A Study on Mutual Funds as Investment Preference of Women Employees of Selected Psus in Bangalore

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Abstract:
Investment are important decision which impact on life of investors. proper knowledge about the different tools for investment, risk and return associated with each investment tools and reasons for investment are important factors to be considered for investment decisions. Is investment for higher return or consistent moderate return? If yes are you ready for bear the risk associated with such investment, as there is a saying “nothing comes without risk for free” same goes for the returns on investment, every investment whether it is equity shares, precious metals, mutual funds or real estate, has some part of risk associated with it, an investor should be patient to reap the benefit of investment.

This paper examines women employees Investment preference of mutual funds as women are the best decision makers for matters related to finance, they consider investment for safety and security of family, they prefer low risk and consistent returns for their investment, every investment decisions made by them are influenced by their family and friends which may be both positive or negative, final investment decision made by them are for returns associated with them that is the main reason why women investors prefer mutual funds for investment as the funds and risk is diversified.

Keywords: Investment decisions, Investment avenues, mutual funds, investment preference.

Introductions:
Investment is allocation of an funds to attain an increase in its value over a period of time. the main aim of investment is to generate a return from the invested asset, investment may generate income in 2 ways.
1. If you invest in saleable asset, you win earn income by the way of profit on sale of the asset.
2. If an investment is made in return generating plan, then the investor will earn an income by accumulation of gains. Investment can be made in Financial assets such as stock, bonds, mutual funds, govt schemes etc. and Non-Financial/ Physical assets such as real estate, precious metals, artifacts, etc.

As investment is oriented towards the potential for future growth or income, a certain level of risk is always associated with an investment, there is always profitability of gaining/ losing through investment.

An investment may not generate any income or may actually lose its value over time.

There is huge difference between saving and investment, savings is accumulating money for future use and entails no risk whereas investment is act of leveraging money for future growth with some level of risk.
Reasons for investment:

Mutual funds as an investment preference:
Mutual fund is an avenue of investment in the form of trust where money mobilised from various investors who share a common investment objective is pooled and invested in securities like bonds, equity and short term debt. An important feature of a mutual fund is that it is managed by an asset management company and is overseen by a professional fund manager. The one important advantage of this form of investment is that an investor is able to invest in the financial market under the supervision of a qualified professional manager while having access to wider range of investment options which would difficult to access for individual investors.

KEY PARTICIPANTS IN MUTUAL FUND INDUSTRY:

- **SPONSOR**: Sets up a mutual fund, he is like promoter of a company.
- **TRUSTEE**: Hold the property of the fund for the benefit of the unitholder.
- **ASSET MANAGEMENT COMPANY**: AMC manages the funds by making investment in various securities
- **CUSTODIAN**: Holds the securities of various schemes of funds in its custody.
- **SUBSCRIBERS**: Investors who invest in various financial instruments.
- **REGISTRAR OR TRANSFER AGENTS**: Agent between the investors and mutual fund houses.
- **FUND MANAGER**: He is a person who oversees the activities of mutual fund.
- **FUND ACCOUNTANT**: He is responsible for day to day accounting of one or more assigned mutual funds.
MUTUAL FUND SCHEMES:

How can mutual funds be priced:
The mutual fund value completely depends on the performance of the securities in which it is invested. When buying a unit of mutual fund an investor is buying the performance of its portfolio or a part of the portfolio’s value. Investing in mutual fund is different from investing in stock. Unlike stock holders, mutual fund holders do not give their holders any voting rights. A share of a mutual fund represents investments in many different stocks or securities of different companies. The price of a mutual fund share is the net asset value (NAV) per share, it can also be expressed as NAVPS. A fund's NAV is derived by dividing the total value of the securities in the portfolio of holder by the total amount of shares outstanding. Outstanding shares are those shares which are held by all the shareholders, institutional investors, and company officers or insiders. Mutual fund shares can be purchased or can be redeemed at the fund's current NAV, which doesn't fluctuate anytime during market hours, but it is settled at the end of each trading day. The price of a mutual fund will be updated when the NAVPS is settled. The average mutual fund holds different types of securities, which helps mutual fund holders gain diversification. Consider an investor who buys only Reliance stock and depends on the success of the company's earnings as all of their funds are tied to one company, gains and losses depends mostly on the company's success. In a mutual fund the holder may hold Reliance in its portfolio where the gains and losses of that one stock are offset by gains and losses of other companies shares within the fund.

