

MUTUAL FUND: AN EVIDENCED INVESTMENT APPROACH FOR INVESTORS FROM PUNE AND MUMBAI

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ABSTRACT:

This research paper is initiated to find the investors approach towards investment in Mutual Funds. Considering the geographical limitations, area is limited to Pune and Mumbai. A mutual fund is a scheme in which many folks invest their cash for a frequent money cause. A mutual fund is a kind of like a bowl of investments, thousands or countless of investors pool their money to buy a variety of investments; primarily stocks, currencies, bonds which are blended and then divided among the participants or investors. "Mutual fund is subject to market risk, read all the documents carefully" is that the expression for those that have an interest or keen to take a position in Mutual funds. Mutual funds enable investors to diversify their savings or financial gain in numerous styles of stocks, bonds, shares, etc. Mutual funds are often looked up as a source of income. This paper makes an attempt to spot what investors assume about; What are their objectives, however do they have confidence risks concerned in Mutual funds, what are their preference whereas investment in mutual funds, that principles they think about whereas choosing a mutual fund, and what factors stop them from investment in Mutual funds.

Keywords: Mutual Fund, Investments, Investors, Bonds, Shares.

1. INTRODUCTION:

A mutual fund is a common pool of cash into that investor place their contributions that are to be invested with following an explicit objective. The possession of the fund is so joint or "mutual", the fund belongs to all or any investors. One investor's possession of the fund is in the same proportion because the quantity of the contribution created by him or her bears to the overall quantity of the fund. Mutual Funds are trusts, that settle for savings from investors

and invest identical in wide-ranging money instruments in terms of objectives started out within the deed of trust with the read to cut back the chance and maximize the financial gain and capital appreciation for distribution for the embers.

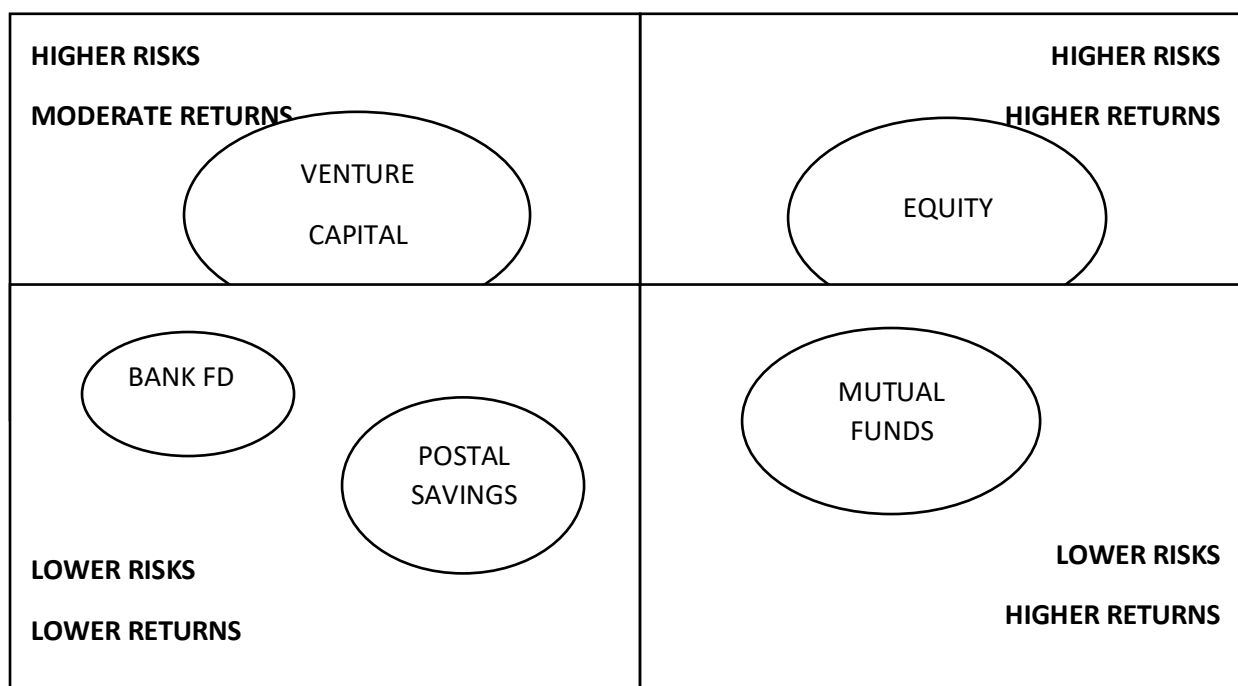
A Mutual Fund is a corporation and the fund manager's interest is to professionally manage the funds provided by the investors and provide a return on them after deducting reasonable management fees.

