



Investor attitude for mutual funds investment in Lucknow

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Abstract

The present situation is of innovative investment. Investor are suitable for innovative investment as well as more attentive for cashless transactions, online banking, online shopping, online investment etc, feeling autonomous for Investment related matters. In related to investment previously Bank saving as well as saving account, Public Provident Fund through bank and post offices was the most suitable options for the investors. But now investors are more informative as compare to previously and investing in different areas for diversification of their investment. In the present situation mutual fund investment are the important investment methods as compared to other options. Through mutual fund investment, we can get the indirect communication with capital market. The mutual funds can be choosing on the basis of different preferences like investor age, investor financial situation, investor risk capacity and what short of return investor looking from mutual fund investment. Mutual Funds gives high liquidity, managed by professionals, provides ELSS (Equity Linked Saving Schemes) tax saving with investment. Investor can get huge returns and having choice of different schemes as per the requirements as well fulfillment of their financial goals. This research presents Investors' attitude for Mutual Funds Investment. In this research, Primary data collected through questionnaire and secondary data collected from various literatures and from internet. The results indicate that most of the investors know about mutual funds but still not investing in mutual fund due to lack of knowledge regarding investment in mutual fund. This research also investigate investors attitude for mutual funds investment in future for achieving investment objective. This research recommendation will be useful for mutual fund operating organizations and government to initiate the awareness programs for investors, so they become more literate and also run training programs for mutual funds advisors for developing trust in mutual fund investors.

Keywords: mutual funds investment options, awareness programs, attitude, mutual funds, capital market, Lucknow, Uttar pradesh

1. Introduction

Out of the different usual investment options like saving bank account, Public Provident Fund are providing good return with protection of investment, but these types of options are very limited. A normal investor is lacking knowledge, information and dedicated time to directly involve in share markets [1, 6]. Investor getting many confusion while investing in share market. So much information easily available in stock market for investment but also creates confusion in investor. As a answer to the dilemma, Mutual Funds are the good choice for investors as to invest in indirectly in share market. Investors can discover investment in mutual funds through deciding their goals, investment needs and different other criteria like investor age, investor financial capacity, investor risk talking capacity and hope for better returns [2, 7]. Investments in mutual funds are secure as they are regulated and monitored by AMFI (Association of Mutual Fund in India) [3, 8]. In present situation online systems and websites gives investors to perform all types of transactions without compulsion of exact physical location [9, 10].

2. Economy of Lucknow

The major industries in the Lucknow urban agglomeration include aeronautics, automotives, machine tools, distillery chemicals, furniture and Chikan embroidery. Lucknow is among the top cities of India by GDP. Lucknow is also a centre for research and

development as home to the R&D centers of the National Milk Grid of the National Dairy Development Board, the Central Institute of Medical and Aromatic Plants, the National Handloom Development Corporation and U.P. Export Corporation. Ranked sixth in a list of the ten fastest growing job-creating cities in India according to a study conducted by ASSOCHAM Placement Pattern, Lucknow's economy was formerly based on the tertiary sector and the majority of the workforce were employed as government servants. Large-scale industrial establishments are few compared to other north Indian state capitals like New Delhi. The economy is growing with contributions from the fields of IT, manufacturing and processing and medical/bio-technology. Business-promoting institutions such as the CII and EDII have set up their service centers in the city. Lucknow is a growing IT hub with software and IT companies resident in the city. Tata Consultancy Services is one of the major companies with its campus in Gomti Nagar, which also is the second-largest such establishment in Uttar Pradesh. HCL Technologies also started its training program with 150 candidates in April 2016 at HCL Lucknow campus. There are many local open source technology companies. The city is also home to a number of important national and state level headquarters for companies including Sony Corporation and Reliance Retail. A sprawling 100 acres (40 ha) IT city costing 15 billion Rupees is planned by the state government at the Chak Ganjaria farms site on the road to Sultanpur and

they have already approved special economic zone status for the project, which is expected to create thousands of job opportunities in the state. The city has potential in the handicrafts sector and accounts for 60 percent of total exports from the state [58]. Major export items are marble products, handicrafts, art pieces, gems, jewelers, textiles, electronics, software products, computers, hardware products, apparel, brass products, silk, leather goods, glass items and chemicals. Lucknow has promoted public-private partnerships in sectors such as electricity supply, roads, expressways, and educational ventures. To promote the textile industry in the city, the Indian government has allocated Rs. 200 crore (2000 million rupees) to set up a textile business cluster in the city [11].

