



AWARENESS OF MUTUAL FUND INVESTMENT AMONG THE INVESTORS – AN EMPIRICAL STUDY

Dr. B. Ravi Kumar* & R. Padma Malini**

* Professor, Department of MBA, Amrita Sai Institute of Science and Technology, Andhra Pradesh

** Assistant Professor, Swami Vivekananda Institute of Technology, Telangana

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Abstract:

Capital market has been strengthened due to because of increase in investment in mutual funds by small and medium investors. Most of the investors are having awareness about mutual funds and its benefits like tax benefits, less risk, cost etc. The mutual fund industry in India has undergone a most successful phase in the last 15 years. The growth in number of schemes offered by Indian mutual funds from 403 schemes in 2002-03 to 1294 schemes in 2011-12 has shown the inclination of investors towards mutual funds. The resources mobilized by public sector funds is Rs. 314706 crore in 2002-03 and reached to a high of Rs.10, 019,023 crore in 2009-10 of which the share of public sector mutual fund is around 80 percent of the total fund mobilized. The present study is an endeavour to know the awareness of investors about mutual funds.

Key Words: Awareness, Bajaj Capital, Investors & Mutual Funds

Introduction:

At present mutual fund is an investment avenue for salaried employees and it is high useful for them to get tax benefit. Hence the business organizations who are offering mutual funds have to supply absolute information to the potential investors concerning to mutual funds. Mutual funds are considered as one of the best available investments as compared to others because they are very cost efficient and also easy to invest in, thus by pooling money together in mutual funds, investor can purchase stock or bonds with much lower trading costs than if they tried to do it on their own. However the prevalent benefit of mutual funds is diversification, by minimizing risk and maximizing returns. Therefore, a mutual fund provides a break to invest in diversified and proficiently managed securities at a squat cost.

Significance of the Study:

In the present scenario MF investments are the excellent resource of investments and it is further helpful for the salary class people for getting tax benefit. Mutual fund industries are gaining weight for the reason that the salaried group people and the middle income people prefer their investment preferable avenue for their investment destination. There are different traditional investment options are available i.e. gold investment, government bonds, real estates, post office savings schemes, insurances and fixed deposits etc. Most of the investors are gaining awareness about the mutual funds irrespective of their age, gender and their income etc. In reality, most of the people investing in mutual funds are not clear regarding its functioning and management. Subsequently the business organizations which are offering mutual funds have to present absolute information to the potential investors relating to mutual funds.

Objectives of the Study:

- ✓ To project Mutual Fund as the ‘productive avenue’ for investing activities.
- ✓ To show the wide range of investment options available in Mutual Funds by elucidating its various schemes.
- ✓ To help an investor make a right choice of investment, while considering the inherent risk factors.

Data Collection:

Both primary and secondary has been used for the purpose of the study. A structured questionnaire has been developed to collect first hand information from the respondents. Secondary information has been collected from journals, web sites etc. Data has been gathered by using simple random sampling technique

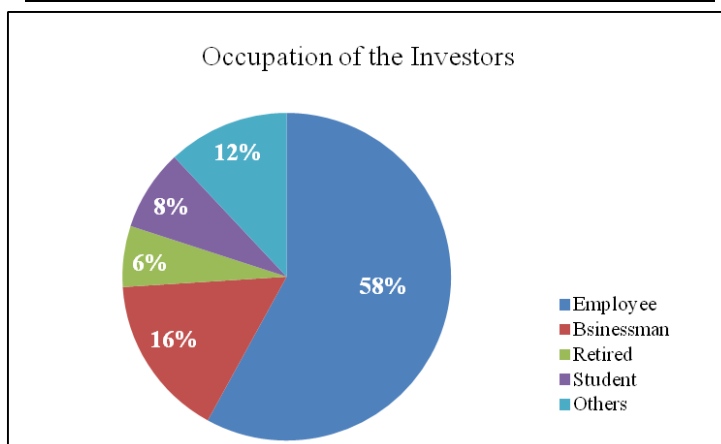
Results and Discussion:

Table 1: Age of the investors		
	No of Respondents	Percent
Below 25 Years	18	18
26 To 30 Years	32	32
31 To 40 Years	24	24
40 Years & Above	26	26
Total	100	100

Interpretation:

Majority of investors’ age falls between the age of 26 to 30 years, & later followed by 40 Years & above. There is no investment activity by the respondents who are aged of below 25 years, it may be because of the people in this age are found to be students or employees.

