A Study on Investors' Preference towards Mutual Fund

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ABSTRACT
There are multiple ways to channelize the savings into investments, mutual fund is one such investment avenue which has seen growth in multiple folds over these years in India. This study is conducted to examine the investors' preference towards mutual fund and to study the relationship between the demographic variables and mutual fund preference. The total number of respondents for the study were 178. The sampling unit are the clients of a stock broking company with special reference to Namakkal and Coimbatore region of Tamil Nadu. The tools used to analyse the data collected is percentage analysis and one-way ANOVA. The findings of the study are that people are aware about mutual fund but still hesitate to invest in them. Investors prefer investing in fixed deposits over mutual funds. Investors should be educated regarding the benefits of various mutual fund and other investment avenues. It was found that there is a relationship between most of the demographic variables and mutual fund preference.
Key Words: *Mutual Fund Preference, Investment Avenue.*

I. INTRODUCTION

Mutual Fund is professionally managed investment avenue which pools money from various investors. Mutual funds are convenient for retail investors as they involve smaller unit price than actual shares. Many improvements are being made frequently for the ease of the customers. The amount collected is invested in securities like shares, bonds, money market instruments, etc. Nowadays investors are aware of various investment options and prefer them according to their convenience. The Assets Under Management (AUM) of the Mutual Fund Industry in India has increased multiple fold and thus mutual fund is seen as an important investment avenue.

OBJECTIVES OF THE STUDY
* To examine the investors' preference towards mutual fund investment.
* To study the relationship between demographic variables such as investor's gender and age with regard to their preference towards mutual funds.

NEED OF THE STUDY
This study helps to understand the investors better by knowing their preferred investment option. This helps the financial services industry to curate investment options according to the wants of the investors. The study is carried out for the investors of a stock broking company in Namakkal and Coimbatore. This study depicts the preference of investors from these regions.

LIMITATIONS
* The study is limited to the geographical area of only Namakkal and Coimbatore.
* Due to the time constraint the study was limited to a sample size of 178 respondents only.

II. REVIEW OF LITERATURE

Akshat Jain and Dr.AkanshaUpadhyaya had done their research on A Study on Investor's Satisfaction towards Mutual Funds. They have published their article in Vivekananda Journal of Research in October 2021. The research was carried out to study the level of significance between demographic variables and satisfaction towards Mutual Fund and to know the related factors. To analyse tools like Independent T test and One-way

Anova was used. It was identified that there was significant difference between age, annual income and satisfaction related factors.

Bharti Wadhwa et al. had done their research on A Study on Behavior and Preferences of Individual Investors towards Investments with Special Reference to Delhi NCR. They have published their research in International Journal of Innovative Technology and Exploring Engineering in April 2019. The study was carried out to know about the investors' behavior and preference towards investments. The risk tolerance level was also studied. The tools used in the research were percentage analysis, Chi-square, Multiple regression analysis and coefficient of correlation. It was found that the awareness of investment knowledge was low. People are sensitive with money and do not make choices easily.

Dr. Ranjit Singh et al. had carried out the research on Measuring Attitude towards Mutual Fund Investment Decisions: Evidences from Tripura, India. They have published their research work in Indian Journal of Finance and Banking on September 2021. The study was conducted to know about the attitude of bank employees towards mutual fund and to find its impact on their investment decisions. The tools used were Percentage analysis, Chi-square and Pseudo R-Square. It was concluded that there is positive relationship between attitude and volume of investment in mutual fund. The overall attitude of the bank employees was favourable towards mutual fund.

HaniyehAmiri and Ana Maria Gil-Lafuente had done their research on Studying of the Factors Affecting on the Mutual Fund by Individual Investor in Iran, Malaysia, Turkey and US. They have published their work in Canadian Center of Science and Education oin July 2016. The research was carried out to examine the main criteria of domestic investors in selection of mutual fund. The tool used for analysis was factor analysis along with Multinomial Logistic Regression. It was found that there was difference between the professional investors and others in selecting mutual fund.

M.Ramu, Dr. CH Hymavathi and Mr. A SaiManideep had done their research on Analysing the Effect of Financial Risk Perception, Risk Tolerance on Investment Behaviour: An Empirical Analysis. They have published their research in Turkish Journal of Computer and Mathematics Education in April 2021. The study was carried out to examine the relationships between risk perception, risk tolerance and investment behaviour. The tools used were Correlation, Regression and Reliability test. It was identified that there was significant effect between risk perception & risk tolerance and investor behaviour and risk tolerance. But there was insignificant effect between risk perception and investor behaviour.

