

On Investors Attitude Towards Mutual Funds

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Abstract: *A Mutual Fund pools the money of people with certain investment goals. The money invested in various securities depending on the objectives of the mutual fund scheme and the profits (or loss) are shared among investors' in proportion to their investment. Investments in securities are spread across a wide cross-section of industries and sectors. Diversification reduces the risk because all stocks may not move in the same direction in the same proportion at the same time. Mutual fund issues units to the investors' in accordance with quantum of money invested by them. Investors' of mutual funds are known as unit holders. The profits or losses are shared by the investors' in proportion to their investment. The mutual funds normally come out with a number of schemes with different investment objectives which are launched from time to time. A mutual fund is required to be registered with Securities and Exchange Board of India (SEBI) which regulates securities markets before it can collect funds from the public.*

A Mutual fund is a trust that pools the savings of a number of investors' who share a common financial goal. The money collected from investors' is invested in capital market instrument such as shares, debentures and other securities. The income earned through these investments and the capital appreciations realized are shared by its unit's holder in proportion to the number of units owned by them. Thus a Mutual Fund is the most suitable investment to the common man as it offers an opportunity, to invest in a diversified, professionally managed basket of securities at relatively low cost.

So in this paper I focus on investors attitude to words A Mutual fund and a case study on chitradurgta city and same is generalize to enter india.

Keywords: *Mutual funds, economic development SEBI Risk diversification*

I. REVIEWS OF LITERATURE

Gauri Prabhu and Vechalekar N.M. (1992), the study analysed that, perception of Indian investor towards investment in mutual funds. Mutual funds provide a platform for a common investor to participate in the Indian capital market with professional fund management irrespective of the amount invested. Thus a MF is the most suitable investment for the common man an it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cow. The investors were selected on the basis of those who have made prior investment in mutual funds and have some knowledge about the basic terminologies involved with mutual funds.

Umamaheswari S. and Ashok kumar M. (2014), they analysed that, a study on investment perspectives of the

salaried strata at Coimbatore district. The investment priority of a person is based on several factors like his/her awareness, environment, level of exposure, intensions, beliefs, responsibilities and so on. This study also revealed that life insurance and provident/pension fund investments have also seen a rise may be on account of increased awareness about the need to ensure and also increased competition from the private sector, precisely, this research could serve an ice-breaker for the public as well as the financial facet on the nation, if pursued on a large scale.

A. NEED FOR THE STUDY

Among the various investment opportunities available, Indian's investing in mutual fund is a recent innovation. There are so many mutual fund institutions in India. It helps

to know the attitude, awareness and preference of the investors based on this information brokers. The study mainly give results itself analysis issues relating to investors preference towards mutual funds.

B. OBJECTIVES OF THE STUDY

To Study the reasons for investing in mutual fund.

To examine the outline of mutual fund investors residing in Chitradurga city.

To analyse the factors influence on the selection of mutual funds.

To study the attitude of investors towards mutual fund.

C. SCOPE OF THE STUDY

The study mainly focus on analyse issues relating to investors awareness or preference towards mutual funds. It helps to know the attitudes, awareness, preference of investors. Based on this information investment brokers can carry out further research on specific problems. The researcher's suggestions through report will help them to improve their services. Man services will be undertaken to attract new investors. This study is focuses only Chitradurga city. It covers mutual funds investors only.

D. METHODOLOGY

The data required for the research has been collected from both sources. They are,

- ✓ Primary Data.
- ✓ Secondary Data.

PRIMARY DATA

Primary data has been collected through survey; questionnaire.

SECONDARY DATA

Secondary data is collected from various books, published and unpublished sources, journals, and mainly with the help of internet.

SAMPLING TECHNIQUE & SAMPLE SIZE

For this study the random sampling technique has choosen & 30 sample size has been taken.

E. LIMITATIONS OF THE STUDY

- ✓ Time is the major limiting factor.
- ✓ The study is limited only Chitradurga city.
- ✓ The sample size of individual investors is limited for the purpose of survey is 30 only.

II. MEANING

“A mutual fund is a financial intermediary that pools the savings of investor for collective investment in a diversified portfolio of securities”.

A mutual fund is an investment vehicle that is made up of a pool of funds collected from many investors for the purpose

of investing in securities such as stocks, bonds, money market instruments and similar assets.

A. DEFINITION

The securities and exchange board of India (Mutual Funds) Regulations, 1996 defines “as mutual fund as a fund established in the form of a trust to raise money through the sale of units to the public or a section of the public under one or more schemes for investing securities”.

A mutual fund is a basket of various investments, such as stocks, bonds, and cash. A mutual fund is funded by the investments of individual investors and institutions.

