

AN INTERPRETATION OF INVESTOR PERSPECTIVE FOR INVESTMENT IN MUTUAL FUNDS IN BHOPAL

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Abstract

The present condition is of innovative investment. Investor are suitable for innovative investment as well as more attentive for cashless transactions, online banking, online shopping, online investment etc, feeling self-sufficient for Investment related matters. In related to investment previously Bank saving as well as saving account, Public Provident Fund through bank and post offices was the most suitable options for the investors. But now investors are more informative as compare to previously and investing in different areas for diversification of their investment. In the present condition, mutual fund investments are the important investment methods as compared to other options. Through mutual fund investment, we can get the indirect communication with capital market. The mutual funds can be choosing on the basis of different preferences like investor age, investor financial situation, investor risk capacity and what short of return investor looking from mutual fund investment. Mutual Funds gives high liquidity, managed by professionals, provides ELSS (Equity Linked Saving Schemes) tax saving with investment. Investor can get huge returns and having choice of different schemes as per the requirements as well execution of their financial goals. This research presents Investors' attitude for Mutual Funds Investment. In this research, Primary data collected through questionnaire and secondary data collected from various literatures and from internet. The results indicate that most of the investors know about mutual funds but still not investing in mutual fund due to lack of knowledge regarding investment in mutual fund. This research also investigate investors attitude for mutual funds investment in future for achieving investment objective. This research recommendation will be useful for mutual fund operating organizations and government to initiate the awareness programs for investors, so they become more literate and also run training programs for mutual funds advisors for

developing trust in mutual fund investors. This research gives an overview of an interpretation of investor perspective for investment in mutual funds in Bhopal.

Keywords: Mutual Funds Investment Options, Awareness Programs, Attitude, Mutual Funds, Capital Market, Bhopal, Madhya Pradesh

1. Introduction

Out of the different usual investment options like saving bank account, Public Provident Fund are providing good return with protection of investment, but these types of options are very limited. A normal investor is lacking knowledge, information and dedicated time to directly involve in share markets [1, 6]. Investor getting many confusion while investing in share market. So much information easily available in stock market for investment but also creates confusion in investor. As a answer to the dilemma, Mutual Funds are the good choice for investors as to invest in indirectly in share market. Investors can discover investment in mutual funds through deciding their goals, investment needs and different other criteria like investor age, investor financial capacity, investor risk talking capacity and hope for better returns [2, 7]. Investments in mutual funds are secure as they are regulated and monitored by AMFI (Association of Mutual Fund in India) [3, 8]. In present situation online systems and websites gives investors to perform all types of transactions without compulsion of exact physical location [9-11]. This research gives an overview of an interpretation of investor perspective for investment in mutual funds in Bhopal.

2. Economy of Bhopal

Bhopal, the City of Lakes is considered one of the most prominent economic hubs of central India. A Y –Class (Tier 2) city, Bhopal boasts of a substantially strong economy that has been

attracting a lot of investments over the past few years. While the memories of the historical Bhopal Gas Tragedy are yet to be erased from the minds people, the city has emerged as a prominent investment destination with both the public and the private sector investing substantially. The city already houses several institutes and installations of national importance such as BHEL and ISRO's Master Control Facility. Institutes like Indian Institute of Science Education and Research (IISER), AIIMS, School of Planning and Architecture (SPA), Rajiv Gandhi Technical University and Indian Institute of Forest Management (IIFM). Some of the prominent industries in Bhopal comprise cotton, electrical goods, jewelry and chemical. However, these are the old city economies that still continue to reap benefits for the economy. However, in the recent past since its current chief minister presided the office, not only Bhopal, but the entire state has witnessed ample growth in terms of infrastructure over the past few years. This has been instrumental in driving the economy of the region to a considerable length. Needless to say that ample job in Bhopal has also been created owing to the booming economy. The current government has also taken ample initiatives in the development of seven industrial growth centers. It has plans to develop ten more growth centers at different locations at a later stage. The development of industrial growth centers would take shape in a phased manner and two phases have been planned for the purpose. In the first phase, government has plans to develop seven growth centers, while ten will be developed in the second phase. State audyogik kendra vikas nigams (AKVN), autonomous bodies of the state industries' department; have already identified land of nearly 1,000 hectares for the first phase. These centers will come up in Bhopal, Indore, Ujjain and Gwalior. Anil Ambani of the Reliance Group is making an investment in the region (Bhopal) and intends to come up with an institute. The city of Bhopal is also known for its education and engineering sectors. the city boasts of several educational institutes of national importance. These institutes offer teaching jobs to desired candidates. Highly qualified and experienced professionals can choose to find jobs in institutes like IISER, AIIMS, SPA, IIFM and others. The city is also home to a number of government schools and colleges where teachers can seek employment. On the other hand, engineers can find employment in organizations like BHEL and ISRO. The current government has approved of IT parks and an electronics manufacturing cluster that would

be coming up in Bhopal. Needless to say that there are thousands of job openings would be created in Bhopal where IT professionals can easily find employment [12].

