Research Article

Empirical Study On Investor's Preference Towards Mutual Fund Investments In An Sip (Systematic Investment Plan) Mode

Dr. Priti Aggarwal*

*Professor & Head of Finance, Vijay Patil School of Management, New Mumbai

Corresponding Author: Dr. Priti Aggarwal*
*Professor & Head of Finance, Vijay Patil School of Management, New Mumbai

ARTICLE INFO	ABSTRACT
	The mutual fund market in India has enormous expansion potential and is considered as one of the best investment opportunities for small-time investors. The middle-income group is expected to become more and more significant in asset generation and financial planning due to its growing size, increased financial awareness, and savings culture. Its potential is further enhanced by creative fund houses, changing legislation, and astute investors, making it an appealing market for both novice and experienced investors. An efficient and effective financial planning technique called a systematic investment plan allows an individual to save money by inevitably depositing a certain amount into the mutual fund scheme of their choice at regular intervals. It's an alternate investing approach for many risk-averse investors, who are expecting higher profits at low risks. To obtain positive returns, without facing the disadvantages of equity investments, it integrates systematic and disciplined investments into mutual funds. The study aims to ascertain the factors that motivate systematic investment plans, the issues these plans face, and which funds are best suited for the portfolios of retail investors. Primary sources were consulted to compile data using a survey method with 80 sample respondents. **Keywords:** *Investors, Rupee Cost Averaging, Decision, Data, Systematic Investment Plans.*

1. Introduction

1.1 Description: A Mutual Fund is a trust that pools the savings of several investors who share a common financial goal. The money thus collected is invested by the fund manager in different types of securities depending upon the objective of the scheme. These could range from shares to debentures to money market instruments. The income earned through these investments and the capital appreciations realized by the scheme are shared by its unit holders in proportion to the number of units owned by them (pro - rata). Thus, a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed portfolio at a relatively low cost. Anybody with an investible surplus of as little as a few thousand rupees can invest in Mutual Funds.

A mutual fund is a collaborative investment tool that brings together funds from numerous investors to be invested in a variety of assets, including stocks, bonds, and government securities. Professional fund managers handle the pooled money, making investments in accordance with the fund's specific objectives. After accounting for expenses and fees, the income and gains generated from this collective investment effort are distributed among the investors based on the scheme's "Net Asset Value" or NAV. In exchange for its services, the mutual fund charges a modest fee. A mutual fund represents a shared pool of funds contributed by multiple investors and expertly managed by a professional Fund Manager. In India, mutual funds are structured as Trusts under the Indian Trust Act of 1882, governed by SEBI (Mutual Funds) Regulations of 1996. The fees and expenses associated with managing a scheme are regulated and subject to SEBI's specified limits.

1.2 Current scenario in India:

As of August 31, 2023, the Indian Mutual Fund Industry's Assets Under Management (AUM) amounted to ₹46,63,480 crore. Over a decade, from August 31, 2013, to August 31, 2023, the AUM of the Indian Mutual Fund Industry has increased by more than six times, rising from ₹7.66 trillion to ₹46.63 trillion.

In a shorter span of five years, from August 31, 2018, to August 31, 2023, the AUM of the industry has doubled, growing from ₹25.20 trillion to ₹46.63 trillion. The industry reached several significant milestones during its growth journey: In May 2014, it crossed the ₹10 trillion (₹10 Lakh Crore) AUM mark. By August 2017, the AUM had more than doubled, exceeding ₹20 trillion (₹20 Lakh Crore). November 2020 marked the surpassing of ₹30 trillion (₹30 Lakh Crore) in AUM. As of August 31, 2023, the industry's AUM reached ₹46.63 trillion (₹46.63 Lakh Crore).

Furthermore, in May 2021, the mutual fund industry achieved a significant milestone by exceeding 10 crore folios. As of August 31, 2023, the total number of accounts (referred to as folios in mutual fund terminology) reached 15.42 crore (154.2 million). Among these, approximately 12.30 crore (123 million) folios were in Equity, Hybrid, and Solution Oriented Schemes, with most investments coming from the retail segment.

The strong performance of the equity markets and net inflows to equity schemes led to an increase in the asset size of the mutual fund (MF) industry. For the quarter ended December 31, 2021, the average assets under management (AAUM) of the industry were worth INR 36.17 trillion, registering a growth of nearly 30% over a year.

The value of the assets held by individual investors in mutual funds increased from INR 17.18 lakh crore in February 2021 to INR 21.02 lakh crore in February 2022, an increase of 22.32%. The value of institutional assets increased from INR 15.11 lakh crore in February 2021 to INR 17.54 lakh crore in February 2022, recording an increase of 16.08%.

Source : https://www.amfiindia.com/research-information/other-data/industry-data-analysis
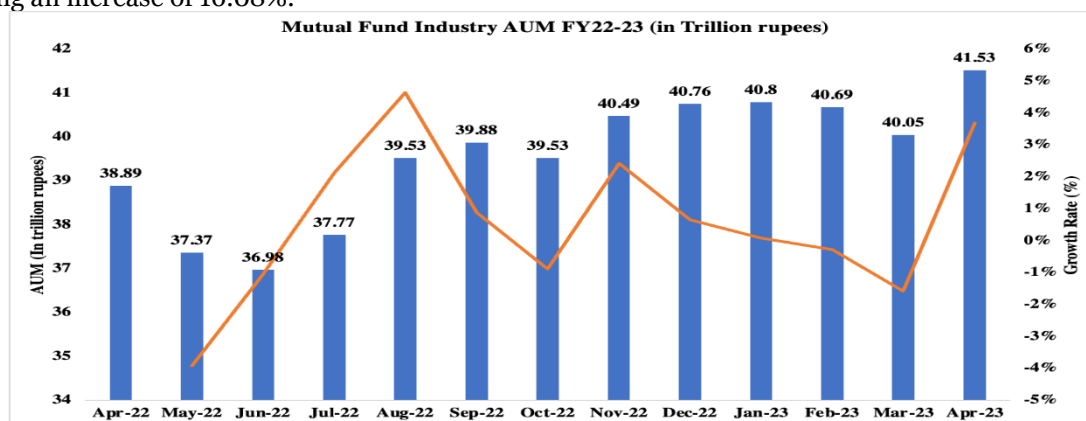
Indian Mutual Funds have currently about 7.44 crore (74.4 million) SIP accounts through which investors regularly invest in Indian Mutual Fund schemes.

The Systematic Investment Plan, or SIP as it is more well known, is an investment plan (methodology) provided by mutual funds. Rather than making a lump sum investment, one could deposit a defined amount in a mutual fund scheme on a regular basis at fixed intervals, such as once a month. The monthly SIP installment could be as little as ₹ 500. SIP is comparable to recurring deposits, in which you make a monthly contribution of a set amount. With standing orders to debit your bank account each month, SIP is a very practical way to invest in mutual funds without the inconvenience of having to send out a check every time.

SIP has been gaining popularity among Indian MF investors, as it helps in Rupee Cost Averaging and also in investing in a disciplined manner without worrying about market volatility and timing the market. Month-wise amount collected from FY 2016-17 onwards are mentioned below:

Month	SIP Contribution ₹ crore							
	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17
Total during FY	1,24,313	1,55,972	1,24,566	96,080	1,00,084	92,693	67,190	43,921
March		14,276	12,328	9,182	8,641	8,055	7,119	4,335
February		13,686	11,438	7,528	8,513	8,095	6,425	4,050
January		13,856	11,517	8,023	8,532	8,064	6,644	4,095
December		13,573	11,305	8,418	8,518	8,022	6,222	3,973
November	17,073	13,306	11,005	7,302	8,273	7,985	5,893	3,884

October	16,928	13,041	10,519	7,800	8,246	7,985	5,621	3,434
September	16,042	12,976	10,351	7,788	8,263	7,727	5,516	3,698
August	15,814	12,693	9,923	7,792	8,231	7,658	5,206	3,497
July	15,245	12,140	9,609	7,831	8,324	7,554	4,947	3,334
Jun	14,734	12,276	9,156	7,917	8,122	7,554	4,744	3,310
May	14,749	12,286	8,819	8,123	8,183	7,304	4,584	3,189
April	13,728	11,863	8,596	8,376	8,238	6,690	4,269	3,122

Source : AMFI India

2. Review of Literature:

- **Mr. RG and Dr. Sachithanatham (2020)**, identify the factors that influence the investor 's choice of mutual fund systematic investment scheme in Tamil Nadu. which preference of individual investors threw demographic factors and investment decisions of mutual fund investors in Tamil Nadu.

