

PERCEPTION OF MUTUAL FUND AMONG DOMICILES OF SHIVALIK HILLS

Dr Gulshan Kumar Dhiman

Associate Professor
Govt. College Dhaliara(Kangra)H.P.

ABSTRACT:-

An investor can either invest directly in securities or can invest through an investment company. A mutual fund is one such investment company pooling the savings of a number of investors and invests it according to some investment objectives in stocks, bonds, short-term, money-market, instruments, other securities or assets, or some combination of these investors. The schemes will have a distinct characteristic and its investment norms are governed by the Office Document. For instance, a Diversified Equity Fund will invest in all type of equities while a Midcap Equity Fund will usually invest in equity shares of mid cap companies only. When individual invest in a Mutual Fund scheme, he is buying units of the mutual fund scheme and get the full benefit of holding the shares. Tax benefits are also similar to shares or bonds. Mutual Funds are an excellent vehicle especially for small investors who may not have the time or the expertise to make investments on their own. In the present research paper an attempt has been made to analyse the awaness among households of Shivalik Hills of Himachal Pradesh about investment in mutual funds.

Key Words:-Diversified mutual funds, Chi square, Perception, stock market instruments ,money market instruments

INTRODUCTION

An investor can either invest directly in securities or can invest through an investment company. A mutual fund is one such investment company pooling the savings of a number of investors and invests it according to some investment objectives in stocks, bonds, short-term, money-market, instruments, other securities or assets, or some combination of these investors. A mutual fund has an interesting structure. A Trustee company is formed and it floats different schemes. It appoints an Asset Management Company (AMC) to actually manage the money. The schemes will have a distinct characteristic and its investment norms are governed by the Office Document. For instance, a Diversified Equity Fund will invest in all type of equities while a Midcap Equity Fund will usually invest in equity shares of mid cap companies only. When individual invest in a Mutual Fund scheme, he is buying units of the mutual fund scheme and get the full benefit of holding the shares.

Tax benefits are also similar to shares or bonds. Mutual Funds are an excellent vehicle especially for small investors who may not have the time or the expertise to make investments on their own.

RESEARCH METHODOLOGY:-

The present research work has been formulated on the basis of first hand information from the households residing in Shivalik Hills, having different demographic variables such as income, sex, educational qualification and occupation etc. The present study is expected to provide various beneficial guidelines to the policy makers to mobilize the savings of the households in mutual funds..

Null Hypothesis; There is no relationship between demographic variables and awareness among investors with respect to mutual funds.

Alternate Hypothesis:- There is significant relationship between demographic variables and awareness among investors with respect to mutual funds..

In the present study, multi stage sampling has been used. At the first stage, the study area has been divided into different districts namely lower parts of districts Kangra, Sirmour, Solan, Mandi and entire districts Una, Hamirpur and Bilaspur. Out of these districts, three districts namely Kangra, Hamirpur and Una have been selected keeping in view their representation to Shivalik Hills of Himachal Pradesh on the basis of demographic features and industrial zones of the state. At the second stage, from each selected district, three tehsils i.e. one most developed, one moderately developed and one less developed have been selected. Thus, the total number of tehsils are $3 \times 3 = 9$.

At the third stage, two village panchayat have been selected randomly from each tehsil. This way the present study has been conducted in $9 \times 2 = 18$ village panchayats. At fourth stage, 30 households have been selected from each village panchayat using judgment sampling keeping in view various demographic characteristics of the population. Thus, the sample constitute 540 (18×30) respondents.

. Primary data have mainly been collected with the help of questionnaire/ schedule. It has been prepared to get information from the people living in the study area.

Keeping in view the nature of study, the data collected have been analyzed and interpreted with the help of the following methods:

- ❖ Mathematical Methods
- ❖ Statistical Methods
- ❖ Diagrammatic and Graphic Methods

RESULTS:-**1.1: Age-wise Awareness among Investors About Mutual Fund:**

Age is the prime factor in determining the investment level Table 1.1 and figure 1.1 reveal age-wise knowledge of respondents regarding mutual fund.

Table 1.1: Age-wise awareness among investors about mutual fund.

