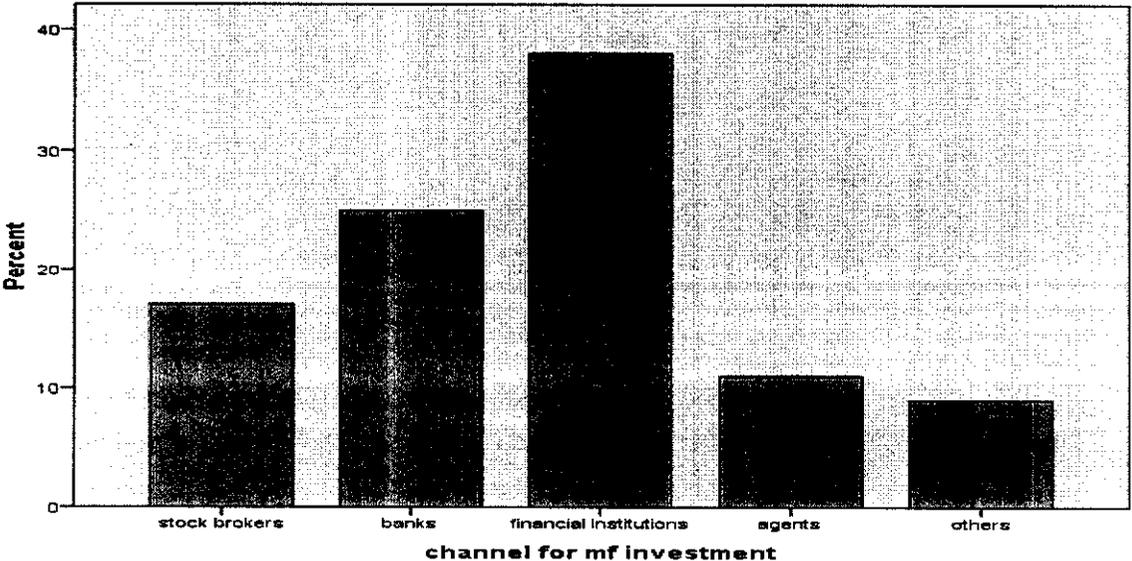
Channel	Frequency	Percent	Valid Percent	Cumulative Percent
stock brokers	34	17.0	17.0	17.0
banks	50	25.0	25.0	42.0
financial institutions	76	38.0	38.0	80.0
agents	22	11.0	11.0	91.0
others	18	9.0	9.0	100.0
Total	200	100.0	100.0	

INTERPRETATION

It is inferred that 17% of the respondents prefer stock brokers as a channel for mutual fund investments, 25% of the respondents prefer banks, and 38% of the respondents prefer financial institutions, 11% of the respondents through agents and remaining 9% of the respondents through other forms.

Most (38%) of the respondents prefer financial institutions as a channel for mutual fund investments. Its more influence the investors.

Chart showing that channel of preference for MF investment



3.2 ANOVA

Table showing Anova

		Sum of Squares	df	Mean Square	F	Sig.
typeofsaving	Between Groups	4.660	3	1.553	1.148	.331
	Within Groups	265.260	196	1.353		
	Total	269.920	199			
awareness	Between Groups	1.444	3	.481	3.522	.116
	Within Groups	26.776	196	.137		
	Total	28.220	199			
additional income	Between Groups	2.204	3	.735	.729	.536
	Within Groups	197.376	196	1.007		
	Total	199.580	199			
investinmutualfund	Between Groups	40.431	3	13.477	11.632	.140
	Within Groups	227.089	196	1.159		
	Total	267.520	199			
sourceofawareness	Between Groups	5.174	3	1.725	1.387	.248
	Within Groups	243.706	196	1.243		
	Total	248.880	199			
percentageofELSS	Between Groups	58.776	3	19.592	8.377	.128
	Within Groups	458.404	196	2.339		
	Total	517.180	199			
optionofmutualfund	Between Groups	16.303	3	5.434	2.560	.056
	Within Groups	416.017	196	2.123		
	Total	432.320	199			
lockinperiod	Between Groups	3.404	3	1.135	3.600	.215
	Within Groups	61.776	196	.315		
	Total	65.180	199			

