

# **1. A Philosophical Study on Investors' Perspectives on Mutual Funds as An Investment Decision**

**Mr. Rajeev Kumar Sinha**

Assistant Professor,  
School of Commerce & Management,  
ARKA JAIN University,  
Jamshedpur, Jharkhand, India

**Prof. Dr. Angad Tiwary**

Professor,  
ARKA JAIN University,  
Jamshedpur, Jharkhand, India.

## **Abstract:**

*In this paper, design of shared asset, activities of common asset, examination between interest in shared asset and bank and computation of NAV and so on have been thought of. In this paper, the effects of different segment factors on financial backers' mentality towards shared asset have been considered. For estimating different peculiarities and dissecting the gathered information successfully and proficiently for making sound determinations, Chi-square test has been utilized and for breaking down the different elements answerable for interest in common assets, positioning was done based on weighted scores and scoring was additionally done based on scale.*

## **Keywords:**

*Hypothesis, Chi-square ( ) test, Rank, Weighted score and Scaling*

## **Introduction:**

A Mutual Fund pools the cash of individuals with specific speculation objectives. The cash put resources into different protections relying upon the destinations of the common asset conspire and the benefits (or misfortune) are divided between financial backers' in relation to their speculation. Interests in protections are spread across a wide cross-part of ventures and areas. Expansion diminishes the danger since all stocks may not move a similar way in a similar extent simultaneously. Common asset issues units to the financial backers' as per quantum of cash contributed by them. Financial backers' of shared assets are known as unit holders. The benefits or misfortunes are shared by the financial backers' in relation to their speculation. The shared assets typically come out with various plans with various venture targets which are dispatched occasionally. A common asset is needed to be enlisted with Securities and Exchange Board of India (SEBI) which manages protections markets before it can gather assets from people in general.

A Mutual asset is a trust that pools the reserve funds of some of financial backers' who share a typical monetary objective. The cash gathered from financial backers' is put resources into capital market instrument like offers, debentures and different protections. The pay procured through these speculations and the capital appreciations acknowledged are shared by its unit's holder in relation to the quantity of units possessed by them. In this manner a Mutual Fund is the most reasonable speculation to the everyday person as it offers a chance, to put resources into a differentiated, expertly oversaw crate of protections for generally minimal price.

Shared assets can be put resources into a wide range of sorts of protections. The most widely recognized are money, stock, and securities, yet there are many sub-classifications. Stock assets put fundamentally in the portions of a specific industry, like innovation or utilities. These are known as area reserves. Security assets can fluctuate as per hazard (e.g., high yield or garbage securities, speculation grade corporate securities), kind of backers (e.g., government organizations, partnerships, or regions), or development of the securities (short- or long haul). Both stock and security assets can put resources into fundamentally U.S. protections (homegrown assets), both U.S. what's more unfamiliar protections (worldwide assets), or principally unfamiliar protections (global funds). Most shared assets' speculation portfolios are persistently changed under the oversight of an expert supervisor, who estimates the future presentation of ventures fitting for the asset and picks those which the person accepts will most intently match the asset's expressed speculation objective. A common asset is directed through a parent the executives organization, which might recruit or fire reserve chiefs. Common assets are responsible to an exceptional arrangement of administrative, bookkeeping, and duty rules. Not at all like most different kinds of business elements, they are not burdened on their pay as long as they appropriate significantly every last bit of it to their investors. Additionally, the sort of pay they acquire is frequently unaltered as it goes through to the investors. Common asset circulations of tax-exempt metropolitan bond pay are likewise tax-exempt to the investor. Available circulations can be either customary pay or capital increases, contingent upon how the asset procured those appropriations.

