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## A Study of Investors Perception towards Mutual Fund and Equity Share

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### ABSTRACT

This is study about perception of investor in mutual fund and equity shares. This study helps to understand perception of the investors towards mutual funds and equity shares. Different perceptions of investors were analysed and awareness of people in mutual funds and equity share was measured. Questionnaires were circulated as a part of survey and study was done to understand the investors. By studying the perception of sample factors affecting the decision for investments, percentage of investment, how the information about mutual funds and equity gathered and type of investment people usually preferred is analyzed. The result of analysis will be useful to know the investors perception towards mutual funds and equity, investors' satisfaction towards mutual funds and equity and purpose of investment.

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Keywords: Mutual fund and Equity shares, Investor, Decision making, Factors Influencing

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### 1. Introduction

A Mutual Fund is an investing vehicle for investors, who pool their savings for investing in diversified portfolio of securities with the aim of attractive yields and appreciation in their value. A mutual fund motivates small and big investors to entrust their savings to it so that are professionally employed in sharing good return. A large number of investors have small savings with them. They can at the most buy shares of one or two companies. When small savings are pooled and entrusted to mutual fund then these can be used to buy blue chips where regular returns and capital appreciation are ensured. Equity is a term commonly used to describe the ordinary share capital of the business. Ordinary share in the equity capital of the business entitle the holders to all distributed profit after the holders of debentures and preference shares have been paid. Ordinary shares are issued to the owners of the company. The market value of the company shares is determined by the price another investor is prepared to pay for them. In the case of publicly quoted companies, this is reflected in the market value of the ordinary shares traded on the stock exchange.

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### 2. Review Papers

Vijayakumar (2015) has studied on Investor's preference in equity market investments in India with special reference to Chennai. The primary objective of this study is to determine the link between investor preference and satisfaction, as well as to determine investor preferences in equity investments. According to the findings, the nine factors of security, risk tolerance, lucrative returns, investment duration, periodic returns, share performance, long-term investment, futuristic returns, and investment dynamics influence investors' perceptions at various levels and ultimately lead to satisfaction. It is stated that for investors to achieve the best level of pleasure, equity investment safety is critical. [1]. Priti Mane (2016) discussed the customer perception with regard to the mutual funds that the schemes they preferred, the plans they are opting, the reasons behind such selections. This study looked at a variety of investment choices that consumers choose in addition to or instead of mutual funds, such as postal savings programmes, recurring deposits, bonds, and stocks. Conclusion: Because mutual funds are tied to the stock market and investors do not seek counsel from an authority adviser before investing in mutual funds, it is difficult for them to choose a mutual fund plan that is suitable for them. [2]. Kothari (2014) examined a study namely "Investment behavior towards investment Avenues: A study with reference to Indore City. The study found that people's savings were invested in assets based on their risk and return requirements, money safety, liquidity, investment avenues available, various financial institutions, and so on. With a sample size of 100, a descriptive study strategy is used to describe the phenomena. It was gathered from the respondent in Indore city using an easy judgemental sampling procedure. According to the author, if the younger generation begins investing at a young age and continues to do so on a regular basis, they will be able to save more for their future. [3]. Syed Tabassum Sultana (2010) concluded that individual investor still prefer to invest in financial products which give

risk free returns. Even whether they are high-income, well-educated, salaried, and self-employed, Indian investors are cautious investors who prefer to play it safe in the market, according to the report. [4].

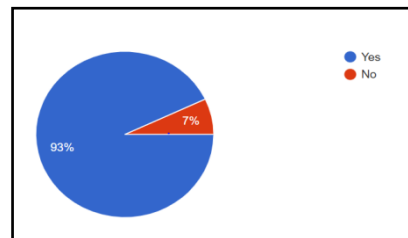
### 3. Research Methodology

Descriptive research design was used in this research which clearly indicates that the study is all about a certain characteristics of individual towards investment. Convenience sampling technique was used for data collection. Response was taken from 100 sample size over Vadodara city. Questioners were circulated over the targeted sample and response was taken for data analysis. Here are the questions and responses received for that.

#### 1. Awareness about Mutual Fund:

**Table 1: Awareness about Mutual Fund**

	Yes	No
Number(out of 100)	93	7
Percentage	93%	7%

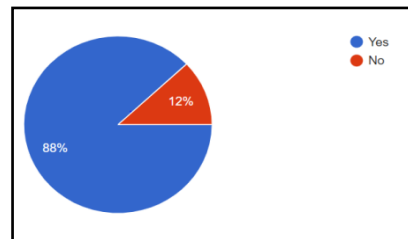


**Fig. 1 - Awareness about Mutual Fund**

#### 2. Awareness about Equity share

**Table 2: Awareness about Equity share**

	Yes	No
Number (out of 100)	88	12
Percentage	88%	12%

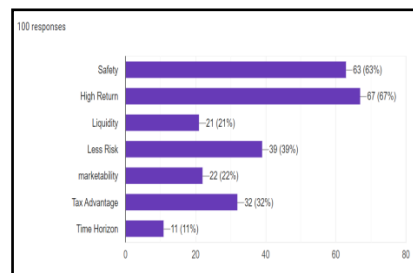


**Fig. 2 - Awareness about Equity share**

#### 3. People's Perception while investing their money

**Table 3: People's Perception while investing their money**

	Number	Percentage
Safety	63	63%
High Return	67	67%
Liquidity	21	21%
Less Risk	39	39%
marketability	22	22%
Tax Advantage	32	32%
Time Horizon	11	11%

