

# TO STUDY THE ATTITUDE OF INVESTORS TOWARDS INVESTMENT IN MUTUAL FUNDS IN COIMBATORE CITY

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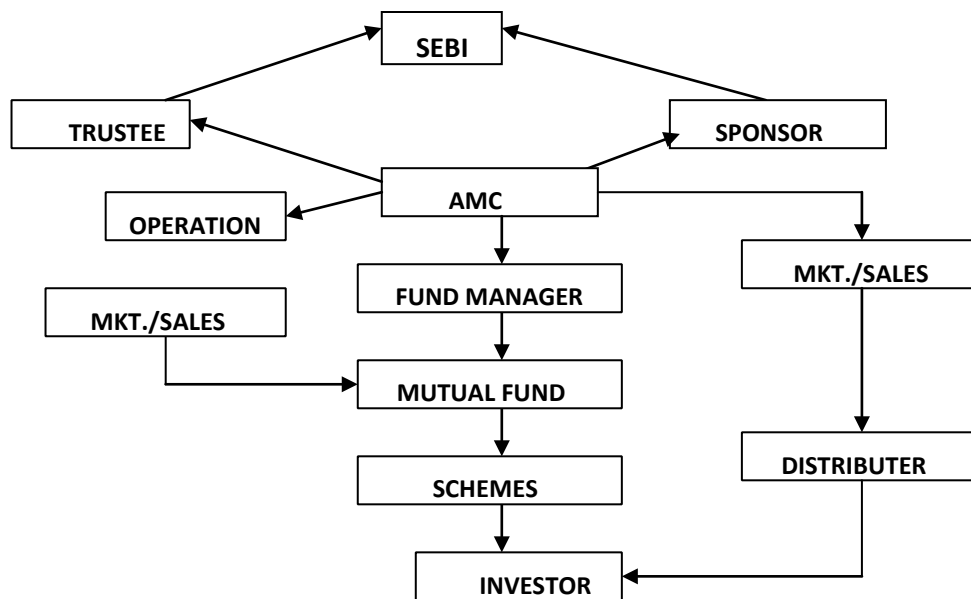
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## **Abstract:**

Mutual funds are an option for investors who do not want to take high risk on their hard-earned investment. Mutual fund industry is growing rapidly and this industry has emerged as an important segment of financial market, especially in allowing the three sectors of the Indian economy to invest in both equity and debt instruments. Mutual fund investment is less risky than investing directly in stocks and is therefore a safer option for investors who avoid risks. The study aims at finding out the attitude of the investors towards investment on mutual funds in Coimbatore city with 100 respondents who are likely to be investors.

## **INTRODUCTION**

A Mutual Funds collect money from the people for the purpose of investment of fund to achieve investment goals. The money invested in various securities depending on the objectives of the mutual fund scheme and the profits (or) loss are shared in proportion to their investment. Investment is a commitment of funds in real assets or financial assets. Investment involves risk and gain. Investments in securities are spread across a wide cross-section of industries and sectors. Diversification reduces the risk because all stocks may not move in the same direction in the same proportion at the same time. Changing in the economic condition, decreasing interest rates of bank deposits, precipitate nature of capital market and recent bitter experience of investors in making direct investment in capital market instruments facilitate to the growing importance of mutual funds. They have been playing an important role in financial intermediation, expansion of capital markets and growth of the financial sector. The active contribution of mutual funds in economic development can be seen by their foremost presence in the money and capital market.

**STRUCTURE OF MUTUAL FUND****REVIEW OF LITERATURE**

**Sowmiya. G, (Jan 2014)**, has studied Performance Evaluation of Mutual Funds in India. The objectives of this are to know the basic concepts and terminologies of the mutual funds in public limited companies and private limited companies. To analyse performance and growth of selected mutual funds schemes with their NAV and their returns. To identify the return variance and to provide suggestions based on the analysis.

**Ms. Shalini Goyal and Ms. Daully Bansal (2013)**, have done A Study on Mutual Funds in India. This paper focuses on the entire journey of mutual fund industry in India. Its origin, its fall and rise throughout all these years and tried to predict what the future may hold for the Mutual Fund Investors in the long run. This study was conducted to analyse and compare the performance of different types of mutual funds in India and concluded that equity funds outperform income funds.

**Dr. Binod Kumar Singh, (Mar 2012)** has done A Study on Investors' Attitude towards Mutual Funds as an Investment Option. In this paper, structure of mutual fund, operations of mutual fund, comparison between investment in mutual fund and bank and calculation of NAV etc. have been considered. In this paper the impacts of various demographic factors on investors' attitude towards mutual fund have been studied. For measuring various phenomena and analysing the collected data effectively and efficiently for drawing sound conclusions.

**C.Vijendra and D. Sakriya, (June 2013)** have done a Study of Investor Behavior regarding Investment Decisions in Mutual Funds. A survey was conducted among 384 mutual funds investors from the twin cities of Hyderabad & Secundrabad to study the factors influencing the

fund/scheme selection behavior of these investors. It is hoped that this survey will underpin the AMCs with regards to planning and implementation of designing, marketing and selling of innovative products.