2. WHY SELECT MUTUAL FUND?

The risk-return trade-off indicates that if an investor is willing to take a higher risk, then correspondingly, he can expect higher returns and vice versa if he pertains to lower risk instruments, which would be satisfied by lower returns. For example, if an investor opts for bank FD, which provides moderate return with minimal risk. However, as he moves ahead to take a position in capital-protected funds and {also the} profit bonds that provide out additional come back that is slightly higher as compared to the bank deposits however the chance concerned also will increase within the same proportion.

This is as a result of the money that's pooled in isn't invested with solely in debt funds that are less risky, however are invested with within the stock markets that involve a better risk, however will expect higher returns.

RETURN RISK MATRIX: Image 1.1



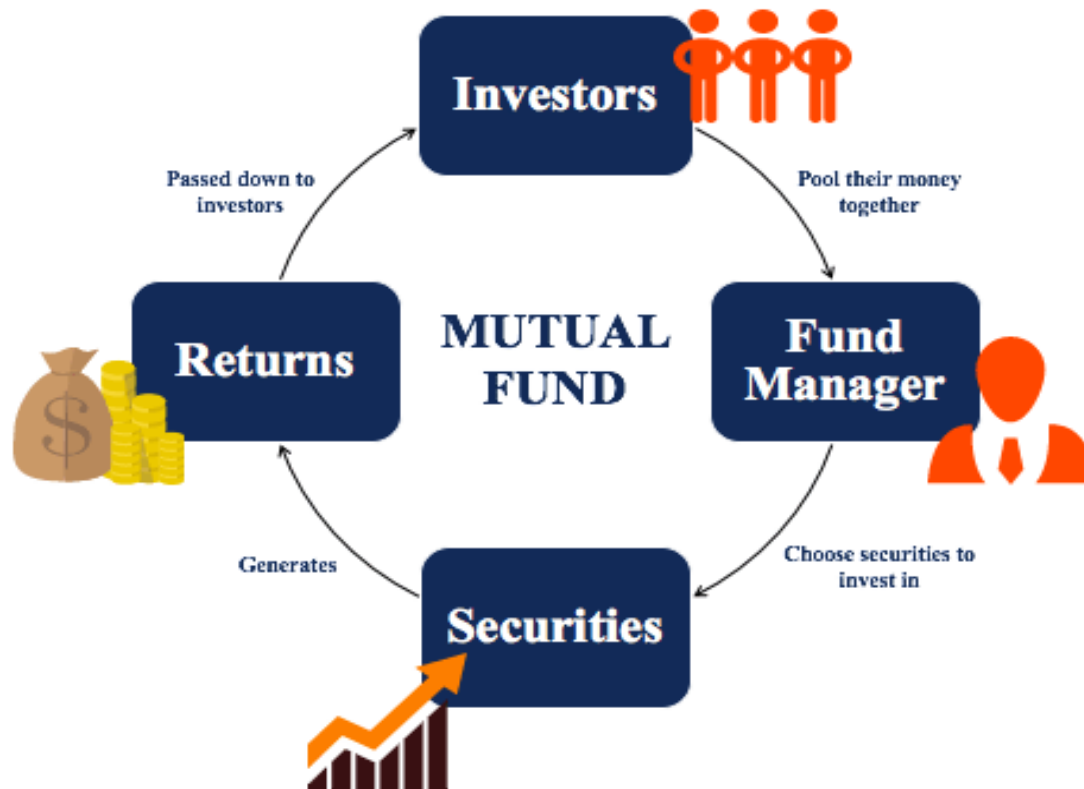


Image 1.2

3. OBJECTIVES OF THE STUDY:

- To give a brief idea about the benefits available from Mutual Fund investment,
- To review a number of the mutual fund schemes & Mutual Fund Distribution Channels
- To study Marketing strategies of Mutual Funds.

4. REVIEW OF LITERATURE:

Dr. A. Rajamohan (Dec 2013), has done A Study on the Status of Awareness among Mutual Fund Investors in Tamil Nadu. Mutual funds have become an important intermediary between households and financial markets, particularly the equity market. Mutual funds have enabled an increasing number of households to enter financial markets and the diversified investment structure of mutual funds and diversified risk contributed tremendously to the

growth of mutual funds. It is important to study the awareness of mutual funds among investors.