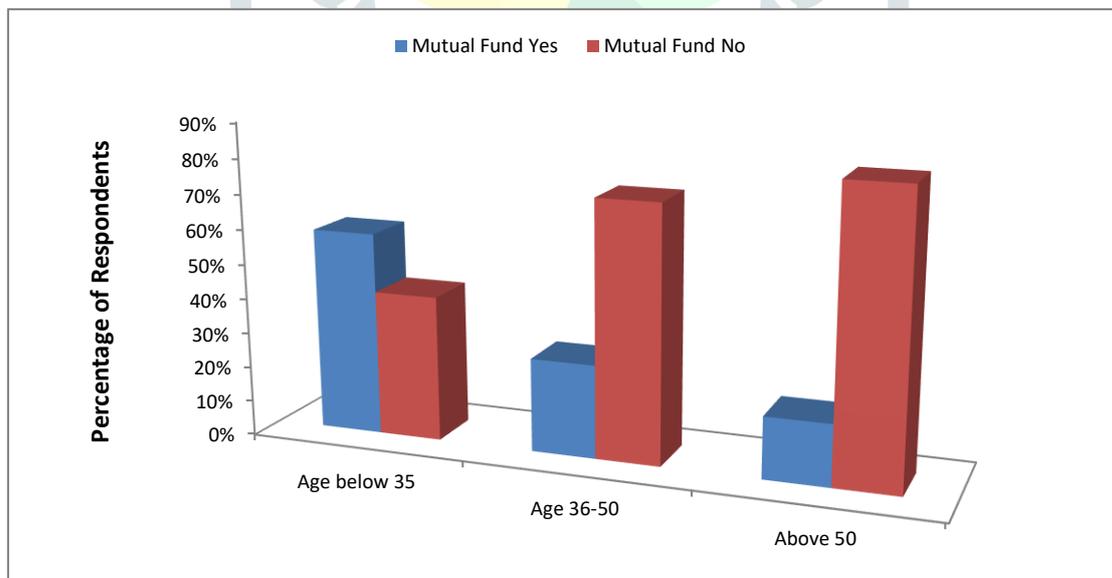
| Age | Awareness about Mutual Fund | | Total |
|--------------|-----------------------------|-------------|------------|
| | Yes | No | |
| Age below 35 | 81 (58.3%) | 58 (41.7%) | 139 (100%) |
| Age 36-50 | 58 (26.9%) | 158 (73.1%) | 216 (100%) |
| Above 50 | 33 (17.8%) | 152 (82.2%) | 185 (100%) |
| Total | 172 (31.9%) | 368 (68.1%) | 540 (100%) |

$$\chi^2 = 63.929, p < 0.001$$

Source: Data collected through questionnaire.

Note: Figures in parentheses depict percentages.

Data with regard to age-wise knowledge of respondents regarding mutual fund shows that young generation (below 35 years) is more aware about mutual funds than the middle age i.e. 36-50 years and higher ages (above 50 years), this can be verify from the fact that 58.3% followed by 26.9% and 17.8 percent respondents falls in the age group of young, middle and higher age respectively know about the mutual fund.

**Fig. 1.1: Age-wise Awareness among Investors About Mutual Fund**

Thus it can be concluded that respondent in the age group below 35 years have significantly more knowledge about mutual fund. It has been supported by χ^2 test as calculated value of χ^2 (63.929) is more than the table value at 1 percent significance.

1.2: District-wise Awareness among Investors about Mutual Fund:

Here an attempt to made to analyse the district-wise awareness among investors of Shivalik Hills of Himachal Pradesh regarding knowledge of mutual fund. Table 1.2 and figure 1.2 have presented district knowledge of mutual fund of investors.

Table 1.2: District-wise awareness among investors about Mutual Fund

| District | Awareness about Mutual Fund | | Total |
|----------|-----------------------------|-------------|------------|
| | Yes | No | |
| Kangra | 26 (14.4%) | 154 (85.6%) | 180 (100%) |
| Hamirpur | 23 (12.8%) | 157 (87.2%) | 180 (100%) |
| Una | 123 (68.3%) | 57 (31.7%) | 180 (100%) |
| Total | 172 (31.9%) | 368 (68.1%) | 540 (100%) |

$$\chi^2 = 68.587, p < 0.001$$

Source: Data collected through questionnaire.

