

# A STUDY ON PERCEPTION OF INVESTOR'S IN AN ASSET MANAGEMENT ORGANISATION

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## ABSTRACT

*This study will help to know about the investor's perception with regard to mutual funds that is the schemes they prefer, the plans they are opting, the reasons behind such selections and also the knowledge level about the mutual fund. The objective of the study to know the perception of the investors, investor's Adoption by the investors, demographic profile of the investors, to know the primary sources of knowledge and factors that influencing the investment decision of the investors. Descriptive research design is used in this study. This study is collected from both primary data is from questionnaire (100 Samples) and the secondary data is from websites and books referred from Asset Management Company. The sample survey has been conducted in Tamil Nadu city during the period for 3month. Statistical tool used for analysis are chi-square, ANOVA and percentage analysis. From the study it is inferred that there is a significant difference between & income level with respect to internet return towards the sources of knowledge. There is significant difference between the age group, education qualification & gender with respect to factor professional management & high return towards the investment decision. The findings of this study are most of the people hesitate in adopting for new age investments like mutual funds and prefer to invest in less risky investment options like recurring deposits. So, the company has to provide timely information relating to different trends in the mutual fund industry.*

**Keywords:** Mutual Fund, Investors, Investment Decision, knowledge.

## INTRODUCTION

Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. 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. A mutual fund serves as a link between the investor and the securities market by mobilizing savings from the investors and investing them in the securities market to generate returns. EXAMPLE: Three investors invest Rs10, 000, Rs 20,000, and Rs 30,000 respectively in a mutual fund. So the pooled sum is Rs 60,000.

The money thus collected is then invested in capital market instruments such as shares, debenture, and foreign market. Investors invest money and get the units as per the unit value which we called as NAV (net assets value). Mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in diversified portfolio management, good research team, professionally

managed Indian stock as well as the foreign market, the main aim of the fund manager is to taking the scrip that have under value and future will rising, then fund manager sell out the stock. The first introduction of a mutual fund in India occurred in 1963, when the Government of India launched Unit Trust of India (UTI). UTI enjoyed a monopoly in the Indian mutual fund market until 1987, when a host of other government-controlled Indian financial companies established their own funds, including State Bank of India, Canara Bank, and Punjab National Bank.

Mutual fund is a collective savings scheme. Mutual funds play an important role in mobilizing the savings of small investors and channelizing the same for productive ventures in the Indian economy. A mutual fund is a company that invests in a diversified portfolio of securities. People who buy shares of a mutual fund are its owners or shareholders. Their investments provide the money for a mutual fund to buy securities such as stocks and bonds. A mutual fund can make money from its securities in two ways: a security can pay dividends or interest to the fund or a security can rise in value. A fund can also lose money and drop in value.

## **RESERCH METHODOLOGY**

### **NEED FOR THE STUDY**

It was believed that as against the developed countries where almost every second investor is a mutual unit holder, the product could not get much popularity in India. As of now big challenge for the MF industry is to mount on investor awareness and to spread further to the semi-urban and rural areas. These initiatives would help towards making the MF industry more vibrant and competitive. Since, the need of study has been aroused in order to see the preference, awareness and the investors' perception regarding the mutual funds in Tamil Nadu City, this study is an eye-opener, not just for marketers of mutual funds but also for policy and decision-makers in the government.

### **RESEARCH OBJECTIVES**

- To Study the investor's Adoption of the Mutual Fund schemes.
- To Determine the demographic profile of Mutual Fund Investors
- To examine the principles consider while selecting a mutual fund.
- To discover the primary sources of knowledge about MF.
- To find out factors that influencing the investment decision of mutual fund holder.

### **SCOPE OF THE STUDY**

- The scope of the study is to track out the investors' preferences, priorities and their awareness towards different mutual fund schemes.
- Keeping in view the various constraints the scope of the study is limited only to the investors residing in Tamil Nadu City.
- Data for the study is collected from a sample of 100 investors.

## **RESERCH METHODOLOGY**

Descriptive research design is used in this study. Primary data is collected based on questionnaire method & secondary data is based on books/websites. The sample size used is 100. Convenience sampling is adopted in collecting the sample. The statistical tool used for analysis is t-test, ANOVA, chi-square and percentage analysis.

## **HYPOTHESIS**

Ho1 – There is no significant difference among the principles consider before investing in a mutual fund.

