



Investor Patterns in Mutual Fund Investment in Farrukhabad District, Uttar Pradesh, India

Prof. (Dr.) Mohit Gangwar

Principal & Professor, Bhabha Engineering Research
Institute, Bhopal, MP, India

Dr. Sapna Singh

Assistant Professor, SRK, University,
Bhopal, MP, India

ABSTRACT

This research presents a study of investor behaviour for investment in mutual funds in Farrukhabad District, Uttar Pradesh, India. The idea of mutual fund coined in Netherlands in eighteenth century and introduced in India by Unit Trust of India in 1960s. As the mutual fund gives an opportunity of diversified investment composition with changeable level of risk, Mutual fund was believed to be the main profitable medium for domestic investors. The present condition 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 self-sufficient 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 condition, mutual fund investments 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 execution 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. This research presents a study of investor behaviour for investment in mutual funds in Farrukhabad District, Uttar Pradesh, India.

Keywords: *Mutual Funds Investment Options, Awareness Programs, Attitude, Mutual Funds, Capital Market, Farrukhabad District, Uttar Pradesh, India*

1. Introduction

The concept of mutual fund emerged for the first time in Netherlands in the 18th century and introduced in India by Unit Trust of India (UTI) in 1960s. In the late 80s Indian mutual fund market witnessed entry of number of public sector players and in 1993 private sector (including foreign fund management companies) was permitted to enter into the market. The entry of private sector led to the availability of more options to the investors and tougher competition

to market players. One of the major events in the history of mutual fund industry was the bifurcation of UTI into two separate entities in 2003 [13]. Mutual funds have emerged as an key investment avenue for retail investors. A mutual fund is an investment tool for who pool their savings for investing in diversified portfolio [1, 6]. By the definition of AMFI “Mutual fund in India is a kind of collective investment that is managed professionally [3, 10]. In Mutual fund in India, the money is collected from a large number of investors and then it is invested in bonds, stocks, and various other securities. The fund manager of Mutual fund in India collects the interest income which is then distributed among the individual investors on the basis of the number of units that they hold”. A mutual fund invites the prospective investors to join the fund by offering various schemes so as to the requirements of different categories of investors. There are a number of mutual fund schemes according to suit the needs and preferences of investors. Mutual funds in India are now governed under the SEBI (securities exchange board of India) regulations 1996 [2, 8]. In India there are various companies which are dealing in mutual fund such as Reliance Mutual Funds, HDFC, ABN Amro, AIG, Bank of Baroda, Canara Bank, Birla Sun Life, DSP Merrill Lynch and DBS Chola Mandalam. In present situation online systems and websites gives investors to perform all types of transactions without compulsion of exact physical location [8-11]. This research presents a study of investor behaviour for investment in mutual funds in Farrukhabad District, Uttar Pradesh, India.

2. Economy of Farrukhabad District, Uttar Pradesh, India

Farrukhabad was founded by Nawab Mohammad Khan Bangash, who named it after the reigning emperor Farrukhsiyar, in 1714, the district of Farrukhabad forms part of Kanpur division. The township of Farrukhabad, Fatehgarh consist of two district towns, Farrukhabad & Fatehgarh, the former being the headquarters of the Tehsil & the latter forming the headquarters of the district, both lying about 5 Kms apart. Fatehgarh derives its name from an old fort. Fatehgarh remained a Military Station of considerable importance and in 1802 it became the headquarters of the Governor Generals Agent for the ceded provinces. In 1818 a gun carriage factory was established here. The district as it exists now is bounded by Badaun and Shahjahanpur on the north, Hardoi on the east, Kannauj on the south and district Etah & Mainpuri on the west. Rivers Ganga &

Ramganga are located towards the east & Kali Nadi towards the south [12].

Farrukhabad is situated between Lat. 26° 46' N & 27° 43' N and Long. 79° 7' E & 80° 2' E. It forms a part of Kanpur division. It is bounded by Badaun & Shahjahanpur on the north, Hardoi on the east, Kannauj on the south and Etah & Mainpuri on the west. Total area of District Farrukhabad is 2, 28, 830 Hectares [12].

The Farrukhabad district consist of 3 Tehsils namely Farrukhabad, Kaimganj & Amritpur with a total area of 2,28,830 Ha., has 7 Blocks (Barhpur, Kamalganj, Mohammadabad, Kaimganj, Nawabganj, Shamshabad & Rajepur), 512 Gram Panchayats, 1020 Revenue villages, 14 Police Stations, 2 Nagar Palikas and 4 Nagar Panchayats (Town Area) & 1 Cantt. Board with total population of District is 18.87 Lacs [12].

