

## **INVESTORS' PERCEPTION TOWARDS INVESTMENT IN MUTUAL FUND**

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### **Abstract**

Mutual fund is a type of professionally managed collective investment scheme that pools money from many investors to purchase securities as investor invests money with the primary objective of making positive returns through them. Mutual funds are one of the most popular investment vehicles across the globe. It is so very lucrative that it has the magnetic effect of luring more and more investors. Though mutual fund is considered as a safe way of investing for return, the underlying fact is that none of the mutual funds are safe though all mutual funds are safe. The objective of present study is to analyze the investors' perception regarding investment in mutual fund is safe and secure with hypothesis that there is no significant difference in the investors' perception regarding investment in mutual fund is safe and secure. By adopting random sampling, a sample of 160 respondents has been taken from the Sirsa district. The data was analyzed by using various statistical tools, such as mean, percentage, frequency and Chi-square. Further, it is concluded that of majority of respondents are dissatisfied with the opinion regarding investment in mutual fund is safe and secure.

### **Introduction**

Mutual fund is a type of professionally managed collective investment scheme that pools money from many investors to purchase securities. While there is no legal definition of the term "mutual fund", it is most commonly applied only to those collective investment vehicles that are regulated and sold to the general public. They are sometimes referred to as "investment companies" or "registered investment companies." Most mutual funds are "open-ended," meaning stockholders can buy or sell shares of the fund at any time. Hedge funds are not considered a type of mutual fund. As an investor, invest money with the primary objective of making positive returns through them. Mutual funds are one of the most popular investment vehicles across the globe. It is so very lucrative that it has the magnetic effect of luring more and more investors. Though mutual fund is considered as a safe way of investing for return, the underlying fact is that none of the mutual funds are safe though all mutual funds are safe. All mutual

funds are safe if one's know what, where and why to investing money in them. A person need to realign the asset allocations based on the timeframe of the investment and growth, return requirement.

### **Review of Literature**

*Sehgal and Jhanwar (2007)* examined that there is any short-term persistence in mutual funds performance in the Indian context. There is no evidence that confirms persistence using monthly data. Using daily data, to observe fund schemes sorted on prior period four-factor abnormal returns, the winners' portfolio does provide gross abnormal returns of 10 percent per annum on post-formation basis. *Sumalatha (2007)* analyzed the structure of the mutual fund industry in India, to examine the state of competition among the mutual funds, sector wise competition and within sector competition. The study analyzed competition among the mutual funds which includes private sector, public sector and foreign sector mutual funds. *Mishra and Vaibhav (2010)* founded that the mutual fund is an important segment of the financial system. It is non-fund based special type of institution which acts as an investment conduit. It is a mechanism of pooling together the savings of large number of investor for collective investments with an avowed objective of attractive yields and appreciation in their value The SEBI regulations 1996 defines a mutual fund as "a fund Establishment in the form of a trust to raise money through the sale of units to the public or a section of the public under one or more schemes for the investing in securities, including money market instrument". *Kumar (2011)* explained that mutual funds provide opportunities for small investors to participate in the capital market without assuming a very high degree of risk. An important principle of investment in capital market is that do not put all the eggs in one basket i.e. Diversification. A small investor is not able to have a diversified portfolio mainly due to paucity of resources. However, a mutual fund pools together the savings of such small investors and invests the same in the capital market and passes the benefits to the investors. Thus, investors can indirectly participate in the capital market by subscribing to the units of mutual funds. Mutual funds employ professional fund managers to manage the investment activities. Therefore, investors also get benefits of professional expertise of these managers. *Vyas (2012)* explained the attention on number of factors that highlights investors' perception about mutual funds. It was found that mutual funds were not that much known to investors, still investor rely upon bank and post office deposits, most of the investor used to invest in mutual fund for not more than 3 years and they used to quit from the fund which were not giving desired results. Equity option and SIP mode of investment were on top priority in investors'

list. It was also found that maximum number of investors did not analyze risk in their investment and they were depending upon their broker and agent for this work.

### Objective and Research Methodology

The objective of present study is to analyze the investors' perception regarding investment in mutual fund is safe and secure with hypothesis that there is no significant difference in the investors' perception regarding investment in mutual fund is safe and secure.

