



A STUDY ON INVESTORS ATTITUDE TOWARDS MUTUAL FUND AS AN INVESTMENT AVENUE AT SURAT & VADODARA

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ABSTRACT – Collective fund as an investment avenue provides a platform to the investor who do not want to take high threat on their hard earned investment. In India collective fund assiduity is growing fleetly and this assiduity has surfaced as an important member fiscal request of India, especially channelling and marshalling the saving of million of individualities into the investment in equity and debt instruments, collective fund invest in less risky than investing directly in stocks and thus a safer option for a threat adverse investor. A competent fund manager should analyse behaviour, perception, station and understand their need & anticipation to gear up the performance to meet investor anticipation and conditions. Investment in collective fund by station of investors and hence the ideal of the study is to identify the investor's station as an investment avenue and the major finding reveal of the factors that influence buying behaviour of collective fund investors. The study aims at chancing out the station of the investors towards investment on collective fund in Surat & Vadodara city with 315 respondents who are likely to be an investors.

Keywords – Investors, station, Investment Alternative, Mutual Fund, Risk & Return, Suitable Stage, Schemes.

I. INTRODUCTION :

A Mutual Fund will collect the plutocrat from the people for the purpose of fund to achieve investment goal. The plutocrat invested in various securities depending on the idea of the collective fund scheme and the profit (or)loss are participated among investor's in proportion to their investment. Investment in securities are wide range across the diligence and sectors. Diversification reduces the threats because all stock perhaps not move in the same direction in the same proportion at the same time. Collective fund will issue units to the investors has per their plutocrat invested by them. Investors of collective fund are known as unit holder. The profit or losses are participated by the investors in proportion to their investment. The collective fund come out with a numerous scheme with different investment objectives which are launched from time to time. A collective fund is needed to be registered with Securities Exchange Board Of India (SEBI) which regulates securities market before it can collect finance from the public.

The study is each about to know the investors station towards collective fund on the different factors affecting their investment in collective fund and the mindfulness about the collective fund, and what feature of collective fund attract utmost to the people to invest in collective fund.

A collective fund is professionally managed investment fund that collects plutocrat from numerous investors to buy securities. These investors may be retail or institutional in nature. A mutual fund established in 1963 with the conformation of UTI, at the action of the government of India and RBI. Until the time 1987 UTI is the only collective fund market to enjoy benefits, when a -initiating of other government -controlled Indian fiscal companies established their own investment, including SBI, Canara bank, and Panjab national bank. The market was made open to private players in 1993, as the result major indigenious amend ants bought forward by the also congress-led government under the being governance of liberalization , privatization and globalization (LPG). Kothari colonist was the first Indian private sector fund and which has intermingled with franklin Templeton. In 1996, SEBI the controller of collective fund in India, formulated the collective fund regulation which is a comprehensive non-supervisory frame. Income from collective fund could take two forms tips and capital gain. collective fund have advantages and disadvantages compared to direct invested in individual securities. The primary advantages of collective funds are that they provides economics of scale, advance position of diversification, they give liquidity, and they are managed by professional investors. On the negative side, investor's in collective fund must pay various expenses and freights to the fund director.

In the once many months, there has been a connection phase going on in the collective fund industry in India. Collective fund is a fleetly growing and getting further investment by the investor's. The combined effect of the collective fund owners are known as its portfolio. Each unit represents an investors commensurate power of the collective fund's effects and the income those effect induce. collective fund industry has made different changes in former year in the time of the transnational companies have entered in to India with their professional moxie knowledge of managing investment.

II. LITERATURE REVIEW

- 1) **Sikandar and Singh (1996)**, carried out a survey with an objective to understand the behavioural aspects of the investors of the North Eastern Region towards equity and MF's investment portfolio.
- 2) **Rajeswari and Ramamoorthy (2001)**, have conducted a study to understand the factors influencing the fund selection behaviour of 350 MF investors in order to provide some meaningful inferences for Asset Management Companies (AMC) to innovatively design the products.
- 3) **"Khorana, A., Servaes, H., & Tufano, P. (2005)**. Explaining the size of the mutual fund industry around the world" This study examines various factors affecting the size of the mutual fund industry globally, including investor attitudes towards mutual funds.
- 4) **"Bhatt, R., & Gupta, P. K. (2012)**. A study on investors' attitude towards mutual funds in Jodhpur City." Focusing on the Indian city of Jodhpur, this research explores investors' attitudes towards mutual funds and their investment preferences.
- 5) **"Jain, P., & Jain, R. (2016)**. A study on investor's attitude towards mutual funds in Bhopal City" Focused on the Indian market, this study explores investors' attitudes towards mutual funds in the city of Bhopal and analyses the factors shaping their perceptions.

