AN INVESTOR'S BEHAVIOUR TOWARDS MUTUAL FUNDS WITH REFERENCE TO CHENNAI CITY

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Abstract

A mutual fund is a pooling of investment from various investors and invests this money into combination of securities. A survey was conducted around 240 investors over Chennai city in Tamil Nadu, India. Before that, an introductory examination conducted by approaching 50 respondents of Chennai city to know the investors behaviour about Mutual Funds. According to the investors Mutual Funds, Bank Deposits and Equity Shares are the maximum investment liquid investment options. Generally, Retired and Salaried employees prefers investment in mutual funds as tax savings.

Key words: Mutual Fund, Investment, Net Asset Value, Factor Analysis& Tax savings

1. Introduction

Mutual fund today is one of the most chosen investment choice of all over the world and it plays a essential role in the economic growth of a country [5]. A mutual fund is a pooling of investment from various investors and invests this money into combination of securities and mutual fund will have a fund manager who is responsible person for invested money [6]. There are several benefits attached to mutual fund investment which makes investment attractive [2]. From the past few years Mutual funds have become an important section in the money marketplace [4]. The present study helps to examine the perception of investors towards Mutual Funds.

2. Review of Literature

Khan AH and Agarwal SK [9] assessed that investors lack in receiving guidance to all categories of investors. Dr. M. Raja & Jagadeeswaran B [1] all the information about the scheme details should be known to all investors at all the levels. Reshma Raju Mini [3] understood that exposure should be created among the investors in the form of advertisements, Free seminars, Guest Lecturers and Interactive sessions etc. in order to promote and make investor understandable. K.P. Sowmya et al. [7] observed as less risky and easy convertible into cash related schemes has highest impact for the investors' preference.

3. Statement of the Problem

In the present impending world individuals have a higher considered putting their money in different plans of speculation relying on its future advantages. At financial backer's perspective, the total details examine the discernment in the direction of and how they countenance the development as well as the benefit associated. Mutual Funds financial backers might contribute his subsidizes through guidance under representative, specialists. This study is embraced break down the impression of financial backers towards Mutual Funds and furthermore to make attention to mutual funds among individuals.

4. Research Methodology

This section divided into following categories:

4.1 Objectives of the study

1. To evaluate an Investors 'behaviour in the direction of Mutual Funds.
2. To study the factors that is considered for the selection Mutual Funds.

4.2 Data collection

The required data for this research is collected from primary source. The primary data is collected from investors by means of a questionnaire.

4.3 Sampling design

To analyse the perception of an Investors' attitude a survey was conducted over Chennai city in Tamil Nadu, India.

a) **Sampling:** Sampling size- 240

b) **Sampling technique:** Random Sampling Method.

c) **Tools for Research:** Questionnaire and SPSS using Average Scores, Descriptive Statistics & chi-square test.

4.4 Limitations of the study

1. The respondents are only Chennai city with the sample size of 240.
2. The study conducted and analyzed was limited due to time and resource factor.
3. Most of the respondents were not shown proper attentiveness to fill the questionnaire.

5 Data Analysis and Interpretation

5.1 Investors Behaviour

The current study also attempts to evaluate the perception. For fulfilling this objective, a questionnaire was designed to identify the investors' attitude and perception towards mutual funds and other investment options. 240 investors were chosen for the study.

Table 5.1 No. of the Respondents

S.No.	Categorical Variables		Frequency	Percent
1	Age	Less than 30	91	38
		31 to 40	84	35
		41 to 50	48	20
		More than 50	17	7
2	Gender	Male	187	78
		Female	53	22
3	Education	Schooling	31	13
		Graduation	108	45
		Post-Graduation	72	30
		Others	29	12
4	Occupation	Private Employee	127	53
		Govt. Employee	36	15
		Business	53	22
		Others	24	10
5	Annual Income	Less than 3,00,000	36	15
		3,00,000 to 5,00,000	65	27
		5,00,000 to 7,00,000	67	28
		More than 7,00,000	72	30
6	Earning Members in Family	One	67	28
		Two	98	41
		Three	41	17
		More than 3	34	14
7	Annual Savings	Less than 1,00,000	132	55
		1,00,000 to 1,50,000	67	28
		1,50,000 to 2,00,000	10	4
		More than 2,00,000	31	13
8	Period of Investment	Short term	36	15
		Medium term	67	28
		Long term	137	57
9	Investment Method	Financial Consultant	79	33
		Own	84	35
		Family and networks	77	32

(Source: Primary Data and its Calculation)

5.2 Factors Considered For Selecting Investment Options:

The various factors considered for selection are drawn in the below table.