saves tax	Between Groups	21.158	3	7.053	4.469	.095
	Within Groups	309.322	196	1.578		
	Total	330.480	199			
modeofinvestment	Between Groups	2.087	3	.696	2.865	.138
	Within Groups	47.593	196	.243		
	Total	49.680	199			
otherformofmutual	Between Groups	4.311	3	1.437	6.756	.030
	Within Groups	41.689	196	.213		
	Total	46.000	199			
redeemofmutualfund	Between Groups	8.127	3	2.709	3.632	.114
	Within Groups	146.193	196	.746		
	Total	154.320	199			
tax brackets	Between Groups	56.628	3	18.876	35.790	.130
	Within Groups	103.372	196	.527		
	Total	160.000	199			
channelofinvestment	Between Groups	6.678	3	2.226	1.709	.037
	Within Groups	255.322	196	1.303		
	Total	262.000	199			

H0 = There is no significance relationship between the age and awareness of Mutual funds tax savers schemes

INFERENCE

The value is .116 which is greater than .05 @ 95% significance level. So accept H0

H0 = There is no significance relationship between the age and mutual funds can serve you as an additional source of income

INFERENCE

The value is .536 which is less than .05 @ 95% significance level. So accept H_0

H_0 = There is no significance relationship between the age and investment that would be made in mutual fund tax saver scheme

INFERENCE

The value is .140 which is greater than .05 @ 95% significance level. So accept H_0

H_0 = There is no significance relationship between the age and Sources of your awareness about tax saver mutual funds

INFERENCE

The value is .248 which is greater than .05 @ 95% significance level. So accept H_0

H_0 = There is no significance relationship between the age and percentage you would expect to save from the equity linked saving scheme (ELSS) per annum .

INFERENCE

The value is .128 which is greater than .05 @ 95% significance level. So accept H_0

H_0 = There is no significance relationship between the age and option of mutual fund that can boost up your savings

INFERENCE

The value is .056 which is greater than .05 @ 95% significance level. So accept H_0

H_0 = There is no significance relationship between the age and the decision after the lock in period

INFERENCE

The value is .215 which is greater than .05 @ 95% significance level. So accept H_0

H_0 = There is no significance relationship between the age and the investment that saves tax

INFERENCE

The value is .095 which is greater than .05 @ 95% significance level. So accept H_0

H_0 = There is no significance relationship between the age and the mode of investment

INFERENCE

The value is .138 which is greater than .05 @ 95% significance level. So accept H_0

H_0 = There is no significance relationship between the age and investment in other form of mutual fund scheme other than the tax saver scheme

INFERENCE

The value is .030 which is less than .05 @ 95% significance level. So reject H_0

H_0 = There is no significance relationship between the age and the period if redemption of mutual fund

INFERENCE

The value is .114 which is greater than .05 @ 95% significance level. So accept H_0

H_0 = There is no significance relationship between the age and the tax bracket

INFERENCE

The value is .130 which is greater than .05 @ 95% significance level. So accept H_0

H_0 = There is no significance relationship between the age and the channel for mutual fund investment

INFERENCE

The value is .037 which is less than .05 @ 95% significance level. So reject H_0

H_0 = There is no significance relationship between the age and the type of savings

INFERENCE

The value is .331 which is greater than .05 @ 95% significance level. So accept H_0

3.3 CHI-SQUARE

Ho there is no significant relation between income and mutual funds as an additional source of income

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	29.047 ^a	20	.087
Likelihood Ratio	31.592	20	.048
Linear-by-Linear Association	6.032	1	.014
N of Valid Cases	200		

Directional Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by Nominal	No Lambda Symmetric	.086	.049	1.720	.085
	monthly income Dependent	.070	.055	1.236	.217
	additional income Dependent	.105	.064	1.559	.119
Nominal by Nominal	Goodman and Kruskal tau				
	monthly income Dependent	.033	.012		.034 ^c
	additional income Dependent	.042	.019		.033 ^c

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.381	.087
Nominal	Cramer's V	.191	.087
N of Valid Cases		200	

INTERPRETATION

Chi square test reads a significance level of .087 @ 90% confidence level. For 90% significance level being 0.1 the above result shows that .087 (less than 0.1) therefore there is no significance relationship. @95% confidence level significance level being .05 the above output giving a significance level of .003 (less than .05), there is no significance relationship.

