

# The Study on Investors Attitude towards Mutual Funds as an Investment Avenue

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### Abstract

*There are several investment options available. We would categorise or put them into groups to make our lives simpler. There are many different investing opportunities in India. Some of them are liquid and marketable, while others cannot be liquidated. Some of them are also very dangerous, while others are essentially risk-free. Depending on his individual needs, risk preferences, and expectations, the person must select Proper Avenue from among them. Some investment options, such as PPF, NSC, post office savings, government securities, equity share market, life insurance, corporate bonds, and debentures, can be generally categorised. A mutual fund is a business model where many participants combine their money towards a common financial objective. The proceeds from the capital market investments made with the funds obtained are distributed to the owners of the different assets. The UTI Act laid the groundwork for the mutual fund industry in India by effectively creating a small savings division under the RBI. Due to the reasonable growth and favourable returns delivered to investors over a 25-year period, public sector banks and financial institutions were given permission to float mutual funds in 1989, and their success encouraged the government to allow the private sector to participate in this market.*

### Introduction

A mutual fund combines and gathers money from several investors to make investments in bonds, stocks, governmental debt, and money market instruments. Professional fund managers adhere to the mutual fund scheme's investment objective while investing the funds obtained through mutual fund programmes in stocks, bonds, etc. The income gains earned by this combined investment scheme are allocated evenly among the shareholders by calculating the "Net Property Values" of the scheme, or NAV, after subtracting any necessary charges and fees. Mutual funds want a little charge in return. A mutual fund is, in essence, a collection of funds that are contributed by a number of participants and are overseen by an experienced fund manager.

### Objectives of the Study

- To investigate the level of knowledge of mutual funds in relation to age, income, and educational attainment.
- To examine the motivation for investing in mutual funds.
- To understand mutual fund investing preferences relative to alternative investment possibilities.

### **Methodology of the Study**

Only primary and secondary data were used in this investigation. 100 respondents made up the sample, representing a range of ages and socioeconomic statuses. The respondents were chosen from various geographical regions. The purpose of the questions was to gauge the respondents' familiarity with mutual funds. The questionnaire was given out to the chosen respondents, and the information gathered was examined. Before being studied with statistical methods such as percentile analysis, graphic and tabular presentation, and tabulation, the data was edited, encoded, and tabulated.

### **Developing the Questionnaire**

- Defining research objectives clearly to guide questionnaire development.
- Formulating unbiased questions aligned with research goals, utilizing both closed and open-ended formats.
- Pre-testing the questionnaire with a small group to ensure clarity and validity.
- Distributing the questionnaire using Google Forms via email, social media, or other relevant channels.

### **Literature Review**

- Identifying relevant academic sources through databases and search engines.
- Critically evaluating sources for credibility, methodology, and objectivity.
- Analyzing literature to identify key themes, trends, and gaps in knowledge.

### **Data Analysis**

- Analyzing data using statistical software (SPSS) to calculate frequencies, percentages, and correlations.

### **Integration and Reporting**

- Integrating findings from analysis to draw comprehensive conclusions.
- Discussing implications and proposing recommendations for future research or action.

### **Review of Literature**

R. Ganapathi, Mutual fund mobilisation has increased in India since it began in 1963. The private sector was allowed access to the Indian mutual fund market between 1987 and 1989. Since 1993, there has been a shift in the investment pattern in favour of funding from the private sector. Mutual funds have clearly taken the place of alternative investment choices like savings accounts, property, gold, pension funds, and such as individual preferred method of investing because to the drop in rates of interest and growth in influence.

Anjumoni Kotoki, every investor wants to put money into a company that maximises their return while minimising risk. Investors currently have a number of options where they can invest and receive a higher return. The allocation of capital and the mobilisation of savings are both crucial functions of India's capital market. The investment management firms serve as a broker, assisting investors in making financial contributions to the capital market.

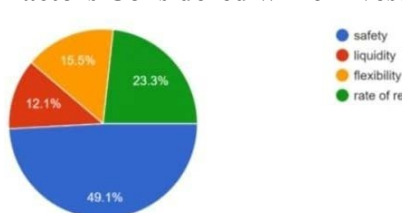
Dr. Binod Kumar Singh A mutual fund is a collection of investor money with predetermined investment goals. Money is invested in a range of securities depending on the mutual fund scheme's objectives, and profits (or losses) are divided among investors based on their contributions. Various marketplaces and industry sectors accept investing in securities.

