

INVESTORS PREFERENCE TOWARDS MUTUAL FUNDS A STUDY CONDUCTED AT BANGALORE CITY

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Abstract

There is a lot of investment option available and one must choose the most appropriate and accurate one. The person who wants to invest with the planning must know all the number of investment options and how these can be selected for the purpose of achieving the overall objectives as well as risk and return. The informations of making the investment along with the several methods in which the investment has to be maintained and managed. This study examined on investor's preference towards mutual funds a study was conducted at Bangalore city. Data were composed by means of structured questionnaires. The sample size of area is studied by tools selected for this study was hundred respondents were randomly selected from the town. Data were analysed using chi-square technique and percentage analysis.

Key words: mutual funds, growth, investment preferences, kinds of mutual funds.

A mutual funds is a trust brings together the funds of various speculators who share a typical budgetary objective. The store chief puts this pool of cash in securities- extending from offers and debentures to currency advertise instruments or in a blend of values and obligations, contingent on the targets of the plan. The store directors are experts who track the markets on an on-running premise and along these lines with their blend of expert capability and market learning, they are preferable set over the normal financial specialist to comprehend the business sectors. Likewise another component of mutual funds is that they put resources into number of stocks as well as debenture in light of which the related dangers are extraordinarily diminished. At the point when contrasted with direct interests in the capital market, mutual funds cost less. This is because of funds in business costs, demat costs, vault costs and so forth. Another advantage which can be taken a gander at is that investment in mutual funds are totally fluid and can be reclaimed at their Net Assets value related cost on any working day and one can generally approach state of the art data on the estimation of their interest nit withstanding the total arrangement of speculations, the extent allotted to various resources and the reserve

chief's venture procedure. Beside all mutual funds are enlisted and controlled by SEBI and capacity inside the arrangements and guidelines that ensure the premiums of financial specialists. AMFI is the managerial body of the mutual funds.

In today's modest environment, varieties of investment options are accessible to the investors. All investment methods have benefits & drawbacks. An investor attempts to bring stability in profits and limitations of different investment methods before investing in them. Amongst the different investment methods, Mutual Fund is the most suitable investment mode for the common man, as it provides an opportunity to invest in a varied and professionally managed portfolio at a comparatively low cost. In this paper, an effort is made to analyse mainly the investment options preferred by the investors and an analysis is made to know the investor's preference towards investment in mutual funds when different investment options are also available in the market.

MUTUAL FUNDS

Mutual funds is a collective of funds which is resulting into units of equal values and sold to investing community and the funds so collected are utilized for collective investments is a commitment of a person's funds to derive future income in the method of interests, dividends, rent, premiums, pension benefits or the increase of the value of their principle capital. Investments have return but there can be no return without risk.