Farrukhabad is famous for its cloth printing/Textile Printing, block Printing, block making & Jari Jardoji Udyog. Jari Jardoji Udyog is a traditional udyog of District Farrukhabad and widely spread including rural area also, Approx 1.75 lakh trained handicraftsmen are engaged in this work and 80,000 personals are busy in marketing & making availability of Raw Material. Around 360 Jari Jardoji Units are registered in the District. Various type of clothes like Table Mat, Tharkosh, Sari, Blouse piece, Dupatta, Salvar & Kurta are being manufactured by Jari-Jardoji work in India and various Products are being exported to countries like England, America, Japan, Saudi Arabia etc. Recently Textile ministry of India in collaboration with state government has established a Textile Park. More than 250 textile entrepreneurs have shown interest in the project. This textile Park will help bringing the district into the national map. Apart from revenue it will create enough job opportunities for the local youth. Kaimganj is known for the chewing Tobacco industry. The district Farrukhabad produced about 8 million tonnes of Potato and hence have about 61 Cold Storages, the district is also known for its Sunflower cultivation. Beetle-nut (Supari) is also processed to make sweet supari and is a famous product of Farrukhabad [12].

3. Related Work

Walia and Kiran (2009) [4], studied investor's risk and return perception towards mutual funds. The study examined investor's perception towards risk involved in mutual funds, return from mutual funds in

comparison to other financial avenues, transparency and disclosure practices. The study investigated problems of investors encountered with due to unprofessional services of mutual funds. The study found that majority of individual investors doesn't consider mutual funds as highly risky investment. In fact on a ranking scale it is considered to be on higher side when compared with other financial avenues. The study also reported that significant relationship of interdependence exists between income level of investors and their perception for investment returns from mutual funds investment.

Saini et., al. (2011) [5], analyzed investor's behavior, investors' opinion and perception relating to various issues like type of mutual fund scheme, its objective, role of financial advisors / brokers, sources of information, deficiencies in the provision of services, investors' opinion relating to factors that attract them to invest in mutual and challenges before the Indian mutual fund industry etc. The study found that investors seek for liquidity, simplicity in offer documents, online trading, regular updates through SMS and stringent follow up of provisions laid by AMFI.

Singh (2012) [6], conducted an empirical study of Indian investors and observed that most of the respondents do not have much awareness about the various function of mutual funds and they are bit confused regarding investment in mutual funds. The study found that some demographic factors like gender, income and level of education have their significant impact over the attitude towards mutual funds. On the contrary age and occupation have not been found influencing the investor's attitude. The study noticed that return potential and liquidity have been perceived to be most lucrative benefits of investment in mutual funds and the same are followed by flexibility, transparency and affordability.

4. Objective of the Research

- To find the Investors' information altitude in Farrukhabad District, Uttar Pradesh, India for investment in Mutual Funds.
- To find the Investors' attitude for investment in Farrukhabad District, Uttar Pradesh, India for Mutual Funds.
- To know the reasons and preference in Farrukhabad District, Uttar Pradesh, India 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 Farrukhabad District, Uttar Pradesh, India [12]. 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: 2880
- Sample Location: Farrukhabad District, 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	2140	74
Female	740	25

Interpretation: In this research 74% investors are male and rest 25% investors are females

Table 2: Age Criteria

Age	Count	%
Less than 35 years	240	8
35 to 50 Years	1060	36
50 to 65 Years	1420	49
Above 65 Years	160	5

Interpretation: In this research out of total investors, 49% 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	140	4
Graduate	1000	34
Post Graduate	1520	52
Professionals	220	7

Interpretation: In this research 52% investors are having qualification of post graduate. Only 4% investors are undergraduate

Table 4: Occupation Criteria

Occupation	Count	%
Business	600	20
Service	1920	66
Professionals	360	12

Interpretation: In this research, 66% investors are service class and 20% investors are businessman followed by 12% investors who are professionals

Table 5: Income Criteria

Yearly Income	Count	%
Less than Rs. 200000	460	15
Rs. 200001 to Rs. 600000	1400	48
Rs. 600001 to Rs. 900000	760	26
Rs. 900001 and above	260	9

Interpretation: In this research, 26% of the investors are having yearly earning between Rs. 600000 to Rs 900000, 48% of the investors are in the category of Rs.200001 to Rs. 600000 yearly income. Only 9% Investors are having yearly income more than Rs. 900000.

