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ISSN (Online) : 2455 - 3662  
SJIF Impact Factor :4.924

## EPRA International Journal of **Multidisciplinary Research**

Monthly Peer Reviewed & Indexed  
International Online Journal

Volume: 4 Issue: 3 March 2018



**Published By :**  
**EPRA Journals**

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**EPRA International Journal of  
Multidisciplinary Research (IJMR)**

## A STUDY ON INVESTOR BEHAVIOUR TOWARDS MUTUAL FUND DIVIDEND

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### ABSTRACT

*Indian Investors are finding it difficult to find lucrative investment avenues. With fall in interest rates for deposit, investors are in search of avenues which can yield them decent returns with minimal risk. Mutual fund business in India has started picking up over a decade now and investors have tax free advantage in terms of dividend declared by mutual fund schemes. There are schemes which have declared dividend almost every year and even there are schemes which declare monthly dividends. Unlike earlier days investors are not informed about the dividend declaration dates in advance in order to avoid dividend stripping. This paper tries to analyse the investor behavior with respect to mutual fund dividend. Towards this objective data was collected from 132 mutual fund investors in Chennai. Further selected dividend schemes under Equity, MIP, ELSS, Balanced schemes were taken and the dividend, NAV growth of these schemes were analysed from 2006 onwards.*

**KEY WORDS:** Dividend, ELSS, MIP, Balanced, Equity scheme

### INTRODUCTION

Dividend is one the key element when it comes to investment. Dividend is nothing but distribution of profits to the shareholders or the unit holders of a particular instrument on a particular date. It can be clearly seen that there are some prerequisites for getting a dividend a) one must be a share or unit holder of that particular instrument b) The fund or company must have surplus c) There is a record date for assessing the persons eligible for getting the dividend.

In India dividends are declared for two types of investment instruments shares and mutual funds.

### DIFFERENCE BETWEEN DIVIDEND AND INTEREST

Important difference between interest and dividend

- Interest is the amount paid to the lender for the money that he has provided to a borrower. The term dividend can be termed as distribution of profit to the owners or contributors to the company.

- Interest payment is compulsory and must be paid on the agreed periods irrespective of whether the borrower is earning profit or not. Whereas dividend is not compulsory and it depends on the profit available for distribution
- The rate of interest is pre fixed, whereas the rate of dividend is not pre fixed and it fluctuates.
- Tax treatment for interest and dividend varies as per the income tax act.

DETAILS	INTEREST	DIVIDEND
<b>Meaning</b>	Normally a borrower pays a fixed sum of agreed % called interest for a agreed period to the lender	Return to share holder or unit holder paid by the company out of its profits
<b>Rate</b>	Fixed	Not fixed
<b>Periodicity</b>	Fixed	Not fixed
<b>Compulsion</b>	Payable compulsorily	No compulsion
<b>Tax</b>	Normally taxed	Tax free

**What is dividend yield**

Dividend yield is a measure used for determining the quantum of dividend paid to shareholder in relation to market value per share. The formula for computing is dividend per share divided by the market price per share. A High dividend yield indicated high distribution of profits.

Let us take an example to see how dividend yield works : A company with a stock price of Rs 1000 declares a dividend of Rs 10 per share. The dividend yield of the stock will be  $10/1000 * 100 = 1\%$ . High dividend yield stocks can be a good investment options during volatile periods, as these companies offer good dividends.

**Dividend yield Mutual fund schemes**

These funds invest majority of the portfolio in stocks that provide high dividend. This name of these mutual funds carry a tag called “dividend yield fund” this does not mean that they declare dividend

declared by all types of mutual fund schemes

frequently, then invest or select stocks that pay more dividend.

**Dividend stripping**

Dividend stripping as a concept is not in existence currently, the government has changed the tax rules to bridge the advantage that the investor had. This was happening predominantly in mutual fund industry where the investors knows the declaration of dividends in a mutual fund well in advance and they opt for investing in that fund. On dividend declaration date they exit the fund, since the NAV of the funds falls to the level of dividend declared investor might incur capital loss (since dividend is tax free and it is not added to the redemption value to view whether the investor has got profit or loss). These losses were used to set off the capital gains earned.

