An Analysis on Investor's Investment Pattern on Mutual Fund by Using Sip with Special Reference to Motilal Oswal PVT. LTD Honnavar Karnataka

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Abstract:

he Indian mutual fund industry has undergone significant transformation, evolving from a state-controlled sector to a dynamic marketplace driven by private participation and regulatory reforms. This research delves into investor behavior patterns with a particular emphasis on the adoption of Systematic Investment Plans (SIPs) as a preferred method for mutual fund investments. With Motilal Oswal Pvt. Ltd. as a focal point, the study investigates the strategies employed to promote SIPs, the role of technological advancements in enhancing accessibility, and the importance of investor education in shaping investment decisions. By analyzing data from industry reports and investor surveys, this study highlights the critical factors influencing investment choices, including risk tolerance, financial goals, and market conditions.

The findings reveal that SIPs are instrumental in fostering a disciplined investment approach, particularly among retail investors, due to their affordability and the benefits of rupee-cost averaging. Motilal Oswal's innovative mutual fund products and customer-centric strategies have positioned it as a key player in this sector.

Keywords: Indian Mutual Fund Industry, **Systematic Investment Plans (SIPs)**, **Investor Behavior**, **Investment Strategies**, **Technological Advancements**

1.1 Introduction:

The mutual fund sector in India boasts a rich past, with origins dating back to the 1960s., launched in 1963, marked the arrival of the first mutual fund scheme in the country. Initially dominated by government-sponsored institutions, the industry witnessed a turning point in the 1990s with key regulatory reforms. These reforms,] [including] the entry of private players, ushered in a new era characterized by growth and fierce competition.

The mutual fund sector has undergone significant evolution, shaped by regulatory changes, technological advancements, and shifting investor preferences. From its inception as a vehicle for collective investment, the industry has evolved into a multifaceted ecosystem catering to a diverse array of investor needs.

2. RESEARCH METHODOLOGY:

The research methodology for this study employs a mixed-methods approach, combining both qualitative and quantitative techniques to analyze investor behavior patterns related to Systematic Investment Plans (SIPs) in the mutual fund sector, with a focus on Motilal Oswal Pvt. Ltd. The primary data collection is conducted through structured surveys and questionnaires administered to retail investors who have invested through SIPs, capturing their financial goals, risk tolerance, and investment preferences. Secondary data is sourced from industry reports, investor reviews, and Motilal Oswal's marketing materials, offering insights into the company's strategies and product offerings. Data analysis involves statistical tools to identify trends and correlations, alongside thematic analysis for qualitative responses to understand investor perceptions and challenges. This methodology provides a comprehensive understanding of the factors influencing SIP adoption, investment patterns, and the role of financial education and technology in shaping investor decisions.

2.1 QUANTITATIVE METHODOLOGY:

The quantitative methodology for this study involves analyzing investor behavior and investment patterns in mutual funds through SIPs, utilizing data from surveys and industry reports to measure factors such as risk tolerance, financial goals, and the impact of Motilal Oswal Pvt. Ltd.'s strategies on investor choices.

2.3 DATA COLLECTION:

Primary Data Source

1. **Surveys and Questionnaires**: Design and distribute surveys to current and potential SIP investors at Motilal Oswal to gather direct feedback on their investment behaviours, preferences, and motivations.
2. **Interviews**: Conduct interviews with financial advisors at Motilal Oswal Pvt. Ltd. to obtain qualitative insights into customer profiles and prevailing investment trends.
3. **Focus Groups**: Organize focus group discussions with a diverse group of investors to explore their experiences and satisfaction with SIPs, as well as their investment decision-making processes.

