



A Study On Investor's Perception Towards Mutual Fund In The Surat City

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ABSTRACT

A person has so many expectations. Taking advantage of his extra cash is one of these expectations. As a result, people invest their excess funds in various investment opportunities. Among them is a mutual fund. It is a fund that is expertly managed by professionals and in which savings from different investors are invested in securities like equities, bonds, short-term money market instruments, commodities, etc. The goal of this study is to understand investors' perspectives on buying mutual fund schemes as well as the variables that influence such choices. For the study data was collected from 150 investors belonging to Surat city of Gujarat. It has been investigated how different demographic characteristics affect investors' perceptions of mutual funds. The Chi-square test and Kruskal Wallis test have been used to analyze the many factors responsible for investing in mutual funds to measure various phenomena and analyze the acquired data effectively and efficiently to develop reliable findings.

Keywords: Investment avenues, Mutual funds, Perception.

INTRODUCTION

A mutual fund is a collective investment vehicle that collects & pools money from investors and invests the same in equities, bonds, government securities, and money market instruments. The money collected in a mutual fund scheme is invested by professional fund managers in stocks and bonds etc. in line with a scheme's investment objective. The income/gains generated from this collective investment scheme are distributed proportionately amongst the investors, after deducting applicable expenses and levies, by calculating a scheme's "Net Asset Value" or NAV. In return, mutual fund charges a small fee. In short, a mutual fund is a collective pool of money contributed by several investors and managed by a professional Fund Manager. Mutual Funds in India are established in the form of a Trust under the Indian Trust Act, of 1882, per SEBI (Mutual Funds) Regulations, 1996. The fees and expenses charged by the mutual funds to manage a scheme are regulated and are subject to the limits specified by SEBI. (Association of Mutual Funds in India)

Review of Literature:

Reddy and Sudhakar (2016) investigated how individual investors perceived the performance of mutual funds. In the twin towns of Hyderabad and Secunderabad, the survey sought to understand how small- and household investors felt about investing in mutual funds. The survey concluded that while mutual fund investors are happy with the industry's prospects for investment,

Tamilselvan and Mohanraj (2018) identified the investor's perception of mutual fund investment. Additionally, it concentrated on determining the investor's awareness of and preferences for investing in mutual funds as opposed to other investment alternatives. The samples came from the Erode district's semi-urban, rural, and urban sectors.

Parashar (2018) investigated the variables influencing how investors view mutual funds. Investors were chosen using a stratified convenience selection technique from the urban and semi-urban areas of the chosen cities. The research is based on a survey that was conducted across three States with the aid of a pretested questionnaire. The poll was conducted to better understand the variables influencing investors' perceptions of and familiarity with mutual funds.

Pandian (2018) investigated how investors perceived investing in mutual funds, paying particular attention to socioeconomic factors. To learn more about the current state of the phenomenon to describe, descriptive research was used. The researcher proposed that since the majority of respondents were unaware of the UTI mutual fund's scheme management, dividends, or portfolio, awareness-raising efforts could be made on their behalf.

Idhayajothi and Latasri (2020) looked specifically at Tiruchirappalli city to assess investors' attitudes toward mutual fund investments. The study's main goals were to understand how responsive and interested investors are in mutual fund schemes, what factors affect their decision, and how satisfied investors are with their investment in mutual funds.

PROBLEM STATEMENT

Technological enablement and rapid growth of the Indian Mutual fund market since the new economic policy of 1991 have given more importance to investors. More agents are available in the market where they make marketing strategies for financial services like consultancy, buying and selling securities on behalf of investors, and these all need to know about investors' perception towards investment. Through that data consultancy firms and portfolio managers can make according to that portfolio.

RESEARCH OBJECTIVE

- To identify the perception of investors toward mutual fund
- To identify the demographic impact of the respondent on perception towards mutual fund

METHODOLOGY OF THE STUDY:

The present study falls under the descriptive research design to describe the characteristics of a group and make predictions related to a particular phenomenon towards an attitude. The data were collected through a structured Questionnaire from the investors invested in mutual fund schemes living in Surat City. The sample size covered 150 investors of Surat City.

