



A Study on Investors Attitude Towards Mutual Fund as An Investment Avenue at Bharuch and Vadodara

¹*Krupali Dave*, ²*Chetan Chavada*

^{1,2}MBA Student, Parul University of Management & Research (MBA), Parul University, Vadodara, Gujrat, India.

1. Introduction:

Mutual funds are pooled investments that pool money together from many investors to invest in various asset classes. A mutual fund can be a corporation's pension plan or an employee-owned company's savings plan, or it can be managed by an individual or family. Mutual funds are an important part of the financial services industry in India.

They provide a wide range of investment products to retail investors who want to invest their money with professional management teams and low-cost index funds. They also provide a low-risk way for institutional investors to create new products or add flexibility to existing portfolios. In the past few years, India has seen an explosion of growth in the mutual fund industry.

This growth is primarily due to the growing population and increasing wealth of the country.

Money invested in mutual funds becomes a source of income for people who cannot work for themselves.

This has led to a rise in the number of people willing to invest their money in mutual funds. In addition, it has also led to an increase in the number of people who want to invest their money in mutual funds but do not have enough savings or retirement plans set up yet.

This means that they need help with investing their money so that they can get started with building an investment portfolio early on rather than waiting until later in life when they might not be able to afford it anymore.

The Indian mutual fund industry has changed significantly over the past few years because of these two factors: it has become more accessible for people across all social classes to invest their money through mutual funds than ever before, and people are starting earlier than ever before so that they can take advantage of better returns from investing early on instead of waiting until later.

The mutual fund industry started mushrooming in 1963, in 1987 entry of public sector fund house. SBI Mutual Fund was the first PSU fund house.

2. Literature Review

- 2.1 VN, Sreeja (2013), "Indian Mutual Funds" AUM grew at its fastest pace since April, aided by strong inflows and RBI measures"
- 2.2 Sikidar and Singh (1996), carried out a survey with an objective to understand the behavioral aspects of the investors of the North Eastern Region towards equity and MF's investment portfolio.
- 2.3 Rajeswari and Ramamoorthy (2001), have conducted a study to understand the factors influencing the fund selection behavior of 350 MF investors in order to provide some meaningful inferences for Asset Management Companies (AMC) to innovatively design the products.
- 2.4 Vipin Kumar & Preethi Bansal (2014) In their research paper they focused on various parameters that highlights investor's perception on mutual funds. It was studied that the scheme of mutual fund investment was not known to many of the investors as still the investors rely upon the traditional pattern of investments like investment in banks and investment in postal savings. As most of the mutual fund investors used to invest in mutual fund for not more than three years and used to quit from the fund as they were not giving desired result as stated in the objective during inception of mutual fund scheme. It was also found from the research that maximum number of mutual fund investors has to depend upon their brokers and agent to invest in mutual fund.
- 2.5 Hartzalli JC, Muhifofer T, Titman SD. (2010), "Alternative Benchmarks for Evaluating Mutual Fund Performance. J. Real Estate Econ"
- 2.6 Lakshmana Rao. K., (2011) in his article deals with mutual fund investors awareness, educational level is an important factor that influences the behavior of investment decisions. Increasing educational level attainment is associated with decreased levels of risk tolerance an investor's level of formal education has found to influence risk tolerance. In this study an attempt was made towards the perception of investors has been

undertaken to examine the confidence level of the investors in mutual funds. In his study he examines the association between the formal and technical educational factors with the awareness, adoption and perception towards mutual fund schemes.

