



## PERCEPTION OF INVESTORS ON MUTUAL FUND INVESTMENT IN COIMBATORE

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### **Abstract**

*Mutual Fund is the trust which pools the savings of a large number of investors who share a common financial goal. The money collected from the investors is invested in the capital market instruments based on the fund's objective. In this research, researcher has examined the perception of the investors towards mutual fund investment particularly in Coimbatore. For this, around 145 investors have selected in random sampling technique. The perception of the investors has collected through a structured questionnaire. After collecting their opinion about the mutual fund investment, the data were subdued into tables for ease of interpretation by the use of percentage analysis, mean score analysis, standard deviation, Anova analysis and multiple regression analysis. The results are discussed in a detailed manner. From the result, the researcher has found that maximum of the respondents who involved in the mutual fund investment who belongs to 45-55 years aged male business people. Also, they qualified with post graduate degree got married with two children. Further, more than 5 years of involvement in mutual fund investors have a good level of perception on mutual fund investment.*

**Keywords : Mutual Fund, Perception, Investors, Mutual Fund Investment.**

### **Introduction**

By the increasing growth rate of the Indian mutual fund industry many investors are interested in investment in this sector as it safe and seek better yield. Mutual fund investment is less risky than directly investing in stocks and is therefore a safer option for risk adverse investors. The money, thus collected, is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized is shared by its 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. Monthly Income Plans or MIPs invest maximum of their total corpus in debt instruments while they take minimum exposure in equities. It gets benefit of both equity and debt market. These schemes rank slightly high on the risk-return matrix when compared with other debt schemes. There is considerable amount of research being done regarding investment in mutual funds. However very little research has been done to study the perception of investors regarding investment in mutual funds especially MIP funds.

### **Review of Literature**

Prabakaran and Jayabal (2010) evaluated the performance of mutual fund schemes. The study conducted a sample of 23 schemes were chosen as per the priority given by the respondents in Dharmapuri district covered a period from April 2002 to March 2007. The study used the methodology of Sharpe, Jensen and Fama for the performance evaluation of mutual funds. The results of the study found that 13 schemes out of 23 schemes selected had superior performance than the benchmark portfolio in terms of Sharpe ratio, 13 schemes had superior performance of Treynor ratio and 14 schemes had superior performance according to Jensen measure. The Fama's measure indicated in the study that the returns out of diversification were less. Thus the India Mutual funds were not properly diversified. Garg (2011) examined the performance of top ten mutual funds that was selected on the basis of previous years return. The study analyzed the performance on the basis of return, standard deviation, beta as well as Treynor, Jensen and Sharpe indexes. The study also used Carhart's four-factor model for analyze the performance of mutual funds. The results revealed that Reliance Regular Saving Scheme Fund had achieved the highest final score.

### Need For The Study

Every investor's main target is to earn higher returns keeping in mind the risk and liquidity factor. With this aim in mind, an investor is looking out for various investment avenues. Mutual funds offer comparatively better returns and have less risk as compared to direct investment in stock market. In Coimbatore city, an important city in Tamilnadu, there are more number of investors invested their earning amount through various investment channels. Particularly, mutual fund investment is preferred by the most of the investors due to its less risk and constant income. So, there is a research need to examine the investment perception towards mutual fund investment in Coimbatore city.

### Objectives of the Study

1. To find out the socio-economic factors of the selected mutual fund investors in Coimbatore.
2. To examine the investor's perception towards mutual fund investment in Coimbatore city.

### Sampling Design

The study is descriptive in nature. For collecting the investors' opinion about the mutual fund investment, a research instrument has designed like as questionnaire. Random sampling method has been used for selection of respondents. Around 150 investors have selected and 5 respondents' opinion has found biased and so it is removed from the research. Finally, 145 respondents has selected for this research. The opinion of the investors has collected and analysed with the help of percentage analysis, mean score analysis, anova analysis and multiple regression analysis.

### Results And Discussion

#### Demographic Profile and Perception Score

In this section, the researcher has discussed about the demographic profile of the investors like age, gender, educational qualification, occupational status, monthly income level, marital status and family size. The following table has been discussed about the relationship between demographic profile of the respondents and their perception level. For this, percentage analysis and mean score analysis has been used.

**Table No. 1: Demographic Profile of the Respondents and Their Perception Score**

No.	Variables	No. of Respondents	%	Mean Score
1	Age			
	i) Upto 25 years	16	11.0	3.4
	ii) 26-35 Years	37	25.5	3.7
	iii) 36-45 Years	74	51.0	4.3
	iv) Above 45 Years	18	12.4	3.9
	Total	<b>145</b>	<b>100.0</b>	
2	Gender			
	i) Male	103	71.0	4.2
	ii) Female	42	29.0	3.8
	Total	<b>145</b>	<b>100.0</b>	
3	Educational Qualification			
	i) School Level	14	9.7	3.5
	ii) College Level	83	57.2	4.1
	iii) Professional	21	14.5	3.7
	iv) ITI / Diploma	27	18.6	3.6
	Total	<b>145</b>	<b>100.0</b>	
4	Occupational Status			
	i) Govt. Employee	37	25.5	3.2
	ii) Private Employee	24	16.6	3.7
	iii) Professional	21	14.5	3.8

