

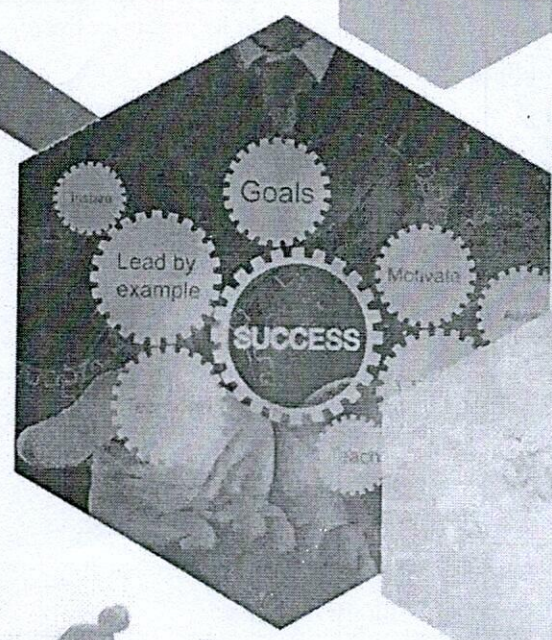
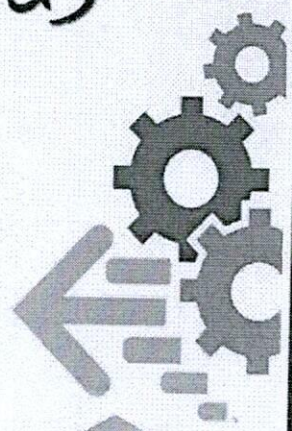


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❧ CONTENTS OF PART - III ❧

S. No.	Title & Author	Page No.
1	Importance of Health Status in the Unorganized Sector <b>Blessy Easo</b>	1-13
2	A Study on Buying Behaviour of Customers for Online Hotel Booking <b>Prof. Subhashini Naikar</b>	14-26
3	A Study on Impact of Online Advertising on Consumers <b>Komal Purohit</b>	27-33
4	Making Energy Conservation the Norm <b>Ashlesha Maurya</b>	34-40
5	Empirical Study of M-Wallet in India <b>Ms. Riddhi Shah</b> <b>Ms. Florence Noah Christian</b>	41-51
6	A Study on Significance of Servqual Model in Service Sector: A Case Study of Indian Postal Services <b>Ms. Ganga Susheel Warriar</b>	52-64
7	Perception of Indian Investor towards Investment in Mutual Funds with Special Reference to Mumbai Investors <b>Dr. Neha Goel</b> <b>Dr. Jignesh Dalal</b>	65-71
8	Innovative Practices in Communication and Public Relations <b>Prof. Raavi Parihar</b>	72-76
9	A Study of Saving and Investment Pattern of Salaried Class People with Special Reference to Mumbai City (India) <b>Rajkumar Gupta</b>	77-84
10	Work Ethics in India. .... A Transformation from Spiritualism to Materialism <b>Jaanvi Joshi</b>	85-94
11	A Study on Customers Satisfaction towards E-Banking Services with Special Reference to Mumbai City <b>Prathamesh Navale</b> <b>Sana Sayyed</b>	95-102

## **7. Perception of Indian Investor towards Investment in Mutual Funds with Special Reference to Mumbai Investors**

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### **Abstract**

Mutual funds are the most common type of investment now a days in the Indian capital market. there is a rapid growth in the mutual fund industry which can also be seen under assets of Indian capital market in managing the various mutual funds. It is the least risky investment in the mutual fund which gives the higher returns and most suitable for the people who does not want to take higher risk in the funds. Many people are elected in investment in the mutual funds and still investing in insurance on fixed assets. This is reflected from the study conducted in this research paper. This paper makes an attempt to identify various factors affecting perception of investors regarding investment in Mutual funds. The findings will help mutual fund companies to identify the areas required for improvement in order to create greater awareness among investors regarding investment in mutual funds.

