



To Investigate the Factors Influencing the Dehradun District Retail Investors Choice to Invest in Mutual Funds

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Abstract. Investment attracts different types of investors for different reasons. There are two major types of investors in the capital market, the institutional investor and the retail investor. People who are employees of companies or organizations that make investments on behalf of others (usually other corporations and organizations) are known as institutional investors. Conversely, retail investors are those who use their funds to make investments, typically for their benefit. Over the past few years, it has been the boom time for retail participants in the capital markets trading, as a record number of new participants have been added to the NSE and BSE. The present study helps to find the growth of retail investors, and different factors affecting the growth of retail individual investors and to study the Incremental growth of the Demat account in past few years which reflect the interest of investors in the capital market. This study presented the recent data of retail investors and Demat account growth rate of Dehradun city Uttarakhand.

Keywords: Factors Influencing, Investigate, Mutual Funds. Retail Investors.

1. INTRODUCTION

Individual investors are another name for retail investors. A retail investor is a person who uses traditional or online brokerage services or other types of financial accounts to buy and sell equity shares, futures agreements, mutual funds, exchange-traded investments (ETFs), and other securities for investment. A retail individual investor, as defined by SEBI law, is an individual who applies for or bids on securities valued at no more than Rs. 2,000,000 during an IPO, or

initial public offering, and who buys or holds shares of stock valued at no more than Rs. 2,000,000. There is no such criterion that limits a retail commodity investor. Retail investors typically trade in much lower amounts and purchase assets for their accounts, in contrast to institutional investors such as foreign institutional investors, pension funds like EPFO, and mutual funds [1–5].

Retail investors usually have to pay significantly higher transaction fees because of their limited purchasing power. Indians are becoming more and more interested in individual investments rather than bank accounts or the traditionally preferred tangible assets like gold and real estate. The majority of this shift in retail investor preferences can be attributed to things like better returns on traditional savings products, the increasing use of cell phones, particularly the Internet, and more financial awareness. Since investing options are growing more widely accessible and possibilities for learning are becoming more readily accessible due to digital platforms, it is more important than ever to understand the transition in investor behavior and habits. Retail investment was increasing before the global pandemic. But Covid-19 provided the government support stimulus programs in the USA together with the UK gave money to people who were stranded at home during lockdowns and were forced to try trading as a means of enhancing their financial security. Following the pandemic in 2020, the number of active investing accounts in India reached a record a 10.4 million, indicating the start of a major change in investment behaviour. Simultaneously, at the 1,500+ companies registered on the National Stock Exchange (the NSE announcement), retail stock ownership rose by 9% in Q3 2020—the biggest growth since March 2018. Retail investor activity has grown exponentially in FY21, as seen by the nearly 4.5 million new accounts that have been added in only the first two months of the fiscal year. Remarkably, in FY21, there were 12.25 million new CDSL, which is accounts and 1.9 million new NSDL accounts, bringing the total number of ordinary investors up to 14.2 million. Retail investors now control a majority of the Indian stock market as a result. From 33% in 2016 to 45% in 2021, the NSE alone showed a rise in the percentage of retail investors. A record-high monthly registration of new investors of 1.5 million was reached in June 2021, indicating that demand isn't waning [10–15].

Surendar Gade, (2015), in his study he discussed about the different strategies adopted by retail investors for taking decisions for investments in equity securities. Retail investors from five different cities namely Bangalore, Chennai, Hyderabad, Mumbai and Warangal for period of two years, discussed about investment decision process. In their study, they have discovered that a variety of sources used to get information on various factors needed for trading equity investments. This study illustrates how inexperienced and unqualified retail investors are to use sophisticated analytical tools to make investment decisions. When determining whether to purchase equity securities, they employ comparatively simple and expedient techniques[16]. The Subha R & Mrs. Padmashree R, (2016) research aims to investigate, analyze, and evaluate how retail investors' expectations are altering over a volatile period and how their conduct effects their stock investing. It is a well-known fact that

behavior plays a significant role in decision- making, particularly when it comes to financial decisions. Important behavioral traits that the researcher encounters during the research that affect equity decisions are the attitude, expectations, overconfidence, herding, prospect, heuristic, and market information[17]. In conclusion, it can be concluded that if opportunity costs are present in comparison to alternative investment opportunities, greater equity retail individual investing can be encouraged since the risk element will be decreased. 5. Factors Driving the Increase of Individual Investors in the Stock Markets: The retail investor segment's growing interest is being attributed to a variety of factors. A quick summary of a handful of them is provided below. This study is based on secondary data such as books, journals, reports articles and websites, etc. The main aim of present study was to explore the growth of retail individual investors of Dehradun investors and factors affecting in retails market. Also to observed the incremental growth of the demat account opening status in Dehradun city along with participations of questionnaires for the satisfactoriness replied towards retail investments.

