



## **Customer Attitude Towards Mutual Fund and Post Investment Schemes Reference to Vadodara City.**

*<sup>1</sup>Rakeshkumar Rameshwar Chauhan, <sup>2</sup>Roma Hareshkumar Chandnani.*

<sup>1</sup>Parul University, Vadodara, Gujarat, 391760, India.

<sup>2</sup>Parul University, Vadodara, Gujarat, 391760, India

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### **ABSTRACT**

This study aims to determine how customers in Vadodara city feel about investing in mutual fund plans and post-investment plans, as well as how that feeling affects the volume of investment. The study's methodology is based on the questionnaire answers of 130 customers in the city of Vadodara. The attitude of the clients has been evaluated using primary data, and ordinal logistic regression is then used to determine how that attitude affects their investment in mutual fund schemes and Post Investment Schemes.

### **Keywords:**

Attitude, Mutual fund schemes, Post investment scheme, investment behaviour.

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### **1. Introduction.**

A mutual fund combines the funds of investors with specific investing objectives. Depending on the goals of the mutual fund scheme, the money is invested in a variety of assets, and the earnings (or losses) are distributed to participants according to their contribution. Securities investments are made in a diverse range of markets and sectors. Since not all stocks will move in the same way at the same time, in the same amount, diversification lowers risk. According to the amount of money deposited by the investors, mutual funds issue units to the investors. Unit holders are investors in mutual funds. The investors split the gains or losses in proportion to their initial investments. The mutual funds typically release a number of schemes with various investment goals that are introduced periodically. Before receiving contributions from the general public, a mutual fund must register with the Securities and Exchange Board of India (SEBI), which oversees the securities markets.

A mutual fund is a kind of trust that combines the money of many participants who have similar financial objectives. The funds raised from investors are invested in assets such as shares, debentures, and other capital market instruments. The number of units a unit holder owns determines how much of the income generated by these assets and capital gains they get. Hence, a mutual fund is the most suited investment for the average person since it gives them the chance to invest in a variety of professionally managed assets at a reasonable price.

Mutual funds have a wide range of securities that they may invest in. There are hundreds of sub-categories, with cash, stocks, and bonds being the most popular. Stock funds invest mostly in the stocks of companies in a certain sector, such technology or utilities. They are referred to as sector funds. Bond funds may differ based on risk (such as high-yield or junk bonds, investment-grade corporate bonds), issuer type (such as governments, businesses, or municipalities), or bond maturity (short- or long-term). Both stock and bond funds may invest in securities that are predominantly foreign, both domestic and foreign, or both domestic and foreign (domestic funds) (international funds). Most mutual funds have professional managers who oversee ongoing portfolio adjustments. These managers estimate the performance of the fund's suitable assets and choose those that they think will most closely fit the fund's stated investment aim.

Mobilizing domestic financial resources is an important issue for emerging global economies. The requirements of the poor and those with lesser incomes have inspired the development of several financial methods. Poorer citizens in many developing nations were shown to be more politically active than their wealthier counterparts couldn't put their life savings into Post investment plans. Several policies serve as intermediaries for postal savings funds, which play a crucial role in funding governmental debt. Postal savings accounts and other postal financial services are founded on a social mandate that recognizes the value of the postal network's physical locations. The synergy between postal and financial operations is what makes postal financial services and Postal savings particularly effective when they are managing agency agreements for different savings banks or postal private financial institutions. The purpose of this research was to determine the extent to which different types of depositors are familiar with the various Post investment plans.

### *Post investment strategies:*

Saving is an essential human characteristic that helps to amass money for a life that is stress-free in terms of financial security. A person may park their savings in a variety of financial instruments provided by different financial organizations, including banks, insurance companies, mutual fund and post investment schemes, post office savings banks, and others, depending on their requirements. The biggest savings institution in the nation, Indian Post Office Savings Bank, plays a crucial role in encouraging saving.

The institutional structure for saving in India began with the founding of the first saving bank in Calcutta in 1834. The Government Saving Bank Act and Post Office Saving Bank of India's formation in 1873 and 1882, respectively, are when it truly takes off. In 1886, the Government District Savings Bank and the Post Office Savings Bank merged. (POSB).

