

A Study on Investor's Attitude towards Systematic Investment Plan in Mutual Funds - Kozhikode City Kerala State

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ABSTRACT

In this paper the impact of various demographic factors on investor's attitude towards systematic investment in mutual funds have been studied. For analysing the data chi –square (χ^2) test has been used .Ranking was done on the basis of weighted score and scoring was also done on the basis of scale.

Key Words: Attitude, systematic investment plan, mutual funds, chi-square

INTRODUCTION

An investment is an asset or item acquired with the goal of generating income or appreciation. In economic sense an investment is the purchase of goods that are not consumed totally but are used in the future to create wealth. By the implementation of new economic policy in 1991 a wide variety of investment avenues are available for investors. Financial institutions play a vital role in the development of economy. They allocate the scarce resources from savers to borrowers. Risk and return associated with each investment depends on investment option. Choose the best option having less risk and more return is the highest challenge before an investor. Most of the investors lack the knowledge of handling the operations in the financial market .in this situation mutual fund became most suitable financial instrument with the advantage of professional management, diversification, and reduction of risk etc. Systematic investment plan is one of the plans available in mutual funds for investing small amounts periodically instead of investing in lump

sum. In systematic investment plan (SIP) a fixed amount of money is debited by the investor's bank account periodically and invested in specified mutual fund. The investor is allocated a number of units according to the current net asset value. Every time a sum invested; more units are added to the investor account. The investor is getting more units when the price is low and fewer units when the price is high. In long run average cost per unit is supposed to be lower.

In the universe the number of small investors who invest in mutual fund has grown to 7million on march 2018from46.4 million in march 2009.The Indian mutual fund industry have a better performance in metro cities (B15 CITIES) .This has grown from 22.5%on march2014to 28.2%on march2018 .By the introduction of systematic investment plan mutual fund industry have tremendous growth .In order to know the impact of systematic investment plan in mutual fund this study has been conducted

LITERATURE REVIEW

(AINAPUR, 2018)The study reveals that awareness about mutual fund among the people is less. It is also found that those who have invested in mutual fund are satisfied and earned good profit.

(DAVID, PURSWAMI, & JOJO, 2019)Comparison between 5equity linked mutual fund schemes invested in 3different ways and compare the returns of the investment after a lock in period is done in this study. The result shows that SIP is the best option followed by value averaging and finally lump sum method of investment.

(RAJU, BR, & H, 2018) The study aims at finding out the attitude of investors in mutual fund in Davangare city. The study shows that mutual fund investors have only partial knowledge about mutual fund which prevent them to invest in mutual fund to avoid risk bearing factor and fear of losing money

(WADHWA, VASHISHT, & KAUR, 2015)This study reveals that in comparison with other financial instruments, investments in mutual funds are safer and also yields more returns on portfolio investments. Study also reveals that the feature of return from the investment and rating by credit rating agency is the upmost concern of the investors. Analysis reveals that financial literacy is very important for making investments in mutual funds. In their findings they conclude that mutual fund companies should formulate the strategies in such a way that helps in fulfilling the investor's expectation.

(KP & KUMAR, 2014)Te main objective of the study was to examine the relationship between risk perception of investors in Kerala and their investment decision in mutual funds. The investment decisions of investors were influenced by risk perception. They analysed that investors were aware of the principle that higher the risk the return will be higher. They also revealed that investors were aware that diversification reduce risk

OBJECTIVES

1. To study and analyse the impact of various demographic factors on inventor's attitude towards systematic investment plan in mutual fund

2. To study about the factors which encourage the investors to invest in mutual fund through systematic investment plan.

RESEARCH METHODOLOGY

The study is an analytical study based on primary research and also related to the analysis of investor's attitude towards systematic investment plan. To conduct this study 160 investors have been selected in Kozhikode city in Kerala by sampling method. Questionnaire has been used for collecting the data.

All data required for analytical study has been obtained from primary sources .Secondary sources data have also been considered. Data from primary source has been collected by questionnaire method.

Basically targeted population belongs to Kozhikode city and consider individual investor as a sampling unit. Judgement sampling has been used for collecting the sample. For analysing various statistical techniques basically chi-square test has been used. For analysing the factors responsible for investors to invest in mutual fund through the mode of SIP, ranking was done on the basis of weighted scores and scoring was done on the basis of scale

TESTING OF HYPOTHESES

The following hypotheses have been taken for testing investor's attitude towards systematic mode of investment in mutual fund.

1. There is no association between age and investor's attitude towards systematic investment plan in mutual fund investment

2. There is no association between gender and investor's attitude towards systematic investment plan in mutual fund investment

3. There is no association between education and attitude towards systematic investment plan in mutual fund

4. There is no association between income and attitude of investment towards systematic investment plan in mutual fund.

FINDINGS

The study was conducted to identify the investor's attitude towards systematic investment plan in mutual funds. The study revealed that out of 160 respondents 96 respondents have positive attitude, 37 respondents have neutral attitude and only 27 respondents have negative attitude. Most of the respondents have positive attitude.

