A STUDY ON INVESTMENT PATTERN AND CUSTOMERS PERCEPTION TOWARDS MUTUAL FUNDS IN DELHI REGION

Dr. Jai Kumar Sharma

Professor, PCJ School of Management

Maharaja Agrasen University, Baddi Solan (HP) INDIA

ABSTRACT

For today's intricate and contemporary financial sector, mutual funds are sound investment instruments. In India, there has been growing importance of mutual funds, when compared with other financial instruments. Mutual funds aggregate money from a variety of investors and invest it in a variety of assets such as stocks, bonds and other securities. These are managed by a professional fund manager and dividends are paid out. Some programs provide risk-free fixed returns, while others pay dividends mainly dependent on market changes and prices. The mutual funds give access to professionally managed portfolios to small and individual investors. The main objective of this study was to know the investment patterns and customers' perceptions regarding mutual funds in Delhi. The study sample size was 60. A systematic questionnaire with multiple-choice questions was used to collect data. Under the study, simple statistical tools were used such as percentage analysis, mean, standard deviation and ranking to analyze the data. This research focused on customers' perceptions of mutual funds, such as the schemes they prefer, the plans they choose, and the reasons for their decisions. It also focuses on the investment pattern such as longevity of the investment, different mutual funds, preferences in investment, factors that influenced them and other parameters. The study revealed that customers' most important factors were parameters considered while investing which was high return followed by liquidity. The least important factors were the type of scheme that was open-ended and close-ended. The study concluded that investors invest in mutual funds due to high return, SIP, liquidity, various options available and different funds in which investors can invest.

Keywords: Mutual fund, Investment pattern, Customers perception, SIP

1.   INTRODUCTION

A mutual fund is a sort of pooled investment vehicle that was founded to raise money from a large number of people and invest it by a pre-determined goal, with the profits delivered to investors by their investment on a pro-rata basis. In various types of financial instruments, mutual funds are one of the most fetching financial investment instruments that play an important role in a country's economy. Mutual Funds have become a globally popular and effective option for investors to participate in financial markets. It is a regular pool of money into which investors with regular investment targets, place their contributions that are to be invested, to achieve the expressed goal of the scheme in an easy low-cost fashion, while silence risk characteristics develop the high liquidity and very short maturity. It is used by investors as a means for a short-term investment, with maturities that generally range from whole night investment all different variety of safety, also studied as diverseness**.** It can play a primary role in an individual's investing scheme. Mutual fund schemes provide a new occasion for stockholders. They offer the possible capital growth and income through investment performance, dividends, and distributions under the guidance of a professional manager who makes investment decisions for the benefit of investors. Over the past system, mutual funds companies have increasingly become the investor's choice for long-term investment. It becomes applicable to study the performance of the mutual fund. The relation between risk and return determines the performance of a mutual fund scheme. As risk is similar to return accordingly, the provision of extreme return on the investment made within the acceptable equivalent risk level helps in separating the better performers among different mutual funds. There are many different types of asset management organizations operating in India, thus it is essential to examine their performance in order to help investors choose the right mutual fund. The money is invested by the manager of investments into assets that are specified by the

scheme's stated objective. A debt fund, for instance, would invest in bonds, debentures, gilts, and other debt-related securities while an equity fund would engage in equities and equity-related instruments.

In India, the mutual funds were first established in 1963 and started the development of Unit Trust of India. Many exceptional and quick changes have been seen in the mutual fund industry.
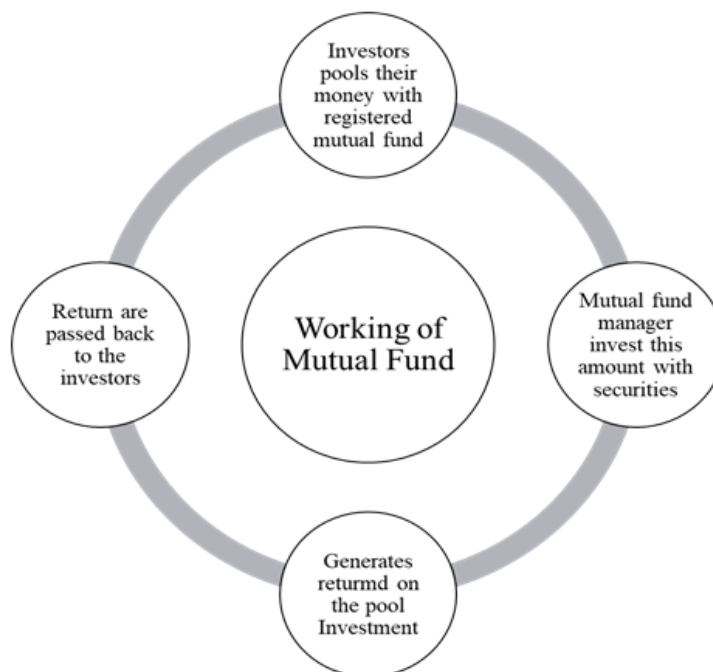

