

INVESTOR PERCEPTION TOWARDS SELECTED PUBLIC SECTOR AND PRIVATE SECTOR MUTUAL FUNDS IN INDIA WITH SPECIAL REFERENCE TO GROWTH FUNDS

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Abstract:

In this paper, an attempt is made to know the preferences of mutual funds and to examine the importance of socioeconomic factors that influence investor's choice to make investments. This study seeks to evaluate the significance of population demographic characteristics such as gender, education, jobs, income over investment decisions. Considering its relevance to the research objectives, the hypotheses have been created. Investment decision-making behaviour has been taken as variable-dependent, and demographic variables (age, gender, and education) are considered independent. Classified records. Tabulated and put to the test. The use of the hypothesis and Pearson's chi-square method was used to draw statistical inferences.

Keywords: Investment, Demographic characteristics, Mutual Fund, Investment Decisions-making

1.0 INTRODUCTION

Mutual funds have been a hot favourite among millions of people all over the world in the last decade. Investment in mutual funds gives more return on the investment made than the income received in the form of fixed deposits, life insurance and even bonds so they can get into the investment with a little capital and be able to gain higher interest rates than other investment avenues. One can own a string of equity, balanced fund, tax-saving and index funds like SBI, ICICI , HDFC, UTI etc., thereby giving mutual funds an opportunity to join big companies that is otherwise unlikely for a small amount of investment ordinary investor.

A mutual fund sums up the investments of a variety of investors who share a common financial purpose. The money thus raised in a mutual fund is then invested in capital market instruments such as bonds , stocks, shares, debentures etc. The income received through those investments and the expected capital appreciation is shared by its unit holders in proportion to the number of units owned by them.

We know small drops of water make a huge ocean work on the same principle and the mutual funds. For eg, if one has to spend Rs. 1000/- it may not be very much appreciated on its own. But if it is pooled by a lot of other people with Rs. 1000/- then one might build a "big fund"

large enough to invest in a wide variety of capital-making instruments and enjoy the Large-scale transaction economies. Therefore a mutual fund is regarded as a joint investment.

A mutual fund is created by a variety of investors coming together to move their surplus funds to a professionally trained company to administer it. The Fund adopts a quick strategy to get the investors' surplus assets. Each fund is divided into one small equal-value unit. Units will then be assigned to each investor in proportion to his / her number investment. So of investor, whether large or small, will have a stake in the fund and can enjoy being a part of the fund 's big portfolio of investment. Thus, mutual funds offer millions of small and large investors an opportunity to engage in and profit from the growth of the stock market. Because of low cost, risk diversification and high return. It became a famous vehicle of Wealth formation.

If we evaluate the investment market we will be able to identify a range of investors with different criteria and capacities to take risks. A young man would like to get more capital appreciation for his savings, for example, and he would be willing to take more risk than a person who is close to his retirement. That's the reason; it's really hard to give one fund to meet different investor needs. Therefore there are several forms of funds open to investors. It is solely the investors' choice to select either of them that fits their requirement and their ability to take risks.

1.1 Types of Mutual Fund Schemes

By Structure	Open-Ended Funds Close-Ended Funds
By Investment Objective	Income Funds Balanced Funds Growth Funds
Other Schemes	Tax Saving Scheme Sectoral Scheme Dual Funds Bond Funds Index Funds etc.,

As a result of infrastructural development, increased personal financial assets, and increased foreign direct investment, the Indian mutual fund industry is witnessing a humongous growth. With sacrificing revenue, increased risk appetite and increased awareness, Indian mutual funds are becoming a preferred investment choice compared to other investment instruments such as postal savings , insurance and Fixed deposits are considered secure, but yield comparatively low returns.

2.0 REVIEW OF LITERATURE

Literature analysis is an integral aspect of any study. There's tremendous literature on mutual fund success appraisal. This section addresses some of the research studies which have significantly influenced the planning of this report.

