



A STUDY ON AWARENESS OF MUTUAL FUND INVESTORS TOWARDS INVESTMENT IN MUTUAL FUND

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ABSTRACT :

This paper provides future of Mutual Funds industry information as well as awareness level amongst people for Mutual Funds. Also this study gives an outlook to management as to how the mutual funds are performing in the current market situation as a result what may be the future of this industry. A structured questionnaire is used to collect the data from 150 investors by using convenient random sampling technique. Data is analyzed by t-test and ANOVA. Result found that the important awareness about different schemes of mutual fund among the mutual investors who are in the age group of above 60 years is equity scheme and tax relief schemes. The important problems faced in mutual fund among the mutual fund investors who are in the age group between 20-40 years are unawareness related to market knowledge and poor service from brokers.

KEYWORDS : Awareness, Problems and Mutual Fund Schemes.

INTRODUCTION

Mutual Funds are essentially investment vehicles where people with similar investment objective come together to pool their money and then invest accordingly. Each unit of any scheme represents the proportion of pool owned by the unit holder (investor). Appreciation or reduction in value of investments is reflected in Net Asset Value (NAV) of the concerned scheme, declared by the fund from time to time. Mutual Fund Schemes are managed by respective Asset Management Companies (AMC). Different business groups, financial institutions and banks sponsors these AMCs either alone or in collaboration with other firms. Mutual funds invest according to the underlying investment objective specified at the time of launching the scheme.

Our Indian financial system is based on four components such as Financial Market, Financial Institutions, Financial Services and Financial Instruments. Out of which Financial Markets are the backbone of our economy and it attracts more investors to invest in our Financial Market. Now-a-days small investors also invest money in the financial market through the mutual funds. Mutual Fund industries attract more investments from the small investors and in near future there will be increases in savings in mutual funds rather than bank deposits. Mutual Fund is a vehicle that attracts small and medium investors, thus strengthen the capital market. There are many reasons to invest in mutual funds such as dividend, tax benefits, lesser risk, and value of assets, cost etc. The mutual fund industry in India has undergone a most successful phase in the last 10 years.

IMPORTANCE OF THE STUDY

Now-a-days, mutual fund investments are the good source of investments and it is more useful for the salary class people for getting tax benefit. Mutual fund industries are gaining importance because the salaried class people and the middle income people prefer their investment preferable avenue for their

investment destination. There are traditional investment option are available like gold investment, government bonds, real estates, post office savings schemes, insurances and fixed deposits. Even though irrespective of their age, gender and their income most of the investors are gaining awareness about the mutual funds. Thus indirectly help to mobilize the capital formation. Yet there are a lot of hurdles faced by the investors to invest in mutual funds because of lack of awareness. In fact, many a times, people investing in mutual funds too are unclear about how they function and how one can manage them. So the organizations which are offering mutual funds have to provide complete information to the prospective investors relating to mutual funds. This is the main reason for this study.

OBJECTIVES OF THE STUDY

- To know the awareness of mutual fund investors towards investment in mutual fund.
- To examine the problems faced by mutual fund investors in mutual fund.

HYPOTHESES

1. There is no significant difference in awareness about different schemes of mutual fund among different gender group of mutual fund investors.
2. There is no significant difference in awareness about different schemes of mutual fund among different age group of mutual fund investors.
3. There is no significant difference in problems faced in mutual fund among different gender group of mutual fund investors.
4. There is no significant difference in problems faced in mutual fund among different age group of mutual fund investors.

SCOPE OF THE STUDY

This paper provides future of Mutual Funds industry information as well as awareness level amongst people for Mutual Funds. Also this project report of Mutual Funds gives an outlook to management as to how the mutual funds are performing in the current market situation as a result what may be the future of this industry.

METHODOLOGY

Both primary and secondary data have been collected for the study. Secondary data collected from books, journals, websites etc. A structured questionnaire is used to collect the primary data from 150 investors by using convenient random sampling technique. The data is analyzed using percentage analysis, t-test and ANOVA.

Data Analysis and Interpretation

Table 1: Awareness about Different Schemes of Mutual Fund among Different Gender Group of Mutual Fund Investors

Schemes	Gender		t-value
	Male	Female	
Equity Scheme	4.1453	3.7421	2.474*
Debt Scheme	3.6959	3.1053	4.414*
Balanced Scheme	4.2366	3.5316	4.671*
Sectorial Funds	3.1840	3.1088	0.887
Index Funds	3.4337	3.3018	0.377
Tax relief schemes	3.9543	3.6456	2.345*

*Significant at 0.05 level.

Table-1 depicts that the mean score of awareness about different schemes of mutual fund among different gender group of mutual fund investors along with its respective t-value. The important awareness about different schemes of mutual fund among male respondents are balanced scheme and equity scheme and their respective mean scores are 4.2366 and 4.1453 among female respondents; equity scheme and tax relief schemes and their respective mean scores are 3.7421 and 3.6456. Regarding the awareness about different schemes of mutual fund among different gender group of mutual fund investors, are identified in the case of equity scheme, debt scheme, balanced scheme and tax relief scheme, since the respective t-value is significant at 0.05 level.