III. OBJECTIVES

- 1) To determine what factors influences investors decisions to invest in mutual fund and their preferences regarding various fund type.
- 2) To measure investors satisfaction levels with their mutual fund investments and identify areas for improvement in fund management or customer services.
- 3) To anticipate future trends in mutual fund investments based on changes in investor's attitudes and behaviours.

IV. STATEMENT OF THE STUDY

Collective fund is presently growing assiduity in India. collective finance have their weakness and perhaps not for everyone. No investment is threat free if the entire stock request declines in value, the value of collective fund shares will go down as well, no matter how balanced the portfolio is low threat referred people only invest in collective funds especially balanced finances and plutocrat market funds than when they buy and sell stocks on their own.

When an investors invest in collective fund, they depend on the fund director to make the right decision regarding the fund's portfolio, and the numerous people not have important knowledge about collective fund as per the literature review. Thus, a study on investor's perception, station towards collective fund as an investment avenue need to be assessed.

V. SCOPE OF THE STUDY

This paper give information about future of collective fund industry as well as mindfulness position amongst people for collective funds. Also this reports gives an outlook how the collective finances are performing in the current market situation as an indispensable investment avenue & the people preference about the investments.

This paper on collective funds is instructional to the scholars who wants to understand and take over assignments in collective finance industry. This study helps to the general people who can understand the significance and explore the new option for investment in collective funds. Different fiscal institutions provides services that are both reciprocal to and competitive with each other. A well-erected fiscal system directly contributes to the growth of the assiduity.

VI. RESEARCH METHODOLOGY

A primary exploration was carried out through a questionnaire. The questionnaire was well structured and the responses were sought from the responders. The nature of the questionnaire was similar that it avoided nebulous from the responders and it also helps in quick analysis of the data collected.

We followed it by a descriptive design in order to understand the problem and carry out the exploration in lucid manner. The check exploration study system was employed and structured questionnaire was used to collected data from the asked sample. The data was collected from 315 responders who are abided in Surat & Vadodara megacity. A check design provides a description of some bit of the population that's tried through the data collection process. The study also employed the questionnaire as the data collection instruments for the study. The responses are gathered in standardized way, so questionnaire are more objective, fluently more so than interviews.

CHI-SQUARE TEST

This test is non -parametric test which was given by "Karl Pearson" . The test statistic is some statistic that may be reckoned from the data sample. The test statistics serves as a decision maker, since the decision to reject or not to reject the null thesis depends on the magnitude of the test statistics. For qualitative data analysis and to see the association between two variables we use chi-square.

This is a statistical system used to assess the probability of fit between a set of observed and those of anticipated values theoretically. Chi-square statistic principally helps in disquisition. It is vastly used for testing connection between categorical variables. The null thesis of the Chi-Square test is that no relationship exists (not statistically significant) on the categorical variables in the population; they are independent.

The formula used is : $\chi^2 = \sum (O - E)^2 / E$

Where, O = Observed frequency,

E = Anticipated frequency,

\sum = Summatio,

χ^2 = Chi square value

VII. DATA ANALYSIS AND INTERPRETATION

Null hypothesis (H0) : There is no significant relationship between annual income and invested in collective fund.

Alternative Hypothesis (H1) : There is significant relationship between annual income and invested in collective fund.

