CHAPTER-1: INTRODUCTION

1.1 INTRODUCTION:

Mutual Funds is a technique for pooling resources by issuing funds to investors and investing them in assets in accordance with the objectives specified in the offer agreement. Investments in securities are dispersed throughout a wide range of industries and sectors, reducing risk. Diversification decreases risk because not all stocks will move in the same direction and percentage at the same time. Mutual Funds issues units to investors based on the amount of money they invest. Investors share gains and losses proportionally to their investments. The mutual fund typically launches a number of schemes with various investment objectives on a regular basis.

Among the various programs, one that is well-known for its tax benefits is tax-saving mutual funds. According to investment objectives, mutual funds are divided into pure growth schemes, balanced schemes, and tax-saving plans. Tax saving schemes are the most profitable of the three since they operate as a tax shield. These schemes provide tax breaks to investors under certain provisions of Indian IT legislation that are updated from time to time. Tax preparation may appear to be a difficult task involving a great deal of effort, making an ordinary investor concerned at first glance. The Equities Linked Saving Scheme (ELSS) is a simple approach to receive tax benefits while also participating in the Indian equities markets.

The tax saving scheme is one of the most popular MF schemes that have attracted investors to them. Hence, it is important for investors to know the performance of various MF tax saving programs. As demand for MF increases and demand for tax saving schemes increases, several MF companies are coming up with their own tax saving programs. Customers now have a wide range of MF tax saving schemes from various MF companies. From the investor's point of view, it is therefore important to know which tax saving system is working well today based on past data. In the era of globalization, many investment options are available to investors, such as investing in bonds, securities, stocks, etc. Meanwhile, other tax saving schemes like NPS, PPF, FD and PO Deposit Scheme etc. is also available for investment. So, it is very important for investors to know which option is better for them. considering both the risk and the associated return.

It comes with a three-year lock in period. ELSS funds are one of the most effective ways to avoid tax under section 80C. Furthermore, no taxes are charged on long-term capital gains from these investments. Furthermore, compared to other tax-saving choices, ELSS has the lowest lock-in period of three years. (SBI, 2013). In the current economic liberalization climate, investors with large surplus money require a highly diversifiable instrument option for moderate returns with minimal risk; as a result, mutual funds have gained prominence in the Indian capital market. MF is a profitable option for those with modest funds. MF businesses are drawing investors due to their diverse offerings.

Mutual funds are financial instruments that combine the capital of several participants and use it to buy a variety of stocks, bonds, and other securities. Investment firms or qualified fund managers are in charge of managing these funds. The main objective of mutual funds is to give investors access to a professionally managed, diversified portfolio so they may get a wide market exposure without having to purchase individual assets.

Equity Linked Savings Schemes (ELSS), commonly known as ELSS or Tax Saving Mutual Funds, offer investors a dual advantage of tax exemption under section 80C, up to Rs. 1.5 lakhs, along with the potential for capital appreciation through equity investments. These mutual funds focus on building a diversified portfolio of stocks and equity-related securities with the aim of generating medium to long-term capital growth. Investors can allocate up to Rs. 1.5 lakhs in ELSS to avail of the maximum tax exemption allowed under section 80C. Amounts invested beyond this limit do not qualify for additional tax benefits. ELSS investments can be made through the fund company's website, either as a lump sum or through Systematic Investment Plans (SIP). SIPs are a recommended method, allowing investors to average their investment costs and mitigate the impact of market fluctuations. It's important to note that each SIP is treated as a separate investment, and each comes with a mandatory lock-in period of 3 years. The minimum amount required to start an ELSS investment is Rs. 500, and there is no upper limit on the investment amount. However, tax-saving benefits are capped at Rs. 1.5 lakhs per year. ELSS funds come with a lock-in period of 3 years, during which investors cannot redeem or withdraw their funds. After the lock-in period, investors have the flexibility to stay invested or exit as per their financial goals. Investors can choose to stop an ELSS SIP at any point, but the invested amount can only be withdrawn after completing the 3-year lock-in period. The mutual fund company provides quarterly statements to ELSS investors, offering insights into the performance of their investments. Additionally, investors can monitor their investment value through online facilities provided by the mutual fund company.

In India, mutual funds have become more and more popular as an investment choice because of their professional administration, accessibility, and advantages in diversification. The Securities and Exchange Board of India (SEBI) oversees the regulation of the mutual fund business in India.

Investors should have a clear understanding of their risk tolerance, investment objectives, and the particulars of the funds they are considering before making any mutual fund purchases. A financial advisor's advice, comprehension of the costs, and reading the fund's prospectus can all aid in making wise investment choices. Under Section 80C of the Income Tax Act and other provisions, there are numerous tax-saving investment choices available in India. These investments promote long-term savings in addition to tax benefits for people.

Equity link saving plans have been available in the Indian market for almost 20 years. While they are best known for being a popular way to save money on taxes, they have also assisted investors in building wealth over the long run. The government first gave the investors a tax refund under Section 88 of the Income Tax Act when the ELSS was created. The highest ELSS investment eligible for tax rebate was ₹10000 each fiscal year. A maximum 30% tax relief was offered. Investing ₹10000 in ELSS allows a maximum income tax savings of ₹3000. In 2005-06, the government expanded the deduction under u/s 80C of the Income Tax Act, raising the acceptable investment limit to ₹100,000 per year. This reduced the investor's taxable income by up to ₹100,000, resulting in a lower tax liability. Currently, individuals can invest up to ₹150000 and receive a tax benefit under Section 80C.

Investors may believe that ELSS Growth funds offer a larger potential for returns than traditional tax-saving options such as Fixed Deposits (FDs) and Public Provident Funds (PPF). Equity exposure in ELSS funds can give long-term capital appreciation opportunities. ELSS Growth funds, because they are equity-oriented, are associated with higher market risks than fixed-income vehicles such as PPFs or FDs. Investors' risk tolerances may differ, and their impression of ELSS funds will be determined by their level of comfort with market volatility. ELSS funds usually have a three-year lock-in period, which is shorter than other tax-saving instruments such as PPF or NSC. Investors may see this as beneficial, particularly if they value liquidity and flexibility in their investments.

ELSS funds provide tax benefits under Section 80C of the Income Tax Act, allowing for deductions up to a certain level. Investors may see this tax advantage as a benefit, especially when compared to other options such as ULIPs (Unit Linked Insurance Plans) or regular insurance plans. Market conditions may influence how investors perceive ELSS Growth funds. During instances of market instability, some investors may perceive ELSS funds as riskier, but others may see them as an opportunity to enter the market at a cheaper valuation. ELSS funds invest in a diverse portfolio of shares, giving investors exposure to a variety of industries and firms.

ELSS funds provide liquidity after the mandatory lock-in period by allowing investors to redeem units as needed. This liquidity feature may appeal to investors who seek the ability to access their assets before the longer maturity periods associated with other tax-saving instruments. Investor impression is determined by their level of financial literacy and awareness. Those with a better understanding of market dynamics may be more drawn to ELSS Growth funds, but others may prefer traditional products due to familiarity and perceived safety. Investors with a longer investing horizon may be particularly drawn to ELSS funds, given their potential for better returns over time. Short-term investors or those with a limited risk tolerance may select fixed-income investments

In conclusion, investors' perceptions of ELSS Growth Option Mutual Funds in comparison to other tax-saving investments are complex and vary depending on individual preferences, risk tolerance, market conditions, and awareness levels.

1.2 NEED FOR THE STUDY:

ELSS funds are getting more popular because they help you grow your money and save on taxes. However, some people are worried because the stock market can be risky. This study wants to understand how investors view this risk and how much return they expect. This information can be used to create better investment plans and teach people more about ELSS funds.

Basically, studying how people feel about ELSS funds compared to other ways to save on taxes is important for everyone involved in the financial world. It can help people invest smarter, improve financial education, and create better financial products. In the end, this research can lead to a financial market where everyone is more informed and confident about their money.

1.3 PROBLEM STATEMENT:

Though investment in Mutual Fund gives a better return as it's managed by experts, it's not easy to forecast the future returns as mutual fund investment are subject to market risk. It's not easier for common investors also to predict the returns if they are not aware of risk return analysis. An Investor in mutual fund has no control over the overall costs of investing. He pays an investment management fee (which is a percentage of his investments) as long as he remains invested in fund, whether the fund value is rising or declining. He also has to pay fund distribution costs, which he would not incur in direct investing.

However, this only means that there is a cost to obtain the benefits of mutual fund services. This cost is often less than the cost of direct investing.

- **No Control:** Investor does not have control on investment; all the decisions are taken by the fund manager. Investor can just join or leave the show.
- **No Tailor-Made Portfolios:** Investing through mutual funds means delegation of the decision of portfolio composition to the fund managers. The very high net worth individuals or large corporate investors may find this to be a constraint in achieving

their objectives. However, most mutual funds help investors overcome this constraint by offering large no. of schemes within the same fund.

- **Managing a Portfolio of Funds:** Availability of large no. of funds can actually mean too much choice for the investors. He may again need advice on how to select a fund to achieve his objectives. AMFI has taken initiative in this regard by starting a training and certification program for prospective Mutual Fund Advisors. SEBI has made this certification compulsory for every mutual fund advisor interested in selling mutual 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.

1.4 SCOPE OF THE STUDY:

This study can help us understand why investors choose ELSS mutual funds over other tax saving options. These insights are invaluable to fund managers, financial advisors and policy makers as they adapt their products and communication strategies to better meet the needs of investors. ELSS Growth option Mutual Funds are equity-oriented, and studying investors' perceptions can shed light on their risk appetite and how they perceive the risk associated with equity investments compared to other tax-saving instruments. This understanding can assist in designing appropriate risk communication and education strategies.

Analysing investors' perceptions allows for an assessment of how they perceive the historical performance of ELSS Growth option Mutual Funds relative to other tax-saving investments. This information can help investors make more informed decisions and can guide fund managers in improving their strategies. The study can provide insights into broader market dynamics, including the impact of economic conditions, market trends, and regulatory changes on investors' choices. This knowledge is valuable for financial institutions, regulators, and policymakers to make informed decisions. Research findings can be used to develop financial education programs. By resolving misunderstandings and increasing transparency, investors can make better decisions and achieve better financial results. Policymakers can use this study to evaluate the effectiveness of policies and laws related to tax-saving investments. This can help to make decisions about possible changes or improvements to the legal framework. Financial institutions can use research findings to improve existing products or develop new products that better meet the needs of investors. This may include adjusting features, pricing or information strategies to increase the appeal of ELSS Growth Options Mutual Funds.

By defining a clear scope based on these aspects, this study can gain depth and provide valuable insights into investors' perceptions and decision-making processes regarding ELSS and other tax-saving options. This can inform financial institutions, policymakers, and advisors in developing strategies to promote informed investment choices and cater to different investor needs. This study's scope includes not just evaluating investors' perspectives, but also delivering practical recommendations for politicians, financial institutions, and investors. The comprehensive methodology ensures that the study adds significant insights to the field of investment behaviour and assists in the development of informed strategies for a variety of stakeholders.

1.5 OBJECTIVES OF THE STUDY:

- To assess investors' awareness of ELSS Growth option Mutual Funds.
- To evaluate the perception of investors regarding the risk and return associated with ELSS Growth funds.
- To compare investors' preferences for ELSS Growth option Mutual Funds with other tax-saving investment avenues.

1.6 HYPOTHESIS:

- There is significant difference in the decision-making processes of investors when selecting ELSS Growth option Mutual Funds compared to other tax-saving instruments
- There is significant difference in awareness levels between investors regarding ELSS Growth option Mutual Funds and other tax-saving investments.

- There is a significant relationship between perceived risk and return and income.
- There is a significant relationship between financial literacy and knowledge of other tax-saving options.
- There is a significant relationship between perceived risk and return and perceived trust.

1.7 RESEARCH METHODOLOGY:

Research methodology refers to the systematic and scientific approach used to collect, analyse, and interpret data in order to answer research questions or test hypotheses. It essentially is the roadmap that guides a research project from its inception to its final conclusions.

The general strategy used by researchers to carry out their work is known as research methodology. It consists of:

- Research Design
- Research Instrument Used
- Population
- Sample size
- Sampling Design
- Sampling Techniques
- Sampling Methods
- Data Collection Methods
- Statistical Tools

1.7.1 Research Design:

Research design is the set of methods and procedures used in collecting and analysing measures of the variables specified in the research problem. The study adopts descriptive research design and data has been collected from the respondents through a structured questionnaire. Descriptive research is defined as the study in which information is collected without changing the environment (i.e., nothing is manipulated). It tends to describe the characteristics of an individual or group situation and it is desirable when we wish to project a study's findings to a larger population, with the study's sample being the representative.

This study adopts a mixed methods research design that incorporates both quantitative and qualitative approaches to provide a comprehensive understanding of investor perspectives.

1.7.2 Research Instrument Used:

The Primary data is collected using a structured questionnaire which is distributed among the different respondents who fall under individual investor.

The questionnaire is distributed among the class of the respondents includes various classes of individual investor that includes working professionals and salaried people of various sectors such as employees of Retail sector, educational sector, IT fields and manufacturing industries of Trichy and Thanjavur Districts.