If the cramers value is less than .25 then the variables are not associated. In the above case cramers value being .191 which is less than .25. Hence the variables are not associated

Asymmetric lambda value .070 which indicates 7.0% of the error can be predicted when the income is known

Ho there is no significant relation between income and investment to be made in mutual fund tax saver scheme

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	94.982 ^a	20	.000
Likelihood Ratio	94.946	20	.000
Linear-by-Linear Association	62.220	1	.000
N of Valid Cases	200		

Directional Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by Nominal	Lambda Symmetric	.093	.042	2.119	.034
	monthly income Dependent	.085	.066	1.229	.219
Nominal by Nominal	investinmutualfund Dependent	.101	.035	2.799	.005
	Goodman and Kruskal tau				
	monthly income Dependent	.076	.015		.000 ^c
	investinmutualfund Dependent	.090	.016		.000 ^c

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.689	.000
	Cramer's V	.345	.000
N of Valid Cases		200	

Table 3.24 Stats for Income Vs Investment to be made in MF tax saver scheme

INTERPRETATION

Chi square test reads a significance level of .000 @ 90% confidence level. For 90% significance level being 0.1 the above result shows that .000 (less than 0.1) therefore there is no significance relationship. @95% confidence level significance level being .05 the above output giving a significance level of .000 (less than .05), there is no significance relationship.

If the cramers value is less than .25 then the variables are not associated. In the above case cramers value being .345 which is greater than .25. Hence the variables are associated

Asymmetric lambda value .066 which indicates 6.6% of the error can be predicted when the income is known

Ho there is no significant relation between income and percentage savings expected from ELSS

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	97.872 ^a	25	.000
Likelihood Ratio	102.750	25	.000
Linear-by-Linear Association	41.161	1	.000
N of Valid Cases	200		

Directional Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by Nominal	Lambda Symmetric	.167	.041	3.837	.000
	monthly income Dependent	.169	.043	3.743	.000
	percentageofELSS Dependent	.164	.053	2.887	.004
Goodman and Kruskal tau	monthly income Dependent	.101	.021		.000 ^c
	percentageofELSS Dependent	.098	.019		.000 ^c

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.700	.000
	Cramer's V	.313	.000
N of Valid Cases		200	

Table 3.25 Stats for Income Vs Percentage savings expected from ELSS

INTERPRETATION

Chi square test reads a significance level of .000 @ 90% confidence level. For 90% significance level being 0.1 the above result shows that .000 (less than 0.1) therefore there is no significance relationship. @95% confidence level significance level being .05 the above output giving a significance level of .000 (less than .05), there is no significance relationship.

If the cramers value is less than .25 then the variables are not associated. In the above case cramers value being .313 which is greater than .25. Hence the variables are associated

Asymmetric lambda value .043 which indicates 4.3% of the error can be predicted when the income is known.

Ho there is no significant relation between income and scheme that can boost savings.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	75.326 ^a	20	.000
Likelihood Ratio	69.859	20	.000
Linear-by-Linear Association	.326	1	.568
N of Valid Cases	200		

Directional Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by Nominal	Lambda Symmetric	.170	.044	3.698	.000
	income Dependent	.183	.045	3.808	.000
	optionofmutualfund Dependent	.157	.053	2.759	.006
Goodman and Kruskal tau	income Dependent	.087	.023		.000 ^c
	optionofmutualfund Dependent	.095	.024		.000 ^c

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.614	.000
	Cramer's V	.307	.000
N of Valid Cases		200	

Table 3.26 Stats for Income Vs Scheme that can boost savings.

INTERPRETATION

Chi square test reads a significance level of .000 @ 90% confidence level. For 90% significance level being 0.1 the above result shows that .000 (less than 0.1) therefore there is no significance relationship. @95% confidence level significance level being .05 the above output giving a significance level of .000 (less than .05), there is no significance relationship.

If the cramers value is less than .25 then the variables are not associated. In the above case cramers value being .307 which is greater than .25. Hence the variables are associated

Asymmetric lambda value .045 which indicates 4.5% of the error can be predicted when the income is known.

