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A Study of Consumer Behaviour towards Mutual Funds with Special Reference to Secunderabad Metropolitan City

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ABSTRACT

A Mutual Fund is an investment instrument that brings funds from differentbuyers and facilitates in investing the funds in bonds, short-term money-market instruments, stocks and other securities or assets are few combination of investments. The primary goal behind investment in mutual fund is to earn goods return with comparatively low risk. The main objective of this research is to identify buyers' preference towards mutual fund in Secunderabad metropolitan city. By using in structured questionnaire, Description statistical tools like chi-square test have been used for analysing the data. The findings from this research are that the most of the buyers are doubtful to invest the new age investment like mutual funds.

Keywords: Consumer Behaviour, perception, Investments, Mutual Fund

1. Introduction

A Mutual Fund is an investment vehicle that pools funds from various buyers and invests the funds in stocks, bonds, short-term money-market instruments, other securities or assets or some combination of these investments and for decisions like Investment are taken carefully by finance and fund managers after sound research and the decisions will be in the significance of the unit holders. In simple words Mutual funds are financial institutions that pool money from different sources like persons or institutions by issuing 'units', making them invest on their behalf with predetermined investment aim and help to manage the same for professional fee. They like to invest the money among various types of financial vehicle generally falling into two types - equity and debt. people and financial institutions have no doubt, can and do invest in equity and debt instruments by themselves but this requires lot of time , knowledge and skill on both of which are the major constraints. That s why Mutual funds become as professional financial instrument bridging the skill and time.Mutual funds organisation consists of a team of expertise who are well enough identify both people and right stocks and debt instruments and so that they can construct a strong portfolio that assures to give the good possible returns at min a very minimum possible low cost. In this regard it also includes outsourcing money of management.

Mutual Fund obtains the money of individual people with specific certain investment target. The money put in several securities depending on the aims and motives of the mutual fund plan and the loss or profit that are shared among buyers or investors' in regards to their individual investment.Securitiesinvestments are widelyspread across the various industries and sectors. In addition to this Diversification alsoreduces the riskinvolved since every stock may or may not move in the equal or samedirection in at the same time in same proportion. Mutual fund challenges and issues units to the buyers or investors as in accordance with quantum of certain money invested by him or her. Buyers of mutual funds are generally called as unit holders. The losses or profitsare equally shared by the investors' in equal proportion for their investment. The mutual funds have generally come out with a various types of schemes with various different investment goals which are introduced from period to period . Every mutual fund is supposed to be registered with (SEBI) which is the one regulates securities markets before it begins to collect funds from the general public.

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2. Main Features which Most Buyers Like In Mutual Fund

Since mutual funds are becoming as one of the most preferred investment vehicle because of various advantages. They also have another forms and ways of investing parties for the buyers who has minimum resources existing in the form of Capital and ability to carry detailed reserves and market monitoring.

These are the most preferred advantages offered by mutual fund to all buyers:
- Return potential
- Affordability
- Liquidity
- Flexibility
- transparency
- Low cost
- Well regulated b SEBI
- Skillful management services

3. Review of Literature

Shanmugham (2000) highlighted in his survey done by him on 201 investors to know the investment strategies and factors motivating investors in making investment decisions he states in his reports that sociological, psychological factors influenced buying decisions while making decisions concerning investments

Ranganathan, K. (2006) highlighted and evaluated suitable aspects of the fund buying behaviour of individual investors and buyers towards Mutual funds, in the city of Mumbai. This paper will be of great aid increase to knowledge and develop in expanding awareness in the field of Consumer behaviour from the marketing world and also the financial economics has brought together.

Griffin, J. M., Nardari, F., & Stulz, R. M. (2006) highlighted therelation between returns in markets and market-wide trading activity , huge stock markets shows a very strong positive relation between past returns and turnovers . The findings were of various controls for unpredictability, various different sample periods, alternative definitions of turnover and are currently at daily frequency. This study shows the relation that is more economically and statistically significant in countries where there is high corruption, with lees-sale restrictions, and in which market volatility is high.

Kim, K. A., & Nofsinger, J. R. (2007) highlighted in their study that they observed Japanese individual buyers by comparing their attitude and behavior during the period of bull market (1984-1989) to long bear market (1990-99). The aim of this study is to evaluate the individual preferences and attitudes towards stock risk management, past returns, book to market valuation and different market conditions .he observed ome astounding differences in buyer behavior among bull and bear market.The study identified some striking differences in buying behavior between the bull and the bear market. These behaviors were linked with poor buying performance. The observations of findings were consistent with behavioral theories, but some of our observations were not.

