

A Study on Investors Perception Towards Mutual Fund and Equity Market with Reference to Jaipur Region

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ABSTRACT:

The objective of this research is to explore and assess investor's perception towards mutual funds and the equity market in the Jaipur area. As financial markets become increasingly complex and unpredictable, it is critical to comprehend investors' emotions and actions for both investors and market practitioners. As a result, a mixed-method approach will be employed in this study: while qualitative interviews and quantitative surveys uncover various aspects of the issue under analysis. I encompasses in the qualitative part, I will conduct in-depth studies with investors, financial advisors, and industry experts. The interviews will help me identify the specific variables that contribute to the formation of the aforementioned research question, which is risk asset, expected returns, investment literacy, and prior knowledge. Moreover, these interviews will provide a plethora of qualitative data on investors' perspectives on mutual funds and equity markets.

KEYWORDS: Research Paper, Investment decision-making, Market volatility, Investment preferences, Return expectations, Perception, Mutual funds, Equity market.

INTRODUCTION:

Nowadays investors have many opportunities and for this they should be enough knowledge to select the scheme where they want to invest. Investing in various assets like shares, mutual funds, fixed deposits, gold etc. is an interesting activity which attract investor to select investing option according to his/her occupation, age, family background and other factors. Study depends on the various perception of investor regarding equity and mutual funds and for these 72 respondents has been surveyed and data is collected through questionnaire.

Mutual funds are used to raise the capital from investors and thereafter invest in diversified market and securities, based on the investment objectives, which has been agreed between mutual funds and investors. In simple words, mutual funds offer the opportunity for investors to invest in markets like equity, debt etc.; otherwise, it is impossible for these markets and use professional fund management services offered by companies (asset management companies).

Equity market is a market which provides an online trading platform where shares are issued and traded. It is also known as stock market. It is a place where buyer and seller meet to trade in listed companies. It is a medium for the company to raise the funds from the public and dilute their shareholding and in return the shareholders earn dividend on it

The research results were as such. Based on the survey, almost everyone was well versed with Mutual funds and Equity but it's just that how deep is there knowledge about them? "It's all about preferences and many people still like to put their money in traditional things," he added. There is a need to do something which will create/develop confidence in the minds of Investors towards Mutual Funds and Equity as an investment option.

LITERATURE REVIEW:

- 1 **Vipin Mittal (1 Jan ,2023):** Mutual fund industry is growing at a rocket speed in India and with that plethora of plans are launched from many financial sources pollutants. However, there are very few investors who invest in Mutual funds only due to risky and market condition nature of investment. A lot of people invest in fixed deposit because it is safe and guaranteed. However, it will still take considerable time for the companies to leave an imprint on their Indian investor's memory as they hammer their planning down his throat through constant communication if that we how mutual funds were going to win this war. The current paper discusses the various aspects of the Mutual Funds and disclose that how investors behave in a Panipat area. So, data collected via Questionnaire was been Processed and shown based on Meaning -Degree & Percentage cumulation with graphs.
- 2 **Dr. M. Ramesh (3 Aug,2022):** It offers a unique opportunity to raise money from small investors through low-risk participation of equity and other securities of the industrial organization. A modern mutual fund is considered the most appropriate investment vehicle for the increasingly complicated and advanced financial markets of today. When tested with other available financial instruments, mutual fund investment in India becomes most important. Similarly, objectives may vary from one investor to another. In most cases, depending on the category, some investors may choose to invest their own and in anything in lots of options available. However, they ultimately end up opting for mutual funds due to the fact that 'all is well that comes in one'. The current study's main objective is to determine investors perception towards mutual fund investment. The research has the sample size of 150 respondents in Rajamahendravaram have been selected by convenience sampling method.
- 3 **Sharma, R. P., & Kumar, S. (2022, July 1):** The mutual fund sector's investment formats also have varying levels of risk, and this could be the most lucrative market an Indian investor can get into. While in the rest of the world investments into mutual funds are largely driven by household investors, this isn't as often true for India. This in a country that seems to have more than 50 permanent account numbers (PAN) for income tax though only about 2.2 crore people invest in mutual funds Thus, the potential for growth in Indian Mutual Fund market is huge. "The objective of this paper is to measure the perspective of mutual fund investors towards investment in mutual funds and which factors affect most on their decision while investing in them ". A total of 110 respondents reside in Shimla city were taken to do the survey so as to achieve this.
- 4 **Sumathy, M., & Jisha, T. P. (2022, March 16):** Gathering money from the people for investment on various terms: In simple language, it is a trust which collects funds from various investors and invests the total amount in different schemes based on goal of an investor. 'legally' regulated by SEBI (Security and Exchange Board of India). This trust will follow the structure for the creation of a Trust with its sponsor, trustee and an Asset Management Company (AMC) along with the Custodian. This is formed as under:

