

A study on public view towards mutual funds and other investment options

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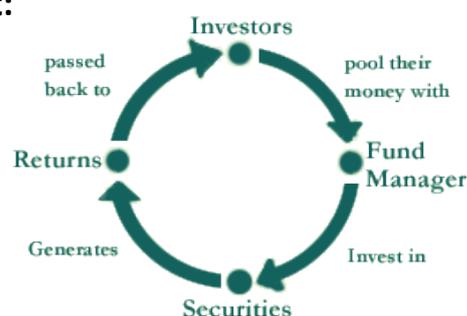
ABSTRACT- Investment is becoming most popular word these days. Everyone is putting their money in different area for earning more money, but they have a fear of loss or huge risk of losing their money. Investor have many options for invest but they are trying to find the best option which involve less risk with decent return. Bank deposit are safest to earn return, but it is very low. The return is equal to the inflation in the economy and investor want to earn more than that and if they choose to invest in equity market which have high risk and high return also then the face risk of losing their money. So, mutual fund comes in the picture for those investors who don't have much knowledge, but they can earn through it a good return. This research is to know the perspective and view of general public towards mutual funds and other investment option and how much they have change their mindset towards investment.

Keywords: Investor perspective, Risk-return relationship, mutual fund and bank deposit.

INTRODUCTION-

These days equity market, debt market, mutual funds and other investment option are becoming common word in the economy. 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. And investors have different option to choose any category of mutual fund to invest. Investor who have much knowledge they prefer to invest directly in the security market and equity market. But major portion of the public don't have much knowledge about equity market and mutual fund institution give basic idea to public and ask them for invest in mutual fund which is a better option for them to earn good return from the market.

Mutual fund operation flow chart:



LITERATURE REVIEW-

Singh (2012) conducted a research to analyse the impact of various demographic factors on investor's perspective towards mutual funds and to find out the factors which leads for selection of mutual funds by using Chi Square test. He has conducted this study on 250 investors. He has found that there is no association between age, occupation and attitude towards mutual funds. But there is an association between sex, income, educational qualifications and attitude towards mutual funds. As far as the benefits of the mutual funds are concerned, return potential and liquidity have been perceived to be most attractive by investors, followed by flexibility, transparency and affordability.

Saini, Anjum and Saini (2011) evaluated the investor's awareness and perception regarding mutual funds in India and to know the growth and major deficiencies in the working of mutual funds in India. They have taken the sample of 200 investors by using stratified sampling. They have analysed the data through Chi-Square test. The major findings of the study revealed that investors invested in the mutual funds for tax benefits followed by high return and safety. Age has significant relation with the factors that can win back the investors' confidence. They found that investors choose a scheme for investment based on past performance, stability of returns and past dividends.

Rao and Daita (2013) in their study attempted to analyse the influence of fundamental factors such as economy, industry, and company on the performance of mutual funds. Efforts was made to carry out an in-depth analysis of the economy through a collection of monthly data pertaining to key macroeconomic variables covering a period of 228 months spread over 19 years. The casual relationship between real economic variables and their impact on statistics, correlation matrix, and Granger's causality test. To appraise the mutual fund industry various aspects such as assets under management, investor type, and product classification were studied with the help of percentage analysis.

Sundar and Prakash (2014) in their study examined the awareness among the investor community in choosing the best mutual fund scheme as it conducted a comparative analysis of the mutual funds of three AMCs. This study also showed that much information about mutual funds is not available publicly. There is no information on fund styles or comprehensive league tables to allow the comparison of mutual funds in the market.

OBJECTIVES -

1. To study about the factors those influence the most while making investment in Mutual Funds.
2. To know the preference of investors between different investment avenues.
3. To find investors' Knowledge of risk in investment and risk analysis.

HYPOTHESIS-

H1-There is an association between age of investor and their risk bearing capacity.

H2-There is an association between income of investor and amount they use for investment.

