

Investors perceptions towards Mutual Funds: A Study among the selected House Holds from Coimbatore

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ABSTRACT

In the last few years, Indian Mutual Fund has become very popular. The UTI had brought the monopoly on this industry only. But many new players entered the market and the UTI monopoly broke. The industry has become a very tough competition. Eventually, this industry becomes the buzz word in Indian economy. So it is very important to know investors about the mutual fund industry. So the researcher makes a descriptive study mutual fund investor in Coimbatore city. The data were collected through the structured questionnaire and the analyse were conducted by using statistical tolls such as an ANOVA, Chi-square test, Kruskal-Wallis test. This study analyses the investment in mutual funds related to the investor behavior, Mutual Fund and its Influencing socio-economic factors, satisfaction level, sources of mutual fund information, Mutual Investor's Opinion ,Challenges before the Indian Mutual Fund Industry etc.

1. Introduction

A mutual fund is a trust that protects many investors who share a common economic goal. Collected funds are invested in equity, such as shares, debentures and other securities. The revenue earned through these deposits is shared by its unit holders as a proportion of units owned by them. So Mutual Fund is an ideal investment for the common man. Providing opportunities to invest in diversified and professionally managed batch securities is relatively cheap. Investment in securities spreads across diverse industries and regions. Asset management companies (ATMs) typically come with various investment objectives from time to time, with different project objectives. Mutual funds are required to register in securities and Exchange Board of India (SEBI). This is registered before the securities market can be collected from the public. The RBI launched the Mutual Fund Industry in 1963 by setting up Unit Trust of India (UTI) in the initiative of the Government of India. The aim is to attract small investors and introduce them to market investments.

2. Common Type Mutual Fund Investment are

a. Money market funds

These funds invest short term fixed institutional securities such as government bonds, treasury bills, bankers' acceptance, commercial paper and deposit certificate. Usually they are a safe deposit, but less likely to return will be other varied funds. Canadian Money Markets Funds are trying to maintain their asset value (NAV) securely to \$ 10.

b. Fixed income funds

Buy these deposits, which are guaranteed on a fixed rate such as government bonds, investment grade bonds, high yield corporate bonds. The Fund aims to raise money and collect the money on a regular basis.

c. Equity funds

These funds are invested in stocks. If this fund is aimed to grow faster than cash or fixed income funds, there is a risk that you may lose money. Unlike a variety of equity funds, you can use growth stocks (notably dividend payments), income funds (hold majority shares), value stock, large cap stocks, mid-cap stocks, small cap stocks, or a mix of these.

d. Balanced funds

These funds are invested in Equities and Fixed Income Securities. They try to maintain the goal of earning high revenue against the risk of losing money. Most of these funds follow a formula for dividing cash into various investments. There will be more risk than fixed income funds, but less risk than equity funds.

e. Index funds

These funds are to monitor the performance of a specific index, such as the S & P/SX Composite Index. When the index rises or decreases the value of the mutual fund goes up or down. Index funds are cheaper than the mutual funds actively managed because the Portfolio Manager does not conduct much research on investment.

f. Specialty funds

These funds focus on specific norms such as real estate, commodity and socially responsible investment. For instance, companies that support environmental governance, human rights and diversity are able to invest in Socialist Responsible Funds and companies can be avoided by companies such as alcohol, tobacco, gambling, weapons, and soldiers.

g. Fund-of-funds

These funds invest in other funds. Allows investors to make assets and diversification easier, similar to balanced funds. MER fund of funds is higher than stand-alone mutual funds.

3. Review of Literature

Euplitto (1992) says that investors are willing to invest in mutual funds or their schemes, which can be a good reward. Goetzman (1997) has suggested that psychology of investors can be influenced by mutual fund investments and withdrawal from the fund.

Lennard et al., Al. (2003) Investigates the investigators' attitude towards mutual funds. The decision indicates that investors' attitude has been affected by risk factors such as risk, current asset allocation, investment loss, investment mix, age of the fund, capital fund, investment mix, fund and portfolio diversification. The study reveals that these factors should be considered regardless of the non-employer plans or when the employer is invested in non-employment or projects.

Wallia and Kiran (2009) learned about the risk of investor, returning to mutual funds. Investors look at the risk of mutual funds involved, compare other financial transactions, transparency, and disclosure methods. They also Investigate on investors' problems and have been found that problems happen due to unprofessional service of mutual fund companies. Majority of individual investors do not think that mutual funds are a very risky investment. This is considered at a higher level as compared to other economic possibilities in a ranking scale.

Singh (2012) conducted a empirical study of Indian investors, most of the respondents were not aware of the various activities of mutual funds and that they were confused about investments in Mutual Fund. Some criterion factors, such as gender, income, and education standards, have been linked to the mood of the fund. On the contrary, age and labor are not affected by the nature of the investor. The study found that risk and liquidity had identified the most profitable benefits of investments in mutual funds.

4. Statement of Problems

A mutual fund is an ideal investment for the common man, due to the ability to invest in diversified and professionally

controlled batch securities to make them invest in comparatively low cost. Recognizing the revenue and capital appreciation that has been generated through these deposits, the unit owners share it in the ratio by their unit propotion. There are number of research progress in investments in mutual funds. Much research has been done to learn about investors in investing in mutual funds, particularly MIP funds.