Ho2 - There is no significant difference in demographic profile with respect to sources of knowledge about MF

Ho3- There is no significant difference in demographic profile with respect to factors affecting the investment decision.

### LIMITATIONS

- a) The study was limited to specific area of the city.
- b) This study was limited to sample size of 100. Since the sample size is small it cannot be generalized
- c) The time has constraint of 3 month.
- d) This study has been limited by time and cost factors.
- e) The target audience did not respond properly.

### LITERATURE REVIEW

Venkataramana, M., et al., has carried out a study on investors perception toward mutual fund with consideration of Socio economic variables. The primary data has been collected through structured questionnaires & Secondary data has been collected from reports, books, journals & magazines. The sample size restricted to 100 respondents of all category investors. 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. Walia, N., & Kiran, R. (2009) has studied the investors risk perception towards the mutual fund. The main objective of this study is to understand and analyze investor's perception and expectations, and unveil some extremely valuable information to support financial decision making of mutual funds & to identify critical gaps in the existing framework for mutual funds. Ranganathan, K (2006) has studied the Fund Selection Behavior of Individual Investors towards Mutual Funds-with Reference to Mumbai City. This study has made an attempt to examine the related aspects of the fund selection behavior of individual investors towards Mutual funds, in the city of Mumbai. From the researchers and academicians point of view, such a study will help in developing and expanding knowledge in this field.

Sharma, N (2012) has carried out a study on Indian investor's perception toward the mutual fund. This research attempts to investigate the reasons responsible for lesser recognition of mutual fund as a prime investment option. This paper explored three factors named as fund/scheme related attributes, monetary benefits and sponsor's related attributes which may be offered to investors for securing their patronage. The results are expected to provide fruitful insight to mutual fund companies for tailoring their offers suitable to cater the needs and expectations of Indian investors. Singh, B. K. (2011) studied on investors' attitude towards mutual funds as an investment option. This paper consists of comparison between investment in mutual fund and bank and calculation of NAV. For measuring various phenomena and analyzing the collected data effectively and efficiently for drawing sound conclusions, Chi-square test has been used and for analyzing the various factors responsible for investment in mutual funds, ranking was done on the basis of weighted scores and scoring was also done on the basis of scale. Saini, S., Anjum, B., & Saini, R (2011) studied the analyses the mutual fund investments in relation to investor's behavior. Investors' opinion and perception has been studied relating to various issues like type of mutual fund scheme, main objective behind investing in mutual fund scheme, role of financial advisors and brokers, investors' opinion relating to factors that attract them to invest in mutual funds, sources of information, deficiencies in the services provided by the mutual fund managers. Geetha, N., & Ramesh, M. (2011) carried a study on people's preferences in Investment Behavior. This study examined on people's choice

in investment avenues of Kurumbalur. Data were collected using structured questionnaires. The sample size of area is analyzed by tools selected for this study was two hundred and ten respondents were randomly selected from the town. Data were analyzed using descriptive statistics and chi-square technique.

Parihar, B. B. S. & Parihar, D. S. (2009) analyzed Investor's Attitude towards Mutual Funds as an Investment Option. This study analyzes the impact of different demographic variables on the attitude of investors towards mutual funds. 200 respondents of Agra region, having different demographic profiles were surveyed. It indicates that there is a lot of scope for the growth of mutual fund companies in India, provided there are funds to satisfy everybody's needs and sharp improvements in service standards and disclosure. Wang, A. (2009) has studied Interplay of investors' financial knowledge and risk taking. This study demonstrates that, at least for investors, their objective knowledge, subjective knowledge, and risk taking are highly correlated. More importantly, gender emerges as an important factor that differentiates investors' levels of objective knowledge, subjective knowledge, and risk taking, whereas investors' subjective knowledge mediates investors' objective knowledge on risk taking.