<p>Bhagaban Das, Sangeeta Mohanty & Nikhil Chandra Shil (2008)</p>	<ul style="list-style-type: none"> • Behavioral Finance reports are very limited on variables affecting mutual fund investment and life insurance policies and very little detail is available on consumer expectations, desires, beliefs and behaviours. • Once again, maybe no attempt is being made to examine and compare Indian retail investors' selection conduct towards mutual funds and life insurance, particularly in the post-liberalization phase. • With this context this paper makes a significant attempt to research investors' actions in choosing these two investment instruments from an Indian viewpoint by doing a comparative analysis.
<p>Zoran Ivkovic, Scott Weisbenner (2009)</p>	<ul style="list-style-type: none"> • Firstly, in accordance with tax reasons, wealthy investors are unwilling to sell valuable investment funds and eager to sell failing shares. • Second, people pay heed to investment costs as assumptions on redemption are subject to both the percentages of investments and the loads. • Third, the inflows and outflows of funds at the entity level are success related, but in different ways. Inflows are only linked to "real" results, indicating that new capital is pursuing the best performers in a target. • The outflows apply directly to the "pure" results of the investment, which is the applicable tax benchmark.
<p>Rajesh R. Duggimpudi, Hussein A. Abdou & Mohamed Zaki (2010)</p>	<ul style="list-style-type: none"> • The main aim of this article is to evaluate the performance of Indian equity diversified mutual funds. • The secondary goal is to analyse the cost-return balance between the overall risk and the systemic risk of these assets.

	<ul style="list-style-type: none"> • Two separate overlapping data sets, representing 17 mutual funds, were included in this article, from 2000 to 2009. • Moreover, these strategies were contrasted with the Indian market index to measure each individual mutual fund 's efficiency.
<p>Ravichandran & Jeyaraj (2017)</p>	<ul style="list-style-type: none"> • The object of his report, titled a research on performance assessment mutual fund schemes in India, is to assess the performance of mutual funds and also to inspect the role of asset management companies in public and private sector context. • The primary objective of this research work is to study financial results through statistical parameters such as beta, standard deviation, determination coefficient, sharp ratio of selected mutual fund schemes. • The results of this analysis will be valuable in future for investors in making their investment decisions.
<p>Tripuraneni Jaggaiah & Samiya Mubeen (2018)</p>	<ul style="list-style-type: none"> • The money the funds raise is invested in stock market securities based on the target of the investment. • With the Indian mutual fund industry 's growing growth rate, many investors are interested in investing in these sectors as they are secure and expect better returns. • Buying in mutual funds is less costly than investing directly in stocks, and thus a better choice for risk-adverse investors. • Many woman investors are involved in seeking monthly returns in the monthly income portfolio where there is less downside and more rewards. • This paper seeks to describe different variables that influence women investors' views of investing in mutual funds.
<p>Akroju Sanjay & K Bhavana Raj (2019)</p>	<ul style="list-style-type: none"> • The creation of the Indian mutual funds industry from all metrics such as number of money management firms, number of schemes, number of investors and amount of

	<p>funds invested in mutual funds played a major role in the development of industrial and economic growth of the country, etc.</p> <ul style="list-style-type: none">• The domestic market is the main provider of funds to the mutual fund industry.• Growth-saving household industries developed year over year.• Based on this research and review, suggests and advises addressing the problems facing the Indian mutual fund industry.
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3.0 IMPORTANCE OF THE STUDY

Over the last three decades the Indian financial system has undergone many reforms. Since 1991 a new form of investment trend began to appear in the country after the opening of the economy. New schemes for attracting investments in various sectors of the economy were introduced. Via these measures, the Government has shifted the mindset of investors retarding investment decisions. People get familiar with the new investment strategies and returns on these investments. International direct investment transformed the whole situation, and the government began lucrative programmes to lure vast numbers of buyers. One of the most relevant schemes appeared during this time in the form of the mutual funds.

Nearly all financial institutions and banks began discussing the idea of moving portfolios into mutual funds, some of which opted to float a few mutual funds of their own. This thesis is an effort to research investor understanding in mutual fund investments. This study was needed as more and more people participate in mutual fund schemes introduced by a variety of financial institutions. An effort was made to address the investor's opinion about the Chittoor District mutual fund investments. The literature review provided in the preceding pages shows that no such research has been carried out in this area of the world. Through this analysis an attempt was made to ascertain the opinion of investors regarding mutual funds in this Chittoor District municipality.