- 2.7 **J. Haslem, (2009)** reveals that, the changing nature of competition in the mutual fund industry as it pertains to price competition and threat of increasing range of alternative investment vehicles also had a corollary in changing investor's attitude toward mutual fund.
- 2.8 **Tarak Paul (2014)** focuses on the gap between the degree of expectation and the degree of perceived experience towards mutual fund investment from the viewpoint of customer communication dimension of marketing mix. It is being observed that Investors experienced lack of sufficient education required for investment and finds it difficult in understanding all the contents of the application form. The significant gap between the degree of expectation and degree of experience is indicative of the fact that there is a lot of scope for improvement in the area of customer communication.
- 2.9 **Deepa Venkataraghvan (2011)**, "Everything You Wanted To Know About Investing In Mutual Funds"

3. Objectives of the study:

- ◆ To identify the investor's attitude towards mutual fund.
- ◆ To study about the factors responsible for the selection of mutual funds as investment option.
- ◆ To study and rank the factor having implication on attitudes of investor towards mutual fund.

4. RESEARCH METHODOLOGY:

Research design: This is a descriptive study based on the primary and secondary data.

Data Collection: Primary source by structured questionnaire

Secondary data from various publications by the central or the state government or by any organizations, journals, books, magazines, newspapers and published report.

Sample Size: 155 respondents in Vadodara & Bharuch City.

Method of Sampling: Convenience Sampling

5. Hypothesis :-

H0 : there is no significant difference between preference of investor on motive behind investment in mutual funds & investors occupation.

H1 : there is significant difference between preference of investor on motive behind factors consider while investing in mutual fund & investors income.

6.Data analysis:

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.	Results
factors consider for mf	Between Groups	1.985	3	.662	.506	.679	Accept
	Within Groups	105.827	81	1.307			
	Total	107.812	84				
factors_rating	Between Groups	.936	3	.312	.248	.863	Accept
	Within Groups	102.052	81	1.260			
	Total	102.988	84				
factors_expertadv	Between Groups	3.544	3	1.181	.927	.432	Reject
	Within Groups	103.209	81	1.274			
	Total	106.753	84				
factors_info	Between Groups	7.130	3	2.377	1.484	.225	Reject
	Within Groups	129.764	81	1.602			
	Total	136.894	84				
factors_ret	Between Groups	.874	3	.291	.187	.905	Accept
	Within Groups	126.232	81	1.558			
	Total	127.106	84				

Here the null hypothesis is accepted.

		Sum of Squares	df	Mean Square	F	Sig.	results
motive behind mf	Between Groups	16.948	4	4.237	3.331	.014	Reject
	Within Groups	101.758	80	1.272			
	Total	118.706	84				
motive_less_cal	Between Groups	8.400	4	2.100	1.687	.161	Reject
	Within Groups	99.553	80	1.244			
	Total	107.953	84				
motives_good_inv	Between Groups	8.396	4	2.099	1.755	.146	Reject
	Within Groups	95.651	80	1.196			
	Total	104.047	84				
motives_betterinMF	Between Groups	2.805	4	.701	.553	.698	Accept
	Within Groups	101.500	80	1.269			
	Total	104.306	84				
motives_highret	Between Groups	14.413	4	3.603	3.066	.021	Reject
	Within Groups	94.011	80	1.175			
	Total	108.424	84				

Here the alternative hypothesis is accepted.

Limitations of the study:

- The survey only included 155 investors.
- This survey is limited to Bharuch and Vadodara.
- This study examined only investors attitude towards mutual fund as a investment avenue.

Results and findings:

- ◇ Many of the investors are prefer to choose investing in mutual funds.
- ◇ Equity and fixed income funds are most popular funds for mutual funds.
- ◇ While doing investing in mutual funds, most of the investors preferred safety and good returns schemes.
- ◇ Investors are investing money in mutual fund for medium term.
- ◇ Investors are investing after analyzing the performance and rating of the the funds. Always collecting information from the various sources, before investing in mutual fund.
- ◇ Risk diversification, Liquidity is the important objective for the mutual fund.

Conclusion:

- ◇ Most of the people like fixed income.
- ◇ They are doing investment only for short time & not for long time.
- ◇ They always check past performance or past ratings while they are doing investment.

Reference:

- <https://www.investor.gov/introduction-investing/investing-basics/investment-products/mutual-funds-and-exchange-traded-1>
- <https://www.amfiindia.com/investor-corner/knowledge-center/what-are-mutual-funds-new.html>
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