SAMPLING

Sampling frame:	Investors of Surat city
Sample technique:	Non-probability Convenient sampling technique
Research instrument:	Structured questionnaire
Sample size:	150 respondents

DATA COLLECTION:

In this research, a researcher has selected both primary data collection methods in which structured questionnaires and also used secondary methods for basics and supplement information from books and articles, and sites.

A questionnaire is divided into two parts:

Part 1 is the demographic study and it consists of questions about the respondent's demographic profiles such as gender, age, education qualification, occupation, and annual income was asked.

Part 2 is including questions about investor's perceptions of Mutual fund

TOOLS FOR ANALYSIS:

- In this study, data is analyzed through SPSS software in which the chi-square test and Kruskal Wallis Test are used.

LIMITATION FOR THE STUDY:

- The study is limited to only Mutual funds.
- Some of the respondents are not responsive.
- The finding may vary due to changes in the geographical region as the study is limited to Surat city only.

FUTURE SCOPE OF STUDY

A researcher has only studied investors' perceptions of the mutual fund. For further research on this topic, the following are the scopes:

- Perception of investors in other areas within the Surat.
- The same study can be made on Bank fixed deposits, Gold, real estate, capital market, and foreign exchange also.

DATA ANALYSIS

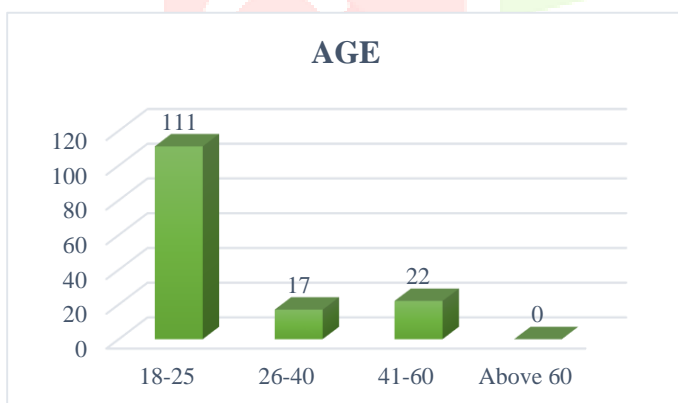


Chart No. 1

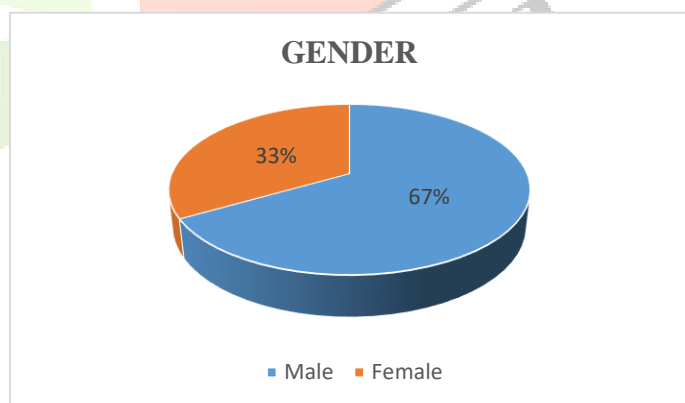
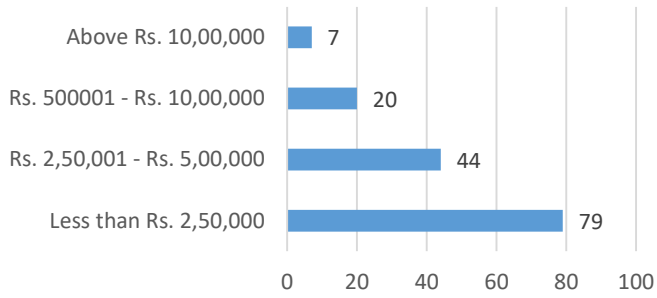
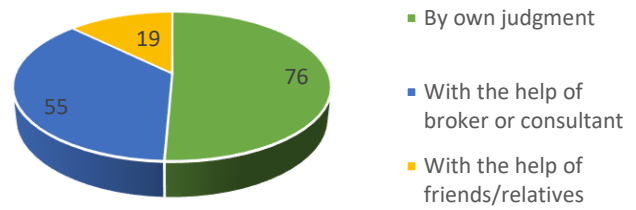
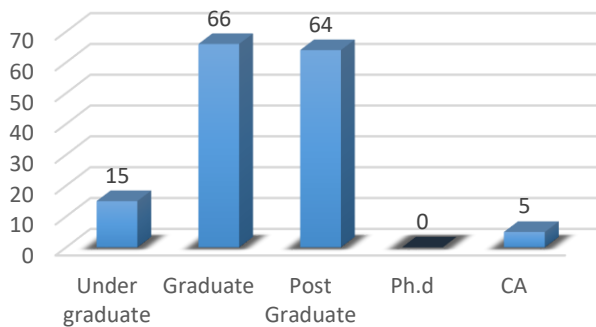
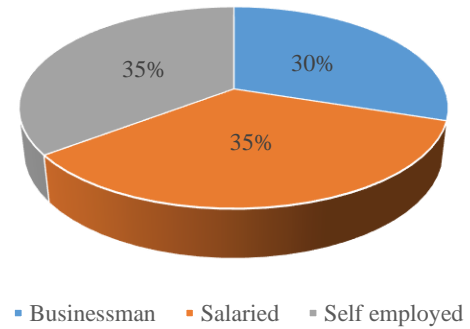
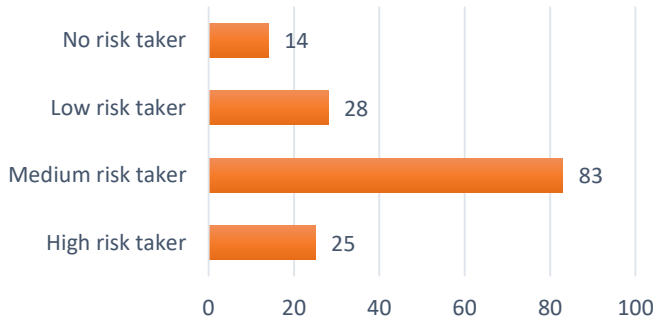
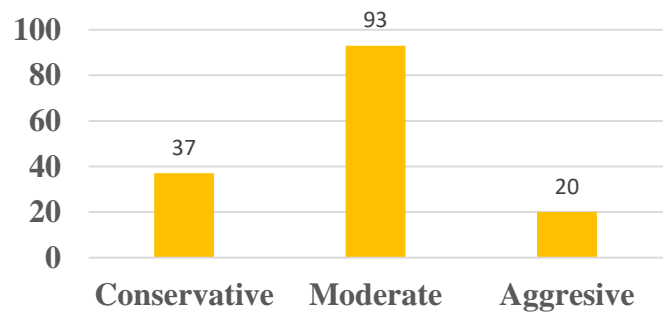


Chart No. 2

ANNUAL INCOME**Chart No. 3****METHOD OF INVESTMENT OF MONEY****Chart No.4****EDUCATION LEVEL****Chart No. 5****OCCUPATION****Chart No. 6****FINANCIAL RISK CAPABILITY****Chart No. 7****INVESTOR'S PREFERENCE TOWARD SCHEME****Chart No. 8**

Particular	1 - Least important	2	3	4	5 - Most important
Risk	4	18	41	43	44
Return	10	12	26	30	72
Time	6	13	42	55	34
Safety	4	17	30	43	56
The volatility of the market price	12	16	41	47	34
Goodwill of that investment scheme	12	13	35	50	40
Tax benefits	13	15	36	51	35

