

# Saarth

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### A Study on Perception of Salaried Person towards Mutual Funds as Investment Avenues

Dr. Meghashree A. Dadhich, Mayank P. Panchasara\*

#### Abstract

In India, usually all investment avenues professed risky by the investors. The main features of investments are security of principal amount, liquidity, income stability, approval and easy transferability. Every human has more greed to earn extra money from investing their savings in various investment avenues like Recurring Deposits, Fixed Deposit, Post Office Savings, Public Provided Fund, Insurance Schemes, Mutual Fund Schemes, Stock Market, Real-estate, Gold etc. Mutual fund is one of the best investment avenues for investors in current scenario. Through this study an analysis has been made into preferred investment avenue (mutual Fund) among salaried peoples in Rajkot, Gujarat , India. The result highlighting the perception of salaried person towards mutual fund as investment avenue. The study is based on responses of salaried peoples using a questionnaire. The study is based on primary data which are collected by distribution of a questionnaire to salaried person those who are investing their savings in mutual funds. There are many investment avenues are available today. This paper result how salaried people managing their investment.

**Keywords:** Investment Avenues, Mutual Funds

#### Introduction of the Study

The economic liberalization and globalization have brought a fervent environment for the common and small investors who are willing to participate in the various investment avenues available in India. There are large numbers of small investors, who have the ability to save and make an investment and by pooling small amounts of money into a single investment value, individual investors are able to participate in investment strategies. Developing countries like India facing troubles to encourage or motivate investor to invest in capital, money market due to low income, low saving, low investment, low employment etc.

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\*Mayank P. Panchasara, MBA (2019-2021), Department of Management, Atmiya University, Rajkot (Gujarat).

Dr. Meghashree A. Dadhich, Assistant Professor, Department of Management, Atmiya University, Rajkot (Gujarat).

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India needs high rate of investment for growth of economy and individual. From the beginning of planning, the importance was on investment as the primary investments 'of economic growth and increase in national income, GDP, NDP. Mutual funds investment gives more return on the investment made than the income earned in the form of fixed deposits, life insurance and even bonds because with a little money, they can get into the investment and can able to earn higher interest rates compared to other investment avenues. One can own a string of blue chips like SBI, Birla Sun Life, Reliance, UTI etc., Thus mutual funds give an opportunity to enter into big companies which is otherwise impossible for an ordinary investor with small amount of investment.

### **Investment Avenues**

The Indian investment industry is witnessing a rapid growth as a result of infrastructural development, manufacturing and service sector, in personal financial assets and rise in foreign participation. In the present financial system, there are so many investment avenues to choose, today in financial market it has involved for anyone to decide about these avenues. Some of these investment avenues offer attractive returns but with high risks, some propose lower returns with very low risks. Investors have to choose the best avenue available at particular time period based on preferable amount to be invested of their saving by specific need, risk preference, and return expected. With the growing risk appetite, rising income, and increasing awareness. Mutual funds and shares are becoming preferred investment vehicles like bank fixed deposits and post office savings that are considered safe.

### **Benefits of Mutual Funds Investment**

A Mutual fund aggregates the saving of a number of investors who share a common financial goal. The money thus collected in a mutual fund is then invested in capital market instruments such as bonds, securities, shares, debentures etc. The income earned through these investments and the realized capital appreciation is shared by its unit holders in proportion to the number of units owned by them.

We know small drops of water make a big ocean and mutual Funds work on the same principle. For instance: if one has Rs.1,000/- to invest and it may not be appreciated very much on its own. But, when it is pooled with Rs.1,000/- each from a lot of other people then

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one could create a "big fund" large enough to invest in wide varieties of capital market instruments in a large scale and enjoy the economies of large scale operations. Hence, a mutual fund is something known as collective investment. Due to low cost, diversified risk and high return; mutual funds has emerged as a popular vehicle of creation of wealth.

### **Salaried Investor**

This study involves only those people who are salaried and earn money through money as monthly salary. Salaried peoples always prefer to invest in the investment avenues that are safe, secure, providing ease in small savings to be invested monthly, growth in investment fund value, ease in liquidity, tax benefits etc. than the other occupation investors like business man and professionals.

### **Objectives of the Study**

- To know the preference of Salaried for investment avenues.
- To check the most preferable methods for information collection.
- To know the challenges and problem faced by Salaried People.
- To know the benefits and limitations of mutual fund for salaried people.

### **Review of Literature**

**M. Kalaiselvi, (2016)** conducted a study on investor's perception towards mutual fund investment (with special reference to Poll chi Town). This study showed that investors decisions effected by various schemes and their satisfactory level.

**Priti Mane (2016)** conducted a study on investor's perception towards mutual funds in the city of Aurangabad. She concluded that awareness level and non-awareness has impact on the buyer's decision. It also showed that investor see mutual funds as risky investment and avoids investing in and preferring fixed deposits.

**Priyanka Sharma, Payal Agrawal (2015)** conducted a study on investor's perception towards mutual fund as an investment option. This study revealed that various factors has impact on the buying decision of investor for mutual fund investment and it also showed that income, awareness etc. has also considered by investors while making buying decision.

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**Rama Krishna Mishra (2015)** presented a study on perceptions of investors towards mutual funds: an analytical study in Odisha. This study revealed that return and future of mutual fund has impact on the buying behavior of small and large investors.

