



INTERNATIONAL JOURNAL OF ADVANCE RESEARCH, IDEAS AND INNOVATIONS IN TECHNOLOGY

ISSN: 2454-132X

Impact factor: 4.295

(Volume2, Issue6)

Available online at: www.Ijariit.com

A Study on Investors' Expectations on Mutual Funds Offered by Share Khan with Reference to Amravati City, Maharashtra

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Abstract: *Mutual Funds is an investment funded by shareholders that trades I diversified holdings and is professionally managed by companies. In this paper researcher is focused to understand the investors' expectations on mutual funds.*

Key Words: *Mutual Funds, Investors Expectations.*

I. Introduction

Right from Share khan's existence, Banks, whether nationalized or co-operative, always dominated others in case of public or retail investments. But in the past few years, due to various reasons like continuous falling of interest rates, various scams etc. investors have started looking for various other investment avenues that will give them better returns with minimization of risks. Here Mutual Funds Industry has a very important role to play in providing alternate investment avenue to entire gamut of investors in scientific and professional manner.

Indian Mutual Fund Industry has been definitely maturing over the period. In four decades of existence in India, Mutual Funds have gone through various structural changes and gained prominent position in Financial Industry. Because of ease of investments, professional management and diversification; more and more investors are gaining confidence in Mutual Funds. Even government policies like abolishment of long term capital benefit taxes added advantage to growth of Mutual Funds. This is all the way leading to pool of more and more money from retail investors into the Mutual Funds.

So a survey was carried out on Mutual Funds to understand Mutual Funds, Share khan, Amravati. A mutual fund is a scheme in which several people invest their money for a common financial cause. The collected money invests in the capital market and the money, which they earned, is divided based on the number of units, which they hold.

The mutual fund industry started in India in a small way with the UTI Act creating what was effectively a small savings division within the RBI. Over a period of 25 years this grew fairly successfully and gave investors a good return, and therefore in 1989, as the next logical step, public sector banks and financial institutions were allowed to float mutual funds and their success emboldened the government to allow the private sector to foray into this area.

About Sharekhan Ltd. is one of the leading retail stock broking house of SSKI Group which is running successfully since 1922 in the country. It is the retail broking arm of the Mumbai-based SSKI Group, which has over eight decades of experience in the stock

broking business. Sharekhan offers its customers a wide range of equity related services including trade execution on BSE, NSE, Derivatives, depository services, online trading, investment advice etc. The firm's online trading and investment site - www.sharekhan.com – was launched on Feb 8, 2000. The site gives access to superior content and transaction facility to retail customers across the country. Known for its jargon-free, investor friendly language and high quality research, the site has a registered base of over one lakhs customers. The content-rich and research oriented portal has stood out among its contemporaries because of its steadfast dedication to offering customers best-of-breed technology and superior market information. The objective has been to let customers make informed decisions and to simplify the process of investing in stocks.

On April 17, 2002 Sharekhan launched Speed Trade, a net-based executable application that emulates the broker terminals along with host of other information relevant to the Day Traders. This was for the first time that a net based trading station of this caliber was offered to the traders. In the last six months Speed Trade has become a de facto standard for the Day Trading community over the net.

II. Objective of the research

To know the investors' expectations on mutual funds offered by Share Khan.

Amravati is a city in the state of Maharashtra, India and the seventh most populous metropolitan area in Maharashtra. It is also the administrative headquarters of the Amravati district. Among the historical landmarks in the city are the temples of Amba, Shri Krishna, and Shri Venkateshwara.

Amravati is also the headquarters of the "Amravati Division" which is one of the six divisions of the state of Maharashtra (Amravati and Nagpur divisions' together form Vidarbha region). Apart from Amravati district itself, following four districts also come under Amravati Division:

1. Akola, 2. Yavatmal, 3. Buldhana and 4. Washim. Amravati Municipal Corporation, established in 1983, is the first Municipal Corporation in India, which has introduced privatization of octroi.