Table No. 1 Frequency of factors considered by investors before investment

Variables	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
A mutual fund is a good investment option for long term	11	10	50	44	35
Mutual funds are good to respond to market volatility	10	13	47	51	29
Investment in a mutual fund is too risky	11	29	55	36	19
A mutual fund has the potential to provide a high return as they invest in a diversified portfolio	14	12	50	43	31
A mutual fund is a flexible option for investment	11	14	43	57	25
In MF investment is made in a diversified portfolio	7	14	53	52	24
AMC manages the MF with in-depth research	10	9	51	51	29
Investment in MF reduces paperwork and, follow-up with brokers and companies	11	15	48	49	27

Table No. 2 Frequency of investor's opinion toward mutual fund

1. Kruskal Wallis Test between Age and Financial Risk capability

Ho = There is no significant difference between age and financial risk capability

H1 = There is a significant difference between age and financial risk capability

	Financial Risk capability
Chi-Square	.004
df	2
Asymp. Sig.	.998

Table No. 3 Kruskal Wallis Test between Age and Financial Risk capability

- As the p-value is 0.998 which is greater than 0.05 it means that the null hypothesis (Ho) fails to reject and hence, there is no significant difference between age and financial risk capability.

2. Kruskal Wallis Test between Age and Factors consider while doing investment

Ho = There is no significant difference between age and Factors considered while doing an investment

H1 = There is a significant difference between age and Factors considered while doing an investment

	Risk	Return	Time	Safety	The volatility of the market price	Goodwill of that investment scheme	Tax benefits
Chi-Square	4.144	4.064	.248	7.432	10.351	1.614	4.193
df	2	2	2	2	2	2	2
Asymp. Sig.	.126	.131	.884	.024	.006	.446	.123

Table No.4 Kruskal Wallis Test between Age and Factors consider while doing Investment

- There is no significant difference between age and risk, return, time, goodwill of that investment scheme, and tax benefits but the safety and volatility of market price differ with the age of the investors, age is an important determinant when considering the safety and volatility of the market price.

3. Kruskal Wallis Test between Age and Investor's opinion towards mutual fund

Ho = There is no significant difference between age and Investor's opinion towards mutual fund

H1 = There is a significant difference between age and Investor's opinion toward mutual fund

Variables	Chi-Square	df	Asymp. Sig.
A mutual fund is a good investment option for long term	4.615154	2	0.099502
Mutual funds are good to respond to market volatility	1.890735	2	0.388537
Investment in a mutual fund is too risky	3.738564	2	0.154234
A mutual fund has the potential to provide a high return as they invest in a diversified portfolio	0.155251	2	0.925311
A mutual fund is a flexible option for investment	0.342397	2	0.842654
In MF investment is made in a diversified portfolio	6.627734	2	0.036375
AMC manages the MF with in-depth research	1.505114	2	0.471116
Investment in MF reduces paperwork and, follow-up with brokers and companies	0.267806	2	0.874675

Table No.5 Kruskal Wallis Test between Age and Investor's opinion towards the mutual fund.

- As the p-value is greater than 0.05 except MF investment is made in diversified portfolio variable which means that the null hypothesis (Ho) failed to reject and hence, there is no significant difference between

age and Investor's opinion towards the mutual fund market. MF investment is made in a diversified portfolio, Investor's opinions towards mutual fund investors do not differ with the age of the investors.

4. Chi-Square Test between Gender and Financial Risk capability

H₀ = There is no association between Gender and Financial Risk capability

H₁ = There is an association between Gender and Financial Risk capability

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.662 ^a	3	.034
Likelihood Ratio	9.425	3	.024
Linear-by-Linear Association	4.957	1	.026
N of Valid Cases	150		

Table No. 6 Chi-Square Test between Gender and Financial Risk capability

- As the Chi-Square value is 0.034 which is less than 0.05 it means that the null hypothesis (H₀) is rejected and hence, there is an association between Gender and Financial Risk capability.