The study is based on primary data with a sample size of 160 respondents from the various blocks of the Sirsa district by using well-structured questionnaire. The questionnaire was prepared with the help of expert on five point scales i.e. Highly satisfied, Satisfied, Neutral, Dissatisfied and Highly dissatisfied (HS, S, N, D and HD). The collected data was analyzed by using various statistical tools, such as mean, percentage and frequency and to test the hypothesis chi-square test has been used at one percent level of significance in PASW-18.

### DATA ANALYSIS

Table 1 shows that 45.6 percent respondents are belongs to the age groups less than 30 years, 35.6 percent are belongs to age groups 31-40 years, 10.0 percent are belongs to the age group 41-50 years and very few (8.8 percent) respondents are belongs to the above the age group above 50 years.

**Table 1: Age groups of the respondents (In years)**

S. No.	Age groups	Frequency	Percentage
1	Less than 30	73	45.6
2	31-40	57	35.6
3	41-50	16	10.0
4	Above 50	14	8.8
5	Total	160	100.0

Source: Primary Data

Table 2 indicates the educational qualifications of the respondents where majority of the respondents (45.0 percent) are graduate and followed by 39.4 percent are post graduate, 11.3 percent under graduate and 4.4 percent are professional i.e. chartered accountant, Advocate and Doctors etc.

**Table 2: Qualifications of the respondents**

S. No.	Qualification	Frequency	Percentage
1	Under Graduate	18	11.3
2	Graduate	72	45.0
3	Post Graduate	63	39.4

4	Professional	7	4.4
	Total	160	100.0

Source: Primary Data

Table 3 shows the different occupation of the respondents. Further it depicts that the 38.1 percent respondents are belongs to service categories, 33.1 percent are from business category, 13.8 percent are from professional category and remaining 15.0 percent respondents are from others category i.e. farmers, students and housewife etc.

**Table 3: Occupation of the respondents**

S. No.	Occupation	Frequency	Percentage
1	Service	61	38.1
2	Business	53	33.1
3	Professional	22	13.8
4	Others	24	15.0
	Total	160	100.0

Source: Primary Data

Table 4 shows the income groups of the respondents. 36.7 percent of the respondents are from income group less than 3 lac, 37.5 percent respondents are from 4-7 lac, 17.0 percent respondents are from 7-10 lac and 8.8 percent respondents are from the income group above 10 lac who invested in mutual funds.

**Table 4: Income groups of the respondents (In lac)**

S. No.	Income Groups	Frequency	Percentage
1	Less than 3	58	36.7
2	4-7	60	37.5
3	7-10	22	17.0
4	Above 10	14	8.8
5	Total	160	100.0

Source: Primary Data

Table 5 shows 78.1 percent respondents are male and 21.9 percent are female. The table also indicates the male respondents are more aware about the mutual fund than female respondents.

**Table 5: Genders of the respondents**

S. No.	Gender	Frequency	Percentage
1	Male	125	78.1
2	Female	35	21.9
5	Total	160	100.0

Source: Primary Data

Table 6 indicates that 2.7 percent, 13.7 percent, 9.6 percent 46.6 percent and 27.4 percent respondents in the age groups less than 30 are highly satisfied, satisfied, neutral, dissatisfied and highly dissatisfied

with the investment in mutual fund is safe and secure. In the age groups 31-40, 1.8 percent, 5.3 percent, 15.8, percent, 54.4 percent and 22.8 percent respondents are highly satisfied, satisfied, neutral, dissatisfied and highly dissatisfied with the opinion that investment in mutual fund is safe and secure. In the age group 41-50 years, 6.3 percent, 25.0 percent, 62.5 percent, 6.3 percent respondents are highly satisfied, satisfied, neutral, dissatisfied and highly dissatisfied regarding investment in mutual fund is safe and secure. In case above 50 years, 14.3 percent satisfied, 57.1 percent dissatisfied and 28.6 percent respondents are highly dissatisfied regarding investment in mutual fund is safe and secure. The result of chi-square test reveals that the calculated value (13.99) is less than the tabulated value (26.22) at one percent level of significance. It concludes that there is no significant difference in the opinion of various age groups of respondents regarding investment in mutual fund is safe and secure.