## DATA ANALYSIS AND INTERPRETATION

**Table 1. Analysis of Demographic profile of the investors**

S.NO	DEMOGRAPHIC FACTORS	PERCENTAGE %
1.	No. of Respondents <ul style="list-style-type: none"> <li>• Male</li> <li>• Female</li> </ul>	100 54 46
2.	Age Group of Investors <ul style="list-style-type: none"> <li>• 24-35</li> <li>• 36-50</li> <li>• 51 &amp; above</li> </ul>	100 33 45 22
3.	Education Qualification of the investors <ul style="list-style-type: none"> <li>• School</li> <li>• UG</li> <li>• PG</li> <li>• Others</li> </ul>	100 8 31 45 16
4.	Occupation of the investors <ul style="list-style-type: none"> <li>• Public</li> <li>• Private</li> <li>• Business</li> <li>• Others</li> </ul>	100 15 33 36 16
5.	Income level of the investors <ul style="list-style-type: none"> <li>• &lt;100000</li> <li>• 100001-300000</li> <li>• 300001-500000</li> <li>• &gt;500001</li> </ul>	100 21 33 43 3

## Inference

The above table depicts the demographic factors where in there no much difference between the number of male and female investor's. Majority of investor's belonging to 36-50 age groups. Among the respondents, people having post graduation are more aware about mutual fund. The people who are doing business are showing more interest to investing in mutual fund. The income of respondents are scattered among the various income levels and 43% of respondents are found to be in the income level between INR 3Lakhs to INR 5Lakhs.

**Table 2: Safest Investment of the Investors**

<b>Safest Investment option</b>			
	Observed N	Expected N	Residual
Mutual fund	20	2.5	-5.0
Stock Markets	27	2.5	-.2.0
Bank Deposits	50	2.5	22.0
Others	3	2.5	25.0
Total	100		
<b>Test Statistics</b>			
	Safest Investment option	No of investors	
Chi-Square	2.000 <sup>a</sup>	2.000 <sup>a</sup>	
Df	3	3	
Asymp. Sig.	.572	.572	
a. 4 cells (100.0%) have expected frequencies less than 5. The minimum expected cell frequency is 2.5.			

## Inference

From the table it is found that the significant value is greater than 0.05. So, there is a no significant difference between the investment options of the Investors.

**Table 3: Analysis of Best mutual fund plan of the Investors**

<b>Category of Mutual Fund plan</b>			
	Observed N	Expected N	Residual
Balanced Plan	15	25.0	-10.0
Equity Plan	39	25.0	14.0
Income Plan	40	25.0	15.0
Others	6	25.0	-19.0
Total	100		
<b>Test Statistics</b>			

	Category of Mutual Fund plan	NO. of Investor chosen for Best plan
Chi-Square	35.280 <sup>a</sup>	35.280 <sup>a</sup>
Df	3	3
Asymp. Sig.	.000	.000
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 25.0.		

### Inference

From the table, it is found that the significant value is less than 0.05. So, there is a significant difference among the best mutual fund plan of the Investors. Majority of the investors feel that income plan is best plan among other mutual funds plan.

**Table 4: Investment period of the Investors**

Category of investment period			
	Observed N	Expected N	Residual
1-3 years	27	25.0	2.0
4-6 years	36	25.0	11.0
7-10 years	28	25.0	3.0
> 10 years	9	25.0	-16.0
Total	100		
Test Statistics			
	Category of investment period	No of investors holding the investment period	
Chi-Square	15.600 <sup>a</sup>	15.600 <sup>a</sup>	
Df	3	3	
Asymp. Sig.	.001	.001	
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 25.0.			



### Inference

From the table it is found that the significant value is less than 0.05. So, there is a significant difference among the investment period of the Investors.

**Table 5: Analysis of Risk associated with Mutual Fund**

Option	No. of Investors
Low	30
Moderate	53
High	17
Total	100

### Inference

From the above chart it is found that majority of the investors are clear that moderate risk is associated with the mutual fund.

**Table 6: Sources of knowledge about Mutual Fund**

Sources of knowledge about MF	Mean	Rank
Television	2.8	4
Internet	3.04	2
newspaper/ journals	3.11	1
Friends/ Relatives	3.02	3
Sales Representatives	3.04	2

### Inference

From the above table it is found that the majority of the investors prefer getting details from newspaper/journals, followed by internet and sales representative are being highly used and friends/relatives/television.

**Table 7: Gender factors influencing the investment decision of the investors**

S.NO	Factors Influencing the investment decision	T	Significant value
1.	Liquidity	0.828	0.410
2.	High return	2.114	0.037
3.	Professional management	0.700	0.485
4.	Diversification	1.589	0.115
5.	Brand image	0.084	0.933

6.	Price	0.258	0.797
7.	Risk	0.017	0.986

### Inference

From the table it is found that the significant value is greater than 0.05. So, there is no significant difference between the gender with respect to factors influencing the investment decision of the investors. There is a significant difference between gender with respect to high return factor towards the investment decision.

