



**A STUDY ON INVESTOR'S PERCEPTION TOWARDS
MUTUAL FUND (INVESTMENT FUND) WITH
RESPECTIVE OF SIP (SYSTEMATIC INVESTMENT PLAN)**

Santhosh kumar J¹, Dr. Harihara sudhan R²

1. *II MBA – PG Scholar, School of Management, Hindustan Institute of Technology and Science (Deemed to be University), Chennai.*
2. *Research Guide - Assistant Professor (Selection Grade), School of Management, Hindustan Institute of Technology and Science (Deemed to be University), Chennai.*

ABSTRACT

A Mutual Fund (investment fund) is a type of proficiently manage collective investment vehicle that pools money from a lot of investors to buy securities. As the Mutual Fund (investment fund) sector has developed, there's been a growing acceptance by most policy holders that the assured return era is a thing of the past. The Mutual Fund (investment fund) companies are focusing on the marketplace Linked Plans. This study would help in explaining the investor's perception of risk & return & their preference for different schemes of Mutual Fund (investment fund).

The Primary objective of the study is to assess the investor's perception towards the Systematic Investment Plan Pvt Ltd. The secondary objectives include identifying the advantages of Systematic Investment Plan over other forms of investments and compare Systematic Investment Plan with other types of investments and Mutual Fund (investment fund) s of other companies. This study also aims to understanding the investor's perception of risk & return & their preference for different schemes of Mutual Fund (investment fund) Pvt Ltd.

This study comprise a sample of 130 different kinds of investor Pvt Ltd they diversification of investment plans, estimation of the investors has been collected through structured questionnaire and study confined to the area of different areas in Chennai. Most of the investors have very good knowledge about Systematic Investment Plan investment and other investment plan. Based on the findings and analysis it can be concluded that the investors are satisfied with the returns and performance of Systematic Investment Plan superiority and over other investments plan of other Mutual Fund (investment fund) companies Pvt Ltd.

INTRODUCTION:

Mutual Fund (investment fund) :-

A Mutual Fund (investment fund) is a pool of money collected from investors & is invested according to certain investment objectives. A Mutual Fund (investment fund) created when investors put their money together. It is therefore a pool of the investor's money. The most important characteristic of a Mutual Fund (investment fund) is that the contributors & the beneficiaries of the fund are the same class of people, namely the investors. The term Mutual means that investor's contributed to the pool & also benefit from the pool. There are no other claimants to the funds. The pool of funds held mutually by investors is the Mutual Fund (investment fund) .

A Mutual Fund's (investment fund) business is to invest the funds thus collected, according to the wishes of the investor's who create the pool. In much market the wishes are articulated as "Investment Mandates" Usually, the investor's appoint specialized investment managers, to manage their funds. The main purpose is achieved when professional investment managers create a "Product" & offer it for asset to the investor.

What is systematic investment plan [SIP]

An investment strategy based on the concept of rupees-cost averaging, which automatically ensure that the average purchase price of securities over a series of episodic communication is always lower than the security's maximum prices at any point of time. SIP's which are based on the concept of rupee cost averaging which is a very ordinary asset plan in the stock marketplace. Under this, an investor purchase units worth a fixed amount frequently, in effect import fewer units when the NAV is high and more when the NAV is low. A SIP automatically disciplines investors to invest regardless of market movements.

Systematic investments Plan (SIP) are an easy way to accumulate assets and take advantage of Rupee cost averaging [buying more shares when prices are low] by allocate pre-determined periodic speculation into Mutual Fund (investment fund) s.

SIP is an investment option that is presently available only with Mutual Fund (investment fund) s. The other investment option comparable to SIP's is the returning place scheme for

Post office and bank. Basically, under an SIP option an investor commits making a regular [monthly] investment in a particular Mutual Fund (investment fund) / deposit.

Systematic investments Plan (sip) do not assure a income and do not protect against a loss in declining market. Since systematic investing involves permanent participation in the market regardless of performance price levels of securities, you should consider your financial ability to continue your purchases through periods of low price levels.