**Table 6: Investment in mutual fund is safe and secure (Age-wise)**

Age Groups	HS	S	N	D	HD	Total
Less Than 30	2 (2.7)	10 (13.7)	7 (9.6)	34 (46.6)	20 (27.4)	73 (100.0)
31-40	1 (1.8)	3 (5.3)	9 (15.8)	31 (54.4)	13 (22.8)	57 (100.0)
41-50	1 (6.3)	--	4 (25.0)	10 (62.5)	1 (6.3)	16 (100.0)
Above 50	--	2 (14.3)	--	8 (57.1)	4 (28.6)	14 (100.0)
Total	4 (2.5)	15 (9.4)	20 (12.5)	83 (51.9)	38 (23.8)	160 (100.0)
<b>Calculated Value</b>	<b>13.99</b>					
<b>Tabulated Value</b>	<b>26.22</b>					
<b>df</b>	<b>12</b>					
<b>p</b>	<b>.301</b>					

Source: Survey

Note: Figures in parentheses indicates the percentages

Table 7 indicates qualification-wise opinion of respondents regarding investment in mutual fund is safe and secure. 11.1 percent, 77.8 percent and 11.1 percent undergraduate respondents are neutral, dissatisfied and highly dissatisfied with the opinion of safety and security of money. 1.4 percent, 13.9 percent, 15.3 percent, 14.2 percent and 22.2 percent graduate respondents are highly satisfied, satisfied, neutral, dissatisfied and highly dissatisfied with the opinion of safety and security of money. 4.8 percent, 7.9 percent, 9.5 percent, 47.6 percent and 30.2 percent post graduate respondents are highly satisfied, satisfied, neutral, dissatisfied and highly dissatisfied regarding investment in mutual fund is safe and secure. While in case of others, 14.3 percent are neutral, 71.4 percent respondents are dissatisfied and 14.3 percent are respondents are highly dissatisfied regarding investment in mutual fund is safe and secure. The result of chi-square test reveals that the calculated value (13.25) of chi-square is less than

the tabulated value (26.22) shows that there is no significant difference in various age groups of respondents regarding investment in mutual fund is safe and secure.

**Table: 7: Investment in mutual fund is safe and secure (Qualification-wise)**

Qualification	HS	S	N	D	HD	Total
Under Graduate	--	--	2 (11.1)	14 (77.8)	2 (11.1)	18 (100.0)
Graduate	1 (1.4)	10 (13.9)	11 (15.3)	34 (14.2)	16 (22.2)	72 (100.0)
Post Graduate	3 (4.8)	5 (7.9)	6 (9.5)	30 (47.6)	19 (30.2)	63 (100.0)
Others	--	--	1 (14.3)	5 (71.4)	1 (14.3)	7 (100.0)
Total	4 (2.5)	15 (9.4)	20 (12.5)	83 (51.9)	38 (23.8)	160 (100.0)
<b>Calculated Value</b>	<b>13.25</b>					
<b>Tabulated Value</b>	<b>26.22</b>					
<b>df</b>	<b>12</b>					
<b>p</b>	<b>.351</b>					

Source: Survey

Note: Figures in parentheses indicates the percentages

Table 8 it is clear from the table majority of the respondents (44.3, 58.8, 63.6 and 45.8 percent) in all the occupational groups are having dissatisfactory opinion regarding investment in mutual fund is safe and secure. But very few respondents (3.3 and 3.8 percent) from service and business class respondents are highly satisfied regarding investment in mutual fund is safe and secure. While applying the chi-square test, the calculated value (15.30) is less than the tabulated value (26.22) at one percent level of significance with 12 degree of freedom show there is no significant difference in various occupational groups of respondents regarding investment in mutual fund is safe and secure.