Table 5.2 Factors Considered For Selecting Investment Options

Options	Description	Investment Return	Investment Risk	Investment Liquidity	Tax benefit	Clarity in Procedure
Bank Deposits	Score Sum	697	431	1067	1038	1122
	Score Mean	2.90	1.80	4.45	4.33	4.68
	Std. Dev.	0.35	0.21	0.53	0.52	0.56
	Rank	8	9	2	2	1
Insurance	Score Sum	644	999	612	1057	840
	Score Mean	2.68	4.16	2.55	4.40	3.50
	Std. Dev.	0.32	0.50	0.30	0.53	0.42
	Rank	9	4	8	1	7
Small Saving Schemes	Score Sum	798	636	1009	962	1092
	Score Mean	3.33	2.65	4.20	4.01	4.55
	Std. Dev.	0.40	0.32	0.50	0.48	0.54
	Rank	7	8	5	5	3
Gold	Score Sum	1018	810	910	493	1066
	Score Mean	4.24	3.38	3.79	2.05	4.44
	Std. Dev.	0.51	0.40	0.45	0.25	0.53
	Rank	3	6	7	8	4
Corporate Securities-Bonds	Score Sum	918	974	1015	736	974
	Score Mean	3.83	4.06	4.23	3.07	4.06
	Std. Dev.	0.46	0.48	0.51	0.37	0.48
	Rank	6	5	4	6	5
Public Provident Funds	Score Sum	968	712	989	1011	1097
	Score Mean	4.03	2.97	4.12	4.21	4.57
	Std. Dev.	0.48	0.35	0.49	0.50	0.55
	Rank	5	7	6	3	2
Real Estate	Score Sum	1042	1024	600	995	950
	Score Mean	4.34	4.27	2.50	4.15	3.96
	Std. Dev.	0.52	0.51	0.30	0.50	0.47
	Rank	2	3	9	4	6
Mutual Funds	Score Sum	999	1047	1076	997	571
	Score Mean	4.16	4.36	4.48	4.15	2.38
	Std. Dev.	0.50	0.52	0.54	0.50	0.28
	Rank	4	2	1	4	8
Equity Shares	Score Sum	1048	1148	1035	664	532
	Score Mean	4.37	4.78	4.31	2.77	2.22
	Std. Dev.	0.52	0.57	0.52	0.33	0.26
	Rank	1	1	3	7	9

(Source: Primary Data and its Calculation)

5.3 Factors Considered for Mutual Funds Selection

The factors considered by the investors for mutual fund selection are given below in the table.

Table 5.3 Factors for Mutual Funds Selection

FACTORS FOR MUTUAL FUNDS SELECTION	SUM	Mean	SD	Rank
Mutual fund Past performance	1043	4.35	0.52	3
Existing Net Asset Value (NAV)	845	3.52	0.42	6
Research agency/ Newspaper/ Magazine Rating	1065	4.44	0.53	2
Mutual fund company Reputation	1098	4.58	0.55	1
Mutual Fund manager	584	2.43	0.29	9
Control over Portfolio of schemes	991	4.13	0.49	4
Tax Savings	951	3.96	0.47	5
Mutual fund scheme Turnover (Sales during the period)	633	2.64	0.32	8
Mutual fund scheme Total capital/ Asset size	834	3.48	0.42	7

(Source: Primary Data and its Calculation)

Mutual Fund Company Reputation occupies first rank in the given parameters with the mean score of 4.58. With the score mean of 4.44 Research agency/ Newspaper/ Magazine Rating captures second position.

5.4 Investors Behaviour towards Mutual Fund Parameters

H0: There is no significant difference in the investor's behaviour towards the level of parameters considered for selecting Mutual Funds as Investment Option.

H1: There is significant difference in the investor's behaviour towards the level of parameters considered for selecting Mutual Funds as Investment Option.

Table 5.4 Chi square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.651	16	.000
Likelihood Ratio	400.576	16	.000
Linear-by-Linear Association	179.236	1	.000
N of Valid Cases	1200		

(Source: Primary Data and its Calculation)

From Table 5.4 it is found that p value (0.000) < significance value (0.05), hence H_0 rejected. Therefore, there is a differentiation in the investor's attitude towards the level of parameters considered for selecting Mutual Funds as Investment Option.

6. Findings and Suggestions

1) According to the investors Mutual Funds, Bank Deposits and Equity Shares are the maximum investment liquid investment options

2) According to investors, maximum clarity in procedure while making investment in Bank Deposits, Public Provident Funds and Small Saving Schemes.

3) Investors choose Mutual Fund as their choice because it is less risky as well as safe.

4) Long term period of investment group and those in the salaried group are willing to invest in Mutual Funds more.

5) To check the validity and unwavering quality of mutual fund, each fund or asset management company must set up an periodical report and yearly statement of accounts and funds.

6) Mutual fund companies ought to give required transparency and furthermore offer efficient after sales services to the investors, in order to draw in an ever increasing number of investors to the mutual fund industry.

7) The offer document must reveal that are adequate to empower an investor to make an informed investment decision. It is recommended that an AMC must disclose certain disclosures to the imminent investors before the sale of fund units really happens.

8) A financial investor before the investment in any mutual fund plan should deliberately pay particular attention to the document of the mutual fund since it contains extremely valuable information about mutual funds schemes.

9) Along these lines, it is recommended that the offer document must guarantee that appropriate information relating to the above might be made accessible to the forthcoming financial investors to enable them to take informed and reasonable decision.

7. Future Scope of Research

However, as the number of females in the workplace and who are heads of household's increases so, clearly more research needs to be done in understanding the expectations of female investors.

8. Conclusion

A mutual fund is a pooling of investment from various investors and invests this money into combination of securities. Investors choose Mutual Fund as their choice because it is less risky as well as safe. Long term period of investment group and those in the salaried group are willing to invest in Mutual Funds more. Mutual Funds, Bank Deposits and Equity Shares are the maximum investment liquid investment options. The investors in mutual funds should have maximum clarity in procedure while making investment. Among the available investment options mutual funds are the one of the easiest one for buying and selling its units with even small investment.

9. References

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