



A STUDY ON SOURCES OF INFORMATION TOWARDS MUTUAL FUND INVESTMENT IN COIMBATORE CITY

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ABSTRACT

A mutual fund is an investment vehicle where many investors pool their money to earn returns on their capital over a period. This corpus of funds is managed by an investment professional known as a fund manager or portfolio manager. It is his/her job to invest the corpus in different securities such as bonds, stocks, gold and other assets and seek to provide potential returns. The gains (or losses) on the investment are shared collectively by the investors in proportion to their contribution to the fund. Objectives of the study, To analysis the attitude of investors towards mutual funds in the study area and To create awareness about mutual funds investment. Methodologies of the study, The survey method is adopted for research analysis. Most of the information is obtained from primary sources and very few are collected from secondary sources. The secondary data are gathered from newspapers, magazines, books pamphlets and websites. Area of study is confined to Coimbatore town city. The sample respondents are the members of Coimbatore investors association. The study is conducted from January to March 2024. Suggestions of the study, Mutual funds have to provide online services to improve their service standards especially for the availability of current net asset values and few fund managers lack sound financial planning. Their advice is wrong with respect to the long term investments.

1.1. INTRODUCTION

The Indian capital market has been increasing tremendously during last few years. With the reforms of economy, reforms of industrial policy, reforms of public sector and reforms of financial sector, the economy has been opened up and many developments have been taking place in the Indian money market and capital market. In order to help the small investors, mutual fund industry has come to occupy an important place.

Mutual Funds gained popularity in India since early 90's. Most industries visual investors are finding it difficult to identify and diversity their investment across different portfolios. This is due to lack of complete knowledge of investment management principles or due to lack of skills needed to play actively with the complex system of taking quick decisions for proper handing of portfolios. To cope up with these difficulties, the investors are turning to specialized institutions like mutual funds. Mutual funds in turn with their skilled professional fund managers are prominent to generate a rate of return better turn size of return that the market yields.

These specialized institutions are able to invest across different industries and different securities with the available large amount of many entrusted to them by the investors. It facilitates to take the full benefits of diversification. Further, the varieties of schemes of mutual funds throw opportunities to suit to the varied requirement of different investors.

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. The flow chart below describes broadly the working of a mutual fund:

1.2. CONCEPT OF MUTUAL FUNDS

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. These are all the main concept of the Mutual Fund.



- 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 realised are shared by its unit holders in proportion to the number of units owned by them.

1.3. TYPES OF MUTUAL FUNDS SCHEMES

There are a wide variety of Mutual Funds schemes that cater to your needs, whatever your age, financial position, risk tolerance and return expectations. Whether as the foundation of your investment programmed or as a supplement, Mutual Funds schemes can help you meet your financial goals.

(A) By Structure

Open-Ended Schemes

These do not have a fixed maturity; you deal directly with the Mutual Funds for your investments and redemptions. Their key feature is liquidity. You can conveniently buy and sell your units at Net Asset Value related prices.

Closed- Ended Schemes

Schemes that have a stipulated maturity period (ranging from 2 to 15 years) are called close-ended schemes. You can invest directly in the scheme at the time of the initial issue and thereafter you can buy or sell the units of the scheme on the stock exchanges where they are listed. The market price at the stock could vary from the schemes NAV on account of demand and supply situation, unit holder's expectations and other market factors. One of the characteristics of the close-ended schemes is that they are generally traded at a discount to NAV; but closer to maturity, the discount narrows.

Some close-ended schemes give you an additional option of selling your units directly to the Mutual Fund through periodic repurchase at NAV related prices. SEBI Regulations ensure that at least one of the two exit routes is provided to the investor.

Interval Schemes

These combine the features of open-ended and close-ended schemes. They may be traded on the stock exchange or may be open for sale or redemption during predetermined intervals at NAV related prices.

1.4. RIGHTS OF THE MUTUAL FUND UNIT HOLDER

As a unit holder in a Mutual Fund scheme coming under the SEBI (Mutual Funds) Regulation, you are entitled to:

1. Receive unit certificates or statements of accounts confirming your title within 30 days from the date of closure of the subscription under open-end schemes or within 6 weeks from the date your request for a unit certificate is received by the Mutual Fund.
2. Receive information about the investment policies, investment objectives, financial position and general affairs of the scheme.
3. Receive dividend within 30 days of their declaration and receive the redemption or repurchase proceeds within 10 days from the date of redemption or repurchase.
4. Vote in accordance with the Regulations to:
 - a. Change the Asset Management Company,
 - b. Wind up the schemes.
5. To receive communication from the Trustee about change in the fundamental attributes of any scheme or any other changes which would modify the scheme and affect the interest of the unit holders and to have option to exit at prevailing Net Asset Value without any exit load in such cases.
6. Inspect the document of the Mutual Funds specified in the schemes offer document
7. to publish their NAV in accordance with regulations, daily in case of open-ended schemes and once a week, in case of close-ended schemes,



8. To disclose your schemes entire portfolio twice a year, un-audited financial results half yearly and audited annual accounts once a year. In addition may mutual funds send out newsletters periodically.
9. To adhere to a code of ethic which require that investment decisions are taken in the best interests of the unit holders.

