

# THE STUDY ON INVESTORS ATTITUDE TOWARDS MUTUAL FUNDS AS AN INVESTMENT AVENUE

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## **Abstract**

*There are several investment options available. We would categorise or put them into groups to make our lives simpler. There are many different investing opportunities in India. Some of them are liquid and marketable, while others cannot be liquidated. Some of them are also very dangerous, while others are essentially risk-free. Depending on his individual needs, risk preferences, and expectations, the person must select Proper Avenue from among them. Some investment options, such as PPF, NSC, post office savings, government securities, equity share market, life insurance, corporate bonds, and debentures, can be generally categorised.*

*A mutual fund is a business model where many participants combine their money towards a common financial objective. The proceeds from the capital market investments made with the funds obtained are distributed to the owners of the different assets. The UTI Act laid the groundwork for the mutual fund industry in India by effectively creating a small savings division under the RBI. Due to the reasonable growth and favourable returns delivered to investors over a 25-year period, public sector banks and financial institutions were given permission to float mutual funds in 1989, and their success encouraged the government to allow the private sector to participate in this market.*

**Keywords:** *Investors Attitude, Mutual Funds and Investment Avenue*

## **Introduction**

A mutual fund combines and gathers money from several investors to make investments in bonds, stocks, governmental debt, and money market instruments. Professional fund managers adhere to the mutual fund scheme's investment objective while investing the funds obtained through mutual fund programmes in stocks, bonds, etc. The income gains earned by this combined investment scheme are allocated evenly among the shareholders by calculating the "Net Property Values" of the scheme, or NAV, after subtracting any necessary charges and fees. Mutual funds want a little charge in return. A mutual fund is, in essence, a collection of funds that are contributed by a number of participants and are overseen by an experienced fund manager.

## **Review of Literature**

*R. Ganapathi*, Mutual fund mobilisation has increased in India since it began in 1963. The private sector was allowed access to the Indian mutual fund market between 1987 and 1989. Since 1993, there has been a shift in the investment pattern in favour of funding from the private sector. Mutual funds have clearly taken the place of alternative investment choices like savings accounts, property, gold, pension funds, and such as individual preferred method of investing because to the drop in rates of interest and growth in influence.

*Anjumoni Kotoki*, every investor wants to put money into a company that maximises their return while minimising risk. Investors currently have a number of options where they can invest and receive a higher return. The allocation of capital and the mobilisation of savings are both crucial functions of India's capital

market. The investment management firms serve as a broker, assisting investors in making financial contributions to the capital market.

*Dr. Binod Kumar Singh* A mutual fund is a collection of investor money with predetermined investment goals. Money is invested in a range of securities depending on the mutual fund scheme's objectives, and profits (or losses) are divided among investors based on their contributions. Various marketplaces and industry sectors accept investing in securities.

*Dr. J K Raju, Mr. Manjunath B R, Mr. Sachin H,* With the intention of investing the money to achieve financial goals, a mutual fund will amass contributions from individuals. The funds are placed in a number of securities in accordance with the mutual fund plan's objectives, and profits (or losses) are divided among investors according to their contributions.

Investments in securities are made across a range of markets and sectors. The risk is reduced by diversification since not all equities are going in the same direction, at the exact same moment, and in the same quantity.

*Singh, R., & Mohanty, S, Singh and Mohanty's (2020)* An investigation on Indian investors' attitudes towards utilising mutual fund investments as a source of funding is conducted. The majority of investors believe mutual funds are a wise option of investment, the survey claims, and they have a positive perception of them. A number of factors that influence investors' perceptions of mutual funds were also discovered by the poll.

### **Statement of the Problem**

Every investment strategy that uses continuing ensures the security of the initial investment. In order to maximise returns and growth potential, mutual funds have developed a number of financial instruments depending on investor preferences, changes to their profiles, and even stock market volatility. Mutual fund concepts are relatively new. Others have profited from this kind of investment, even though many people are ignorant of it. Some investors participate in this mode because they have a poor knowledge of it and believe they will earn returns that are larger than those provided by time deposits.

### **Objectives of the Study**

- To investigate the level of knowledge of mutual funds in relation to age, income, and educational attainment.
- To examine the motivation for investing in mutual funds.
- To understand mutual fund investing preferences relative to alternative investment possibilities

### **Methodology of the Study**

Only primary and secondary data were used in this investigation. 100 respondents made up the sample, representing a range of ages and socioeconomic statuses. The respondents were chosen from various geographical regions. The purpose of the questions was to gauge the respondents' familiarity with mutual funds. The questionnaire was given out to the chosen respondents, and the information gathered was examined. Before being studied with statistical methods such percentile analysis, graphic and tabular presentation, and tabulation, the data was edited, encoded, and tabulated.

