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PERCEPTION OF INDIAN WOMEN INVESTOR TOWARDS INVESTMENT IN MUTUAL FUNDS

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Abstract:

Mutual Fund is the trust which pools the savings of a large number of investors who share a common financial goal. The money collected from the investors is invested in the capital market instruments based on the fund's objective. By the increasing growth rate of the Indian mutual fund industry many investors are interested in investment in this sector as it safe and seek better yield. Mutual fund investment is less risky than directly investing in stocks and is therefore a safer option for risk adverse investors. Many women investors are interested in the Monthly Income Plan funds offer monthly returns where risk is less and returns are more. This paper makes an attempt to identify various factors affecting perception of women investors regarding investment in Mutual funds. The findings will help mutual fund companies to identify the areas required for improvement in order to create greater awareness among women investors regarding investment in mutual funds.

Key Words: Mutual Funds, Women Investors, Awareness & Perception

Introduction:

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money, thus collected, is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them. Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. Monthly Income Plans or MIPs invest maximum of their total corpus in debt instruments while they take minimum exposure in equities. It gets benefit of both equity and debt market. These schemes rank slightly high on the risk-return matrix when compared with other debt schemes. There is considerable amount of research being done regarding investment in mutual funds. However very little research has been done to study the perception of investors regarding investment in mutual funds especially MIP funds.

Literature Review:

Debasish 2009) studied the performance of selected schemes of mutual funds based on risk and return models and measures. The study covered the period from April 1996 to March 2005 nine years). The study revealed that Franklin Templeton and UTI were the best performers and Birla Sun life, HDFC and LIC mutual funds showed poor performance. Sondhi and Jain 2010) examined the market risk and investment performance of equity mutual funds in India. The study used a sample of 36 equity fund for a period of 3 years. The study examined whether high beta of funds have actually produced high returns over the study period. The study also examined that open-ended or close ended categories, size of fund and the ownership pattern significantly affect risk-adjusted investment performance of equity fund. The results of the study confirmed with the empirical evidence produced by fama 1992) that high beta funds market risks) may not necessarily produced high returns. The study revealed that the category, size and ownership have been significantly determinant of the performance of mutual funds during the study period. Ali, Naseem and Rehman 2010) in their study examined the performance of 10 mutual funds in which 5 were conventional and 5 were Islamic for the period from 2006 to 2008 by using Sharpe and Treynor measures. The results found that the funds of Pakistan were able to add more value either conventional or Islamic. The study also found that some of the funds were underperformed, so these funds were facing diversification problems during the study period.

Prabakaran and Jayabal 2010) evaluated the performance of mutual fund schemes. The study conducted a sample of 23 schemes were chosen as per the priority given by the respondents in Dharmapuri district covered a period from April 2002 to March 2007. The study used the methodology of Sharpe, Jensen and Fama for the performance evaluation of mutual funds. The results of the study found that 13 schemes out of 23 schemes selected had superior performance than the benchmark portfolio in terms of Sharpe ratio, 13 schemes had superior performance of Treynor ratio and 14 schemes had superior performance according to Jensen measure. The Fama's measure indicated in the study that the returns out of diversification were less. Thus the India Mutual funds were not properly diversified. Garg 2011) examined the performance of top ten mutual funds that was selected on the basis of previous years return. The study analyzed the performance on the basis of return, standard deviation, beta as well as Treynor, Jensen and Sharpe indexes. The study also used

Carhart's four-factor model for analyze the performance of mutual funds. The results revealed that Reliance Regular Saving Scheme Fund had achieved the highest final score. Pasalkar, N.V. 2015) A comparative study of Mutual Fund Investment vs. Equity Investment of Indian Individual Investors to compare mutual fund investment with direct equity investment. To study the preferences of individual investors investing in mutual funds. To study the present practices of mutual fund investors. Source: Primary data Secondary data Sample size: 100 Respondents method: Simple random sampling Equity investment is more favored. Proper education is required about mutual funds.

