



## **“A STUDY OF INVESTORS’ PREFERENCE TOWARDS MUTUAL FUNDS IN BARDOLI REGION”**

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**ABSTRACT:** *A mutual fund is an investment security that enables investors to pool their money together into one professionally managed investment. In this project objective was to identify investment preference towards mutual fund and to find the attributes which are most important to the investor of Mutual fund. In this research used descriptive research design and primary data collection through the questionnaire and getting the result of investor’s preference towards mutual fund. A sample of 100 investors was taken for carrying out the research. From the research, concluded that Mutual Fund is good investment tool because of several benefits like Portfolio Diversification, Professional Management, Risk Reduction, Flexibility, Transparency and Low Transaction Cost.*

**KEY WORDS:** *Mutual fund, Investor’ preferences , Factors of mutual fund*

### **1.INTRODUCTION:**

Mutual Fund is an excellent investment option to park your funds for professional management, diversification of risk, maximization of returns and least effective tax liability as compared to any other investment options. Even when your investment horizon is for a few days, mutual funds investment will earn for you. You can invest in Mutual Fund By various ways; you can invest at one time or on monthly basis. The concept of invest monthly is called SIP (Systematic Investment Plan). A Mutual Fund is a trust that pools the savings of a number of investor 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 appreciations realized are 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.



## **1.LITERATURE REVIEW:**

M. Gurusamy (2011) studied the investor preference toward various investment avenues in mutual fund. The main objective of the study his study is to find out the investors preference towards various investment avenues like fixed deposits, post-office schemes, bonds / debentures, share market, mutual funds and insurance. In this study dictated that the majorities of the investors are satisfied with their investments in mutual fund. Investments in insurance and housing are found to be the popular avenues for saving tax in addition to mutual funds.

V. Rathnamani (2013) studied that the Investor's Preferences towards Mutual Fund Industry in Trichy. Objective is to find out which factors attract investors to invest in mutual fund and to analyze the investors awareness and perception regarding mutual fund. The study explains that many investors are preferred to invest in mutual fund in order to have high return at low level of risk, safety liquidity. In this study investors are willing to take moderate and low level risk; most of the investors belong to moderate investment style.

Priti Mane (2016) conducted his research on investor's preference toward mutual fund in the city of Aurangabad. Aim is to know the investor view and awareness of MF in Aurangabad people. Take 150 respondents of that particular region. The objective which is set to study the investor view toward mutual fund as per the sample size and test which is applied to study found that the investor are not choosing or feeling confident in MF because they think that MF is risky than other investment option. Awareness of Mf among investor is very low.

Gupta (2012) studied on Investor preference towards mutual fund and other financial assets. Aim is to know the preference of investor and their need regarding mutual fund investment. Find out investor can also plan like one mutual fund of dirvsified equity plan, second mutual fund of balanced type. Particularly the small investors, mutual funds have provided a better alternative to obtain benefits of expertise based on equity investments to all types of investors. Studied relating various issues like types of mutual fund schemes, level of satisfaction, role of the financial advisor and brokers, source of information and deficiency of service provided by the MF managers etc



PreetiKhitoliya (2014) concludes that tax benefit and flexibility as the greatest benefit of investing in mutual fund followed by transparency, diversification and return. Majority respondent in the age of 35-44 wish to invest in the mutual fund which ensures wealth maximization followed by balanced fund and income funds similar results were seen in the age group of 25-34 but a reverse trend were seen in the age group of 45+ years where majority was risk averse as they expressed to invest in mutual fund scheme which guarantees safety of principal amount followed by balanced fund and growth fund.

### **1.METHODOLOGY:**

In this research used descriptive research design and primary data collection through the questionnaire and getting the result of investor's preference towards mutual fund. The selection of the respondents was done on the basis of convenience technique based on the Non-Probability Sampling Method. A sample of 100 small and big investors from Baradoli was taken for carrying out the research. Time duration is December 2018.

#### **1.Objective of study:**

- The main objective of this report is to identify investment preference towards mutual fund.
- To find the attributes which are most important to the investor of Mutual fund.

#### **1.Data Analysis:**

1) The respondents are which investment like to prefer. The majority of 60% respondents prefer mutual fund and 40% respondents equity share, 29% real estate prefer, 34% respondents debt, 24% respondents are like to prefer bank fixed deposit & 23% respondent are government securities prefer and commodities market. 12% respondents are public provident fund prefer.



2)

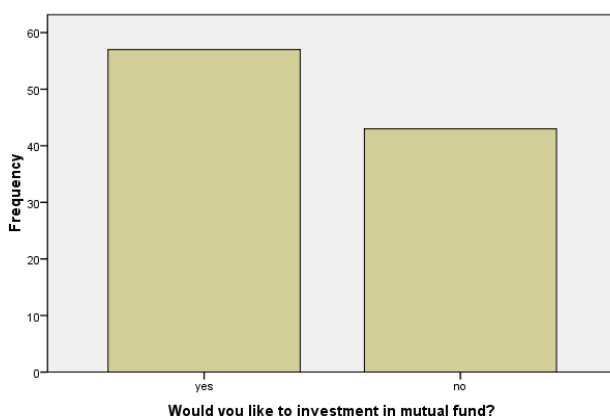
Are you aware about all the benefits and Terms & Conditions of Investment?



