Study on investors perception towards mutual funds

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ABSTRACT

The aim of the study is that to know the investors perception towards mutual funds. It aims at understanding the perception of the investors who invest in mutual funds as not every one are familiar with mutual funds but still they invest in it to get returns. This study contains a sample of 140 different kinds of investors and their diversification of investment plan. The data was collected from the investors through circulated questionnaire in Hyderabad city and surrounded rural and urban areas. By this study found that most of the investors have positive impact and good knowledge on mutual funds. Based on the findings and analysis it concluded that most of the investors are satisfied with the returns and performance of mutual funds. Also found that tax benefits, diversification and reduction in risk as more impact on the investors perception for investing in mutual funds.

Keywords: Mutual Fund, Investors, Risk, Perception, and Return.

1. INTRODUCTION

A Mutual Fund is an investment vehicle for investors who gather their saving to invest in diversified portfolio of securities with expectation of good returns and increase their value. Profits and losses are shared by the investors in proportion to their investment. Factors affecting Mutual Fund investments are risk factor, regular income factor, return factor, liquidity factor and awareness factor. The mutual funds generally come out with various types of schemes with different investment objectives, which are pushed from time to time. Various types of Mutual Funds are Growth funds, income funds, money market funds, equity funds, debt funds, open-ended funds, closed-ended funds, balanced funds, tax savings funds, index funds and sector specific funds. Investors perception means how the investor think and visualize the fund before investing into it or sees different investment opportunities. Knowledge of investor perception is important because the perception of investors can influence the investment pattern and his investment behavior like risk tolerance level, investment preference on the basis of age, gender, education, income, occupation etc.

Objectives of The Study

Primary Objective
To analyze the perception of investors towards mutual funds.

Secondary Objectives
• To analyze the opinion among demographic group on attitude towards investment.
• To study the objectives of investment among demographics groups.

2. REVIEW OF LITERATURE

Jyothi Ainapur (2018) conducted study on the awareness on mutual funds. In this research paper it was founded that awareness of mutual fund is less among the people. Mutual funds having more advantages compare to other investment platform like; comparatively higher Return of Investment, Tax benefit and Liquidity, Ease of investing and monitoring, Diversification and Systematic Withdrawal Plan despite all these advantages still investors are not interested investing in mutual fund, may be because of lack of awareness. Only 24% of 36-45 age group are invested in mutual fund through brokers, 36% people are willing to invest through SIP and 69% of the respondents are not at all willing to recommend others to invest in mutual fund. So, to motivate people to invest in mutual funds broking houses to be organized to get more awareness among the people.

Jaison David (2019) The research paper was made to help taxpayers' investors to get good returns for their investment and those investors who want to invest in SIP or Lump sum. The research paper compares between five equity linked mutual fund schemes invested in 3 different way by the investors and compares the return these investment after lock in period. The authors used

secondary data for this research and after survey they concluded that systematic investment plan will be best option to the investors second option will be value averaging and the third option comes lump-sum method for the investments with the smallest possible returns**.**

Ankit Kumar (2020) In this study researchers want to know what are the various factor that attract the investors to invest in mutual fund. The researchers also explained how the Mutual funds shaping their strategies to attract the investors to invest more in market platform. From the analysis researchers concluded that mutual funds new advantage for the beginners and investors from each selected sector such as semi-urban, urban, and rural almost all are in same perception rural areas investors more interest in dividend variable whereas same condition in case of capital appreciation and semi-urban area people are influenced for liquidity.

3. RESEARCH METHODOLOGY
3.1 Research Method
Descriptive research

3.2 Sample Size
The study was conducted with the sample size of 140 investors. Sampling technique- Convenience Sampling.

3.3 Research Instrument Used for Data Analysis
The collected data will be analyzed through statistical tools like correlation & chi-square test.

3.4 Statement of the Problem
There has been no comprehensive study establishing the perception of investors and factors or characteristics influencing the investment in mutual fund. Hence, the main focus of the study is to know the basis under which the mutual fund investment is done, whether it's as per the factors, schemes, nature or structure of the funds.

3.5 Need of the Study
The main purpose of this study is to analyze the investor's perception towards mutual fund. Further, the study also helps us to understand if the investor perception is dependent on the demographics of the investor along with various other factors.

3.6 Limitations of the study
1. The size of the sample compared to the population is small and hence it might not indicate the ideas of entire population.
2. The geographical area of the study is confined to the opinions expressed by the respondents of place only.
3. A few respondents might have furnished the required information from their momentary memory; hence the collected data might be subject to bias.
4. Since the study covers the overview of investing in mutual funds, it cannot be generalized.
5. Few respondents do not agree to express their opinion and understandings on their investment and have stated common view on investment practices.