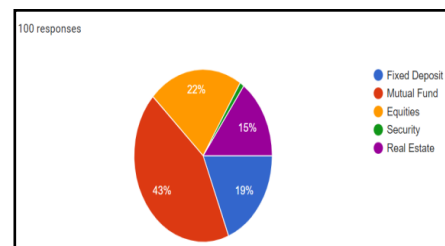


**Fig. 3 - People's Perception while investing their money**

#### 4. Which investment do you feel more profitable?

**Table 4: People's Perception on profitable investment**

	Number	Percentage
Fixed Deposit	19	19%
Mutual Fund	43	43%
Equities	22	22%
Security	1	1%
Real Estate	15	15%

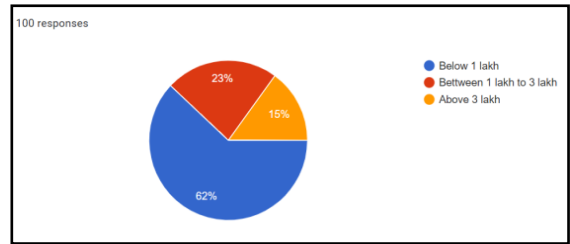


**Fig. 4 - People's Perception on profitable investment**

5. What is your saving from your total income?

**Table 5: People’s Saving from total income**

	Number	Percentage
Below 1 lakh	62	62%
Between 1 lakh to 3 lakhs	23	23%
Above 3 lakhs	15	15%

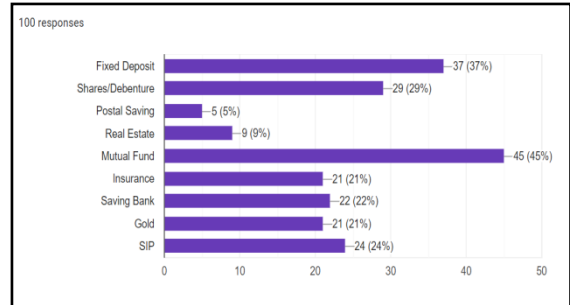


**Fig. 5 - People’s saving from total income**

6. Where do you invest your savings?

**Table 6: People’s investment in different instruments**

	Number	Percentage
Fixed Deposit	37	37%
Shares/Debtenture	29	29%
Postal Saving	5	5%
Real Estate	9	9%
Mutual Fund	45	45%
Insurance	21	21%
Saving Bank	22	22%
Gold	21	21%
SIP	24	24%

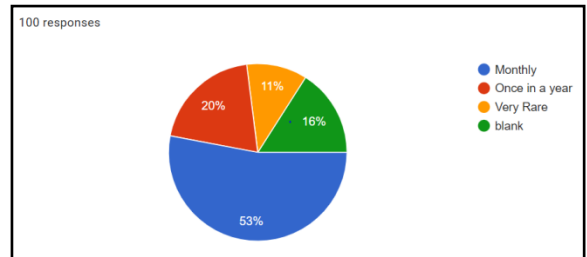


**Fig. 6 - People’s investment in different instruments**

7. Investment pattern in mutual fund

**Table 7: Investment Pattern in mutual fund**

	Number	Percentage
Monthly	53	53%
Once in a year	20	20%
Very Rare	11	11%
blank	16	16%