Sl. No	Basis of classification of respondents	Options	No. of Respondents	Percentage (%)
1	Age	Below 20	0	0
		21-30	15	50
		31-40	05	16.66
		41-50	06	20
		Above - 50	04	13.34
	Total	30	100	
2	Gender	Male	22	73.33
		Female	08	26.67
		Total	30	100
3	Education	SSLC	08	26.67
		Graduation	12	40
		Post Graduation	08	26.67
		Others	0	6.66
		Total	30	100
4	Occupation	Student	02	6.66
		Employee	13	43.34
		House Wife	05	16.67
		Professional	08	26.66
		Other	02	6.67
	Total	30	100	
5	Monthly Income (Rs)	Less then 20000	08	26.67
		20000-30000	08	26.67
		30000-40000	04	13.33
		Above - 40000	10	33.33
		Total	30	100
6	Monthly Savings (Rs)	Less then 5000	19	63.34
		5000 – 15000	07	23.33
		15000-20000	03	10.00
		Above – 20000	01	3.33
		Total	30	100
7	Came to know about mutual funds from	Friends	09	30
		Media	11	36.67
		Sales representati ve	07	23.33
		Others	03	10
		Total	30	100

8	Period Of Investment	Less then a Year	03	10
		1-5 Year	22	73.34
		5-10 Year	04	13.33
		Above 10 Year	01	3.33
		Total	30	100
9	Mutual Funds Schemes preferred	Equity diversified	07	23.33
		Debt Fund	04	13.33
		Balanced Fund	19	63.34
		Other	0	0
		Total	30	100
10	Investment Objective	Return	18	60
		Risk	0	0
		Liquidity	0	0
		Hedge against inflation	07	23.33
		Safety	02	6.67
		Reducing tax	03	10
		Total	30	100
11	features influence to investment.	Diversification	13	43.33
		Better Returns	04	13.33
		Safety	3	10
		Regular Income	05	16.67
		Reduction in risk & Transaction Cost	02	6.67
		Tax Benefit	03	10
		Total	30	100
		12	Opinion about Fulfillment of objective	Yes
No	03			10
Total	30			100
13	Rate of Return received	8 To 10%	04	13.33
		10 to 12 %	04	13.33
		12 to 15%	03	1
		Above – 15%	19	63.34
		Total	30	100
14	Factors influences to investment in mutual fund	Economic Scenario	04	13.33
		Mutual Fund	02	6.67
		Company Image	05	16.67
		Fund performance in the post Tax incentive	19	63.33
		Total	30	100
15	Opinion about mutual fund.	Best	03	10
		Better	05	16.67
		Good	22	73.33
		Not Good	0	0
		Total	30	100
16	Opinion about Satisfaction from	Highly Satisfied	06	20
		Satisfied	18	60
		Satisfied	06	20
		Moderate	0	0
		Total	30	100

	investment in mutual funds	Dissatisfied		
		Total	30	100

Source: field survey

Table 1: Analysis And Interpretation

ANALYSIS – 1

The above table shows that out of 30 respondents, none of the respondents comes under age group of below 20, 15 (i.e., 50%) respondents are belongs to age group of 21 to 30 years, 05 (i.e., 16.66%) are in the age group of 31 to 40 years, 06 (i.e., 20%) respondents are in the age group of 41 to 50 years and 04 (i.e., 13.34%) respondents are in the age group of above 50 years.

INTERPRETATION

The above analysis shows that the majority of the respondents i.e., 50% are in the age group of 21 to 30.

ANALYSIS – 2

The above table shows that out of 30 respondents, 22 (i.e., 73.33%) respondents are male and remaining 08 (i.e., 26.67%) respondents are female.

INTERPRETATION

The above analysis shows that the majority of the respondent 22 (i.e., 73.33%) are male familiar with mutual fund than female.

ANALYSIS -3

The above table shows that, out of 30 respondents, 08 (i.e., 26.67%) respondents educational qualification is SSLC, 12 (i.e., 40%) respondents educational qualification is graduation, 08 (i.e., 26.67%) respondents educational qualification is post graduation and 02 (6.66%) are belongs to others group.

INTERPRETATION

The above analysis reveals that majority of respondents 12 (i.e., 40%) educational qualification is graduation

ANALYSIS -4

The above table reveals that, out of 30 respondents 2 respondents (i.e., 06.66%) are students, 13 (i.e., 43.34%) are employees, 05 (16.67%) are house wife, 08 (i.e., 26.66%) are professionals and remaining 02 (i.e., 06.67%) are others.

INTERPRETATION

The above analysis reveals that majority of investors (i.e., 43.34%) are employees which may be private employees or government employees.

ANALYSIS- 5

The above table reveals that out of 30 respondents, 08 (i.e., 26.67%) investors earn less than Rs. 20000 per month, and another 8 (i.e., 26.67%) investors earn month by income of between Rs. 20000 to 30000, 04 (i.e., 13.33%) investors are earn Rs. 30000 to 40000 monthly income and remaining 10 (i.e., 33.33%) are fall under the income of above Rs. 40000.

