

INVESTORS ATTITUDE TOWARDS ONLINE AND OFFLINE TRADING OF MUTUAL FUNDS

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ABSTRACT:

Mutual fund as an investment avenue provides a platform to the investor who do not want to take high risk on their hard earned investment. In India, mutual fund industry is growing rapidly and this industry has emerged as an important segment of financial market of India, especially in channelizing and mobilizing the savings of millions of individuals into the investment in equity and debt instruments. Mutual fund investment is less risky than investing directly in stocks and is therefore a safer option for risk averse investor. A competent fund manager should analyze investor behavior, perception, and attitude and understand their needs and expectations to gear up the performance to meet investor expectations and requirements. Investment in mutual fund is affected by the attitude of investors and hence the objective of the study is to identify the investor's attitude on mutual fund as an investment avenue and the major findings reveal the factors that influence buying behavior of mutual fund investors.

INTRODUCTION:

All over the world, mutual fund is one of the most popular instruments for investment. Its popularity with consumer has dramatically increased over the last couple of years worldwide; the mutual fund has a long and successful history. The popularity of mutual fund has increased manifold. In developed financial market like United States, mutual has almost overtaken bank deposits and total assets of insurance funds

The mutual fund industry in India is regulated by Association of Mutual Funds in India (AMFI). The mutual fund industry in India is of 493,287 crores approx. SBI Mutual Fund is India's largest bank sponsored mutual fund and has an enviable track record in judicious investments and consistent wealth creation. Mutual fund is increasingly getting popular since last few months. Mutual funds are a fund that

invests investors' money in various companies. A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is invested by the fund manager in different types of securities depending upon the objective of the scheme. These could range from shares to debentures to money market instruments.

OBJECTIVES OF THE STUDY

- To study the investor perception of online and offline trading of mutual fund.
- To evaluate the present level of service provided in mutual fund by angel broking pvt ltd.
- To study the investor's awareness in the online and offline trading of mutual fund.
- To study the influence of demographic profile on investors awareness on trading of mutual fund.
- To determine the problem actually faced by the investors with reference to online and offline trading of mutual fund.
- To identify the current traders of online and offline trading of mutual fund.

SCOPE OF THE STUDY

- The main aim is to make a detail study of investment in mutual fund.
- So the researcher put whole her dedication in this project work to make a detail different area of investment in mutual fund.
- The project studies the investment analyze of mutual fund by using various tools like Chi square test and percentage.

LIMITATIONS OF THE STUDY

However, the study is going to be a research project, but it definitely has some of the limitation, which is as follows:

- The time constraint is the important limitation of this study.
- Due to the shallow knowledge about the topic, detailed study could not be conducted.
- Equity and mutual fund being new to the Indian Market, less awareness was observed.

REVIEW OF LITERATURE

Makbul Rahim (2001) argued in his speech that the regulatory framework must provide the right environment for the development and the growth of the market. High standards of probity and professional conduct have to be maintained and reach world class standards. Integrity is very important as well confidence. The development of a proper free flow of information and disclosure helps investors to make informed investment decisions

P. M. Deleep Kumar and G. Raju (2001) showed that the capital market is becoming more and more risky and complex in nature so that ordinary investors are unable to keep track of its movement and direction. The study revealed that the Indian market is probably more volatile than developed country markets, which is probably why a much higher proportion of savings in developed countries go into equities. More than half of individual shareowners in India belonged to just five cities. The distribution of share ownership by States and Union Territories show that just five States accounted for 74.7 per cent of the country's share ownership population and 71.7 per cent

Peter Carr and Dilip Madan (2001) disclosed that generally does not formally consider derivatives securities as a potential investment vehicles. Derivatives are considered at all, they are only viewed as tactical vehicles for efficiently re-allocating funds across broad asset classes, such as cash, fixed income, equity and alternative investments. They studied that under reasonable market conditions, derivatives comprise an important, interesting and separate asset class, imperfectly correlated with other broad asset classes. If derivatives are not held in our economy then the investor confines his holdings to the bond and the stock and the optimal derivatives position is zero