4.0 OBJECTIVES OF THE STUDY

1. Investigate mutual fund investor investment goals by their collection of mutual fund companies, and demographic features.
2. Identify mutual fund investors' attitude towards investing and risk aversion, and their level of attitudes towards choosing a mutual fund firm with respect to risk-taking appetite, confidence in investing, maximise return on investment and risk management. To ascertain the key features of mutual fund products influencing the fund selection behaviour of mutual fund investors.
3. Build a blueprint in the creation of a new mutual fund offering to decode sustainable marketing variables.
4. To research the attitude of investors of public sector and private sector mutual funds.

5.0 RESEARCH METHODOLOGY

The research is focused primarily on primary data obtained by means of a formal questionnaire (the question is answered with multiple choices). A poll of 360 respondents was conducted using stratified method of random sampling. Using F-Test (ANOVA) to research whether demographic factors substantially affect the decision on investment in mutual funds

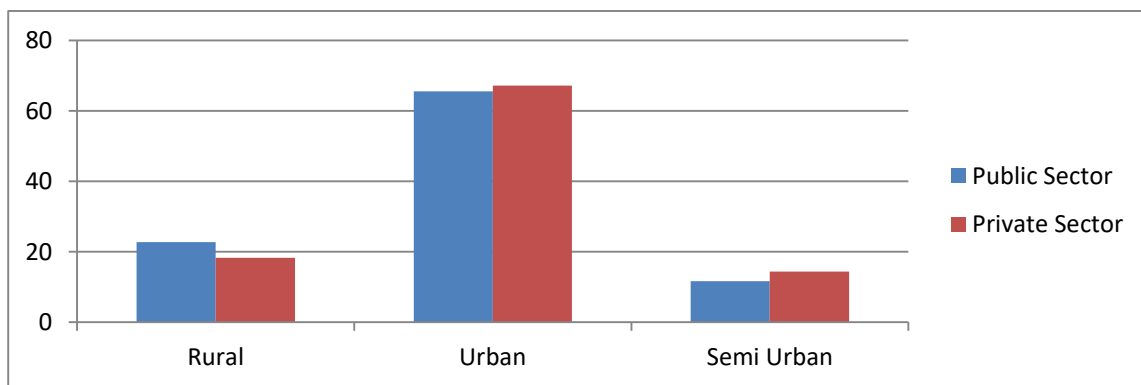
F-Test (ANOVA):

Variance analysis (ANOVA) helps one to search the interpretation in variations in more than two sample types. Using ANOVA we will make inferences as to whether our samples are derived from populations with the same mean. From the information of the sampling distribution of a statistics, it is possible to calculate the likelihood of a sample statistics varying by more than a certain sum from a given parameter or from another sample number, and therefore to address the question of significance. We checked hypothesis for this analysis at sense level of 5 percent.

6.0 DATA ANALYSIS AND INTERPRETATION:

6.1 LOCATION:

S.No	Location	Mutual Fund Sector		Total
		Public Sector	Private Sector	
1	Rural	41 (22.78)	33 (18.33)	74
2	Urban	118 (65.56)	121 (67.22)	239
3	Semi Urban	21 (11.67)	26 (14.44)	47
Total		180	180	360
F -Test		0.234		

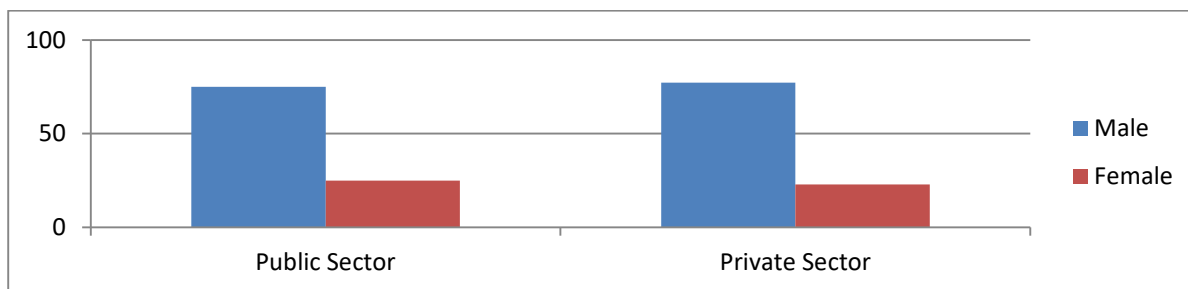


It is evident from the above study that 65.56 percent of respondents who are urban investors tend to invest in mutual funds from the public sector, and 67.22 percent of respondents who are urban investors prefer to invest in the private sector as opposed to rural and semi-urban investors. But the outcome of ANOVA reveals a 0.234 F-Test that is greater than 0.05 (5 per cent value level). Therefore it is inferred that there is no correlation between location and choice for the sector of mutual funds.

