



## INVESTOR'S CHOICE: MUTUAL FUNDS

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### ABSTRACT

Investment in mutual funds is expanding quickly. The investments need a lot of work because they include a commitment to positive finances for maybe uncertain expected returns. Mutual financial investment is a middle-of-the-road strategy where returns are slightly higher than those of risk-free securities but lower than those of high-risk securities like the stock market. Mutual funds have recently gained more popularity in India. In the past, people have invested their money in steady-income programmes including bank fixed deposits, recurring deposits, national financial savings certificates, and chit funds. Banks used to charge eight to 10 percentage points of interest. However, banks currently charge 6 percentage points in interest. People had not previously understand the concept of mutual financing. Mutual fund organisations and SEBI have started educating investors about mutual funds and inventory financing. Investors in mutual financing have a variety of funding options available to them. Mutual funds are substantially less hazardous than equities. Mutual finance is concerned with risk diversification. Diversification of risk is one of the major benefits. The primary goal of this observation is to identify the mutual fund sectors in India, their historical boom, and the drivers behind their recent historical boom.

**KEYWORD:** Mutual Funds, Demographic Variables, Investment Behaviour, Risk Diversification, Fixed Deposit, Recurring Deposit, Financial Market, Growth

### INTRODUCTION

Since its founding in 1963, the Indian Mutual Fund industry has had to deal with a wide range of changes. Within the Indian economy, it is one of the areas that is growing the quickest. One of the key components of the Indian capital and financial markets is thought to be mutual financing. It facilitates the mobilisation of human savings and generates very substantial amounts of sales. As a result, the firm experiences a boom and capital formation. This remark sheds light on the diverse characteristics and growth of the mutual fund industry in India. Mutual funds are well-known in part because they give investors the opportunity to diversify and, as a result, spread out their risk over a variety of investments. People are drawn to mutual finances because they give regular traders the opportunity to invest in professionally managed finances. Due to the high demand and high liquidity for mutual funds, shares in those institutions can be sold and purchased with relative ease.



## LITERATURE REVIEW

Everybody makes investments in order to achieve a goal. A wide range of investing options are available. To do this, an investor must research their historical investment performance and choose wisely from a broad viewpoint (Penaranda, 2016). Financially speaking, investing is the use of funds to retain assets for extended or brief periods of time in order to maximise earnings and get interest on those investments. Savings and investments are tied to one another and utilised in tandem (Sireesha & Laxmi, 2013). According to (Nagpal, 2007), while investing money, a person must consider three factors: maintaining a long-term view on obtaining profits, choosing the best investments to increase their return, and attaining the correct allocation of investable assets. An investor must exercise caution while adopting the aforementioned three presumptions while keeping in mind demographic variables, lifestyle choices, and investor opinions. The author went on to highlight how an investor's age, occupation, or family's wealth has a big influence on the kind of investments they select.

Age, gender, education, marital status, culture, religion, and the size of one's dependant family are just a few of the demographic variables that influence one's decision to invest and save (Graff, Tang, & Zhang, 2008). The culture in which we live has numerous components, including the age factor, gender, conventions, rituals, and many more, which have a big impact on how people save and spend money in different areas (Oyejide, 1999). According to (Achar, 2012), an investor's savings and investing behaviour is determined by their unique personality, including their age, sex, marital status, and level of living. The size of the family, yearly income, and annual savings were thought to be key determinants of investing behaviour. Based on an analysis of several research, it was shown that demographic characteristics have a significant role in determining how much money to invest (Jain & Mandot, 2012; Jamshidinavid, Chavoshani, & Amiri, 2012; Geetha & Ramesh, 2011). According to research by several authors in different nations (Jain & Mandot, 2012; Das & Jain, 2014; Mwaka, 2013; Ton & Nguyen, 2014), demographic factors for investors do have an impact on their choice of mutual funds.

## OBJECTIVES OF THE STUDY

- To study the opinion of the public towards Mutual Funds.
- To analyze the Advantages and Disadvantages of Mutual Funds
- To study the prospects of Mutual Funds.
- To analyze the Risk related to Mutual Funds.



## RESEARCH METHODOLOGY

The study is supported by primary data. For this, a questionnaire-based survey was carried out. This survey drew the participation of 46 respondents. The questionnaire was given out to people in a variety of age, gender, income, and occupation groupings. The survey form was produced using Google Forms and disseminated over a number of social media accounts. In addition to this, secondary data was gathered through publications like newspapers, journals, and magazines.