H₀ there is no significant relation between income and the lock in period

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	26.696 ^a	10	.003
Likelihood Ratio	33.301	10	.000
Linear-by-Linear Association	15.293	1	.000
N of Valid Cases	200		

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by Nominal	Lambda	Symmetric	.010	.045	.226	.821
		monthly income Dependent	.014	.062	.226	.821
		lockinperiod Dependent	.000	.000	. ^c	. ^c
	Goodman and Kruskal tau	monthly income Dependent	.027	.008		.002 ^d
		lockinperiod Dependent	.107	.032		.000 ^d

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.365	.003
	Cramer's V	.258	.003
N of Valid Cases		200	

Table 3.27 Stats for income Vs lock in period

INTERPRETATION

Chi square test reads a significance level of .003 @ 90% confidence level. For 90% significance level being 0.1 the above result shows that .003 (less than 0.1) therefore there is no significance relationship. @95% confidence level significance level being .05 the above output giving a significance level of .003 (less than .05), there is no significance relationship.

If the cramers value is less than .25 then the variables are not associated. In the above case cramer value being .258 which is greater than .25. Hence the variables are associated.

Asymmetric lambda value .062 which indicates 6.2% of the error can be predicted when the income is known.

Ho there is no significant relation between income and investment that saves tax

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	43.005 ^a	20	.002
Likelihood Ratio	47.006	20	.001
Linear-by-Linear Association	1.444	1	.230
N of Valid Cases	200		

Directional Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by Lambda Nominal	Symmetric	.037	.050	.726	.468
	monthly income Dependent	.042	.058	.718	.473
	saves tax Dependent	.031	.063	.485	.627
Goodman and Kruskal tau	monthly income Dependent	.037	.013		.013 ^c
	saves tax Dependent	.062	.017		.000 ^c

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.464	.002
	Cramer's V	.232	.002
N of Valid Cases		200	

Table 3.28 Stats for Income Vs Investment that saves tax

INTERPRETATION

Chi square test reads a significance level of .002 @ 90% confidence level. For 90% significance level being 0.1 the above result shows that .002 (less than 0.1) therefore there is no significance relationship. @95% confidence level significance level being .05 the above output giving a significance level of .002 (less than .05), there is no significance relationship.

If the cramers value is less than .25 then the variables are not associated. In the above case cramers value being .232 which is less than .25. Hence the variables are not associated

Asymmetric lambda value .058 which indicates 5.8% of the error can be predicted when the income is known

Ho there is no significant relation between income and mode of investment

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.089 ^a	5	.007
Likelihood Ratio	16.718	5	.005
Linear-by-Linear Association	.656	1	.418
N of Valid Cases	200		

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by Nominal	Lambda	Symmetric	.094	.047	1.889	.059
		monthly income Dependent	.056	.056	.972	.331
		modeofinvestment Dependent	.152	.084	1.685	.092
	Goodman and Kruskal tau	monthly income Dependent	.021	.010		.001 ^c
		modeofinvestment Dependent	.080	.036		.007 ^c

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.284	.007
	Cramer's V	.284	.007
N of Valid Cases		200	

Table 3.29 Stats for Income Vs Mode of investment

INTERPRETATION

Chi square test reads a significance level of .007 @ 90% confidence level. For 90% significance level being 0.1 the above result shows that .007 (less than 0.1) therefore there is no significance relationship. @95% confidence level significance level being .05 the above output giving a significance level of .007 (greater than .05), there is a significance relationship.

If the cramers value is less than .25 then the variables are not associated. In the above case cramers value being .284 which is greater than .25. Hence the variables are associated

Asymmetric lambda value .056 which indicates 5.6% of the error can be predicted when the income is known

Ho there is no significant relation between income and invested in other mutual fund scheme

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.227 ^a	10	.093
Likelihood Ratio	16.677	10	.082
Linear-by-Linear Association	.737	1	.391
N of Valid Cases	200		

Directional Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by Nominal	Lambda Symmetric	.040	.029	1.339	.180
	monthly income Dependent	.056	.041	1.339	.180
	otherformofmutual Dependent	.000	.000	. ^c	. ^c
Goodman and Kruskal tau	monthly income Dependent	.022	.009		.018 ^d
	otherformofmutual Dependent	.055	.030		.017 ^d

INTERPRETATION

Chi square test reads a significance level of .093@ 90% confidence level. For 90% significance level being 0.1 the above result shows that .093 (less than 0.1) therefore there is a no significance relationship. @95% confidence level significance level being .05 the above output giving a significance level of .093 (less than .05), there is a no significance relationship.