**Scope and Limitations of the Study**

The research can assess how well mutual funds work and how that affects investors' attitudes and it can suggest ways to change investors' perceptions of mutual funds. With time, the scope has greatly expanded. the range of mutual funds available today is so vast that people occasionally take a long time to choose the type of mutual fund they will invest in.

- Research cannot be taken for entire population.
- Only secondary sources were used to acquire the data. Only the investors' survey has primary data attached to it.
- Compiling historical NAV is really challenging.
- There are many different types of equity choosing which one to study may be challenging.

**Findings**

**Table 1.1 Demographic Profile**

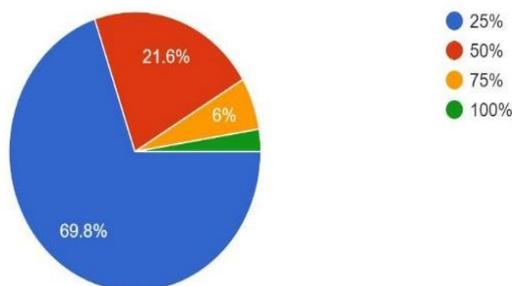
Variables		Frequency	Percentage
Place	Urban	47	47%
	Rural	53	53%
Employment Status	Student	73	73%
	Govt Employee	4	4%
	Business Person	6	6%
	Private Company Employee	17	17%
Monthly Income	Below 5000	57	57%
	Above 5000	13	13%
	Above 10000	15	15%
Monthly Earnings	Above 30000	15	15.5%

**Interpretation**

The table displays the respondents' investment choices based on factors including their income level, occupation, and rural vs. urban area. 47% of respondents are from rural areas, 73% of students say they prefer to invest their money, and Only 4% of respondents work for the government, and only 6% are entrepreneurs. 57% of respondents invest less than 5000 units depending on their income level.

**Percentage of Savings from Income**

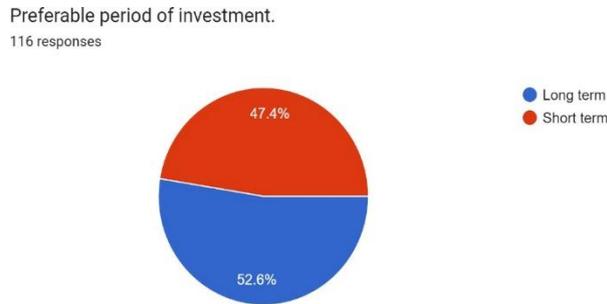
What is the percentage of savings from your income?  
116 responses



**Chart 1.1.**

**Interpretation:** This survey calculate the percentage of savings from income, 70 respondents saves 25% from their income It is concluded the most (70%) of the respondents saving is 25%

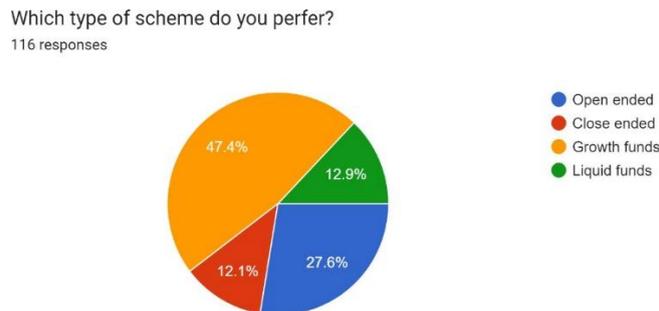
**Period of Investment**



**Chart 1.2.**

**Interpretation:** From the survey the response for the period of investment has been identified, 53 respondents as prefer to invest in long term with 53%. It is concluded that (53%) of respondents are prefer to invest in long term.