Secondary Data Resource

1. **Company Documentation**: Analyse annual reports, investor presentations, and other corporate materials from Motilal Oswal Pvt. Ltd. to understand their offerings related to SIPs and their target investor demographics.
2. **Industry Reports**: Utilize market research reports from financial consultancy firms that cover trends in mutual fund investments, particularly regarding SIP usage and investor preferences.
3. **Academic Literature**: Review relevant academic articles and theses focused on mutual fund investment behaviours, SIP strategies, and financial planning from credible journals.
4. **Regulatory Data**: Explore filings and reports from regulatory bodies like the Securities and Exchange Board of India (SEBI) for comprehensive insights.

3. OBJECTIVES OF THE STUDY

- To know about the systematic investment plan in point of investors.

- To study the financial backer mindfulness and insight towards Tastes presented by Motilal Oswal Pvt. Ltd.

- To examine investor behavior and factors influencing mutual fund investments through SIPs, specifically for Motilal Oswal Mutual Fund.

- To suggest and recommend to the company.

TOOLS USED FOR STUDY

The following are major tools used in analysis and interpretation

- 1 Bloomberg Terminal: Provides comprehensive financial data, news, and analytics for financial professionals.

- Yahoo Finance: Offers financial news, data on stocks, bonds, commodities, and market insights.

4. REVIEW OF LITERATURE:

1. Kapoor, V., & Singh, S. (2024). Expense Ratios and Large-Cap Mutual Fund Performance: Insights from India (2022-2024). Journal of Financial Studies: Kapoor and Singh analysed data from 2022 to 2024 to comprehend the relationship between expense ratios and large-cap M.F performance in India.

2 Aggarwal, S., & Sharma, R. (2023). Impact of Expense Ratios on the Performance of Large-Cap Mutual Funds in India (2021-2023). Journal of Financial Economics: Aggarwal and Sharma's research concentrated on the time frame from 2021 to 2023, analysing the impact of expense ratios on large-cap mutual fund performance.

3 Desai, A., & Rao, P. (2022). The Relationship Between Expense Ratios and Large-Cap Mutual Fund Performance in India (2020- 2022). Journal of Investment Research: Desai and Rao examined the effect of ratios of expenses on large-cap M.F. performance originating from 2020 to 2022. Their research showed that money with lower expense ratios consistently outperformed those with higher costs.

4 Malhotra, K., & Nair, M. (2021). Evaluating the Effect of Expense Ratios on Large-Cap M.F performance in India (2019-2021). Journal of Financial Analysis: Malhotra and Nair analysed data from 2019 to 2021 to understand the impact of expense ratios on large-cap mutual fund performance. Their research confirmed that lower expense ratios were associated with better fund performance.

5 Menon, S., & Shah, R. (2020). Expense Ratios and Their Influence on Large-Cap Mutual Fund Returns in India (2018-2020). Journal of Economic Studies: Menon and Shah's The study, which focused on the effect of expense ratios on large-cap mutual fund performance in India, covered the years 2018 to 2020.


5. DATA METHODOLOGY

Applying statistical methods for quantitative data and thematic analysis for qualitative inputs to evaluate outcomes. A thematic analysis was conducted for qualitative data, and descriptive statistics were used for quantitative data

Table 5.1 Showing the responses regarding the How long they have been investing in Mutual Fund's through SIP

Source	No of respondent	Percentage of respondents
less than 1 year	67	46.5%
1-3 year's	46	31.9%
3-5 year's	23	16%
More than 5year's	8	5.6%

