

A STUDY ON INVESTORS' ATTITUDE TOWARDS MUTUAL FUNDS INVESTMENT IN SOUTH TAMILNADU

Article Particulars: Received: 25.12.2018 Accepted: 03.01.2018 Published: 20.01.2018



Dr. V. ANAND, M.Com., M.Phil., Ph.D., M.B.A., PGDCA., NET., SET., SET(Mgt).,
Department In-Charge, Department of Commerce
Madurai Kamaraj University Constituent College of Arts and Science
Aruppukottai, Tamil Nadu, India

Abstract

The mutual fund is a type of professionally-managed collective investment scheme which pools money from many investors. The main purpose of doing this research is to know about investor's perception towards Mutual Fund. The study area covered under selected three districts in south Tamilnadu. In the demographic variables age, educational qualification, occupational and marital status were negatively correlated whereas monthly income alone positively correlated to factors consider while invest in mutual fund. Occupational and monthly incomes were significant in 5 per cent level. Therefore, the null hypothesis in respect of both occupational and monthly income was rejected. Hence, it is concluded that the investors to select the schemes based on certain investment knowledge as well as investment experience.

Keywords: Investors, Mutual Funds, Perception, Attitude, investment knowledge.

Introduction

Mutual funds have become the major investment tool for retail investors in India. The advantages of mutual fund investments like, professional management, diversified portfolio, well regulated, low costs, transparent, liquidity, flexibility, tax benefits etc., are some of the factors attracting huge investment towards mutual funds. The mutual fund is a type of professionally-managed collective investment scheme which pools money from many investors. The profit gained from investments is shared to unit holders in proportion to the number of units owned by them. Thus, a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. The main purpose of doing this research is to know about investor's perception towards Mutual Fund. It helps in understanding different schemes of mutual fund.

Review of literature

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. The survey revealed that the salaried and self employed formed the major investors in MF primarily due to tax concessions. **Singh** (2004) has established that middle class salaried investors and professionals preferred to have disclosure of net asset value on a day today basis and wanted to invest in MF's in order to get higher tax rebates. Further, it is observed that small investors perceived MF's to be better investment alternative and public sector investments to be less risky.

Shanmugham (2000) conducted a survey of 201 individual investors to study the information sourcing by investors, their perceptions of various investment strategy dimensions and the factors motivating share investment decisions, and reports that among the various factors, psychological and sociological factors dominated the economic factors in share investment decisions. **Shankar** (1996) points out that the Indian investors do view Mutual Funds as commodity products and AMC's, to capture the market should follow the consumer product distribution model.

Objective of the Study

1. To study the socio-economic profile of the respondents
2. To know the various factors that may affect selection of mutual fund schemes.

Limitation of the Study

This study is based upon the result of survey conducted on 120 respondents. The implications of the study are subject to limitations of sample size, emotional characteristics of surveyed population.

Research Methodology

Data collection

The primary data was collected from a structured survey through questionnaire. The survey was administrated on 120 respondents in the selected three south district of Tamilnadu, such as Madurai, Trichy and Theni, each of them selected 40 respondents in the study area.

Data Analysis

The collected data was analyzed through simple statistical tools like correlation and simple present analysis.

Hypothesis

H_0 = There is no significant difference in the perception score of the factors influencing while invest in the mutual fund scheme and the age, educational qualification, occupation, monthly income and marital status.

Finding and Results

Socio-Economic profile

The socio economic profile of the respondents like age of the investors, educational qualification, occupation, monthly income and marital status were analyzed. Mutual fund investment having certain risk as compared to safety investment such as post office deposits, bank deposits, other fixed income investment. Generally believed their investors in the mutual fund industry are well and getting much more benefit then after to invest in the mutual fund.

Table 1 Socio Economic Profile of the Respondents

Source: Primary Data

Socio Economic Profile	No. of Respondents	%
Age		
Below 30 years	26	21.7
31 years to 45 years	40	33.3
46 years to 55 years	29	24.2
Above 56 years	25	20.8
Educational Qualification		
School Level	17	14.2
Graduation	48	40.0
Post graduation	29	24.1
Professional	26	21.7
Occupation		
Business	23	19.2
Government Employees	43	35.8
Private Employees	31	25.8
Professionals	23	19.2
Monthly Income		
Up to Rs 20, 000	24	20.0
Rs 20, 001 to Rs 30, 000	45	37.5
Rs 30, 001 to 40, 000	29	24.2
Above Rs 40, 001	22	18.3
Marital Status		
Married	107	89.2
Unmarried	13	10.8

The analysis shows that as many as 33.3 per cent of the respondents are aged 31 to 40 years and 24 per cent are aged 46 to 55 years. That means more than 65 per cent of the respondents are middle aged. It was found that 40 per cent of the respondents to be studied under graduate. As many 36 per cent of respondents are government employee. The monthly income of 37.5 per cent of the respondents found to be ranging from Rs 20, 001 to Rs 30, 000. 89 per cent of the respondent comes under the married respondent.

Scheme selection according to investment objective

The following table shows that schemes selection accordingly the investors objective

Table 2 Schemes Selection according to Investment Objective

Schemes selection	Frequency	%
Growth/Equity oriented	7	5.8
Income/debt oriented	22	18.3
Balance fund	28	23.3
Gilt fund	25	20.8
Tax savings fund	22	18.3
Specific fund	16	13.3
Total	120	100.0

Source: Primary data

Most of the respondents had selected the balanced fund. It implies that the regular income as well as capital growth oriented. Followed by the gilt fund, tax benefit scheme and debt oriented fund. Lastly the equity savings fund invests. It is concluded that equity fund scheme having more risky as compared the other type of schemes given them.