- **Rasha and Khan (2019),** in a study in this paper amobile-friendlyy application we develop which is a modern approach to simplify the process of investing in mutual funds threw sip via an assets management or hedge fund company the, proposal work consisting of PA (Progressive web app) and admin panel, makes incredibly convenient for both the investors and fund manager.

- **Louis, K.C.C. and Lakonisho k, C.C.(1999)** have discussed "they provide an exploratory investigation of mutual funds' investment styles. Funds' styles tend to cluster around a broad market benchmark. When funds deviate from the benchmark, they are more likely to favor growth stocks with good past performance. There is some consistency in styles, although funds with poor past performance are more likely to change styles. Some evidence suggests that growth funds have better-style adjusted performance than value funds. The results are not sensitive to style identification procedure, but an approach based on fund portfolio characteristics performs better in predicting future fund returns.

- **Singhal,s.& Goel, M.(July 2011)** The Empirical result reported that SIP Plans have performed better than one-time investments. 5. Uddin, 2017) has researched " Investor Perception about Systematic Investment Plan (SIP) Plan: An Alternative Investment Strategy". The study's goal is to look at a variety of elements that influence investment in a systematic investment strategy. The examination of (a) the purpose of the SIP investment is one of the other aims. (b) the amount of money invested in a SIP (c) Investor awareness of mutual fund SIPs, and (d) SIP sector preferences.

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

- **(Mr. Renjith RG and Dr. V. Sachithananthan, 2020)** has done a study on "Study on investor choice of Systematic investment plan [SIP] in mutual fund". The study's goal is to discover the elements that impact an investor's decision to invest in a mutual fund systematic investment plan scheme in Tamil Nadu, to research individual investors' investment preferences using demographic data, and to analyze mutual fund investors' investment objectives. The researcher employs primary data. The survey discovered that customers place a higher value on picking up a mutual fund plan after a lengthy period and selecting a systematic investment plan based on plan futures and schemes, as well as investing a small amount. It should be emphasized that the type of the fund, social factor, social element, economic element, performance element, advertisement element, and risk. tolerance elements are all elements that influence a customer's decision to invest in a mutual fund systematic investment plan in the future.

- **Sarish and Ajay Jain (2012)** concluded that for the purpose of investment of saving, the investors are having options to invest money in mutual funds and other financial instruments like equity shares, debentures, bonds, warrant, bank deposits. Awareness of mutual fund avenue is low amongst the common people.

- **V. Ratnamani (2013)** concluded that many investors have preferred to invest in mutual fund in order to have high return at low level of risk, for the safety and liquidity features perceived by them. . It can be said that the Mutual Fund as an investment vehicle is capturing the attention of various segments of the society, like academicians, industrialists, financial intermediaries, investors and regulators for varied reasons and deserves an in depth study. He has studied the investment mode preferred by the investors in Mathura and to check the preference given to investment in mutual funds amidst availability of other traditional investment avenues.

- **Deepa. P., & Latha, A. (2018)** aimed to access the satisfaction level of mutual fund investors. The study was conducted in Tirupur District with a sample size of 50 respondents. The study found that most of the

investors in Tirupur district exhibit a high degree of satisfaction with the return and liquidity factors on mutual fund investments.

- **Bajracharya, RB., & Mathema, SB. (2017)** identified investors' preference towards mutual fund in Kathmandu metropolitan city. The study found that the investors are not feeling sure in investing in mutual fund as they think that the mutual fund is unsafe than the other asset opportunity. The most preference of the investors is the bank deposit because they believe it is secure and returns are fixed. The study concluded that there are a variety of problems in selecting mutual fund by investors as an investment option. There are share market uncertainties and risk associated with it so investors avoid investing in mutual fund.

- **Dr. Rao, Mallikarjuna (2016)** disclosed that the investors' perception is dependent on the demographic profile and assesses that the investor's gender, age, education, marital status and occupation, Annual income and annual savings have direct impact on the investor's choice of investment. The study further revealed that investors' satisfaction is the most important ingredient for the success of the mutual fund industry.

- **Neelima, S., & Rao, D., Surya Chandra (2016**) conducted a survey amongst 302 investors in Tirupati urban center to study the factors influencing the fund/scheme selection behavior of retail investors by applying factor analysis tool. The study revealed that majority of the investors preferable savings avenues are Life insurance, and they save mainly with an objective to meet contingencies.

- **Sharma, P., & Agrawal, P. (2015)** examined preference of mutual funds investors and Performance Evaluation of the preferred schemes by the investors. The survey is undertaken on 50 professional investors of Udaipur city, and the major findings reveal the buying behavior of mutual fund investors is influenced by the sources of information that investors rely more on.

3. OBJECTIVES OFTHE STUDY

☐ To study the factors that influence investor's preference towards investing in Mutual Funds.
☐ To study about the preference among Investor's about MF SIP(systematic investment plan)

4. RESEARCH METHODOLOGY

☐ Universe of the Study: Mumbai ▪ Sample Size: 80 Investors.
☐ Sampling Unit: Small & Big Investors.
☐ Sampling Procedure: Snowball Sampling.
☐ Sampling Time-frame: August, 2023 – September,2023 ▪ Research Instrument: Structured Questionnaire.
☐ Investment Avenues covered in this paper: Banks, LIC, PPF, Bonds, Mutual Funds, Real estate, Commodity Market, Gold, Equity Shares, Futures & Options and Post Office monthly income schemes and instruments like NSC and KVP.

5. PRIMARY DATA

5.1 FINDINGS:
PART 1: Demographics and other personal information
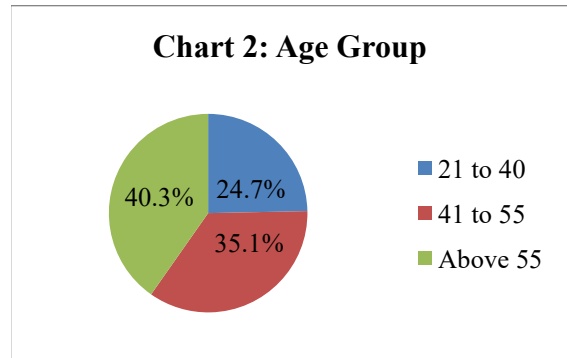
i. Gender

Table 1: Gender		
	Frequency	Percent
Male	56	72.7
Female	21	27.3
Total	77	100.0

Chart 1: Gender
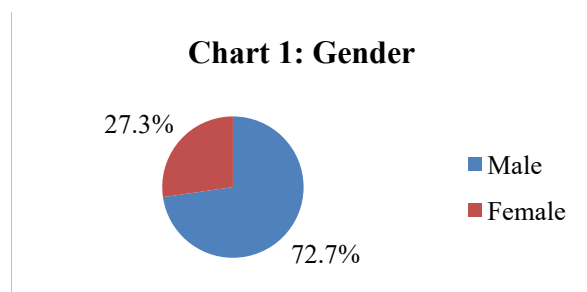
The study involves 27.3% Female and 72.7% Male

ii. Age

Table 2: Age Gro		up
	Frequency	Percent
21 to 40	19	24.7
41 to 55	27	35.1
Above 55	31	40.3
Total	77	100.0

Chart 2: Age Group

Finding: maximum number of respondents lies in the age group "Above 55"

iii. Education

Table 3: Education		
	Frequency	Percent
HSC	1	1.3
Graduate	12	15.6
Post Graduate	64	83.1
Total	77	100.0

Chart 3: Education
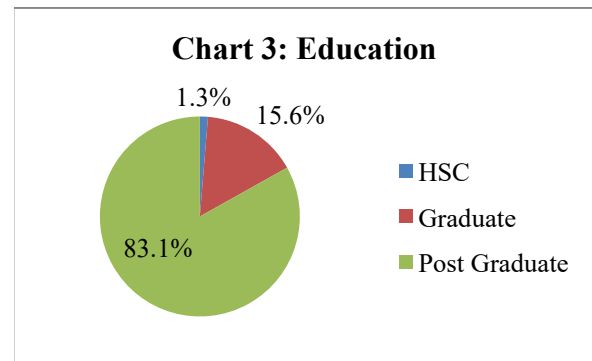
Finding: Maximum number of respondents, under study has pursued Post Graduation.

