



A Research On Factors Deciding Investment Criteria in Mutual Fund with Reference to Junagadh City

*Jigna B. Parekh

* Research scholar of Singhania University

ABSTRACT

Any country of the world is measured by its economy. The economy indicates whether the nation is strong or weak, developed or underdeveloped.

Financial market is one of the factors which affects the economy of any country. Mutual fund market affects the Indian economy directly or indirectly.

In the financial market, there are various instruments for investment or saving in this instrument, the more development is possible.

The instruments like F.D., Equity, Debenture, Bond, Mutual Fund, derivatives and commodities. There are other bullion market, Real Estate, Precious Objects, Insurances etc. – available.

There are so many investors in India are not much familiar with their instruments but one fact is that there is immense scope for these instruments.

Thus to know awareness about investment pattern in Mutual Fund particular in Junagadh City this study is undertaken.

Keywords : Investment, Mutual Fund, Junagadh, awareness of people, financial plan.

INTRODUCTION

Investment means----

Putting your money towards to earn more money. Done wisely, it can help you to meet your financial goals. You don't need to be wealthy to be investors. Investing even a small amount can produce considerable rewards over a long term, especially if you do it regularly. But you need to make decision about how much you want to invest and where to invest it. To choose wisely, you need to know the investment options thoroughly and their relative risk exposures. Financial planning is the process of meeting your life's goals through proper management of your finances.

INVESTMENT ALTERNETIVES:

- 1) Bank Deposits
- 2) Post Office Time Deposit
- 3) Monthly Income Scheme of P. O.
- 4) Kishan Vikas Patra
- 5) N. S. C.
- 6) Company Deposits
- 7) Provident Fund
- 8) Treasury Bill
- 9) Government Security
- 10) RBI Bonds
- 11) Debentures
- 12) Preference shares
- 13) Equity shares
- 14) Mutual funds
- 15) Insurance
- 16) Real Estate
- 17) Gold and Silver bullion

SELECTION OF BEST INVESTMENT OPTOIN

Choosing the best investment for you depends on your personal circumstances as well as general market conditions. The right investment is a balance of four things:

1. LIQUIDITY
2. SAFETY
3. RETURNS
4. TAX SHELTER

LIQUIDITY—How accessible is your money?

An investment that is easily marketable or saleable without loss of money and without loss of time is said to possess the characteristics of liquidity. Some investment such as deposit in unknown corporate entities like, bank deposit, post office deposit, NSE and so on are non-marketable. Investment instruments such as preference shares and debentures listed on a stock exchange are marketable. The extent of trading however depends on the demand and supply of such instruments in the market for the investors. Equity shares of companies listed on recognized stock exchanges are easily marketable. A well developed secondary market for securities increases the liquidity of the instruments traded there in.

SAFETY—what is the risk involved?

The biggest risk is the losing the money you have invested. Another equally important risk is that your investments will not provide enough growth or income to offset the impact of inflation, which could lead to gradual increase in the cost of living.

RETURNS—How much certainty?

The safety of investment is identified with the certainty of return of capital at a proper time and proper expected value. If you can't obtain expected return from your valuable savings invested, you may think and revised about other alternatives.

TAX SHELTER—How can I get tax benefit?

Some investments provide tax benefits; others do not. They are of three kinds.

- Initial tax benefit---referring to tax relief enjoyed at the time of making the investment. For e.g. When you make a deposit in a Public Provident Fund a/c, we get a tax rebate u/s 88 of the Income Tax Act.
- Continuing tax benefit—represents the tax shield associated with the periodic returns from the investments. For e.g. Dividend income and Income from other sources is tax exempt, up to a certain limit, in the hands of the recipients.
- Terminal tax benefit—Refers to relief from taxation when an investment is realized or liquidated. For e.g. a withdrawal from a Public Provident Fund a/c is not subject to tax.

OBJECTIVE OF STUDY

Primary Objective

The study of mutual fund market in junagadh city was conducted with the primary objective a research of factors deciding investment criteria in mutual fund.

To study of preference given by investment consultant to mutual fund v/s other investment products.

Secondary Objective

To study the perception of independent financial adviser about different options available in the market.

To know the priority level between different criteria of investment like safety, return, tax benefit, maturity of investment.

To study about different of services provided by independent financial advisor to their clients.

To check, which mutual fund scheme, the investment consultants like to invest money.

To know the awareness of mutual fund in the market of Junagadh city.

To find out how many independent financial advisors want to attain the business opportunity program arranged by Reliance Mutual Fund.

