



A STUDY ON PERSPECTIONS OF INVESTORS TOWARDS MUTUAL FUNDS - WITH REFERENCE TO RAIPUR, C.G.

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ABSTRACT

A mutual fund is a type of investment trust that combines the relatively modest savings of a number of small and medium investors into a single investment. The contributions made to the numerous schemes are accumulated into a single pot, where they are managed by an expert fund manager, who subsequently invests the money in a wide variety of different kinds of assets. The engagement of small and medium-sized investors in the capital market does not expose those investors to an unusually high level of risk. A prospective investor is expected to give careful thought to a range of concerns before making an investment in a mutual fund. These considerations can be found in a variety of places. The presence of these factors, which may include those connected to mutual schemes, mutual companies, and investment services, is one of the most important considerations. In this particular piece of research, an effort was made to investigate the investors' points of view about the several mutual fund schemes and the level of risk respondents can bear according to their income level. The findings of the study indicated that the majority of the target respondents used open-ended schemes with moderate risk.

Keywords: Mutual fund schemes, Risk, Investor's perception, Mutual companies, Investment strategy.

INTRODUCTION:

Mutual funds are a sort of pooled investment vehicle that allows participants to combine their money to buy a wide range of securities with the hopes of earning a profit and rising in value. Shareholders

are the collective term for those who invest in a mutual fund. Shares of success or failure are distributed to investors based on their financial commitment to the enterprise. Risk, regular income, return, liquidity, adaptability, and knowledge are all important considerations when deciding whether or not to invest in a mutual fund. Most of the time, mutual funds will roll out a slew of new schemes, each with its own unique investment focus. The rollout of these initiatives will occur at a time that is not predetermined. There are numerous varieties of mutual funds, including "Growth fund", "income fund", "money market fund", "equity fund", "debt fund", "open-ended fund", "closed-ended fund", "balanced fund", "tax savings fund", "index fund", and "sector specific fund". How an investor imagines or understands a certain investment opportunity is what we mean when we talk about investor perception in the context of finance. A fundamental understanding of investor perception is required since an investor's point of view can significantly impact his investment style and his investment behaviour. The investor's age, gender, education, income, occupation, and other aspects all contribute to their risk tolerance and investing preferences. Earnings from these investments are distributed to unitholders in accordance with the number of units each unitholder owns in the company. This is carried out so that shareholders receive the most possible return on their investment in the company. To invest in a diverse portfolio of assets that is managed by professionals at a cost that is quite small, mutual funds are the type of investment instrument that are most appropriate for the typical person. In light of this, mutual funds are the most accessible form of investing for the general public.

Statement of the Problem:

The mutual fund industry has experienced significant growth in recent years, however, the major challenge it currently faces is to increase investor awareness and knowledge regarding new schemes in the market, as well as their preferences for mutual funds. Therefore, this study is focused on examining the perceptions that investors have towards mutual funds.

Period of the Study:

This study covered a period of four months from September 2022 to December 2022.

OBJECTIVES:

1. To determine the kind of scheme in mutual funds liked by investors.
2. To identify what influences decisions of investors to invest in mutual funds.

3. To deliver the portfolio of sample respondents in the study area.

REVIEW OF LITERATURE:

Pritam P. Kothari and Shivganga C. Mindar - Investigate the impact of various demographic variables on investor attitudes towards mutual funds. The main focus of the study conducted among 200 Solapur residents with varying demographic profiles was to explore the benefits offered by mutual funds to investors, along with identifying their investment preferences. The findings of the study indicated that most investors surveyed had not formed a definitive opinion on mutual fund investments, with only a small portion of respondents actively investing in them. The study also highlighted that financial advisors were the primary source of information for most investors, followed closely by advertisements across various media channels.

Ankit Goel, Rajendra.K, Khatik (2017) - Reveals that a significant portion of the respondents expressed their preference for investing in mutual funds in the coming future with an aim to earn better returns on their investments. The study suggests that the concept of mutual funds as an investment option is gaining traction across a wide range of stakeholders, including industrialists, financial intermediaries, academicians, investors, and regulators, for various reasons. These results highlight the need for further research to explore the potential benefits and drawbacks of mutual funds as a popular investment vehicle among different groups of individuals.