H3-There is an inverse relationship between investment options and risk factor.

H0-There is no relationship between investment options and risk factor.

RESEARCH DESIGN-

The research design that is adopted in this study is descriptive design. Descriptive research is used to obtain information concerning the current status of the phenomena to describe, "What exists" with respect to variables or conditions in a situation. The focus of this study was on self-reported decisions made by various investors regarding the investments in mutual fund.

Data Collection Method

Primary data is a data, which is collected a fresh and for the first time, and thus happen to be original in character. The primary data with the help of questionnaire were collected from various investors. Secondary data consist of information that already exists somewhere, have been collected. Secondary data are collected from company websites, other websites, company fact sheet, magazines and brochures.

Sampling Design-

The total mutual fund investors in Thane District are unknown. There is no possibility to make study with all mutual fund investors. Therefore, it is decided to apply sampling techniques. The stratified random sampling technique has been employed in this study. Then, the researcher identified the mutual fund

investors in these eight stratum with the help of mutual fund agents. A total of 100 investors will be selected by adopting the convenient simple random sampling method. Thus, a total hundred investors will be selected as respondents for this study.

PERIOD OF THE STUDY-

The primary data for the study will be collected from the investors through questionnaire survey in the month of December 2019. Total duration for the research will take around 30-40 days.

TOOLS FOR ANALYSIS-

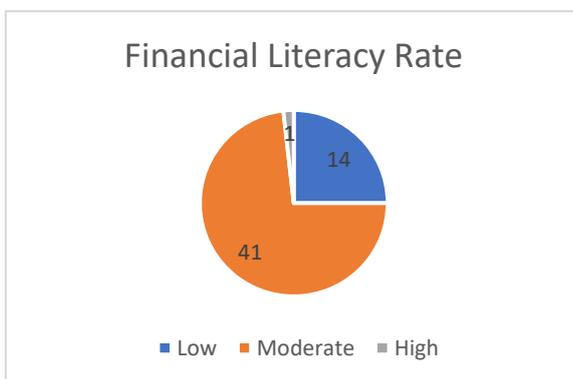
In order to analyse the investors' perception towards mutual fund investment in Karjat and Badlapur District, the data will be analysed by using appropriate statistical techniques such as, Percentage analysis and other techniques.

DATA ANALYSIS AND INTERPRETATION:

During survey in Karjat and Badlapur the researcher team surveyed 56 people out of which – were male and – were females, respondents of survey are the mixture of 50% employees and 50% customer of urban co-operative banks since the researcher were conducting survey in sub-urban area, so the respondents had very less knowledge about mutual funds and stock markets. Out of 56 respondents – are interested in investing in mutual funds and few of remaining respondents were planning to invest in mutual funds in future.

Following are the data analysis of the survey:

I. Literacy Rate of the respondents.



Due to research being conducted in sub-urban area, the researcher came to know that out of 56 respondents 41 people had moderate knowledge, 14 had low knowledge and only 1 respondent had high knowledge about the mutual funds, share markets and other investing venues.

II. Role of age factor in deciding the Investment Decision in Mutual Fund

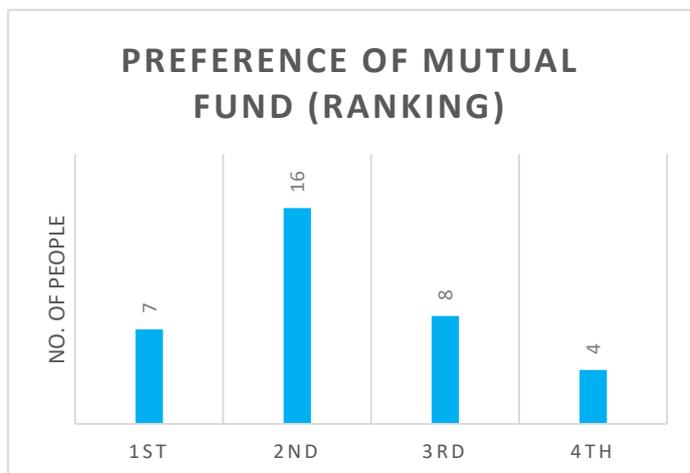
According to the research, it was found that youth (aged 20-40yrs) are most interested in investing on mutual fund and others being (aged 40-60yrs) are less interested and remaining 60+ are least interested and had the least knowledge about the finance.