Annual Income ^ Do you have invest in " Mutual Fund " Crosstabulation

| | | Do you have invest in " Mutual Fund " | | | | |
|------------------------------|------------------------------|--|--------|--------|--------|--------|
| | | Yes | No | Maybe | Total | |
| Annual Income | less than 150,000 | Count | 56 | 65 | 12 | 133 |
| | | Expected count | 52.36 | 61.22 | 19.42 | 133.0 |
| | | %within annual income | 42.1% | 48.9% | 9.0% | 100.0% |
| | | %within do you have invest in mutual fund | 45.2% | 44.8% | 26.1% | 42.2% |
| Between 150,000 - 3,00,000 | Between 150,000 - 3,00,000 | Count | 32 | 37 | 14 | 83 |
| | | Expected count | 32.67 | 38.20 | 12.12 | 83.0 |
| | | % within annual income | 38.6% | 44.6% | 16.9% | 100.0% |
| | | % within do you have invest in mutual fund | 25.8% | 25.5 | 30.4% | 26.3% |
| Between 3,00,000 - 7,00,000 | Between 3,00,000 - 7,00,000 | Count | 23 | 23 | 15 | 61 |
| | | Expected count | 24.01 | 28.08 | 8.91 | 61.0 |
| | | % within annual income | 37.7% | 37.7% | 24.6% | 100.0% |
| | | % within do you have invest in mutual fund | 18.5% | 15.9% | 32.6% | 19.4% |
| Between 7,00,000 - 10,00,000 | Between 7,00,000 - 10,00,000 | Count | 13 | 20 | 5 | 38 |
| | | Expected count | 15.00 | 17.5 | 5.55 | 38.0 |
| | | % within annual income | 34.2% | 52.6% | 13.2% | 100.0% |
| | | % within do you have invest in mutual fund | 10.5% | 13.8% | 10.09% | 12.1% |
| Total | Total | Count | 124 | 145 | 46 | 315 |
| | | Expected count | 124.0 | 145.0 | 46.0 | 315.0 |
| | | % within annual income | 39.4% | 46.0% | 14.6% | 100.0% |
| | | % within do you have invest in mutual fund | 100.0% | 100.0% | 100.0% | 100.0% |

Source : SPSS Extract

Chi-Square Tests

| | Value | df | Asymptotic Significance (2-sided) |
|------------------------------|--------------------|----|-----------------------------------|
| Pearson Chi-Square | 9.465 ^a | 6 | .149 |
| Likelihood Ratio | 9.235 | 6 | .161 |
| Linear-by-Linear Association | 2.654 | 1 | .103 |
| N of Valid Cases | 315 | | |

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.55.

Source : SPSS Extract

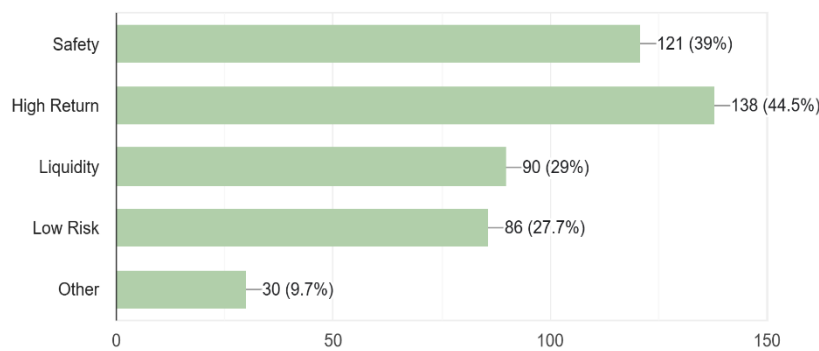
A chi-square test was performed and connection found between annual income and investment in mutual fund, $\chi^2(6, N = 315) = 9.465$, $p = 0.149$, thus as the p-value is greater than the significance level (0.05), accepted the null hypothesis.

Its observed that the investor with annual income between 150000 -300000 have invested in collective fund as investment avenue.

Out of total repliers, 39.4% people investing in collective fund. This easily depicts that investors aren't apprehensive of investment avenue as an volition and have invested in different variable, and also they aren't sure about it.

What are your priority, while investing in Mutual Fund ?

310 responses

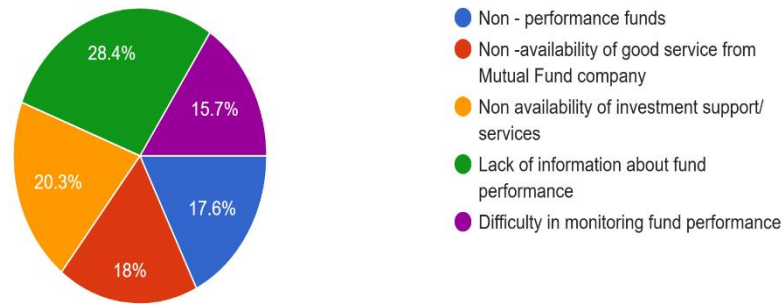


Source : Google Form Response extract

Out of total respondents, 44.5% of them prefer high return for their investment which is the highest compared to the other factors of preference. On the other hand, around 29% of them prefer liquidity and 39% of them prefer safety for their fund, while 27.7% of them are most likely to have low risk.