Table 2: Awareness about Different Schemes of Mutual Fund among Different Age Group of Mutual Fund Investors

Schemes	Age Group (Mean Score)			F
	20-40 years	40-60 years	Above 60 years	
Equity Scheme	4.0489	4.2419	4.4269	3.474*
Debt Scheme	3.1990	3.2253	3.4545	2.319*
Balanced Scheme	3.6378	3.7789	3.9245	2.429*
Sectorial Funds	3.1155	3.1751	3.2531	1.887
Index Funds	3.3742	3.3872	3.4759	0.877
Tax relief schemes	3.9058	4.1535	4.2647	2.683*

**Significant at 0.05 level.*

Table-2 shows that the mean score of awareness about different schemes of mutual fund among different age group of mutual fund investors along with its respective ANOVA. The important awareness about different schemes of mutual fund among the mutual investors who are in the age group between 20-40 years are equity scheme and tax relief schemes and their respective mean scores are 4.0489 and 3.9058 and among the mutual fund investors who are in the age group between 40-60 years, equity scheme and tax relief schemes and their respective mean scores are 4.2419 and 4.1535. The important awareness about different schemes of mutual fund among the mutual investors who are in the age group of above 60 years are equity scheme and tax relief schemes and their respective mean scores are 4.4269 and 4.2647. Regarding the awareness about different schemes of mutual fund among different age group of mutual fund investors, are identified in the case of equity scheme, debt scheme, balanced scheme and tax relief scheme, since the respective F-value is significant at 0.05 level.

Table 3: Problems Faced in Mutual Fund among Different Gender Group of Mutual Fund Investors

Problems	Gender (Mean Score)		t-value
	Male	Female	
Low returns	3.6249	3.7097	1.258
Unawareness related to market knowledge	4.4947	4.7294	3.979*
Delay in selling units	3.6194	3.8273	2.074*
High Commission charges	3.9839	3.7615	2.756*
Poor service from brokers	4.3258	4.6568	3.175*
Poor service from fund manager	3.6531	3.8912	2.959*

**Significant at 0.05 level.*

Table-3 reveals that the mean score of problems faced in mutual fund among different gender group of mutual fund investors along with its respective t-value. The important problems faced in mutual fund among the mutual fund investors who are male are unawareness related to market knowledge and poor service from brokers and their respective mean scores are 4.4947 and 4.3258 and among the mutual fund

investors who are female, unawareness related to market knowledge and poor service from brokers and their respective mean scores are 4.7294 and 4.6568. Regarding the problems faced in mutual fund among different gender group of mutual fund investors, are identified in the case of unawareness related to market knowledge, delay in selling units, high commission charges, poor service from brokers and poor service from fund manager, since the respective t-value is significant at 0.05 level.

Table 4: Problems Faced in Mutual Fund among Different Age Group of Mutual Fund Investors

Problems	Age Group (Mean Score)			F Statistics
	20-40 years	40-60 years	Above 60 years	
Low returns	3.6809	3.7908	3.5767	3.477*
Unawareness related to market knowledge	4.6947	4.5294	4.1320	4.397*
Delay in selling units	3.4149	3.9267	4.1176	6.074*
High Commission charges	4.0213	3.4641	3.6467	5.817*
Poor service from brokers	4.4737	4.3595	4.0353	3.470*
Poor service from fund manager	3.5851	3.9869	3.9737	3.059*

**Significant at 0.05 level.*

Table-4 depicts that the mean score of problems faced in mutual fund among different age group of mutual fund investors along with its respective ANOVA. The important problems faced in mutual fund among the mutual fund investors who are in the age group between 20-40 years are unawareness related to market knowledge and poor service from brokers and their respective mean scores are 4.6947 and 4.4737 and among the mutual fund investors who are in the age group between 40-60 years, unawareness related to market knowledge and poor service from brokers and their respective mean scores are 4.5294 and 4.3595. The important problems faced in mutual fund among the mutual fund investors who are in the age group of above 60 years are unawareness related to market knowledge and delay in selling units and their respective mean scores are 4.1320 and 4.1176. Regarding the problems faced in mutual fund among different age group of mutual fund investors, are identified in the case of low returns, unawareness related to market knowledge, delay in selling units, high commission charges, poor service from brokers and poor service from fund manager, since the respective F-value is significant at 0.05 level.

SUGGESTIONS

- Mutual funds companies should make provide the investors details of the return given by them through various advertisements as they can be the better option than bank deposits in terms of return and liquidity.
- Mutual Fund Companies should provide training or take initiative to aware the investors about various benefits of investment in mutual funds.
- Past data shows that Mutual funds can be the best option for wealth creation and to beat inflation.
- Investors should provide awareness about the knowledge of mutual funds so that they can better portfolio of mutual fund investments according to their investment objective.

CONCLUSION

The mutual fund industry is growing at a tremendous pace. A large number of plans have come up from different financial resources. With the stock markets oaring the investors are attracted towards these schemes. Only a small segment of the investors still in Mutual Funds and the main source sources of information still are the friends and relatives and mutual fund agents. Also there is a tendency to invest in fixed deposits due to the security attached to it. In order to excel and make mutual funds a success,

companies still need to create awareness and understand the psyche of the Indian customer. The biggest loophole in mutual fund is awareness among people is lacking because of illiteracy and investment is less because of improper distribution of income.

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