How Masculinity can affect the Patron Decision while Investing in Mutual Funds with Evidence to Moradabad?

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ABSTRACT

The concept of mutual funds is generated in 18 century. It has become important investment instrument for many patrons. As it, provides a wide range of diversification within its products. Mutual funds, on Indian Securities markets have become a significant mechanism of price discovery, portfolio diversification and risk hedging in recent times. Knowing the perception of mutual fund patron can help these institutions to market their schemes in a better way. Many patrons understand that investing in the securities market can help put them on the path to their financial objective and what is the best time to be in investment. In this study we want to the gender differentiation while investing in mutual funds with special reference to B class cities line Moradabad (UP) and also the best phase of investment in it. Study includes time factor and awareness factor for ascertaining the view of investor.

1. Introduction

From past scenario it is been observed and analyzed that the growth of Mutual Funds is very slow and steady. The concept of mutual funds was generated in Netherlands in the 18 century and later one move to Switzerland Scotland and US in 19 century. Main role of mutual funds is to provide the diversified investment portfolio to investor. With the passage of time idea developed and people received more and more choices of diversified portfolio. Mutual funds were introduced in India in 1960. And credit belongs to Unit Trust of India (UTI). After two decades of UTI monopoly some public sector organizations like LIC (1989), GIC (1991), SBI (1987), Can Bank (1987), and India Bank (1990) have been permitted to set up mutual funds.

A mutual fund is a trust that pools the saving of the investor who shares the financial goal. According to the process money is collected and invested by the fund manager in different types of securities depending upon the objective of the scheme. That can vary from Equity funds to hybrid funds to Debt Funds and a New Addition Tax Saving funds. The methods and ways of selling these funds also changed with time.

Mutual funds are the most suitable investment for the common person as it offers an opportunity to invest in a diversified, professionally managed portfolio at a relatively low cost. Every Mutual fund scheme has a define investment objective and strategy. Expert says the growth of mutual funds has not stopped and it will evolve to a better future where the patron will get newer opportunity.

A success of any industry is determined by the market performance of its stock. It's the human tendency we only opt for those thing which profitable for US. So as investor, believes to invest only in those companies who provide maximum gain or profitability. Earlier, patrons were having limited avenues to invest their money, but with the passage of time patron get new platform with large no of opportunities provided by the different companies.

This is the result of combined efforts of the brokerage houses and the fund managers who come to one's rescue by educating the patron and making them aware of the mutual fund schemes by different modes of promotion

The important characteristics of mutual funds are

1. Patron purchase mutual fund shares from the fund itself (or through a broker for the fund) instead of from other patron on a secondary market, such as the New York Stock Exchange or Nasdaq Stock Market.

2. The price that patron pay for mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads)

3. Mutual funds generally create and sell new shares to accommodate new patron. In other words, they sell their shares on a continuous basis, although some funds stop selling when, for example, they become too large.

4. The investment portfolios of mutual funds typically are managed by separate entities known as

"Investment advisers" that are registered with the SEC.

2. Review of Literature

A number of studies have been made on the working of Mutual Fund industry. Many of them are general topics like study of operations, growth and development of Mutual Funds, perceptual views of investors on Mutual Funds.

In this sequence, Nalini Prava Tripathy (2006)1 in her empirical study "Market Timing Abilities and Mutual Fund Performance- An Empirical Investigation into Equity Linked Saving Schemes" evaluated the market timing abilities of Indian Fund managers of thirty-one tax planning schemes in India over the period December, 1995 to January, 2004 by using Jensen and Mazuy Model and Henriksson and Merton model.

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The study indicates that the Fund managers have not been successful in reaping returns in excess of the market; rather they are timing the market in the wrong direction.

P. Hnaumantha Rao and Vijay KR. Mishra (2007) in their article "Mutual Fund: A Resource Mobiliser in Financial Market" made a critical study of the role performed by Mutual Funds as a financial service in Indian Financial Market.

Gajendra Sidana and Debashis Acharya (2007)3 in their article "Classifying Mutual Funds in India: Some Results from Clustering" made an attempt to classify hundred Mutual Funds employing cluster analysis and using a host of criteria like the 1 year annualized return, 3 year annualized return, 5 year annualized return, alpha, beta, R-squared, Sharpe's ratio, mean and Standard deviation etc.

S.K Miglani (2007)4 in his study made an attempt to understand the Mutual Fund industry and its implications on the common investors on one hand and its returns and performance on the other. An analysis was made on the perceptual views of investors in "Investment Decision Making: An empirical study of perceptual View of Investors" by Yesh Pal Davar and Suveera Gill (2007)5. The results of this study suggest that investor's preferences are supposedly related to the actual performance of investments and the same is taken into account while forming an opinion about making future investment decision.