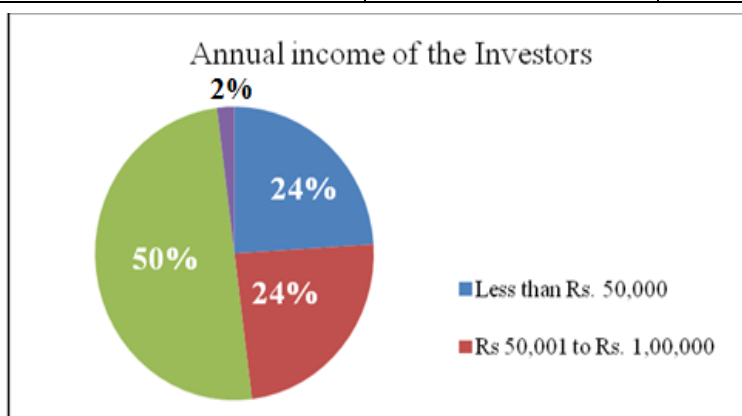
Table 2: Occupation of the Investors		
	No of Respondents	Percent
Employee	58	58
Businessman	16	16
Retired	6	6
Student	8	8
Others	12	12
Total	100	100



Interpretation:

Majority of investors are Employees, Businessman & later followed by others. Very less investment activity is seen with retired, Students & others, the interesting outcome is the investment activity among the students also, and even students are keen of saving their money.

Table 3: Annual income of the Investors		
	No of respondents	Percent
Rs. 50,000	24	24
Rs 50,001 to Less than Rs. 1,00,000	24	24
Rs. 1,00,001 to Rs. 5,00,000	50	50
Above Rs. 5,00,000	2	2
Total	100	100



Interpretation:

Majority of investors annual income fall in the group between the Rs. 1,00,000 to Rs. 5,00,000 & later followed by below Rs. 50,000 & between Rs. 50,000 to Rs. 1,00,000. A very less percentage of investment is seen investors with annual income of above Rs. 5,00,000.

Table 4: Respondents Preference towards the Factors While Investing

Factors	(a) Liquidity	(b) Low Risk	(c) High Return	(d) Trust
No. of Respondents	40	60	64	36

Interpretation:

Out of 100 People, 32% People prefer to invest where there is High Return, 30% prefer to invest where there is Low Risk, 20% prefer easy Liquidity and 18% prefer Trust