**Table: 8: Investment in mutual fund is safe and secure (Occupation-wise)**

Occupation	HS	S	N	D	HS	Total
Service	2 (3.3)	10 (16.4)	11 (18.0)	27 (44.3)	11 (18.0)	61 (100.0)
Business	2 (3.8)	3 (5.7)	5 (9.4)	31 (58.5)	12 (22.6)	53 (100.0)
Professional	--	1 (4.5)	2 (9.1)	14 (63.6)	5 (22.7)	22 (100.0)
Others	--	1 (4.2)	2 (8.3)	11 (45.8)	10 (41.7)	24 (100.0)
Total	4 (2.5)	15 (9.4)	20 (12.5)	83 (51.9)	38 (23.8)	160 (100.0)
<b>Calculated</b>	<b>15.30</b>					
<b>Tabulated Value</b>	<b>26.22</b>					
<b>df</b>	<b>12</b>					
<b>p</b>	<b>.225</b>					

Source: Survey

Note: Figures in parentheses indicates the percentages

Table 9 indicates that 1.7 percent, 10.3 percent, 8.6 percent, 53.4 percent and 25.9 percent respondents in the income groups less than 3 lac are highly satisfied, satisfied, neutral, dissatisfied and highly dissatisfied respectively with the opinion regarding investment in mutual fund is safe and secure. In the income group 4-7 lac, 5.0 percent, 13.3 percent, 18.3 percent, 48.3 percent and 15.0 percent respondents are highly satisfied, satisfied, neutral, dissatisfied and highly dissatisfied. In case of income group 7-10 lac, 11.1 percent, 66.7 percent and 22.2 percent respondents are neutral, dissatisfied and highly dissatisfied respectively whereas in case above 10 lac, 7.1 percent satisfied, 7.1 percent neutral, 35.7 percent dissatisfied and 50.0 percent respondents are highly dissatisfied regarding investment in mutual fund is safe and secure.

The result of chi-square test reveals that the calculated value (30.38) is less than the tabulated value (32.00) at one percent level of significance. Further, it concludes that there is no significant difference in the opinion of the various income groups of respondents regarding investment in mutual fund is safe and secure.

**Table: 9: Investment in mutual fund is safe and secure (income-wise)**

Income Groups	HS	S	N	D	HS	Total
Less Than 3	1 (1.7)	6 (10.3)	5 (8.6)	31 (53.4)	15 (25.9)	58 (100.0)
4-7	3 (5.0)	8 (13.3)	11 (18.3)	29 (48.3)	9 (15.0)	60 (100.0)
7-10	--	--	3 (11.1)	18 (66.7)	7 (22.2)	28 (100.0)
Above 10	--	1 (7.1)	1 (7.1)	5 (35.7)	7 (50.0)	14 (100.0)
Total	4 (2.5)	15 (9.4)	20 (12.5)	83 (51.9)	38 (23.8)	160 (100.0)
<b>Calculated</b>	<b>20.38</b>					
<b>Tabulated value</b>	<b>32.00</b>					
<b>df</b>	<b>16</b>					
<b>p</b>	<b>.203</b>					

**Source:** Survey

**Note:** Figures in parentheses indicates the percentages

Table 10 show that 2.4 percent, 12.0 percent, 16.0 percent, 50.4 percent and 19.2 percent male respondents are highly satisfied, satisfied, and neutral, dissatisfied and highly dissatisfied regarding investment in mutual fund is safe and secure whereas 57.1 percent and 40.0 percent female respondents are dissatisfied and highly dissatisfied towards the opinion investment in mutual fund is safe and secure. After apply the chi- square test the chi-square value (15.04) is greater than the table value (13.23) at one percent significant level with 4 degree of freedom which shows there is no significant difference among the male and female respondents regarding investment in mutual fund is safe and secure.

**Table 10: Investment in mutual fund is safe and secure (Gender-wise)**

Gender	HS	S	N	D	HS	Total
Male	3 (2.4)	15 (12.0)	20 (16.0)	63 (50.4)	24 (19.2)	125 (100.0)
Female	1 (2.9)	--	--	20 (57.1)	14 (40.0)	35 (100.0)
Total	4 (2.5)	15 (9.4)	20 (12.5)	83 (51.9)	38 (23.8)	160 (100.0)
<b>Calculated</b>	<b>15.04</b>					
<b>Tabulated</b>	<b>13.23</b>					
<b>df</b>	<b>4</b>					
<b>p</b>	<b>.005</b>					

Source: Survey

Note: Figures in parentheses indicates the percentages

### Conclusion

In conclusion, most of the investors' have negative perception regarding investment in mutual fund is safe and secure. Because majority of the respondents in all the categories i.e. age, qualification, income, occupation and gender are dissatisfied or highly dissatisfied with the opinion regarding investment in mutual fund is safe and secure.

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