The Central Government, through the Ministry of Finance, has made an effort to popularize the National Savings Movement by providing a variety of saving schemes to meet the unique needs of different investors in order to mobilize savings of people (especially small income group) and instill in them a spirit of thrift and saving. The considerably higher guaranteed returns than those provided by scheduled banks attracted small investors, and the well-designed tax-saving elements of these programs were effective in luring higher income groups as well.

### *Plans for Mutual fund and post investment schemes:*

A mutual fund and post investment scheme is a type of financial intermediary in the capital market that pools collective investments from retail and corporate investors in the form of units and manages a portfolio of different schemes that invest those collective investments on behalf of the investors in equity and debt instruments. Instead of assuming the risk of investing money directly in these assets, a mutual fund and post investment scheme is a professional institution that allows an investor participate in equities and debt securities indirectly.

The majority of the time, investors lose money because they choose the incorrect equities shares or bonds because they lack the knowledge or competence to invest money directly in the Indian stock market. As a result, mutual fund and post investment schemes operate as a middleman, offering active portfolio management skills and risk diversification via the distribution of assets from all participants over a range of stock shares and debt instruments. In contrast to returns at high risk if investors invest directly on the capital market, this allows investors achieve excellent returns at minimal risk.

Mini savings programs have been designed in India to provide the general public and mobile resources secure and alluring investment alternatives for the country's economic growth. Post Office Savings Account, Post Office Recurring Deposits, Post Office Time Deposits, National Savings Certificate, Kisan Vikas Patra, Public Provident Fund, and Deposit Schemes for Retiring Government Employees and Employees of Public Sector Undertakings are some of the small savings' programs currently in operation.

The minor saving programs that are now in existence range in maturity from a very brief term (saving deposits) to more than fifteen years (PPF). Certain deposit plans, such Post Office Savings Accounts, Post Office Recurrent Deposits, Post Office Monthly Income Plans, and Post Office Time Deposit Plans, resemble those offered by private banks.

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## **2. Literature Review**

### *Post Investment Schemes*

The understanding of various systems varied significantly amongst individuals of various ages, according to **Karthikeyan (2019)**. Older investors have greater knowledge than younger ones, according to the aggregate score. Life requirements and tax advantages were the two key factors affecting investors in semi-urban and urban locations. The majority of investors in semi-urban and urban regions were extremely willing to participate in modest savings programs in the future as long as they had more money for savings.

**Kaushalya (2019)** proposed that modest savings programs with short-term maturities be maintained in order to assist rural communities, mobilize their resources, and further the aims of providing investors with social security coverage. According to Singh, time deposits, recurring deposits, and post office savings accounts are recurring in nature and function similarly to commercial banks.

**According to Kumar (2018)**, people with low and moderate incomes have access to reliable and simple savings schemes. Several modest savings programs were developed to help small investors.

**According to research by Ganapathi (2019)**, and depositing their money in post office deposits protects the security and safety of their investment. Post Office Savings Schemes need to be well publicized in order for deposits to rise and for the ordinary person to be aware of them.

**Anjum Sayyad and Akbar Sayyed's (2016)** investigation of investor preference for the Postal savings is a practical, dependable, and official organization that provides savings products to the citizens of the country. It has a wide audience, and its growth is rapidly expanding. The current study looks at the preferences investors in the Pune area have for various investment plans offered by the Post Office, as well as the variables that influence and encourage them to choose a certain plan.

**According to Bhagyashree Teli's (2017)** research on post office saving scheme knowledge among Rajsamand district residents, the respondents knew about these programs via friends and family members. It has been noted that there is very little knowledge of the various post office programs, even

though recurring deposits and post office savings bank accounts exist. It has also been noted that post offices' small savings programs for rural areas are adequate, but if they want to increase deposits, officials must raise awareness through agents and advertising.