REVIEW OF LITERATURE

1. **H. Kent Baker and John A. Haslem**, "Investor Behavior." *Accountancy Journal*, November 1973, pp. 64-69. The difference between up stick and down stick dollar trading volume is defined in a study on "can money flow predict?" According to the study, despite little published research on its usefulness, the measure has become an increasingly popular technical indicator due to its own means. The study's main finding is that money flow appears to predict cross-sectional variation in future returns. Their predictive ability is, however, sensitive to the method of measuring money flow (e.g., the exclusion or inclusion of block trades) and the forecast horizon.
2. **Chauvet, 1999**, "The Impact of Foreign Exchange Rate Risk," *Journal of Economic Finance*, pp. 519-549. A study of the development and testing of discriminant Function-based trading rules on the New York Stock Exchange. The study looked at the ability of daily technical indicators to forecast future changes in the "S&P 500 index." The study also indicates that technical indicators have predictive ability to the extent that investors believe they contain information on future market developments, and/or to the extent that the indicators reflect changing expectations among market participants. The study summarises that the initial analysis of the relationship between daily technical data and future market movements is accomplished by examining the statistical difference between the predicted "up days" versus predicted "down days" group means (computed via the usual F test applied to the group means estimated from the discriminant function) ("Up" and "down" days are define shortly). The statistical analysis is expanded by categorising the observations.

3. **V. K. Bhalla and S. Chand**, "Investment Management," 15th Revised Edition, Pg. No. 3-2, 2008. Punithavathy Pandian- "security analysis and portfolio management," revised edition 2005, pages 215-253. An investigation into the adaptive use of technical indicators for predicting intraday price movements. The researcher proposed an adaptive system for selecting the best combination of technical indicators and their parameter values by learning patterns from tick-by-tick financial data. The researcher demonstrated in this paper that this system provides good predictions on the directions of motion, with the hitting rate at 10 ticks ahead of the decision point as high as 70% for foreign exchange rates (FX) in five years from 1996 to 2000 and 8 different stock prices in the NYSE market in 1993. According to the study, tick-wise price time series have a long memory of at least a few minutes, which is equivalent to 10 ticks.
4. **S. Kevin, PHI**, "Security Analysis and Portfolio Management," pp. 1-9. He emphasised long-term vision and a strategy for achieving goals. He advised the investors that they should never be pessimists if they want to be successful. He revealed that, despite the fact that there has been a major economic crisis almost every year, patient investors have consistently made money in the stock market. He concluded that investing in the stock market should be a rational endeavour and advised investors to own a stock if they believe it will perform well.
5. **V. K. Bhalla and S. Chand**, "Fundamental Security Analysis," 4TH EDITION, pages 483-516. He advised investors to purchase stock in a growing company in a growing industry. Invest in a variety of growth companies operating in a different but equally fast-growing sector of the economy. He advised selling the stock when the company has reached or is about to reach its peak of growth. Also, sell the shares as soon as you realise you made a mistake in the initial stock selection. The only way to decide when to buy and sell high-priced shares is to assess the merits and demerits of each share in the portfolio and make a decision.
6. **Shivani Inder and Shikha Vohra**, "Mutual Fund Performance: An Analysis of Index Funds," International Journal of Research In Commerce & Management, volume no. 3 (2012), issue no. 9 (September), pp. 143-146, investigates the behaviour of emerging market mutual funds using a novel database covering individual fund holdings from

January 1996 to March 1999. An examination of individual crises reveals that funds withdrew money one month before the events on average. Herding among funds is statistically significant, but only moderately so. Herding is more common in open-ended funds than in closed-end funds, but it is not more prevalent in times of crisis than in times of calm. Funds typically follow momentum strategies, selling previous losers and buying previous winners, but their overall behaviour is more complex than commonly assumed.

7. **Sathya Swaroop Debasish** examined the evidence that investor behaviour is frequently detrimental to the achievement of investors' long-term goals in "Investigating Performance of Equity-based Mutual Fund Schemes in Indian Scenario," *KCAJournal of Business Management*, Vol. 2, Issue 2 (2009), pp. 1-15. This analysis paints a picture of investors who have lost a significant portion of their potential returns due to the excessive frequency and poor timing of their trading activities. They discovered that investors trade far more than they realise and far more than is necessary to achieve their financial goals. In theory, investors consider the long term, but in practise, they are influenced by short-term factors. This high turnover, combined with a proclivity to buy relatively overpriced investments while ignoring relatively underpriced ones, has resulted in significant underperformance for the average mutual fund investor over the last decade.
8. **Pournima S. Shenvi Dhume and Prof. B. Ramesh (2011)**, "Performance Analysis of Indian Mutual Funds with a Special Reference to Sector Funds," *The Indian Journal of Commerce*, Vol. 64, No. 9, JulySeptember 2011, used Market Index and Fundex to evaluate the performance of 73 selected schemes with different investment objectives, both from the public and private sectors. From April 1994 to March 1999, the NAV of both close-end and open-end schemes was tested. They discovered that the sample schemes were not sufficiently diversified, that the risk and return of the schemes were not in line with their objectives, and that there was no evidence of market timing abilities in the Indian mutual fund industry.
9. **Kalpesh P Prajapati and Mahesh K Patel (2012)**, *Comparative Study On Performance Evaluation Of Mutual Fund Schemes Of Indian Companies*, *Researchers World*, Vol–III, Issue3(3), July 2012, pp. 47–59. "Learn How to Invest in Mutual Funds" discussed

