



A COMPARATIVE STUDY ON THE INVESTORS PERCEPTION TOWARDS MUTUAL FUND AND GOLD INVESTMENT IN COIMBATORE CITY

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Abstract

A strong financial market with broad participation is essential for a developed economy. With this broad objective India's first mutual fund was establishment in 1963, namely, Unit Trust of India (UTI), at the initiative of the Government of India and Reserve Bank of India 'with a view to encouraging saving and investment and participation in the income, profits and gains accruing to the Corporation from the acquisition, holding, management and disposal of securities'. Objectives of the study, To analyse perception of mutual funds and gold investment selected respondents in the study area, To study the factors influencing the choice of investment between mutual funds and gold investment selected respondents in the study area. To analyse the level of satisfaction of investment between mutual funds and gold investment in selected respondents in the study area. And To compare mutual funds and gold investment in respect of their Return, Risk, Level of satisfaction etc., Suggestions and conclusion of the study, Indians are traditionally known for their orientation towards savings and preference for safe investments. Post independent India has been continuously witnessing higher rates of savings. The increase is more pronounced during the recent years. On the investment side, many new instruments have been introduced during the last two decades to attract the public.

1.1 INTRODUCTION

The investor has to consider various factors while making an investment decision, these are as risks associated with the investment, tax benefits, liquidity and marketability of the instruments, corporate earnings, stock affordability, dividend announcements, price earnings ratio, Momentum effect, Contrarian effect, Investment behavior of FIIs, firm's reputation, socially responsible investing, Current economic indicators, Opinion from family/friends/colleagues, broker's recommendation, and other professional advice little research has been done about the perception of individual investors towards the mutual funds.

Investment means putting money into a benefit with the desire for capital gratefulness, profits or premium income. Interest in an advantage is made with the expectation of creating pay or value it later on. A monetary resource is obtained with a view that the advantage will give a salary later on or sold at a higher cost. A wide range of venture include some type of hazard. So it is fundamental of speculators to distinguish and deal with the hazard identified with their venture.

All investments are comprehensively arranged into two. Conventional venture and present day speculation. Conventional venture alternatives are bonds, genuine domains, shares and so on with the desire for capital thankfulness, profits and premium income. Present day speculation roads incorporate unmistakable resources like metals, budgetary resources like shared assets, items, investments, film creation and so on

A mutual fund is a pool of cash gathered from speculators and is contributed by certain venture targets. It is made when financial specialists set up their cash together. It is accordingly the financial specialists finance. The most essential qualities of common reserve are that the donors and recipients of the store are a similar class of individuals in particular, the financial specialists.

The term mutual fund means that the investors contributes to the pool and also benefit from the pool. There are no different inquirers to the assets. The pool of assets to be held commonly by financial specialists in the shared reserve. A common store business is to contribute the assets accordingly



gathered to the desires of the financial specialists who made the pool. In numerous business sectors these desires are explained as 'venture commands'. Normally the financial specialists designate proficient speculation directors to make an item and offer it for venture to the speculator. This item speaks to an offer in the pool and pre-states venture goals. For eg. a shared store which offers a currency advertise common reserve, really looking for speculators eagerness to put resources into a pool that would put overwhelmingly in currency showcase instruments.