- Area: 46,090 km²
- Population (2011 census): 11,266,653
- Districts: Akola, Amravati, Buldhana, Washim, Yavatmal
- Literacy: 77.79%
- Area under irrigation: 2,582.02 km²
- Railways: broad gauge 249 km, meter gauge 227 km, narrow gauge 188 km.

III. Research Methodology

The study is basically an analytical study based on primary research as well as also related to the analysis of the attitude of investors' expectations on mutual funds. In order to conduct this study, 100 investors' in Amravati city have been selected by sampling method and mainly questionnaire has been used for collecting the data. All the data required for this analytical study has been obtained mainly from primary sources, but at times, secondary sources of data have also been considered. The data collection method used to obtain the desired information from primary sources has been through direct interview and questionnaire has been used as an instrument. Basically, targeted populations belong to the Amravati region and considering an individual investor as a sampling unit. Judgment sampling has been used for collecting the sample. For measuring various phenomena and analyzing the collected data effectively and efficiently to draw sound conclusions

Method of Data Collection:-

Data Collection – Primary Data and Secondary Data.

Sample size : 100

Sampling procedure: Convenience sampling

Statistical tool : Percentage, graphical test.

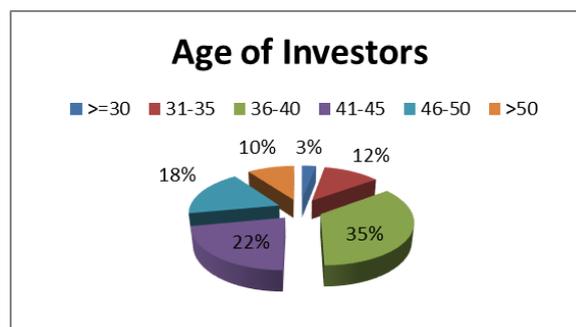
Limitations of the Study:- The study is limited to Amravati area.

Data Analysis and Interpretation

Survey of 100 customers conducted at Amravati following are the parameters during the questionnaire. Accordingly the analysis was made on following factors.

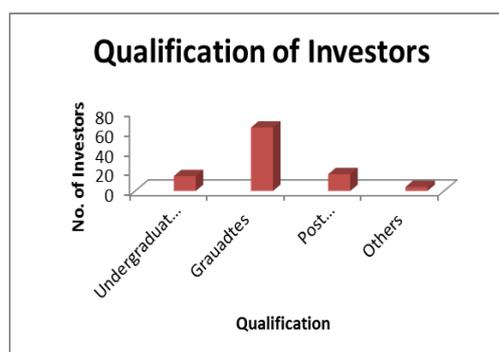
1. Age
2. Qualification
3. Occupation
4. Monthly Family Income
5. Factors seen before investing
6. Mode of investment
7. Objective of investment
8. Awareness about Mutual Fund
9. from where they came to know about Mutual Fund
10. Investors choice of investing in different Mutual Fund Companies

Figure 1 Analysis to according to Age



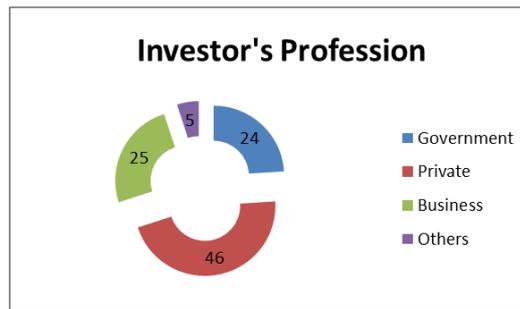
From the above graph it was found that most of the investors i.e., 35% of the investors who invest in Mutual Fund lies in between the age group of 36-40, they are more reluctant as well as experienced in this field of Mutual Fund. Then the Second highest age group lies in between the age group of 41-45 (22%), they are also aware of the benefits in investing in mutual fund. The least interested group is the Youth Generations.