A common is a set up as trust, which has support, trustee, resources the executives organization (AMC) and overseer. Support is the individual who acts alone or in blend with another body corporate and sets up a common asset. Support should contribute basically 40% of the total assets of the speculation oversaw and meet the qualification rules recommended under the Securities and Exchange Board of India (Mutual Funds) guidelines, 1996. The support isn't mindful or at risk for any misfortune or deficiency coming about because of the activity of the plans past the underlying commitment made by it towards setting up of Mutual Fund. The Mutual Fund is established as a confidence as per the arrangements of the Indian Trusts Act, 1882 by the Sponsor.

Trustee is normally an organization (corporate body) or a leading body of trustees (assemblage of people). The primary obligation of the trustee is to defend the premium of the unit holders and furthermore guarantee that AMC capacities in light of a legitimate concern for financial backers' and as per the Securities and Exchange Board of India (Mutual Fund) Regulations 1996 the arrangements of the Trust deed and the proposition Document of the separate plans. The AMC is named by the Trustees as the venture Manager of the Mutual Fund. The AMC is needed to be endorsed by SEBI to go about as a resource

the board organization of the Mutual Fund. The AMC provided that this is true approved by the Trust Deed names the Registrar and Transfer Agent to specialist the shared asset. The recorder processes the application structure, recovery demands and dispatches account proclamations to the unit holders. The Registrar and Transfer specialist additionally handles correspondences with financial backers' and updates financial backer records.

### **1.1 Net Asset Value:**

The net resource worth, or NAV, is the current market worth of an asset's possessions, generally communicated as a for every offer sum. For most assets, the not really set in stone day by day, later the end of exchanging on some predetermined monetary trade, yet a few supports update their NAV on numerous occasions during the exchanging day. Open-end finances sell and reclaim their portions at the NAV, thus process orders solely after the not really settled. Shut end reserves (the portions of which are exchanged by financial backers') may exchange at a sequential cost than their NAV; this is known as a premium or rebate, separately. On the off chance that an asset is partitioned into numerous classes of offers, each class will regularly have its own NAV, reflecting contrasts in charges and costs paid by the various classes. Some common finances own protections which are not routinely exchanged on any conventional trade. These might be shares in tiny or bankrupt organizations; they might be subsidiaries; or they might be private interests in unregistered monetary instruments (like stock in a nonpublic organization). Without even a trace of a public market for these protections, it is the obligation of the asset chief to shape a gauge of their worth when processing the NAV. The amount of an asset's resources might be put resources into such protections is expressed in the asset's plan.

### **1.2 Computation of Nav:**

The most significant of the computation is the valuation of the resources owed by the assets. Whenever it is determined, the NAV is basically the net worth of resources partitioned by the quantity of units exceptional. The definite technique for the computation of the resource esteem is given underneath. Net Asset esteem = Sum of market worth of offers/debentures + Liquid resources/cash held (assuming any) + Dividends/premium gathered Amount due on neglected resources - Expenses accumulated however not paid

### **1.3 Objective of The Study:**

1. To study and dissect the effect of different segment factors on financial backers' ' demeanor towards common asset.
2. To learn about the variables (based on rank) answerable for the determination of shared assets as a venture choice.

## **2.0 Review of Literature:**

Tadashi Endo. (2020) from The Nikko Securities co. Ltd. Tokyo, Japan explained precisely in their book titled "The Indian Securities Market- A Guide for Foreign and Domestic Investors". The Indian capital markets appear mysterious and puzzling to many foreign investors and even to domestic Indian investors.

He explained that, there is no current information materials which comprehensively addresses investors' concerns about this rapidly-growing market. He have tries to do is shed some light on practices and rules in the Indian market, including the problematic ones, so that foreign as well as Indian investors can look at market more rationally for their portfolio investments in Indian securities.

The Indian Financial system is regulated and supervised by two government agencies under the Ministry of Finance.

- i. The Reserve bank of Indian, India's Central bank, and
- ii. The Securities Exchange Board of India, the Country's capital market regulators

He explained that all parts of the system are interconnected with one another, and the jurisdictions of the central bank and the capital market regulator overlap in some fields of Indian financial activities.

