A STUDY ON INVESTOR’S PREFERENCE TOWARDS MUTUAL FUNDS WITH REFERENCE TO RELIANCE PRIVATE LIMITED, CHENNAI - AN EMPIRICAL ANALYSIS

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ABSTRACT

“A Study on Investor’s preference of mutual funds with reference to reliance private limited” a project which is mainly carried out to know about the investor’s perception with regard to their profile, income, savings pattern, investment patterns and their personality traits. In order to understand the level of investor’s preference, a survey was conducted taking in to consideration various parameters involved in investors decision making. For the purpose of evaluation, a questionnaire survey method was selected keeping in mind objectives of the study. The data was collected from primary and secondary sources. The primary sources were collected from the investors who invested in various avenues. The secondary sources are from books, journals and internet. Since the investor population is vast a sample size of 150 was taken for the project. The data was analyzed using the statistical tools like percentage analysis, chi square, weighted average. The report was concluded with findings and suggestions and summary. From the findings, it was inferred overall that the investor are highly concerned about safety and growth and liquidity of investments. Most of the respondents are highly satisfied with the benefits and the service rendered by the reliance mutual funds.

INTRODUCTION

Investors have different mindset when they decide about investing in a particular avenue every individual want that his saving must be invest in most secured and liquid avenue however, the decision changes according to individual and his risk taking ability. The project is titled as “A Study on investor’s preference of mutual funds with reference to reliance private limited.” The study was carried on to understand the preference pattern of the investor so as to understand the perception of the investors towards their investments pattern considering the various factors such as demographic factors, savings pattern, and opinion and so on. The whole of the research is based on the response given by the Investors and their suggestions are also taken into consideration for further improvement of the company.

RELIANCE MUTUAL FUND

Reliance Mutual Fund - Reliance Growth Fund is an open-ended equity mutual fund launched by Reliance Capital Limited. It is managed by Reliance Capital Asset Management Limited. The fund invests in the public equity markets of India. It invests in the stocks of companies operating across diversified sectors. The fund primarily invests in stocks of large-cap companies. It benchmarks the performance of its portfolio against the BSE 100 Index. The fund was formerly known as Reliance Capital Mutual Fund - Reliance Growth Fund.
Reliance Mutual Fund - Reliance Growth Fund was formed on October 8, 1995 and is domiciled in India.

OUR SCHEMES

Equity/Growth Scheme: The aim of growth funds is to provide capital appreciation over the medium to long-term. Such schemes normally invest a major part of their corpus in equities. Such funds have comparatively high risks. These schemes provide different options to the investors like dividend option, capital appreciation, etc. and the investors may choose an option depending on their preferences. The investors must indicate the option in the application form. The mutual funds also allow the investors to change the options at a later date. Growth schemes are good for investors having a long-term outlook seeking appreciation over a period of time.

Debt/Income Scheme: The aim of income funds is to provide regular and steady income to investors. Such schemes generally invest in fixed income securities such as bonds, corporate debentures, Government securities and money market instruments. Such funds are less risky compared to equity schemes. These funds are not affected because of fluctuations in equity markets. However, opportunities of capital appreciation are also limited in such funds. The NAVs of such funds are affected because of change in interest rates in the country. If the interest rates fall, NAVs of such funds are likely to increase in the short run and vice versa. However, long-term investors may not bother about these fluctuations.

Gold: Gold is seen as a symbol of security and a sign of prosperity. Indian consumers consider gold jewellery as an investment and are well aware of gold’s benefits as a store of value. Gold is also recognized as a form of money in India, a tradable liquid asset. It is one of the foundation assets for Indian households and a means to accumulate wealth from a long-term perspective. Gold investment has been in the culture of Indian tradition and has been on rise amongst the modern investors as well due to the financial uncertainty and inflationary pressures.

SCOPE OF THE STUDY

The study is to find out the preference of the investors who have been invested in mutual funds. The information considered for analysis and interpretation are confined to demographic factors, preference of the mutual funds, types of schemes preferred and so on. The primary data is collected from the investors. The collected data gives the individual investor’s perception will give a valuable insight regarding their expectation about an ideal fund and schemes. This study has been done with the database provided by the company, only with reference to their importance. This study tries to get the preferences, inference of the respondents.

Objectives of the study

Primary objective:

- To study on investor preference of mutual funds with reference to reliance private limited
Secondary objective:

- To find the factors influencing to invest in mutual funds.
- To find out the performance of mutual fund schemes.
- To find out most preferred area of investment by the investors.
- To find the satisfaction level of investors towards Reliance and investment in mutual funds.
- To suggest the improvements measures to the reliance private limited.

