

Summer Internship Project Report

On

**“A Study on Identifying Awareness amongst Consumers
Related to Mutual Funds”**

By

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2018BBA001



Under the Supervision of

Dr. Punam Mishra

(Submitted in partial fulfillment of the requirements for BBA degree)

**Institute of Management
JK Lakshmipat University, Jaipur
(2019-20)**

INDUSTRY CERTIFICATE



Bridgegroup Solutions

We Knot Spaces

Ref No- Bridge Group Solutions/HR/20-21

Date - 14th July 2020

To Whomsoever it may Concern

This is to certify that **Aditi Modi** D/O **Mr. Manish Modi** a student of **BBA** at **JK Lakshmipat University, Rajasthan** has undergone project training in **Marketing** at our organization from **18th May 2020 to 20th June 2020**.

She completed the training period, with sincerity and dedication and the performance during training period was found to be **SATISFACTORY**.

We wish her all the success in life and Career.

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DECLARATION

I **Aditi Modi** hereby declare that this Project Report entitled “**A Study on Identifying Awareness amongst Consumer Related to Mutual Funds**” conducted at “**Bridge Group Solution**” submitted in partial fulfillment of 3 years full time Bachelor Degree in Business Administration (BBA) of Institute of Management, JK Lakshmipat University is an authentic record of work and it has neither been submitted nor published anywhere.

I further declare that if the statement cited above found false, I would be liable to be disqualified, at any stage.

ADITI MODI
2018BBA001

CERTIFICATE

It is certified that the Summer Internship Report titled “**A Study on Identifying Awareness amongst Consumer Related to Mutual Funds**” Submitted by **Aditi Modi** is an original piece of research work carried out by the candidate under my supervision.

Dr. Punam Mishra
(Faculty Guide)

ACKNOWLEDGEMENT

At the successful completion of Summer Internship Program, I wish to express my true regards to individuals who supported and directed me throughout this internship.

I take this opportunity to express my profound gratitude and deep regards to my guide **Dr. Punam Mishra** for her exemplary guidance, monitoring and encouragement throughout the project.

I would like to give my gratitude and sincere regards and note of thanks to **Ms. Juhi Tripathi (HR, Bridge Group Solution)** for giving me this opportunity and selecting me as summer trainee in this esteemed organization. I would like to express my deep gratitude and regards for her valuable guidance and support without which completion of this project would not be possible.

Aditi Modi
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PROJECT SUMMARY

Market research is a function that links the consumer, customer and public to the market through information. Information is used to identify and define marketing opportunities and problems, evaluate market actions, monitor marketing performance and improve understanding of marketing as process. Purpose of the study is to find out customers satisfaction, awareness and preference for Mutual Funds. Research objectives are to analyze the awareness and level of satisfaction of customers towards the Mutual Funds.

The points which can tell the consumer awareness about the services provided are:-

- Choosing the services carefully and wisely.
- Knowing the terms and conditions of the services in detail.
- Knowing in brief about the scheme he/she interested.
- Knowing the pros and cons of the services.

INDUSTRY OVERVIEW

Introduction

The insurance industry of India has 57 insurance companies - 24 are in the life insurance business, while 33 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. There are six public sector insurers in the non-life insurance segment. In addition to these, there is a sole national re-insurer, namely General Insurance Corporation of India (GIC Re). Other stakeholders in the Indian Insurance market include agents (individual and corporate), brokers, surveyors and third-party administrators servicing health insurance claims.

Market Size

Government's policy of insuring the uninsured has gradually pushed insurance penetration in the country and proliferation of insurance schemes.

Gross premium collected by life insurance companies in India increased from Rs 2.56 trillion (US\$ 39.7 billion) in FY12 to Rs 7.31 trillion (US\$ 94.7 billion) in FY20. During FY12–FY20, premium from new business of life insurance companies in India increased at a CAGR of 15 per cent to reach Rs 2.13 trillion (US\$ 37 billion) in FY20.

Overall insurance penetration (premiums as per cent of GDP) in India reached 3.69 per cent in 2017 from 2.71 per cent in 2001.

The market share of private sector companies in the non-life insurance market rose from 15 per cent in FY04 to 56 per cent in FY21 (till April 2020). In life insurance segment, private players had a market share of 31.3 per cent in new business in FY20.