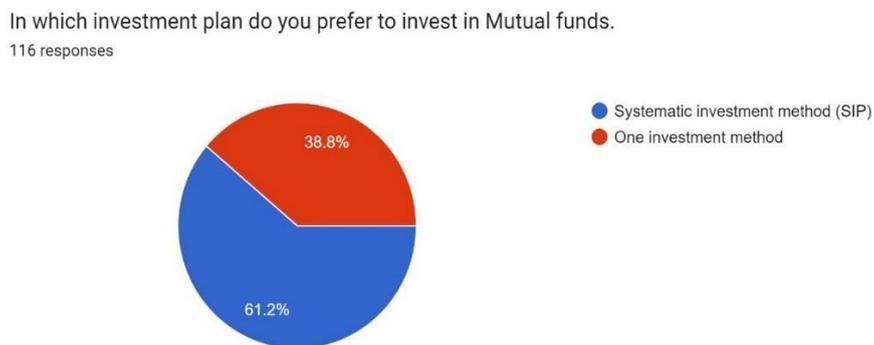
**Scheme in Mutual Funds**



**Chart 1.3.**

**Interpretation:** Most respondents are liked to invest in the growth fund scheme in mutual funds, 47 respondents are chooses growth fund (47%) From the survey most of the respondents have chosen growth fund.

**Investment Plans**

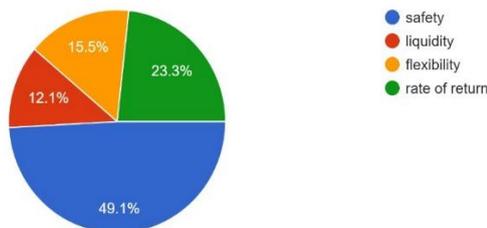


**Chart 1.4.**

**Interpretation:** The participants of the survey has choose between two investment method, the respondents for systematic investment method is 71 (71%).And the only 39 respondents has prefer to invest in one investment method (39%).

**Factors Consider While Investing**

What factors do you consider while investing in mutual funds?  
116 responses

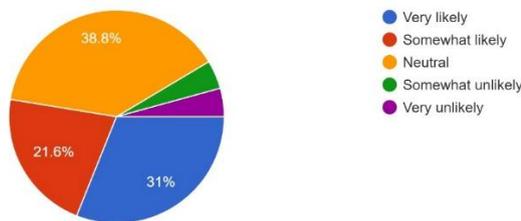


**Chart 1.5**

**Interpretation:** The survey participants has consider the factors while investing in mutual funds, 49 respondents (49%) selected safety. From the survey identified that many prefersafety in mutual fund. It concluded that (49%) with 49 respondents has prefer safety in mutual fund.

**Investing in Mutual Funds in Future**

How likely are investors to continue investing in mutual funds in the future?  
116 responses

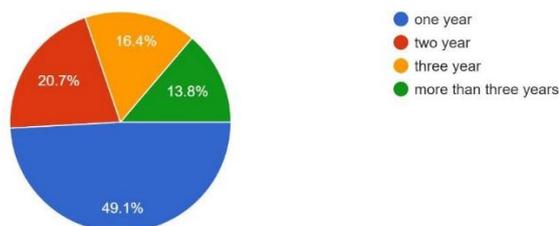


**Chart 1.6**

**Interpretation:** In this survey of investing in mutual funds that meet these desired improvements, of investors were either very likely or somewhat likely to invest in such funds. It concluded that (39%) of respondents are neutral with 39 response

**Preference on Investment Period**

Since how years you are investing in mutual funds schemes?  
116 responses

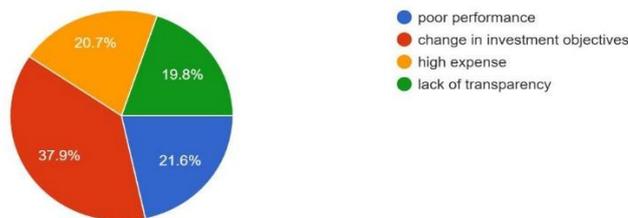


**Chart 1.7.**

**Interpretation:** The Survey data shows the frequency and percentage of observations for each duration. Out of all the observations, 49 (49%) were measured for one year, 21 (21%) were measured for two years, 16 (16%) were measured for three years, and 14 (14%) were measured for more than three years.

**Reason to Exit**

What is the most common reason for investors to exit a mutual funds?  
116 responses

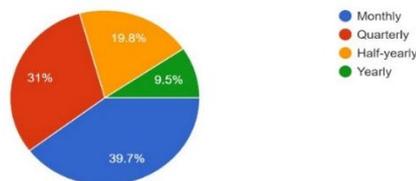


**Chart 1.8**

**Interpretation:** The most common reason for changing investment plans appears to be poor performance, with 21 instances or 21% of the total. The second most common reason for changing investment plans is a change in the investment plan itself, with 38 instances or 38% of the total. Lack of transparency is the least common reason for changing investment plans, with 20 instances or 20% of the total.