Sireesha & Laxmi (2013) study shows that impact of demographics on the impact of demographics on the investment avenues that are selected by buyers from the metropolitan cities of Hyderabad .They concluded peer group, gender age, mostly influence the investment or buying decision and also buyers are also less concerned about liquidity and money multiplication instead want their money to be risk free and secure . In this study, an effort is made by the researcher, primarily to study the behavior of buyers regarding mutual funds.

Sundar and Prakash (2014) in their research highlighted the awareness among the buyer community in selecting the suitable mutual fund scheme as it is done on comparative analysis of the mutual funds of various AMCs. This study also indicated that more data and information about mutual funds is not available publicly. There is no data on fund styles to allow the comparison of mutual funds in the market.

Rathnamani (2013) highlighted that most of the buyers are interested to invest in mutual fund in order to have a significant high return at low level of risk, safety liquidity. The world of investment has been changing day to day, so buyer's preferences toward investment pattern also changed. In the demographic profile, most of the buyers are willing to invest only 10 percent in their annual personal income; around 39 percent of buyers belong to age range of 31 to 40 years. In this study buyers are willing to take moderate and low level risk; most of the buyers belong to moderate investment style.

Rajasekar (2013) carried out to know about the buyer's perception with regard to their profile, income, savings pattern, investment patterns and their personality traits. In order to understand the level of buyer's preference, a survey was conducted taking into consideration various parameters involved in buyers decision making.

Mane (2016) evaluated in his study that the customer attitude and perception towards mutual funds are the schemes they prefer, the plans they are opting, the reasons behind such preference and buying is that they have dealt with different investment options, which people prefer along with and a part from mutual funds like postal saving schemes, recurring deposits, bonds and shares. The observations of this study were that people are hesitant in using a new age investments like mutual funds and prefer to avert risks by investing in less risky investment options like recurring deposits. Most of the studies show the scenario of Indian buyers towards mutual fund. But no study is found to investigate the investment preference of Secunderabad buyers towards mutual fund in Secunderabad.

4. Research Objective

- To analyse the buyers perception regarding investing in Mutual Funds.
- To identify the factors that influences mutual funds while buying them
- To know the level of satisfaction among buyers regarding mutual fund

5. Research Methodology

In this study a structured questionnaire is used to assess consumer behaviour towards mutual funds. For this study primary data was collected from the respondents of secunderabad metropolitan city, through means of structured questionnaire made for a sample of 100 respondents by using the survey method. Secondary data was collected using the available literature, journals, and internet search wherever necessary.

The collection of data for proposed research study is done using both the sources of primary and secondary data.

Sample size: As the population is large, only a sample of 100 respondents is considered.

Sampling frame: Secunderabad city

Sampling method: The sample will be selected using random sampling method

Primary Data:

Primary data is the primary source for making an affective analysis on proposed research study. The primary data is gathered using following ways

1.   Personal Interview with Respondents in secunderabad region
2.   One on one Observations
3.   Survey through Questionnaire to Respondents.

Secondary Data:

The secondary data is an important source for making analysis of companies going green. The secondary data sources are annual reports of companies, articles, magazines and Journals. The collected data were analyzed using SPSS; the statistical tools used are one way Anova .

5.1 Data Analysis on Consumer Behaviour towards Mutual funds

Demographic Factor Analysis of Respondents:

Gender of Respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
	Male	66	66.0	66.0	66.0
Valid	Female	34	34.0	34.0	100.0
	Total	**100**	**100.0**	**100.0**	

The above table states the gender based numeric analysis of respondents, from the above table it is identified as 100 respondents are selected for analysis out of which 66 i.e., 66% respondents are males and 34 i.e., 34% respondents are females.

Age of Respondent (in years)

		Frequency	Percent	Valid Percent	Cumulative Percent
	21 – 30	19	19.0	19.0	19.0
	31 – 40	28	28.0	28.0	47.0
	41 - 50	27	27.0	27.0	74.0
Valid	51 - 60	18	18.0	18.0	92.0
	61 and Above	8	8.0	8.0	100.0
	Total	**100**	**100.0**	**100.0**	

The above table analyse the respondents age at different level, it is identified from the table the majority i.e. 28 respondents are aged between 31 – 40 years and followed by 41 -50 years i.e. 27. There is significant numbers of respondents are aged between 21 – 30 years i.e. 19 and between 51 – 60 years is 18. Few respondents i.e., 8 are aged above 61 years. The table statistics of respondents depicts more half of respondents aged between 31 – 40 years and 41 – 50 years.