iv. Occupation

Table 4: Occupation		
	Frequency	Percent
Business	4	5.2
Service	50	64.9
Profession	23	29.9
Total	77	100.0
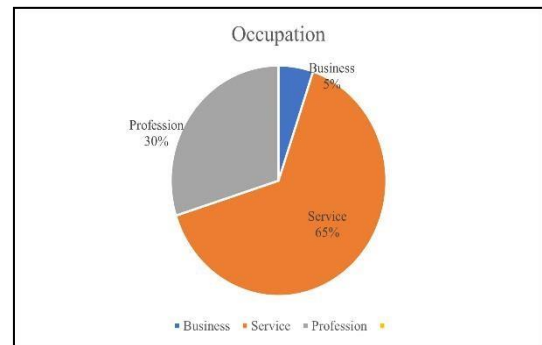
Occupation

Finding: Occupation of most respondents is Service.

v. Income Level

Table 5: Monthly Income		
	Frequency	Percent
Less than 25,000	2	2.6
25,000 to 50,000	13	16.9
50,000 to 75,000	12	15.6
Above 75,000	50	64.9
Total	77	100.0

Chart 5: Monthly Income
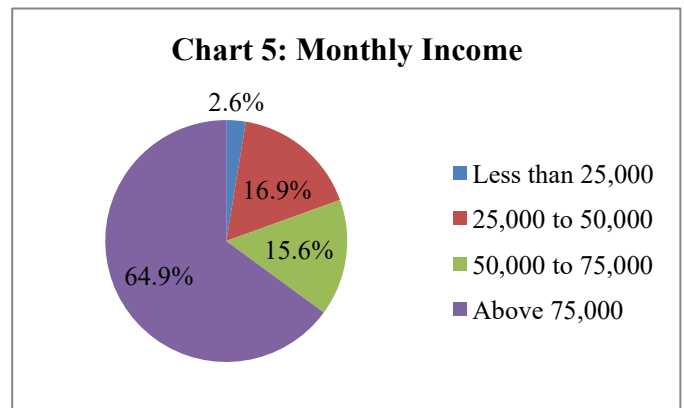
Finding: Monthly income of most respondents fall under the category 'Above 75,000'

vi. Family Size

Table 6: Family Size		
	Frequency	Percent
Less than 4	42	54.5
4 to 6	35	45.5
Total	77	100

Chart 6: Family Size
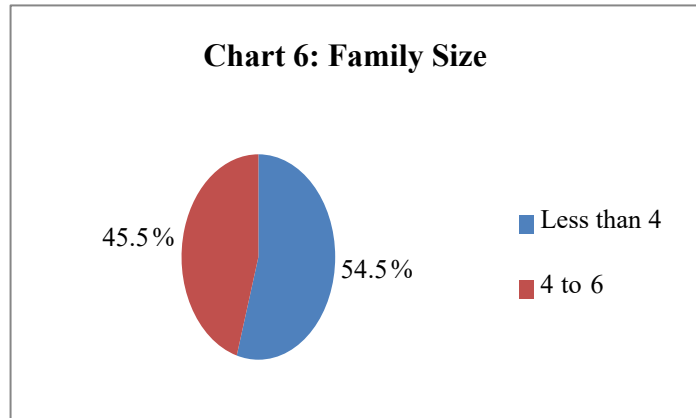
Finding: Most of the respondents belong to family size "Less than 4"

vii.   Number of Earning Members in Family

Table 7: Number of Earning Members		
	Frequency	Percent
1	35	45.5
2	34	44.2
3 & Above	8	10.4
Total	77	100.0

Chart 7: Number of Earning Members
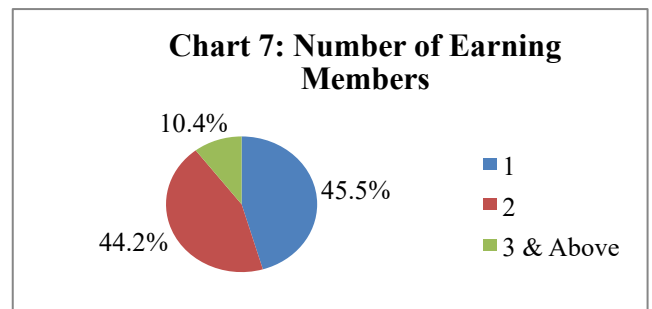
Finding: The number of earning members in the family is either '1' or '2'.

viii. Marital Status

Table 8: Marital Status		
	Frequency	Percent
Married	74	96.1
Unmarried	3	3.9
Total	77	100.0

Chart 8 :Marital Status
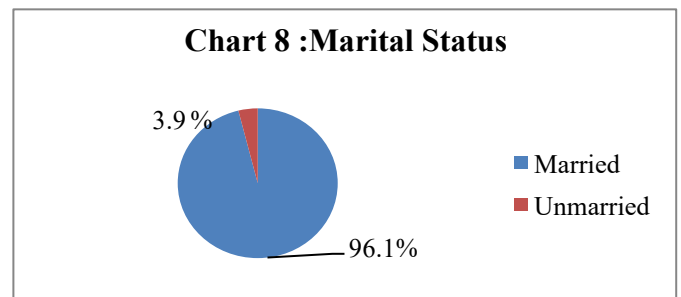
Finding: Most of the respondents, under study are 'Married'.

ix. Number of Children

Table 9: Number of Children		
	Frequency	Percent
1	12	15.6
2	25	32.5
2 & Above	40	51.9
Total	77	100.0

Chart 9: Number of Children
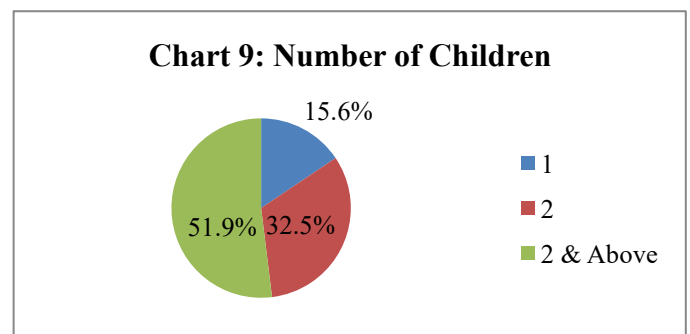
Finding: Maximum number of children in the family are '2 & Above'

Part 2: Investment Profile

i. Do you invest your Money?

Table 1: Money Investment		
	Frequency	Percent
Yes	74	96.1
No	3	3.9
Total	77	100.0

Chart 1: Do you invest your money?

Finding: According to the response, most of them invest their savings.

ii. Preferred Investment Option

Table 2 : Preferred Investment Options

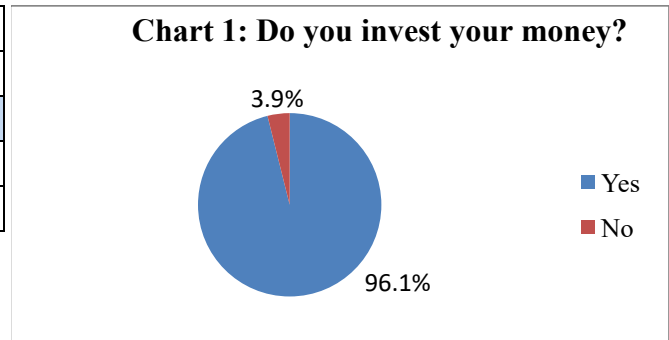| Investments preferred the most	Ranking									
	1	2	3	4	5	6	7	8	9	10
Savings Account — Frequency	15	7	12	8	5	7	11	3	2	4
Percent	20.3	9.5	16.2	10.8	6.8	9.5	14.9	4.1	2.7	5.4
Bank Fixed Deposits — Frequency	21	21	8	8	9	3		2		2
Percent	28.4	28.4	10.8	10.8	12.2	4.1		2.7		2.7
Post Office Saving Schemes/KVP/NSC — Frequency		3	12	8	9	8	5	15	7	7
Percent		4.1	16.2	10.8	12.2	10.8	6.8	20. 3	9.5	9.5
PPF/Pension Schemes — Frequency	9	13	11	13	4	3	11	2	6	2
Percent	12.2	17.6	14.9	17.6	5.4	4.1	14.9	2.7	8.1	2.7
Bonds/Debentures — Frequency		1	3	5	10	8	13	14	15	5
Percent		1.4	4.1	6.8	13.5	10.8	17.6	18. 9	20.3	6.8
Insurance Policies — Frequency	3	7	9	8	6	14	9	10	4	4
Percent	4.1	9.5	12.2	10.8	8.1	18.9	12.2	13. 5	5.4	5.4
Equity Shares — Frequency	12	4	8	4	12	4	13	6	7	4
Percent	16.2	5.4	10.8	5.4	16.2	5.4	17.6	8.1	9.5	5.4
Mutual Funds/ELSS/ULIPS — Frequency	12	12	6	8	8	9	4	7	6	2
Percent	16.2	16.2	8.1	10.8	10.8	12.2	5.4	9.5	8.1	2.7
Bullion (Gold/Silver Ornaments) — Frequency	1	2		6	6	12	4	9	21	13
Percent	1.4	2.7		8.1	8.1	16.2	5.4	12. 2	28.4	17.6
Real Estate — Frequency	1	4	4	6	5	6	4	6	7	31
Percent	1.4	5.4	5.4	8.1	6.8	8.1	5.4	8.1	9.5	41.9

