A Study on Investors' Perception Towards Mutual Fund In Surat Region

Ms. Pranjal Desai
Teaching Assistant, Depat of Management
Uka Tarsadia University

Abstract- *A Mutual Fund is Professionally Managed Scheme by Asset Management Company(AMC), for Investors to invest in Stocks, Bonds and Other Securities. In Today's Competitive Environment, Mutual Fund is more beneficial because it gives Small investor to access in professionally diversified Portfolio at a Low Cost as Compared to other Investment Avenues. This study attempted to know the People Perception towards Mutual Fund in Surat Region. In this Study, an attempt is made to identify the customer Perception with regards to their Preferable Scheme, Frequency of Investment, the plan they choose, and also deal with how the people consider various features of Mutual Fund and Other Investment Options. The Findings will help Investment companies to identify the areas required for enhancement.*

Keywords- Mutual Fund, AMC, Perception, Investment Avenues,.

I. INTRODUCTION

A mutual fund is a common pool of money into which investors place their contributions that are to be invested in accordance with the stated objective. A mutual fund uses the money collected from investors to buy those assets, which are specifically permitted by its stated investment objective. A mutual fund is an entity that pools the money of many investors—its unit holders—to invest in different securities.

Why Mutual Fund Needed?

Mutual Fund is best Oprion among other Investment Avenues because it Provide Diversification By Investing in Many Companies, Expertise Supervision, As all the decisions related to buy and Sell of Scrip is taken by the Expertise of Asset Management Company, Reduced Risk by diversification and liquidity of Units ensured in Mutual Fund, Safety of Investment- SEBI acts as a watchdog and attempts whole heatedly to safeguard investor's interests.

Categories of Mutual Fund

Growth/Equity oriented scheme

These schemes seek to invest a majority of their funds in equities and a small portion in money market instruments. These funds seek to provide growth of capital with secondary emphasis on dividend. Equity schemes are not suitable for investors seeking regular income or needing to use their investments in the short-term. They are ideal for investors who have a long-term investment horizon.

Income/Debt Oriented Scheme

The aim of the income fund is to provide regular and steady income to investors. Such schemes generally invest in fixed income securities such as bonds, corporate, debentures, government securities and money market instruments. Such funds are less risky compared to equity schemes

Balanced Scheme

These are also known, as Hybrid Schemes. These balanced schemes aim to provide both growth and regular income. Such schemes periodically distribute a part of their earning and invest both in shares and fixed income securities in the proportion indicated in their offer documents.

II. LITERATURE REVIEW

Priti Mane (2016) has undertaken research on "*Customer perception with regard to mutual funds*". The study attempted to 30 Samples. She used chi-square test as a testing technique. She found that most of the people are hesitant in going for new age investments like mutual funds and prefer to avert risks by investing in less riskier investment options like recurring deposits.

MS. M. Kalaiselvi (2016) has undertaken study on a study on "*Investor's perception towards mutual fund investments*".The findings from her study was that majority of the respondents are save their income between 30%-40% from their monthly income (31%) and they prefer to invest in bank deposits, most of the respondents prefer to invest in Private sector mutual fund companies (34.8%) and they prefer open-ended mutual fund schemes (70%), respondents are mostly aware of the

mutual funds' investments through new paper and Magazines (60%). The total number of respondent was 250.

RizwanaKhurshid (2016) has studied "I*nvestors perception and behaviour towards mutual funds as an investment option"*. The result conclude that financial markets have become more popularized among the investing public because of their convenient nature and because they facilitate easy operations with good returns. The main objective of investors is to earn higher returns while bearing in mind the factors of risk and liquidity.

Ramakrishna Mishra (2015) has studied on a topic of *"Perceptions of Investors towards Mutual Funds".* Data for the study were collected form 136 sample respondents residing in Bhubaneswar City of Odisha using a structured questionnaire and analysed by exploratory factor analysis and t-test. As a result of factor analysis three factors namely investment, return and future were explored and through t-test it was proved that there is a difference of perception among the small and large investors with respect to 'return' and 'future' aspects of mutual fund.

Khurshid Ahmad Bhat, and Ruchi Singh Maurya (2014) has undertaken study of on *"Consumer Perception Regarding Birla Sun Life Mutual Fund"*. Data used to arrive at the conclusions involved 50 respondents including Business class, Service class, & Professionals were selected via convenience sampling in Jalandhar for conducting the survey. The study conclude that More than 50% of the population knows about mutual funds, Most of the investment in mutual funds is composed of 30% debt & 70% equity that mean people want a secured as well as risk bearing investment, Most people are aware of the past returns of mutual funds, They expect their earnings between 40%-50% in coming 3 years, The main purpose of investing in mutual funds is due to returns.