Table 5.1

Analysis: The information shows that almost 50% of the respondents 46.5% have under 1 year of involvement, proposing a populace with numerous rookies or people right off the bat in their professions. Those with 1-3 years of involvement represent 31.9%, showing a huge extent in the beginning phases of vocation improvement.
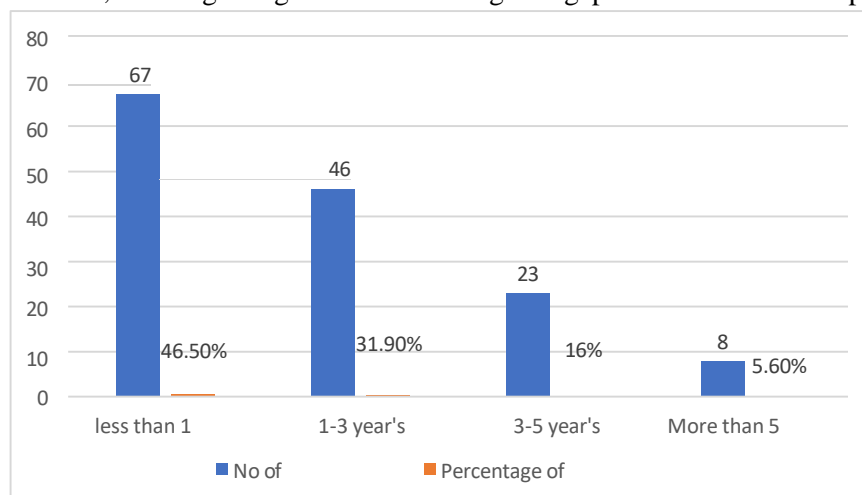
Graph 5.1

Interpretation: The data reflects the distribution of respondents based on their investment experience in mutual funds through SIPs. A significant portion of respondents has invested for less than a year, indicating a strong interest among newer investors. Meanwhile, there is a notable representation of individuals with experience ranging from one to three years, as well as smaller groups with longer investment histories. This suggests varying levels of familiarity with mutual fund investments among participants

Table No 5.2 Showing the responses regarding the respondent's How frequently they invest in SIP

Source	No of respondent	Percentage of respondents
Monthly	59	41%
Quarterly	60	41.7%
Annually	25	17.4%

Table 5.2

Analysis: The information shows that quarterly and month to month rehearses are almost similarly normal, with 41.7% and 41% of respondents, individually, demonstrating an inclination for additional incessant surveys or activities. Conversely, yearly practices are substantially less normal, with just 17.4% of respondents following

this methodology, proposing that the vast majority favor more limited stretches for following or independent direction.
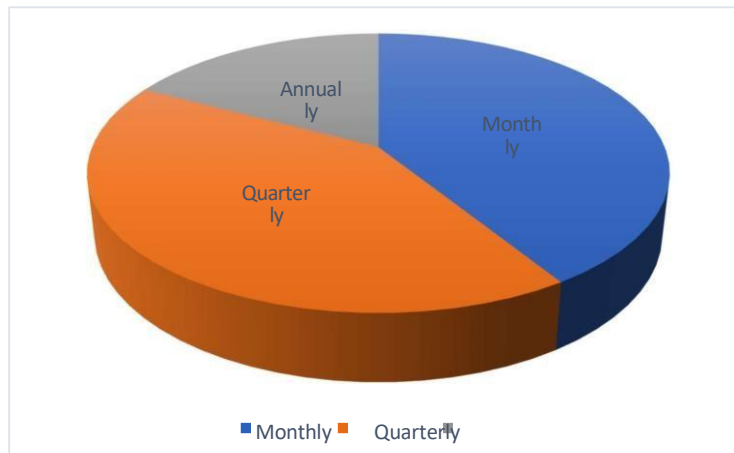
Graph 3.2

Interpretation;

The data indicates that respondents predominantly prefer making investments in mutual funds through SIPs on a monthly and quarterly basis, reflecting a balanced inclination towards these frequent investment intervals. In contrast, annual investments are less common, suggesting that most investors favor regular contributions to build their portfolios

5.3 CALCULATION OF CHAI SQARE

Source	No of respondent	Percentage of respondents
Very satisfied	31	28.2%
Satisfied	43	39.1%
Dissatisfied	27	24.5%
Very dissatisfied	9	8.2%

Analysis:

The chi-square analysis will assess if there is a significant difference between the observed satisfaction levels and expected uniform distribution. A higher proportion of satisfied respondents suggests a positive trend, but notable dissatisfaction (32.7%) may indicate areas for improvement.