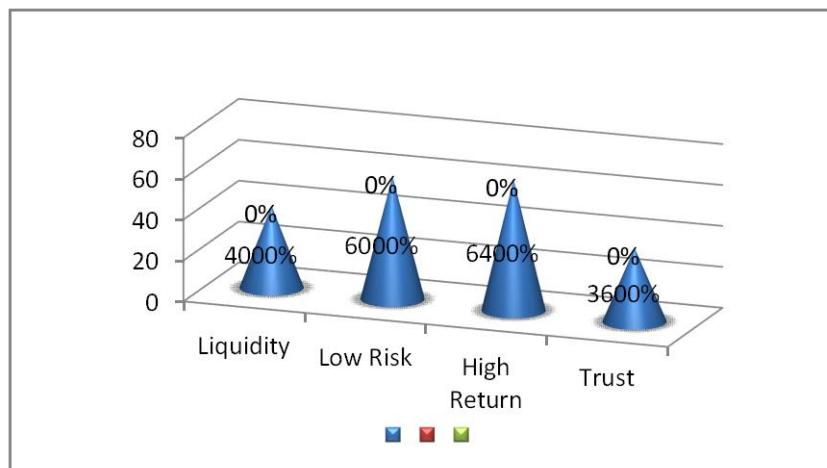
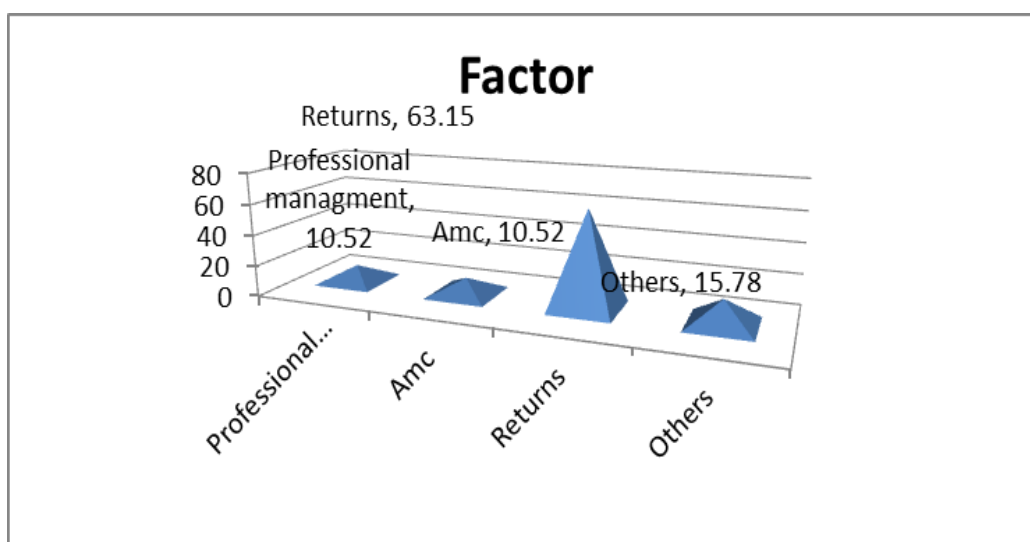


Table 5: Factors considered by Investors while investing in derivatives

	No of respondents	Percent
Professional Management	10	10
Amc	11	11
Returns	63	63
Others	16	16
Total	100	100



Interpretation:

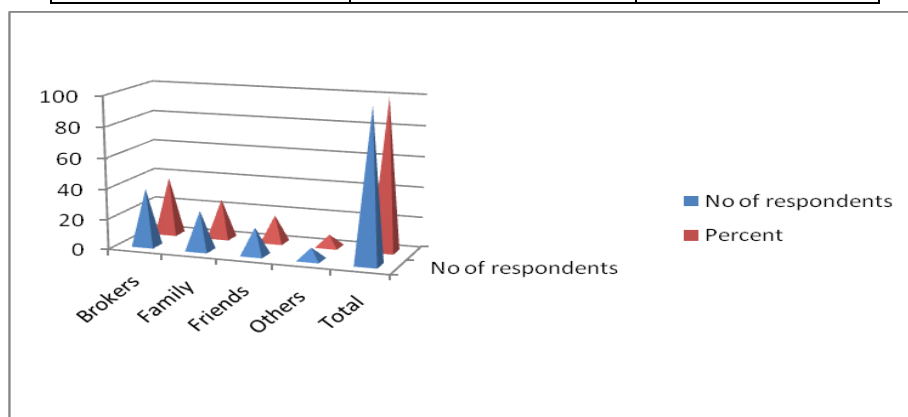
Majority of investors consider returns as the factor while investing in derivatives, & 4% each consider Hedging & Arbitrage as a factor while investing in derivatives. The main objective of very investors to earn money from their investment therefore it is very obvious to consider return as a factor while investing in Derivatives.

Table 6: How do you know about Mutual Funds?		
	No of Respondents	Percent
Brokers	40	40
Family	10	10
Friends	28	28
Television	18	18
Others	4	4
Total	100	100

Interpretation:

Majority of investors came to know about mutual Fund from Brokers are considered as a best mean or way for educating the investors while investing in mutual Fund 10% of investors take advice from Family, 2% take advice from friends, 4% investors came to know about mutual Fund from others.