Investments and Recent Developments

The following are some of the major investments and developments in the Indian insurance sector.

- Enrolments under the Pradhan Mantri Suraksha Bima Yojana (PMSBY) reached 154.7 million till December 2019 since its launch.
- Over 53.8 million farmers were benefitted by the Pradhan Mantri Fasal Bima Yojana (PMFBY) in FY20.
- In April 2020, Axis Bank acquired an additional 29 per cent stake in Max Life Insurance.
- In November 2019, Airtel partnered with Bharati AXA Life to launch prepaid bundle with insurance cover.
- In September 2019, Competition Commission of India (CCI) approved acquisition of shares in SBI General Insurance by Napean Opportunities LLP and Honey Wheat.

Government Initiatives

The Government of India has taken number of initiatives to boost the insurance industry. Some of them are as follows:

- As per Union Budget 2019-20, 100 per cent foreign direct investment (FDI) was permitted for insurance intermediaries.
- In September 2018, National Health Protection Scheme was launched under Ayushman Bharat to provide coverage of up to Rs 500,000 (US\$ 7,723) to more than 100 million vulnerable families. The scheme is expected to increase penetration of health insurance in India from 34 per cent to 50 per cent.
- The Insurance Regulatory and Development Authority of India (IRDAI) plans to issue redesigned initial public offering (IPO) guidelines for insurance companies in India, which are to looking to divest equity through the IPO route.
- IRDAI has allowed insurers to invest up to 10 per cent in additional tier 1 (AT1) bonds that are issued by banks to augment their tier 1 capital, in order to expand the pool of eligible investors for the banks.

COMPANY OVERVIEW

Bridge Group Solution was found in 2014 as one of India's original Project Outsourcing start-ups, with an aim to bridge gaps in process management and outsourcing. We started as project outsourcing firm and later on moved into different zones with a motto of providing high-quality, low-cost, and applicable interventions to handle gaps.

Today, the BGS enterprise has its presence across varied sectors that include technology, wealth management and talent management solutions. We have expanded to more than 5 cities in less than two years and are going at great velocity towards greater heights.

This is where aspiration meets innovation, candor fuels collaboration and impossible surrenders to teamwork. We champion the bold to achieve the extraordinary.

Core Value:

- Integrity
- Customer Delight
- Excellence
- Trust

Partners:

- Aditya Birla Capital
- Big Bazaar
- Drishti
- IndiaFirst Life Insurance
- Max Life Insurance

BUSINESS STRATEGY:

- Delivering high quality customer service
- Maintaining current high standards for asset quality through disciplined credit risk management
- Develop innovative products and services that attract targeted customers and address inefficiencies in the Indian financial sector

Mutual Funds

To many people, Mutual Funds can seem complicated or intimidating. We are going to try and simplify it for you at its very basic level. Essentially, the money pooled in by a large number of people (or investors) is what makes up a Mutual Fund. This fund is managed by a professional fund manager.

It is a trust that collects money from a number of investors who share a common investment objective. Then, it invests the money in equities, bonds, money market instruments and/or other securities. Each investor owns units, which represent a portion of the holdings of the fund. The income/gains generated from this collective investment is distributed proportionately amongst the investors after deducting certain expenses, by calculating a scheme's "Net Asset Value or NAV. Simply put, a Mutual Fund is one of the most viable investment options for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost.

Tax benefits on investing in Mutual Funds:

- 100% Income Tax exemption on all Mutual Fund dividends.
- Equity Funds - Short term capital gains is taxed at 15%. Long term capital gains are not applicable.
- Debt Funds - Short term capital gains is taxed as per the slab rates applicable to you. Long term capital gains tax to be lower of - 10% on the capital gains without factoring indexation benefit and 20% on the capital gains after factoring indexation benefit.

Why invest through Mutual Funds?

- Lower Cost
- Reduce Risk
- Transparency
- Convenience
- Range of Schemes
- Improve Customer Satisfaction
- Improve Quality

Some Best Mutual Fund companies in India are:-

- SBI Mutual Fund.
- ICICI Prudential Mutual Fund.
- HDFC Mutual Fund.
- Aditya Birla Sun Life Mutual Fund.
- Kotak Mutual Fund.