**Mutual fund dividend – Taxation aspect**

Dividends declared by mutual funds are exempt from tax in the hands of the investor. This is applicable for dividend

Scheme Type	Resident Individual
Equity Oriented Scheme	Tax free
Other than Equity scheme	Tax free

But when it comes to money market, liquid schemes the scheme pay a dividend distribution tax of

25% whenever a dividend is declared this would affect the funds return.

Dividend Distribution Tax - Individual		
Money Market or LiquidFund	Other than Equity oriented fund	Equity oriented fund
25%	25%	Nil

### Dividend or Growth scheme which is better ?

There is always confusion among the investor to select a growth or a dividend plan. Each mutual fund scheme offers four options growth, dividend payout, dividend reinvestment and bonus. Of course bonus is not declared these days whereas rests of the options are in existence. It is ideal for an investor who is looking to achieve a long term goal to look for growth option. Investor who requires regular income from the fund can opt for dividend payout option. Dividend reinvestment may not be advisable as it does not add value when compared to growth or payout scheme.

#### Mutual fund dividend scheme

Each fund house has so many schemes and so many mutual fund categories and so many fund

options. It always becomes confusing for the investor to choose the correct and ideal fund. In this paper 7 schemes belonging to Monthly income plan monthly dividend category and 3 diversified mutual fund dividend category and 3 ELSS tax savings scheme and 3 balances schemes are taken for analysis. Schemes have been selected on random basis.

#### Dividend details

##### MIP schemes

MIP (monthly income plan) as the name denotes provide option for the investor to earn monthly dividends. It is not compulsory for the fund to provide dividend. Data of 7 MIP schemes were analysed between the period January 2006 to October 2017. Below table shows the details of the yearly dividends declared by these schemes.

Scheme name	Year Wise Dividend												Total
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Reliance Monthly Income Plan - Monthly Dividend	6.90%	11.53%	13.93%	13.20%	10.03%	6.86%	7.17%	6.43%	6.59%	6.62%	6.68%	5.56%	101.50%
SBI Magnum Monthly Income Plan - Monthly Dividend	5.33%	4.37%	3.05%	4.25%	5.89%	5.23%	5.82%	4.33%	3.68%	6.40%	5.40%	4.30%	58.05%
HDFC Monthly Income Plan - Short Term Plan - Monthly Dividend	7.20%	7.30%	1.20%	4.00%	5.50%	6.00%	6.00%	6.70%	6.60%	8.20%	8.40%	6.30%	73.40%
HDFC Monthly Income Plan - Long Term Plan - Monthly Dividend	8.40%	8.80%	10.50%	7.20%	6.60%	7.20%	7.20%	7.90%	7.70%	9.40%	9.60%	8.00%	98.50%
ICICI Prudential Monthly Income Plan - Monthly Dividend	7.45%	7.62%	6.88%	9.62%	4.88%	5.91%	7.96%	7.37%	7.70%	6.65%	8.09%	5.98%	86.11%
DSP BlackRock MIP Fund - Monthly Dividend	11.93%	7.60%		12.62%	5.28%	5.40%	7.20%	12.60%	7.20%	7.20%	6.36%	6.57%	89.96%
Aditya Birla Sun Life MIP II - Wealth 25 - Regular - Monthly Dividend	7.34%	11.02%	4.12%	4.65%	6.24%	6.09%	6.34%	7.09%	6.06%	7.03%	7.13%	6.31%	79.42%

If we observe the above data there has been as high as 13.93 % dividend declared during a year and as low as 0% in a year. If we see the monthly data there

has been skip in declaration of dividends in several months, details of number of months in which dividend has been skipped in a year is given in the below table