Factor considered by Investor while Investing in Mutual Fund

The distribution of the sample respondents on the basis of factors consider by Investor while investment in mutual fund in Table 3

Table 3 Factor considered by Investor while Investing in Mutual Fund

Statements	SA	A	NO	DA	SDA	Total Score	Rank
Safety	27 (22.5%)	46 (38.3%)	33 (27.5%)	14 (11.7%)	0 (0.0%)	446	VI
Regular dividend	10 (8.3%)	73 (60.8%)	32 (26.7%)	2 (1.7%)	3 (2.5%)	445	VII
Liquidity	26 (21.7%)	67 (55.8%)	21 (17.5%)	4 (3.3%)	2 (1.7%)	471	I
Capital growth	20 (16.7%)	72 (60.0%)	15 (12.5%)	12 (10.0%)	1 (0.8%)	458	II
Reputation and brand name	35 (29.2%)	58 (48.3%)	3 (2.5%)	13 (10.8%)	11(9.2%)	453	V
Tax benefit	28 (23.3%)	64 (53.3%)	5 (4.2%)	20 (16.7%)	3 (2.5%)	454	IV
Portfolio investment	37 (30.8%)	47 (39.2%)	21 (17.55)	5 (4.2%)	10(8.3%)	456	III
Entry and exit load	20 (16.7%)	65 (54.2%)	11 (9.2%)	23 (19.2%)	1 (0.8%)	440	VIII
Savings purpose	9 (7.5%)	79 (65.8%)	9 (7.5%)	22 (18.3%)	1 (0.8%)	433	IX
Transparent market	3 (2.5%)	83 (69.2%)	11 (9.2%)	21 (17.5%)	2 (1.7%)	424	X

Source: Computed from Primary Data

SA - Strongly Agree, A- Agree, NO- No Opinion, DA - Dis Agree, SDA - Strongly Dis Agree

It could be observed from the above table that the respondents had given their highest mutual fund selection preference to liquidity and considered in the easy to sell in the market at any time. Among the other investment decision, second highest ranking goes to capital growth that is NAV value was increases to motivate to invest in mutual fund. Followed by portfolio investment, tax benefit, reputation and brand name, safety, regular dividend, entry and exit load, savings purpose and transparent market are occupying third, fourth, fifth, sixth, seventh, eighth, ninth and tenth places respectively.

Relationship between Personal Variable and Factor Considering the Investment Decision

The correlation presented in the below table the relationship between the independent variables are as expected, providing further evidence of construct reliability.

Table 4 Relationship between Personal Variable and Factor Considering the Investment Decision - Correlation Analysis

Source: Primary data

S- Significance at 5 per cent level NS - Not Significant

S. No	Variables	Correlation Value	Level of Sig.	Result
1	Age	0.066	0.471	NS
2	Educational Qualification	0.138	0.131	NS
3	Occupational	0.187	0.041	S
4	Marital status	0.049	0.147	NS
5	Monthly Income	-0.039	0.048	S

The correlation results meant that the entire hypotheses were supported. However, the demographic variables showed only weak association with the factors consideration while invest in mutual fund. In the demographic variables age, educational qualification, occupational and marital status were

negatively correlated whereas monthly income alone positively correlated to factors consider while invest in mutual fund. Besides age, educational qualification and marital status were found to be not significant relationship in the dependent variable. Occupational and monthly incomes were significant in 5 per cent level. Therefore, the null hypothesis in respect of both occupational and monthly income was rejected. It is concluded that occupation and monthly income mainly influenced the factors consideration in case of invest in mutual fund.

Conclusion

The majority of the respondents having middle income groups, therefore the investment in mutual fund are needful one. The researcher had identify the factors considerations while to invest in mutual to test the socio economic variable with the help of Karl Pearson co-efficient of correlation. In this regard, the result shows that the significant relationship between occupational and monthly income at 5 per cent level. Besides, the investors are mostly to choose the balanced fund schemes, because safety and income oriented aspects. Hence, it is concluded that the investors to select the schemes based on certain investment knowledge as well as investment experience.

References

1. Sikidar, Sujit, Singh, Amrit Pal, "Financial Services: Investment in Equity and Mutual Funds - A Behavioural Study", in Bhatia B.S., and Batra G.S. (ed.) Management of Financial Services, Deep and Deep Publications, New Delhi, pp. 136-145. 1996.
2. Singh, Chander, "Performance of Mutual Funds in India: An Empirical Evidence", the ICFAI Journal of Applied Finance, Vol.1, No. 4, 2004.
3. Shanmugham, R., 2000, "Factors Influencing Investment Decisions", Indian Capital Markets - Trends and Dimensions (ed.), Tata McGraw-Hill Publishing Company Limited, New Delhi, 2000.
4. Shankar, V., 1996, "Retailing Mutual Funds: A consumer product model", The Hindu, July 24, 26.
5. Syama Sundar, P.V., 1998, "Growth Prospects of Mutual Funds and Investor perception with special reference to Kothari Pioneer Mutual Fund", Project Report, Sri Srinivas Vidya Parishad, Andhra University, Visakhapatnam.
6. Goetzman, W.N., 1997, "Cognitive Dissonance and Mutual Fund Investors", The Journal of Financial Research 20, summer 1997, 145-158. Gupta, L.C., 1994, Mutual Funds and Asset Preference.