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A Study on Public Perception towards Mutual Funds around Coimbatore City

Ms. R. Akshaya Sudarshana [a], Dharani. S [b]*

[a] Assistant Professor, Sri Krishna Adithya college of arts and science, Coimbatore - 641042
[b] Student, Sri Krishna Adithya college of arts and science, Coimbatore - 641042

A B S T R A C T

Investment goals vary from person to person, while somebody wants security, others might give more weightage to return alone. Somebody else might want to plan for his child's education while somebody might be saving for the proverbial rainy day or even life after retirement. With objectives defying any range, it is obvious that the products required will vary as well. Indian Mutual Funds industry offer a plethora of schemes and services broadly all types of investors. The range of products includes equity funds, debts, liquid, gilt and balanced funds. There are also funds meant exclusively for young and old, small and large investors. Moreover, the setup of a legal structure, which has enough teeth to safeguard investor's interests, ensures that the investors are not cheated out their hardly earned money. All in all, benefits provided by them cut across the boundaries of investors category and thus create for them, a universal appeal.

A mutual fund is a investment plan into which investors place their contribution that are to be invested in accordance with a stated objective. Mutual fund serves as a key financial intermediary to play a crucial role in converting the investors savings to capital market, thus establishing a link between savings and the capital market. Small investors are unable to diversify their investment because of their limited funds. Mutual fund offers a way for these investors to diversify their risk.

Keywords: Investment, mutual funds, capital market.

1. Introduction

A mutual fund is a pool of money managed by a professional fund manager. It is a trust that collects money from a number of investors who share a common investment objective and invests the same in equities, bonds, money market instruments and other securities. And the income/ gains generated from this collective investment is distributed proportionally amongst the investors after deducting applicable expenses and levies, by calculating a scheme's "Net Asset Value" or NAV. Simply put, the money pooled in by a large number of investors is what makes up a Mutual Fund.As an investor, you don't directly own the company's stocks that mutual funds purchases. However, you share the profit or loss equally with the other investors of the pool. This is how the word "mutual" is associated with the mutual fund. You get the advantage of the expertise of the fund manager and regulatory safety of the Securities Exchange and Board of India (SEBI).

2. Statement of problem

Most of the public invest their savings only in bank deposit and mostly on gold investment. Many of them doesn't know about the various type of investment pattern like mutual funds and stock which are provided by the same financial institution which accept the deposit from the public. The awareness about the mutual fund is lacking among the public in the Coimbatore district. There are many schemes in mutual fund. A. This study will give a clear picture about the awareness level of the public about the Mutual funds.

3. Objective of study

- To know about the perception of the public towards mutual funds.
- To know the awareness level on the mutual funds.

4. Research Questions

- Will you invest in mutual funds?
- What are the factors seen while investing in mutual funds?

- What is your level of awareness on mutual fund investments?

- According to you which one do you rate as a best investment instrument?

5. Research methodology

Research methodology is a way to systematically solving a research problem. Research methodology deals with the research design used and methods used to present the study.

5.1 Sampling design

This study is intended to analyze public perception towards Mutual funds around Coimbatore city. The study is Descriptive in nature.

5.2 Sample size

175 Questionnaire were distributed out of that 153 questioners were fit for analysis from different respondents in the Coimbatore city.

5.3 Sample area

The area of the study refers to Coimbatore city.

5.4 Data collection

The data is collected from both primary and secondary data.

Primary Data: Primary data is collected directly from the people with the help of the questionnaire for the first time and that are original in nature.

Secondary Data: Secondary data is collected from various sources such as books, journals, articles, newspapers, websites etc…

5.5 Sampling method

The method used for collecting sample is convenient sampling.

5.6 sampling tools

- Simple percentage method

- Rank Analysis

- Chi square

6. Review of literature

Manisha Raj (2018), analyse and compare the performance of Private sector mutual funds that is HDFC mutual fund and the other one is Public sector mutual funds that is SBI mutual funds. They used many methods and techniques to compare the mutual funds like Standard deviation, volatility, Beta values, Sharpe ratio, Treynor ratio and then how much risk is involved, from where more returns can be earned. So by this study we came to know that the SBI mutual funds as a whole are better than HDFC mutual funds.

