



A STUDY ON INVESTORS AWARENESS AND PREFERENCE TOWARDS MUTUAL FUNDS IN KUMBAKONAM TOWN

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ABSTRACT

Mutual funds are becoming a very popular and secure financial tool. When choosing to invest in a specific avenue, investors have varying points of view. The choice varies depending on the person and his capacity for taking risks. The purpose of the study was to determine the key variables influencing each investor's preference and level of satisfaction. The primary data was collected from 120 respondents using a well-structured questionnaire. Tools like ANOVA, Chi-square test, correlation were used to analyse the study. It was found that the main reasons for investing in mutual funds were safety and tax savings. It was observed that majority of the respondents preferred to invest in private sector mutual funds and had a high level of satisfaction with the schemes. It was concluded that mutual fund companies have to take steps in increasing the awareness, improve investor service and develop policy schemes for the investors.

INTRODUCTION

The purpose of investment is to maximize the return and to get benefit from the capital market. The choice of investment depends upon the individual's knowledge and risk taking capacity of the investors. Though there are multiple options available to invest the economic activity in share market and mutual funds has shown an increasing trend in recent years.

A mutual fund is simply a bridge or financial intermediary that allows a group of investors to pool their money towards predetermined investment goals. It will have fund managers in charge of investing the funds collected in specific securities (shares and bonds). Mutual funds can be classified by structure (open-ended, closed-ended), nature (equity, debt, balanced), investment objectives (growth, income, money market).

Mutual fund companies are the important players in the investment management industry. They provide investors with a wide range of investment options, including mutual fund, individual stocks, and exchange-traded fund. A mutual fund company also provides administrative services, such as portfolio management and fund accounting. Mutual funds are important because they allow people to invest in a diversified group of stocks or bonds. This decreases the risk for the individual investors, and allows them to achieve a higher rate of return on their investment. Mutual funds also provide liquidity, meaning that investors can sell their shares at any time. This is important because it allows investors to take advantage of new investment opportunities as they arise. Mutual funds are an important investment option for investors as they offer a high degree of diversification, professional management, and liquidity. Mutual funds provide investors with access to a wide range of asset classes such as equity, debt, and gold, and enable them to invest in a diversified portfolio at a relatively low cost.

OBJECTIVES OF THE STUDY

The major objectives of the study are:

- To examine an investors awareness and preference towards mutual funds scheme in kumbakonam town.
- To identify the factors that influences investors' preferences towards various mutual fund schemes.
- To understand the level of satisfaction of the respondents towards various schemes of mutual fund.
- To suggest various measures to increase the level of awareness and satisfaction among the investors.

REVIEW OF LITERATURE

Cecily (2022) This study expects to see the financial backers' inclination toward shared reserve in Chennai locale. The necessary primary data for the study were gathered through the use of a schedule

for interviews. According to the data, the majority of investors are wary of investing in new investments like mutual funds.

Neelam Dhall et. al (2021) this study attempts to find investor's awareness and perception towards mutual fund as an investment option. Data collected from respondents in Delhi – NCR through questionnaire shows that there is a significant relationship between gender and perception with respect to returns in mutual fund. Also, there is a significant relationship between age and high tax shield provided by mutual funds.

Anita Raman & Sakthi Selvarohini (2020) Conducted a study on investors' preference for and satisfaction with mutual funds in public and private sectors. Most of the respondents are fulfilled by the speculation made in confidential area shared asset because of sufficient foundation, client assistance and execution of the common asset.

Anandan and Savaraj (2020) paper show that the investors are uncertain about investing in mutual funds because they believe that these investments are riskier than other types of assets. Instead, they prefer bank deposits since they offer a safe and guaranteed return.

Amsaveni and Ranjini (2018) The financial backers are found to have a decent and uplifting perspective towards their interest in shared assets. Despite their belief that mutual fund investments carry a high risk, some investors favor high return mutual funds. Despite not being aware of the risks associated with the investment, investors have a positive attitude towards mutual funds. The investors also believe that the company's annual reports and other publications assist them in evaluating the outcomes of their investments.

