

FIELD PROJECT REPORT

On

**“A COMPARATIVE STUDY OF INVESTOR’S PREFERENCE
BETWEEN MUTUAL FUND AND EQUITY INVESTMENT
IN RISHIKESH”**

*for the partial fulfillment for the award
of
Master of Business Administration*

Submitted By:
SIDDANT KHOLIA
ENROL. NO. 18032020070
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Under the Supervision of:
Dr. Bhawana Rawat



**GALGOTIAS UNIVERSITY,
PLOT NO. 2, YAMUNA EXPRESSWAY
SECTOR 17A, GREATER NOIDA
UTTAR PRADESH 203201**

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DECLARATION

I, **SIDDANT KHOLIA**, Enrollment No. **18032020070** student of School of finance and commerce, Galgotias University, Greater Noida, hereby declare that the project report entitled **“A COMPARATIVE STUDY OF INVESTOR’S PREFERENCE BETWEEN MUTUAL FUND AND EQUITY INVESTMENT IN RISHIKESH”** is an original and authenticated work done by me.

I further declare that it has not been submitted elsewhere by any other person in any of the institutes for the award of any degree or diploma.

Name

SIDDANT KHOLIA

Signature of Student

CERTIFICATE

This is to certify that the project report "**A COMPARATIVE STUDY OF INVESTOR'S PREFERENCE BETWEEN MUTUAL FUND AND EQUITY INVESTMENT IN RISHIKESH**" has been prepared by SIDDANT KHOLIA under my supervision and guidance. The project report is submitted towards the partial fulfillment of MASTER OF BUSINESS ADMINISTRATION.

Name

Dr. Bhawana Rawat

Signature of Faculty

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ABSTRACT

For the betterment of a country, there are many factors to which one can have a look and in those factors one important factor is how capital market of one country is because it plays an important part in the development of a country. Capital market helps in providing many benefits like having a high economic growth, better development of infrastructure, increase in the number of employment, helps in the better growth of economy as a whole and also in developing and making the financial sectors much better as it is in the current phase. Having a better capital market not only helps a country to grow but also provides so many opportunities to the investors for maximising or in generating more profit or wealth. As it can be said that in the country like India where people are more interested in doing savings in the form of gold, real state which are in physical form but now in current scenario The people of India are shifting more towards investing in equity and mutual funds and it is growing very rapidly. Firstly, people mainly focus on investing their money in those assets which provides them the fast return but in now days people are mainly focusing on investing their money in those assets which will be more benefited to them in terms of return they are not focusing on the risk factors. It's always been a interesting thing to know that what are the patterns in which an investor like to invest. In Rishikesh, for conducting this activity the main reason for this is to know the ratio of people investing in terms of their age group, how many of them are investing in the market regularly and to find that what is the most important method of investing and what are their perception and preference towards the mutual funds and equity market. The other objective is to know that the investors in Rishikesh are mostly of conservative approach or of aggressive approach (one who are ready to take the risk). For getting higher return an investor will always choose the equity option which means they are risk takers but they don't invest much in equity.

Keywords: Equity, Aggressive approach, Conservative Approach, Risk.

INTRODUCTION

For the betterment of a country, there are various sectors which play an important part but from those there is one sector which plays the most important role that is financial sectors which means how one country's capital market is which helps in developing the economy of that country. The country like India where at the time of 80's and 90's the financial market grew rapidly and it plays the role of a bridge or which helps in fulfilling the gap between the supply and demand for the funds in the financial markets. So from 2003, there is the continuous growing in the financial sector. Investors previously invested in the assets like gold, or other assets which are physical in nature and which gives them the quick return but with the passage of time or in now days people are preferring investing in those securities which are more valuable and which give them the good return. For example people are shifting their preference towards mutual funds and equities like they are investing more in the form of SIP.

The mutual fund and equity market always been the first factors which contributed most to the economy. For the development of financial sectors the four important factors has to be enhance which are transparency, stability, efficiency, and inclusion. They help in getting the resources from the small or retail investors, which directly helps in increasing the participation in the financial markets. It not only helps investors just to invest but helps them in making the best decision which helps investors to reduce the risk related to their investment and for country like India where population is so high it plays a major role in helping the economy.

These financial sectors are growing very rapidly with 20% of growth rate over the last decade. Having a developed nation not only helps in providing more opportunities to the investors so that they can generate their wealth more but also helps in in the better development of the market.

Now-a-days, the savings done by the people are being put to different investment avenues, like, in the form of mutual funds in the market and more of the household savings were put in the shares and debentures. It also helps government and business in raising funds by issuing different securities in the market which not only helps in raising short term capitals but also helps in raising the long term capital as well. Mutual funds and equity investment are not only ahead in the financial sectors but they are also playing the better role for the investment sectors as well which is helping investment sector to grow more rapidly and fastly.

MUTUAL FUNDS

A mutual fund is a type of financial tool or is a kind of investment that takes money from the investors and invest those money in the different avenues like in the form of stocks, money market, bonds and in some other assets etc. A fund manager or a money manager is the person who helps in deciding an investor how to invest their money and for that they charged some amount of fee, which are generally the part of the money invested and from that the return you earned. Generally, mutual fund portfolio is created so that the principle behind the investment can be achieved successfully.

Mutual funds give the permission to the small and individual investors so that they can effectively manage the portfolios of bonds, equities and other important securities. It helps in the effective participation of the investors in the market which means they all are participating in the losses and gains of the funds. Mutual funds help in investing in many no. of securities and their performance is finding by the total market capital which is derived by the overall performance of the investments.

❖ History of Mutual Funds-

The mutual fund industry was first started in the year 1983 in India in which the Unit trust of India was formed, which was an initiative by the Government of India and the Reserve bank. The history of mutual funds are defined through the four distinct phases:-

First Phase – 1964-87: In 1963, the Unit Trust of India was formed when the act was passed by the parliament. The UTI was setup by the Reserve Bank of India and it was working or functioning under the regulatory and administrative control of the Reserve Bank of India. But in the year 1978, Unit trust of India was removed by the RBI from their control and shifted it under the control of Industrial Development Bank of India (IDBI). And in the year 1964, the first scheme was launched which had the name Unit Scheme and in the following years, the Unit Trust of India (UTI) got more innovated and started providing many schemes for investment in mutual funds. From those many schemes one was the Unit Linked Insurance Plan which was launched in the year 1971 and with the end of the year 1988, UTI had Rs. 6,700 crores under them. When the idea of setting up the UTI several years ago it was not only to introduce the

importance of mutual funds in India but to setup the collection for country as well so that the small small investors can get encourage and for that govt.built the several rebates in the tax in the UTI schemes.

Second Phase – 1987-1993 (Entry of Public Sector Funds): 1987 was the year when the non-UTI, started entering the which was the result of the growing economy. SBI mutual fund was the first non-UTI who entered in the market and it was setup in the November 1987. After that many non-UTI players comes in the market some are Life Insurance Corporation of India (LIC), Canbank Mutual Fund, Bank of India Mutual Fund, General Insurance Corporation of India, PNB Mutual Fund and Indian Bank Mutual Fund. During this period (1987-1993) there was a increased almost seven times in the mutual fund industry and at the end of the year 1993, the fund raised to Rs.47,004 crores.

The people who observes the second phase in the mutual fund industrty came up with the results that there is not only increased in the business of mutual funds but it also finds out that investors are geeting encouraged to invest their large sum of money or higher percentage of savings in the mutual funds. By this it was easily known that the industry of mutual fund in India is about to grow higher.

