

A STUDY ON INVESTOR'S PERCEPTION TOWARDS MUTUAL FUND THROUGH SIP

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Abstract: In India Mutual funds plays a vital role in mobilizing funds for capital and financial markets. Mutual Funds are one in all the most effective investment choice out there to the small investors. A Mutual funds is a type of investment platform where it manages to collect investment from a lot investors to buy securities like stock, money market instrument, bonds and other assets because the investment firm sector had developed, there's been a growing acceptance by most policy holders that the assured come era may be a factor of the past. Mutual Fund are operated by professional money managers, who is allocated the funds asset and to attempt to produce capital gains or income for the fund's investors. Now days all types of investors investing in Mutual Funds. The Primary objective of the study is to assess investor's perception towards Mutual Funds through SIP and to identify the reasons for investment in mutual funds through SIP. This study also aims to measure the returns for investment made in Mutual Fund and to evaluate the risk tolerance level of investors.

This study contains with a sample of 130 different kinds of investors and their diversification of investment plan. The data was collected from the investors through circulated questionnaire Google forms in Chennai city. By this study it founded that most of the investors has a positive knowledge about SIP in Mutual Fund. Based on the findings and analysis it concluded that most of the investors are satisfied with the returns and performance of Mutual fund through Systematic investment Plan and it also found that tax-benefits, diversification and reduction in risk as more impact on the investor's perception for investing in mutual fund.

Index Terms— SIP (systematic investment Plan), Mutual funds, perception.

1. INTRODUCTION

The concept of Mutual fund emerged in India in 1963, when Government of India launched the unit trust of India (UTI). UTI has launched few schemes for investors one of scheme was UTI plan scheme. Until 1987 the growth rate was very slow and UTI was the only Mutual fund company enjoyed a monopoly in India mutual fund market. The entry of public sectors after few years of establishing UTI the growth was accelerated further in succeeding decade. After few years, in 1993 private sectors has started in Indian mutual fund industry and that was the year where government has brought a new regulation under which all mutual funds industry and Unit Trust of India has to be registered and governed. In 1993, SEBI (Securities and Exchange Board of India) regulations were substituted by a more complete and revised Mutual fund regulations in 1996. Now Mutual funds are one amongst the fastest growing sectors in Indian economy and have awesome potential for supportable future growth. From the last decade, Mutual funds and its various instrument like Systematic Investment Plan, equity fund, debt and hybrid funds instruments attract the most of the investors to invest and also given lots of economic growth to the industry. Mutual funds are just one short cut method for the investors to invest their savings to grow their wealth.

Systematic Investment Plan commonly known as SIP; it is a method of investing platform in Mutual funds. SIP allows investors to invest a small sum regularly in investors preferred mutual fund schemes. By activating an SIP, a fixed amount is deducted from investors bank account every month in a chosen date, which get invested in the mutual fund of their own choices. Systematic investment plan helps the small investors who want to save smaller amount of money while benefiting from the long-term advantages of rupee cost averaging. The most of brokerages and mutual funds companies offers Systematic Investment Plan.

Systematic Investment Plan offers more schemes compare to Lump-sum investment. Many of the investors choose SIP for more returns with small amount of money. The main motive of SIP is easy way to accumulate assets and the advantage of Rupee cost averaging means buying more share when price pulls down by allocating pre-determined periodic speculation into mutual funds.

Systematic Investment Plan is only scheme which available in mutual fund, to attract the small term investors. SIP generates more returns compare to other investment options such as postal savings and bank deposits and generally in SIP investors can make their payments on monthly bases this option will gives more benefits to the investors.

Systematic Investment Plan do not assure an income and do not protect against a loss in declining market. Since systematic investment plan (SIP) investing involves permeant participation in the market regardless of performance price level of securities, investor should consider his financial ability to continue your purchases through periods of low-price levels.