Chart 2: Preferred Investments
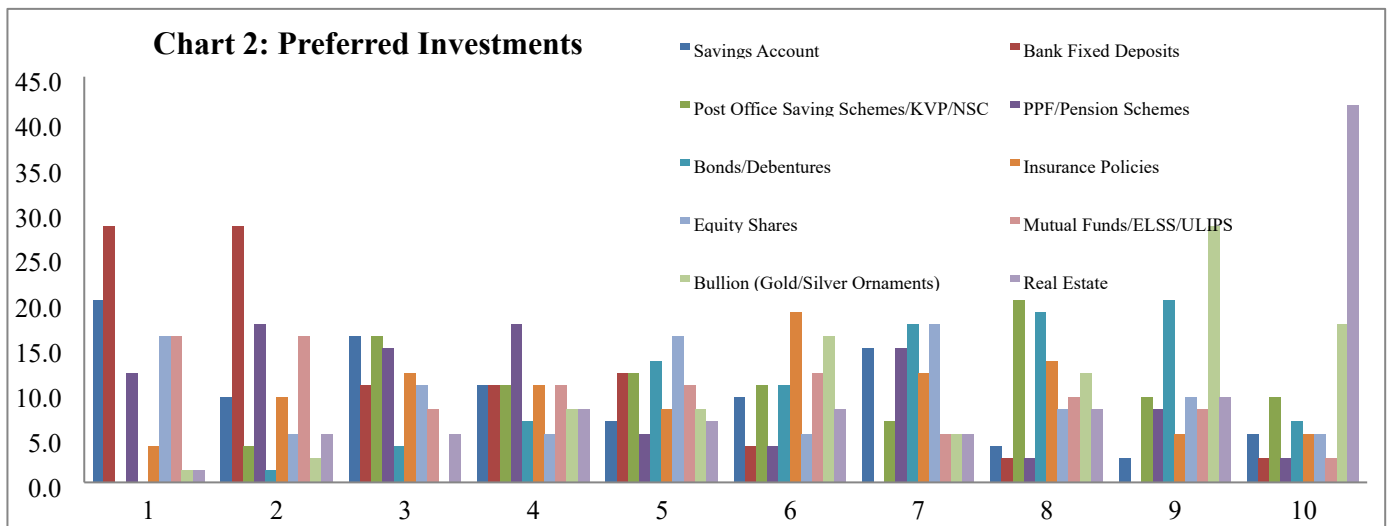
Finding: Above table gives the distribution of investments and the ranking. From the graph, we can observe that according to the respondents, the most favoured investment is 'Bank Fixed Deposits' and the least favoured investment is 'Real Estate'

iii. **Time Horizon Investments**

Table 3: Time Horizon of your Investments		
	Frequency	Percent
1 Year to 3 Years	27	36.5
3 Years to 5 Years	19	25.7
5 Years to 10 Years	17	23.0
More than 10 Years	11	14.9
Total	74	100.0

Chart 3: Time Horizon of your Investments
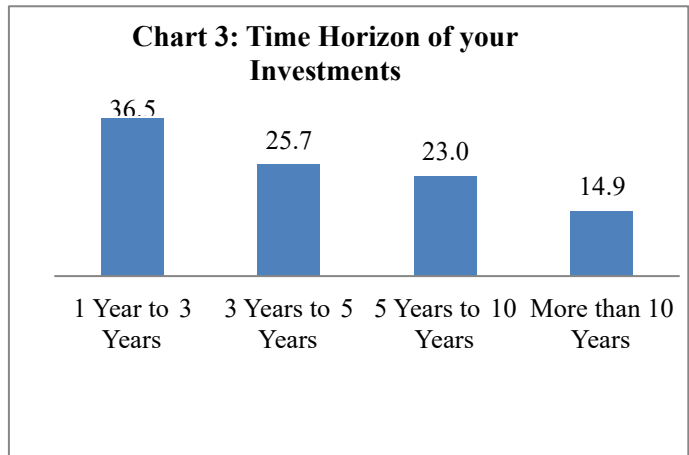
Finding: Generally, investors make their investments for a time horizon of 1 year to 3 years

iv. **Awareness about Mutual Fund Investments**

Table 4: Do you know about Mutual Funds?		
	Frequency	Percent
Yes	75	97.4
No	2	2.6
Total	77	100.0

Chart 4: Do you know about Mutual Funds?
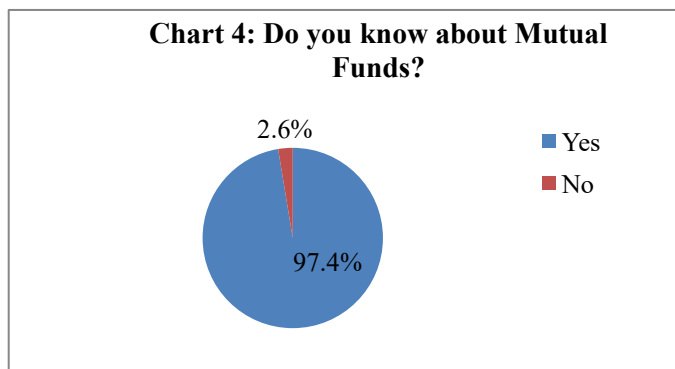
Finding: 97.4% of respondents say that they are aware about Mutual Funds.

v. **Investments in Mutual Funds**

Table 5: Invested in Mutual Funds		
	Frequency	Percent
Yes	71	94.7
No	4	5.3
Total	75	100.0

Chart 5: Have you ever invested in Mutual Funds?
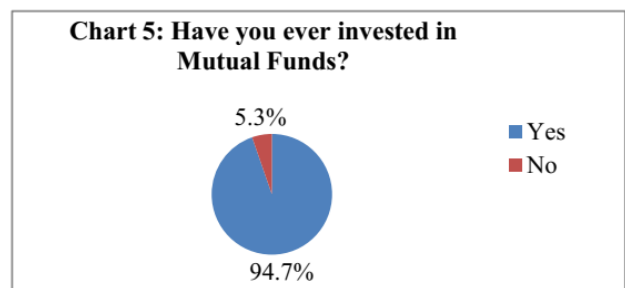
Findings: Of all the respondents, who are aware about Mutual Funds, 94.7% say that they have invested in Mutual Funds.

vi. Share of Mutual Fund Investment in Portfolio

Table 6: Percentage of total investible funds invested in Mutual Funds		
	Frequency	Percent
Less than 5%	19	26.8
5% to 10%	18	25.4
10% to 15%	15	21.1
15% to 25%	10	14.1
More than 25%	9	12.7
Total	71	100.0

Chart 6: Percentage of total investible funds invested in Mutual Funds
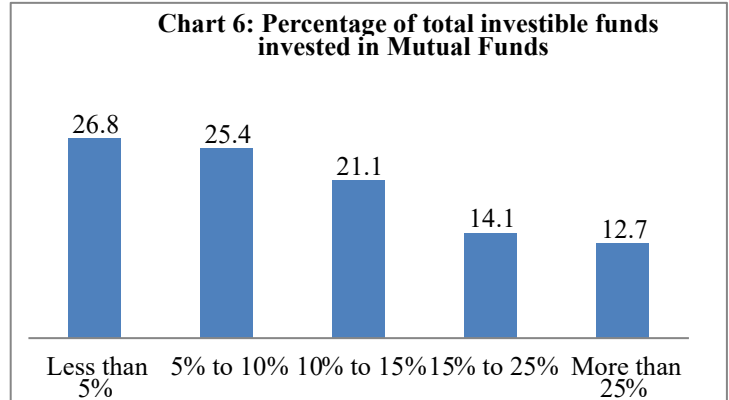
Finding: Most of the respondents generally invest 'Less than 5%' i.e. ' 5% to 10% of their total invested funds.