REVIEW OF LITERATURE

V. Rathnamani (2013) explains that many investors are preferred to invest in mutual funds in order to have high return at low level of risk, safety, and liquidity. The world of investment has been changing day to day, so investor’s preferences toward investment pattern also changed. In the demographic profile most of the investors are willing to invest only 10% in their annual personal income, around 39% of investors belongs to age range of 31 to 40 years. In this study investors are willing to take moderate and low level risk; most of the investors belong to moderate investment style.

RESEARCH METHODOLOGY

Research Design

The research design should clearly point out as to whether the study is descriptive. It should also specify whether it is statistical or experimental design. The research design that has been adopted for the study is descriptive. The methodology involved in this design is mostly qualitative in nature.

Data collection

Primary Data: Collected by circulating the questionnaire among the individual financial advisors in Chennai city only, for which the distributor database was given by the company.

Secondary data: From various sources of other documents like magazines, books, websites etc.

Sample Size: 150
Sampling Technique: Convenient sample
Method: Survey
Questionnaire: Structured

STATISTICAL TOOLS

- Percentage Method
- Weighted Average Method
- Chi-Square Test
RESEARCH HYPOTHESIS

1. There is no significant relationship between the period of investment and current investment in mutual fund.
2. There is no significant relationship between sector selection for investment and prefer mutual fund investment.

ANALYSIS OF DATA

Testing of Hypothesis

Hypothesis 1

There is no significant relationship between the period of investment and current investment in mutual fund.

Chi Square Test was used to test the hypothesis and the value calculated was 16.919. While the degree of freedom at 5% level of significance is (r-1) (c-1) = (4-1) (4-1) = 3x3 = 9.

The degree of freedom at 5% table value is 16.919

Calculated value $\sum (O-E)^2 = 23.57$

Hence the table value is greater than tabulated value, $H_0$ is rejected, so there is significant relationship between period of investment and current investment in mutual fund.

Hypothesis 2

There is no significant relationship between sector selection for investment and prefer mutual fund investment.

Chi Square Test was used to test the hypothesis and the value calculated was 15.507

While the degree of freedom at 5% level of significance is (r-1) (c-1) = (3-1) (5-1) = 2x4 = 8

The degree of freedom at 5% table value is 15.507

Calculate value $\sum (O-E)^2 = 12.810$

Hence table value is less than tabulated value, $H_0$ is accepted, so there is no significant relationship between period of investment and current investment in mutual fund.

FINDINGS

The following are the major findings of this research work.

- From the study it reveals that 73.3% of respondents are male.
- From the study it reveals that 30% of the respondents are between age group of 31-35.
- From the study it reveals that 33.3% of the respondents are self-employees.
• From the study it reveals that 42.6% of respondent’s income was between 10000-50000.
• From the study it reveals 28.7% of the respondents are in group of insurance.
• From the study it reveals that 45.3% considering risk preferring mutual fund investment.
• From the study it reveals that 45.3% of the respondents agree private bank as a sector for investment.
• From the study it reveals that 30% of the respondents in group of equity for scheme selection.
• From the study it reveals that 28.7% of the respondents were gained knowledge through newspaper.
• From the study it reveals that 48% of the respondents are preferring premium for factor influencing mutual funds.

SUGGESTIONS

The study clearly show as to how attractive the mutual funds is to an investor and the reason behind investing in mutual funds is the basis of the personal observation of the researcher, the following suggestions have made which would definitely bring about a change in the mindsets of the people with regard to mutual funds as an investment avenue.

• The portfolios of the mutual funds should be highly diversified so that investors risk can be reduced and they can be secured.
• The company should come up with more funds such that it will be easier for the investors to further invest in mutual funds.
• More concentration should be shown towards the retired people as they have good investment potential.
• Mutual funds invest in a diversified collection of selected securities. So over a medium to long term period, they have the potential to reap high returns.

CONCLUSION

Though there has growth in the investment avenues however still investors find mutual funds not as such a reliable avenue for investment. Here is tremendous scope owing to the savings and investment pattern of people in this nation however it isn’t properly channelized, still the unawareness factor and less are or moderate awareness factors exists which vital reason for investor is not investing in mutual funds. Even one who invest are more convinced with the high rate if return and not the professionally management of funds. Indian investors seek for safety, security and performance rather than easy encashment or customer service and all.

Therefore it is the Insurance Company to set in programs to create more awareness and remove the myths from the minds of the people about it mutual funds being unsafe or mismanagement of funds. Making investor aware of the funds, its operations, its return etc itself will improvise its situation as such.
REFERENCES

Books:

Websites
www.google.com
V.Rathnamani, Investor’s Preferences towards Mutual Fund Industry in Trichy.

OSR Journal of Business and Management (IOSR)

Annexure

Table : 1

Table showing the relationship between the period of investment and current investment in Mutual Fund.

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<th>OBSERVED FREQUENCIES</th>
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Table 2

Table showing the relationship between period of investment and current investment in Mutual Fund.

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**12.810**