2. RESEARCH METHODOLOGY AND PROCEDURE

2.1. Survey on Data Collection

District profile –Dehradun district (Uttarakhand)

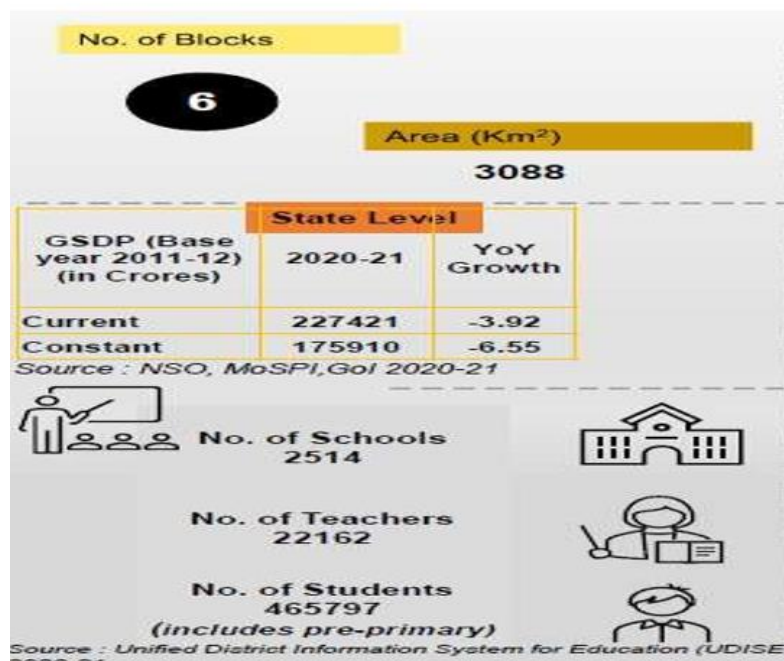


Figure 1: Dehradun district profile.

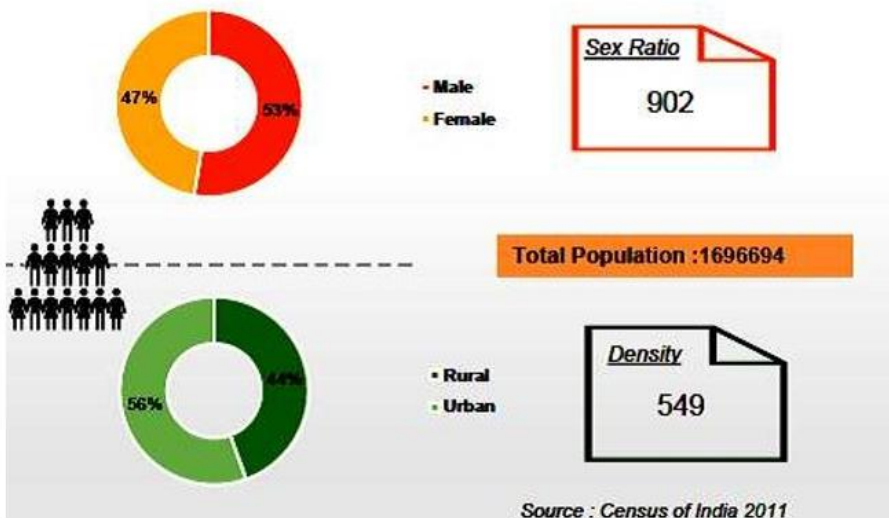
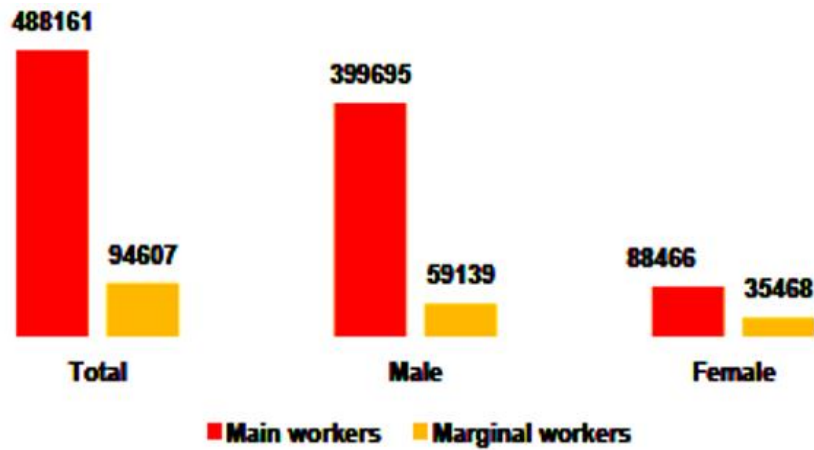


Figure 2: Density and sex ratio.



