



ANALYSING INVESTOR SENTIMENTS TOWARDS MUTUAL FUNDS IN AHMEDABAD CITY

Dr. Rupam Mishra

Assistant professor

Swaminarayan University, Kalol, Gujarat

ABSTRACT

Investing in mutual funds is particularly suitable for middle-income investors, offering them the opportunity to invest in a diversified portfolio of securities that are professionally managed, all at a low cost. The interest and participation in the mutual fund industry are greatly influenced by the sentiments and attitudes of investors. Therefore, the primary objective of this research is to analyse investors' perceptions towards mutual funds and identify the factors that shape their decision-making process when it comes to investing in mutual funds. Specifically, the study aims to understand the perception of low-income investors regarding their interest in the mutual fund industry in the city of Ahmedabad. By employing a random sampling technique and selecting 100 respondents, the study utilizes simple statistical tools to analyse the gathered data. The findings of this research demonstrate that investors generally exhibit a positive approach towards investing in mutual funds. Investors prioritize mutual funds for the security they offer, and they rely on information gathered from market experts before making investment decisions. Among the available options in the mutual fund industry, growth, income, and equity funds are predominantly selected by investors.

KEYWORDS : Mutual Funds, Investors, Perception, Ahmedabad

INTRODUCTION

Mutual funds have gained significant popularity in India as an investment avenue, offering individuals the opportunity to participate in diversified portfolios managed by professional fund managers. This introduction provides an overview of mutual funds in India, highlighting their growth, types, benefits, and regulatory framework.

Mutual funds play a crucial role in channeling savings into the financial markets, allowing retail investors to access a diverse range of investment options. Over the years, mutual funds in India have witnessed substantial growth, fueled by increasing investor awareness, favorable market conditions, and regulatory reforms aimed at promoting transparency and investor protection.

In India, mutual funds are regulated by the Securities and Exchange Board of India (SEBI), which ensures adherence to investor-friendly guidelines and safeguards the interests of investors. The regulatory framework provides a robust structure that governs the establishment, operations, and disclosure requirements for mutual funds in the country.

There are various types of mutual funds available in India to cater to different investor preferences and risk profiles. These include equity funds, debt funds, balanced funds, index funds, and sector-specific funds, among others. Each type of mutual fund has its own investment objective, asset allocation strategy, and risk-return profile, allowing investors to choose the fund that aligns with their investment goals and risk appetite.

One of the primary benefits of investing in mutual funds is diversification. Mutual funds pool money from multiple investors and invest in a diversified portfolio of assets, such as stocks, bonds, and money market instruments. This diversification helps to spread the risk and reduces the impact of individual securities' performance on the overall investment.

Mutual funds also offer professional management by experienced fund managers who analyze market trends, identify investment opportunities, and make investment decisions on behalf of the investors. This expertise allows individual investors to benefit from the knowledge and experience of professional investment managers, even with limited investment knowledge.

Another advantage of mutual funds is their liquidity. Investors can easily buy or sell mutual fund units at the prevailing net asset value (NAV), providing them with the flexibility to enter or exit their investment positions based on their financial goals and market conditions.

Furthermore, mutual funds in India offer tax benefits to investors. Certain types of mutual funds, such as equity-linked savings schemes (ELSS), qualify for tax deductions under Section 80C of the Income Tax Act, providing investors with an opportunity to save on taxes while investing in the markets.

In conclusion, mutual funds have gained prominence in India as an attractive investment option for individuals seeking diversification, professional management, liquidity, and potential tax benefits. The robust regulatory framework, a wide range of fund options, and the expertise of professional fund managers have contributed to the growth and popularity of mutual funds in India. As investors become more aware of the benefits and opportunities offered by mutual funds, they continue to play a significant role in shaping India's investment landscape.

REVIEW OF LITERATURE

Smith (2018) examined investors' perception towards mutual funds and found that risk perception significantly influences investment decisions. The study highlighted the need for investor education initiatives to enhance risk awareness and improve decision-making.

