International Journal of Scientific Research in Engineering and Management (IJSREM)
Volume: 05 Issue: 04 | April - 2021 ISSN: 2582-3930

STUDY ON INVESTORS ATTITUDE AND PREFERENCE TOWARDS MUTUAL FUND

AVINASH B, MBA Student , School of Business Administration ,
Sathyabama Institute of Science and Technology -Chennai

D VELUMONI, Faculty, School of Business Administration,
Sathyabama Institute of Science and Technology -Chennai

ABSTRACT

A Mutual Fund is an investment that drives the funds from different investors and invests the funds in stocks, bonds, short-term money-market instruments. The main intention behind investment in mutual fund is to earn better return with assumable low risk. The fundamental goal of the study of the research is to find out Investor preference and attitude towards mutual fund in India. By the help of questionnaire, Description statistical tools like chi-square test have been utilized for analysing the data. The findings from this research are that the mutual funds are the foundation and individual stocks are things to play with.

Keywords**:** Mutual Fund, Preference and attitude, Investment option.

1.INTRODUCTION

Investing and trading are the most access able methods or strategies to procure the profit in the securities or financial markets. The main motive when it comes to investment is to improve and increase the wealth within a period of time with the help of purchasing the stocks in bulk, and lastly mutual fund, bonds and other investment instruments. Investors or clients get their profits with the help of compounding and mainly investing again in the form of profits into shares, stock. Investments are something which is normally kept held for a long period of time.

even years, handy of bonus, perks like interest, dividends. it is usually predicted that the markets fluctuate, investors go in the downtrends with the expectation that the prices would bounce back and any losses will be recovered. Investors are usually very much concerned with market fundamentals, that is price, earnings ratios and management forecasts Trading, which helps, involves the more in buying and selling of stock, commodities, currency pairs or other financial instruments, with the aim of generating returns that outperform buy and hold investing. While investors may be content with a 10 to 15% yearly return, broker may look for10% return every month. Trading profits are created through buying at a lower cost and selling at a more exorbitant cost within a relatively brief timeframe. A mutual fund is the very suitable investment for a individual as it offers an a range to invest in a diversified, professionally managed securities at relatively low cost.

2.LITERATURE SURVEY

Puneet Bhushan & Yajulu Medury (2013) : they concluded that female/women are more introvert and tries to lesser risk and gender differences indulge when it
comes to investment preferences for health insurance, fixed deposits and market investments with in employees.

V.R.Palanivelu& K.Chandrakumar (2013) highlighted that some elements of salaried employees like education, realization about the current financial system, age of investors etc.
Vyas (2012) assessed the types of investment, method of investment by stock holders. he has likewise analysed that the investors / stockholder knowledge of risk and choice over switching of funds by using the Chi-square test, pearson's correlation, mean and median. he has taken 363 investors for the investigation of the data. he also found that investors favoured investment in gold followed by bank deposits and post office schemes. Investor likes lump sum investment over that of SIP. There is notable relationship between occupation of investors and investment mode. Most of the investors have the idea of risk factors in mutual funds. Investors turned over to the investment only for the sake of profitability and investors preferred existing schemes for investment and then they preferred well to invest in equity schemes.

A. Harikanth & B. Pragathi (2012) told that there is a small part of income and occupation in investment determined by the male and female investors. G-horizon of the investors, risks taking capacity, education, age, gender and risk bearing capacity etc.

3.RESEARCH METHODOLOGY

- To understand the attitude and behavior of investors towards mutual funds, responses has been collected from 200 active investors who have adequate knowledge on stock market.