Source : Census of India 2011

Figure 3: Workers status.

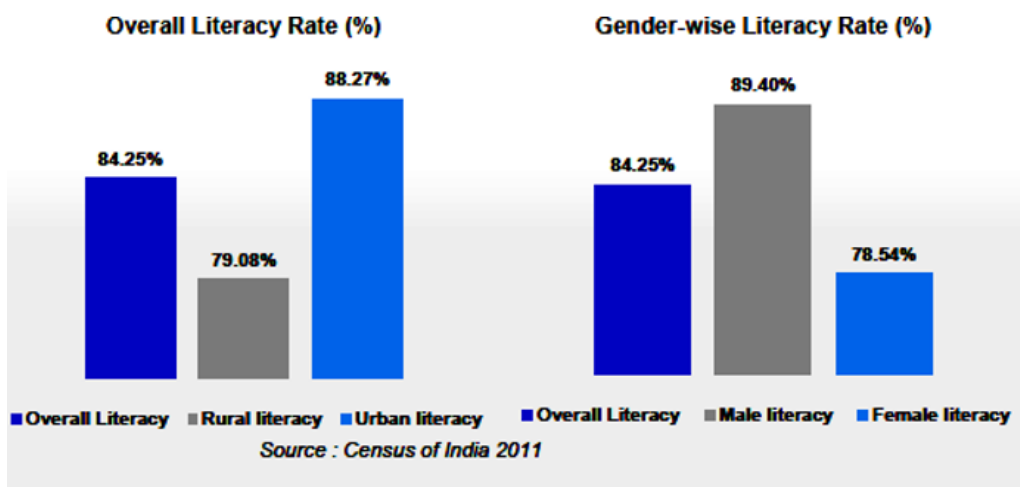
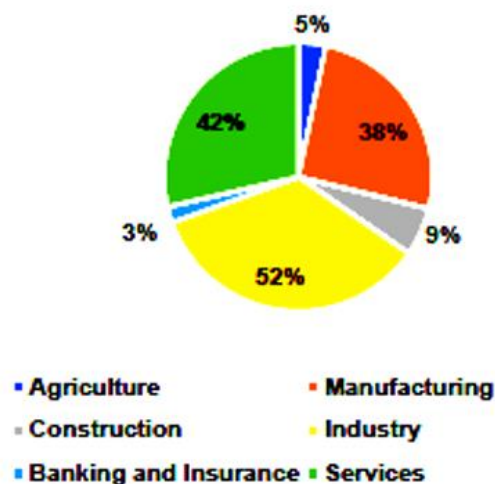


Figure 4: Literacy status.

Gross Value Added by Economic Activity (2020-21)



Source : NSO, MoSPI, GOI 2020-2021

Figure 5: Economic activity of Dehradun city.

2.2. Identify the growth rate of demat account

The growth rate of demat (dematerialized) accounts refers to the rate at which the number of these accounts is increasing over time. Demat accounts are used for holding securities in electronic format, eliminating the need for physical share certificates.

The growth rate of demat accounts can be influenced by several factors:

1. Market Participation: Increased participation in the stock market by retail investors and institutional investors can lead to more demat accounts being opened.
2. Regulatory Changes: Changes in regulations or policies that promote or mandate electronic holding of securities can affect the growth rate.
3. Technological Advancements: Improvements in technology that make it easier and more convenient to manage investments electronically can spur growth in demat accounts.
4. Investor Awareness: Greater awareness among investors about the benefits of demat accounts compared to traditional paper-based securities can also contribute to growth.
5. Economic Conditions: Overall economic conditions and market sentiment can impact the growth rate, as a booming economy may attract more investors.

Typically, statistical agencies, regulatory bodies, or financial institutions track the number of demat accounts over time to assess this growth rate. It's often expressed as a percentage increase year-over-year or over a specific period.