STATEMENT OF THE PROBLEM

This study has been conducted to analyse investors awareness about various investment options available and mainly their preference towards mutual funds as an investment option and they influencing various factor among them. Expectation of investor is also more important and they influenced by their perception. Mutual funds need a steady inflow of investment capital to generate returns for their investors. It need to provide transparent information about their performance, fees, and expenses to attract investors and maintain their trust and it has excellent customer service to retain existing investors and attract new ones. Mutual funds need to communicate regularly with their investors to keep them informed about their investments, market developments and other relevant information. They manage

risks effectively by monitoring the markets, identifying potential threats and implementing effective risk management strategies.

RESEARCH METHODOLOGY

The data were collected from both primary and secondary data. Primary data were collected through a well structured questionnaire. Convenient sampling method was used in the study with a sample of 120 respondents. Major tools used in the study were One-way ANOVA, Chi-square test, correlation and Percentage analysis.

ANALYSIS AND INTERPRETATION

HYPOTHESIS

H0: There is no significant relationship between marital status and preference towards investment of the respondent

H0: There is no association among age and purpose of mutual fund towards investment of the respondent

H0: There is no affiliation among occupation and preference towards investment of the respondents.

Table No. 1

Gender of the respondents

GENDER	NO. OF RESPONDENTS	PERCENTAGE
MALE	56	46.7
FEMALE	64	53.3
TOTAL	120	100

Source: Primary data

From the table it is found that 53.3% of respondents are female and the remaining 46.7% are male. In this study female respondents are more than the male respondents. Hence women respondents are more awareness about investment.

Table No. 2

Age of the respondents

AGE (IN YEARS)	NO. OF RESPONDENTS	PERCENTAGE
BELOW 25	24	20.0
25-35	21	17.5
35-45	39	32.5
45-60	20	16.7
ABOVE 60	16	13.3
TOTAL	120	100

Source: Primary data

From the above table it is inferred that almost 32.5% of respondents fall between 35-45 years, 17.5% fall between 25-35 years, 20% is below 25, 16.7% fall between 45- 60 years and the remaining 13.3% are above 60 years. This shows that respondents falling in the age group of 35-45 years are more interested to invest.

Table No. 3

Marital status of the respondents

MARITAL STATUS	NO OF RESPONDENTS	PERCENTAGE
MARRIED	71	59.2
UNMARRIED	46	38.3
OTHERS	3	2.5
TOTAL	120	100

Source: Primary data

From the above table it is found that around 59.2% of respondents are married, 38.3 are unmarried and the remaining 2.5% fall into others. Hence it shows that more people have awareness to investment is come under the category of married respondents.

Table No. 4

Educational Qualification of the respondents

EDUCATIONAL QUALIFICATION	NO. OF RESPONDENTS	PERCENTAGE
SCHOOL LEVEL	14	11.7
UNDER GRADUATE	53	44.2
POST GRADUATE	41	34.2
OTHERS	12	10.01
TOTAL	120	100

Source: Primary data

From the above table it is observed that around 11.7% of respondents have qualified school level, 44.2% are Undergraduates, 34.2% are postgraduates and the remaining 10% fall into others (Diploma, PH. D). This shows that majority of respondents are Undergraduates.

Table No. 5

Occupational pattern of the respondents

OCCUPATION	NO. OF RESPONDENTS	PERCENTAGE
BUSINESS	12	10.0
AGRICULTURE	11	9.2
EMPLOYED	38	31.7
STUDENT	32	26.7
PRISONER	10	8.3
HOME MAKER	17	14.2
TOTAL	120	100

Source: Primary data

From the above table it can be inferred that around 10% of respondent's occupation is business, 9.2% are Agriculture, 31.7% are employed in different jobs, 26.7% are students, 8.3% are Pensioner and 24.2 % are Home maker. This shows that most of the respondents are monthly salaried person they are interested to invest more than the pensioner and agriculture.

Table No. 6

Monthly Income of the respondents

INCOME RANGE	NO OF RESPONDENTS	PERCENTAGE
UPTO 20000	28	23.3
20001-30000	24	20.0
30001-40000	13	10.8
40001-50000	15	12.5
50001-60000	12	10.0
ABOVE 60000	13	10.8
NO INCOME	15	12.5
TOTAL	120	100

Source: Primary data

From the above table it is observed that 23.3% of respondent's income is up to 20,000, 20% income is between 20,001-30,000, 10.8% income is between 30,001-40,000, 12.5% income is between 40,001-50,000, 10% income is between 50,001-60,000, 10.8% income is above 60,000 and 12.5% have no income. This clearly shows that majority of the respondent's income is up to 20,000.

