International Journal of Advances in Engineering and Management (IJAEM)
Volume 5, Issue 3 March 2023, pp: 109-113 www.ijaem.net ISSN: 2395-5252

"Customer Behaviour towards Mutual Fund - A Study of Vadodara City"

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Date of Submission: 25-02-2023 Date of Acceptance: 05-03-2023

ABSTRACT

Mutual funds have gained popularity in recent years as a way to safeguard one's financial future. The number of individuals who see customer behaviours as a good return on their money is growing as a result of increased knowledge and understanding. Both academics and banks are showing increasing interest in the topic of socially responsible investing. It's surprising to learn that, despite the widespread availability of Socially Responsible Mutual Funds, the largest concentration of these funds is in the Indian city of Vadodara.

This research aimed to better comprehend the Socially Responsible Mutual Fund customer patterns of Vadodara residents. There was an investigation of the nature of socially responsible mutual funds and the elements that influence investors' decisions to purchase such funds. We gathered our primary data by administering a structured questionnaire to a random sample of 100 residents in the city of Vadodara. Despite the fact that the sample population has values, only 43% were aware of Socially Responsible Mutual Funds.

In addition, corporate governance, safety and security, and performance were shown to be the three most influential criteria when purchasing a mutual fund by confirmatory factor analysis. To ensure the success of a Socially Responsible Mutual Fund, these considerations should be made at every stage, from planning and development through promotion and distribution.

I. INTRODUCTION

The money in a mutual fund comes from several individuals pooling their resources. A professional fund manager takes this pooled sum of money and invests it in different financial products based on the manager's knowledge and experience in this area. As a result, each investor will have a certain number of units that reflect their stake in the company.

This person is sometimes referred to as a "unit-holder." Depending on the performance of the underlying customer behaviours, unit-holders may be entitled to a profit or loss, net of any charges and taxes. Mutual funds are customer pools that are overseen by a professional money manager on behalf of their shareholders.

The money is invested in stocks, bonds, and other assets in accordance with the fund's stated customer goals. Each investor in a mutual fund receives a certain number of units or shares representing their fraction of the total assets in the fund in exchange for their contributions.

The fund manager will charge a percentage of the fund's assets as compensation for managing the fund's assets and facilitating investor transactions. A mutual fund's assets are spread out among several different securities, making it more resistant to market fluctuations. In addition, you may increase your diversification options by choosing from among the several mutual fund categories, each of which offers a unique set of goals and degrees of development potential.

Thus, a mutual fund is a trust that brings together the resources of several individuals who all want to achieve the same thing. After amassing enough capital, the fund manager will make customer behaviours in various assets on behalf of the investors. The plan's unit holders get a percentage of the scheme's income and capital appreciation in accordance with the number of units each unit holder owns in the scheme. Customer behaviours in mutual funds and securities are subject to market risk, and there is no guarantee that the fund's stated goals will be realized.

II. LITERATURE REVIEW

Kausalya (2019) advocated for the continuation of low-interest savings schemes with short maturities in order to help rural areas, organize their resources, and further the goals of providing investors with social security. Time deposits, regular deposits, and post office savings accounts all have a periodic character and operate similarly to commercial banks, as stated by Singh.

Kumar (2018) claims that those on low and middle incomes may take use of dependable and easy-to-understand savings programs. There are a number of low-cost savings schemes available to assist novice financiers.

Ganapathi (2019) found that customers felt more at ease about the protection of their financial information when they deposited funds in post office safes. Publicizing Post Office Savings Schemes is important for two reasons: to increase deposits and to raise general public awareness.

According to research conducted by **Anjum Sayyad and Akbar Sayyed (2019**), the Postal Savings is favoured by investors because it is a trustworthy, government backed institution that offers safe and convenient savings options to the general public. A large number of people are exposed to it, and that number is steadily rising. This research examines the preferences of investors in the Pune region for different customer behaviour plans given by the Post Office, as well as the characteristics that motivate and influence them to pick a certain plan.