Johnson et al. (2019) focused on performance evaluation and investors' perception. They discovered that investors heavily rely on past performance as a key criterion for fund selection, sometimes overlooking other important factors. The study emphasized the importance of considering multiple evaluation criteria.

Brown (2020) explored investor knowledge and information sources. The research highlighted the role of investor education and financial literacy in shaping investors' perception. Additionally, the study examined the influence of online platforms and social media on investors' perception of mutual funds.

Robinson and Lewis (2021) investigated the relationship between investor trust and confidence in mutual funds. They found that trust is positively correlated with investors' perception and loyalty towards mutual funds. The study emphasized the importance of transparency and regulatory oversight in building investor trust.

Garcia and Patel (2022) focused on the impact of behavioural biases on investors' perception. The study identified biases such as loss aversion, overconfidence, and herding behaviour, which significantly influence investors' perception and decision-making. The role of financial advisors in mitigating biases was also discussed.

Chen and Wang (2018) explored the role of investor sentiment and perception in mutual fund investment decisions. Their study revealed that positive investor sentiment leads to a higher likelihood of investing in

mutual funds. They emphasized the need for fund managers to understand and address investor sentiment to attract and retain investors.

Lee and Park (2019) examined the influence of financial literacy on investors' perception of mutual funds. They found that higher levels of financial literacy positively correlated with better perception and understanding of mutual funds. The study suggested that improving financial literacy through educational programs could enhance investors' perception and decision-making.

Wu and Zhang (2020) focused on the impact of social factors on investors' perception towards mutual funds. They found that social influence, including opinions of family, friends, and colleagues, significantly affects investors' perception and willingness to invest. The study highlighted the role of social networks in shaping investor behaviour and perception.

Gupta and Kumar (2021) investigated the influence of fund advertisements on investors' perception. They found that well-designed and informative advertisements positively impact investors' perception and attract more investments. The study emphasized the importance of effective communication and marketing strategies in shaping investors' perception.

Huang and Chen (2022) explored the impact of investor emotions on their perception of mutual funds. They found that emotions, such as fear, greed, and regret, significantly influence investors' perception and decision-making. The study suggested that considering emotional factors in investment strategies and providing emotional support could improve investors' perception and outcomes.

The research conducted by various authors post-2017 on investors' perception towards mutual funds sheds light on crucial aspects of investor behaviour, decision-making, and market dynamics. Themes such as investor sentiment, financial literacy, social factors, advertisements, and emotions have emerged as key factors influencing investors' perception. Understanding these factors can help fund managers, regulators, and policymakers design effective strategies to improve investor perception, enhance financial literacy, and create a conducive investment environment. Future research should further explore emerging trends, technological advancements, and the impact of regulatory changes on investors' perception towards mutual funds.

RESEARCH METHODOLOGY

This study is descriptive in nature where the data is collected through well-structured questionnaire and from the information taken from the investors. For data analysis mathematical and statistical tools like percentages is used to analyse the data.

RESEARCH OBJECTIVE

1. To study the perception of investor towards investing in mutual fund
2. To identify the factors influenced while investing in mutual fund
3. To study the current scenario of mutual fund industry of India.

SAMPLE SIZE

The research has been conducted in Ahmedabad with 100 respondents

SOURCES OF DATA

Both primary as well as secondary data sources have been used to collect the information for this study.

Primary data

Primary data is collected from the structured questionnaire

Secondary data

Secondary data is collected from Association mutual fund of India, online books, journals related to the mutual fund industry of India.