vii. Parameters/Characteristics considered by Investors

Table 7:Parameters/Characteristics considered by Investors

| Features of MF		LEVEL OF IMPORTANCE			
		Very High	High	Low	Very Low
Regular Income	Frequency	5	30	27	9
	Percent	7.0	42.3	38.0	12.7
Capital Appreciation/ Growth in NAV	Frequency	27	36	6	2
	Percent	38.0	50.7	8.5	2.8
Safety of Principal	Frequency	26	37	6	2
	Percent	36.6	52.1	8.5	2.8
Liquidity	Frequency	14	44	11	2
	Percent	19.7	62.0	15.5	2.8
Tax Benefit	Frequency	9	23	29	10
	Percent	12.7	32.4	40.8	14.1
Professional Management	Frequency	30	34	5	2
	Percent	42.3	47.9	7.0	2.8
Variety of Schemes for Investment	Frequency	11	44	13	3
	Percent	15.5	62.0	18.3	4.2
Choices of receiving Income /Profits	Frequency	16	42	10	3
	Percent	22.5	59.2	14.1	4.2
Accessibility/Affordable Investments	Frequency	12	50	7	2
	Percent	16.9	70.4	9.9	2.8
Reputation of MF Company	Frequency	37	30	4	
	Percent	52.1	42.3	5.6	
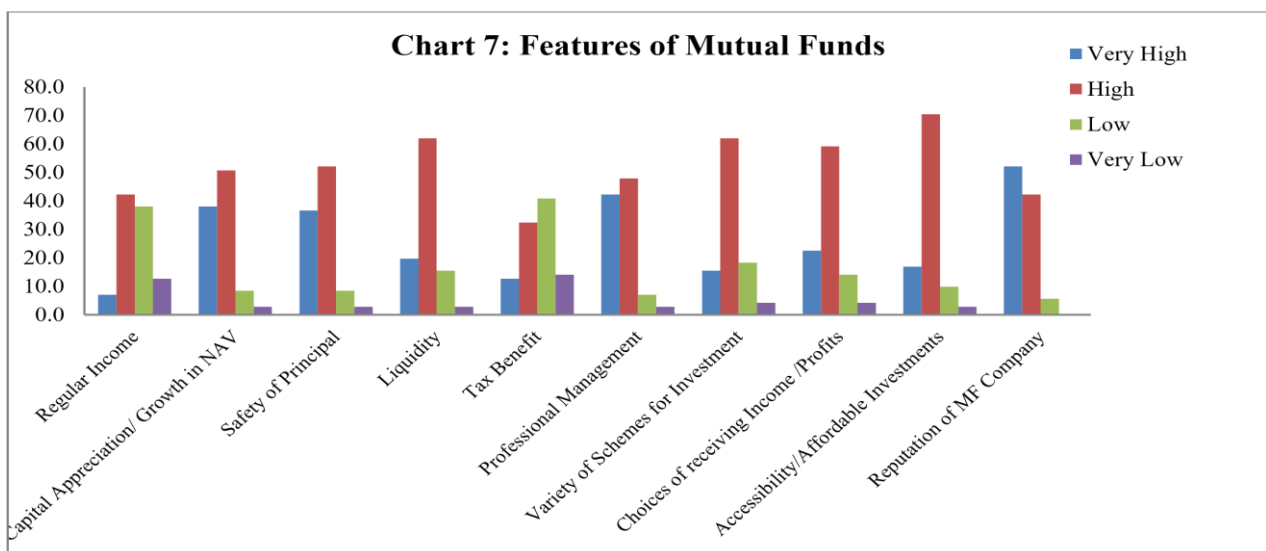
Above table gives the distribution of the importance given to the features by the investors while investing money in Mutual funds.

Finding: From the graph, we can observe that most of the features have been rated as of high importance by the respondents.

viii. Objective of Investment:

Table 8 : Investment Objective

Investment Objective		Highly Satisfied	Satisfied	Dissatisfied	Highly Dissatisfied
Regular Income	Frequency	8	45	17	1
	Percent	11.3	63.4	23.9	1.4
Capital Appreciation/ Growth in NAV	Frequency	10	34	27	
	Percent	14.1	47.9	38.0	
Safety of Principal	Frequency	9	39	22	1
	Percent	12.7	54.9	31.0	1.4
Liquidity	Frequency	20	43	7	1
	Percent	28.2	60.6	9.9	1.4
Tax Benefit	Frequency	9	48	13	1
	Percent	12.7	67.6	18.3	1.4
Diversification	Frequency	9	54	8	
	Percent	12.7	76.1	11.3	
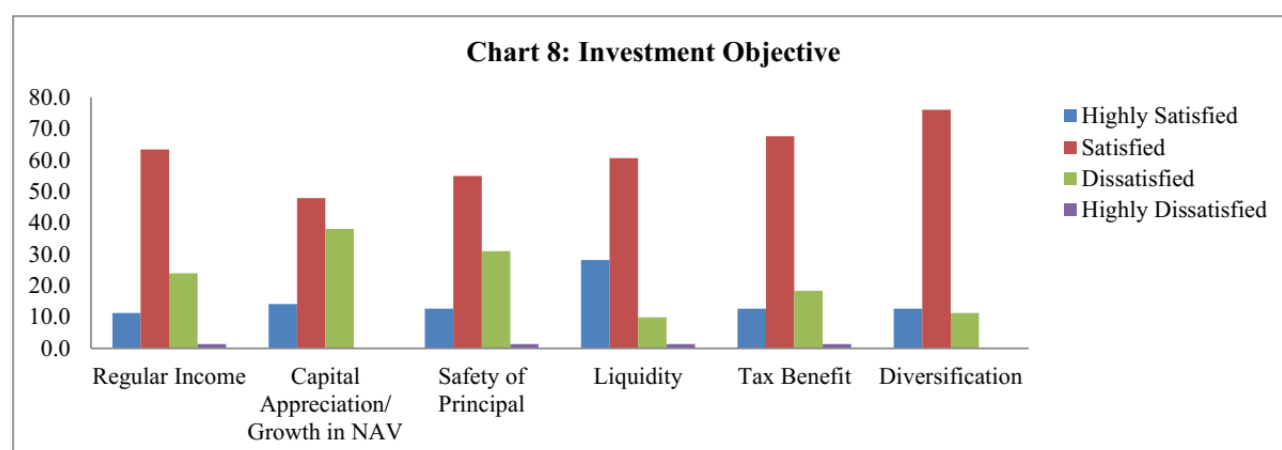
Above table gives the distribution of the satisfaction level achieved in the mentioned investment objective by the investors.

Finding: From the graph, we can observe that investors are satisfied by the investment objective under study.

ix. Type of Scheme

Table 9: Type of Scheme

Type of Schemes		Highly Favourable	Favourable	Less favourable	Not at all Favourable
Equity/Growth Schemes	Frequency	20	42	8	1
	Percent	28.2	59.2	11.3	1.4
Balanced Schemes	Frequency	18	41	12	
	Percent	25.4	57.7	16.9	
Tax Saving Schemes	Frequency	9	31	30	1
	Percent	12.7	43.7	42.3	1.4
Debt/Income Schemes	Frequency	2	29	35	5
	Percent	2.8	40.8	49.3	7.0
Index Scheme	Frequency	3	25	34	9
	Percent	4.2	35.2	47.9	12.7
Money Market/Liquid Schemes	Frequency	7	27	31	6
	Percent	9.9	38.0	43.7	8.5

