A STUDY ON INVESTOR AWARENESS AND ATTITUDE TOWARDS INVESTMENT IN MUTUAL FUND

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Abstract - Investment can be defined as an item of value purchased for income or capital appreciation. Investment is made to achieve a specific objective and savings are made to meet an unforeseen event. Various statistical measures such as chi-square and correlation methods are used to collect data. From the primary data, the classification of investment needs is analyzed. It was found in a study 11% of the investors disagree to invest on the basis of debt mutual funds. Another data was found on classification of mutual funds investment satisfied the investors. It was found 4% of the investors disagree based on legality. In a study it was found that only 1% of the investors invest on retirement benefits. It would be better to attract with various schemes that would fetch higher profits with lower investment as the investors at the age group of 45 and above have less years of earning capacity.

I. INTRODUCTION

There are various avenues of investment in accordance with individual preferences. Investments are made in different asset classes depending on an individual’s risk and return characteristics investment choices are financial and physical assets. Gold and real estate’s are examples of physical assets, which have a physical form to them. There is a strong preference for these assets, as these assets can be purchased with cash and held in long term. The obvious disadvantages with physical assets are the risks of loss and theft, lower levels of return. Financial assets are securities, which are certificates embodying a financial contract between parties. Bonds, equity shares, deposits and insurance policies are some of the examples of financial assets. In financial assets investors only hold the proof of their investments in the form of certificate or account. These products are usually liquid, transferable and in most cases, stored electronically with higher degree of safety. But a minimum amount of cash is always kept in hand for transactions and contingencies. To face the contingencies and unexpected events the insurance came into existence.

Another avenue of investment is mutual funds. It is created when investors put their money together. It is therefore a pool of the investor’s funds. The most important characteristics of a mutual fund is that the contributors and the beneficiaries of the fund are the same class of people, namely the investors. The term mutual means that investors contribute to the pool, and also benefit from the pool. There are no other claimants to the funds. The pool of funds held mutually by investors is the mutual fund. A mutual fund is a financial intermediary that allows a group of investors to pool their money together with a predetermined investment objective. The mutual fund will have a fund manager who is responsible for investing the gathered money into specific securities (stocks or bonds). When investors invest in a mutual fund, they are buying units or portions of the mutual fund

OBJECTIVE OF THE STUDY

PRIMARY OBJECTIVE

To study the investors perception towards investing in mutual funds

SECONDARY OBJECTIVE

To determine the investors perception towards mutual funds
To find the factors responsible for the selection of mutual funds as an investment option
To know the investor behavior

To find out the purpose of selecting mutual funds in Indian market

II. LITERATURE REVIEW

Dr. K. Veeraiah and Dr. A. Kishore Kumar (Jan 2014), conducted a research on Comparative Performance Analysis of Select Indian Mutual Fund Schemes. This study analyzes the performance of Indian owned mutual funds and compares their performance. The performance of these funds was analyzed using a five year NAVs and portfolio allocation. Findings of the study reveals that, mutual funds out perform naïve investment. Mutual funds as a medium-to- long term investment option are preferred as a suitable investment option by investors.

Prof. V. Vanaja and Dr. R. Karrupasamy (2013), have done a Study on the Performance of select Private Sector Balanced Category Mutual Fund Schemes in India. This study of performance evaluation would help the investors to choose the best schemes available and will also help the AUM's in better portfolio construction and can rectify the problems of underperforming schemes. The objective of the study is to evaluate the performance of select Private sector balanced schemes on the basis of returns and comparison with their bench marks and also to appraise the performance of different category of funds using risk adjusted measures as suggested by Sharpe, Treynor and Jensen.

C.Srinivas Yadav and Hemanth N C (Feb 2014), have studied Performance of Selected Equity Growth Mutual Funds in India: An Empirical Study during 1st June 2010 To 31st May 2013. The study evaluates performance of selected growth equity funds in India, carried out using portfolio performance evaluation techniques such as Sharpe and Treynor measure. S&P CNX NIFTY has been taken as the benchmark. The study conducted with 15 equity growth Schemes (NAV) were chosen from top 10 AMCs (based on AUM) for the period 1st June 2010 to 31st may 2013(3 years).

