Awareness and Perception of Investors towards Mutual Fund Investments

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Abstract: *Mutual fund investment means collects the money of people with certain investment goals. It is a trust which collects fund from different investors and invest it in different scheme in accordance with the goals of the investors. Mutual fund is regulated by SEBI (Security and Exchange Board of India) and it is a setup in the form of trust, which has sponsor, trustee, asset management company (AMC) and custodian. The present study highlight the relation between awareness and perception of mutual fund with the sources of information, level of income, educational level of respondent, factors considered by investors while making mutual fund investment and types of investment selected by the investors with special reference to Palakkad district. The researcher used structure questionnaire and used purposive sampling method for primary data collection. 50 samples selected from each of 6 thaluks of Palakkad district. Percentage analysis and Chi-Square test are used in the study for analyzing the data. From the study the researcher identified that most of the investors attracted to the mutual fund because of its better return policy and there exist a relation between the income level and period of investment. The study suggest that New schemes should be introduced and to be communicated with the individuals through advertisement.*

Keywords: AMC (Asset Management Company), mutual fund, SEBI (Security and Exchange Board of India)

I. INTRODUCTION

A mutual collects money from many investors to invest in securities like stocks, bonds, money market instruments and other assets. Mutual funds are operated by professional managers who allocate the funds and attempt to produce capital gain or income for the investors. Mutual funds give small or individual investors' access to professionally managed portfolios of equities, bonds and other securities. Mutual funds collects the money of people with certain investment goals and issues 'units' to investors in accordance with the money invested by them. Mutual fund investors are known as unit holders. A mutual fund is required to register with SEBI (Securities and Exchange Board of India), which regulates the securities market. Mutual funds are not taxed on their income as long as they distribute substantially all of it to the unit holders.

The main responsibility of a trustee is to protect the interest of the unit holders and also ensure that AMC function in the interest of investors and in accordance with the SEBI regulate 1996 the provisions of the trust deed and the offer document of the respective schemes. The AMC is appointed by the trustees as the investment manager of the fund.

When compared with direct investment mutual fund has both advantages and disadvantages. The advantages of mutual funds include economies of scale, diversification, liquidity and professional management. Mutual fund help small and medium size investors to participate in the modern financial scenario. The schemes of mutual fund Mutual funds are regulated by governmental bodies and are required to publish information performance, comparison of performance to benchmark, fees charged, and securities held. A single mutual fund may have several share classes by which larger investors pay lower fees.

II. OBJECTIVES OF THE STUDY

- To measure the level of awareness of investor's on mutual fund investment.
- To examine the factors influencing the investors for investing mutual fund.

2.1 Hypothesis

- H_0: There is no significant relation between the income level and the period of investment.
- H_1: There exist relationship between income level and period of investment.

III. REVIEW OF LITERATURE

(Sodi Jasbir Kaur & Jehangir Bharucha, 2021) Examined the mutual fund industry in India and analyse the impact of investor's awareness on investment behaviour. The study has shown that investment in mutual funds is more often influenced by qualifications, occupation and income. The issue of low penetration of mutual funds can be solved by increasing the level of financial literacy of Indian investors.

(Velmurugan Palaniappa Shanmugam & Ashiq ali, 2021) Analysed the changes in the mutual fund industry in India due to virus and the impact of covid 19 pandemic on equity oriented mutual fund. The result shows that the value of majority of the funds had plunged, while some funds rebounded during the period.

(Sungjoung kwon ,Michelle & Yiming qian, 2020) analysed the mutual fund investment in private firms**.** The study reveals that the availability of capital to private firms in the form of investments by mutual funds has increased dramatically over the past 15 years. Finding of the study is mutual fund investments will be strongly related to company outcome. The investment will be negatively related to company failure and positively related to success.

(Vinay kumar & Parvez abdulla, 2021), attempted to find the various source of information used by the investors and whether the type of information used has any impact on the investment output of the investors or not. Furthermore, attempt has also been made to find that is there any association between information sources used and level of education and locality of the investor. The data has been collected from the 400 mutual fund investors and it has been found that majority of the investors make use of the formal information sources and the type of information sources used do have a impact on the investment yield of the investor.

(Balamurugan.s ,Selvalakshmi & vasundhara, 2021), analysed the behavioural finance perspectives of mutual fund investors. They conducted the study to identity the mentality of various investors and to improve their selection and interests in mutual funds. The result shows that the investors do not have any unique behavioural finance perspectives but their interest varies with various factors like returns, tax, retirement benefits, flexibility, and liquidity.