Singh and Jha (2009) - Conducted a study on mutual fund awareness and acceptability which revealed that the majority of consumers prefer mutual funds as an investment option due to their potential for high returns, liquidity, and safety. Despite this, the study also found that consumers lacked awareness about certain aspects of mutual funds, particularly systematic investment plans. Before investing in mutual funds, investors tend to consider various factors, including but not limited to the fund's previous performance, investment strategy, risk management, and fees and charges.

Sukhwinder Kaur (2010) - Analyzed primary and secondary data, focusing on investor perceptions of mutual funds in India, it is recommended that mutual fund growth can be significantly enhanced by emphasizing their potential safety and security as an investment vehicle. The study, which involved a survey of 200 investors and utilized factor analysis techniques to analyze the data, found that investors hold a positive outlook on mutual funds, particularly in terms of accessing blue-chip companies and securing monetary benefits.

Anand and Murugaiah (2004) - Through a comprehensive investigation of strategic issues in financial services marketing, it has become evident that the industry must adopt new and innovative strategies in order to remain competitive and relevant. With the rapidly changing landscape of the financial services market, it has become increasingly imperative to implement strategies and tactics that can both capture maximum opportunities whilst minimizing risks. It is critical for companies in this industry to not only survive but also thrive and stand out amongst global market players.

Nishi Sharma (2012) - Explored in this study the importance of distinct features offered by mutual fund companies in attracting investors to specific funds and schemes. Utilizing principal component analysis, the study effectively condensed numerous factors into a more concise and comprehensive analysis. The results of this study highlight the significant role of full disclosure and regular updates of relevant information in securing the patronage of Indian investors. Additionally, mutual fund companies must prioritize the provision of assurance regarding the safety and monetary benefits of their products to effectively appeal to potential investors.

Desigan et al. (2006) - After conducting research on women investors' attitudes towards investing, it was found that many women are apprehensive about investing in mutual funds due to a range of factors including, but not limited to, insufficient understanding of investment protection and procedures, market volatility, risks associated with investment, and the evaluation and resolution of issues with investment-related products. It was also discovered that women tend to have a strong inclination towards saving.

HYPOTHESIS:

Ho: There is no significant relationship between mutual fund schemes and respondents' level of risk.

H1: There is a significant relationship between mutual fund schemes and respondents' level of risk.

Ho: Among the respondents, there is no significant relationship between mutual fund schemes and sources of knowledge.

H1: Among the respondents, there is a significant relationship between mutual fund schemes and sources of knowledge.

Ho: Among the respondents, there is no significant relationship between income and investment.

H1: Among the respondents, there is no significant relationship between income and investment.

Ho: Among the respondents, there is no significant relationship between age and mutual fund schemes.

H1: Among the respondents, there is a significant relationship between age and mutual fund schemes.

RESEARCH METHODOLOGY

The study's primary goal is to examine investor's attitude toward the mutual fund industry in Raipur City. A sample of 50 respondents was chosen using a **convenient sampling method**. Data were collected using an Interview Schedule, interpreted, and presented as follows.

DATA ANALYSIS AND INTERPRETATION:

Table 1 - Demographic Profile of the Mutual Fund Investors

DEMOGRAPHIC PROFILE		FREQUENCY	PERCENTAGE
GENDER	Male	33	66
	Female	17	34
	TOTAL	50	100
AGE	Below 35 years	32	64
	36 to 45 years	8	16
	46 to 55 years	5	10
	Above 55 years	5	10
	TOTAL	50	100
MARITAL STATUS	Married	34	68
	Unmarried	16	32
	TOTAL	50	100
FAMILY NATURE	Nuclear Family	35	70
	Joint Family	15	30
	TOTAL	50	100
EDUCATION QUALIFICATION	School Level	1	2
	Undergraduate	9	18
	Post Graduate	25	50
	Professional course	15	30
	TOTAL	50	100
OCCUPATION	Business	4	8
	Professional	11	22
	Employed	35	70
	TOTAL	50	100
INCOME	Below Rs. 100000	5	10
	Rs. 100000- Rs. 300000	21	42