Manoj Kumar Chaudhary, Ajay Prasad Dhakal and MadhavAdhikari had done their research on An Investors' Interest towards Mutual Funds: A Study of Kathmandu Valley, Nepal. It was in IT in Industry in March 2021. The research was carried out to assess the investor's mind-set towards mutual fund in Kathmandu Valley. The tools used for the analysis were correlation analysis and descriptive analysis. It was found that the investors were familiar with fixed deposits but other instruments like shares, bonds and debentures were not familiar. It was recommended that the concerned authorities to conduct awareness programs.

Dr. M.Sumathy and Mr.Shaneeb P had done their research on Investors perception towards Mutual Funds: A Study among the selected House Holds from Coimbatore. They have published their article in Research Review International Journal of Multidisciplinary in November 2018. The research was conducted to primarily study the customer knowledge on various investment avenues. The tools used were Anova, Chi-square and Kruskal-Wallis test. It was concluded that more new and advanced schemes should be launched to keep up with investors' confidence.

Dr. Vedala Naga Sailaja had done research on A Study on Investors Awareness towards Mutual Funds Investment. The research was published in International Journal of Civil Engineering and Technology in March 2018. The objective of the research was to find the level of awareness towards mutual fund investment and to assess the relationship between household income and the category of mutual fund they invest in. The tools used for the analysis was percentage analysis, Chi-square and one-way anova. It was found that most investors didn't know about shard store items. The charges for financial specialist from customers should be decreased by increasing the number of speculators.

RajanBilasBajracharya had done research on A Study of Investors' Awareness towards Mutual Funds in Kathmandu Metropolitan City, Nepal. The article was published in KAAV International Journal of Law, Finance & Industrial Relations in June 2018. The research was conducted to identify the investor's awareness towards mutual fund in the Kathmandu Metropolitan City. The tool used analysis was Chi-square test. It was found that the investors are not confident to invest in mutual fund as they feel it is unsafe. They have other safer options to invest their money so they opt other investment options when compared with mutual funds.

ShivamTripathi had done their research on An Empirical Study of Mutual Fund Awareness among the people of Ahmedabad. The article was published in GAP, A Global Journal of Interdisciplinary Studies in May 2020. The study was carried out to know the relationship between the risks and return activities of investors and their outlook. The tool used for the analysis was percentage analysis. The research concluded that the investors are aware of mutual fund but still very few people are only investing in mutual fund. Investors consider mutual fund to be a risky investment option.

III.   RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN
The design adopted in the study is descriptive research conducted through a well-structured questionnaire.

3.2 METHOD OF COLLECTION
The method of data collection is both primary data and secondary data.

3.3 SAMPLING SIZE
The sample size of the study is 178.

3.4 SAMPLING UNIT
The sampling unit of the study is the clients of a stock broking company with special reference to Namakkal and Coimbatore.

3.5 SAMPLING METHOD
The sampling method used in the study is stratified random sampling.

3.6 TOOLS FOR DATA ANALYSIS
The tools used for data analysis is Percentage Analysis and One-way ANOVA.

IV.   DATA ANALYSIS

Percentage Analysis

Table 4.1

Demographic variables		Frequency	Percent
Gender	Male	133	74.7
	Female	45	25.3
	Total	178	100
Age	Below 25 years	51	28.7
	25-40 years	65	36.5
	40-60 years	58	32.6
	Above 60 years	4	2.2
	Total	178	100
Academic Qualification	School	11	6.2
	Graduate	69	38.8
	Post graduate	68	38.2
	Professional	30	16.9
	Total	178	100
Marital Status	Married	94	52.8
	Unmarried	84	47.2
	Total	178	100
Occupation	Self-Employed	49	27.5
	Government Employee	34	19.1
	Private Employee	92	51.7
	Retired	3	1.7
	Total	178	100
Annual Income	Below 2 lakhs	44	24.7
	2-4 lakhs	61	34.3
	4-6 lakhs	26	14.6
	Above 6 lakhs	47	26.4
	Total	178	100
Annual Savings	Less than 25000	60	33.7
	25000-50000	49	27.5
	50000-1 lakh	27	15.2
	Above 1 lakh	42	23.6
	Total	178	100

How often do you invest?	Daily	13	7.3
	Monthly	84	47.2
	Quaterly	27	15.2
	Bi-Annually	15	8.4
	Annually	39	21.9
	Total	178	100

From the above table 4.1, it was found that 74.7% of the investors were male, 36.5% of the investors were in the age group of 25-40 years, 38.8% of the investors were graduates, 52.8% of the investors were married, 51.7% of the investors were private employees, 34.3% of the investors had an annual income of between 2-4 lakhs, 33.7% of the investors' annual savings were less than 25000, 47.2% of the investors invested monthly.