1.5. NEED OF THE STUDY

Mutual fund players need to understand how the investors respond to various marketing stimuli. These understandings facilitate the mutual funds players to come up with efficient marketing strategies. In spite of the benefits offered by mutual funds, the investors face few difficulties in their transactions. The study helps in scrutinizing their problem.

1.6. OBJECTIVES OF THE STUDY

The major objectives of the study are

1. To analysis the monthly income of investors towards mutual funds in the study area.
2. To relationship between monthly income and sources of information about mutual funds investment
3. To offer suggestions for making mutual funds as one of the best Instrument for investment.

1.7. METHODOLOGY

In order to arrive in conclusions with regard to the topic of the study, it was necessary to adopt a suitable mode of study. The survey method is adopted for research analysis. Most of the information is obtained from primary sources and very few are collected from secondary sources. The secondary data are gathered from newspapers, magazines, books pamphlets and websites. Area of study is confined to Coimbatore town city. The sample respondents are the members of Coimbatore investors association. The study is conducted from January to March 2024. Sample size for overall analysis is 63 respondents from different groups of investors like small, medium and large investors. Disproportionate stratified random sampling technique are used for the primary data collection from the investors. The Statistical and economic tools are used for the analysis of the study, and to arrive at conclusions, which will have practical application. Various Statistical and economical tools such as percentage, Means, Ranking were used.

1.8. SELECTION OF THE CITY

The study will be conducted in Coimbatore City, which is the third largest city in Tamil Nadu with a population of more than 15 lakhs. The city of Coimbatore called as the “Manchester of South India” with a salubrious climate and another one name is Cotton City and there are more than 30000 tings, small, medium and large industries and textile mills. The city known for its entrepreneurship of its residents. The industries as well as the people in the district are making use of the services rendered by various Banks located in this district. Hill stations like Ooty, Kodaikanal, and Mudumalai- wild life sanctuary and top slip are within easy reach from Coimbatore. It is connected by Air with Chennai, Bangalore, Trichy, Mumbai and other cities. Hence, I have considered Coimbatore as the suitable are a due to the existence of people at all levels of educational and financial states in the city.



TABLE : 1 PERSONAL INFORMATION

| S.No | Age | No of the Respondents | Percentage |
|------|--------------------------|-----------------------|------------|
| 1 | Upto 30years | 3 | 4.8 |
| 2 | 30-45years | 30 | 47.6 |
| 3 | 45to 60years | 24 | 38.1 |
| 4 | Above 60years | 6 | 9.5 |
| | Total | 63 | 100 |
| S.No | Sex | | |
| 1 | Male | 49 | 77.8 |
| 2 | Female | 14 | 22.2 |
| | Total | 63 | 100 |
| S.No | Occupational | | |
| 1 | Salaried | 31.5 | 49.9 |
| 2 | Self employed | 3 | 4.8 |
| 3 | Professionals | 9 | 14.3 |
| 4 | Others | 19.5 | 31 |
| | Total | 63 | 100 |
| S.No | Income | | |
| 1 | Less than Rs50000 | 1.5 | 2.4 |
| 2 | Rs 50000 to 100000 | 22.5 | 35.7 |
| 3 | Rs100000to 150000 | 16.5 | 26.2 |
| 4 | Above Rs150000 | 22.5 | 35.7 |
| | Total | 63 | 100 |
| S.No | Name of mutual funds | | |
| 1 | Public Sector | 18 | 28.58 |
| 2 | Private Sector | 45 | 71.42 |
| | Total | 63 | 100 |
| S.No | Grievance reprisal | | |
| 1 | Investment consultant | 33 | 52.4 |
| 2 | Register | 7.5 | 11.9 |
| 3 | Asset management company | 3 | 4.7 |
| 4 | Investors service center | 19.5 | 31 |
| | Total | 63 | 100 |