Prabhat Kumar Tripathi(2019), interprets that over the last few years, the mutual fund sector has grown at a breakneck rate, with new products tailored to investors' needs and a slew of new companies joining the market. Mutual funds aggregate the savings of a number of small participants who hope to profit from their investment. The money has been accumulated and is now being invested. In a variety of asset classes such as stock, debt funds, other liquid assets, and so on. The purpose of this research is to examine the numerous SBI mutual funds and ICICI prudential mutual funds debt funds, and to analyse the performance of similar debt funds On the basis of risk and return, SBI Mutual Fund has partnered with ICICI Prudential to create SBI Prudential schemes. The values of net assets for the purpose of analysing the performance, net asset values from 2011 to 2017 were used. For the time under consideration, the research confirms that the selected debt fund at SBI Mutual Fund performed better than the selected ICICI Prudential mutual funds.

Atanu Das (2019), concludes, this research examines a sample of typical schemes from a diverse collection of fund companies. There are well-defined criteria for judging their performance both in absolute and relative terms. This study examines risk-returns factors for a variety of scenarios. The relationship between investors' risk preferences and mutual fund schemes. RAP stands for risk adjusted performance and is based on real-time data. Several tests were conducted. SAP used to assess the performance of mutual funds using well-established criteria those tests and measures recommendations for future analytic projects.

Raychaudhuri (2019), In his paper learned with regards to diligence in shared asset execution in India. It utilized a few tests from the writing to reason that there is constancy in the common asset market. It was discovered that presentation estimates that were developed utilizing enormous slacks of information are better indicators of future execution. Also, the expectations of execution for longer future periods were better than forecasts made for short-run future periods. At last, it was reasoned that auto-relapse tests for tirelessness might come up short in spite of the presence of perseverance.

Anuja Magdum (2019), Conducted research on "A Comparative study on Mutual Fund Schemes of Selected AMC's in India". The objective of this research is that to provide better returns for the schemes promised by AMC"s and compare the mutual fund schemes of selected public and private sector AMC"s in India. The data collected for the study is to consider the 5 years and for comparison 4 AMC"s with each other. For a risk free return fixed deposit rate are used and the data are collected from the yahoo finance, AMFI website and value research website. The methodology used in this research is beta and CAGR. The study has investigated the performance of equity based MF schemes in India and the private sector can better performed compare to the public sector.

Dr. Nidhi Sharma, (2019), Conducted research on "Performance Analysis of Mutual Funds: A Comparative Study of the Selected Hybrid Mutual Fund Schemes in India". The objective of the study is to measure and compare the performance of the select hybrid mutual fund schemes in India. The selection of hybrid schemes is based on top 10 ranking given by CRISIL and that rank based on the NAVs of the schemes. The data are used is primary data and tools used in this study are NAV, average return, beta, R- square and standard deviation.

Dr.K.M.Sudha, (2020), Conducted research on "Comparative Study on Selected Mutual Fund". The objective of the study is to comparative performance analysis fir selected mutual funds for five years and also risks and returns of mutual funds. This study evaluates the analysis of returns that takes place for five years and their volatility based on investment. The sources of data are secondary data. The tools used for analysis are simple average method and standard deviation method and simple comparative analysis method and ranking method. The findings that is not advisable to invest equity fund category as the market undergoing fluctuations asset components are subject to high risk.

7. Analysis and Interpretation

Analysis of data is a process of inspecting, cleansing, transforming, and modelling data with the goal of discovering useful information, informing conclusion, and supporting decision-making. Data analysis is a process for obtaining raw data and converting it into information useful for decision-making by users. Data are collected and analysed to answer question, test hypotheses or disprove theories.

The following tools were used:

    i. Percentage Analysis

    ii. Chi-square Analysis

    iii. Rank Analysis

7.1 Percentage method

$$\text{Formula} = \frac{\text{No. Of respondents}}{\text{Total no. of respondents}} * 100$$

Table no 1

Table showing the respondents look before investing:

PARTICULARS	FREQUENCY	PERCENTAGE
EXPERT ADVICE	73	48
NEVER INVEST	4	3
PASR PERFORMANCE	46	30
RATINGS (by CRISII, ICRA, etc)	30	20
TOTAL	153	100

Source: Primary data.

Interpretation:

From the table it is observed that 73 respondents will hear the expert advice, 4 respondents will never invest in mutual fund, 46 respondents will see the past performance, 30 respondents will see the ratings by CRISIL, ICRA ,etc.