Third Phase – 1993-2003 (Entry of Private Sector Funds): In the year 1993, this was the time when the private sectors got the permission to entered into the mutual fund market. By the addition of private sectors it was the starting of new era or things in the Indian mutual fund industry because of private sectors addition the choices for the investors to invest got expand and they can choose those which they found more suitable. In the same year (1993) the first mutual fund regulation got introduced under which all mutual funds came, except Unit Trust of India which was still to be registered and governed. The first private mutual fund industry was registered in the year (1993) July which was named as Kothari Pioneer (now named as Franklin Templeton after merger). With the entry of private sector not only came with the more investment opportunities but it also came up with the wide or large competition because of the increase in the mutual fund companies because of the public sector mutual funds already there. Due to the new economic policy reforms (liberliastion) which allows many fund companies of foreign to do trade in the Indian market which results in that those comapnies are doing joint

venture with the Indian companies. The 1993 SEBI regulations got substituted by the more better and more comprehensive Mutual fund regulations in 1996. So due to this change industries than started functioning under the SEBI Regulations,1996 and with the many foreign companies started setting up their funds in India and their were many merger and acquisition the nubere of mutual fund houses went on increasing. Till the end of January 2003, there were total of 33 mutual funds companies with the total capital of Rs.,1,21,805 crores. In the present scenario there are total 44 mutual funds companies operating from which 35 companies are from the private sectors and further there are 2599 mutual funds schemes in India (2018).

Fourth Phase – since February 2003: In February 2003, when the Unit Trust of India Act,1963 was re applicable again then the UTI gets divided into two separate entities. The first one was the Specified Undertaking of UTI with assets under management of Rs. 29,385 till the end of January 2003 which when represent more the assets of Us 64 schemes which assured return and other schemes. This entity works under the regulations framed by the Government of India under the administration head and it does not falls under the SEBI Regulations.

The second entity named as the Unit Trust of India Mutual Fund, which is sponsored by the four entities named as State Bank of India (SBI), Bank of Baroda (BOB), Punjab National Bank of India (PNB), and Life Insurance Corporation of India (LIC) and it is registers under the SEBI regulations. As of now there are 44 mutual funds firms in India and with getting the permission of RBI investors now can invest in the other countries companies as well and with this development and diversification the funds are also shifted to inflation funds etc. and just not stayed to equity and debt funds only. With the recent mergers the mural fund industry has now been enterd into the stage of growth and consolidation. As per now the mutual fund business is highly improving in which 74% of assets under management comes from the country top 5 cities (2018). After seeing this SEBI has come up with the new innovations which includes providing more awareness to the investors so that they can invest more and they can reach out to more people of different cities as well. With the passage of time there is an increase in the income of investor, more population are shifting to urban areas, new technologies, and better connection with the people which leads to the better future of mutual fund industries. As per (218), there are 2599 mutual fund schemes in India.

❖ ADVANTAGES OF MUTUAL FUNDS

Mutual Funds, which has started gaining significance and phenomenal success as investment avenue, is because of the various benefits it offers to the investors, which are unmatched in related to various other investment avenues. The benefits have been broadly split into universal benefits, i.e., applicable to all schemes, and benefits applicable specifically to open-ended schemes.

I. General Benefits

1. Affordability: A mutual fund invests in various assets, i.e. Bonds, shares, etc. which depends on the objective of the investment scheme otherwise an investor will buy or invest on those investment which can be much expensive. Due to this an investor will get the exposure of some money which can rarely buy the shares of any big company, which leads an investor to make the portfolio of investment on the basis of mutual funds rather than directly investing out their money in the stock market because it will be more risky. For reducing the risk an investor knows that diversification is the best method it means instead of investing in one security invest in different different securities like (bonds, stocks, real estate, fixed deposits and other money market instruments). This will help an investor in getting more stable returns because in future if equities don't gives a better return the other securities like bonds and money market will gives an investor the better return so that the losses which will occur from the equity makret can be setoff easily. And similarly like if auto, textile sector is in the loss and the technology sector is in the rise so the gain from these sectors can easily set off the losses arises from the auto, textile industries and it will not only helps in set off the losses but also provides an investor to fulfill its return objectives. Different mutual funds offers different schemes which is helpful in two different ways:- firstly, it provides different types of avenues according to their risk and needs and secondly, it provides an opportunity to an investor to invest sums across a variety of schemes, both debt and equity. For example, an investor can invest his money in a Growth Fund (equity scheme) and Income Fund (debt scheme) depending on his risk appetite and thus create a balanced portfolio easily or simply just buy a Balanced Scheme.

2. Professional Management: There are people who studied about the investment are

qualified professionals who keeps on looking in the investors money so that the investors can earn maximum returns by taking minimum risk. When some buy a mutual fund, it means that an investor is giving their money to an investment professional who has the experience in making or choosing the best investment decision. A fund manger job is to find the securities which is best to fulfill the objective of doing that investment and always have an eye on the changes market conditions and according to them changes the portfolio of the securities, whenever required.

3. **Tax Benefits:** For attracting the investors interest more towards the investment there are some assessment given to all the holders of unit. There are the tax rate given to the unit holders which are more like concession rate. Any income distributed after March 31, 2002 will be subject to tax in the assessment of all Unit holders.
4. **Regulations:** Securities Exchange Board of India ("SEBI"), which are the regulators of mutual funds has clearly defined the rules. All these rules are related to the administration, formation and how to manage the mutual funds and also provides what are the accounting requirements investors must know. All these high level of regulations helps in to protect the interest of the investors in the market.

II. Benefits of Open-ended Schemes:

1. **Liquidity:** In the schemes of open ended of mutual funds, investors can take out his all money which they invested any time they want. Some schemes have the time period, in which an investor cannot return their units until the time period not gets over.
2. **Convenience:** An investor through a broker or a financial planner can easily buy or seek funds whenever they need or want. An investor can either go for a Systematic Investment Plan (SIP) or either it can go for the Systematic Withdrawal Advantage Plan (SWAP). From this an investor receives many portfolio schemes and the account statements.
3. **Flexibility:** When an investor invest in mutual funds there are not only one type of securities where it can invest but instead of one securities or schemes it provides many

schemes which gives an investor to easily switch between various schemes which gives the investor a flexibility to change its portfolio time to time.

- 4. Transparency:** Open ended schemes closed their net asset value on the daily basis and their whole portfolio on a monthly basis. This given level of transparency, where an investor by himself can see the assets which are purchased from his money as compared to any other financial securities. By the help of this, an investor can know the quality of the portfolio in which they invest and take a decision whether to invest or redeem on the basis of the portfolio constructed by an investment manager.

RISK FACTORS OF MUTUAL FUNDS

Whenever there is investment the most important thing is to studied about the relationship between the risk and return. As one can say the much higher will be the risk the great will be return and lower the risk lower will be the return it means risk and return are directly proportional to each other. Hence, it is always depends upon the investors that how much he is willing to take the risk and for this one must be aware about all the different types of risk involved in the investment decision.

- 1. Market Risk:** The prices and production of the securities sometimes goes hinh and sometimes goes down. The outside factors which affects the market is the main reason for this, whether it's a large companies or a small or medium companies and this risk is called as market risk. Systematic Investment Plan can helps in reducing this type of risk because it works on the concept of Rupee Cost. .
- 2. Credit Risk:** The ability of a company to debt servicing with the help of their cash flows determined the credit risk faced by the investors. This type of risk is calculated by the different credit rating agencies like CRISIL who rates the companies and their papers. There are benchmark set in which a company having the rating of AAA is considered has the safest and a company having the rating of D is considered has the lowest credit quality. Having a good diversified portfolio might helps in reducing this risk.
- 3. Inflation Risk:** As one can say with the passage of time the value of Rs. increases like if

one can say in the previous that an investor can purchase 100 shares for Rs. 200 but now an investor can only purchase 10 shares from that Rs. 200. The main reason is inflation. This is the risk where there is a loss in the purchasing power with the time and for reducing this risk an investor goes for the small investment so as to protect their capital but in the end they got less than what the amount they can earned at the time of investment. It happens when the inflation rate grow more faster than the return on investment. For reducing this risk an investor can manage to invest in the equities or by having a well balanced portfolio.

- 4. Interest Rate Risk:** In a economy where there is a free market interest rate can become difficulty when they are not easy to predict, because any change in interest rate will leads to the rise in the price or may be falls in the price of bonds and equities. If interest rate increases then the price of bonds and equities falls and vice- versa. In a free market economy interest rates are difficult if not impossible to predict. Changes in interest rates affect the prices of bonds as well as equities. If interest rates rise the prices of bonds fall and vice versa.. A well-diversified portfolio may reduce this risk.
- 5. Political/Government Policy Risk:** Due to changes in the government this leads to the change in the policy and political decision which can lead to chnage in the investment policies. It can be in the favour of investment environment or vice-versa.
- 6. Liquidity Risk:** Sometimes it become difficult to sell out the securities that has been purchased and this is the situation when the liquidity risk arises. This type of risk can be reduced for sometime with the help of diversification, as well as internal risk control which helps in purchasing the liquid securities.