3. Related Work

Jambodekar (1996) [4] conducted a study to assess the awareness of MFs (Mutual Funds) among investors, to identify the information sources influencing the buying decision and the factors influencing the choice of a particular fund. The study reveals among other things that Income Schemes and Open Ended Schemes are more preferred than Growth Schemes and Close Ended Schemes during the then prevalent market conditions. Investors look for safety of Principal, Liquidity and Capital appreciation in the order of importance; Newspapers and Magazines are the first source of information through which investors get to know about MFs/Schemes and investor service is a major differentiating factor in the selection of MF Schemes.

Syama Sunder (1998) [5] conducted a survey to get an insight into the MF operations of private institutions with special reference to Kothari Pioneer. The survey revealed that the awareness about MF concept was poor during that time in small cities. Agents play a vital role in spreading the MF culture; open-end schemes were much preferred then; age and income are the two important determinants in the selection of fund / scheme; brand image and return are their prime considerations.

Singh and Vanita (2002) [6] have examined the investors' preferences and perception towards MF investments by conducted a survey of 150 respondents in the city of Delhi. The findings of the study were that the investors' preferred to invest in public sector MFs with an investment objective of getting tax exemptions and stayed invested for a period of 3-5 years and the investors evaluated past performance. The study further concludes by stating that majority of the investors were dissatisfied with the performance of their MFs and belonged to the category who held growth schemes.

4. Objective of the Research

- 1) To find the Investors' information altitude in Lucknow for investment in Mutual Funds.
- 2) To find the Investors' attitude for investment in Lucknow for Mutual Funds.
- 3) To know the reasons and preference in Lucknow for mutual fund investment.

5. Research Methodology & Design

This research study is descriptive in nature.

6. Data Collection

The primary data was collected using questionnaire in Lucknow [11]. Secondary data was collected from Research papers and Websites.

7. Sampling Plan

- Targeted population: Investors
- Sampling unit: Individual Investors
- Sampling method: Judgment sampling
- Sample size: 180
- Sample Location: Lucknow, Uttar Pradesh, India

8. Tools of Data Analysis & Interpretation

The data analyzed and processed by applying classifying method, tabular method and presented for interpretation and recommendations.

Table 1: Gender Criteria

Gender	Count	%
Male	110	61
Female	70	38

Interpretation: In this research 61% investors are male and rest 38% investors are females

Table 2: Age Criteria

Age	Count	%
Less than 35 years	20	11
35 to 50 Years	65	36
50 to 65 Years	85	47
Above 65 Years	100	5

Interpretation: In this research out of total investors, 47% investors are from the age group of 50 to 65 years followed by 36% investors are from 35 to 50 years. Only 5% investors are above 65 years of age

Table 3: Qualification Criteria

Qualification	Count	%
Undergraduate	5	2
Graduate	65	36
Post Graduate	95	52
Professionals	15	8

Interpretation: In this research 52% investors are having qualification of post graduate. Only 2% investors are undergraduate

Table 4: Occupation Criteria

Occupation	Count	%
Business	32	17
Service	130	72
Professionals	18	10

Interpretation: In this research, 72% investors are service class and 17% investors are businessman followed by 10% investors who are professionals

Table 5: Income Criteria

Yearly Income	Count	%
Less than Rs. 200000	18	10
Rs. 200001 to Rs. 600000	95	52
Rs. 600001 to Rs. 900000	57	31
Rs. 900001 and above	10	5

Interpretation: In this research, 31% of the investors are having yearly earning between Rs. 600000 to Rs 900000, 52 % of the investors are in the category of Rs.200001 to Rs. 600000 yearly income. Only 5% Investors are having yearly income more than Rs. 900000.