Income of Respondent (Rs per month)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10001 - 20000	11	11.0	11.0	11.0
	20001 - 30000	21	21.0	21.0	32.0
	30001 - 40000	25	25.0	25.0	57.0
	40001 - 50001	30	30.0	30.0	87.0
	50001 and Above	13	13.0	13.0	100.0
	Total	**100**	**100.0**	**100.0**	

The above table identifies the income levels of the respondents selected for study, it is clearly states from the numeric values that majority of the respondents i.e., 30 are earning between 40001 – 50000 rupees per month and 25 respondents are earning between 30001 – 40000 rupees per month. A significant number of respondents i.e., 21 are earning between 20001 – 30000 per month, 30 respondents are earning more than 50000 rupees per month, few respondents i.e., 11 are earning between 10001 – 20000 per month.

Buyers awareness Towards Mutual Funds:

Awareness based on Gender:

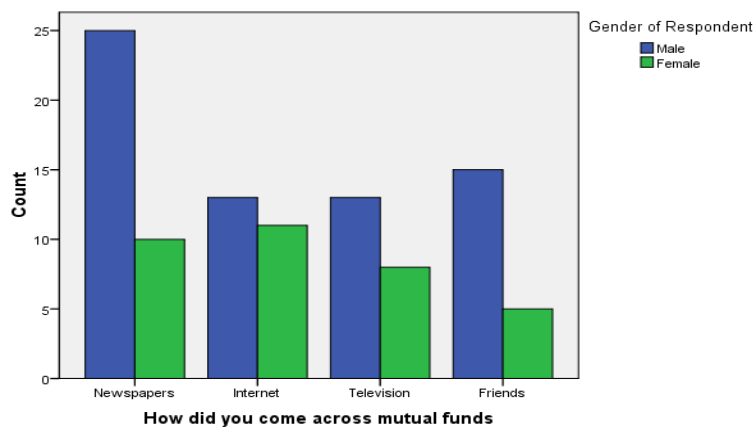|			Gender of Respondent		Total
			Male	Female	
How did you come across mutual funds	Newspapers	Count	25	10	35
		% within How did you come across mutual funds	71.4%	28.6%	100.0%
		% within Gender of Respondent	37.9%	29.4%	35.0%
	Internet	Count	13	11	24
		% within How did you come across mutual funds	54.2%	45.8%	100.0%
		% within Gender of Respondent	19.7%	32.4%	24.0%
	Television	Count	13	8	21
		% within How did you come across mutual funds	61.9%	38.1%	100.0%
		% within Gender of Respondent	19.7%	23.5%	21.0%
	Friends	Count	15	5	20
		% within How did you come across mutual funds	75.0%	25.0%	100.0%
		% within Gender of Respondent	22.7%	14.7%	20.0%
Total		Count	66	34	100
		% within How did you come across mutual funds	66.0%	34.0%	100.0%
		% within Gender of Respondent	100.0%	100.0%	100.0%

INTERPRETATION:

From the above table it is identified as majority of the respondents are getting the awareness on mutual funds through newspapers, followed by the internet sources, television and friends. Majority of the males i.e., 25 are receiving through newspapers and 13 male respondents and females numbered 11 are

receiving awareness through Internet sources to. A significant number i.e., 15 male respondents are getting the awareness on mutual funds through their friends.