1. Best Mutual Funds in 2020 are:-

Fund Name	Category	5 Years
ICICI Prudential Bluechip Fund-Growth	Large Cap	3.97%
SBI Magnum MultiCap Fund-Growth	MultiCap	5.63%
ICICI Prudential Equity & Debt Fund -Growth	Aggressive Hybrid	6.14%
Aditya Birla Sun Life Tax Relief 96-Growth	ELSS(Tax Saver)	5.85%

How can you select the mutual funds?

The whole selection process can be divided into two parts, Internal Analysis, and External Analysis.

1. **Internal Analysis** includes analyzing yourself. It is divided into 4 steps:

- **Goal** – One must first select his/her financial goal. For Example, if the goal is tax saving and return, then tax saving schemes i.e. Equity Linked Saving Scheme or ELSS, will be preferable if the goal is capital appreciation with a long term horizon than the Equity scheme will be preferable. So depending upon the goal, the scheme will vary.
- **Asset Allocation & Risk Determination** –The first thing here is to understand what kind of portfolio you want. This is known as asset allocation.

Your asset allocation should have a healthy mixture of high risk and low-risk components. In general, the percentage of funds you allocate to low-risk debt instruments should be equal to your age.

For instance, if you are a 30-year-old, then 30% of your fund allocation should go toward debt instruments. This will cushion you against any downturns in the remaining assets that you have invested in.

A golden rule here is that the younger you are, the more you can invest in equities and other high-risk mutual funds. Up to a certain age, your risk profile should be moderately high as you have certain flexibility to invest in high-return funds without getting too worried about potential losses.

- **Tenure** – Person with a longer time horizon can prefer an equity scheme; it will give a better return in the long term by averaging out the volatility. If the person has a shorter time horizon then Liquid or debt schemes must be preferred as it will have low volatility.
- **SIP/Lump sum** – If you don't have enough money, or you are a salaried person then SIP will be a preferable option.

2. **External Analysis** – Once the internal analysis is done, External Analysis can be commenced. The external analysis is nothing but finding the right schemes fitting the requirements as per internal analysis and comparing all such befitting scheme to find the best-suited scheme.

- The first step is to find the top-rated scheme in the same type. There are many credit rating agency ranks the schemes of the mutual fund, so first, one can go and check the top-rated schemes,
- Select the Top 5 funds in each of the categories you want to invest in.
- Once you finalize the top 5 schemes, gather their prospectus, factsheet, and previous years data to analyze and understand the one which is best suited to you

Some tips for picking the best-suited funds are:

- When looking for a mutual fund, check its history from shareholder pattern or by checking performance online.
- Check the performance of the funds in different periods such as 3 months, 6 months, 1 year, 2 years and so on.
- The funds that feature in all of these lists denote all-round performance and are most likely managed by exceptional fund managers.
- Check for the profile of fund managers and asset allocators. This can be found in the prospectus of the respective mutual funds.
- The decision you make here will help you in coming to an informed decision that covers all the corners of your financial decision-making process.

At this juncture, I would like to share one bonus tip, just because a mutual fund performed well in the past, it may not perform well in the future. The growth of funds also depends on the efficiency and expertise of the fund manager. So it might happen that a fund which performed well under the management of a fund manager might not perform well under the management of another fund manager

In case of doubt, one should consult a financial advisor before taking any financial decision.

PROJECT OBJECTIVES

- To analyze the awareness of customers towards the Mutual Fund facilities.
- To analyze the level of satisfaction about mutual fund schemes.
- To identify the factor that influences the customers on using the Mutual fund services.

METHODOLOGY

Research Design:

The methodology adopted to achieve the project objective involved Descriptive Research design.

Sample type:

Existing customer of mutual funds.

Sample Size:

The sample size is 100.

Sample Design:

The sample design used is Judgmental Sampling.

Statistical Data and Tool:

The data is Primary Data which is collected through questionnaire, analyzed by using simple percentage and represented through tables.

Limitations of the study:

I am sure that in this project there would be few shortcomings sincere effort has been made to eliminate errors as far as possible but few would remain due to limitation of study. There are:

- Limited sample size.
- The information given by respondents might be bias.
- Some of respondent might not be interested to give correct information.