6.2 GENDER:

S.No	Location	Mutual Fund Sector		Total
		Public Sector	Private Sector	
1	Male	135 (75)	139 (77.22)	274
2	Female	45 (25)	41 (22.78)	86
Total		180	180	360

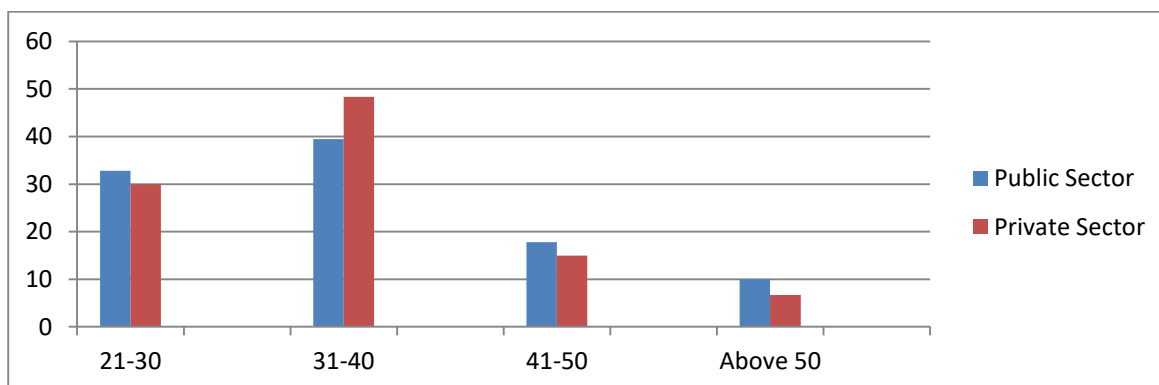
F -Test	0.622
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It is obvious from the aforementioned study that 77.22 percent of respondents who are male investors choose to invest in mutual funds in the private sector and 75 percent of respondents who are male investors choose to invest in the public sector as compared with female investors. But the outcome of ANOVA reveals a 0.622 F-Test that is greater than 0.05 (5 per cent value level). It is also concluded that there is no correlation between gender and choice against the sector of the mutual funds.

6.3 AGE:

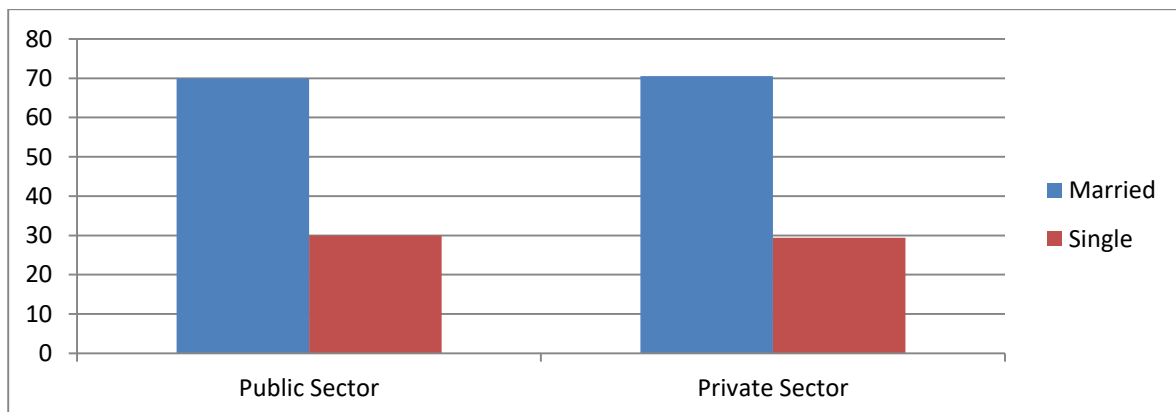
S.No	Age	Name of Mutual Fund Company		Total
		Public Sector	Private Sector	
1	21-30	59 (32.78)	54 (30)	113
2	31-40	71 (39.44)	87 (48.33)	158
3	41-50	32 (17.78)	27 (15)	59
4	Above 50	18 (10)	12 (6.67)	30
Total		180	180	360
F-Test		0.484		



From the aforementioned study it is clear that 48.33 percent of respondents aged 31-40 are preferred to invest in mutual funds in the private sector and 39.44 percent of respondents aged 31-40 are preferred to invest in the public sector relative to the rest of investors. But the outcome of ANOVA indicates an F-Test of 0.484 that is greater than 0.05(5 percent value level). It is also assumed that there is no correlation between age and interest for the sector of the mutual funds.