### **Introduction**

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money, thus collected, is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them. Thus, a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. It gets benefit of both equity and debt market. These schemes rank slightly high on the risk-return matrix when compared with other debt schemes. There is considerable amount of research being done regarding investment in mutual funds. a mutual fund is formed when capital collected from different investors is invested in company shares, stocks

or bonds. shared by thousands of investors , a mutual fund is managed collectively to earn the highest possible returns. The person driving this investment vehicle is a professional fund manager.

#### Literature Review

According to Ippolito in (1992), an investor is interested to put the money in the funds or stocks which are resulted in good returns and many of the investors are interested by those stocks and funds that are giving better revenue over the worst.

As per Goetzman in (1997) gave an opinion that the psychology of investors emphasizes the selection of mutual fund for investment and to set back from the fund.

According to De Bondt and Thaler in (1985) submitted that mean reversion in prices of stock is backed by investor's retrogression which is based upon investor's psychology to overvalue firm's recent performance in forming future expected results which is also known as endowment effect.

Prof. Gupta in (1994) did research on household investment to look investors' priority to invest in funds and other present financial assets. The results of the research were more accurate, to the policy makers and investors in mutual funds to make the financial assets for future years.

According to Kulshreshta in (1994), some guidelines were suggested for the investment that can assist them to choose most needed schemes in mutual fund.

As per Shanmugham in (2000) a survey was conducted of personal investors with the aim to search out about the knowledge source on which investors depends. The results shows that it is economical, sociological and psychological factors which affects investment decisions.

Another study was conducted by Indian Education Society's Management College and Research Centre of Jambodekar in (1996) to check the size of the mutual funds for investors and to find the factors which influence the mutual fund investment decision. The study revealed that open-ended policy is most demanded among other factors and that income yielding schemes and open-ended policies are chosen over closed- ended and growth policies. Newspapers are used as the most informative source, principal amount's safety and investor's service provider are main points for putting the money in mutual funds.

The two economist Prof. Sujit Sikidar and Prof. Amrit Pal Singh in (1996) did a survey to look at the behaviour aspects of the investors of the North-Eastern region for equity and mutual fund investment pattern. The survey concluded that due to tax benefits in mutual funds ,

it is more preferred by the salaried and self-employed people. Unit Trust of India and State Bank of India policies were most chosen in that region of the nation over any other scheme and the other funds were proved not much demanded during the time of research.

According to Syama Sunder in (1998) had conducted a research with an aim to get detailed view into the working of mutual fund in private sector with reference to Kothari Pioneer. The research surveyed that mutual fund concept was not much satisfactory during that particular time in B cities like Visakhapatnam or Hyderabad. It had also conveyed that participants in mutual funds can assist to materialise the investment culture, open-ended options are very renowned than any other investment, brands of companies which are managing assets are chief consideration to put the money in mutual fund.

As per Prof. Anjan Chakarabarti and Prof. Harsh Rungta in (2000) had specialised the importance of asset brand in dealing with competence of companies managing asset.

Prof. Shankar in (1996) had suggested that for the growth of mutual fund schemes deep into nature of the society, asset management companies have to do lot of hard work and watch the consumer distribution of product model.

According to Raja Rajan in (1997), he emphasised the sections of investment and mutual fund schemes to increase the importance of mutual funds.

#### **Objectives of Study**

1. To analyse the pattern of investment in Mumbai Investors.
2. To test the knowledge level of investors in respect of mutual funds.
3. To acknowledge the various type of schemes for mutual funds invested by investors.
4. To analyse the emphasis of causes like liquidity transactions, high rewards, company's reputation and many other causes which shows the investment decision of mutual fund investors.

