



Mutual Funds Investment & Awareness in Himachal Pradesh

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Abstract: Investment is done with the motive of earning a regular return. In Himachal Pradesh, a number of investment sources available like 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 returns on investment or regular return and it's got diverging investing modes with minimized risk. But the awareness level state of Himachal Pradesh citizen is really low. The ambiguous knowledge on the same has forced many to opt out from such mode of investment. This study has been adopted with the aim to study the mutual funds investment awareness have among the investing population in Himachal Pradesh and to suggest better remedies to familiarize mutual funds among the population or citizen.

1. INTRODUCTION:

A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities like stocks, bonds, money market instruments, and other assets. Mutual funds are operated by professional money managers, who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus. Mutual funds give small or individual investors access to professionally managed portfolios of equities, bonds, and other securities. Each shareholder, therefore, participates proportionally in the gains or losses of the fund. Mutual funds invest in a vast number of securities, and performance is usually tracked as the change in the total market cap of the fund—derived by the aggregating performance of the underlying investments.

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 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 . 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 . 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:

1. 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 than 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.

2. 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.

3. 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.

4. 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 investment awareness in mutual fund in district solan ,shimla chamba. This study is conducted in the himachal Pradesh 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 analyzed using simple percentage method.

6 ANALYSES OF DATA:

Mutual fund investment and awareness data on the basis of different variable:-

VARIABLES	FACTOR	FREQUENCY
Gender	Male	65
	Female	35
Age	Below 20 year	12
	20-35	42
	35-50	43
	50-65	10
	Above 65	2
Region	Rural	25
	Urban	75
Knowledge from	T.V.	29
	Social media	34
	News paper	16
	Friends	21
Qualifications	Under graduate	15
	Graduate	39
	Post graduate	27
	Professionals	19
Occupation	Salaried	47
	Businessman	36
	Self employed or others	17

Budget percentage yearly	Less than 3%	11
	3% to 5%	29
	5% to 10%	43
	More then 10%	17
Awareness	Total ignorance	9
	Vague knowledge	27
	Partial knowledge	47
	Fully aware	17
Risk level	Minor risk	26
	Moderate risk	63
	High risk	11
Expected Return	Less Than 10%	8
	10% to 25%	71
	More Than 25%	21
Satisfaction level	Highly satisfied	27
	Satisfied	55
	Dissatisfied	10
	Highly dissatisfied	8

7 FINDINGS AND SUGGESTIONS:

Findings:

- ✓ Respondents between the age group 20-35 and 20-35 were more seen into Mutual Fund Investment.
- ✓ More of male were seen to be into this mode of Investment.
- ✓ 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%-25%.
- ✓ 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 35 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 CONCLUSIONS:

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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