## FINDINGS

The study has made particular components of the mutual fund industry over the years. There has been a significant increase in gross mobilisation in both the personal and public sectors. The overall mobilisation of the mutual fund industry in the personal sector has increased from 69,22,924 crores in 2010-11 to 1,25,16,197 crores in 2019. The growth in the general public sector has been discovered to be less severe as a result of the personal sector. It increased from 7,83,858 to 29,51,162 crores. It is far situated that gross mobilisation in the public sector increased by 142 percent in 2014-15.

The collective financial enterprise's success is based on traders' understanding. Low trader knowledge/fact level and economic literacy in India have been the biggest impediments to the mutual finance industry's goal of directing family wealth into mutual funds.

Any business environment must have a strong regulatory structure in place, and the mutual financing industry in India is no exception. The degree of competitiveness inside the company has been steadily increasing. So, in order to satisfy the demands of time, it must play a more active and dynamic role.

## ANALYSIS AND INTERPRETATION OF PRIMARY SOURCE OF DATA

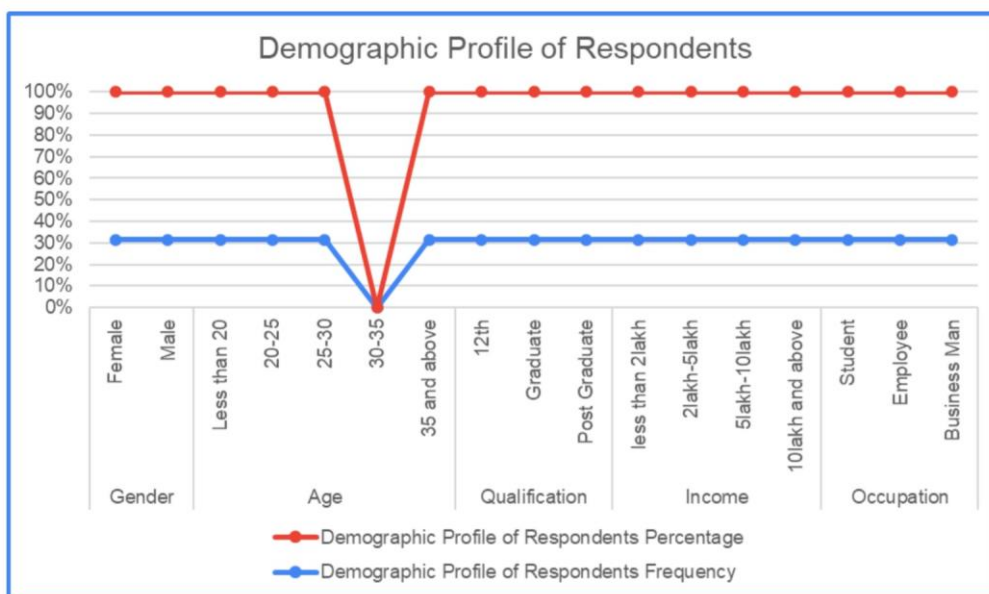
### TABLE 1: DEMOGRAPHIC PROFILE OF RESPONDENTS

The study reveals that women made up 31 out of 46 responses, or 67.39 percent, of the total. 20–35 was the age group that participated in the poll with the highest percentage (82.6%), followed by 20 and under.

With 50% of the overall population and students actively engaging in the poll, the majority of the population was post-graduate.



Demographic Profile of Respondents			
Factors		Frequency	Percentage
Gender	Female	31	67.39
	Male	15	32.6
Age	Less than 20	5	10.86
	20-25	38	82.6
	25-30	2	4.34
	30-35	0	0
	35 and above	1	2.17
Qualification	12th	4	8.69
	Graduate	19	41.3
	Post Graduate	23	50
Income	less than 2lakh	25	54.34
	2lakh-5lakh	11	23.91
	5lakh-10lakh	7	15.21
	10lakh and above	3	6.52
Occupation	Student	33	71.73
	Employee	10	21.73
	Business Man	3	6.52