INTERPRETATION

The above analysis reveals that majority investors (i.e., 33.33%) are earn above Rs. 40000 per month, because most of the investors are employees as they can get more income.

ANALYSIS – 6

The above table shows the monthly savings of respondents, the table reveals among 30 respondents that, 19 (i.e., 13.34%) respondents fall under the monthly savings of the less then Rs. 5000, 07 (i.e., 23.33%) respondents fall under the monthly savings of Rs. 5000 – 15000 and 03 (i.e., 10%) and 01 (i.e., 03.33%) respondents are fall under the monthly savings of Rs. 10000 – 20000 and above Rs. 20000 respectively.

INTERPRETATION

The above analysis reveals that majority of respondents (i.e., 63.34%) monthly savings is less than Rs.5000.

ANALYSIS – 7

The above table reveals that out of 30 respondents, 09 (i.e., 30%) respondents are aware through the friends, 11 (i.e., 36.67%) respondents are aware through media and 07 (i.e., 23.33%) respondents are aware through sales representatives and remaining 03 (i.e., 10%) are aware through other means.

INTERPRETATION

From the above analysis we can conclude that majority of respondents (i.e., 36.67%) are aware about mutual funds through media.

ANALYSIS – 8

The above table shows that the period of investment are out of 30 respondents, 03 (i.e., 10%) respondents are invested in mutual fund for less than a year, 22 (73.34%) are invested for 1 – 5 years, 04 (13.33%) respondents are invested for 5 to 10 years and 01 (03.33%) respondents are invested for above 10 years.

INTERPRETATION

The above analysis reveals that majority of respondents (i.e., 73.34%) are invested in mutual fund for 1 – 5 years.

ANALYSIS - 9

The above table shows that out of 30 respondents 07 (i.e., 23.33%) respondents invested in equity diversified scheme, 04 (13.33%) respondents are invested in debt fund, and 19 (63.34%) respondents are invested in balanced fund scheme.

INTERPRETATION

The above analysis reveals that the majority of respondents (i.e., 63.34%) prefer to invest in balanced fund because to reduce risk.

ANALYSIS – 10

The above table reveals the objective of investors, among 30 respondents, 18 (i.e., 60%) respondents' objective is earn good return, 07 (i.e., 23.33%) respondents objective is hedge against inflation, 02 (i.e., 6.67%) respondents objective is safety and remaining 03 (i.e., 10%) respondents objective is reducing tax.

INTERPRETATION

From the above analysis it is clear that majority of respondents (i.e., 60%) investment objective is return.

ANALYSIS – 11

The above table reveals that, out of 30 respondents, 13 (i.e., 43.33%) respondents fall under the allure feature of diversification and remaining 04 (i.e., 13.33%) respondents fall under the allure feature of better returns, and remaining 03 (i.e., 10%), 05 (i.e., 16.67%), 02 (6.67%), 03 (10%) respondents fall under the allure features of safety, regular income, reduction in risk and transaction cost, and tax benefit respectively.

INTERPRETATION

From the above analysis it is clear that majority investors (i.e., 43.33%) likes the feature of mutual fund in terms of diversification.

ANALYSIS – 12

Out of 30 respondents, 27 (i.e., 90%) respondents prior objectives of investment was fulfilled and remaining 03 (i.e., 10%) respondents prior objectives were not fulfilled.

INTERPRETATION

The above analysis reveals that, majority of respondents (i.e., 90%) prior objective of investment is fulfilled.

ANALYSIS – 13

The above table reveals the rate of return on mutual fund schemes. Out of 30 respondents, 04 (i.e., 13.33%) respondents get return at the rate of 8 to 10%, 04 (i.e., 13.33%)

respondents get return at the rate of 10 to 12% 03 (i.e., 10%) respondents get return at the rate of 12 to 15% one remaining and remaining 19 (i.e., 63.34%) respondents get return at the rate of above 15%.

INTERPRETATION

The above analysis reveals that, majority of respondents (i.e., 63.34%) are get return at the rate of above 15% for their investment in mutual fund schemes.

ANALYSIS – 14

The above table reveals that factors influences on investment decision to investing, 04 (i.e., 13.33%) respondents were influenced by economic scenario, 02 (i.e., 6.67%) respondents were influenced by mutual fund company image, 05 (i.e., 16.67%) respondents were influenced by fund performance in the past and remaining 19 (i.e., 63.33%) respondents were influenced by tax incentive.

INTERPRETATION

The above analysis reveals that, the majority of respondents (i.e., 63.33%) are influenced by tax incentive factor.

ANALYSIS – 15

The above table shows the opinion about overall performance of mutual fund. Out of 30 respondents, 03 (i.e., 10%) respondents opinion is best, 05 (i.e., 16.67%) respondents opinion is better, and remaining 22 (i.e., 73.33%) respondents opinion is good.

