

INVESTORS PERCEPTION TOWARDS MUTUAL FUND WITH REFERENCE TO IT INDUSTRIES IN RAMANAGAR DISTRICT

- AN EMPIRICAL STUDY

By

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ABSTRACT

In India, investors typically seek out information of this nature, which frequently yields negative real returns and does not offer a buffer against inflation. In the game of investments, he finds himself the odd man out. For many investors, mutual funds have proven to be an invaluable resource. Therefore, knowledgeable fund managers and vigilant investors work together to make MFs successful. To adjust performance to investor expectations, a skilled fund manager should assess investor behavior and comprehend their wants and goals. Therefore, in this current scenario it is very important to identify needs of mutual funds investors, their preference for mutual funds schemes and its performance evaluation. In this research paper, researcher has an objective to know preference of mutual funds investors and performance evaluation of the preferred schemes by the investors. The survey is undertaken of 80 employees of IT sector and the major findings reveal the major factors that influence buying behavior mutual funds investors, sources that investor rely more while making investment and preferable mode to invest in mutual funds market. The study will be immensely useful to the AMC's, Brokers, distributors and to the other potential investors. So, it is very important to know the investors' perception about this industry. The present study examines the relationship between investor behavior and mutual fund investments. The opinions and perceptions of investors have been researched regarding a range of topics, including the type of mutual fund scheme, the primary goal of investing in mutual fund schemes, the role of financial advisors and brokers, the factors that draw investors to invest in mutual funds, information sources, inadequacies in the services offered by mutual fund managers, obstacles facing the Indian mutual fund industry, etc.

Keywords: Mutual funds, investment, investors perception, brokers, buying behavior

Introduction

The concept of mutual fund emerged for the first time in Netherlands in the 18th century and was introduced in India by Unit Trust of India (UTI) in 1960s. In the late 80s Indian mutual fund market witnessed entry of number of public sectors and in 1993 private sectors (including foreign fund management companies) were permitted to enter into the market. The entry of private sector led to the availability of more options to the investors and tougher competition to market players. One of the major events in the history of mutual fund industry was the bifurcation of UTI into two separate entities in 2003.

Mutual funds, as the name suggests is a pool of funds put together mutually by several investors for a common financial goal. In other words, Mutual fund is professionally managed investment fund that pools money from many investors to purchase securities, these investors may be retail or institutional in nature. Mutual funds invest in stocks, bonds or other securities according to each fund's objective.

A mutual fund is set up in the form of a trust that has a Sponsor, Trustees, Asset Management Company (AMC). The trust is established by a sponsor(s) who is like a promoter of a company is registered with Securities and Exchange Board of India (SEBI) as a Mutual Fund. The Trustees of the mutual fund hold its property for the benefit of unit holders. An Asset Management Company (AMC), approved by SEBI, manages the fund by making investments in various types of securities. The trustees are vested with the power of superintendence and direction over the AMC. They monitor the performance and compliance of SEBI regulations by the mutual fund. The trustees are vested with the general power of superintendence and direction over AMC. They manage the performance and compliance of SEBI regulations by the mutual fund.

A mutual fund company collects money from several investors, and invests it in various options like stocks, bonds, etc. This fund is managed by professionals who understand the market well, and try to accomplish growth by making strategic investments. Investors get units of the mutual fund according to the amount they have invested. The Asset Management Company is responsible for managing the investments for the various schemes operated by the mutual fund. It also undertakes activities such as advisory services, financial consulting, and customer services, accounting, marketing and sales functions for the schemes of the mutual fund.

The purpose of financial reforms in the country was to increase domestic funds generation and reduce dependence on outside funds. Mutual funds are best suited for this purpose and capable of meeting this challenge. A study on investors' perception on mutual funds is significant as it reflects their investment decisions. Asset Management Companies should know the behavior of mutual fund investors to understand how their financial advisors help them make decisions and how investors react to their advice. Financial advisors mold investors' behavior and make them aware about mutual funds, providing all the information they need to explain the pros and cons of investing in a mutual fund or scheme fund.

Knowing the perception and behavior of investors on mutual funds is crucial as it guides financial advisors to perform their functions more effectively and efficiently. It also helps mutual fund organizations to alter their policies, schemes, and marketing strategies to suit the ever-changing behaviors and attitudes of mutual fund investors. In summary, the sustainability and acceleration of growth rate in mutual fund investments depend on the feedback information obtained from investors.

REVIEW OF LITERATURE

Dr. Neha Parashar (2009) presented a paper on factors affecting perception towards mutual funds. For this purpose she collected the data from 300 respondents from different states and showed in the study that perception towards mutual fund is differ from one state to another.

