

A Study On The Awareness Of Mutual Funds Investment In India.

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Abstract: Investment is done with the motive of earning a regular return, risk-free. In our country, a number of investment measures can be seen ranging from insurance policies to shares or debentures. The type of investment chosen depends upon the income level and the risk taking ability of the investor. Mutual Funds are an emerging mode of investment with great potential as its got diverging investing modes with regular return and minimized risk. But the awareness level it has with respect to the citizens of our country is really low. The vague knowledge on the same has forced many to stay away or even opt out from such mode of investment. This study has been adopted with the aim to study the awareness level mutual funds have among the investing population in India and to suggest better remedies to familiarize them among the population.

Keywords: Investment, Risk, Return, Awareness, Familiarize

1 INTRODUCTION:

An investment vehicle pooling the savings of a number of investors with a common financial goal as its aim is termed as Mutual Funds. This money collected is further invested into varied kind of securities like shares, debentures and lot more depending upon their risk and return earning capability. Mutual Funds, highlighting to be the most appropriate investment for the common man, offers opportunities to invest under diversified basket of securities, professionally managed, at comparatively lower cost. This mechanism of Mutual Funds pools resources from collecting smaller units of funds from its investors, after on investing them in securities in accordance with objectives provided with the offer document. Since the investment spreads itself across wide varieties of industries and sectors, the risk is completely reduced with respect to other mechanisms. This feature of 'Diversification' in Mutual Funds have made this mode of investment familiar among investors – small or large. Mutual Funds shows its existence through a number of schemes, launched from time to time with the aim go accomplish beforehand it should get registered with SEBI so as to function under approved regulations and also encourages public in investing in this mode. This industry in India has started with the formation of the Unit Trust of India (UTI) in 1963 as an initiative of the Reserve Bank of India and The Government of India. Mutual Funds help investors through Qualified managers^[6] so as to reduce the risk such that it could be invested in securities of varied nature so as to deviate from a similar trend^[4]. Also, since the cost is divided between larger pools of investment, investors of all class find space in this form of investment. With its high regulation, under the supervision of The Security and Exchange Board of India (SEBI), helps enhance security, transparency with investors making the right choice.

2 STATEMENT OF THE PROBLEM

Mutual Fund is an investment vehicle created with pooling of funds collected from the scattered investors for the purpose of investing in stocks, bonds, money market instruments or similar assets^[5]. In every mode of investment, safety of the principal amount, with continuous returns and growth potential, Mutual funds have designed various financial instruments based on preference of investors, their change in profile and even with changes in stock market. The concept of Mutual Funds is of recent

origin. Some have benefited from it and many are not even aware of such a mode of investment. Some of the investors, with their limited knowledge on this mode, invest in it expecting return higher than those provided under time deposits in commercial banks and if the expected yield do not come up instead turn to backfire, they quit from this mode and also demotivate new ones from entering. This study is conducted with the aim to understand the extent of awareness of Mutual Funds in Investors and steps in familiarizing them among potential investors.

3 REVIEW OF LITERATURE:

- Jambodekar (1999) conducted the study to identify the various information sources that had influenced buying decision and the factors that had influenced the selection of choices of funds. This study has revealed that under the prevalent market conditions, income and open ended schemes are more preferred that growth and close ended schemes. Investors more focus on safety of principal and liquidity and choose newspapers and televisions as their mode of awareness regarding this investment.
- Priti Mane (2004) has stated Mutual Funds as one among the best options available for information in today's world. A number of researches have been carried out on investors behaviour regarding Mutual Funds. In order to attract investors into financial industries require innovation in developing and delivering financial nature services for growth.
- Paul and Garodia (2012) have observed that the various demographic variables like age, sex, occupation, income level has a significant impact on the pattern of investment. It states that the expectation level of different investors varies with their category.
- Grinblatt M and Kelohraju (2000) in their study analyses the extent to which past data has an impact on the decisions to buy and sell. It has also analysed the investors sophistication drive towards the various modes of investment.

