A STUDY ON CONSUMER PERCEPTION ABOUT GROWTH OF MUTUAL FUNDS

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ABSTRACT
Mutual Funds were introduced in the Indian financial system with a view to provide comparatively safer investment at the doorstep of the common investors. In this study researcher has tried to understand the performance of selected large cap mutual funds in India. For the study purpose 15 large cap mutual funds has been selected. The Secondary data has been considered for the performance analysis and it was achieved by using various tools and techniques like average return, standard deviation, beta, Sharpe ratio, Jensen ratio and Treynor ratio. The findings depict that DSP Top 100 Equity Fund, ICICI Prudential Blue chip Equity Fund and LIC MF Large cap Fund showed highest return among the selected funds.

Key words: Mutual Funds, Investment avenues, Evaluation of performance.

INTRODUCTION
The present study attempts to the consideration of investors while investing in Mutual Funds, which can help the mutual fund companies while launching the new schemes. Evaluating the past/historic performance of mutual funds is important for both investors as well as portfolio managers. It enables an investor to access as to how much return has been generated by the portfolio manager and what risk level has been assumed in generating such returns. Similarly fund managers would also be able to know their performance over time and also other competitors in the industry.

TYPES OF FUNDS:
(a). Close-ended Fund: A close ended fund has a stipulated maturity period e.g., 5-7 years. The fund is open for subscription only and during a specific period at the time of launch of the scheme. Investors can invest in the scheme at the time of initial public issue and thereafter they can buy or sell units on stock exchange where the units are listed at NAV. These mutual fund schemes disclose NAV generally on weekly basis.
(b). Open-ended Fund: An open-ended fund is one that is available for subscription and repurchase on a continuous basis. These schemes do not have a fixed maturity period. Investors can conveniently buy and sell units at NAV related prices which are declared daily basis. The key feature of this fund is liquidity.

CLASSIFICATION OF SCHEME
(a). Equity scheme: An equity mutual fund is a scheme that mainly invest funds predominately in shares/stocks of the companies. Equity funds are either actively or passively managed.
(b). Debt scheme: A debt fund is a fund that predominately investing in a government or corporate bonds, corporate debt securities like debentures and money market instruments. Debt fund is also called fixed income fund.
(c). Hybrid scheme: Hybrid fund is a combo of equity and debt fund. Hybrid funds are less risky than equity as they have debt to hedge risk of equity.

LITERATURE REVIEW
K. Lashmana Rao (2011) made analysis of investor’s perception towards mutual fund schemes, he made conclusion SEBI, AMFI, and IRDA should take appropriate steps to enhance Consumers knowledge for making more Mutual fund has emerged as one of the best option for investment nowadays. Great amount of research has been carried out on investor’s behaviour on mutual fund. Anand and Murugalah (2004) explored that, in order to attract
investor financial industries requires innovation in developing and delivering financial services to survive and even
to earn profit. Desigan et al. (2006) conducted a study on women investor perception towards investment
selection. Accordingly, women Consumers generally avoid mutual fund, the main reason is lack of awareness,
investment procedures, entry and exit move etc. According to Lu Zheng (1999) majority of Consumers, investing
in mutual fund; do invest on the basis of short-term future performance and they use fund specific information for
their selection decision.

SCOPE TO STUDY
This is empirical study of consumer’s perception about growth of mutual funds. This study is conducted to identify
the objectives and features of mutual funds which affected most to the investor while investing and knowing the
factor prevents investors to invest in mutual funds. This study will be useful to knowing the perception for which
types of funds and scheme attract the consumer and how much they desire to invest.

OBJECTIVES OF STUDY:
1) Study of the consumer perception about invests mutual funds.
2) To know that which types and scheme attract the investors to invest.
3) To understand the factors which prevent investor to invest in mutual funds

SIGNIFICANCE OF STUDY
This particular study covers perception and attitude of Mutual Funds investors residing in Ahmedabad. This study
will be helpful to the administrators and policy makers of mutual fund companies to introduce and create various
types of policies that enhance satisfaction level of investors and eventually result in the growth of mutual fund
industry. This study will helpful to know the consumers perception and improve the level which prevents
consumers to invest in it.

RESEARCH METHODOLOGY
Research Design: Descriptive research
Sources of data: The study based on primary data that is collected using structured questionnaire.
Sampling space: Ahmedabad
Sample size: Sample size of this study is around 106 respondents.
Sampling Techniques: Structured questionnaire was sent to consumers by circulation of Google form in
Ahmedabad.
Research tool: Different statistical tools by using SPSS and Microsoft excel.

DATA ANALYSIS AND INTERPRETATION

Table 1: Kruskal-Wallis Test

Test Showing how long and how much investors like to invest in mutual funds via age group.

H0: Age group is not dependent on how long investors invest monthly. (H0: >0.05)
H1: Age group is dependent on how long investors invest monthly. (H1: <0.05)

Test Statistics*<sup>a,b</sup>

|                | How long would you like to hold your 'Mutual fund' As investment? | How much are you investing monthly? |
|----------------|-------------------------------------------------------------------|------------------------------------|
| Chi-Square     | 12.472                                                            | 18.166                             |
| df             | 2                                                                | 2                                  |
| Asymp. Sig.    | .002                                                              | .000                               |

a. Kruskal Wallis Test
b. Grouping Variable: Age group
Interpretation: Hear, the Asymp. Significance is less than 0.05 so; H1 is Accepted. Hence, we can say that how long investor invests monthly is dependent on age group.