Note: Figures in parentheses depict percentages.

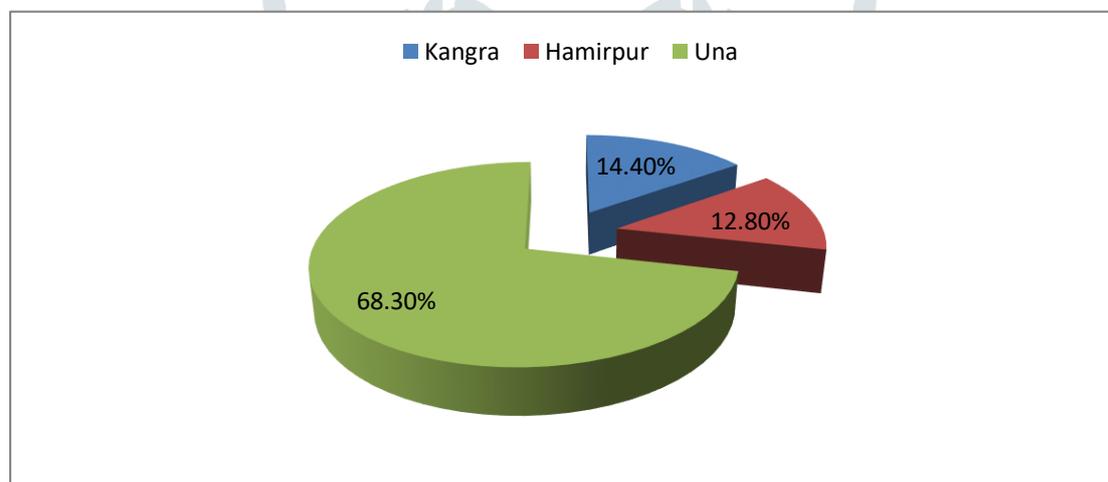


Fig. 1.2: District- Wise Awareness among Investors about Mutual Fund

Distribution of respondents about awareness among investors regarding mutual fund reveals that a good percentage (68.3 percent) of respondents in Una district have the knowledge of mutual fund in comparison to Hamirpur district (12.8 percent) and Kangra district (14.4 percent). It can be said that respondents of Una district are more aware about mutual fund as compare to Hamirpur and Kangra districts. On apply χ^2 test, its calculated value is greater than the table value at one percent level of significance which further supports above analysis statistically.

1.3: Educational Qualification-wise awareness among investors about Mutual Fund:

The table 1.3 and figure 1.3 depict education-wise knowledge of respondents about mutual fund. Analysis of table indicates that 54.6 percent, 41.3 percent, 17.9 percent and 14.5 percent post graduate, graduate, 10+2 and matric and below respondents have the knowledge of mutual fund, it can be

observed that educated persons are well aware about the mutual fund as compare to less educated persons. On applying χ^2 test, the calculated value of χ^2 (68.335) is more than the table value at 1 percent level of significance, which rejects null hypothesis. Thus, it may be concluded that there is significant relationship between educational level of investors and knowledge of mutual fund.

Table 1.3: Educational Qualification-wise awareness among investors about Mutual Fund

| Qualifications | Awareness about Mutual Fund | | Total |
|------------------|-----------------------------|-------------|------------|
| | Yes | No | |
| Matric and below | 17 (14.5%) | 100 (85.5%) | 117 (100%) |
| 10+2 | 27 (17.9%) | 124 (82.1%) | 151 (100%) |
| Graduate | 57 (41.3%) | 81 (58.7%) | 138 (100%) |
| PG/Proff. | 71 (54.6%) | 59 (45.4%) | 130 (100%) |
| Any Others | 0 (0%) | 4 (100%) | 4 (100%) |
| Total | 172 (31.9%) | 368 (68.1%) | 540 (100%) |

$\chi^2 = 68.335$, $p < 0.001$

Source: Data collected through questionnaire.