Fig 1.1 Flow chart depicts the operational flow of mutual fund

Mutual Fund Units and NAV Calculation

Mutual funds provide units to investors in accordance with the quantum of money invested by them. Investors in the mutual fund are commonly known as unit holders. When investors invest money in any scheme, he/she is allocated a unit. The value of each unit is called Net Asset Value (NAV) as it reflects the current market value of a single unit of fund holding. When investors invest in the fund, they buy units of the fund at their NAV price.

The number of the unit that the investor can buy depends on the factors:

- NAV of each unit
- Total amount of investment

The formula for calculating Net Asset Value is as follows:

NAV = [Assets – (Liabilities + Expenses)] / the number of units that are still available

The value of securities and liquid cash is included in the assets. Equity, debentures, bonds, bills ofexchange, and commercial paper are among the securities in which the plan has invested. It also includes any accumulated interest and dividends.

2.   REVIEW OF LITERATURE

Renjith and Sachithananthan (2020) attempted to determine investor preferences for mutual fund systematic investment plans (SIPs), and the findings assist mutual fund businesses in identifying areas for improvement and improving their marketing tactics. It also assists mutual fund businesses in developing new and innovative products based on investor preferences. This study concluded that the investor's choices of mutual fund market systematic investment plans depend on liquidity, risks involved, and current market conditions as they are the crucial decision elements that influence mutual fund investments. The most significant grounds for systematic investment are consistency in performance and the efficiency of the fund manager. **Shah and Bhatt (2020)** concluded the study to know the prospect

of the mutual fund market in Gujarat. According to the findings, different demographic parameters such as age, marital status, gender, city, income level, market knowledge, occupations, and qualifications, among others, have a significant impact on investors' investing decisions. The advantages of investing in mutual funds have been recognized by investors. It was also concluded that the ability to redeem at net asset prices is the key reason for mutual funds' rapid popularity. **Gondaliya and Yagnik (2021)** studied customer perception about mutual fund schemes like what they prefer, the plans they were opting for, the reasons behind such decisions, as well as this study's focus on alternative investment options that people prefer in addition to and aside from mutual funds. The research concluded that investors thought about investing in mutual funds because there were many options accessible based on their needs and investment goals. Overall investors were generally more optimistic about mutual fund investment.

3.   DESIGN OF THE STUDY

3.1. Statement of the Problem: There has been no comprehensive study establishing the perception of investors and factors influencing the investment in mutual fund. Hence, the main focus of the study is to know the basis under which the mutual fund investment is done, whether it's as per the factors, schemes, nature or structure of the funds.

3.2. Need of the Study: To deal with the emerging situations, mutual funds have to be developed according to the needs of the investors. To attract more investor's mutual funds should be explained in simple words for better understanding. This is where the banks, brokers, different websites, and apps play an important role in the investment in mutual funds.

 3.3. Scope of the Study: The scope of this research is to focus on investment patterns and customer perception of mutual funds. The study will focus on the different investment options available to the investors and customers' attitudes, understanding and opinions on investing in mutual funds.

3.4. Objectives of the Study]

- To study the perception of investors towards investing in mutual funds.

- To investigate the factors that influence investors' decision to invest in mutual fund schemes.

3.5. Measurement of Scale: The study is primarily based upon primary data. For this study, a questionnaire will become the instrument to collect data. The questionnaire will be filled out by the investors of mutual funds.

3.6. Sampling: Sampling size- 60 & Sampling technique- Convenience sampling.

3.7. Research Method: Descriptive research.

3.8. Research Instrument Used for Data Analysis: The collected data will be analyzed through statistical tools like percentage analysis, mean & standard deviation.

3.9. Limitations:

- The investigation was conducted under time constraints and with limited resources.