No.	Variables	No. of Respondents	%	Mean Score
	iv) Business	63	43.4	4.1
	Total	<b>145</b>	<b>100.0</b>	
5	Monthly Income			
	i) Below Rs.20000	14	9.7	3.2
	ii) Rs.20000 – Rs.30000	39	26.9	3.9
	iii) Rs.30000 – Rs.40000	74	51.0	4.2
	iv) Above Rs.40000	18	12.4	3.5
	Total	<b>145</b>	<b>100.0</b>	
6	Marital Status			
	i) Married	119	82.1	4.3
	ii) Unmarried	26	17.9	3.7
	Total	<b>145</b>	<b>100.0</b>	
7	Family Size			
	i) Upto 3 Members	26	17.9	3.8
	ii) 4-5 Members	102	70.3	4.1
	iii) Above 5 Members	17	11.7	3.4
	Total	<b>145</b>	<b>100.0</b>	
8	Period of Investing			
	i) Below 3 years	21	14.5	3.4
	ii) 3-5 Years	30	20.7	3.9
	iii) Above 5 Years	94	64.8	4.2
	Total	<b>145</b>	<b>100.0</b>	

1. From the above analysis, it is found that 11.0 percent of the respondents belongs to upto 25 years old, 25.5 percent of the investors belongs to 26-35 years old, 51.0 percent of the respondents belongs to 36-45 years old and 12.4 percent of the respondents belongs to above 45 years old.
2. It could be found from the analysis that 71.0 percent of the respondents are male and 29.0 percent of the respondents are female.
3. It brings from the analysis that 9.7 percent of the respondents are having school level education, 57.2 percent of the respondents are qualified with college level education, 14.5 percent of the respondents are professional and 18.6 percent of the respondents are qualified with ITI / Diploma.
4. 25.5 percent of the respondents are working as government employee, 16.6 percent of the respondents are working as private employee, 14.5 percent of the respondents are professionals and 43.4 percent of the respondents are engaged in their business.
5. From the analysis, 9.7 percent of the respondents earn below Rs.20000, 26.9 percent of the respondents earn between Rs.20000 and Rs.30000, 51.0 percent of the respondents earn between Rs.30000 and Rs.40000 and remaining respondents that is 12.4 percent earn above Rs.40000 monthly.
6. 82.1 percent of the investors got married and 17.9 percent of the investors got unmarried.
7. 17.9 percent of the investors are having upto 3 members in their family, 70.3 percent of the respondents are living along with 4-5 members and remaining 11.7 percent of the respondents belonging to above 5 members family.
8. Around 14.5 percent of the respondents have below 3 years of experience in mutual fund investing, 20.7 percent of the respondents have 3-5 years of experience and 64.8 percent of the respondents are having above 5 years of experience in mutual fund investment.
9. On the other hand, from the analysis, majority of the investors had get a good perception towards mutual fund investment who belongs to 36-45 years aged, male, college level educated, business people, earn Rs.30000 to Rs.40000 married, belongs to 4-5 members family and having above 5 years of investment experience.

### Perception of the Investors

Every investor has different perception based on their experience in mutual fund investment. For examining that perception score has found from the questionnaire that has 12 perception statements with five point likert's scaling technique. The score has calculated and evaluated its performance with the different categories of selected respondents. For this, a hypothesis has framed and tested by using Anova analysis. The results are presented in the following tables.

**Age and Perception :  $H_0$**  : Equal perception perceived by all age categories of the respondents.

**Table No. 2 : Relationship Between Age and Perception (Anova)**

	Sum of Squares	df	Mean Square	F	Sig.
<b>Between Groups</b>	0.661	3	0.220	1.577	0.198 <sup>NS</sup>
<b>Within Groups</b>	19.712	141	0.140		
<b>Total</b>	20.374	144			

From the above analysis, the null hypothesis is accepted due to its not significant result. So, the selected respondents have equal perception with respect to their age group.

**Gender and Perception :  $H_0$**  : Equal perception perceived by male and female investors

**Table No. 3 : Relationship Between Gender and Perception (Anova)**

	Sum of Squares	df	Mean Square	F	Sig.
<b>Between Groups</b>	0.063	1	0.063	0.446	0.505 <sup>NS</sup>
<b>Within Groups</b>	20.310	143	0.142		
<b>Total</b>	20.374	144			

The null hypothesis is accepted from the result of Anova analysis, ie., not significant result. So, it is noted that male and female investors have equal perception.

**Educational Qualification and Perception :  $H_0$**  : Equal perception perceived by all the categories in educational qualification of the investors.

**Table No. 4 : Relationship Between Educational Qualification and Perception (Anova)**

	Sum of Squares	df	Mean Square	F	Sig.
<b>Between Groups</b>	0.888	3	0.296	2.141	0.098 <sup>NS</sup>
<b>Within Groups</b>	19.486	141	0.138		
<b>Total</b>	20.374	144			

From the above analysis, owing to the not significant result, the null hypothesis accepted from. So, it is observed that all the selected respondents have a good perception towards mutual fund investment with respect to their educational qualification.