DATA ANALYSIS AND RESULTS

Table 1: Age of the Respondents

S.No.	Age group of the Respondents	No. of Respondents	Percentage
1	21-30 years	20	20%
2	31-40 years	48	48%
3	41-50 years	17	17%
4	51 years and above	15	15%
	Total	100	100%

Interpretation:

The above table depicts that 20% of the respondents are falling under below 20 years, 48% of the respondents are falling under the category of 20-25 years, 17% of the respondents are falling under 25-30 years and 15% of the respondents are above 30 years. Thus, maximum number of people who spends in mutual funds their age lies between 31-40 years.

Table 2: Annual Income of the Respondents

S.No.	Annual Income of the Respondents	No. of Respondents	Percentage
1	Upto Rs. 1,00,000	0	0%
2	Rs. 1,00,000- Rs. 3,00,000	28	28%
3	Rs. 3,00,000- Rs. 5,00,000	37	37%
4	Rs. 5,00,000 and above	35	35%
	Total	100	100%

Interpretation:

The above table depicts annual income of the respondents. It was found that no respondents have annual income upto Rs. 1, 00,000. 28% of the respondents had annual income between Rs. 1,00,001- Rs. 3,00,000, 37% had between Rs. 3,00,001- Rs. 5,00,000 and 35% of the respondents' annual income is Rs. 5,00,001 and above. Thus, maximum number of people who spends in mutual funds their income lies between Rs. 5, 00,000 and above.

Table 3: Occupation of the Respondents

S.No.	Occupation of the Respondents	No. of Respondents	Percentage
1	Student	08	08%
2	Business	45	45%
3	Service	22	22%
4	Professional	25	25%
	Total	100	100%

Interpretation:

The above table shows that 08% of the respondents are students, 46% are business owners, 21% are doing service and 25% of the respondents are professionals. Thus, business people are more interested in investing in mutual funds.

Table 4: Do you invest in Mutual Funds?

S.No.	Investing in Mutual Funds	No. of Respondents	No. of Respondents
1	Yes	72	72%
2	No	28	28%
	Total	100	100%

Interpretation:

The above table shows that 72% of the respondents invest in mutual funds while 28% of the respondents do not invest in mutual funds. Thus, maximum number of people invests in mutual funds.

Table 5: If No, then why have you never invested in Mutual Funds?

S.No.	Reasons	No. of Respondents	Percentage
1	Lack of Knowledge	3	9%
2	Trust Issues	2	9%
3	services provided don't enable me to do what I want to do	9	33%
4	I prefer to have personal human relation	8	28%
5	Find the process difficult	6	21%
	Total	100	100%

Interpretation:

The above table shows that people do not use mutual funds because 9% of them do not have proper knowledge, 9% of them have trust issue, 33% of them think that services provided don't enable them to do what they want to do, 28% of them prefer to have personal contact with the bank and 6% of them finds the process difficult. Thus, the main reason of not spending in mutual fund is the services provided don't enable me to do what I want to do.

Table 6: How do you perceive Mutual funds?

S.No.	Perceiving Mutual Funds	No. of Respondents	Percentage
1	Complicated	08	08%
2	Easy and Convenient	72	72%
3	Difficult Accessibility	20	20%
	Total	100	100%

Interpretation:

The above table shows that 08% of the respondents perceive mutual funds complicated, 72% perceives it easy and convenient and 20% finds it difficult to access it. Thus, maximum number of people thinks that mutual fund is easy and convenient.

Table 7: What according to you is more cost effective?

S.No.	More cost effective	No. of Respondents	Percentage
1	Branch visit	38	38%
2	Digital service	27	27%
3	Both	35	35%
	Total	100	100%

Interpretation:

The above table shows that 38% of the respondents feel that visiting branch is more cost effective, 27% feels that digital service is more cost effective and 35% of the respondents feel that both digital service and branch visit is cost effective. Thus, maximum people think visiting branch is more cost effective.

Table 8: What is the main reason to invest in Mutual Funds?

S.No	Reason	No. of Respondents	Percentage
1	Better Information	1	1%
2	Simple and Convenient	32	44%
3	24 hr service	35	49%
4	Cost Effective	4	6%
	Total	72	100%

Interpretation:

The above table shows the main reason to use mutual fund. 1% of the respondent feels that mutual funds provide better information, 44% feels mutual funds are simple and convenient, 49% says that mutual funds gives 24 hour service and 6% thinks that mutual fund is cost effective. Thus, maximum people think 24 hr service is the main reason to invest in mutual funds.

Table 9: Which type of schemes is mostly used in mutual funds?