Chart 9: Type of Schemes
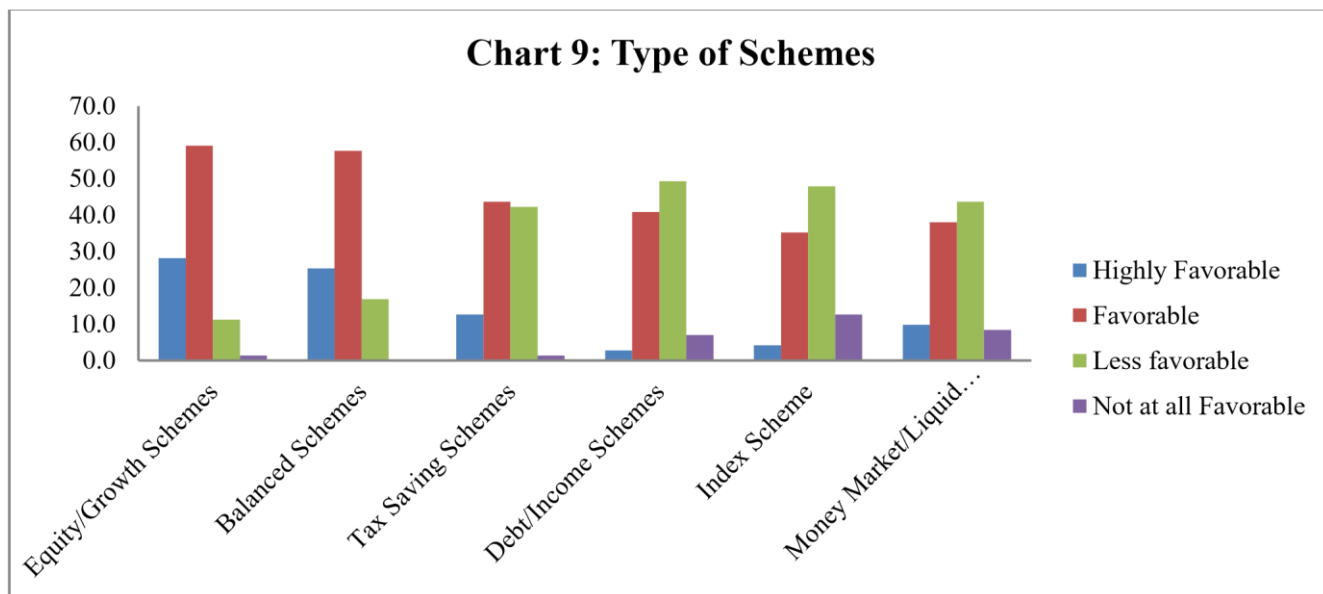

Above table gives the distribution of the types of schemes/ funds favored for investments.

Finding: From the graph, we can observe that investors favor 'Equity/Growth', 'Balanced Schemes' and 'Tax Saving' schemes over other schemes/funds for investments.

X. Preferred mode of investing in Mutual Funds - Lumpsum or SIP

Table 10 : Preferred mode of investing in Mutual Funds		
	Frequency	**Percent**
One time investment	27	38.0
Systematic Investment Plan (SIP)	44	62.0
Total	71	100.0
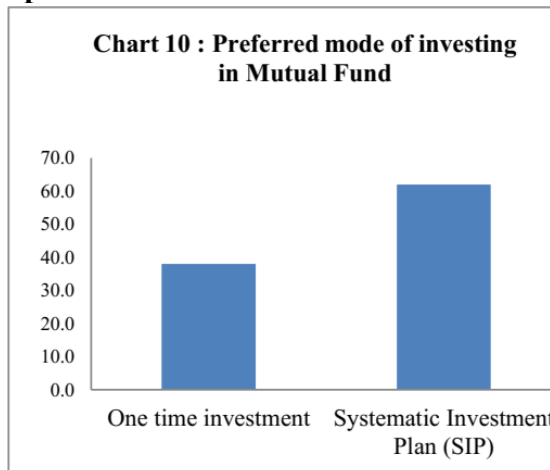
Finding: From the response, Systematic Investment Plan is preferred mode of investing in Mutual Funds.

xi. Features of SIP considered

Table 11; Features of SIP		**Very High**	**High**	**Low**
Small and Regular Investments	**Frequency**	21	22	1
	Percent	47.7	50.0	2.3
Discipline Investment	**Frequency**	21	21	2
	Percent	47.7	47.7	4.5
Ease of Investing	**Frequency**	18	24	2
	Percent	40.9	54.5	4.5
Power of Compounding	**Frequency**	18	24	2
	Percent	40.9	54.5	4.5
Rupee Cost Averaging	**Frequency**	11	27	6
	Percent	25.0	61.4	13.6

Features of SIP
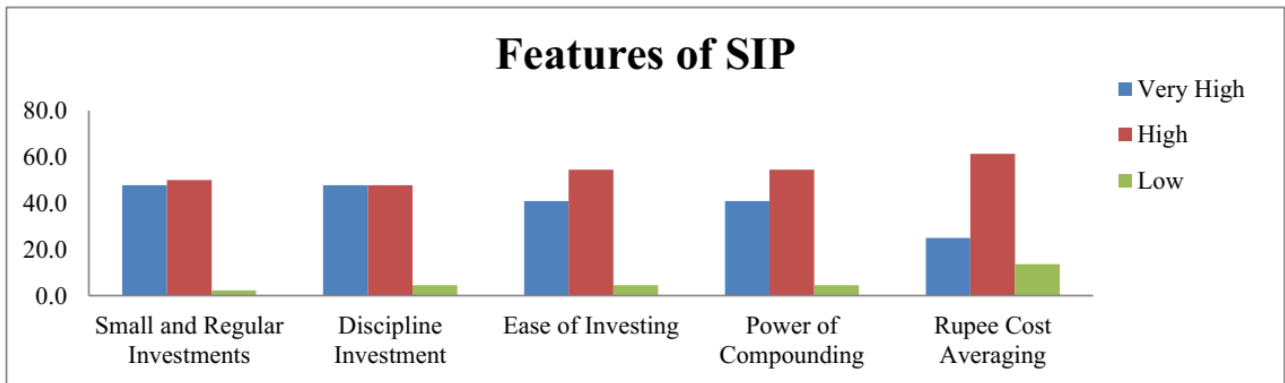
Above table gives the distribution of the importance given to the factors while opting for SIP mode of investment in Mutual Funds.

Finding: From the graph, we can observe that investors give high importance to the above mentioned factors while opting for SIP mode of investment in Mutual Funds.

5.2 Analysis of Findings Reliability Statistics

Description	Cronbach's Alpha Value	Decision	Conclusion
Features of Mutual Funds	.791	Reliable	It shows a good level of internal consistency for all the measures under consideration.
Investment Objective	.776	Reliable	It shows a good level of internal consistency for all our factors under consideration.
Type of Scheme	.452	Poor Reliability	It shows a poor level of internal consistency for all our factors under consideration.

Factor Analysis to study the factors that influence investor's preference towards investing in Mutual Funds.

Factor Analysis: TABLE 1

Communalities		
	Before exclusion	**After exclusion**
Regular Income	.781	.842
Capital Appreciation/ Growth in NAV	.811	.818
Safety of Principal	.672	.701
Liquidity	.473	
Tax Benefit	.380	
Professional Management	.621	.616
Variety of Schemes for Investment	.519	
Choices of receiving Income /Profits	.673	.840
Accessibility/Affordable Investments	.632	.713
Reputation of MF Company	.701	.775

Communality is the amount of variance a variable shares with all other variables being considered. Variables having low communalities (lower than 0.6), don't contribute much to measuring the underlying factors. After extraction, some of the factors are retained, others are dismissed. This leads to data reduction. After excluding the unimportant factors and rerunning the entire analysis, we obtained the following results.

TABLE 2

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.697
Bartlett's Test of Sphericity	Approx. Chi-Square	146.243
	Df	21
	Sig.	.000

O KMO:

The KMO measures the sampling adequacy. The value 0.697 (approximately 0.7) says that the sample is adequate to perform factor analysis.

O Bartlett's test of Sphericity

Since Sig. value = 0.000 < 0.05, we say that the value of Bartlett's test of   Sphericity is significant. Thus, based on the results, it is appropriate to proceed with factor analysis for this variables under consideration.

TABLE 3: Total Variance Explained

	Rotation Sums of Squared Loadings		
Factor/ Component	Total	Percentage of Variance	Cumulative Percentage
1	**2.140**	**30.573**	**30.573**
2	**1.816**	**25.945**	**56.518**
3	**1.347**	**19.245**	**75.763**
4	.570	8.136	83.899
5	.466	6.651	90.549
6	.375	5.353	95.902
7	.287	4.098	100.000

The above table shows the actual factors that have been extracted. Only those factors are extracted that meet the cut-off criterion, that is eigen values greater than 1. Three factors were extracted because their eigenvalues is greater than 1. 3 factors have been extracted with 75.763% of variance explained. These 3 factors together explain most of the variability, nearly 76% of the variability in the original seven variables, so you can considerably reduce the complexity of the data set by using these 3 factors, with only a 24% loss of information.

TABLE 4: Rotated Component Matrix

	Component 1	Component 2	Component 3
Regular Income	.050	.113	
Capital Appreciation/ Growth in NAV	.884	-.087	.170
Safety of Principal	.447	.439	.555
Professional Management	.738	.228	.140
Choices of receiving Income /Profits	-.062	.897	.175
Accessibility/Affordable Investments	.397	.738	.098
Reputation of MF Company	.672	.448	-.351

Rotated Component Matrix helps you to determine what the factors represent. We conclude that out of the original 10 variables, the above 7 variables are important features considered by investors while investing money in Mutual Funds. Hence, we can say that these factors influence investor's preference towards investing in Mutual Funds. The highlighted part represents the high correlation within the factor column. Further, we divide the variables under each factor column. The bifurcation is explained in the table below.