In their study entitled "A study on Investors perception towards Mutual Fund investments", S. Sudalaimuthu and P. Senthil Kumar (2008)6 was concentrated on highlighting the investor awareness and preference in Mutual Fund schemes, factor that influences the investor in selecting Mutual Fund scheme, the level of satisfaction on the investment of Mutual Fund, problems faced by Mutual Fund investors and the investment objectives, preference among Fund types (balanced, growth, dividend etc.).

An Empirical Study of "Indian Individual Investors' Behaviour" by Syed. Tabassum Sultana (2010)7 was an attempt to know the profile of the investors and also to know their characteristics so as to know their preference with respect to their investments. The study also tried to unravel the influence of demographic factors like gender and age on risk tolerance level of the investors.

3. Research Objectives

1. To analyses the effect of investor's gender on mutual fund investment in Moradabad region

4. Hypothesis

Here the following assumptions are proposed to measure the satisfaction level of employees.

Null hypothesis

1. H_0 : Gender plays a positive impact on the investment of mutual funds by the investor.

2. H_0 : Investors are satisfied with Mutual funds returns.

Alternate hypothesis

1. H_1 : Gender plays a negative impact on the investment of mutual funds by the investor.

2. H_1 : Investor are not satisfied with mutual funds returns.

5. Research methodology

Instrument of survey: We have taken questionnaire as an instrument of survey. This questionnaire contains the questions related to the impact of gender on investors while investing in mutual funds. Primary data is collected through questionnaire and secondary data is collected through various magazines, internet and books.

Sampling method: Data collected for this study is comprises through convenient and random sampling.

Sampling unit: Sampling unit covers the Professional Male and female Investors.

Sample size: 150 investor of different profession

Sampling area: Survey has been conducted in Moradabad region.

Statistical tools and technique: Chi square test is applied in testing the hypothesis

6. Analysis of Data

These questions are designed to judge the satisfaction level and cover all aspects that relate to the investment in Mutual funds. The analysis of each part covers the questionnaire response, chi square test to evaluate hypothesis and interpretation.

1. Gender of Respondents

Male	112
Female	38
Total	150

2. Familiarity with Mutual funds

a. Questionnaire response table

	Male	Female	Total
Yes	81	35	116
No	31	3	34
Total	112	38	150

b.Chi square test

Fo	Fe	fo-fe	(fo-fe)^2	[(fo-fe)^2]/fe
81	86.61	-5.61	31.51	0.363795156
35	29.39	5.613333333	31.51	1.072238355
31	25.39	5.613333333	31.51	1.241183473
3	8.61	-5.613333333	31.51	3.658224974
150				6.335441958

X^2cal $=\sum(O-E)^2/E= 6.335$

Degree of freedom (df)= (R-1)(C-1)

            = (2-1)(2-1)

            df= 1

Table value of = 3.841

The table value of X^2 for 1 degree of freedom at 5 percent level of significant is 3.841. Comparing calculated value with table value of X^2, calculated value is more than table value. Therefore null hypothesis is selected and alternate hypothesis is rejected.

b.Interpretation

The above information indicates that among 150respondent, 122 respondent were familiar with mutual funds while 28are not.

3. Income Group of Investors

Questionnaire response table

	Male	Female	Total
HIG	39	21	60
LIG	73	17	90
Total	112	38	150

b. chi square test

Fo	Fe	fo-fe	(fo-fe)^2	[(fo-fe)^2]/fe
39	44.80	-5.80	33.64	0.750892857
21	15.20	5.8	33.64	2.213157895
73	67.20	5.8	33.64	0.500595238
17	22.80	-5.8	33.64	1.475438596
150				4.940084586

X^2cal $=\sum(O-E)^2/E= 4.94$

Degree of freedom (df)= (R-1)(C-1)

            = (2-1)(2-1)

            df= 1

Table value of = 3.841

The table value of X^2 for 1 degree of freedom at 5 percent level of significant is 3.841. Comparing calculated value with table value of X^2, calculated value is more than table value.

Therefore null hypothesis is selected and alternate hypothesis is rejected.

c. Interpretation

The above information indicates that, in our research sample major group of investor was Lower income group around 73 Males, 17 Females, where as high income group includes only 39Males and 21 Females

Sources of Information

a. Questionnaire response table

	Male	Female	Total
Agents	33	8	41
Direct From Company	11	5	16
Distribution House	8	6	14
Friends	11	10	21
Newspaper & Magazines	49	9	58
	112	38	150

b. Chi square test

Fo	Fe	fo-fe	(fo-fe)^2	[(fo-fe)^2]/fe
33	30.61	2.39	5.70	0.186068525
8	10.39	-2.38667	5.70	0.548412495
11	11.95	-0.94667	0.90	0.075014881
5	3.55	1.45	2.11	0.595538847
8	10.45333333	-2.45333	6.02	1.405034748
6	3.546666667	2.453333	6.02	1.697042607
11	15.68	-4.68	21.90	1.396836735
10	5.32	4.68	21.90	4.116992481
49	43.30666667	5.693333	32.41	0.748477011
9	14.69333333	-5.69	32.41	7.959348834
150				9.364383582