Research by **Bhagya Shree Tela (2019**) on post office saving scheme awareness among inhabitants of the Rosamond area found that respondents learned about the programs via personal connections. Despite the existence of recurring deposits and post office savings bank accounts, it has been highlighted that there is a significant lack of understanding about the different post office programs. In addition, it has been said that rural post offices' modest savings programs are sufficient; nevertheless, in order to boost deposits, authorities will need to enhance awareness via agents and advertising.

Helotage (2020) claims that the main reason people put money into the postal system is so that they may take care of their own domestic requirements in their retirement. They place a premium on dependability, security, proximity, and manageability. As these consumer behaviour plans have not effectively reached the people, Helotage also suggests that the government raise awareness of them among rural inhabitants in order to enhance participation and reap the rewards.

III. BACKGROUND OF THE STUDY

A mutual fund is a pool of money managed by a professional Fund Manager. A mutual fund is a trust that invests its members' money in a diversified portfolio of securities including stocks, bonds, money market instruments, and other assets with the goal of generating consistent returns for the group. By calculating a scheme's "Net Asset Value," or NAV, after subtracting relevant charges and fees, the income generated by this combined portfolio is distributed fairly among the participants.

Units are the basic units of a mutual fund, which are used to disperse the money contributed by numerous investors. The value of the pooled money will rise or fall based on the performance of the underlying stocks, bonds, or short-term securities.
This will have an effect on NAV value.

Mutual funds are a great option for those who want to grow their wealth but don't have a lot of money to invest or the knowledge or time to do extensive market research on their own. In compensation for their expert advice, investors pay a small fee to the fund company.

The Mutual Funds in India are subject to tight regulations from the Securities and Exchange Board of India on the fees they may charge investors (SEBI). Mutual funds have long been used as a vehicle for investing in equities and balanced portfolios, but they have recently seen a resurgence in popularity.

Studies show that the vast majority of people in the investing public do not understand mutual funds' many advantages. In addition to focusing on the respondents' level of knowledge about mutual funds, this study aimed to discover the numerous factors that determine why people opt to invest in mutual funds. In order to raise investor awareness of mutual funds, companies may use the results of the study's evaluation of sixteen elements that impact people's attitudes about mutual funds to pinpoint those areas in which they need to make changes. Results were broken down into four categories: level of risk, confidence, ultimate worth, and individual outlook. Investors have weighed a variety of elements, including risk, belief, terminal value, and self-concept, when deciding which mutual funds to purchase.

IV. RESEARCH METHODOLOGY

METHODS FOR DATA COLLECTION & VARIABLES OF THE STUDY

Methods for data collection

Primary Data
Secondary Data

Primary Data

Primary source of data was collected by questionnaire.

Secondary Data

Secondary source of data was collected from
Books
Journals
Magazines

Sampling

The sample technique utilized for data gathering is convenient sampling. The convenience sampling method is a non-probability strategy.

Sampling size

Big data indicates the numbers of people to be surveyed. Though large samples give more reliable results than small samples but due to constraint of time and money,

Plan of analysis

Diagrammatic representation through graphs and charts
Big data inferences will be made after applying necessary statistical tools.
Findings & suggestions will be given to make the study more useful.

OBJECTIVES OF THE STUDY

The purpose of this research is to analyze how customers' attitudes about Mutual Funds affect their buying decisions.
Understanding the factors that influence mutual funds and taking them into consideration.
Views on the Performance of Mutual Funds: An Analysis of Customer Behaviour.

V. DATA ANALYSIS

Your knowledge of Mutual Funds is limited.