This book focuses on the capital markets of India under the later, and primarily covers the areas involving the regulator and the market participants, as highlighted in the chart.

The Indian capital markets change amazing quickly. Indian people in the securities industry attribute the lack of comprehensive information materials about their market to the rapid and incessant changing of rules and regulations. Yet, he believe that investors , foreign and Indian alike, need something like a benchmark from which they can develop their knowledge and understanding of this market.

Gormsen & Koijen (2020) have considered the use of information from the accumulated equity market and dividend futures to compute how investors' anticipation about economic progress beyond boundaries emerge as a reaction to the coronavirus outbreak and subsequent policy feedback. It has been observed by authors that change in investor perception drives the willingness to trade and take risks.

This is mainly due to the poor performance of the stock market during the financial crisis. Other variables impacting investor behaviour include ability of investors to buy shares; tax implications; dividend expectations; risks involved; and capital gains.

Syed Kumail Abbas Rizvi, Nawazish Mirza, Bushra Naqvi and Birjees Rahat (2020) survey the exhibition and venture styles of resource the board organizations in EU during the pandemic. According to the analyst, the asset directors have been floating from high danger choice to okay as far as size and speculation technique. Additionally, there has been a change from high danger to moderately less touchy areas and a progress of speculation from nations with higher to those with lower number of cases.

Singh and Jha (2009) directed a review on mindfulness and agreeableness of shared assets and observed that purchasers fundamentally lean toward common asset because of return potential, liquidity and wellbeing and they were not absolutely mindful with regards to the orderly money growth strategy. The invertors' will likewise think about different variables prior to putting resources into shared asset.

Anand and Murugaiah (2004) had concentrated on different key issues identified with the showcasing of monetary administrations. They observed that as of late this sort of industry requires new procedures to get by and for activity. For enduring they need to embrace new promoting techniques and strategies that empower them to catch most extreme freedoms with the least dangers to empower them to make do and meet the opposition from different market players around the world.

### **3.0 Research Methodology:**

The review is fundamentally a scientific review dependent on essential examination just as additionally identified with the investigation of the mentality of financial backers' ' towards shared assets. To direct this review, 250 financial backers' in Ranchi locale have been chosen by testing strategy and primarily poll has been utilized for gathering the information

Every one of the information needed for this logical review has been acquired fundamentally from essential sources, however on occasion, auxiliary wellsprings of information have additionally been thought of.

The information assortment technique used to get the ideal data from essential sources has experienced direct meeting and survey has been utilized as an instrument.

Fundamentally, designated populaces have a place with the Ranchi district and thinking about a singular financial backer as an examining unit. Judgment inspecting has been utilized for colleting the example.

For estimating different peculiarities and examining the gathered information viably and productively to make sound inferences, various measurable methods essentially Chi-square test for testing of speculation has been utilized and for investigating the different variables liable for interest in shared assets, positioning was done based on weighted scores and scoring was done based on scale.

Chi-Square trial of decency of fit has been utilized. It is a strong test for testing the meaning of the disparity among hypothesis and analysis as given by Karl Pearson. It empowers us to find assuming the deviation of the analysis from hypothesis is simply by some coincidence or it is truly because of the insufficiency of the hypothesis to fit the noticed information.

On the off chance that  $O_i$ , ( $i=1, 2... n$ ) is a bunch of observed(experimental) frequencies and  $E_i$  ( $i=1,2,... \dots n$ ) is the relating set of expected(theoretical or speculative) frequencies ,then, at that point, Karl Pearson's Chi-Square is given by

$$\chi_{(n-1)}^2 = \sum_{i=1}^n \frac{(O_i - E_i)^2}{E_i} \quad \text{where} \quad \sum_{i=1}^n E_i = \sum_{i=1}^n O_i$$

follow Chi-Square conveyance with  $(n-1)$  d. f. This is an estimated test for huge upsides of  $n$ .

