

## A STUDY ON INVESTOR'S AWARENESS TOWARDS INVESTMENT IN MUTUAL FUND SCHEME WITH SPECIAL REFERENCE TO MAYILADUTHURAI TOWN

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### ABSTRACT

*There are a lot of investment avenues available in our country for an investor. Investors can invest in bank deposits, corporate debentures and bonds, post office saving schemes etc. each and every investment may differ on their own characteristics such as risk, return, liquidity, safety etc.,. A Mutual Fund is a collective investment vehicle formed with the specific objective of raising money from a large number of individuals and investing it according to a pre-specified objective, with the benefits accrued to be shared among the investors on a pro-rata basis in proportion to their investment.*

**Key words :** Mutual fund, Assets Management Company, Regular Income Fund

### INTRODUCTION

A 'Mutual fund' is an investment vehicle for investors who pool their savings for investing in diversified portfolio of securities with the aim of attractive yields and appreciation in their value. Growth of Mutual Fund the Mutual Fund industry in India started in 1963 with the formation of Unit Trust of India at the initiative of the Government of India and Reserve Bank. The primary objective at that time was to attract small investors and it was made possible through the collective efforts of the Government of India and Reserve Bank of India

### DEFINITION OF MUTUAL FUND

According to Securities Exchange Board of India (Mutual Fund) Regulation Act, 1996 defines, "a fund established in the form of a trust to raise monies through the sale of units to the public or a section of the public under one or more schemes for investing in securities, including money market instrument".

"A Mutual Fund is a financial service organization that receives money from shareholders, invests it, earns return on it, attempts to make it grow and agrees to pay the shareholder cash on demand for the current value of his investment".

### SCOPE OF THE STUDY

Now a day’s investment habits are increased rapidly. There are different types of investors who would like to earn high return for their savings. But they cannot afford to invest directly in the companies because of lack of knowledge, fear of loss, etc. Mutual fund fulfills all these requirement they have not only come to stay but are growing too.

### OBJECTIVES OF THE STUDY

- To know the social – economic background of the investors.
- To find out the importance factors that influence investment decisions of Mutual Fund.
- To study the satisfaction level of investors of Mutual Funds.
- To know the most invested Mutual Fund scheme and Asset Management Company’s.

### METHODOLOGY

Both primary data and secondary data were collected for this study. Primary data were collected from the investors in Mayiladuthurai town with the help of structured questionnaire. Secondary data were collected from books, journals, annual reports, magazines, etc. The sample size covered 120 investors.

### LIMITATIONS

This study has its own limitations. They are

- Even though there are more number of investment avenues are available among those only Mutual Fund investment was taken into consideration.
- Due to lack of time, data collected and analysed was limited to 120 investors.
- Awareness related to mutual funds is not taken into consideration.

Table No.1

#### Gender – wise analysis

| Gender       | No. of Respondents | Percentage (%) |
|--------------|--------------------|----------------|
| Male         | 69                 | 58             |
| Female       | 51                 | 42             |
| <b>Total</b> | <b>120</b>         | <b>100</b>     |

Source: Primary data

From the above table, it is manifested that out of 100 respondents, 58% (69 respondents) were male and the remaining 42% (51 respondents) were female.

Table No.2

Age – wise analysis

| Age          | No. of Respondents | Percentage (%) |
|--------------|--------------------|----------------|
| Below 30     | 59                 | 49             |
| 30 – 40      | 25                 | 21             |
| 41 – 50      | 20                 | 17             |
| Above 50     | 16                 | 13             |
| <b>Total</b> | <b>120</b>         | <b>100</b>     |

Source: Primary data

From the above table No.2 shows the group of investor of different age group in the investment in Mutual Funds. From that 49% of the respondents were belongs to the age group of below 30 and 21% of the respondents were comes under 30 – 40 and 17% of the respondents were in the age group of 41- 50 and the remaining 13% belongs to the age group of above 50.

Table No.3

Educational Qualification

| Edu. Qualification | No. of Respondents | Percentage (%) |
|--------------------|--------------------|----------------|
| HSE                | 22                 | 18             |
| Degree             | 37                 | 31             |
| Professional       | 34                 | 28             |
| Others             | 27                 | 23             |
| <b>Total</b>       | <b>120</b>         | <b>100</b>     |

Source: Primary data

It was observed from the table no.3 that the majority of the respondents 31% occupy the category of Degree out of 100 respondents 27 persons were being the Professional, 23 respondents were in the category of others such as Diploma, ITI, etc. and the remaining 18% of the respondents were HSE.

Table No.4

Annual Income

| Annual income (Rs)  | No. of Respondents | Percentage (%) |
|---------------------|--------------------|----------------|
| Within 1,50,000     | 27                 | 23             |
| 1,50,000 – 3,00,000 | 58                 | 48             |
| 3,00,001 – 4,50,000 | 23                 | 19             |
| More than 4,50,000  | 12                 | 10             |
| <b>Total</b>        | <b>120</b>         | <b>100</b>     |

Source: Primary data:

The investment capacity of the respondents mainly depends upon their monthly income. This table shows that around 23% of the respondents come under less than Rs,1,50,000 income cadre. Around 48% of the respondents come under Rs.1,50,000 – Rs.3,00,000 income level. 19% of the respondents come under the level of Rs.3,00,001 – Rs. 4,50,000 and only 10% of the respondents comes under more than Rs.4,50,000.

