



Investors attitude towards Mutual Funds with special reference to Palghar City

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Abstract:

Purpose – The study has been conducted to understand the investors attitude towards Mutual funds. The major objective is to assess the level of awareness among investors regarding mutual funds and examine the factors influencing investors' decision-making process when investing in mutual funds in Palghar City.

Design/methodology/approach – The Quantitative data was collected through Structured Surveys from 165 respondents in Palghar City through Google Forms. Simple Random Sampling has been adopted for collection of the data. Secondary data was collected from websites, publications and research papers. The data was analyzed using Simple Percentage Analysis.

Findings – The research highlighted potential gap in utilization of this investment avenue. A significant proportion of respondents 86.67% in Palghar City were within the 18-30 age group. Equity Funds were the most preferred choice 70.37%.

Research Limitations – The main limitation of this paper is that the study is conducted with regard to Investors attitude towards Mutual Funds in Palghar City only with a sample size of 165.

Practical implications – This study will help in understanding Investment agency and awareness of mutual funds in Palghar city will help investors build their portfolio.

Paper type – Research Paper

Keywords: *Association of Mutual Funds in India, Assets under Management, Net Asset Value*

Introduction:

Mutual funds represent the most appropriate investment opportunity for most investors. As financial markets become more sophisticated and complex, investors need a financial intermediary who provides the required knowledge and professional expertise on successful investing. Here mutual funds act as an intermediary. In modern economy financial institutions act as an intermediary between lenders and borrowers. Financial markets are the backbone of an economic system and aid collection of scarce capital across the productive sectors of the economy. The Indian financial system has always had a well-defined institutional structure.



Mutual Funds:

Indian Mutual Funds have currently about 7.13 crore (71.3 million) SIP accounts through which investors regularly invest in Indian Mutual Fund Schemes. Systematic Investment Plan or SIP as it is commonly known, is an investment plan (methodology) offered by Mutual Funds wherein one could invest a fixed amount in a mutual fund Scheme periodically at fixed intervals - say once a month instead of making a lump-sum investment. The SIP installment amount could be as small as ₹ 500 per month. SIP is similar to a recurring deposit where you deposit a small /fixed amount every month. Average Assets Under Management (AAUM) of Indian Mutual Fund Industry for the month of September 2023 stood at ₹ 47,79,015 crore. Assets Under Management (AUM) of Indian Mutual Fund Industry as on September 30, 2023 stood at ₹ 46,57,755 crore. Mutual Fund SIP accounts stood at 8.76 CRORE! And the total amount collected through SIP during May 2024 was ₹ 20,904 crore.

Month	SIP Contribution Rs. Crore							
	2023 – 24	2022 – 23	2021 – 22	2020 – 21	2019 – 20	2018 – 19	2017 – 18	2016 – 17
	1,99,219	1,55,972	1,24,566	96,080	1,00,084	92,693	67,190	43,921
March	19,271	14,276	14,276	14,276	14,276	14,276	14,276	14,276
February	19,187	13,686	11,438	7,528	8,513	8,095	6,425	4,050
January	18,838	13,856	11,517	8,023	8,532	8,064	6,644	4,095
December	17,610	13,573	11,305	8,418	8,518	8,022	6,222	3,973
November	17,073	13,306	11,005	7,302	8,273	7,985	5,893	3,884
October	16,928	13,041	10,519	7,800	8,246	7,985	5,621	3,434
September	16,042	12,976	10,351	7,788	8,263	7,727	5,516	3,698
August	15,814	12,693	9,923	7,792	8,231	7,658	5,206	3,497
July	15,245	12,140	9,609	7,831	8,324	7,554	4,947	3,334
Jun	14,734	12,276	9,156	7,917	8,122	7,554	4,744	3,310
May	14,749	12,286	8,819	8,123	8,183	7,304	4,584	3,189
April	13,728	11,863	8,596	8,376	8,238	6,690	4,269	3,122