C.Vijendra and D. Sakriya, (June 2013) have done a Study of Investor Behaviour regarding Investment Decisions in Mutual Funds. A survey was conducted among 384 mutual fund investors from the twin cities of Hyderabad & Secundrabad to study the factors influencing the fund/scheme selection behaviour of these investors. It is hoped that this survey will underpin the AMCs with regards to the planning and implementation of designing, marketing, and selling of innovative products.

Ms. Archana Patro and Prof. A. Kanagaraj (Jun 2012), have done Exploring the Herding Behaviour in the Indian Mutual Fund Industry. The study analyzes the trading activity of Indian mutual funds and investigates whether Indian mutual fund managers are engaged in herding behavior. Results are compared with previous studies in mature as well as developing markets to determine the level of maturity of the Indian capital market. The measure of herding developed by Lakonishok et al. (1992) has been used.

5. THE MUTUAL FUND SCHEMES:

There are over hundreds of mutual funds scheme to choose from. It is easier to think of mutual funds in the categories, mentioned below.

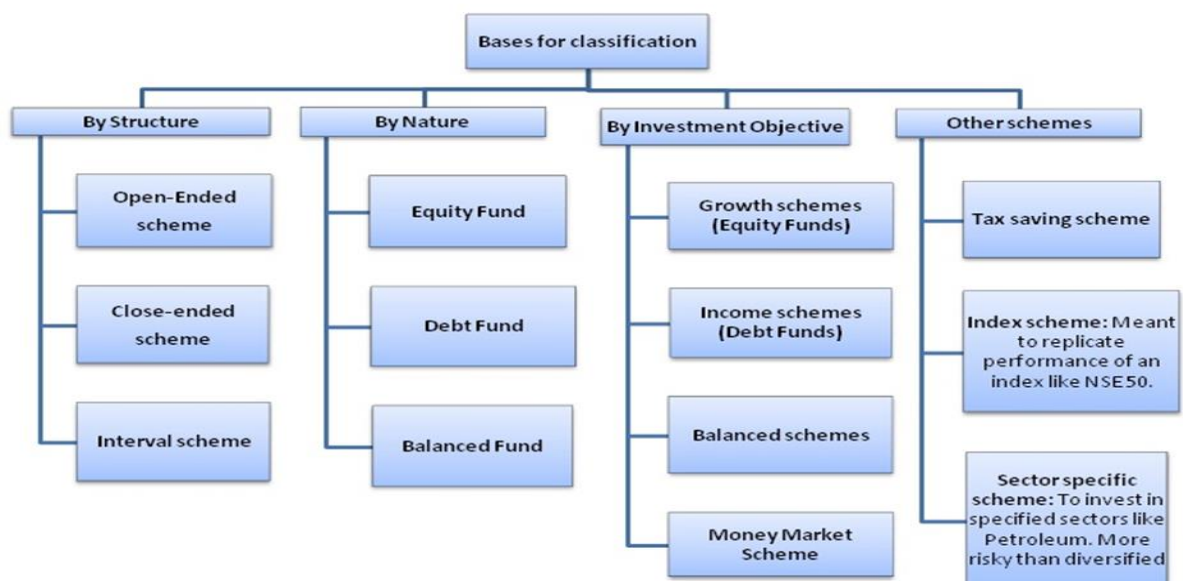


Image 1.3

MUTUAL FUNDS DISTRIBUTION CHANNELS:

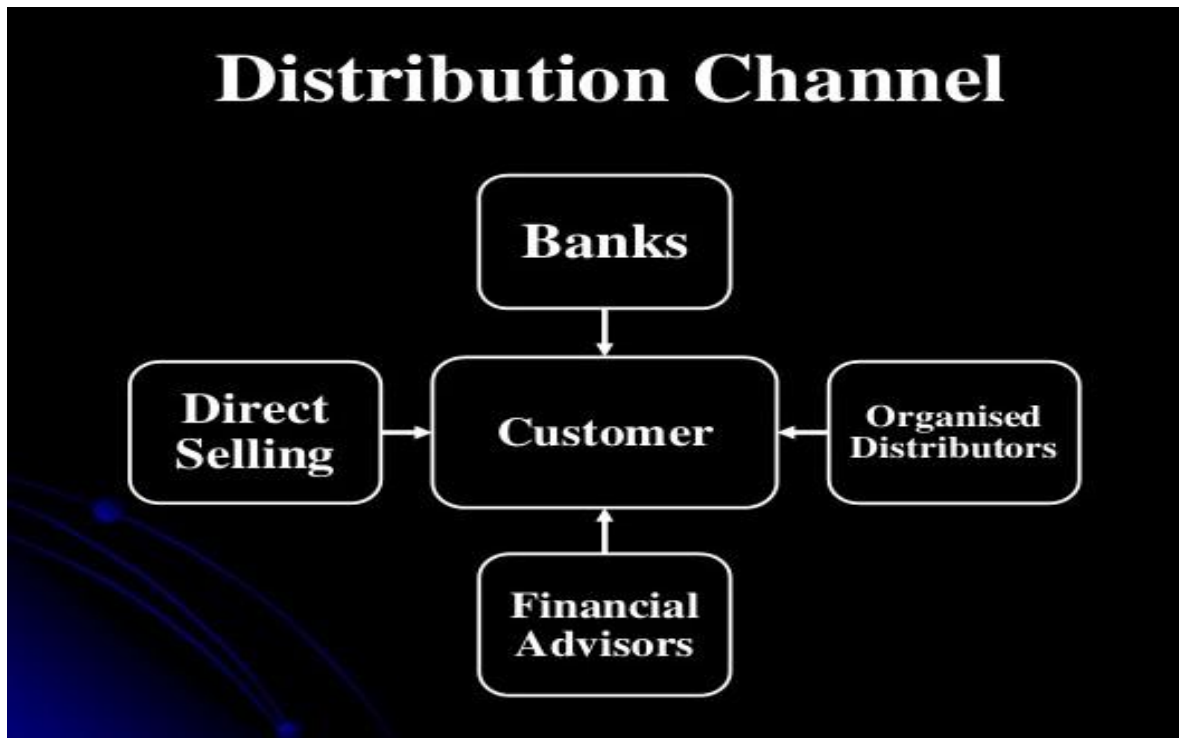


Image 1.4

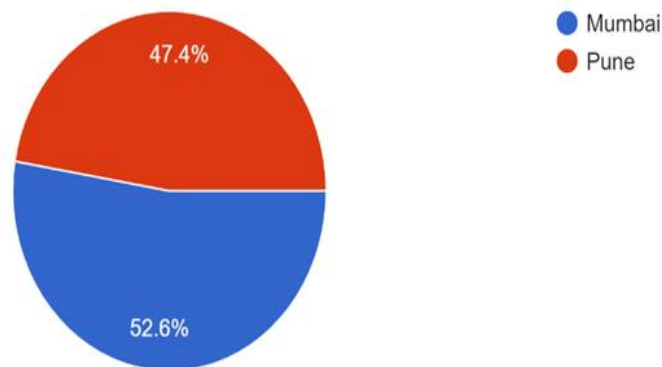
6. DATA ANALYSIS AND INTERPRETATION

Data analysis and interpretation is that the method of assignment aiming to the collected information and decisive the conclusions, significance, and implications of the findings. to review the mutual funds, the participants from Mumbai and Pune were hand-picked for

analysis functions.

Q.1. Are you from Mumbai or Pune?

209 responses



DATA SOURCES

Primary Data was collected through a questionnaire and secondary data were collected from textbooks, reference books, Annual reports.

TARGET RESPONDENTS

The survey method was adopted among the various categories of investors of 209 respondents were selected under convenient sampling techniques. For this study, the people of Mumbai and Pune were selected to study the investment approach of these investors.

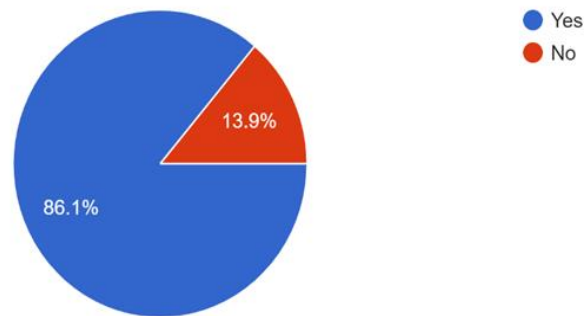
6.1. ANALYSIS OF QUESTIONNAIRE AND RESPONSES RECEIVED:

Q.1: Do you have any idea about Mutual funds?

Elaboration: This question was asked to the participants whether they have any idea or ever heard about mutual funds. The responses from respondents received are as follows-

Q.5. Do you have any idea about Mutual Fund?