mutual fund risk and return. He stated that risk and return are interdependent; the higher the risk, the higher the potential return; the lower the risk, the lower the expected return. Mutual funds attempt to reduce risk by investing in a diverse portfolio of individual stocks, bonds, and other securities. He concluded that while investing in stocks yields a higher return than investing in mutual funds, the risk associated with mutual funds is lower.

10. **Palekhya**, "A Study on Performance Evaluation of Public and Private Sector Mutual Funds in India," *Asia Pacific Journal of Marketing & Management Review*, Vol.1 No. 2, October 2012, Pp.147–168 evaluated 40 schemes from April 1995 to March 2000. According to the study, the majority of the schemes earned returns that were higher than the market but lower than the 91-day Treasury bill rate. The schemes' average risk was higher than the market's. 15 schemes had a higher-than-average monthly return. Monthly returns on growth schemes were on average. The schemes' risk and return were not always in line with their stated investment objectives. The sample schemes were not sufficiently diversified, with an average unique risk of 7.45 percent and a diversification of 35.01 percent. In terms of total risk and systematic risk, 23 schemes outperformed. 19 schemes with positive alpha values outperformed the others. According to the study, the Indian Mutual Funds were not properly diversified.

OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVES:

The Primary objective of the study is to assess the investor's perception towards the Mutual Fund (investment fund) of Systematic Investment Plan .

SECONDARY OBJECTIVES:

- ❖ To understand how a Mutual Fund (investment fund) works.
- ❖ To identify the advantages of Systematic Investment Plan over other forms of investments.
- ❖ To compare the Systematic Investment Plan with other types of investments.
- ❖ To know investors perception of risk & return & their preference for different schemes of Mutual Fund (investment fund).

LIMITATIONS OF THE STUDY

- ❖ Only 130 investors of Systematic investment plan from Chennai were selected for the study because only the investors in Mutual Fund (investment fund) with sufficient knowledge about various forms of investment will be able to make a comparison between them.
- ❖ Lack of time because of which some of the information could not be collected.
- ❖ Unwillingness & Bias from the part of respondents limits the coverage of the Study.

RESEARCH METHODOLOGY

The research design indicates the types of research methodology undertaken to collect the information for the study. The study design selected for this learning for this plan is both expressive research design and premise testing research design. The reason of descriptive research is to get the feature of an individual toward an objectives or the variable of attention in a circumstances. A descriptive research design is the one that simply describes something such as demographic characteristic of group (or) investors of the product. Expressive explore study provides clear specification of who, what, when, why, where and how aspects of the research. It involves more specific hypothesis and testing of them through arithmetical inference technique. However the descriptive does not find the cause and effect relationship among variables. The method of sampling used here was expediency sampling. The study was conduct in Chennai with sample size of 130 investors of State of India.