Table 6: Marital Status Criteria

Marital Status	Count	%
Married	150	83
Unmarried	30	16

Interpretation: In this research, 83% investors are married and 16% investors are unmarried

Table 7: Investment Criteria

Investment Type	Count	%
Saving	180	100
Capital Gain	135	75
Regular Income From Different Sources	120	66
Tax Benefits Related Investment	170	94
Inflation Balance	180	100

Interpretation: In this research, Savings and inflation balance is primary criteria for investment followed by Tax benefits related investments and capital gain

Table 8: Yearly Savings Criteria

Yearly Savings	Count	%
Less than 10%	46	25
10% to 25%	80	44
25% to 40%	30	16
More than 40%	24	13

Interpretation: In this research, 44% investors are able to save between 10% to 25% of their total yearly earnings followed by 25% investors who are able to save less than 10%

Table 9: Awareness Criteria Regarding Mutual Funds Criteria

Awareness Criteria	Count	%
Not Aware	40	22
Some Aware	110	61
Fully Aware	30	16

Interpretation: In this research, 61% investors are having some awareness of Mutual Funds. Only 16% investors are fully aware about mutual funds

Table 10: Investment Choice Criteria

Investment Choice Criteria	Rank (According to Preference)
Banks Branch	1
Small and Big Post Office	3
Insurance Company and Agent	4
Real Estate Investment	7
Gold, Silver, Jewelry	6
Secure Bonds	5
Different Mutual Funds	2

Interpretation: In this research, Banks Branch and Different Mutual Funds are investment choice as number 1 and 2 respectively for the investors. Small and Big Post

Office are the 3 choice for the investors and Real Estate investment are having the last selection in terms investment as compared to available investment options

Table 11: Preference Criteria of Mutual Fund Scheme

Preference Criteria of Mutual Funds Scheme	Count	%
Equity Market	100	55
Debt	80	44
Balanced Plan	150	83
Sartorial Investment	40	22
Investment in Index Funds	30	16
Tax Saving plan	115	63

Interpretation: In this research, As per Table 11, Balanced plan is the favorite in investors. Investment in Index Funds is the last options for 16% investors

Table 12: Investment Mode Criteria in Mutual Funds

Investment Mode Criteria In Mutual Funds	Count	%
Occasionally Invest	40	22
Systematic Investment	140	77

Interpretation: In this research, Systematic investment the best choice for investment in mutual funds as compared to occasional investment in mutual fund

Table 13: Analysis of Mutual Fund Performance Criteria

Analysis of Mutual Fund Performance Criteria	Count	%
Investment in Mutual Funds (Once in a week)	26	14
Investment in Mutual Funds (Once in Month)	48	26
Investment in Mutual Funds (Half Yearly)	52	28
Investment in Mutual Funds (Yearly)	54	30

Interpretation: In this research, Most of the investors check the performance of their invest in mutual funds on yearly basis followed by 28% investors who check their mutual fund performance on every six months

Table 14: Reasons that Influence Mutual Funds Investment

Reasons	Count	%
Risk Issue	176	97
Return Issue	180	100
Liquidity Issue	168	93
Tax Saving Issue	48	26
Diversification Issue	115	63

Interpretation: In this research, Return in mutual funds investment is the important issue for all the investor. Tax saving issue is important for only 26% investors investing in mutual funds

Table 15: Way to investment Criteria in Mutual Funds

Way to investment Criteria	Count	%
Using Internet/App	82	45
Physical Means	98	54

Interpretation: In this research, Physical means interaction is preferred by 54% of investors for investment in mutual funds. Only 45% investors are using Internet/App for investment in mutual funds

9. Findings of the Research

The primary goal of the investors is to save money and fight with inflation. Service class and others want to invest in tax saving plans for saving tax as well as increase the return of investment. Most of the investors are saving between 10 to 25% of their earnings. As per our research, some of investor invested in mutual fund without aware about mutual funds and take advice from others while investing in mutual funds. Investment in Banks savings and different schemes of mutual funds are being 1st and 2nd choice for investors. Investment in Balance plan and Tax saving plans are mostly chosen by the investors. Systematic investment is the priority for investors while investing in mutual funds. Investment in mutual fund through physical means gives more trust for investment as compared to through Internet.

10. Conclusion

Mutual Fund organizations should educate investors to invest in mutual funds through Internet and Mobile App as compared to physical means because it saves time, money, paper work and complications. Mutual fund investment tracking is also very easy by using Internet and Mobile App. Direct interaction with equity can give high return but also risky for small and medium income group. In direct interaction while investing in equity market can be dangerous for inventors. Mutual funds give the ease to investors to get the indirect exposure of equity market. As per the performance of mutual funds, it can be better options as compared to bank savings. Mutual Fund organizations should also rung awareness camps for investors about investment methods and benefits of mutual funds. AMFI website shows past performance of Mutual funds and it can be the good way for investors for getting good returns and fight with inflation. Several advisory organizations proving advisory to Investors for investment in mutual fund and, an investor should have to maintain a diversified portfolio for maximizing their investment returns.

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