**According to Holosagi (2020)**, investors' primary motivation for investing in the postal system is to meet their own domestic needs in order to be secure in their old age. They also value regularity, safety, local accessibility, and ease of management. Holosagi also recommends that the government increase awareness among rural residents of postal investment schemes and the benefits that can be obtained through them because these schemes have not properly reached the people.

### **Mutual Fund**

A study of individual investors was done to see what information sources they rely on (**Shanmugham, 2021**, "A Study of Investment Decisions of Individual Investors"). The outcomes are: economic, societal, and psychological elements that have an impact on investors.

**During a 13-year period, Sathya Swaroop Debasish (2019)** evaluated the overall performance of 23 mutual fund schemes offered by six private sector and three public sector mutual fund and post investment schemes that served as models for the risk-return relationship (April 1996 to March 2009). The study's framework includes mean, beta, co-efficient of determination, Sharpe ratio, Treynor ratio, and Jensen Alpha. The total study comes to the conclusion that Franklin Templeton and Unit Trust of India were the top performers, whereas Birla Sun Life, HDFC, and LIC mutual fund and post investment schemes performed below average when compared to the risk-return relationship models.

In their 2017 research, **Rajesh Trivedi, Prafulla Kumar Swain, and Manoranjan Dash** The Indian financial sector is becoming more and more competitive, thus there has to be a balance between investor demand and the supply of different financial products. Every investment's primary objective is to maximize return while assuming the fewest possible risks, and mutual fund allow investors that opportunity. The research clarifies the many risk types included in a mutual fund and post investment scheme scheme. Both mutual fund and post investment scheme investors and non-mutual fund and post investment scheme investors in this industry provided the information.

**Deepak Sharma Kumar (2019)** This research attempts to analyze customer attitudes regarding mutual fund schemes by looking at four aspects of such attitudes. The first part is an introduction to the research. The second portion is a brief synopsis of the preceding studies. The third section outlines the objectives, assumptions, and research methodology. In the fourth section, examine how customers feel about the risk and return of the mutual fund and post investment scheme investing choice.

## **3. Background of The Study**

A skilled and experienced Fund Manager oversees a mutual fund and post investment scheme, which is a collective reservoir or pool of money. It is a trust that manages investments in stocks, bonds, money market instruments, and other assets using money from a group of participants who have a similar investment objective. After deducting pertinent costs and fees, the income produced by this combined portfolio is allocated equally among the participants by determining a scheme's "Net Asset Value," or NAV. Simply put, a mutual fund and post investment scheme system distributes the money gathered by many investors in the form of units. This pooled capital invested in stocks, bonds, or short-term securities will increase or decrease depending on how well these assets perform. The value of NAV will be impacted by this.

Mutual fund and post investment schemes are ideal for individuals who either don't have a lot of money to invest or who don't have the time or expertise to do market research but still want to increase their wealth. The fund house receives a little fee in exchange for their professional assistance, which is deducted from the investment. The Securities and Exchange Board of India has set specific restrictions on the fees that mutual fund and post investment schemes may charge (SEBI). While investors have routinely used mutual fund and post investment schemes to invest in equity/balanced schemes, they have gained favor over the previous several years.

According to market research, most investors are not aware of the benefits of mutual fund and post investment schemes. This research sought to identify the many variables that affect why individuals decide to invest in mutual fund and post investment schemes in addition to concentrating on the respondents' degree of mutual fund and post investment scheme knowledge. The sixteen factors that were evaluated for the study and which influence people's opinions about mutual fund and post investment schemes will help the firms identify the areas that need improvement in order to increase investor awareness of mutual fund and post investment schemes. Risk, belief, terminal value, and self-concept were the four outcomes. Risk, belief, terminal value, and self-concept are some of the factors that customers have taken into account while investing in mutual fund and post investment schemes.

Kisan Vikas Patra and National Savings Certificates are two programs with set maturity dates. The interest rates for the modest savings program are adjusted by the central government. These financial products are a good substitute for conventional investment media such as bank deposits, debentures, government securities, units, and stocks from the viewpoints of maturity spread, liquidity, and safety. Also, they provide possibilities for medium- and long-term investments. Some of them take the form of reinvestment schemes and provide tax benefits to persons who pay specified income tax rates. In especially in rural and remote/far-flung areas, the government employs approximately 500,000 individuals via these modest savings programs as licensed agents who collect money for the programs.