Prof. Peter McKenzie (2001) in his speech at seminar investors have a choice instead of placing their money in only one company they can pick areas of growth and move their money, buying and selling and placing it where it is going to be most profitable. The individual investor does not have to make an individual decision where to place his savings. These decisions are made by an expert fund manager, which would spread the risk by spreading the investments across different sectors of the economy

RESEARCH SOURCE OF DATA:

There are two types of sources of data which is being used for the studies

Primary Source of Data

- The primary source of data is being collected by preparing a Questionnaire
- Questions were surveyed by interviewing the investors in Coimbatore.
- Other primary source of data is collected directly by visiting the company

Secondary Source of Data

For having the detailed study about this topic, it is necessary to have some of the secondary information, which is collected from the following:-

- Books.
- Magazines & Journals.
- Websites , Newspapers, etc.

TOOLS OF ANALYSIS

The collected data was analyzed using tools like

- Simple percentage analysis
- Chi square test
- One -way anova
- Correlation
- Regression

ANALYSIS:

AWARE OF THE SCHEME BASED PARAMETER IN MUTUAL FUND

S.No	Aware of the scheme based parameter in mutual fund	No. of Respondents	Percentage %
1	Very high	21	21
2	High	29	29
3	Low	39	39
4	Very Low	11	11
	Total	100	100

INTERPRETATION:

From the above table we found that 21% of the respondents awareness about various schemes is Very high, 29% of the respondents awareness about various schemes is High, 39% of the respondents awareness about various schemes is Low and 11% of the respondents awareness about various schemes is Very Low

