

Consumer perception Towards Mutual Fund investments

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Abstract:

A person has so many expectations. One of those expectations includes benefits from his money. So, people invest their money into different kind of investments. Mutual fund is one of them. It is professionally managed fund by an expertise in which various investors savings invests in securities like stocks, bonds, short-term money market instruments and commodities etc. This paper makes an attempt to know the point of view of investors towards buying decision of mutual fund scheme and also to know the factors affect their decisions.

Objectives:

For retail investors who does not have the time and expertise to analyze and invest in stocks and bonds, mutual funds offers a viable investments alternative. This is because mutual funds provides the benefit of cheap and access to expensive stocks. Mutual funds diversify the risk of the investor by investing in the basket of assets. Following are the objectives of mutual funds:

1. To understand the concept of SIP.
2. To review the existing literature on SIP.
3. To understand investors perception towards SIP.
4. To know about the extent of awareness about mutual funds.

Literature review:

It is estimated that only 9% of the Indian household invests in shares, around 12% invests in mutual funds, and concluded on certain investments attributes. They concluded that unless the needs of the investors are critically examined and identified, their savings cannot be transformed into productive capital. This will help to understand the investors behaviour, which can have managerial implications for policy makers.

Priyanka sharma and payal Agrawal(2015):

In their study made an attempt to understand the effect of demographic factors in mutual fund investment decisions. The study reveals that the investors is dependent on their demographic profile. Investors age, marital status, and occupation has a direct impact on investors choice of investments. The study further

reveals that the female segment is not fully tapped. The research also reveals that the liquidity and transparency are some factors which have a high impact on investment decisions.

Subramanya(2015):

The research has been studied on socio economic factors like age, gender, education income and savings of investors perception towards mutual fund is not encouraging but the age of investors and savings habits of the respondent is closely correlated.

Methodology:**1. Primary data:**

Data was collected through questionnaire.

2. Secondary data:

Research design selected for this research is descriptive data. Data was collected through secondary data. The secondary data was collected through journals, internet, books, company manuals, websites etc.

The participants are defined mutual fund investors. In total the present study covered 5 mutual fund investments organization which accommodates 750 investors, among them 25%, 150 respondents were selected. The methodology for selecting respondents for this study convenience sampling method.

Data collections Technique:**Sample size:**

The sample was restricted to 80 respondents.

Questionnaire:

The questions in the questionnaire were simple. The respondents were given pledge that the data collected will be kept separately and will be used for study reason.

Hypothesis testing:

H0: There is no relationship exist between age and mode of investment

H1: There is relationship exist between age and mode of investment

Influence factor	Investor response					Total
	Most important	Important	Neutral	Less important	Not at all important	
Capital appreciation	45	67	23	8	7	150
High return	90	30	15	7	8	150
Tax saving	45	60	30	7	8	150
Liquidity of fund	45	60	30	8	7	150
Safety and security	68	53	14	8	7	150
Regular income	38	60	30	15	7	150
Regular savings	38	60	30	15	7	150
Risk involved	45	68	15	15	7	150
diversification	30	75	18	7	20	150
Easy payment	67	53	16	7	7	150

Table 1: Investors opinion about the factors influencing investments in mutual funds

From the above table it is clear that 45% of the respondents have given importance towards capital appreciation, 60% of the respondents have an opinion that high returns from mutual funds is most important, 20% of the respondents considered as important. 50% of the respondents gives importance to diversification of mutual funds. 45% of the respondents says that the most important factor regarding easy payments of the mutual fund company.

Monthly income	Frequency	Percentage
10000-15000	22	17
15000-25000	35	23
25000-35000	20	20
Above 35000	60	40

Table 2: Monthly income of respondents

From the above table shows that 40% of the respondents earn income of 35000, 17% of the respondents earn income between 10000-15000, 23% of the respondents earn income between 15000-25000. Hence, it is clear from the table that majority of the respondents comes under the income level of above 35000.

Table 3: Investors satisfaction level of various motivating factors

Media	Frequency	Percentage
News paper and magazine	80	59
internet	21	17
television	8	5
Relatives and friends	18	10
agent	15	9

Table 4: Source of awareness of mutual funds

Table 4 says that 59% of the mutual funds are aware of the mutual fund investment through newspaper

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and magazine. 17% of the respondents are aware through internet. 10% of the respondents are aware through agents and relatives or friends and 5% of the respondents are aware through television. Majority of the respondents are aware of the mutual fund investments through newspaper and magazines.