ANOVA (Analysis of Variance)
Mutual Fund Preference * Age
Null Hypothesis H0: There is no relationship between MFP and Age
Alternate Hypothesis H1A: There is relationship between MFP1 and Age
H1B: There is relationship between MFP2 and Age
H1C: There is relationship between MFP3 and Age
H1D: There is relationship between MFP4 and Age
H1E: There is relationship between MFP5 and Age

Table 4.2

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
MFP1	Between Groups	7.527	3	2.509	2.495	.062
	Within Groups	174.995	174	1.006		
	Total	182.522	177			
MFP2	Between Groups	5.225	3	1.742	1.534	.207
	Within Groups	197.495	174	1.135		
	Total	202.719	177			
MFP3	Between Groups	10.024	3	3.341	2.536	.058
	Within Groups	229.285	174	1.318		
	Total	239.309	177			
MFP4	Between Groups	.883	3	.294	.235	.872
	Within Groups	217.572	174	1.250		
	Total	218.455	177			
MFP5	Between Groups	5.940	3	1.980	1.381	.250
	Within Groups	249.504	174	1.434		
	Total	255.444	177			

The above table 4.2, shows that the null hypothesis is accepted as significance value of all the variables exceeded 0.05. Thus there is norelationship between age and Mutual Fund Preference (1,2,3,4&5).

Mutual Fund Preference * Qualification
Null Hypothesis H0: There is no relationship between MFP and Qualification
Alternate Hypothesis H1A: There is relationship between MFP1 and Qualification
H1B: There is relationship between MFP2 and Qualification
H1C: There is relationship between MFP3 and Qualification
H1D: There is relationship between MFP4 and Qualification
H1E: There is relationship between MFP5 and Qualification

Table 4.3
ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
MFP1	Between Groups	4.075	3	1.358	1.325	.268
	Within Groups	178.447	174	1.026		
	Total	182.522	177			
MFP2	Between Groups	5.932	3	1.977	1.749	.159
	Within Groups	196.787	174	1.131		
	Total	202.719	177			
MFP3	Between Groups	3.125	3	1.042	.767	.514
	Within Groups	236.184	174	1.357		
	Total	239.309	177			
MFP4	Between Groups	3.304	3	1.101	.891	.447
	Within Groups	215.151	174	1.236		
	Total	218.455	177			
MFP5	Between Groups	6.744	3	2.248	1.573	.198
	Within Groups	248.700	174	1.429		
	Total	255.444	177			

The above table 4.3, shows that the null hypothesis is accepted as significance value of all the variables exceeded 0.05. Thus there no is relationship between qualification and Mutual Fund Preference (1, 2, 3, 4 & 5).

Mutual Fund Preference * Occupation
Null Hypothesis H0: There is no relationship between MFP and Occupation
Alternate Hypothesis H1A: There is relationship between MFP1 and Occupation
H1B: There is relationship between MFP2 and Occupation
H1C: There is relationship between MFP3 and Occupation
H1D: There is relationship between MFP4 and Occupation
H1E: There is relationship between MFP5 and Occupation

Table 4.4
ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
MFP1	Between Groups	4.655	3	1.552	1.518	.212
	Within Groups	177.867	174	1.022		
	Total	182.522	177			
MFP2	Between Groups	1.573	3	.524	.454	.715
	Within Groups	201.146	174	1.156		
	Total	202.719	177			
MFP3	Between Groups	2.421	3	.807	.593	.620
	Within Groups	236.888	174	1.361		
	Total	239.309	177			
MFP4	Between Groups	6.206	3	2.069	1.696	.170
	Within Groups	212.249	174	1.220		
	Total	218.455	177			
MFP5	Between Groups	1.268	3	.423	.289	.833
	Within Groups	254.176	174	1.461		
	Total	255.444	177			

The above table 4.4, shows that the null hypothesis is accepted as significance value of all the variables exceeded 0.05. Thus there is no relationship between occupation and Mutual Fund Preference (1, 2, 3, 4 & 5).