Scheme name	Number of Months Dividend not declared												Total
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Reliance Monthly Income Plan - Monthly Dividend	0	0	2	2	0	0	0	0	0	0	0	0	4
SBI Magnum Monthly Income Plan - Monthly Dividend	0	0	0	0	0	0	0	0	7	0	0	0	7
HDFC Monthly Income Plan - Short Term Plan - Monthly Dividend	0	1	10	4	1	0	0	0	1	0	0	1	18
HDFC Monthly Income Plan - Long Term Plan - Monthly Dividend	0	0	2	1	1	0	0	0	1	0	0	0	5
ICICI Prudential Monthly Income Plan - Monthly Dividend	1	1	2	0	0	0	0	0	1	0	0	0	5
DSP BlackRock MIP Fund - Monthly Dividend	2	3	12	4	4	3	0	0	0	0	1	0	29
Aditya Birla Sun Life MIP II - Wealth 25 - Regular - Monthly Dividend	0	0	7	4	1	0	1	0	2	0	0	0	15

#### Equity schemes

Equity diversified mutual fund though they don't declare dividends every month, they have declare high volume of dividend every year, the below table clearly shows that dividend has been declared as high

as 110% during a year. It is natural that funds can skip dividends in a year if they are not performing to the expectations. Reliance growth fund has declared a dividend of 685% cumulatively from January 2006 and it has declared dividend every year.

Scheme name	Year Wise Dividend												Total
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Sundaram Select Midcap - Regular - Dividend	85%	25%		35%	35%			10%	20%	10%	22%	22%	264.00%
Reliance Growth - Dividend	100%	110%	65%	70%	25%	40%	20%	50%	40%	40%	55%	70%	685.00%
HDFC Top 200 - Dividend	45%	50%	50%	30%	40%	40%	40%	40%	40%	50%	35%	45%	505.00%

**ELSS schemes**

ELSS (Equity linked savings scheme), has a lock in period of 3 years and provide tax benefit to the investor. These schemes are known for declaring high dividends every year. If we see the below table

dividend as high as 150% have been declared by a fund in a single year. HDFC tax saver funds have provided a dividend of 775% cumulatively during the period January 2006 to October 2017.

Scheme name	Year Wise Dividend													Total
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		
SBI Magnum Tax Gain Scheme 93 - Dividend	150.00%	110.00%	110.00%	28.00%	40.00%	40.00%	35.00%	35.00%	35.00%	55.00%	40.00%	40.00%	718.00%	
Tata India Tax Savings Fund - Regular - Dividend		30.00%		30.00%	50.00%	20.00%	30.00%	20.00%	27.50%	28.50%	90.00%	90.00%	416.00%	
HDFC Tax saver - Dividend	75.00%	75.00%	80.00%	50.00%	60.00%	60.00%	60.00%	60.00%	60.00%	70.00%	60.00%	65.00%	775.00%	

**Balanced scheme**

In the balanced scheme category where there is a component of equity and debt, funds have given dividend almost every year except few instances. There has been dividend declaration as high as 223.50%. one

should always remember that funds dividend percentage is based on the performance of the fund and surplus available for distribution. Aditya birla sunlife balanced fund has declared a cumulative percentage of 1061% from January 2006 till October 2017.

Scheme name	Year Wise Dividend													Total
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		
Aditya Birla Sun Life Balanced 95 - Dividend	25%		50%	70%	145%	65%	50%	50%	130%	223.50%	124.10%	129%	1061.10%	
HDFC Prudence Fund - Monthly Dividend	50%	50%	50%	25%	35%	35%	35%	30%	30%	35%	54%	30%	459.00%	
SBI Magnum Balanced Fund - Dividend		40%		50%		22%	22%	50%	33.75%	35%	25.50%	18.50%	296.75%	

**NAV growth details**

The below table shows the growth in NAV year on year for the 16 funds. NAV as on first day of the year and NAV as on last day of the year is taken to arrive at the percentage change in NAV year on year. If we analyse the below data, we can see that 2008,2011,2013,2015 have been bad years for most of the funds has they have given negative returns during the year if you have invested during the beginning of the year. That is why experts say that investing for long

term is better in terms of managing the risk. Except one fund (SBI magnum tax gain scheme), all the other funds have provided NAV growth ranging from a minimum of 10.20% to maximum of 136.75% if you have invested in January 2006. This is without considering the dividend that has been declared by the fund (as NAV of the funds goes down when the dividend is declared). If we add the dividend component investor would have gained more.