			Age of Respondent					Total
			21 - 30	31 - 40	41 - 50	51 - 60	61 and Above	
How did you come across mutual funds	Newspapers	Count	5	14	8	6	2	35
		% within How did you come across mutual funds	14.3%	40.0%	22.9%	17.1%	5.7%	100.0%
		% within Age of Respondent	26.3%	50.0%	29.6%	33.3%	25.0%	35.0%
	Internet	Count	7	3	5	6	3	24
		% within How did you come across mutual funds	29.2%	12.5%	20.8%	25.0%	12.5%	100.0%
		% within Age of Respondent	36.8%	10.7%	18.5%	33.3%	37.5%	24.0%
	Television	Count	4	4	8	3	2	21
		% within How did you come across mutual funds	19.0%	19.0%	38.1%	14.3%	9.5%	100.0%
		% within Age of Respondent	21.1%	14.3%	29.6%	16.7%	25.0%	21.0%
	Friends	Count	3	7	6	3	1	20
		% within How did you come across mutual funds	15.0%	35.0%	30.0%	15.0%	5.0%	100.0%
		% within Age of Respondent	15.8%	25.0%	22.2%	16.7%	12.5%	20.0%
Total		Count	19	28	27	18	8	100
		% within How did you come across mutual funds	19.0%	28.0%	27.0%	18.0%	8.0%	100.0%
		% within Age of Respondent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Bar Chart

			21 - 30	31 - 40	41 - 50	51 - 60	61 and Above	
How did you come across mutual funds	Newspapers	Count	5	14	8	6	2	35
		% within How did you come across mutual funds	14.3%	40.0%	22.9%	17.1%	5.7%	100.0%
		% within Age of Respondent	26.3%	50.0%	29.6%	33.3%	25.0%	35.0%
	Internet	Count	7	3	5	6	3	24
		% within How did you come across mutual funds	29.2%	12.5%	20.8%	25.0%	12.5%	100.0%
		% within Age of Respondent	36.8%	10.7%	18.5%	33.3%	37.5%	24.0%
	Television	Count	4	4	8	3	2	21
		% within How did you come across mutual funds	19.0%	19.0%	38.1%	14.3%	9.5%	100.0%
		% within Age of Respondent	21.1%	14.3%	29.6%	16.7%	25.0%	21.0%
	Friends	Count	3	7	6	3	1	20
		% within How did you come across mutual funds	15.0%	35.0%	30.0%	15.0%	5.0%	100.0%
		% within Age of Respondent	15.8%	25.0%	22.2%	16.7%	12.5%	20.0%
Total		Count	19	28	27	18	8	100
		% within How did you come across mutual funds	19.0%	28.0%	27.0%	18.0%	8.0%	100.0%
		% within Age of Respondent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Interpretation: From the above table it is identified that majority of respondents aged between 31 – 40 years are preferring newspapers to know the information about mutual funds. The maximum respondents 7 preferring internet sources are aged between 21 – 30 years; 8 respondents prefer television advertisement are aged between 41 – 50 years. 7 respondents aged 31 – 40 prefer friends to acquire awareness on mutual funds.

Awareness based on Income:

			Income of Respondent					Total
			10001 - 20000	20001 - 30000	30001 - 40000	40001 - 50001	50001 and Above	
How did you come across mutual funds	Newspapers	Count	5	8	9	9	4	35
		% within How did you come across mutual funds	14.3%	22.9%	25.7%	25.7%	11.4%	100.0%
		% within Income of Respondent	45.5%	38.1%	36.0%	30.0%	30.8%	35.0%
	Internet	Count	2	5	8	7	2	24
		% within How did you come across mutual funds	8.3%	20.8%	33.3%	29.2%	8.3%	100.0%
		% within Income of Respondent	18.2%	23.8%	32.0%	23.3%	15.4%	24.0%
	Television	Count	1	6	6	5	3	21
		% within How did you come across mutual funds	4.8%	28.6%	28.6%	23.8%	14.3%	100.0%
		% within Income of Respondent	9.1%	28.6%	24.0%	16.7%	23.1%	21.0%
	Friends	Count	3	2	2	9	4	20
		% within How did you come across mutual funds	15.0%	10.0%	10.0%	45.0%	20.0%	100.0%
		% within Income of Respondent	27.3%	9.5%	8.0%	30.0%	30.8%	20.0%
Total		Count	11	21	25	30	13	100
		% within How did you come across mutual funds	11.0%	21.0%	25.0%	30.0%	13.0%	100.0%
		% within Income of Respondent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