Table No. 7

Investment habit of respondents in mutual fund

INVESTMENT IN MUTUAL FUND	NO OF RESPONDENTS	PERCENTAGE
INVESTED	68	56.7
NOT INVESTED	52	43.3
TOTAL	120	100

Source: Primary data

From the above table it is found that majority of the respondents (56.7%) have invested in Mutual Funds and 43.3% has not invested. Majority of the respondent have known to invest in mutual fund. Remaining respondent even though they have known about mutual fund but not yet invested.

Table No. 8

Source of Information about Mutual fund

INFORMATION SOURCE	NO. OF RESPONDENTS	PERCENTAGE
BROKERS AND AGENT	15	12.5
FRIENDS AND RELATIVES	34	28.3
TV ADVERTISEMENTS	20	16.7
LIC AGENT	16	13.3
NEWSPAPER/JOURNAL	24	20.0
BANK REPRESENTATIVE	11	9.2
TOTAL	120	100

Source: Primary data

From the above table it is found that 12.5% respondents' information source is Brokers and Agent, 28.3% source is Friends and Relatives, 16.7% source is TV Advertisement, 13.3% respondents' source of information is LIC Agent, 20% respondents' source of information is Newspaper/Journals, 9.2% respondents' source of information is Bank representative. This shows that majority of people gather information from their friends and relatives.

Table No. 9

Awareness level of Market risk to the respondents

MARKET RISK	NO. OF RESPONDENTS	PERCENTAGE
Awareness	98	81.7
Not Awareness	22	18.3
TOTAL	120	100

Source: Primary data

From the above table it is observed that 81.7% of respondents are aware that mutual fund investments are subject to market risk and 18.3% are not aware of market risk.

Table No. 10

Awareness about category of market risk to the respondents

LEVEL OF MARKET RISK	NO OF RESPONDENTS	PERCENTAGE
0	22	18.3
HIGH RISK	13	10.8
LOW RISK	21	17.5
MODERATE RISK	50	41.7
NO RISK	14	11.7
TOTAL	120	100

Source: Primary data

From the above table it is found that 41.7 respondents' level of risk is Moderate, 17.5% are Low risk takers and the remaining 11.7% are No risk. It shows that most of the respondents invest in mutual fund have moderate risk.

Table No. 11

Investment option of the respondents

INVESTMENT OPTION	NO OF RESPONDENTS	PERCENTAGE
MUTUAL FUND	45	37.5
SHARE MARKET	12	10.0
GOLD	37	30.8
REAL ESTATE	12	10.0
OTHERS	14	11.7
TOTAL	120	100

Source: Primary data

From the above table it is observed that 37.5% people consider Mutual fund as safest investment option whereas 10% consider Share market, 30.8% consider Gold, another 10% consider Real estate,

11.7% others(chit fund ,silver). This result shows that majority of them consider mutual fund as safest investment option compared to other options available in the market.

Table No. 12

Preferred Investment option

INVESTMENT OPTION	NO OF RESPONDENTS	PERCENTAGE
OPEN-ENDED SCHEME	17	14.2
BALANCED FUND	32	26.7
GROWTH FUND	44	36.7
OVERNIGHT FUND	2	1.7
EQUITY GROWTH FUND	25	20.8
TOTAL	120	100

Source: Primary data

From the above table it is inferred that around 14.2% preferred to invest in open ended scheme, 26.7% in Balanced fund, 36.7% in Growth fund, 1.7% in Overnight fund and 20.8% in Equity growth fund. This shows that the majority of the respondents are interested to invest in growth fund.

Table No. 13

Purpose to invest in Mutual fund by the respondents

PREFER MUTUAL FUND TO INVEST	NO. OF RESPONDENTS	PERCENTAGE
MORE RETURN	33	27.5
SAFETY	34	28.3
LIQUIDITY	20	16.7
PROFITABILITY	33	27.5
TOTAL	120	100

Source: Primary data

From the above table it is found that 27.5% prefer mutual fund to invest in for more return, 28.3% for safety, 16.7% for liquidity, 27.5% for Profitability. This shows that majority of people's reason to prefer Mutual Fund to invest is for Safety.