Scheme name	Year Wise NAV													Total
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		
Reliance Monthly Income Plan - Monthly Dividend	7.25%	-3.35%	-6.04%	5.64%	-1.96%	-7.41%	7.94%	-4.02%	14.35%	-1.37%	1.13%	2.35%	15.77%	
SBI Magnum Monthly Income Plan - Monthly Dividend	2.08%	4.18%	-6.34%	0.82%	1.41%	-4.48%	8.19%	-0.82%	7.56%	0.35%	5.62%	2.75%	24.08%	
HDFC Monthly Income Plan - Short Term Plan - Monthly Dividend	-2.20%	1.34%	-5.20%	12.63%	0.43%	-4.59%	5.75%	-2.13%	8.98%	-6.21%	-1.69%	2.28%	10.20%	
HDFC Monthly Income Plan - Long Term Plan - Monthly Dividend	3.50%	8.43%	-17.99%	21.48%	3.91%	-7.08%	8.21%	-4.47%	15.20%	-5.21%	2.46%	2.12%	31.14%	
ICICI Prudential Monthly Income Plan - Monthly Dividend	4.05%	4.25%	-8.39%	-0.44%	2.18%	-3.98%	4.94%	-2.78%	9.32%	-2.60%	1.61%	0.55%	11.98%	
DSP BlackRock MIP Fund - Monthly Dividend	-0.55%	3.23%	-3.43%	5.68%	-0.63%	-3.24%	7.18%	-3.12%	9.35%	-3.55%	1.89%	1.89%	17.75%	
Aditya Birla Sun Life MIP II - Wealth 25 - Regular - Monthly Dividend	4.32%	3.45%	-16.14%	14.73%	1.11%	-6.76%	8.83%	-1.58%	19.11%	-1.86%	5.88%	7.53%	43.23%	
Sundaram Select Midcap - Regular - Dividend	1.84%	40.12%	-38.93%	66.70%	-1.54%	-24.37%	38.20%	-1.96%	59.73%	7.49%	3.84%	23.01%	136.73%	
Reliance Growth - Dividend	16.35%	41.08%	-60.06%	63.44%	10.94%	-33.19%	31.84%	-13.38%	41.06%	-3.20%	-6.74%	21.79%	54.25%	
HDFC Top 200 - Dividend	20.63%	35.37%	-51.18%	66.75%	13.68%	-30.93%	19.72%	-6.58%	33.00%	-14.26%	-0.84%	19.21%	67.33%	
SBI Magnum Tax Gain Scheme 93 - Dividend	7.68%	21.67%	-63.41%	68.90%	1.41%	-31.80%	20.91%	-4.56%	35.44%	-8.25%	-8.50%	16.02%	-8.64%	
Tata India Tax Savings Fund - Regular - Dividend	21.25%	44.24%	-55.70%	64.92%	3.96%	-22.34%	19.47%	1.79%	42.56%	8.03%	-13.71%	19.48%	115.08%	
HDFC Tax saver - Dividend	18.93%	21.02%	-57.70%	64.99%	13.55%	-30.14%	13.30%	-7.65%	38.30%	-15.53%	-5.10%	19.21%	17.68%	
Aditya Birla Sun Life Balanced 95 - Dividend	23.94%	51.40%	-44.25%	58.26%	5.08%	-18.94%	18.76%	0.58%	34.26%	-11.71%	-0.93%	12.10%	135.22%	
HDFC Prudence Fund - Monthly Dividend	11.51%	20.61%	-51.18%	56.25%	11.81%	-25.59%	14.20%	-10.15%	34.04%	-9.85%	-10.63%	13.41%	13.94%	
SBI Magnum Balanced Fund - Dividend	33.66%	30.19%	-44.83%	33.87%	11.97%	-28.93%	22.20%	-10.34%	25.67%	-5.84%	-6.21%	15.01%	52.95%	

