RENAISSANCE
ISSN Number: 2582-8495
Bi-Annual, Multidisciplinary,
Peer Reviewed and Refereed E-Journal

ORIGINAL RESEARCH PAPER | COMMERCE | Vol. 1, June, 2025

STUDY ON CUSTOMER PERCEPTION TOWARDS DIRECT VS REGULAR MUTUAL FUND'

Dr. Rajesh Faldu*

ABSTRACT

Mutual fund can be defined as funds that pool cash from the investors with the end product of investing on stocks, bonds and other securities for financial gains. People whose money is invested by the mutual fund manager in stock, bond and other securities, are rewarded with some proportional amount of the profit that is made by the mutual fund in lieu of the investment made by them. Thus, both the mutual fund and the investors come out as beneficiaries. The income generated through these investments as well as the capital gains that can be made is proportionate to the units that such a unit holder possesses. A regular mutual fund is a type of mutual fund that investors purchase through intermediaries such as brokers, financial advisors, or distributors. These intermediaries charge a commission or distribution fee, which is included in the fund's expense ratio. The focus of this study is on studying customer preference towards direct Vs regular mutual fund. Descriptive research design has been used. Primary data has been collected through structured questionnaire. Non-probability convenience sampling technique has been used. The research sample of 100 investors has been collected. Research results indicated that majority of investors are neutral about investing in direct or regular mutual fund and are not ready to switch from regular to direct mutual funds.

Key words: Mutual fund, Gujarat, Investors, Direct. Regular, Investment, Preference

*Assistant Professor – SHRI JVIMS MBA AND MCA COLLEGE JAMNAGAR.

INTRODUCTION

The mutual fund can be defined as funds that pool cash from the investors with the end product of investing on stocks, bonds and other securities for financial gains. People whose money is invested by the mutual fund manager in stock, bond and other securities are rewarded with some proportional amount of the profit that is made by the mutual fund in lieu of the investment made by them. Thus, both the mutual fund and the investors come out as beneficiaries. Mutual fund is a company that has been established with an object of Pooling the money of a large number of investors for the purpose of investing on the stock market. There sums are then used to buy capital market instruments such as shares, debentures and other securities. The income generated through these investments as well as the capital gains that can be made is proportionate to the units that such a unit holder possesses. Investment in mutual fund can be lumpsum or monthly.

CHOOSING THE BEST MUTUAL FUNDS FOR INVESTING

- **Define your investment goals and risk tolerance goals:** Identify whether your objectives are short-term or long-term.
- **Research fund performance and management performance:** Look at the fund's historical performance over different periods to gauge consistency.
- **Evaluate costs and fees Expense ratio:** Compare the expense ratios of similar funds, aiming for lower costs.
- **Analyze fund composition and diversification Holdings:** Examine the sectors and assets the fund invests in to ensure they align with your investment strategy.
- **Consider tax implications and liquidity taxation:** Understand the tax treatment of capital gains and dividends from the fund.

BENEFITS OF INVESTING IN MUTUAL FUNDS VIA SIP

- **Rupee Cost Averaging:**
  SIP allows you to buy more units when prices are low and fewer when they buy high, reducing the risk of making poor investment decisions based on market fluctuations.

- **Disciplined Saving:**
  SIP instils financial discipline by ensuring you invest regularly, regardless of market condition.
- **Compounding Benefits:**
  Over time, SIP investment benefit from the power of compounding as return on your investment generated additional return.
- **Professional Management:**
  Mutual Fund are managed by professional fund managers who makes Investment decision on your behalf, based on their expertise and research.
- **Convenience:**
  The automatic deduction of SIP amounts from your bank account makes it a hassle-free investment option.

DIRECT VS REGULAR MUTUAL FUND

Direct MF: A direct mutual fund is a type of mutual fund that investors can buy directly from the mutual fund company without involving any intermediaries or brokers. This contrasts with regular mutual funds, which are typically purchased through intermediaries who charge a commission or distribution fee.

KEY FEATURES OF DIRECT MUTUAL FUNDS

1. **Lower Expense Ratio:**

   Expense Ratio is the annual fee charged by mutual funds as a percentage of the assets managed. Direct mutual funds have a lower expense ratio because they don't include distribution or commission fees. The lower expense ratio results in higher net returns for investors over the long term.

2. **No Distributor Commission:**

   Since direct mutual funds are bought directly from the fund house, there is no commission paid to intermediaries. This can lead to better performance compared to regular plans where distributor commissions are deducted from the fund’s returns.

3. **Higher Returns:**

   Due to lower expenses, direct mutual funds often yield higher returns compared to their regular counterparts.

4. **Transparency:**

   Investors have a clearer view of their investments as there are no hidden costs associated with distributor commissions.

INVESTING IN DIRECT MUTUAL FUNDS

1. **Through Fund Houses:**
   Investors can visit the official websites of mutual fund companies and invest directly through their online portals. Physical forms can also be submitted at the fund house offices.
2. **Online Platforms:**
   Various online platforms and apps allow investors to invest in direct mutual funds. These platforms offer ease of access, user-friendly interfaces, and additional features like portfolio tracking.
3. **Registrar and Transfer Agents (RTAs):**
   Entities like CAMS and Kary provide facilities for direct mutual fund investments. Investors can use their online portals to manage and invest in direct plans.

STEPS TO SWITCH FROM REGULAR TO DIRECT MUTUAL FUNDS

1. **Redemption and Reinvestment:**
   Redeem units from the regular plan and reinvest in the direct plan. Note that this might have tax implications and exit load considerations.
2. **Switch Option:**
   Some fund houses offer a direct switch option where investors can switch from regular to direct plans without exiting the fund. This is subject to the fund house's policies.