Shweta Mishra (2013) has conducted research project on *"Customers perception towards mutual fund"*. The Sample size of study was 50. She has used various tools such as chi-square and frequency to analyse the data and data reveals that in mutual fund fixed deposit scheme risk is less but the return is moderate, but in equity scheme risk is high but the return is less or moderate.

Ms. R. Idhayajothi, Dr.O.T.V. Latasri and Ms.R.Malini (2013) has undertaken a Study on *"Customer Perception towards UTI Mutual Funds at Trichy Town"*. The total sample consists of 120 respondents. Simple Percentage Analysis and Cross Table Analysis are the main statistical tools used for this study. The study revealed that the investors have greatest preference for capital appreciation. UTI mutual fund has its

own brand name and thereby it must improve its operations through its performance and service.

Gaurav Agrawal, Dr Mini Jain (2013) has undertaken study on *"Investor's preference towards mutual fund in comparison to other investment avenues"*. They have taken the sample size of 300 and used snow ball technique for sampling procedure with structured questionnaire as a research instrument. They concluded that 100% investors are aware of Banks & LIC, while 96% aware about Mutual Funds followed by 95%.

III. RESEARCH METHODOLOGY

Objective: -

- To know the Investors opinion towards Mutual Fund
- To find out the important features while investing in Mutual Funds.

Research design:

   Descriptive research design has been used for this research. Primary data has been used for the research. Data has been collected through survey technique with structured questionnaire. Sample size for the data collection is 100. The Non-probability convenience sampling method has been used for data collection.
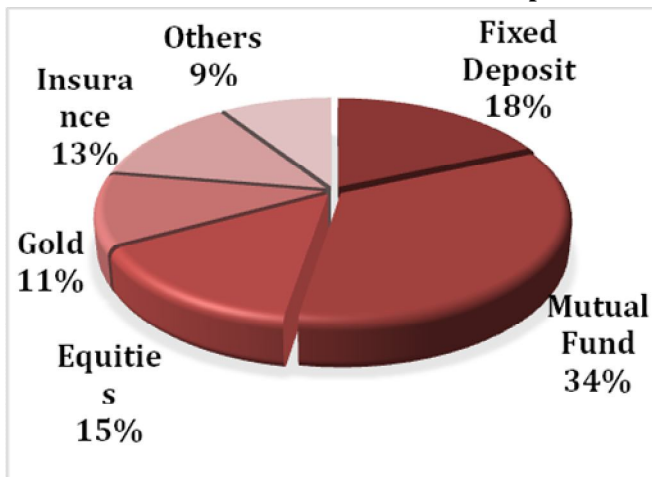
IV. DATA ANALYSIS

**Table 1.1 Liking Preferences towards Mutual Fund**
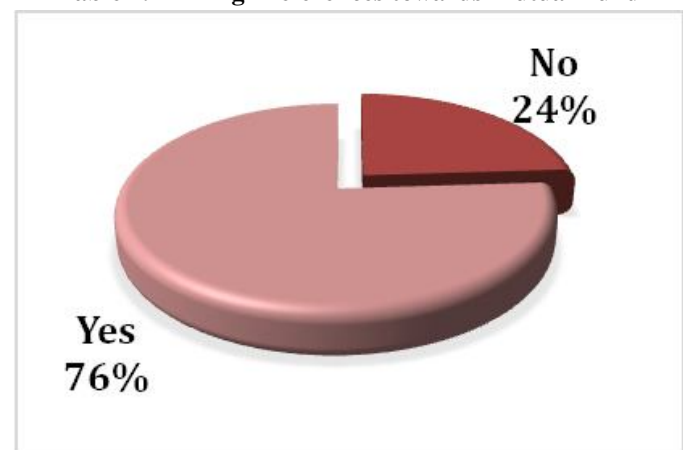
   The above chart shows that, 76% of Respondents would like to invest in Mutual Fund and 24% of Respondents do not have any interest to invest their Money in Mutual Fund.

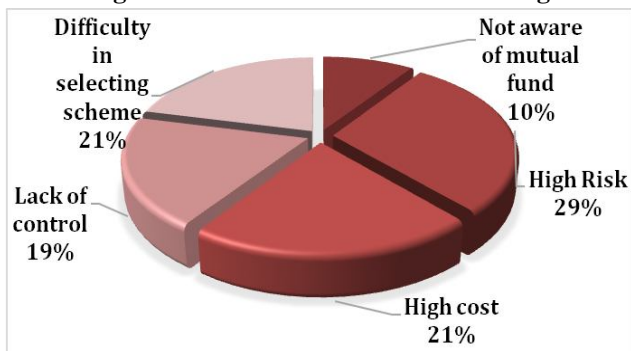**Table 1.2 Most Profitable Investment Option**

It shows that 34% of Respondent think that Mutual Fund is Most Profitable option followed by others option like Fixed Deposit, Equities, etc.