1.7.3 Population:

A population in research methods is a collection of individuals, things, or occasions that share particular traits and are relevant to the researcher. Another name for it is the target demographic.

Here the population is based on the class of the respondents includes various classes of individual investor that includes working professionals and salaried people of various sectors such as employees of Retail sector, educational sector, IT fields and manufacturing industries of Trichy and Thanjavur Districts.

1.7.4 Sample size:

The number of subjects or observations included in a study is referred to as the sample size. Usually, n is used to indicate this number. The data is collected from 303 respondents through the structured questionnaire. Convenience sampling will be employed to ensure a representative and unbiased selection of participants.

1.7.8 Statistical Tools:

Descriptive Statistics

The act of looking at, condensing, and displaying comes about from a information collection is known as expressive insights. There are three essential categories included:

1. Distribution of frequencies

2.Central tendency measurements

3.Variability metrics

Inferential insights and expressive measurements are not the same. Whereas inferential measurements utilize information to memorize more around the populace the test speaks to, clear measurements give an diagram of a sample. Likelihood hypothesis isn't the establishment of expressive insights, which are as often as possible nonparametric insights.

To run the Descriptives method, select Dissect > Graphic Insights > Descriptives. The Descriptives window records all of the factors in the dataset within the cleared-out column.

One Way - ANOVA:

Analysis of the variance (ANOVA) could be a measurable strategy that investigations the contrasts between the implies of two or more bunches or treatments. It's used to decide on the off chance that there are measurably noteworthy contrasts between the implies of distinctive bunches. ANOVA could be a collection of measurable models and their related estimation methods. Analysis of variance (ANOVA) is a statistical method used to analyse differences between group means in a sample. This is an extension of the t-test, which allows to compare means between two or more groups. ANOVA evaluates whether there are statistically significant differences between the means of three or more independent groups.

In summary, ANOVA is a useful statistical tool for evaluating group differences by analysing variation within and between groups. This will provide a comprehensive understanding of why the observed differences are significant and help researchers make inferences about issues related to group culture.

Correlation:

Correlation measures the measurable relationship between two factors. It demonstrates the degree to which changes in one variable compare to changes in another. A positive relationship implies both factors move within the same course, whereas a negative relationship infers they move in inverse bearings.

Regression:

Regression analysis is a powerful set of techniques used to measure the relationship between a dependent variable (what you want to predict) and one or more independent variables (what you think will affect the dependent variable). It's like working with data analytics, discovering hidden patterns and relationships that explain change and behaviour.

Regression analysis measures the strength and direction of relationships between variables, making predictions and conclusions more accurate. Regression analysis helps increase the accuracy of the model by identifying independent variables that affect the dependent variable and controlling for the influence of other variables on the dependent variable.

Using SPSS Tool, which could be a data examination computer program is utilized in this consider. Tests like regression, Chi-square test and ANOVA are taken between the autonomous factors and the subordinate variable.

1.8 LIMITATIONS:

Investor perceptions are highly sensitive to the prevailing market conditions, making it imperative to recognize the potential impact of conducting a study during periods of market volatility or economic instability. The study's outcomes may exhibit variations compared to a more stable market environment, and as a result, the findings may lack universal applicability across different market cycles. Assessing investors' perception of risk introduces a layer of subjectivity, as diverse investors may interpret risk differently based on their individual experiences, financial acumen, and risk tolerance. The intricate task of accurately quantifying and comparing these subjective risk perceptions adds a layer of complexity to the study.

Short-term perspectives prevalent among investors when evaluating ELSS Growth funds and other tax-saving investments could pose limitations to the study. If the research fails to capture the long-term implications and performance trends of these investment options, it may provide a skewed representation of investor sentiments and preferences. Financial markets are characterized by their dynamic nature, and the investment landscape undergoes continuous evolution. The study's findings may not fully encapsulate changes in regulations, alterations in tax policies, or shifts in market dynamics occurring after the study period. Consequently, the generalizability of the results over time may be constrained.

External factors, including macroeconomic conditions, global events, and changes in government policies, wield significant influence over investor perceptions. These externalities, beyond the study's predefined scope, may exert a substantial impact on the relevance and applicability of the findings, emphasizing the need for contextual awareness. Additionally, the reliance on self-reported data, typically gathered through surveys or interviews, introduces a potential source of measurement error. Investors might not consistently provide accurate or unbiased information due to social desirability bias or a limited comprehension of certain financial concepts. This inherent limitation underscores the importance of interpreting study results with caution.

In navigating these challenges, researchers must exercise diligence in study design, acknowledging and addressing these limitations to enhance the robustness and reliability of the research outcomes. Recognizing the intricate interplay of market dynamics, individual perceptions, and external influences ensures a nuanced understanding of investors' attitudes towards ELSS Growth option Mutual Funds and other tax-saving investments.

1.9 CHAPTER DESIGN:

Chapter I –Introduction

This chapter deals general introduction about the investors' perception towards ELSS Growth option Mutual Funds in comparison to other tax-saving investments. It also includes the Objective of the study, Research Methodology, sampling design and other information related to the study.

Chapter II – Industry Profile

This chapter deals with the overall study of investors perception towards ELSS Growth option Mutual Funds in comparison to other tax-saving investments. It also discusses the impact of the factors influencing investors selection for tax saving investments.

Chapter III – Conceptual Review & Review of Literature

This chapter deals with the concepts related to the topic and study and Literature review collected from various sources regarding the scope of the Study.

Chapter IV – Data Analysis and Interpretation

This chapter discusses the data analysis and interpretation of the results. It covers the research results of various analysis such as Descriptive test, ANOVA, Correlation and Regression with the help of SPSS

Chapter V – Findings, Suggestions and Conclusion

This chapter deals with the summarization of the findings and recommendations from the results of the study regarding the investors' perception towards ELSS Growth option Mutual Funds in comparison to other tax-saving investments.

CHAPTER – 2: INDUSTRY PROFILE AND COMPANY PROFILE

2.1. INDUSTRY PROFILE:

2.1.1 INTRODUCTION:

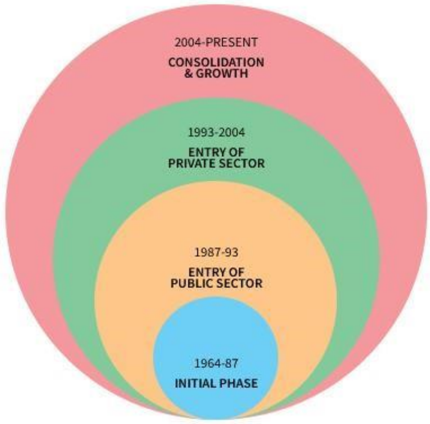
A mutual fund is a professionally managed investment instrument. In practice, investments are not made in a mutual fund, but through mutual funds. However, we hear about "investing in mutual funds" or "investing in mutual funds". While this is good for conversation, it is not technically correct. As a mutual fund distributor, it is important to understand the difference between the two terms. When someone says that they have invested in a mutual fund scheme, the scheme is often seen as competing with traditional investment instruments like stocks, bonds, debentures etc. The reality is that these funds are invested through a mutual fund scheme. In other words, investing in a mutual fund allows an investor to get their hands on stocks, bonds, money market instruments and/or other securities that may not otherwise be available to them, and professional wealth management services. company Thus, the investor does not get a different product, but a different way of investing.

The difference lies in the professional way of investing, portfolio diversification, and a regulated vehicle. Mutual fund is a vehicle (in the form of a "trust") to mobilize money from investors, to investing different markets and securities, in line with stated investment objectives. In other words, through investment in a mutual fund, an investor can get access to equities, bonds, money market instruments and/or other securities, that may otherwise be unavailable to them and avail of the professional fund management services offered by an asset management company.

A healthy financial market with widespread participation is critical to a modern economy. With this broad goal in mind, India's first mutual fund, Unit Trust of India (UTI), was established in 1963 at the initiative of the Government of India and the Reserve Bank of India 'with a view to encouraging saving and investment and participation in the income, profits, and gains accruing to the Corporation from the acquisition, holding, management, and disposal of securities.

2.1.2 HISTORY OF MUTUAL FUNDS:

In recent years, the MF Industry has expanded tremendously. The history of mutual funds in India is essentially divided into five major phases, as follows:



FIRST PHASE: 1964-1987

The mutual fund sector in India began in 1963 with the foundation of UTI by an Act of Parliament, and it operated under the regulatory and administrative jurisdiction of the Reserve Bank of India. In 1978, UTI was delinked from the RBI, and the Industrial Development Bank of India (IDBI) assumed regulatory and administrative authority in its place. UTI introduced its first scheme, Unit Scheme 1964 (US '64). In 1988, UTI managed ₹6,700 crores of assets.

SECOND PHASE: 1987-1993

The year 1987 saw the introduction of public sector mutual funds established by public sector banks, the Life Insurance Corporation of India (LIC), and the General Insurance Corporation of India. SBI Mutual Fund was the first 'non-UTI' mutual fund created in June 1987, followed by Canbank Mutual Fund in December 1987, Punjab National Bank Mutual Fund in August 1989, Indian Bank Mutual Fund in November 1989, Bank of India in June 1990, and Bank of Baroda Mutual Fund in October 1992. LIC created its mutual fund in June 1989, whilst GIC did it in December 1990. In 1993, the mutual fund sector managed assets worth ₹47,004 crore.

THIRD PHASE: 1993-2003

The Indian securities market grew in prominence after SEBI was established in April 1992 to protect the rights of investors in the securities market, as well as to stimulate and regulate its development.

The first set of SEBI Mutual Fund Regulations, with the exception of UTI, became effective in 1993. In July 1993, the Kothari Pioneer (now Franklin Templeton MF) became the first private sector mutual fund to be registered. With the introduction of private sector funds in 1993, a new era began in the Indian mutual fund market, providing Indian investors with a broader range of MF products.

The initial SEBI MF restrictions were updated and replaced in 1996 by a comprehensive set of restrictions known as the SEBI (Mutual Fund) Regulations of 1996, which are still in effect today. The number of MFs has grown throughout the years, with many international sponsors establishing mutual funds in India. During this time, there were also significant mergers and acquisitions in the mutual fund business. As of January 2003, 33 mutual funds had a total AUM of ₹1,21,805 crores, with UTI alone accounting for ₹44,541 crore.

FOURTH PHASE: SINCE FEBRUARY 2003-APRIL 2014

Following the repeal of the Unit Trust of India Act 1963 in February 2003, UTI was divided into two different entities: the Specified Undertaking of the Unit Trust of India (SUUTI) and the UTI Mutual Fund, which is governed by the SEBI MF regulations. With the dissolution of the former UTI and multiple mergers among various private sector funds, the MF business entered its fourth phase of consolidation.

Following the worldwide meltdown in 2009, stock markets around the world collapsed, including in India. Most investors who had entered the capital market during the peak had lost money, and their trust in mutual funds had been severely undermined. The elimination of Entry Load by SEBI, combined with the aftermath of the global financial crisis, exacerbated the negative impact on the Indian MF Industry, which struggled to recover and remodel itself for more than two years in an attempt to maintain its economic viability, as evidenced by the sluggish growth in MF Industry AUM between 2010 and 2013.

FIFTH (CURRENT) PHASE: SINCE MAY 2014

Recognizing the lack of penetration of MFs, particularly in tier II and tier III cities, and the need for greater alignment of the interests of various stakeholders, SEBI introduced several progressive measures in September 2012 to "re-energize" the Indian Mutual Fund industry and increase MF penetration. In the end, the measures were successful in reversing the downward trend that had begun during the global meltdown, and things improved dramatically after the new government was created at the center.

Since May 2014, the industry has seen consistent inflows and growth in both AUM and the number of investor folios (accounts).

- In May 2014, the industry's AUM reached ₹10 Trillion (₹10 Lakh Crore) for the first time. Within three years, the AUM grew to above ₹20 trillion (₹20 Lakh Crore) in August 2017. In November 2020, AUM reached ₹30 trillion (₹30 lakh crore) for the first time.
- The Indian mutual fund industry has increased from ₹ 8.26 trillion in 2013 to ₹ 50.78 trillion in 2023, a more than 6-fold increase in just ten years.
- The MF Industry's AUM increased from ₹ 22.86 trillion on December 31, 2018 to ₹50.78 trillion on December 31, 2023, more than doubling in 5 years.
- The number of investor folios has increased from 8.03 crore on December 31, 2018 to 16.49 crore on December 31, 2023, a more than twofold rise in a span of five years. Since December 2018.
- An average of 14.10 lakh new folios have been added per month during the last five years.

MF Distributors have been providing the much-needed last-mile connection with investors, particularly in smaller towns, and this is not only about enabling investors to invest in appropriate schemes, but also about assisting investors to stay on track during periods of market volatility and thus reap the benefits of investing in mutual funds.

MF distributors have also played an important role in popularizing Systematic Investment Plans (SIPs) over the years. In April 2016, the number of SIP accounts exceeded one crore, and as of December 31, 2023, the total number of SIP accounts is 7.64 crore.

2.2 COMPANY PROFILE:

2.2.1 KOTAK MUTUAL FUND:

Kotak Mahendra Mutual Fund was founded in 1985 by Mr. Uday Kotak and was the first Indian non-banking financial company to be granted a banking licence by the Reserve Bank of India in February 2003. The group serves the financial needs of individuals and institutional investors worldwide.