Table 6: Marital Status Criteria

Marital Status	Count	%
Married	2380	82
Unmarried	500	17

Interpretation: In this research, 82% investors are married and 17% investors are unmarried

Table 7: Investment Criteria

Investment Type	Count	%
Saving	1440	100
Capital Gain	1180	81
Regular Income From Different Sources	1060	73
Tax Benefits Related Investment	1400	97
Inflation Balance	1440	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%	900	31
10% to 25%	1300	45
25% to 40%	380	13
More than 40%	300	10

Interpretation: In this research, 45% investors are able to save between 10% to 25% of their total yearly earnings followed by 31% investors who are able to save less than 10%

Table 9: Awareness Criteria Regarding Mutual Funds Criteria

Awareness Criteria	Count	%
Not Aware	660	22
Some Aware	1840	63
Fully Aware	380	13

Interpretation: In this research, 63% investors are having some awareness of Mutual Funds. Only 13% investors are fully aware about mutual funds

Table 10: Investment Choice Criteria

Investment Choice Criteria	Count%	Rank (According to Preference)
Banks Branch	94	1
Small and Big Post Office	76	3
Insurance Company and	66	4
Real Estate Investment	46	7
Gold, Silver, Jewelry	56	6
Secure Bonds	61	5
Different Mutual Funds	81	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	1660	57
Debt	1500	52
Balanced Plan	2540	88
Sartorial Investment	860	29
Investment in Index	580	20
Tax Saving plan	2080	72

Interpretation: In this research, As per Table 11, Balanced plan is the favorite in investors. Investment in Index Funds is the last options for 20% investors

Table 12: Investment Mode Criteria in Mutual Funds

Investment Mode Criteria In Mutual Funds	Count	%
Occasionally Invest	820	28
Systematic Investment	2060	71

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)	360	12
Investment in Mutual Funds (Once in Month)	720	25
Investment in Mutual Funds (Half Yearly)	850	29
Investment in Mutual Funds (Yearly)	950	32

Interpretation: In this research, Most of the investors check the performance of their invest in mutual funds on yearly basis followed by 29% investors who check their mutual fund performance on every six months

Table 14: Reasons that Influence Mutual Funds Investment

Reasons	Count	%
Risk Issue	2780	96
Return Issue	2880	100
Liquidity Issue	2740	95
Tax Saving Issue	980	34
Diversification Issue	2100	72

Interpretation: In this research, Return in mutual funds investment is the important issue for all the investor. Tax saving issue is important for only 34% investors investing in mutual funds

Table 15: Way to investment Criteria in Mutual Funds

Way to investment Criteria	Count	%
Using Internet/App	1220	42
Physical Means	1660	57

Interpretation: In this research, Physical means interaction is preferred by 57% of investors for investment in mutual funds. Only 42% investors are using Internet/App for investment in mutual funds

9. Findings of the Research

This research presents a study of investor behaviour for investment in mutual funds in Farrukhabad District, Uttar Pradesh, India. 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 boost 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, a investor should have to maintain a diversified portfolio for maximizing their investment returns. This research presents a study of investor behaviour for investment in mutual funds in Farrukhabad District, Uttar Pradesh, India.

REFERENCES

- 1) <http://www.academia.edu/download/37602620/ijsrp-p23111.pdf>
- 2) <http://search.proquest.com/openview/4a8c400512a0dee55da92aa8aa3bed11/1?pq-origsite=gscholar&cbl=27511>
- 3) <https://www.amfiindia.com/>
- 4) Walia, N., and Kiran, R. (2009). "An Analysis of Investor's Risk Perception towards Mutual Funds Services", International Journal of business Management, Vol. 4, No. 5, pp. 106-120.
- 5) Saini, S., Anjum, B., and Saini, R (2011) "Investors' Awareness and Perception About Mutual Funds", International Journal Of Multidisciplinary Research, Vol. 1 No. 1, pp. 14-29.
- 6) Singh, B.K., (2012) "A study on investors' attitude towards mutual funds as an investment option", International Journal of Research in Management, Vol. 2, No. 2, pp. 61-70.
- 7) Singh, Sapna, and Nishant Kumar. "Investors Attitude towards Pension Scheme (Special Reference To Kanpur District, Uttar Pradesh State, India)." International Journal of Social and Economic Research 5, no. 2 (2015): 181-190.
- 8) Singh, Sapna, and Nishant Kumar. "A review on pension system." International Journal of Advanced Research in Management and Social Sciences 3, no. 12 (2014): 179-196.
- 9) Singh, Sapna, and Nishant Kumar. "Investors attitude towards pension scheme: special reference to lucknow district, uttar pradesh state, india." International Journal of Science Technology & Management" 54.2, (2015): 188-196.

- 10) <http://ijsrset.com/IJSRSET173436.php>
- 11) <https://www.ltfs.com/content/dam/Int-financial-services/Int-mutualfund/downloads/others/AMFI%20Guidelines%20and%20norms%20for%20intermediaries.pdf>
- 12) <http://dcmsme.gov.in/dips/DIP%20Farrukhabad%20JK%20Sinha%20AD%20Mech.pdf>
- 13) <http://www.academia.edu/download/32492120/bmd110248-01-09.pdf>