Table1 explains the association between age and investor's attitude towards SIP in mutual fund .The calculated value of

chi-square is greater than tabulated value at 5%level of significance. it is highly significant and null hypothesis is rejected. Hence there is an association between age and investor's attitude towards systematic investment plan in mutual fund. About 42 respondents having age group between (30-40) years, 38 respondents having age group between (40-50) years, 10repondent having age group above50years and respondents below age 30 years have positive attitude towards SIP mode of investment in mutual fund.

TABLE 1: Age and investor's attitude towards systematic investment plan in mutual fund investment

Age	Positive attitude	Neutral attitude	Negative attitude	Total respondents
Below 30	6	11	2	19
30-40	42	6	14	62
40-50	38	12	8	58
Above50	10	8	3	21
total	96	37	27	160

Calculated value of $\chi^2=23.0322$ df=6 Tabulated value=12.6 at 5%level of significance

TABLE 2: Association between gender and investor's attitude towards systematic investment plan in mutual fund

Gender	Positive attitude	Neutral attitude	Negative attitude	Total respondents
Male	68	22	12	102
Female	28	15	15	58
Total	96	37	27	160

Calculated value of $\chi^2=6.7418$ df=2 tabulated value=5.99 at 5%significace level

TABLE3: Association between education and attitude towards systematic investment plan in mutual funds

Education	Positive attitude	Neutral attitude	Negative attitude	Total respondents
Under graduate	2	1	11	14
graduate	47	12	7	66
Post graduate	26	10	5	41
professionals	21	14	4	39
total	96	37	27	160

Calculated value of $\chi^2=46.259$ df=6 tabulated value of $\chi^2=12.6$ at 5%level of significance

TABLE4 : Association between income and attitude of investment towards systematic investment plan in mutual fund.

Income	Positive attitude	Neutral attitude	Negative attitude	Total respondents
Less tan 3,00,000	6	8	9	23
3,00,000-5,00,000	29	12	5	46
5,00,000-8,00,000	38	7	6	51
Above8,00,000	23	10	7	40
total	96	37	27	160

Calculated value of $\chi^2=17.3749$ df=6 tabulated value of $\chi^2=12.6$ at 5%level of significance

TABLE 5: The factors which encourage the investors to invest in mutual fund through the mode of SIP

Factors	Number of	respondents	according	To	ranks	Total
Easy to invest	65	54	12	14	15	160
Portfolio diversification	16	24	32	46	42	160
Professional management services	18	36	46	38	22	160
Risk reduction	14	14	42	42	48	160
Monthly investment/small amount to invest	47	32	28	20	33	160
Total	160	160	160	160	160	

TABLE6; Ranking the factors

Factors	Weighted score	percentage	Rank
Easy to invest	620	26	1
Portfolio diversification	406	17	4
Professional management services	470	19	3
Reduction in risk	384	16	5
Monthly investment/small amount to invest	520	22	2
total	2400	100	

Table 2 explains the association between gender and investor's attitude towards SIP mode of investment in mutual fund. The calculated value of chi -square is greater than tabulated value at 5 % level of significance. It is highly significant and the null hypothesis is rejected. Hence there is an association between gender and investor's attitude towards systematic investment plan in mutual fund. Out of 160 respondents 68 male members and 28 female members have positive attitude towards SIP in mutual fund. Male members have highest positive attitude towards systematic investment plan in mutual fund.

Table3 explains the association between education and attitude towards systematic investment plan in mutual fund. The calculated value of chi square is greater than tabulated value at 5%level of significance. It is highly significant and the null hypothesis is rejected. Hence there is association between education and investor's attitude towards systematic investment plan. Out of 160 respondents, 2 respondents having qualification up to under graduation, 47 respondents having qualification up to graduation, 26 respondents having qualification up to post graduation and 21 professional respondents have positive attitude towards systematic investment plan.

Table4 explains the association between income and investor's attitude towards systematic investment plan. The calculated value is greater than tabulated value hence reject the null hypothesis .Therefore an association between the income level and investor's attitude towards systematic investment plan.

It explains the factors which encourage the investors to invest in mutual fund through the mode of systematic investment plan. Easy to invest, monthly instalment (small amounts to invest), professional management service, portfolio diversification and risk reduction were the factors considered. Respondents are asked to rank the factors according to the

preference and assigned the rank 1to5.(table5).

For analysing various ranking is done on the basis of weighed scores and scoring is done as given below

Rank	Weight assigned
1	5
2	4
3	3
4	2
5	1

In case of factors are concerned easy to invest option has got first , monthly investment(small investments)got second professional management service, portfolio diversification and reduction in risk have been ranked third, fourth and fifth respectively.

CONCLUSION

The study shows that most of the respondents prefer positive attitude towards systematic investment plan in mutual funds. Demographic factors are concerned age, gender, income and education have significantly influence the investor's attitude towards systematic investment plan in mutual funds. The factors which encourage the investors to invest in mutual fund are easy to invest facility is the most attractive followed by monthly investment facility, professional management service, portfolio diversification and reduction in risk. To conclude systematic investment plan in mutual fund encourages investors to invest in financial market.

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