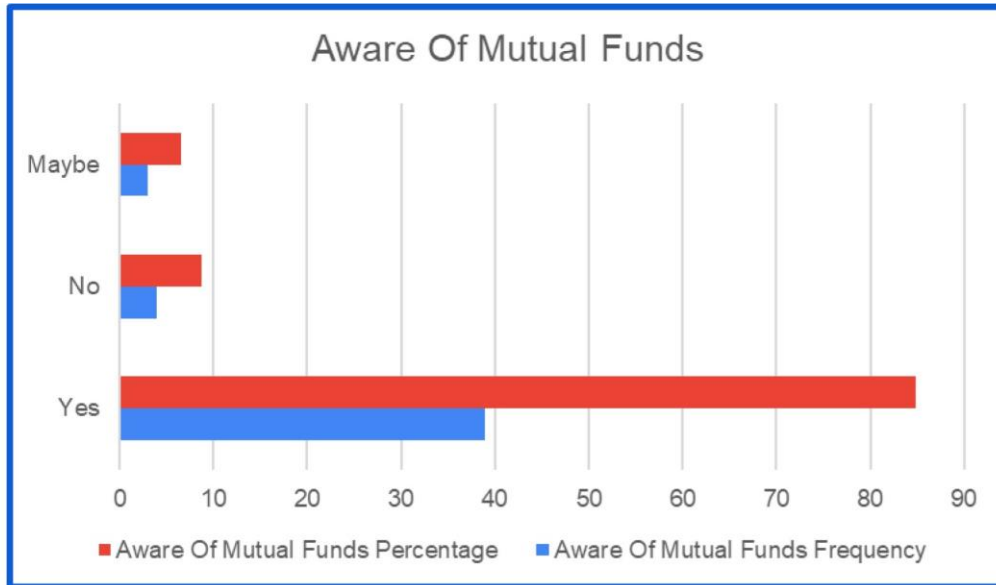


**TABLE 2: AWARE OF MUTUAL FUNDS**

The study revealed that the majority of participants—84.78 percent—were previously familiar with mutual funds, followed by those who weren't, but this group made up a small portion of the overall sample.

Aware Of Mutual Funds		
	Frequency	Percentage
Yes	39	84.78
No	4	8.69
Maybe	3	6.52

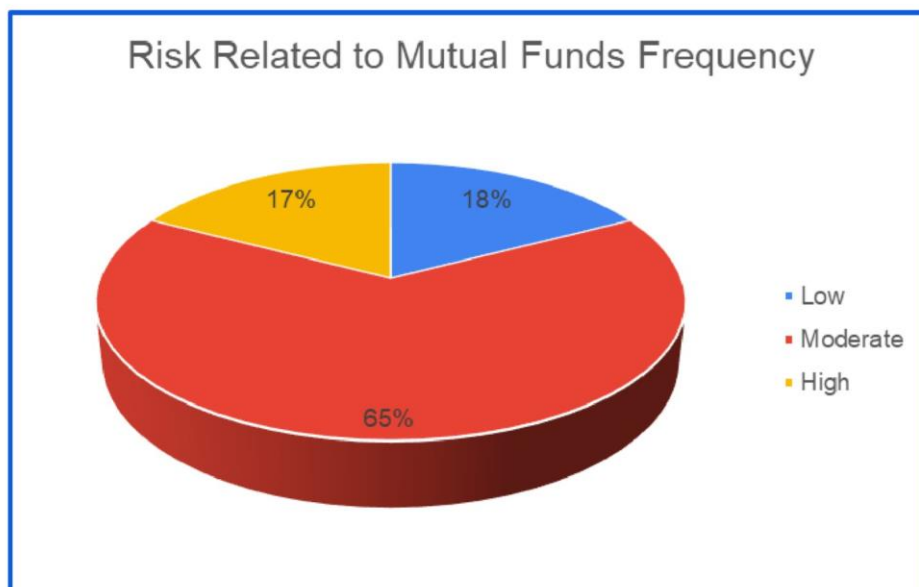




**TABLE 3:RISK RELATED TO MUTUAL FUNDS**

The respondent's opinions regarding mutual funds and the risk they carry are displayed in the table. The survey indicates that there is a modest risk associated with mutual funds, as 30 out of 46 have a 65.21 percent return. Those who believe the danger is great or low make up an equal portion of the remaining population.

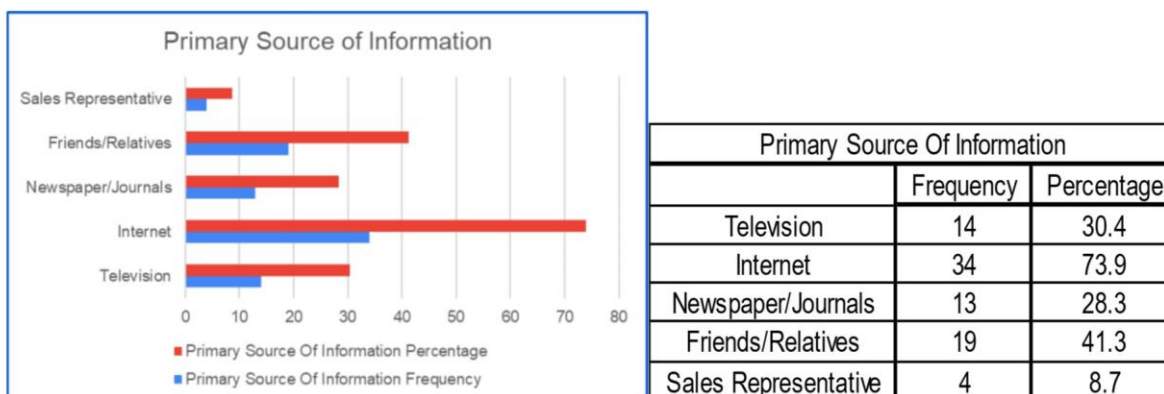
Risk Related to Mutual Funds		
	Frequency	Percentage
Low	8	17.39
Moderate	30	65.21
High	8	17.39





