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A Study of Investment Patterns and Customer Perception Towards Mutual Fund in Tirunelveli City

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ABSTRACT

A mutual fund is an investment vehicle that pools in the money of several investors and collectively invests this amount either the equity market or the debt market or both depending upon the fund's objective. This means you can access either the equity or the debt Market or both, without investing directly in equity or debt. According to securities and exchange board of India (SEBI) regulations "Mutual fund means a fund established in the form of a trust by a sponsor to raise money by the trustee through sale of units to the public under one or more schemes for investing of Securities in accordance with the regulations. Thus mutual fund collects money from the investors, issues certificate to achieve mutual benefits in term of capital appreciation in such Securities." The research provides an investment pattern and customer perception towards mutual funds. research focus on the relationship between investment decision and demographic.

KEYWORDS: Investment, investor, mutual fund

INTRODUCTION

A mutual fund is an investment vehicle that pools in the money of several investors and collectively invests this amount either the equity market or the debt market or both depending upon the fund's objective. This means you can access either the equity or the debt Market or both, without investing directly in equity or debt. According to securities and exchange board of India (SEBI) regulations "Mutual fund means a fund established in the form of a trust by a sponsor to raise money by the trustee through sale of units to the public under one or more schemes for investing of Securities in accordance with the regulations. Thus mutual fund collects money from the investors, issues certificate to achieve mutual benefits in term of capital appreciation in such Securities."

Objectives of the study

The research has been carried out with the following objectives in

1. To study the level of awareness of various investment methods available.
2. To identify if any investment pattern exist amongst the public.
3. To study the awareness level of mutual funds.
4. To identify the reasons for investing and for not investing in mutual funds.
5. To study the preference for various kinds of mutual funds schemes.
6. To bring out suggestions to improve awareness about mutual funds.

Scope of the study

The research study undertaken does not probe too much about whether the respondents have a very fine insight into mutual funds. The research resolves around a general awareness level and perception towards mutual funds. The research would reveal results about the awareness of the various investment patterns, about mutual Funds.

Research Methodology:

The study adopts descriptive research design .Descriptive design is one which gives a snapshot of the prevailing environment. It is used to provide a summary of some aspects of the environment when certain aspects of the problem are speculative in nature. Proper care has been taken to ensure that the information needs match the objectives that in turn match the data collected through the questionnaire. Data was collected through both primary and secondary data sources. Primary data was collected through a questionnaire. The research was done in the form of direct personal interviews. The primary data with the help of questionnaire was collected from end users in Tirunelveli city. Secondary data is collected from company website, magazines and brochures.

Sampling Technique:

The sampling technique used was under non-probability convenience sampling salaried executives, Business executives ,professionals and retired people were the target respondent group from which the data were collected. The interview was conducted at shopping malls and at other important places.

The statistical tools used for data analysis were

1. Percentage analysis
2. Two way analysis table

Limitations of the study:

1. The sampling technique which was used is convenience sampling, so the study was conducted only in and around part of Tirunleveli city which may not be representative of the entire population.
2. The raw data was collected with the help of structured questionnaire technique. Therefore study is founded by the limitations of this technique.
3. The analysis is based on the data provided by the respondents. the views of those did not participate in the survey is not included.
4. As the survey was pertaining to their investment habits, respondents may have with held some sensitive information.
5. The study was constrained by limitations of time.

TABLE-1: Demographic profile of the respondents

Factors	Classification	No of Respondents (145)	Percentage (%)

Age	Up to 30 years 30 – 40 years Above 40 years	51 40 54	35.2 27.6 37.2
Gender	Male Female	134 11	92.4 7.6
Marital status	Un married Married	36 109	24.8 75.2
Nature of Employment	Salaried Business Professional Retired	75 39 13 18	51.7 26.9 9 12.4
Annual income level	1 lakh - 3 lakh 3 lakh -5lakh 5lakh -7lakh Above 7 lakh	19 41 43 42	13.1 28.3 29.7 28.9
Reason for saving	Children's education Tax benefit Future need To earn high returns	25 28 65 27	17.2 19.3 44.8 18.7
Influence factor	Friends Consultants Family members Auditors Advertisement By self	29 32 34 4 8 38	20 22 23.5 2.8 5.5 26.2

Interpretation:

37.2% of the respondents are come under age group of above 40 years,92.4% are male, and 75.2% are married, 51.7% are salaried people, 29.7% respondents earned are 5 to 7 lakhs income, 44.8% people investing the mutual fund for the purpose of savings, 26.2% respondents are investing the mutual fund by own interest. .