X^2cal $=\sum(O-E)^2/E = 9.364$

Degree of freedom (df)$= (R-1)(C-1)$

$\qquad\qquad\qquad = (5-1)(2-1)$

$\qquad\qquad$ df $\quad = 4$

Table value of $= 9.487$

The table value of X^2 for 4 degree of freedom at 5 percent level of significant is 9.487. Comparing calculated value with table value of X^2, calculated value is less than table value. Therefore null hypothesis is rejected and alternate hypothesis is selected.

c. Interpretation

The above information states an interesting analysis that 49 males invests in Mutual Fund considering their main source of information is newspapers and magazines whereas female source is friends.

5. Scheme Preference

a. Questionnaire response table

	Male	Female	Total
Debt	53	19	72
Equity	38	10	48
Hybrid	21	9	30
Total	112	38	150

b. Chi Square Test

Fo	Fe	fo-fe	(fo-fe)^2	[(fo-fe)^2]/fe
53	53.76	-0.76	0.58	0.010744
19	18.24	0.76	0.58	0.031667
38	35.84	2.16	4.67	0.130179
10	12.16	-2.16	4.67	0.383684
21	22.40	-1.4	1.96	0.0875
9	7.60	1.4	1.96	0.257895
150				0.901668

X^2cal $=\sum(O-E)^2/E$ $\qquad = 0.9016$

Degree of freedom (df) $\qquad = (R-1)(C-1)$

$\qquad\qquad\qquad\qquad = (3-1)(2-1)$

$\qquad\qquad$ df $\qquad = 2$

Table value of $= 5.991$

The table value of X^2 for 2 degree of freedom at 5 percent level of significant is 5.991. Comparing calculated value with table value of X^2, calculated value is less than table value. Therefore null hypothesis is rejected and alternate hypothesis is selected.

C. Interpretation

From the above information 53 males invest in debt funds as they are safer and secure so as females and only 21 and 9 males and females respectively invest in hybrid

6. Plan Preferences

a. Questionnaire response table

	Male	Female	Total
Growth option	98	25	123
Dividend Option	14	13	27
Total	112	38	150

b. Chi Square test

Fo	Fe	fo-fe	(fo-fe)^2	[(fo-fe)^2]/fe
98	91.84	6.16	37.95	0.413170732
25	31.16	-6.16	37.95	1.217766367
14	20.16	-6.16	37.95	1.882222222
13	6.84	6.16	37.95	5.547602339
150				9.06076166

X^2cal $=\sum(O-E)^2/E$ $\qquad =9.06$

Degree of freedom (df) $\qquad =(R-1)(C-1)$

$\qquad\qquad\qquad\qquad = (2-1)(2-1)$

$\qquad\qquad$ df $\qquad = 1$

Table value of $= 3.84$

The table value of X^2 for 1 degree of freedom at 5 percent level of significant is 3.841. Comparing calculated value with table value of X^2, calculated value is more than table value. Therefore null hypothesis is selected and alternate hypothesis is rejected.

C. Interpretation

The above information states that among 150 respondent 98 males and 25females invest with the growth option and rest 14and 13 males and Females respectively invest in dividend option.

7. Return Perception

a. questionnaire response table

	Male	Female	Total
Satisfied	96	31	127
Non-satisfied	16	7	23
Total	112	38	150

b.Chi Square test

Fo	Fe	fo-fe	(fo-fe)^2	[(fo-fe)^2]/fe
96	94.83	1.17	1.38	0.014518185
31	32.17	-1.17333	1.38	0.042790441
16	17.17	-1.17333	1.38	0.080165631
7	5.83	1.173333	1.38	0.236277651
150				0.373751908

X^2cal $=\sum(O-E)^2/E$ $\qquad = 0.0373$

Degree of freedom (df) $\qquad = (R-1)(C-1)$

$\qquad\qquad\qquad\qquad = (2-1)(2-1)$

$\qquad\qquad$ df $\qquad = 1$

Table value of $= 3.84$

The table value of X^2 for 1 degree of freedom at 5 percent level of significant is 3.841. Comparing calculated value with table value of X^2, calculated value is less than table value. Therefore null hypothesis is rejected and alternate hypothesis is selected.

c. Interpretation

The above information indicate that among 50 respondent 96 Males and 31Females were satisfied with their mutual funds company while 16 and 7 Males and Female

respondent were not satisfied with their preference of their asset management company.