Various investment options in Mutual Funds offer to cater to different investment needs, mutual Funds offer various investment options. Some of the important investment options include:

- 1. Growth Option:** In this option the dividend is not been paid to the investor and only the increase in the capital on the investment can be realised by the investors (by an invrease in NAV).
- 2. Dividend Payout Option:** Under this the dividend is paid out to the investors whereas

NAV of the mutual fund scheme falls to the outside of the dividend payout.

3. **Dividend Re-investment Option:** Under this option the dividend on mutual fund is reinvested in purchasing other securities by its own and in many cases it provides an opportunity to investors whether to collect dividend or reinvest it.
4. **Retirement Pension Option:** There are many scheme which are attached with retirement pension, where an individual participate in then for itself and companies participate for their employees.
5. **Insurance Option:** Some mutual funds offer schemes that provide the benefits of insurance coverage.
6. **Systematic Investment Plan (SIP):** In this schemes investor get an option of making a predetermined funds in favour of the funds. On the basis of that investors gets units on a prefixed date which is present in the offer document at the NAV being applicable.
7. **Systematic Withdrawal Plan (SWP):** As opposite to the SIP, the Systematic Withdrawl Plan allow an investor to withdraw some part of amount invested at a predetermined period of time. That units will be redeemed at the time of applicable NAV on that day.

GROWTH OF MUTUAL FUNDS IN INDIA

The Indian mutual fund industry is an important part or it plays an important role in the financial sector of india. The mutual fund industry has come a long way since from it had been established in the year 1993. From there it has passed through three phases. The beginning of 1 phase was in the year 1964 to 1987 where there was only one company at that time which was Unit Trust of India, with the total asset of Rs. 6700 crores at the end of 1988 which was introduced by the Reserve Bank of India. After the 1 phase in the year 1987 the 2 phase of mutual funds started and it remained till 1993 and during this years there were 8 new funds were established from which (6 are establish by the banks and one each by the LIC and GIC). By this the total assets grown to 61028 crores at the end of the year 1994 and the number of schemes was increased to 167. After the end of 2 phase the 3 phase began where there is permission given to the private sectors to enter into the mutual funds market and foreign sectors also get the entry in the mutual fund market. Kothari pioneer mutual fund was the first mutual fund company which was established by the private sector in the association with foreign fund.

At the end of the financial year 2000, 32 funds started doing the work with the total of Rs. 113005 crores assets under their management, and at the end of the year aug, 2000 there were 33 funds who works with the total of Rs. 102849 crores with having the 391 schemes. In year 1993 the SEBI came up with the rules and regulations for the first time which helps in defining the structure of mutual funds and assets under management. Many private sectors mutual funds were launched in 1993 and 1994. The share of the private players has increases fastly since then. As per the year 2019, due to increase in the growth of mutual funds there are 44 association of mutual funds companies in India currently working and which together they offer more than 2500 mutual funds schemes.

ANALYSIS OF MUTUAL FUNDS SCHEMES

To get the knowledge about present schemes an investor can take the sheets which is available with the amc's. This sheets provides the previous data which is offered by the amc's, ratings given, the type of investment pattern etc.on their various schemes.

He can analyzed the schemes in the following three categories:

- Equity or Growth Scheme
- Balanced Scheme
- Income or Debt Scheme

Principal Mutual Fund: Basis for Analysis

Net Asset Value (NAV) is one of the best method from which one can easily know the performance of the mutual fund. An investor can studied it through the compunded annual return of the scheme in terms of increase in the NAV, dividend and bonus issues. He compared the annual return which was coming from the various schemes just to get an idea about there standings relatively.

Valuation Of Mutual Fund

The NAV is the total market value of the assets net of it's liabilities. If the fund sometime gets

dissolve or liquidate by selling out of all the assets that will be The amount which shareholders collectively own. This helps in getting the knowledge about the concept of net asset value per unit and it refers to that value which is represented by the ownership of one unit fund. It can easily be calculated by dividing the net asset value of the fund by the number of units.

Calculation of NAV

Valuation of those assets which are owned by the fund is the most important part of the calculation. If once this get calculated it becomes easy to know the NAV which is simply can be find by dividing the net value of assets with the number of outstanding remaining. NAV generally helps in knowing The performance of the scheme. It is generally the assets market value which gets subtracted by its liabilities and expenses.

Equity or Growth Scheme

In this type of schemes generally the majority is given to the equities which mean investors generally invest their money mostly in the equity market as compared to the little portion in the other money market instruments. One important advantage of this is that it has the potential of giving higher returns in the long term basis, but due to investing more in the equities investors are very well exposed to the fluctuations happens in the market especially in the shorter period. In this equity or growth scheme segment investor selected the following schemes in the selected AMC's:

Balanced Scheme

Balanced scheme is generally that type of scheme which helps an investor not only to provide regular income but also helps in providing growth opportunities. Such types of schemes generally distribute their part of earning and instead of only one security they invested in both equities and other fixed income securities as well according to the proportion written in their documents. Due to this the risk and returns factors get affected like if the proportion of equity is more then the investor would be more exposed to the risk factor so it can be said that the equal proportion of

both equities and other fixed income securities will be more suitable for an investor who is looking for the combination of regular income as well as moderate growth. The aim of Balanced Funds is to provide both growth and regular income. Such schemes periodically distribute a part of their earnings and invest both in equities and fixed income securities in the proportion indicated in their offer documents. This proportion affects the risks and the returns associated with the balanced fund - in case equities are allocated a higher proportion, investors would be exposed to risks similar to that of the equity market. Balanced funds with equal allocation to equities and fixed income securities are ideal for investors looking for a combination of income and moderate growth.

EQUITY INVESTMENT

Equity investment can be defined as the money which is invested by the investors by purchasing the shares of that company in the market. Generally, these are traded on the stock exchange.

Meaning of Equity Market

It can be defined as a place where the companies' shares and stocks are traded. Securities which are traded in the equity market are either OTC or at stock exchanges. Often called as the market of stock or market of shares, this market allows sellers and receivers to deal in equity or shares in the same platform.

First things, it is important to begin with a good understanding of what is equity market in the Indian context. Equity market, often called as **stock market** or **share market**, is a place where shares of companies or entities are traded. The market allows sellers and buyers to deal in equity or shares in the same platform.

In the global context, equities are traded either at OTC or at stock exchanges. There are multiple buyers and sellers of the same equity/share. Hence, an investor stands a good chance to strike a nice deal at the equity market. If an investor wants to begin online equity trading in India, it must have to get a demat account. Open a demat account in simple steps.

Structure of Equity Market In India

Equities mostly traded on the stock exchanges in India. Equities can easily be found for trading at the National stock exchange (NSE), the Bombay stock exchange (BSE) and the latest entrant, Metropolitan Stock Exchange of India (MSE) in the Indian market. Shares of stock market listed companies are bought/sold.

Equity share trading is roughly in two forms - spot/cash market and futures market. These can be defined as the two different types of equity market in India. Spot market is that financial market which is for the public where stocks are traded for the immediate delivery whereas future market refers to that place where the shares are delivered at some due or later date. With the help of an equity trading account, a trustworthy broker and online equity trading systems, investors can utilize the Indian equity market.

'Growth' in Equity Market

Shares/stocks traded in the equity market belong to companies that show growth. Investors typically invest in 'growth' stocks, which belong to small companies showing potential for high growth rates. The growth stocks are those where investors are ready to make big bids in the live equity market, be it in India or global equity market. With the help of online equity trading, investors aim to accumulate growth stocks today so that they can cash them off after incredibly low prices.

Mechanism of Equity Market

The mechanism of equity market is easy to know. It can be said that it is a place where an investor buys the securities at a given price of any company and sells it after a given period of time, same like a market where people purchase goods and services. In this company comes out with their shares and trades them in the market for purchase. Investors can purchase shares either through the primary market or by the secondary market.