Rashmi Sharma and N. K. Pandya (2013), have done an overview of Investing in Mutual Fund. In this paper, structure of mutual fund, comparison between investments in mutual fund and other investment options and calculation of NAV etc. have been considered. In this paper, the impacts of various demographic factors on investors' attitude towards mutual fund have been studied. For measuring various phenomena and analyzing the collected data effectively and efficiently for drawing sound conclusions, drawing pie charts has been used and for analyzing the various factors responsible for investment in mutual funds.

Vibha Lamba (Feb 2014), has done an analysis of Portfolio Management in India. The purpose of present study is to analyze the scope and importance of portfolio management in India. This paper also focuses on the types and steps of portfolio management which a portfolio manager should take to provide maximum returns and minimum risk to his clients for their investments.

III. RESEARCH METHODOLOGY:

Research methodology is way to systematically solve the research problem. It is a plan of action for a research project and explains in detail how data are collected and analyzed. The main methodology adopted for this project is surveyed method. Where data was collected using a structured questionnaire.

RESEARCH DESIGN

The study undertaken is descriptive in nature and based on field survey with the retail investors who have invested in mutual funds and non-risky investments and to investigate in detail the various aspects related to the research objective

Research Background

The sample selected for this study is the mutual fund investors of product corporate advisory. Non probability convenient sample is used to collect the primary data. The selected population for this study is mutual fund investors of product corporate advisory and the sample size is 100. Both primary and secondary data were used to collect data.

ANALYTICAL TOOLS USED

The study has used various statistical tools for the analysis of data. They are

Chi- square

Correlation

STATISTICAL TOOLS:

Chi- square Analysis

Chi- square is an important test among the several test of significance developed by statisticians. It is a statistical measure used in the context of sampling analysis for comparing a variance to a theoretical variance. To test the significance between attributes, it is necessary to group observed and expected frequency and the theoretical distribution must be adjusted to give some total frequency to find observed frequency.

Chi-square is calculated as follows,

Chi-square Formula

To find calculated value

$= \sum$ (Observed Frequency – Expected Frequency)

To find tabulated value – find corresponding value of chi square with respect of degrees of freedom.

Degree of Freedom (DF) = n-1 Where n is the number of classes, the result is based on the following rules:

If the calculated value is less than the table value the null hypothesis is accepted.

If the calculated value is greater than the table value the null hypothesis is rejected.

Correlation Analysis

Correlation is a statistical technique that shows how strongly two variables are related to each other or the degree of association between the two. For example, if we have the weight and height data of taller and shorter people, with the correlation between them, we can find out how these two variables are related. We can also find the correlation between these two variables and say that their weights are positively related to height. Correlation is measured by the correlation coefficient. It is very easy to calculate the correlation coefficient in SPSS. Before calculating the correlation in SPSS, we should have some basic knowledge about correlation.

IV. RESULTS AND DISCUSSION

STATISTICAL TOOLS CHI SQUARE METHOD:

TABLE NO - 01

Cross Tabulation between Experiences

In Mutual Funds and Age

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age (year) * Mention your experience	100	87.7%	14	12.3%	114	100.0%

HYPOTHESIS:

Null Hypothesis (Ho): There is no association between mode of investment and how much You save.

Alternate hypothesis (H1): There is association between mode of investment and how much you save.

Chi-Square Tests

	Value	df	Asymp. Sig. (2- sided)
Pearson Chi-Square	75.912a	9	.000
Likelihood Ratio	60.185	9	.000
Linear-by-Linear Association	40.316	1	.000

N of Valid Cases	100		

a. 7 cells (43.8%) have expected count less than 5. The minimum expected count is .56.

INFERENCE:

From the above Chi-Square test it is inferred that the Significance is less than 0.05.

So, we accept Alternate hypothesis (H1).

Thus, there is association between investment experience in mutual funds and age.

TABLE NO – 02

Cross Tabulation between How Much Money

Invested and Savings

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Extent of savings * Invested amount	100	87.7%	14	12.3%	114	100.0%

HYPOTHESIS:

Null Hypothesis (Ho): There is no association between mode of investment and how much You save.

Alternate hypothesis (H1): There is association between mode of investment and how much You save.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	42.007a	6	.000
Likelihood Ratio	38.674	6	.000

N of Valid Cases	100		

a. 6 cells (50.0%) have expected count less than 5. The minimum expected count is 2.16.

INFERENCE:

From the above Chi-Square test it is inferred that the Significance is greater than 0.05.

So, we accept null hypothesis.

