

A Study of Investors Perception Toward Mutual Funds as an Investment Avenue (With Special Reference to Rajkot City)

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Abstract: In the recent time income of people is increasing so, they're looking forward towards earning more money without taking high risk. They are always in search of those investment areas where they can find more return with less risk. One of the investment opportunities is Mutual Fund. The demand for mutual funds is increasing day-by-day because it provides opportunities for the investor to minimize risk and maximize return. There are many mutual funds' which are available with different schemes. Now-a-days, the financial products are customized and provided according to investors requirements like debt-mutual funds, equity-mutual funds, mix of both, etc. so that investors can achieve their goals. In this research, the data was collected from mutual fund investor as well as non-mutual fund investors. This research is an opportunity to study their investment decisions based on their investment behavior patterns. This research also focuses on how investor of Rajkot city perceives mutual funds as the best available avenue of investment.

Keywords: Risk – Return, Investor behaviour, Investment decisions.

1. Introduction

Investment mean commitment of cash for generated financial gain or profit in future. It includes surplus of cash that individuals or Associate in Nursing capitalist sacrificed these days for the generation of future financial gain. it's going to be of fastened or variable nature. Fastened investment is like bonds. Fastened deposits others. and variable investment includes shopping for of equity shares; therefore to achieve one thing in future individuals wont to invest in numerous sorts of investment for long run or short term arrange .There are numerous sorts of investment includes share market , debenture or bonds, securities industry instruments, mutual funds, life assurance, real assets, precious objects, derivatives, non-marketable securities every reasonably investment has its completely different options like terms of risk, come term etc. Mutual funds are professionally managed funds by Associate in nursing knowledgeable.

The construct of Investment Company came get in Netherlands within the eighteenth century and introduced in Asian nation Bharat Asian country Asian nation by investment

firm of India (UTI) in Sixties. In India investment company market introduced 2 sectors - public sector whereas nonpublic sectors were allowed to enter the market in 1993. The entry of personal sector finds a lot of choices to the investors and harder competition to plug players'. Now-a-days one among the best events within the history of investment company trade was the bifurcation of UTI into 2 separate entities in 2003. it's become an important supply of finance for the company sector in India. It provides opportunities to each capitalist for saving into company sector. Especially, it's created in India for investors. investment company corporations are providing innovative schemes to each capitalist.

India's investment trust trade has patterned a six-fold increase in Aum Shinrikyo in over the last ten years, nevertheless it's still to emerge because the most popular investment alternative for retail investors in India. Presently around forty-four AMC's are operational in India. In Dec 2014, Aum Shinrikyo of Indian plus Management corporations (AMCs) was ten.5 trillion that is like 0.5 p.c of worldwide Aum Shinrikyo. whereas Kothari Pioneer was the first non-public sector investment trust registered in July 1993.

The number of investment trust went on increasing with many foreign mutual funds fixing funds in India and jointly the business has witnessed several mergers and acquisitions. The entry of banks and personal players within the MF business still because the ascent of the urban center markets throughout the past few years has fostered a strong growth within the Mutual Funds investment company's. within the early Nineteen Nineties, government allowed public sector banks and institutes to line up mutual funds. within the year 1992, Securities and Exchange Board of India (SEBI) Act was passed.

The main objective of SEBI is to safeguard the interest of investors in securities and to control the exchange. As most as mutual funds unit concerned investors, SEBI formulates policies and regulates the mutual funds to safeguard the interest of the investors. SEBI notified regulation for mutual funds in 1993. Thereafter, mutual funds sponsored by personal sector entities were allowed to enter the capital market. The foundations were revised in 1996 and unit amended thereafter

from time to time. SEBI ought to issue tips from time to time which may safeguard the interests of mutual funds investors.

The second is that the UTI investment trust, sponsored by SBI, PNB, BOB and LIC, and is registered with SEBI and functions to a lower place the investment trust rules. Today, the Indian investment trust trade offers array of product like equity funds, debt funds, balanced funds, liquid/money market funds, sector-specific funds, index funds, gilt funds, capital protection orienting schemes, special category funds, insurance joined funds, exchange listed funds, gold ETF funds etc.