If we start analyzing the value that investor would have got if he has invested Rs 1,00,000/- on beginning of 2006 and stay invested till 2017 october the growth in

investment and the dividend value they would have got is given below. Similarly if the investor has invested 1,00,000 during beginning of jan 2007 and stay

invested till October 2017, the value of growth in investment and dividend is provided. The below table shows the pattern for diversified equity fund category

S.no	Scheme name	Invest date	Purchase NAV	Amount	Units	Oct 2017 NAV	Value of invest	Dividend paid	Total
1	Sundaram Select Midcap - Dividend	2-Jan-06	18.04	100000	5543.18	42.71	236753	146340	383093
		2-Jan-07	18.4642	100000	5415.89	42.71	231317	96944	328261
		2-Jan-08	26.6196	100000	3756.63	42.71	160449	57852	218301
		2-Jan-09	11.3536	100000	8807.78	42.71	376187	135640	511827
		4-Jan-10	18.7577	100000	5331.14	42.71	227697	63441	291138
		3-Jan-11	18.6294	100000	5367.86	42.71	229266	63878	293143
		2-Jan-12	14.059	100000	7112.88	42.71	303797	84643	388440
		1-Jan-13	19.5789	100000	5107.54	42.71	218147	42903	261050
2	Reliance Growth - Dividend	2-Jan-06	48.98	100000	2041.65	75.55	154248	139853	294101
		2-Jan-07	57.72	100000	1732.50	75.55	130892	101351	232243
		1-Jan-08	82.31	100000	1214.92	75.55	91788	57709	149497
		1-Jan-09	33.54	100000	2981.74	75.55	225272	122251	347524
		4-Jan-10	55.33	100000	1807.18	75.55	136534	61444	197978
		3-Jan-11	61.82	100000	1617.52	75.55	122204	50952	173156
		2-Jan-12	41.40	100000	2415.27	75.55	182475	66420	248895
		1-Jan-13	55.06	100000	1816.19	75.55	137214	46313	183527
3	HDFC Top 200 - Dividend	2-Jan-06	34.103	100000	2932.29	57.06	167328	148081	315409
		2-Jan-07	41.487	100000	2410.39	57.06	137547	110878	248425
		2-Jan-08	57.082	100000	1751.87	57.06	99968	71826	171795
		2-Jan-09	27.987	100000	3573.09	57.06	203895	128631	332526
		4-Jan-10	46.919	100000	2131.33	57.06	121622	70334	191956
		3-Jan-11	53.558	100000	1867.13	57.06	106546	54147	160693
		2-Jan-12	37.091	100000	2696.07	57.06	153849	67402	221250
		1-Jan-13	44.936	100000	2225.39	57.06	126989	46733	173723

If the investor would have invested Rs 100000 in a fixed deposit for a period of 72 months (6 years) at an interest rate of 8% he would have got Rs. 1,60,843/-

**REVIEW OF LITERATURE**

The following reviews are the summaries of earlier researches conducted with respect to Debt Mutual Fund.

**Ms Shilpa Sachdeva & Ms Monika Bhatia (2013)** In their study Behavioural Effect of Mutual Fund Investor's and Perception in Millenium City has studied the influence of psychology on the behavior of financial practitioners and the subsequent effect on markets. In the study concepts like cognitive psychology is used to analyse irrational investor behavior which is not there in traditional rational based models. This paper analyzes the what most investors do when making investment decision (1) Investors often do not participate in all product options of mutual fund schemes (2) Investors exhibit loss-averse behavior, (3) Decisions taken by the Investor are based on past performance (4) Investors behave on status quo, (5) Investors' decisions are not always rational in making their portfolios (6) Investors behave parallel to each other, and (7) Investors are influenced by historical high or low returns. However, there are better options available to help investors make better choices and make their investment decisions more efficient. These involve regulations, investment education, and perhaps some efforts to standardize mutual fund advertising. Moreover, a regulation can be made to protect foolish

investors by restricting their freedom of making choices.

