



Investors' perception Towards Mutual Fund (with Special consideration of Socio-Economic variables)

Prof. Subramanya P R
Asst. Professor, Dept. of MBA,
HRIHE,
Hassan, Karnataka (India)

Abstract: *The individual characters of investor across the humankind and especially of Indian investors have not been entirely researched so far. The main intention of doing this research is to know about investor's perception towards Mutual Fund, with consideration of Socio economic variables. To achieve objectives the primary data has been collected through structured questionnaires. Secondary data has been collected from reports, books, journals, magazines and other published data's. For collecting the primary information judgment sampling technique is used. The sample size restricted to 100 respondents of all category investors. Chi square statistical technique is used to draw the result from the collected data. The socio economic factors like age, gender, education, income and savings of investors' perception towards mutual fund is not encouraging but the age of investors' and saving habit of respondents is correlated.*

Keywords: *Investor, Perception, Mutual Fund, Socio Economic Factors.*

I. INTRODUCTION

The mutual fund is a type of professionally-managed collective investment scheme which pools money from many investors. The profit gained from funds is shared to unit holders in proportion to the number of units owned by them. Thus, a Mutual Fund is the most appropriate 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 study is done to determine the investor's perception towards mutual fund with special consideration of Socio economic variables. To achieve these objectives the primary data has been collected through structured questionnaires from the investor's. Secondary data has been collected from reports, books, journals, magazines and other published data's. For measuring perception of investors' nine point scaling is used and various phenomena and analyzing the collected data effectively and efficiently to draw sound conclusion, a number of statistical tests would be conducted like chi square for testing of hypothesis.

II. REVIEW LITERATURE

Sikidar and Singh^[1] (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.

Cohn R.A.et.al^[2] (1975) made an attempt to explain the attributes and attitudes of individual investors and also conducted a study to examine the individual investor's risk aversion and portfolio composition.

Warren et al^[3] (1990) used life style characteristics to differentiate investors by the size and the nature of their investment holdings. They found that the failure to use lifestyle characteristics as segmentation variables omits an opportunity for further segmentation and blurs some real differences between individual investors and their financial service needs. However investor's life style and investment characteristics have been studied by Rajarajan 2009. On the basis of life style variable he divided investors into three groups viz. active investors, individualists and passive investors.

Ramamurthy and Reddy^[4] (2005) carried out a study to analyze recent trends in the mutual fund industry and concluded that the major benefits delivered to the small investors by mutual funds are professional management, diversification of investment, convenient administration, return potential, liquidity, transparency, flexibility, affordability, wide choice and proper regulation. They also analyzed certain recent trends in the mutual fund industry such as, entry and exit of mutual fund companies, compulsory certification of mutual fund sales/ marketing personnel, mutual fund schemes related to real estate, commodity, bullion and precious metals, etc., shift from income funds to money market funds, shift from banks to mutual funds and buying and selling of mutual fund online.

Julie R Agnew^[5] (2006) examined the individual characteristics on behavioral biases 401 (K) plan allocation decisions and found that higher salaried employees tend to make significantly better choices in investment in company stock. As a result, he suggested that a sample of higher-income market participants is more likely to meet the diversification conditions.



Yash Pal Davar and Suveera Gill^[6] (2007) in their paper on investment decision making revealed that the class of investors(undoubtedly) with growing age develop maturity and experience for making decisions about the usage of their surplus and available funds in the light of overall economic needs of the family.

Szyska Adam^[7] (2008) in his article on efficient market hypothesis to behavioral finance analyzed how investors' psychology changes the vision of financial markets. He found that investors not always are able to correctly value the utility of decision alternatives, cannot estimate and update probability and events and do not diversify properly.

Subramanya P R et al.^[8] (2012) examines the relationship between the demographic variables and attitude of the investors'

III. OBJECTIVE OF THE STUDY

- To study the investor's perception towards mutual fund with consideration of socio economic variables.

IV. RESEARCH DESIGN

This research study is an analytical and descriptive research. It is related to the analysis of perception of investors towards mutual funds. In order to conduct this study, 100 mutual fund investors of have been considered.

A. SOURCES OF DATA:

All the data required for this research work is obtained from primary and secondary sources. Mainly questionnaire has been used as a primary instrument.

1. Sampling Plan:

- Targeted population: Mutual fund investors'
- Sampling unit: Individual Mutual fund investors'
- Sampling method: Judgment sampling
- Sample size: 100

2. Hypothesis:

- H0: Respondents perception is independent towards mutual fund on the basis of Socio economic variables.
- H1: Respondents perception is dependent towards mutual fund on the basis of Socio economic variables.

V. SCOPE OF THE STUDY

The research study undertaken does not probe too much about whether the respondents have a very well insight into mutual funds. The research involves only a general study related to the investment perception of investors towards mutual funds. The research would reveal results regarding the investment perception of various investors about mutual funds and thus in turn, helps the organization to identify the perception of various investors and to improve the marketing of mutual funds.