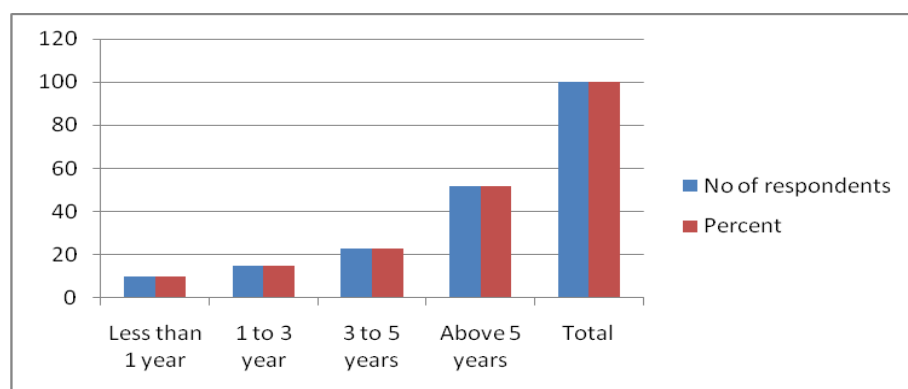
Table 7: Respondents opinion towards taking advise for investment		
	No of respondents	Percent
Brokers	38	38
Family	26	26
Friends	18	18
Others	8	8
Total	100	100



Interpretation:

Majority of investors takes advice from brokers, 6% investors take advice from family, & 2% each take advice from Friends & others while investing in derivatives. The outcome says that Brokers can educate well to the investors while investing in derivatives.

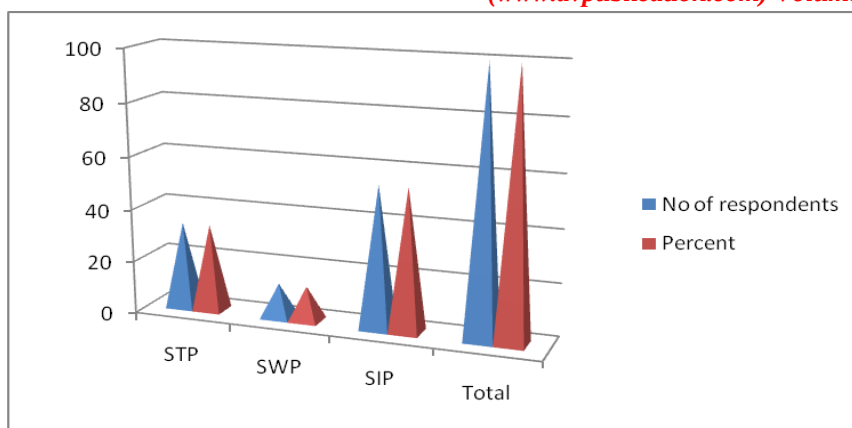
Table 8: Since how long you are in mutual Funds?		
	No of Respondents	Percent
Less than 1 year	10	10
1 to 3 year	15	15
3 to 5 years	23	23
Above 5 years	52	52
Total	100	100



Interpretation:

Majority of investors are less than 1 year in mutual Fund, 10% investors are from 3 to 5 years, 8% investors are there more than 5 years in mutual Fund. The outcome of the above graph shows that majority of investors has limited their investments after the major downfall in the stock market. Investors were more in numbers when the stock market was at 21,000 points, & very less investors were there in Mutual Funds to invest.

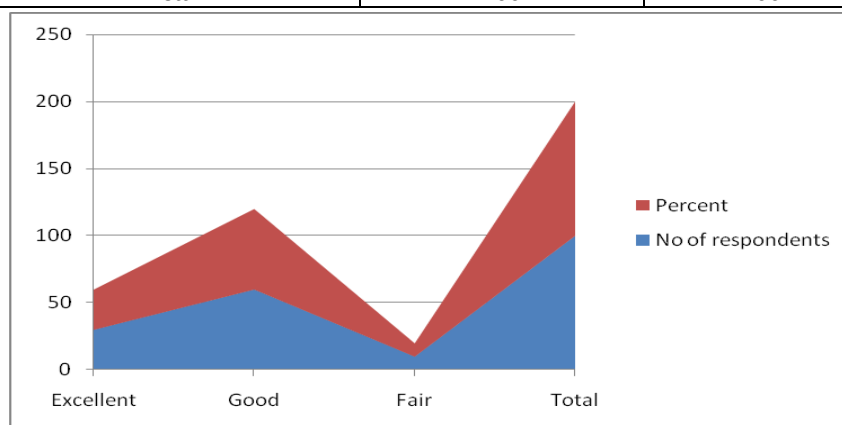
Table 9: Which System Do you Prefer in mutual Fund?		
	No of Respondents	Percent
STP	33	33
SWP	13	13
SIP	54	54
Total	100	100



Interpretation:

Majority of investors' investing in sip plan 54% stp, 33% of investors trade daily, & swp% trade weekly in derivative market.