- The biggest constraint was budget management. As a result, only a small number of investorstook part in this research.

- The respondents were chosen from Delhi that was chosen. As a result, it can't be applied to theentire country's investors.

- Many respondents were hesitant to complete the survey.

- Because the mutual fund industry is dynamic, the outcomes may not be favorable for a long time owgto changes in the market.

4.   DATA ANALYSIS AND INTERPRETATION

In this section, it shows the result of the responses received from the investors regarding different questions.

The question is related to the different aspect of mutual fund which shows the investor's investment pattern and customer perception. We will analyze it by using percentage analysis, mean, standard deviation and ranking method.

Table 4.1 Distribution of investors based on kind of mutual fund invested

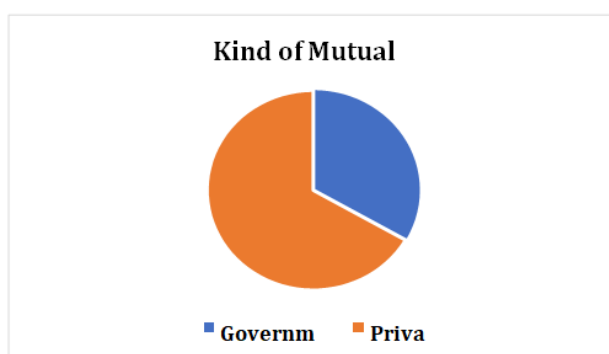| S. No	Particulars	No of respondents (N=60)	Percentage
1	Government	20	33.30
2	Private	40	66.70
	Total	**60**	**100**

Source: Field Survey, 2022

Fig 4.1 Pie chart showing a different kind of mutual fund invested by investors

Table 4.1 and Fig 4.1 shows that investment made by investors in government mutual fund is 33.30 percent and private mutual fund is 66.70 per cent. It concludes that mutual fund investors prefer to invest in aprivate mutual fund.

Table 4.2 Distribution of investors based on schemes

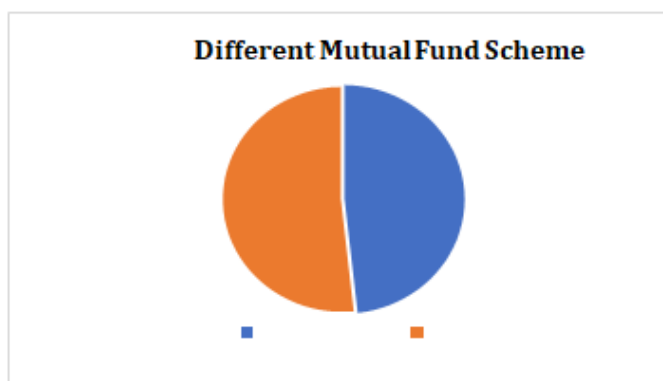| S. No	Particulars	No of respondents (N=60)	Percentage
1	Closed-ended	29	48.30
2	Open-ended	31	51.70
	Total	**60**	**100**

Source: Field Survey, 2022

Fig 4.2 Pie chart showing different mutual fund schemes

Table 4.2 and Fig 4.2 show that investors prefer to invest in open-ended mutual fund as it is 51.70 per cent whereas close-ended mutual fund is 48.30 per cent. It concludes investors prefer to invest in open ended mutual fund scheme.

Table 4.3 Distribution of investors on the basis of preference in investment

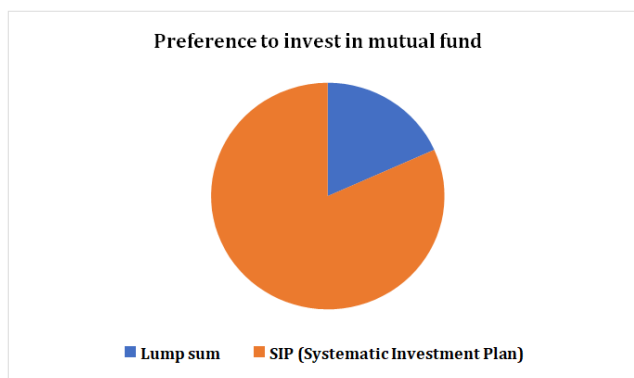| S. No	Particulars	No of respondents (N=60)	Percentage
1	Lumpsum	11	18.30
2	SIP (Systematic Investment Plan)	49	81.70
	Total	**60**	**100**

Source: Field Survey, 2022

Fig 4.3 Pie chart showing preference of investors

Table 4.3 and Fig 4.3 depicts that 18.30 per cent were investors who prefer to invest as lump sum whereas 81.70 per cent were investors who prefer to invest in SIP (Systematic Investment Plan). It concludes investors prefer to invest in SIP rather than lump sum payment.