Asymmetric lambda value .041 which indicates 4.1% of the error can be predicted when the income is known

Ho there is no significant relation between income and tax bracket

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.878E2 ^a	15	.000
Likelihood Ratio	161.309	15	.000
Linear-by-Linear Association	96.744	1	.000
N of Valid Cases	200		

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by Nominal	Lambda	Symmetric	.297	.048	5.441	.000
		monthlyincome Dependent	.254	.052	4.447	.000
		taxbrackets Dependent	.351	.063	4.714	.000
Goodman and Kruskal tau		monthlyincome Dependent	.164	.027		.000 ^c
		taxbrackets Dependent	.281	.039		.000 ^c

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.969	.000
	Cramer's V	.560	.000
N of Valid Cases		200	

Table 3.31 Stats for Income Vs Tax bracket

INTERPRETATION

Chi square test reads a significance level of .000 @ 90% confidence level. For 90% significance level being 0.1 the above result shows that .000 (less than 0.1) therefore there is no significance relationship. @95% confidence level significance level being .05 the above output giving a significance level of .000 (less than .05), there is no significance relationship.

If the cramers value is less than .25 then the variables are not associated. In the above case cramers value being .560 which is greater than .25. Hence the variables are associated

Asymmetric lambda value .052 which indicates 5.2% of the error can be predicted when the income is known

H₀ there is no significant relation between income and channel preferred for mutual fund investment

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	42.127 ^a	20	.003
Likelihood Ratio	46.272	20	.001
Linear-by-Linear Association	2.467	1	.116
N of Valid Cases	200		

Directional Measures

			Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by Nominal	Lambda	Symmetric	.068	.030	2.177	.029
		monthly income Dependent	.042	.038	1.099	.272
	Goodman and Kruskal tau	channelofinvestment Dependent	.097	.048	1.915	.056
		monthly income Dependent	.036	.012		.016 ^c
		channelofinvestment Dependent	.066	.019		.000 ^c

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.459	.003
	Cramer's V	.229	.003
N of Valid Cases		200	

Table 3.32 Stats for Income Vs Channel preferred for mutual fund investment

INTERPRETATION

Chi square test reads a significance level of .003 @ 90% confidence level. For 90% significance level being 0.1 the above result shows that .003 (less than 0.1) therefore there is a no significance relationship. @95% confidence level significance level being .05 the above output giving a significance level of .003 (less than .05), there is a no significance relationship.

If the cramers value is less than .25 then the variables are not associated. In the above case cramers value being .229 which is less than .25. Hence the variables are not associated

Asymmetric lambda value .038 which indicates 3.8% of the error can be predicted when the income is known.

FINDINGS AND SUGGESTIONS

4.1 FINDINGS

- It was found from the survey that the public are moving away from the traditional modes of saving and are resorting to other ways like Mutual Funds which give high returns and at the same time are subjective to high market risks.
- From the survey it was found that most of the respondents are aware of Mutual Fund as a tax saver option. Most of the respondents agree that Mutual Fund is an additional source of income. Very few respondents disagree to the statement.
- When the respondents were asked about how much of their earnings they would like to invest in Mutual Funds most of them answered that they would invest 20000-30000.
- Friends and relatives play a major role in creating awareness regarding the Mutual Funds. The next source of awareness is through magazines.
- Dividend reinvestment fund seems to be the option that most of the respondents want to choose when investing in Mutual Funds. The next choice of the respondents is dividend payout. They feel that these two options help in boosting up their savings.
- The number of respondents that save in the other tax saving options is 12% of the respondents save their tax through post office savings, 20% of the respondents through housing loan, 15% of the respondents through insurance, 36% of the respondents through ULIP and 17% of the respondents through other forms.
- Most of the respondents prefer SYSTEMATIC INVESTMENT PLAN for paying for mutual funds as it gives them more units.
- Most of the respondents have invested in a lot of Mutual Funds other than tax saver option.
- From the survey it was found that most of the respondents prefer the financial institutions as a channel for mutual fund investments, followed by banks.