6.4 MARITAL STATUS:

S.No	Marital Status	Name of Mutual Fund Company		Total
		Public Sector	Private Sector	
1	Married	126 (70)	127 (70.56)	253
2	Single	54 (30)	53 (29.44)	107
Total		180	180	360
F-TEST		0.909		

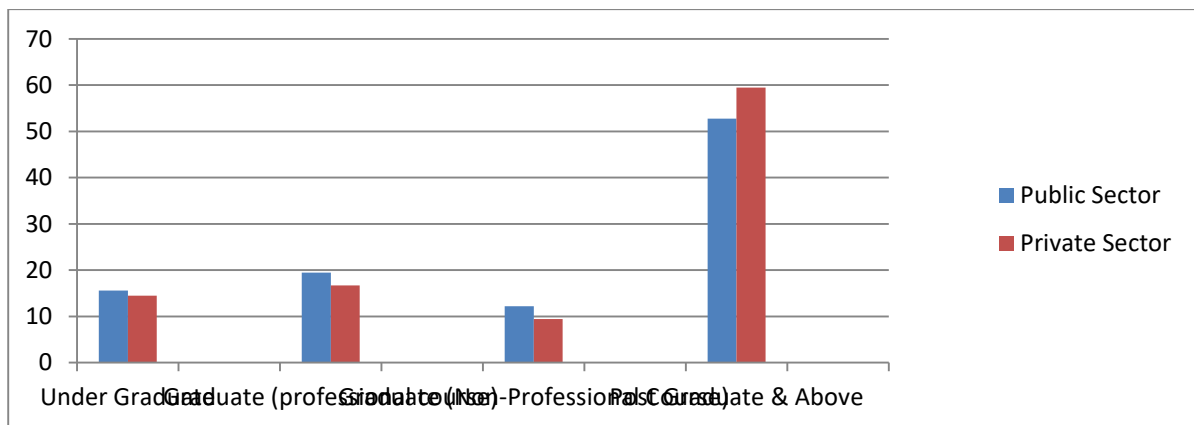


It is obvious from the aforementioned study that 70.56 percent of respondents who are married investors choose to invest in mutual funds in the private sector and 70 percent of respondents who are married investors choose to invest in the public sector as compared with single investors. But the outcome of ANOVA reveals a 0.909 F-Test that is greater than 0.05 (5 per cent value level). It is also inferred that there is no correlation between marital status and choice against the sector of the mutual funds.

6.5 EDUCATIONAL BACKGROUND

S.No	Educational Background	Name of Mutual Fund Company		Total
		Public Sector	Private Sector	
1	Under Graduate	28	26	54

		(15.56)	(14.44)	
2	Graduate (professional course)	35 (19.44)	30 (16.67)	65
3	Graduate (Non-Professional Course)	22 (12.22)	17 (9.44)	39
4	Post Graduate & Above	95 (52.78)	107 (59.44)	202
Total		180	180	360
F TEST		0.34		