Table 4.4 Distribution of investors on the basis of mutual fund schemes selected

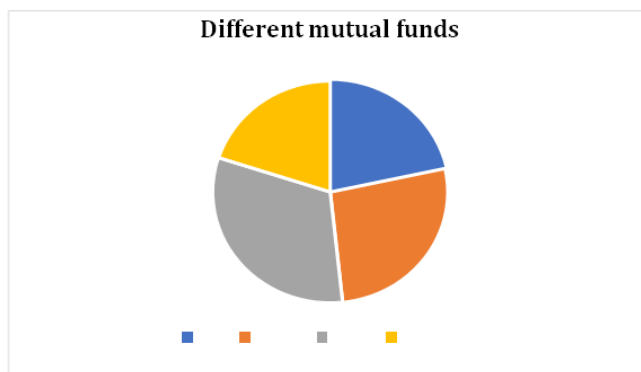| S. No	Name of the Bank	No of Respondents (N=60)	Percentage
1	SBI	13	21.60
2	HDFC	16	26.70
3	ICICI	19	31.70
4	Kotak	12	20.00
	Total	**60**	**100**

Source: Field Survey, 2022

Fig 4.4 Pie chart showing different mutual fund schemes

Table 4.4 and Fig 4.4 shows that investors prefer to invest in ICICI mutual fund compared to the other mutual fund presented. Some investors also prefer to invest in some other mutual fund mentioned. It concludes investors prefer to diversify their investment by investing in different mutualfunds.

Table 4.5 Distribution of investors on the basis of parameter influenced them to buy mutual fund

S.No	Particulars	No of respondents (N=60)	Percentage
1	Company's Profile	16	26.70
2	Brand	11	18.30
3	Advertisement	7	11.70
4	Risk and Return	18	30.00
5	Market Stability	8	13.30
	Total	**60**	**100**

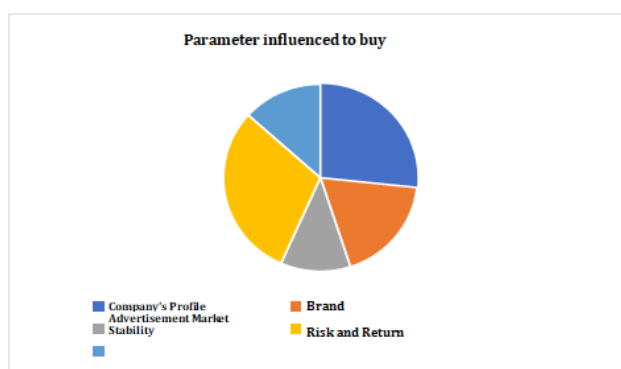**Source: Field Survey, 2022**

Fig 4.5 Pie chart showing parameter influenced to buy mutual fund

Table 4.5 and Fig 4.5 shows that investors were influenced by risk and return as it is 30.00 percent, 26.70 per cent company's profile, then 18.30 per cent brand, followed by 13.30 market stability and finally 11.70 per cent advertisement. It concludes that investors were majorly influenced by risk and returnfollowed by company's profile.

Table 4.6 Distribution of investors based on the factor considered before investing

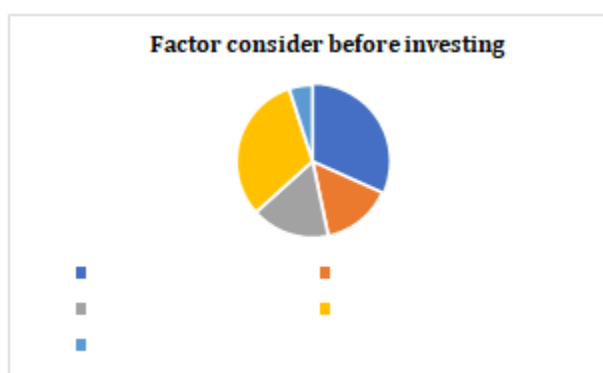| S.No	Particulars	No. of respondents (N=60)	Percentage
1	Performance of mutual fund	19	31.70
2	Brand name	9	15.00
3	Tax benefit	10	16.70
4	Level of risk and return	19	31.60
5	Others	3	5.00
	Total	60	100