TABLE 5

The factors that influence investor's preference towards investing in mutual funds are grouped according to their common characteristics.

Component 1(Assistance)	Component 2 (Facilities)	Component 3(Benefits)
Capital Appreciation/ Growth in NAV	Choices of receiving Income /Profits	Regular Income
Professional Management	Accessibility/Affordable Investments	Safety of Principal
Reputation of MF Company		

To study about the preference among Investor's about MF SIP.

Mode of investing in Mutual Funds		
	Frequency	Percent
One time investment	27	38
Systematic Investment Plan (SIP)	44	62
Total	71	100

From the above table, we can say that 62% of the investors prefer Systematic Investment Plan for investing in Mutual Funds.

Reliability Statistics

TABLE 1: Cronbach's Alpha

Reliability Statistics	
Cronbach's Alpha	Number Items of
.850	5

Reliability statistics obtained Cronbach's Alpha value of 0 .850, which indicates a high level of internal consistency for our scale(factors).

TABLE 2: Item Statistics

Item Statistics		
	Mean	**Std. Deviation**
Small and Regular Investments	1.55	.548
Discipline Investment	1.57	.587
Ease of Investing	1.64	.574
Power of Compounding	1.64	.574
Rupee Cost Averaging	1.89	.618

The above factors have been rated on a 4-point Likert scale. On an average, we observe that all the variables have a rating of approximately 2 out of 4. It means that while opting for SIP mode of investment, investors give high importance to every factors mentioned in the above table.

Standard deviation is the measure of how much spread out each observations are from each other or from its mean. The values in the standard deviation column lies between
approximately 0.5 to 0.7, which tells us that the deviation of all the factors is less. That is, it does not much deviates from the mean.

TABLE 3: Correlation Matrix

Inter-Item Correlation Matrix					
	Small and Regular Investments	Discipline Investment	Ease of Investing	Power of Compounding	Rupee Cost Averaging
Small and Regular Investments	1.000	.533	.423	.571	.393
Discipline Investment	.533	1.000	.490	.559	.375
Ease of Investing	.423	.490	1.000	.718	.667
Power of Compounding	.571	.559	.718	1.000	.601
Rupee Cost Averaging	.393	.375	.667	.601	1.000

To have more understanding of the inter-relation among variables, we consider correlation matrix. From the correlation matrix, we can observe that 'Ease of Investing' is highly correlated with 'Power of Compounding' & 'Rupee Cost Averaging', since it is approximately 0.7.

NORMALITY TEST

H_0: The data under consideration is normal

vs

H_1: The data under consideration is not normal

Test Statistics: **Kolmogorov Smirnov Test**

TABLE 1

Demographic Factors		
	Kolmogorov-Smirnov Z	**Asymp. Sig. (2-tailed)**
Gender	4.000	0.000
Age Group	2.266	.000
Education	4.373	0.000
Occupation	3.307	0.000
Monthly Income	3.466	0.000
Family Size	3.187	0.000
Number of Earning Members	2.548	.000
Marital Status	4.741	0.000
Number of children	2.843	.000

TABLE 2

Investment			
	Kolmogorov-Smirnov Z	**Asymp. Sig. (2-tailed)**	**Conclusion**
Savings Account	1.305	.066	Do not reject null hypothesis
Bank Fixed Deposits	2.072	.000	Reject null hypothesis
Post Office Saving Schemes/KVP/NSC	1.443	.031	Reject null hypothesis
PPF/Pension Schemes	1.557	.016	Reject null hypothesis
Bonds/Debentures	1.337	.056	Do not reject null hypothesis
Insurance Policies	1.123	.160	Do not reject null hypothesis
Equity Shares	1.218	.103	Do not reject null hypothesis
Mutual Funds/ELSS/ULIPS	1.282	.075	Do not reject null hypothesis
Bullion (Gold/Silver Ornaments)	1.856	.002	Reject null hypothesis
Real Estate	2.000	.001	Reject null hypothesis

TABLE 3

Investment Objective		
	Kolmogorov-Smirnov Z	**Asymp. Sig. (2-tailed)**
Regular Income	2.902	.000
Capital Appreciation/ Growth in NAV	2.159	.000
Safety of Principal	2.520	.000
Liquidity	2.637	.000
Tax Benefit	3.021	.000
Diversification	3.241	0.000

TABLE 4

	Kolmogorov-Smirnov Z	Asymp. Sig. (2-tailed)
Preferred Mode of investing in Mutual Funds	3.382	0.000

Except for factors in Table 2, p-value for all the factors is less than 0.05, hence we reject H_o. And conclude that the data under consideration is not normal. Hence, we go for Non-Parametric test. Whereas, for the factors in Table 2 whose p-value > 0.05, we do not reject H_o. And conclude that the data under consideration is normal. Hence, we go for Parametric test for these few factors.

Objectives:

To study the factors that influence investor's preference towards investing in Mutual Funds.

⬥ Hypothesis:
Hypothesis 1

H_o: There is no significant difference between the level of satisfaction and preferred mode of investing in Mutual funds.
H_1: There is a significant difference between the level of satisfaction and preferred mode of investing in Mutual funds.

Test Statistics: Mann- Whitney Test

Test Statistics		
	Mann-Whitney U	p-value
Regular Income	494.000	.166
Capital Appreciation/ Growth in NAV	545.500	.529
Safety of Principal	538.500	.463
Liquidity	573.500	.780
Tax Benefit	564.000	.667
Diversification	519.000	.234
Grouping Variable: Preferred Mode of Investing in Mutual Funds		

Interpretation:
- Since p-value > 0.05 for all the variables under consideration, hence we do not reject H_o.
- And conclude that there is no significant difference between the level of satisfaction and preferred mode of investing in Mutual funds.
- In other words, level of satisfaction for different investment objective with respect to preferred mode of investing 'One time investment' and 'Systematic Investment Plan' is almost the same.

Hypothesis 2

H_o: There is no association between demographic factors and their most preferred mode of investing in Mutual Funds.
H_1: There is an association between demographic factors and their most preferred mode of investing in Mutual Funds.

Test Statistics: Chi-square test

Demographic Factors	Preferred Mode		α value	Conclusion
	Pearson Chi-Square	p-value		
Gender	0.1994	0.158	> 0.05	No Significant Association
Age Group	9.227	0.010	< 0.05	Significant Association
Education	6.33	0.729	> 0.05	No Significant Association
Occupation	4.385	0.112	> 0.05	No Significant Association
Monthly Income	0.830	0.842	> 0.05	No Significant Association

Interpretation:

- Since p-value > 0.05 for all demographic factors except Age Group, hence we do not reject H_o for such factors.
- Whereas p-value for Age group = 0.010 < 0.05, hence we reject H_o for this particular demographic factor.

Conclusion:

- We conclude that no association was found between Gender, Education, Occupation, Monthly Income and their preferred mode of investing in Mutual Funds.
- Whereas, there exists an association between Age Group and their preferred mode of investing in Mutual Funds.
- Since only Age Group shows a significant relation with the preferred mode of investing, we can further study the bifurcation of age group w.r.t its preferred mode of investing.

Crosstabulation				
A ge		Preferred Mode of Investing in Mutual Funds		Total
		One time investments	Systematic Investment Plan (SIP)	
21 to 40	Count	2	16	18
	%	11.1%	88.9%	100.0%
41 to 55	Count	8	14	22
	%	36.4%	63.6%	100.0%
Above 55	Count	17	14	31
	%	54.8%	45.2%	100.0%

The bifurcation shows that investors from age group '21 to 40' and '41 to 55' prefers Systematic Investment Plan and investors from age group 'Above 55' prefers 'One time investment', for investing in Mutual Funds.

Hypothesis 3

H_0**:** There is no significant difference between demographic factors and Investment avenues favoured for investment by the investors.
H_1**:** There is a significant difference between demographic factors and Investment avenues favoured for investment by the investors.

Gender Test Statistics:

The test statistics for the variables under consideration is the combination of parametric as well as nonparametric test, as the normality check in Table 2 shows a mixed result. Following output have been obtained by performing t-test and Mann-Whitney test.