2.3. Questionnaires Conduction

The survey's primary focus was on retail the investment community investment habits and preferences as well as their key deliverables. A few additional questions were added to the questionnaires to measure how satisfied consumers are and obtain insight into their requirements.

This study employs three main question types: Likert scale method, closed ended or closed questions, and open ended or open questions. Respondents can provide any kind of response to an open-ended question. Respondents to closed questions are presented with a selection of options to select from. Likert measures show whether respondents agree with a given proposition. One well chosen population component that represents the population is the sample size. One hundred investors made up the sample size used in the study. The study period will run from January 2023 to December 2023, or a full year.

2.4. Statistical Analysis of Data

Amidst the lockdown, fifty percent of the respondents stated they had reduced their spending because of lower incomes and uncertainty, over 40% said they had increased their spending during the pandemic, and only 9% said their spending levels had not changed - Fig: 40. Nevertheless, the obstacles resulting from the restrictions created opportunities for a shift in spending patterns, as evidenced by the steady increase in online payments, with nearly 75% of respondents saying they had made use of this mode of the necessary payments.

3. RESULTS AND DISCUSSION

3.1. Respondents Analysis

Understanding the factors that influence decisions about investments in a particular sector helps a number of stakeholders. After taking into account crucial elements such primary safety, funding availability, return dependability, ownership flexibility, etc., investors are ready to deploy their capital. However, each investor's preferences and behavior will dictate which of these factors they value most. This study makes a major contribution to how investment behavior operates. Nonetheless, the framework used to influence people's attitudes toward investment plans might be understood.

3.1.1. Respondents Based on Ages

The surveys were conducted among the investors from the Dehradun city and total 120 individuals had been responds. The ages of respondents were varied and stated their views on the mutual funds investments. The percentage opinion are presented in the table.1

Table 1: Data from respondents based on age.

Particulars	No. of Respondent	Percentage of Respondent
20-30 years	100	83.3 %
31-40 years	13	10.8 %
41-50 years	6	5 %
50 & above	1	0.9 %
Total	120	100 %

From the above Table 1, it is interpreted that 83.3% of the respondents are in the age group of 20-30. 10.8% of the respondents are in the age group of 31-40. 5% of the respondents are in the age group of 41-50. 0.9% of the respondents are in the age group of 50 and above.

3.1.2. Respondents Based on Gender

The surveys were conducted among the investors from the Dehradun city and total 120 individuals had been responds. The data were collected from the gender like male and female of respondents and stated their views on the mutual funds investments. The percentage opinion are presented in the Table.2.

Table 2: Data from respondents based on gender.

Particulars	No. of Respondent	Percentage of Respondent
Male	110	91.7 %
Female	10	8.3 %
Total	120	100 %

From the above table it is interpreted that 91.7 % of the respondents are Male. 8.3 % of the respondents are female.

3.1.3. Respondents Based on Occupation

The surveys were conducted among the investors from the Dehradun city and total 120 individuals had been responds. The data from respondents based on occupation or professionals were collected and stated their views on the mutual funds investments. The percentage opinions are presented in the Table.3.

Table 3: Data from respondents based on occupation or professionals.

Particulars	No. of Respondent	Percentage of Respondent
Salaried	19	15.8 %
Self-Employed Professional	10	8.3 %
Business	11	9.2 %
Retired	1	0.8 %
Others	79	65.9 %
total	120	100 %

From the above table 3, it is interpreted that 15.8% of the salaried respondents are Agree. 8.3% of the self-employed professional respondents are also Agree. However, the 9.2% of the business respondents are neither agree nor disagree. 0.8 % of the respondents are Disagree. 65.9% of the others respondents are strongly agree.

3.1.4. Respondents Based on Best Options for Investing Money

The surveys were conducted among the investors from the Dehradun city and total 120 individuals had been responds. The data from respondents based on best options for investing money were collected and stated their views on the mutual funds investments. The percentage opinions are presented in the Table.4.

Table 4: Data from respondents based on best options for investing money.

Particulars	No. of Respondent	Percentage of Respondent
Safe Low Risk Investment	60	50 %
Moderate Risk Investment	40	33.33 %
High Risk Investment	10	8.3 %
Traditional Investment	5	4.17 %
Emerging Investment	5	4.17 %
Total	120	100 %

From the above Table 4 it is interpreted that 50 % of the respondents are safe low risk investment.

33.33 % of the respondents are moderate risk investment. 8.3 % of the respondents are high risk investment. 4.17 % of the respondents are traditional investment. 4.17 % of the respondents are Emerging investment. It can be seen from the Fig.6 for best options to the investors investment plan.