Source: Field Survey, 2022

Fig 4.6 Pie chart showing investors based on the factor considered before investing

Table 4.6 and Fig 4.6 depicts the investors based on factor consider before investing. The data shows that 31.70 per cent of investors consider the performance of the mutual fund, followed by 31.60 per cent investors consider the level of risk and return, 16.70 per cent investors consider tax benefit, 15.00per cent investors consider brand name and 5.00 per cent investors consider some other factor. It concludesthat investors consider performance of mutual fund and level of risk and return factors before investing.

Total 4.7 Distribution of investors on the basis of factor influenced them to invest

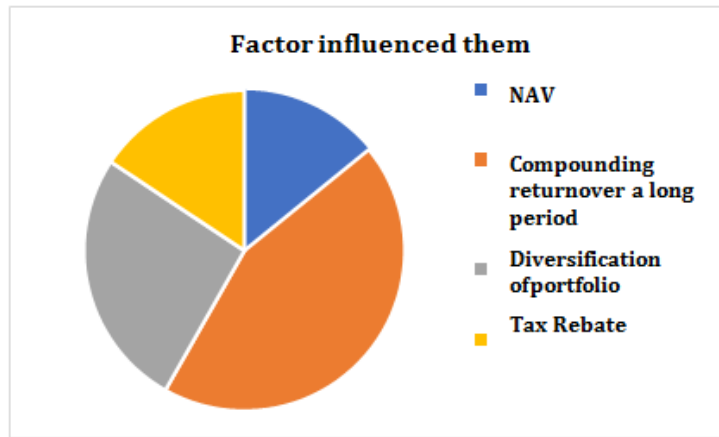| S.No	Particulars	No. of respondents (N=60)	Percentage
1	NAV	9	15.00
2	Compounding return over a long period	28	46.70
3	Diversification of portfolio	13	27.70
4	Tax Rebate	10	16.60
	Total	60	100

Source: Field Survey, 2022

Fig 4.7 Pie Chart showing investors on the basis of factors influenced them to invest

Table 4.7 and Fig 4.7 shows the investors on the basis of factor influenced them. The data depicts that 46.70 per cent investor were influenced by compounding return over a long period, followed by 27.70 per cent investor were influenced by diversification of portfolio, 16.60 per cent investor were influenced by tax rebate and 15.00 per cent investor were influenced by NAV. It concludes that investors were influenced by factor compounding return over a long period.

Table 4.8 Distribution of investors on the basis of return expected

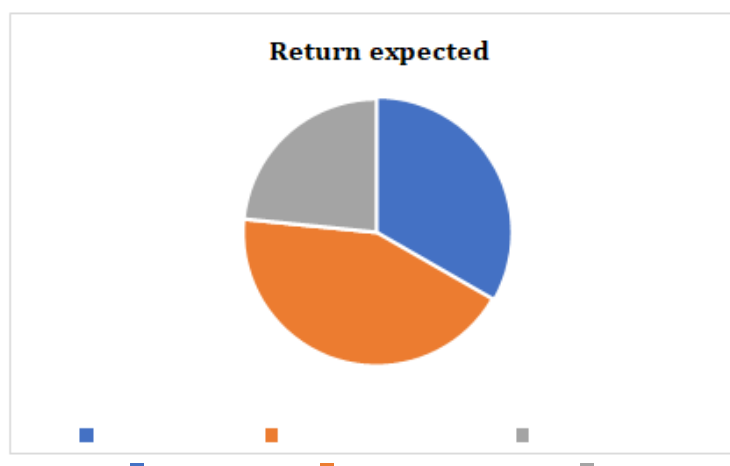| S.No	Particulars	No. of respondents (N=60)	Percentage
1	Less than 30%	20	33.30
2	Between 30% to 50%	26	43.30
3	More than 50%	14	23.40
	Total	**60**	**100**

Source: Field Survey, 2022

Fig 4.8 Pie chart showing investors on the basis of return expected

Table 4.8 and Fig 4.8 show the investors on the basis of return expected. The data depicts 43.30 per cent investor expect return between 30 per cent to 50 per cent, 33.30 per cent investor expect return less than 30 per cent and 23.40

per cent investors expect return of more than 50 per cent. It concludes thatinvestor majorly expect return between 30per cent and 50 per cent.