(Balamurugan.s ,Selvalakshmi & vasundhara, 2021) analysed the factors affecting mutual fund investment and retail investor inclination. This research "aims to discover the variables that influence mutual fund investment decisions and their priority over institutional investors". This project would also look at the reasons that discourage people from investing in mutual funds. The results would aid mutual fund firms in identifying areas in which they should develop, as well as their marketing campaigns. It will assist MF firms in developing creative and creative products based on customer preferences.

(Khemka, 2021) studied the investors' awareness and preference of mutual funds as compared to other investment options. The study further examines the investors' awareness about various schemes of mutual funds including that of index funds. The study reveals that the investor's perception is dependent on the demographic profile and assesses that the investor's age, gender and education has a direct impact on investor's choice of investment. The study also revealed that investors objective of investing in mutual funds are for tax savings, for retirement purpose, wealth creation and for children's education etc.

IV. RESEARCH METHODOLOGY

The study is basically descriptive in nature. In order to collect the data the researcher used a well-structured questionnaire. Secondary data were collected from journals and magazines, newspapers, various websites etc. The researcher used purposive sampling method for collecting primary data. Samples selected from the Palakkad district. There are 6 Thaluks in Palakkad district. The researcher selected 50 mutual fund investors from each thaluk. Percentage analysis and tabulations are used for analyzing the data.

IV. RESULT AND DISCUSSION

Table showing the demographic features of respondents

		Frequency	Percentage
Gender	Male	198	66%
	Female	102	34%
	Total	300	100 %
Age	20-30	144	48%
	30-40	84	28%

	Above 40	72	24%
	Total	300	100%
Qualification	Below graduation	66	22%
	Graduation	156	52%
	Above graduation	78	26%
	Total	300	100%
Income level	Below 10000	72	24%
	10000-30000	132	44%
	30000-50000	78	26% 6
	Above 50000	18	6%
	Total	300	100%
Savings	Below 10000	96	32%
	10000-20000	132	44%
	20000-30000	42	14%
	Above 30000	30	10%
Total		300	100%

Table No.1 shows the demographic features of the respondent. Out of which 66% of respondent are male and 48% of respondents are in the age group 20-30. Then 52% of respondents are graduated and most of the respondents are in the middle income group.

Table 2 showing sources of information used by the investors.

Sources	Number of respondents	Percentage
Advertisement	138	46%
Financial advisors	60	20%
Peer group	18	6%
Others	84	28%
Total	300	100%

Table No.2 shows that the investors are aware about the different sources of information about the mutual fund and they preferred advertisement, financial advisors, peer group and other sources. Out of which most of the respondents preferred advertisement as source of information about the mutual fund. 20% of respondents preferred financial advisors as sources of information. Only 6% respondents preferred peer groups a source.

Table 3 showing the attracted features of mutual fund

Features	Number of respondents	Percentage
Diversification	30	10 %
Reduction in risk	18	6 %
Better return	102	34 %
Tax benefit	54	18 %
Regular income	90	30 %
Others	6	2 %
Total	300	100 %

Table No.3 shows that the investors are aware about the different features of mutual fund but most of the investors attracted to the feature- better return. Then 30% of the investors preferred mutual fund investment because of its regularity in income and 18% of investors attracted to the feature –tax benefit. Then 10% of respondents attracted to the diversification that provided by the mutual fund.

Table 4 showing the period of investment

Years	Number of respondents	Percentage
Less than 2 year	72	24

2-5	90	30
6-10	120	40
Over 10	18	6
Total	300	100

Table No.4 shows that 40% of investors have 6-10 years of investment and 30% of investors have 2-5 years of investment. Then 24 % investors have less than 2 years of investment and only 6 % have investment more than 10 years.

Table 5 showing the schemes selected by investors.

Schemes	Number of respondents	Percentage
Open ended	18	6
Close ended	60	20
Liquid fund	66	22
Growth fund	78	26
Regular income fund	78	26
Total	300	100

Table No.5 shows that most of the respondents have growth funds and regular income fund. 22% of investors preferred liquid fund schemes and 20% respondents have close ended schemes. Only 6 % of respondents have open ended schemes.

Table 6 showing the types of mutual fund selected by the investors.

Mutual funds	Number of respondents	Percentage
UTI	144	48
HDFCI	66	22
ICICI	24	8
SBI	54	18
OTHERS	12	4
TOTAL	300	100

Table No.6 shows that most of the investors have UTI fund. 22% of investors are invested in HDFCI, 18 % in SBI. Only 8% of respondents are invested in ICICI.