**Table 2: One way Anova Test**

Test showing age vise investors mindset on risk of mutual fund.
H0: Age group is not dependent while investors investing on their mindsets for taking risk in mutual funds. (H0: >0.05)
H1: Age group is dependent while investors investing on their mindsets for taking risk in mutual funds. (H1: <0.05)

| Age group | N | Mean | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | Minimum | Maximum |
|-----------|---|------|----------------|------------|---------------------------------|---------|---------|
| Low       | 24| 1.42 | .717           | .146       | 1.11                             | 1       | 3       |
| Moderate  | 69| 1.58 | .755           | .091       | 1.40                             | 1       | 3       |
| High      | 12| 2.08 | .900           | .260       | 1.51                             | 1       | 3       |
| Total     | 105| 1.60 | .780           | .076       | 1.45                             | 1       | 3       |

**ANOVA**

|                          | Sum of Squares | df | Mean Square | F     | Sig.  |
|--------------------------|----------------|----|-------------|-------|-------|
| Between Groups           | 3.638          | 2  | 1.819       | 3.115 | .049  |
| Within Groups            | 59.562         | 102| .584        |       |       |
| Total                    | 63.200         | 104|             |       |       |

Interpretation: Hear, the Significance is 0.049 which is less than 0.05 so; H1 is accepted. Hence, we can say that investor's mindsets for taking risk in mutual funds are dependent on age group.

**Table 3: Chi-square Test**

Test showing relation between investor's awareness and monthly invest in mutual fund.
H0: Investors monthly invest is not depend on awareness and willingness. (H0: >0.05)
H1: Investors investing with their awareness and willingness in mutual fund. (H1: <0.05)

|                 | How much are you investing monthly? | Aware from mutual funds and ever invested your money? |
|----------------|------------------------------------|--------------------------------------------------|
| Chi-Square     |                                    | 21.514*                                          |
| df             |                                    | 3                                                |
| Asymp. Sig.    |                                    | .000                                             |
|                |                                    | 56.574*                                          |
|                |                                    | 2                                                |
|                |                                    | .000                                             |

**Test Statistics**

Interpretation:

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 26.3.
b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 33.7.
Table 4: Correlation Test
Test showing correlation between how long investors like to invest and on which scheme they consider while investing in mutual funds.

Test statistics:

| Test | How long would you like to hold your 'Mutual fund' As investment? | Which mutual funds scheme you consider the best? |
|------|---------------------------------------------------------------|-------------------------------------------------|
|      | Pearson Correlation                                           | Sig. (2-tailed)                                 |
|      | 1                                                              | .322**                                          |
|      | Sig. (2-tailed)                                                | 1                                               |
|      | 105                                                             | 104                                             |
| N    | .001                                                           | .001                                            |
| N    | 105                                                             | 104                                             |

**. Correlation is significant at the 0.01 level (2-tailed).

Table 5: Crosstabs Test
Test age wise showing which factor prevent investors to invest in mutual funds.

Case Processing Summary

| Cases | | | | | | | |
|-------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|       | Valid N | Valid Percent | Missing N | Missing Percent | Total N | Total Percent |
|-------|----------|---------------|------------|-----------------|---------|---------------|
| Which factor prevents you to invest in mutual funds? * Age group | 105 | 100.0% | 0 | 0.0% | 105 | 100.0% |
| Which factor prevents you to invest in mutual funds? * Gender | 105 | 100.0% | 0 | 0.0% | 105 | 100.0% |

. Which factor prevents you to invest in mutual funds? * Age group Crosstabulations

Count

|                                | 18-30 year | 30-40 year | 40-50 year | Total |
|--------------------------------|------------|------------|------------|-------|
| Bitter past experience         | 16         | 11         | 5          | 32    |
| Lack of knowledge              | 27         | 10         | 7          | 44    |
| Difficulty in selecting scheme | 13         | 3          | 3          | 19    |
| Other                          | 5          | 1          | 4          | 10    |
| Total                          | 61         | 25         | 19         | 105   |

Interpretation: Here, we can say that majority of persons are not investing due to lack of knowledge and bitter past experience.
Table 6: Reliability Test
H0: Features of mutual fund satisfied the investor to invest in it. (>0.05)
H1: Features of are dissatisfied to investor to invest in it. (<0.05)

| Reliability Statistics |
|------------------------|
| Cronbach’s Alpha      | N of Items |
| 0.599                 | 4          |

Interpretation: Hear, The cronach’s Alpha is 0.599. H0 is greater than 0.05 so; H0 is accepted. Hence, we can say that most of investors are satisfied with the features of mutual fund and data is reliable for further research.

FINDINGS
Study gets the 106 responses were 54% Male and 46% Female respondents. In the study major response age group is 18-30 years with 58%, second group was age of 30-40 with 24% and last group is 40-50 years response with 18%. Majority of 86.7% wants to invest in mutual fund and 6.7% are not want to invest same ratio of 6.7% maybe invest in mutual funds.

79% peoples are aware about the mutual funds 7.6% are not and 13.3% are not sure about it.
Study shows investors give importance 80% returns, 74.3% low risk factor, 57.1% inflation and 54.4% company. 69.9% chose long term investment and 30.1% chose short term.
Majority of consumer around 66% rate to moderate risk in mutual fund.
Due to lack of knowledge 41.9% off majority consumers are not investing and 31% consumers not like to invest because of bitter past experience.

CONCLUSION
Majority of population around 87% wants to invest in mutual funds, by knowing their requirement and desire to invest companies must have to try to reduce factors which prevent consumers to invest. Companies also have to provide the right knowledge to the investors for investing in mutual funds. It provides risk diversification. Benefits of making investment in Mutual funds are reduction of risk, liquidity, affordability, convenience flexibility and variety. Customer has to identify the best Mutual fund management companies and also the suitable schemes among the various schemes floated by the Mutual funds.

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