Exhibit no:-01 showing the respondents look before investing
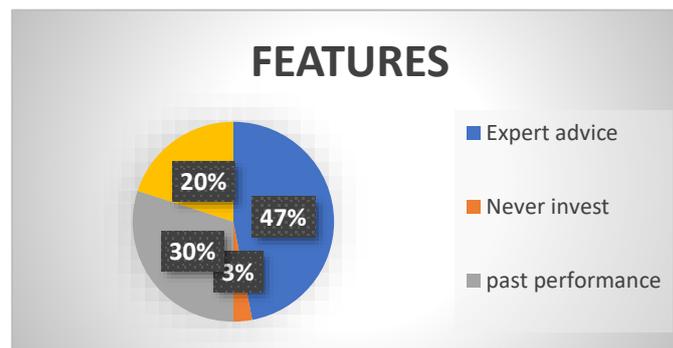
Table no:2

Table showing about investing in mutual fund by the respondents

INVESTING IN MUTUAL FUND	FREQUENCY	PERCENTAGE
WILL INVEST	98	64%
WILL NOT INVEST	55	36%
TOTAL	153	100%

Source: Primary data

INTERPRETATION:

The above table depicts that 64% of the respondents will invest in the mutual fund and 36% of the respondents will not invest in mutual fund.

Exhibit no:-02 showing about investing in mutual funds
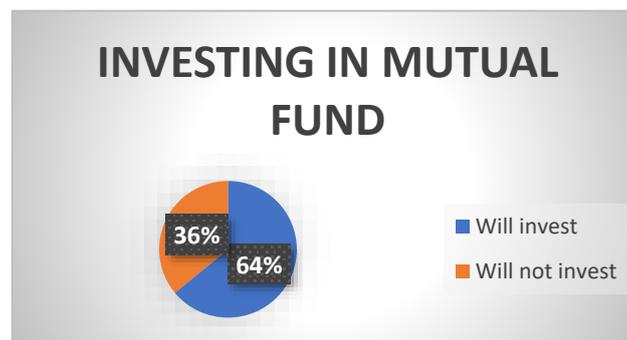
Table no: 3

Table showing the level of awareness of mutual fund among respondents

LEVEL OF AWARENESS	FREQUENCY	PERCENTAGE
FULLY AWARE	69	45%
SOMEWHAT AWARE	43	28%
NOT AWARE	41	27%
TOTAL	153	100%

Source: Primary data.

INTERPRETATION:

The above table depicts that 45% of the respondents are fully aware, 28% of the respondents are somewhat aware, 27% of the respondents are not aware.

Exhibit no:-03 showing the level of awareness of mutual fund among respondents
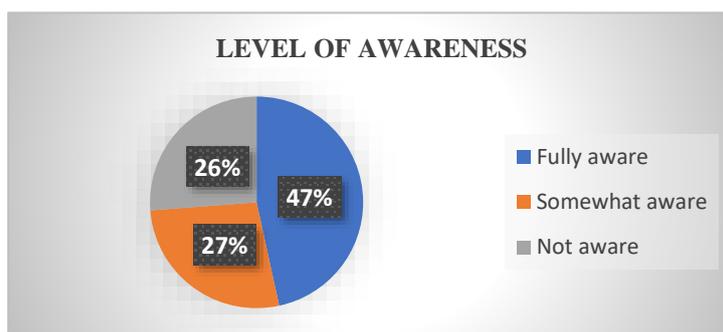
7.2 Rank analysis

A ranking is a relationship between a set of items such that, for any two items, the first is either 'ranked higher than', 'ranked lower than' or 'ranked equal to' the second. In mathematics, this is known as a weak order or total preorder of objects. It is not necessarily a total order of objects because two different objects can have the same ranking. The rankings themselves are totally ordered. For example, materials are totally preordered by hardness, while degrees of hardness are totally ordered.

Table no 4 showing the ranking of various investment option

INVESTMENT OPTION	R1 (5)	R2 (4)	R3 (3)	R4 (2)	R5 (1)	TOTAL	RANK
BANK SAVINGS	36	34	39	41	6	521	1
GOLD INVESTMENT	39	38	20	35	17	494	3
SHARE/DEBENTURE	48	30	30	10	36	506	2
POSTAL SAVINGS	32	45	10	26	41	463	4
INSURANCE	11	24	31	43	42	361	7
MUTUAL FUNDS	26	37	20	30	45	443	6
REAL ESTATE	26	53	19	21	20	461	5

Interpretation:

From the above ranking table, it is observed that the Bank savings is in the 1st rank, Share/Debenture in the 2nd rank, Gold investment in the 3rd rank, Postal savings is in the 4th rank, Real estate is in the 5th rank, Mutual funds is in the 6th rank, Insurance is in the 7th rank. From the above we understood that most people prefer bank savings than any other investment options

7.3 Chi square analysis

The Chi square analysis is commonly used for testing relationships between categorical variables. The null hypothesis of the Chi-Square test is that no relationship exists on the categorical variables in the population; they are independent. There are several important considerations when using the Chi-Square analysis to evaluate a cross tabulation .Because of how the Chi-Square value is calculated, it is extremely sensitive to sample size. This can be addressed by always using categorical variables with a limited number of categories.