RECOMMENDATIONS

4.2 SUGGESTIONS

- More funds can be launched.
- The MF companies can provide more information about the new products
- More information regarding the existing funds can be given
- The company can provide more improved service
- The company can create more awareness regarding the new funds. Call to the customers regarding the new fund offers can be strengthened. Innovative ways could be adopted to educate the customer regarding the new funds
- Banks still happen to be the most preferred and trust worthy investment option. The Mutual Fund companies could focus attention to improve its own credibility and trust worthiness in its dealings and operations, so that it can also acquire almost equal investment credibility as that of banks.
- The Mutual Fund companies could always maintain a better rapport with the distributors to increase the sales of their products through the distribution.
- The current Indian scenario as far as the finance industry is concerned is that even the people with little knowledge regarding the stock markets are realizing that big money can be earned in them, and are ready to invest. It is up to the Mutual Fund companies to take advantage of the situation.

CONCLUSION

4.3 CONCLUSION

The core objective of the study was to find out the awareness level of Mutual Funds and tax saver options among the general public and also to create awareness to those who do not know about Mutual Funds and tax saver options.

The public are aware of the Mutual Fund companies and they are aware about the Mutual Fund products from various sources. The strength of the Mutual Funds is that it gives high returns when the right MF is chosen. The weakness is that though it gives high returns the risk involved is also high. A majority of the people are now only coming to know about the Mutual Funds and the people's interest to earn is also increasing so the companies have to tap this resource efficiently.

The study about awareness of Mutual Fund as a tax saver option among the general public was conducted successfully and suggestions were given to help the company for further development.

ANNEXURE

QUESTIONNAIRE

1. Name:
2. Address:
3. Age: below 25 26 – 35 36 – 45 above 46.
4. Sex: Male. Female.
5. Educational qualification:
 Graduate Post Graduate Professional
 Others (Specify).
6. Occupation: self employed. Employed. Retired.
 Others (Specify).
7. Marital status married unmarried
8. Annual income: <1.49 lakhs. 1.5 – 2.49 lakhs 2.5 – 3.49 lakhs
 3.5 - 4.49 lakhs. 4.5 – 5.49 lakhs. > 5.5 lakhs.
9. How many people are dependants on you?
 One person Two persons. Three person.
 Four person. Only me.
10. What type of savings do you have?
 Fixed deposit. Insurance. Mutual funds.
 Equities & Derivatives. Others
11. Are you aware of Mutual funds tax savers schemes?
 Yes No
12. Do you agree that mutual funds can serve you as an additional source of Income?
 Strongly agree Agree Neutral Disagree
 Strongly disagree

13. How much would you like to invest in mutual fund tax saver scheme?(in rupees)
- Less than 5000 PA.
 - 10000 to 20000 PA
 - 20000 to 30000 PA.
 - 30000 to 40000 PA.
 - Greater than 40000 PA.
14. Sources of your awareness about mutual funds.
- Television News papers. Magazines.
 - friends and relatives. others.
15. How much percentage do you expect to save from the equity linked saving scheme (ELSS) per annum?
- <10% 10 – 20 % 20 – 30 % 30 – 40 % 40 – 50 %
 - >50%
16. Which option of mutual fund do you think can boost up your savings?
- Divident reinvestment Growth fund Divident payout.
 - Debt fund Others.
17. After three years of lock in, do you wish to redeem your investment?
- yes . No.
18. Which investment of yours saves tax?
- Post Office Scheme. Housing loan. Insurance
 - ULIP (Unit Linked Insurance Plans) Others.
19. What percentage of your income do you invest in the following options?
- Fixed deposit _____%
 - Insurance. _____%
 - ULIP. _____%
 - Housing loans. _____%
 - Post office. _____%

20. Which are the mutual fund companies you are aware of?

a) _____

b) _____

c) _____

d) _____

e) _____

21. What mode of investment have you chosen?

Lumpsum.

SIP (Systematic Investment Plan).

22. Have you invested in any other form of mutual fund scheme other than the tax saver scheme?

Yes

No.

23. In how many years would you like to redeem your mutual fund investment?

Less than 6 months

6 months to 1 year.

1 year to 3 years.

3 years or more.

24. Which tax bracket do you fall under?

Nil.

10%.

20%.

30%

25. Which channel would you prefer for mutual fund investment?

Stock brokers. Banks Financial institutions. Agents.

Others.

THANK YOU

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