

## **A Study on Investor's Perception towards Mutual Funds as an Investment Option**

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**Abstract:** A person has so many expectations. One of those expectations includes taking benefits from his surplus money. So, people invest their surplus of money into different kinds of investment avenues. Mutual fund is the one of them. It is professionally managed fund by an expertise in which various investors' savings invests in securities like stocks, bonds, short-term money market instruments and commodities etc. This paper makes an attempt to know the point of view of investors towards buying decision of mutual fund scheme and also to know the factors affect their decisions. For the purpose of study data collected from 150 investors belonged to Doaba, Malwa and Majha region of Punjab.

**Keywords:** Investment, Investment avenues, Mutual Funds, Investor, Surplus of money

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### **I. Introduction**

Investment means commitment of money for generating income or profit in future. It includes surplus of money that people or an investor sacrificed today for the generation of future income. It may be of fixed or variable nature. Fixed investment is like bonds, fixed deposits etc. and variable investment includes buying of equity shares. So to gain something in future, people used to invest in various kinds of investment for long term or short term. There are Various kinds of investment includes share market, debentures or bonds, money market instruments, mutual funds, life insurance, real estate, precious objects, derivatives, non-marketable securities. Each kind of investment has its different features like terms of risk, return, term etc. Mutual funds are professionally managed funds by an expert. It offers us diversification of risk. In this type of investment, people collectively buy and sell stocks through a single hand.

#### **Benefits of mutual fund:**

- Simple and easy to understand.
- East to buy or access Mutual Funds
- It covers variety of stock in single portfolio.
- Risk is also spread
- Can invest once a time or monthly with little amount of money.
- Managed by experts and we don't need to take the burden to buy or sell the stock.
- People can invest on the basis of their financial goals.

### **II. Review of Literature**

Dr. Neha Parashar (2009) presented a paper on factors affecting perception towards mutual funds. For this purpose she collected the data from 300 respondents from different states and showed in the study that perception towards mutual fund is differ from one state to another.

Sanjay Das (2011) presented a report on small investor's perception on mutual funds in Assam: An empirical analysis. For the purpose, he collected the data from 250 respondents belonged to five different commercial towns. This study analyze that different demographic variables like investor's age, gender, marital status, occupation, income etc. has impact on the selection of investment. In the end this study describes that majority number of small investors has positive approach towards mutual investment.

Gaurav Agrawal, Dr. Mini Jain (2013) presented a paper on investor's preference towards mutual fund in comparison to other investment avenues. For the purpose, they collected data from 300 investors within the Matura city. This study showed the various kinds of investments are available in the market. It is analyzed that preference of investors towards different avenues of investment are dependent on return, tax planning, growth etc. in end it conclude that real estate is mostly preferred by investors of Mathura.

Sukhwinder Kaur, Dr. G. S. Batra, Dr. Bimal Anjum (2013) presented a paper on investor's perception towards selection of mutual funds rather than stock market. For the purpose of study, they collected the data from 200 investors and this study showed that investor prefers mutual fund rather than stock market. Because

mutual fund investment can be changed according to their requirement where as investment in stock market is complex and risky.

Prof. Gauri Prabhu, Dr. N. H. Vechalekar (2014) conducted a study on perception of Indian investors toward investment in mutual funds with special reference to MIP (Monthly income plan) funds. For the purpose of study they collected data from individual mutual fund investors. The study revealed that awareness, age, income level of investors, return etc. has impact on the selection of mutual funds. Investors are also aware about MIPs funds and here they invest only on the basis of consistent return.

Priyanka Sharma, Payal Agrawal (2015) conducted a study on investor’s perception towards mutual fund as an investment option. For the purpose of study, they collected the data from 50 educated investors. This study revealed that various factors has impact on the buying decision of investor for mutual fund investment and it also showed that income, awareness etc. has also considered by investors while making buying decision.

Rama Krishna Mishra (2015) presented a study on perceptions of investors towards mutual funds: an analytical study in Odisha. For the purpose, hr collected data from 136 respondents. This study revealed that return and future of mutual fund has impact on the buying behavior of small and large investors.