1.2. STATEMENT OF THE PROBLEM

Procuring cash, reserve funds and contributing it admirably are an integral part of human life, how rich or poor they might be. Subsequently we generally observe individuals paying special mind to various venture roads. Every individual has their own particular life objectives which thusly characterize their venture objectives. Anyone with an investible excess of as meager as a couple of thousand rupees can put resources into Mutual Funds and Gold. A Mutual Fund is an assume that pools the reserve funds of various speculators who share a typical budgetary objective. The cash in this manner gathered is put by the organization in various sorts of securities relying on the target of the plan. In this manner, a Mutual Fund is the most reasonable venture for the normal man as it offers a chance to put resources into a broadened, professionally oversaw portfolio at a generally minimal effort. Gold is a valuable metal that has been esteemed by individuals since antiquated circumstances. Individuals utilize gold for coins, adornments, trimmings, and numerous modern purposes. As of not long ago, gold stores shaped the premise of world fiscal frameworks. In any case, today, shared reserve turn out to be more famous in India and individual and additionally institutional financial specialist profoundly lean towards essential market contracts to fence the hazard. Gold has dependably been viewed as a consecrated thing throughout everyday life and is an unquestionable requirement in each religious capacity reason being that Gold is unadulterated having gone through flame in its procedure of development. Gold has turned into an indistinguishable piece of relatively every family unit in Indian Society and injected into the blood of an Indian. It is being viewed as image of favorable luck and flourishing. Anyway of later there has been a move in the attitude of the general population and they have begun taking a gander at gold past a grown-up toy. Individuals have understood its significance as a venture road as well. The ongoing worldwide emergencies as US subprime issue, the euro zone issue, have come about into changing the disposition of individuals towards gold In this investigation specified financial states of speculators, level of mindfulness, factors are propelling affecting to venture of gold and common store and furthermore talked about issue looked by financial specialists So, the present examination is attempted " **A Comparative study on the Investors Perception towards Mutual fund and Gold investment in Coimbatore City**"

1.3. REVIEW OF LITERATURE

Review of Literature **Sukhwinder Kaur (2010)**: perception regarding mutual funds in India and to give the suggestions for growth of mutual fund in India. Primary and secondary data have been used in the study. Sample size has taken 200 investors for survey. The analysis of data has been done with the factor analysis. The findings of the study revealed that investors consider mutual funds as safe and secured investment and vehicle to enter into blue chip companies and assure monetary benefits. **Nishi Sharma (2012)**: examines the investor's reference to distinct features provided by mutual fund companies to attract them for investing in specific funds/schemes. The study uses principal component analysis as a tool for factor reduction. The results reveal that in order to secure the patronage of Indian investor mutual fund companies are expected to ensure full disclosure and regular updates of the relevant information along with the assurance of safety and monetary benefits.

Pritam P. Kothari and Shivganga C. Mindar analyses that the impact of different demographic variables on the attitude of investors towards mutual funds. Apart from this International Journal of Current Advanced Research Sangeetha S., Haripriya D and Ishwerya R.L. This is an open access article distributed under the Creative Co License, which permits unrestricted use, distribution,



and reproduction in any medium, provided the original work is properly for Women, fund industry today is one of the most preferred investment options of all over the development of a country.

Mutual fund active involvement can be seen by their dominant presence in the money market as well as capital market. They are also found very active in the stock market by way of ensuring stability as absorption of floating stocks. An investor can ought a financial intermediary. The study intends to identify the usage of schemes and level of risk on the basis of their income. The findings of the study indicate that the majority of the selected respondents have To find out the factors that influence investors to prefer the investment in mutual funds. Research Methodology The main objective of the study is to analyze the Investors perception towards mutual fund industry in Coimbatore city. Samples of 50 respondents were selected by applying Data were collected by Interview Schedule, interpreted and presented in the following lines. analyse that the investor's perception regarding mutual funds in India and to give the suggestions for growth of mutual fund in India. Primary and secondary data have been used in the study. Sample size has taken 200 investors for survey. The analysis of data has been e with the factor analysis. The findings of the study revealed that investors consider mutual funds as safe and secured investment and vehicle to enter into blue chip companies and assure monetary benefits. examines the investor's perception with reference to distinct features provided by mutual fund companies to attract them for investing in specific funds/schemes. The study uses principal component analysis as a tool for factor reduction. The results reveal that in order re the patronage of Indian investor mutual fund companies are expected to ensure full disclosure and regular updates of the relevant information along with the assurance of Pritam P. Kothari and Shivganga C. Mindargi (2013, analyses that the impact of different demographic variables on the attitude of investors towards mutual funds. Apart from this