Regular MF: A regular mutual fund is a type of mutual fund that investors purchase through intermediaries such as brokers, financial advisors, or distributors. These intermediaries charge a commission or distribution fee, which is included in the fund's expense ratio.

KEY FEATURES OF REGULAR MUTUAL FUNDS

1. **Commission and Fees:**
   Upfront Commission: A percentage of the investment amount is charged as a commission when purchasing the fund. Trail Commission: An ongoing fee paid to the distributor for the duration the investor stays invested in the fund.

2. **Advisory Services:**
   Professional Advice: Investors receive advice and guidance from financial advisors or brokers on fund selection and portfolio management. Ease of Access: Intermediaries handle the paperwork, investment decisions, and provide personalized services.

ADVANTAGES OF REGULAR MUTUAL FUNDS

1. **Expert Guidance:**
   Access to professional financial advisors who can help in making informed investment decisions based on individual financial goals and risk tolerance.

2. **Convenience:**
   Intermediaries take care of the investment process, making it easier for investors who may not have the time or expertise to manage their investments.

This research paper thus aims to study ‘Investor perception towards direct Vs regular mutual fund in Gujarat state’

REVIEW OF LITERATURE

1. Vipin Kumar, Preeti Bansal, India (2014) Studied “Study on Customer Preference Towards Direct vs Regular Mutual Fund”. It was found that Equity option and sip mode of investment were on top priority in investors’ list.

2. Martin Mysa (2020) Studied "Study on Customer Preference Towards Direct vs Regular Mutual Fund". The main objective of this research is to identify buyers' preference towards mutual fund in secunderabad metropolitan city. The findings from this research are that most of the buyers are doubtful to invest the new age investment like mutual funds.

3. Dr. V. Sridevi (2019) Studied "Study on Customer Preference Towards Direct vs Regular Mutual Fund". The main objective of the study is to examine the investor's behaviour towards mutual fund investment. A sample of 150 investors was taken. Statistical tools like percentage analysis, chi-square test and garret ranking technique was used to analysis the collected data. It was found that majority preferred mutual fund investments.

RESEARCH OBJECTIVES

1. To study the investor perception towards mutual fund.
2. To give suitable suggestions to Investors.

RESEARCH DESIGN

In this research, researcher has selected descriptive research design because the researcher wants to describe the investor perception towards direct and regular mutual funds.

SAMPLE DESIGN

- Sampling Method: Non-probability convenience sampling method
- Sample size: 100
- Sample unit: People residing in Gujarat State

DATA COLLECTION METHOD

Primary data has been collected by using data collection instrument as questionnaire. Secondary data has been collected from journals, books, etc.

DATA ANALYSIS & INTERPRETATION

Table 1: Table showing Direct Vs Regular Mutual Fund

Particular	No. of Respondent
Direct Mutual fund	44
Regular Mutual Fund	56
Total	100

Source: Questionnaire

Interpretation: It can be seen that majority 56%. of the respondents invest in regular mutual funds

Table 2: Table showing switching from regular to direct mutual funds

Particular	No. of Respondent
Yes	21
No	27
Maybe	52
Total	100

Source: Questionnaire

Interpretation: Majority 52% of investors are undecided about whether to switch from regular to direct mutual funds for better returns.

TESTING OF HYPOTHESIS

H0: There is no significant difference between Educational level and Fund Manager Reputation.

H1: There is difference between Educational Level and Fund Manager Reputation

Groups	Count	Sum	Average	Variance
Sum of How important are the following factors in your decision to invest in a mutual fund? [Fund manager reputation]	4	325	81.25	7037.583
Count of What is your educational level?	3	98	32.66667	597.3333

ANOVA					
Source of Variation	SS	DF	MS	F	P-value
Between Groups	4046.298	1	4046.298	0.90694	0.384662
Within Groups	22307.42	5	4461.483		
Total	26353.71	6			

Interpretation: F calculated (H0) < F Tabulated (H1) 0.90694<6.607891. Here the ANOVA table shows that there is no significant difference between educational level and fund manager reputation.

FINDINGS

Following are the major findings of the study:

1. 1.Majority of the respondent i.e. 72% falls between the age of under 25.
2. Majority of the respondent are male i.e. 62%.
3. Majority of the respondent are unmarried i.e. 72%.
4. Majority i.e. 54.5% have completed there master degree.
5. Majority of the respondent i.e. 61.1% earning below 25,000.
6. Majority of the respondent is investing in mutual fund i.e. 56.3% less than one year.
7. Majority of the respondent are beginner i.e.58.6%.
8. Majority of the respondent are monthly investing in mutual fund
9. Majority of the respondent are preferring regular mutual fund i.e. 56%.
10. Majority of the customer are satisfied with mutual fund investment i.e. 48% Neutral.
11. Majority of the customer are not ready to switching from regular to direct fund i.e. 52%

SUGGESTIONS

- Investor should monitor the scheme performance. and other good schemes which are available in the market.
- Investor should continue investing in mutual funds for better returns for long term horizon and prefer investing in direct mutual funds and diversify their portfolio.

CONCLUSION

In this study, we observe that now a days investors have started investing in mutual funds due to better returns in long term. Investors are yet not decided about investing in regular oor direct mutual funds and not ready to switch from regular to direct mutual funds.

REFERENCES

- **Vipin Kumar, Preeti Bansal, India (2014),** "Study on Customer Preference Towards Direct Vs Regular Mutual Fund", International Journal of Engineering and Management Research (IJEMR), Volume: 4, Issue:1, Print ISSN: 2394-6962. Online ISSN: 2250-0758

- **Martin Mysa (2020),** "Study on Customer Preference Towards Direct Vs Regular Mutual Fund", International journal of research publication and reviews, ISSN: 2347-7180,10,01,2020, 48-55