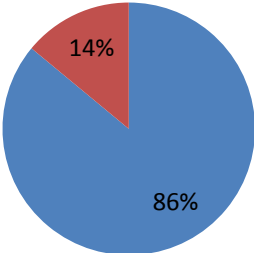
Ms. M. Kalaiselvi, (2016) conducted a study on investor’s perception towards mutual fund investment (with special reference to Pollachi Town). For this purpose they collected data from 250 respondents and this study showed that investors decisions effected by various schemes and their satisfactory level.

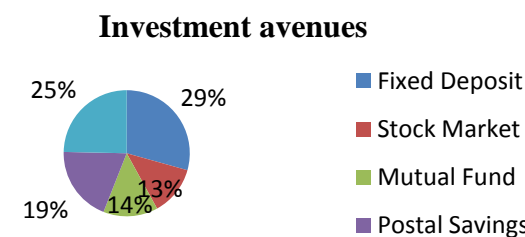
Priti Mane (2016) conducted a study on investor’s perception towards mutual funds in the city of Aurangabad. For the purpose of study, she collected the data from only 30 investors. On the basis of data collected, she concluded that awareness level and non-awareness has impact on the buyer’s decision. It also showed that investor see mutual funds as risky investment and avoids investing in and preferring fixed deposits.

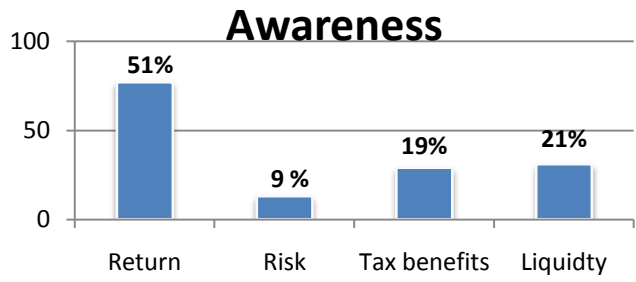
#### IV. Research Methodolgy

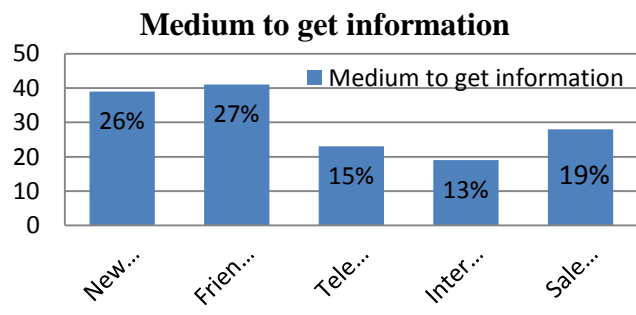
This study is descriptive in nature. For the purpose of study 150 investors were selected and a questionnaire was designed to collect the data. Responses were collected through multistage sampling technique and investors belonged to different region of Punjab. They are Doaba, Majha and Malwa. 50 respondents were selected from each region. In order to achieve objectives of study the investor’s perception towards mutual fund as investment option, data collected through designed questionnaire was interpreted.

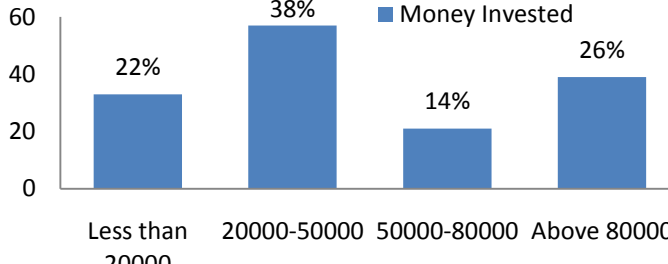
#### V. Data Analysis qnd Interpretaion

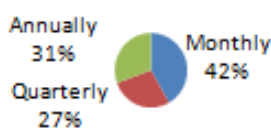
Q. Have you invested your money in anywhere?	Response
<ul style="list-style-type: none"> <li>• 11% respondents said that they have not invested any of their money.</li> <li>• 86% of respondent have invested their money.</li> </ul>	<div style="text-align: center;"> <p><b>Investors</b></p>  <p>■ yes ■ no</p> </div>