The 15-year Public Provident Fund Scheme and Sukanya Smaridhi are implemented by Head Post Offices and Banks, respectively, while Small Savings Plans are administered by the Department of Posts via about 1.54 lakh post offices nationally. Indian Postal Service (India Post), the largest postal network in the world, has 1, 54,882 Post Offices, of which 1, 39,182 (89.86%) are situated in rural areas. In India, post offices play a significant role in linking

rural areas to the rest of the country and providing financial services in areas where there are no banks. From the arid deserts of Rajasthan and Kutch to the chilly heights of Ladakh, it reaches.

#### 4. Problem Statement

The purpose of saving is to raise a saver's standard of life and prepare for the future. Indian Post Office Funds Bank, the biggest savings institution in the country, is crucial in mobilizing national savings and offers investors a number of benefits. Post Investment Small Saving Plans, long hailed as a people's movement, are losing favor with investors who have historically invested in them due to fierce competition from Postal Saving Scheme and Mutual fund "because Mutual fund and post investment scheme is Growing Rapidly," laborious and inefficient claim processing, and other factors. Maintaining the Post Offices' supremacy over Mutual fund and post investment schemes in saving programs is becoming more and more difficult.

#### 5. Objectives of the Study

- To study the investors attitude towards Post Investments scheme and Mutual Fund scheme.
- To compare investor attitudes about returns between mutual fund and post investment scheme
- To determine the public's degree of knowledge of different Post Investment and Mutual Fund.

#### 6. Research Methodology

**Research Design:** This project's research design is descriptive. Surveys and several types of fact-finding enquiries are included in descriptive research. The Sample for the study is 130 investors Graphs will be used to analyse and present the obtained data in systematic, analytical manner.

**Data Collection Method:**

**Primary data** - In this research primary data collection are through structured questionnaires.

**Secondary data** -In this secondary data collection by reviewing various research papers & articles, books, e-journals, newspaper etc.

**Population:** finance sector – Mutual fund & Postal investment Scheme segment

**Sample Method:** The sampling method used in this study is Non-Probability Convenience Sampling.

**Sampling Frame:** 130 investors.

**Data Collection Instrument:** Questionnaire.

#### 7. Data Analysis

- ❖ Comparative of Occupation & Anticipation of risk on Mutual Fund & Post Investment scheme.

##### Anticipation of risk on Post Investment Scheme \* Occupation Crosstabulation

Count		Occupation					Total
		Salaried	Business	Professional	Housemaker	Student	
Anticipation of risk on Post Investment Scheme	HIGH	8	6	2	1	4	21
	MODERATE	34	9	3	3	16	65
	LOW	21	8	2	1	12	44
Total		63	23	7	5	32	130

**Anticipation of risk on Mutual Fund \* Occupation Crosstabulation**

Count

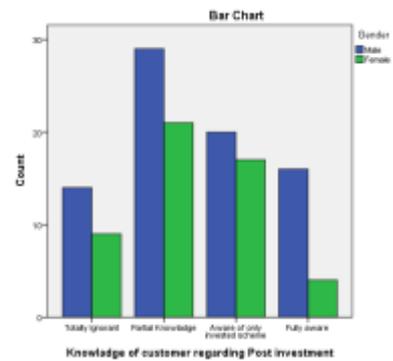
		Occupation					Total
		Salaried	Business	Professional	Housemaker	Student	
Anticipation of risk on Mutual Fund	HIGH	6	8	1	0	3	18
	MODERATE	47	11	4	1	18	81
	LOW	10	4	2	4	11	31
Total		63	23	7	5	32	130

1. Interpretation: Low Risk containing more in Post investment scheme rather than Mutual Fund in comparison with Occupation
  2. Interpretation: Moderate Risk containing more in Mutual fund rather than Post investment scheme in comparison with Occupation.
  3. Interpretation: High Risk containing more in Post Investment scheme rather than Mutual Fund in comparison with occupation.
- ❖ The public's degree of knowledge of different Post Investment and Mutual fund with regard of Gender.

