



Research Article

A STUDY ON INVESTORS PERCEPTION TOWARDS MUTUAL FUND – WITH SPECIAL REFERENCE TO COIMBATORE CITY

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ABSTRACT

Mutual fund industry today is one of the most preferred investment options of all over the world. It plays a crucial role in the economic development of a country. Mutual fund active involvement can be seen by their dominant presence in the money market as well as capital market. They are also found very active in the stock market by way of ensuring stability as a supplier of large funds through steady absorption of floating stocks. An investor can invest directly in individual securities or indirectly through a financial intermediary. The study intends to identify the usage of schemes and level of risk on the basis of their income level. The findings of the study indicate that the majority of the selected respondents have used open ended scheme with moderate risk.

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INTRODUCTION

The investor has to consider various factors while making an investment decision, these are as risks associated with the investment, tax benefits, liquidity and marketability of the instruments, corporate earnings, stock affordability, dividend announcements, price earnings ratio, Momentum effect, Contrarian effect, Investment behavior of FIIs, firm's reputation, socially responsible investing, Current economic indicators, Opinion from family/friends/colleagues, broker's recommendation, and other professional advice. In this study little research has been done about the perception of individual investors towards the mutual funds.

Statement of the Problem

The mutual funds industry has grown by leaps and bounds in last couple of years. As of now big challenge for the mutual fund industry is to accumulate on investor awareness about new schemes in the market, investor's education, preferences and the investors' perception regarding the mutual funds. So, this study focuses on the investors' perception in mutual funds.

Period of the Study

This study covered a period of four months from September 2017 to December 2017.

Objectives of the Study

- To present the profile of sample respondents in the study area
- To find the type of scheme in mutual funds preferred by investors.

- To find out the factors that influence investors to prefer the investment in mutual funds.

RESEARCH METHODOLOGY

The main objective of the study is to analyze the Investors perception towards mutual fund industry in Coimbatore city. Samples of 50 respondents were selected by applying convenient sampling method. Data were collected by Interview Schedule, interpreted and presented in the following lines.

Review of Literature

Sukhwinder Kaur (2010): analyse that the investor's perception regarding mutual funds in India and to give the suggestions for growth of mutual fund in India. Primary and secondary data have been used in the study. Sample size has taken 200 investors for survey. The analysis of data has been done with the factor analysis. The findings of the study revealed that investors consider mutual funds as safe and secured investment and vehicle to enter into blue chip companies and assure monetary benefits.

Nishi Sharma (2012): examines the investor's perception with reference to distinct features provided by mutual fund companies to attract them for investing in specific funds/schemes. The study uses principal component analysis as a tool for factor reduction. The results reveal that in order to secure the patronage of Indian investor mutual fund companies are expected to ensure full disclosure and regular updates of the relevant information along with the assurance of safety and monetary benefits.

Pritam P. Kothari and Shivganga C. Mindargi (2013), analyses that the impact of different demographic variables on the attitude of investors towards mutual funds. Apart from this

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it also focuses on the benefits delivered by mutual funds to investors. To this end, 200 respondents of Solapur city, having different demographic profiles were surveyed. The study reveals that the majority of investors have still not formed any attitude towards mutual fund investments. Only a small segment of the investors still in mutual funds and the main sources of information still are the financial advisors followed by advertisements in different media.

AnkitGoel, Rajendra.K, Khatik (2017): reveals that majority of respondents are showing preference towards investment in mutual funds in near future as to get better returns. It can be said that the Mutual Fund as an investment vehicle is capturing the attention of various segments of the society, like industrialist, financial intermediaries, academicians, investors and regulators for varied reasons and deserves an in-depth study.

Data Analysis and Interpretation

Table 1 Demographic Profile of the Mutual Fund Investors

Demographic Profile		Frequency	Percentage
Gender	Male	38	76
	Female	12	24
	Total	50	100
Age	Below 35years	33	64
	36 to 45 years	10	22
	46 to 55 years	4	8
	Above 55 years	3	6
	Total	50	100
Marital Status	Married	34	67
	Unmarried	16	33
	Total	50	100
Family Nature	Nuclear family	38	75
	Joint family	12	25
	Total	50	100
Educational 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	24
	Employed	35	68
	Total	50	100
Annual 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

Source: Computed

The personal profile of the respondents is given in the Table-1, out of 50 respondents taken for the study, 76 percent are male, 64 percent belonged to the age group of below 35 years, 67 percent are married and 75 percent are residing in nuclear family. Regarding the educational qualification, 50 percent are with PG degree and 68 percent are employed and their income between Rs.1, 00,000 to Rs.3,00,000.

Comparison between Mutual Fund Schemes and Level of Risk associated among the Respondents

Chi-square test has been applied to find whether there is any significant relationship between mutual fund scheme and level of risk.