**Rekha Sharma (2015)** in her study tried to analyse the main objective to invest in mutual fund schemes by retail investors and types of mutual fund schemes in which they like to invest. Sample of 100 mutual fund investors belonging to FARIDABAD city and Delhi city were surveyed. Data was collected from both primary and secondary sources. Statistical test like frequency, mean and f-test were used. The main finding is that investors invest in mutual fund scheme for good return, safety and tax benefits. For achieving their objectives they select growth schemes and balanced schemes.

**Dr. Rupeet Kaur (2012)**, In her study aims to examine the comparative performance of open-ended tax oriented growth and dividend schemes in India. Sample of 18 schemes were selected on the basis of monthly returns compared to benchmark returns. Statistical tools like average, standard deviation, beta, co-efficient of determination, systematic and unsystematic risk and the risk adjusted performance measures suggested by Treynor, Sharpe, Jensen and Fama's measures were used. The analysis suggest that growth schemes performed better as compared to dividend schemes. Dividend schemes are more volatile when compared to the growth schemes.

**Singh and Chander (2004)** have conducted research by examining 400 investors in major cities of Punjab, Delhi and Mumbai by administering a questionnaire having various parameters of perceptions of investors

towards mutual fund. Factor analysis was used to find the significant factors affecting perception of investors. The research was done in two parts wherein the first part is to find the preferences and perception of mutual funds and second was to find reasons for investors withdrawing investments from mutual funds. The study established that middle class salaried investors and professionals preferred to have disclosure of net asset value on a day to day basis and wanted to invest in mutual funds in order to get higher tax rebates. It is clear that small investors perceive mutual funds to be better investment alternative. The study further revealed that the investor did not have confidence on the management of funds and regulators of the market and cited these as reasons for withdrawing from the mutual fund investment.

**Ganesan, Rengamani and Sajjad (2006)** “Can ULIP products lure Mutual Fund Investors A Case Study of Indian Retail Investor”, Journal of Management Research, Vol. 1 (4), pg 39-48., in the article titled as “ Can ULIP products lure Mutual Fund Investors: A case study of Indian Retail Investor”, have examined the responses of a sample of 200 investors in order to achieve the objectives of identifying the demographic variables of investors; to know the level of awareness on different investment products and finally to understand the perception and preference of the investor towards mutual fund investing and ULIP (Unit Linked Insurance Plans) investing. The data was analyzed using variable analysis, chi square test and ANOVA test. The study divulged the following details: 1) The investors preferred to save at regular intervals. 2) LIC was the most preferred investment option. 3) There is a relationship between income and investment pattern; relationship between type of family and savings, investment pattern. 4) The investors agree the major reason for investing is to get tax benefit. 5) They also agreed that there was good returns and capital appreciation in mutual funds.

**Subrata Roy and Shantanu Kumar Ghosh**, This in their study have done a comparative performance analysis of the open-ended gilt schemes of three types of companies. The period for the study is taken with reference to financial recession which occurred between the year of 2008-2009 (January 2008 to February 2009). This paper has examined the risk-adjusted performance, selectivity performance, diversification performance and market timing performance of the open-ended gilt mutual fund schemes in the period of recession

## **RESEARCH GAP AND OBJECTIVE OF THE STUDY**

From the above literatures, it may be seen from earlier studies that investor’s behavior towards Mutual fund Dividend. The aspect relating to study on investor

behavior on mutual fund dividend was not made. Hence this study has been taken up specifically

1. To analyse the need for dividend
2. To analyse the opinion of the respondents on the various aspects of mutual fund dividend
3. To study the main purpose of investing in Mutual funds
4. To study the impact of period of investment and opinion about mutual fund dividend

