



A study on investor preference towards mutual fund in Bardoli

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Abstract

In this paper an attempt was made understand the investor preference towards mutual funds. The study has been conducted on the basis of primary data and secondary data. Majority of respondents feel that mutual fund they invested on the recommendations and advise of the financial advisors. Data was collected using questionnaire, the most common tool to evaluate the customer's awareness. The total sample of the study is 200 respondents. Primary research data is collected in the form of structured survey results from various respondents. The findings from the study indicates that respondents although are interested to invest in the mutual funds but are still not confident that mutual fund investments will help in wealth creation and management. The main reason being they do not have adequate information regarding the mutual funds.

Keywords: mutual funds plans, investors

1. Introduction

Mutual fund is a trust that pools the savings of a number of investors who share a common financial goal. This pool of money is invested in accordance with a stated objective. The money thus collected is then invested in capital market instruments such as share, debentures and other securities. The income earned through these investments and the capital appreciations realized are shared by its unit holders in proportion the number of units owned by them. Thus, a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. A Mutual Fund is an investment tool that allows small investors access to a well-Diversified portfolio of equities, bonds and other securities. Each shareholder participates in the gain or loss of the fund. Units are issued and can be redeemed as needed. The fund's Net Asset value (NAV) is determined each day. When an investor subscribes for the units of a mutual fund, he becomes part owner of the assets of the fund in the same proportion as his contribution amount put up with the corpus (the total amount of the fund). Mutual Fund investor is also known as a mutual fund shareholder or a unit holder. Any change in the value of the investments made into capital market instruments (such as shares debentures etc.) is reflected in the Net Asset Value (NAV) of the scheme. NAV is defined as the market value of the Mutual Fund scheme's assets net of its liabilities. NAV of a scheme is calculated by dividing the market value of scheme's assets by the total number of units issued to the investors.

2. Literature review

Gaurav Agrawal and Dr. Mini Jain: A Study of Investor 's Preference towards Mutual Fund in Comparison to other Investment Avenues. All investment modes have advantages & disadvantages. Objective of to find out the most preferred Investment avenue of the investors of Mathura, to find the main

bases of different investment avenues, an investor thinks before investing. Among various investment modes, Mutual Fund is the most suitable investment mode for the common man, as it offers an opportunity to invest in a diversified and professionally managed portfolio at a relatively low cost.

Rajesh Trivedi, Prafulla Kumar Swain and Manoranjan Dash: A Study of Investors Perception towards Mutual Fund Decision: An Indian Perspective. Objective of the study investor perception relating to liquidity and investment decision, to study the financial awareness of mutual fund investment. This research study is an analytical and descriptive research. The data was collected from mutual fund investor as well as non-mutual fund investor of this industry. Mutual fund industry has still to struggle to gain more investors. Financial literacy among females and youth will definitely bring a huge success to this industry.

Prof. Jyoti Ainapur: A study on investor Perception towards Mutual Fund. Objective of the study to understand the concept of SIP, to review the existing literature on SIP, to understand investor's perception towards SIP. This data use to Primary and Secondary data. Primary data is use to direct interaction with investor and also through questionnaires. The secondary information, which is needed, was collected from the company database and websites and brochures of mutual funds.

Dr. Meenakshi Bindal: A Study on investor Perception towards Mutual Fund Investment. Objective of the study to investor responsiveness and liking in mutual fund schemes, to study the factor influencing the investor in selecting mutual fund schemes. The Research Methodology is a Research design, Universe, Sample size and Sample size and Selection Procedure. Running effective mutual fund requires total comprehension of the

characteristics of the Indian Stock Market and furthermore the attention to the little financial specialists.

S. Prasanna Kumar and S. Rajkumar: Awareness and Knowledge of Mutual Fund among the investor with Special Reference to Chennai – A Critical Study. Objective of the study to evaluate the knowledge level of investor about mutual fund and its terms; To evaluate the awareness level among investor; To find out how the investor is influenced to make investment in mutual fund. The Research Methodology is Sample Design and Data Collection Method. In this survey, graduate respondent is chosen as they have approachable knowledge about mutual fund.

3. Research Methodology

Objective of the study

- To find out the Preferences of the investors for Asset Management Company.
- To know the Preferences for the portfolios.
- To find out the most preferred channel.
- To find out what should do to boost Mutual Fund Industry.

Research Methodology

Methodology, this report is based on primary as well secondary data, however primary data collection was given more importance since it is overbearing factor in attitude studies. One of the most important users of research methodology is that it helps in identifying the problem, collecting, analysing the required information data and providing an alternative solution to the problem. It also helps in collecting the vital information that is required by the top management to assist them for the better decision making both day to day decision and critical ones.

- Questionnaire Method: Research is totally based on primary data. Research has been done by primary data collection, and primary data has been collected by interacting with various people.
- Research Instrument: Questionnaires was as instrument in survey for the primary data collection. I had to asked question or research topic survey; there are 16 questions in questionnaire.