Categories	No.of Respondents	Percentage
Brokers	40	40
Family	10	10
Friends	28	28
Television	18	18
Others	04	04
Total	100	100

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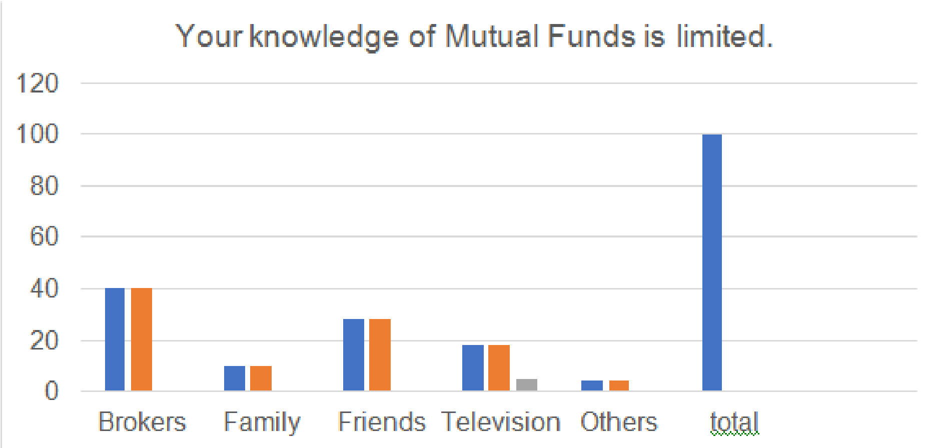
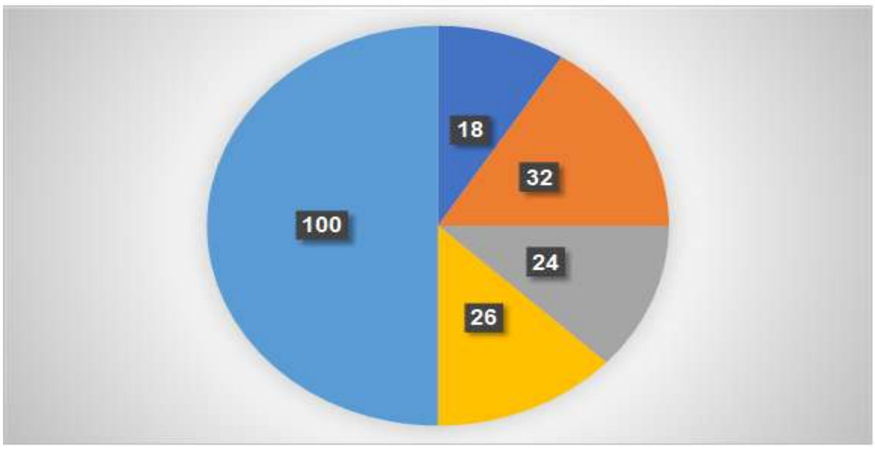


Brokers are often regarded to be the most effective means of teaching investors about mutual funds while investing in mutual funds. More over 10% of investors get financial advice from family members, 2% of investors get financial advice from friends, and only 4% of investors get financial advice from strangers.

Age of the investors

Categories	No. of Respondents	Percentage
Below 25 Years	18	18
26 to 30 Years	32	32
31 to 40 Years	24	24
40 Years & Above	26	26
Total	100	100



Between the ages of 26 and 30 years old, the majority of investors are involved in the stock market. Respondents under the age of 25 showed little interest in investing, which might be explained by the fact that many of them are either students or workers.

VI. CONCLUSION

As the availability of customer behaviour possibilities and interest rate drops have both declined, it might be argued that fewer customer behaviour choices are now accessible. Mutual funds, on the other hand, are a safe pick for people with varying customer behaviour experience, goals, and personal preferences. The vast selection of funds and investing philosophies made available by asset management firms is of little use if an investor does not choose the appropriate fund in which to invest.

If a management wants to keep losses to a minimum, they need to be able to tell the difference between efficient and inefficient securities. For their part, mutual fund companies would do well to invest in trusts and other cash-rich firms rather than in illiquid public companies. Investing in a mutual fund that is a good fit for the investor in terms of their investing goals and evaluations based on factors like market risk and return variations might be one strategy for achieving those goals. An investor's risk tolerance affects the mutual funds they choose to invest in.

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