5. Primary Objective

- To study the customer knowledge on investment avenues for IL&FS

6. Secondary Objectives

- To study the investors awareness about various investment avenues
- To study the socio-economic factor influence the investment in mutual fund
- To find out the source through which the customers come to know about various investment.

7. Research Methodology

The researcher conducts the research through Descriptive method. There are two basic approaches to research, viz., Quantitative approach and Qualitative approach. The data were collected from Primary data. Convenience Sampling method is used for the data collection. The sample frame chosen here in this project is 90 of the general population. The data were collected through a structured questionnaire. The statistical tools used for the study are as follows: ANOVA, Chi-square test, Kruskal-Wallis test.

8. Limitations

- Some respondents cannot provide enough information which creates a limit on study.
- Another considerable limit is the bias of responding.
- All respondents are middle class. So it was harder to prepare them for study

9. Data Analysis and Interpretation

(A) Null Hypothesis (H0): There will not be a significant difference between satisfactions and socio-economic factors

Variables	Group	Sum of Squares	df	Mean Square	F	Sig.
Age	Between Variables	22.95	2	11.47	0.91	0.399
	Within Groups	1838.54	85	12.5		
	Total	1861.49	88			
Occupation	Between Variables	819.93	3	407.96	55.68	0.001
	Within Groups	1041.55	85	8.04		
	Total	1861.49	88			
Monthly income	Between Variables	79.56	2	42.14	3.46	0.039
	Within Groups	1779	86	11.89		
	Total	1858.56	88			
Location	Between Variables	18.32	86	9.25	0.81	0.488
	Within Groups	1843.16	2	12.8		
	Total	1861.49	88			

Source: computed Data

*significance level at p=.05

Inference: This table shows the ANOVA results and the probability of the satisfaction of mutual fund towards socio

economic factors such as occupation(p=.001) and monthly income (p=.039) are less than 5 percent significant

level. however it also shows that probability value of the level of satisfaction towards socio economic variables such as age (p= .399), Location (p= .488) is higher than 5 percentage significance level. hence it indicates that age and location have no significant effect on the satisfaction of mutual fund where as monthly income of investors as well as occupation of mutual fund investors have significant relation to the satisfaction of

mutual fund. which means there is an association between income and occupation to satisfaction level of mutual fund investors.

(B) Null Hypothesis {H0}: There is no significant difference between the investor among the various information regarding investment information .

Table:2 Results of mean rank in customer information H-Test (Kruskal-Wallis Test)

Investment Information	N	Mean Rank	Chi square value	P value
Magazine	27	64.15		
Newspaper	39	80.77	2.741	0.386
friend	14	65.44		
Media	6	62.13		
Total	86			

Inference: The result thus indicates that investor among the various information differs regarding investment information. The difference in the mean rank table for regarding investment information is seen in the table. It is found that Newspaper will have highest investment information (80.77) followed by friend (65.44), magazine (64.15), Media (62.13). Since p value is more than 5 percentage. so the null hypothesis is accepted. there is no significant difference between the investor among the various information regarding investment information .

Inference: The chi square value found for interest in a mutual fund and gender is .81 within a degree of freedom 5. And the significance is found .36. The results thus imply that there is no significant association between a mutual fund and gender. Since there is no significant association between interest in the mutual fund and gender we accept the Null Hypothesis (H0) and reject the Alternate Hypothesis (H1).

(C) Null hypothesis (Ho): There is no significant association between mutual fund and gender

10. Conclusion

Investors have number of opportunities in financial market. Investors can invest in corporate bonds, debentures, bank deposits and post office schemes. Now, however, investors give permission to portfolio managers to deposit cash on their behalf. These portfolio managers are specialized in stock market operations and are investing in the form minimum assured returns for investors. Today, many companies are busy providing wealthy management services for investors. But these Today investors in the financial markets have a lot of investment services are very expensive. Mutual Funds of investors provide a protective shield for small and medium investors. The current study analyses the investment in mutual funds related to the investor behaviour. The main objectives behind the research, such as the Mutual Fund and its awareness and the satisfaction level, sources of information, deficiencies in the services provided by the mutual fund managers, challenges before the Indian mutual fund industry etc. Today, the major task for the Mutual Fund industry is to convert investors into real investors. New and more advanced schemes should be launched from time to time to keep investors' confidence.

TABLE :3 Result shows association of mutual fund and gender

	Value	df	Asymp.sig.
Pearson chi-square	2.16	1	0.101

Inference: The chi square value found for mutual fund and gender is .264 within a degree of freedom 5%. And the significance is found .101, which is greater than 5 percentage. The results thus imply that there is no significant association between mutual fund and gender. Since there is no significant association between mutual fund and gender we accept the Null Hypothesis (H0) and reject the Alternate Hypothesis (H1).

(D) Null hypothesis (Ho): There will not be a significant association between Interests in Mutual fund and Age

TABLE :4 Result shows association of interest of mutual fund and gender

	Value	df	Asymp.sig.
Pearson chi-square	8.10	2	0.368

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