Sukhwinder Kaur, Dr. G. S. Batra, Dr. Bimal Anjum(2013)presented a paper investors perception towards selection of mutual funds rather than stock market. For the purpose of study, they collected the data from 200 investors and this study showed that investor prefers mutual fund rather than stock market. Because mutual fund investment can be changed according to their requirement whereas investment in stock market is complex and risky.

Prof. Gauri Prabhu, Dr. N. H. Vechalekar (2014) conducted a study on perception of Indian investors toward investment in mutual funds with special reference to MIP (Monthly income plan) funds. For the purpose of study, they collected data from individual mutual fund investors. The study revealed that awareness, age, income level of investors, return etc. has impact on the selection of mutual funds. Investors are also aware about MIPs funds and here they invest only on the basis of consistent return.

Rama Krishna Mishra (2015) presented a study on perceptions of investors towards mutual funds: an analytical study in Odisha. For the purpose, hr collected data from 136 respondents. This study revealed that return and future of mutual fund has impact on the buying behavior of small and large investors.

Priti mane (2016) conducted a study on investors perception on mutual in the city of Aurangabad. For the purpose of study, she collected the data from only 30 investors. On the basis of data collected, she concluded that awareness level and non- awareness level has the impact on the buyer's decision it also showed that investor see mutual funds as risky investment and avoids investing in and preferring fixed deposits.

NEED FOR THE STUDY :

This study explores the perception of investors towards mutual funds in the IT industries. It examines the relationship between mutual fund investments and investor behavior. The research covers various topics, including the type of mutual fund scheme, investment objectives, financial advisors' functions, factors attracting investors, information sources, shortcomings in mutual fund management services, and challenges faced by the

Indian mutual fund industry. The study aims to understand the factors influencing investment preferences and the various sources of information available for buying mutual funds.

STATEMENT OF PROBLEM

The study area. Ramanagar District is divided into three revenue divisions: Kanakapura, Magadi, and Channapatana. People from rural, urban, and small towns, as well as people of various vocations, make up this group. The problem and gap of this study is to check whether the Government authority bodies derived many tremendous modern financial investment planes for the investors, whether the planes reach the ultimate investors or not. By the way, the current study attempts to investigate and understand the investors' investment behavior in various investment avenues. The study conducted to determine investing motivations, the published 1401 investors' preferences.

OBJECTIVE OF THE STUDY

1. To examine the positive and negative elements that influence IT personnel while investing in mutual funds.
2. To analyze the IT staff' preference level for investment possibilities.
3. To explore the sources of information used by investors.

HYPOTHESIS OF THE STUDY

- There is no significant relation between Investors' Demography profile and Investment Avenues \
- There is no significant difference between the decision making behaviour variables and investment preference.

METHODOLOGY

The study is empirical in nature, drawing on both primary and secondary data. Secondary data was gathered from a number of sources, including websites, books, and journals, while primary data was collected from 80 respondents using a structured questionnaire and convenience sampling. Rank is a descriptive statistical strategy for analyzing data and drawing conclusions.

The research methodology displays the flow of the research process and serves as a guide for the researcher to do the research efficiently. It covers the data source (primary and secondary data), sample size, sampling technique (multistage sampling method), and statistical tools for analysis (SPSS STATISTICS and SPSS AMOS). The researcher employed a multistage sampling approach in Ramanagar district to collect primary data from 80 respondents for this study. The statistical tools utilised SPSS STATISTICS 25 and SPSS AMOS 25.

RESEARCH DESIGN & SAMPLING TECHNIQUE :

Descriptive Research Design was chosen in this study since the data was collected during a particular time period, and this study illustrates a general tendency in investor perception.

Sampling Technique A somewhat large sample size is recommended for this study since it aims to investigate the behavioural characteristics of investors in the Ramanagar district area. A greater sample size yields more representative and credible results (Saunders et al., 2009, p. 219). The sample size consists of 267 respondents from the Ramanagar district area. For this study, the Multistage sampling approach is used since it is the best methodology for obtaining a high response from investors and will save time and money.

LIMITATIONS OF THE STUDY

The study is limited to Ramanagar District, and some respondents are hesitant to divulge their personal investment information.

DATA ANALYSIS AND INTERPRETATION

Table 1 : Table showing the various factors influencing the investment pattern

Opinion	Strongly disagree	disagree	Neutral	Agree	Strongly agree	Total Score	Mean	Rank
Brand Image	10	14	33	36	48	141	1.762	4
Lower Risk	13	15	30	32	55	145	1.812	3
Potential Returns	14	15	21	41	73	164	2.05	1
Tax Advantage	13	16	39	36	53	157	1.962	2
Past performance	9	22	21	31	52	135	1.687	5
diversification	14	22	21	36	46	139	1.737	6

Interpretation: By calculating the mean, we come to know the ranks of the many positive elements in the above table, which shows that the most influential factor is prospective Return with a mean value of 2.05, i.e. is most of the buyer's behavior in buying mutual funds.

