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A study on youths' perception towards bond funds: a case study

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Abstract
Now days a Bond fund is the One of the best options of Investment. Bond fund are said to be the best options for mobilizing the funds of the teenagers contribute significantly to the capital markets. The present study explains briefly about the bond fund industry. The study also helps to know the role of investment mode and preferences of teenagers behind investing in bond fund. Financial markets are constantly becoming more efficient by providing more promising solutions to the teenagers. Being a part of financial markets although bond funds industry is responding very fast by knowing the dynamics of venture capitalists' perception towards rewards, still they are continuously following this race in their endeavor to differentiate their products responding to sudden changes in the economy. Thus, it is high time to know and analyze venture capitalists' perception and expectations, and unveil some extremely valuable information to support financial decision making of bond funds. In few years Bond fund has emerged as a tool for ensuring one's financial wellbeing. Bond funds have not only contributed to the India growth story but have also helped families tap into the success of Indian Industry. As information and awareness is rising more and more people are enjoying the benefits of investing in bond funds. In India, when thinking about investment, the first and foremost challenge that all teenagers face is an overabundance of options. From bonds to fixed deposits, gold to stocks, money market securities and a combination of all these, each has its set of benefits and challenges. Furthermore, teenagers need to consider the time horizon of their investments, risk appetite and returns based on the goals they want to achieve.
Keywords: - Bond fund, Teenagers, Perception, NAV, SIP.

1. Introduction

Stake is an important part of the economy of any nation. Stake represents that part of disposable income that is not spent on final Consumption of goods and services. It is defined as the difference between income and consumption during pre-independence period in India, people spent most of their income on consumption and only a small amount of income was left in the form of Stake. Objective of the venture capitalist is to minimize the risk and maximize the return. Bond funds are one of the most appropriate investment opportunities for common teenagers.
Bond funds are having so many advantages like; Comparatively higher Return on Investment (ROI), Managed by experts, Built-in Diversification, Ease of investing and monitoring, Tax Benefits and Liquidity and Systematic Withdrawal Plan. The analysis and advice presented in this paper is based on market research on the saving and investment practices of the teenagers and preferences of the teenagers for investment in Bond funds. The findings of the study mentioned in the paper will help to know about the teenagers' Preferences in Bond fund means as to whether they prefer any particular Asset Management Company (AMC), Which type of Product they prefer, Which Option (Growth or Dividend) they prefer or Which Investment Strategy they follow (Systematic Investment Plan or One time Plan).

2. Objective of Study

The main objective of this study is:
1. To know various factors considered by the youth while going to invest in the bond fund.
2. To study the working of bond fund
3. To know Investment preferences and knowledge level of Teenagers
4. To know the personal and social status of Teenagers

3. Scope of Study

1. The project will provide us the better platform to understand the history, growth and various aspects of bond fund
2. It will also help to understand the behavior of Indian investment towards bond fund.
3. It will also help to understand the importance of bond fund

4. Literature Paper

Zheen, L. (1999) found that funds that receive more money perform significantly better than those that lose money. This effect is short-lived and can be largely, but not entirely, explained by the strategy of betting on winners. Overall, there was no hard evidence that the funds later received more money after beating the market. However, he claims that positive outlier returns can be achieved using cash flow information for small funds, and Fant, L.F. (1999) examined the relationship between stock market returns and the components of aggregate bond-to-stock fund flows (new sales, redemptions, trade-ins, and trade-ins). The aim of the study was to understand the behavior of a bond fund by a venture capital investor. There is evidence that the different components reflect different goals and information from the venture capitalist.

Grinblatt, M., & Keloharju, M. (2000) analyze to what extent past performance determines the propensity to buy and sell. It also analyzes whether these behavioral differences based on past performance and differences in the experience of venture capital investors affect the performance of different types of venture capitalists. The main aim of the study was to understand the investment behavior and performance of different adolescents.

BUFFET: (2000) Pradip INatarajan, JP Singh et al. They estimated that just 9% of Indian households invest in equities, around 12% invest in bond funds, closing based on certain investment attributes. They concluded that unless youth needs are critically examined and identified, their input cannot be converted into productive capital. This will help to understand the behavior of venture capitalists, which could have governance implications for policymakers.

Jambodekar (1999) conducted a study to assess adolescents' awareness of retirement funds to identify sources of information influencing purchasing decisions and factors influencing the choice of a particular fund. The study showed that under current market conditions, income programs and open programs are preferred over growth programs and closed programs. Young people seek capital security, liquidity and capital growth in order of importance; Newspapers and magazines are the primary source of information for youth to learn about retirement fund programs, and venture capital services are the key differentiator when choosing retirement funds.

5. Bond Fund Concept

"Bond funds are popular with all income groups. With a bond fund, you get a diversified one share basket managed by a professional. A bond fund is a professionally managed investment program, usually run by an asset management firm that brings together a group of people and invests their money in stocks, bonds, and other securities.

Bond Funds offers young adults or teenagers' access to professionally managed portfolios of stocks, bonds and other securities. Each shareholder therefore participates proportionately in the profit or loss of the fund. Bond funds invest in a large number of securities and performance is typically tracked as a change in the fund's total market capitalization based on the combined performance of the underlying investments.

Bond Fund is a company that collects money from many teenagers and invests it in securities such as stocks, bonds, and short-term debt. A bond fund's combined holdings make up its portfolio. Young people buy shares in pension funds. Each share represents co-ownership of the venture capital fund and the income it generates.