### 3.1 Testing of Hypthesis:

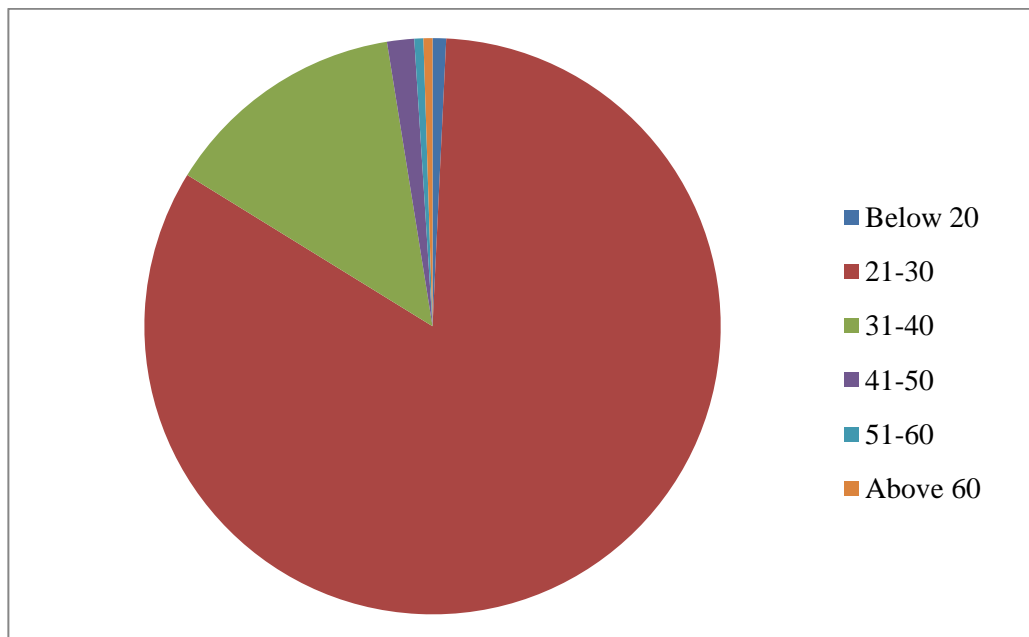
The accompanying theories have been taken for the investigation of financial backers' disposition common assets.

- There is no relationship among age and the demeanor towards common assets.
- There is no relationship among sex and the demeanor towards common assets.
- There is no relationship among pay and the demeanor towards common assets.
- There is no relationship between educational capability and the demeanor towards common assets.
- There is no relationship between occupation and the demeanor towards common assets.