Researcher-title of the study: An empirical study on awareness and perception with reference to mutual funds among investors in relation to source of information, income levels, education level of respondents and some factors considered by investors before investing in a particular MF investment. The district-context provides an analytical signalization into the inter-linkage b/w sources taken for assessment Reported here in maces potential contribution-summarizing report-whence planets in liberty disputant reinvestment-study was conducted-districts-points regarding I investor levels-investment Income education level of respondent, investment factors of investors before investing in any investment and the types of investment investors made in Palakkad. The researcher used structure question and used purposive.

NEED AND SIGNIFINANCE OF THE STUDY:

- Understanding about the Investor's Behavior: Helps in understanding the investor's behavior, preferences, and decision-making processes that time of investing in the equity market and mutual fund
- Market Growth: At the mutual fund and equity market industry grows. So, are known about the many other investment options and compare the investment option each other which one is best for investment.
- Investment Decisions: The study can help in making a investment decision investment decisions, such as risk tolerance, investment goals, and awareness of financial products.
- Technological Impact: Digitalization and technological advancements affect investor's perceptions and their confidence in mutual fund and equity market investments.
- Returns: The study can compare different investment returns like mutual funds, equity markets, fixed deposits, etc.

OBJECTIVE OF RESEARCH:

- To know the investors perception towards mutual fund & equity.
- To study which type of an option investor prefers to invest their surplus.
- To determine whether investing in equity markets are higher return compared to investing in mutual funds.
- To determine whether mutual fund is a safer investment option compared to direct investment in stocks.

SCOPE OF THE STUDY:

- Demographic Analysis: Explore demographic factors such as age, income, and occupation influence investors' perceptions towards mutual funds and the equity market.
- Risk Perception: Investigate investors' perception of risk associated with mutual funds and equity investments, and how it affects their investment decision making process.
- Performance Evaluation: Investors' perceptions of the performance of mutual funds and the equity market such as past performance, market trends, and economic conditions.
- Regulatory Environment: Analyze how regulatory factors and policies influence investors' perceptions towards mutual funds and the equity market, including the impact of regulatory changes on investor behavior.
- Psychological Factors: Psychological factors such as investor sentiment, cognitive biases, and emotional responses that affect investors' perceptions and decision-making in the mutual fund and equity market.
- Comparative Analysis: Compare investors' perceptions towards mutual funds and the equity market, including factors influencing their preference for which one option is best for investment.

- Long-term v/s Short-term v/s Medium-term Perspective for investment: Compare investors' perceptions and behavior concerning short-term trading in the equity market versus long-term investment in mutual funds.

RESEARCH METHODOLOGY:

Research design

Survey Research: Design a structured questionnaire to collect data from investors. This could be done through online surveys.

Population under Study

In survey, the populations under study are investors of Jaipur.

Data Collection

Investors of Jaipur will get organized surveys or questionnaires containing data. Questionnaires will be used to gather data on the perception of mutual fund and Equity market, including the income level, Age, Purpose of invest Like short term, medium term, long term etc.

Primary data were collected using a structured questionnaire, which was performed on 72 respondents who consisted of student, businessman, private job and Govt. Questionnaire was created through Google Form and send it to the people using WhatsApp, E-Mail, Telegram etc.

Sample size: 72 (Investor's)

Analysis Techniques: Random sampling and Questionnaires techniques used for data analysis.