	Rs. 300000- Rs. 600000	14	28
	Above Rs. 600000	10	20
	TOTAL	50	100

The personal profile of the respondents is given in Table-1; of the 50 respondents chosen for the study, 66 percent are male, 64 percent are under the age of 35, 68 percent are married, and 70 percent live in a nuclear family. In terms of educational qualifications, 50 percent have a PG degree, 70 percent are employed and maximum income ranges from Rs.1,00,000 to Rs.3,00,000.

Relationship between mutual fund schemes and respondents' level of risk

The Chi-square test was used to determine whether there is a significant relationship between mutual fund schemes and the level of risk.

Table 2 - Classification on the basis of usage of scheme * On the basis of the level of risk

RISK	ON THE BASIS OF LEVEL OF RISK								
	Open ended	Growth Fund	Close ended	Income Fund	Regular	Liquid Fund	Long Cap	Mid Cap	Total
Minimum Risk	11	0	8	0	0	0	0	0	19
Moderate Risk	11	7	0	0	0	0	0	0	17
Maximum Risk	1	1	0	2	5	4	0	0	13
Total	23	8	8	2	5	4	0	0	50
Chi Square Test									
	Value	Df	Asym. Sign.	On the basis of the level of risk					
Person Chi Square	72.64	21	.000						
Likelihood	76.78	21	.000						
Linear By linear Association	.07	1	.793						
N of Valid Cases	50								

Using the Pearson Chi-square test, the chi-square value is (72.634a) and the significance value is (.000), which is less than the critical value for this study, $p=0.05$. As a result, H_0 is rejected, and there is a significant relationship between scheme usage and risk level. It was discovered that the majority of respondents used the open-ended scheme.

Relationship between mutual fund schemes and sources of knowledge

The Chi-square test was used to determine whether there is a significant relationship between mutual fund schemes and information obtained from sources.

TABLE 3: Classification on the basis of usage of scheme * Source of knowledge

SOURCE OF KNOWLEDGE	ON THE BASIS OF USAGE OF SCHEMES								
	Open ended	Growth Fund	Close ended	Income Fund	Regular	Liquid Fund	Long Cap	Mid Cap	Total
Television	8	0	0	0	0	0	0	0	8
Internet	12	0	0	0	0	0	4	3	19
News Paper	2	4	0	0	0	0	0	0	6
Friends and Relatives	0	5	3	0	0	0	0	0	8
Sales Representative	0	0	2	2	5	0	0	0	9
Total	22	9	5	2	5	0	4	3	50
	Chi-Square Test			Source of knowledge					
	Value	df	Asym. Sign.						
Person Chi-Square	99.14	28	.000						
Likelihood	77.78	28	.000						
Linear By linear Association	1.134	1	.793						
N of Valid Cases	50								

Using the Pearson chi-square test, the chi-square value is (99.137a) and the significance value is (.000), both of which are less than the critical value for this study, $p=0.05$. As a result, H_0 is rejected, and there is a significant relationship between scheme usage and source of knowledge. As a result, it can be concluded that the majority of mutual fund investors have chosen open ended schemes and growth fund schemes. The investor obtained information from television, the internet, and a study report.

Relationship between Annual Income and Monthly Investment

TABLE 4: Annual Income of Respondent and Monthly Investment.