The stock market is regulated by financial intermediaries. The equity market is maintained by stock exchanges, and various stakeholders like brokers, dealers, clearing corporations etc. It is an extended family of institutions and this is the true equity market meaning.

Timings of Equity Market

There is no 24 hour stock trading system yet. According to the information the normal trading time is from 9:15 am to 03:30 pm, Monday to Friday. On Saturday and Sunday, trading does not happen unless there are special circumstances.

Off-days in Equity Trading

Apart from weekends and non-business days, trading does not stop. An investor can check equity trading holidays 2020 on NSE or BSE website.

Difference Between Stock And Equity

There is virtually no difference between stock and equity. These two words are commonly used to mean shares. Stock and equity are just synonyms. Equity share trading is done via online equity trading systems.

Meaning of Equity in NSE

Equity in NSE refers to **stock market**. The market has two types, one is primary market where new shares are issue and the secondary market (stock). Currently there are more than 1300 securities or stocks which are available for trading on NSE.

The stock exchange market automatically provides screen based trading to the investor across the different region of India to trade and invest. The NSE trading system is called 'National Exchange for Automated Trading' (NEAT). The equity space in NSE comprises of cash/spot trading and also trading in equity derivatives.

Things to do before trading

To trade in equity share market, an investor will need to have the proper tools - first open a demat and trading account, have funds to buy stocks and a good broker platform to execute the trades. Thanks to technological advancements, an investor can do online equity trading, at home, office or even while on the move.

To begin trading, an investor need to select the right stocks. Follow the live equity market to some worthy stock ideas and do some research. This will help an investor to get know about equity market growth & investment strategies.

Online Equity Trading Mechanism

Today, carrying out online equity trading in India is an easy process. Every user with an online account has a user/customer ID and password. These credentials will help an investor to do equity share trading on the equity market live.

Do always remember that brokers take professional-grade IT security, thus ensuring high quality online equity trading that is completely safe. Here is a step by step process. Don't forget to open a free demat account to begin investing.

1. Login to the online broker platform.
2. Enter the ID and password to access the account.
3. Customized page opens and thus the opportunity to trade is open. Ensure access the online platform during market/trading hours.
4. Select the stock to trade and buy/sell them on the stock exchange at preferred rate. Once the order goes through, ther trade is completed.
5. After sometime, get an SMS notification of the trade order specifics, along with confirmation of the ledger balance.

Things To Know Before You Trade In Equity

The equity share market, be it the equity market in india or asian equity market, is full of traders and investors wanting to make a profitable deal. It can sometimes be a lot of information to process. Also, there are different types of equity market. Hence, it is always good to have some ground rules before you trade in equity.

- Never go against the sentiment of the equity market today - The trend is a friend. Unless 100% sure, do not try to take totally contrarian bets. If go against the tide, the risk factor increases.
- Buy low, sell high - try to buy stocks that are trading at historically low prices and cheap valuations. Buy such stocks, will help in gain when the equity makes the next up move.

- Think long term - In the short term, nobody can predict what the equity market live will see next. So, it's important to have a long term view on trades.
- **Know-how about intraday trading** - Before jump into the stock market bandwagon by listening to random tips, it would be better to know how to do intraday trading for better results with trades and investments.
- A Rs 1000 stock is not expensive and a Rs 5 stock is not cheap - Some investors approach equity investing in the same way they buy clothes or vegetables. If a stock is priced at Rs 1000 it can be costly than a stock that is Rs 100. Use valuations to understand exactly what is cheap and what is expensive.

Pros & Cons of Trading In Equity Market

There are many pros and cons to trade in the equity market. The outcome of any situation is dependent on the factors related to it. Firstly, lets look at the benefits:-

Pros of Equity Market

- The biggest benefit of the equity market is the opportunity to make huge profit. Many investors have experienced big returns that can never be given by any other financial investment.
- In case of equity market, it is easy to enter and exit a stock. This should be compared to sell a house, when it cannot be sell on its own.
- When an equity is sold for profit after holding for more than 1 year, the profit attracts 10% tax. In case of fixed deposits, the tax rate is as per the individual's tax rate i.e up to 30%.

Cons of Equity Market

- Not doing properly research or invest in bad stocks, the chances of making losses are high in an equity market live type situation. So, be careful.
- Equity investment return does not move in a straight line. There are upswings and downswings in the live equity market.
- Equity share trading involves a chance of capital erosion.

Reason for Considering Equities Over Other Investment Avenues

An equity investor purchase the company shares with the expectation that it will rise in the near future in the form of capital gains, and which also helps in gaining or generating capital dividends. If the value of the investment in equity rises and if they sold the shares so the investors will earn the amount which will be the difference between buying and selling those securities and if the company assets gets liquidated and all its obligations are met. With the help of diversification an equity can strengthen their portfolio asset. It also not only helpful only in current age but person who are retiring in 30 or more years can also invest their money or at least keep 50% in equities. This should come down over the year. Investing in equities also helps in getting diversification which means that they can invest in more than one securities and for which they need more capital and much manual capital investment. It can helps an investor to increase its investment in an company with the help of right shares, or from which a company wants to increase their capital in the market. For example company like BlackRock provides or offers broad selection of equity in offering across index funds and Factors. It is in the top of ETF and it is active in investing, which is set off with the strong franchise.

LITERATURE REVIEW

Feb, 2012 Dr. Yogesh Kumar Mehta has studied the emerging scenario of mutual funds in India. It was basically the analytical study of tax funds, and presently the study is based on the equity funds of the public sector and the mutual funds of the private sector. Corporates and the institutions who only forms 1.16% out of the total numbers of accounts of investor in the MFs industry, contribute a size amount of Rs. 2,87,108,01 crore which is the total of net asstes of the mutual fund industry. From this study it founded that mutual fund industry did not believe in preferring debt segment.

Apr, 2013 Dr. R. Narayanasamy and V. Rathnamani have done the study of performance evolution of equitiy and mutual funds. This study was done basically to know the equity and mutual funds which are offered by the various investment houses which are situated in India. This study mainly focus in knowing the performance of the selected equity and mutual funds schemes in terms of the relationship between risk and return. The main objective of doing this study was to analyse the performance of the selected mutual and equity funds schemes through different parameters such as (alpha, beta, standard deviation etc).

Sep, 2013 Dr. D. Rajasekar has done the study on the investors preference towards mutual funds and the equity. The data collected by them was with the help of statistical tools like weighted average method, chi square, and percentage analysis etc. The report was ended or concluded with the suggestions, findings and summary. After the findings, the result which came out was that investors are overall highly concerned about the growth, safety and liquidity of the investments. It was also found out that respondents are highly satisfied with the benefits.

June, 2013 C. Vijendra and D. Sakriya have done a study of investor behaviour with regards to investment decisions in Mutual funds. A survey was conducted among 384 mutual funds investors from the two cities of Hyderabad and Sikandarabad to study about the factors which influence the behaviour of the investors in selecting the different funds and schemes. It is done with the hope that this survey will done the Amc's with respect to the planning and implementation of designing, marketing and selling of innovative products.

Aug, 2012 Dr. Nidhi Sharma has done research on Indian investors perception towards Mutual

funds. This research was done to know that why mutual fund is getting the less preference over the other investment avenues as a prime investment option. It also studied the investors perception with regards to the different features provided by the mutual funds companies so that to attract the investors to invest in the different mutual funds schemes. These research explained the three factors which are named as funds/schemes which are related to the attributes, benefits in terms of money and sponsors related attributes which may offered to the investors so that there trust in that company can be secured. It was expected that the outcomes will provide the good sight to the mutual fund companies so that they can offer those schemes which will fulfill the needs and expectations of the Indian investors.

This research is done to know the investors preference between the mutual funds and equity investment. It is done within the city of Rishikesh only. This study generally defined that investors prefer more between the different mutual funds schemes and equity investment. It is also provides that how much investors know about the different different investment options and hiw they behave towards them. This research also laid down to know the different factors which are the major point of influencing the behaviour while selecting the mutual funds and equity investment as their investment option.