The least effective important elements are past performance and diversification, which rank at 5 and 6 respectively.

Table 2 : Table showing negative factors influencing the investment pattern

Opinion	Strongly disagree	disagree	Neutral	Agree	Strongly agree	Total Score	Mean	Rank
Low Earning	7	12	36	52	40	147	1.837	3
Slow Growth	10	18	27	42	46	143	1.787	5
Less Liquidity	8	10	29	52	50	149	1.862	2
Less Secured	13	15	30	39	48	145	1.812	4
Lack of Awareness	9	22	20	30	53	134	1.675	6
Lock-in-period	7	10	42	44	55	158	1.975	1
Difficult to select	11	14	25	40	40	130	1.625	7

Interpretation: By computing the mean, we can determine the rankings of the various negative elements. The following table reveals that the most influential factor is lock-in period, with a mean value of 1.975. The lock-in period has a detrimental impact on purchase behavior.

And the least effective influencing element is Difficult to select Rank 7.

Table 3: Table showing Preference level of IT employees on various investment alternatives

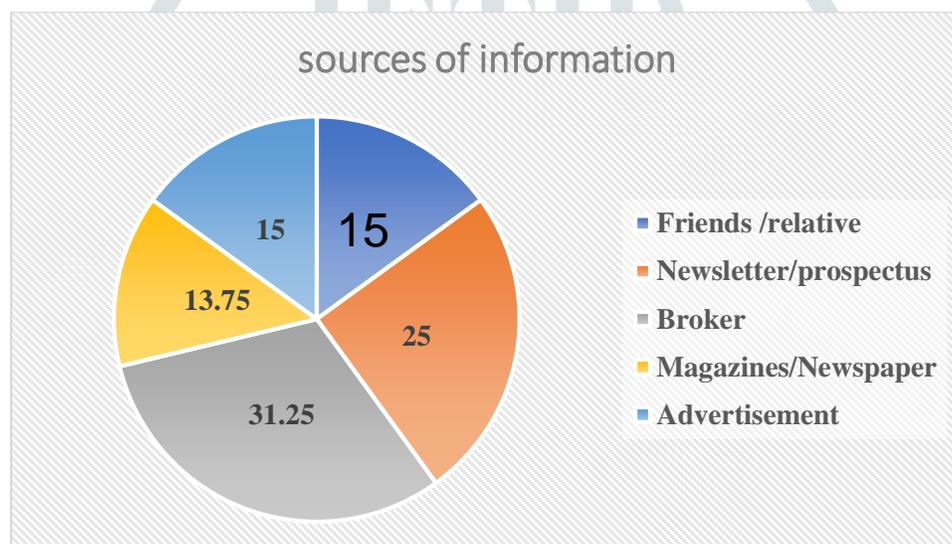
Investment avenues	No of respondents	Rank
Bank Deposit (FD and RD)	32	4
Post office savings schemes	22	7
Public Provident Fund	25	6
National Savings Certificate	8	10
Debentures and Bond	10	9
Life Insurance schemes	20	8
Mutual Fund	45	1
Equity Share Market	30	5
Gold and Silver	40	2
Real Estates	35	3

Interpretation: Mutual funds are most preferred investment avenue followed by Gold and Silver, Real Estates, Bank Deposit (FD and RD) etc.

Sources relied upon by investors for getting the information while investing

Table 4 : Table showing investors preferences towards different sources of information

Sources	No of respondents	percentage
Friends /relative	12	15%
Newsletter/prospectus	20	25%
Broker	25	31.25%
Magazines/Newspaper	11	13.75%
Advertisement	12	15%



According to the above table and graph, 31.25% are familiar with mutual funds through brokers, 25% through newsletters, 15% through friends/relatives, advertisements, and 13.75% through newspapers/magazines.

FINDINGS

1. Potential return is the most influential positive element when purchasing a mutual fund.
2. The lock-in period is the most significant negative element when investing in mutual funds.
3. Among investment options, mutual funds are the most preferred.
4. The broker/agent is the primary source of information for mutual funds, followed by newsletters.

CONCLUSION:

A mutual fund's success relies on strong returns and expert fund managers. It invests in stocks, bonds, and other assets, offering benefits such as professional management and economies of scale. Mutual funds should be

straightforward to acquire and sell, either through a broker or directly in the market. It also has some disadvantages, such as a lack of knowledge, a lengthy lock-in time, and excessive formality. Mutual funds have emerged as an important component of the financial markets, and they have historically provided value to investors.

The study findings focused on the elements that influence investors' perceptions of public and private mutual funds. It demonstrates that liquidity, flexibility, tax savings, service quality, and transparency, among other characteristics, have a greater impact on investor perceptions. It demonstrates that the most popular investing option is mutual funds.

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