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

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

		On the basis of Level of risk			Total
		Minimum risk	Moderate risk	Maximum risk	
Classification on the basis of usage of scheme	Open ended	10	12	0	22
	Growth Fund	0	9	0	9
	Close ended	0	0	5	5
	Regular Income Fund	0	0	2	2
	Liquid fund	0	0	5	5
	Long cap	0	4	0	4
	Mid cap	0	3	0	3
Total		10	28	12	50

Source: Computed

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	72.634 ^a	21	.000
Likelihood Ratio	76.779	21	.000
Linear-by-Linear Association	.069	1	.793
N of Valid Cases	50		

By applying Pearson chi-square test, It is observed from the above table that the chi-square value is (72.634a) and significance value is (.000) which is lower than the critical value for this study p=0.05. Hence, H0 is rejected and there is a significant relationship between usage of scheme and level of risk. It revealed that majority of the respondents using the open ended scheme.

Comparison between Mutual Fund Schemes and Knowledge gained from sources

Chi- square test has been applied to find whether there is any significant relationship between mutual fund schemes and knowledge gained from sources.

Ho: There is no significant relationship between mutual fund schemes and knowledge gained from sources among the respondents.

Table 3 Classification on the basis of usage of scheme *
Source of knowledge

		Source of knowledge					Total
		Television	Internet	News paper	Friends and Relatives	Sales representative	
Classification on the basis of usage of scheme	Open ended	8	12	2	0	0	22
	Growth Fund	0	0	4	5	0	9
	Close ended	0	0	0	3	2	5
	Regular Income Fund	0	0	0	0	2	2
	Liquid fund	0	0	0	0	5	5
	Long cap	0	4	0	0	0	4
	Mid cap	0	3	0	0	0	3
Total		8	19	6	8	9	50

Source: Computed

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	99.137 ^a	28	.000
Likelihood Ratio	97.886	28	.000
Linear-by-Linear Association	1.151	1	.283
N of Valid Cases	50		

By applying Pearson chi-square test, It is observed from the above table that the chi-square value is (99.137a) and significance value is (.000) which is lower than the critical value for this study $p=0.05$. Hence, H_0 is rejected and there is a significant relationship between usage of scheme and source of knowledge. So it can be concluded that, most of the mutual fund investor has chosen open ended scheme and growth fund scheme. The investor has gained knowledge from T.V, Internet and through study report.

Comparison between Income and Investment

Chi- square test has been applied to find whether there is any significant relationship between income and investments.

Ho: There is no significant relationship between income and investment associated among the respondents.

Table 4 Annual Income of the Respondents * Monthly Investment

		Monthly Investment				Total
		Below Rs.5000	Rs.5000 to Rs.10000	Rs.10000 to Rs.15000	Above Rs.15000	
Annual Income of the Respondents	Below Rs.100000	5	0	0	0	5
	Rs.100000 to Rs.300000	21	0	0	0	21
	Rs.300000 to Rs.600000	1	13	0	0	14
	Above Rs.600000	0	2	4	4	10
	Total	27	15	4	4	50

Source:Computed

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	79.852 ^a	9	.000
Likelihood Ratio	81.502	9	.000
Linear-by-Linear Association	36.816	1	.000
N of Valid Cases	50		

By applying Pearson chi-square test, It is observed from the above table that the chi-square value is (79.852a) and significance value is (.000) which is lower than the critical value for this study $p=0.05$. It is concluded that most of the respondents whose earning income is between Rs.1,00,000 – Rs. 3,00,000 are preferred to invest below Rs. 5000 per month. Hence, H_0 is rejected and there is a significant relationship between annual income and monthly investment.

Comparison between Age and Mutual Fund Schemes

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

Ho: There is no significant relationship between age and mutual fund schemes associated among the respondents.

By applying Pearson chi-square test, It is observed from the above table that the chi-square value is (102.784a) and significance value is (.000) which is lower than the critical value for this study $p=0.05$. It revealed that most (69%) of the respondents whose age group is below 35 years have preferred to select open ended scheme. Hence, H_0 is rejected and there is a significant relationship between age groups and usage of schemes.

Table 5 Age of the Respondents * Classification on the basis of usage of scheme

		Classification on the basis of usage of scheme							
		Open ended	Growth Fund	Close ended	Regular Income Fund	Liquid fund	Long cap	Mid cap	Total
Age of the Respondents	Below 35 years	22	3	0	0	0	4	3	32
	36 to 45 years	0	6	5	0	0	0	0	11
	46 to 55 years	0	0	0	2	2	0	0	4
	Above 55 years	0	0	0	0	3	0	0	3
	Total	22	9	5	2	5	4	3	50

Source: Computed

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	102.784 ^a	21	.000
Likelihood Ratio	80.772	21	.000
Linear-by-Linear Association	1.430	1	.232
N of Valid Cases	50		

Suggestion

- Association of Mutual Fund in India should conduct adequate awareness programs about the usefulness of investment in mutual funds
- Association of Mutual Fund in India should frequently conduct short term courses for investor education.

CONCLUSION

Mutual fund industry has shown a vast growth in the investing sector. As the investor always try to maximize the returns and minimize the risk. Mutual fund satisfies these requirements by providing attractive returns with affordable risks. The mutual fund industry has already taken over the banking industry, more funds being under mutual fund management than deposited with bank. With the emergence of tough competition in this sector, mutual funds are launching a variety of schemes which caters to the requirement of the particular class of investors.

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