

A STUDY ON INVESTORS' BEHAVIOUR AND AWARENESS TOWARDS MUTUAL FUNDS IN TIRUCHIRAPPALLI DISTRICT

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Abstract

Mutual funds are collection of pooling funds from various investors for purpose of investment in the securities by share market experts namely fund manager to prevent loss. Mutual fund investing mode is emerging concept to make investments in the salaried people also. Because mutual funds is the pooling funds from small investors and it is invested high return stock and security by a profession fund manager. The return from the investment shared number of investors who share a common investment objective. Especially systematic investment plan in mutual funds motivate the small amount in a systematic way gets calculated return with minimum of risks. The present study is an attempt to find out the awareness level of investors regarding mutual funds. The present study was confined as sampling size 100 investors from Tiruchirappalli District. The sampling technique was used convenient technique. It was found that • The mutual fund investors contemplate the liquidity of fund schemes as also an important factor for investment decisions.

Keywords: Mutual fund, Debt fund, Portfolio Management, Low risk and so on.

Introduction:

In recent days economic scenario continued to be as rich as got richest; middle class and poor continue to be poorer. The most people believe that higher income in the form of salary change the poor to rich. But there is lacking behind the salaried people not to become rich. Investment for future life and saving habit is the only way to improve the salaried people to increase the life style. In this background the research paper investigates good investment opportunities for average salaried people for their future life.

Investment is process of present sacrifice to spent money for getting income in the future course of action. There are more number of investment opportunities available in India namely Bank deposits, investing in gold, investment in real estates, endowment policies in Insurance, investing securities like shares, debentures and mutual funds. India is a developing country, which has

huge population in middle class and lower income group. Only upper middle class and high income people were having possibility to invest in securities before last decades, but now low income group also are having possibility to invest in securities through mutual funds.

Meaning of Mutual Fund

The money pooled in by a large number of people (or investors) is what makes up a Mutual Fund. This fund is managed by a professional fund manager. It is a trust that collects money from a number of investors who share a common investment objective. Then, it invests the money in equities, bonds, money market instruments and/or other securities. Each investor owns units, which represent a portion of the holdings of the fund. The income/gains generated from this collective investment is distributed proportionately amongst the investors after deducting certain expenses, by calculating a scheme's "Net Asset Value or NAV.

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SIP: SIP or Systematic investment plan works similar to a recurring deposit plan where the investor can make a monthly/quarterly fixed contribution. SIP is a good option for investors who don't have a lump sum to invest.

Systematic Withdrawal Plans: This is a plan offered by many mutual funds where shareholders are given payments from their investments. Money for the payments is usually sourced from the fund's dividend income and capital gain distributions.

10 Most Popular Mutual Fund Schemes in India

The following is a list of the 10 most popular mutual funds in India based on their AUM

Name of Schemes	AUM (in Crore)	Type of Scheme	1 Year Return	3 Year Return	5 Year Return
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HDFC Liquid Fund	87799.02	Debt	7.27%	7.00%	7.54%
ICICI Prudential Liquid Fund	68726.96	Debt	7.33%	7.08%	7.59%
Aditya Birla Sun Life Liquid Fund	61142.99	Debt	7.53%	7.18%	7.70%
HDFC Balanced Advantage Fund	42592.25	Hybrid	-1.17%	7.70%	8.24%
ICICI Prudential Balanced Advantage Fund	29104.88	Hybrid	4.36%	8.14%	9.85%
SBI Equity Hybrid Fund	30028.1	Hybrid	1.92%	9.24%	11.43%
Kotak Standard Multicap Fund	26010.02	Equity	-2.19%	8.85%	12.40%
Aditya Birla Sun Life Frontline Equity Fund	22001.9	Equity	-4.91%	6.30%	9.14%
HDFC Mid Cap Opportunities Fund	22825.43	Equity	-10.49%	4.90%	9.88%
HDFC Equity Fund	23230.66	Equity	-5.95%	8.53%	8.17%

Review of Literature

Rajesh Trivedi et al (2017) delivers awareness into the types of risks which exist in a mutual fund scheme. The data was collected from mutual fund investors as well as non-mutual fund investors of this industry. The research focuses on the relationship between investment decision and factors like liquidity, financial awareness, and demography. It was found low risk funds and liquidity of fund schemes were having impact on the investor's perception for investing in the mutual fund¹.

Mayur K Joshi (2016) analyses performance of mutual fund Industry. Performance of Indian mutual fund Industry is presented by the parameters: Growth of Asset Under Management, Total number of Schemes, Resources (Gross) Mobilization, redemption and Net inflow by Mutual Funds, Unit holding pattern of All Mutual Fund. It was found that Number of schemes increased

¹ Rajesh Trivedi et al (2017) "A Study of Investor's Perception Towards Mutual Fund Decision: An Indian Perspective", International Journal of Economic Research, vol. 14 (9), p.209-219

from 592 to 2420 from March 2006 to March 2016, which indicates 308.78% growth in number of schemes in last ten year².

Mukesh. H. V. (2015) had studied investor's perception on mutual fund for return, tax benefit and capital appreciation, but most of the investors lack awareness about mutual funds and their various schemes like, SIP (Systematic Investment Plan). Hence, it becomes necessary to create awareness among the investors through conducting seminars, workshops on financial market and published data like newspaper, magazines and journals³.