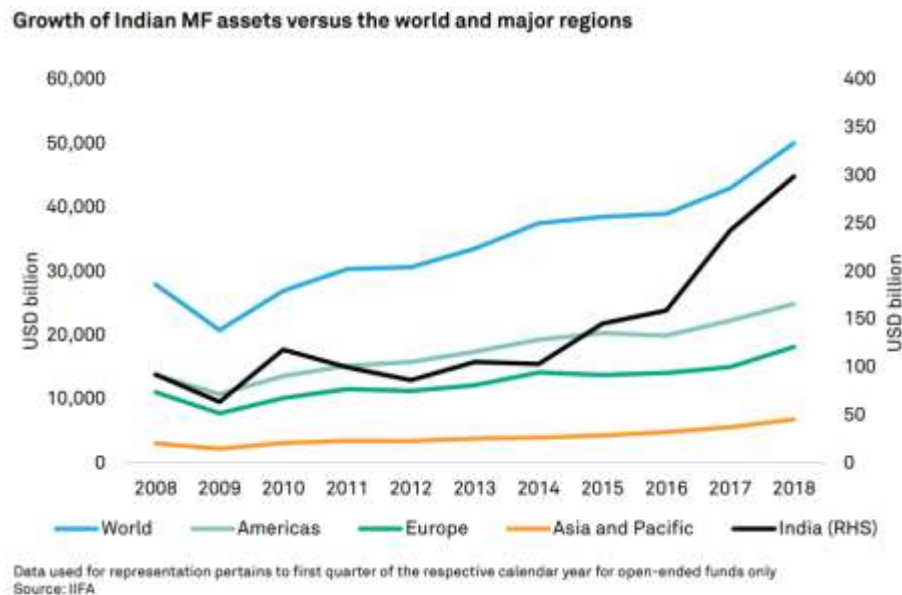
CONCEPTS OF MUTUAL FUNDS

- Several investors with mutual interest in financial purposes, will pool their money.
- Investors, on a proportionate basis, get mutual fund units for the sum contributed to the pool.
- The money collected from investors is invested into shares, debentures, and other securities by the fund manager.
- The fund manager realizes gains or losses, and collects dividend or interest income.
- Any capital gains or losses from such investments are passed on to the investments in proportion of the number of units held by them.

When the investors invest in the mutual fund, he comes to be part owner of the assets of the fund in the same percentage as his contribution amount put on with the corpus. Mutual fund investors is also known as a mutual fund shareholder or a holder. Any alteration in the value of the investments made into capital market instrument is reflected in the Net Asset Value.

NAV is clear as the market value of the mutual fund scheme's assets net of its liabilities. Net Asset Value of a scheme is derived by apportioning the market value of scheme's asset by the total number of units issued to the investors.

GROWTH OF MUTUAL FUNDS IN INDIA



REVIEW OF LITERATURE

- **Mrs. O. V. A. M. Sridevi (2018).** The study Analysed the performance of mutual funds on selected mid cap and small cap funds. It studies the status of mutual funds and to measure the risk-return relationship and market volatility, the research paper examined the performance with the evaluation models like Sharpe, Treynor and Jensen Ratio. The result of the study was that the assets under management of Indian mutual fund is growing and risk –return in mid-cap is neither or nor risky, but in small-cap good return and less risk accrued.
- **Sudarmurthi, J, (2017)** title of the research paper is “a study on investor’s behaviour towards mutual funds”. The main objective is to know the factor considered by the investors while going to investing mutual fund, the second objective of the study is to know the performance and knowledge level of investors. The study found that majority of investors are male and are businessmen and it explains the personal and social status of investors. However, investors consider their past investment experiences while taking investment decisions and economic stability is the key element effecting

investment decision. Chi square test is conducted to know whether there is a significant difference among the profitable investment preferred by the investors but, it results that there is a significant difference among the profitable investment preferred by the investors. The proof recommends that the different components replicate diverse investor objectives and information.

- **Harshita garg and Rahul singal (2016)**, carried out a survey on behavior of mutual funds a study of Hisar city. The objective of the study is to Find out the factor which influencing the investors to prefer the investment in mutual fund and measures for extending the scope for investment in mutual funds, the survey revealed that investors having different objectives on their investment, there is also like appreciation, tax benefits and liquidity and people are not aware about mutual funds so firstly they have to aware about it , so many of them are not investing the money in mutual fund because of risk involved in this
- **Sudalaimuthu and senthil kumar (2008)** in his research paper, mutual fund investments has been analysed by considering investors reference in the direction of the mutual fund sector, different type of scheme, procuring of mutual fund units, investors level of risks, basis of information about the market value of the units, investors opinion on different aspects influencing to invest in mutual funds, the satisfaction level of the investors towards different motivating factors, level of different source of alertness of mutual fund arrangements, different varieties of plan held by the investors, consciousness of risk type by investors, glitches faced by mutual fund investors. Consecutively an effective mutual fund needs complete understanding of the individualities of the Indian Stock Market and also the awareness of the small investor. The study has made an effort to comprehend the financial behaviour of mutual fund investors in connection with the scheme preference and selection. An important factor in the success of a marketing strategy is the capacity to fulfil investor's expectation. The result of these studies through satisfactory on the investor's awareness about the mutual funds and the elements determining their investment decisions and preferences. The study will be beneficial to the mutual fund industries to comprehend and analyse the investor's awareness towards mutual funds' investments and the analysis would also be more informative to the investors.

STATEMENT OF THE PROBLEM

Mutual funds are financial mediators concerning with initiating the savings of excess income and mobilizing investors savings in those investing options where there is more demand of funds.