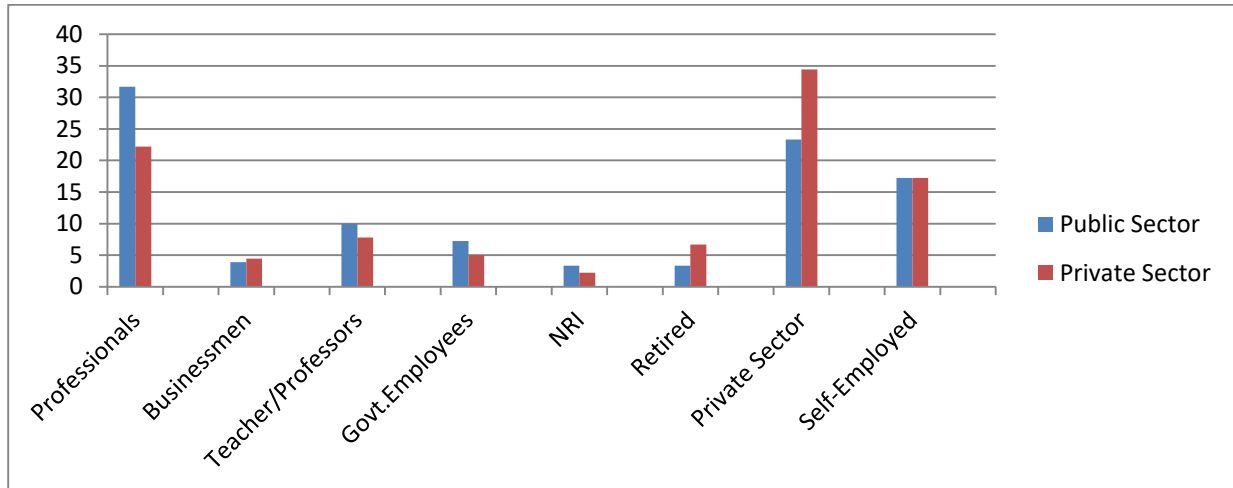


From the above study, it is clear that 59.44 percent of post-graduate respondents choose to invest in mutual funds in the private sector, and 52.78 percent of post-graduate respondents choose to invest in the public sector as compared with the remaining investor education history. But the outcome of ANOVA reveals a 0.34 F-Test that is greater than 0.05 (5 per cent value level). Therefore it is inferred that there is no correlation between educational history and choice for the field of mutual funds.

6.6 OCCUPATION:

S.No	Occupational/ Employment	Name of Mutual Fund Company		Total
		Public Sector	Private Sector	
1	Professionals	57 (31.67)	40 (22.22)	97
2	Businessmen	7 (3.89)	8 (4.44)	15
3	Teacher/Professors	18 (10)	14 (7.78)	32
4	Govt.Employees	13 (7.22)	9 (5)	22
5	NRI	6 (3.33)	4 (2.22)	10
6	Retired	6	12	18

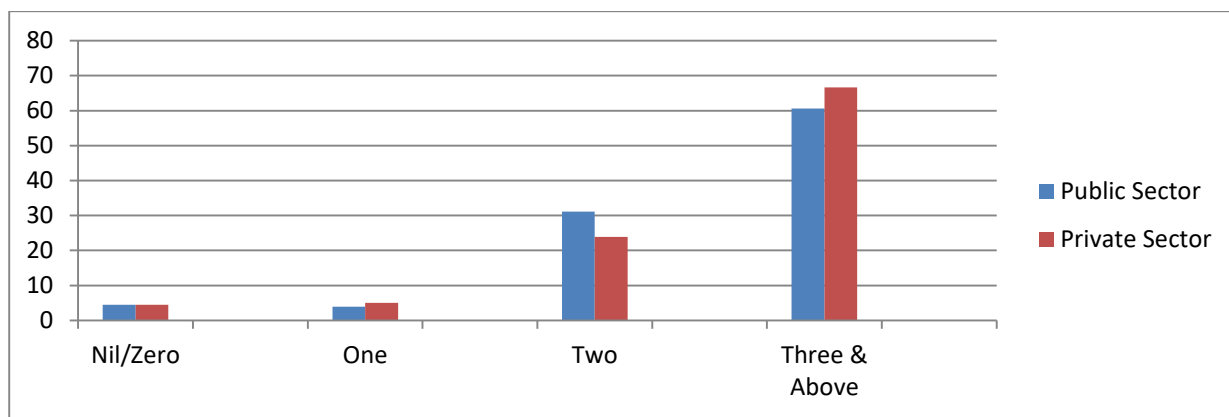
		(3.33)	(6.67)	
7	Private Sector	42 (23.33)	62 (34.44)	104
8	Self-Employed	31 (17.22)	31 (17.22)	62
Total		180	180	360
F-TEST		0.2		



It is evident from the aforementioned study that 34.44 percent of respondents who are workers of the private sector choose to invest in mutual funds of the private sector and 31.67 percent of respondents who are technical tend to invest in the public sector as opposed to the remaining occupation of investors. But the outcome of ANOVA reveals a 0.2 F-Test that is greater than 0.05 (5 per cent value level). Therefore it is inferred that there is no correlation between profession and choice for the sector of the mutual funds.