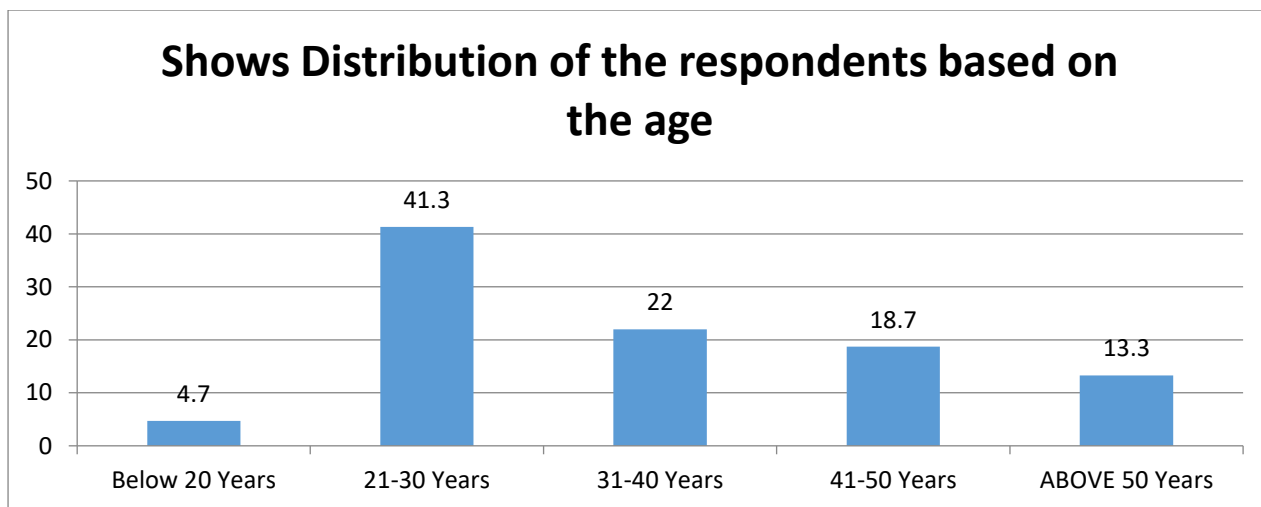
DATA ANALYSIS AND RESULTS:

I. PERCENTAGE ANALYSIS:

AGE:

S.NO	Age	Respondents	Percent
1	Below 20 Years	6	4.7
2	21-30 Years	54	41.3
3	31-40 Years	29	22
4	41-50 Years	24	18.7

5	ABOVE 50 Years	17	13.3
	TOTAL	130	100

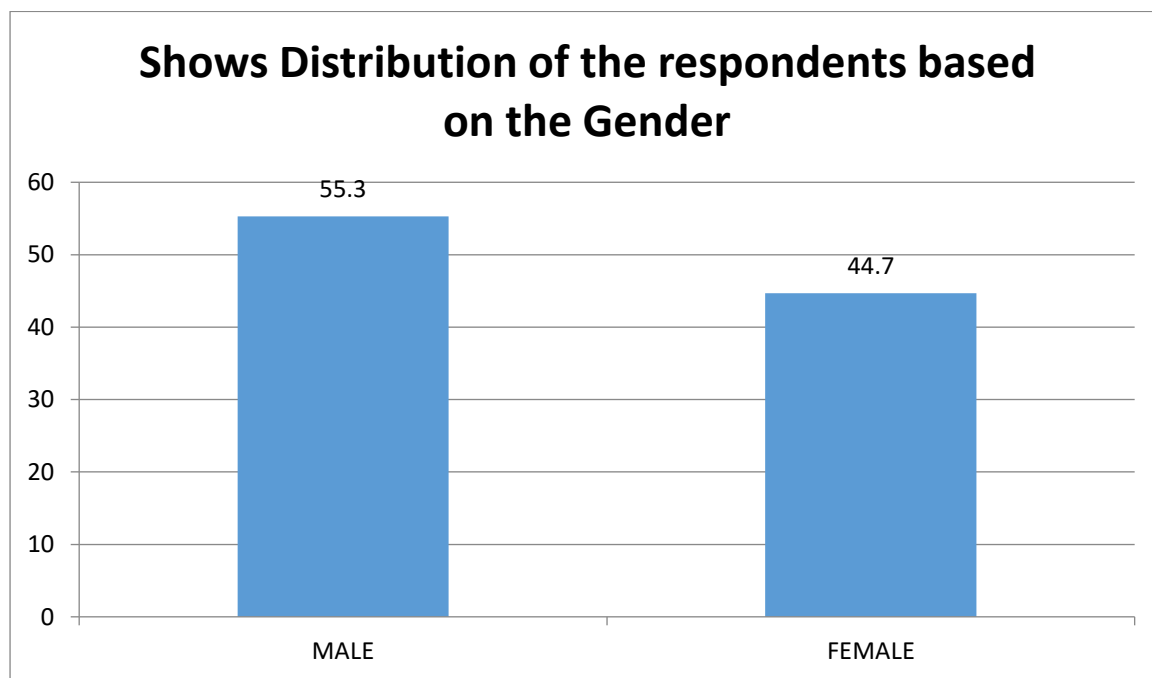


INFERENCE:

From the above table it can be inferred that 41.3% of the respondents are in the age group between 21- 30, 18.7% of the respondents are in the age group between 41 - 50 and 4.7% of the respondents are in the age below 20 years. Most of the respondents are in the age group between 21- 30.