Type of fund	Frequency	Percentage
Equity	35	30
Balanced fund	25	20
Tax planning	8	5
Bond	9	5
Index fund	5	5
Sector and industry	16	10
Money market	28	20
Debt fund	9	5

Table 5: Type of fund held by respondents

From table 5, it is clear that 30% of the respondents hold equity fund, 20% of the respondents hold balanced fund and money market fund. 10% of the respondents hold sector and industry fund. 5% of the respondents holds debt funds and bond or gilt fund. 5% of the respondents are holding tax planning and index fund.

Mode of purchase	Frequency	Percentage
Buy direct	70	40
Through brokers	95	60

Table 6: purchase of mutual fund unit

The above table shows that 60% of the respondents purchase the mutual fund units through brokers and 40% of the respondents are purchase the mutual fund units through brokers.

Problem	Mean rank	Final rank
Low income	4	5
Unable to aware market	2.8	2
Delay in selling unit	3.5	2
Fees and commission	3.7	2
Poor service of broker	4.13	6
Poor service of mutual fund company	5	6
Non-availability of branch	4.2	5

Table 7: Problem faced by mutual fund investors

Findings:

- Majority of respondents are male
- Majority of respondents are in the age group of 20-30 years
- Majority of respondents are undergraduates
- Majority of respondents are business people
- Majority of the respondents are under the income level of Rs.20000/month
- Majority of the respondent prefer to invest in bank deposits

Implications:

In India, it is the household sector which occupies a position of dominance over the other institutional sectors like private corporate sector and public sector in terms of generating savings. It means higher availability of resources in the economy for growth and development. Particularly, savings in financial assets by households are more significant from the resource mobilization point of view, because of their liquidity characteristics compared to physical savings which can be more easily translated into investments. Hence, the factors that drive the investments decision of individual customers to meet their expectations by investing money in mutual funds need an in-depth analysis. These driving forces include

the preference of customers on mutual funds compared to various available avenues of financial investments, risk attitudes of customers. For a substantial growth in the mutual fund market, there must be a high level precision in the design and marketing of the products of mutual funds taking into account these driving forces by the asset management companies. Therefore, there is a need to conduct a detail study on investments in mutual funds in this direction.

Practical Implication:

A mutual fund is a trust that team up the savings of number of investors who share a common economic goal. They are investment vehicles and one can use them to invest in asset classes such as equities or fixed income. It is managed by professional fund managers. It provides risk diversification benefits of making investments in mutual fund are reduction of risk, liquidity, affordability, convenience flexibility and variety. Customer has to identify the best mutual fund management companies and also the suitable schemes floated by the mutual fund

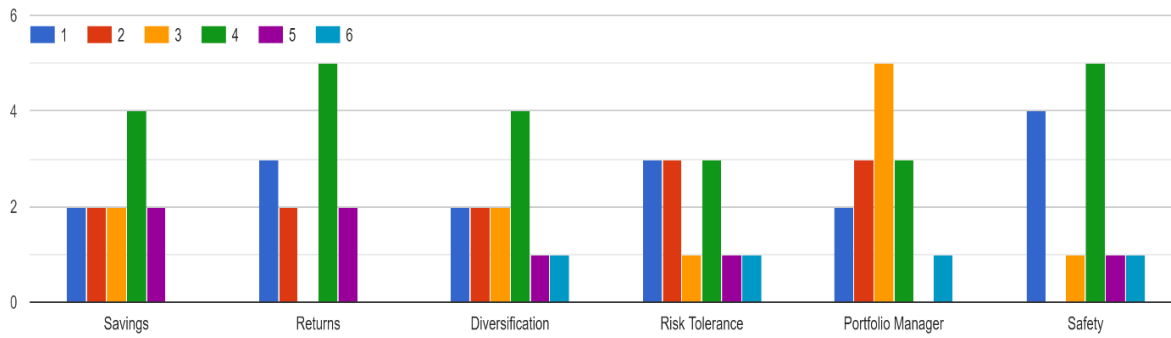
Originality:

As there is no comprehensive law to regulate the mutual fund in India, uniform co-ordinated regulations by a single agency would be formed which would provide the shelter to the investor. Secondly, as the investors are not willing to invest in mutual fund unless a minimum return is assured, it is very essential to create in mind of the investors that mutual funds are market instruments and are associated with market risk. Hence, mutual fund could not offer guaranteed income. Thirdly, the growth of mutual fund tends to increase the share holdings in good companies, give raise the fear of destabilizing among industrial group. Hence, introduction of non-voting shares and lowering the debt-equity ratio help to remove these apprehension. Fourthly, infrastructure bottlenecks will have to be removed and banking and postal system will have to be taken place for growth of mutual funds. Lastly, mutual funds need to take advantages of modern technology like computer and telecommunications to render services to the investors.