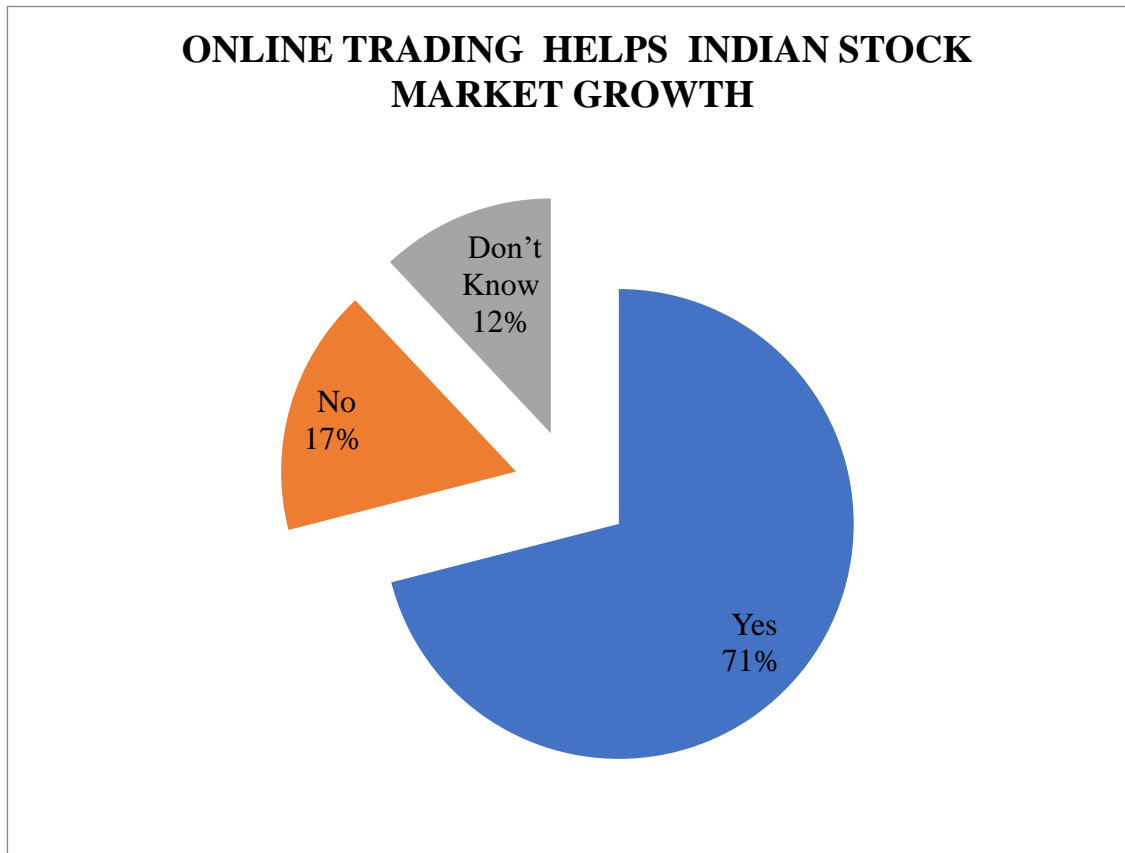
IMPORTANCE GIVEN FOR SCHEME BASED INVESTMENT

S.No	Importance given for scheme based investment	No. of Respondents	Percentage %
1	Very high	65	65
2	High	25	25
3	Low	10	10
4	Very Low	0	0
	Total	100	100

INTERPRETATION:

From the above table we found that 65% of the respondents says importance given for scheme based investment is Very high, 25% of the respondents says importance given for scheme based investment is High and 10% of the respondents says importance given for scheme based investment is Low

ONLINE TRADING HELPS INDIAN STOCK MARKET GROWTH



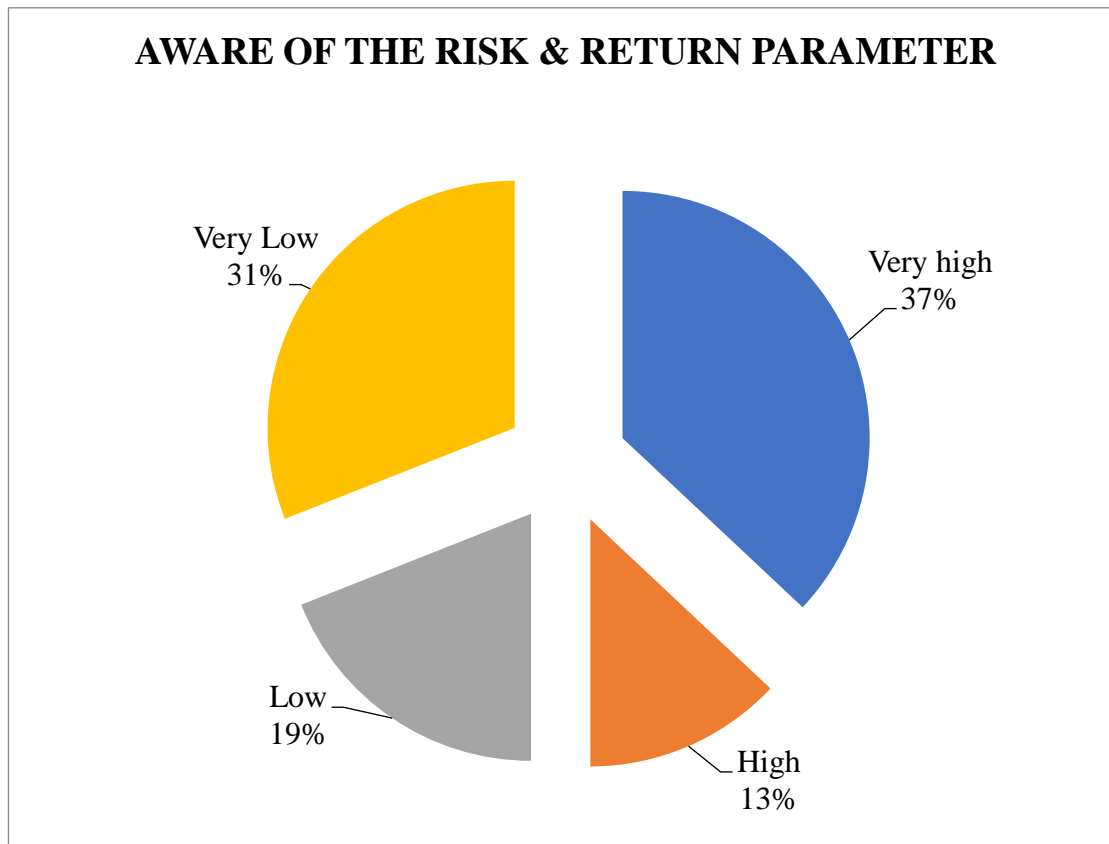
RISK & RETURN IMPACT ON MUTUAL FUND INVESTMENT

S.No	Risk & return impact on mutual fund investment	No. of Respondents	Percentage %
1	Very high	37	37
2	High	13	13
3	Low	19	19
4	Very Low	31	31
	Total	100	100