Source: Primary data

The table reveals that 47.6 percent of the respondent are n the age of 30 to 45 years: 38.1 percent of the respondents are in the age of 45to 60years: 9.5percent of the respondents are in the age of above 60years, and remaining 4.8 percent of the respondents are in the age of upto 30 years. Majority of the respondents are in the age group of 45 years to 60 years. From the above table, it is observed that 77.8 percent of the respondents belong to male category and 22.2 percent of the respondents belong to female category. Numbers of males are more in comparison to the number of females. From the above table, I have learned that 49.9 percent of the respondents belong to salaried class, 31 percent of the respondents are others, and 18 percent of the respondents are Professional and remaining 6 percent of the respondents engaged in self employed category. From the above table it is clear that 35.7 percent of the respondents are falls in the category of income is Rs.50000 to Rs. 100000 and Above 150000, 33percent of the respondent are fall in the category of income is Rs 100000 to 150000 and remaining balance of the respondents are fall in the category of less than Rs 50000. From the above table it is clear that 70.42 percent of the respondents are invested in the private sector mutual funds and remaining 28.58 percent of the respondents are invested in the public sector mutual funds. So majority of investor invested in the private sectors compared with the public sectors. Because private sector



mutual funds are given the more returns with compared with the public sectors. From the above table, it is clear that 52.4 percent of the respondents take the decision with the help of Investment consultant, 31 percent of the respondents with the help of investor service center , 11.9 percent of the respondents with the help of register, and 4.7 percent of them contact Asset Management Company.

TABLE : 2
REASONS FOR PREFERRING MUTUAL FUNDS
OVERALL ANALYSIS

| S.No | Reasons | 6 | 5 | 4 | 3 | 2 | 1 | Average | Rank |
|------|---------------------|----|----|----|----|----|----|---------|------|
| 1 | Safety | 18 | 4 | 3 | 12 | 11 | 15 | 3.37 | V |
| 2 | Liquidity | 18 | 13 | 9 | 16 | 1 | 6 | 4.21 | I |
| 3 | Lower risk | 3 | 16 | 14 | 10 | 9 | 11 | 3.38 | IV |
| 4 | Returns | 16 | 9 | 14 | 10 | 14 | 0 | 4.03 | II |
| 5 | Tax Benefits | 3 | 12 | 15 | 10 | 19 | 3 | 3.39 | III |
| 6 | Access stock market | 5 | 9 | 9 | 4 | 9 | 28 | 2.63 | VI |

Source: Primary Data

From the above it is reveals that respondents give the Ist rank to liquidity as the prime factor for their preference to mutual funds. II rd rank give to returns on the mutual funds, IIIrd rank give to Tax benefit , IVth rank give to lower risk and the least important factor for their preference is the ability to access the stock market.

TABLE : 3
FACTORS INFLUENCING INVESTMENT TREND IN MUTUAL FUNDS-
OVERALL ANALYSIS

| S.No | Factors | 6 | 5 | 4 | 3 | 2 | 1 | Average | Rank |
|------|-------------------------|----|----|----|----|----|----|---------|------|
| 1 | Professional management | 24 | 11 | 6 | 5 | 7 | 10 | 4.13 | I |
| 2 | Diversification | 4 | 5 | 3 | 17 | 20 | 12 | 2.96 | VI |
| 3 | Flexibility | 8 | 15 | 13 | 12 | 11 | 4 | 3.77 | III |
| 4 | Affordability | 5 | 6 | 15 | 13 | 14 | 11 | 3.1 | IV |
| 5 | Transparency | 10 | 17 | 14 | 13 | 4 | 5 | 4.02 | II |
| 6 | Variety of schemes | 12 | 8 | 6 | 4 | 8 | 25 | 3.02 | V |

Source: Primary Data

From the above table it is clear that, respondents feel that professional management is the main factor (1st rank) that influences them to invest in mutual funds, respondents give the 2nd preference to Transparency, 3rd preference to Flexibility, respondents give the 4th preference to affordability and diversifications the least important factor (ranked VI) that that influences them to invest in mutual funds.

TABLE : 4
SOURCES OF INFORMATION ABOUT INVESTMENT DECISIONS - OVERALL
ANALYSIS

| S.No | Class of Respondents | Advertisement | Brokers | Friends/ Relatives | Own Knowledge |
|------|----------------------|---------------|---------|--------------------|---------------|
| 1. | Salaried | 12 | 9 | 15 | 39 |
| 2. | Self Employed | 0 | 3 | 0 | 6 |
| 3. | Professionals | 3 | 0 | 6 | 12 |
| 4. | Others | 12 | 21 | 9 | 18 |
| | Total | 27 | 33 | 30 | 75 |
| | Average | 16.4% | 20% | 18.2% | 45.4% |

Source: Primary Data.



From the above it is clear that, 45.4percent of the respondents make the investment decisions on their own knowledge and examination, 20 percent of the respondents make the investment decisions with the help of broker’s advice, 18.2 percent of the respondent take the decision through Friends and Relatives and remaining balance of the respondents take the investment decisions through advertisement.