On August 2, 1994, Kotak Mahindra Asset Management Company Limited (KMAMC) was registered as a public limited company under the Companies Act of 1956. The company is the asset manager for Kotak Mahindra Mutual Fund (KMMF) and a wholly owned subsidiary of Kotak Mahindra Bank Limited.Kotak Mutual Fund commenced operations in December 1998. It was the first AMC to provide a dedicated gilt fund that invested entirely in government securities.

It offers mutual fund and portfolio management services in accordance with the SEBI ('Mutual Funds') Regulations, 1996 and SEBI (Portfolio Manager) Regulations, 1993. KMAMC also provides pension fund management services through its subsidiary, Kotak Mahindra Pension Fund Limited.

The organization currently offers over 261 plans that cater to investors' varying risk appetites. It generally invests in AAA and AA-rated companies and has a significant amount of assets under management (AuM). KMAMC also offers consumers the opportunity of receiving income tax benefits under Section 80C.As of March 31, 2023, Kotak AMC's assets under management exceeded 2.86 lakh crores. KMAMC has 86 locations throughout 82 cities in India, with 25.9 lakh unique investors.

Kotak Tax Saver's investment aim is to achieve long-term capital growth from a diverse portfolio of equity and equity-related securities while also allowing investors to take advantage of income tax breaks as they become available.

- The strategy thus provides a double benefit of growth and tax savings.
- The scheme, while open ended, has a three-year lock-in.
- The portfolio is broadly diversified by sector and market capitalization segment.

2.2.2 SBI MUTUAL FUND:

SBI MUTUAL FUND
A PARTNER FOR LIFE

The SBI Mutual Fund Trustee Company Private Limited was established as a trust under the Trust Act of 1882. This Trust manages the SBI Mutual Fund, one of India's largest and oldest mutual funds. The SBI Mutual Fund is a joint venture (JV) between one of India's largest and most lucrative banks, State Bank of India, and Amundi, a French asset management firm.

The SBI Mutual Fund was established on June 29, 1987, and incorporated on February 7, 1992. It was India's second mutual fund, following the Unit Trust of India, which launched operations in 1963. In July 2004, SBI agreed to sell 37% of the Fund, enlisting Amundi as a partner. Amundi is an asset management major created jointly by Crédit Agricole and Société Générale.

SBI MF has numerous firsts to its credit. It was the first Indian Mutual Fund to launch a 'Contra' fund, the SBI Contra Fund. SBI Mutual Fund India purchased Daiwa Mutual Fund, a subsidiary of Japan's Daiwa Group, in 2013.SBI Mutual Fund was the first in India to introduce an ESG fund. The fund, abbreviated ESG, provides resources for sustainable investment in important markets.

About the Trustee

Incorporated on 14 November 2008, Motilal Oswal Trustee Company Limited (MOTCL) is the trustee to **Motilal Oswal Mutual Funds**. The Trustee is in compliance with SEBI (MF) Regulations and reviews the operations of the AMC in accordance to the provisions laid out by the apex body.

About the Sponsor

Motilal Oswal Financial Services Limited (MOFSL), the company that sponsors Motilal Oswal Mutual Funds, is a diversified financial service provider, also based out of Mumbai. They offer a wide range of financial services and products including but not limited to retail brokerage, private wealth management, investment banking, currency broking as well as the distribution of institutional asset management.

MOFSL was established in May 2005 and commenced its operations from June of the same year. With a 9 Lakh strong clientele, many of whom are High Net Worth individuals, MOFSL is a prominent name in the financial landscape of this country.

2.2.4 ICICI PRUDENTIAL MUTUAL FUND:

ICICI Prudential Mutual Fund is one of India's two major asset management companies. It is among the oldest and most profitable mutual funds. The majority of their offerings are certified "AAAmfs", indicating a high level of confidence and dependability.

ICICI Prudential was founded in 1993, with ICICI Bank and Prudential Plc as partners. The Prudential Group is among the world's oldest, largest, and most important insurance businesses.

ICICI Prudential Mutual Fund played a significant contribution in establishing India's CRISIL ratings system. A CIBIL score determines an individual's creditworthiness, whereas a CRISIL score determines the health of Indian mutual funds. According to information as of September 30th, 2018, the Average Assets Under Management, or AAUM, of ICICI Prudential Mutual Fund, as it is often known, is Rs 468196.92 crore. It has been managed by the trustees of the ICICI Prudential Trust Ltd for over thirty years.

The Mutual Fund was established and incorporated in the same year, 1993. As of March 31, 2023, it managed assets of more than Rs. 5.1 lakh crore. The firm employs some of the most well-known fund managers in the industry and is rapidly expanding. ICICI Prudential Mutual Fund is situated in Mumbai and offers a diverse range of funds to suit every socioeconomic level. Prudential Group intends to sell 3.7% of its position in the Mutual Fund in order to reduce its shareholding to less than 25%, as required under SEBI guidelines.

ICICI Prudential Asset Management Company Ltd. is a leading asset management company (AMC) in the country focused on bridging the gap between savings & investments and creating long term wealth for investors through a range of simple and relevant investment solutions.

2.2.5 PUBLIC PROVIDENT FUND:

The Public Provident Fund (PPF) program is a popular long-term savings option in India due to its combination of tax benefits, returns, and safety.

The Finance Ministry's National Savings Institute developed the PPF plan in 1968. The scheme's principal goal is to enable individuals make little saves and earn returns on those savings. The PPF plan provides a favourable interest rate, and no tax is payable on the interest rate-generated returns.

A public provident fund system is suited for people who have a low risk tolerance. Because this plan is regulated by the government, it is backed by guaranteed returns to meet the financial demands of the Indian people. Furthermore, the funds in the PPF account are not market-linked. Investors may also use the public provident fund scheme to diversify their financial and investing holdings. PPF accounts can provide consistent annual returns on investment during economic downturns.

Income tax exemptions apply to the main amount invested in a PPF as an account. Section 80C of the Income Tax Act of 1961 allows for a tax waiver on the total value of the investment. However, keep in mind that the total principal that can be invested in a single financial year cannot exceed Rs. 1.5 lakh. The whole interest earned on a PPF investment is likewise exempt from tax computations. As a result, the whole amount redeemed from a PPF account at maturity is tax-free. This policy attracts a large number of Indian investors to the public provident fund plan.

The interest rate for public provident fund plans is set by the Central Government of India. It seeks to pay a greater interest rate than standard accounts held by various commercial banks in the country.The current interest rate on such accounts is 7.1%, with quarterly changes at the discretion of the government.

2.2.6 NATIONAL PENSION SYSTEM:

The Government of India formed the Pension Fund Regulatory and Development Authority (PFRDA)- External website that opens in a new window on October 10, 2003, to develop and regulate the country's pension sector. The National Pension System (NPS) was introduced on January 1, 2004, with the goal of providing retirement income to all residents. NPS strives to implement pension changes and instill the habit of saving for retirement in residents.

Initially, NPS was implemented for new government recruits (excluding the armed forces). NPS has been supplied on a voluntary basis to all citizens of the country, including unorganised sector workers, since May 1, 2009.

Furthermore, in the Union Budget of 2010-11, the Central Government introduced a co-contributory pension system known as the 'Swavalamban system- External website that opens in a new window' to encourage people in the informal sector to actively save for retirement. Under the Swavalamban Scheme- External website that opens in a new window, the government would pay Rs.1,000 to each qualifying NPS subscriber who pays a minimum of Rs.1,000 and a maximum of Rs.12,000 each year. This system is

Interest Rates: Interest rate fluctuations can have an impact on mutual funds' attractiveness in comparison to alternative investment options.

Social Factors:

Demographics: Investors' age, income levels, and investing preferences might influence demand for various types of mutual funds.

Financial Literacy: The amount of financial literacy in the population can affect investor comprehension and willingness to invest in mutual funds.

Technological Factors:

Digitalization: The use of digital platforms for mutual fund transactions and investments is critical. Changes in technology can have an impact on distribution routes, customer interactions, and overall customer experience.

Fintech Disruption: The rise of fintech companies has the potential to disrupt traditional mutual fund business models by changing how funds are managed and dispersed.

Environmental Factors:

Sustainable Investing: As people become more conscious of environmental issues, there may be a greater demand for sustainable or socially responsible investments in the mutual fund business.

Climate Risks: The industry may be impacted by climate-related risks, particularly if investments are undertaken in sectors that are susceptible to environmental change.

Legal Factors:

Regulatory Compliance: Compliance with SEBI laws, as well as any changes in legal requirements, might influence how mutual funds function.

litigation and Litigation: Legal concerns and litigation, whether involving fund management or investor complaints, can have an impact on mutual funds' reputation and operations.

CHAPTER-3: CONCEPTUAL REVIEW AND REVIEW OF LITERATURE

3.1 CONCEPTUAL REVIEW:

A conceptual framework provides the theoretical foundation and basic framework for research or study on a specific topic, guiding the development and interpretation of findings. The following is the conceptual framework of this study:

INVESTOR:

An investor is someone who puts money into something, such as a business, in the hope of making a profit. The primary goal of any investor is to minimize risk while maximizing return. In contrast, a speculator is willing to invest in a risky asset in the hopes of making a larger profit.

The term 'investment' refers to various practices that aim to 'use' capital to increase wealth over time. Funds to be invested originate from existing assets, borrowed money, and savings. However, it is important to distinguish between actual and financial investments. Real investments often entail actual assets like land, machinery, and factories. Financial investments include contracts in written or electronic form, such as stocks and bonds.

PERCEPTION:

According to Udai Pareek and others, perception can be defined as "the process of receiving, selecting, organizing, interpreting, checking, and reacting to sensory stimuli or data".

According to Stephen P Robbins, "A process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment". By analysing the above definitions we can say that the term perception involves the following:-

- Deciding which information to notice,
- How to categorize this information,
- How to interpret it within the frame work of our existing knowledge

MUTUAL FUNDS:

Mutual funds can be defined as an investment scheme which calls for collection of funds from a large number of people for the primary purpose of investing that pool in securities for profits and returns. A financial intermediary serves as a connecting bridge for a group of investors to pool their funds for a specific investing goal. Mutual funds offer a diverse range of options to meet client demands.

Mutual funds manage investors' disposable income and provide rewards from the share market. A trust or investment firm pools resources from thousands of investors and diversifies assets into several securities to maximize profits and safety. Mutual funds serve as a bridge between investors and the capital market. The mutual fund management invests funds in specified securities, such as stocks or bonds.

ELSS Mutual Funds:

Equity-Linked Savings Schemes (ELSS) are equity mutual funds that invest at least 80% of their assets in equities and equity-related products. ELSS may be open-ended or closed-ended. ELSS investments are eligible for tax deductions under Section 80C of the Income Tax Act, up to a maximum of ₹1.5 lakh in total. The amount which invest in ELSS is deducted from taxable income, reducing the amount of income tax are required to pay. Investments in ELSS have a three-year lock-in term.

3.2 REVIEW OF LITERATURE:

1. **Verma, S. K., & Nema, D. K. (2023)** investigated that the expansion of the Indian mutual fund business. The data used in this investigation is secondary. The first portion introduces and evaluates the mutual fund business, as well as the Securities and Exchange Board of India's (SEBI) different regulatory initiatives. The second section analyzes the assets under management (AUM) of the Indian mutual fund sector and how it compares to the global mutual fund industry. While India's mutual fund sector penetration, as assessed by the Assets Under Management/GDP ratio, remains low when compared to the worldwide average.

2. **Gaurav, K., Ray, A. S., & Pradhan, A. (2023)** This research, based on primary data from 175 corporate professionals using a standardized questionnaire and convenience sampling, employed Exploratory Factor Analysis. It identified seven key factors influencing corporate professionals' investment behavior in mutual funds, shedding light on their investing preferences and decision-making processes.

3. **Sapkota, R (2022)** evaluated 76 open-ended and 48 closed-ended investment strategies using a variety of indicators such as standard deviation and Sharpe ratio. Mirae Asset Tax Saver Fund - Direct Plan outperformed open-ended schemes, while SBI Tax Advantage Fund - Series III - Direct Plan dominated closed-ended ELSS plans. The study discovered a link between a growth investing strategy and huge size, with higher-capitalized open-ended funds outperforming their closed-ended counterparts.

4. **Sawant, S. V., & e Melo, F. R. (2022)** analysed that Mutual funds provide a low-cost way to invest in professionally managed assets, making them ideal for the average investor. The study aims to assess the perception of Individual investors are concerned with the performance of mutual funds. The study intends to assess small and household investors' perceptions of mutual fund investments in Hyderabad and Secunderabad. Data is obtained by a structured questionnaire distributed to 200 randomly selected investors using a simple random sampling procedure. Data is analyzed using simple statistical tools such as Cross Tables and Chi-square tests.

5. **Tiwari, M. P., & Kasar, B (2022)** explored that Mutual Fund ELSS schemes are eligible for deduction under Sec 80C of the Income Tax Act. Behavioral biases influence investors' investment decisions. ELSS is primarily viewed as a tax-saving product, albeit having lower average returns than mutual funds. However, it is considerably preferable to traditional investment, according to AMFI. This study used a PLS model to analyze and forecast the route coefficient between constructs in the test structural model.Attempts to make inferences about construct relationships, dependability, and validity. AMCs must give effective information to their investors.