Reason behind resumption of Mutual Fund Scheme ?

306 responses

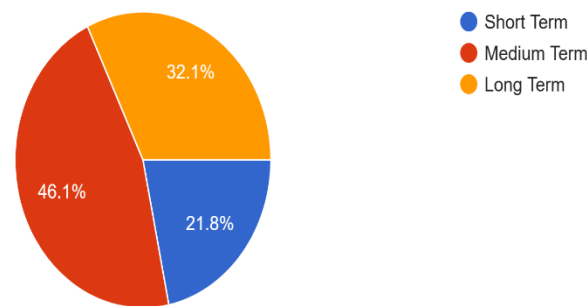


Source : Google form responses extract

Out of total respondents, 28.45 are not aware of mutual fund in detail which is at the highest rate as compared to other reason. On the other hand 20.3% believe the non availability of investment or services, while 18% of them think the non availability of good services from MF company & 15.6% of them find difficulties in monitoring fund performance.

What is the time period you prefer to invest in Mutual Fund ?

308 responses

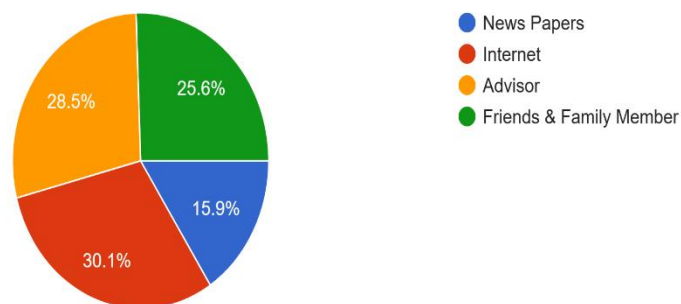


Source : Google form responses extract

Out of total respondents, 46.1 % are likely to go with the medium term for invest in mutual fund as compared to long term. Out of them 21.8% prefer short time for investing in it.

What is your source of information, while invest in Mutual Fund ?

309 responses



Source : Google form respondents extract

Out of total responses, 30.1% are preferring internet for collecting the information of mutual fund, while 29% of them are aware about the advisor for the source of MF, 25.6% are preferring their family & friends, 15.9% of them are depending on the news paper.

VIII. Findings

The responses obtained on all 315 questionnaires were statistically automated using SPSS software and the results are statistically tested. Below are the major observations drawn out of the analysis made.

- From the total responders, it is set up that 63.3% are men and 38% are women.
- Out of total responders, 19.5% are in the age between 60-80, 98 respondents are in the age group between 40-60, 52 respondents are in the age group between 20-40.
- 51% are pupils, 25.6% are salaried persons, 13.8% have their own business and approx 9.9% are connected with their profession.
- Out of the responses the periodic income having lower than 150000 is 44.3% as compared to the any other. Only 7.7% responders have their periodic income between 7 lakhs to 10 lakhs.
- The utmost of them are belong from the nuclear family the ratio is 52% approx and other 48% are from the common family.
- The earning members in their family are 2 is as highest as 37% and the smallest earning members are 3 & further is 13.4%.
- 46.2% haven't invested in collective fund and 39.2% have invested in collective fund, 14.6% haven't sure about investing in collective fund or not.

IX. Conclusion

The collective fund assiduity is extensively growing. A large number of plans have come up from different fiscal coffers in India. The study shows that the awareness position of collective fund are veritably low because of only having the partial knowledge about the collective fund which help them to invest in collective fund to avoid the bearing factor and fear of losing plutocrat. And numerous investors invest plutocrat for better return and safety. The study reveals that women segments aren't completely tapped. The study shows that investors want advance return for their invest.

The study reveals that the low income investors have invested their plutocrat with the saving motive. The moderate income responders are investing in collective fund most probably. This easily despite that the collective fund assiduity is trending towards growth phase. The investors with low income are apprehensive of collective fund but they haven't clear idea to do investment in it or not.

Thus, there's a huge compass for all the fiscal interposers to have collective fund mindfulness programme as an investment avenue and give proper education about collective fund. So that, pooling of small investors towards collective fund investment is likely possible.

X. References

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