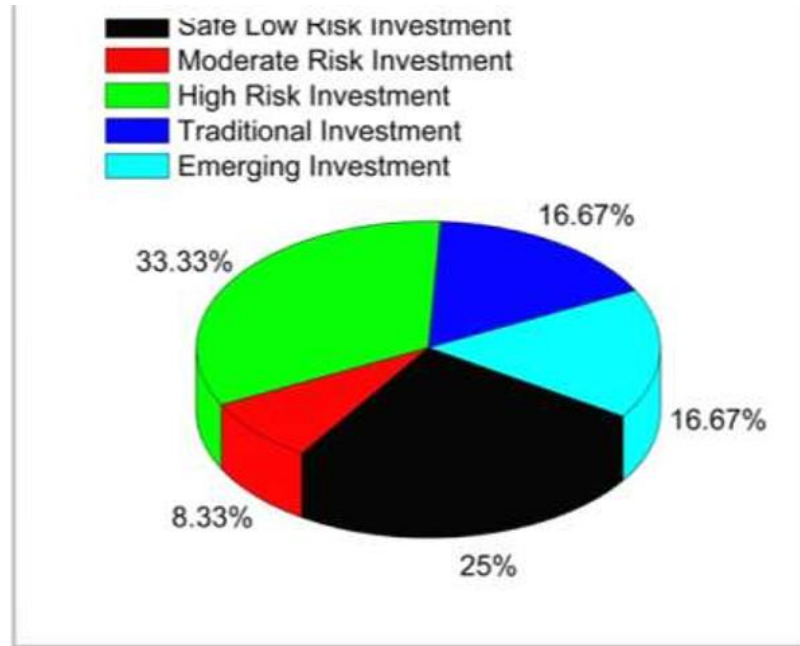


Figure 6: Best options for investing money.

3.1.5. Respondents Based on Savings and Investment Target for Each Year

The surveys were conducted among the investors from the Dehradun city and total 120 individuals had been responds. The data from respondents based on savings and investment target for each year were collected and stated their views on the mutual funds investments. The percentage opinions are presented in the Table 5.

Table 5. Data from respondents based on savings and investment target for each year.

Particulars	No. of Respondent	Percentage of Respondent
Strongly Agree	42	35.0%
Agree	58	48.33%
Neither Agree Nor Disagree	5	4.17 %
Disagree	2	1.67%
Strongly Agree	3	2.5 %
Total	120	100 %

From the above Table 5 it is interpreted that 35.0% of the respondents are Strongly Agree. 48.33% of the respondents are Agree. 4.17 % of the respondents are neither agreed nor disagree. 1.67% of the respondents are disagreeing. 2.5 % of the respondents are Strongly Agree.

3.1.6. Respondents Based on Advice Seek on Investment Decision

The surveys were conducted among the investors from the Dehradun city and total 120 individuals had been responds. The data from respondents based on advice seek on investment decision were collected and stated their views on the mutual funds investments. The percentage opinions are presented in the Table 6.

Table 6: Data from respondents based on advice seek on investment decision.

Particulars	No. of Respondent	Percentage of Respondent
Local Brokers	33	27.5%
Magazines & Newspapers	47	39.17%
Chartered Accountants	17	14.17%
Bank	8	6.67%
Family & Friends	11	9.17%
Others	4	3.33%
Total	120	100%

From the above Table 6 it is interpreted that 27.5% of the respondents are local brokers. 39.17% of the respondents are magazines & newspapers. 14.17% of the respondents are chartered accountants. 6.67% of the respondents are from Banks. 9.17% of the respondents are family & friends and 3.33% of the respondents are from the others sectors.

3.1.7. Respondents Based on Short-Term Goal of Investment of the Investors

The surveys were conducted among the investors from the Dehradun city and total 120 individuals had been responds. The data from respondents based **short-term goal of investment of the investors** were collected and stated their views on the mutual funds investments. The percentage opinions are presented in the Table 7.

Table 7: Data from respondents based on advice seek on investment decision

Particulars	No. of Respondent	Percentage of Respondent
Return	50	41.7%
Liquidity	67	55.8%
Risk	3	2.5%
Total	120	100%

From the above table 7 it is interpreted that 41.7% of the respondents are seek on investment decision from return. 55.8% of the respondents are seek on investment decision from liquidity. 2.5% of the respondents are are seek on investment decision from Risk.