Table No. 14

Withdrawal time duration of respondent

YEARS OF INVESTMENT	NO OF RESPONDENTS	PERCENTAGE
LESS THAN 1 YEAR	17	14.2
1-3 YEAR	45	37.5
4-6 YEAR	35	29.2
7-9YEAR	11	9.2
MORE THAN 10 YEAR	12	10.0
TOTAL	120	100

Source: Primary data

From the above data it is found that 14.2% prefer to withdraw mutual fund investment in less than 1 year, 37.5% prefer to withdraw their investment in 1-3 years, 29.2% prefer to withdraw their investment in 4-6 years, 9.2% prefer to withdraw their investment in 7-9 years, 10% prefer to withdraw their investment in more than 10 years. This shows that majority of people prefer to withdraw their mutual fund investment in 1-3 years.

Comparision between Marital status and preference towards investment.

H0: There is no significance relationship between marital status and preference towards investment of the respondents

MARITAL STATUS	PURPOSE FOR INVESTMENT IN MUTUAL FUND					TOTAL
	NOT VERY INTERESTE D	NOT INTERESTE D	NEUTRA L	INTERESTE D	VERY INTERESTE D	
MARRIED	11	8	9	26	17	71
UNMARRIED	5	12	10	16	3	46
OTHERS	1	1	1	0	0	3
TOTAL	17	21	20	42	20	120

Source: Primary data

Chi-square test

	Value	Df	Asymptotic significance(2-sided)
Pearson chi-square	13.752	8	.088
Likelihood ratio	15.472	8	.051
Linear-by-linear association	5.130	1	.024
N of valid cases	120		

The chi-square test have been applied to test the null hypothesis Degree of freedom-8 Chi-square value- 13.752 The distribution is 5% significant level.

The significant value .088 is greater than the 0.05 at 5% of significant level. Therefore, the formulated hypothesis is accepted. Hence it is proved that there is no relationship exists between marital status and preference towards investment.

Comparision between age and purpose for investment in mutual fund

H0: There is no association among age and purpose for investment in mutual fund of the respondents

AGE	PURPOSE FOR INVESTMENT IN MUTUAL FUND					TOTAL
	NOT AT ALL INTERESTED	NOT VERY INTERESTED	NEUTRAL	INTERESTED	VERY INTERESTED	
BELOW 25	3	2	3	10	6	24
25-35	1	2	3	9	6	21
35-45	2	2	1	16	18	39
45-60	1	1	1	7	10	20
ABOVE 60	1	2	1	7	5	16
TOTAL	8	9	9	49	45	120

Chi-square test

	VALUE	DF	ASYMPTOTIC SIGNIFICANCE(2-SIDED)
PEARSON CHI-SQUARE	9.702	16	0.882
LIKELIHOOD RATIO	9.552	16	0.889
LINEAR-BY-LINEAR	1.658	1	0.198
N VALID OF CASES	120		

The chi-square test have been applied to test the null hypothesis Degree of freedom-16 Chi-square value- 9.702 The distribution is 5% significant level.

The significant value .882 is greater than the 0.05 at 5% of significant level. Therefore, the formulated hypothesis is accepted. Hence it is proved that there is no relationship exists between age and purpose of mutual fund towards investment.

FINDINGS

The major findings of the study are:

It was found that awareness level in investing in mutual funds was high in case of female respondents compared to male respondents. Nearly 32% respondents belong to the age group of 35-45 years. Majority of the respondents are married. 44% of the respondents are undergraduates. 31% of the respondents who get monthly salary are interested to invest more in mutual fund. 56% of the respondents have known to invest in mutual fund. Majority 28% respondents got mutual fund information from their friends and relatives. 81% of the respondents are aware that mutual fund information are subject to market risk. Maximum of the respondents have preferred to invest in growth fund. The p value (.088) is greater than the 0.05 at 5% of significant value that shows that there is no relationship between marital status and preference towards investment. The p value (.882) is greater than

the 0.05 at 5% of significant value that shows that there is no relationship between age and purpose of mutual fund towards investment.

SUGGESTIONS

It was suggested that marketing and distribution channels should be improved and investors should be encouraged for long term investment of minimum 10 years and they should be educated on risk and return in mutual funds.

CONCLUSION

The investor needs a knowledge of all the schemes and products. Respondents are preferring overnight fund, growth fund, balanced fund and equity growth fund. According to the investor opinion most of the investors are aware about mutual fund and invest their money into growth fund. Since mutual fund schemes offer a risk-free investment opportunity, so the investors are investing in them.

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