209 responses



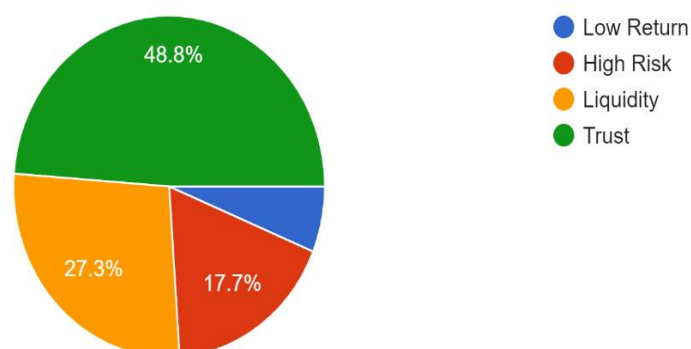
From the above-given data, we can discover that the majority (86.1%) of respondents have the idea and knowledge about Mutual Funds, and (13.9%) of respondents have no knowledge and idea about what are Mutual Funds.

Q.2. Which is your preference while investing?

Elaboration: This question was asked to the participants about their preferences while investing in mutual funds such as the Low or High risk or about trust or liquidity.

Q.8. Which is your preference while investing?

209 responses



From the above-given data, we can see the majority (48.8%) of respondents have the preference of having trust while investing should be maintained, and (27.3%) of respondents have a preference of having Liquidity while investing, and (17.7%) of respondents have a

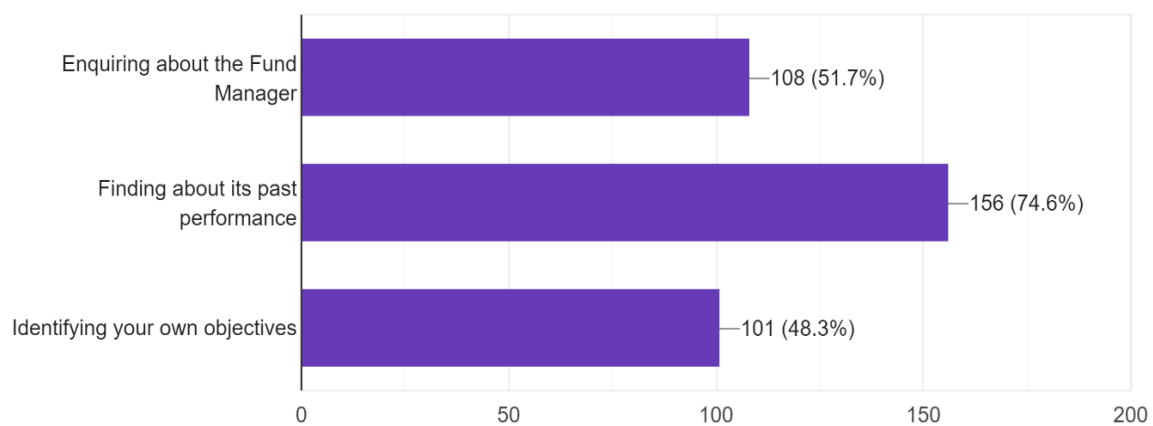
preference of having High Risk and good returns while investing, and (6.2%) of respondents have a preference of having Low Return while investing.

Q.3. Which among the following principles do you consider while selecting a Mutual Fund?

Elaboration: This question was asked to the participants about what are the options do they consider while selecting a Mutual fund such as Enquiring about the fund manager, its past performance or to identify your own objectives.

Q.14. Which among the following principles do you consider while selecting a Mutual Fund?