S.No	Schemes	No. of Respondents
1	Open ended scheme	62
2	Close ended scheme	68
3	Growth / Equity oriented scheme	18
4	Income / Debt oriented scheme	12
5	Money Market	08
6	Gift Fund	08
7	Index fund	02
8	Balanced fund	44
9	Scheme according to investment	03
(The respondents have given more than one response)		

Interpretation:

Above table reveals that most of the respondents opt for close ended scheme and if not that then open ended scheme.

Table 10: Are you satisfied with the schemes of Mutual Funds?

S.No.	Satisfied	No. of Respondents	Percentage
1	Yes	71	98%
2	No	01	2%
	Total	72	100%

Interpretation:

The above table reveals that 98% of the respondents were satisfied with the schemes of mutual funds while 2% of them were not satisfied. Thus, maximum number of people is satisfied with the scheme of mutual funds.

Table 11: What would encourage you to invest more in Mutual Funds?

S.No.	Factors	No. of Respondents	Percentage
1	Rewards (discounted fess for certain schemes)	04	04%
2	Simpler and clearer schemes	46	46%
3	Higher Security	44	44%
4	Free Transactions	06	06%
	Total	100	100%

Interpretation:

The above table shows the factors by which people will be encouraged to invest more in mutual funds. 46% of the respondents think that simpler and clearer services will encourage them to invest more in mutual funds, 44% of them thinks that higher security will encourage them to invest more in mutual funds and very few people says that free transactions and rewards will encourage them to invest more in mutual funds. Thus, maximum number of people is encouraged by simple and clear schemes.

CONCLUSION AND OBSERVATION

- Mutual Fund has an impact on three major stakeholders, namely society, organizations and customers (or consumers). There are a number of advantages, which include cost savings, increased efficiency, customization and global marketplaces. There are also limitations arising from it which apply to each of the stakeholders. These include information overload, reliability and security issues, and cost of access, social divisions and difficulties in policing the Internet.
- Successful mutual fund involves understanding the limitations and minimizing the negative impact while at the same time maximizing the benefits.
- People are now confident enough to rely on mutual fund because it is more easy and convenient and provides 24 hour services.
- People are satisfied with the mutual fund and feel it more secure. But at the same time they think that contact should be maintained with the bank staff.

RECOMMENDATIONS

At the end I would like to say that the mutual fund is growing at an astonishing rate. The majority of customers prefer investing in mutual funds but bank should target rest of customer who are not satisfied. This is actually necessary to know the market scenario or opportunities and risks associated with type of scheme of investment.

- Simple and clear schemes should be provided.
- The bank should explain the mutual fund scheme to the customer who feels the process difficult.
- Services provided should fulfill the schemes of the customers.
- More off close ended schemes should be launches as customers are attracted towards it.

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QUESTIONNAIRE

Name:

Customer Id:

1. Age group

- 21-30 years
- 31-40 years
- 41-50 years
- Above 51 years

2. Annual Income

- Up to Rs. 1,00,000
- Rs. 1,01,000 – Rs. 3,00,000
- Rs. 3,01,000 – Rs. 5,00,000
- Rs. 5,01,000 and above

3. Occupation?

- Student
- Business
- Service
- Professional

4. Do you invest in Mutual Funds?

- Yes
- No

5 . If No, then why have you never invested in Mutual Funds?

- Lack of Knowledge
- Trust issues
- services provided don't enable me to do what I want to do
- I prefer to have personal human relation
- Find the process difficult

6. How do you perceive Mutual funds?

- Complicated
- Easy and Convenient
- Difficult Accessibility

7. What according to you is more cost effective?

- Branch visit
- Digital service
- Both

8. What is the main reason to invest in Mutual Funds?

- Better Information
- Simple and Convenient
- 24 hr service
- Cost Effective

9. Which type of schemes is mostly used in mutual funds?

- Open ended scheme
- Closed ended scheme
- Growth / Equity oriented scheme
- Income / Debt oriented scheme
- Money Market
- Gift Fund
- Index fund
- Balanced fund
- Scheme according to investment

10. Are you satisfied with the schemes of Mutual Funds?

- Yes
- No

11. What would encourage you to invest more in Mutual Funds?

- Rewards (discounted fess for certain schemes)
- Simpler and clearer schemes
- Higher Security
- Free Transactions