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A STUDY ON INVESTMENT PATTERN IN DEBT SCHEME FOR MUTUAL FUND INVESTMENT WITH REFERENCE TO IT SECTOR

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ABSTRACT

The present condition is of innovative investment. Investors 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 relation 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 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 investors 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 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.

INTRODUCTION:

The Indian Mutual fund industry has witnessed considerable growth since its inception in 1963. The impressive growth in the Indian Mutual fund industry in recent years can largely be attributed to various factors such as rising household savings, comprehensive regulatory framework, favorable tax policies, and introduction of several new products, investor education campaign and role of distributors.

The driving force of mutual fund is the safety of principal guaranteed, plus the added advantage of capital appreciation together with the income earned in the form of interest or dividend people prefer mutual funds to bank deposits , life insurance, chit funds and even bonds, because with little money they can get into the investment game. One can own a string of blue chips like ITC, TISCO, Reliance etc through mutual funds . Thus mutual funds act as a gateway to enter into big companies hitherto inaccessible to an ordinary investor with his small investment.

ABOUT THE INDUSTRY:

The establishment of the unit trust of India marked the evolution of the Indian mutual fund industry in the year 1963. The basic objective behind to develop the mutual fund industry in India that try to attract the small investors and more market participant from the general investor which belongs from the small income groups. During the period of 1964-87 the reserve bank of India disclosed some mandatory and regulatory framework for mutual funds industry. In 1964 the Unit trust of India has launched the first mutual fund schemes named US – 64 and the tremendous response has been received from the small investors. From 1987-93 public players has entered in the mutual fund industry. More than 90% market share capture by the public sector players during this development phase. From the period of 1993-96 lots of private players also entered into the mutual fund industry with the collaboration of foreign asset management companies and launched verity of the schemes in the Indian mutual fund industry. During the period of 1996-2004 SEBI has implemented some new guidelines for the mutual fund players related to investors protection. It is also called as DIP – 2000 (Discloser investor's protection guidelines 2000). During this time period SEBI had also conducted investor's awareness programmes toward available investment opportunities. The last development phase of mutual fund industry in India was started from 2001 onwards. The industry has witnessed the several strategic alliance, mergers and acquisitions for throwing a verity of mutual fund schemes for different class of inventors. Up to 2008 mutual fund industry shows significant and continuous growth but from 2008 onwards various mutual fund schemes generates negative return due to the recession period.

OBJECTIVE OF THE STUDY

- To study the perception of investors on various investment opportunities
- To identify the most influencing and motivational factors for mutual fund investors
- To study about the willingness of the mutual fund investors

SCOPE OF THE STUDY

In my project the scope is limited to some prominent mutual funds in the mutual fund industry. I analyzed the funds depending on their schemes like equity, income, balance. But there is so many other schemes in mutual fund industry like specialized (banking, infrastructure, pharmacy) funds, index funds etc.

LIMITATIONS OF THE STUDY

The time constraint was one of the major problems.

- The sample size is limited to 120

- The study is limited to the different schemes available under the mutual funds selected.
- The study is limited to selected mutual fund schemes.
- The lack of information sources for the analysis part.

SIGIFICANCE OF THE STUDY

MUTUAL FUNDS

Capital markets have arisen to be at the Centre stage of the Indian financial system from a miniscule impact it had upon the financial markets a decade earlier. Capital market in India has also witnessed a significant increase in institutional setup and development. Institutions have evolved and developed in the form of a diversified structure of mutual funds.

A mutual fund is a special purpose institutional setup established specifically for investment purposes and it acts as an investment conduit. Its primary function is to pool and gather resources (savings) from small investors, build a bigger corpus of large resources and invest them into a well-diversified portfolio of sound investments. It aims to maximize returns as much as possible while keeping the quantum of risk associated with equities low.