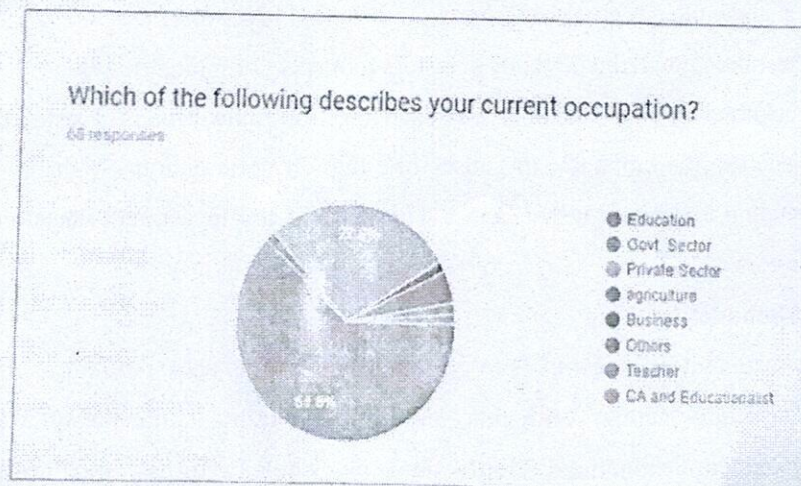
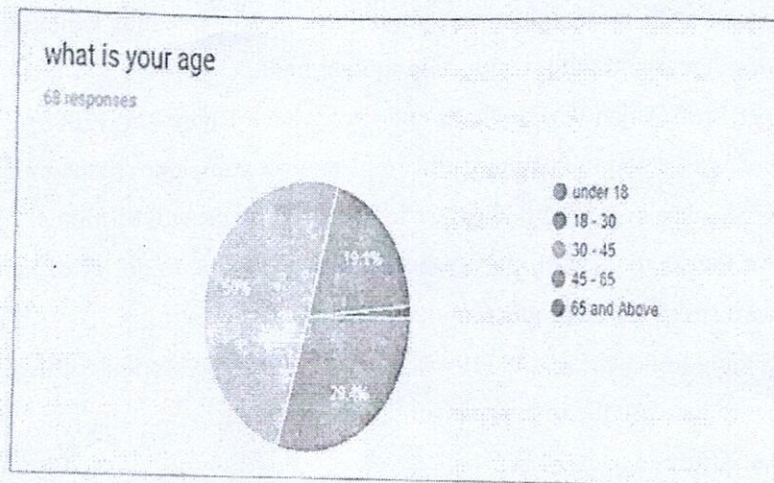
#### **Research Methodology**

The main aim of Investors is to get maximum returns with the returns of risk as well and liquidity transaction factors. With this aim in the investment, the person will look out for different investment destinations. Mutual funds gives better returns comparatively and have less danger, if evaluation is done as per direct investment in investment market. According to this research paper, it is been judged to compare the attribute of investors for mutual fund investment with reference to Mumbai investors.

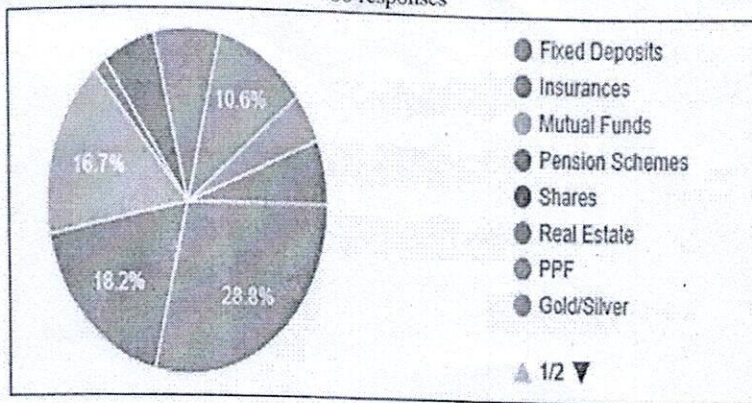
A survey was conducted in Mumbai city in January 2019. An expected sample of 80 individual mutual fund investors were planned, but actual sample of 68 individuals were surveyed through a pre-tested questionnaire. The investors were selected from various fields who keep on doing investment in mutual funds on a regular basis and have at least ample knowledge about the basic terms used in mutual funds. An emphasis was given to test out the attributes of investors for mutual fund investment and to find out the factors which are to be given importance by the stakeholders before putting money in various mutual fund.