Note: Figures in parentheses depict percentages.

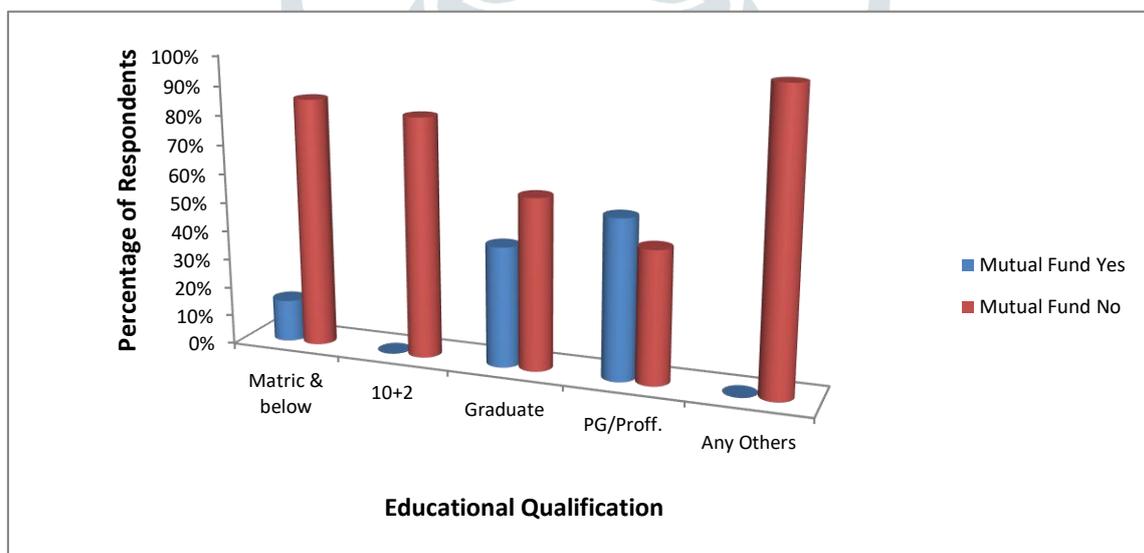


Fig. 1.3: Educational Qualification-Wise Awareness among Investors about Mutual Fund

1.4: Primary occupation-wise awareness among investors about Mutual Fund:

Occupation is mainly concerned with the task any-one who deposes their maximum time for his earnings. The primary occupation-wise knowledge about mutual fund by the sampler investors has been discussed in table 1.4 and figure 1.4

Table 1.4: Primary Occupation-Wise Awareness among Investors about Mutual Fund

| Primary Occupation | Awareness about Mutual Fund | | Total |
|--------------------------|-----------------------------|-------------|------------|
| | Yes | No | |
| Agriculture/Horticulture | 8 (9.6%) | 75 (90.4%) | 83 (100%) |
| Business | 71 (38.2%) | 115 (61.8%) | 186 (100%) |
| Service | 88 (40.0%) | 132 (60.0%) | 220 (100%) |
| Rural Artisan | 0 (0%) | 11 (100%) | 11 (100%) |
| Labour | 5 (12.5%) | 35 (87.5%) | 40 (100%) |
| Total | 172 (31.9%) | 468 (68.1%) | 540 (100%) |

$\chi^2 = 68.587$, $p < 0.001$

Source: Data collected through questionnaire.

Note: Figures in parentheses depict percentages.