Mutual Fund Preference * Annual Income
Null Hypothesis H0: There is no relationship between MFP and Annual Income
Alternate Hypothesis H1A: There is relationship between MFP1 and Annual Income
　　　H1B: There is relationship between MFP2 and Annual Income
　　　　　　H1C: There is relationship between MFP3 and Annual Income
　　　　　　H1D: There is relationship between MFP4 and Annual Income
　　　　　　H1E: There is relationship between MFP5 and Annual Income

Table 4.5
ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
MFP1	Between Groups	5.063	3	1.688	1.655	.179
	Within Groups	177.459	174	1.020		
	Total	182.522	177			
MFP2	Between Groups	10.481	3	3.494	3.162	.026
	Within Groups	192.238	174	1.105		
	Total	202.719	177			
MFP3	Between Groups	12.477	3	4.159	3.190	.025
	Within Groups	226.832	174	1.304		
	Total	239.309	177			
MFP4	Between Groups	4.889	3	1.630	1.328	.267
	Within Groups	213.567	174	1.227		
	Total	218.455	177			
MFP5	Between Groups	7.645	3	2.548	1.789	.151
	Within Groups	247.799	174	1.424		
	Total	255.444	177			

The above table 4.5, shows that the null hypothesis is accepted in case of MFP1, MFP4 and MFP5 and alternate hypothesis is accepted in case of MFP2 and MFP3. Null hypothesis is accepted when the significance level is more than 0.05.

Mutual Fund Preference * Annual Savings
Null Hypothesis H0: There is no relationship between MFP and Annual Savings
Alternate Hypothesis H1A: There is relationship between MFP1 and Annual Savings
　　　H1B: There is relationship between MFP2 and Annual Savings
　　　　　　H1C: There is relationship between MFP3 and Annual Savings
　　　　　　H1D: There is relationship between MFP4 and Annual Savings
　　　　　　H1E: There is relationship between MFP5 and Annual Savings

Table 4.6
ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
MFP1	Between Groups	2.478	3	.826	.798	.496
	Within Groups	180.044	174	1.035		
	Total	182.522	177			
MFP2	Between Groups	8.069	3	2.690	2.404	.069
	Within Groups	194.650	174	1.119		
	Total	202.719	177			
MFP3	Between Groups	4.712	3	1.571	1.165	.325

	Within Groups	234.597	174	1.348		
	Total	239.309	177			
MFP4	Between Groups	3.921	3	1.307	1.060	.368
	Within Groups	214.534	174	1.233		
	Total	218.455	177			
MFP5	Between Groups	4.252	3	1.417	.982	.403
	Within Groups	251.192	174	1.444		
	Total	255.444	177			

The above table 4.6, shows that the null hypothesis is accepted as significance value of all the variables exceeded 0.05. Thus there is no relationship between annual savings and Mutual Fund Preference (1, 2, 3, 4 & 5).

V.   FINDINGS, SUGGESTIONS & CONCLUSION

5.1   FINDINGS

Out of 178 respondents, 36.7% of the respondents were of the age group 25-40 years and 51.7% of the respondents are private employees. So the target market of the mutual fund companies could be people in the age group of 25-40 years working in private sector.Most of the investors prefer investing in fixed deposits over mutual funds.There is no relationship between mutual fund preference and age, qualification, occupation and annual savings. There is no relationship between mutual fund preference and annual income in most of the cases.

5.2 SUGGESTIONS

The respondents were not much aware about the benefits of investing in mutual funds. The investors' must be educated with various schemes available in mutual fund and should be encouraged to invest. Various awareness programmes should be conducted to educate the investors. Mutual fund companies should design products which will provide benefits for the investors. Also the fee for managing the funds should be reduced to attract the investors to invest in mutual funds.

5.3 CONCLUSION

Mutual Fund industry has grown multiple folds over these years. Various regulations are also enacted to protect the interest of the investors. But still the benefits from mutual fund is less than other instruments from the point of view of the respondents. So when the cost attached to mutual funds are reduced and more tax benefits are given there are high chances people will invest in mutual fund. The respondents feel safer to invest in public sector mutual funds than private sector mutual funds. Since there is tough competition prevailing in the industry a variety of schemes are being launched to cater to the specific requirements of the investors.

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