



## “Investors' Preference about Mutual Fund Investment in Gujarat”

### KEYWORDS

**Dr. Jyoti Thakkar**

GLS (M.R.Parikh) Institute of Commerce

#### 1. INTRODUCTION:

An investment can be described as perfect if it satisfies all the needs of all investors. Therefore, the starting point in searching for the perfect investment would be to examine investor needs. If all those needs are met by the investment, then that investment can be termed the perfect investment. Most investors and advisors spend a great deal of time understanding the merits of thousands of investment available in India. Savings form an important part of the economy of any nation. With the savings invested in various options available to the people, the money acts as the driver for growth of the economy. Indian financial system presents a plethora of avenues to the investors. It has reasonable options for an ordinary man to invest his saving like mutual fund. Mutual fund is a type of financial intermediary that pools the funds of investors who seek the same general investment objective and invests them in a number of different types of financial claims (e.g., equity shares, bonds, money market instrument). The term 'mutual' is used in the sense that all its returns, minus its expenses, are shared by the funds unit holders.

#### 2. STRUCTURE OF MUTUAL FUND:

Structure of Mutual Fund includes

1. Sponsor
2. Trustees
3. Asset Management Companies (AMC)
4. Custodian

**Sponsor** establishes the fund and gets if registered with SEBI and forms a trust, and appoints board of trustees. The **trustees** of mutual funds hold assets on behalf of the unit holders in the trust, appoint Asset Management Company and ensure that all the activities of the AMC are in accordance with the SEBI Regulations and appoint the **custodian** of the fund. The custodian, appointed by trustees hold the fund's securities in safekeeping, settles securities transactions for the fund, collects interests and dividends paid on securities, and records information on stocks splits and other corporate actions. The **Asset Management Company** floats schemes and manages them in accordance with the SEBI Regulations. As an investment intermediary, they offer a variety of services and advantages to the relatively small investors like lower risk through diversification, expert management and reducing cost due to economies of scale.

#### 3. IMPORTANCE OF INVESTMENT IN MUTUAL FUND:

Investments in stocks, bonds and other financial instruments require considerable expertise and constant supervision, to enable an investor to take informed decisions. Small investors usually do not have the necessary expertise and the time to undertake any study that can facilitate informed decisions. While this is the predominant reason for the popularity of mutual funds, there are many other benefits that can accrue to small investors.

- Diversification benefits
- Low- Transaction Costs
- Availability of various schemes
- Professional Management
- Liquidity
- Tax Benefits

- Flexibility
- Well Regulated

#### 4. RATIONALE OF THE STUDY:

Since last few years investment in capital market for mutual fund is considered safe investment and does not need to appoint a portfolio manager by the investors. But at the same time investors need detailed study or prospects of mutual fund. There are lot of investment avenues available today in the financial market for an investor with an investable surplus. He can invest in Bank Deposits, Corporate Debentures, and Bonds where there is low risk but low return. He may invest in Stock of companies or in mutual funds of various companies.

Mutual fund industry has seen a lot of changes in past few years with multinational companies coming into the country, bringing in their professional expertise in managing funds worldwide. In the past few months there has been a consolidation phase going on in the mutual fund industry. Now investors have a wide range of Schemes to choose from depending on their individual profiles.

Return on mutual fund investment directly or indirectly depends on fluctuations coming in the share market. Moreover public sector and private sectors both offer various mutual fund schemes. Hence it becomes necessary to study sector wise and scheme wise resources mobilized by Indian mutual fund industry as well as to study investors opinion about performance of mutual fund and respective services.

Gujarat state is known as a 'Vyapar Nagari'. Majority part of the population in Gujarat State invests in share market.

The study is based on the investors' opinion about tax saving and liquidity requirement facility of mutual fund mutual with special reference to their Gender and Income which will give an idea of investment pattern in Indian mutual fund industry.

Thus, the rationale of the study lies in identifying problems and prospects for investment with special reference to Gujarat State.

#### 5. UNIVERSE & SAMPLING PLAN:

##### 5.1 Universe:

In the research, the universe of the study is the investors of Gujarat state, investing in various mutual fund units.

##### 5.2 Sampling Plan:

Investors of Gujarat State investing in various mutual fund schemes will be selected by using multi stage random sampling method.

#### 6. SOURCES OF THE DATA COLLECTION:

##### Primary Data:

The proposed study will be mainly based on the primary source of information collected through survey. The primary data will be collected from the concerned respondents, who are investing in mutual funds.

**Secondary Data:**

The secondary data will be collected from various books, units' annual reports, journals, magazines, newspapers, articles & website etc.

**7. OBJECTIVES:**

1. To study theoretical concepts of mutual funds.
2. To study respondents' age and income those who are investing in mutual fund.
3. To study liquidity requirement of respondents considering their age and income.
4. To study tax savings of respondents considering their age and income.

**8. HYPOTHESIS:**

Ho<sub>1</sub>: There is no significant difference between age of respondents and tax savings of mutual fund.  
 Ho<sub>2</sub>: There is no significant difference between monthly income of respondents and tax savings of mutual fund.  
 Ho<sub>3</sub>: There is no significant difference between monthly income of respondents and liquidity requirement of mutual fund.  
 Ho<sub>4</sub>: There is no significant difference between age of respondents and tax savings of mutual fund.