OBJECTIVES OF THE STUDY

- To compare the Investor's perception towards investment in mutual funds and equity investment.
- To study the investor's preference towards mutual funds and equity investment.
- To know how much investors know about different types of investment options.
- To determine the factors influencing selection of mutual funds and equity as an investment option.
- To study the association of investors perception towards mutual funds and equity with demographics of investors.

RESEARCH METHODOLOGY

Research Design:

A **research design** refers to the sets of procedure and different methods which is used in collecting and helps in analyzing measures in a manner that aims to combine relevance to the research purpose or it is a framework that is helpful in finding answers to the questions. A **sample design** is a definite plan to find out a sample from a given population.

For carrying out this research work, an investor can followed Exploratory cum Descriptive research design.

- **Sample Size-** The sample size is small that is of 100 number of respondents and this is only upto the city of RISHIKESH only.

Methods of Data Collection:

Primary Data refers to that data which is collected from the various sources for the first time and this it is completely original in nature. In this research, the primary data which is used is-

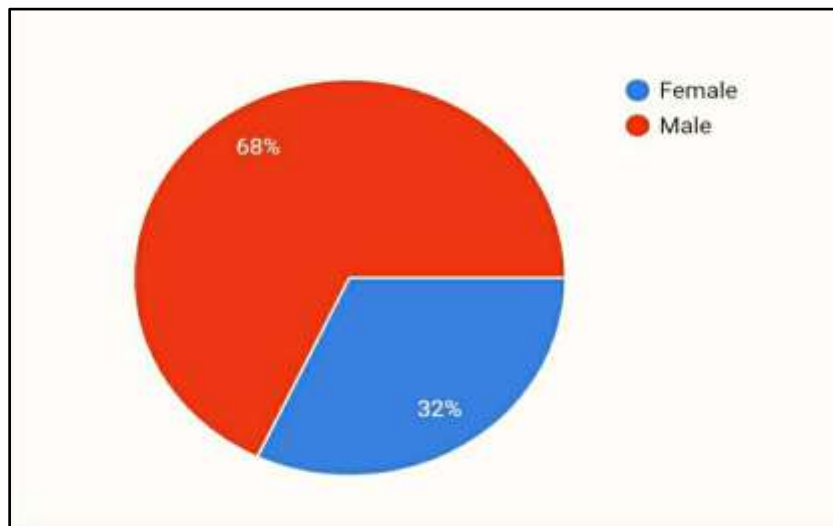
- **Questionnaire**

Secondary Data are those data which are not collected for the first time and it is already collected by some other person previously for their research work. The sources of secondary data are newspapers, websites etc.

ANALYSIS AND INTERPRETATION

This chapter intends to arise investor's perception towards investment pattern, with special reference to mutual funds. For the purpose a questionnaire was framed & circulated among various respondents to collect data for conducting this project. The data, so collected, was processed to derive conclusions from it. The results, with regard to the various questions asked from the investors, have been stated as under:

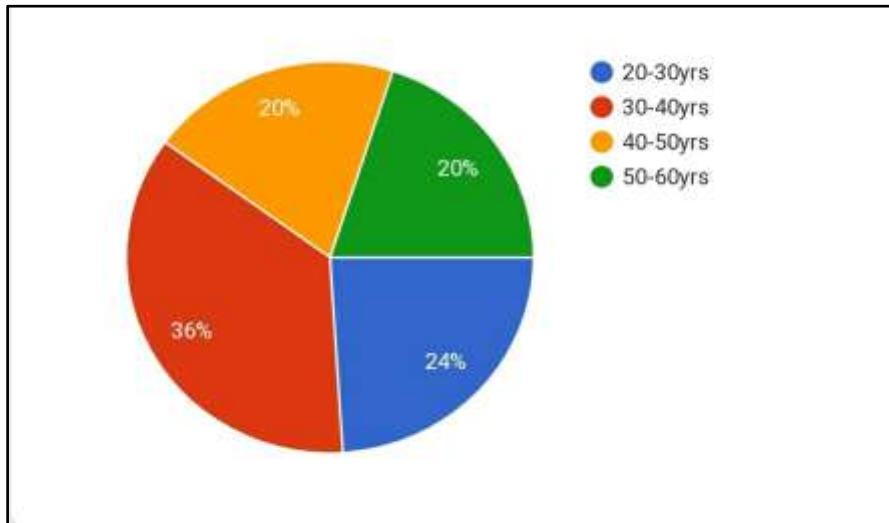
Q - 1 Gender of people investing?



INTERPRETATION:-

As we can see for conducting this study, the gender of respondents has been categorised in two parts where it can clearly shown that male group holds the composition of 68% and female group comes with the composition of 32% respectively which shows male group are more keen of investing their money in the investment tools.

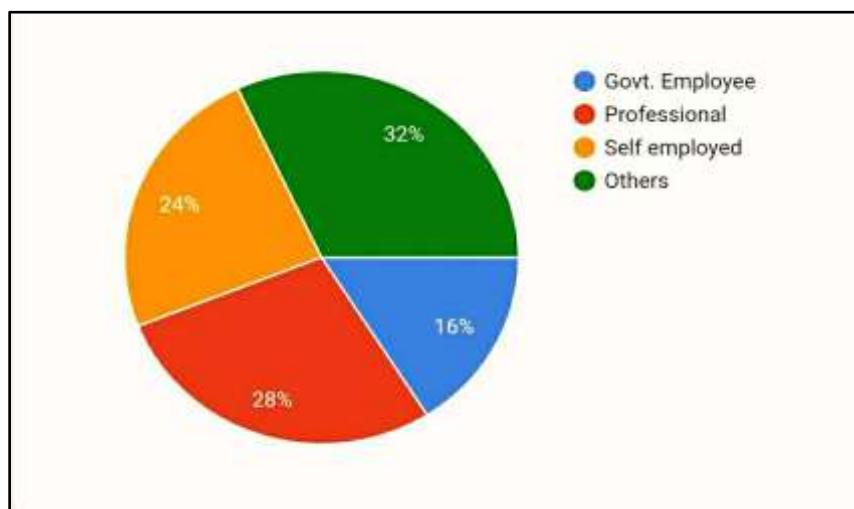
Q - 2 What is the age group of people investing?



INTERPRETATION:-

For conducting this study, we distributed the respondents according to the different age group which is clearly shown in the above chart, where 24% composition has been held by the people of age group 20-30yrs, 36% has been held by the age group 30-40yrs, 20% by age group of 40-50 yrs and 50-60 yrs respectively.

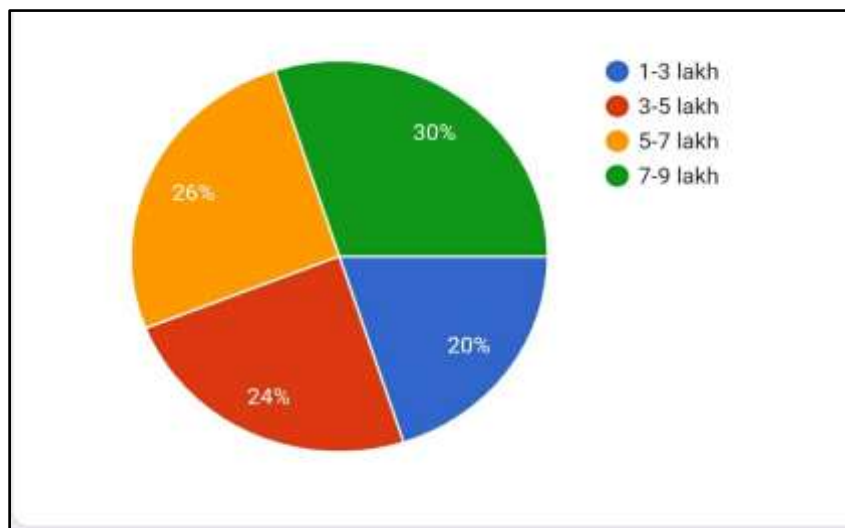
Q-3 You belong to which one of the following category?



INTERPRETATION:-

For this study, we distribute the respondents on the basis of their occupation as shown in the above chart. Where from 100 respondents 32% people are from other categories, 28% has been held by the professional and 24% and 16% respondents are from the self-employed and govt. employees. This shows that respondents from the other occupation are more as compared to others.