5. Kruskal Wallis Test between Education and Financial Risk capability

H₀ = There is no significant difference between Education and Financial risk capability

H₁ = There is a significant difference between Education and Financial risk capability

	Financial Risk capability
Chi-Square	1.472
df	2
Asymp. Sig.	.479

Table No.7 Kruskal Wallis Test between Education and Financial Risk capability

- As the p-value is 0.479 which is greater than 0.05 it means that the null hypothesis (H₀) fails to reject and hence, there is no significant difference between Education and Financial risk capability.

6. Kruskal Wallis Test between Education and Factors consider while doing investment

H₀ = There is no significant difference between Education and Factors considered while doing an investment

H₁ = There is a significant difference between Education and Factors considered while doing an investment

	Risk	Return	Time	Safety	The volatility of the market price	Goodwill of that investment scheme	Tax benefits
Chi-Square	.533	2.345	1.702	1.914	.747	.670	.900
df	2	2	2	2	2	2	2

Asymp.	.766	.310	.427	.384	.688	.715	.638
Sig.							

Table No.8 Kruskal Wallis Test between Education and Factors consider while doing investment

- As the p-value is greater than 0.05 in each variable it means that the null hypothesis (Ho) fails to reject and hence, there is no significant difference between Education and Factors considered while doing an investment.

7. Kruskal Wallis Test between Education and Investor's opinion towards mutual Fund

Ho = There is no significant difference between Education and Investor's opinions toward mutual fund

H1 = There is a significant difference between Education and Investor's opinions toward mutual fund

Variables	Chi-Square	df	Asymp. Sig.
A mutual fund is a good investment option for long term	1.13	2	0.568
Mutual funds are good to respond to market volatility	0.584	2	0.747
Investment in a mutual fund is too risky	1.648	2	0.439
A mutual fund has the potential to provide a high return as they invest in a diversified portfolio	2.055	2	0.358
A mutual fund is a flexible option for investment	0.451	2	0.798
In MF investment is made in a diversified portfolio	0.452	2	0.798
AMC manages the MF with in-depth research	0.001	2	1
Investment in MF reduces paperwork and, follow-up with brokers and companies	0.856	2	0.652

Table No.9 Kruskal Wallis Test between Education and Investor's opinion towards mutual fund

- As the p-value is greater than 0.05 in each variable it means that the null hypothesis (Ho) fails to reject and hence, there is no significant difference between Education and Investor opinions towards the mutual fund.

8. Kruskal Wallis Test between Occupation and Financial Risk capability

Ho= There is no significant difference between Occupation and Financial risk capability

H1= There is a significant difference between Occupation and Financial risk capability

	Financial Risk capability
Chi-Square	6.679
df	2
Asymp. Sig.	.035

Table No. 10 Kruskal Wallis Test between Occupation and Financial Risk capability

- As the p-value is 0.035 which is less than 0.05 it means that the null hypothesis (Ho) is rejected and hence, there is a significant difference between Occupation and Financial risk capability.

9. Kruskal Wallis Test between Occupation and Factors consider while doing investment

H0 = There is no significant difference between Occupation and Factors considered while doing an investment

H1 = There is a significant difference between Occupation and Factors considered while doing an investment

	Risk	Return	Time	Safety	The volatility of the market price	Goodwill of that investment scheme	Tax benefits
Chi-Square	1.253	.729	.239	2.052	.930	.590	1.311
df	2	2	2	2	2	2	2
Asymp. Sig.	.534	.694	.888	.358	.628	.745	.519

Table No.11 Kruskal Wallis Test between Occupation and Factors consider while doing investment

- As the p-value is greater than 0.05 in each variable it means that the null hypothesis (Ho) fails to reject and hence, there is no significant difference between Occupation and Factors considered while doing investment.