1.1 OBJECTIVE OF THE STUDY:

Primary objective:

- To study the investor's perception towards mutual fund through Systematic Investment Plan.

Secondary Objective:

- To identify the reasons for investment in mutual funds through SIP
- To measure the returns for the investment made in mutual fund
- To evaluate the risk tolerance level of the investors.

II. REVIEW OF LITERATURE

Senthil. K and Maruthamutu. K (2010) This study has made an attempt to understand financial behaviour of mutual funds investors towards mutual fund investment. The study was basically focused on the investor's awareness and preferences on various mutual fund's schemes and what are the factors which influence them to invest in mutual fund schemes and to know the level of

satisfaction obtained by them from the mutual fund it was done with the help of the survey conducted in Dharmapuri. The authors conclude while making investment decision the investors should seek advice from expert and consultants including agents and distributor of mutual fund schemes. The investors should compare the risks and expected yields after tuning of tax on various instrument while investment decision. To make investors aware of mutual fund an attempt to be made by providing information in question answer format which may help the investors in taking investment decisions.

Ujjwal M and Vinod Peerapur (2016): The study was conducted to investigate the performance of funds of each AMC (Asset Management company) in a different category. The funds for this research taken are only of open-ended schemes, regular plan and growth option. Risk management tools are used to analyse the performance of selected schemes. This study was based on Birla Sun life mutual funds schemes and other asset management company's schemes. In this research they found that only Birla fund company as more value than other asset management company.

Dimple Batra (2012): The main concept of this research paper to make comparison of SIP (systematic investment plan) with lumpsum investment with the help of data environment analysis this will be very useful for the policy maker and fund manager for designing policies for future implications. The results conclude that many of people do not invest in SIP due to the lack of awareness although they have sufficient money to invest and the many investor prefer only to invest in their traditional investment options such as fixed deposits, postal savings because they think mutual funds risky then compare to other investment options. And they concluded that mutual funds organization should target more and more young investors as well as the person who want to highlight their career.

Punita.S and Iram Khan (2012) The objective of the study to understand the perception on mutual fund sip and to compare sip with other type of investment avenues. It resulted that lot of investors more aware of systematic investment plan compare to other type of investment avenue, this is because more numbers of investors chosen mutual fund systematic investment plan has a monthly based investment plan through which an individual investor can fixed amount into mutual funds every month at pre-given dates. Monthly instalment plan can attract the small investors who wish to invest a small amount regularly to build wealth for a long term.

Mukesh. H.V (2015) the research has done to know the perception level of mutual funds and to know which variables has attract them while investing in mutual fund, and also want to know investors behaviour towards the mutual fund for returns, tax benefits and etc. It resulted that lot of respondents are low aware of systematic investment plan they were attracted only for lump-sum investment. Hence, it was concluded that mutual funds companies should create more awareness among the investors through conducting workshops on financial markets which can help the investors to know more about the returns and risk.

Monty Kanodia and kiran khinchi (2017): The study was conducted to analysis varied mutual funds schemes and the way it'll facilitate to investors to judge which mutual fund scheme is healthier. The study also wants to examine the risk and return in mutual fund. The study was concluded that performance and comparison of mutual fund in India, should be provided to create a powerful study and a degree of correlation is extremely vital between funds and market return and the impact of funds specific characteristics on the mutual fund performance. This correlation should have to develop so as to have better idea to investors on how parameter can affect the other.

III. RESEARCH METHODOLOGY:

3.1 Population and sample size:

The population size of the investors in the Chennai city is indefinite. The sample size is confined to 130 respondents. The research uses Convenience sampling method.

3.2 Primary and Secondary data:

The study was based on the primary data. Primary data for the study is collected through questionnaire which was circulated through Google forms. The study uses Secondary data has collected from journals, Books, Websites and magazines.

3.3 Questionnaire

The structured questionnaire are three broad types of questions are used in this study are open ended questions, closed ended questions and Likert scale method. Open questions allow respondents to answer as they wish. Closed questions provide respondents with a list of options from which they choose. Likert scale provide respondents agree to particular statement.