Figure 2. According to Qualification



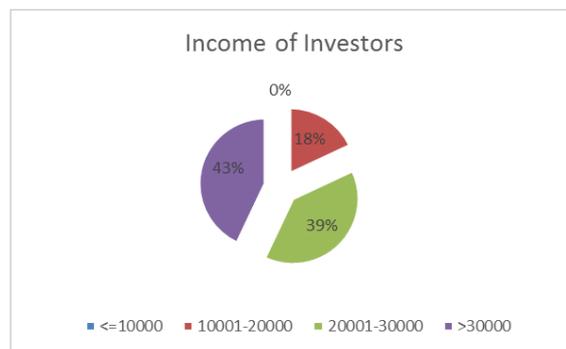
Out of the survey of 100 consumers, the above graph shows the investment in mutual funds according to their qualification. 71% of the investors are Graduates and Post Graduates and 16.67% are Under Graduates and Others, around 12.5%, which may include persons who have passed their 10th standard or 12th standard invests in Mutual Funds.

Figure 3. Analysis according to Occupation



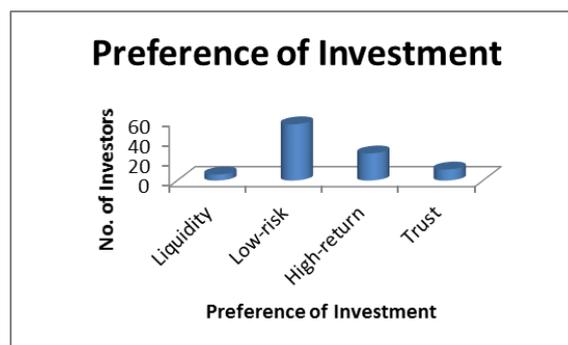
The above graph depicts that around 46% of the investment is been invested by the persons working in Private sectors, according to them investing in Mutual Funds is more safer as well as more gainer. It is found that found the businessmen of around 25% gives more preference in investing in mutual funds, a customer thinks that investing in mutual fund is better than investing in shares as well as Post office. Further it has been observed that the persons working in Government sectors invest 24% in Mutual Fund.

Figure 4: Analysis according to Monthly Family Income



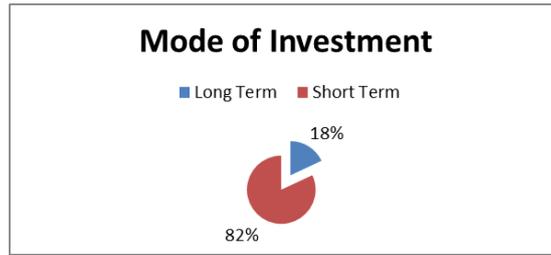
It was observed from the survey that 43% of customers with the monthly income of Rs. >30000 invest in Mutual fund, than any other income group.

Figure 4 Analysis data according to the factors seen before investing



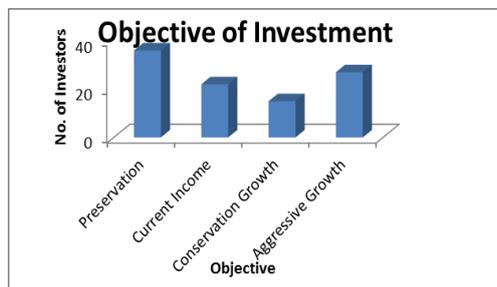
The graph shows that the investors use to give more preference to low risk before investing. According to customers, if a scheme is low risk, it may or may not give a very good return, but still 56% of the investors choose low risk as the option while investing in Mutual Funds. Finally 27% of the investors take High return as one of their most important criteria. According to customers, if there is no high return then they prefer to invest in post office rather than mutual funds. 11% of the customers trust the institution/ organization in which they have invested initially. Only 4% of the customers consider liquidity as their most important parameter for their investment.

