

INVESTMENT BEHAVIOUR OF INVESTORS IN MUTUAL FUNDS & ULIPS- A CASE STUDY OF HARYANA REGION

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ABSTRACT--In today's competitive environment, different kinds of investment avenues are available to the investors. All investment modes have advantages & disadvantages. An investor tries to balance these benefits and shortcomings of different investment modes before investing in them. Among various investment modes, Mutual Fund is the most suitable investment mode for the common man, as it offers an opportunity to invest in a diversified and professionally managed portfolio at a relatively low cost. In this paper, an attempt is made to study mainly the investment avenue i.e. mutual funds and ULIPS preferred by the investors of Haryana Region, and we have tried to analyze the investor's preference towards investment in mutual funds when other investment avenue (ULIPS) is also available in the market.

Keywords-- Investment Avenues, Investors, LIC, Mutual Funds, ULIPS

I. INTRODUCTION

To make comparison of ULIP plans with Mutual funds and to create awareness about unit linked insurance plan (ULIP) benefits. The overall goal of this project was to create awareness about investments. The above problem arises because every life insurance company has their products having different positive and negative aspects. Life insurance is booming sector in today's economy. So the responsibilities of the insurance companies have been increased as compare to the past. Because in past people were taking insurance policies for protection tool only. In present scenario insurance sector is providing more services with the basic life insurance. Today people want more services and more return on their investment so insurance companies are providing more value-added services with basic insurance operation. by doing this type of study in this insurance sector and looking at the vast scope and opportunity to study this booming field of life insurance and the growing awareness among the public regarding insuring their life through life insurance policies as well as the growing contribution of insurance in GDP of country with the number of private players making entrance in booming industry of insurance.

A mutual fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciations realized are shared by its unit owed by them. Thus a Mutual fund is most suitable investment for common man as it offers an opportunity to invest in diversified, professional managed basket of securities at a relatively low cost.

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II. LITERATURE REVIEW

- **Amar Ranu (2010)** leading financial conglomerate says that other market related products lags behind ULIPs return by a larger margin in long term which confirms that investment in ULIPs are ideal investment vehicles for wealth creation in long run. ULIP score over other products in terms of returns and additional benefits such as insurance cover. .
- **Korivi and BS (2009)** Examined that mutual funds offered customer-tailor products to suit investor's requirement. So insurance companies also offered ULIPs which is an insurance product with an investment fund wrapped around it.
- **Devasenathipathi, Saleendran and Shanmugas hunaram (2008)** founds that due to changes in LPG policies, preferences of people are changing. Therefore, a wide range of ULIPs products is being offered to customers according to their preferences.
- **Lalremtluangi, Atwal and Thapar (2007)** the researchers tried to find out rate of return given by different insurance policies and the effect of mortality and he found that different returns are given by different insurance policies and the mortality does not affect return.
- **Ronay and Kim (2006)** have pointed out that there is no difference in risk attitude between individuals of different gender, but between the groups, males indicate a stronger inclination to risk tolerance. Gender difference was found at an individual level, but in groups, males expressed a stronger pro-risk position than females.

III. OBJECTIVES OF THE STUDY

1. To study the current investment behaviour of investors in ULIPS and Mutual funds and others.
2. To study the perception or behaviour of investors whether they prefer ULIPs and Mutual funds.
3. To understand the reasons for which investors prefer ULIP and Mutual funds.
4. To Study the sources of awareness about ULIPS and Mutual funds.
5. To study the main reasons for investing in ULIPS and Mutual funds.
6. To study the risk associated with ULIPS and Mutual funds.

IV. RESEARCH METHODOLOGY

- Universe of the Study: Karnal, Panipat, Kurukshetra and Ambala (Haryana Region)
- Sample Size: 150 Investors.
- Sampling Unit: Small & Big Investors.
- Research Instrument: Structured Questionnaire.
- Investment Avenues covered in this paper: Mutual Funds and ULIPS

V. DATA ANALYSIS AND INTERPRETATION

TABLE 1: CURRENT INVESTMENT PORTFOLIO

	ULIPS	Mutual funds	Both	Fixed deposits	Other	Total
Frequency (Male)	18	9	4	13	4	48
Frequency (Female)	5	2	3	6	1	17
Total frequency	23	11	7	19	5	65
Percentage	35%	17%	11%	29%	8%	100%

It can be seen from above table and figure which indicate that 18 males and 5 females which constitute 35 % said that their current investment portfolio is ULIPs, 9 males and 2 females which constitute 17 % said that their current investment portfolio is Mutual funds, 4 males and 3 females which constitute 11% said that their current investment portfolio is ULIPs as well as Mutual Funds, 13 males and 6 females which constitute 29 % said that their current investment portfolio is bank deposits, 4 males and 1 females which constitute 8% said that their current investment portfolio is other.

TABLE 2: EVER INVESTED IN ULIPS

	YES	NO	TOTAL
Frequency (Male)	22	26	48
Frequency (Female)	9	8	17
Total frequency	31	34	65
Percentage	48%	52%	100%

It can be seen from above table and figure which indicate that 22 males and 9 females which constitute 48 % said yes, 26 males and 8 females which constitute 52% said no about ever invested in ULIPs.