Table No. 5

**Occupation**

| Occupation       | No. of Respondents | Percentage (%) |
|------------------|--------------------|----------------|
| Agriculturist    | 20                 | 17             |
| Monthly Salaried | 43                 | 36             |
| Professional     | 27                 | 23             |
| Business         | 30                 | 25             |
| <b>Total</b>     | <b>120</b>         | <b>100</b>     |

Source: Primary data

It was observed from the above table it is manifested that out of 100 respondents, 17 % of the respondents were doing Agriculture, 23% of the respondents were Professional, and 25% of the respondents were Business people. It is known that majority of Respondents that is 36% were Monthly Salaried.

Table No.6

**Kind of Mutual Fund**

| Particulars  | No. of Respondents | Percentage (%) |
|--------------|--------------------|----------------|
| Public       | 55                 | 46             |
| Private      | 65                 | 54             |
| <b>Total</b> | <b>120</b>         | <b>100</b>     |

Source: Primary data

The above table shows the kind of Mutual Fund in which the investors were being invest. Out of 100 respondents the major portion that is 54% of respondents were investing in private mutual funds and the remaining 46% investing in public mutual fund.

Table No. 7

**Purchase of Mutual Fund**

| Particulars            | No. of Respondents | Percentage (%) |
|------------------------|--------------------|----------------|
| Directly from the AMCs | 65                 | 54             |
| Brokers only           | 40                 | 33             |
| Sub – brokers          | 15                 | 13             |
| <b>Total</b>           | <b>120</b>         | <b>100</b>     |

Source: Primary data

Table 7 reveals the institutions in which the investors who wish to purchase the Mutual Fund. AMCs occupies the major portion that is 54% of investors directly purchased from AMCs, 33% of the investors purchased from the brokers and the remaining 13% of investors purchased from sub – brokers.

Table No.8

**Preference to invest in Mutual Fund**

| Particulars  | No. of Respondents | Percentage (%) |
|--------------|--------------------|----------------|
| SBI MF       | 15                 | 13             |
| UTI          | 26                 | 22             |
| Reliance     | 7                  | 6              |
| HDFC         | 35                 | 29             |
| Kotak        | 9                  | 8              |
| ICICI        | 28                 | 23             |
| <b>Total</b> | <b>120</b>         | <b>100</b>     |

Source: Primary data

Table 4.8 deals with the investor's preference to invest in Mutual Fund. 29% of the respondents prefer HDFC Mutual fund to invest because HDFC is one of the fast growing Mutual Fund institution in India. ICICI stands in the second place it attracts 23.% of the respondents which occupies the position next to the HDFC. Unit Trust of India is a public Mutual fund institution 22 respondents invest in UTI out of 100 respondents. 13% of the respondents invest in SBIMF and the 6% in Kotak and the remaining 8% in Reliance.

Table No.9

**Scheme of Mutual Fund**

| Particulars         | No. of Respondents | Percentage (%) |
|---------------------|--------------------|----------------|
| Open – ended        | 44                 | 37             |
| Closed – ended      | 34                 | 28             |
| Growth fund         | 25                 | 21             |
| Regular income fund | 17                 | 14             |
| <b>Total</b>        | <b>120</b>         | <b>100</b>     |

Source: Primary data

From the above table, it was clear that out of 100 respondents, 37% were choosing open – ended scheme, because this scheme do not have a fixed maturity period and also this fund provide better liquidity to the investors. 28% of respondents were choosing closed – ended scheme, 21 % of respondents were choosing growth fund scheme, and the remaining 14% were choosing regular income fund scheme.

### Findings of the study.

- It was found that majority of the investors were male.
- It was also inferred that the maximum number of respondents were comes under the age group of below 30 (54), and the minimum were above 50(11).
- It was manifested that majority of the investors were studying were Degree (32), and the minority were studying HSE (17).
- It was also observed that most of the investors investing in mutual fund were earning Rs. 1,50,000 – Rs.3,00,000 they occupies 48% of the whole.
- It was found that majority of the investors were monthly salaried that is 38%.
- It was also inferred that maximum number of investors were investing in private mutual funds.
- It was manifested that the major portion of the investors (58%) were directly purchased from AMCs.
- It was also observed that 32% of the investors were investing in HDFC mutual fund, 26% were investing in ICICI mutual fund, and 22% were investing in UTI.

### Suggestions

Even though the mutual funds are good source of income, the people lack awareness and information towards mutual funds. So increase the awareness among the people especially the rural people. Steps should be taken to boost the confidence and morale of the investors. This can be done through appropriate communication and by educating investors to invest in mutual funds. Timely and right information should be provided to them by different communication modes so that they come to know about the latest trends in the market.

### Conclusion

Today a lot of investment opportunities are available to the investors in the financial markets. Investors can invest in corporate bonds, debentures, bank deposits, post office schemes etc. But nowadays investors opt for portfolio managers to invest money on their behalf. The present study analyses the mutual fund investments in relation to investor's behavior. Investors' opinion and perception has been studied relating to various issues like type of mutual fund scheme, main objective behind investing in mutual fund scheme, role of financial advisors and brokers, investors' opinion relating to factors that attract them to invest in mutual funds, sources of information.

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