Figure 6: Analysis data according to mode of investment



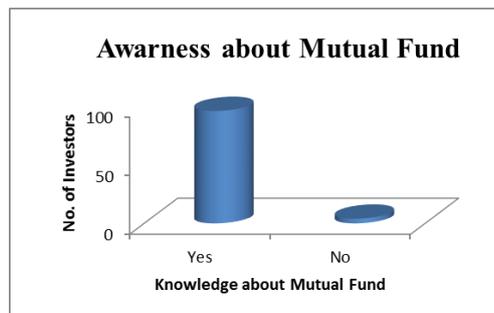
From the survey conducted it has been observed that 82% of the investors like to invest in SIP, as the investor feels that they are more comfortable to save via SIP than the Long term. While 18% of the investors find SIP as very burdensome, and they are more reluctant to save in Long term investment.

Figure 7: Objective of investment



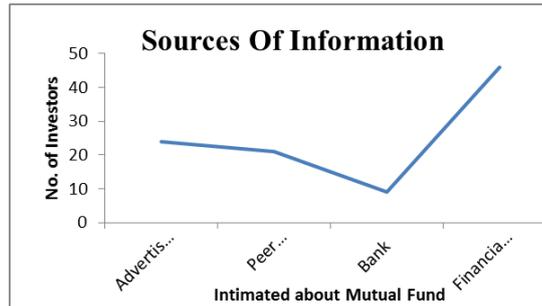
The above graph depicts that 36% of the investor's objectives are to preserve the principal amount, so that it can be used as a savings for the future period. While 22% investors invest in their current income through investing in Mutual Funds. 15% and 17% of the investors invests to get a conservative as well as aggressive growth respectively.

Figure 8: Awareness about Mutual Fund



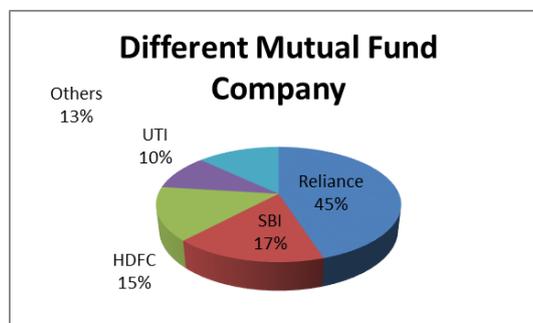
From the survey it can be analyzed that out of 100 customers 96 customers are actually aware of the fact of Mutual fund and are regular investors of Mutual Funds and the remaining have just heard the name or rather are just aware of the fact of existence of the word called Mutual Fund, but didn't know about Mutual Funds.

Figure 9: Source of Information



From the above line graph it can be clearly stated that around 46% of the investors came to know the benefits of Mutual Fund from Financial Advisors. According to the suggestions given by the financial advisors, people would choose Mutual Funds Schemes. Secondly, 24% and 21% of the people came to know to know from Advertisement and Peer group respectively. 9% of the customers make investments after being intimated by the bank campaigns about the benefits of Mutual Funds.

Figure 10: Investors choice of investing in various Mutual Fund Companies.



From the above Pie Chart it can be clearly stated that 45% , 17% of the people like to invest in large cap companies where return is comparatively less but risk is low thus they invest in Reliance, SBI respectively.15%, 10% of the people like to invest in Mutual Fund Companies like HDFC, UTI, etc. where risk is slightly higher than the above two mentioned companies as well as return is also slightly high.13% of the investors like to invest in the Small Cap’s and Mid Cap’s companies.

Conclusion

The investors are still skeptical while investing in mutual as awareness level is not much among the consumers. Though anyone can invest in mutual funds but they should have information about the various schemes available. It involves not only long-term but short-term investments also. Mutual Funds invest in a variety of instruments ranging from equity to debt. A person need not require large sum of money to invest in Mutual Funds. Without De-mat account the investors can invest in Mutual Funds. Education should be available so that they can feel comfortable and understand what the nature of transaction is done. Still lot of education is needed not only in cities but semi city we can.

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1. Principles and Practices Of Banking- Indian Institute Of Banking And Finance published by Macmillan-Second Edition (page number 45)

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