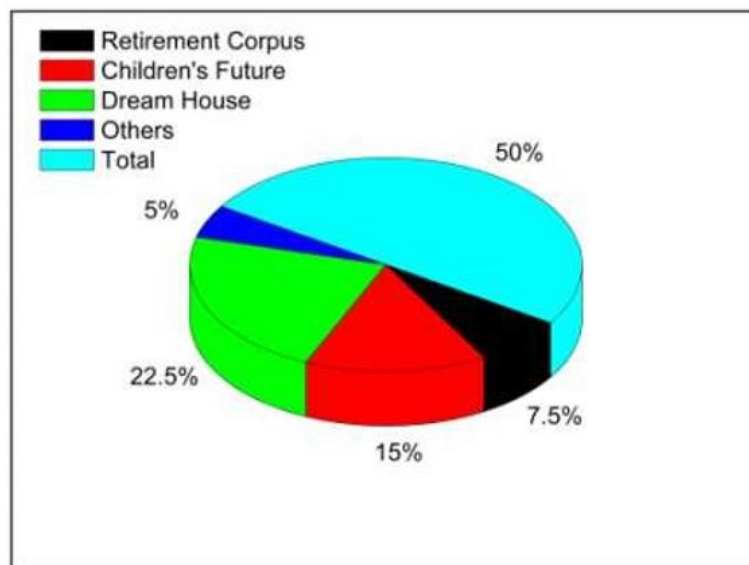
3.1.8. Respondents Based on Long-Term Goal of Investment of the Investors

Table 8: Data from respondents based on long-term goal of investment of the investors.

Particulars	No. of Respondent	Percentage of Respondent
Retirement Corpus	15	7.5%
Children's Future	30	15%
Dream House	45	22.5%

The surveys were conducted among the investors from the Dehradun city and total 120 individuals had been responds. The data from respondents based long-term goal of investment of the investors were collected and stated their views on the mutual funds investments. The percentage opinions are presented in the Table.8.

From the above Table.8 it is interpreted that 7.5% of the respondents are agree with long-term goal of investment. 15% of the respondents are disagreeing. 22.5%of the respondents are Strongly Agree. 5% of the respondents are neither agreed nor disagree.

**Figure 2:**

3.1.9. Demat Account Survey Analysis

An authorized depository participants (DP), who serves as a go-between for the person investing and the centralized depository, is approached by an investor to open a demat account. The investor submits their physical share certificates or other securities to the DP for dematerialization. Dematerialization is a crucial component of modern financial markets, promoting transparency, efficiency, and investor confidence. Regulatory bodies and depositories oversee the dematerialization process to ensure compliance and security of electronic securities holdings.

The aforementioned study was done using a sample size of 50 and is descriptive in nature. Both primary and secondary methods of gathering data were used in this investigation. For collecting information, an organized survey was adopted in the present research. For analysis and interpretation, graphical representation and percentage analysis were employed. The primary topic of this article is client input and recommendations that could help take the necessary steps to handle problems in a better way.

3.2.2. The Awareness on Online Trading

The awareness on online trading were conducted among the investors from the different medium like news

papers, through friends, by Financial expert advisor and websites in Dehradun city. After that a survey was conducted, and found that 50 individuals had been familiar about mutual fund investments. The data from respondents based long-term goal of investment of the investors were collected and stated their views on the mutual funds investments. The percentage opinions are presented in the Table.8.

Table 9: Data from respondents based on the awareness on online trading.

S.No.	Particulars	No of Respondents
1	News through paper	5.0
2	Colleagues and Friends	15.0
3	Financial expert advisor	12.0
4	Through websites	18.0
Total		50

5 respondents came to know from newspaper, 15 from their friends and families, 12 from financial advisories, and 18 others from websites. These data were collected from the total 50 respondents from the various communities of Dehradun district of Uttarakhand.

4. CONCLUSIONS

To maximize returns, it is necessary to comprehend the advantages and disadvantages of various investment avenues. These studies help various segments of society comprehend the benefits and drawbacks of investments. However, because of the investor's drastic shift in mindset, those who participated in the Indian capital market are somewhat unable to comprehend the investor's investment objective. The investor can make trading in securities a profitable area of investment. It is solely dependent on how aware the person making investments is of their investing goals. The taste of success from investing in securities can be experienced by the investor when they receive increasingly precise information at the appropriate moment. The authorities overseeing the capital market ought to conduct additional investor education and awareness campaigns. The scope of the current study is limited to the Dehradun District; additional research in other Uttarakhand districts and other parts of the nation could be conducted in order to build policies and draw in investors to spend their savings in the country's economic development.

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