ANNUAL INCOME	ON THE BASIS OF MONTHLY INVESTMENT				
	Below Rs. 5000	Rs. 5000 to Rs. 10000	Rs. 10000 to Rs. 15000	Above Rs. 15000	Total
Below Rs. 100000	4	0	0	0	4
Rs. 100000 to Rs. 300000	22	0	0	0	22
Rs. 300000 to Rs. 600000	2	12	0	0	14
Above Rs. 600000	0	1	5	4	10
Total	28	13	5	4	50
Chi-Square Test					
	Value	df	Asym. Sign.	Monthly Investment and Income	
Person Chi-Square	79.89	9	.000		
Likelihood	81.502	9	.000		
Linear By	36.816	1	.000		

linear Association				
N of Valid Cases	50			

Using the Pearson chi-square test, the chi-square value is (79.852a) and the significance value is (.000), both of which are less than the critical value for this study, $p=0.05$. It is concluded that the majority of respondents whose earning income ranges between Rs. 1,00,000 and Rs. 3,00,000 prefer to invest less than Rs. 5000 per month.

As a result, H_0 is rejected, and a significant relationship exists between annual income and monthly investment.

Relationship between age and mutual fund schemes

The chi-square test has been applied to find whether there is any significant relationship between age and mutual fund schemes.

TABLE 5: Classification on the basis of usage of the scheme * Age of The Respondents

AGE	CLASSIFICATION ON THE BASIS OF USAGE OF THE SCHEME								
	Open-ended	Growth Fund	Close-ended	Income Fund	Regular	Liquid Fund	Long Cap	Mid Cap	Total
Below 35 years	22	3	0	0	0	0	4	3	32
36 to 45 years	0	6	5	0	0	0	0	0	11
46 to 55 years	0	0	0	2	0	2	0	0	6
Above 55 years	0	0	0	0	0	3	0	0	3
Total	22	9	5	2	0	5	4	3	50
Chi-Square Test									
	Value	df	Asym. Sign.	On the basis of age of the respondents					
Person Chi Square	72.64	21	.000						

Likelihood	76.78	21	.000	
Linear By linear Association	.07	1	.793	
N of Valid Cases	50			

Using the Pearson chi-square test, the chi-square value is (102.784a) and the significance value is (.000), which is less than the critical value for this study, $p=0.05$. It was discovered that the majority (69%) of respondents under the age of 35 preferred an open-ended scheme. As a result, H_0 is rejected, and there is a significant relationship between age groups and scheme usage.

FINDINGS:

1. The study found that 66% of respondents are male, 64% are under 35, 68% are married, and 70% live in a nuclear family.
2. The majority of respondents used the open-ended scheme, leading to a significant relationship between scheme usage and risk level.
3. Mutual fund investors have chosen open ended schemes and growth fund schemes, with a significant relationship between scheme usage and source of knowledge.
4. The majority of respondents prefer to invest less than Rs. 5000 per month.
5. The majority of respondents under the age of 35 preferred an open-ended scheme, and there is a significant relationship between age groups and scheme usage.

SUGGESTION:

1. The Association of Mutual Funds in India should hold short-term investor education courses on a regular basis.
2. Investors should collect, review & record all information before & after investment.
3. Investors should diversify their investments, save regularly and invest in liquid security to meet any contingency.

4. Investors should seek advice from private financial advisors to consider risk & saving habits.
5. An investor should have an investment portfolio that will help consultants lower investment risk.
6. The Association of Mutual Funds in India should conduct adequate awareness programmes about the benefits of mutual fund investment.

CONCLUSION:

Over the years, mutual funds have become an increasingly popular investment option for individuals seeking to grow their wealth whilst reducing their exposure to risks. Compared to traditional banking systems, mutual funds offer investors the opportunity to earn higher returns on their investments. With a higher number of managed assets than those in traditional banking, the mutual fund industry has witnessed significant growth and surpassed the banking industry in terms of assets under management. To meet the needs of investors, mutual funds now offer a diverse range of schemes and investment options that cater to the specific requirements of various classes of investors. As competition increases in this sector, the mutual fund industry continues to evolve and provide investors with innovative investment opportunities.

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BOOKS:

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2. The Intelligent investor - This book is written by the genius of the investment market Benjamin Graham. This book was published in 1949
3. Research Methodology – C R Kothari