INTERPRETATION: From the above table 18 respondents 9 from each income category group 31001– 40000 and 41001 – 50000 rupees per month prefer newspapers to get the awareness on mutual funds. The maximum respondents using the services of internet are earning between 30001 – 40000 per month. 6 respondents belong to income category 20001 – 30000 are preferring television.
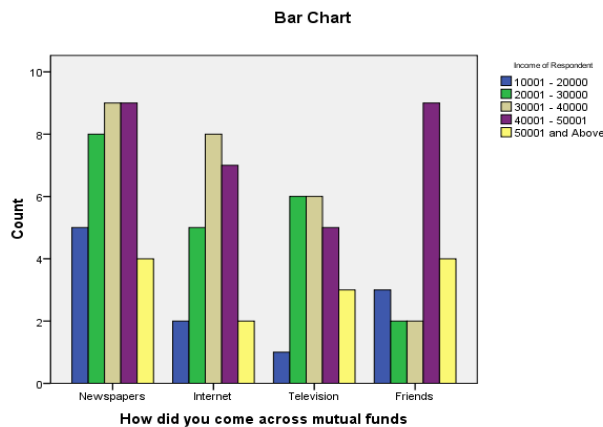
Perception of Buyers towards Investments in Mutual funds

Reasons for Investing in Mutual Funds

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Safety	24	24.0	24.0	24.0
	Liquidity	20	20.0	20.0	44.0
	Tax benefit	30	30.0	30.0	74.0
	Good returns	26	26.0	26.0	100.0
	Total	100	100.0	100.0	

Interpretation: From the above table it is identified that perception of the buyers/buyers on mutual funds. It is clearly states majority i.e., 30% of the buyers/buyers investing in mutual funds to avail tax benefit. Good returns are the second priority concern for the buyers/buyers who wish to invest their saving in mutual funds, 24% respondents are giving priority for safety for their investments in mutual funds, a significant percentage i.e., 20% of the respondents are concern about safety for their investment in mutual funds.

Graph representing perception of Buyers for Investing in Mutual Funds:

HYPOTHESIS TESTING

H_0: There is no significance gender difference towards perception of buyer/buyer's on mutual funds

H_1: There is a significance gender difference towards perception of buyer/buyer's on mutual funds
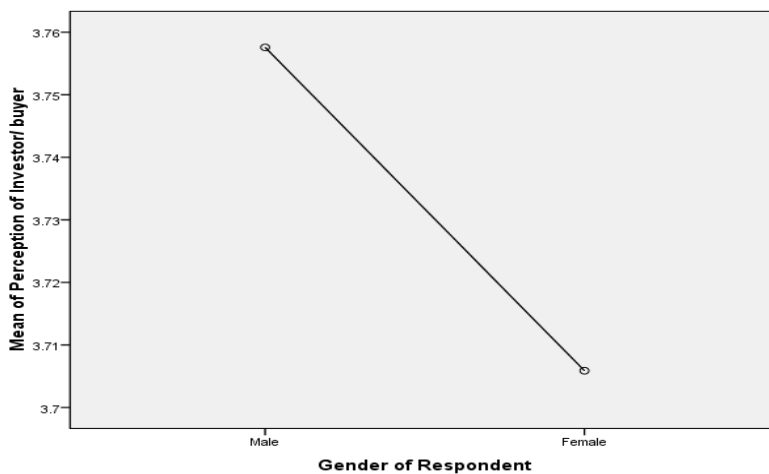
ANOVA

Perception of Buyer

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.060	1	.060	.115	.735
Within Groups	51.180	98	.522		
Total	51.240	99			

The significance value i.e., p value identified from the above table 0.735 here p > 0.05 there is strong evident to support null hypothesis and the experiment results states there is a significance gender difference on perception of buyers/buyer's on mutual funds. The result can be interpreted as the perception on mutual funds is different in males and females. The maximum respondents preferring friends to get the awareness on mutual funds are belongs to income category 40001 – 50000 rupees per month.