1.4. SIGNIFICANCE OF THE STUDY

Savings shapes the important part of the economy of any nation. With the savings, in various options available to the people, the money acts as the driver for growth of the country. Indian financial prospect too presents a plethora of avenues to the investors. Though certainly not the best or deepest of markets in the world, it has reasonable options for an average individual to invest his savings. Investors needs to invest and earn return on their idle resources and generate a specified sum of money for a specific goal in life and make a provision for an uncertain future. The present study on Mutual fund and Gold is of much needed for the retail investors on the grounds that it gives deep insights about the Mutual fund and Gold investment provides feasibility for the perfect way of investment. .

1.5. OBJECTIVES OF THE STUDY

- 1) To analyse perception of mutual funds and gold investment selected respondents in the study area.
- 2) To study the factors influencing the choice of investment between mutual funds and gold investment selected respondents in the study area.
- 3) To analyse the level of satisfaction of investment between mutual funds and gold investment in selected respondents in the study area.
- 4) To compare mutual funds and gold investment in respect of their Return, Risk, Level of satisfaction etc.,

1.6. HYPOTHESES

- 1) There is no significant difference among the criterion regarding various investments.
- 2) There is no relationship between age and level of preference towards investment options.
- 3) There is no relationship between age and level of satisfaction towards mutual fund and gold.

1.7. METHODOLOGY OF THE STUDY

The study describes about the “ A Comparative study on the investors perception towards Mutual Fund and Gold investment in Coimbatore City”. Study is descriptive in nature.

Before leading the extensive study, subject specialists and speculation offices were first



welcomed to survey the previous estimation instrument of the flow explore and the factual techniques. The essential information contemplate was finished by eye to eye meeting and poll uniquely intended for the investigation. The comfort examining technique was embraced for the investigation. Gold and common store financial specialists are respondents in this investigation. The investigation is essentially in view of tests gathered from the different parts of Coimbatore City. The essential information have been gathered from the shared store and gold speculators just, and has been legitimately arranged, grouped, altered, classified and investigated by conveying proper measurable tools like Descriptive statistics and t-test.

1.8. AREA OF THE STUDY

Coimbatore is the third largest city of the state, one of the most industrialized cities in Tamil Nadu, known as the textile capital of South India or the Manchester of the South India, the city is situated on the banks of the river Noyyal, Coimbatore existed even prior to the 2nd or 3rd century AD by Karikalan, the first of the early Cholas. Among its other great rulers were Rashtrakutas, Chalukyas, Pandyas, Hoysalas and the Vijayanagara kings. When Kongunadu fell to the British along with the rest of the state, its name was changed to Coimbatore and it is by this name that it is known today, in local Tamil language it is also called as Kovai. In the rain shadow region of the Western ghats, Coimbatore enjoys a very pleasant climate all the year round, aided by the fresh breeze that flows through the 25 kms long Palakkad gap. The rich black soil of the region has contributed to Coimbatore's flourishing agriculture industry and, it is in fact the successful growth of cotton that served as a foundation for the establishment of its famous textile industry. The first textile mill came as far back as 1888 after that many textile mills were started and provided many employment opportunities to within as well as neighboring Districts. The result has been a strong economy and a reputation as one of the greatest industrial cities in South India. There are more than 25,000 small, medium, large scale industries and textile mills are situated. Coimbatore is also famous for foundry and automobile industries, manufacturing of textile industry equipment's, spares, motor pump sets, wet grinders and varied engineering goods and services. The development of Hydro electricity from the Pykara Falls in the 1930 led to a cotton boom in Coimbatore. Coimbatore serves as an entry and exit point to neighboring Kerala State and the very popular hill station of Udhagamandalam (Ooty) is 70 kms from Coimbatore. It is the disembarking point for those who want to take the Mountain train that runs from Mettupalayam just 35 kms away from Coimbatore, regular bus services also available daily from Coimbatore to Ooty and other districts, towns and major cities.