- The study has helped the researcher to gain real time experience by interacting with the investors and has helped to analyze "The perception of the investors towards Mutual Funds".
- The study will help for Mutual fund companies for further marketing planning.
- The study will help for mutual fund companies for introduce new type of plan.
- The study has been done with a motive to change the perception of the investors and help them gain more knowledge on their investment.

VI. DATA ANALYSIS AND INTERPRETATION

TABLE-1
Age Vs Perception towards Mutual Fund

Age	Positive	Neutral	Negative	Respondents
<25-35	22	20	10	52
35-45	8	7	6	21
45<	13	9	5	27
Total	43	36	21	100

At 5% level of Significance with Degrees of freedom 4, the tabulated value of is 9.488 with respect to X2 value is 1.2020. Since X2 calculated < Tabulated value the hypothesis is accepted and it is concluded that there is no significant association between the age of the respondents and their perception towards mutual fund.

TABLE-2



Gender Vs Perception towards Mutual Fund

Gender	Positive	Neutral	Negative	Respondents
Male	25	23	10	58
Female	18	13	11	42
Total	43	36	21	100

At 5% level of Significance with Degrees of freedom 2, the tabulated value of is 5.991 with respect to X2 value is 0.4863. Since X2 calculated < Tabulated value the hypothesis is accepted and it is concluded that there is no significant association between the gender of the respondents and their perception towards mutual fund.

TABLE-3

Education Vs Perception towards Mutual Fund

Education	Positive	Neutral	Negative	Respondents
Upto 10th	14	8	5	27
PUC	10	10	6	26
Graduation	9	10	5	24
Technical Course and PG	10	8	5	23
Total	43	36	21	100

At 5% level of Significance with Degrees of freedom 6, the tabulated value of is 12.592 with respect to X2 value is 1.4971. Since X2 calculated < Tabulated value the hypothesis is accepted and it is concluded that there is no significant association between the education of the respondents and their perception towards mutual fund.

TABLE-4

Income Vs Perception towards Mutual Fund

Income	Positive	Neutral	Negative	Respondents
Upto Rs.10000	14	12	5	31
Rs.10000 -20000	17	8	9	34
<20000	12	16	7	35
Total	43	36	21	100

At 5% level of Significance with Degrees of freedom 4, the tabulated value of is 9.488 with respect to X2 value is 4.3401. Since X2 calculated < Tabulated value the hypothesis is accepted and it is concluded that there is no significant association between the income of the respondents and their perception towards mutual fund.

TABLE-5

Savings Vs Perception towards Mutual Fund

Savings	Positive	Neutral	Negative	Respondents
Upto Rs 5000	20	14	10	44
Rs. 5000 -15000	10	10	6	26
<15000	13	12	5	30
Total	43	36	21	100

At 5% level of Significance with Degrees of freedom 4, the tabulated value of is 9.488 with respect to X2 value is 0.9620. Since X2 calculated < Tabulated value the hypothesis is accepted and it is concluded that there is no significant association between the savings of the respondents and their perception towards mutual fund.

TABLE-6

Co-relationship between Age and income, age and savings of investors' relation

Positive perception respondents Age group	Positive perception respondents Income level	Positive perception respondents Savings level
22	14	20
8	17	10
13	12	13

The above table shows the co-relation between positive perception respondents' age a group and positive perception of respondent's income level.

The age and income of the respondents relation level is -0.4574, it means age and income has the negative relation and the above table identify the positive perception respondents age a group and positive perception of respondents saving level. The age and savings of the respondents relation is 0.9980. It means age and saving has the positive relation.

VII. FINDINGS

- The perception of investors' is not depending on the socio economic factors.
- The perception towards income is independent, may be the income habit is created on the basis of their capacity and willingness but the saving habit created due to the age factor.

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. Cohn.R.A, W.G.Lewellen, R.C.Lease, G.G. Schlarbaum, "individual investors risk aversion and investment portfolio composition", journal of finance, XXX(2), pp. pp. 605-620, 1975.
3. Warren William E, Steven Robert, Mc Conkey C William "Using Demographic and lifestyle analysis to segment Individual investors", Financial analyst Journal, pp. 74-75, 1990
4. Ramamurthy B M, Reddy Sudarshana, "Recent Trends in Mutual Fund Industry", SCMS Journal of Indian Management, July-September
5. Julie R Agnew, "Do behavioural biases vary across individuals? Evidence from individual level 410(k) data", journal of finance and quantitative analysis, Vol. 41, No. 4, Dec 2006, pp. 939-961, 2006.
6. Yash Pal Davar, Suveera Gill, "investment decision making: an empirical study of perceptual view of investors", Metamorphosis, A journal of Management Research, IIM, Luckow, Vol. 6, No. 2, July-Dec 2007.
7. Szyazka Adam, "From the efficient market hypothesis to behavioral finance", ICFAI journal of behavioural finance, pp 68-76, 2008.
8. Subramanya. P R, Renukamurthy "investors attitude towards mutual fund" IJMBS, Vol3, Issue 1, Jan-Mar-2013 pp: 57-59.

AUTHOR'S PROFILE



Subramanya P R: Holds an MBA in Financial Management, M. Com., PGDFM, currently working as Course Coordinator in Department of Finance, HIRHE, Hassan, Karnataka, India.