### 4.0 Data Analysis:

**Table I. Association between age and attitude towards the mutual fund**

**Investor Category Sample Data - Age**

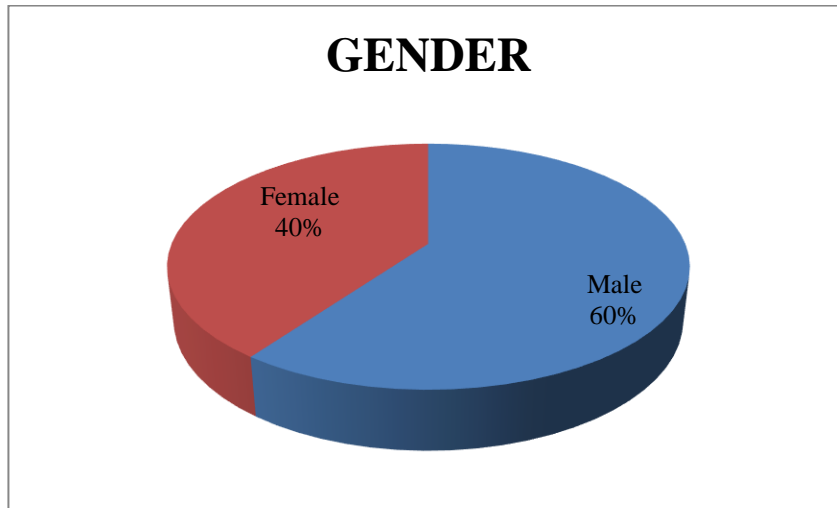


Source: Primary Data – Question 3 of Investor Category Questionnaire

The age of male and female of the investor group of respondents is shown in Chart 5.02. From the pie chart it was observed that the total no of investors less than 20 years was 3. The respondent in the age group 21 to 30 were 328 The respondent in the age group 31 to 40 were 54. The respondent in the age group 41 to 50 were 6. The respondent in the age group 51 to 60 were 2 and the respondent in the age more than 60 years were 2

**Table II. Association between gender and attitude towards the mutual fund**

**Investor Category Sample Data – Gender**

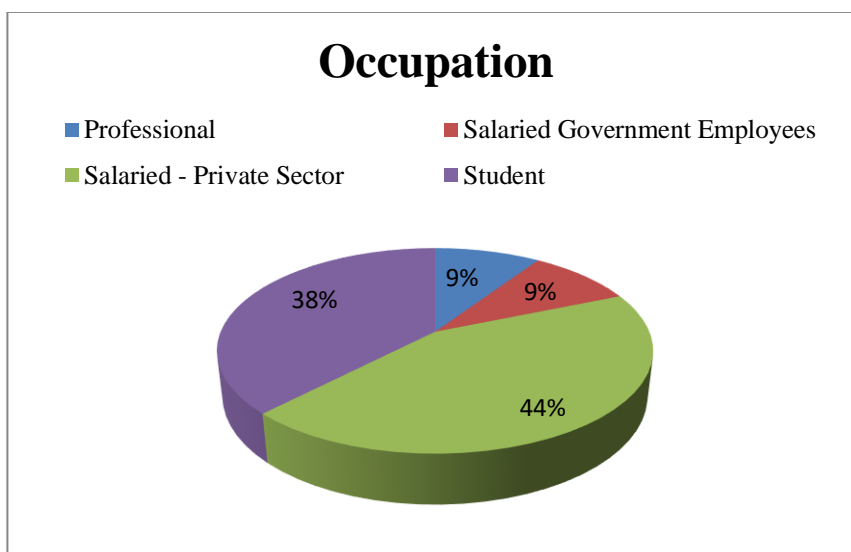


Source: Primary Data – Section A- Question 2 of Investor Category Questionnaire

In the above pie chart 4.01 shows that in the sample survey of 395 people were divided into male and female along with their investment attributes in which the male respondent were 237 i.e 60% and female respondent were 158 i.e 40%

**Table III. Association between occupation and attitude towards the mutual fund**

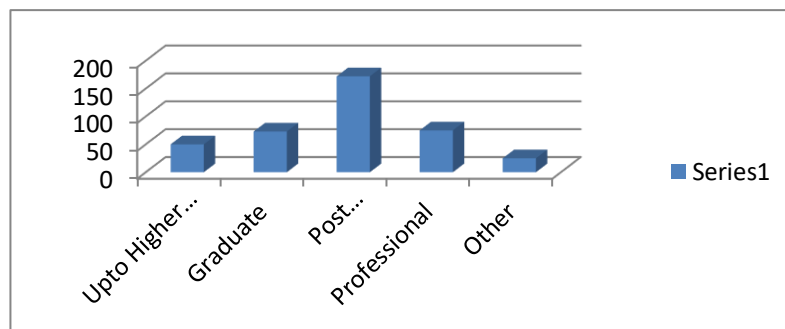
**Investor Category Sample – Occupation**



There were 9% investors belongs to professional category.9% investors are belongs to Government service and 44 % of the investors were belong to slaries person from private sector and remaining 44% were students.