6.7 NO.OF DEPENDENTS IN FAMILY:

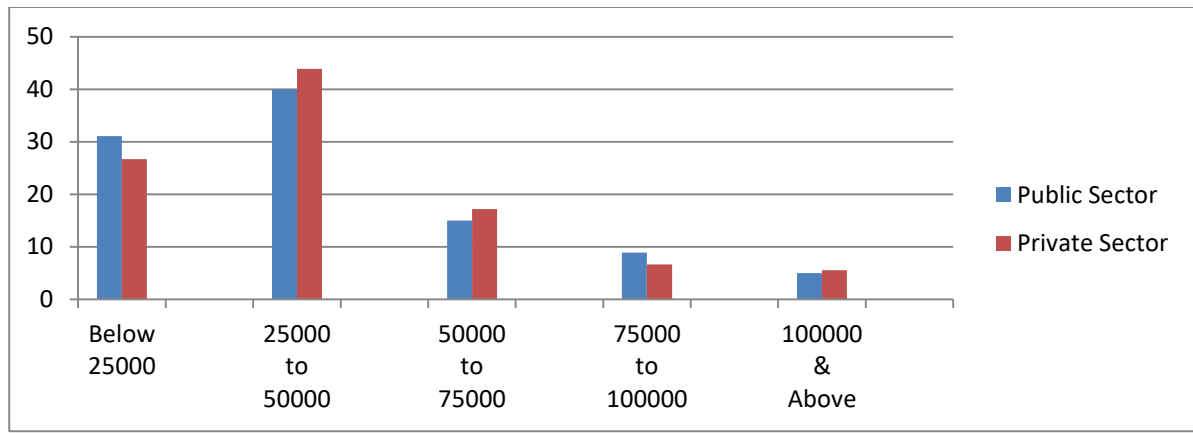
S.No	No of Dependents in Family	Name of Mutual Fund Company		Total
		Public Sector	Private Sector	
1	Nil/Zero	8 (4.44)	8 (4.44)	16
2	One	7 (3.89)	9 (5)	16
3	Two	56 (31.11)	43 (23.89)	99
4	Three & Above	109 (60.56)	120 (66.67)	229
Total		180	180	360
F-TEST		0.543		



From the above study , it is clear that 66.67 percent of respondents in the family who are Three and Above dependents choose to invest in mutual funds in the private sector, and 60.56 percent of respondents Three and Above dependents in the family choose to invest in the public sector as opposed to the remaining investor occupation. But the outcome of ANOVA reveals an F-Test of 0.543 which exceeds 0.05 (5% level of significance). Therefore it is inferred that there is no correlation between profession and choice for the sector of the mutual funds.

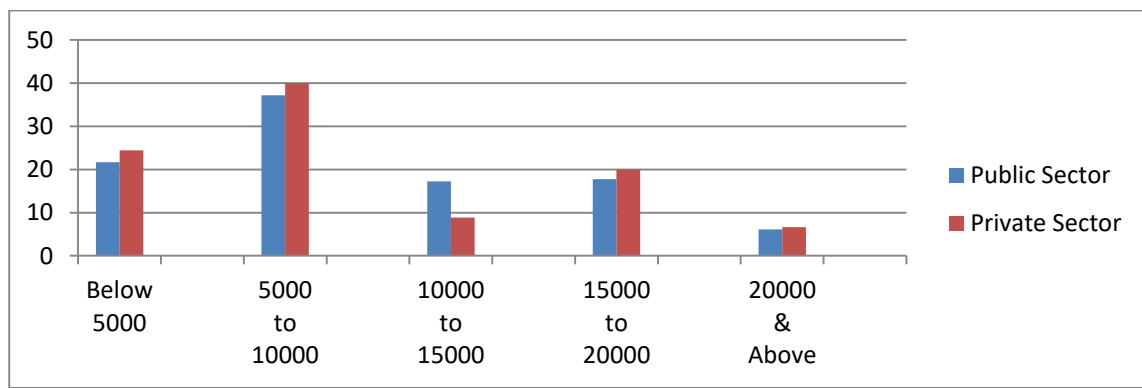
6.8 MONTHLY INCOME:

S.No	Monthly Income	Name of Mutual Fund Company		Total
		Public Sector	Private Sector	
1	Below 25000	56 (31.11)	48 (26.67)	104
2	25000 to 50000	72 (40)	79 (43.89)	151
3	50000 to 75000	27 (15)	31 (17.22)	58
4	75000 to 100000	16 (8.89)	12 (6.67)	28
5	100000 & Above	9 (5)	10 (5.56)	19
Total		180	180	360
F-TEST		0.737		



6.9 MONTHLY SAVINGS OF INVESTORS:

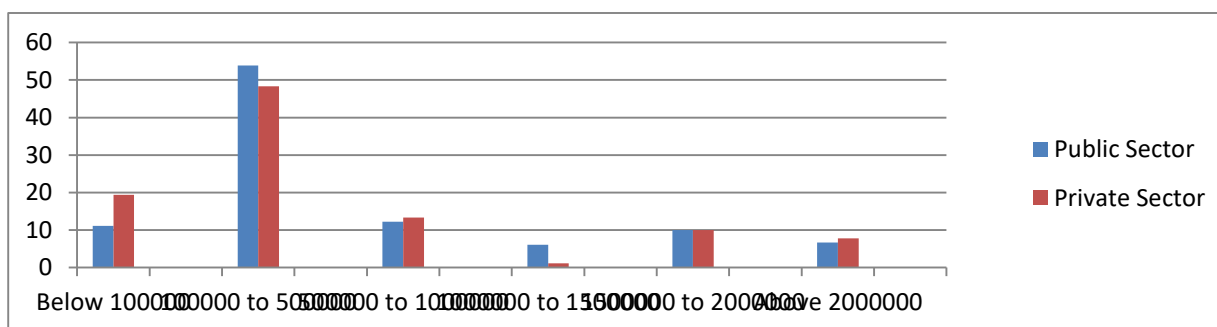
S.No	Monthly Savings	Name of Mutual Fund Company		Total
		Public Sector	Private Sector	
1	Below 5000	39 (21.67)	44 (24.44)	83
2	5000 to 10000	67 (37.22)	72 (40)	139
3	10000 to 15000	31 (17.22)	16 (8.89)	47
4	15000 to 20000	32 (17.78)	36 (20)	68
5	20000 & Above	11 (6.11)	12 (6.67)	23
Total		180	180	360
F Test		0.697		



From the above study , it is clear that 40 percent of respondents with monthly savings of between 5000 and 10,000 prefer to invest in mutual funds in the private sector and 37.22 percent of respondents with monthly savings of between 5,000 and 10,000 prefer to invest in the public sector as opposed to the remaining monthly savings of investors. But the outcome of ANOVA reveals a 0.697 F-Test which is larger than 0.05 (5% level of significance). Therefore it is inferred that there is no correlation between monthly income and choice for the sector of the mutual funds.

6.10 NET ASSET OF INVESTOR:

S.No	Net Asset / Wealth	Name of Mutual Fund Company		Total
		Public Sector	Private Sector	
1	Below 100000	20 (11.11)	35 (19.44)	55
2	100000 to 500000	97 (53.89)	87 (48.33)	184
3	500000 to 1000000	22 (12.22)	24 (13.33)	46
4	1000000 to 1500000	11 (6.11)	2 (1.11)	13
5	1500000 to 2000000	18 (10)	18 (10)	36
6	Above 2000000	12 (6.67)	14 (7.78)	26
Total		180	180	360
F TEST		0.402		



It is evident from the aforementioned study that 48.33 percent of respondents with net assets ranging from 100,000 to 500,000 tend to invest in mutual funds in the private sector, and 53.89 percent of respondents with net assets ranging from 100,000 to 500,000 tend to invest in the public sector as opposed to the remaining net assets of investors. But the outcome of ANOVA reveals a 0.402 F-Test which is larger than 0.05 (5% level of

significance). Therefore it is inferred that there is no correlation between net assets and inclination for the sector of mutual funds.

7.0 CONCLUSION:

Analysis study suggests that the gap between semi-urban and rural is not important due to the position of investors choosing to invest in urban area is more. Place is therefore not a parameter which affects investment decisions in the mutual fund market. The number of male investors is higher, the gap from female investors isn't important. Sex, however, is not a factor that influences mutual fund investment decisions. People between the ages of 31 and 40 are most likely to invest in the mutual funds. Many people are satisfied with mutual fund where there are as many people still not happy with it.

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