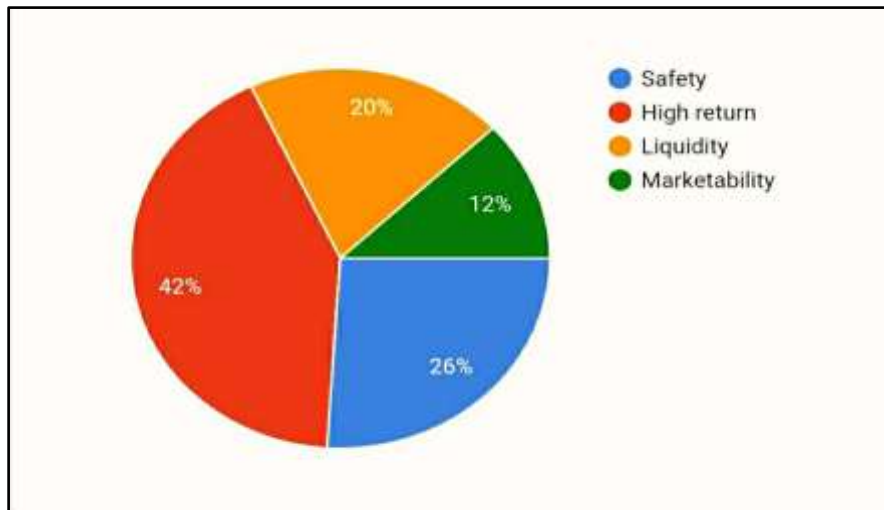
Q-4 Annual income is in the range of?



INTERPRETATION:-

From the above chart, it can be clearly shown that people whose annual income is between from 7-9 lakh hold the total of (30%) which means most investor falls in the higher income category which is followed by the (26%) in between from 5-7 lakh, (24%) falls in the 3-5 lakh income category and (20%) falls in the income category of 1-3 lakh. It means that investors are mostly from the higher level of income which means they can invest more money or their savings in the investment options.

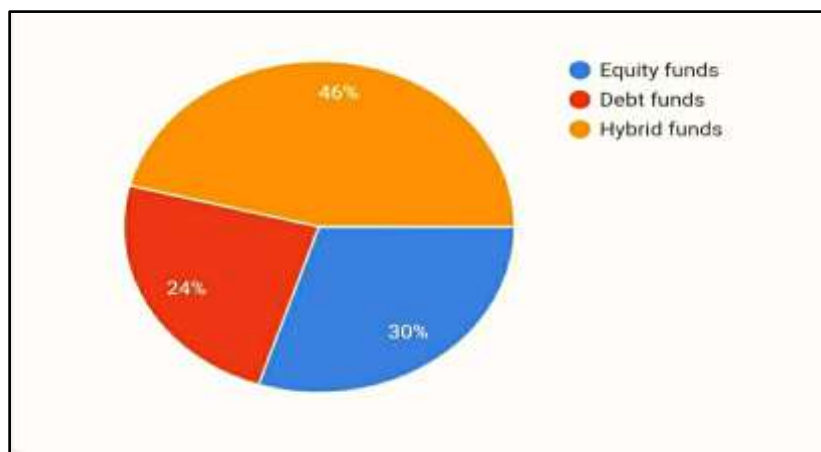
Q-5 Factors to which you give priority when you invest?



INTERPRETATION:-

For conducting this study, we go through to find the perception or in what factors the respondent think before investing. So from the above chart it can be clearly shown that the respondents mostly prefer high return with 42%, followed by 26% prefer safety and 20% and 12% prefer liquidity and marketability. It shows that respondents investing is depend upon the return they will get by in the investing in different investment tools.

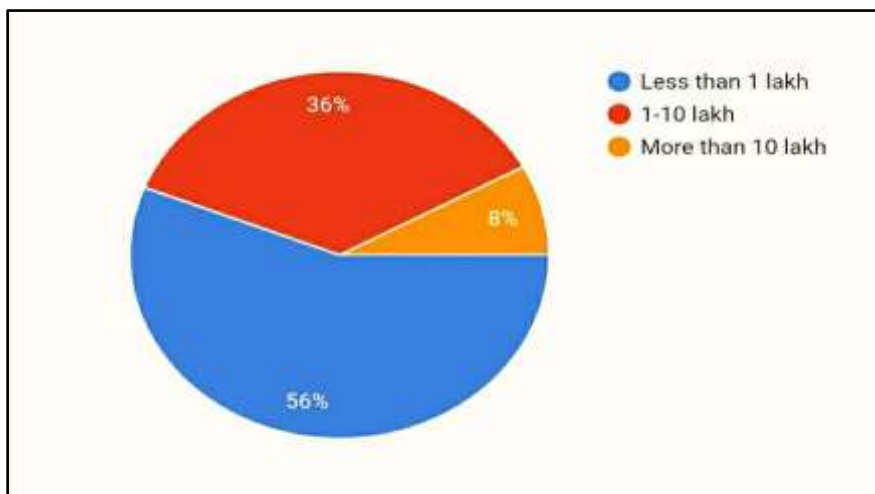
Q-6 Invested in which type of mutual fund scheme?



INTERPRETATION:

Respondants are generally investing more in hybrid funds (46%) which is followed by the equity funds (30%) and (24%) in debt funds. The reason of choosing hybrid funds rather than investing in equity and debt funds because at the same time they need higher return with low risk so that they want to secure their future and generate more income in coming future and can be able to adapt the changes which is

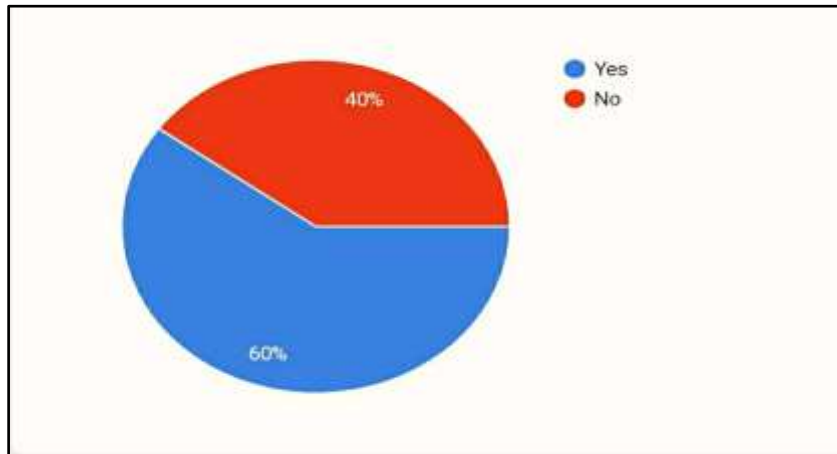
Q-7 Amount of investment invested yearly?



INTERPRETATION:-

From the above data it is noted that respondents are investing in the amount less than 1 lakh (56%) yearly which means they are investing in different & other schemes so that they can reduce risk and can diversified it which also shows that people are still not widely open to invest in the market or they still don't trust the market.

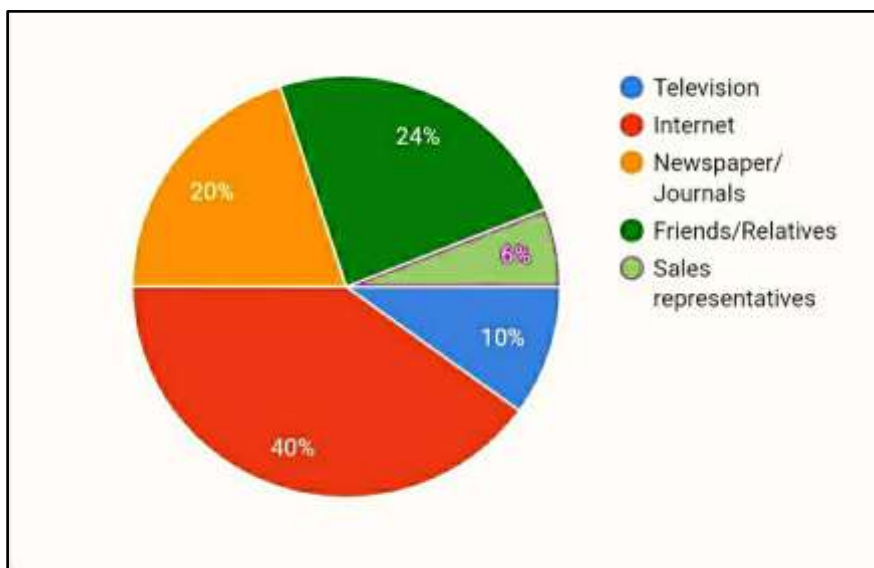
Q-8 Loss incurred during past year?



