JETIR.ORG ISSN: 2349-5162 | ESTD Year : 2014 | Monthly Issue
JOURNAL OF EMERGING TECHNOLOGIES AND INNOVATIVE RESEARCH (JETIR)
An International Scholarly Open Access, Peer-reviewed, Refereed Journal

A study on the fund selection Behaviour of Mutual Fund Investors of Hyderabad

Shaik Mohammed Ansar -student of business school, KL University, Hyderabad

Mala Akhil Kumar – Student Of Business School, KL University, Hyderabad

ABSTRACT:

Researchers in the field of behavioral finance have compiled an impressive body of analysis suggesting that investors do not act rationally all the time when making investment decisions. These findings have significant implications for the development of the securities market. Adam smith, who is considered the father of the modern economics states that there is insight to the human psychology, which is further developed today into behavioral finance. For many investors, mutual funds are there first choice of investment vehicle. Mutual funds is pooled fund that is divided into units of equal value that is sold to investing public thus money collected in this process are further invested in capital and money market instrument. In today dynamic environment people go for those investment instruments from which they can get more return (hemanth.s, 2008). Mutual fund are looked by individual investors as financial intermediaries or portfolio managers who process information, identify investment opportunities, formulate investment strategies, invest funds and monitor progress at a very low cost. Thus the success of mutual funds is essentially the result of the combined efforts of competent fund managers and alert investors. Mutual funds offer the advantage of professional management of money, diversification of risk, portfolio, diversification, reduced transaction cost and liquidity. These benefits cannot be achieved if any one goes for any other type of investment.the researcher collected data by obtaining direct response from 400 individual investors of mutual funds from Hyderabad.

Key words: investment, investment avenues, behavioral finance, mutual funds

INTRODUCTION:

Mutual funds are institutions that collect money from several sources-individuals or institutions by issuing 'units', invest them on their behalf with predetermined investment objectives and manage the same all for a fee. They invest the money across a range of financial instruments falling into two broad categories - equity and debt. Individual people and institutions no doubt, can and do invest in equity and debt instruments by themselves but this requires time and skill on both of which there are constraints. Mutual funds emerged as professional financial intermediaries bridging the time and skill constraint.

OBJECTIVE OF STUDY:

- To identify the factors that influences the investor's fund/scheme selection
- To suggest the suitable measures to retail mutual funds investors for increasing their return and reducing risk in mutual funds investment.

REVIEW OF LITERATURE:

Chakarabarti and rungta (2000) carried out a survey of mutual fund investors. The study concluded that the brand image factor is basically influencing the investors for investing in mutual fund schemes.

This brand image cannot be easily captured by computable performance measures. It influences the investor's perception and hence his fund/scheme selection behaviour.

Syriopoulos (2002) gave its review on an analysis of investor's risk perception towards mutual funds services. Financial markets are constantly becoming more efficient

By providing more promising solutions to the investors. Being a part of financial markets although mutual funds industry is responding very fast by analyze investor's perception and expectations.

Singh and vanita (2002) have examined the investors' preferences and perception towards mf investments by conducted a survey of 150 respondents in the city of delhi. The findings of the study were that the investors' preferred to invest in public sector mfs with an investment objective of getting tax exemptions and stayed invested for a period of 3-5 years and the investors evaluated past performance. The study further concludes by stating that majority of the investors were dissatisfied with the performance of their mfs and belonged to the category who held growth schemes.

Rao (2003) studied the performance evaluation of indian mutual funds in bear market through relative performance index. He found that most of the mutual fund schemes were able to satisfy investor's expectations by giving excess returns over expected returns.

RESEARCH TYPE: descriptive research

Population: mutual funds retail investors in Hyderabad

Sampling technique: nom probability purposive sampling method

Sample size: 100

DATA ANALYSIS:

Table 1 showing the respondents classification based on their personal Details

Gender	No. Of respondents	Percentage
Male	310	77.50
Female	90	22.50
Total	400	100

Marital status	No. Of respondents	Percentage
Married	344	86.00
Unmarried	56	14.00
Total	400	100
Qualification	No. Of respondents	Percentage
Upto a hsc level		13.50
Undergratuates	147	36.75
Postgraduates	103	25.75
Professionals	96	24.00
Total	400	100
Monthly income	No. Of respondents	Percentage
Less than 40000	162	40.50
40000-50000	193	48.25
More than 50000	45	11.25
Total	400	100
Occupation	No. Of respondents	Percentage
Self-employed	38	09.50
Professionals	87	21.75

Preference of mutual fund table 2 Prefrence to mutual

Preference		Percentage
Open ended mutual fund		68.00
Close ended mutual fund		21.50
Both		10.50
	Total	100.00

Preference of mutual fund schemes table 3

Preference	Percentage
Growth fund	22.25
Liquid fund	54.00
Balanced fund	02.00
Elss	01.50
Midcap fund	02.25
Large cap fund	04.75
Sip	13.25
Total	100.00

FUNDING:

77.5% of the respondents are male and 22.50% of the respondents are female .

- 86% respondents are married and 14% of the respondents are unmarried.
- 37% of the respondents belong to undergraduate level, 26% of the respondents belong to post graduation level and 24% of the respondents are professionals
- 41% of the respondents belong to the income level of less than 40000, 48% of the respondents belong to the income level of 40000-50000 and 11% of the respondents belong to the income level of above 50,000,
- 62% of the respondents are salaried people 22% of the respondents are professionals
- 50% of the respondents have more than five dependents,33% of the respondents are between 3 and 5and 17% of the respondents are having less than 3
- 65% of the respondents are in urban area whereas 35% of the respondents are residing in rural area..

Conclusion

To conclude, the economy like India will make its path for the next few years very successfully. The Fundamentals of the Indian economy are relatively strong.

The purchasing power of consumers has also increased unbelievably. Mutual funds are going to be a key resource mobilizer for Indian financial system over the next few years. The only thing is the India need just proper structure and strong regulatory framework for the protection of small and retail investors. In short, the Indian mutual fund industry is going to observe good growth rate in the upcoming future. It will achieve the sustainable and profitable growth provided the said improvement measures are applied properly and it would play a key role in financial resource mobilization.

BIBLIOGRAPHY:

- Agarwal, Peensh Ranjan Mutual Funds – A Comprehensive Approach to Mutual Funds, Orient Law House, New Delhi (1996).
- Alexander, G J (2002) –Fundamentals of Investments. New Delhi: Prentice – Hall of India.
- Avadhani, V. A. (2007), “Investment Management”, Himalayan Publishing Publication House, New Delhi.
- Avadhani, V A (1995)-Investment for Beginners Bombay: Himalaya Publishing House.
- Avadhani, V A (1996)-Investment Management Bombay: Himalaya Publishing House.