INTERPRETATION:

From the above table we found that 37% of the respondents feel risk & return impact on mutual fund investment is Very high, 13% of the respondents feel risk & return impact on mutual fund investment is High, 19% of the respondents feel risk & return impact on mutual fund investment is Low and 31% of the respondents feel risk & return impact on mutual fund investment is Very Low

AWARE OF THE RISK & RETURN PARAMETER



FINDINGS:

PERCENTAGE ANALYSIS

- Majority of 44% of the respondents were at the age group of Above 60 years.
- Majority of 89% of the respondents were Male.
- Majority of 66% of the respondents were Married.
- Majority of 44% of the respondents education level is Under Graduate.
- Majority of 41% of the respondents were Government Employee.
- Majority of 22% of the respondents Family size Less than 4, 55% of the respondents Family size 4 to 6 and 23% of the respondents Family size Above 6.
- Majority of 42% of the respondents number of earning member in their family is 2.
- Majority of 41% of the respondents monthly income range is Rs. 60,000 & above.
- Majority of 49% of the respondents aware about mutual fund through Business news papers.
- Majority of 83% of the respondents were Hereditary investor.

- Majority of 70% of the respondents prefer Long term investor.
- Majority of 69% of the respondents invested in Less than 10.
- Majority of 66% of the respondents were invested Rs. 1 lakh – Rs. 2 lakhs.
- Majority of 53% of the respondents saves their savings in share 30% and above.
- Most of 32% of the respondents prefer to invest in Mutual fund.
- Majority of 77% of the respondents were investing Upto 2 years.
- Majority of 66% of the respondents invest Weekly.
- Majority of 69% of the respondents prefer to trade in Offline.

CORRELATION

- The above table gives the relationship between the variables, Monthly income and Category of investment. The result gives positive correlation value of 0.843.
- The above table gives the relationship between the variables, mode of trading you prefer and preferred company size to invest. The result gives positive correlation value of 0.843.

SUGGESTIONS

- There is need to create awareness about commodity Future Market. Awareness program has to be conducted by Angel consultants, because since this was new to the market .so it can be done through by giving advertisements in local channels, Newspapers, by sending E-mail to present customers etc
- From survey it is found that most of the potential customers are concerned about the Brokerage charges so Angel can look upon this. If it can charge moderate brokerage it will help to attract more and more customers.
- “Dabba trading” in commodity market in India.
- The FMC should increase the range of commodities in future commodities in commodity market in India.
- To motivate the commodity business in India the FMC should come up with some rebate in taxes.

- The FMC should increase the delivery centers of commodities in India.
- As commodity market is very potential for business, the angel co. should think about various ways to attract the customers.

CONCLUSION:

The buying intent of mutual fund product by a small investor can be due to multiple reasons depending upon the risk return trade off. Due to the reduction in the bank interest rates and high degree of volatility in Indian Stock market, investors are looking at an alternative for their investments, which will provide them higher, returns and also safety to their investments.

Financial services sector in India is one of the fastest growing sectors. Awareness if stock market among the people is increasing day by day. So it is essential to know about the stock brokerage operating in our country and their services offered. This study identifies the source of awareness shareholders investment proportion in stock market, factors influencing investors decision on buying and selling of funds.

Further the study attempted to determine the satisfaction level on Stock Holding Corporation of India Ltd and influence of demographic variables on the level of satisfaction. The investors have a good perception about the organization and are found satisfied with the services provided. However, the recommendations were given in this study which will implement for the further growth and development of the company

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