OBJECTIVES OF THE STUDY

- Study various investments alternatives and in investors preference towards Mutual funds.
- To analyze the investor's preference towards mutual fund in today's scenario.
- To study market potentiality of mutual funds among investors.

SCOPE OF STUDY

This study is cooperative to comprehend the state of awareness about various investment avenues and cognizance towards mutual funds. It may also be applicable to other investment avenues.

LIMINATIONS OF THE STUDY

1. The area of study is limited to Bangalore city.
2. Validity and reliability of data obtained depend upon the response of the respondents.
3. Structured questionnaire is the basis for collection of data.

SAMPLE STUDY

The sample size selected was 100.

DATA COLLECTION

PRIMARY RESEARCH

The primary data was collected with the help do questionnaire which was to the respondents about their awareness related to mutual funds and getting an insight on the type of previous investments they indulged in so that we can analyze the trends in investments.

SECONDARY RESEARCH

Secondary data was used to support the primary data. The major source of information were various books, journals, research articles, documentaries and the world wide web.

WORKING OF MUTUAL FUNDS



GENDER

SL NO	AGE	NO OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
1	MALE	37	74%
2	FEMALE	13	26%
3	OTHERS	NIL	NIL
4	TOTAL	50	100%

AGE

SL NO	AGE OF RESPONDENTS	NO OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
1	18-30	12	25%
2	31-45	18	36%
3	46-55	16	32%
4	56& ABOVE	4	7%
5	TOTAL	50	100%

Profession

SL NO	PROFFESION	NO OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
1	BUSINESS	17	35%
2	GOVERNMENT JOB	18	36%
3	PRIVATE JOB	15	29%
4	TOTAL	50	100%

SL NO	ANNUAL INCOME	NO OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
1	>5 LACS	27	55%
2	5-10 LACS	18	34%
3	10-25 LACS	5	11%
4	<25 LACS	NIL	NIL
5	TOTAL	50	100%

TYPE OF INVESTMENT PREFERED

SL NO	TYPES OF INVESTMENT PREFERED	NO OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
1	REAL ESTATE	17	34%
2	INSURANCE	13	26%
3	SHARES	6	12%
4	MUTUAL FUNDS	4	8%

5	OTHERS	10	20%
6	TOTAL	50	100%

REASON FOR INVESTMENTS

SL NO	REASON FOR INVESTMENTS	NO OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
1	COVERING FUTURE NEEDS	20	41%
2	SECONDARY INCOME	14	29%
3	TAX REBATE	16	30%
4	TOTAL	50	100%

TIME HORIZON

SL NO	TIME HORIZON	NO OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
1	UPTO 1 YEAR	28	56%
2	UPTO 2 YEARS	15	30%
3	UPTO 5 YEARS	2	5%
4	UPTO 10 YEARS	4	8%
5	BEYOND 10 YEARS	1	1%
6	TOTAL	50	100%

IN WHICH SECTOR INVESTORS LIKE TO INVEST

SL NO	INVESTMENT SECTOR	NO OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
1	PUBLIC SECTOR	18	36%
2	PRIVATE SECTOR	13	26%
3	FOREIGN SECTOR	2	4%
4	GOVERNMENT SECTOR	17	34%
5	TOTAL	50	100%

HOW OFTEN DO YOU MONITOR YOUR INVESTMENT

SL NO	MONITORING	NO OF RESPONDENTS	PERCENTSAGE OF RESPONDENTS
1	WEEKLY	33	66%
2	MONTHLY	12	24%
3	ONCE IN SIX MONTHS	3	6%
4	ONCE IN A YEAR	2	4%
5	TOTAL	50	100%

WHAT IS THE SOURCE OF THE INVESTMENT

SL NO	SOURCE OF INVESTMENT	NO OF RESPORDENTS	PERCENTAGE OF RESPONDENTS
1	OWN SAVINGS	23	46%
2	BORROWED	3	6%
3	RENTAL	6	12%
4	SALARY	18	36%
5	TOTAL	50	100%

INVESTMENT PREFERENCE

SL NO	INVESTMENT PREFERENCE	NO OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
1	BANK DEPOSITE	17	34%
2	BONDS AND DEBENTURES	5	10%
3	EQUITY SHARES	2	4%
4	MUTUAL FUNDS	16	32%
5	INSURANCE	10	20%
6	TOTAL	50	100%