6. **Sharma, M. (2022)** researched that mutual funds are one of the most promising financial vehicles, emphasizing not only the return but also the protection of hard-earned investments. This research attempts to demonstrate changes in investment trends through mutual funds. Key qualities that make mutual fund investments a superior investment option for all investors, particularly small investors, include quick liquidity, lower risk, expert knowledge and experience, numerous tax benefits, and complete transparency. Aside from all of this, one characteristic that makes mutual funds more reliable is government control over them in the form of numerous rules. This study report focuses on the investor's opinion of mutual funds as an investment alternative.

7. **Samant, M. A. R (2022)** discovered that Mutual fund investment allows the investor to spread their risk. India's mutual fund sector has been in operation for about fifty years. During this time, the company experienced significant market expansion. An attempt is made to investigate the performance evaluation of In light of the covid epidemic, we evaluated open-ended ELSS schemes for their risk-return relationships. This study utilized the rate of return, standard deviation, beta, and sharpe ratio methods. The Nifty 500 Total Index was used as a benchmark to evaluate the performance of ELSS schemes in India. The trial will run from April 1, 2019, to March 31, 2022.

8. **Pooja, Nikita, & Purnima. (2022)** investigates that the relationship between fund flow and performance using a panel dataset of 144 Indian open-ended equities and balanced regular mutual funds from April 2014 to March 2018. The dataset includes eight different fund categories. This study examines how retail investors who invest in regular plans behave in terms of fund flow and its relationship to recent fund performance, risk, cost ratio, fund category flow, fund age, asset management firm age, and fund manager experience. These findings have a substantial impact for the burgeoning Indian mutual fund market. They will also provide useful insight to regulators and investors.

9. **Sushmita Prasad, Pankaj Anand (2021)** examined the success of ten Asset Management Companies (AMCs) tax-saving schemes over ten years, from 2011-12 to 2019-20. ELSS funds' Net Asset Values (NAVs) are compared to a benchmark measure. Statistical tools such as expected return, standard deviation, beta, and the Treynor, Sharpe, and Jensen risk-adjusted-performance processes are utilized. According to the study, some mutual fund strategies outperformed their market returns, while others underperformed and delivered poor results. By using Sharpe, Treynor, Jensen, and Eugene Fama performance measures to compare relative performance among tax-saving mutual funds, it is clear that the private sector has outperformed the public sector in the mutual fund industry

10 **Gupta, A. (2021)** studied that, while investing in mutual funds produces larger rewards than traditional investment approaches. Mutual funds are also useful because some of them help investors reduce their tax liability in a permissible manner. Some investments, such as PPF, NPS, equity-oriented mutual funds, and so on, have distinct sections dedicated to them as deductions, providing benefits to taxpayers. This research paper discusses mutual funds in detail, including their various varieties, sources of income, tax consequences, and so on. The report also studies other investment options that function similarly to Mutual Funds and compares the tax benefits of two other investment options to those of Mutual Funds.

11 **Sawant, S. V., & e Melo, F. R. (2021)** discovered that In recent years, ELSS mutual funds have gained popularity due to their income tax benefits and higher returns compared to other products. To evaluate performance, compare it to stock market benchmark indices. This study compares and analyzes performance based on quarterly averages and absolute terms. Risk-adjusted metrics, including Sharpe and Sortino ratios, were generated and assessed using Annova and Welch tests. The analysis focused on 43 ELSS funds and 7 benchmark market indexes over a 10-year period (2009-10 to 2018-19).

12 **Reddy, K. V. R., & Sreeram, A. (2020)** examined the performance of ten ELSS Mutual Fund schemes from private and public sector banks, sorted by corpus size. The risk-free level was set at 6.65%. The study sought to identify growing tendencies in investor investments and maximize returns by carefully allocating cash.

13 **Panigrahi, C. M. A., Mistry, M., Shukla, R., & Gupta, A. (2020)** evaluates that performance of India's top five Equity-Linked Saving Schemes (ELSS), which are open-ended equity diversified funds that provide tax benefits under Section 80 C. Using methods such as Beta, Sharpe ratio, Jensen ratio, and others, the study proposes ELSS plans based on constant and noteworthy Treynor's Ratio and Sharpe Ratio findings.

14 **Rakesh, R., & Peter, M. (2020)** observed that the mutual fund industry in india began with the setting up of the Unit Trust of India (UTI) in 1963 by the Government of India. This study concludes that mutual funds offer reduced risk and higher returns, which is an essential factor. In our research on tax-saving funds, identified two types. Investors will benefit from tax savings and the ability to invest without paying any taxes.

15 **Pratap, S., & Gautam, K. (2020)** compares five top performing mutual fund providers in India to determine the best scheme based on assets under management. To choose the best strategy among these companies, we applied Statistical techniques include standard deviation, beta, Sharpe ratio, Treynor ratio, and Jensen alpha. The authors used statistical metrics to assess the risk and return of various systems. Based on this metric, Birla Sunlife tax relief fund 96 outperformed the selected mutual fund ELSS.

16. **Pandey, A. (2020)** discovered that Saving is one decision made by households and is determined by income. Investors make their investment decisions based on interest rates and capital efficiency. Increased savings can impact economic growth through investment. Mobilizing savings through efficiency. Channelling investment is dependent on the financial industry. Economists feel that an efficient financial sector is necessary for economic progress. The financial sector

consists of numerous financial institutions, markets, and instruments. Mutual Fund Institutions, which offer a variety of tools, play a significant role in directing money towards beneficial investments in industrialized countries. This report analyzes the increase of savings and investment in India from 1991.

17. **Megharaja, B. (2019)** discovered that Every government imposes taxes on every citizen (i.e., whose income exceeds the limit) of the country, either directly or indirectly, in order to balance their economy. For investors, this means that if their income exceeds the limit, they can invest in some avenues to take deductions under section 80C, such as post offices, additional NPS, insurance, and mutual funds. In the current context, savings play an important role for tax savers (workers), but employees are confused about the best ways to save money, thus the study aimed to learn about the selected tax savings programs in mutual funds in India. The study has selected three tax savings scheme, i.e. LIC MF Tax Plan, SBI Magnum Tax gain Scheme and UTI Long Term Equity Fund.

18. **Mathur, P., Gupta, N., & Singh, S. P. (2019)** compares the performance of notable equity-linked saving programs based on their return and risk. Over a five-year period, we studied the performance of eleven prominent tax-saving schemes. Their performance has been compared with that of BSE 200 and Nifty 500. Researchers analyzed whether there is a substantial variation in the performance of these funds. The study shows that these funds have produced good returns over time, with no notable differences in performance.

19. **Ul-Hameed, W., Imran, M., Maqbool, N., Ahmed, S., & Azeem, M. (2019)** The current study seeks to investigate the numerous factors affecting people to invest in mutual funds, as well as the mediating effect of investor perception. 300 questionnaires are delivered to individual investors using a quantitative research approach and a cross-sectional study design, with data analyzed using Smart PLS 3. The findings show that risk and return, asset liquidity, demographic factors (gender, age, and material status), convenience, lower

transaction costs, tax benefits, and transparency were the most important factors that influenced mutual fund investment. Furthermore, investor perception continues to play a mediating function between all of these factors and mutual fund investments.

20. **Jasmine, K. M., & Basariya, S. R. (2018)** studied that most consumers prefer lower-risk investments. Here comes the mutual fund. Mutual funds offer lower risk and allow for smaller investments. Typically, it yields consistent returns without requiring customer market research. Customers can invest with professionals and rest assured they will not lose money. Professionals typically invest in shares that offer consistent returns. The pros are knowledgeable about the market and constantly monitor it. The pros are knowledgeable about the market and constantly monitor it. So most individuals are attracted to mutual funds since they are less risky. Nature of it. This paper discusses mutual funds and their benefits for customers.

21. **Shanthi, N. S., & Sreekala, S. P. (2018)** explored that A nation's economic development is primarily determined by its financial system and the rate of new capital formation, which serve as the foundation.This is accomplished by mobilizing savings and implementing a new investment strategy. The financial intermediaries including banks, insurance firms and other financial institutions mediate between money savers and money borrowers.

22. **Singal, V. S., & Manrai, R. (2018)** identified factors that influence mutual fund investing decisions and the impact of behavioral factors on investors. This initiative tries to identify the variables that hinder people from investing in mutual funds. The findings can assist mutual fund businesses discover areas for improvement and enhance their marketing tactics. This will enable MF companies to develop novel products that align with investor preferences. Investor perception has a huge impact on investment decision making. Understanding basic elements like awareness and inception date is crucial.

23. **Sundara Sankaran (2018)** observed that India's mutual fund business has entered a new age. The so-called second phase of reforms has steadily crept in

and is about halfway finished without any formal say-so. Total mutual fund assets under administration at the end of December 2006 exceeded 3.5 lakh crore, accounting for more than 10% of total deposits in the banking system. Approximately 2 lakh crore of those assets were invested in debt and money market instruments, with the remainder being equity assets. Clearly, the mutual fund business has evolved to be a significant component of the Indian financial system. The primary relevance of this shift is the rising disintermediation of risk from banks to mutual fund investors themselves.

24. **Sebastian, A., & Ananth, A. (2017)** examined that fund manager performance in ELSS portfolio selection and to identify the best tax-saving strategies based on individual investor behavior. To close the research gap on behavioral elements, the study examines 5 private and 5 public mutual fund organizations using performance indicators. The findings categorize schemes based on investor behavior, indicating the best risk-adjusted alternatives.

25. **Mohanasundari, M., & Vidhyapriya, P. (2016)** discovered that a nation's economic development is primarily determined by its financial system and the rate of new capital formation, which serve as the nation's backbone. This can be accomplished by mobilizing savings and implementing a new investing strategy. Tax Saving Mutual Fund Schemes are one type of financial vehicle that allows investors to mobilize cash while exempting them from paying taxes. Investors expect other benefits such as market-oriented returns, low risk, and investment safety.In particular, 32 growth-oriented open-ended Tax Saving Mutual Fund Schemes have been examined. During the study period, tax-saving mutual funds showed no volatility.

26. **Gupta, N., & Sharma, A. (2016)** identified that Mutual funds are becoming a popular investment outlet among financial professionals since they have knowledge about them but lack time and desire a higher return than fixed income assets, which leads them to mutual funds. They favour mutual funds as a superior investment option for a variety of reasons, including the ability to reduce risk, the ability to select mutual funds based on past performance, the availability of a switching facility, the ability to get a higher return with a smaller investment,

and the ease of use. Despite these benefits, some are dissatisfied with certain aspects. This article will investigate the level of satisfaction of mutual fund investors working in financial institutions, as well as how they perceive risk mitigation through mutual funds (MFs).

27. **Rakesh Kumar, R. (2016)** summarised that this book combines both basic and complex mutual fund setups. As a result, it may be valuable to professors and students of financial economics and management at both the undergraduate and postgraduate levels. Furthermore, this book may be useful for scholars conducting study in finance and investment. Investors may feel more informed after reading this book. This book can help people in the mutual fund sector understand how to distribute mutual fund schemes. Policymakers and regulators may enhance their maneuvering after reading the insights presented in this book.

28. **Sharma, R. (2016)** discovered that A number of public and private corporations have done outstanding work in this unique field; therefore, industrial development and capital gearing cannot be considered without the backing of this essential source of finance. New trials and researches say volumes about mutual funds, but I attempted to examine investors' impressions from a different perspective, and the current work is structured accordingly. The primary goal of this research is to investigate investors' preferences for Mutual Funds. This test aims to determine the breadth of the Mutual Fund Industry and Investors' preferences and perceptions.

29. **Kadambat, K. K., Raghavendra, T. S., & Singh, B. M. (2015)** investigates the relevance of Equity Linked Savings Scheme (ELSS) mutual funds in India, which were launched in 1992 to pool risk capital from small investors and provide tax benefits. Regulatory differences between ELSS and Diversified Equity Funds are investigated, with investment performance over a 13-year period (2000-01 to 2012-13) compared to 12 top Diversified Equity Funds and 7 Benchmark Indexes to examine potential increased risk in ELSS funds.

30. **Arora, K. (2015)** suggested that the overall performance of mutual fund schemes over the study period was uneven. Sharpe ratios of mutual fund

schemes found that for the entire study period, 52% of schemes had Sharpe ratios higher than their benchmark indexes. Furthermore, 42 percent of growth schemes, 40% of tax planning schemes, 75% of income schemes, and 91% of balanced schemes outperformed their respective indices in terms of Sharpe ratio. During the whole study period, 70% of mutual fund schemes had greater Treynor ratios than their corresponding indices. Analysis also found that for the entire study period, 64% of growth schemes, 60% of tax planning schemes, 76% of income schemes, and 100% of balanced schemes had superior Treynor ratios than their benchmark indexes.

31. **Lalwani, K (2015)** discovered that the financial system is made up of financial institutions, instruments, and markets that offer a successful payment and credit system, allowing cash to be channelled from savers to investors in the economy. Indian mutual funds have emerged as a significant source of financial stability for the financial system. Mutual Funds Live brought up new opportunities for investors and provided much-needed liquidity to the system. Mutual funds are active financial institutions that contribute significantly to an economy by mobilizing savings and investing in capital markets. As a result, Mutual Funds' actions have an immediate and long-term impact on the savings and capital markets, as well as the overall economy.