INTERPRETATION:-

As it can be surely shown in the graph that people are generally facing loss (60%) during the previous year rather than making profit while investing. It is followed by (40%) people who didn't suffered losses which means in last year there were more profit rather than losses in the market.

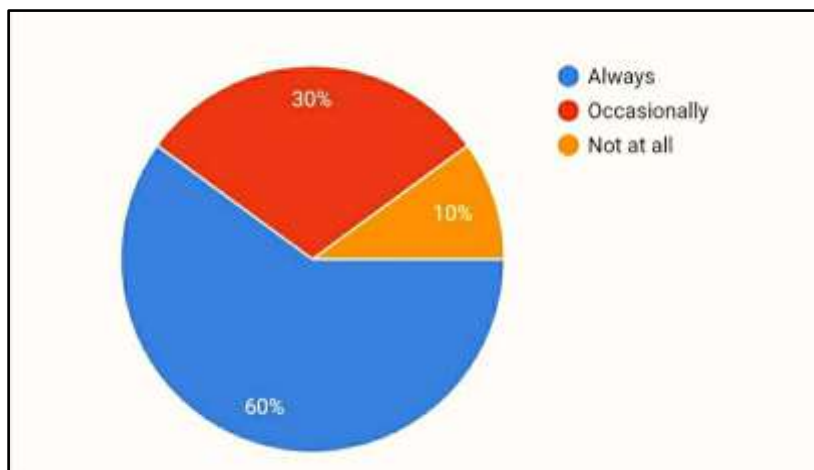
Q-9 From where you get to know about investing in mutual funds or in other investment tools?



INTERPRETATION:-

From the above chart it is clearly shown that the maximum no. of respondents get the knowledge about investing through internet (40%) and minimum no. from the sales representatives (6%) which are followed by (24%) get the knowledge from their friends and relatives, (20%) from the newspapers or through journals and (10%) from the medium of television. It means internet is the main source of providing knowledge about investment options.

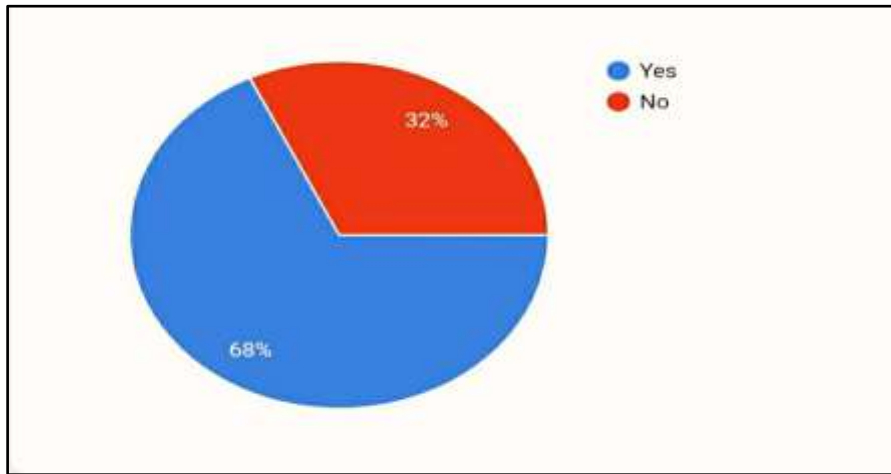
Q-10 While investing in equity do you go through company prospectus?



INTERPRETATION:-

As it can be clearly shown in the graph that respondents considered going through the company prospectus everytime they investing in equity (60%). It means people who are going to invest are only invest in a company after going through all the information, there previous records etc.

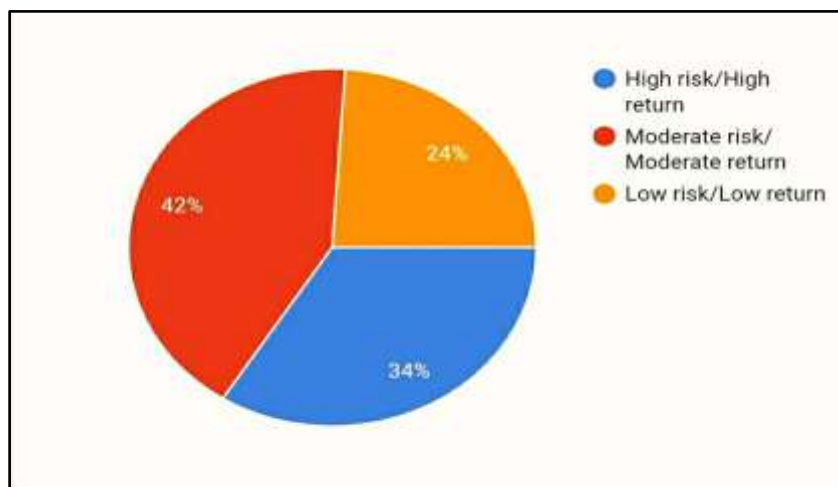
Q-11 Taking advice of stock brokers?



INTERPRETATION:-

Respondents generally considered taking the advice of the stock brokers whenever they want to invest or before investing (68%) which enables them to invest in better investment options on which helps them in earning more profit and for to ensure there safety in future. It also helps in getting the knowledge about new trend that is going in the market in the present scenario so that they can change their portfolio as well with the time.

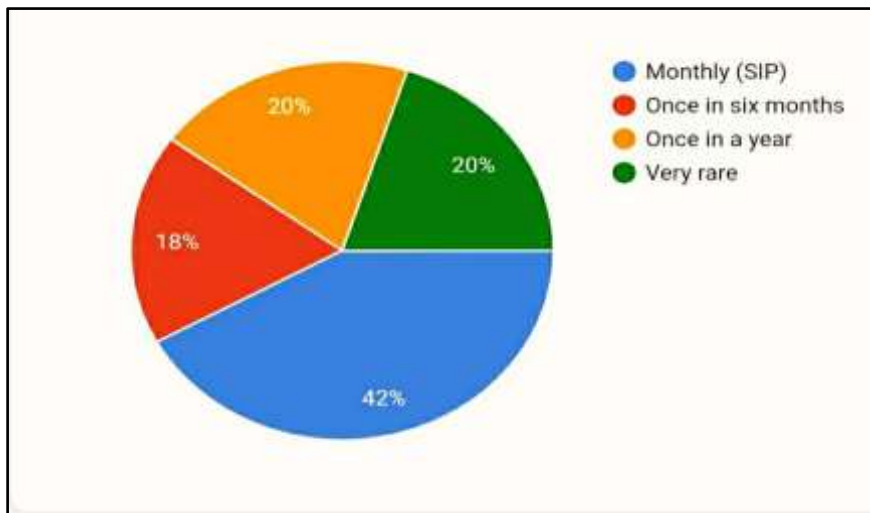
Q-12 Perception at the time of investing?



INTERPRETATION:-

As shown in the graph people generally considered going to invest with the perception of having or earn moderate risk with the moderate return (42%). It means that people are on generally considered earning without not taking much risk, whereas 34% of investors generally considered taking the high risk so that they can earn high return and 24% of investors are considered taking low risk which leads to the low return.