To know about what kind services would expected by premium class investors from their financial advisor.

To know what kind of parameters are preferred or important before the choice of investment avenues by premium class investors.

HYPOTHESES OF THE STUDY

A hypothesis is usually considered as the principle instrument in research. Its main function is to suggest new experiments observations. It determines the validity of Assumption (technically described null hypotheses) with a view to choose between to Conflicting hypotheses about the value of a population parameter. It helps to decide on The basis of a sample data. Whether a hypotheses about the population is lively to be true of false.

Testing of hypotheses to know that whether today mutual fund investment has become (Modernized).

I.e. whether investor use modern analysis an investment facility like online Valuation report, investment calculators, research analysis etc or not. I.e. Whether People steel use traditional facilities like printed weekly report etc.

why? For the purpose of taking perfected fast decision taking in investment of different Avenue of mutual fund scheme, to get perfect financial planning for successful business & return.

Here to test hypothesis Type 5 of Z Test is used:

Step 1 Setting of Hypothesis:

Null hypothesis Ho: p1 = p2

There is know significance different between the proportion of people utilizing Modern facilities and between those utilizing traditional still.

P1 = proportion of people utilizing modern investing facilities like modern Analysis and investment facilities like online valuation report, investment calculators Research analysis, (computer facilities).

P2 = proportion of people utilizing traditional banking facility like printed weekly report.

Alternative Hypothesis Ha: P1 > P2

There is significance difference because proportion of people utilizing modern Facilities are more then those utilizing traditional.

Step 2 Level of significance:

Test hypothesis at 5% level of significance level up to which mistake can be accepted for one tailed test with

the critical value +_1.64

Step 3 Test statistics:

$$Z = \frac{P1-P}{S.E (P1-P2)}$$

$$S.E.(P1-P2) = \sqrt{P.Q(1/n1+1/n2)}$$

$$P = \frac{n1p1 + n2p2}{n1+n2}$$

Where, n1 = 100
X1 = 59
N2 = 100
X2 = 41

$$P1 = \frac{X1}{n1} \quad P2 = \frac{X2}{n2}$$

$$= 0.59 \quad = 0.41$$

$$P = \frac{(100)(0.59) + (100)(0.41)}{100 + 100}$$

$$= 0.5$$

$$Q = 1 - P \\ = 1 - 0.5 \\ = 0.5$$

$$S.E.(P1-P2) = \sqrt{(0.5)(0.5)(1/100 + 1/100)}$$

$$= 0.07$$

$$Z = \frac{0.59 - 0.41}{0.07}$$

$$Z = 2.57$$

Step 4 Decision

Calculated value of Z is 2.57 which are greater then the critical value 1.64. Hence Ho is rejected and He is accepted. It means that there is significant difference between the proportion of people utilizing modern investing facility and between those Utilizing traditional still because proportion of people utilizing modern facility Are more than those utilizing traditional.

UNIVERS OF THE STUDY-----JUNAGADH CITY

Universe of this study being conducted in Junagadh city as universe of sample size selected from this city only People who invest in different investment option considering most mutual fund schemes at Junagadh. What ever conclusion and result comes from this study is view of universe of Junagadh city.

Sampling Design

A sample design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting items for the sample.

*** Sampling Method**

In the contest of this project the survey which is of the sampling procedure that selected for research is NON PROBABILITY, CONVENIENCE sampling in STRATIFIED RANDOM SAMPLING- administering of questionnaire.

Sample Size: Total sample size is 100

Sample Area: the survey is done in the entire city of Junagadh

DATA COLLECTION METHOD

Data which is required for any research is to be collected very systematically. Data Collection procedure is carried out into order to know the exact information for the research work. Data collection is done basically in two ways,

SOURCES OF DATA

1) Primary 2) Secondary

Primary Data: The data which is collected directly from the respondents to the base of knowledge and belief of the research are called primary data.

The normal procedure is to interview some people individually to get a sense of how people feel about investment in different schemes of mutual fund segment. So far as this research is concerned, primary data is the main source of information. Data collected through Questionnaire and information from respondent.

Secondary Data:

To know the subject we firstly know the whole concept for that secondary data collect for industry overview and company profile from their sites—1) www.amfindia.com 2) [www.Reliance Mutual Fund.com](http://www.RelianceMutualFund.com) And conducting training for practical knowledge that set my mind frame work for better understanding. So far as our research is concerned, we have not collected any information from any sources. So , we have not used secondary data for our research.