- To analyse the data from the respondents, the following statistical tests has been carried out

1.PERCENTAGE ANALYSIS

Percentage analysis = No. of Respondents / Total No. of Respondents

2.CHI-SQUARE

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

O= Observed Frequency; E= Expected Frequency; ∑= THE "SUM OF" $\frac{(O-E)^2}{E}$

3.KRUSKAL WALLIS TEST

$$\boxed{H = \frac{12}{n(n+1)} \sum \frac{R_i^2}{n_i} - 3(n+1)}$$

n is the number of observations in group

- **R** is the rank

4.FRIEDMAN TEST

$$\left[\frac{12}{nk(k+1)} \sum_{i=1}^{k} R_i^2\right] - 3n(k+1)$$

n is the number of rows

k is the number of columns

R is the sum of ranks

4.DATA ANALYSIS AND INTERPRETATION

4.1.FREQUENCY ANALYSIS OF DEMOGRAPHIC FACTORS OF RESPONDENTS

The various demographics factors of the respondents have been analysed using percentages

Table 4.1 FREQUENCY ANALYSIS OF DEMOGRAPHIC PROFILE OF RESPONDENTS

DEMOGRAPHIC PROFILES:

Factors	Frequency	Percentile
Gender		
Male	120	60
Female	80	40
Age		
Below 25	104	52
26-35	36	18
36-45	28	14
46-55	16	8
Over 55	16	8
Education		
HSC	12	6
Graduate	156	78
Others	32	16
Occupation		
Private	68	34
Public	20	10
Self-employed	40	20
Others	72	36
Annual Income		
Below 150,000	52	26
150,000-300,000	72	36
300,000-450,000	32	16
450,000-600,000	24	12
Above 600,000	20	10

Inference:

60% of the respondents are male and 40% are female. 52% of the respondents are younger than 25 years. 78% are qualified graduates. 36% of the respondents have a unique mode of income. 36% of the respondents have an annual income ranging from 150,000 to 300,000.

4.2.CHI-SQUARE ANALYSIS

Chi-Square Analysis Between Occupation And No. Of Years Of Association With Stock Market

HYPOTHESIS:

H_0:There is no significant association between the occupation and numberof years of association with stock market

H_1:There is a significant association between the occupation and numberof years of association with stock market

Table 4.2 Chi-Square analysis Between Occupation And No. Of Years Of Association With Stock Market

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	83.431a	9	.000
Likelihood Ratio	114.631	9	.000
Linear-by-Linear Association	55.958	1	.000
N of Valid Cases	200		

a. 9 cells (56.3%) have expected count less than 5. The minimum expected count is .40.

(Source: Primary Data)

INFERENCE: Since the asymptotic value is less than 0.05, Ho is rejected and H1 is accepted. Hence, there is a significant association between the occupation and number of years of association with stock market.

4.2.1 Chi-Square Analysis Between Income And Expected Rate Of Return

HYPOTHESIS

H0: There is no significant association between the income and expectedrate of return.

H1: There is a significant association between the income and expectedrate of return.

Chi-Square test

Table 4.3 Chi-Square Between Income And Expected Rate Of Return

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	183.423a	8	.000
Likelihood Ratio	169.397	8	.000
Linear-by-Linear Association	74.849	1	.000
N of Valid Cases	200		

a. 8 cells (53.3%) have expected count less than 5. The minimum expected count is 1.20.

(Source: Primary Data)

INFERENCE: Since the asymptotic value is less than 0.05, H_0 is rejected and H_1 is accepted. Hence, there is a significant association between the income and expected rate of return.

4.3.KRUSKAL WALLIS TEST [H TEST]

4.3.1 Kruskal Wallis Test Between Gender And Period Of Investment Preferred

HYPOTHESIS

H_0: There is no difference between the gender and the period ofinvestment preferred.

H_1: There is a difference between the gender and the period of investmentpreferred.

Table 4.4 Kruskal Wallis Test Between Gender And Period Of Investment Preferred

Test Statistics a,b

	VAR00001
Chi-Square	35.661
df	2
Asymp. Sig.	.000

a. Kruskal Wallis Test
b. Grouping Variable: VAR00002

(Source: Primary Data)

INFERENCE: Since the asymptotic value is less than 0.05, Ho is rejected and H1 is accepted. Hence, there is a difference between the gender and the period of investment preferred.