The perception on mutual fund was measured with the help of 5-point Likert scale namely (strongly agree, Agree, neither agree nor disagree, Disagree, strongly disagree)

3.4 Research Hypothesis:

H₀ 1: There is no association between investment objective and investment period.

H₀ 2: There is no correlation between response opinion on security of mutual fund and whether mutual fund discloses all the relevant information to its investors.

IV. DATA ANALYSIS AND INTERPRETATION

In Demographic Profile:

4.1 Percentage analysis of Demographic factors

FACTORS	DIMENSIONS	NO. OF RESPONDENTS	PERCENTAGE
AGE	Below 20 Years	06	4.6
	21 to 30 Years	54	41.5
	31 to 40 Years	29	22.3
	41 to 50 Years	24	18.5
	Above 50 Years	17	13.1
Gender	Male	72	55.4
	Female	58	44.6
Education Qualification	HSC/SSLC	20	15.4
	Under Graduate	35	26.9
	Post Graduate	46	35.4

Occupation	Professional	22	16.9
	Others	07	5.4
	Government employee	30	23.1
	Private employee	53	40.8
	Business	25	19.2
	Self- employed Professionals	12	9.2
Annual Income	Less than 2,50,000	41	31.5
	2,50,000-5,00,000	53	40.8
	5,00,000-10,0000	23	17.7
	Above 10,00,000	13	10

In table 4.1 shows the demographic profile of the investors such as age, gender, education qualification, occupation and their income this will be helpful to know the investment plan for their future plan and it is felt that important to know whether the investment objective and investment period would have a direct influence over their investment decisions. For this purpose, the data have processed and presented in table.

It is observed that from table 4.1 that most of the investors are from the age group of 21-30 years (41.5%) and followed by age group of 31-40 years (22.3%). By this concept it clearly reveals that Mutual funds more attracted investors of age group of 21-30 years. Respondents based on the gender shows more investors are male (55.4%) and followed by female (44.6%), the concept reveals that now days female are also investing in mutual fund. It explains the fact that the maximum number of investors are post graduate (35.4%), followed by under graduate (26.9%) and investors with professional education are (16.9%). Hence this study reveals that some time education qualifications play a vital role in mutual fund. Respondents based on investors occupations (40.8%) of total investors comes under private employee category, followed by government employee (23.1%) and the own business investors constitute of (19.2%). This shows that private employee and government employee investor are more aware about mutual fund. The different skills and knowledge have influenced their investment decision. Respondents based on Annual income (40.8%) of investors comes under 2,50,000-5,00,000, followed by less than 2,50,000 (31.5%) and (17.7%) of the investors annual-income of 5,00,000-10,00,000.

4.2 Investors respondents based on Investment objective

PARTICULARS	NO OF RESPONDENTS	PERCENTAGE RESPONDENTS	OF
Diversification	12	9.2	
Better return & safety	46	35.4	
Reduction in risk and cost	30	23.1	
Regular income	27	20.8	
Tax benefit	15	11.5	
TOTAL	130	100	