The majority of respondents (76%) are aware about benefits as well as terms & conditions of investment.

3)

Would you like to investment in mutual fund?



The majority of 57% respondents are like to invest in mutual fund and 43% of respondents they do not like to invest in mutual fund.



4)

**One-Sample Test**

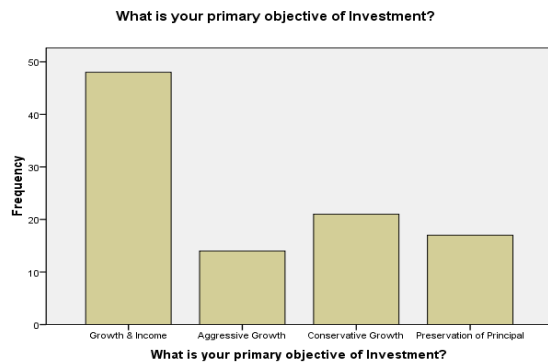
	Test Value = 1					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Liquidity	17.274	99	.000	2.330	2.06	2.60
High return	17.816	99	.000	2.300	2.04	2.56
Lower risk	18.509	99	.000	2.230	1.99	2.47
Expertise	17.477	99	.000	1.880	1.67	2.09
Diversification	20.328	99	.000	2.400	2.17	2.63
Safety of money	23.137	99	.000	2.830	2.59	3.07
Tax benefits	17.385	99	.000	1.960	1.74	2.18
Past performance	17.491	99	.000	1.760	1.56	1.96
Regular Income	27.365	99	.000	2.560	2.37	2.75
Company reputation	20.445	99	.000	2.690	2.43	2.95

The p-value is 0.000 is less than 0.05. It can be concluded that null hypothesis is rejected; it means that high return is least important factor while making investment in mutual fund.

From the above table the p-value is 0.000 is less than 0.05. It can be concluded that null hypothesis is rejected; it means that liquidity is important factor while making investment in mutual fund.

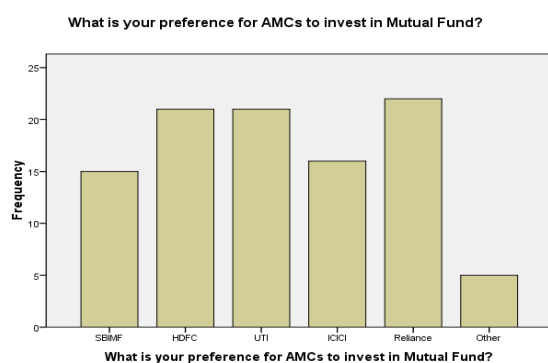


5)



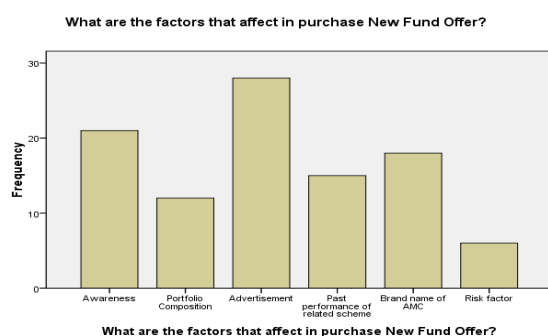
The primary objective of majority investors i.e. 40% of investors' primary objective is growth & income, 21% of investors' primary objective is conservative growth, 17% of investors' primary objective is preservation of principal. 14% of investors are Aggressive Growth of fund.

6)



It can be seen that most of the investors i.e. 22% of investors prefer Reliance as a AMC to invest in mutual fund and 21% of investors prefer HDFC as a AMC for investment, 21% of investors prefer UTI as a AMC for investment, 16% of investors prefer ICICI for investment, 15% of investors prefer SBI MF as a AMC, 5% of investors prefer other AMC. So that all the investors have different preference for the investment.

7)

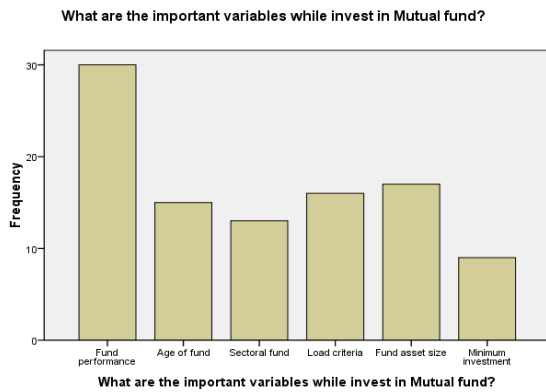


Graph shows the factors that affect in purchase new fund offer. From the above graph, it can be seen that advertisement and then awareness has a major influence on purchase of new fund offer. The brand names of AMCs & past performance also have a more influence on purchasing new