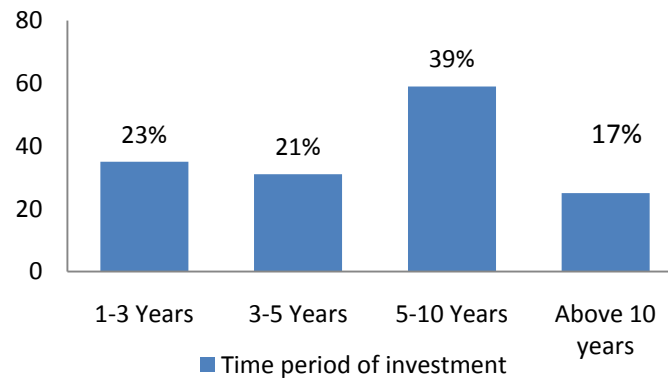
<p>Q. What kind of investment you preferred?</p>	<p>Response</p>												
<ul style="list-style-type: none"> <li>• 29% invest their money in fixed deposit.</li> <li>• 13% prefer to invest in stock market.</li> <li>• 14% prefer to invest in mutual fund.</li> <li>• 19% prefer to invest in postal savings.</li> <li>• Rest of 25% prefers to invest in life insurance schemes.</li> </ul>	 <p><b>Investment avenues</b></p> <table border="1"> <thead> <tr> <th>Investment Avenue</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Fixed Deposit</td> <td>29%</td> </tr> <tr> <td>Stock Market</td> <td>13%</td> </tr> <tr> <td>Mutual Fund</td> <td>14%</td> </tr> <tr> <td>Postal Savings</td> <td>19%</td> </tr> <tr> <td>Life Insurance</td> <td>25%</td> </tr> </tbody> </table>	Investment Avenue	Percentage	Fixed Deposit	29%	Stock Market	13%	Mutual Fund	14%	Postal Savings	19%	Life Insurance	25%
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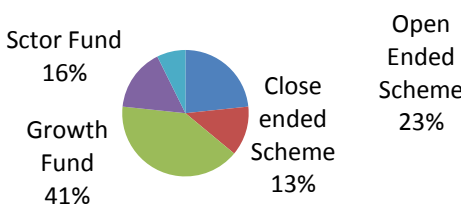
<p>Q. While investing your money which factors you considered most?</p>	<p>Response</p>										
<ul style="list-style-type: none"> <li>• 51% of respondents said that they invest their money because of it offers them a return on it.</li> <li>• 9% respondents have a fear that their money may lost.</li> <li>• 19% of respondent invest their money to reduce the amount of tax.</li> <li>• 29% invest because of liquidity.</li> </ul>	 <p><b>Awareness</b></p> <table border="1"> <thead> <tr> <th>Factor</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Return</td> <td>51%</td> </tr> <tr> <td>Risk</td> <td>9%</td> </tr> <tr> <td>Tax benefits</td> <td>19%</td> </tr> <tr> <td>Liquidity</td> <td>21%</td> </tr> </tbody> </table>	Factor	Percentage	Return	51%	Risk	9%	Tax benefits	19%	Liquidity	21%
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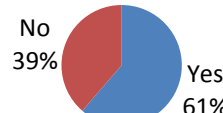
<p>Q. How you get knowledge about mutual fund as investment option?</p>	<p>Response</p>												
<ul style="list-style-type: none"> <li>• 26% of respondents get knowledge about mutual fund from newspaper.</li> <li>• 27% get knowledge from their friends or relatives.</li> <li>• 15% get knowledge from television.</li> <li>• 13% of respondents came to know about mutual fund from internet.</li> <li>• Rest of 19% get knowledge from sale representative.</li> </ul>	 <p><b>Medium to get information</b></p> <table border="1"> <thead> <tr> <th>Medium</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Newspaper</td> <td>26%</td> </tr> <tr> <td>Friends/Relatives</td> <td>27%</td> </tr> <tr> <td>Television</td> <td>15%</td> </tr> <tr> <td>Internet</td> <td>13%</td> </tr> <tr> <td>Sale Representative</td> <td>19%</td> </tr> </tbody> </table>	Medium	Percentage	Newspaper	26%	Friends/Relatives	27%	Television	15%	Internet	13%	Sale Representative	19%
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<p>Q. How much amount of money you are investing?</p>	<p>Response</p>										
<ul style="list-style-type: none"> <li>• 22% of respondents invest less than 20000 amount of money.</li> <li>• 38% of respondents lie in the 20000-50000 section.</li> <li>• Only 14% respondents invest amount of money between 50000 and 80000.</li> <li>• Here are also 26% respondents who have invested their money more than 80000.</li> </ul>	 <p><b>Money Invested</b></p> <table border="1"> <thead> <tr> <th>Investment Range</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Less than 20000</td> <td>22%</td> </tr> <tr> <td>20000-50000</td> <td>38%</td> </tr> <tr> <td>50000-80000</td> <td>14%</td> </tr> <tr> <td>Above 80000</td> <td>26%</td> </tr> </tbody> </table>	Investment Range	Percentage	Less than 20000	22%	20000-50000	38%	50000-80000	14%	Above 80000	26%
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Q. Which mode of investment in mutual funds you are preferred?	Response								