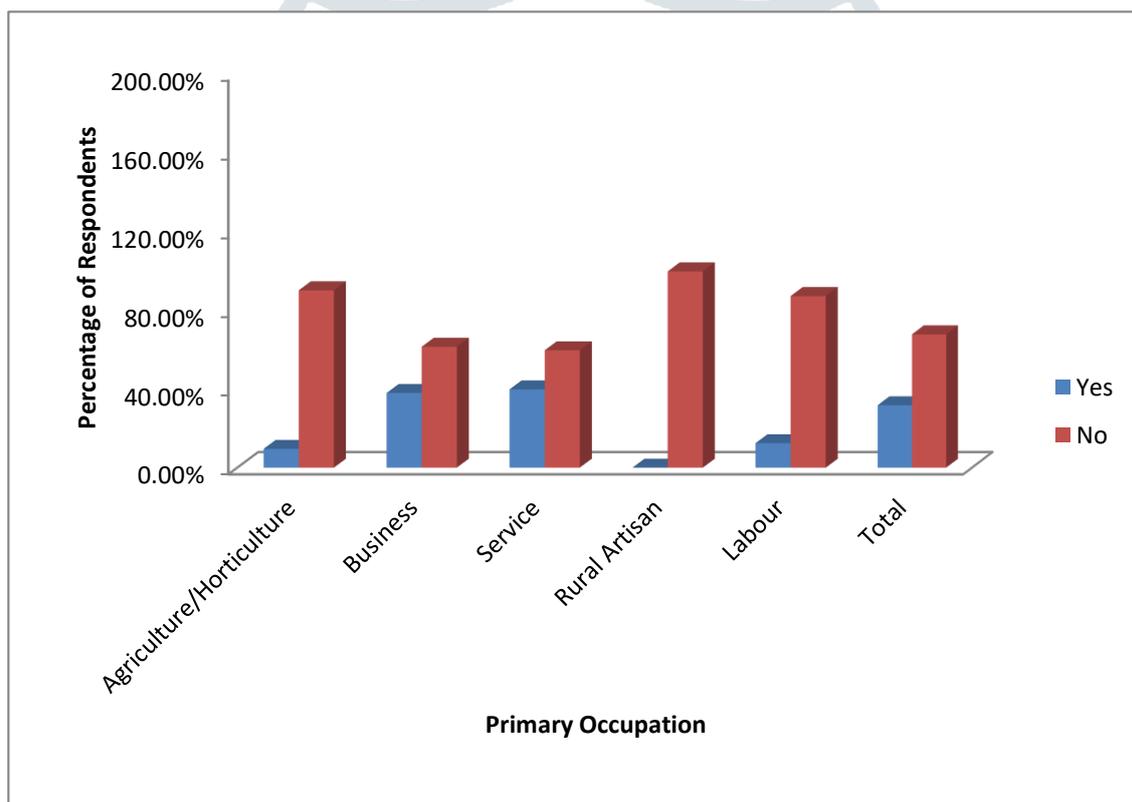
**Fig. 1:4 Primary Occupation-Wise Awareness among Investors about Mutual Fund**

Table 1.4 reveals that 40.0 percent, 38.2 percent, 12.5 percent and 9.6 percent of the investors whose primary occupation is service, business, labour and agriculture respectively has the knowledge of mutual fund. It is pertinent to mention here that respondents whose primary occupation is rural artisan are completely ignorant about mutual fund. On applying χ^2 test the calculated value of χ^2 is greater than the table value at 1 percent level of significance, which shows the significant relationship between primary occupation and knowledge of mutual fund.

1.5: Annual Income-Wise Awareness among Investors About Mutual Fund:

Income plays an important role in the saving and investment pattern of the investors. Table 1.5 and figure 1.5 reveals the income wise distribution about knowledge of mutual fund.