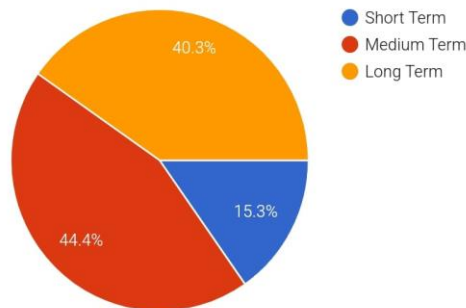
DATA ANALYSIS AND INTERPRETATION:

- **For how long do you prefer to invest?**

Responses	Frequency	Percentage
Short-Term	11	15.3%
Medium-Term	32	44.4%
Long-Term	29	40.3%
Total	72	100%

Survey Report

72 responses



Analysis

From the above graph and table out of 72 responses, 11 respondents are preferring the investment for short term period with 15.3%, 32 respondents are preferring the investments for medium term period with 44.4%, 29 respondents are preferring the investment for the long-term period with 40.3%

Interpretation

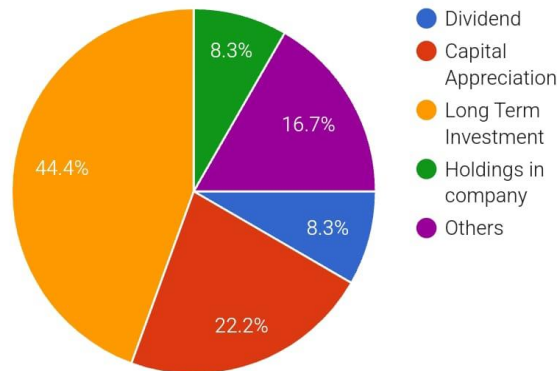
It is observed that higher respondents invest for medium term period and less respondents invest for short term period.

➤ What is the purpose of investing in Equity?

Responses	Frequency	Percentage
Dividend	6	8.3%
Capital Appreciation	16	22.2%
Long Term Investment	32	44.4%
Holdings in Company	6	8.3%
Others	12	16.7%
Total	72	100%

Survey Report

72 responses



Analysis

From the above graph and table out of 72 responses, 6 respondents' purpose of invest in equity is dividend with 8.3%, 16 respondents' purpose of invest in equity is capital appreciation with 22.2%, 32 respondents' purpose of invest in equity is long term investment with 44.4%, 6 respondents' purpose of invest in equity is holdings in company with 8.3%, 12 respondents' purpose of invest in equity is dividend with 16.7%

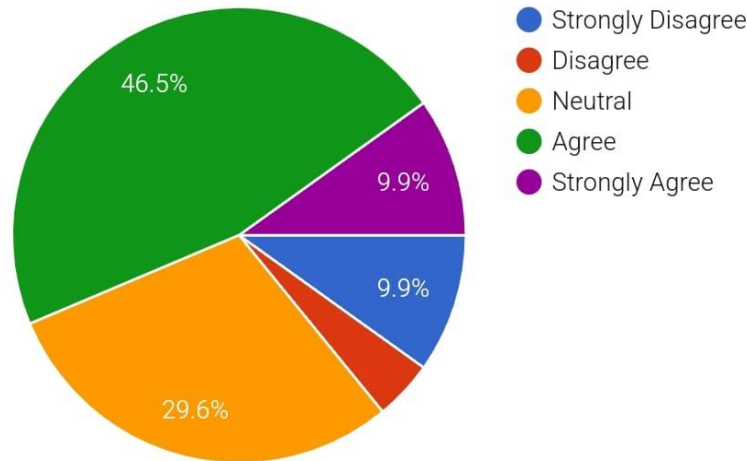
Interpretation

It is observed that maximum respondent's purpose of investing in equity is long term investment and after that are capital appreciation and least number of respondents purpose of investing in equity is dividend and holdings in company.

➤ Mutual funds are a safer investment option compared to direct investment in stocks?