## **STATEMENT OF PROBLEM**

Mutual funds are emerging as the favourite investment vehicle because of many advantages they have than other investment alternatives, particularly for the investor who has limited resources and intends low risks. From the review of previous studies, it is found that they were concentrated on Investors' financial behavior in Indian perspective. This study is based on finding the attitude of investors while investing in funds.

## **NEED OF THE STUDY**

Stock market plays a vital role in developing economy in India and attracting many people in recent years. Investors usually perceive that all capital market investment avenues are risky and the returns is less. Based on objectives and risk bearing capacities, investors go for different investment alternatives. Among the various investment possibilities, mutual fund seems to be workable for all kind of investors as it is considered as the safer mode of investment. As the mutual fund industry provides an option of diversified investment structure with varying degree of risk, it was supposed to be the most profitable market for Indian investors. The need for this study is find the attitude of investors towards investing in mutual funds.

## **OBJECTIVE OF STUDY**

To study the attitude of investors towards the investment of mutual funds.

## **HYPOTHESIS OF THE STUDY**

There is no significant difference in opinion among Qualification of the investor and the attitude of the investor towards mutual funds.

## **METHODOLOGY OF THE STUDY**

The data were collected through structured Questionnaire from the investors invested in mutual fund schemes living in Coimbatore City. The sample size covered 100 investors of Coimbatore city. The data were analysed by using Descriptive Statistics such as Chi-square Test were used for the study.

## ANALYSIS OF THE STUDY

### I. Difference in Opinion among Qualification and Attitude of investor.

To analyse the difference in attitude towards investment among Educational Qualification **Chi-Square test** is employed. In this statistical analysis the attitude of investor is the test variable and equational qualification is considered as the grouping variable. The results are summarized in the following table and clustered bar graphs are also provided.

**Case Processing Summary**

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
qualification of the respondent * attitude of investors towards mutual fund	100	100.0%	0	.0%	100	100.0%

**qualification of the respondent \* attitude of investors towards mutual fund Crosstabulation**

Count		attitude of investors towards mutual fund			Total
		positive	neutral	negative	
		qualification of the respondent	primary	1	
	secondary	2	2	4	8
	graduate	29	20	7	56
	post graduate	17	4	7	28
	professional degree	4	1	1	6
Total		53	28	19	100

**Chi-Square Tests**

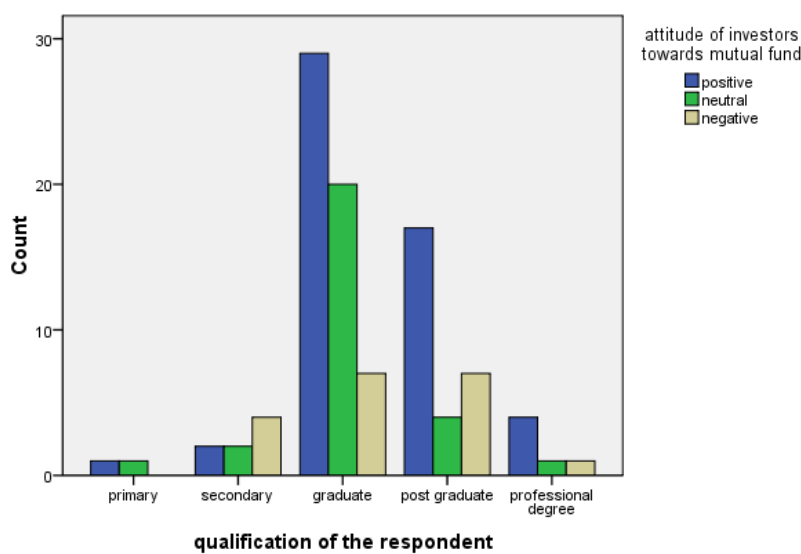
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.665 <sup>a</sup>	8	.167
Likelihood Ratio	11.467	8	.177
Linear-by-Linear Association	1.143	1	.285
N of Valid Cases	100		

Chi-Square Tests

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a. 9 cells (60.0%) have expected count less than 5. The minimum expected count is .38.

Bar Chart



It is observed that out of 100 respondents 53 respondents have a positive attitude towards mutual funds and 19 respondents have a negative attitude towards mutual funds and 28 respondents have a wavering neutral attitude towards mutual funds.

The null hypothesis: there is no significant relationship between Educational qualification and Attitude of investors because the values are more than 0.05, therefore it is rejected.

There is relationship between Educational Qualification and Attitude of Investors towards mutual funds.

## Conclusion

It is concluded that the Mutual Funds business in Coimbatore city is still in a growing phase. Even after investing in mutual funds the investors have a different attitude towards mutual funds. The study shows that the investors are of all ranges and not only well qualified people. The findings of the study were the difference in attitude of investors according to their

qualification. It shows that there is relationship between Investors Attitude and Investors Educational Qualification.

## REFERENCES

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