

Assessment of Retail Investors Insight towards Mutual Fund: A study in Coimbatore District of Tamil Nadu

Dr.M.Arumugam

Lecturer in Commerce,
Government Polytechnic College,
Ooty, Tamil Nadu, India

Abstract

The mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. The mutual fund is a pool of money managed by a professional money manager. The money such collected has invested in capital market instruments such as shares, debentures, and other securities. The income earned through these investments and the capital appreciation has been shared by its unit's proportion to the numbers of units owned by them.

The present study is key know the retail investors insights and attitude towards mutual funds in Coimbatore District of Tamil Nadu. This study mainly based on both primary and secondary sources. The primary data has been collected through structure questionnaire from 150 retail investors and the secondary source were collected from various annual reports, journals, books, magazines and SEBI reports.

From the study, the findings of the research were on the factors influencing investors' perception on public and private mutual funds schemes. It reveals that flexible mutual fund option and satisfied with minimum amount of investment and systematic withdrawal plan are the factors which have a higher impact on perception of investors. These factors give them the required boosting in the investment process. The study may concluded that the retail investors' perception is dependent on the demographic profile of investors are gender of the respondents and education qualification of the respondent has direct impact on the investors' choice of investment.

Keywords: Retail Investors, Insights, Attitude, Factors Influencing and Mutual Fund

Introduction

A Mutual Fund (henceforth MF) is an investment tool that allows small investors access to a well-diversified portfolio of equities, bonds and other securities. Each shareholder participates in the gain or loss of the fund. Units are issued and can be redeemed as needed. The most common feature of the mutual fund unit is low cost, professional investment management, increased diversification. Today, MFs have already entered into a world of exciting innovative products. These products are now tailored to suit specific needs of investors. Intensified competition and involvement of private players in the race of MFs have forced professional managers to bring innovation in MFs. Thus, MF industry has moved from offering a handful of schemes like equity, debt or balanced funds to liquid, money market, sector specific funds, index funds and gilt edged funds. Besides, MFs have also introduced some special specific funds like children plans, education plans, insurance linked plans, and exchange traded funds. The result is that over the time Indian investors have started shifting towards MFs instead of traditional financial avenues.

Out of the various traditional investment avenues like bank saving account, fixed deposit, post office investment avenues and PPF very few are providing high return and also because of high inflation the real return from these avenues are very low. However a retail investor does not have expert knowledge and sufficient time to directly invest in capital markets. One get confound in deciding that in which stock to invest, when to invest as they do not have price sensitive information readily available all the time and also how much to invest in a particular security. As a solution to the problem, Mutual Funds are the best option available to retail investors as it is having high advantage of professional management with higher liquidity and better returns. Investors can explore investment in mutual funds schemes according to their financial goal, needs and various other parameters like their age, financial position, risk tolerance and return expectations which in turn will offer them exposure to various asset classes according to their selection. Investment in mutual fund schemes is also safe as they are regulated by SEBI. In today's time smart phones and internet has enables investors to conduct all sorts of transactions anywhere at any point of time which in turn also saves time, energy and money. Nowadays one can directly invest in mutual funds online by visiting the websites of mutual fund companies with proper understanding of schemes terms and conditions.

Review of Literature

prathap & Rajamohan.(2013) the study entitled on “A Study on Status of Awareness Among Mutual Fund Investors in Tamilnadu”. The study covered 500 investors of Tamil Nadu who were spread through five different districts namely Cuddalore, Coimbatore, Chennai, Madurai and Trichy districts of Tamil Nadu. These districts where large numbers of MFs investors are available are identified for this study using Purposive Sampling Method. In order to collect referred information from the retail investors, the sampling design was carefully decided and properly chosen for the study. From each identified districts, five approved brokers of were chosen and twenty MF investors were contacted with the help of brokers.

K.Alamelu & G.Indhumathi (2017) in their study titled on “Investors Perception towards Mutual fund in Madurai District of Tamil Nadu” Mutual funds are most suitable investment for a common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. The diversification of schemes provides variety of options to suit the individual objectives according to their age, financial position, risk tolerance and return expectations. In the past few years, we had seen a dramatic growth of the Indian Mutual Fund industry with many private players bringing global expertise to the industry. Investment in mutual funds is effected by the perception of the investors. The objectives of the study are to identify the investor’s perception on mutual funds and to analyze the factors affecting investors’ perception towards mutual funds by using 200 convenience samples in Madurai District, Tamil Nadu. The study found in Madurai District is that mostly the Lower Net worth Individuals have positive approach towards investing in mutual funds.

Statement of Problem

There is no much awareness about the need for financial protection or safety, and most of the mutual funds are regarded as a tax-saving tool or even a pure investment. Only a very small percentage of the population, particularly salary earners and businessmen, own mutual fund. Mutual fund as an investment vehicle is capturing the attention of various segments of the society, like academicians, entrepreneurs, financial

intermediaries, investors and regulators for varied reasons. It should be noted that the “expectations” of investors play a vital role in the financial markets. They influence the price of the securities, the volume of trade and various other financial operations in actual practice. These expectations of retail investors are influenced by their “insights” “attitude” and humans generally relate to action. Thus, the present study makes a serious attempt to study the insights and attitude of the investors with regard to investment in mutual funds in Coimbatore District of Tamil Nadu.

Objectives of the Study

The research study titled “Insights and Attitude of Investors towards Mutual Funds in Coimbatore” is aimed at achieving the following objectives

1. To know the insights and attitude of the retail investors towards the mutual funds in Coimbatore District of Tamil Nadu.
2. To identify the factors influencing the retail investors insights and attitude towards mutual fund investment.