10. Kruskal Wallis Test between Occupation and Investor's opinion towards mutual fund

Ho = There is no significant difference between Occupation and Investor's opinion towards mutual fund

H1 = There is a significant difference between Occupation and Investor's opinion towards mutual fund

Variables	Chi-Square	df	Asymp. Sig.
A mutual fund is a good investment option for long term	0.635994	2	0.727605
Mutual funds are good to respond to market volatility	0.479108	2	0.786979
Investment in a mutual fund is too risky	1.240595	2	0.537784
A mutual fund has the potential to provide a high return as they invest in a diversified portfolio	5.602425	2	0.060736
A mutual fund is a flexible option for investment	0.279831	2	0.869432
In MF investment is made in a diversified portfolio	3.904568	2	0.14195
AMC manages the MF with in-depth research	0.065689	2	0.967689
Investment in MF reduces paperwork and, follow-up with brokers and companies	1.1227	2	0.570438

Table No.12 Kruskal Wallis Test between Occupation and Investor's opinion towards mutual fund

- As the p-value is greater than 0.05 in each variable it means that the null hypothesis (Ho) fails to reject and hence, there is no significant difference between Occupation and Investor's opinion towards the mutual fund.

11. Kruskal Wallis Test between Annual income and Financial Risk capability

Ho = There is no significant difference between Annual income and financial risk capability

H1 = There is a significant difference between Annual income and financial risk capability

	Financial Risk capability
Chi-Square	.136
df	3
Asymp. Sig.	.987

Table No. 13 Kruskal Wallis Test between Annual income and Financial Risk capability

- As the p-value is 0.987 which is greater than 0.05 which means that the null hypothesis (Ho) fails to reject and hence, there is no significant difference between Annual income and financial risk capability.

12. Kruskal Wallis Test between Annual income and Factors consider while doing investment

Ho = There is no significant difference between Annual income and Factors considered while doing an investment

H1 = There is a significant difference between Annual income and Factors considered while doing an investment

	Risk	Return	Time	Safety	The volatility of the market price	Goodwill of that investment scheme	Tax benefits
Chi-Square	4.472	9.171	3.295	11.288	8.808	1.761	6.455
df	3	3	3	3	3	3	3
Asymp. Sig.	.215	.027	.348	.010	.032	.624	.091

Table No. 14 Kruskal Wallis Test between Annual income and Factors consider while doing investment

- As the p-value is greater than 0.050 in each variable except return, safety, and Volatility of market factors price it means that the null hypothesis (Ho) fails to reject, and hence, there is no significant difference between Annual income and risk, time, goodwill of the investment scheme and tax benefits but return, safety, and volatility of market price differ with the age of the investors.

13. Kruskal Wallis Test between Annual income and Investor's opinion towards mutual fund

Ho = There is no significant difference between Annual income and Investor's opinion toward mutual fund

H1 = There is a significant difference between Annual income and Investor's opinions toward mutual fund

Variables	Chi-Square	df	Asymp. Sig.
A mutual fund is a good investment option for long term	7.528499	3	0.056831
Mutual funds are good to respond to market volatility	4.561917	3	0.206833
Investment in a mutual fund is too risky	4.006742	3	0.260737
A mutual fund has the potential to provide a high return as they invest in a diversified portfolio	2.967898	3	0.396601
A mutual fund is a flexible option for investment	4.084369	3	0.252497
In MF investment is made in a diversified portfolio	7.686062	3	0.052966
AMC manages the MF with in-depth research	6.85887	3	0.076535
Investment in MF reduces paperwork and, follow-up with brokers and companies	5.267541	3	0.153223

Table No. 15 Kruskal Wallis Test between Annual income and Investor's opinion towards mutual fund

- As the p-value is greater than 0.050 in each variable it means that the null hypothesis (Ho) fails to reject and hence, there is no significant difference between Annual income and the Investor's opinion towards the mutual fund.

CONCLUSION

The study has shown investors' perceptions of mutual funds. Investors consider mutual funds as a flexible mode of investment. Moreover, investors think that Asset Management Companies (AMCs) act very efficiently to track the market. Most investors are belonging to between 18-25 age group and most respondents believe that mutual fund is less risky and diversify investment in different investment avenue as asset management company keep constant watch and manage a mutual fund with depth research and they also want to stay safer side because of the majority of respondents are a medium risk taker.

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