**Gauri Prabhu, Dr. N. H. Vechalekar (2014)** conducted a study on perception of Indian investors toward investment in mutual funds with special reference to MIP (Monthly income plan) funds. For the purpose of study, they collected data from individual mutual fund investors. The study revealed that awareness, age, income level of investors, return etc. has impact on the selection of mutual funds. Investors are also aware about MIPs funds and here they invest only on the basis of consistent return.

**Sonali Patil, Dr. Kalpana Nandawar (2014)** conducted a study on preferred investment avenues among salaried people with reference to Pune, India". This study has been conducted to know the preferences of salaried people towards various investment options available. This study analyzed the preferences of the people regarding different investment avenues available. It also covered the study of factors considered by people for investing their money.

**Sukhwinder Kaur, Dr. G. S. Batra, Dr. Bimal Anjum (2013)** presented a paper on investor's perception towards selection of mutual funds rather than stock market. This study showed that investor prefers mutual fund rather than stock market because mutual fund investment can be changed according to their requirement whereas investment in stock market is complex and risky.

### **Research Methodology**

The validity of any research is based on the systematic method of data collection and analysis of the data collected. The data is collected through primary data as well as secondary data. The study is based on the data collected from 52 salaried people and structured questionnaire was designed to collect primary data. Responses was collected from many companies salaried person in order to analysis the objectives of study on perception salaried person towards mutual fund as investment avenue.

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### Data Analysis and Interpretation

#### Q. What kind of investment options you prefer?

Investment option	Frequency	Percentage of responses	Percentage of Case	Rank
<b>Mutual Fund</b>	51	36%	98%	1
<b>Stock Market</b>	27	19%	52%	2
<b>Insurance scheme</b>	23	16%	44%	3
<b>Fixed Deposit</b>	15	11%	29%	4
<b>Post office Deposit</b>	14	10%	27%	5
<b>Recurring Deposit</b>	5	4%	10%	6
<b>Public Provided Fund</b>	6	4%	12%	7
<b>Total</b>	<b>141</b>	<b>100%</b>		

As a salaried person mostly investment option preferred as mutual fund. There are many reason behind they have fixed monthly income they invest according to near future plans. Higher percentage in mutual fund preferred by investor can increase cash flow and money creation in economy of any country.

#### Q. While investing your money which factors you considered most?

Factors	Frequency	Percentage of responses	Percentage of Case	Rank
<b>Maximum Return</b>	47	30%	90%	1
<b>Liquidity</b>	38	24%	73%	2
<b>Minimum Risk</b>	31	20%	60%	3
<b>Tax Benefit Under 80c</b>	24	15%	46%	4
<b>Marketability</b>	18	11%	35%	5
<b>Total</b>	<b>158</b>	<b>100%</b>		

Undoubtedly the factor affecting investor while investing their saving in mutual fund is maximum return as top priority. Then comes liquidity the investor under go any emergency he can liquidate their investment at proper time, so that money can use in survival of individual.

#### Q.How you collect information about various investment option?

Information	Frequency	Percentage of responses	Percentage of Cases	Rank
<b>Friends or Family</b>	47	25%	90%	1
<b>internet &amp; Websites</b>	44	24%	85%	2
<b>Newspaper</b>	35	19%	67%	3

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Television Commercials	31	17%	60%	4
Agents	29	16%	56%	5
<b>Total</b>	<b>186</b>	<b>100%</b>		

Human psychology of financial decision making are based on emotion first he/ she ask to their relative's friends and family members. If they are investing in any particular avenue investor will ask about Risk, Return, liquidity and Marketability.

**Q. What are the challenges / problems faced by you while investing in mutual funds?**

Problems	Frequency	Percentage of responses	Percentage of Cases	Rank
Poor Service of Broker	32	28%	62%	1
High Expenses / Charges	20	18%	38%	2
Delay in Liquidation	14	12%	27%	3
Less Return	11	10%	21%	4
Lack of Capital Market's Knowledge	10	9%	19%	5
Over Diversification	7	6%	13%	6
Forced Redemption	7	6%	13%	7
High Risk	7	6%	13%	8
Tax consequences	5	4%	10%	9
<b>Total</b>	<b>113%</b>	<b>100%</b>		

### Findings

- Salaried investors start point of searching of any perfect investment is based on their financial needs.
- Salaried investors are not taking advice from authority advisor to lead them for their investment in mutual fund; it creates the difficulty to select the mutual fund plan.
- The decisions of the small investors depend upon the degree of the risk factors.
- The majority of the respondents prefer to invest in Open Ended Schemes (can be liquidated at any time).
- Salaried investor invests more in Growth Funds Schemes based on their level of financial knowledge.
- Salaried investors influence towards mutual fund investments by their own money management, financial goals and behavior towards any particular investment avenue.

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- Essential factors to chase mutual fund investment opportunities are dividend and growth prospect of gain.
- Investors' educational qualification, occupation, age, income and amount of equity etc. Plays vital role in the investing styles of the investors.
- The investors revealed that proper diversification of portfolio would make sure the investors to get higher return and high liquidity with least risk.

### **Conclusion**

We do know that people avoid risky things, but it is all about knowledge and patience. This study was conducted to know the perception of salaried person towards Mutual Fund as Investment Avenue. From this study, it is found that most of the investors have invested their saved money in Mutual Fund schemes. The data analysis reveals that the safety is important factor while doing investment so remaining avenues are less considerable while doing investment by investors. Financial advisors, stock brokers and other experts representing stock exchange must come forward and organize various sessions for people who have less or no idea about how it works.

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