1.9. LIMITATIONS OF THE STUDY

This examination has been restricted to condition of Coimbatore City. The example estimate was restricted to 150 as it were. In perspective of the time and money related limitations included, it was unrealistic to contact more than the chose number of respondents. Certain respondents gave data about their financial foundations like month to month wage from their memories and they had no recorded record of them or elsewhere reluctant of uncovering these points of interest. Consequently the speculation of the discoveries of the examination is liable to these confinements.

1.10. ANALYSIS AND INTERPRETERATION

COMPARASION OF RISK PERCEPTION

Null Hypothesis: Investment risk perception does not differ between mutual fund and gold investors.

Null Hypothesis: preferences of investment does not differ between mutual fund and gold investors.

TABLE : 1
COMPARASION OF RISK PERCEPTION



TYPE OF INVESTORS	MEAN	DF	't' value	p.value	S/NS	REMARKS
OVERALL OPINION AWARENESS TOWARDS MUTUAL FUND	66.71	499	4.390	0.000**	S	REJECTED
OVERALL OPINION AWARENESS TOWARDS GOLD	63.42					
OVERALL OPINION TOWARDS RISK PERCEPTION TOWARDS MUTUAL FUND	61.84	499	-8.942	0.000**	S	REJECTED
OVERALL OPINION TOWARDS RISK PERCEPTION TOWARDS GOLD	63.59					

**** - Significant at 1% level S-Significant**

It has been divulged from the 't' test that the p-value (.000) has been more than 0.05 and the result has significance at 5 per cent level. Hence, the null hypothesis (H₀) has been accepted and the alternative hypothesis (H₁) has been rejected. From the analysis it has been concluded that there is no relationship between investment preferences among the mutual fund and gold investors.

It has been divulged from the 't' 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 (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 factors influencing on investment among the mutual fund and gold investors.

It has been divulged from the 't' 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 (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 risk perception on investment among the mutual fund and gold investors.

1.11. SUGGESTIONS

- The advertisements in T.V. and print media for various investments avenues are not adequate, as majority of the respondents are aware of the various schemes only through friends and relatives. A door- to – door campaign, organizing debates and competitions, periodical meetings are highly essential to promote the savings habit. Majority of the respondents have not preferred to invest their savings in UTI and mutual funds which are the latest investment schemes and hence the government should take steps to persuade the investors to invest in these schemes.
- The central and the state government should spread saving and investment habits among the public by making safety mechanism. Only with the prevalence of a healthy atmosphere, individual investors will be inclined to deploy their funds on a continuous basis in various types of financial instruments of government.
- Educating the investor is the need of the hour. Though a number of institutions offer investor education, it is not sufficient, continuous awareness programme should be conducted. Financial institutions with the help of social organizations like Rotary club, Lions club and Banking companies may individually or jointly take part in educating investors. The participation of these institutions in the line would be a greater social cause and ultimately the country's resources will be diverted in the right way.



- The success of any business depends upon the satisfaction of the customer. In order to retain the existing investors, the financial institutions should offer satisfied returns to their investors and various schemes should be introduced to attract the new investors.

1.12 . CONCLUSION

Indians are traditionally known for their orientation towards savings and preference for safe investments. Post independent India has been continuously witnessing higher rates of savings. The increase is more pronounced during the recent years. On the investment side, many new instruments have been introduced during the last two decades to attract the public. The advertisements for various investment schemes are not adequate, as majority of the respondents are aware of the various schemes only through parents, friends and relatives. Therefore, it is recommended to various financial institutions to adopt a broad advertising strategy in order to enable the investors to know the various investment schemes. Though various new avenues are introduced for investment purposes, investors in rural and urban area still prefer bank deposits.

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