**TABLE 4: PRIMARY SOURCE OF INFORMATION**

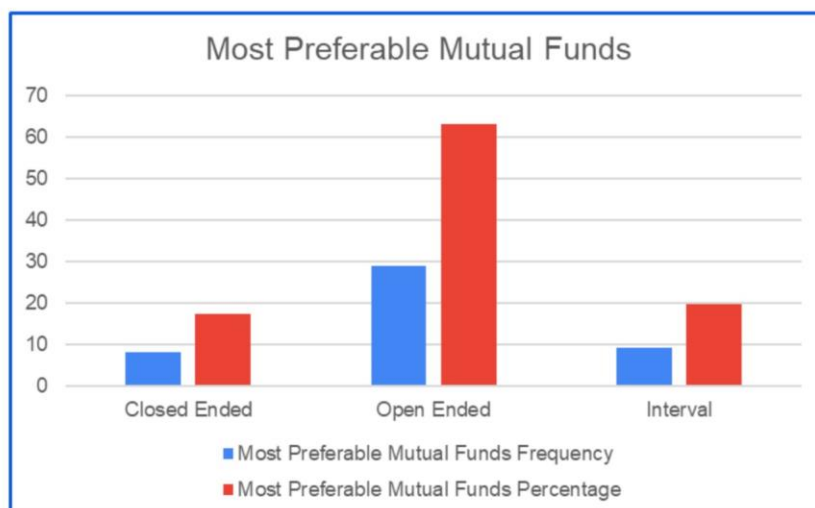
According to the poll, respondents—who make up 73.9 percent of the population overall—get the majority of their knowledge on mutual funds through the internet. Friends/relatives, television, and newspapers/journals, which account for 41.4 percent, 30.4 percent, and 28.3 percent, respectively, are the other major sources of information on mutual funds.



**TABLE 5: MOST PREFERABLE TYPE OF MUTUAL FUNDS**

According to the table, 29 out of 46 respondents indicated that open-ended mutual funds were their preferred form of mutual funds, while 19.56 percent indicated that interval mutual funds were their second choice.

Most Preferable Mutual Funds		
	Frequency	Percentage
Closed Ended	8	17.39
Open Ended	29	63.04
Interval	9	19.56





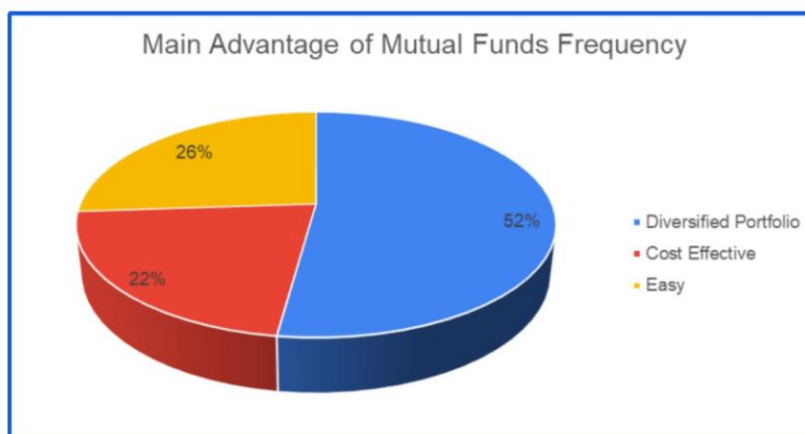
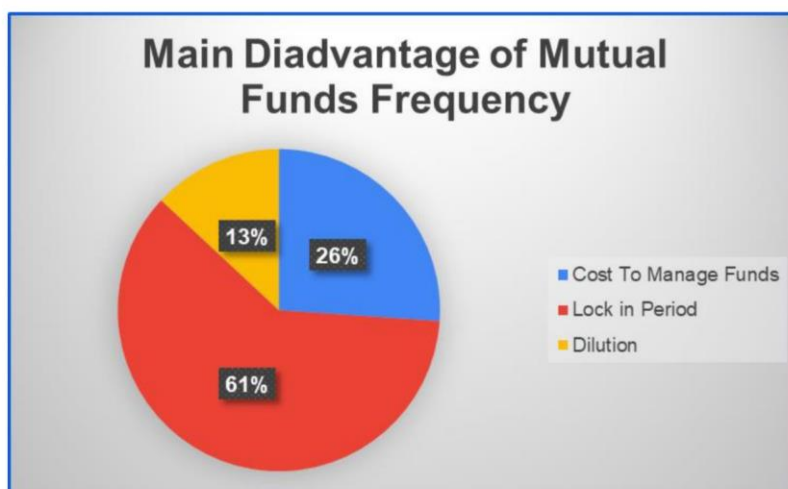
**TABLE 6 & 7: ADVANTAGES AND DISADVANTAGES RELATED TO MUTUAL FUNDS**