GENDER

S.NO	Gender	Respondent	Percent
1	MALE	72	55.3
2	FEMALE	58	44.7
	TOTAL	130	100



INFERENCE:

From the above table it can be inferred that 55.3% of the respondents are male and 44.7% of the respondents are female. Most of the respondents are male.

CHI SQUARE TEST:

AIM:

Chi-square is used to test whether dissimilarity between observed and expected frequency are recurrent.

TEST HYPOTHESIS:

Null hypothesis (H₀): There is no relationship between investment objective and investment period.

Alternate hypothesis (H₁): There is relationship between investment objective and investment period.

TABLE:

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	296.689 ^a	12	.000
Likelihood Ratio	261.619	12	.000
Linear-by-Linear Association	113.013	1	.000
N of Valid Cases	130		

a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is 1.66.

INFERENCE: Since the calculated value is greater than the tabulated value, we accept the alternate hypothesis and hence there is a relationship between investment objective and investment period.

CORRELATION:

AIM:

Its studies the joint dissimilarity of two or more variables for formative the amount of association between two or more variables

TEST HYPOTHESIS:

Null hypothesis (H₀): There is positive relationship between following schemes/ funds of Systematic Investment Plan investors invested) and best returns in mutual fund.

Alternate hypothesis (H₁): There is negative relationship between following schemes/ funds of Systematic Investment Plan investors invested) and best returns in mutual fund.

TABLE:

Correlations

		following schemes/ funds of Systematic Investment Plan investors invested)	best returns in Mutual Fund
following schemes/ funds of Systematic Investment Plan investors invested)	Pearson Correlation Sig. (2-tailed) N	1 130	.889** 130
best returns in Mutual Fund	Pearson Correlation Sig. (2-tailed) N	.889** .000 130	1 130

** . Correlation is significant at the 0.01 level (2-tailed).

$$r = \frac{N\sum XY - \sum X\sum Y}{\sqrt{N\sum X^2 - (\sum X)^2}\sqrt{N\sum Y^2 - (\sum Y)^2}}$$

r = 0.889

INFERENCE:

Since r is positive, there is positive relationship between following schemes/ funds of Systematic Investment Plan investors invested) and best returns in mutual fund.

ANOVA:

AIM: Analysis of Variance (abbreviated as ANOVA) It is the essentially a procedure for testing the deference among different groups of data for homogeneity. The essence of ANOVA is that the total amount of variation in a set of data is broken down into two types, that amount which can be attributed to chance and that amount which can be qualified to particular causes. ANOVA consists in splitting the variance for analytical purposes.

TEST HYPOTHESIS:

Null hypothesis (H₀): There is a significance difference between recommend others to invest in Mutual Fund through SIP and primary reason to invest in Mutual Fund through SIP (Systematic Investment Plan).

Alternate hypothesis (H₁): There is no significance difference between recommend others to invest in Mutual Fund through SIP and primary reason to invest in Mutual Fund through SIP (Systematic Investment Plan).

TABLE:

recommend others to invest in Mutual Fund through SIP

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	23.186	4	5.796	772.853	.000
Within Groups	.937	125	.007		
Total	24.123	129			

INFERENCE:

Since the calculated value is greater than the tabulated value, we accept the alternate hypothesis and hence there is no significance difference between recommend others to invest in Mutual Fund through SIP and primary reason to invest in Mutual Fund through SIP (Systematic Investment Plan).

CONCLUSION

The study on investor's perception towards the Systematic Investment Plan enables us to find over other investments plans, level, structure, benefits and superiority of Systematic Investment Plan level compare with other investments and mutual funds Pvt Ltd. This study constitute a sample of 250 different kinds of investors they diversification of investment plans, opinion of the investors has been collected through structured questionnaire and study confined to the area of different areas in Chennai. Most of the investors have very good knowledge about Systematic Investment Plan investment and other investment plan and they are satisfied with the returns and with the performance of the investments scheme. Very easily long term and short term wealth can be created and investors are aware of that and this

is a scheme which is disciplined and it gives good return and it protects the investors when the market falls.

Conclusion is that almost all the investors are satisfied with the returns and with the performance of the schemes. Based on the findings and analysis it can be concluded that the investors are satisfied with the returns and performance of Systematic Investment Plan superiority and over other investments plan from other mutual fund companies Pvt Ltd.

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