<ul style="list-style-type: none"> <li>42% of respondents prefer monthly mode of investment in mutual funds.</li> <li>27% preferred the quarterly mode.</li> <li>31% respondents preferred annually mode of investment in mutual funds.</li> </ul>	<p style="text-align: center;"><b>Mode of investment</b></p>  <table border="1"> <caption>Mode of investment</caption> <thead> <tr> <th>Mode</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Monthly</td> <td>42%</td> </tr> <tr> <td>Annually</td> <td>31%</td> </tr> <tr> <td>Quarterly</td> <td>27%</td> </tr> </tbody> </table>	Mode	Percentage	Monthly	42%	Annually	31%	Quarterly	27%
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Q. What is the time period of your investment in mutual fund?	Response										
<ul style="list-style-type: none"> <li>23% respondents have invested in mutual fund for time period of 1 to 3 years.</li> <li>21% respondents have invested in mutual fund for time period of 3 to 5 years.</li> <li>39% respondents have invested in mutual fund for time period of 5 to 10 years.</li> <li>17% respondents have invested in mutual fund for time period of above 10 years.</li> </ul>	 <table border="1"> <caption>Time period of investment</caption> <thead> <tr> <th>Time period</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>1-3 Years</td> <td>23%</td> </tr> <tr> <td>3-5 Years</td> <td>21%</td> </tr> <tr> <td>5-10 Years</td> <td>39%</td> </tr> <tr> <td>Above 10 years</td> <td>17%</td> </tr> </tbody> </table>	Time period	Percentage	1-3 Years	23%	3-5 Years	21%	5-10 Years	39%	Above 10 years	17%
Time period	Percentage										
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Q. In what kind of scheme you have invested?	Response												
<ul style="list-style-type: none"> <li>41% preferred growth fund scheme.</li> <li>23% of respondents preferred open ended scheme.</li> <li>13% respondents also invested in close ended scheme.</li> <li>16% respondents also invested in sector funds.</li> <li>Rest of 7% respondents prefer other sector fund schemes as per their need or requirement.</li> </ul>	<p style="text-align: center;"><b>Kind of Investment</b></p>  <table border="1"> <caption>Kind of Investment</caption> <thead> <tr> <th>Kind of Investment</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Growth Fund</td> <td>41%</td> </tr> <tr> <td>Open Ended Scheme</td> <td>23%</td> </tr> <tr> <td>Sector Fund</td> <td>16%</td> </tr> <tr> <td>Other</td> <td>7%</td> </tr> <tr> <td>Close ended Scheme</td> <td>13%</td> </tr> </tbody> </table>	Kind of Investment	Percentage	Growth Fund	41%	Open Ended Scheme	23%	Sector Fund	16%	Other	7%	Close ended Scheme	13%
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Q. Have you any plan to reinvest in mutual fund?	Response						
<ul style="list-style-type: none"> <li>61% respondents have shown their interest to reinvest their money in mutual fund scheme.</li> <li>39% respondents said that they don't want reinvest any amount of money.</li> </ul>	<p style="text-align: center;"><b>Reinvest Plan into Mutual Fund</b></p>  <table border="1"> <caption>Reinvest Plan into Mutual Fund</caption> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>61%</td> </tr> <tr> <td>No</td> <td>39%</td> </tr> </tbody> </table>	Response	Percentage	Yes	61%	No	39%
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Yes	61%						
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**VI. Conclusion**

This paper was conducted to know the factors which affect the attitude of investors towards mutual fund .From the study it is concluded that most of investors have invested their money in mutual fund and invested their most of money because of return and that's why they preferred to invest the amount of money in growth fund schemes. They also show their interest to reinvest the amount of money in mutual fund. It is also observed from the study that each investor has own goal of mutual fund investment.

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