

A STUDY OF VARIABLES CONSIDERED WHILE INVESTING IN MUTUAL FUNDS (WITH REFERENCE TO RAJKOT CITY)

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ABSTRACT

Individuals participate in different investment options to beat the inflation and cater their future wants. Mutual fund is one of the fastest growing investment preference. This research paper tries to find the most considered variable followed by other significant variables while investing in mutual funds. For the purpose of study, sample has been collected from Rajkot city, Gujarat. This paper also describes about the concept and Indian industry of mutual funds.

Keywords: Mutual Fund, Investment, Variables, Performance, Rajkot.

Introduction

Mutual Fund

A mutual fund is an investment alternative managed by a fund manager that collects money from investors to purchase the securities. The gain generated from such fund is distributed among the investors proportionately after deducting the expenses. Mutual fund offers various benefits of securities market in a pack.

Mutual Funds in India

Indian mutual fund industry provides a bunch of schemes to satisfy the different types of investors. In India, mutual funds are regulated by Securities and Exchange Board of India under the SEBI (Mutual Funds) Regulations, 1996. The functional aspect of mutual funds comes under the scope of Association of Mutual Funds in Indian which was formed in 1995. AMFI is the sub division of SEBI. It has started campaign – Mutual Fund Sahi Hai in 2017 to spread the awareness about mutual funds in India.

Literature Review

After considering various websites and research papers, researcher has found some major variables which are considered while investing in mutual funds. And these variables are:

- Performance against benchmark
- Consistency of performance
- Performance against peers
- Asset management company
- Fund manager's experience
- Expense ratio
- Assets under management

Research Methodology

Objective of the Study

To get the idea about behavioural attitude of investors while selecting mutual funds for the investment

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Source of the Data

Data has been collected through primary data collection method i.e. questionnaire.

Sample Size

Sample of the study is decided for 50 mutual fund investors residing at Rajkot city.

Sampling Technique

Samples are collected through simple random sampling technique in this study.

Tools and Techniques of the Study

Tools and techniques are applied with the help of IBM SPSS Statistics 23.

Frequency

Mean

Limitations of the Study

- This study has been conducted only for Rajkot city mutual fund investors.
- This research has been done with small sample size.
- The results obtained can't be generalized to the whole country.
- Simple random sampling method is carried out for the collection of data in this study as per the convenience of the researcher.
- This study has been conducted in the limited time period.

Data Analysis

Performance against benchmark				
		Frequency	Percent	Cumulative Percent
Valid	Very unimportant	2	4.0	4.0
	Unimportant	3	6.0	10.0
	Neutral	3	6.0	16.0
	Important	25	50.0	66.0
	Very important	17	34.0	100.0
	Total	50	100.0	

Consistency of performance				
		Frequency	Percent	Cumulative Percent
Valid	Very unimportant	1	2.0	2.0
	Unimportant	4	8.0	10.0
	Neutral	12	24.0	34.0
	Important	15	30.0	64.0
	Very important	18	36.0	100.0
	Total	50	100.0	

Performance against peers				
		Frequency	Percent	Cumulative Percent
Valid	Very unimportant	1	2.0	2.0
	Unimportant	2	4.0	6.0
	Neutral	5	10.0	16.0
	Important	21	42.0	58.0
	Very important	21	42.0	100.0
	Total	50	100.0	

Assets management company				
		Frequency	Percent	Cumulative Percent
Valid	Very unimportant	5	10.0	10.0
	Unimportant	6	12.0	22.0
	Neutral	15	30.0	52.0
	Important	14	28.0	80.0
	Very important	10	20.0	100.0
	Total	50	100.0	

Fund Manager's Experience				
		Frequency	Percent	Cumulative Percent
Valid	Very unimportant	1	2.0	2.0
	Unimportant	3	6.0	8.0
	Neutral	14	28.0	36.0
	Important	19	38.0	74.0
	Very important	13	26.0	100.0
Total		50	100.0	

Expense Ratio				
		Frequency	Percent	Cumulative Percent
Valid	Very unimportant	2	4.0	4.0
	Unimportant	2	4.0	8.0
	Neutral	9	18.0	26.0
	Important	24	48.0	74.0
	Very important	13	26.0	100.0
Total		50	100.0	

Assets under Management				
		Frequency	Percent	Cumulative Percent
Valid	Very unimportant	6	12.0	12.0
	Unimportant	15	30.0	42.0
	Neutral	12	24.0	66.0
	Important	8	16.0	82.0
	Very important	9	18.0	100.0
Total		50	100.0	

Statistics								
		Performance against benchmark	Consistency of performance	Performance against peers	Assets management company	Fund manager's experience	Expense ratio	Assets under management
N	Valid	50	50	50	50	50	50	50
	Missing	0	0	0	0	0	0	0
Mean		4.04	3.90	4.18	3.36	3.80	3.88	2.98

Conclusion

We can conclude that investors focus more on the performance of the mutual funds than any other variables since result shows the highest considered variable as performance against peers which means they are adopting comparative performance analysis while selecting mutual funds for investment. Second highest considered variable is performance against benchmark which means investors like to select those mutual funds which perform more than determined standards. Third highest considered variable is consistency of performance which means investors do not like fluctuations in return rates of mutual funds.

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