Shukla, S. 2015) A comparative performance evolution of selected mutual funds To study the performance of selected mutual funds schemes under different 5 categories To examine the return from the above selected mutual funds Source: Secondary data Tools: Standard deviation, Beta, Alpha, R squared, Sharpe ratio All the funds are having positive correlation with Nifty. Ramanujam, V, Bhuvaneswari, A 2015) Growth and Performance of Indian Mutual Fund Industry during Past Decade To analyses Growth of Asset Under Management to analyze the growth of Asset under Management Institution Wise. To examine Sector wise mutual fund sales and mutual fund redemption. To analyze the Scheme wise resource mobilization by mutual fund to examine the total number of Schemes and Number of folios Descriptive research Source: Secondary data Private sector has increased their asset base manifold. The asset under management has shown growth in all the sectors. Mane, P. 2016) A Study of Investors Perception towards Mutual Funds in the City of Aurangabad to know investor view towards Mutual fund to know the awareness of mutual fund in Aurangabad people to know the preference of people for investment Source: Primary data Sample Size: 30 Tools: Chi Square Most of the people are hesitant in going for new age investments like mutual funds. People prefer less risky investment.

Need for the Study:

Investor's main objective is to earn higher returns keeping in mind the risk and liquidity factor. With this objective in mind, an investor is looking out for various investment avenues. Mutual funds offer comparatively better returns and have less risk as compared to direct investment in stock market. In this research paper, an attempt has been made to evaluate the perception of investors regarding mutual fund investment with special emphasis on Monthly Income Plan funds.

Objectives of Study:

- ✓ To study the investment pattern of Indian women Investor.
- ✓ To find out the awareness level of Indian women investors regarding mutual funds.
- ✓ To analyze the importance of factors that influence women investment decision in mutual funds.

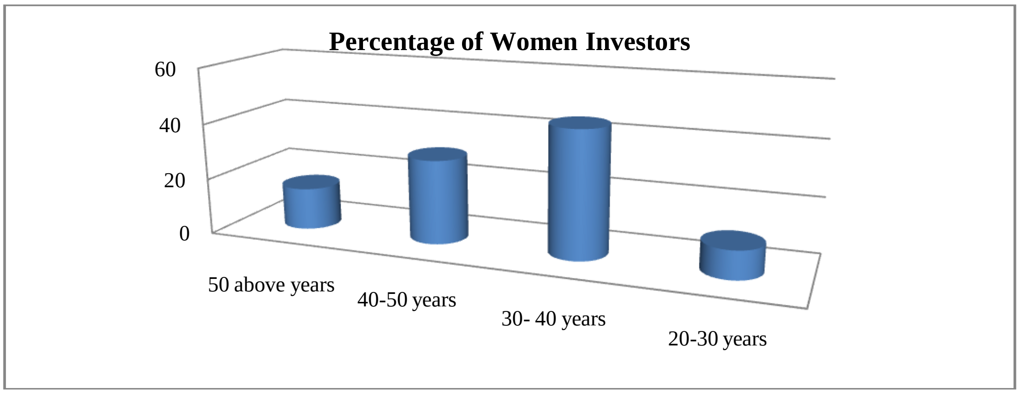
Research Methodology:

A survey were be conducted in Bangalore city during the period of April 2016 to March 2017. A sample of 288 individual mutual fund women investors was surveyed through a questionnaire. Present study were be confined by four different financial broking institutions as Angel Broking, Way2wealth, Kotak Securities, and Motilal Oswal Securities by mode of convince sampling methods . The data collection has been taken by 72 respondents in each four financial broking institution .The women investors were selected on the basis of those who have made prior investment in mutual funds and have some knowledge about the basic terminologies involved with mutual funds. An attempt has been made to find out the perception of women investors regarding mutual fund investment and to identify the factors considered to be important by the investors before investing in any mutual fund. The awareness level of investors regarding Monthly Income Plan funds and their benefits is also studied.