CHI-SQUARE ANALYSIS

4.2.1 TABLE SHOWING CHI SQUARE VALUE FOR AGE WITH AWARENESS OF VARIOUS DEBT MUTUAL FUND CATEGORIES

Category	Chi square	Sig	Result
Gilt short term fund	24.990	0.001	Reject Null Hypothesis
Gilt – Medium & long term	9.361	0.312	Accept Null Hypothesis
Income fund	15.039	0.583	Accept Null Hypothesis
Bond fund	6.899	19 0.547	Accept Null Hypothesis
Liquid funds	5.721	0.678	Accept Null Hypothesis
Ultra short term funds	11.357	0.182	Accept Null Hypothesis
Hybrid – debt oriented	20.566	0.008	Reject Null Hypothesis

INTERPRETATION

The chi-square test is used for studying whether there is a significant difference between the expected frequencies and the observed frequencies in one or more categories. Here Chi square technique has been used to study the significant difference between age and the awareness level of various debt mutual fund.

FINDINGS OF THE STUDY

1. Out of 120respondents, 85% of the respondents are male and 50.80 % of the respondents were in the category of 31-40 years of age. 52.5% are post graduate and 52.5% earn a monthly income of 40001 to 60000.

2. It is observed that 27.5% of the respondents prefer Less than 1 year as investment period. 47.5 % of the respondents invest for the purpose of growth in investment. 54.2% of the respondents make one time lumpsum investment. 20.8% of the respondents have known details about mutual fund through agents. 44.2% of the respondents feel that above 5 years is the ideal time frame for debt mutual fund investment. nearly 28.3% of the respondents are "Very Satisfied" with their mutual fund investment

3. There is significant relationship between the Age of the respondents and Gilt Short term fund

4. There is no significant relationship between the Age of the respondents and Gilt Medium and Long term fund

5. There is no significant relationship between the Age of the respondents and Income fund

6. There is no significant relationship between the Age of the respondents and Bond fund

7. There is no significant relationship between the Age of the respondents and Liquid fund

8. There is no significant relationship between the Age of the respondents and Ultra Short term fund

9. There is significant relationship between the Age of the respondents and Hybrid debt oriented fund

10. The model fits within the prescribed limits of RMSEA and CFI

Debt mutual funds are not Risk free. The person who is investing must not think that it is risk free and he can invest and withdraw the same anytime. In short term in might be volatile and can

give negative returns also. It is always advisable for the investor to decide on the following before investing in debt fund.

a. Time frame of the investment

b. Whether the fund selected is based on the time frame of the investment

c. Whether the fund suits the risk profile of the investor

d. Whether the fund has invested in high quality credit instruments

e. Whether the fund has any lock in period

These checks are required before investing the money

SUGGESTIONS OF THE STUDY

1. The Investor awareness towards debt mutual fund investment with respect to employees belonging to information technology sector analysed many items in line with the objectives set for the study.

2. The study has focused on identifying the awareness, factors considered while selecting schemes and their opinion about debt mutual fund schemes. On the basis of secondary data, the results were analyzed. In the context of limitations of the study, and the experience gained during the study, some of the potential areas are identified for future researches.

3. Potential areas for research have been identified in the following areas:

4.. Similar study can be conducted with other financial products as well.

5. Awareness about debt mutual funds can be analysed in other sectors like manufacturing, education etc.

6. Gender wise financial literacy relating to debt mutual fund with respect to a particular region can also be studied.

CONCLUSION

Debt Mutual fund as an investment avenue is gaining popularity,there are lot of categories in debt mutual fund, and investing without proper knowledge may lead to loss. Investor should not go by the scheme names such as “Capital Protection Fund”, “Monthly Income Plan” and think that their capital is protected or they will get monthly dividend from the scheme. It is better to study the scheme document and understand about the nature of scheme, objective of the scheme, in which instrument the investment is made, ideal tenure for investment before making investment.It is not easy to differentiate between the various type of schemes and there should be awareness programmes conducted at various offices and public places about the mutual funds in general and in particular about debt funds to senior citizens .

The summary of research is given below.