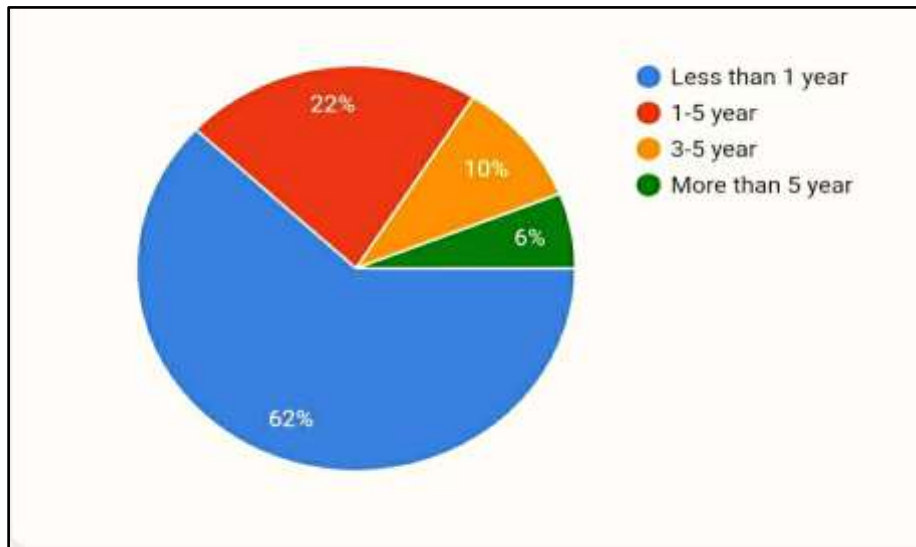
Q-13 How is your investment pattern?



INTERPRETATION:-

As shown in the graph people or respondents generally prefers investing in the monthly (SIP) method (42%) more than others investment pattern. As it can provide quick earnings and more better opportunity in the future which is followed by 20% in once in a six months, 20% investors falls into the very rare category and 18% falls in the category of once in six months pattern.

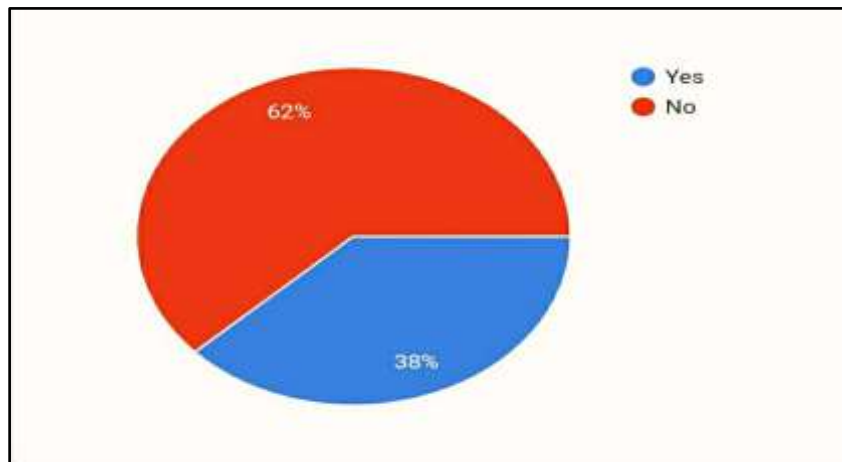
Q-14 How long do you hold your investment?



INTERPRETATION:-

For conducting this activity, we collect the data by taking 100 respondents and ask them that for how much time they want to hold their investment which is shown in the above chart. As we can clearly said that mostly people prefer to keep their investment for less than 1 year which gives them the fast return and opportunity to invest in others investment options.

Q-15 Are you a member of investment forum?



INTERPRETATION:-

As per the above chart it can be said that most of the respondents are not the part of any investment forum (62%). So it can be considered that people are more interested in investment rather than providing their opinions and ideas on investment or in investing options so that other can also know about this and other 38% are from the investment forum.

FINDINGS AND SUGGESTIONS

After a thorough study of the questionnaire and interviews conducted, the following results has been found:-

FINDINGS:-

- It has been found that the investors are generally from the age group of 30-40 yrs in Rishikesh.
- It can be concluded that from 100 respondents more than 46% people invest in both the avenue which are mutual funds and equity investment.
- It has been found out that high return is the major aspect at the time of investing .
- It has also been found that most investors got the knowledge about investing mainly through internet.
- Another major finding was that people usually invested for less than 1 year so that they can get more exposure to invest in dify securities and to earn more return.
- It has been found from the data that both equity as well as mutual funds are preferable areas of investment.
- It has also been found that people are generally not being the member of investment forum.

SUGGESTIONS:-

- It is recommended for the individual investor to be in contact with a good broker and be upgraded with latest news. The reason behind doing this is that investors will get to know the latest trends which is going in the present time in the market so that they can invest their money in the better option which will give them the more benefit in the future.
- Small scale investors should not be indulged into speculative activities. This is generally not good for the small scale investors because it is uncertain that in the securities they are investing will only going to benefit them in the future and for purchasing those securities sometimes they have to give their things on mortgage.
- Investors must depend on the fundamentals and take decision only after detailed study of various accounting as well as non- accounting variables. The reason being that is they will have the proper knowledge about the investment patterns so that they can reduce the loss in the future and able to earn some good profit.
- For the large investors, who clearly choose to transact in delivery mode should also choose option for delivering in intraday because their huge capital can generate huge sums in the shorter period of time.
- For the small investors having capital less than Rs.1,00,000 they must also choose the option to invest some of their investment in the delivery mode. The reason being that is it can prove descriptive if they will entirely depend on the intraday mode.

CONCLUSIONS

After the completion of the research work it is found that in India the mutual funds and equity investment plays a major role in the development of the economy of a country and they are one of the most important factors in developing the financial market and the industrial sector of India. It is also found out that people are well aware of the investment options in the country. There has also been found out that so many people has already done the research work on this topic where the result which was came out is that people generaaly prefer mutual funds rather than equitiy. This study is done by taking the 100 respondents from the Rishikesh city where it has been found out that the investor's are neither keen on taking the risk nor they choose the safety part more instead of this they prefer both the factors risk as well as safety and because of this investors here choose the hybrid securities instead of equity and debt securities which helps them not only to earn the good return as a regular income but with that they are also keeping their investment safe. After this study it has also been found that investors which falls in the age category from between (30-40yrs) are more much interested in investing in the stock market (36%) and it is also been found that generally the male are interested jn investing their money which shows that they have more trust in the share market and mostly investors comes from the others category. This research shows that the amount of investment is generally associated with the kind of investment and the type of transaction and by knowing this it ihas been found out that investors in Rishikesh generally choose the monthly (SIP) as their investment pattern.

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ANNEXURE

QUESTIONNAIRE

Name:-

Q-1 Gender

- A. Female
- B. Male

Q-2 What is the age group of people investing?

- A. 20-30yrs
- B. 30-40yrs
- C. 40-50yrs
- D. 50-60yrs

Q-3 You belong to which one of the following category?

- A. Govt. Employee
- B. Professional
- C. Self employed
- D. Others

Q-4 Your annual income is in the range of?

- A. 1-3 lakh
- B. 3-5 lakh
- C. 5-7 lakh
- D. 7-9 lakh

Q-5 What are the factors to which you give priority when you invest?

- A. Safety
- B. High return
- C. Liquidity

D. Marketability

Q-6 You have invested in which type of mutual fund scheme?

- A. Equity funds
- B. Debt funds
- C. Hybrid funds

Q-7 What amount of investment invested yearly?

- A. Less than 1 lakh
- B. 1-10 lakh
- C. More than 10 lakh

Q-8 Loss incurred during past year?

- A. Yes
- B. No

Q-9 From where you get to know about investing in mutual funds or in other investment tools?

- A. Television
- B. Internet
- C. Newspaper/ Journals
- D. Friends/ Relatives
- E. Sales representatives

Q-10 While investing in equity do you go through company prospectus?

- A. Always
- B. Occasionally
- C. Not at all

Q-11 Taking advice of stock brokers?

- A. Yes
- B. No

Q-12 What is the perception of yours at the time of investing?

- A. High risk/ High return
- B. Moderate risk/ Moderate return
- C. Low risk/ Low return

Q-13 How is your investment pattern?

- A. Monthly (SIP)
- B. Once in six months
- C. Once in a year
- D. Very rare

Q-14 How long do you hold your investment?

- A. Less than 1 year
- B. 1-5 year
- C. 3-5 year
- D. More than 5 year

Q-15 Are you a member of investment forum?

- Yes
- No