Data Analysis and Interpretation:

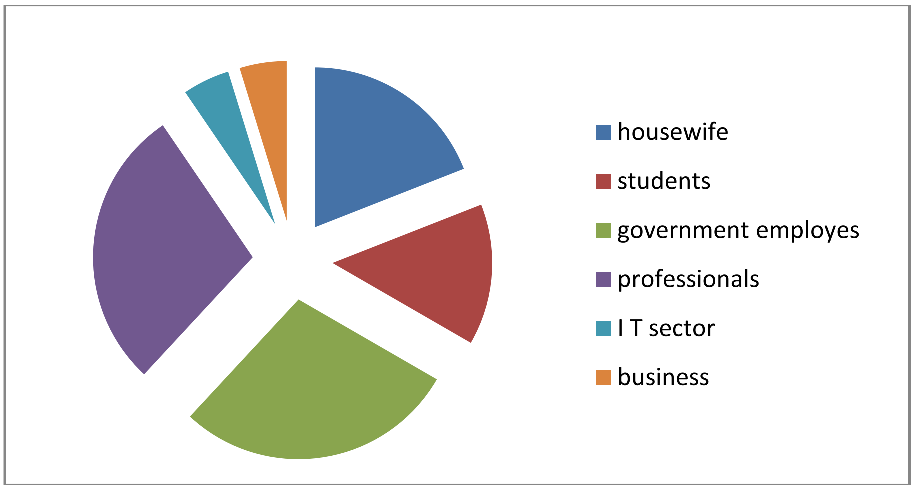
The data collected through the questionnaire is analyzed considering each factor and the analysis is presented below.

Age Profile of Women Investors:



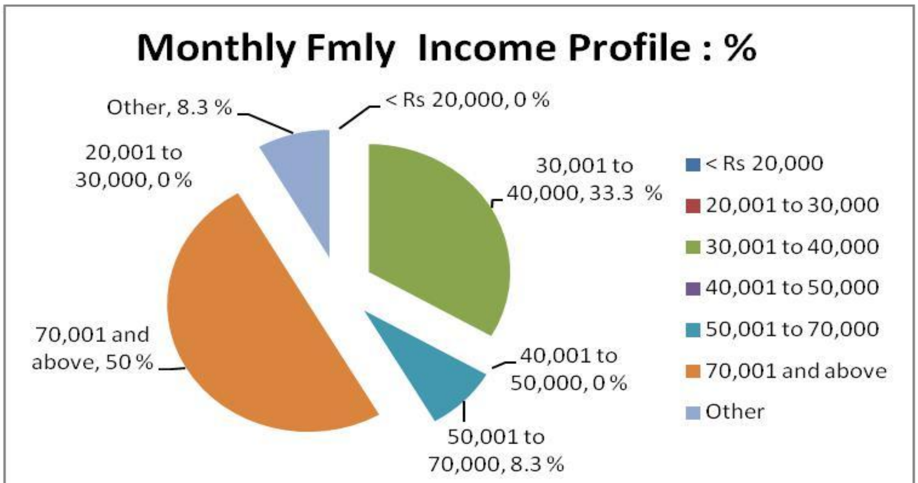
From the above graph, we see that most of the women investors belong to the age group of 30 to 40 years followed by those belonging to the age group of 40 to 50 years.

Occupation Profile of Women Investor:



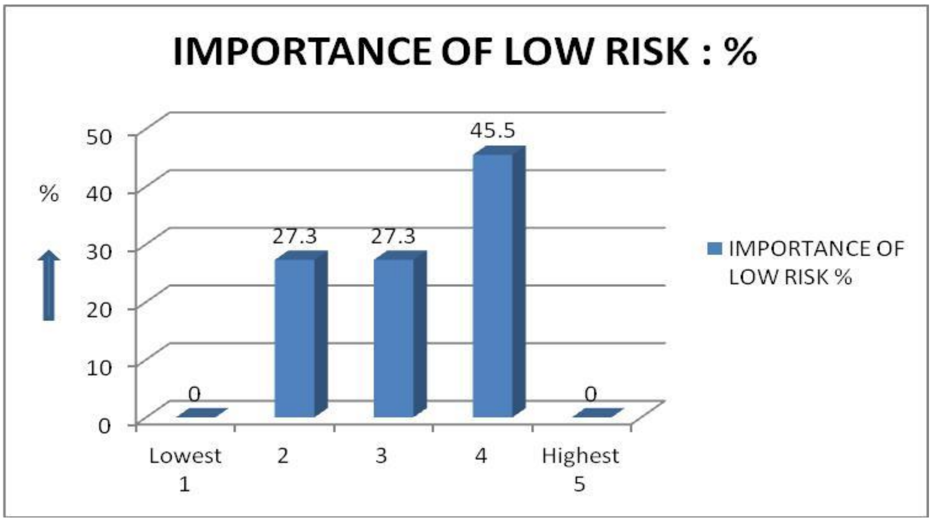
Most of the women investors belong to the government sector followed by professional and housewife. Majority of the investors prefer investing in mutual funds 30%) followed by fixed deposit, gold/silver and insurance. Only 5 % prefer direct investment in stock market.