#### Data Analysis

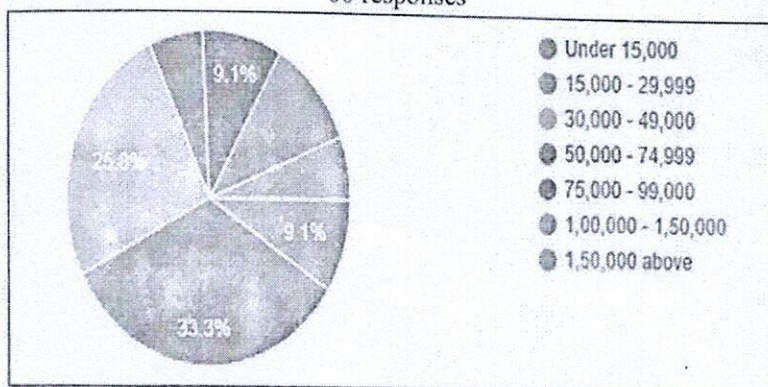
The data is collected according to the questionnaire, which is analysed by giving importance to each factor and the analysis is shown below.



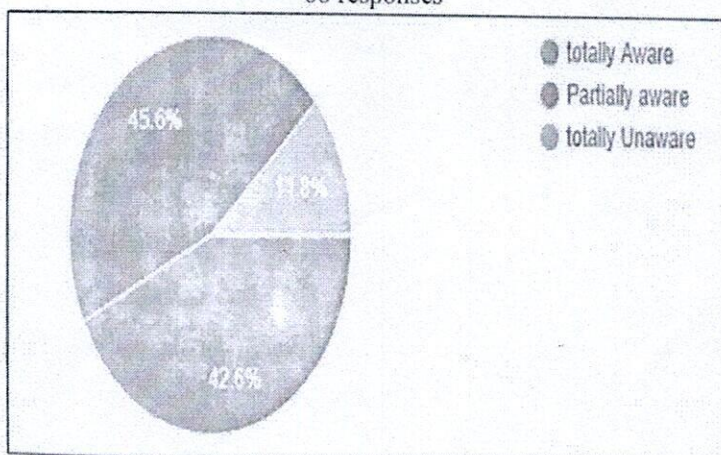
Where do you invest most of your savings  
 66 responses