How can returns be calculated for Mutual Funds?
When an investor buys Google stock, they are buying partial ownership and a share of the company. A mutual fund holder is buying partial ownership of the mutual fund and its assets. Mutual fund holders earn a return from a mutual fund in three ways, quarterly or annual basis: Income is earned from dividends on stocks held and interest on bonds held in the fund's portfolio and pays out all of the income it receives over a year to fund holders in the form of a distribution. Funds usually give investors a option either to receive a cheque for distributions or to reinvest the earnings in purchasing additional shares of the mutual funds. If the fund sells securities that has increased in price, the fund realizes capital gain, which most of the funds pass on to investors in the form of distribution. When the fund's shares price increase, the fund holders sell their mutual fund shares for a profit in the market.
Fees of Mutual Fund:
Every mutual fund has annual operating fees or shareholder fees. Annual fund operating fees are annual percentage of the funds under management ranging from 1–3%, it is also known as the expense ratio. A fund's expense ratio is the summation of the management or advisory fee and also its administrative costs. Shareholder fees are commissions, redemption fees and sales charges, it is paid directly by investors when selling or purchasing the funds. Sales charges and commission are known as "the load" of a mutual fund. Fees are assessed when shares are purchased and mutual fund has a front-end load. Mutual fund fees are assessed when an investor sells their shares it has a back-end load, at times an investment company offers a no-load mutual fund which doesn't carry any commission and sales charge. These funds are distributed to fund holder directly by an investment company not through the second party. Some funds charge fees and penalties for early withdrawals or selling the holding before maturity period.

Advantages of Mutual Fund Investing:

Diversification: Diversification are the mixing of investments and assets in a portfolio to reduce risk, it is one of the important advantages of investing in mutual funds.

Easy Access: Trading on the major stock exchanges, mutual funds can be bought and sold with relative ease, making them highly liquid investments.

Economies of Scale: Mutual funds also provide economies of scale by forgoing numerous commission charges needed to create a diversified portfolio.

Professional Management: A professional investment manager uses careful research and skillful trading.

Transparency: Mutual funds are subject to industry regulation that ensures accountability and fairness to investors.

Disadvantages of Mutual Fund Investing:

Liquidity, diversification, and professional management all make mutual funds attractive options, however, mutual funds have drawbacks too.

No Guarantees: Like many other investments without a guaranteed return, there is always the possibility that the value of your mutual fund will depreciate.

Cash Drag: Mutual funds require a significant amount of their portfolios to be held in cash to satisfy share redemptions each day.

High Costs: Mutual funds provide investors with professional management, but fees reduce the fund's overall payout, and they're assessed to mutual fund investors regardless of the performance of the fund.
Commonly asked question on mutual funds:

Review of Literature: The most important factor considered by women entrepreneur investment decision are risk and returns, as most of the women investors prefer safe and stable return on their investment.

Sunderajansourirajan, subhashree Natarajan (2021): This paper highlights the dumb money effect of Indian retail mutual fund investors, who chase funds which underperform, the result of the study suggest that the retail investors trade with poor timing and lack of fund selection skills even with the availability of expert professional fund managers.

Pattabiraman, Ramachandran, prof. Gowri prabhu, Dr. WM vechalekar (2020): Mutual funds are safer mode of investment compare to other investment avenues like equity, bonus, etc. it is a platform for common investors to participate in Indian capital market, there are varieties of mutual funds available for Indian investors but due to lack of knowledge the investor are not aware of benefits of investing in mutual funds, this paper throw light on factors affecting perception of investors regarding investment in mutual funds.

Varun Sagar singal and Dr. Rishi Manrai (2018): In this paper the author discuss about investors perception cites a significant impact on the investment decision making process, it is important to understand few factors such as level of awareness, impact of date of inception of funds which play a significant role in guiding the investment decision of retail investors.

Arathy B, Aswathy A Nair, Anju Sai P (2015): Mutual fund provides platform for the investors to participate in the Indian capital market and lack of awareness among the investors hinder them from ripping the benefits of investing in the mutual funds, in this study the author studies the various factors stopping the investors in investing in mutual funds and identify various factors effecting the attitudes of retail investors to invest in mutual funds.

Ms. Shilpi pal, prof. Arti Chandani (2014): In this paper the author has used various statistical tools to evaluate the performance of a few selected income and debt mutual funds schemes of India on the basis of their daily NAV.