## **HYPOTHESIS**

H<sub>0</sub>: There is no significant relationship between the Age of the respondents and need for dividend

H<sub>0</sub>: There is no significant relationship between the Gender of the respondents and need for dividend

H<sub>0</sub> : Period of investment has no significance on requirement of regular dividend from the fund

H<sub>0</sub> : Period of investment has no significance on verifying dividend track record

H<sub>0</sub> : Period of investment has no significance on planning to invest before dividend declaration

H<sub>0</sub> : Period of investment has no significance on moving out of fund if dividend is not declared

H<sub>0</sub> : Period of investment has no significance on tax free dividend

## **RESEARCH METHODOLOGY**

A research has to be justified based on the systematic collection and analysing the data. For the purpose of this study, the survey method was adopted to collect the data from the persons who have invested in Mutual fund dividend option using a well-structured pre tested questionnaire from 132 respondents in Chennai. Respondents were selected by convenient sampling method. Secondary data for the study was collected from journals, websites, newspapers, magazines, etc. Collected data were analyzed with statistical tools like Factor analysis, Chi square and Correlation,

## **Data Analysis and interpretation**

### **PROFILE OF THE RESPONDENTS**

The profile of the respondents is shown in the below table. It may be observed from the below table that 30.30% of respondents are in the Age group between 31-40 years and 28.79 % of the respondents are in 51-60 years category. 73.48% of the respondents are male. 59.09% of the respondents are married. Out of the total respondents 53.03% are graduates, 29.55% belongs to the income group 20001 to 40000. 25.76% prefer to invest for a period between 2-3 years. 37.88% want their investment to grow. 20.45% of respondents know about mutual fund information through bank and agents. 52.27% of the respondents know about dividend declared in a mutual fund one day before. 49.24% reinvest the dividend in the same fund

Factor	Particulars	Frequency	Percentage
Age	Between 21-30 years	18	13.64
	Between 31-40 years	40	30.30
	Between 41-50 years	36	27.27
	Between 51-60 years	38	28.79
Gender	Male	97	73.48
	Female	35	26.52
Marital Status	Single	54	40.91
	Married	78	59.09
Qualification	Graduate	70	53.03
	Post Graduate	51	38.64
	Professional	11	8.33
Monthly income	Less than 20000	33	25.00
	Rs.20001 to Rs.40000	39	29.55
	Rs.40001 to Rs.60000	37	28.03
	Above Rs.60000	23	17.42
Mutual Fund Investment period	Less than 1 years	22	16.67
	Between 1-2 years	31	23.48
	Between 2-3 years	34	25.76
	Between 3-4 years	22	16.67
	4 years and above	23	17.42
Purpose of Investment	Regular dividends	22	16.67
	Growth of investment	50	37.88
	High returns	17	12.88
	For future Goals	20	15.15
	Safety	23	17.42
Source of Information	Friends	15	11.36
	Relatives	24	18.18
	Bank Executive	27	20.45
	Agent	27	20.45
	Magazine	21	15.91
	Internet websites	18	13.64



Factor	Particulars	Frequency	Percentage
Dividend Information	One day before	69	52.27
	Two days before	21	15.91
	Three days before	16	12.12
	Four days before	26	19.70
Need for Dividend	Reinvest in different avenue	31	23.48
	Reinvest in same fund	65	49.24
	En cash and spend	36	27.27

**Age and Need for Dividend**

The chi-square test is used as a tool for studying whether there is a significant difference

between the expected frequencies and the observed frequencies in one or more categories.

In this paper Chi square technique is used to study the significant relationship between age and the need for dividend.

**Table : Cross tabulation between Age and Need for dividend**

	Reinvest in different avenue	Reinvest in same fund	En cash and spend	Grand Total
Between 21-30 years	7	5	6	18
Between 31-40 years	7	24	9	40
Between 41-50 years	9	16	11	36
Between 51-60 years	8	20	10	38
Grand Total	31	65	36	132

**H<sub>0</sub>: There is no significant relationship between the Age of the respondents and need for dividend.**

While applying chi-square test for the above data, it could be inferred that the chi-square statistic is 6.1723. The p-value is 0.404165. Since the calculated

value is less than the tabulated value, we accept the null hypothesis. There is no significant relationship between the Age of the respondents and need for dividend

**Gender and Need for Dividend**

Chi square technique is used to study the significant relationship between Gender and the need for dividend.