Source: <https://www.amfiindia.com/mutual-fund>. Data taken on 17th June, 2024

Statement of Problem:

Financial behavior of an individual is ever evolving and is impacted by diverse variables. The length and breadth of research in this arena has been high, but tapers when it comes to cater the bottom of pyramid. They are often perceived to be social ventures rather than profitable ventures and hence remain outside the gamut. Further the regional disparities have been accounted for, filling this gap of unequal income opportunities, the study attempts to evaluate the investors and prospective investor’s behavior towards investment in mutual funds in the Palghar district of Maharashtra. It



attempts to study the demand side of this niche group with an aim to deepen the use of financial products in the rural areas of Palghar district.

Literature of Review:

Kaveri, M., & Bindu, B. (2017) conducted a study on Impact of Investor's perception and attitude towards investment decision in mutual funds at Velachery, Chennai. The main aim of the study was to examine the level of perception and attitude of investors towards investment in mutual funds and find out the factors influencing the investment decision of investors in mutual funds. The primary data was collected from 50 investors by using Judgement Sampling Technique from Velachery, Chennai. The secondary data used in the study was collected from related articles, journals, thesis, books, newspapers and internet. In this study, the statistical measures namely reliability, frequencies, descriptive statistics, correlation and regression were used. The study found that there is a significant impact of attitude and perception of investors on their investment decision in mutual funds. It was also noted that the investors like to invest in growth schemes.

Rao, M. V. V., & Gurumoorthi, S. K. (2023) an attempt was made to understand the investors behaviour towards Mutual Funds with reference to Chennai City. The objective of the study was to evaluate an Investors behaviour in the direction of Mutual Funds and the factors that is considered for the selection Mutual Funds. The data was collected from Primary Source from 240 Investors by using Random Sampling Technique in Chennai. The data was analysed using Average Scores, Descriptive Statistics and Chi – Square Test. The study concludes that investors, particularly retired and salaried employees, prefer investment in mutual funds for tax savings, considering mutual funds, bank deposits, and equity shares as the most liquid investment options available.

Patel, A., & Ayre, V. (2019) conducted a study of investors preference towards mutual funds in Bardoli region. The primary objective was to identify investment preference towards mutual fund and find the attributes which are most important to the investor of Mutual Fund. The descriptive research design was used and primary data was collected through questionnaire from 100 small and big investors by using Non – Probability Sampling Method from Bardoli. The data was analysed using Simple Percentage Technique. The study concludes that Mutual Fund is good investment tool because of several benefits like Portfolio Diversification, Professional Management, Risk Reduction, Flexibility, Transparency and Low Transaction Cost.

Deepan, M., Deepa, N., & Muruganathi, D. (2019) investigated that Mutual Fund Investment decisions of investors in Coimbatore City, Tamil Nadu. The major objective was to find the investment decision making among mutual fund investors. Purposive sampling method was used to collect the information from the 60 retail investors in Coimbatore City, Tamil Nadu who invested in mutual funds of different AMCs. In order to draw meaningful conclusion percentage analysis was used to analyze the socioeconomic profile of respondents and chi-square test was used to analyze the investment decision. Chi-square analysis revealed that there was a significant relationship between occupation and type of mutual fund scheme opted by the investors. There was a significant association between occupation and objective of investment decision made. It was inferred that investors had been expecting their return from mutual fund investments according to their level of risk observed.

Megharaja, B., & Chalawadi, C. I. (2018) study was conducted to know the Investor’s Perception of Sectors Equity Mutual Fund in India. The main aim of the study to know the profile of the investors who invested in sectors equity mutual fund and examine the investors’ perceptions of sectors equity mutual fund in India. The data was collected from 50 Investors in Bellary City by using Convenience Sampling Technique in Non – Probability Sampling. The data was analysed using Descriptive Statistics and Chi – Square Test for association of two hypothesis and testing was done using MS Excel. The study concludes that there is significant difference between the selected investor’s perceptions on sectors equity mutual fund in India. The majority of the investors have the same perceptions towards the sectors equity mutual fund but not on the AMCs. The investors who invested sectors equity mutual fund are satisfied by taking high risk as well as high returns.