Table 7 showing the perception of investors about the factors to be considered while investing in mutual fund

Factors	Very important		Important		Not important	
	No	%	No	%	No	%
Schemes and past performance	258	86%	42	14%	-	-
Reputation and brand name	210	70%	90	30%	-	-
Asset under management	186	62%	90	30%	24	8%
Innovativeness of the scheme	168	56%	96	32%	36	12%
Reputation management and strength of the team	186	62%	90	30%	24	8%
Investment objectives	198	66%	90	30%	12	4%
Tax benefit	210	70%	84	28%	6	2%
Withdrawal facility	258	86%	42	14%	-	-
Minimum investment	234	78%	66	22%	-	-
Responsiveness	180	60%	60	20%	60	20%

Table No.7 showing the perception of investors towards the factors to be consider while making investment. Most of the investors' perceived that all the factors are very important and it should be considered while making investment. Then 8% of investors consider that the asset under management is not an important factor and 12% of investors consider innovativeness of scheme is not an important factor. Then 20% of investors consider responsiveness is not an important factor.

Table 8 showing the risk perception of investors about the financial asset

Asset	Not at all risk		Less risk		Neutral		Risky		Very risky	
Share	6	2%	6	2%	30	10%	168	56%	12	4%
Mutual fund	30	10%	180	60%	6	2%	6	2%	-	-
Income scheme	24	8%	174	58%	12	4%	6	2%	6	2%
Balanced scheme	30	10%	78	26%	90	30%	12	4%	12	4%
Bank FD	150	50%	60	20%	6	2%	-	-	-	-
Debenture	6	2%	6	2%	18	6%	174	58%	18	6%
Bond	-	-	12	4%	24	8%	168	56%	18	6%
Total										

Table No.8 shows that the perception of investors about the financial asset. Most of the investors perceived shares, debentures and bonds as a risky assets and mutual fund and income schemes as less risky assets. Then 50% of respondent have the opinion that bank FD is not at all risky financial asset.

Table 9 showing the result of Chi-Square Test

Income	Period of investment					
	Less than 2 years	2-5 years	6-10 years	More than 10 years	total	
Below 10000	2	-	-	-	2	CHI SQUARE value= 18.55
10000-30000	8	7	6	1	22	
30000-50000	2	5	4	2	13	
Above 50000	-	3	-	-	3	
Total	12	15	20	3	50	

Since the calculated value (18.55) is greater than the table value (16.919), the null hypothesis is rejected and accepted the alternate hypothesis. Hence it is concluded that there exist a relationship between the income level and the period of investment.

V. FINDINGS

- Mutual fund investment is popular among individuals but only qualified persons are making investment.
- High income groups and low income groups are not ready to invest much in mutual fund. Mostly middle income groups are invested in mutual fund.
- Advertisement is the sources of information, from which the people gets idea about the mutual fund. Then people use the financial advisors and social media as sources of information.
- Most people making investment by attracting to the better return policy of the mutual fund investment.
- There exist relationship between the level of income and period of investment.
- Most of the investors prefer growth income fund and regular return fund.

VI. SUGGESTIONS

- To attract the young generation awareness about the mutual fund should be spread among the school and colleges
- AMC should collect feedback from the investors; they need to inform the investors about their investment progress and the fund managers should invest the investor's money in accordance with their objectives.
- The advertisement about the mutual fund is considered as most important sources of information. So the companies should provide needed information to the people through the advertisement. Then only the common people also get adequate information.
- The investors may not have sufficient knowledge related to the schemes of mutual fund, so the managers should be expert and should provide timely information to the investors.

- Most of the investors attracted to the feature 'better return', so the manager should mobilize their savings and invest it, in such a way that it should provide maximum benefit to the investors.

VII. CONCLUSION

Nowadays the investment opportunities are increasing day by day and it is needed to study about the awareness level and perception of individuals about the mutual fund. The present study highlight the relation between awareness of mutual fund with the sources of information, level of income, educational level of respondent, factors considered by investors while making mutual fund investment and types of investment selected by the investors. The mutual fund is an investment process in which the asset management company pools the investment from small investors and invests them in the schemes which is most suitable to the objectives of the investors. From the study the researcher identified that most of the investors attracted to the mutual fund because of its better return policy. The study suggest that New schemes should be introduced and to be communicated with the individuals to enhance the confidence of the existing investors and to convert potential investors to real investors. That will lead to the overall growth to mutual fund industry.

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