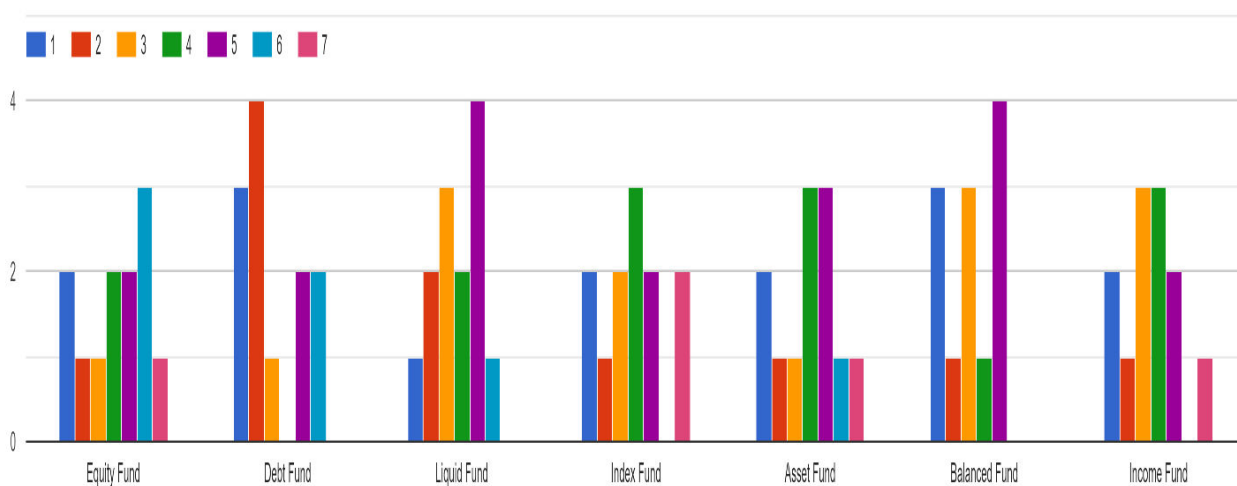
Keywords:

Mutual fund investment, customer perception, mobilization of resources.

1 Why do you prefer Mutual fund? (Give rating 6 for most important and 1 for least important)

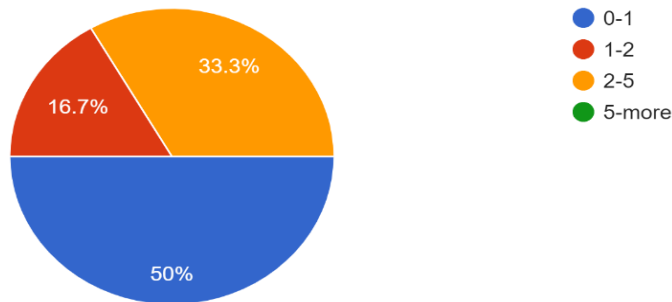


2 If you had to invest 100/- today how much would you prefer to invest among each of the fund?

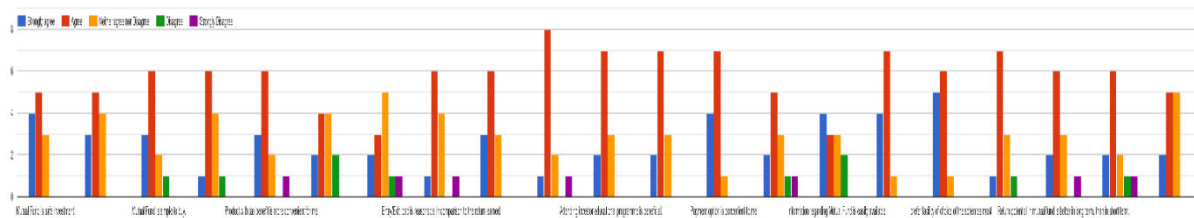


3 For how many years you are investing in Mutual Fund?

12 responses



4 State your level of agreement or the following statements: -5 for Strongly agree and 1 for Strongly Disagree



Resources:

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