Research Methodology:

Research design: A study follows descriptive research methodology based on which a questionnaire was constructed and administered to women employees of selected PSU in Bangalore.

Sampling Technique: The convenient sampling technique is adopted for the study.

Sampling Units: Women employees of selected PSU of Bangalore are the sampling units for study.
Sampling size: 20 women employees of selected PSU are selected conveniently as respondents for the study.

**Tools for data collection:** A structured questionnaire with open and close ended questions for collection of data was prepared.

**Sources of data collection:**
- **Primary source:** Direct responses were collected from the respondents through questionnaire.
- **Secondary source:** Journals, Books and Google search were used for collecting secondary data.

**Research Objectives:**
- To know the factors that influence investment decision of women employees of selected PSU in mutual funds.
- To explore the reasons for investment in mutual funds made by women employees of selected PSU.
- To find which mutual fund women employees of selected PSU prefer the most for investment.
- To determine level of financial literacy and its influence on investment decision in mutual funds of women employees of selected PSU.

**Research Problem:**
In India, women investors have minimum knowledge about the mutual funds as safe investment tool because of which women prefer traditional method of investment i.e. investments in precious metals, real estate, chit funds, the return on such investment is low when compare to investments on mutual funds. This study is an attempt to know the mutual funds as women investors preference for investment, risk bearing capacity of women employees of selected PSU, factors influencing investment decisions of women employees of selected PSU and to know the level of financial literacy they possess on mutual funds.

**Perception of women employees of PSU on Investment decision in Mutual funds:**

**Table 1: Knowledge about mutual funds:** Most of the women employees of PSUs have moderate knowledge about investment avenues as most of the investments are done by male of family, about 35% of them have very little knowledge about investments in mutual funds, and without basic knowledge about mutual funds it will be difficult to make any decision regarding investments in mutual funds.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>No. of respondents</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Little</td>
<td>07</td>
<td>35</td>
</tr>
<tr>
<td>Moderate</td>
<td>10</td>
<td>50</td>
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<tr>
<td>Extensive</td>
<td>03</td>
<td>15</td>
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Table 2: Mutual Fund as Preferred Investment Avenues

Women employees of PSUs prefer precious metals and real estate for investments as it is safest and give high returns, about 45% of women entrepreneurs go for precious metals as it is conventional and also preferred investment tool over generations, precious metals are most liquid asset which is also one of the important reason to invest..

<table>
<thead>
<tr>
<th>Particulars</th>
<th>No. of respondents</th>
<th>percentage</th>
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<tbody>
<tr>
<td>Mutual funds</td>
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<td>15</td>
</tr>
<tr>
<td>Real estate</td>
<td>07</td>
<td>35</td>
</tr>
<tr>
<td>Precious metals</td>
<td>09</td>
<td>45</td>
</tr>
<tr>
<td>All of the above</td>
<td>01</td>
<td>5</td>
</tr>
</tbody>
</table>

Mutual funds as preferred investment tool
Table 4: Women employees of PSUs Investment preference of mutual funds bearing risk and return.

Women investors are risk averse they prefer low risk for return, about 70% of investors never want to take risk even if there are returns associated with it, about 30% of women investors take moderate risk for returns.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>No. of respondents</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Always</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rarely</td>
<td>06</td>
<td>30</td>
</tr>
<tr>
<td>Never</td>
<td>14</td>
<td>70</td>
</tr>
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Limitations:
- The study is limited to only 20 women employees of PSUs as respondents in Bangalore
- The study was restricted to women employees of PSUs in Bangalore.

CONCLUSION:
Women are the best decision makers as they have lot of patience which means they are ready to wait for their investment to grow, with very less knowledge about avenues of investment and working of financial markets, women entrepreneurs prefer age old traditional investment avenue of investing in real estate and precious metals as they consider it safe and secure with good return, precious metals is most important avenue where most of the women investors invest as they are liquid asset (can be converted to cash in short span of time) but comparatively as the women are getting educated about financial assets as investment tool they are moving towards mutual funds for safe and secure tool of investment. There should be more efforts from the government to educate women investors about investments and its benefits as most of the women of our country are financially illiteracy.

References

1. Investopedia://www.investopedia.com/terms/m/mutualfund.asp


6. sundarajan, s. s. (2021). Do retail mutual funds investments represent dumb money. finance, account and economics yellore institute of technology business school.