**Table 7: Analysis of Age group towards factors influencing the investment decision of the investors**

S.NO	Factors Influencing the investment decision	F	Significant Value
1.	Liquidity	0.078	0.925
2.	High return	0.812	0.447
3.	Professional management	3.820	0.025
4.	Diversification 1	0.772	0.465
5.	Brand image	0.372	0.690
6.	Price	0.319	0.728
7.	Risk	0.728	0.486

### Inference:-

From the table it is found that the significant value is greater than 0.05. So, there is no significant difference between the age group with respect to factors influencing the investment decision of the investors. There is a significant difference among the age level with respect to the factor professional management towards investment decision of the investors.

**Table 8: Analysis of Education Qualification factors towards the Investment Decision of the Investors**

S.NO	Factors Influencing the investment decision	F	Significant Value
1.	Liquidity	0.392	0.759
2.	High return	0.183	0.907
3.	Professional management	3.455	0.019
4.	Diversification	0.467	0.706
5.	Brand image	1.442	0.235
6.	Price	1.505	0.218
7.	Risk	1.093	0.356



**Inference:-**

From the table it is found that the significant value is greater than 0.05 there is no significant difference between the Education qualifications with respect to factors influencing the investment decision of the investors. There is a significant difference among the education qualification with respect to the factor professional management towards investment decision of the investors.

**Table 9: Analysis of income level towards source of knowledge about mutual fund**

S.NO	Primary Sources Of Knowledge	F	Significant value
1.	Television	0.427	0.734
2.	Internet	2.741	0.047
3.	Newspaper	0.088	0.966
4.	Friends	0.513	0.675
5.	Sales Representative	0.114	0.952

**Inference**

From the table it is found that the significant value is less than 0.05. So, there is a significant difference between the income levels with respect to primary sources of knowledge about mutual fund. There is a significant difference between income levels with respect to internet towards the sources of knowledge.

**Table 10: Income level factors influencing the investment decision of the investors**

S.NO	Factors Influencing the investment decision	F	Significant value
1.	Liquidity	1.396	0.249
2.	High return	0.316	0.814
3.	Professional management	0.264	0.851
4.	Diversification	0.154	0.927
5.	Brand image	0.399	0.754
6.	Price	0.088	0.966
7.	Risk	0.916	0.436

**Inference:-**

From the above table it is found that the significant value is greater than 0.05. Hence, the null hypothesis is accepted. It is proved that there is a no significant difference between the investors' income level and the factors affecting investment decision.

**SUGGESTIONS**

- It is found that majority are male. So, the company should concentrate more awareness about mutual fund on females. The company can emphasize on PG & UG level because majority of the investors are from this level. The company should focus on businessmen & private working investors. The middle level income level (300001-500000) should be concentrated more because

their high involvement in MF & High income group should be made aware of mutual fund plan as there is low involvement.

- Majority of the investors who saves 10-15% of their income towards savings should be concentrated more by the company. Investors are diversified investing in different investment option, mutual fund plan and investment period place are better to concentrate. There is less number of different between the male & female respondent. So, there is no difference between gender with respect to source of knowledge .The company has to give importance to the different income level of the investors.

## CONCLUSION

Investors' opinion and perception has been studied relating to various issues like type of mutual fund scheme, main objective behind investing in mutual fund scheme, level of satisfaction, factors affecting their investment decision and sources of information, investment period, deficiencies in the services provided by the mutual fund managers . From the study it is inferred that male investors are aware of mutual fund more than female and educated people are the major respondent to this sample. The working and business people are major contributor to the mutual fund. There is a significant difference among the investment plan, mutual fund plan and investment period of the investors. There is a significant difference between & income level with respect to internet return towards the sources of knowledge. There is significant difference between the age group, education qualification & gender with respect to factor professional management & high return towards the investment decision. From the research it is found that investors have better sources of knowledge about mutual fund. The mutual fund company should convey timely information to the investors about mutual fund. New and more innovative schemes should be launched from time to time so that investor's confidence should be maintained. All this will lead to the overall growth and development of the mutual fund industry.

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