

A Study On the Investors Perception and Attitude Towards Mutual Funds in Chennai City

Magthalinonacial. I

Assistant professor, Department of corporate Secretaryship
Thiruthangal Nadar College, Chennai-51

ABSTRACT

A Mutual Fund is an investment that pools funds from various investors and invests the funds in stocks, bonds, short-term money-market instruments, other securities or assets or some combination of these investments. The primary goal behind investment in mutual fund is to earn goods return with comparatively low risk. The main objective of this research is to identify investors' Perception and attitude towards mutual fund in Chennai city. By using in structured questionnaire, Description statistical tools like chi-square test have been used for analyzing the data. The findings from this research are that the most of the investors are doubtful to invest the new age investment like mutual funds.

Keywords-Mutual Funds-Stock-Bonds-Short term money- Market instruments

1. INTRODUCTION

The first Mutual funds of our country is Unit Trust of India. It was established in 1964. After 1987 onwards mostly bank and insurance companies have established a number of Mutual Funds. Of late, a number of private sector and foreign mutual funds have started their operations. A mutual fund is a corporation, which receive funds from investors and deploy the same in equities, long-term bonds and money market etc. It represents pooled savings of numerous investors invested by professional fund managers in diversified portfolio to obtain maximum return on the investments made with minimum risk to the investors. Thus the fund collected is deployed in diversified portfolio. They have in their pool professional investment analysts who try to maximize the return on behalf of investors keeping in mind the likely risk involved in the whole exercise. Hence a mutual fund is the most suitable form of investment for the common person because it offers an opportunity to invest in a diversified, and professionally managed portfolio at a relatively low cost. So anybody with an investible surplus of a few thousand rupees can invest in mutual funds. Each mutual fund scheme has a defined investment objective and strategy. Investors can select fund, which they found suitable to their objective and invest so as to reap a maximum benefit out of it. Various investment companies pool money from investors at large and offer to sell and then buy back its shares on a continuous basis are known as **Mutual Funds**. The capital thus raised is used to invest in securities of different companies. Mutual funds have an upper hand in terms of diversity and liquidity at lower cost in comparison to bonds and stocks.

Objectives

1. To study the investors perception and attitude towards mutual fund market

2. To understand the profile of the investors.
3. To analyze the investment pattern of the investor towards mutual fund market.
4. To analyze the factors influencing the investor in mutual fund market.

2. RESEARCH METHODOLOGY

The basic task of research is to generate accurate information for use in decision making. Research can be defined as the systematic and objective process of gathering, recording and analyzing data for aid in making business decisions.

There are basically two techniques adopted for obtaining information:

1. Primary Data
2. Secondary Data

Primary Data is gathered specifically for the paper at hand through personal interviews with the accounts officers.

Secondary data is previously collected and assembled for some paper other than the one at hand. It is gathered and recorded by someone else prior to current needs of the researcher. It is less expensive than the primary data.

3. SECONDARY DATA

Secondary data was collected from Stock Exchanges.

Scope of study:

The study is limited to Chennai city only.

Data Collection:

Data is collected from secondary sources.

Sources of data collection are:

1) Indian Stock Exchange

For the successful research the manipulation of certain things, concepts, and symbols for the purpose of generalization is inevitable. Research is simply the pursuit of truth with the help of the study.

4. TOOLS & TECHNIQUES OF DATA COLLECTION

Methods of data collection:-

Structured Questionnaire method is used as a instrument for collecting information from the individual.

Sampling Size:-

The sample size taken for the study is **200**.

Sampling Method:-

Sampling design is to clearly define set of objects. This research has finite set of universe & the sampling design used in the study is convenient sampling.

5. STATISTICAL TOOLS

The data has been mainly analyzed by using the following methods and tests:-

Comparative Study.

Percentage method supplemented by appropriate charts.

Ranking Method.

Tools used for Data Analysis:

Statistical tools are to obtain finding and average information in logical sequence from the data collected after tabulation of data the researcher used following quantitative techniques.

Different type of questions used in questionnaire:

- Multiple Choices
- Closed Questions
- Open Ended Questions.