4 OBJECTIVES OF THE STUDY:

Following are the objectives focussed under this study:

- To study the extent of awareness on Mutual Funds with in relation to age, income and education.
- To analyse the purpose of investment in Mutual Funds.
- To know the investment preferences in Mutual Funds with respect to other investment opportunities.
- To analyse whether investment in this medium has any impact in investment with regard to demographic profile.

5 RESEARCH METHODOLOGY:

This study adopted is descriptive and analytical in approach so as to evaluate and analyse the problems under the study. This study aims at obtaining data on consumer awareness on mutual funds. This study is conducted in the Kerala Region. A sample size of 100 were collected using a structured questionnaire under the random sampling technique. The survey method was used for collecting data using questionnaire and google forms and the five-level Likert scale was used. The responses collected were analysed using simple percentage method.

6 ANALYSIS OF DATA:

Variables	Factors	Frequency
Age	Below 20 years	12
	20-35 years	42
	35-50 years	34
	50-65 years	10
	Above 65	2
Gender	Male	65
	Female	35
Annual Income	Less than 2 Lakhs	15
	Between 2-3 Lakhs	37
	Between 3-5 Lakhs	28
	Above 5 Lakhs	20
Qualifications	Under Graduate	18
	Graduate	47
	Post Graduate	20
	Professional	15
Mutual Fund Preferences	Reliance Mutual Fund	30
	Unit Trust of India	24
	SBI Mutual Fund	27
	Bajaj	9
	Others	10
Whether Mutual Funds beneficial	Yes	75
	No	25
Purpose of Investment	Regular return	34
	Safety	36
	Principal	25
	Lump-sum gain	5
Investment Preferences	Time Deposit	25
	Property	20
	Mutual Fund	22
	Insurance	23
	Shares	10
Risk Levels	Minor Risk	75
	Moderate Risk	20
	High Risk	5
Return Expected	Less than 10%	10
	Between 10%-30%	60

	Above 30%	30
Mutual Fund level of satisfaction	Highly Satisfied	20
	Satisfied	25
	Neutral	35
	Dissatisfied	15
	Highly Dissatisfied	5
Awareness	Total Ignorance	12
	Vague Knowledge	29
	Partial Knowledge	44
	Fully Aware	15

7 FINDINGS AND SUGGESTIONS:

Findings:

- Respondents between the age group 20-35 were more seen into Mutual Fund Investment.
- More of male were seen to be into this mode of Investment.
- More of graduates were seen into investment and most of them preferred investment into UTI and Reliance Mutual Fund.
- Regular return with Safety were more highlighted by respondents.
- Investors unaware were more interested Time Deposits and other Fixed assets with respect to the security it provides.
- Majority had opted for limited or minor risk with a return between 10%-30%.
- Most of them had only a partial knowledge on Mutual Funds.

Suggestions:

- Respondents should get necessary awareness on Mutual Funds which can make it helpful for people to analyse its merits and demerits such that all the category of earners could be benefitted with this mode of investment.
- A good Customer Relationship Management (CRM) practices can be adopted to retain existing customers and also in attracting new ones.
- Fund/Portfolio Managers could provide clear idea on various terms and conditions and schemes of investment in Mutual Funds.
- Mutual fund instruments with payment amount in smaller denominations can also be developed for promoting investments in the below 20 age group.
- Women investors should be motivated to invest with attractive schemes with better return payment such that empowerment to the sector can be opened up.
- Mutual fund companies can come into alliances with banks were all categories of customers visit often such that this mode of investment can be easily circulated.
- Using the help of mass media modes of advertisements can help easy reach of the concept into the target audience.

8 CONCLUSION:

Mutual Funds, though a very profitable form of investment, with limited risk factors compared to shares and debentures, have not yet shown itself to the potential

investors so as to invest in favourable returns. So as to make mutual funds familiar, initiatives should be first started from part of the service providers in form of awareness campaigns, innovative financial instruments, advertisements etc which can help trigger the growth of this mode of finance sector which can thereby help promote the individual, institutional as well as economic goals of the country.

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