4. Data Analysis

Descriptive research design has been used to describe and explain the research objective. The questionnaires were analyzed by using SPSS software.

Table 1

Gender distribution of the investors	Frequency	Percent
Male	105	53.0
Female	95	47.0
Total	200	100.0
Age distribution of the investors		
Below 25	80	39.8
25-30	12	6.0
30-35	18	9.0
35-40	30	14.9
40-45	24	11.9
45-50	20	10.0
50 above	16	8.4
Total	200	100.0
Educational qualification of investors		
Graduate/ Post Graduate	113	56.2
Under Graduate	80	39.8
Other	7	4.0
Total	200	100.0
Occupation of the investors		
Government service	76	37.8
Private service	78	38.8
Business	36	17.9
Agriculture	6	3.5
Others	4	2.0
Total	200	100.0
Monthly family income of the investors		
Below 10000	5	2.5
10000-15000	12	6.0
15000-20000	70	34.8
20000-30000	81	40.3
Above 30000	32	16.4
Total	200	100.0

From the above graph it can be interpreted that from the total respondent 105 are male respondent and 95 are female respondent.

Above table shows that from the total respondent out of 200 Mutual Fund investors below the most are in the age group of 35-40 years. i.e. 30 Respondent, the second most investors are in the

age group of 40-45 years i.e. 24 respondent and the least investors are in the age group of above 50 years.

Above table shows that from the total respondent out of 200 Mutual Fund investors 113 respondents of the investors are Graduate/Post Graduate, 80 Respondent of the investors are Under Graduate and 7 Respondent of the investors are others (under HSC).

Above table shows that from the total respondent in Occupation group out of 200 investors, 76 respondents are invest in Private Employees, 36 respondents are invest in Businessman, 76 Respondent are invest in Government Employees, 6 respondents are invest in Agriculture and 4 respondents are invest in others.

Above pie chart shows that from the total respondent out of 200 investors, 81 Respondent are investors that is the, maximum investors in the monthly income group Rs. 20,000 to Rs. 30,000, Second one i.e. 32 Respondent are investors in the monthly income group of more than Rs. 30,000 and the minimum investors i.e. 5 Respondent are investing in the monthly income group of below Rs. 10,000.

Preference of factors while investing

Table 2

Factors	Liquidity	Low Risk	High Return	Trust
No. of Respondents	40	60	64	36

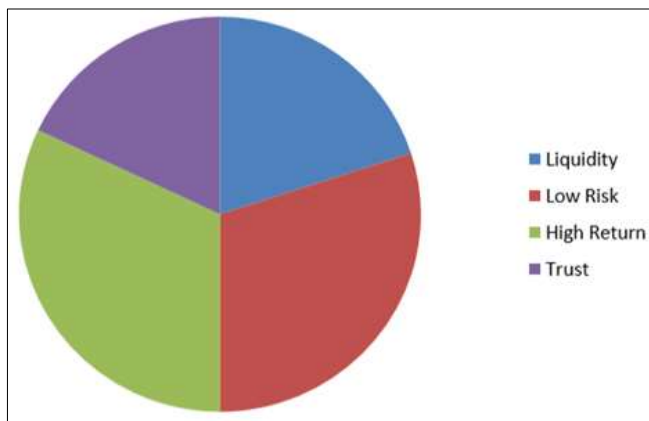


Fig 1

From the above graph it can be interpreted that from the total respondent out of 200 People, 64 respondents People are prefer to invest where there is High Return, 60 respondent People are prefer to invest where there is Low Risk, 40 respondent People are prefer to invest in easy Liquidity and 36 respondent People are prefer to invest in Trust.

Awareness about Mutual Fund and its Operations

Table 3

Response	Yes	No
No. of Respondents	135	65

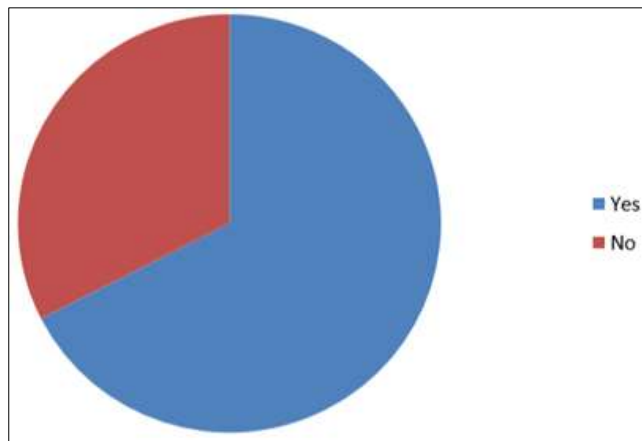


Fig 2

From the above graph it can be interpreted that from the total respondent out of 200 People, 135 respondents People are aware of Mutual Fund and its operations and 65 respondent People are not aware of Mutual Fund and its operations.