Table 10: Respondents opinion towards the services provided by Bajaj Capital		
	No of Respondents	Percent
Excellent	30	30
Good	60	60
Fair	10	10
Total	100	100



Interpretation:

Majority of investors rated services provided by Bajaj Capital services as Good & it can be improved further by taking the necessary steps by filling the gaps by conducting programs like clients meeting or investors meeting.

Findings:

- ✓ Most of the investors belong to the age group of 26 years to 40 years & above. Through this we can infer that the investment activity in this age is more compared to the investors whose age is below 25 years.
- ✓ Most of the investors are Employees & Businessman. Even student investors are investing more compared to retired investors.
- ✓ Most of the investor's annual income falls under the group between Rs. 1,00,000 to Rs. 5,00,000.
- ✓ Most of the investors belong to the savings group of below Rs. 5,000.
- ✓ Most of the investors prefer investing in Bank Deposit. Through this we can infer that people still invest in bank & not in Mutual Funds.
- ✓ Most of the investors consider Safety as a factor while investing. Investors are concerned about safety of their money & not return.
- ✓ Most of the investors invested their savings in Equity. We can infer that equity is still in the topmost priority when it comes to investing.
- ✓ Most of the investors are unaware of mutual funds. It may be because of it being a new arena for investment, at least in Indian market & ill promotion of the same.
- ✓ Most of the investors did not invest in mutual funds because of Most of the investors consider.
- ✓ Majority of the investor's came to know about mutual funds through Brokers.
- ✓ Nearly every one of the investors does take advice from Brokers while investing in mutual funds.

- ✓ A large amount of the investors are trading in mutual funds for less than one year. This means that derivatives trading are unfamiliar & they consider it as too risky.
- ✓ The largest part of the investor's trade on Monthly basis in systematic investment plan.
- ✓ For the most part of the investors rated services provided by Bajaj capital Services as Good.

Suggestions:

- ✓ Since the entire fund's returns are beating the market returns and the funds are giving good returns, investing is quite helpful to investors.
- ✓ Since most of the investors are working in the private sector it is all the more necessary to give equity flavor to one's investment portfolio so that they can have a comfortable post retirement life.
- ✓ If there is a chance of withdrawal of investment, it should be made in debt instruments.
- ✓ It is important to select the fund carefully. The most important factor while selecting a fund is the suitability. A fund may be best available in the market if it doesn't match the requirement, skip the fund.
- ✓ The performance of the mutual fund over a long time horizon should be taken into consideration. Short-term performances are like a flash in the pan and should not be the guiding factor for any investment decision.
- ✓ Diversification is the best strategy to mitigate the downside risk in an investment portfolio. Investments should be made in various funds so that one is exposed to all market capitalizations.

Conclusion:

It can be said that, falling interest rates and recent developments in the investment climate in the country, have led to investment avenues dwindling drastically. But Mutual Funds are any day a safe bet for investors of different groups, motives and other preferences. Since Asset Management companies offer a range of Funds respective Investment philosophies, an investor can benefit only by investing in appropriate fund, which shall meet his requirements. Manager should try to reduce the risk by investing in efficient or he should be able to differentiate between the efficient and inefficient securities. The mutual fund companies should concentrate on cash rich companies like the Trusts, cash rich private companies, etc to generate, more funds for the investment. Investors can invest in a mutual fund that matches their investment objective and analyze the fund based on various criteria such as risk prevailing in the market, variations on the return and deviations occur in the returns etc. Risk appetite of an investor plays an important role in the selection of mutual funds.

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