**Table IV. Association between level of education and attitude towards the mutual fund**

**Investor Category Sample Data - educational qualification**



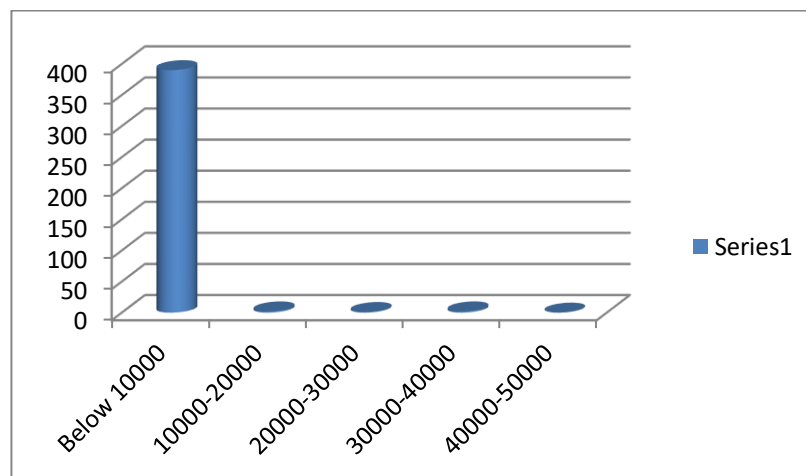
In this sample survey the educational qualification also play an important role to understand the investors behavior in financial market investment.

The educational qualification of the survey respondents is shown in Chart.

4.03. Out of a total 395 respondent, Graduates were 73, Post Graduates were 173, Professionals were 73 higher secondary were 50 and others were 25

**Table V. Association between level of Income and attitude towards the mutual fund**

**Investor Category Sample – Monthly Savings**



Source: Primary Data – Question 7 of Investor Category Questionnaire



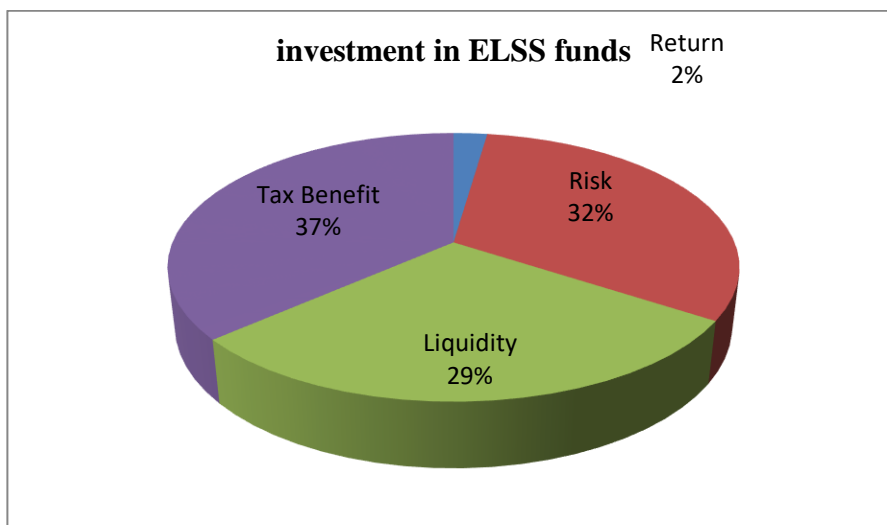
As per the bar diagram, the monthly saving or investment below 10000 belong to 390 respondent, the monthly saving or investment between 10000 to 20000 belong to 2 respondent.

The monthly saving or investment between 20000 to 30000 belongs to 2 respondents. The monthly saving or investments between 30000 to 40000 belong to 2 respondents. The monthly saving or investment between 40000 to 50000 belongs to 2 respondents.