8. Investment Objective

a. Questionnaire response table

	Male	Female	Total
Risk	56	8	64
Return	12	8	20
Tax	27	16	43
Liquidity	17	6	23
Total	112	38	150

b. Chi square test

Fo	Fe	fo-fe	(fo-fe)^2	[(fo-fe)^2]/fe
56	47.79	8.21	67.46	1.411666667
8	16.21	-8.21333	67.46	4.160701754
12	14.93	-2.93333	8.60	0.576190476
8	5.07	2.93	8.60	1.698245614
27	32.11	-5.10667	26.08	0.812231451
16	10.89	5.11	26.08	2.393945328
17	17.17	-0.17333	0.03	0.001749482
6	5.83	0.173333	0.03	0.005156369
150				11.05988714

X^2cal $= \sum(O-E)^2/E$ $= 11.059$

Degree of freedom (df) $= (R-1)(C-1)$

$= (4-1)(2-1)$

df $= 3$

Table value of $= 7.814$

The table value of X2 for 1 degree of freedom at 5 percent level of significant is 3.841. Comparing calculated value with table value of X2, calculated value is more than table value. Therefore null hypothesis is selected and alternate hypothesis is rejected.

c. Interpretation

This was the main objective which goes first rank in questionnaire filled by investors. The above information indicates that around 56 Males are risk seeker and 27 and 16 Males and Females respectively are risk averse i.e. they invest for Tax purpose.

9.Timing of Investment

A. questionnaire response table

	Male	Female	Total
NFO Period	78	24	102
Running Schemes	34	14	48
Total	112	38	150

B. Chi Square Test

Fo	Fe	fo-fe	(fo-fe)^2	[(fo-fe)^2]/fe
78	76.16	1.84	3.39	0.044453782
24	25.84	-1.84	3.39	0.131021672
34	35.84	-1.84	3.39	0.094464286
14	12.16	1.84	3.39	0.278421053
150				0.548360792

X^2cal $= \sum(O-E)^2/E$ $= 0.5483$

Degree of freedom (df) $= (R-1)(C-1)$

$= (2-1)(2-1)$

df $= 1$

Table value of $= 3.841$

The table value of X2 for 1 degree of freedom at 5 percent level of significant is 3.841. Comparing calculated value with table value of X2, calculated value is less than table value. Therefore null hypothesis is rejected and alternate hypothesis is selected.

C. Interpretation

The above analysis states that 78 male's investors prefer to invest in mutual fund during new funds offer and there are less no of females to invest in different schemes.

10. Annually Investment of Investors

a. Questionnaire Response Table

	Male	Female	Total
0-50,000	77	22	99
50,001 -1 lakh	22	10	32
1,00,001- 3 lakh	8	4	12
3,00,001- 5 lakh	5	2	7
Above 5 lakh	0	0	0
Total	112	38	150

b. Chi Square Test

Fo	Fe	fo-fe	(fo-fe)^2	[(fo-fe)^2]/fe
77	73.9	3.08	9.49	0.128
22	25.1	-3.08	9.49	0.378
22	23.9	-1.89	3.58	0.150
10	8.1	1.89	3.58	0.442
8	9.0	-0.96	0.92	1.099
4	3.0	0.96	0.92	0.303
5	5.2	-0.23	0.05	0.010
2	1.8	0.23	0.05	0.029
				0.342

X2cal $= \sum(O-E)2/E$ $= 0.342$

Degree of freedom (df) $= (R-1)(C-1)$

$= (5-1)(2-1)$

df $= 4$

Table value of $= 9.487$

The table value of X^2 for 1 degree of freedom at 5 percent level of significant is 3.841. Comparing calculated value with table value of X^2, calculated value is more than table value. Therefore null hypothesis is selected and alternate hypothesis is rejected.

c. Interpretation

The above information indicates that 77 males invest according to their savings and disposable income and it represent that majority of annual investment is around Rs. 50000.

8. Conclusion

The present study helps in analyzing the mutual funds effects on investor investment behavior.

The study includes investors perception and opinion regarding the mutual funds its focus on various issues like types of mutual funds schemes, level of satisfaction, role of financial advisors and broker, source of information, etc. this study also focus on gender differentiation and its effect on their investment decision. Analyses include that male respondent are more aware about the mutual funds scheme as compare to females respondent. Today mutual funds companies need to focus on females investors and try to convert the potential investors into the reality investor. New and more innovative schemes should be launched from time to time so that investor's confidence should be maintained. All this will lead to the overall growth and development of the mutual fund industry.

9. Recommendations

❖Mutual funds Company should focus on female investor and should provide awareness program to them.

❖Companies should provide an investment security to the investors specially with respect to female investors.

10. Limitations of the study

❖The study is confined to limited investor's i.e.150 patrons of the Moradabad. It was very tough to cover the entire Moradabad region.

❖Some respondents were not providing their actual feedback about their investment because of fear. They might be assuming that data can be used for some other purposes.

❖Most of the respondent had not responded at expected level.

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