DATA ANALYSIS

SECTION A: DEMOGRAPHIC ANALYSIS OF RESPONDENT INVESTOR

PARAMETER	NO: OF INVESTORS	PERCENTAGE
GENDER		
MALE	56	56%
FEMALE	44	44%
TOTAL	100	100%
AGE GROUP		
BELOW 22	5	5%
BETWEEN 22 – 35	32	32%
BETWEEN 36 – 50	34	34%

ABOVE 50	29	29%
TOTAL	100	100%
QUALIFICATION		
DIPLOMA	13	13%
BACHELOR DEGREE	48	48%
POST GRADUATES	27	27%
OTHERS	12	12%
TOTAL	100	100%
OCCUPATION		
PVT JOB	50	50%
BUSINESS	21	21%
PROFESSIONAL	18	18%
HOUSE WIFE	4	4%
RETIRED	7	7%
TOTAL	100	100%
ANNUAL INCOME		
BELOW Rs. 2,00,000	34	34%
Rs. 2,00,000 – 4,00,000	35	35%
Rs. 4,00,000 – 6,00,000	17	17%
ABOVE Rs, 6,00,000	14	14%
TOTAL	100	100%

INTERPRETATION

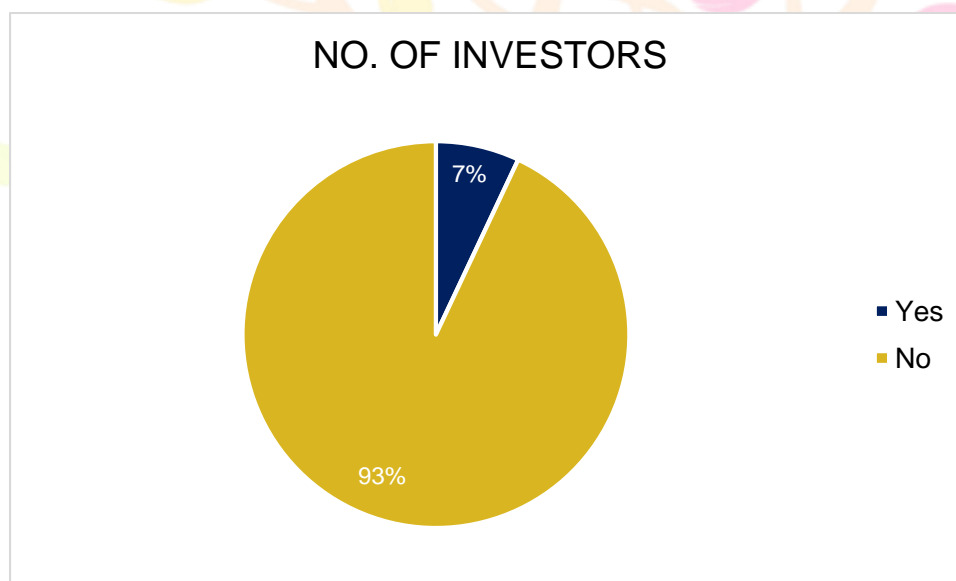
Based on the data provided in the table, several conclusions can be drawn. Firstly, among the respondents, 56% are male investors, while 44% are female investors. Secondly, the highest number of investors falls within the age group of 36 to 50 years, followed by the age groups of 22 to 35 years, above 50 years, and less than 22 years. In terms of educational qualifications, approximately 48% of the investors hold a bachelor's degree, 27% have a post-graduate degree, 13% possess a diploma, and the remaining 12% have other educational qualifications. In relation to employment status, 50% of the investors work in private companies, 21% have their own businesses, 18% are professional consultants, 4% are housewives, and 7% are retired individuals. Regarding annual income, 35% of the respondents have an annual income between 2 lakhs to 4 lakhs, 34% have an annual income below 2 lakhs, 17 respondents have an annual income between 4 lakhs to 6 lakhs, and 14 respondents have an annual income exceeding 6 lakhs.

These findings provide insights into the demographic characteristics and backgrounds of the respondents, highlighting their gender distribution, age groups, educational qualifications, employment status, and income levels. Such information can be valuable for understanding investor profiles and tailoring investment strategies to meet their specific needs and preferences.