The wide rise in awareness and household's financial savings and regulatory measures taken by SEBI to shield the interest of very little investors has created a colossal market potential for the open-end investment trust business in land. to boot the tax edges allowed on open-end investment trust schemes significantly the Equity and Equity coupled Saving Schemes (ELSS) helped the mutual funds to evolve as a results of the popular investment instrument amongst the salaried gain earners and little business class gain earners. Thus, the plus base of equity mutual funds is experiencing a slump due to weak inflows in such Schemes. A study of Investors perception towards Mutual Funds as Associate in Nursing investment avenue (with special relevance Rajkot City). Also, the efforts are created to know whether or not there exists any association between investors perception and age, income, gender of the investors. So considering these points, this paper is a trial to review of investor's perception towards investment company as Associate in Nursing investment avenue (with special relevance Rajkot town.) With Primary info had been employed in the study.

2. Literature Review

Priyanka Sharma and Payal Agrawal (2015) in their study made a trial to know the effect of demographic factors in open-end investment company investment decisions. The study reveals that the investors' perception depends on their demographic profile.

Parihar B. B. S, Sharma R and Parihar D.S (2009) also studied that respondent's age, gender and income are significantly related to their attitude.

Desigan G, Lalaiselvi S and Anusuya L (2006) conducted a study on women investors' perception towards investment and located those girl's investors generally hesitate in investing in mutual funds because of lack of their knowledge and awareness regarding investment protection, procedure of constructing investment, and valuation of investment and redressed of grievances regarding their investment related problems.

Binod Kumar Singh (2012) had studied the impact of varied demographic factors on investor's attitude towards open-end investment company for measuring and analyzing various factors chargeable for investment in mutual funds.

Rajarajan (2003) within the research article titled "Investors Demographics and Risk Bearing Capacity" has focused on sorting out whether there exists any relationship between Indian

investor's demographics characteristics and their risk-bearing capacity. The paper also identifies the pattern of demographics on the chance bearing capacity of investors. The study was conducted in Chennai with a sample of 450 investors. the chance bearing capacity was measured within the study because the percentage of investment within the high-risk assets to total financial assets.

Shukla and Singh (1994) attempted to spot whether portfolio manager's professional education brought out superior performance. They found that equity mutual funds managed by professionally qualified managers were riskier but better diversified than the others. Though the performance differences weren't statistically significant, the three professionally qualified fund managers reviewed outperformed by others.

R. Vasudevan & Peermohaideen (2012) the study aimed to know and analyze investor's perception of such risk and expectation related to specific open-end investment company. The research also revealed that investors perceive risk as under performance as risk and return in open-end investment company investment are medium and not so satisfactory.

D. Rajasekar (2013) The study was conducted with a sample size of 150 respondents by using the statistical tools like percentage analysis, chi square, weighted average, with an objective to understand about the investor's perception on their profile, income, savings pattern, investment patterns and their personality criteria. The study was concluded by taking into consideration various parameters involved in investors deciding keeping in mind investors perception towards open-end investment company investment.

Subramanya PR (2015) The research has been studied on socio economic factors like age, gender, education income and savings of investor's perception towards open-end investment company isn't encouraging but the age of investor's and saving habit of the respondent is closely correlated.

Peggy D. Dwyer, James H. Wilkinson and John List (2001) also concluded in their paper which suggests that girls take less risk than men in their open-end investment company investments.

3. Research Methodology

A. Research Objectives

1. To find out expectation of investor.
2. To study the financial awareness of mutual fund investment.
3. To study perceptions and opinions of investors regarding mutual fund as an investment Avenue.

B. Method of Research

In this study, descriptive research will be used for to further provide the perception of investors about mutual fund as an investment avenue in the region of Rajkot.

C. Hypothesis

The study is based on the formulation of the following null

Table 1

perception * INCOME PER MONTH Cross tabulation		INCOME PER MONTH				Total	
			<10000 RS	10001-20000 RS	20001-30000 RS	>30000 RS	
Perception	Favorable	Count	5	13	3	13	34
		Expected Count	10.2	9.2	4.8	9.9	34.0
	Neutral	Count	4	4	6	6	20
		Expected Count	6.0	5.4	2.8	5.8	20.0
	Un favorable	Count	21	10	5	10	46
		Expected Count	13.8	12.4	6.4	13.3	46.0
Total		Count	30	27	14	29	100
		Expected Count	30.0	27.0	14.0	29.0	100.0

hypotheses:

H0: There is no significant relationship between income and perception of mutual fund investors.

H1: There is a significant relationship between income and perception of mutual fund investors.