4.4.FRIEDMAN TEST

Level Of Influence Of Various Factors In Decision Making

Table 4.5 Level Of Influence Of Various Factors In Decision Making

Factors	Mean	Rank

SAFETY OF THE INVESTMENT	7.28	6
LIQUIDITY	7.37	8
RISK RETURN TRADE OFF	7.48	9
GOODWILL OF THE ISSUER	8.05	10
PRICE EARNINGS RATIO	8.18	11
INFLATION AND ECONOMIC CONDITIONS	7.36	7
TAX PLANNING	4.98	3
PROFESSIONAL ADVISE	3.75	2
WORD OF MOUTH	2.71	1
CREDIT RATING OF THE ISSUER	5.46	4
EXTENT OF CAPITAL APPRECIATION	8.72	12
LOCK IN PERIOD	6.66	5

(Source: Primary Data)

INFERENCE: The level of influence of various factors in decision making process has been ranked based on mean value. The word of mouth has the lesser mean value hence it is ranked as one. The word of mouth plays a vital role in investment decisions. Next to that, professional advise of the experts has high level of influence hence it is ranked as two.

6.CONCLUSION

Individual stock picking is better bet which allows for massive and quick returns. If a person invest in individual stocks, he gives himself the opportunity to pick the next Starbucks and ride all the way to the top, doubling or tripling his investment annually. This is simply not going to happen in a mutual fund.

Mutual funds hedge against massive and quick failures. On the other hand, his individual pick might be the next Enron, which would mean bankruptcy.

Individual stock picking requires a lot of homework for success. Most financial planners recommend one hour of research per week per individual stock holding, and that’s a pretty sound prescription if a person wants to see big success.

Mutualfunds require little research, but detach you from the day -to- day mechanics. With a mutual fund, it’s easy to get in, but it’s hard to really have a pulse on what’s going on with investment. With an individual stock, a person can
just obsessively follow a certain company; with a mutual fund, it’s too broad to follow, so an investor just have to trust the fund manager.Individual stock picking costs you on the buy-in and the sell with

brokerage fees, but leave you alone once you're invested. Thus, many small trades can eat investors alive just with the fees, let alone the capital gains taxes. However, if a person plans his moves carefully and have some strong money to invest, the fees become quite tiny in comparison. Mutual funds generally does not cost extra to get in, but slowly sip away expensive over time. Again, some careful planning can minimize this drain – get into an index fund that has a very low expense ratio.So, which is better? Individual stocks are generally high at risk and high at reward vice versa but they need to be some serious footwork. Mutual funds generally have lesser risk and don't need as much attentions as compared to individual stocks, but they won't make you rich in a few years. I would like to conclude that Mutual funds are the foundation; individual stocks are things to play with.

REFERENCES

[1] "Arathy B, Aswathy A Nair, Anju Sai P, Pravitha, 2015 "A Study On Factors Affecting Investment On Mutual Funds And Its Preference Of Retail Investors", International Journal Of Scientific And Research Publications..

[2] Anand, S., Murugaiah,V.,'Marketing of financial services: strategic issues", SCMS Journal of Indian Management. .

[3] Badla, B S., Garg, A.,2004 'Performance of Mutual Funds in India – An Empirical Study of Growth Schemes", GITAM Journal of Management.

[4] "Basics Of Financial Markets", National Stock Exchange Of India.

[5] "Common Types of Investment",2004 Prepared for the FINRA Foundation by Lightbulb Press, Inc. December .

[6] Desigan et al. (2006),"Women Investor's Perceptiontowards Investment: An empirical Study", Indian Journal of Marketing.

[7] Gaurav Agrawal, Dr.Mini Jain, 2007 ,"Investor's Preference towards Mutual Funds In Comparison To Other Investment Avenues", Journal of Indian Research.

[8] Heena Kothari, 2004 "Investors Behaviour towards Investment Avenues: A Study With Reference To Indore City", Altius Institute of Universal Studies, Indore, Altius Shodh Journal of Management and Commerce.

[9] Investment in Equity and Mutual Funds – A Behavioural Study", in Bhatia B.S., and Batra G.S.(ed.) Management of Financial Services, 2006 Deep and Deep Publications, New Delhi,pp.

[10] Jambodekar, Madhusudan V.1996,"Marketing Strategies of Mutual Funds – Current Practices and Future directions", Working Paper, UTI – IIMB Centre for Capital Markets Education and Research, Bangalore,