Thus, there is association between money invested and savings.

Correlation Method:

Classification of Investor Perception And

Investor Awareness TABLE NO – 03

Correlations

		Invested amount	Monthly income
Invested amount	Pearson Correlation	1	.613**
	Sig. (2-tailed)		.000
	N	100	100
Monthly income	Pearson Correlation	.613**	1
	Sig. (2-tailed)	.000	
	N	100	100

**. Correlation is significant at the 0.01 level (2-tailed).

INFERENCE

Since correlation is 0.613, the type of Invested amount and monthly income is Positively Correlated.

V. FINDINGS:

- It was found that highest investor's age group is 31-40 with 35% and Low investors' age group above 51 years with 8%.
- It was found that majority of 61% investors are salaried people and low with 3% of the others as there is no stable income.
- It was found that majority of investors 57% with the monthly income Level above Rs.80, 000 and low with 22% of the people earnings level of Up to Rs 40,000.
- It was found classification of savings objectives. It was analysed in a study with higher savings for personal investor saves 11% - 20% with 61% and with lower savings for personal Below 18 and low with 18%...
- The classification of how often you invest in mutual funds is analysed. It was found that people prefer monthly SIP in mutual funds is higher with 41% and lower in yearly investment with 5% invested by the individuals.
- The classification of years invested is analyzed. It was found higher that people invested 3yrs-5yrs with 48% and lowest with 7% more than 10 years as at Investors have broader knowledge.
- The classification of invested amount in mutual funds is analyzed. It Was found that majority investors invested above Rs 30,000 of 58% and low
- Amount with less than Rs 10,000 to 12 % started investing in mutual funds.
- Step By Step Procedure In Online Trading:-

SUGGESTION

- It was founded that people at the age group of above 51 years invests less Worth 8% as there income level is enough to run for their survival and working years is comparatively less to retirement. So, it is recommendable to suggest that low investment in mutual funds is in 51 years above age group.
- It was found that Post graduate invests more and professionals invest less in mutual funds. It is better if there is to create more interest about mutual funds towards people.
- It was found that retired people invests only 3%. It would be better of the schemes are less investing and any additional percentage available to other peoples.
- It was found that investor who earn up to Rs 40,000 invests with only 22%. It would be better if the savings schemes are classified according to the income Level of employees.

- It was found that classification of savings objectives. It would be better For the investors if they provided with the knowledge of investment benefits and Prioritization.
- It was found that 5% of the investors are invests yearly in these schemes they invested. It would be letter if the investors is provided a basic knowledge of mutual funds, its basic needs, advantages, objectives and the schemes involved.
- It was found that people invests less for less than 3 years. It is recommended to give prior knowledge and awareness about mutual funds to the investors to sustain in the market.
- It was found that many people invested less than 42% of the questionnaire aware about mutual funds it is recommended to create more awareness about the advantage of mutual funds.
- It is recommended that people prefer professional management in mutual funds by explaining is benefits by professionals.
- It is recommended that most people prefer medium risk investments than high risk investments and most of want to play safe in investments.

VI. CONCLUSION

The critical gaps identified in the study also provide the key information input regarding the discrepancies in existing framework of mutual funds which can be extremely beneficial to AMCs in designing more lucrative solutions to suit investor's expectations. CII – KPMG conducted a "Voice of customers" survey to help understand the buying behavior of existing and potential investors in mutual funds and to obtain feedback on their wish list from various stakeholders including fund houses, distributors, service providers and the regulation factors found for mutual fund investment are that the number or types of schemes availability is very much with which investors are becoming 281 confused and a complex decision. Also the KYC norms are complicated which is restricting the potential customers and also lack of professional or quality advice. Drivers of purchase of Mutual funds were found to be tax benefits, consistency in fund performance and brand equity.

With majority of the countries in the grip of financial crisis and economic slowdowns, countries with largely savings orientation have weathered these phenomena. This safe side stance by these countries however is changing with the country's own economic conditions as inflation and depreciating currency value forcing radical measures and policies. In this scenario the investors with their traditional patterns of investments and savings are forced to venture out for newer and better options in the market. A country like India, where safer and riskless options are chosen and preferred for investments are slowly and steadily paving way to new hybrid investment options. In this wake of growing urge and need for investment options with comparatively less risky than the conventional Equity options, the investors have shown interest towards the Mutual Funds.

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