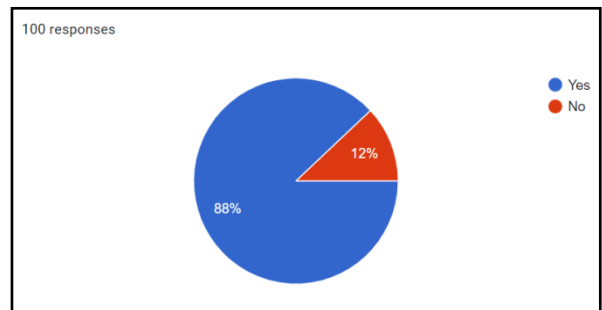


**Fig. 7 - Investment Pattern in mutual fund**

8. Are you satisfied with your investment option?

**Table 8: Satisfaction in investment options**

	Yes	No
Number (out of 100)	88	12
Percentage	88%	12%

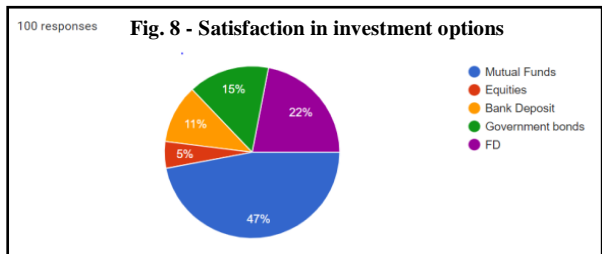


**Fig. 8 - Satisfaction in investment options**

9. Which is the following is the safest investment option?

**Table 9: People’s Perception on safest investment**

	Number	Percentage
Mutual Funds	47	47%
Equities	5	5%
Bank Deposit	11	11%
Government bonds	15	15%
FD	22	22%

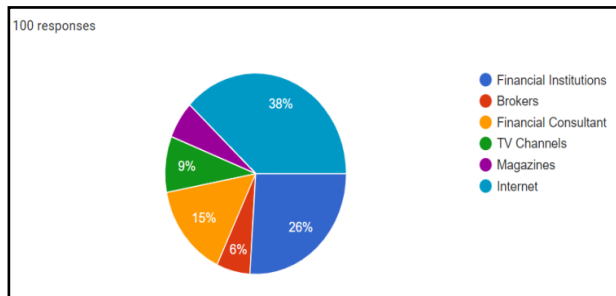


**Fig. 9 - People’s Perception on safest investment**

10. Where do you gather information about the performance of different mutual fund schemes & Equity?

**Table 10: Sources of information about performance**

	Number	Percentage
Financial Institutions	26	26%
Brokers	6	6%
Financial Consultant	15	15%
TV Channels	9	9%
Magazines	6	6%
Internet	38	38%

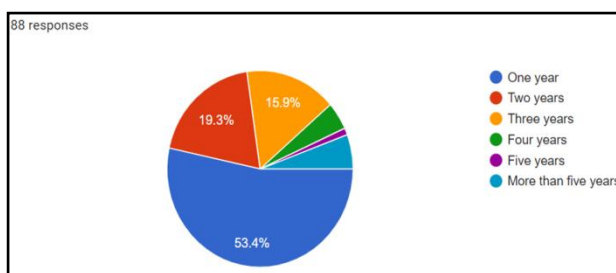


**Fig. 10 - Sources of information about performance**

11. Since How many years you are investing in Mutual Fund?

**Table 11: No of years investing in mutual fund**

	Number	Percentage
One years	47	53.4%
Two years	17	19.3%
Three years	14	15.9%
Four years	4	4.5%
Five years	1	1.1%
More than five years	5	5.7%

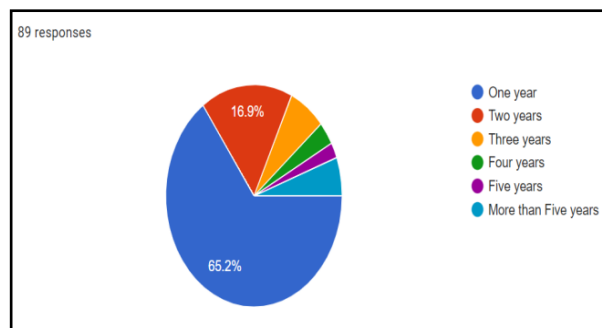


**Fig. 11 - No of years investing in mutual fund**

12. Since How many years you are investing in Equity share?

**Table 12: No of years investing in equity shares**

	Number	Percentage
One years	58	65.2%
Two years	15	16.9%
Three years	6	6.7%
Four years	3	3.4%
Five years	2	2.2%
More than five years	5	5.6%



**Fig. 12 - No of years investing in equity shares**

#### 4. Results and Conclusion

**Results:**

- Level of awareness in mutual fund is higher than equity shares in respondents.
- At the time of making an investment people consider two factors at the most safety and high return.
- From the profit point of view Mutual fund and equity stock are better tools.
- Mostly Respondents have savings annually less than one lakh.
- People do invest in mutual fund more and secondly they go for fixed deposit
- People consider monthly investment more being equity or mutual fund.
- Mutual Fund is the safest tool of investment.
- People do get information from more to the internet than any other source now a days.
- People mostly want to invest for One year in Mutual Fund & Equity share..

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**Conclusion:**

Earlier people were not used to investment word their investment was equal to fixed deposit, property & gold only. As they were being consider the safest tool for investment. But since the internet era arise people started being aware about the other tools of investment such as equity, mutual funds, bond etc. From the point of view of profit fixed deposit is not a great tool as day by day bank rates are decreasing. So that as per our questionnaire from last decade and mostly from last year they have turn up to the mutual fund and equity more but they are more aware and used to regarding mutual fund as they are easy to access and safer than equity.

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