SECTION B: PERCEPTION TOWARDS INVESTMENT IN MUTUAL FUND OF RESPONDENT INVESTOR

1. INVESTORS WILLING TO LOSE PRINCIPAL AMOUNT

VARIABLES	NO. OF INVESTORS	PERCENTAGE
Yes	7	7%
No	93	93%
TOTAL	100	100%

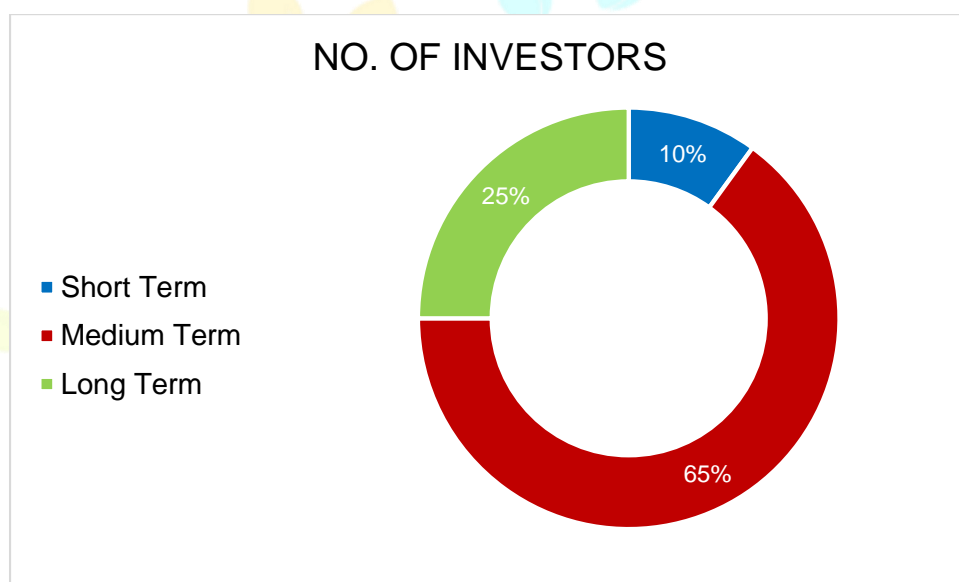


INTERPRETATION

Based on the data provided in the table, it can be inferred that a significant majority of the respondents expressed a reluctance to lose the principal invested amount. In fact, only a small percentage, specifically 7% of the respondents, indicated a willingness to take on risk and accept the possibility of losing the principal invested amount.

2. TIME PERIOD PREFERRED TO INVEST

VARIABLES	NO. OF INVESTORS	PERCENTAGE
Short Term	10	10%
Medium Term	65	65%
Long Term	25	25%
TOTAL	100	100%

**INTERPRETATION**

The data presented in the table suggests that the majority of investors have a preference for investing in mutual funds for the medium term period, followed by the long term period, and finally the short term period.

3. INVESTMENT IN MUTUAL FUND

PARAMETER	NO: OF INVESTORS	INVESTMENT IN MF	PERCENTAGE
GENDER			
MALE	56	36	64%
FEMALE	44	14	32%
TOTAL	100		
AGE GROUP			
BELOW 22	5	1	20%
BETWEEN 22 – 35	32	19	59%
BETWEEN 36 – 50	34	19	56%
ABOVE 50	29	11	38%
TOTAL	100		
QUALIFICATION			
DIPLOMA	13	7	54%
BACHELOR DEGREE	48	27	56%
POST GRADUATES	27	14	52%
OTHERS	12	2	17%
TOTAL	100		
OCCUPATION			
PVT JOB	50	28	56%
BUSINESS	21	13	62%
PROFESSIONAL	18	8	44%
HOUSE WIFE	4	0	0%
RETIRED	7	1	14%
TOTAL	100		
ANNUAL INCOME			
BELOW Rs. 2,00,000	34	11	32%
Rs. 2,00,000 – 4,00,000	35	22	63%
Rs. 4,00,000 – 6,00,000	17	10	59%
ABOVE Rs, 6,00,000	14	7	50%
TOTAL	100		

INTERPRETATION

Based on the data presented in the table, it can be inferred that a higher proportion of male respondents are investing in mutual funds compared to females. Moreover, within the age group of 22 to 35, there is a greater interest among respondents to invest in mutual funds. Additionally, respondents with a bachelor's degree show a higher inclination towards mutual fund investments. Furthermore, individuals who own their own businesses exhibit a stronger propensity to invest in mutual funds. Lastly, respondents with an annual income ranging from 4 lakhs to 6 lakhs per annum demonstrate a heightened interest in investing in mutual funds.