Investors invested in Mutual Fund

Table 4

Response	No. of Respondents
Yes	120
No	80
Total	200

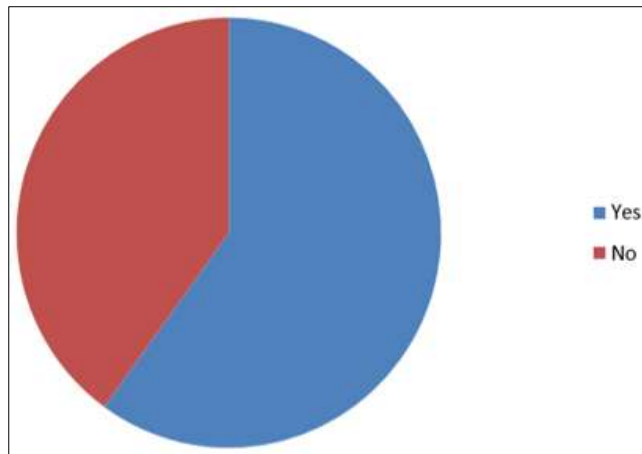


Fig 3

From the above graph it can be interpreted that from the total respondent out of 200 People, 120 respondents have invested in Mutual Fund and 80 Respondent do not have invested in Mutual Fund.

5. Finding

- In the Age Group of 36-40 years were more in numbers. The second most Investors were in the age group of 41-45 years

and the least were in the age group of below 30 years.

- In most of the Investors were Graduate or Post Graduate and below HSC there were very few in numbers.
- In Occupation group most of the Investors were Government employees, the second most Investors were Private employees and the least were associated with Agriculture.
- In family Income group, between Rs. 20,001- 30,000 were more in numbers, the second most were in the Income group of more than Rs.30, 000 and the least were in the group of below Rs. 10,000.
- About all the Respondents had a Saving A/c in Bank, 148 Respondents Invested in Fixed Deposits, only 120 Respondents invested in Mutual fund.
- Mostly Respondents preferred High Return while investment, the second most preferred Low Risk then liquidity and the least preferred Trust.
- Only 135 Respondents were aware about Mutual fund and its operations and 65 were not.
- Among 200 Respondents only 120 Respondents had invested in Mutual Fund and 80 Respondents did not have invested in Mutual fund.
- Out of 80 Respondents 65 Respondents were not aware of Mutual Fund, 10 Respondents told there is not any specific reason for not invested in Mutual Fund and 5 Respondents told there is likely to be higher risk in Mutual Fund.
- Most of the Investors had invested in Reliance or UTI Mutual Fund, ICICI Prudential has also good Brand Position among investors, Reliance Mutual Fund places after ICICI Prudential according to the Respondents.
- Out of 55 investors of Reliance Mutual Fund 35 Respondents have invested due to its associated with the Brand Reliance, 15 Respondents Invested because of Advisor 's Advice and 5 Respondents due to better return.
- Most of the investors who did not invested in Mutual Fund due to not Aware of Mutual Fund, the second most due to Agent 's advice and rest due to Less Return.
- For Future investment the maximum Respondents preferred Reliance Mutual Fund, the second most preferred ICICI Prudential, SBIMF has been preferred after them.
- 72 Respondents Investors preferred to Invest through Financial Advisors, 30 Respondents through AMC (means Direct Investment) and 118 Respondents through Bank.
- 78 Respondents preferred One Time Investment and 42 Respondents preferred Systematic Investment Plan out of both type of Mode of Investment.
- The most preferred Portfolio was Equity, the second most was Balance (mixture of both equity and debt), and the least preferred Portfolio was Debt portfolio.
- Maximum Number of Investors Preferred Growth Option for returns, the second most preferred Dividend Payout and then Dividend Reinvestment.
- Most of the Investors did not want to invest in Sectorial Fund, only 25 Respondents wanted to invest in Sectorial Fund.

6. Conclusion

Running a successful Mutual Fund requires complete understanding of the peculiarities of the Indian Stock Market and the psyche of the small investors. This study has made an attempt to understand the financial behaviour of Mutual Fund investors

in connection with the preferences of Brand (AMC), Products, channels etc. I observed that many of people be afraid of Mutual Fund. They think their money will not be secure in Mutual Fund. They need the knowledge of Mutual Fund and its related terms. Many of people do not have invested in mutual fund due to lack of awareness although they have money to invest. As the awareness and income is growing the number of mutual fund investors are also growing. —Brand plays important role for the investment. People invest in those Companies where they have faith, or they are well known with them. There are many AMCs but only some are performing well due to Brand awareness. Some AMCs are not performing well although some of the schemes of them are giving good return because of not awareness about Brand. Reliance, UTI, SBIMF, ICICI Prudential etc. they are well known Brand, they are performing well and their Assets Under Management is larger than others whose Brand name are not well known like Principle, Sundaram, etc. Distribution channels are also important for the investment in mutual fund. Financial Advisors are the most preferred channel for the investment in mutual fund. They can change investors mind from one investment option to others. Many of investors directly invest their money through AMC because they do not have to pay entry load. Only those people invest directly who know well about mutual fund and its operation and those have time.

7. References

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