32. **Mr. Jitendra Kumar and Dr. Anindita Adhikary (2015)** studied that private sector tax saving mutual fund schemes have outperformed as compared to its market return and the performances of public sector tax saving mutual fund schemes were not satisfactory. In the private sector, HDFC Tax Saver has the higher return which is even more than the market return and in terms of risk; it is more volatile compared to the market return. In term of relative performance among tax saving mutual fund by applying Sharpe Index, Treynor Index and Jensen Index models, it is observed that the private sector has performed well in the mutual fund industry whereas public sector could not perform well in the market

33. **Das, J., & Sen, S. K. (2014)** observed that fund managers have devised a wide range of mutual fund plans. Tax-saving mutual funds are one type that draws

clients because the taxpayer receives a deduction under Section 80C of the Income Tax Act. Against this backdrop, the current study attempts to examine the performance of numerous tax-saving mutual fund schemes, so that investors can learn about the performance of schemes available to them. A sample of five Tax Gain Growth mutual fund schemes from five different companies was chosen to study the overall performance of tax-saving mutual fund schemes between 2007-12. Sharpe and Treynor's metrics, in addition to the β index, are used to assess the systematic risk of a given sampling scheme.

34. **Ghosh, R. (2014)** evaluated mutual fund performance using risk-return analysis, Treynor's and Sharpe's ratios, Jensen's measure, and Fama's measure. The data used in the analysis were daily closing NAVs for period from January 1, 2010 to December 31, 2013. The study focuses on three public-sponsored, three private-sponsored, and three private (international) mutual fund schemes. Performance indicators indicate that three schemes (Franklin India Tax Shield-Growth) out of nine were effective. The analysis found that the HSBC Tax Saver Equity Fund - Growth and ING Tax Savings Fund-Growth schemes outperformed the benchmark index across all measures. The Franklin India Tax Shield-Growth fund was the top performer. Overall, private foreign-sponsored mutual fund schemes outperform public and private company-sponsored mutual fund schemes.

35. **Patel, Chandran. (2014)** analysed that there are numerous investment opportunities accessible in the financial sector today for investors with investable surpluses. Bank Deposits, Corporate Debentures, and Bonds are all low-risk investments with poor returns. He may invest in stocks of companies that have a high risk-reward ratio. According to current stock market statistics, the ordinary retail investor lost money during periods of bearishness. People began looking for portfolio managers with stock market experience to invest on their behalf. Thus, several organizations provided wealth management services. However, they proved prohibitively expensive for a modest investment. These investors have found decent refuge in mutual funds.

36. **Joshi, J. R. (2013)** investigated that the investing choices and motivational variables of private investors in the Anand-Vidyanagar area of Gujarat, India, with an emphasis on mutual funds. The study uses convenience sampling with 100 investors to determine preferences and motivations for investing in mutual fund schemes.

37. **Padmaja, R. (2013)** focuses on consumer behavior towards mutual funds, namely ICICI Prudential Mutual Funds Limited, Vijayawada. Data was acquired from both primary and secondary sources. Primary data was acquired using a structured questionnaire. The study was conducted in Vijayawada City and collected data by convenience sampling. The study examines investors' awareness, views, preferences, and satisfaction with mutual funds. Suggestions were provided to raise knowledge of mutual funds and select relevant ones for maximum returns.

38. **Santhi, N. S., Balanaga Gurunathan, K. (2013)** studied that the performance of 32 growth-oriented open ended Equity Linked Savings Schemes (ELSS) of tax-saving mutual funds in India. Performance has been analyzed by comparing the monthly returns of the funds with that of Indian stock market benchmark S&P CNX NIFTY. For this purpose, risk-adjusted performance measures suggested by Sharpe, Treynor and Jensen have been used. The Net Asset Value (NAV) of tax saving schemes from 2006-07 to 2011-12 has been considered. There was volatility in the performance of all the funds during the entire period of study. All the schemes follow the same pattern in returns and move along with the stock market index S&P CNX NIFTY. As expected, all the funds showed negative returns during 2008-09 and it was higher than that of the stock market index.

39. **Cecily, S. (2013)** discovered that during the post-1990 period, the service sector in most Asian nations, including India, expanded due to significant developments in the financial sector. India's economy is now considered among the world's fastest-growing. Over the last decade or two, the Indian share market and mutual fund industry have played an important role in the financial market. However, the existing 'Behavioral Finance' studies on factors influencing share

and mutual fund investment are quite limited, and there is very little information about women investors' awareness, preference, and attitude.

40. **Bhuvaneswari C (2013)** conducted a study to understand investors' perceptions of equity/tax-saving mutual funds. The study aims to discover key elements influencing investor perceptions of equity/tax-saving mutual funds. The researcher utilized a descriptive research design in her study. The researcher collected primary data using a standardized questionnaire. The researcher used a convenient sampling strategy for her investigation.

41. **Kaur, R., & Gupta, S. K. (2012)** assess fund performance, a sample of 20 schemes was selected based on monthly returns compared to benchmark returns. For this aim, statistical methods such as average, standard deviation, beta, coefficient of determination, systematic and unsystematic risk, and the risk adjusted performance metrics proposed by Treynor, Sharpe, and Jensen measures are used. The return analysis shows that majority of the schemes could not outperform the benchmark. The beta value of the schemes is smaller than one, indicating that they are defensive in character and less susceptible to market pressures. Only 20% of methods outperformed the Sharpe, Treynor, and Jensen metrics.

42. **Kumar, V., & Kumar, A. (2012)** analysed that Mutual funds' performance is analyzed based on risk factors and compared to Mutual fund performance is often measured against a benchmark index that represents their investment strategy. If the fund's performance is compared to an incorrect benchmark index, the resulting augmentation may not be appropriate. The main goal is to find a suitable benchmark index that includes relevant asset types for accurate estimation. The study analyzes Tax Planning (Equity Linked Savings Scheme-ELSS) funds and chosen indices from the National Stock Exchange and Bombay Stock Exchange. The methodology estimates the risk-adjusted performance return of funds with predictive capacity (Jensen's Alpha).

43. **Chowdhary, M. (2012)** analyses that mutual fund performance across sectors, emphasizing the value of diversity. It tackles the worries of inexperienced investors and provides insights on fund diversity's impact on performance, market dangers, and risk assessment methods, which will assist investors, researchers, asset management firms, and the government.

44. **Saini, S., Anjum, B., & Saini, R. (2011)** identified that Mutual Fund industry has become a buzzword in the Indian financial system. So it is critical to understand investors' perceptions of this industry. The current study examines mutual fund investments in connection to investor behaviour. Investors' opinions and perceptions have been studied relating to various issues such as the type of mutual fund scheme, the main objective behind investing in mutual fund schemes, the role of financial advisors and brokers, investors' opinion relating to factors that attract them to invest in mutual funds, sources of information, deficiencies in the services provided by mutual fund managers, challenges before the Indian mutual fund industry, etc.

45. **Gill, S. L. (2008)** claimed that Mutual funds are subject to a unique set of income tax rules that allow for an analysis of the distribution of tax benefits among mutual fund managers and owners. Mutual funds can make an annual option to consider share redemptions as if they have been assigned a pro-rata portion of taxable gains, even if they have not (known as "equalization"). This arrangement permits a part of mutual fund gains to be tax-free. This study demonstrates that a fund's decision to equalize appears to be motivated by considerations related to the costs of equalization rather than the advantages. Potential investors in funds with bigger unrealized capital gains take tax savings into account when making efficient investment selections.

46. **Millstone, M. (2008)** summarised that three key mutual fund qualities and how they predict total mutual fund performance. This study contributed to the existing literature by providing fresh evidence on the causal impacts of chosen mutual fund features on overall mutual fund performance using: (a) multiple time periods, (b) different attributes, and (c) more current data. The findings of this study clarify some contradicting conclusions from prior studies while also

providing new data on seldom utilized mutual fund qualities in determining total mutual fund performance. This study discovered that two of the three mutual fund features studied (the Sharpe Ratio and management tenure) had a statistically significant effect on total mutual fund performance for the majority of the years analysed.

47. **Tiwari, Pankaj (2006)** observed that The transparency of mutual funds has significantly improved in recent years in the form of fund performance, regular declaration of NAVs, and the fund's investment strategies and profiles, which it provides to its investors in monthly or quarterly fact sheets; however, there are certain hidden information in the fact sheets that every investor must keep track of for investment purposes. The mutual fund business gained traction in India in the late 1980s, and history from other countries suggests that it will continue to dominate the Indian financial scene in the future. It serves as both a savings mobilizer and a giver of character and depth to the capital market.

48. **Tripathy, N. P. (2004)** examines the investing performance of Indian mutual funds using six performance indicators. The results reveal that the fund managers under examination have not been successful in harvesting profits above the market or in guaranteeing an efficient diversification of portfolio. The Indian financial sector, particularly the Mutual Fund (MF) business, is currently experiencing a turnaround. Early 1990s. Mutual funds have made significant investments in the corporate sector. Mutual fund products have driven significant investment growth in India's capital market. Mutual funds must be closely monitored and evaluated in this perspective. This study assesses the success of 31 tax planning initiatives in India from 1994-1995 to 2001-2002.

49. **Fanda, T. K., & Tripathy, N. P. (2002)** conducted with the goal of learning about investors' perceptions of mutual funds, as well as analysing investors' preferences and priority ascribed to certain aspects. Mutual funds have captured the interest of Indian investors. This study tries to examine the operations of mutual funds in India, as well as the businesses associated with them, in order to increase investor confidence in the future. The general opinion has been that

CHAPTER – 4: DATA ANALYSIS & DISCUSSION

4.1 Reliability Analysis:

Cronbach's alpha (or coefficient alpha) is a dependability metric created by Lee Cronbach in 1951. “Reliability” is another name for consistency.

TABLE 4.1

CRONBACH’S ALPHA	N of Items
.791	30

Source: Primary Data processed by SPSS20

4.2 Percentage Analysis:

Table 4.2.1. Gender

Gender	No. of respondents	Percentage
Male	193	63.7
Female	110	36.3
Total	303	100

Source: Primary Data processed by SPSS20

Interpretation:

From the above table, the majority of the respondents, 63.7% are Male and 36.3% are Females.

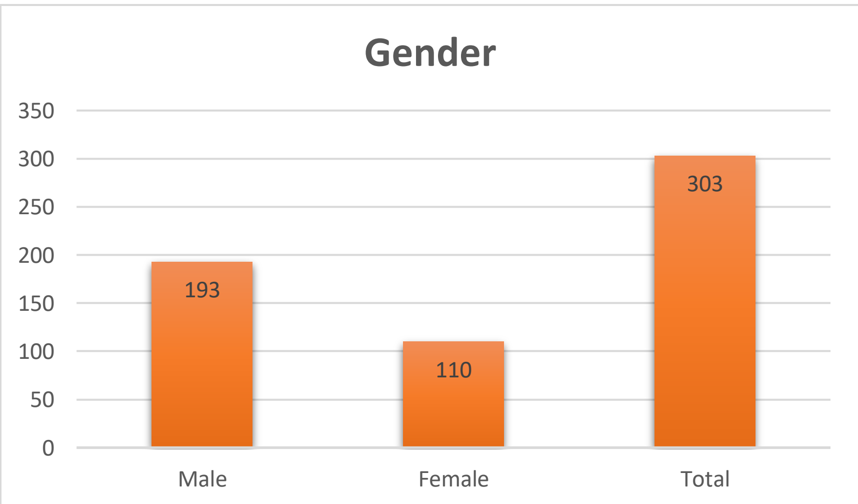


CHART 4.2.2

Table 4.2.3. Age (in Years)

Age	No. of respondents	Percentage
18-25	113	37.3
26-35	86	28.4
36-45	53	17.5
Above 45	51	16.8
Total	303	100.0

Source: Primary Data processed by SPSS20

Interpretation:

From the above table, the majority of the respondents, 37.3% are at the age of between 18 – 25 years, 28.4 % are between 26 – 35 years, 17.5 % are between 36 – 45 years and 16.8 % are of above 45 years.