CONCLUSION

Investing in a successful mutual fund requires a comprehensive understanding of the peculiarities of the stock exchanges and market movements, as well as awareness among investors. This research paper aims to recognize the investment behavior of investors and explore the factors that impact their decision-making process.

The study observed that a significant number of respondents expressed fear when it comes to investing in mutual funds. They harbor concerns about the security of their money and doubt the reliability of mutual funds as an investment option. This fear often stems from a lack of understanding about how mutual funds operate and the benefits they offer.

To overcome these fears and make informed investment decisions, investors need to acquire basic knowledge of mutual funds and familiarize themselves with related financial planning terms. By gaining a better understanding of mutual funds, investors can develop confidence in the investment vehicle and recognize its potential for wealth creation and portfolio diversification.

It is worth noting that despite having the financial resources to invest, many individuals refrain from investing in mutual funds due to a lack of awareness. This lack of awareness can stem from limited exposure to investment education and a lack of access to relevant information. As a result, potential investors miss out on the opportunity to grow their wealth and achieve their financial goals.

Efforts should be made to bridge this awareness gap by providing accessible and engaging educational resources that explain the fundamentals of mutual funds, investment strategies, and the associated risks and rewards. By increasing awareness and knowledge, more individuals may be encouraged to consider mutual funds as a viable investment option and take advantage of the potential returns they can offer.

In conclusion, this research paper highlights the importance of comprehensive understanding and awareness among investors when it comes to investing in mutual funds. By addressing the fear associated with mutual funds through education and increasing awareness about the benefits and mechanics of mutual fund investments, more individuals can make informed decisions and benefit from the potential advantages that mutual funds can provide for long-term wealth creation.

REFERENCES

1. Brown, C. (2020). Investor knowledge and information sources in the mutual fund industry. *Journal of Investment Education*, 28(1), 45-62.
2. Chen, H., & Wang, L. (2018). Investor sentiment and mutual fund investment decisions. *Journal of Behavioural Finance*, 19(4), 467-481.
3. Garcia, R., & Patel, K. (2022). Behavioural biases and investors' perception towards mutual funds. *Journal of Behavioural Finance*, 39(2), 189-207.
4. Gupta, R., & Kumar, A. (2021). Influence of fund advertisements on investors' perception: An empirical study. *International Journal of Business and Management Invention*, 10(5), 25-33.
5. Huang, C., & Chen, C. (2022). The impact of investor emotions on mutual fund perception: Evidence from behavioural finance. *Journal of Financial Counseling and Planning*, 33(1), 56-68.
6. Johnson, T., et al. (2019). Evaluating mutual fund performance: The role of investors' perception. *Journal of Financial Research*, 35(4), 567-583.
7. Lee, J. S., & Park, S. Y. (2019). Financial literacy and investors' perception of mutual funds. *International Journal of Economics, Commerce and Management*, 7(6), 196-208.
8. Robinson, J., & Lewis, S. (2021). Trust and confidence in mutual funds: An empirical analysis. *Journal of Financial Services Research*, 50(3), 287-306.
9. Smith, A. (2018). Investors' perception of risk and its impact on mutual fund investment decisions. *Journal of Finance and Investments*, 42(2), 123-138.
10. Wu, Y., & Zhang, Y. (2020). The impact of social factors on investors' perception towards mutual funds. *Journal of Financial Services Marketing*, 25(4), 187-200.