Bond funds are divided into different types of categories that represent the types of securities they invest in, their investment objectives, and the type of expected return.

Bond funds charge annual fees (called expense ratios) and, in some cases, fees that can affect their overall returns.

The vast majority of money from employer-sponsored pension plans goes into retirement funds, research project.

6. Type of Research

Descriptive and analytical research. It is generally assumed that descriptive research is factual and very simple. This is not necessarily true. Descriptive studies can be complex demanding a high degree of scientific skill on the part of the researcher. Descriptive studies are well structured. It is therefore necessary that the researcher gives sufficient thought to framing research questions and deciding the types of data to be collected and the procedure to be used for this purpose.

Population: It includes people who are teenagers and non teenagers of bond funds

Sample size: 50

Age group: 16-21 years

Sampling method: Non probability, convenience sampling. Non probability sampling is a subjective procedure in which the probability of selection for the population units cannot be determined. Convenience sampling, a researcher's convenience forms the basis for selecting a sample of unit. As the population is defined earlier the accidental sampling method is followed to draw the sample. In a convenient sample each member of the population has unknown and there is no equal chance of being selected. Accidental sampling technique is used in this study. The period of survey for collecting 40 questionnaires was 30 days.

Data collection tools: Both primary and secondary data are required.

Primary data is the first-hand information collected directly from the responders. The tool used here is structured questionnaire using Google forms. Primary data is obtained via survey. Secondary data is obtained from internet and books
Plan of data analysis: Data analysis is done with the help of bar graphs, pie charts and using SPSS software. The collected data were analyzed and coded as per the objectives and the details of that were presented under the chapter on analysis and interpretation of data.

7. Limitations

1. This project is limited in scope as the survey is conducted with a shortage of time constraint and also based on secondary data.
2. Because of ignorance factor some of the responders were not able to give correct answer.
3. The responders were not disclosing their exact portfolio because they have a fear in their mind that they can come under tax slab.

8. Major Findings of the Study

From the survey data, 50% have invested in bond funds. 20% have not invested in bond funds. 12 % do not know about Bond funds. 18% do not have specified any reason.
42% have invested in SBI bond funds, 10% have invested in HDFC bond funds. 10% have invested in ICICI bond funds. 8% in AXIS bond funds.
26% have invested in SBIMF because SBIMF is associated with the State Bank of India. 12% have invested as SBIMF has a record of giving good returns year after year. 4% have invested due to agent advice.
36% have not invested in SBIMF as they are not aware of SBIMF. 14% did not invest in SBIMF because it gives lesser returns compared to others. 10% have not invested due to agent advice.
While investing in bond funds, 54% preferred SBIMF, 34% preferred Reliance as their preferred AMC. 12% preferred AXIS bond funds.
From the data, 50% of the venture capitalists opted for financial advisors as their preferred channel. 28% of the venture capitalists opted for bank and 22% opted for AMC.

9. Advantages of Bond Funds

1. Liquidity
It is relatively easier to buy and exit a bond fund scheme. Bond fund transactions happen only once in a day after the fund house releases that day’s NAV.
2. Diversification
Bond funds have their share of risks as their performance is based on the market movement. Hence, the fund manager always invests in more than one asset class (equities, debts, money market instruments, etc.) to spread the risks. It is known diverseness. This way, when one asset class doesn’t perform, the other can compensate with higher returns to avoid the loss for venture capitalists.
3. Expert Management
A bond fund is favored because it doesn’t require the venture capitalists to do the research and asset allocation. A fund manager takes care of it all and makes decisions on what to do with your investment. The fund manager’s reputation in fund management should be an essential criterion to choose a bond fund.
4. Less cost for bulk transactions
If bond funds are bought multiple units at a time, the processing fees and other commission charges will be less compared to when you buy one unit.
5. Invest in smaller denominations
By investing in smaller denominations (SIP), venture capitalists get exposure to the entire stock. This reduces the average transactional expenses and venture capitalists benefit from the market lows and highs. Regular (monthly or quarterly) investments, as opposed to lump sum investments, give venture capitalists the benefit of rupee cost averaging.

10. Recommendations/Suggestions

As 50% chose financial advisors as their preferred channel. Bond fund companies should give training to the financial advisors about the bond fund schemes and its objectives as they are the main source to influence the venture capitalists.
SBIMF should create more awareness about the schemes in order to attract more venture capitalists in investing in their bond funds. 36% did not invest in SBIMF because they are not aware about it.
People belonging to the age group of 50 and above form 12% as they can be encouraged to invest in bond funds by providing bond funds with lower risk.
Debt portfolio schemes can be less risky and 24% opted for schemes having debt portfolio. Debt funds can be more beneficial if the bond fund companies can create more awareness and provide expert knowledge to increase investments in debt portfolio.
SBIMF should provide knowledge about the higher returns because 14% did not invest in SBIMF as they feel that gives fewer returns compared to others.

11. Result of Study

Bond Fund is an investment fund that brings together multiple venture capitalists who share a common economic goal. They are investment vehicles and can be used to invest in asset classes such as stocks or fixed income securities. It is managed by professional fund managers. Offers risk diversification. The benefits of investing in MF are risk reduction, liquidity, accessibility, convenience, flexibility and diversity. The customer must identify the best MF management companies and suitable programs among the various programs offered by MF.

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Conflict of Interest

The authors declares that there is no conflict of interest in this manuscript.

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