Formula:

$$\text{Chi – square value}(\textstyle\sum) = \frac{(\text{Observed value – Expected value})^2}{\text{Expected value}} *100$$

$$\text{Expected value} = \frac{\text{Row total * Grand total}}{\text{Grand total}}$$

Degree of freedom = (Row – 1) * (Column – 1)

Hypothesis

Null hypothesis H_0: There is no significant relationship between Family monthly incomes vs. the satisfaction towards electric vehicles companies.
Alternate hypothesis H_1: There is a significant relationship between Family monthly incomes vs.the satisfaction towards electric vehicles companies.

Significant value for Chi-square is 5% (i.e., 0.05). If the calculated value is less than the table value, it is accepted. Else in other situation it is rejected.

TABLE NO: 4 RELATIONSHIP BETWEEN THE ANNUAL INCOME OF THE RESPONDENTS AND WHETHER THEY INVEST IN MUTUAL FUND.

The relationship between the annual income of the respondents and whether they invest in mutual fund

ANNUAL INCOME	INVEST IN MUTUAL FUNDS		TOTAL
	INVEST	NOT INVERST	
BELOW RS1 LAKH	12	18	**30**
BETWEEN RS. 1 LAKH - RS. 5 LAKHS	36	23	**59**
BETWEEN RS. 5 LAKH - RS.10 LAKHS	11	16	**27**
MORE THAN RS. 10 LAKHS	18	19	**37**
TOTAL	**77**	**76**	**153**

CALCULATION OF X^2

O	E	(0-E)	$(O-E)^2$
12	15.09	3.09	9.54
36	29.69	6.31	39.81
11	13.58	-2.58	6.65
18	18.62	-0.62	0.38
18	14.90	3.1	9.61
23	29.30	6.3	39.61
16	13.41	2.59	6.70
19	18.37	0.63	0.39
153	152.96	6.22	112.77

CHI-SQUARE VALUE ($\sum$) = $\frac{\text{(OBSERVED VALUE-EXPECTED VALUE)}^2}{\text{EXPECTED VALUE}}$

= (112.77/152.96)

= 0.7372

DEGREE OF FREEDOM = (ROW-1)*(COLUMN-1)

= (4-1)*(2-1)

= 3

CALCULATED VALUE X^2= 0.7372   TABLE = 7.815

Hypothesis

HO: There is no significant relationship between annual income and whether the respondents invest in mutual funds.

H1: There is significant relationship between annual income and whether the respondents invest in mutual funds.

Level of significance = 5% or 0.05

Degree of freedom   = 3

Chi-square value X^2 = 0.73272

Table value   = 7.815

Interpretation

In the above analysis, the calculated value (0.7372) is less than the value (7.815) at the level of 5% significance. Hence, null hypothesis is accepted, thus, there is no significant relationship between annual income of the respondents and whether they invest in mutual funds.

Table no 6 RELATIONSHIP BETWEEN THE AGE OF THE RESPONDENTS AND SOPURCE FOR COLLECTING INFORMATION ABOUT PERFORMANCE OF THE MUTUAL FUND

The relationship between the age of the respondents and source for collecting information about performance of mutual fund

AGE	SOURCE FOR COLLECTING INFORMATION						TOTAL
	APPS	BROKERS	FINANCIAL INSTITUTION	FINANCIAL STATEMENTS	FRIEND AND FAMILY	TV CHANNEL	
20-25	53	9	6	0	3	0	71
25-30	3	2	3	33	0	7	48
30-35	0	4	3	1	2	1	11
LESS THAN 20	2	1	1	2	0	0	6
MORE THAN 35	1	3	4	0	6	3	17
TOTAL	59	19	17	36	11	11	153