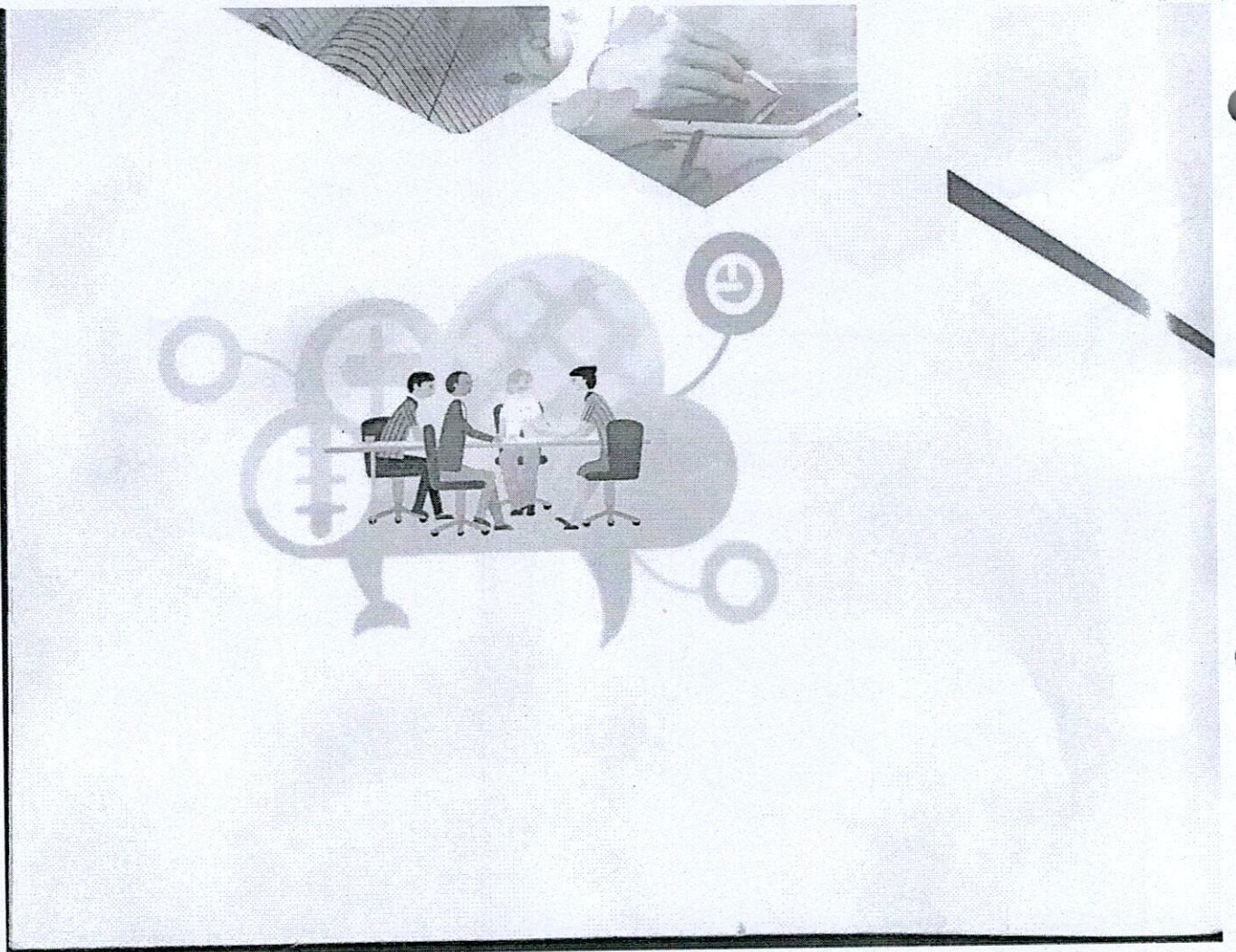


What is your monthly income Profile?  
 66 responses



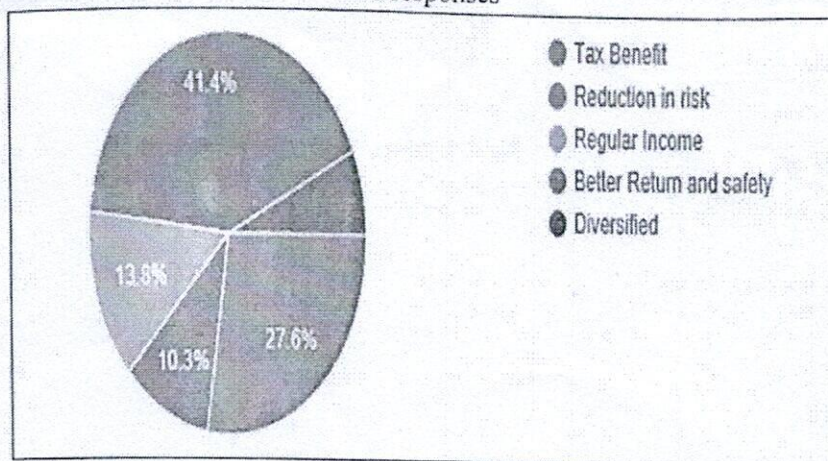
Are you aware of the benefits of investing in mutual fund?  
 68 responses







Which factor of Mutual funds attracts you the most.  
58 responses



#### Conclusion

The research was conducted to analyse those investors who are somewhat aware of different schemes of mutual funds. The Mutual Fund investments purely belongs to the age group from 19 years to 55 years and comes in the revenue group of Rs 30,000 to Rs 1,00,000 and above. Investment in various schemes of portfolio and tariff benefit are the main causes of mutual fund that attracts the investors. Many investors are aware of basic Mutual Funds schemes and the returns given by these various funds.

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