**9. CROSS TABULATIONS:**

\*AGE OF RESPONDENTS and TAX SAVINGS OF MUTUAL FUND

Age		Tax Savings			Total
		Highly Important	Partial Important	Not Important	
18 to 25	Count	27	78	1	106
	% within Tax Savings	5.0%	19.8%	1.5%	10.6%
26 to 35	Count	283	127	63	473
	% within Tax Savings	52.3%	32.3%	95.5%	47.3%
36 to 45	Count	114	115	2	231
	% within Tax Savings	21.1%	29.3%	3.0%	23.1%
46 to 55	Count	113	46	0	159
	% within Tax Savings	20.9%	11.7%	.0%	15.9%
Above 55	Count	4	27	0	31
	% within Tax Savings	.7%	6.9%	.0%	3.1%
Total	Count	541	393	66	1000
	% within Tax Savings	100.0%	100.0%	100.0%	100.0%

Chi square tests:

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	178.815(a)	8	.000
Likelihood Ratio	192.267	8	.000
Linear-by-Linear Association	13.078	1	.000
N of Valid Cases	1000		

a1 cells (6.7%) have expected count less than 5. The minimum expected count is 2.05.

Ho<sub>1</sub>: There is no significant difference between age of respondents and tax savings of mutual fund.

\*MONTHLY INCOME OF RESPONDENTS and TAX SAVINGS OF MUTUAL FUND

Monthly Income		Tax Savings			Total
		Highly Important	Partial Important	Not Important	
Below 10000	Count	17	33	2	52
	% within Tax Savings	3.1%	8.4%	3.0%	5.2%
10001-25000	Count	75	136	42	253
	% within Tax Savings	13.9%	34.6%	63.6%	25.3%
25001-40000	Count	125	29	22	176
	% within Tax Savings	23.1%	7.4%	33.3%	17.6%
40001-55000	Count	203	83	0	286
	% within Tax Savings	37.5%	21.1%	.0%	28.6%
More than 55000	Count	121	112	0	233
	% within Tax Savings	22.4%	28.5%	.0%	23.3%
Total	Count	541	393	66	1000
	% within Tax Savings	100.0%	100.0%	100.0%	100.0%

Chi-square tests:

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	196.179(a)	8	.000
Likelihood Ratio	225.639	8	.000
Linear-by-Linear Association	64.983	1	.000
N of Valid Cases	1000		

a1 cells (6.7%) have expected count less than 5. The minimum expected count is 3.43.

Ho<sub>2</sub>: There is no significant difference between income of respondents and tax savings of mutual fund.

\*MONTHLY INCOME OF RESPONDENTS and LIQUIDITY REQUIREMENT OF MUTUAL FUND

Monthly Income		Liquidity			Total
		Highly Important	Partial important	Not important	
Below 10000	Count	40	10	2	52
	% within Liquidity	6.4%	3.0%	5.9%	5.2%
10001-25000	Count	129	112	12	253
	% within Liquidity	20.5%	33.2%	35.3%	25.3%
25001-40000	Count	97	59	20	176
	% within Liquidity	15.4%	17.5%	58.8%	17.6%
40001-55000	Count	153	133	0	286
	% within Liquidity	24.3%	39.5%	.0%	28.6%

	More than 55000	Count	210	23	0	233
		% within Liquidity	33.4%	6.8%	.0%	23.3%
Total		Count	629	337	34	1000
		% within Liquidity	100.0%	100.0%	100.0%	100.0%

Chi square tests:

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	157.149(a)	8	.000
Likelihood Ratio	173.004	8	.000
Linear-by-Linear Association	44.621	1	.000
N of Valid Cases	1000		

a1 cells (6.7%) have expected count less than 5. The minimum expected count is 1.77.

Ho,: There is no significant difference between monthly income of respondents and liquidity requirement of mutual fund.

\*AGE OF RESPONDENTS and LIQUIDITY REQUIREMENT OF MUTUAL FUND

			Liquidity			Total
			Highly Importa nt	Partial Importa nt	Not Importa nt	
Age	18 to 25	Count	45	59	2	106
		% within Liquidity	7.2%	17.5%	5.9%	10.6%
	26 to 35	Count	224	217	32	473
		% within Liquidity	35.6%	64.4%	94.1%	47.3%
	36 to 45	Count	196	35	0	231
		% within Liquidity	31.2%	10.4%	.0%	23.1%
	46 to 55	Count	156	3	0	159
		% within Liquidity	24.8%	.9%	.0%	15.9%
Above 55	Count	8	23	0	31	
	% within Liquidity	1.3%	6.8%	.0%	3.1%	
Total		Count	629	337	34	1000
		% within Liquidity	100.0%	100.0%	100.0%	100.0%

Chi-square tests:

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	234.212(a)	8	.000
Likelihood Ratio	277.063	8	.000
Linear-by-Linear Association	96.952	1	.000
N of Valid Cases	1000		

a2 cells (13.3%) have expected count less than 5. The minimum

expected count is 1.05.

Ho,: There is no significant difference between age of respondents and liquidity requirement of mutual fund.

10. REFERENCES:

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