CALCULATION OF X^2

O	E	(O-E)	(O-E)^2
53	27.37	25.63	656.89
3	18.50	-15.5	240.89
2	2.31	-0.31	0.09
1	6.55	-5.55	30.80
9	8.81	0.19	0.03
2	5.96	-3.96	15.68
4	1.36	2.64	6.96
1	0.74	0.26	0.06
3	2.11	0.89	0.79
6	7.88	-1.89	3.53
3	5.33	-2.33	5.42
3	1.22	1.78	3.16
1	0.66	0.34	0.11
4	1.88	2.12	4.49
33	11.29	21.71	471.32
1	2.58	-1.58	2.49
2	1.41	0.59	0.34
3	5.10	-2.1	4.41
2	0.79	1.21	1.46
6	1.22	4.78	22.84
7	3.45	3.55	12.60
1	0.79	0.21	0.04
3	1.22	1.78	3.16
153	118.53	34.47	1486.92

CHI-SQUARE VALUE($\sum$) = $\dfrac{\text{(OBSERVED VALUE-EXPECTED VALUE)}^2}{\text{EXPECTED VALUE}}$

= (1486.92/118.53)

$$= 12.54$$

DEGREE OF FREEDOM = (ROW-1)*(COLUMN-1)

$$= (5-1)*(6-1)$$

$$= 20$$

CALCULATED VALUE X^2= 12.54   TABLE = 31.41

Hypothesis

HO: There is no significant relationship between age of the respondents and source for collecting information about performance of mutual funds

H1: There is significant relationship between age of the respondents and source for collecting information about performance of mutual funds

Level of significance = 5% or 0.05

Degree of freedom   = 20

Chi-square value X^2 =12.54

Table value   = 31.41

Interpretation

In the above analysis, the calculated value (12.54) is less than the value (31.41) at the level of 5% significance. Hence, null hypothesis is accepted, thus, there is no significant relationship between age of the respondents and source for collecting information about performance of mutual fund.

8. Findings, Suggestion and Conclusion

8.1 Findings

Percentage analysis

- 64% of the respondents have invested in mutual fund.
- 47% of the respondents prefer the expert advice before investing in Mutual funds.
- 45% of the respondents are fully aware about mutual fund investment.

Rank analysis

- Most of the public are preferring to invest in savings bank so ranked it first followed by Shares and debentures and gold

Chi-square Analysis

- The calculated value (0.7372) is less than the value (7.815) at the level of 5% significance. Hence, null hypothesis is accepted, thus, there is no significant relationship between annual income of the respondents and whether they invest in mutual funds.
- The calculated value (12.54) is less than the value (31.41) at the level of 5% significance. Hence, null hypothesis is accepted, thus, there is no significant relationship between age of the respondents and source for collecting information about performance of mutual fund.

8.2 Suggestion

Mutual fund is one of the best safety investment if they are well aware about it. So, advertisements should be give more to make the public aware about the mutual funds. The financial institutions like banks and other institutions has to tell about the mutual fund investment to their account holder. The mutual funds can be included in the main service of the banks like their deposits. The working of the mutual funds should be included in subjects so that the future that's the students may come to know about the mutual funds clearly and there will be increase in mutual fund investment. Like insurance as include while applying loans and credit, the mutual funds has to be included while getting so loans. The mutual fund has a portfolio management that is the loss is very much less. This should be made awareness to everyone. Most of them in the society has the mind set to get the returns faster but the mutual funds have likewise schemes too. The best scheme to invest for 1 year basis is ICICI Prudential Equity & Debt Fund. The knowledge about the mutual fund should given to all people via..financial institutions. Now a day's the usage of smart phones have been increased. So, the government has to create it's own Application for the mutual fund investment. So that the people will invest in that thinking the government has a backup option. Mutual fund also as has risk. Without risk anything can't be done but investing small amount of money be safer for the people.

8.3 Conclusion

Almost the past five years mutual fund and the investment in that category have seen enormous growth. In the dynamic environment a lot of investment opportunities are available to the investors in financial markets. Investors can invest in shares, stocks, bonds, debentures, gold, bank deposits, etc. Due to this reason the mutual fund industries gaining importance and attracts more investors. The present study analyse the public perceptions of towards mutual funds . In the above study Trying to find out the impact of mutual fund in the society. The study also find out the opinion of public and perception has been studied relating to various issues like mutual fund scheme, main objective behind investing in mutual fund scheme, level of satisfaction, role of financial advisors, brokers, sub-brokers, investors opinion relating to factors that attract them to invest in mutual fund.

Today the main risk before mutual fund industry is to convert the potential public into the reality investors. In order to win the confidence of the public more innovative schemes should be launched from time to time by the corporate. This study explains the investment of money in mutual funds. In order to it explain the different sources and different mode of investment in mutual fund. The survey clearly describe the public opinion and perception towards the mutual fund in around Coimbatore city.

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