5.   FINDINGS, SUGGESTIONS & CONCLUSION

5.1   Major Findings

- Most respondents invested in private mutual funds which were 66.70 per cent and governmentmutual funds were 33.30 per cent. It concludes that mutual fund investors prefer to invest in private mutual funds.

- Based on the responses, investors prefer to invest in an open-ended mutual fund which is 51.70per cent whereas in close-ended mutual funds it is 48.30 per cent. It concludes investors preferto invest in open-ended mutual fund schemes.

- According to the responses,81.70 per cent were investors who prefer to invest in SIP(Systematic Investment Plan) and 18.30 per cent were investors who prefer to invest in lump sum. It concludes investors prefer to invest in SIP rather than Lump sum payment.

- The result shows that investors prefer to invest in ICICI mutual funds compared to the other mutual fund presented. Some investors also prefer to invest in some other mutual fund mentioned. It concludes investors prefer to diversify their investment by investing in differentmutual funds.

- Most responses show that investors were influenced by risk and return as it is 30.00 per cent, 26.70 per cent company's profile, then 18.30 per cent brand, followed by 13.30 market stability and 11.70per cent advertisement. It concludes that investors were majorly influenced by risk and return followed by the company's profile.

5.2   Suggestions

- People's awareness of mutual funds and their numerous plans should be raised through adequate advertising, promotion, and investor meetings.

- Investors must place their money in less risky securities; thus, the corporation must improveportfolio management to boost returns and brand image.

- Asset management firms should give more information about their portfolio development forall schemes regularly to help interested investors.

- Some of the investors suggested that the fund values of the mutual fund investment should beinformed to the investors through SMS on fortnight about the rewards and returns of such funds.

- The investors should keep an eye on the performance of different schemes and other good schemes with were available in the market for the close comparisons.

CONCLUSION

The study reveals that investors prefer to invest in private funds and to invest on monthly basis in the form of SIP. Investors prefer to have medium risk and most of them like to purchase mutual funds from brokers. They prefer to invest in a 100 per cent equity fund and prefer to invest for 4 to 6 years. While purchasing the mutual fund investors prefer to have information from advertisement and their own research/knowledge. Investors consider parameter such as high return, level of risk and return, and return between 30 per cent to 50 per cent.The majority of the respondents were satisfied with mutual funds and rated their experience as 3 out of 5. Today, a lot of investment opportunities were available to investors in the financial market. The main reason for the quick popularity of mutual funds is the various funds available to invest in. Investors have realized the benefits of investing in mutual funds. Thus, the mutual fund industry has a good prospect in India.

REFERENCES

- Bajracharya, R., and Mathema, S. (2017). A Study of Investors Perception towards Mutual Funds in Kathmandu Metropolitan City, Nepal. Journal Of Advanced Academic Research, 4(2), 130-138.

- Bhatt, P., and Vyas, V. (2015). An Analytical Study on Investment Pattern of Funds Categories ofMutual Funds in India. International Journal for Research in Management and Pharmacy,4(4), 09-22.

- Gondaliya, V., and Yagnik J. (2021). A Study on Factors Influencing Mutual Fund Investment. International Journal of Research in Engineering, Science and Management,4(6),14-17.

- Gupta, N., and Sharma, A. (2016). A Study on Factors Affecting the Satisfaction Level of Mutual Fund Investors in Jaipur City. SIBM Pune Research Journal, 12, 80-84.

- Jain, U., and Panjabi, L.(2020). Analysis of Investment Pattern and Investors Attitude towards Mutual Funds in India. International Journal of Advanced Research in Commerce, Management and Social Science, 3(2), 21-24.

- Kavita and Pasricha (2017). Influence of Macroeconomics Indicators on Mutual Fund Market in India. International Journal of Research in Humanities and Social Science , 5(3),64-72.

- Meena, S., and Sankar, M. (2020). A Study on Factors Affecting Investment on Mutual Funds and its Preference of Rural Investors . Malaya Journal of Matemati, 8(2), 3623-3626.

- Mini, R., (2020). A Study on the Awareness of Mutual Funds Investment in India. Internal JournalofScientific and Technology Research, 9(01),1824-1826