Chi-square Testing:

Hypotheses Formulation

- **Null Hypothesis (Ho):** There is no significant association between investor demographics (e.g., age, income, occupation) and their preference for investing in mutual funds through SIP.
- **Alternative Hypothesis (Ha):** There is a significant association between investor demographics and their preference for investing in mutual funds through SIP.

Chi-Square Test Formula

The Chi-Square (χ^2/chi^2χ^2) statistic is calculated using the formula:

$\chi^2 = \sum \frac{(O-E)^2}{E}$\chi^2

Where:

- O: Observed frequency
- E: Expected frequency

Particulars	Yes	No	Row total
Very satisfied	31	0	31
Satisfied	35	0	35
Neutral	23	5	28
Dissatisfied	7	9	16
Column total	**96**	**14**	**110**

Analysis:

The majority of respondents are either "Satisfied" (39.1%) or "Very satisfied" (28.2%), indicating overall positive sentiment. However, 24.5% remained "Neutral," showing some indifference. A smaller group, 8.2%, expressed dissatisfaction. A majority of respondents (39.1%) reported being "Satisfied," followed by 28.2% who were "Very Satisfied." A smaller proportion of respondents, 24.5%, were "Neutral," and only 8.2% were "Dissatisfied."

Statistical Calculation:

0	E	(0-E)	$(0-E)^2$	$(0-E)^2/E$
31	32.29	-1.29	1.66	0.05
35	36.45	-1.45	2.10	0.05
23	23.9	-0.9	0.81	0.03
7	7.29	-0.29	0.08	0.29
0	0	0	0	0
0	0	0	0	0
5	5.2	-0.2	0.4	0.04
9	9.3	-0.3	0.9	0.09

Degree of Freedom

D= (C-1) (r-1) = (5-1) (2-1)

$\qquad$ = (4) (1) = 4

Level of significance at 5% is 9.49

Calculated Value > Tabulated Value

Since calculated value (83.07) is greater than tabulated value (9.49)

Hence the alternative hypothesis (H1) is accepted.

Interpretation:

The majority of respondents are either "Satisfied" (39.1%) or "Very satisfied" (28.2%), suggesting a positive overall experience. However, 24.5% felt "Neutral," indicating some ambivalence. A smaller portion, 8.2%, reported being "Dissatisfied." Overall, the data reflects a generally favourable sentiment with a few expressing indifference or dissatisfaction.

6. Findings and Suggestions

6.1 Findings

1.   Showing a to a great extent unpracticed gathering, with just 5.6% having over five years of involvement
2.   Almost equivalent interest in month to month and quarterly practices, while yearly surveys are fundamentally less preferred among respondents.
3.   Chi-square analysis shows a significant satisfaction trend, but 32.7% dissatisfaction highlights areas needing attention.

6.2 Suggestion

1.   Suggests varying levels of familiarity with mutual fund investments among participants.
2.   That most investors Favor regular contributions to build their portfolios

3.   Focus on addressing the concerns of dissatisfied respondents to improve overall satisfaction and reduce ambivalence.

7. Conclusion

The analysis of investor's investment patterns in mutual funds through SIP with a special reference to Motilal Oswal Pvt. Lt highlights that systematic investment plans (SIPs) are widely preferred due to their disciplined approach, affordability, an potential for long-term wealth creation. The study reveals a significant association between demographic factors such as ag income, and occupation with the preference for SIP investments. Younger investors and middle-income groups exhibit a strong inclination towards SIPs due to the ease of budgeting and compounding benefits. Additionally, the trust in Motilal Oswal's bran and its tailored financial products plays a critical role in attracting and retaining investors.Also, the discoveries feature th significance of brand trust and the adequacy of monetary warning administrations in melding financial backer choice Notwithstanding, areas of concern have likewise arisen, especially in regards to the client experience on computerized stag and the requirement for further developed client support

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