**Occupational Status and Perception :  $H_0$**  : Equal perception perceived by all the categories in occupational status of the investors.

**Table No. 5 : Relationship Between Occupational Status and Perception (Anova)**

	Sum of Squares	df	Mean Square	F	Sig.
<b>Between Groups</b>	2.540	3	0.847	6.693	0.000*
<b>Within Groups</b>	17.834	141	0.126		
<b>Total</b>	20.374	144			

The significant result indicated that the framed null hypothesis is rejected. So, it is noted that all the selected respondents have not a good perception in experiencing mutual fund investment with regard to their occupational status.

**Monthly Income and Perception :  $H_0$**  : Equal perception perceived by all the monthly income level of the investors.

**Table No. 6 : Relationship Between Monthly Income and Perception (Anova)**

	Sum of Squares	df	Mean Square	F	Sig.
<b>Between Groups</b>	0.198	3	0.066	0.461	0.710 <sup>NS</sup>
<b>Within Groups</b>	20.176	141	0.143		
<b>Total</b>	20.374	144			

From the analysis, it is noted that null hypothesis is accepted because of the not significant result. So, the selected respondents are having a good level of perception in practicing mutual fund investment.

**Marital Status and Perception :  $H_0$**  : Equal perception perceived by married and unmarried respondents.

**Table No. 7 : Relationship Between Marital Status and Perception (Anova)**

	Sum of Squares	df	Mean Square	F	Sig.
<b>Between Groups</b>	2.863	1	2.863	23.383	0.000*
<b>Within Groups</b>	17.510	143	0.122		
<b>Total</b>	20.374	144			

It could be found from the analysis that the significant result noticed that the null hypothesis is rejected. So, though married and unmarried respondents, they are not having a good perception towards mutual fund investment.

**Family Size and Perception :  $H_0$**  : Equal perception perceived by the investments who have different family size.

**Table No. 8 : Relationship Between Family Size and Perception (Anova)**

	Sum of Squares	df	Mean Square	F	Sig.
<b>Between Groups</b>	2.188	2	1.094	8.543	0.000*
<b>Within Groups</b>	18.185	142	0.128		
<b>Total</b>	20.374	144			

It is identified from the Anova analysis that the significant result clearly stated the rejection of null hypothesis. Hence, despite the respondents have different family sizes, they does not have any influence for investors' perception on mutual fund investment.

### Period of Investment and Perception

$H_0$  : Equal perception perceived by the investments who have various period of experience in mutual fund investment.

**Table No. 9 : Relationship Between Period of Investment and Perception (Anova)**

	Sum of Squares	df	Mean Square	F	Sig.
<b>Between Groups</b>	2.438	2	1.219	9.650	0.000*
<b>Within Groups</b>	17.936	142	0.126		
<b>Total</b>	20.374	144			

It is observed from the Anova analysis that the significant result clearly stated the rejection of null hypothesis. Hence, even though the respondents have different experience in mutual fund investment, everyone has different perception towards mutual fund investment.

### Findings and Suggestions

- 1.It is found from the mean score analysis, most of the mutual fund investors have a good level of perception who belongs to 36-45 years, male, qualified with college level, engaged in their business, earn monthly between Rs.30000 to 40000, married, having 4-5 members in their family and above 5 years of experience in investment.
- 2.From the Anova analysis, it is found that the selected mutual fund investors have equal perception towards mutual fund investment with regard to their all the categories of age, gender, educational qualification and monthly income. It indicates based the above variables the investors have perceived a good level of perception towards mutual fund investment in Coimbatore. Also, it is noted that the selected investors have wise decision who belonging to any category of education and monthly income. The investors are well known about the mutual fund schemes and its consistent returns.
- 3.Also, the Anova analysis found that the respondents does not have equal perception towards mutual fund investment with regard to their various categories of occupational status, marital status, family size and period of investment. It indicates the married and unmarried respondents have different perception in mutual fund investment due to their commitment level. When the size of their family increases the need of financial commitment increases and so their perception in mutual fund investment differs.
- 4.The better investing for mutual fund investors that they should keep their investment for long time keeping in mind the level of risk involve and saving pattern, they should take help of private financial consultants' to have investment portfolio so as to reduce risk in investment, they should not invest in high volatile funds, they should collect all possible information before investment, periodical review should be done for investment and risk analysis should be done regularly and properly, maintain proper records for each transaction.

### Conclusion

Mutual fund companies should come forward with full support for the investors in terms of advisory services, participation of investor in portfolio design, ensure full disclosure of related information to investor, proper consultancy should be given by mutual fund companies to the investors in understanding terms and conditions of different mutual fund schemes, such type of fund designing should be promoted that will ensure to satisfy needs of investors, mutual fund information should be published in investor friendly language and style, proper system to educate women investors should be developed by mutual fund companies to analyse risk in investments made by them, etc. On the other it is required from government and regulatory bodies point of view that more laws should be there to secure the funds of women investors to be exploited, more tax rebate should be given on mutual fund investment, proper and effective grievance system, right of investor education, and more control on asset management companies should be there.



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