Monthly Income Profile of Women Investor:

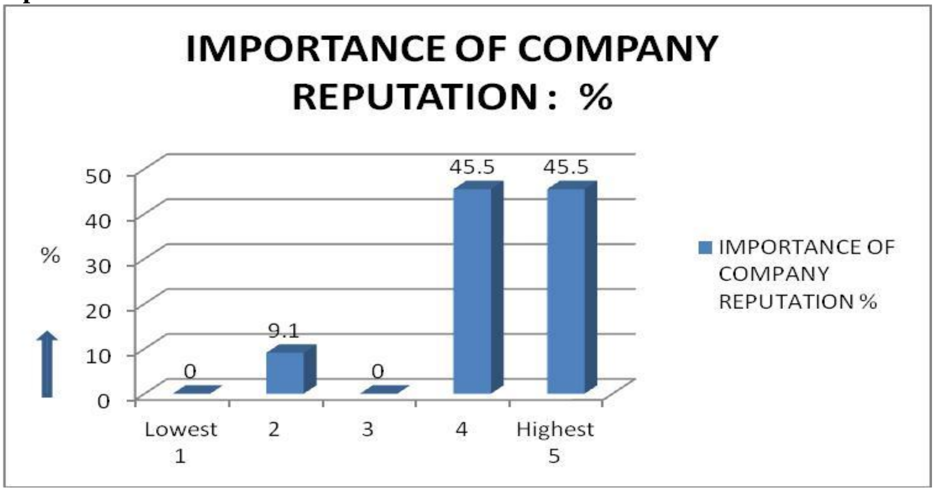


The monthly income profile of the women investor reflects that 50% of the investor belongs to the income level of Rs 70,000/- and above followed by 33.3% of the investors belong to the income group of Rs 30,001 to Rs 40,000.

Low Risk:

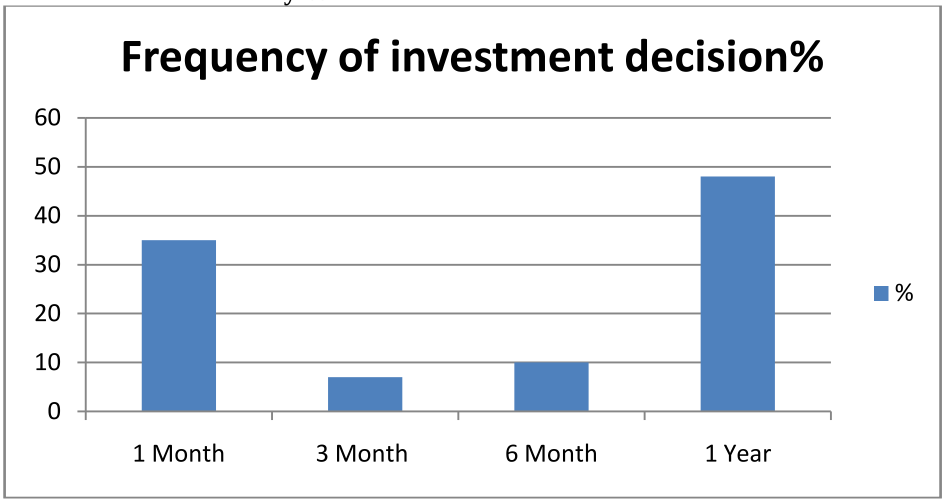


Company Reputation:

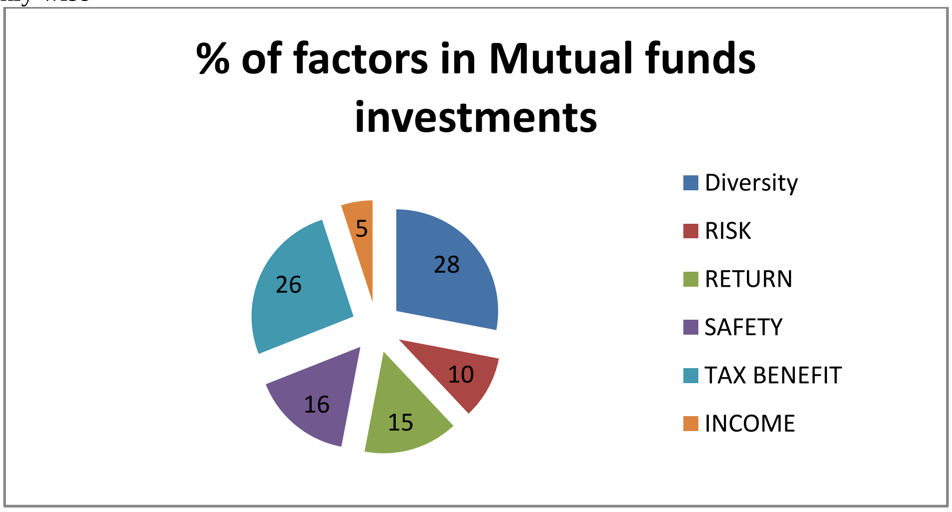


Women Investors are giving more importance to higher return, less risk and reputation of the company before investing in any mutual fund.

Frequency of Investment Decision by Women Investments:



Around 48% of the women investor makes investment decision once in a year and 35% are investing in the monthly wise



The various patterns of the mutual funds while majority of women investors that is 28% are looking for diversification of the mutual funds and 26% are planning for the monthly investment plan which seeks tax benefit.

Conclusion:

The study conducted shows that most of the women investors are aware of various schemes of mutual funds. The Mutual Fund investors mainly belong to the age group from 30 years to 50 years and fall in the income group of Rs 30,000 to Rs 70,000 and above. Diversification of portfolio and tax benefit is the main factors of mutual fund that allure the women investors. Most of the women investors are aware of different mutual Funds scheme and the preferred reason for investing in MIP fund is consistent returns given by these funds. Mutual fund companies should come forward with full support for the investors in terms of advisory services, participation of investor in portfolio design, ensure full disclosure of related information to investor, proper consultancy should be given by mutual fund companies to the investors in understanding terms and conditions of different mutual fund schemes, such type of fund designing should be promoted that will ensure to satisfy needs of investors, mutual fund information should be published in investor friendly language and style, proper system to educate women investors should be developed by mutual fund companies to analyse risk in investments made by them, etc. On the other it is required from government and regulatory bodies point of view that more laws should be there to secure the funds of women investors to be exploited, more tax rebate should be given on mutual fund investment, proper and effective grievance system, right of investor education, and more control on asset management companies should be there.

Suggestion:

The better investing for women investors that they should keep their investment for long time keeping in mind the level of risk involve and saving pattern, they should take help of private financial consultants' to have investment portfolio so as to reduce risk in investment, they should not invest in high volatile funds, they should collect all possible information before investment, periodical review should be done for investment and risk analysis should be done regularly and properly, maintain proper records for each transaction. A careful and reasonable diversification of investment in mutual fund should also be there on investor's part to balance the risk involved in investment. It is also suggested that investor should have a habit of regular saving to earn some more extra consistently through changing market scenario since small savings will grow into bigger capital base. One of the main suggestions is that to invest a reasonable part of investment in to liquid security so that to meet any contingency.

Future Scope for the Study:

The research can has taken the overview of awareness of the women investors in mutual fund schemes and analysis the investment decision of the same. Further the research might carry on the open ended or closed ended schemes in particular and their investment decision pattern.

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