Source: Primary data

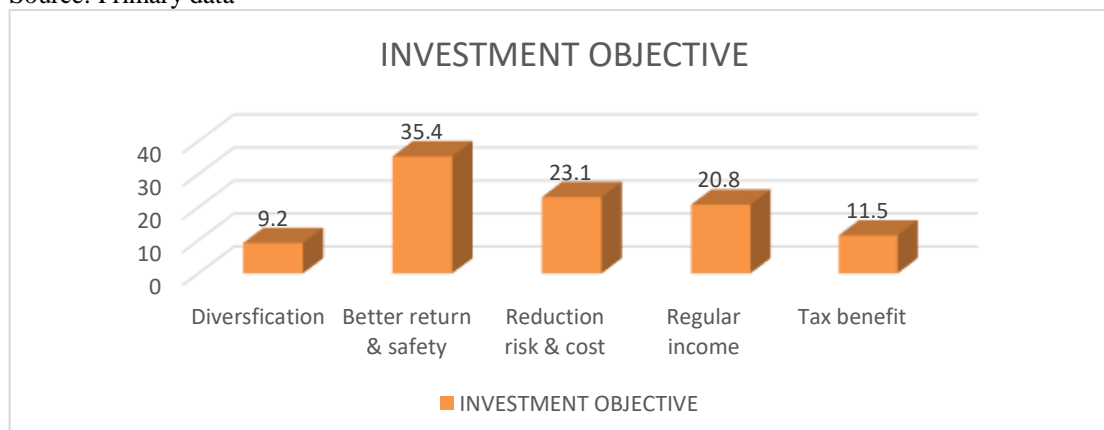


Chart 4.2 Investment objective of the respondents

INTERPRETATION:

From the above table it is interpreted that 9.2% of the respondents that investment objective is diversification, 35.4% of the respondent’s investment objective is better return and safety, 23.1% of the respondent’s investment objective is reduction in risk and cost, 20.8% of the respondent’s investment objective is for regular income and 11.5% of the respondent’s investment objective is for tax benefit.

PARTICULARS	NO OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
5-10 Years	46	35.4
11-15 Years	43	33.1
16-20 Years	23	17.7
Above 21 Years	18	13.8
TOTAL	130	100

Table 4.3 Respondents based on investment period:

Source: Primary data

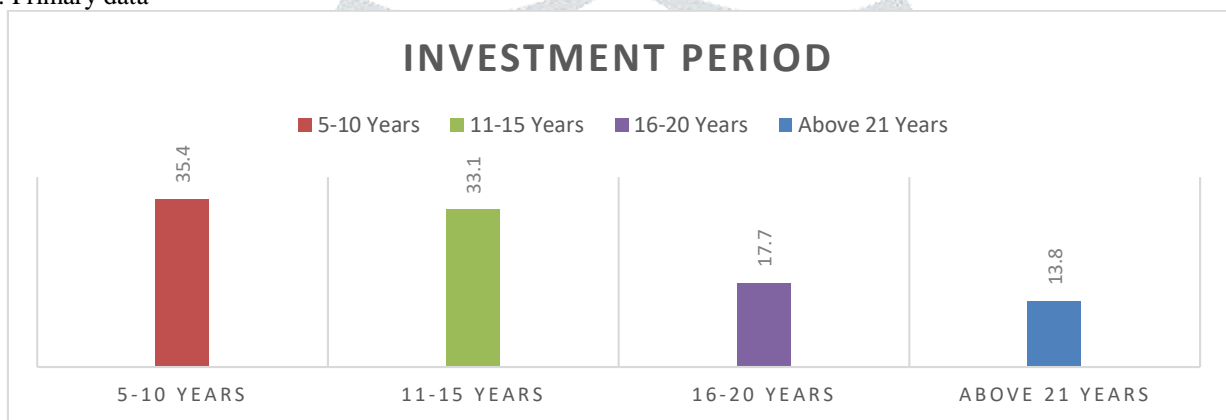


Chart 4.3 Investment period of the respondents:

INTERPRETATION:

From the above table it is interpreted that 35.4% of the respondents are investment period is 5-10 Years, 33.1% of the respondent’s investment period is 11-15 Years, 17.7% of the respondent’s investment period is 16-20 Years and 13.8 % of the respondent’s investment period is above 21 Years.

V. HPOTHESIS TESTING

The HYPOTHESIS 1

Relationship between investment objective and investment period:

Null Hypothesis (H0): There is no association between investment objective and investment period.

Alternate Hypothesis(H1): There is association between investment objective and investment period.