Dr. JK Raju, Mr. Manjunath B R, Mr. Sachin H, With the intention of investing the money to achieve financial goals, a mutual fund will amass contributions from individuals. The funds are placed in a number of securities in accordance with the mutual fund plan's objectives, and profits (or losses) are divided among investors according to their contributions. Investments in securities are made across a range of markets and sectors. The risk is reduced by diversification since not all equities are going in the same direction, at the exact same moment, and in the same quantity.

Singh, R., & Mohanty, S, Singh and Mohanty's (2020) An investigation on Indian investors' attitudes towards utilising mutual fund investments as a source of funding is conducted. The majority of investors believe mutual funds are a wise option of investment, the survey claims, and they have a positive perception of them. A number of factors that influence investors' perceptions of mutual funds were also discovered by the poll.

### Data Interpretation and Analysis

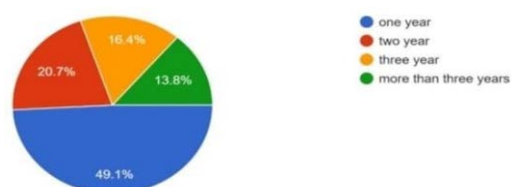
#### Factors Considered while Investing



#### Interpretation

The survey participants have considered the factors while investing in mutual funds. 49 respondents (49%) selected safety. From the survey, it was identified that many prefer safety in mutual fund. It concluded that (49%) with 49 respondents has preferred safety in mutual fund.

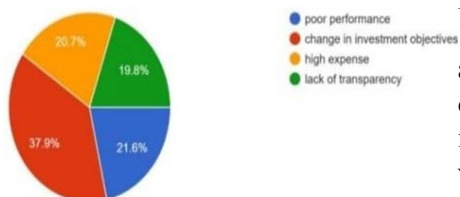
#### Preference on Investment Period



#### Interpretation

The survey data shows the frequency and percentage of observations for each duration. Out of all the observations, 49 (49%) were measured for one year, 21 (21%) were measured for two years, 16 (16%) were measured for three years, and 14 (14%) were measured for more than three years.

#### Reasons to Exit

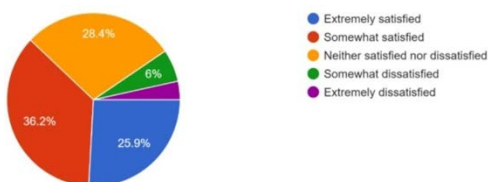


#### Interpretation

The most common reason for changing investment plans appears to be poor performance, with 21 instances or 21% of the total. The second most common reason for changing investment plans is a change in the investment plan itself, with 38 instances or 38% of the total. Lack of transparency is the least common reason for changing investment plans,

with 20 instances or 20% of the total.

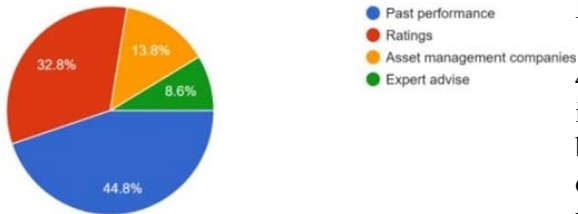
#### Satisfaction of Investors



#### Interpretation

It appears that the data provided represents a survey or analysis of the level of satisfaction among respondents with a particular experience. The table lists five possible levels of satisfaction and their corresponding frequencies and percentages among the respondents.

### Preference Before Investing



### Interpretation

According to the poll, with a frequency of 45 and a percentage of 45%, “past performance” is the most crucial criterion to take into account before investing. Before making any financial decisions, it is always advisable to do extensive research and consult a competent advisor.

The significance of each aspect may vary based on personal circumstances and investment goals.

### Findings and Recommendations

The study’s findings suggest that investors have a positive view of mutual funds as a form of investment. According to the research, a sizeable amount of respondents prefer to invest in mutual funds, while a much smaller portion choose to do so through other channels like equities, real estate, or fixed deposits.

This shows that investors are increasingly choosing mutual funds as their preferred investment option. In addition, the study shows that investors from a variety of backgrounds, including rural and urban areas, various jobs, and various income levels, have a favourable propensity for mutual funds.

According to discussions of the results, investors might view mutual funds as a practical and easily accessible investment choice that provides diversity, expert fund management, and the possibility for greater returns. The study also shows that elements like risk tolerance, investment education, and financial goals may have an impact on investors’ sentiments towards mutual funds. Overall, the study’s findings imply that mutual funds are well-liked by investors and are a potential source of capital for accumulating wealth and diversifying a portfolio.

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