INVESTMENT PREFERENCE AMONG KINDS OF MUTUAL FUNDS

SL NO	INVESTMENT PREFERENCE	NO OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
1	GROWTH	20	40%
2	INCOME	10	20%
3	BALANCED	10	20%
4	FIXED INCOME	6	12%
5	EQUITY	4	8%
6	OTHERS	NIL	NIL
7	TOTAL	50	100%

WHY NOT MUTUAL FUNDS

SL NO	WHY NOT MUTUAL FUNDS	NO OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
1	NOT AWARE	17	34%
2	LACK OF TIME	6	12%
3	RISK FACTORS	5	10%
4	OTHER FACTORS	22	44%

5	TOTAL	50	100%
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AWARENESS OF SYSTEMATIC PLANS

SL NO	SIP AWARENESS	NO OF RESPONENTS	PERCENTAGE OF RESPONDENTS
1	AWARE	23	46%
2	NOT AWARE	27	54%
3	TOTAL	50	100%

FINDINGS, SUGGESTIONS, AND CONCLUSION

FINDINGS;

- It is found that from the above information 41% of people invest their money in mutual funds for covering their future needs.
- 56% of investors like to invest in mutual funds for shorter period of 1 year which gives high returns.
- 36% investors prefer to invest in public sector.
- 66% would like to monitor their investments weekly.
- 46% would prefer to invest in mutual funds from their own savings.
- 40% of investors choose growth mutual funds as invest preference among the different kinds of the mutual funds.
- It is found that, 34% of investors like to invest in bank deposits.
- 35% people are not aware about mutual funds
- It is found that, 54% of investors are not aware of systematic plan.

SUGGESTIONS;

- Investors have to take risk according to their financial condition and preference.
- It is essential for investors to know about objective to invest in mutual funds before investing

- The investors should be aware about different mutual funds preference, so the investors get maximum returns on their investment.
- The investors investing in mutual funds should be aware about SIP investment for better returns on investment.
- The investors should have a proper planning of investments on mutual funds which can lead towards achieving investors goals.

CONCLUSION;

Mutual Funds industry has still to struggle to gain more investors, among females and youths will definitely bring more to these industry. The mutual fund industry has to educate public about the advantage of investing in mutual funds and about the systematic investment. So that the investors can get good return on their investment.

This study was successfully completed with the help of 50 respondents as a sample where the response is collected from Bangalore investors who invested in mutual funds and any other investments, based on the opinion of 50 respondents the data and analysis was made and findings and suggestions were given.

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ANNEXURE

1. Gender of the respondents

- a. Male ()
- b. Female ()
- c. Others ()

2. Age of the respondents

- a. 18-30 ()
- b. 31-45 ()
- c. 46-55 ()
- d. 56& above ()

3. Profession of the respondents

- a. Business
- b. Service
- c. Others

4. Annual Income of the respondents

a. >5 lakhs

b. 5-10 lakhs

c. 10-25 lakhs

d. < 25 lakhs

5.Types of investment preferred

a. Real estate

b. Insurance

d. Shares

e. Mutual funds

f. Others

6.Reason for investment

a. Covering future needs

b. Secondary income

c. Tax rebate

7.Time horizon

a. upto 1 year

b. upto 2 years

c. upto 5 years

d. upto 10 years

e. beyond 10 years

8.In which sector do you like to invest

a. Public sector

b. Private sector

c. Foreign sector

d. Government sector

9.How often do you monitor your investment

a. Weekly

b. Monthly

c. Once in six months

d. Once in a year

10.What is your source of investment

a. Own savings

b. Borrowed

c. Rent

d. Salary

11.Investment preference

a. Bank deposits

b. Bonds and debentures

c. Equity shares

d. Mutual funds

12.Invest preference among kinds of mutual funds

a. Growth

b. Income

c. Balanced

d. Fixed income

e. Equity

f. Others

13.Why not mutual funds

- a. Not aware
- b. Lack of time
- c. Risk factors
- d. Other factors

14. Awareness about systematic plan SIP

- a. Aware
- b. Not aware