The pros and disadvantages of mutual funds are displayed in the table. The cost to administer it came in second with 26.08 percent of respondents, while the lock-in period associated with mutual funds ranked first with 60.86 percent.

According to the table, the majority of respondents (24 out of 46) cited the diverse portfolio it offers as their top reason for investing, followed by its cost-effectiveness and ease of use (21.73% and 26.08 percent, respectively).

Main Diadvantage of Mutual Funds		
	Frequency	Percentage
Cost To Manage Funds	12	26.08
Lock in Period	28	60.86
Dilution	6	13.04

Main Advantage of Mutual Funds		
	Frequency	Percentage
Diversified Portfolio	24	52.17
Cost Effective	10	21.73
Easy	12	26.08

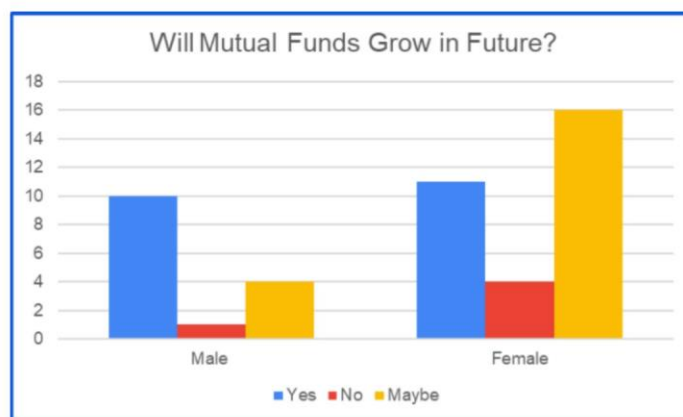




**TABLE 8: GROWTH OF MUTUAL FUNDS IN FUTURE**

According to the respondents' comments, it is clear that the majority of respondents believe that females will contribute to mutual funds' growth at higher rates in the near future. Only 10.86 percent of respondents believe that mutual funds won't be able to expand in the foreseeable future. The benefits associated with investing in mutual funds are the key justification for the affirmative.

Do you think Mutual Funds will Grow in Future?				
	Male	Female	Total	Percentage
Yes	10	11	21	45.65
No	1	4	5	10.86
Maybe	4	16	20	43.47



**CONCLUSION:**

The study demonstrates how popular mutual funds are as an investing instrument. Additionally, it demonstrates how many individuals think mutual funds are the most sensible form of investment in today's very unpredictable market. Additionally, they believe that the risk is moderate, which makes it one of the safest investing strategies. The benefits of mutual funds outweigh the drawbacks, despite the fact that they have a few of them.

It has frequently been observed that younger age people used to invest more in volatile assets than older age humans. The age and financial needs of the buyers are also recommended by investment experts. Early on, when financial responsibilities are significantly lower, purchasers are encouraged to take a chance. Similar to this, people with high economic literacy invest in speculative assets like stock market investments and mutual fund equity. The analysis revealed that while gender has no impact on the purpose of a mutual fund investment, middle-aged institutions, high-profit institutions, and customers with finance-related education are far more knowledgeable about such investments.





Due to their distinctiveness, mutual finances have recently received a lot of attention. They provide financial diversification tools. Mutual financing offer a disproportionately high rate of return when compared to the continual deposits made by financial institutions. Professionals are in charge of these money. They provide options for reducing taxes. Trades can redeem their funds whenever they require cash and receive their money back.

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