Table 1.5: Annual Income-Wise Awareness among Investors about Mutual Fund

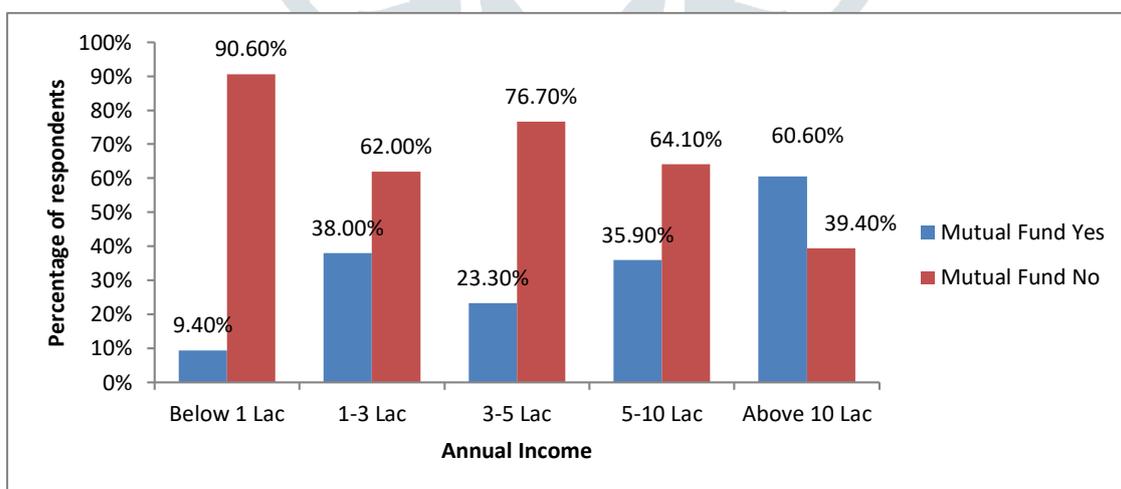
| Annual Income | Awareness about Mutual Fund | | Total |
|---------------|-----------------------------|-------------|------------|
| | Yes | No | |
| Below 1 Lac | 10 (9.4%) | 96 (90.6%) | 106 (100%) |
| 1-3 Lac | 81 (38.0%) | 132 (62.0%) | 213 (100%) |
| 3-5 Lac | 27 (23.3%) | 89 (76.7%) | 116 (100%) |
| 5-10 Lac | 14 (35.9%) | 25 (64.1%) | 39 (100%) |
| Above 10 Lac | 40 (60.6%) | 26 (39.4%) | 66 (100%) |
| Total | 172 (31.9%) | 368 (68.1%) | 540 (100%) |

$\chi^2 = 57.649$, $p < 0.001$

Source: Data collected through questionnaire.

Note: Figures in parentheses depict percentages.

Data with regard to income wise distribution of respondents about knowledge of mutual fund shows that higher annual income groups are more aware about mutual fund as compare to low income group. It is clear from the table that 60.6 percent, 35.9 percent and 23.3 percent, 38.0 percent and 9.4 percent of respondents having income above 10 lac, 5-10 lac, 3-5 lac, 1-3 lac and below 1 lac respectively have the knowledge of mutual fund, which clearly shows that higher income investors have the knowledge of mutual fund while low income investors are less aware about it. It has been supported by the χ^2 test as the calculated value of χ^2 (57.649) is more than the table value of 1 percent of significance.

**Fig. 1.5: Annual income-wise awareness among investors about Mutual Fund**

Age seems to very important in knowledge about mutual funds. This is because a good percentage (58.3%) of the respondents below 35 years of age claimed to have the knowledge of mutual funds followed by respondents of 36-50 years (26.9%) and then respondents above 50 years

of age (17.8%). It has analytically been proved that the respondents of below 35 year age group have significantly more aware about mutual fund investment as compared other age group. The respondents of Una district are significantly (68.3%) more aware about investments in mutual fund as compared to Kangra district (14.4%) and Hamirpur district (12.8%). Further, it has statistically analysed that educated persons are significantly more aware about mutual funds as compared to less educated people. Serviceman and businessmen possessing knowledge about mutual funds have significantly outnumbered all other occupational categories. Higher income investors have the knowledge of mutual funds while the low income investors are less aware about it.