3. Related Work

K. D. Mehru (2004) [4] documented that the ignorance of the investors about mutual funds coupled with aggressive selling by promising higher returns of the investors have resulted in loss of investors' confidence due to inability to provide higher return. The agents or distributors of mutual funds are more governed by the commissions and incentives they get for selling the schemes and not by the requirements of the investors and quality of the products. They do not explain the risk factors to the investors.

Sankaran (2004) [5] proposes the future direction for investors will be to invest in pension funds, as government is envisaging a policy to cover all kinds of investors. He further opined that MF industry will continue to grow in spite of competition and will be propelled in the right direction because of the investor friendly financial markets.

Singh (2004) [6] has established that middle class salaried investors and professionals perfected to have disclosure of net asset value on a day today basis and wanted to invest in MFs in order to get higher tax rebates. Further, it is evidenced that small investors perceived MFs to be better investment alternative and public sector investments to be less risky

4. Objective of the Research

- To find the Investors' information altitude in Bhopal for investment in Mutual Funds.
- To find the Investors' attitude for investment in Bhopal for Mutual Funds.
- To know the reasons and preference in Bhopal for mutual fund investment.

5. Research Methodology & Design

This research study is descriptive in nature.

6. Data Collection

The primary data was collected using questionnaire in Bhopal [12]. Secondary data was collected from Research papers and Websites.

7. Sampling Plan

Targeted population: Investors

Sampling unit: Individual Investors

Sampling method: Judgment sampling

Sample size: 720

Sample Location: Bhopal, Madhya Pradesh, India

8. Tools of Data Analysis & Interpretation

The data analyzed and processed by applying classifying method, tabular method and presented for interpretation and recommendations.

Table 1: Gender Criteria

Gender	Count	%
Male	540	75
Female	180	27

Interpretation: In this research 72% investors are male and rest 27% investors are females

Table 2: Age Criteria

Age	Count	%
Less than 35 years	30	4
35 to 50 Years	290	40
50 to 65 Years	380	52
Above 65 Years	20	2

Interpretation: In this research out of total investors, 52% investors are from the age group of 50 to 65 years followed by 40% investors are from 35 to 50 years. Only 2% investors are above 65 years of age

Table 3: Qualification Criteria

Qualification	Count	%
Undergraduate	10	1
Graduate	275	38
Post Graduate	405	56
Professionals	30	4

Interpretation: In this research 56% investors are having qualification of post graduate. Only 1% investors are undergraduate

Table 4: Occupation Criteria

Occupation	Count	%
Business	125	17
Service	530	73
Professionals	65	9

Interpretation: In this research, 73% investors are service class and 17% investors are businessman followed by 9% investors who are professionals

Table 5: Income Criteria

Yearly Income	Count	%
Less than Rs. 200000	90	12
Rs. 200001 to Rs. 410	410	56
Rs. 600001 to Rs. 195	195	27
Rs. 900001 and 25	25	3

Interpretation: In this research, 27% of the investors are having yearly earning between Rs. 600000 to Rs 900000, 56% of the investors are in the category of Rs.200001 to Rs. 600000 yearly income. Only 3% Investors are having yearly income more than Rs. 900000.

Table 6: Marital Status Criteria

Marital Status	Count	%
Married	610	84
Unmarried	110	15

Interpretation: In this research, 84% investors are married and 15% investors are unmarried

Table 7: Investment Criteria

Investment Type	Count	%
Saving	720	100
Capital Gain	580	80
Regular Income From Different Sources	520	72
Tax Benefits Related Investment	690	95
Inflation Balance	720	100

Interpretation: In this research, Savings and inflation balance is primary criteria for investment followed by Tax benefits related investments and capital gain

Table 8: Yearly Savings Criteria

Yearly	Count	%
Less than 10%	200	27
10% to 25%	330	45
25% to 40%	120	16
More than 70	70	9