Responses	Frequency	Percentage
Strongly Disagree	7	9.9%
Disagree	3	4.2%
Neutral	21	29.6%
Agree	33	46.5%
Strongly Agree	7	9.9%
Total	72	100%

Survey Report



Analysis

From the graph and table out of 72 Responses, 7 respondents are strongly disagreeing mutual fund safer compared to stock with 9.9%, 3 respondents are disagreeing mutual fund safer compared to stock with 4.2%, 21 respondents are neutral mutual fund safer compared to stock with 29.6%, 33 respondents are agreeing mutual fund safer compared to stock with 46.5%, 7 respondents are strongly agreeing mutual fund safer compared to stock with 9.9%

Interpretation

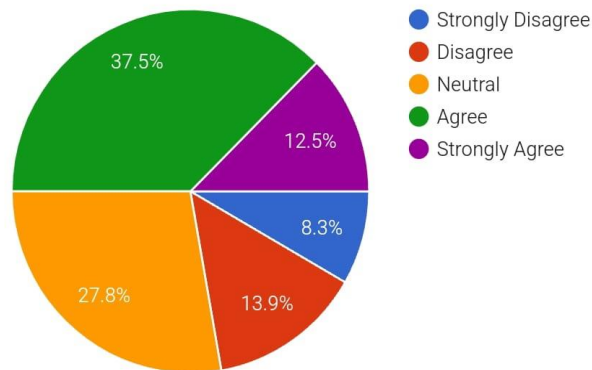
It is observed that maximum number of respondents are agree mutual fund are a safer investment compared to direct investment in stock and least number of respondents are disagree mutual fund are a safer investment compared to direct investment in stock.

- Investing in equity markets has the potential for higher returns compared to investing in mutual funds?

Responses	Frequency	Percentage
Strongly Disagree	6	8.3%
Disagree	10	13.9%
Neutral	20	27.8%
Agree	27	37.5%
Strongly Agree	9	12.5%
Total	72	100%

Survey Report

72 responses



Analysis

From the above table and graph out of 72 responses, 6 respondents are strongly disagree that investing in equity higher return compared to investing in mutual fund with 8.3%, 10 respondents are disagree that investing in equity higher return compared to investing in mutual fund with 13.9%, 20 respondents are neutral that investing in equity higher return compared to investing in mutual fund with 27.8%, 27 respondents are agree that investing in equity higher return compared to investing in mutual fund with 37.5%, 9 respondents are strongly agree that investing in equity higher return compared to investing in mutual fund with 12.5%

Interpretation

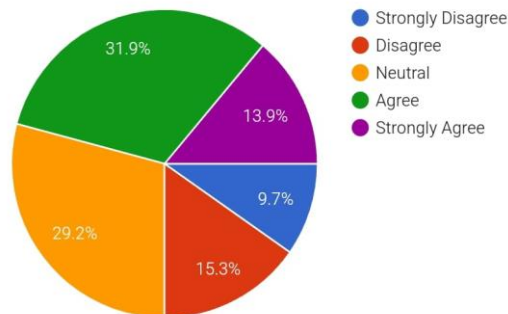
It is observed that highest respondents are agree with equity higher return compare to mutual fund and lowest respondents are strongly disagree with equity higher return compare to mutual fund.

➤ consider the past performance of mutual funds before making investment decisions?

Responses	Frequency	Percentage
Strongly Disagree	7	9.7%
Disagree	11	15.3%
Neutral	21	29.2%
Agree	23	31.9%
Strongly Agree	10	13.9%
Total	72	100%

Survey Report

72 responses



Analysis

From above the graph and table out of 72 responses, 7 respondents are strongly disagree that consider the past performance of mutual fund before making investment decision with 9.7%, 11 respondents are disagree that consider the past performance of mutual fund before making investment decision with 15.3%, 21 respondents are neutral consider the past performance of mutual fund before making investment decision with 29.2%, 23 respondents are agree that consider the past performance of mutual fund before making investment decision with 31.9%, 10 respondents are strongly agree that consider the past performance of mutual fund before making investment decision with 13.9%

Interpretation

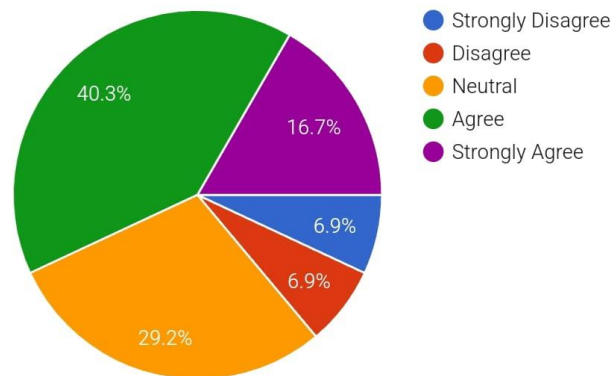
It is observed that maximum respondents are neutral at the time of consider the past performance of mutual fund before making investment decision and least number of respondents are strongly disagree at the time of consider the past performance of mutual fund before making investment decision.