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Investment objective * Investment period	130	99.2%	1	0.8%	131	100.0%

INVESTMENT OBJECTIVE		INVESTMENT PERIOD				TOTAL
		5-10 Years	11-15 Years	16-20 Years	Above Twenty-one (21) Years	
Diversification	Count	12	0	0	0	12
Better return & safety	Count	34	12	0	0	46
Regular income	Count	0	1	23	3	27
Tax benefit	Count	0	0	0	15	15
Total	Count	46	43	23	18	130

Table chi-square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	296.689 ^a	12	.000
Likelihood Ratio	261.619	12	.000
Linear-by-Linear Association	113.013	1	.000
N of Valid Cases	130		

RESULTS: Since H1 is accepted, there is association between the investment period and investment period.

HYPOTHESIS 2

Pearson correlation coefficient between response opinion response opinion on security of mutual fund and whether mutual fund discloses all the relevant information to its investors.

Null Hypothesis(H0): There is no correlation between respondent's opinion on security of mutual fund and whether mutual fund discloses all the relevant information to its investors.

Alternate Hypothesis (H1): There is correlation between respondent's opinion on security of mutual fund and whether mutual fund discloses all the relevant information to its investors.

Correlations			
		Respondent's opinion on security of mutual fund	Mutual Funds discloses all the relevant information to its investor
Money Invested in mutual fund is very secure	Pearson Correlation	1	.109
	Sig. (2-tailed)		.219
	N	130	130
Mutual Funds discloses all the relevant information to its investor from time to time	Pearson Correlation	.109	1
	Sig. (2-tailed)	.219	
	N	130	130

RESULTS: Since the values of Pearson Correlation 0.109, this indicates that respondent's opinion on security of mutual fund and whether mutual fund discloses all the relevant information to its investors are positively and significantly correlated with each other. Hence the two variables are low correlation.

VI. FINDINGS:

- 1) Most (41.5%) of the Investors are in the age group between 21-30 years.
- 2) Majority (55.4%) of investors are male.
- 3) Most (35.4%) of the investors are post graduate.
- 4) Most (40.8%) of the investors are private employee.
- 5) Most (40.8%) of the investors Annual income is between 2,50,000-5,00,000.
- 6) There is association between investment objective and investment period. Hence, the alternative hypothesis.
- 7) Pearson correlation value is 0.109 which is below 0.05 therefore, there is a correlation between respondent's opinion on security of mutual fund and whether mutual fund discloses all the relevant information to its investors.

VII: SUGGESTIONS:

- Mutual funds companies should bring an innovative scheme which would help the investors to invest their savings in the Mutual funds. And the Mutual fund companies should attract more youngster investors as well as investor who want height of their carrier. which will lead to develop the mutual fund industries in future.

- Mutual funds companies should bring more awareness among the investors and schemes which they had. There are few people who still invest their savings in traditional investment options such as bank deposits, postal savings etc, they think that mutual funds are more risky compare to their traditional investment options.
- Systematic Investment plans give more better returns compare other investment options. Systematic investment plan main concept is benefit of rupee cost averaging. SIP should attract more small term investors who want to invest their savings on basis of monthly. Tax discount should be providing to the investors for investing in mutual fund this will help them encourage to invest in Systematic Investment plan apart from Equity Linked Saving Schemes

VIII. CONCLUSION:

A study on investors perception towards mutual fund through SIP as help us to understand better about the investor's investment objective, investment period, risk tolerance and returns for the investment made in mutual fund. From the research it enables that the most of the respondents has a positive attitude towards mutual fund through systematic investment plan. Most of the respondents invest in their savings in systematic investment plan. There were independent variables as demographic variables such as education qualification, annual-income, age, occupation and gender.

The conclusion for this research that factors which encourage them to invest in mutual fund through systematic investment plan are Easy to invest facility is most encouraged factors followed by portfolio diversification, monthly investment, professional management services. It is also concluded that most of respondents are satisfied with mutual funds and got better returns from systematic investment plan in mutual fund.

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