TABLE 3: EVER INVESTED IN MUTUAL FUNDS

	YES	NO	TOTAL
Frequency (Male)	13	35	48
Frequency (Female)	5	12	17
Total frequency	18	47	65
Percentage	28%	72%	100%

It can be seen from above table and figure which indicates that 13 males and 5 females which constitute 28 % said yes, 35 males and 12 females which constitute 72% said no about ever invested in Mutual funds.

TABLE 4: FACTOR CONSIDER BY INVESTORS BEFORE INVESTING IN ULIPS & MUTUAL FUNDS

	Safety	Diversification	Liquidity	Flexibility	Other	Total
Frequency (Male)	15	21	5	5	1	48
Frequency (Female)	3	8	3	1	3	17
Total frequency	18	29	8	6	4	65
Percentage	28%	45%	12%	9%	6%	100%

It can be seen from above table and figure which indicate that 15 males and 3 females which constitute 28 % are considered safety, 21 males and 8 females which constitute 16% are considered diversification, 5 males and 3 females which constitute 12% are considered liquidity, 5 males and 1 female which constitute 9% are considered flexibility, 1 male and 3 females which constitute 6 % are considered other factors.

TABLE 5: SOURCES OF AWARENESS ABOUT ULIPS AND MUTUAL FUNDS

	Newspapers	Magazines & journals	Television	Reference group	Other sources	Total
Frequency (Male)	9	3	11	23	2	48
Frequency (Female)	2	5	4	5	1	17
Total frequency	11	8	15	28	3	65
Percentage	17%	12%	23%	43%	5%	100%

It can be seen from above table and figure which indicate that 23 males and 5 females which constitute 43 % are got information from reference group, 9 males and 2 females which constitute 17% are got information from newspaper, 11 males and 4 females which constitute 23% are got information from TV , 3 males and 5 females which constitute 12% are got information from magazines & journals, and 2 males and 1 female which constitute 5% are got information from other sources about ULIPS & Mutual funds.

TABLE 6: MAIN REASON FOR INVESTING IN ULIPS

	Tax benefits	Life insurance	Capital growth	Rate of return	Other	Total
Frequency (Male)	9	19	13	5	2	48
Frequency (Female)	1	8	4	2	2	17
Total frequency	10	27	17	7	4	65
Percentage	16%	41%	26%	11%	6%	100%

It can be seen from above table and figure which indicate that 19 males and 8 females which constitute 41% preferred the ULIP because of life insurance, 13 males and 5 females which constitute 28% preferred the ULIP

because of capital growth, 9 males and 1 female which constitute 16% preferred the ULIP because of tax benefits, 5 males and 1 female which constitute 9% preferred the ULIP because of rate of return, 2 males and 2 females which constitute 6 % preferred the ULIP because of other reasons.

TABLE 7: _MAIN REASON FOR INVESTING IN MUTUAL FUNDS

	Tax benefits	Investment of excess money	Capital growth	Rate of return	Other	Total
Frequency (Male)	11	9	19	7	2	48
Frequency (Female)	6	2	5	1	3	17
Total frequency	17	11	24	8	5	65
Percentage	26%	17%	37%	12%	8%	100%

It can be seen from above table and figure which indicate that 9 males and 2 females which constitute 17% preferred the mutual fund because of investment of excess money, 19 males and 5 females which constitute 39% preferred the mutual fund because of capital growth, 11 males and 6 females which constitute 26% preferred the mutual fund because of tax benefits, 7 males and 1 female which constitute 12% preferred the mutual fund because of rate of return, 2 males and 3 females which constitute 6 % preferred the mutual fund because of other reasons.

TABLE 8: RISK ASSOCIATED WITH ULIPS AND MUTUAL FUNDS

	Low	Moderate	high	Total
Frequency (Male)	13	25	10	48
Frequency (Female)	5	9	3	17
Total frequency	18	34	13	65
Percentage	28%	52%	20%	100%

It can be seen from above table and figure which indicate that investor's perception about risk which is associated with ULIPS & Mutual funds. It shows 25 males and 9 females which constitute 52 % said risk is moderate, 13 males and 5 females which constitute 28% said risk is low, 10 males and 3 females which constitute 20% said risk is high.

VI. CONCLUSION

It was found that current portfolio of the investors for investment is fixed deposits, ULIPs, mutual fund, equity trading. Open-ended schemes of ULIPs and Mutual funds are more attractive for investors. The main reason of investing in ULIPs is life insurance because it covers both investment as well as insurance. Also, the main reason

of investing in Mutual funds is capital appreciation and regular return. That's why Investors think that risk associated with ULIPs and Mutual funds is moderate too high.

Companies should provide diversified schemes in ULIPS and Mutual funds. Expectation of the investors from ULIPS and Mutual funds is high so portfolio of fund should be prepared taking into consideration of the expectations of the investors. Companies should also give the information about all type of costs under ULIPS and Mutual fund before making the investment by investors because mostly investors want to take low risk.

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