Figure 1.3 Investments in Mutual Fund
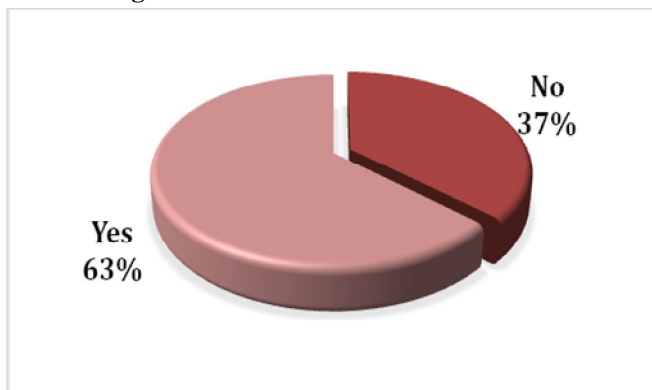
Interpretation: 63% of respondents have invested their money in Mutual Fund.

Figure 1.4 Reasons behind Not Investing

Interpretation: 36% of respondents are not investing in Mutual fund because of above Reasons. High risk is the main reason behind not investing in Mutual Fund.

One Sample t-Test:

Liquidity

H0: Liquidity is not the important feature while making Investment in any avenues

H1: Liquidity is the important feature while making investment in any avenues

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Liquidity	76	4.11	.974	.112

One-Sample Test

			Test Value = 5			
					95% Confidence Interval of the Difference	
	t	Df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Liquidity	-8.008	75	.000	-.895	-1.12	-.67

Interpretation:

From above the table, p value is 0.000 which is less than 0.05, so here the null hypothesis is rejected and alternative is accepted. It indicates that liquidity is important feature while making investment in any avenues.

High Return

H0: High return is not the important feature while making investment in Mutual Fund

H1: High return is the important feature while making investment in Mutual Fund

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
High Return	76	4.54	.502	.058

One-Sample Test

	Test Value = 5					
					95% Confidence Interval of the Difference	
	T	Df	Sig. (2-tailed)	Mean Difference	Lower	Upper
High Return	-8.002	75	.000	-.461	-.58	-.35

Interpretation:

From the above table, p value 0.000 is less than 0.05, so here null hypothesis is rejected and alternative is accepted. It means high return is an important factor while making investment at any avenues.

Diversification

H0: Diversification is not the most important feature while making investment in Mutual Fund

H1: Diversification is the most important feature while making investment in Mutual Fund

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Diversification	76	3.47	.945	.108

One-Sample Test

	Test Value = 4					
					95% Confidence Interval of the Difference	
	T	Df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Diversification	-4.856	75	.000	-.526	-.74	-.31

Interpretation:

From the above table, I can interpret that p value 0.000 is less than 0.05, so null hypothesis is rejected and alternative is accepted. So diversification is the most important factor while making investment at any avenues.

Safety

H0: Safety is not the important feature while making investment in Mutual Fund

H1: Safety is the important feature while making investment in Mutual Fund

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Safety	76	4.71	.585	.067

One-Sample Test

	Test Value = 5					
					95% Confidence Interval of the Difference	
	T	Df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Safety	-4.317	75	.000	-.289	-.42	-.16

Interpretation:

From the above table, Researcher can interpret that p value 0.000 is less than 0.05, so null hypothesis is rejected and alternative is accepted. So we can say safety is an important factor while making investment at any avenues.

Tax benefits

H0: Tax benefits is not the important feature while making investment in Mutual Fund

H1: Tax benefits is the important feature while making investment in Mutual Fund

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Tax benefits	76	3.62	1.083	.124

One-Sample Test

	Test Value = 4					
					95% Confidence Interval of the Difference	
	T	Df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Tax benefits	-3.072	75	.003	-.382	-.63	-.13

Interpretation:

From the above table, I can interpret that p value 0.003 is less than 0.05, so null hypothesis is rejected and alternative is accepted. So we can say tax benefit is an important factor while making investment at any avenues.

Past Performance

H0: Past performance is not the important factor while making investment in Mutual Fund

H1: Past performanceis the important factor while making investment in Mutual Fund

	N	Mean	Std. Deviation	Std. Error Mean
Past Performance	76	3.70	1.132	.130

One-Sample Test

	Test Value = 4					
					95% Confidence Interval of the Difference	
	T	Df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Past Performance	-2.331	75	.022	-.303	-.56	-.04

Interpretation:

From the above table, I can interpret that p value 0.022 is less than 0.05, so null hypothesis is rejected and alternative is accepted. So we can say Past performance is an important factor while making investment in Mutual Fund.