Research Design and Methodology

Primary data is the data which is collected for the first time by investigators, primary data has collected by using well structured questionnaire and also by conducting in depth personal interviews. Secondary data refers to the data which is originally collected and published by the authorities other than who require it. It will be collected from authorities’ annual reports, websites, books, magazines, journals and news papers.

The primary data are collected through survey method. Survey is conducted using a well formulated questionnaire. Simple Random Sampling is applied for generating data. The sample size of 120 mutual fund retail investors in the study area of Coimbatore District of Tamil Nadu.

Results and Discussions

In this section, we are discussed the demographic profiles, influencing factors and attitude of mutual fund retail investors in Coimbatore District of Tamil Nadu.

Table No.1
Gender of the Respondents

SL.No	Gender	No of Respondent	Percentage
1	Male	78	65.0
2	Female	42	35.0
Total		120	100.0

Source: Primary Data

From the survey, we find out that out of 120 respondents 78 were male i.e. 65 per cent of total respondents and 42 were female i.e. 35 per cent. During the analysis we found that majority of them are male. Male has interested in investing in the mutual funds and female orientation is towards more on fixed income securities like gold, land etc.

Table No.2
Educational Potential of the Respondents

SL.No	Qualification	No of Respondent	Percentage
1	Up to School level	15	12.5
2	Graduate	52	43.5
3	Post Graduate	29	24.0
4	Professionals	24	20.0
Total		120	100.0

Source: Primary Data

From the above table shows out off 120 respondents, 52 belongs to the graduate which is 43.5 per cent, and there are 29 respondents who are belong post graduate which is 24 per cent , and there are 24 respondents who are belongs professionals which are 20 per cent and there are 15 respondents who are belongs upto school level which are 12.5 per cent. The above analysis is convey that majority of them are educated therefore they can assess the mutual fund schemes with risk and return in proper manner and better way in the study area of Coimbatore District of Tamil Nadu.

Table No.3
Factors Influencing the Insights of Mutual Funds of Retail Investors

Factors	Total Respondents	Mean	Ranks
Policies are convenient to understand	120	3.57	V
Provides flexible mutual fund option	120	5.54	I
Takes time to solve the problem of investor	120	3.87	II
Provides investment or transaction as per convenience	120	3.21	VIII
Satisfied with minimum amount of investment	120	3.63	III
Company provide online facility	120	2.96	X
Open for sale or redemption during pre determined intervals	120	3.37	VII
Policies are user friendly	120	3.49	VI
Systematic withdrawal plan	120	3.59	IV
Minimization of risk by having mutual funds	120	3.09	IX

Source: Primary Data

According to Weighted Mean Score Method, the result reveals that the various factors influencing the perception of mutual fund retail investors in the study area. It is identified that the first place occupy by provides flexible mutual fund option with mean score of 5.54, followed by takes time to solve the problem of investors with mean score of 3.87, satisfied with minimum amount investment with mean score of 3.63, systemic withdrawal plan with mean score of 3.59, policies are convenient to understand with mean score of 3.57. and least preference given by investors are company provide online facility, followed by Minimization of risk by having mutual funds.

As the results of the study says that maximum number of respondents agreeing that by having mutual funds takes time to solve the problem of investor. There are other factors like satisfied with minimum amount of investment, systematic withdrawal plan, Policies are convenient to understand, provides flexible mutual fund option as during filling up the questionnaire. Most of the factors satisfied the customer exceptions.

Table No.4
Association between Educational Qualification and Attitude of Investors towards MFs

Education/Attitude	Positive	Neutral	Negative	Total	Result
School	07	10	02	19	C.V
Graduate	20	17	10	47	15.501
Post Graduate	15	07	07	30	DoF:6
Professional	12	08	08	24	T.V: 12.592
Total	54	42	24	120	

Note: Significant @5% level.

From the above table it is able to explain the association between educational qualification and attitude of investors towards mutual fund. The calculated value of chi-square is 15.501 which is more than Table value of chi-square at 5% level of significance i.e., 12.592. Hence it is significant and the null hypothesis is rejected i.e., there is association between education qualification of investors and their attitude towards mutual funds at 5% level of significance.

From the above table it is identified 3 respondents having educational qualification 52 respondents having educational qualification Graduation and 29 respondents having educational qualification Post-Graduate have a positive attitude of towards the mutual funds. It is find that there is a highest positive insights and attitude towards the mutual funds having educational qualification graduate (in terms of Percentage) against other groups are post graduate and professional.

Summary and Conclusion

- It is find that majority of them are male respondents in the study area of Coimbatore District of Tamil Nadu.
- It is captured that majority of the respondents are studied graduation level.
- It is identified that there is association between education qualification of retail investors and their attitude towards mutual funds at 5% level of significance.

Mutual Funds have emerged as an important segment of financial markets and so far have delivered value to the investors. The study reveals that the investors' perception is dependent on the demographic profile and assesses that the investors gender of the respondents and education qualification of the respondent has direct impact on the investors' choice of investment. The study further reveals that female segment is not fully tapped and even there is low target on higher income group people. Hence fund managers should take steps to tap the female segment and higher income group segment to enhance more investment in mutual fund Investment Avenue which would really help the industry to flourish. Further the findings of the research were on the factors influencing investors' perception on public private mutual funds schemes. It reveals that flexible mutual fund option and satisfied with minimum amount of investment and systematic withdrawal plan are the factors which have a higher impact on perception of investors. These factors give them the required boosting in the investment process.

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