INTERPRETATION

The above analysis reveals that, the majority of respondents (i.e., 73.33%) opinion about overall performance of mutual fund is good.

ANALYSIS – 16

The above table shows that, respondents satisfaction with investment in mutual funds out of 30 respondents, 06 (i.e., 20%) respondents are highly satisfied, 18 (i.e., 60%) respondents are satisfied, 06 and (i.e., 20%) respondents are moderate satisfied.

INTERPRETATION

The above analysis reveals that majority of respondents (i.e., 60%) are satisfied with investment in mutual funds.

III. FINDINGS, SUGGESTIONS AND CONCLUSION

A. FINDINGS

- ✓ Majority of the respondents i.e., 50% are belongs to the age group between 21 to 30 years.
- ✓ Majority of the respondents i.e., 73.33% are belongs to male.
- ✓ Majority of the respondents i.e., 40% educational qualification is graduation.
- ✓ Majority of the respondents i.e., 43.33% are employees.
- ✓ Majority of the respondents i.e., 33.33% are having monthly income Rs. 40000 and above.
- ✓ Majority of the respondents i.e., 63.34% monthly savings is less than Rs. 5000.
- ✓ Majority of the respondents i.e., 36.67% are aware about mutual fund through media.
- ✓ Majority of the respondents i.e., 73.34% are invested in mutual funds for 1 to 5 years.
- ✓ Majority of the respondents i.e., 63.34% are invested in balanced fund scheme.
- ✓ Majority of the respondents' i.e., 66.67% opinion is close ended mutual fund is more convenient.
- ✓ Majority of the respondents i.e., 60% are investors invested in mutual fund with the objective of earn good return.
- ✓ Majority of the respondents i.e., 60% are influenced by liquidity factor.
- ✓ Majority of the respondents i.e., 43.33% of investors like the feature of diversification.
- ✓ Majority of the respondents' i.e., 90% of investors prior objectives of investment fulfilled.
- ✓ Majority of the respondents i.e., 53.33% are invested in mutual fund for because of reliability.
- ✓ Majority of the respondents i.e., 63.34% of investors get return at the rate of above 15%.
- ✓ Majority of the respondents' i.e., 56.67% are opinion about mutual fund scheme returns is high.
- ✓ Majority of the respondents i.e., 33.33% are willing to undertake high risk and low risk.
- ✓ Majority of the respondents i.e., 63.33% are invested because of tax incentive factors.
- ✓ Majority of the respondents' i.e., 73.33% are opinion about overall performance of mutual fund is good.
- ✓ Majority of the respondents' i.e., 66.67% are opinion about major drawback of mutual fund scheme is market risk.
- ✓ Majority of the respondents i.e., 60% are satisfied with investment in mutual funds.

B. SUGGESTIONS

- ✓ Mutual fund company has to bring new schemes which more beneficial to female investors to attract female.
- ✓ Mutual funds have to give more importance to female than male for increasing the size investors.
- ✓ It most advertises their schemes to encourage all the age group of people in investment of mutual funds.
- ✓ To give training about mutual fund schemes in all the occupational background people.
- ✓ To give more and more advertisements through other sources regarding mutual funds.
- ✓ To give assurance about mutual funds to invest the money in more than 5 years.

- ✓ Mutual fund schemes yet to fulfill all the investment objectives of investors.
- ✓ The companies should give more returns from mutual fund schemes through changing the portfolio as time demand.
- ✓ To increase capital appreciation through the assurance. Because of some scheme doesn't have an assurance.
- ✓ Mutual fund companies take good decision while providing the service to investors.
- ✓ It is needed to concentrate on rural area people, because they are unaware about mutual fund schemes.
- ✓ Need to improve the features of schemes offered by investors.
- ✓ Need to give better schemes and return should be constant. So mutual fund companies need to improve its service.
- ✓ To provide more and more mutual fund schemes to public with high return and low risk.

C. CONCLUSION

By the overall observation of various mutual funds like UTI mutual funds, HDFC mutual funds, SBI mutual funds etc. The mutual fund investors always expect more return from their investment. Now more and more investors were attracting towards mutual fund investment for high returns, liquidity, tax benefits, diversification etc. This study helps to know the empirical study on investors' perception towards investment in mutual funds. If the mutual fund companies adopts and uses these suggestions it can attract more new investors to their mutual fund schemes and the general growth in the mutual fund industry can be seen.

This study has lightened on Empirical study on investors' attitude towards Mutual Funds with the consideration of Mutual Fund Schemes. The result is entirely based on selected investors and Mutual Fund investors. There may be a

chance of different result once the new study undertakes new investors and other mutual fund industries. The perception has been changing issue in investment discipline. Hence the result encourages further study to concentrate on and the express different output.

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