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4. MUTUAL FUND INVESTMENT & INVESTORS PREFERENCE

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Abstract

Indian financial market is very competitive and the supply of financial instruments needs to be in equilibrium to the demand & as per the preference of the investors. The prime drive of any investment is to get maximum return with a least risk and mutual funds provide the opportunity for the investors. The research provides an insight into the types of risks which exist in a mutual fund scheme. The data will be collected from mutual fund investors as well as investors who are investing in other assets/investments. The research will focus on the relationship between investment decision and factors like liquidity, financial awareness, and demography. Researcher will find low risk funds and liquidity of fund scheme having impact on the investor's perception for investing in the mutual fund. In this paper, the impacts of various demographic factors on investors' attitude towards mutual fund will be studied. This paper aims at finding out the factors affecting investment decision on mutual funds and its preference over retail investors. This paper also aims at finding about the factors that prevent the people to invest in mutual funds. The findings will help mutual fund companies to identify the areas required for improvement and can also improve their marketing strategies.

Keywords: Finance, Mutual Fund, Awareness, Investors, Returns & Risk

INTRODUCTION

The concept of mutual fund is individual investors may not have much knowledge about safe & beneficial investment. Hence Mutual fund collects the money from the investors & analyse the market in various securities & investment depending upon the objectives of the mutual fund scheme. Further whatever the additions or the increased earned in the investment will be distributed investors in proportion to the investment made by the individual. Individual investors may not be able to invest across the various sectors & industries. Hence the mutual fund scheme enables to diversify the investment process & reduce the risk of loss to a great extent. It also protects the to earn better through the professional & expertise knowledge. Mutual fund is generally generated with many schemes & options. The longer the waiting period better will be the returns on investment. The mutual fund is required to be registered with the stock exchange regulatory body namely SEBI before it can collect the investments from the investors. Mutual fund investment is comparatively faster & beneficial segment in financial sector. As per the opinion of RBI mutual investment is flexible & beneficial as to returns on investment. AUM of MFs in India has registered a compound annual growth rate (CAGR) of 25 per cent over the last five years (2013-2018), outstripping the CAGR of only 11 per cent registered by aggregate bank deposits of scheduled commercial banks (SCBs).

Objectives

- To study the investment attitude regarding liquidity & investment pattern
- To study the financial awareness in mutual investment with relation to other investment
- To study the factors responsible for the selection of mutual fund to other investments.

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Hypothesis

- H0 There is relationship between financial awareness & Mutual fund investment
- H1 There is no much significant relationship between awareness & investment
- H0 There is relationship between liquidity & investment pattern in mutual fund
- H1 There is no relationship between liquidity & investment pattern in mutual fund

Research Methodology

The research study is analytical studies identified causes & determined whether an association exist between variables. Total 200 respondents on random sampling basis it was conducted

Liquidity Factors and Mutual Fund Investment Decision

Category	Important	Neutral	Not Important	Total
Individual	60	04	06	70
NRI	35	03	07	45
Corporate	40	06	04	50
Trust	25	05	05	35
Total	160	18	22	200

Financial Awareness on Mutual Fund

Age	Yes	No	Total
30-39	55	05	60
40-49	49	10	59
50-59	51	05	56
60 & above	20	05	25
Total	175	25	200

Relationship between Gender & Mutual Fund Investment

Category	Positive	Neutral	Negative	Total
Male	58	15	25	98
Female	42	35	25	102
Total	100	50	50	200

Relationship between Education & Mutual fund Investment

Category	Positive	Neutral	Negative	Total
Graduate	20	42	20	82
Post Graduate	32	35	05	72
professional	33	11	02	46
Total	85	88	27	200

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Relationship between Occupation/Profession & Mutual Fund Investment

Category	Positive	Neutral	Negative	Total
Service	11	25	15	51
Business	25	15	15	55
Professional	60	24	10	94
Total	96	64	40	200

DATA ANALYSIS

- There is a relationship between liquidity & investment pattern in mutual fund investment. Out of 200 respondents 160 respondent feels that liquidity is essential & investment is made on the basis of the liquidity factor.
- Out of 200 respondents 175 respondents were aware of the mutual fund concepts. Only after getting the complete functional knowledge of the mutual fund they have made the investments in fund.
- 58 male respondents had positive approach towards Mutual Fund investments as compared to female investors. Only 42 had the positive approach.
- The study shows that there is a relationship between the education & MF investment. 33 professionals had positive approach & only 2 respondents showed the negative attitude.
- There is a relationship between Occupation/Profession. 60 Professional respondents had positive approach & only 10 respondents showed negative response for MF investment. The reason was risk was more & women professionals tend to invest in safe deposit, Post office savings & Gold jewelleryes.

FINDINGS

- Mutual fund investors give more importance to liquidity factors.
- Minimal risk attracts the MF investors
- Men is willing to take more risk as compared to women & elderly person.
- Professionals prefer to invest more in MF as compared to service men or business men
- Professionally qualified investors prefer MF as compared to other level of education due to awareness factor.
- Respondents prefer to have more transparency, high returns, affordability & flexibility.

CONCLUSIONS & RECOMMENDATIONS

Mutual Fund investment is gaining importance in the recent scenario but it has to bring a drastic change to bring strong confidence level in the minds of the investors. Currently mutual has been taken as an investment avenue by the investors. A decade back investors were reluctant to invest in the mutual funds. Gradually educated people & professionals gained awareness regarding the investment pattern & especially with relation to mutual fund. Currently many investors they have financial advisors appointed & seek their professional advice & plan for systematic Investment Plan (SIP). While planning SIP they prefer mutual fund as one of the investment plans. The

awareness initiative to all age group & gender must be taken especially by the government, no doubt government has taken certain initiatives but has not made high impact on female, old age & semi urban investors. There are certain programs initiated by AMC namely, District Adoption Program & Investors Awareness Program. But to bring in change in the investors pattern more such programs & training must be initiated by the industry in association with the government at a periodical interval.

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