**Knowledge of customer regarding Post investment \* Gender Crosstabulation**

Count

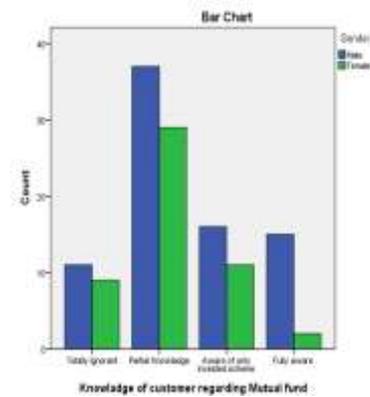
		Gender		Total
		Male	Female	
Knowledge of customer regarding Post investment	Totally Ignorant	14	9	23
	Partial Knowledge	29	21	50
	Aware of only invested scheme	20	17	37
	Fully aware	16	4	20
Total		79	51	130



**Knowledge of customer regarding Mutual fund \* Gender Crosstabulation**

Count

		Gender		Total
		Male	Female	
Knowledge of customer regarding Mutual fund	Totally Ignorant	11	9	20
	Partial Knowledge	37	29	66
	Aware of only invested scheme	16	11	27
	Fully aware	15	2	17
Total		79	51	130



Interpretation: Out of 130 Sample In both compare with gender for investment 79 people are Male and 51 are female, comparatively people have lack of knowledge in post investment scheme.

**8. Finding**

1. Moderate risk is preferable is high in mutual fund rather than in Post investment scheme with the number of 65 in post investment scheme and 81 in Mutual fund with highly influences by occupation is Salaried and student.
2. In Post Investment scheme 21 People claiming for high risk as compare to Mutual fund which is 18 Peoples with occupation comparably containing 8 peoples are in Mutual fund with business occupation and at the same time in post investment scheme higher margin are in Salaried with 8 Peoples.
3. People with salaried occupation Save their money preferable Risk is moderate.

4. Comparing gender for acknowledgment of selected Investment schemes Male are 79 and 51 are female with that reference comparison of fully aware comparably female number are few than male number which is 2 female and 15 males in mutual fund and at the same time 2 Female and 18 Male are in Post investment scheme.
5. Totally ignorant numbers in gender between male and female are 20 in mutual fund and 23 Post investment are significantly does emphasis a little difference.
6. Out of 130 Sample In both compare with gender for investment 79 people are Male and 51 are female, comparatively people have lack of knowledge in post investment scheme, but who has investment has the clarity of schemes.

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## 9. Conclusion/Suggestions

The biggest problem identified is ignorance. Investors need to be aware of the benefits. Nobody will invest until and until he is convinced beyond a doubt. Investors should be made aware of the benefits of investing as well as the fact that ignorance is no longer a happy state.

As per the data female candidates are behind to male so as considering to female for further development for making investment to their best future concern and making benefit as compare to male.

No other single solution can compare to the benefits of mutual funds and post investment programmes. But did you know that the majority of people don't even know what a mutual fund or post investment plan is? They just see it as a different potential investment. So, the counsellors should try to change their viewpoints. The counsellors' attention should be on the increasingly young investors.

Both novice investors and those in the prime of their professions would prefer to utilize advisors due to a lack of expertise and time. Mutual fund and post investment programs Company must inform individual financial advisers about the funds/scheme and its objective given that they are the primary source of influence over investors.

In comparison of Mutual fund scheme with Post Investment scheme people are more interested in mutual fund schemes so regarding that people are also moving to investment avenue for factors like risk and return. As we know Post investment is our oldest model for the investment but as the development of our nation growing in every field people are concern in return, so mutual fund is based on market but due to the consistency of growing market of mutual fund and due to their high return schemes and with low profile risk, people are leaving their old technique to modest era.

But as concern to individual before advising any investments, financial advisors should first inquire about the risk tolerance of their clients.

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