Objectives of Study:

- To assess the level of awareness among investors in Palghar City regarding mutual funds.
- To examine the factors influencing investors' decision-making process when investing in mutual funds in Palghar City.
- To explore the level of satisfaction among investors in Palghar City with the performance of their mutual fund investments.
- To identify the investment goals and time horizons of investors in Palghar City when investing in mutual funds.

Data Analysis and Interpretation:

Sr. No.	Categorical Variables		Frequency	Percent
1	Age	18 - 30	143	86.67
		31 - 40	12	7.27
		41 - 50	7	4.24
		51 - 60	1	0.61
		60 above	2	1.21
2	Gender	Male	61	36.97
		Female	104	63.03
3	Monthly Income	Less than 20,000	116	70.30
		20,000 - 50,000	30	18.18
		50,000 - 1,00,000	12	7.27
		Above 1,00,000	7	4.24
4	Did you ever invest into Mutual Funds?	Yes	81	49.09
		No	84	50.91

5	Preferred Type of Mutual Fund	Equity Funds	57	70.37
		Debt Funds	1	1.23
		Hybrid Funds	23	28.40
6	Risks associated with mutual fund investments	Low	25	30.86
		Moderate	45	55.56
		High	11	13.58
7	Performance of your mutual fund investments	Highly Satisfied	11	13.58
		Satisfied	43	53.09
		Neutral	27	33.33
		Dissatisfied	0	0.00
		Highly Dissatisfied	0	0.00
8	Time horizon for MF Investments	Long Term (5 years and above)	37	45.68
		Medium Term (3 - 5 years)	19	23.46
		Short Term (1-3 years)	25	30.86

FINDINGS:

Low Mutual Fund Investment Rate: Out of 165 respondents, only 49.09% (81) are currently invested in mutual funds. This indicates a potential gap in utilization of this investment avenue, as 50.91% (84) of respondents are not currently invested.

Awareness: A significant proportion of respondents 86.67% in Palghar City were within the 18-30 age group. However, only 49.09% reported ever investing in mutual funds.

Investor Profile: The majority of investors were female 63.03% and belonged to the lower-to-middle-income bracket, 70.30% earning less than ₹20,000 monthly. This highlights the potential for growth in mutual fund penetration among these demographics.

Investment Decisions: Equity Funds were the most preferred choice 70.37%. A significant portion 55.56% perceived the risks associated with mutual funds as moderate.

Satisfaction: The majority of investors 53.09% were satisfied with the performance of their mutual funds. However, 33.33% remained neutral.

Investment Goals: A balanced approach was evident regarding investment horizons. 45.68% aimed for long-term (5+ years) investments, while short-term (1-3 years) and medium-term (3-5 years) goals were also present 30.86% and 23.46% respectively. This indicates a mix of financial objectives among investors.



SUGGESTIONS:

- Launch educational programs to increase mutual fund knowledge and financial literacy in collaboration with SEBI, NSE and BSE with a focus on young individuals, women, and lower-to-middle-class demographics.
- Highlight the advantages of portfolio diversity while taking potential investors' risk tolerance into account in educational materials and adviser consultations.
- A clear understanding on the risk profiles connected to various mutual fund categories should be given so that investors may make well-informed decisions.

CONCLUSION:

This study reveals on the current trends of investment in Mutual Funds in Palghar city. Despite a young and potentially tech-savvy investor base, there is huge gap of knowledge regarding mutual funds. Equity funds are the most preferred. Also, the target population chose the moderate risk-taking ability. The majority of the population preferred to invest for long term in mutual funds.

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