D. Data Collection

In this research study, the random sampling method will be used to collect the data that can without any influence. The sample size will be 100 respondents.

The researcher will design the survey questionnaire by using Likert Scale on the basis of 5 Rate Scale i.e. strongly Agree to Strongly Disagree.

A questionnaire and interview methods will be used for gathering data to know about investors' perception in Rajkot towards mutual funds as an investment avenue.

Different statistical tools are used for exploratory research. Here we are using SPSS as tools. And also chi – square will be used for hypotheses testing and analysis.

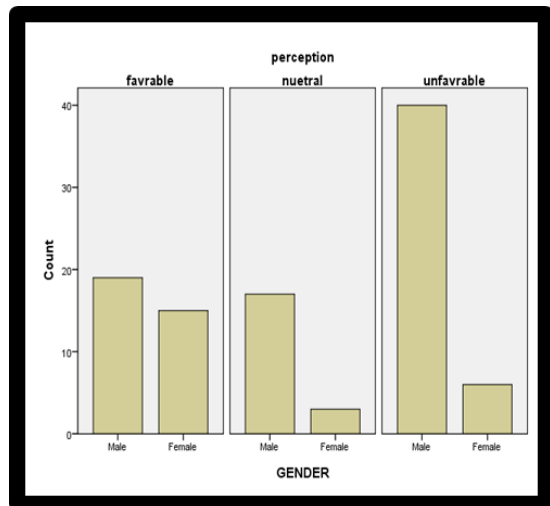
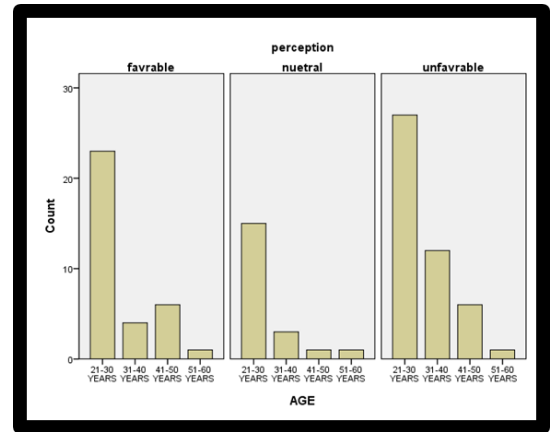
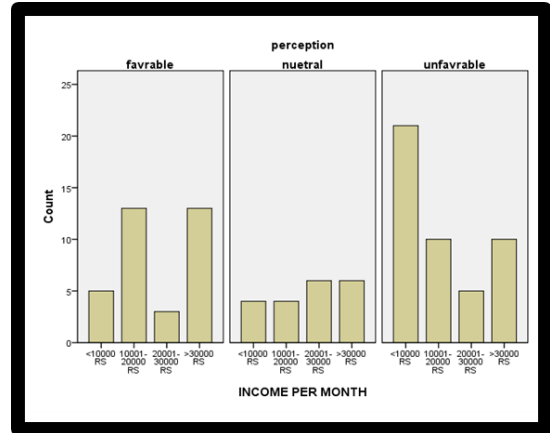
4. Data analysis and Interpretation

A. Interpretation

Table shows at 5 percent level of significance with degrees of freedom 6, calculated value of Chi-square is 15.971, which p-value is 0.014 which is less than 0.05. So, there is enough evidence to conclude that the null hypothesis is rejected means there is a significant relationship between income and perception of mf investors.

B. Findings

1. Study shows that the mutual fund investor's perception is varied according their income level.
2. In the above data shows that an investors are favourable to mutual fund when their income level is >30000 or between 10001-20000 Rs.
3. In the above data shows that most of investors are unfavourable to mutual fund when their income level is <10000 Rs.
4. In the above data shows that an average 36 % investors has their favourable perception toward mutual funds as an option to invest.



5. Conclusion

In recent time mutual funds investment industry is growing at a decent pace but within the tier three cities like Rajkot still needed some more awareness about product benefits. As a lower middle income investors are in a very bit unaware about mutual fund, and their benefits. In this study founded that The investor's as specially people who opted mutual funds as their first investment is the best way into an investment sector. In Indian market where financial instruments are capturing almost every unit of society, mutual funds contain a great future in Indian market but if it's give more commitment towards availability and awareness and understanding of investors need; as seen in recent times that investment in Indian market is steadily increasing; but in tier Three level cities is indeed need more attention towards financial services.

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