DIFFERENCE IN SOURCES OF INFORMATION ON THE BASIS OF SOCIO ECONOMIC PROFILE OF INVESTORS TOWARDS MUTUAL FUND INVESTMENT

To examine the mean difference of sources of information across different socio economic profile of the investors, the study conducted a series of univariate analysis of variances (ANOVA). The first ANOVA analysed the difference in sources of information in terms of the age of the study participants.

**TABLE : 5
ANOVA RESULTS FOR THE AGE AND SOURCES OF INFORMATION**

| ANOVA | | | | | | |
|----------------|----------------|-----|-------------|-------|---------|------|
| | Sum of Squares | Df | Mean Square | F | P.Value | S/NS |
| Between Groups | 12.919 | 3 | 4.306 | 2.589 | .042* | S |
| Within Groups | 1365.716 | 821 | 1.663 | | | |
| Total | 1378.635 | 824 | | | | |

Source: Primary Data.

*5 per cent significant level

It has been divulged from the F test that the p-value (.042) has been less than 0.05 and the result has significance at 5per cent level. Hence, the null hypothesis (H₀) has been rejected and the alternative hypothesis (H₁) has been accepted. From the analysis it has been concluded that there is a relationship between age and sources of information towards mutual fund investment.

**TABLE 6
DESCRIPTIVES STATISTICS OF NUMBER OF FAMILY INCOME GROUP**

| Family monthly income | Mean | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | |
|-----------------------|---------------|----------------|------------|----------------------------------|-------------|
| | | | | Lower Bound | Upper Bound |
| Less than Rs50000 | 2.4789 | 1.31241 | .08993 | 2.3016 | 2.6561 |
| Rs 50001 to 100000 | 2.5849 | 1.30421 | .07314 | 2.4410 | 2.7288 |
| Rs100000to 150000 | 2.7229 | 1.17358 | .09109 | 2.5430 | 2.9027 |
| Above Rs150000 | 2.9219 | 1.34346 | .11875 | 2.6869 | 3.1569 |
| Total | 2.6376 | 1.29348 | .04503 | 2.5492 | 2.7260 |

Source: Primary Data.

Further, as part of detailed probing, researcher checked the mean of the family monthly income group (Table 4.24.1). This mean analysis reported that the sources of information of the selected study participants reported as high when their monthly income is on the higher side. For example, the person who earns Rs.50,001 to 100000 and above group reported a higher knowledge of information about mutual fund score in comparison with other monthly income categories. Hence the researcher rejected the study hypothesis that ‘there is a significant difference between monthly income and sources of information towards mutual fund investment

**TABLE : 7****ANOVA RESULTS FOR THE MONTHLY INCOME AND SOURCES OF INFORMATION**

| ANOVA | | | | | | |
|----------------|----------------|-----|-------------|-------|---------|------|
| | Sum of Squares | df | Mean Square | F | P.VALUE | S/NS |
| Between Groups | 38.137 | 3 | 12.712 | 7.786 | .000** | S |
| Within Groups | 1340.499 | 821 | 1.633 | | | |
| Total | 1378.635 | 824 | | | | |

** 1 per cent significant level.

It has been revealed from the F test that the p-value (.000) has been less than 0.01 and the result has significance at 1 per cent level. Hence, the null hypothesis (H_0) has been accepted and the alternative hypothesis (H_1) has been rejected. From the analysis it has been concluded that there is a relationship between family monthly income and sources of information towards mutual fund investment.

1.9. SUGGESTIONS

- Mutual funds have to provide online services to improve their service standards especially for the availability of current net asset values.
- Few Fund Managers lack sound financial planning. Their advice is wrong with respect to the long term investments.
- Government policies affect the performance of mutual funds (viz) Tax implications and interest rates.
- Mutual funds should go down to the lowest section of the society. They should show appreciation right from the beginning of the financial year. Returns should never be flattery and must be realistic to the extent that the same will be maintained in succeeding years and there must be a marginal increase every year.
- Mutual funds need to increase public awareness.

1.10. CONCLUSION

Investors of Coimbatore become more cautious after they lost their savings with unincorporated bodies, Nidhis, Benefit Funds and some Non-Banking Finance Companies. They are now turning more to mutual funds because of safety, liquidity, capital gains and transparency. Moreover they wish to route their investments through mutual funds. Most of the investors rely on investment consultants to choose the right fund for them. They monitor their investments periodically. They find a need to increase the public awareness of mutual funds. According to the investors' Opinion, the main reason for the quick popularity of the mutual funds is the guaranty to redeem at net asset values. The investors have realized the benefits of investing in mutual funds. They find that there is a necessity to establish more mutual funds in India to decentralize the concentration of mutual funds from metro to semi urban and rural areas. They determine to go for new funds for their further investments. Thus mutual fund industry has a good prospect in Coimbatore. It is likely to show a remarkable progress in the coming years.

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