➤ Believe that research and analysis are crucial for successful investing in the equity market?

Responses	Frequency	Percentage
Strongly Disagree	5	6.9%
Disagree	5	6.9%
Neutral	21	29.2%
Agree	29	40.3%
Strongly Agree	12	16.7%
Total	72	100%

Survey Report

72 responses



Analysis

From the above graph and table out of 72 responses, 5 respondents are strongly disagree that believe in research and analysis for successful investing in equity market with 6.9%, 5 respondents are disagree that believe in research and analysis for successful investing in equity market with 6.9%, 21 respondents are neutral that believe in research and analysis for successful investing in equity market with 29.2%, 29 respondents are agree that believe in research and analysis for successful investing in equity market with 40.3%, 12 respondents are strongly agree that believe in research and analysis for successful investing in equity market with 16.7%

Interpretation

It is observed that maximum respondents are agree with the believe that research and analysis are crucial for successful investing in the equity market and least number of respondents are strongly disagree and disagree with the believe that research and analysis are crucial for successful investing in the equity market

FINDINGS:

- Maximum number of investors ultimate goal of investment are wealth creation.
- Investors prefer medium term period of investment.
- Maximum number of equity investors prefer delivery mode of equity trading and purpose are long term investment.
- Maximum number of mutual fund investors prefer both methods (One time or Lump sum, SIP) and purpose are better return and consider the past performance before making investment.
- According to this survey mutual fund are safer investment option compared to stock.
- According to this survey equity market return are high and market are volatile and unpredictable. And equity investors consider the economic or market conditions and research and analysis is necessary before investing.

LIMITATIONS OF THE RESEARCH:

- This study merely reflects the individual investor of Jaipur (Rajasthan) Therefore, take all of the above with a grain of salt as recommendations for this particular research can hardly justify putting an explanations on the whole population.
- Majority of the people in India are illiterate and ignorant about various kinds of investment schemes so it was not possible to perform such kind of research.
- A lot of other factors are there where we cannot say even the samples represent the hole population as well.

SUGGESTIONS AND RECOMMENDATIONS:

- Even though many investors lack the know-how to understand how mutual funds and equity market function, or better put, are supposed tanginess help them gain revenues. Thus, proper information must be given to the investors so that investment in mutual funds and equity market can be encouraged.
- Investors know regarding the compounding benefits, tax saving and other benefits which can avail by investing in mutual funds.
- Many research has been done in the field of mutual funds and Equity market so all this research should be published in newspaper or on some website in investor's friendly language so that they understand the advantage of mutual funds or equity market and start investing.
- Markets are volatile and unpredictable before investing in mutual fund and equity market know about the economic and market condition, do research and analysis and consider the past performance.

CONCLUSION:

Therefore, the role of investor perceptions in influencing investment decisions is apparent. The perception of risk, the potential return, market volatility and trust in financial institutions exert much influence, either positively or negatively, on investor behaviors in both mutual funds and the equity markets. The results from the study have also brought out the difference in the nature of perception on these two investment tools. Mutual funds are perceived to be relatively safe and well diversified and experiencing less risk while the equity market has been seen have high return potential and more risk. Knowledge of such differences is essential for various market participants to design their marketing and product offerings. In addition, various external influences, such as market events and the state of the economy, will exert some influence. Indeed, these incidents are likely to greatly impact investor perceptions, changing their perceptions of risk and investment. In this regard, this dissertation has brought to light the significance of investor education and awareness campaigns. This can be achieved through improving financial literacy and granting investors accessible, clear and complete information on different investment opportunities to enable them to make decisions under their investment mandate. Hence, it is critical for financial market players to consider the lessons from this research. Financial institutions, as well as regulators and policymakers, can build a sustainable and all-inclusive investment market by taking into account and integrating investor perceptions.

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