Review of literature

Veeraragavan (2023) explained that many investors are preferred to invest in mutual fund in order to have high return at low level of risk, safety liquidity. The world of investment has been changing day today, so investor's preferences toward investment pattern also changed. In the demographic profile, most of the investors are willing to invest only 10 percent in their annual personal income; around 39 percent of investors belong to age range of 31 to 40 years. In this study investors are willing to take moderate and low level risk; most of the investors belong to moderate investment style.

Rajagopalan (2023) carried out to know about the investor's perception with regard to their profile, incomesavings pattern, investment patterns and their personality traits. In order to understand the level of investor's preference, a survey was conducted taking into consideration various parameters involved in investors decision making.

6. DATA ANALYSIS AND INTERPRETATION**Table No. 1****Analysis of the age of the respondent's**

| Age | Number of respondents | % of respondents |
|----------------|-----------------------|------------------|
| Below 25 years | 14 | 7% |
| 26-35 years | 46 | 23% |
| 36-45 years | 52 | 26% |
| 46-55 years | 56 | 28% |
| Above 55 years | 32 | 16% |
| Total | 200 | 100 |

Interpretation:

From the above table it indicates that 28% of the respondents are under the age group of 46-55 years, 26% of the respondents are 36-45 age group, 23% of the respondents are 26-35 years, 16% of the respondents are above 55 age group, 7% of the respondents are below 25 age group. Most of the respondents are under the age group of 46 - 55.

Table No.2**Analysis of the attractive reasons for investment**

| Factors | Number of respondents | % of respondents |
|---------------|-----------------------|------------------|
| Less risk | 18 | 32 |
| Contract time | 14 | 25 |

| | | |
|--------------|----|------|
| Capital gain | 14 | 25 |
| Others | 10 | 18 |
| Total | 56 | 100% |

Interpretation:

From the above table it indicates that 32% of the respondents consider less risk and 25% consider contract time, 25% consider capital gains and 18% other factors. It is inferred that majority of the investors are considering the factor is less risk.

Table No. 3
Analysis of the major risk factors in securities market

| Risk factors | Very high 1 | High 2 | Moderate 3 | Low 4 | Very low 5 | Total | Weight | Rank |
|--|----------------|-----------|---------------|----------|---------------|-------|--------|------|
| Liquidity risk | 14 | 37 | 99 | 47 | 3 | 688 | 45.86 | 3 |
| Price vitality | 132 | 51 | 17 | 0 | 0 | 285 | 19 | 1 |
| Hard to determine the best opportunities | 0 | 10 | 30 | 49 | 111 | 861 | 57.4 | 5 |
| Risk of making a poor grading decision | 39 | 81 | 28 | 27 | 25 | 518 | 34.53 | 2 |
| Risk of poor professional advice | 15 | 21 | 26 | 77 | 61 | 748 | 49.86 | 4 |

Interpretation:

From the above study major risk factors of securities market, price volatility is considered as very high, risk of making a poor trading decision is considered as high, liquidity risk is considered as moderate, risk of poor professional advice is considered as low, hard to determine the best opportunities is considered as very low.

Table showing comparative analysis of income and investment:
Observed Frequency:

| Income / Investment | Below 1 lakh | 1 lakh – 3 lakh | 3 lakh – 5 lakh | 5 lakh – 8 lakh | Above 8 lakh | Total |
|---------------------|--------------|-----------------|-----------------|-----------------|--------------|-------|
| Below 10 | 20 | 12 | 16 | 12 | 8 | 68 |
| 10-20 | 14 | 19 | 19 | 13 | 6 | 71 |
| 20-30 | 3 | 10 | 11 | 8 | 6 | 38 |
| 30-40 | 0 | 2 | 9 | 5 | 3 | 19 |

| | | | | | | |
|----------|----|----|----|----|----|-----|
| Above 40 | 0 | 0 | 1 | 2 | 1 | 4 |
| Total | 37 | 43 | 56 | 40 | 24 | 200 |