Interpretation: In this research, 45% investors are able to save between 10% to 25% of their

total yearly earnings followed by 27% investors who are able to save less than 10%

Table 9: Awareness Criteria Regarding Mutual Funds Criteria

Awareness	Count	%
Not Aware	160	22
Some Aware	470	65
Fully Aware	90	12

Interpretation: In this research, 65% investors are having some awareness of Mutual Funds. Only 12% investors are fully aware about mutual funds

Table 10: Investment Choice Criteria

Investment Choice Criteria	Count	%	Rank (According)
Banks Branch	89		1
Small and Big Post	71		3
Insurance Company and	61		4
Real Estate Investment	41		7
Gold, Silver, Jewelry	51		6
Secure Bonds	56		5
Different Mutual Funds	76		2

Interpretation: In this research, Banks Branch and Different Mutual Funds are investment choice as number 1 and 2 respectively for the investors. Small and Big Post Office are the 3 choice for the investors and Real Estate investment are having the last selection in terms investment as compared to available investment options

Table 11: Preference Criteria of Mutual Fund Scheme

Preference Criteria of Mutual Funds Scheme	Count	%
Equity Market	390	54
Debt	350	48
Balanced Plan	630	87
Sartorial Investment	190	26
Investment in Index	120	16
Tax Saving plan	500	69

Interpretation: In this research, As per Table 11, Balanced plan is the favorite in investors. Investment in Index Funds is the last options for 16% investors

Table 12: Investment Mode Criteria in Mutual Funds

Investment Mode Criteria In Mutual Funds	Count	%
Occasionally Invest	200	27
Systematic Investment	520	72

Interpretation: In this research, Systematic investment the best choice for investment in mutual funds as compared to occasional investment in mutual fund

Table 13: Analysis of Mutual Fund Performance Criteria

Analysis of Mutual Fund Performance Criteria	Count	%
Investment in Mutual Funds (Once in a week)	85	11
Investment in Mutual Funds (Once in Month)	190	26
Investment in Mutual Funds (Half Yearly)	210	29
Investment in Mutual Funds (Yearly)	235	32

Interpretation: In this research, Most of the investors check the performance of their invest in mutual funds on yearly basis followed by 29% investors who check their mutual fund performance on every six months

Table 14: Reasons that Influence Mutual Funds Investment

Reasons	Count	%
Risk Issue	690	95
Return Issue	720	100
Liquidity Issue	660	91
Tax Saving Issue	220	30
Diversification Issue	500	69

Interpretation: In this research, Return in mutual funds investment is the important issue for all the investor. Tax saving issue is important for only 30% investors investing in mutual funds

Table 15: Way to investment Criteria in Mutual Funds

Way to investment Criteria	Count	%
Using Internet/App	300	41
Physical Means	420	58

Interpretation: In this research, Physical means interaction is preferred by 58% of investors for investment in mutual funds. Only 41% investors are using Internet/App for investment in mutual funds

9. Findings of the Research

This research provides an interpretation of investor perspective for investment in mutual funds in Bhopal. The primary goal of the investors is to save money and fight with inflation. Service class and others want to invest in tax saving plans for saving tax as well as boost the return of investment. Most of the investors are saving between 10 to 25% of their earnings. As per our research, some of investor invested in mutual fund without aware about mutual funds and take advice from others while investing in mutual funds. Investment in Banks savings and different schemes of mutual funds are being 1st and 2nd choice for investors. Investment in Balance plan and Tax saving plans are mostly chosen by the investors. Systematic investment is the priority for investors while investing in mutual funds. Investment in mutual fund through physical means gives more trust for investment as compared to through Internet.

10. Conclusion

Mutual Fund organizations should educate investors to invest in mutual funds through Internet and Mobile App as compared to physical means because it saves time, money, paper work and complications. Mutual fund investment tracking is also very easy by using Internet and Mobile App. Direct interaction with equity can give high return but also risky for small and medium income group. In direct interaction while investing in equity market can be dangerous for inventors. Mutual funds give the ease to investors to get the indirect exposure of equity market. As per the performance of mutual funds, it can be better options as compared to bank savings. Mutual Fund

organizations should also rung awareness camps for investors about investment methods and benefits of mutual funds. AMFI website shows past performance of Mutual funds and it can be the good way for investors for getting good returns and fight with inflation. Several advisory organizations proving advisory to Investors for investment in mutual fund and, a investor should have to maintain a diversified portfolio for maximizing their investment returns. This research provides an interpretation of investor perspective for investment in mutual funds in Bhopal.

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