4. DATA ANALYSIS AND INTERPRETATION

Percentage analysis of Demographics factors

Factors	Dimensions	No. Of respondents	Percentage
Age	Below 20 Years	0	0%
	21 to 40 Years	128	91.4%
	41 to 60 Years	10	7.14%
	61 & Above	2	1.42%
Gender	Male	103	73.5%
	Female	37	26.5%
Occupation	Salaried	84	60%
	Self Employed professional	8	5.71%
	Business	16	11.42%
	Retired	28	20%
	Others	4	2.85%
Marital Status	Married	13	9.29%
	Unmarried	127	90.71%
Annual Income	Below 2,00,000	20	14.28%
	3,00,000 – 4,00,000	21	15%
	5,00,000 – 6,00,000	46	32.85%
	7,00,000 & above	53	37.85%

Source: Primary Data

Chi Square Test:
Null Hypothesis (H0):
There is no association between annual income and objective of investment.

Alternate Hypothesis (H1):
There is association between annual income and objective of investment.

Cross tabulation of Annual income and objectives of investment

		Objectives of investing in mutual funds			Total
		1.0	2.0	3.0	
Annual Income	1.0	0	0	20	20
	2.0	0	16	5	21
	3.0	14	32	0	46
	4.0	53	0	0	53
Total		67	48	25	140

Chi square on Annual income and objectives of investment

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	198.799[a]	6	.000
Likelihood Ratio	208.065	6	.000
Linear-by-Linear Association	114.930	1	.000
N of Valid Cases	140		

Source: Primary Data

Result: Since H0 is rejected, there is no association between the annual income and objective of investment.
Since H1 is accepted, there is association between the annual income and objective of investment.
ANOVA Test:
Null Hypothesis (H0):
There is no significant difference between age and which periodical plan investors choose.
Alternate Hypothesis (H1):
There is significant difference between age and which periodical plan investors choose.

Descriptive Statistics of age and which periodical plan investors choose

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
2.0	128	1.58	.671	.059	1.46	1.70	1	3
3.0	10	3.00	.000	.000	3.00	3.00	3	3
4.0	2	3.00	.000	.000	3.00	3.00	3	3
Total	140	1.70	.756	.064	1.57	1.83	1	3

ANOVA on Age and which periodical plan investors choose

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	22.181	2	11.091	26.555	.000
Within Groups	57.219	137	.418		
Total	79.400	139			

Source: Primary Data

Result
ANOVA was performed to examine the difference of the age and which periodical plan investors choose
Results of ANOVA shows that significant value is .000 which is less than 0.05, we accept null hypothesis and reject alternate hypothesis. Therefore, there is no significant difference between age and which periodical plan investors choose. Hence, the null hypothesis is accepted (H0).

5. FINDINGS, SUGGESTIONS, CONCLUSION
Findings
1. Most of the investors are men by 73.5%.
2. Most of the investors are Unmarried by 91%.
3. Most of the investors are from age group of 20 – 40 by 91.4%
4. Most of the investors are from urban area by 88.57%.
5. Most of the investors are salaried self employed by 60%.
6. Most of the investors by 37.85% who earn above Rs. 6 lakhs per annum.

Suggestions

1. The investor should keep an eye on the performance of scheme and other good schemes which are available in the market for the closed comparison.
2. Efforts should be made to encourage or enhance online dealing of mutual funds. This will save time and cost. They can sell or purchase any number of funds whenever they want with out any complications.
3. The brokers should reduce the brokerage charges for the intraday and delivery based, so that the investor can save more amount to generate extra investment for the investor himself as well as for the mutual fund companies.
4. The mutual fund industry must also help people in mobilizing their savings in such a way that they can get maximum benefits out of them. The companies must try to increase the investments in moderate to high level of risk investments by highlighting the rewards and returns.

Conclusion

The public minds look out for safe investments and that it will earn good returns. This study conducted was regarding the factors influencing the investor's perception towards mutual fund investment. It is highlighted that investor's of middle income level agrees that regular income and liquidity of the investment plays a vital role. It can be perceived that high risk leads to high returns in the investment. The flexibility in the investment would lead to good performance of the funds. There's a scope where investors belonging to different age groups seek for many other factors that can attract them to invest in the mutual fund industry than just the ones considered for the study. Measures should be taken to increase the confidence and morale of the investors. This can be done through proper awareness by educating investors to invest in mutual funds. Sensible and right information should be given to them by various communication modes so that they get to know about the latest trends in the market. Mutual funds are still and would carry on to be the unique financial instrument in the country.

6. REFERENCES

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