Means Plots

H_0: The perception on mutual funds is same on all age groups of buyers

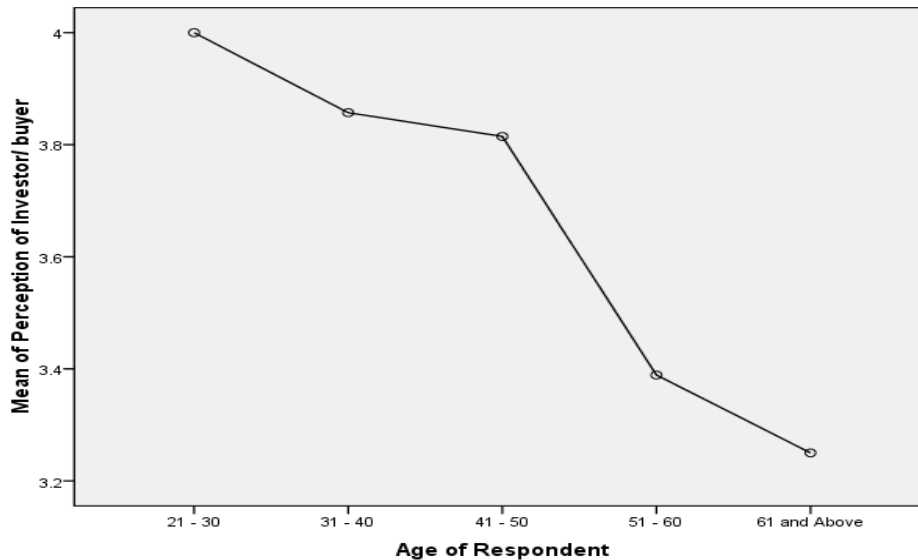H_1: The perception on mutual funds is not same on all age groups of buyers

ANOVA

Perception of Buyer

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.960	4	1.490	3.126	.018
Within Groups	45.280	95	.477		
Total	51.240	99			

The test significance value drawn from the above experiment is 0.018 i.e., p value is 0.018 here the p < 0.05 and here null hypothesis is rejected, and strong evidence to support alternative hypothesis. The result states the perception of buyers/buyers on mutual funds is same on all age group respondents.

Means Plots

H_0: Perception towards mutual funds is same on all income level groups of buyers

H_1: Perception towards mutual funds is not same on all income level groups of buyers

ANOVA

Perception of Buyer/ buyer

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.064	4	.266	.504	.733
Within Groups	50.176	95	.528		
Total	51.240	99			

The significance i.e., p value is identified from the above anova table is 0.733 here the p > 0.05 the significance value supports strong evidence to support null hypothesis and the result can be interpreted as the perception of buyers/buyers on mutual funds is not differed based on income of the respondents.

Means Plots
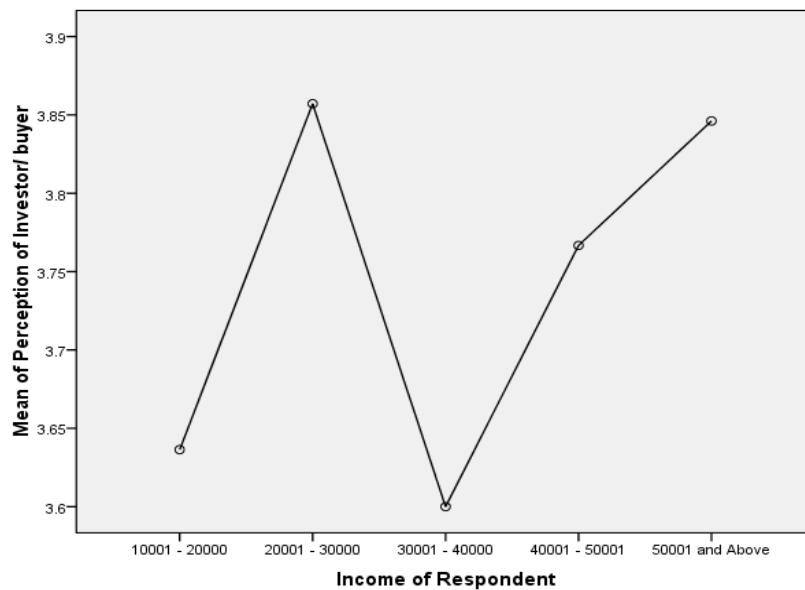
6. Conclusion

The present study analysis the perception of Buyers/Buyers on mutual funds, the study examined the hundred selected respondents who invested their saving in mutual funds. Majority of the respondents are giving priority to avail tax benefit for their investment made in mutual funds. Different opinions are observed between males and females their perception towards investing mutual funds, it is observed that males are giving preference for tax benefit and females are giving preference for safety of their investment. High income people are showing interest to invest their saving in mutual funds by taking moderate risk on their investment. It is also analysed majority of the buyers are following newspaper to get awareness about mutual fund investments, young buyers aged below 30 years are preferring internet and other sources to know about various financial alternatives available on different mutual fund schemes.

The study identified more promotional activities are need to be conduct by the mutual fund companies to improve the awareness on mutual funds, it is also suggestingbuyer analyse their risk according to market fluctuations at gain more returns from the mutual fund investments.

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