Investment avenues favoured for investment by the Investors	Sig.	Decision
Savings Account	.257	
Bank Fixed Deposits	.907	
Post Office Saving Schemes/KVP/NSC	.104	
PPF/Pension Schemes	.069	
Bonds/Debentures	.243	
Insurance Policies	.110	Do not reject the null hypothesis
Equity Shares	.149	
Mutual Funds/ELSS/ULIPS	.862	
Bullion (Gold/Silver Ornaments)	.613	
Real Estate	.885	

Interpretation:

Since p-value > 0.05, we do not reject the null hypothesis. Hence, we conclude that there is no significant difference between gender and funds favoured for investment by the investors. In this case, a statistical significant difference between the funds favoured by male and female was not found. In other words, the funds favoured for investment by male and female is statistically somewhat similar.

Age Group

Test Statistics:

The test statistics for the variables under consideration is the combination of parametric as well as nonparametric test.
Here, we have divided the analysis in 2 parts:
1) **TABLE 1** indicates which gender carries highest weightage, in terms of different favourable funds.
2) **TABLE 2** gives the decision on whether this difference in mean ranks is significant or not. By considering the significant values, the decision of whether we have enough evidence to reject H_0 (Null Hypothesis) or not to reject H_0 (Null Hypothesis) can be taken.

TABLE 1:

Funds favoured for investment by the investors	Age Group	Mean/ Mean Ranks
Savings Account	21 to 40	5.22
	41 to 55	4.56
	Above 55	3.71
Bank Fixed Deposits	21 to 40	48.39
	41 to 55	41.90
	Above 55	27.63
Post Office Saving Schemes/KVP/NSC	21 to 40	7.17
	41 to 55	5.88
	Above 55	5.77
PPF/Pension Schemes	21 to 40	43.78
	41 to 55	36.14
	Above 55	34.95
Bonds/Debentures	21 to 40	37.22
	41 to 55	36.54
	Above 55	38.44
Insurance Policies	21 to 40	5.00
	41 to 55	4.76
	Above 55	6.45
Equity Shares	21 to 40	4.61
	41 to 55	4.88
	Above 55	5.84
Mutual Funds/ELSS/ULIPS	21 to 40	2.83
	41 to 55	5.20
	Above 55	5.06
Bullion (Gold/Silver Ornaments)	21 to 40	29.00
	41 to 55	42.24
	Above 55	38.61
Real Estate	21 to 40	38.25
	41 to 55	35.90
	Above 55	38.35

Interpretation:

The above table indicates funds favoured for investment by each group. In other words, we can say that it shows the difference between each age group and their preference.

Table 2 will now decide on whether this difference in mean/ mean rank is significant or not.

TABLE 2:

Funds favoured for investment by the investors	Sig.	Decision	Difference
Savings Account	.156	Do not reject the null hypothesis	
Bank Fixed Deposits	.002	Reject the null hypothesis	The difference is statistically significant
Post Office Saving Schemes/KVP/NSC	.125	Reject the null hypothesis	
PPF/Pension Schemes	.348	Do not reject the null hypothesis	
Bonds/Debentures	.944	Do not reject the null hypothesis	
Insurance Policies	.019	Reject the null hypothesis	The difference is statistically significant
Equity Shares	.264	Do not reject the null hypothesis	
Mutual Funds/ELSS/ULIPS	.007	Reject the null hypothesis	The difference is statistically significant
Bullion (Gold/Silver Ornaments)	.119	Do not reject the null hypothesis	
Real Estate	.893	Do not reject the null hypothesis	

Interpretation:

For the funds whose p-value > 0.05, we do not reject the null hypothesis and conclude that there is no significant difference between age group and funds favoured for investment by the investors. In this case, a statistical significant difference between the funds favored by investors and different age group was not found. In other words, the funds favoured for investment by investors and different age groups are statistically somewhat similar.

For the funds whose p-value < 0.05, we reject the null hypothesis and conclude that there is a significant difference between age group and funds favoured for investment by the investors. In this case, a statistical significant difference between the few funds favored by investors and their different age group was found. Hence, we take into account only those variables where significant difference is found. For Homogeneous groups, we consider Mean for and for non-homogeneous groups, we consider Mean Ranks for comparison.

	Funds favoured for investment by the investors	Age Group	Mean(Average)
Homogeneous Groups (Parametric)	Insurance Policies	21 to 40	5.00
		41 to 55	4.76
		Above 55	6.45
	Mutual Funds/ELSS/ULIPS	21 to 40	2.83
		41 to 55	5.20
		Above 55	5.06
	Funds favoured for investment by the investors	**Age Group**	**Mean Ranks**
Non-Homogeneous Groups (Non Parametric)	Bank Fixed Deposits	21 to 40	48.39
		41 to 55	41.90
		Above 55	27.63

Taken into consideration are the variables which showed significant difference. The highlighted part gives the age group with highest mean/highest mean rank. Funds like 'Insurance policies' is favoured by age group 'Above 55', funds like 'Mutual Funds/ELSS/ULIPS' is favoured by age group '41 to 55' and funds like 'Bank Fixed Deposits' is favoured by age group '21 to 40'.

6. Recommendations:

☐ Mutual funds play an important role in fostering a stable capital market and in rising liquidity on the money market. Based on the analysis, it is clearly learnt that demographic factors have significant difference on mutual fund investment. Hence, it is recommended for the mutual fund companies to design the scheme according the investors' age, income level, education and gender.

☐ Based on descriptive statistics, it is found that investors' perception and preference towards mutual fund investment is at moderate level. This may because of inefficiency of investors in procurement of adequate and timely market information. Hence, it is suggested for mutual fund companies to provide valuable information about schemes and offer clear picture of technical and fundamental analysis of the companies and market movements in a simple language.

☐ With an objective to enhance the positive perception of the investors towards Mutual Fund investments, it is suggested that the Mutual Fund companies and SEBI should provide awareness programs including mutual fund's benefits and schemes.

☐ Individuals utilize systematic investing plans, wherein they contribute to mutual funds, trading accounts, or retirement accounts on a regular basis. With SIP, investors can take advantage of the long-term benefits while saving consistently with a little initial investment. SIPs offer a multitude of advantages to investors. The first and most obvious advantage is that there is minimal work involved once you decide how much and how often to invest. You merely need to ensure that the funding account has adequate funds to cover your contributions, as many SIPs are funded automatically. To avoid the disadvantages of withdrawing a large lump sum all at once, it also lets you use a little amount. The majority of individuals favor monthly SIP,

particularly those with salaries, so that they can easily and quickly transfer the SIP money from their bank account to the mutual fund schemes of their choice when they get their monthly paycheck.

7. Conclusion

According to the findings of this investigation, a mutual fund systematic investment plan, or SIP, is a growth strategy that is based on a month-to-month basis. It involves a finnancial planner, investing a certain amount in common assets on predetermined dates, each month. This ensures that the venture is shaped regularly, disregarding showcase conditions, and protects the financial planner from market volatility. Taste is cultivated specifically for those who must, over time, make modest but steady contributions to a mass abundance. It discourages market timing and guesswork and instills a habit of regular savings. Small financial particpants who must enter the capital market through an organized contributing mechanism would find the examination helpful.

SIP has disadvantages like any other investing strategy, but overall, it appears to be among the best long-term investment solutions available, especially for those who are new to the financial markets. A systematic investment plan (SIP) is the most successful strategy in the market right now. Small investors can make multiples of 500, 1000, 1500, 2000, and so forth on a monthly or quarterly basis in various equity and debt instruments. It also has a poor risk tolerance. A small investor may profit from volatility (ups and downs) if they make regular investments. In the current downturn, SIP investment returns are far superior to ONE TIME INVESTMENT returns.

Benefits: Mutual Funds have emerged with lot of benefits namely liquidity, diversification, tax benefits variety and flexibility of schemes. Types of Investors: It satisfies the requirements of all type and level of investors' to greater extent. Unlike investment in equity shares, moderate knowledge is sufficient to invest in mutual fund investment (Bajracharya, R.B., & Mathema, S.B., 2017). Demographics: Age group of majority of Investors being above 55 years, more stress is on safety and low risk. Mutual fund provides reasonable protection to investors. Preferred Schemes: Among various MF schemes available the most preferred by the Investors are Equity/Growth, Liquid and Tax Saving Schemes and preferably in an SIP mode.

Intervention by Mutual Fund Industry: More initiatives to be taken by mutual fund companies in providing valuable and reliable information about mutual funds to equip the understanding and preference of investors on mutual fund investments.

Limitations: Sample was drawn only from the city of Mumbai.

Managerial Implications: The research findings indicate that there is scope for further growth of mutual fund industry and highlights the issues the Industry must focus on.

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