Statement of the Problem

Investors always think about their investment make maximum earnings. So they do maximum number of analyses and calculations. Mutual fund is the investment opportunities to prevent losses due to their investment decisions made by the experts. So investors get guaranteed return from the investments. In the recent days due to covid-19 pandemic, major profitable industries were struggling for their business operations. Most of the business firms reduce projects and investment during this year. Government takes necessary steps to prevent share market losses, especially mutual funds.

Mutual funds schemes differentiate based on the investment schemes like equity, debt, and hybrid and so on. Investment plans in the mutual funds somehow guaranteed return in long term systematic investment opportunities. Mutual funds plans were designed to get expected return from long term investments. Most of the investors did not aware of mutual fund plans and schemes. In such situation this study is an attempt to know the investors' behavior towards investment made to mutual funds.

Objectives of the study

The following objectives were framed for the present study

1. To find out the awareness level of investors regarding mutual funds.
2. To find the type of scheme of mutual fund preferred by investor
3. To examine the total number of Schemes in India.

² Mayur K Joshi (2016) A Study on Performance of Indian Mutual Fund Industry, PARIPEX - Indian Journal Of Research, Vol.5 (9), p.489-491

³ Mukesh. H. V. (2015), "Investors perception towards mutual funds : An Indian perspective, Global Journal for Research Analysis, April 2015, volume – 4, Issue 4,.

4. To provide suitable suggestions to improve investments in mutual funds

Research methodology

The present study is descriptive and analytical in nature. It is used primary and secondary data for the study. The primary data were collected through structured questionnaire. The present study was confined as sampling size 100 investors from Tiruchirappalli District. The sampling technique was used convenient technique. The secondary data obtained from books, journals, periodicals and websites.

Analyses and Interpretations

Karl Pearson Correlation Test

	Mean	Std. Deviation	R value	Statistical inferences
fund size of the mutual fund,	3.68	1.396	.404**	.013 < 0.05 significant
Schemes portfolio	3.57	1.241	.251**	.003 < 0.05 Significant
reputation of fund manager	3.60	1.414	.215**	.144 > 0.05 not significant
Past performance of the fund"	3.56	1.307	.078*	.358 > 0.05 not significant
Liquidity factors of the mutual fund"	3.38	1.296	-.095**	.088 > 0.05 not significant
Current market conditions"	3.57	1.306	.046	.391 > 0.05 not significant
Dividend history"	3.65	1.316	.029	.877 > 0.05 not significant
Rating by rating agency"	3.42	1.438	0.12	0.641 > 0.05 not significant
Redemption facilities"	2.99	1.302	0.43	0.511 > 0.05 not significant
Prompt settlement"	3.21	1.304	0.31	0.235 > 0.05 not significant
Factors influencing of Investment decisions of mutual funds	25.2060	5.61258	.372**	0.321 > 0.05 not significant

Research hypothesis

There is a significant relationship between age of the respondents and their overall perception of Factors influencing of Investment decisions of mutual funds

Null hypothesis

There is no significant relationship between age of the respondents and their overall perception of Factors influencing of Investment decisions of mutual funds

Statistical tools

Karl Pearson Correlation Test was used for the above table

Findings

The above table reveals that there is significant relationship between age of the respondents and their overall perception of Factors influencing of Investment decisions of mutual funds. Hence, the calculated value is greater than table value (.321>0.05). So the research hypothesis is rejected and the null hypothesis is accepted

Findings of the study

- There are as many as 44 AMFI (Association of Mutual Funds in India) registered fund houses in India which together offer more than 2,500 mutual fund schemes.
- The mutual fund investors contemplate the liquidity of fund schemes as also an important factor for investment decisions.
- Investors' gathers information about the performance of various mutual funds mainly from brokers, financial consultants, financial institutions, internet, TV channels and magazines/newspapers respectively.
- Investors have started to invest in mutual fund the most since three years, one year, two years, five years and four years respectively. Only a few investors have investment in mutual fund since more than five years.
- Mode of communication for receiving updates and performance of the portfolio of mutual fund investment is e-mail /internet for most of the investors, they also prefer telephone and personal visit and direct mail is the least preferred mode of communication.

Suggestions of the study

- The mutual fund product designers have to craft strategies to introduce innovative products to improve the scope of the mutual funds market

- The retail investors may be divided into various groups so that right product shall be served to the right customer
- To increase the loyalty and trust among the investors, proper information and knowledge should be provided to them.
- Financial consultants must ensure transparency and responsibility and they should be capable of catering the needs of the retail investors as well as marketing the mutual fund products

Conclusion

Mutual fund is an emerging investment opportunities, even educated person also having difficulty to understand mutual fund schemes and other information. The lack of awareness of the mutual fund is a major hurdle to increase investments. Shares market functions are an indicator of our economy, so investors motivates to invest mutual funds and other investment opportunities. Unfamiliar schemes, but it provides guarantee return with low risk especially diversified portfolio made by experts. Government and other asset management agencies make advertisement to promote mutual fund investment to the public.

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