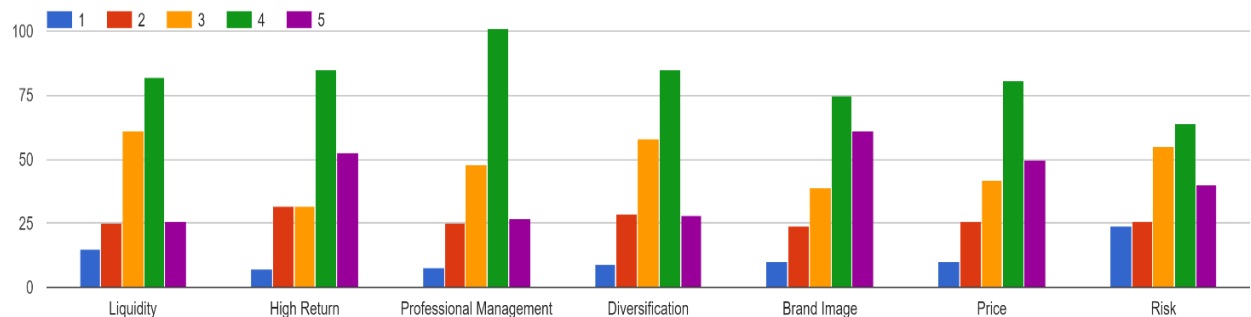
209 responses



As the above given data, we can see the majority (74.6%) of respondents think that while selecting to invest in a Mutual fund one should consider to find about its past performance whether to check its profitable or not, and (51.7%) of respondents think that while selecting to invest in a Mutual Funds one should enquire to the fund manager about the mutual funds in the market, and (48.3%) of respondents think that while selecting to invest in Mutual Funds they should identify their own objectives for investing their income in Mutual Funds.

Q.4. While investing your money, how these factors affect your decision?

Q.15. While investing your money, how these factors affect your decision ?



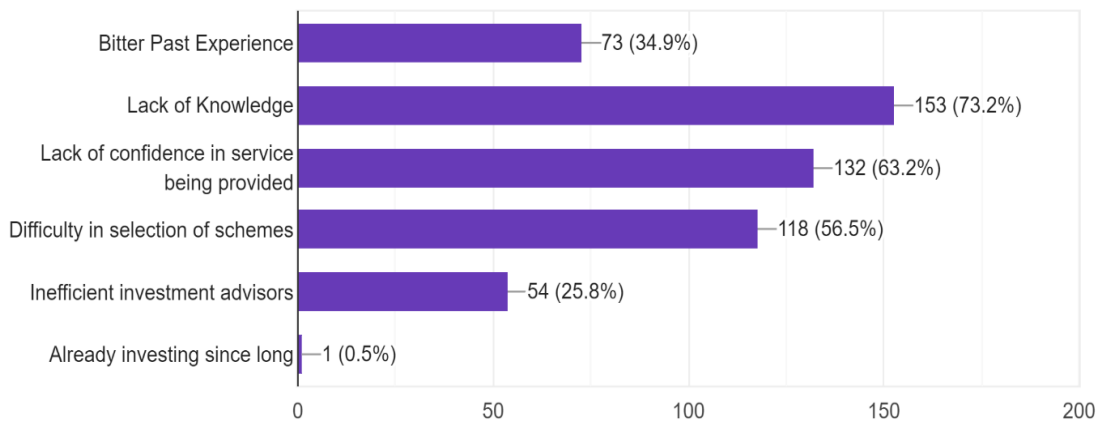
As the above given data, we can see the majority of the respondents think that while investing their money in any mutual fund's investment, Liquidity; High Return; Professional Management; Diversification; Brand Image; Price; and Risk all the factors play an important role which affects the decision of the respondents. The above all factors are highly chosen by the respondents which can help them to decide whether they should invest or not.

Q.5. Which factors prevent you to invest in mutual fund?

Elaboration: This question was asked to the participants about what are the factors that prevent them from investing in Mutual funds. The various factors are shown as below.

Q.19. Which factors prevent you to invest in mutual fund ?

209 responses



As the above given data, we can see the majority (73.2%) of respondents have Lack of Knowledge that prevents them from investing in mutual funds, and (63.2%) of respondents has Lack of confidence in service being provided by mutual fund companies, and (56.5%) of respondents have difficulty in selecting the schemes which are available in the market which prevents from investing in mutual funds, and (34.9%) of respondents have Bitter past experience with mutual funds so it prevents them from investing, and (25.8%) of respondents think that there are Insufficient investment advisors which prevents them from investing in mutual funds, and (0.5%) of respondent is already investing in mutual funds since a long time.

7. CONCLUSION:

Mutual Funds currently represent maybe the most applicable investment chance for many investors. As money markets become a lot subtle and complicated, investors want a money mediator who provides the desired data and skilled experience on successful investment. As the investor always try to maximize the returns and minimize the risk. Mutual fund satisfies these necessities by providing engaging returns with affordable risks. The fund trade has already overtaken the industry, a lot of funds being beneath fund management than deposited with banks. With the emergence of robust competition during this sector mutual funds square measure launching a spread of schemes that caters to the necessity of the actual category of investors. Risk-takers for obtaining capital appreciation ought to invest in growth, equity schemes. Investors who are in need of regular income should invest in income plans.

The mutual fund trade as full gets but two percent of social unit savings against the forty-six percent that enters bank deposits. Some fund managers say this solely indicates the sector's potential. "If mutual funds reach breaking away at bank deposits, even a triple-digit growth is feasible over the ensuing few years.

8. REFERENCES

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