**Investors Review**

How often do investors review their mutual fund investment?  
116 responses

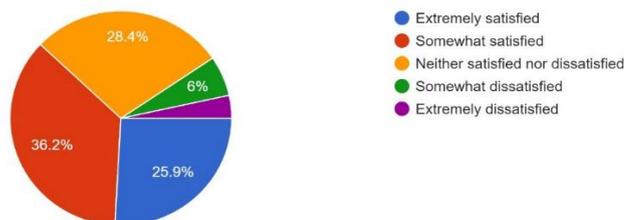


**Chart 1.9**

**Interpretation:** Based on the data provided, it seems that 40% of the duration is monthly, 31% is quarterly, 20% is half-yearly, and 9% is yearly. This data provides insight into the frequency of a certain activity or event and highlights the varying intervals at which it occurs.

**Satisfaction of Investors**

How satisfied investors with the performance of their mutual fund investments?  
116 responses

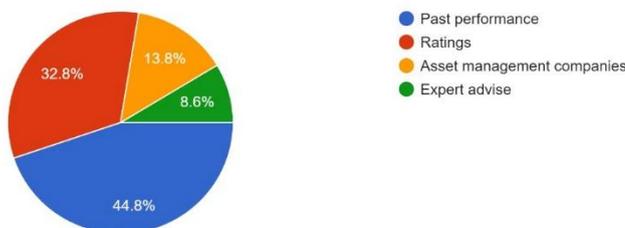


**Chart 1.10**

**Interpretation:** It appears that the data provided represents a survey or analysis of the level of satisfaction among respondents with a particular experience. The table lists five possible levels of satisfaction and their corresponding frequencies and percentages among the respondents.

**Preference Before Investing**

What you do before investing in particular mutual fund and scheme?  
116 responses



**Chart 1.11**

**Interpretation:** According to the poll, with a frequency of 45 and a percentage of 45%, "past performance" is the most crucial criterion to take into account before investing. Before making any financial decisions, it is always advisable to do extensive research and consult a competent advisor. The significance of each aspect may vary based on personal circumstances and investment goals.

**Priority on Investment Avenues**

**Table 1.2.**

S.No	Preference	1	2	3	4	5	6	7
1	Mutual Funds	35	23	12	10	8	5	7
2	Gold	15	35	20	7	10	5	8
3	Stock	22	18	33	10	8	5	4
4	Crypto	15	18	24	20	13	6	4
5	Bond	22	20	24	12	14	5	3
6	REAL ESTATE	25	30	15	10	8	7	5
7	COMMODITIES	24	22	19	13	8	8	6

**Interpretation:** Mutual funds are the most preferred investment option overall, with 35% of individuals ranking it as their top choice. Gold is the second most preferred investment option, with 35% of individuals ranking it as their second choice. There is some variation in preferences among the surveyed individuals, with no investment option being the unanimous top choice or last choice.

**Results and Discussions**

- The study's findings suggest that investors have a positive view of mutual funds as a form of investment. According to the research, a sizeable amount of respondents prefer to invest in mutual funds, while a much smaller portion choose to do so through other channels like equities, real estate, or fixed deposits.
- This shows that investors are increasingly choosing mutual funds as their preferred investment option. In addition, the study shows that investors from a variety of backgrounds, including rural and urban areas, various jobs, and various income levels, have a favourable propensity for mutual funds.

- According to discussions of the results, investors might view mutual funds as a practical and easily accessible investment choice that provides diversity, expert fund management, and the possibility for greater returns. The study also shows that elements like risk tolerance, investment education, and financial goals may have an impact on investors' sentiments towards mutual funds. Overall, the study's findings imply that mutual funds are well-liked by investors and are a potential source of capital for accumulating wealth and diversifying a portfolio.

## Recommendations and Conclusion

Investors and professionals in the mutual fund sector can benefit from a number of advice. Through education and awareness programmes, investors must improve their financial literacy and knowledge of mutual funds so they can make wise investment decisions. Investors' worries about risks, costs, and performance should be addressed by mutual fund professionals by giving them transparent and trustworthy information. To preserve the honesty and stability of the mutual fund market, ongoing regulatory scrutiny and investor protection measures are required. The study's findings imply that mutual funds might be a good option for investors, and that with the correct information, awareness, and regulatory framework, they can choose investments wisely and reach their financial objectives.

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