**Table VI. Various factors responsible for investment in mutual funds**

**Weightage in term of Investment in ELSS Mutual funds:**

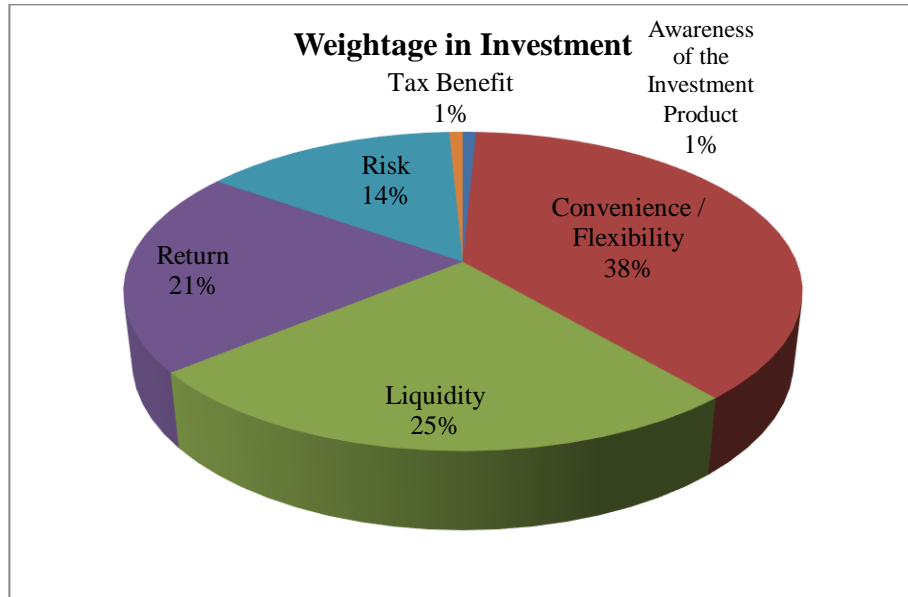
As shown in the diagram, investment attributes has given 37% weightage to tax benefit in term of investment in ELSS funds.29% of investment attributes has given weightage to liquidity to maintain their cashflow in the future outcomes in term of investment in ELSS funds. 32% of investment attributes has given weightage to risk factors to in term of investment in ELSS funds and 2 % looking for return in their investment.



Source: Primary Data – Section B- Question 2 of ELSS Investor Category Questionnaire

**Weightage in term of Investment in Growth mutual funds:**

The preference of various investment attributes is given in chart 4.3(section B). According to investors point of view 38 % of investors has given weight age on Convenience / Flexibility and as per the present situation they are decided to investment in different financial alternatives. and given more weighting on Convenience / Flexibility. 25% of investors are believed on liquidity and looking for cash flow in their investment.21% of the investor are looking for return in their investment as the volatile nature of the financial markets.14% of the investors are taking risk a an important factors in their investment.1% of the investors willing to invest in growth funds but looking for tax benefits also and 1% investors are looking for awareness of the investment product



Source: Primary Data –Section B- Question 3 of Growth fund Investor Category Questionnaire

### 5.0 Findings:

#### Growth Mutual Funds- Primary Data –Analysis:

##### Correlation

		Gender	Age	How long have you been investing in growth mutual funds	Monthly average saving	Educational qualification
Gender	Pearson's correlation	1	-0.30	-0.006	-0.039	0.21
	Sig (2 –tailed)		0.291	0.832	0.173	0.473
	N	1201	1201	1201	1201	1201
Age	Pearson's correlation	-0.30	1	0.087**	0.402**	0.011
	Sig (2 –tailed)	0.291		0.003	0	0.7
	N	1201	1201	1201	1201	1201

		<b>Gender</b>	<b>Age</b>	<b>How long have you been investing in growth mutual funds</b>	<b>Monthly average saving</b>	<b>Educational qualification</b>
How long have you been investing in growth mutual funds	Pearson's correlation	-0.006	0.087**	1	0.091**	0.021
	Sig (2 –tailed)	0.832	0.003		0.002	0.464
	N	1201	1201	1201	1201	1201
Monthly average saving	Pearson's correlation	-0.039	0.402**	0.091**	1	0.024
	Sig (2 –tailed)	0.173	0	0.002		0.404
	N	1201	1201	1201	1201	1201
Educational qualification	Pearson's correlation	0.21	0.011	0.021	0.024	1
	Sig (2 –tailed)	0.473	0.7	0.464	0.404	
	N	1201	1201	1201	1201	1201