III. Income Factor – A crucial element in determining the Investing Decision

AGE FACTOR	YES	MAY BE	NO
20-40	17	9	13
40-60	5	4	8
60+	0	0	0

The researcher found that the respondents who had income below 2.5 lakhs were not interested in investing and major investor were from the remaining population who had income above 2.5 lakhs as shown in the above table.

IV. Preference for Mutual Funds- in Rankings



Out of 56 respondent 7 investors give first preference to Mutual Fund, 16 give second, 8 give third, 4 give fourth preference and remaining give

least preference to mutual fund.

Income Level	Yes	No	Maybe	Total
below 2.5Lakhs	0	10	0	10
2.5-5.0 Lakhs	14	13	13	40
5.0-10 Lakhs	3	2	1	6

V. Education of respondent and their Investment decision in Mutual Fund

Researcher found that Investors who are graduate and postgraduate are preferring to invest in Mutual Fund in compare to who are less literate.

VI. Education factor and their prefer ranking to Mutual Fund

PREFERENCE(RANKING)				
EDUCATION	1st	2nd	3rd	4th
12th	0	0	0	0
UG	7	5	6	4
PG	1	1	2	1

Now days people are preferring to invest in mutual funds and other investment options. But there is no relation between the education level of investors and prefer ranking of mutual funds.

EDUCATION OF RESPONDANT	MAY		
	YES	BE	NO
12th	0	1	8
UG	19	9	6
PG	3	3	7

VII. Proportion of savings in Mutual Fund as per their income level

INCOME	PROPORTION OF SAVINGS IN MUTUAL FUND		
	0	LESS THAN 15%	15%-30%
0-2.5 LACS	7	1	0
2.5-5.0 LACS	20	15	5
5-10 LACS	4	2	2

Investor who have higher income level prefer to invest in different portfolio in compare to who have less income.

INFERENCE:

- ❖ Majority of respondent in Karjat and Badlapur have basic knowledge about investment and various financial products.
- ❖ Age does play a major role in deciding in investing in various investment options. From analysis, researcher found that younger generation is more likely to invest on mutual fund as compared to older generation they focus on fixed deposits.
- ❖ Younger generation tend to take more risk compared to older generation.
- ❖ As age play a role in investing in various investing option at the same time income of the respondents also decide in which option to invest. As analysis shows that respondents who have income below 2.5 lakhs are not interested to invest in mutual fund compared to those who have more than 2.5 lakhs.
- ❖ As per the analysis we can say that investors prefer to invest in mutual fund with their own savings rather than borrowing from other financial institutions.
- ❖ As per the preferences given by the respondents, 2/5th of the respondent chose mutual fund has their 1st and 2nd preference and remaining gave least preference to mutual fund.
- ❖ Researcher found that graduate and post graduate respondents tend to invest more in mutual fund compared to those respondents who not graduate.

CONCLUSION:

The research conducted in Karjat and Badlapur, we came to a conclusion that people tend to invest in more in fixed deposit and other investment compared to mutual funds because respondents are less literate about mutual fund in sub urban areas, so they tend to invest in fixed deposit where there is less risk and women investors invest in gold rather than investing in mutual funds. From the research we also found that income of the respondents also plays a major role because respondents with higher income tend to invest more in mutual funds. Research team also found that even the respondents are literate about the mutual fund they do not invest in mutual fund because they are not interested in investing in more than 2.5 lakhs.

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