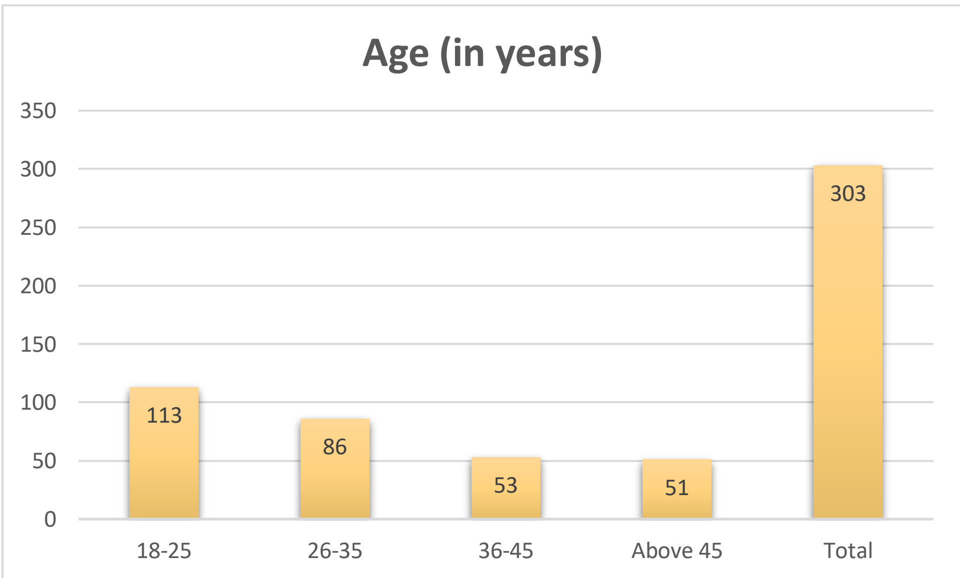


CHART 4.2.4

Table 4.2.5. Occupation

Occupation	No. of respondents	Percentage
Student	93	30.7
Government Employee	59	19.5
Private Employee	96	31.7
Business	55	18.2
Total	303	100.0

Source: Primary Data processed by SPSS20

Interpretation:

From the above table, the majority of the respondents, 31.7 % are Private Employees, 30.7% are Students, 19.5% are Government Employees and 18.2 % are Businessmen

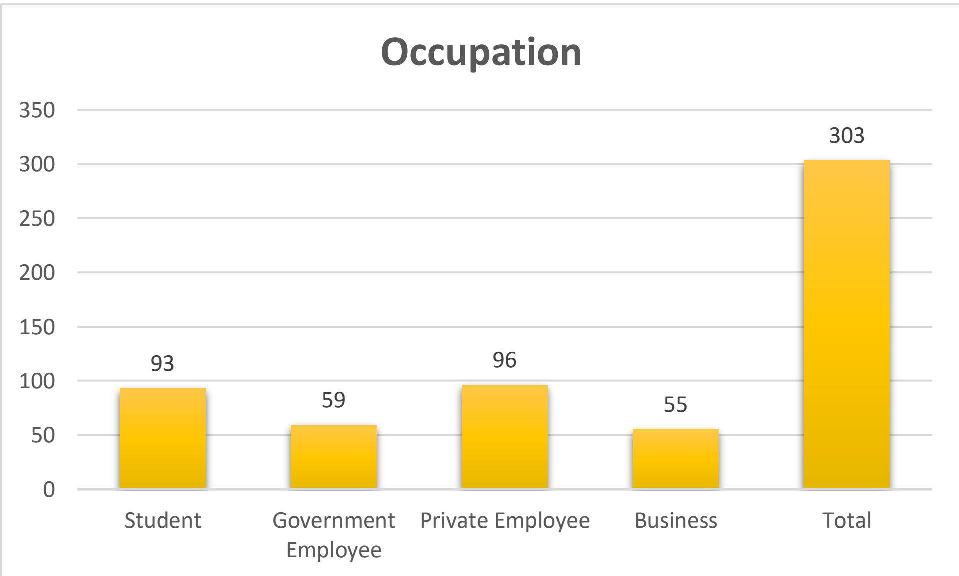


CHART 4.2.6

Table 4.2.7. Monthly Income (in Rupees)

Monthly Income	No. of respondents	Percentage
Below 20,000	102	33.7
20,001-50,000	82	27.1
50,001-80,000	69	22.8
Above 80,000	50	16.5
Total	303	100.0

Source: Primary Data processed by SPSS20

Interpretation:

From the above table, the majority of the respondents, 33.7% are having monthly income below 20,000, 27.1% are having between 20,001-50,000, 22.8% are having between 50,001-80,000 and 16.5% are having monthly income Above 80,000.

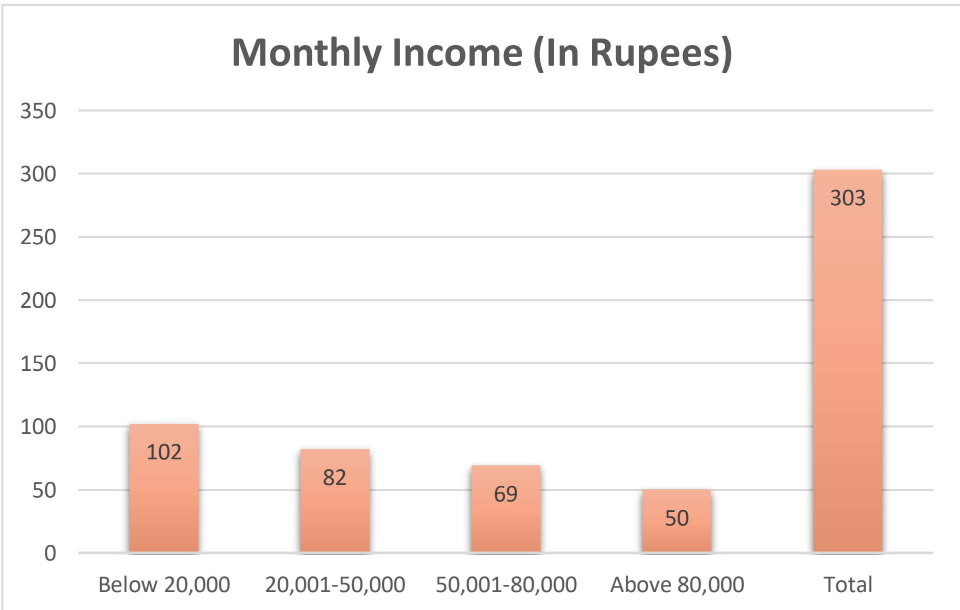


Chart 4.2.8

Table 4.2.11 - Primary sources of information about ELSS

Particulars	No. of respondents	Percentage
Financial advisor	80	26.4
Online research	118	38.9
News articles	60	19.8
Advertisement	45	14.9
Total	303	100.0

Source: Primary Data processed by SPSS20

Interpretation:

From the above table, the majority of the respondents, 38.9 % are using Online research, 26.4 % are using financial advisor, 19.8 % are using News articles and 14.9% are using Advertisement.

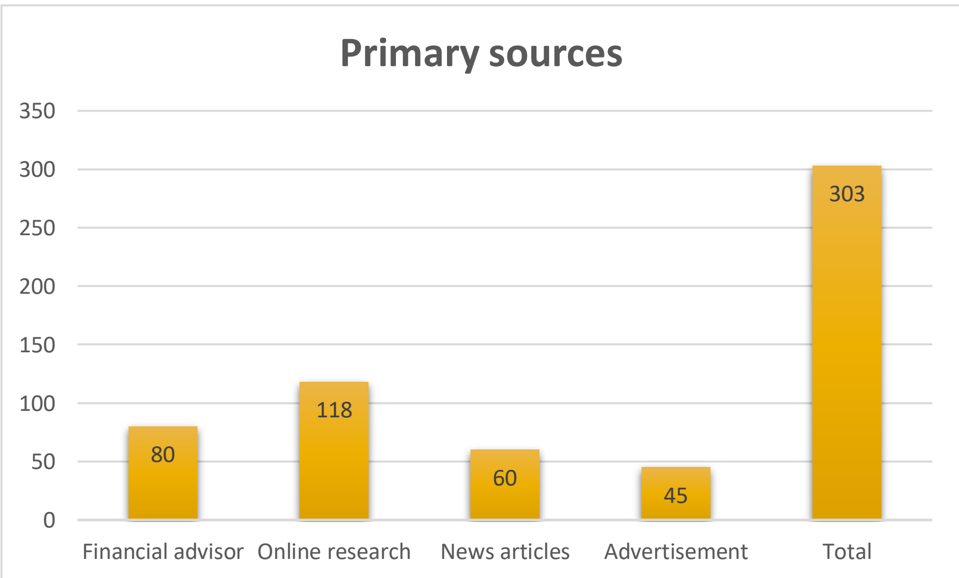


Chart 4.2.12

Table 4.2.13- Familiarity with other tax-saving investment options like Public Provident Fund, Fixed Deposits, and National Pension System

Particulars	No. of respondents	Percentage
Very Familiar	74	24.4
Familiar	116	38.3
Somewhat Familiar	83	27.4
Not Familiar	30	9.9
Total	303	100.0

Source: Primary Data processed by SPSS20

Interpretation:

From the above table, the majority of the respondents, 38.3 % are familiar, 27.4 % are somewhat familiar, 24.4 % are Very familiar and 9.9 % are not familiar.

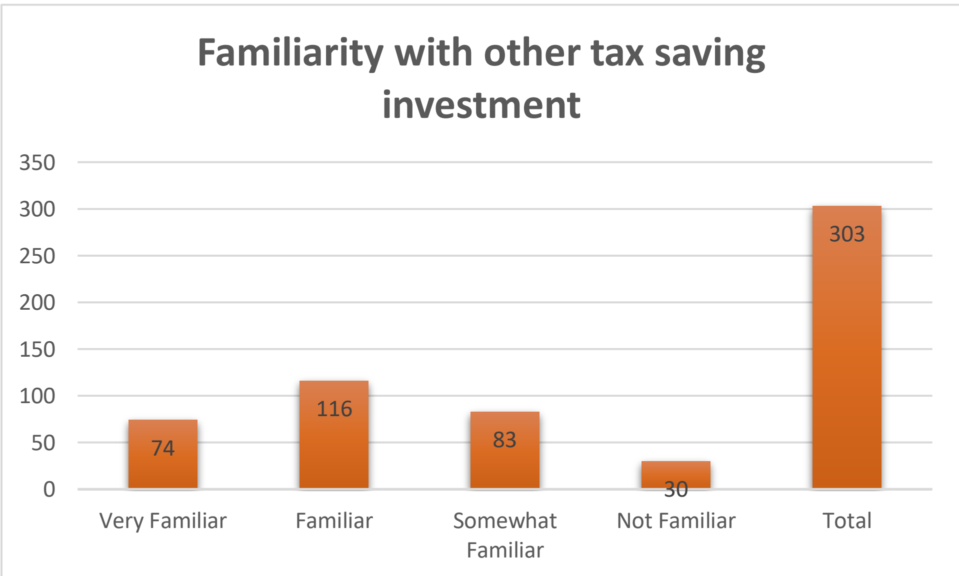


Chart 4.2.14

Table 4.2.15 – Important Factor for choosing a tax-saving investment option

Particulars	No. of respondents	Percentage
Guaranteed Returns	86	28.4
Liquidity	82	27.1
Potential for high returns	90	29.7
Investment horizon	45	14.9
Total	303	100.0

Source: Primary Data processed by SPSS20

Interpretation:

From the above table, the majority of the respondents, 30.7 % are choosing with Liquidity, 29.0 % are guaranteed returns, 27.7 % are Potential for high returns and 12.5% are Investment horizon.

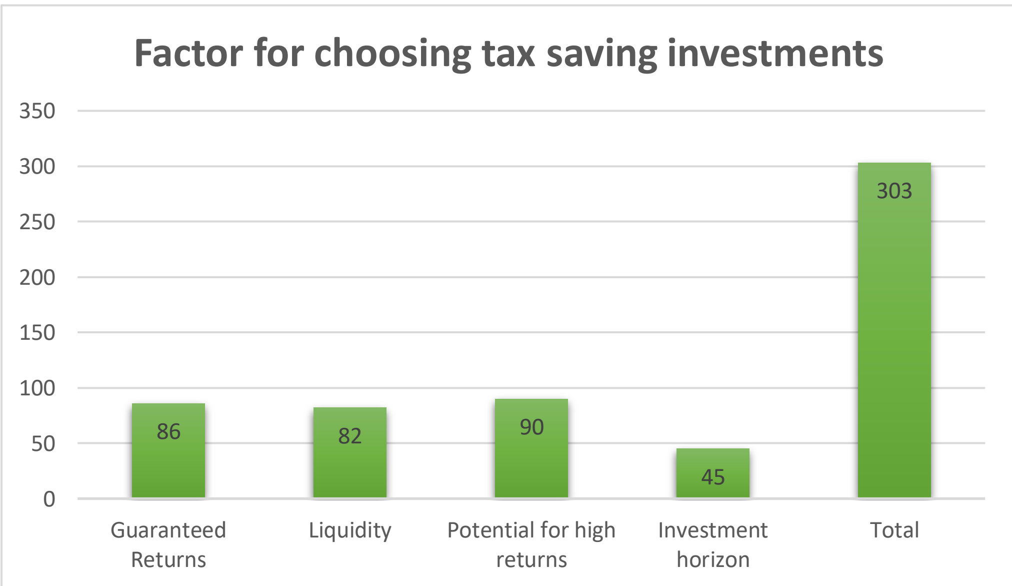


Chart 4.2.16

TABLE 4.2.17 - Basic understanding of how equity markets work.

Particulars	No. of respondents	Percentage
4	10	3.3
3	40	13.2
2	112	37.0
1	141	46.5
Total	303	100.0

Source: Primary Data processed by SPSS20

Interpretation:

From the above table, the majority of the respondents, 46.5 % are Strongly Agree, 37.0 % are Agree, 13.2 % are Neutral and 3.3% are Disagree.