Note: \*\*Correlation is significant at the 0.01 level(2-tailed)

The above statistical data using SPSS shows that in term of karl Pearson's coefficient of correlation, there is a very weak negative correlation (-0.030) between gender and age factors. In gender and time duration for investing in growth mutual funds, there is a very weak negative (-0.006) correlation between them and the variables move in the opposite direction/, The correlation.

In the present situation young generation are more focusing in the investment in growth mutual funds by taking risk and looking for capital appreciation and as older age group people are not taking any risk by investing in growth mutual funds and looking for some alternative investment attributes during the COVID-19 situation due to the highly volatile nature of the Indian mutual funds industry.

Karl Pearson's coefficient of correlation between the variables X and Y is given by

$$R = \text{Cov}(X, Y) / [\text{STDEV}(X) * \text{STDEV}(Y)]$$

Karl Pearson’s coefficient of correlation is not affected by change in scale or by change in location. Unlike covariance it can be used to compare the relationship between two pairs of variable. It is a unit free measure of relationship between two variables and takes value in[-1,=1]. When r is close to +1 or -1, there is strong positive or negative relationship between the two variables.

Frequency Table -**Growth Mutual Funds**- Age

Frequency	Percent	Valid Percent	Cumulative Percent		
Valid		427	51.9	51.9	51.9
	21-30	348	42.3	42.3	94.3
	31-39	10	1.2	1.2	95.5
	31-40	32	3.9	3.9	99.4
	41-50	3	0.4	0.4	99.8
	51-50	1	0.1	0.1	99.9
	51-60	1	0.1	0.1	100
	Total	822	100	100	

The above statistical data using SPSS shows that most of the young generation age between 21 to 30 are willing to invest in growth mutual funds. There are so many reasons to invest in mutual funds. They wish to create wealth or to fulfill the long-term financial goals to meet their future requirement. A risk factors are involved in the investment of mutual funds and its mainly depends on the risk-taking capacity of the investors by choosing the growth funds which gives a better return with capital appreciation.

1. One way - ANOVA – Growth funds- Gender:

		Sum of Squares	df	Mean Square	F	Sig.
Gender	Between Groups	1.608	3	0.536	2.455	0.062
	Within Groups	261.396	1197	0.218		
	Total	263.004	1200			

In the statistical data of IBM SPSS Web Report, degree of freedom is 3 and level of significance (0.062) which is less than the F(2.455) and so that we reject the null hypothesis which states that there is no significance difference in the investment of Growth mutual

funds due to gender and accept the alternative hypothesis(H1), which states that there is a impact of gender in the investment in Growth mutual funds Mutual funds investment to risk factors due to open market operation so that gender wise investment play a vital role for the future investment.

## **6.0 Conclusion:**

The review shows that a large portion of respondents are as yet befuddled with regards to the common assets and have not shaped any disposition towards the shared asset for venture reason. It has been seen that the vast majority of the respondents having absence of mindfulness about the different capacity of shared assets. Besides, all things considered, sex, pay and level of schooling have altogether impact the financial backers' ' demeanor towards shared assets. Then again the other two segment factors like age and occupation have not been found affecting the mentality of financial backers' ' towards shared assets. To the extent the advantages given by common assets are concerned, return potential and liquidity have been seen to be generally alluring by the invertors' trailed by adaptability, straightforwardness and moderateness. Separated structure the abovementioned, in India there is a great deal of extension for the development of common asset organizations given that the assets fulfill everyone's necessities and sharp enhancements in help guidelines and divulgence.

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