**Table : Cross tabulation between Gender and Need for dividend**

	Reinvest in different avenue	Reinvest in same fund	En cash and spend	Grand Total
Male	23	50	24	97
Female	8	15	12	35
Grand Total	31	65	36	132

**H<sub>0</sub>: There is no significant relationship between Gender of the respondents and need for dividend.**

While applying chi-square test for the above data, it could be inferred that the chi-square statistic is 1.2613. The p-value is 0.532257. Since the calculated value is less than table value, we accept the null

**hypothesis. There is no significant relationship between the Gender of the respondents and need for dividend Opinion on dividend**

Opinions were collected from the respondents about the dividend declared by mutual fund in a likert scale and factor analysis was done to identify the important opinions.

Selection parameter	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Require regular dividend from the fund (OP1)	0	1	10	64	57
I will check on the dividend track record of the fund before investing (OP2)	0	1	10	69	52
Dividend declaration date is important as I can plan to invest more (OP3)	1	34	25	58	14
If dividend is not declared regularly ,I will move out of the fund (OP4)	0	2	19	62	49
Since Mutual fund dividend is tax free it is very good (OP5)	0	1	14	53	64

**One way Anova**

One way Anova is used for identifying the significance of period of investment on various opinion about

dividend option and the outcome of the study is as follows

Variables	F value	Fc Value	Result
Period & OP1	116.548	3.877	Reject Null Hypothesis
Period & OP2	110.985	3.877	Reject Null Hypothesis
Period & OP3	8.817	3.877	Reject Null Hypothesis
Period & OP4	89.022	3.877	Reject Null Hypothesis
Period & OP5	116.78	3.877	Reject Null Hypothesis

**SUMMARY AND CONCLUSION**

Dividend income is tax free with respect to mutual funds in the hands of investors, This is a big advantage for tax payers as they have only fewer avenues which provide tax free income. Further when we look at dividend as a regular income, there are certain mutual funds which declare dividends regularly and the amount of dividend declared is also high. One should always remember that when dividend is declared the fund NAV falls to the extent of dividend percentage. With fewer avenues without tax, mutual fund dividends attracts many investors including senior citizens.

The summary of research is given below.

1. Out of the total 132 respondents, 73.48% of the respondents are male and 30.30% of the respondents were found to be in the category of 31-40 years of age. 38.64% of the respondents have completed their post-graduation and 28.03% fall under the monthly income of 40001 to 60000.

2. It is observed that 25.76% prefer to invest for a period between 2-3 years. 37.88% want their investment to grow. 20.45% of respondents know about mutual fund information through bank and agents. 52.27% of the respondents know about dividend declared in a mutual fund one day before. 49.24% reinvest the dividend in the same fund
3. There is no significant relationship between the Age of the respondents and need for dividend and hence null hypothesis is accepted
4. There is no significant relationship between the Gender of the respondents and Need for dividend and hence null hypothesis is accepted
5. There is no significant between period of investment and opinion about dividend declared by mutual funds

**SUGGESTION FOR FUTURE RESEARCH**

The present research on the Study on Investor behaviour towards mutual fund dividend analysed many items in line with the objectives set for the study.

The present study has focused on identifying the opinions of the investor on various aspects of dividend, need for dividend. Further the study also analyses the dividend pattern and NAV growth of selected dividend schemes in ELSS, MIP, Equity categories, some of the potential areas identified for future researches are listed below.

- a. Similar study can be conducted with other financial products as well.
- b. All dividend schemes belonging to a particular or all categories of mutual fund can be taken for the study
- c. Impact of dividend and its need can be analysed specifically with respect to senior citizens

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