References:-

1. Datta, D. (1976), 'Optimism and Investment Behavior', Dattad.21@sify.com
2. Choudhary, et. al (1979), 'Pattern of Saving and Investment in India since 1950-51', 956 Margin, Vol. 12, No.1, October, pp.41-49.
3. Balachandran, Jalaja (1985), 'Capital Market: Developing Indian Potential', The Economic Times, Monday, Feb., 7, p.5.
4. Shefrin and Statman (1985), 'Behaviour Finance: Insight into Irrational Minds and Markets', Economic and Political Weekly, Vol. XXII, No. 17, March, pp. 533-541.
5. Gupta, L.C. (1987), 'Shareholders Survey: Geographic Distribution', Sterling Publication, Delhi.
6. Joshi, N.C. (1990), 'Protecting Interest of Investors', Financial Express, June 5, p.7.
7. Barua, S.K. and G. Srinivasan (1991), 'Experiment on Individual Investment Decision Making Process', Sankhya: The Indian Journal of Statistics, Vol. 53, Series-B, Pt. I, pp. 74-88.
8. Vasanthi, M. (1994), "Impact of Saving Behaviour of Households", The Indian Economic Journal, Dynaram Electronics and Computers, Bangalore, July-Sept., pp. 63-74.
9. Dhawan, S.S. and S.S. Yadav (1995), 'Private Fixed Capital Formation in Agriculture: Some aspects of Indian Farmers' Investment Behaviour', Economic and Political Weekly, Vol. XXX No. 39, Sept., 30 pp .A-103-109.
10. Yadav, R.A. and Biswadip Mishra (1995), 'Investment Patterns of Household Sector in Financial Assets – An empirical investigation', Management Journal of Commerce, Vol. 56,
11. Paul (1997), 'The Relevance of Theoretical Criteria in the Selection of Investment Plans', The Indian Journal of Commerce, Vol. 56, No.1, January-March, pp. 15-25.
12. Paul, Parthapratim (1998), Foreign Portfolio Investment in Indian Equity Markets-Has the Economy Benefited?' Economic and Political Weekly, Vol. XXXIII No. 11, March 14-20, pp. 589-597.

13. Shamugham, R. (1998), 'Factor Influencing the Investment Decisions,' Economic and Political Weekly, Vol. XXIX, No. 30, December 17-21, pp. 2215-2217.
14. Subrahmanyam, Ganti and S. Sundraranjan (1998), 'The Three- Gap Theory of Investment and Growth', in Indian Economic Review, Vol. XXXIII, No. 1.
15. Jacobs, A.L. (2000), 'Mutual Funds Investment', www.woopidoo.com/articles/
16. Michael (2000), 'Investing in Stocks', The Indian Journal of Economics, No. 241, Vol. LXI, p. 234-41.
17. Rajeshwari, T.S. and Rama Moorthy (2001), 'Conceptual Awareness and Performance Perception of Mutual Funds Among Potential Retail Investors – A Prognostic Approach', The Indian journal of Commerce, Vol. 54, No. 4, October-December, pp. 35-43.
18. Singh Y.P. and Vanita (2002), 'Mutual Fund Investors Perceptions and Preferences', The Indian journal of Commerce, Vol.55, No.1, July-September, pp.8-20.
19. Qamar, Furqan (2003), "Saving Behaviour and Investment Preferences Among Average Urban Household", The Indian Journal of Commerce, Vol. 56, No1, January-March, pp. 36-49.
20. Singh, S.K. (2004), 'Foreign Potfolio Investment in India', 'The Indian Journal of Commerce, Vol.54, No.4 October-December, pp. 120-131.
21. Mangala, Deepa and R.K. Mittal (2005), 'Anomalous Price Behaviour – A Evidence of Monthly Effect in Indian Stock Market,' The Indian Journal of Commerce, Vol. 58, No.2, April-June, pp. 65-70.
22. Khedekar (2007), 'Investing Strategies,' The Indian Journal of Commerce, Vol. 58, No.3, July-September, pp. 204-212.
23. Yamini, Shruti and Deokar, Bipan, (2012), "*Declining Household Savings*", Economic and Political Weekly, Vol. XLVII, No. 50. Dec 15, 2012, PP 75-77
24. Li Whalley and Zhao (2013), "*Housing Price and Household Saving Rates: Evidence from China*", *Journal of Chinese economic and business studies*, Vol. 11, No 3. pp 197-217.
25. Belke, Dregar and Ochmann (2014), 'Do wealthier households save more? The impact of the demographic factor' Springer-Verlag Berlin Heidelberg 2014.
26. Laszlo Konya (2014), "*saving and investment rates in the BRICS countries*", the journal of international trade and economic development, published online 22 may, 2014. <http://dx.doi.org/10.1080/09638199.2014.920401>