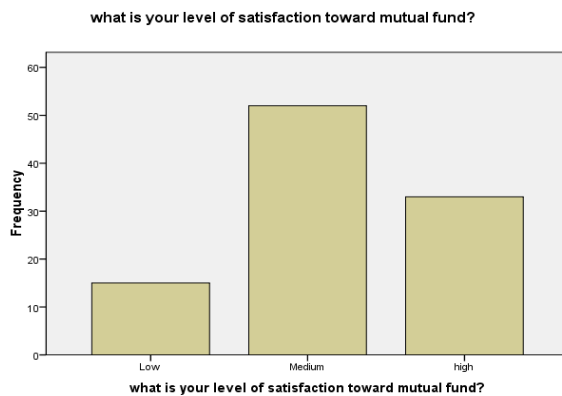
fund offer. Risk factor, portfolio composition related scheme have less influence on purchase of new fund offer in comparison from above factors.

8)



Graph shows the important variables while invest in mutual fund. From the graph, it can be seen that 30% of investors believes that Fund performance is important variable while invest in mutual fund. 15% of investors believe that age of fund is an important variable for investment. 17% of investors believe that fund asset size & 13% of investor believes sectoral fund and 9% Of investors believe that minimum investment is important variable while invest in mutual fund.

9)



Graph shows the level of satisfaction towards mutual fund. Majority of 52% investors have medium level of satisfaction toward mutual fund and 33% investors have high level of satisfaction and other have low level satisfaction in mutual fund investment.



10) Problem is face by investors in investing in mutual fund. 45% of investors face lack of information in advertisement. 43% investors have no clear idea about public issue. 32% of investors face lack of initiative by the industry. 28% investors face problem regarding insufficient agent and broker.

<u>Age</u>		Frequency	Percent
Valid	18-25	51	51.0
	26-35	33	33.0
	36-45	14	14.0
	46-55	2	2.0
	Total	100	100.0

<u>Gender</u>		Frequency	Percent
Valid	Male	70	70.0
	female	30	30.0
	Total	100	100.0

<u>Occupation</u>		Frequency	Percent
Valid	service	29	29.0
	business	23	23.0
	professional	18	18.0
	agriculture	11	11.0
	student	19	19.0
	Total	100	100.0

<u>Education</u>		Frequency	Percent
Valid	Up to10thStd	6	6.0
	12th Pass	12	12.0
	Graduate	47	47.0
	Post Graduate	35	35.0
	Total	100	100.0

### 1.FINDING:

Among the several investment avenues majority of investors would like to prefer mutual fund and then equity after debt.





Particularly 57% investors would like to investment in mutual fund. 76% respondents are aware about benefits and terms & conditions of investment. 24% respondents are unaware about benefits and terms & conditions of investment.

Majority 48% investors have primary objective of investment is growth and income. 21% investor's Primary objective is conservative growth.

Reliance is most of investor's preference for AMCs to investment in mutual fund. 21% in HDFC MF and SBIMF.

Advertisement has a major influence on purchase new fund offer. After awesomeness and brand name of AMC is the affect in purchase new fund offer.

Fund performance is the important variable while invests in mutual fund. 17% of investors consider fund assets size is the important variable while invests in mutual fund. 15% of investors consider age of fund as important variable while invest in mutual fund.

52% investors have medium level of satisfaction toward mutual fund. 23% investors have high level of satisfaction toward mutual fund. Other 15% investors have low level of satisfaction toward mutual fund.

Here the investors face many problems while investing in mutual fund. 45% of investors face lack of information in advertisement. 43% investors have no clear idea about public issue.

From the above table the p-value is 0.000 is less than 0.05. It can be concluded that null hypothecs is rejected; it means that above factors is least important factor while making investment in mutual fund.

Majority of Investors' age is between 18 to 25 years i.e. out of 100 respondents, 51% respondents' age is 18-25 years. Majority of investors are male 70 respondents & 30 respondents are female. So that we interpret that males are more interested in investing in the mutual fund than female. Majority investors are Serviceman, Businessman & Professionals. So we interpret that Serviceman, Businessman & Professionals are more like to invest in mutual fund than students, farmers. 47% respondents are Graduate and 35% Post Graduate, 12% 12th pass, and 6% respondent are 10th pass. So we interpret that the educated people are more interested in investing in mutual fund than uneducated people.



## 1.CONCLUSION:

Among the several investment avenues majority of investors would like to prefer mutual fund and then equity after debt. Advertisement has a major influence on purchase new fund offer. After awesomeness and brand name of AMC is the affect in purchase new fund offer. Fund performance is the important variable while invests in mutual fund. Here the investors face many problems while investing in mutual fund. Investors face lack of information in advertisement and have no clear idea about public issue. Males are more interested in investing in the mutual fund than female. Majority investors are Serviceman, Businessman & Professionals.

From the research, concluded that Mutual Fund is good investment tool because of several benefits like Portfolio Diversification, Professional Management, Risk Reduction, Flexibility, Transparency and Low Transaction Cost. There are numbers of Schemes are available in Mutual Funds.

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