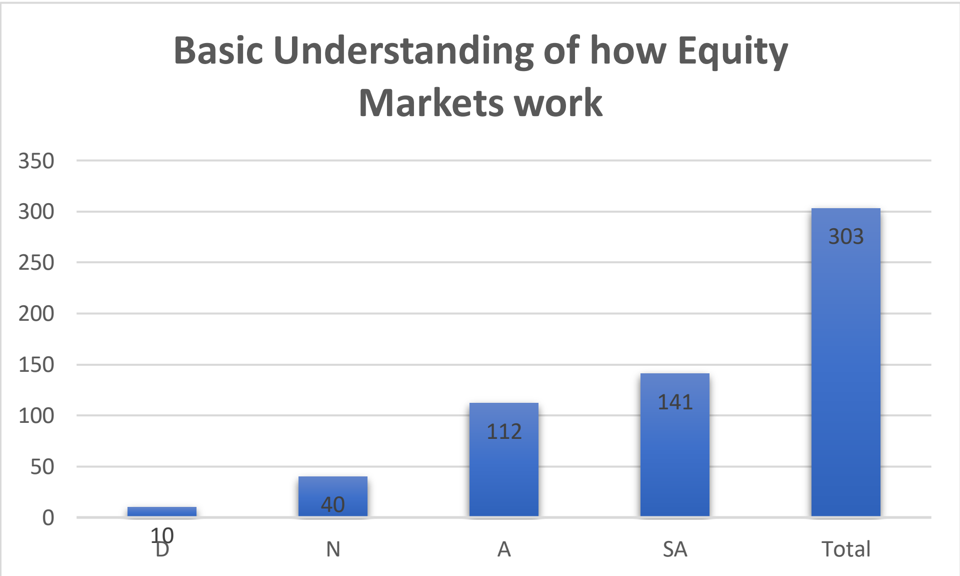


CHART 4.2.18

Table 4.1.21 -Familiar with the various Growth options offered by ELSS mutual funds

Particulars	No. of respondents	Percentage
1	1	.3
2	20	6.6
3	101	33.3
4	77	25.4
5	104	34.3
Total	303	100.0

Source: Primary Data processed by SPSS20

Interpretation:

From the above table, the majority of the respondents, 34.3 % are Strongly Agree, 25.4 % are Agree, 33.3 % are Neutral, 6.6% are Disagree and 0.3% are Strongly Disagree

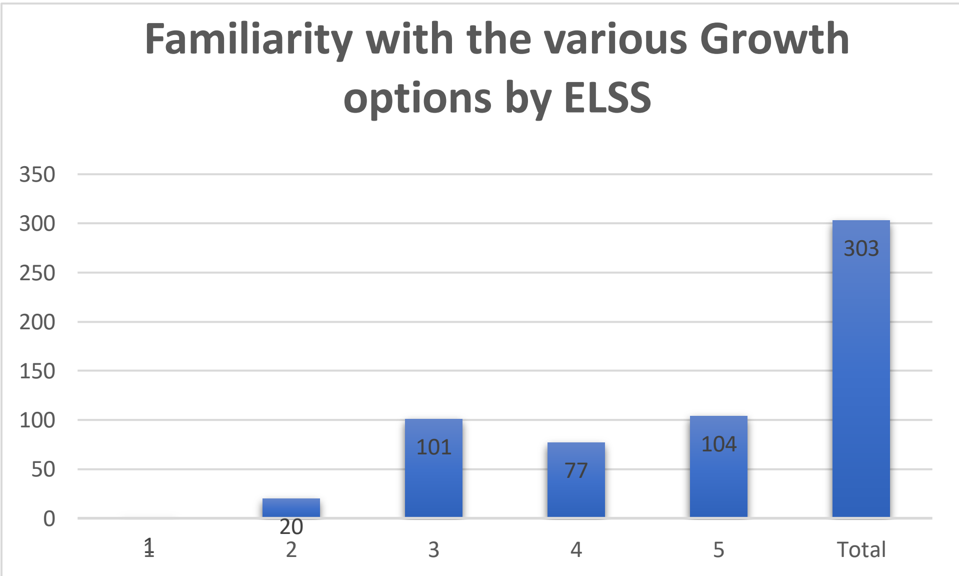


CHART 4.2.22

Table 4.2.23 - Actively follow news and updates related to the stock market and mutual funds.

Particulars	No. of respondents	Percentage
1	16	5.3
2	48	15.8
3	80	26.4
4	88	29.0
5	71	23.4
Total	303	100.0

Source: Primary Data processed by SPSS20

Interpretation:

From the above table, the majority of the respondents, 29.0 % are Agree, 26.4% are Neural, 23.4 % are Strongly Agree, 15.8% are Disagree and 5.3% are Strongly Disagree

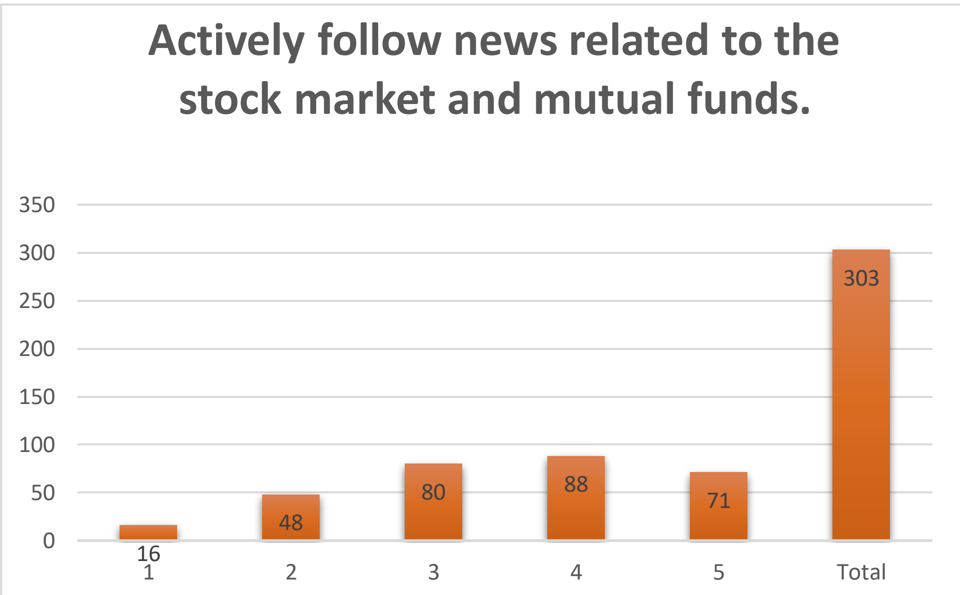


CHART 4.2.24

TABLE 4.2.27 - ELSS Growth option Mutual Funds to be riskier compared to National Pension System (NPS)

Particulars	No. of respondents	Percentage
1	12	4.0
2	36	11.9
3	51	16.8
4	131	43.2
5	73	24.1
Total	303	100.0

Source: Primary Data processed by SPSS20

Interpretation:

From the above table, the majority of the respondents, 31.7 % are Strongly Agree, 28.7 % are Agree, 26.7 % are Neutral, 11.6% are Disagree and 1.3 % are Strongly Disagree

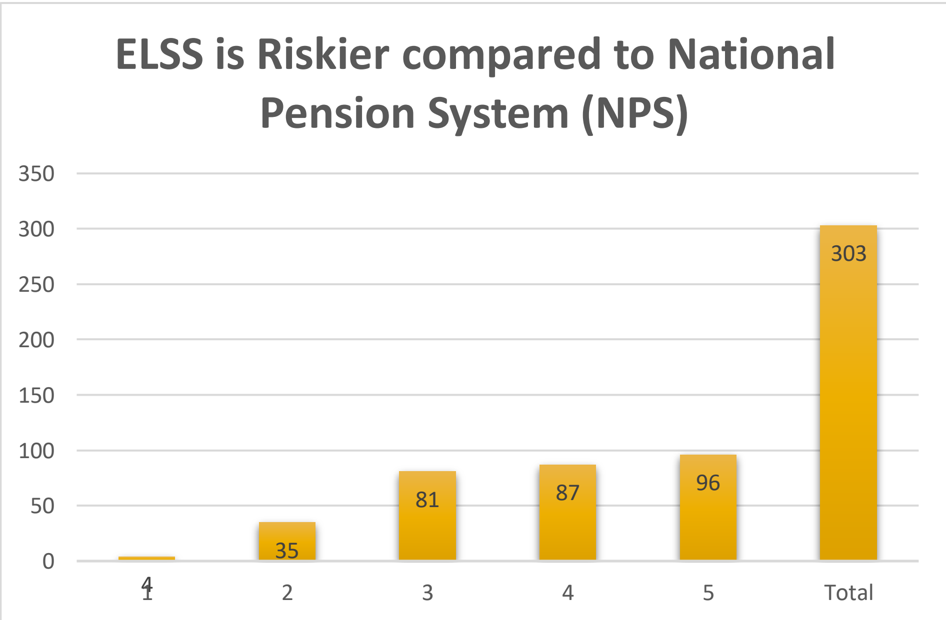


CHART 4.2.28

TABLE 4.2.29 - ELSS Growth option Mutual Funds to be riskier compared to Public Provident Fund (PPF)

Particulars	No. of respondents	Percentage
2	14	4.6
3	84	27.7
4	77	25.4
5	128	42.2
Total	303	100.0

Source: Primary Data processed by SPSS20

Interpretation:

From the above table, the majority of the respondents, 42.2 % are Strongly Agree, 25.4 % are Agree, 27.7 % are Neutral and 4.6% are Disagree.

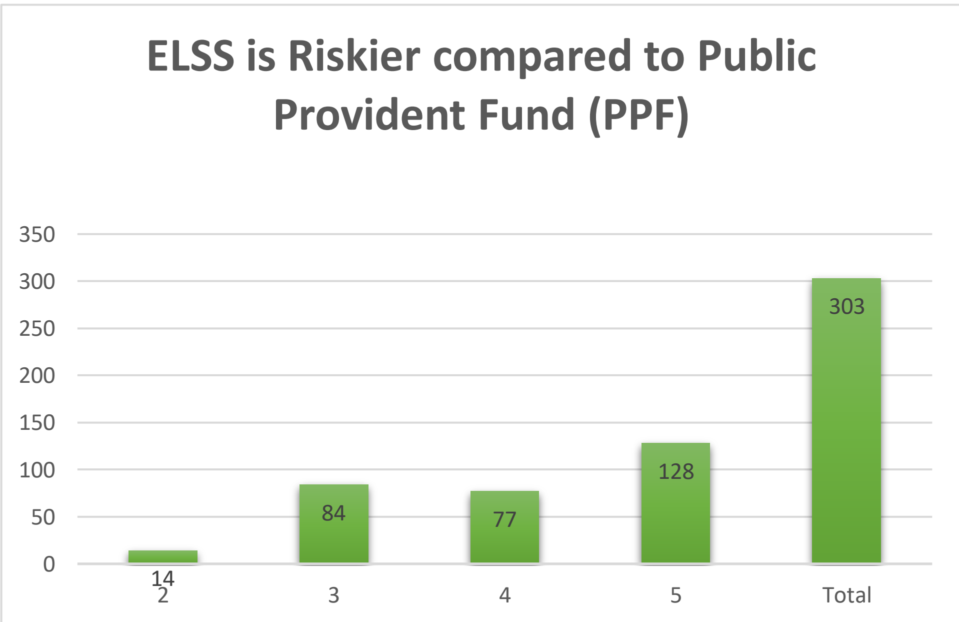


CHART 4.2.30

TABLE 4.2.31 - ELSS Growth option offers potentially higher returns compared to Public Provident Fund (PPF).

Particulars	No. of respondents	Percentage
1	5	1.7
2	28	9.2
3	70	23.1
4	110	36.3
5	90	29.7
Total	303	100.0

Source: Primary Data processed by SPSS20

Interpretation:

From the above table, the majority of the respondents, 36.3 % are Agree, 29.7 % are Strongly Agree, 23.1 % are Neutral, 9.2% are Disagree and 1.7% are Strongly Disagree

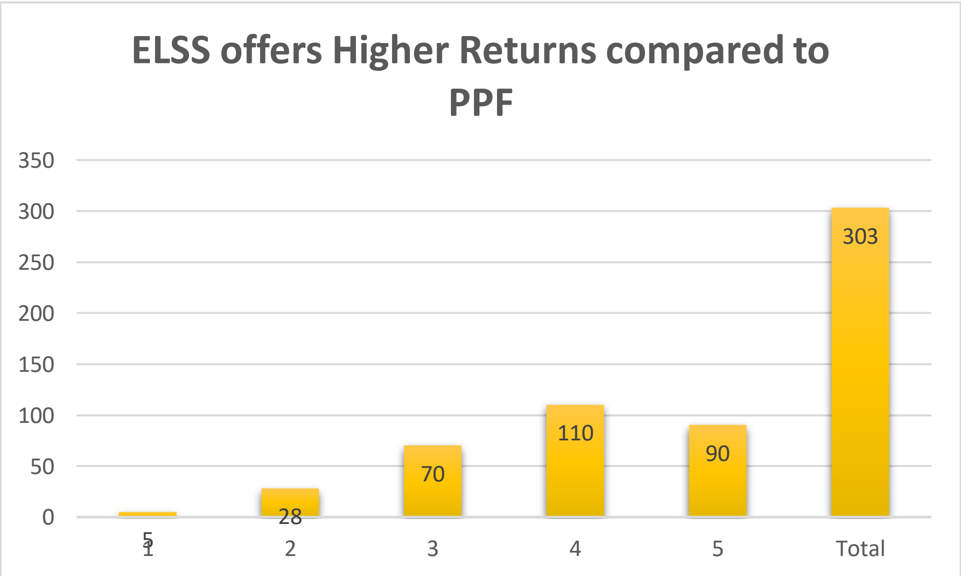


CHART 4.2.32

4.3 Correlation Analysis:

TABLE 4.3 – Correlation Analysis

PARTICULARS	Financial Literacy	Perceived Risk and Return	Investment Horizon	Other Tax Saving	Perceived Trust
Financial Literacy	1	.671	.516	.535	.578
Perceived Risk and Return	.671	1	.475	.590	.620
Investment Horizon	.516	.475	1	.534	.628
Other Tax Saving	.535	.590	.534	1	.613
Perceived Trust	.578	.620	.628	.613	1

Source: Primary Data processed by SPSS20

Interpretation:

- **Financial Literacy:** Has strong positive correlations with all other variables, ranging from .516 to .671. This suggests that individuals with higher financial literacy are more likely to have a better understanding of risk and return, consider their investment horizon, be aware of alternative tax-saving options, and have a stronger sense of trust in the investment process.