Expected Frequency:

| Income / Investment | Below 1 lakh | 1 lakh – 3 lakh | 3 lakh – 5 lakh | 5 lakh – 8 lakh | Above 8 lakh | Total |
|---------------------|--------------|-----------------|-----------------|-----------------|--------------|-------|
| Below 10 | 12.58 | 14.62 | 19.04 | 13.6 | 8.16 | 68 |
| 10-20 | 13.135 | 15.265 | 19.88 | 14.2 | 8.52 | 71 |
| 20-30 | 7.03 | 8.17 | 10.64 | 7.6 | 4.56 | 38 |
| 30-40 | 3.515 | 4.085 | 5.32 | 3.8 | 2.28 | 19 |
| Above 40 | 0.74 | 0.86 | 1.12 | 0.8 | 0.48 | 4 |
| Total | 37 | 43 | 56 | 40 | 24 | 200 |

Chi square test:

H_0 = there is no significant relationship between income and investment

H_1 = there is significant relationship between income and investment

| O _i | E _i | (O _i –E _i) | (O _i –E _i) ² | (O _i –E _i) ² / E _i |
|----------------|----------------|-----------------------------------|--|---|
| 20 | 12.58 | 7.42 | 55.0564 | 4.376 |
| 14 | 13.135 | .865 | 0.7482 | 0.057 |
| 3 | 7.03 | -4.03 | 16.2409 | 2.35 |
| 0 | 3.515 | -3.515 | 12.355 | 3.515 |
| 0 | 0.74 | -0.74 | 0.5476 | 0.74 |
| 12 | 14.62 | -2.262 | 6.8644 | 0.47 |
| 19 | 15.265 | 3.3735 | 13.95 | 0.914 |
| 10 | 8.17 | 1.83 | 3.3489 | 0.41 |
| 2 | 4.085 | -2.085 | 4.347 | 1.064 |
| 0 | 0.86 | -0.86 | 0.74 | 0.86 |
| 16 | 19.04 | -3.04 | 9.2416 | 0.49 |
| 19 | 19.88 | -0.88 | 0.7744 | 0.04 |
| 11 | 10.64 | 0.36 | 0.1296 | 0.012 |
| 9 | 5.32 | 3.68 | 13.54 | 2.545 |
| 1 | 1.12 | -0.12 | 0.0144 | 0.13 |
| 12 | 13.6 | -1.6 | 2.56 | 0.19 |
| 13 | 14.2 | -1.2 | 1.44 | 0.101 |
| 8 | 7.6 | 0.4 | 0.16 | 0.021 |
| 5 | 3.8 | 1.2 | 1.44 | 0.38 |
| 2 | 0.8 | 1.2 | 1.44 | 1.8 |
| 8 | 8.16 | -0.16 | 0.0256 | 0.003 |
| 6 | 8.52 | -2.52 | 6.3504 | 0.745 |
| 6 | 4.56 | 1.44 | 2.0736 | 0.016 |
| 3 | 2.28 | 0.72 | 0.5184 | 0.227 |

| | | | | |
|---|------|------|--------|---------------|
| 1 | 0.48 | 0.52 | 0.2704 | 0.56 |
| | | | | 27.016 |

Formula:

$$X^2 = (O_i - E_i)^2 / E_i = 27.016$$

$$X^2 \text{ with } \{5-1\} \text{ df} = 26.3$$

$X^2 > X^2_{0.05}$, calculated value > table value

H_0 is rejected.

Conclusion:

So we conclude that there is significant relationship between income and investment.

Conclusion:

The study on securities market was conducted in the part of Chennai. The study revealed that the investors have greatest preference for safety. Most of the respondents have invested in cash. The level of awareness of securities market regarding the investors is high, but not interested in investing because of high level of risk. Since many investors expressed their interest in learning more about securities market. The statistical analysis of data has given insight into investor demographics and their investment preferences. Based on the investor profile and investor preferences, suggestions have been made for the company to increase its market penetration.

Reference

1. **Veeraragavan (2023)**.A Study on Investor's Preference Towards Mutual funds with Reference to Reliance Private Limited. Chennai- An Empirical Analysis. International Research Journal of Business and Management (IRJBM) , III, 38-44.
2. **Rajagopalan (2023)**. Investor's Preferences towards Mutual Fund Industry in Trichy. OSR Journal of Business and Management (IOSR JBM) , 6 (6), 48-55
3. **VK Bhalla** "Investment Management" S.Chand, 12th edition, New Delhi
4. **Kothari CR** "Research Methodology", New Age International, II edition, New Delhi.
5. **VA.Avadhani** "Security analysis and portfolio management", Himalaya Publishing house, sixth edition.