Fund Manager

H0: Fund manager is not the important factor while making investment in Mutual Fund

H1: Fund managers the important factor while making investment in Mutual Fund

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Fund Manager	76	3.79	.838	.096

One-Sample Test

	Test Value = 4					
					95% Confidence Interval of the Difference	
	T	Df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Fund Manager	-2.191	75	.032	-.211	-.40	-.02

Interpretation:

From the above table, Researcher can interpret that p value 0.032 is less than 0.05, so null hypothesis is rejected and alternative is accepted. So we can say Fund manager is an important factor while making investment in Mutual Fund.

Portfolio

H0: Portfolio is not the important factor while making investment in Mutual Fund

H1: Portfolio is the important factor while making investment in Mutual Fund

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Portfolio	76	4.43	.618	.071

One-Sample Test

	Test Value = 4					
					95% Confidence Interval of the Difference	
	T	Df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Portfolio	6.122	75	.000	.434	.29	.58

Interpretation:

From the above table, I can interpret that p value 0.000 is less than 0.05, so null hypothesis is rejected and alternative is accepted. So we can say Fund manager is an important factor while making investment in Mutual Fund.

Past Dividend

H0: Past dividend is not the important factor while making investment in Mutual Fund

H1: Past dividend is the important factor while making investment in Mutual Fund

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Past Dividend	76	**3.09**	1.168	.134

One-Sample Test

	Test Value = 3					
					95% Confidence Interval of the Difference	
	T	Df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Past Dividend	.687	75	.494	.092	-.17	.36

Interpretation:

From the above table, I can interpret that p value 0.494 is more than 0.05, so null hypothesis is accepted and alternative is rejected. So we can say that past dividend is not an important factor while making investment in Mutual Fund.

Stability of Return

H0: Stability of return is not the important factor while making investment in Mutual Fund

H1: Stability of returnis the important factor while making investment in Mutual Fund

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Stability of Return	76	**3.45**	1.063	.122

One-Sample Test

	Test Value = 4					
					95% Confidence Interval of the Difference	
	T	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Stability of Return	-4.531	75	.000	-.553	-.80	-.31

Interpretation:

From the above table, I can interpret that p value 0.000 is less than 0.05, so null hypothesis is rejected and alternative is accepted. So we can say that Stability of return is an important factor while making investment in Mutual Fund.

Findings:

- 76% of respondents would like to invest in Mutual Fund while 63% of respondents are investing in Mutual Fund. Other Preferable Investment avenues are Fixed Deposit and Equities.
- The reasons for not investing in Mutual Fund are High Risk, Difficulty in choosing Schemes, and due to the less awareness about Mutual Fund. The Source of awareness for others is Television, Sales Representative and Family and Friends.
- 42% of respondent's annual amount of investment in Mutual Fund falls into the category of 5-10 Lakhs and duration of Investment in More than 10 Years.
- It has been found that Liquidity, High return, Diversification, Safety of money, Tax benefits, past performance, Fund managers, Portfolio, past dividend, Stability of return is an important factor while making investment in Mutual Fund.

V. CONCLUSION

The most preferable factor for investing in Mutual fund is its high return and high liquidity and the major respondents who invest in Mutual fund are only aware of only specific scheme and other consider themselves as Fully aware of Mutual fund. The investor prefers to invest in SIP and other invests according to in accordance of Fund manager guidance.. The study also conclude that investor prefer Balanced plan. Liquidity, High Return, Past Performance, Fund Manager are the important factors while making an Investment Decision in Mutual Fund.

VI. LITERATURE REVIEW

- Mane, P. (2016). A Study of Investors Perception towards Mutual Funds in the City of Aurangabad. The SIJ Transactions on Industrial, Financial and Business Management, 4, 30-38.
- Ms. M. Kalaiselvi (2016). A study on investor's perception towards mutual fund investments (with special reference to pollachi town). IRACST – International Journal of Commerce, Business and Management (IJCBM), ISSN: 2319–2828 Vol. 5, No.1.
- RizwanKhursid (2016). Investor's perception and behaviour towards mutual funds as an investment option. International Journal of Advanced Research and Development ISSN: 2455 4030, Impact Factor: RJIF 5.24 www.advancedjournal.com Volume 1; Issue 11;

- Agarwal, G., & Jain, M. (2013). Investor's Preference towards Mutual Fund in comparison to other Investment Avenues. Journal of Indian Research, 1(4), 115-131.

REFERENCE BOOK

[1] Dr R. Shanmugham, Financial Services, Wiley, New Delhi.

[2] Kiran Pandya, Smrutibulsari, Sanjay Sinha (2013). SPSS-In simple steps.Dreamtech press.