- **Perceived Risk and Return:** Shows a strong positive correlation with Financial Literacy (FL) (.671) and Perceived Trust (PT) (.620). This indicates that individuals with higher financial literacy and trust are more likely to have a nuanced understanding of the relationship between risk and potential returns.
- It also has moderate positive correlations with Investment Horizon (IH) (.475) and Other Tax Saving (OTS) (.590). This suggests that investors considering risk and return might also be factoring in their investment timeline and exploring other options.

- **Investment Horizon:** Has moderate positive correlations with all other variables except Perceived Risk and Return (PR) (.475), which is still a significant relationship. This suggests that when considering investment timelines, people tend to also consider financial literacy, trust, and other tax-saving options.

- **Other Tax Saving:** Shows moderate positive correlations with all other variables. This indicates that individuals who are aware of alternative tax-saving options likely possess some level of financial literacy, consider risk and return, have an investment horizon in mind, and might have a higher level of trust in the investment process.

- **Perceived Trust:** Has strong positive correlations with all other variables, ranging from .578 to .628. This suggests that trust plays a significant role in all aspects of investment decisions, from financial literacy and risk perception to investment horizon and consideration of alternatives.

- Overall, this correlation matrix indicates that these variables (Financial Literacy, Perceived risk and return, Investment Horizon, Other tax saving investments, Perceived Trust) are moderately to strongly positively correlated with each other. This means that as one variable increases, the others tend to increase as well.

4.4 One Way ANOVA:

1. ANOVA between Independent factors and Age:

Null Hypothesis (H0): There is no significant association between financial literacy, perceived risk and return, investment horizon and age.

Alternate Hypothesis (H1): There is a significant association between financial literacy, perceived risk and return, investment horizon and age.

Table 4.4.1 - One Way ANOVA

PARTICULARS	F	Sig.	RESULT
Financial Literacy	19.467	0.000	REJECT
Perceived Risk and Return	54.966	0.000	REJECT
Investment Horizon	11.271	0.000	REJECT

Source: Primary Data processed by SPSS20

Interpretation:

- **Financial Literacy (F = 19.467, p-value = 0.000):** There is a statistically significant difference in the dependent variable between groups with varying levels of financial literacy. Investors with higher financial literacy are likely to make different investment choices or allocations compared to those with lower literacy.
- **Perceived Risk and Return (F = 54.966, p-value = 0.000):** This F-statistic is the highest, indicating the strongest influence. There is a statistically significant difference in the dependent variable based on investors' perceptions of risk and return associated with ELSS. Investors who perceive ELSS as having higher risk and return might choose it differently compared to those with a different risk-return perception.
- **Investment Horizon (F = 11.271, p-value = 0.000):** Although statistically significant, the F-statistic for investment horizon is lower than the others. This suggests a weaker influence compared to financial literacy and perceived risk and return. There might still be a difference in the dependent variable based on investment horizon (short-term, medium-term, long-term), but it's not as strong as the other factors.

investment horizon (short-term, medium-term, long-term), but it's not as strong as the other factors.

4.5 Regression Analysis:

Table 4.5 - Regression Analysis

Coefficients	**B**	**Sig.**	**Remarks**
(Constant)	7.210	<.000	**Reject**
Financial Literacy	0.239	<.032	**Reject**
Perceived Risk and Return	-0.428	<.037	**Reject**
Investment Horizon	0.365	<.034	**Reject**
R value = 0.726 R square = 0.528 Adjusted R square = 0.524			

Source: Primary Data processed by SPSS20

Interpretation:

- From the above table, indicates that the R-value (0.726) indicates a positive correlation between the independent variables (financial literacy, perceived risk and return, and investment horizon) and the dependent variable (perceived trust). This suggests these factors explain a significant portion of the variation in perceived trust.
- The R-squared value (0.528) indicates that 52.8% of the variation in perceived trust can be explained by the model. While significant, it also suggests there might be other factors not considered in the model that influence perceived trust.
- The adjusted R-squared value (0.524) is similar to the R-squared value, indicating the model's explanatory power holds when considering the number of variables included.

- **Financial Literacy (B = 0.239, Sig. < 0.032):** A positive coefficient and statistically significant p-value indicate a positive relationship between financial literacy and perceived trust. People with higher financial literacy are likely to have greater trust in the security of their ELSS investments.
- **Perceived Risk and Return (B = -0.418, Sig. < 0.037):** A negative coefficient indicates a statistically significant relationship. This is likely due to an inverse relationship between perceived risk and trust. People who perceive ELSS as carrying higher risks tend to have lower trust in its security.
- **Investment Horizon (B = 0.365, Sig. < 0.034):** A positive coefficient and statistically significant p-value indicate a positive relationship between investment horizon and perceived trust. People with a longer investment horizon are likely to have greater trust in ELSS security.

CHAPTER – 5: FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.1 Findings:

- It is found from the study that Cronbach's Alpha is .791, which indicates a good level of internal consistency among the items used in the questionnaire.
- It is found from the study that out of 303 respondents, 63.7% are male and 36.3% are female
- It is found from the study that out of 303 respondents, the majority (37.3%) are between the ages of 18-25 years old. 28.4% are between 26-35 years old, 17.5% are between 36-45 years old, and 16.8% are above 45 years old.
- It is found from the study that out of 303 respondents, 31.7% are private employees, followed by students (30.7%), government employees (19.5%), and businessmen (18.2%).
- It is found from the study that out of 303 respondents, the majority (33.7%) have a monthly income below 20,000 rupees. 27.1% have a monthly income between 20,001-50,000 rupees, 22.8% have a monthly income between 50,001-80,000 rupees, and 16.5% have a monthly income above 80,000 rupees.
- It is found from the study that out of 303 respondents, the majority (57.1%) have a postgraduate degree. 36.6% are undergraduates, 4.6% have a diploma, and 1.7% are professionals.
- It is found from the study that out of 303 respondents, the majority (38.9%) rely on online research for information about ELSS. Financial advisors are used by 26.4%, news articles by 19.8%, and advertisements by 14.9%.
- It is found from the study that out of 303 respondents, a significant portion (38.3%) are familiar with other tax-saving investment options like Public Provident Fund, Fixed Deposits, and National Pension System.
- It is found from the study that out of 303 respondents, the important factor for choosing a tax-saving investment option. Nearly equal importance is placed on

26.4% are highly satisfied. However, a significant portion (27.4%) are neutral on the idea.

- It is found from the study that out of 303 respondents, over two-thirds (62.7%) believe their investments in ELSS Growth Option Mutual Funds are safe and secure. This is because 22.8% are highly satisfied and 39.9% are satisfied. However, a noteworthy portion (29%) are unsure.
- It is analysed that the correlation coefficient (r) between Financial Literacy and Perceived Risk and Return is 0.671, which is a positive moderate correlation. This means that people with higher financial literacy tend to have a higher perception of the risks and returns associated with investments.
- It is analysed that the correlation coefficient (r) between Financial Literacy and Investment Horizon is 0.516, which is a positive moderate correlation. This means that people with higher financial literacy tend to have a longer investment horizon.
- It is analysed that the correlation coefficient (r) between Financial Literacy and Other Tax Saving is 0.535, which is a positive moderate correlation. This means that people with higher financial literacy tend to be more aware of other tax-saving investment options.
- It is analysed that the correlation coefficient (r) between Financial Literacy and Perceived Trust is 0.578, which is a positive moderate correlation. This means that people with higher financial literacy tend to have a higher level of trust in the safety and security of their investments in ELSS Growth Option Mutual Funds.
- It is analysed that the R value (0.726) indicates a positive correlation between the independent variables (financial literacy, perceived risk and return, and investment horizon) and the dependent variable (perceived trust). The R-squared value (0.528) suggests that 52.8% of the variation in perceived trust is explained by the model. The adjusted R-squared value (0.524) is also moderate, indicating that the model has some explanatory power after considering the number of variables included.
- It is inferred that the null hypothesis is rejected ($p<0.05$), indicating a statistically significant association between financial literacy and age. This means there is a difference in financial literacy scores across different age groups.

- It is inferred that the null hypothesis is rejected ($p<0.05$), indicating a statistically significant association between perceived risk and return and age. This means there is a difference in perceptions of risk and return across different age groups.
- It is inferred that the null hypothesis is rejected ($p<0.05$), indicating a statistically significant association between investment horizon and age. This means there is a difference in preferred investment horizon lengths across different age groups.
- It is inferred that the null hypothesis is rejected ($p<0.000$), indicating a statistically significant association between financial literacy and income. This means there is a difference in income levels across individuals with varying levels of financial literacy.
- It is inferred that the null hypothesis is rejected ($p<0.001$), indicating a statistically significant association between perceived risk and return and income. This means there is a difference in income levels across individuals with varying perceptions of risk and return.
- It is inferred that the null hypothesis is rejected ($p<0.000$), indicating a statistically significant association between investment horizon and income. This means there is a difference in income levels across individuals with varying investment horizons.

5.2 Suggestions:

The study reveals several key insights that can be used to improve financial literacy and promote informed investment decisions, particularly regarding ELSS Growth Option Mutual Funds. Here are some suggestions based on the findings:

- **Enhance Financial Literacy Programs:** A positive correlation exists between financial literacy and several factors, including perceived risk and return, investment horizon, trust in ELSS, and awareness of other tax-saving options. Financial literacy programs should be offered to various age groups and income brackets to address this.
- **Targeted Financial Education:** The study suggests a relationship between income level and financial literacy. Financial education programs can be targeted towards specific income groups to bridge any knowledge gaps and ensure informed investment decisions.

- **Highlighting ELSS Benefits:** The study indicates a positive perception of ELSS for potentially higher returns compared to other options. Financial advisors and marketing materials can emphasize this advantage, while also addressing the inherent risk associated with ELSS compared to Fixed Deposits (FDs) and Public Provident Fund (PPF).
- **Building Trust in ELSS:** While a majority of respondents believe ELSS is secure, there is still a noteworthy portion unsure about its safety. Efforts to improve transparency and communication about risk management strategies employed by ELSS Mutual Funds can increase trust.
- **Utilizing Online Resources:** A significant portion of respondents rely on online research for investment information. Financial institutions can leverage this trend by creating informative and user-friendly online resources about ELSS and other investment options.

5.3 Conclusion:

This study investigated investor perceptions and behaviours regarding Equity Linked Saving Schemes (ELSS) Mutual Funds. The findings offer valuable insights for understanding financial literacy, investment preferences, and trust in ELSS options.

- **Investor Characteristics:** The majority of respondents were young adults (18-35 years old) with at least an undergraduate degree. Income levels varied, with a significant portion earning less than 20,000 rupees monthly, Private employees and students made up the largest occupational groups.

- **Financial Literacy and Awareness:** The survey showed a good level of internal consistency within the questionnaire. Most respondents demonstrated at least a somewhat strong understanding of the stock market and tax-saving investment options. Online research was the preferred source of information about ELSS, followed by financial advisors and news articles.

- **Investment Preferences and Risk Tolerance:** Liquidity and potential for high returns were the most important factors when choosing a tax-saving investment. While a majority recognized ELSS as riskier than traditional options (FDs and PPF), they also acknowledged its potential for higher returns. Nearly four in ten expressed a strong likelihood of increasing their investment in ELSS, indicating growing confidence in this option.

- **Perceptions of Other Tax-Saving Instruments:** Public Provident Fund (PPF) and National Pension System (NPS) were viewed favourably for their tax benefits and return potential, although a significant portion remained neutral. Fixed Deposits (FDs) were seen as a safe and predictable option for risk-averse investors.

- **Relationship Between Variables:** The study found positive correlations between financial literacy and perceived risk and return, investment horizon, awareness of other investment options, and trust in ELSS security. There were also statistically significant associations between financial literacy, perceived risk and return, investment horizon, and income levels. This suggests that these factors may influence investment decisions and strategies.

- Overall, the study highlights a growing awareness and openness towards ELSS among investors. While a portion of the population remains unsure, efforts to improve financial literacy and address risk concerns could further encourage investment in ELSS for long-term wealth creation.