TABLE -2: Age and performance level of mutual funds

Age	Very Good	Good	Moderate	Poor	Total
Up to 30 years	9 (17.6)	34 (66.7)	8 (15.7)	0	51
31-40 years	14 (35.0)	15 (37.5)	10 (25.0)	1 (2.5)	40

Above 40 years	8 (14.8)	37 (68.5)	7 (13.0)	2 (3.7)	54
Total	31	86	25	3	145

Interpretation: From the above table it is identified as follows: Most of the below 30 years age group respondents opined that performance level of mutual fund is good. Most of the 31-40 years age group respondents opined that performance level of mutual fund is good. Most of the above 40 years age group respondents opined that performance level of mutual fund is good

Table-3; Occupation and reasons for investing in mutual funds.

Reasons	**Salaried**	**Business**	**Professional**	**Retired**	**Total**
Best return when compared with other avenues	41 (54.7)	14 (35.9)	5 (38.5)	10 (55.6)	70
Professional management	6 (8.0)	8 (20.5)	2 (15.4)	0	16
Consistency of steady returns	4 (5.3)	8 (20.5)	2 (15.4)	0	14
Trade off between risk and return	3 (4.0)	1 (2.6)	0	2 (11.1)	6
Diversification	4 (5.3)	3 (7.7)	3 (23.1)	1 (5.6)	11
Liquidity	17 (22.7)	5 (12.8)	1 (7.7)	5 (27.8)	28
Total	75	39	13	18	145

Interpretation:
From the above table it is found as follows:

1. Most of the salaried peoples invest their money for the reason of 'Best return when compared with other avenues'.
2. Most of the business peoples invest their money for the reason of 'Best return when compared with other avenues'
3. Most of the professional's peoples invest their money for the reason of 'Best return when compared with other avenues'

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4. Most of the retired peoples invest their money for the reason of 'Best return when compared with other avenues'

Table-4; Annual income level and reasons for investing in mutual funds.

Reasons	**Rs.1 lakh-3 lakh**	**Rs3 lakh-5lakh**	**Rs 5lakh-7lakh**	**Above Rs 7lakh**	**Total**
Best return when compared with other avenues	13 (68.4)	23 (56.1)	17 (41.5)	17 (43.6)	70
Professional management	0	3 (7.3)	5 (12.2)	8 (20.5)	16
Consistency of steady returns	0	1 (2.4)	8 (19.5)	5 (12.8)	14
Trade off between risk and return	1 (5.3)	1 (2.4)	4 (9.8)	0	6
Diversification	0	3 (7.3)	3 (7.3)	0	11
Liquidity	5 (26.3)	10 (24.4)	4 (9.8)	9 (23.1)	28
Total	19	41	43	42	145

Interpretation:

From the above table it is easily identified that all the income group respondents invest their money for the reason of 'Best return when compared with other avenues'.

SUGGESTIONS

1. Regarding those who know about mutual fund, many perceive that mutual funds offer the best return. Diversification, professional management are not considered to be the important. Factors through they are critical to the success of mutual funds. Hence this could be given a focused promotion.

2. The role of advertisement in influencing the decisions were very low .people do not believe much In advertisement. Hence the strategy of advertising must be reviewed to attract and retain customer interest. The popularity of debt, balanced mutual fund is low .it can be enhanced by emphasizing the fact.

3. That the risk level is low.

CONCLUSION

Every human saves one part of his income for some future needs. for this purpose, people are interested to save their income through bank saving, post office saving ,chit funds, share market, mutual funds & insurance .The study has concluded that 'Tax Benefits' are The motto of the salaried and retired people and 'Higher returns ' are the motto of the business People. 5-10 % of the income is the amount invested. many do not perceive mutual funds as a diversification of risk or consistency of returns when mutual funds provide such benefits. This need to be given a closer look .The feeling that mutual funds have a high degree of risk associated with it should be eradicated. The popularity of mutual funds investments would be Enhanced if all these factors are factors are taken into account.

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