A STUDY ON INVESTOR AWARENESS ABOUT INVESTMENT IN MUTUAL FUND WITH REFERENCE TO UTI MUTUAL FUND IN SALEM

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ABSTRACT

Investment is done with the motive of earning a regular return, risk-free. In our country, a number of investment measures can be seen ranging from 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 potential as its got diverging investing modes with regular return and minimized risk. But the awareness level it has with respect to the citizens of our country is really low. The vague knowledge on the same has forced many to stay away or even opt out from such mode of investment. This study has been adopted with the aim to study the awareness level mutual funds have among the investing population in India and to suggest better remedies to familiarize them among the population.

KEYWORDS: Mutual fund, investors' perception, investors' behavior, objectives, Investment, Risk, Return, Awareness, Familiarize

I. INTRODUCTION TO THE STUDY

A mutual fund is a collective investment vehicle that collects & pools money from a number of investors and invests the same in equities, bonds, government securities, money market instruments. The money collected in mutual fund scheme is invested by professional fund managers in stocks and bonds etc. in line with a scheme's investment objective. The income / gains generated from this collective investment scheme are distributed proportionately amongst the investors, after deducting applicable expenses and levies, by calculating a scheme's "Net Asset Value" or NAV. In return, mutual fund charges a small fee. In short, mutual fund is a collective pool of money contributed by several investors and managed by a professional Fund Manager. Mutual Funds in India are established in the form of a Trust under Indian Trust Act, 1882, in accordance with SEBI (Mutual Funds) Regulations, 1996.The fees and expenses charged by the mutual funds to manage a scheme are regulated and are subject to the limits specified by SEBI.

OBJECTIVE OF MUTUAL FUND

- Current Income
- Long-term growth
- Growth and Income
- Balanced

II. REVIEW OF LITERATURE

1. According to **K. Lashmana Rao (2018)** made analysis of investor's Awareness towards mutual fund schemes, he made conclusion SEBI, AMFI, and IRDA should take appropriate steps to enhance Consumers knowledge for making more prudent decisions.

2. **Desigan et al. (2016)** conducted a study on women investor Awareness towards investment selection. Accordingly, women Consumers generally avoid mutual fund, the main reason is lack of awareness, investment procedures, entry and exit move etc.

3. According to **Lu Zheng (2016)** majority of Consumers, investing in mutual fund; do invest on basis of short-term future performance and them use fund specific information for their selection decision.

4. **Priti Mane (2015)** 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.

5. **Raja (2015)** examined several Consumers and found that there is impact of demographical variables such as age, gender, income etc.

6. **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.

7. **Grinblatt M and Kelohraju (2014)** in their study analyses the exent 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.

8. **Jambodekar (2014)** 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 that 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.

9. **Shivangi Agarwal, Nawaz's Mishra (2017),** "A study of the risk adjusted performance of mutual funds industry in India", the study found that 90% of the schemes performed better than 24 their benchmark. It indicates that at the time of research, the funds performed in a better way, hence the investors who are interested in consistent returns may choose investment in these schemes.

10. **Yashas vi, R. Rajpara (2017),** "A study on performance evaluation of selected Debt Mutual Funds in India." The researcher found which scheme was doing in a better way. He also concluded that people are gaining interest to invest in debt mutual funds. He also concluded that rational investors are more interested in debt funds rather than the other funds.

11. **Poonam Devi (2017),** "Performance and Analytical study of various mutual funds." Most of the investors like to invest in mutual funds. Most of the people like to invest their money for one or three years to get returns on their investments. People invest in mutual funds to get higher returns and tax benefits.

III. OBJECTIVES OF STUDY

- To study and analyze of mutual fund industry funds.

- To examine the awareness level of mutual fund investors.

IV. RESEARCH METHODOLOGY

Research Methodology is the specific procedures or techniques used to identify, select, process, and analyze information about a topic. In a research paper, the methodology section allows the reader to critically evaluate a study's overall validity and reliability. One of the most important uses of Research methodology is that it helps in identifying the problem, collecting, analyzing the required information or data and providing an alternative solution to the problem.

TYPE OF RESEARCH

DESCRIPTIVE RESEARCH

This Study is **Descriptive in nature** that aims to give the industry report accurately and systematically describe a population, situation or phenomenon. It can answer what, where, when and how questions.

V. SAMPLE SIZE

The research consists of the 150 sample size.

IV. DATA COLLECTION

For the purpose of the study two sets of data has been used. The first of data is the primary data.

PRIMARY DATA:-

This type of data has been collected from the investors with the help of a Questionnaire.

SECONDARY DATA:-

The second set of data used for the study is the secondary data. The secondary data relating to net resources mobilized by banks and financial institution sponsored mutual funds, assets under management, investors mix etc is collected for a period of 2010-2018. This type of data is collected from different investment periodicals, magazines, various newspapers, RBI reports, AMFI reports, SEBI annual reports; securities market reviews, study of existing literature of different authors in the related field etc.

V. STATISTICAL TOOLS USED FOR THIS STUDY

The following are major tools used in analysis and interpretation.

- *Percentage analysis*
- *Chi square test Analysis*

V. DATA ANALYSIS AND INTERPRETATION

PERCENTAGE ANALYSIS

DEMOGRAPHIC FACTORS

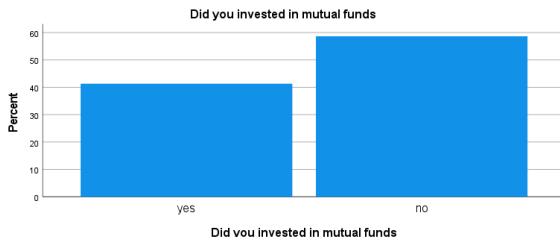| VARIABLES	FACTORS	FREQUENCY
AGE	BELOW 25 YEARS	54
	25 - 35 YEARS	60
	35 - 45 YEARS	21
	ABOVE 45 YEARS	15
	TOTAL	150
GENDER	MALE	92
	FEMALE	58
	TOTAL	150
QUALIFICATION	HIGHER SECONDARY	13
	GRADUATE	101
	POST GRADUATE	36
	TOTAL	150
OCCUPATION	GOVT.SEC EMPLOYEE	17
	PVT.SEC.EMPLOYEE	79
	PROFESSIONAL	17
	BUSINESS	15
	STUDENT	22
	TOTAL	150

1.Are you aware about mutual funds?
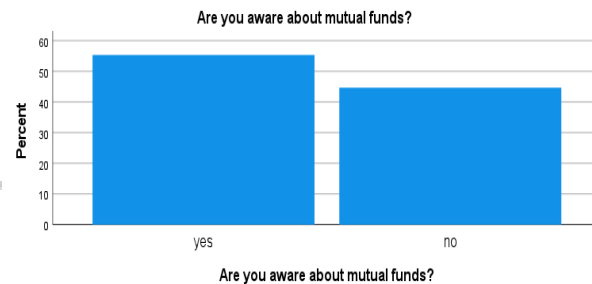
Are you aware about mutual funds?				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	83	55.3	55.3	55.3
	no	67	44.7	44.7	100.0
	Total	150	100.0	100.0	

Are you aware about mutual funds?

INFERENCE:-
Majority of the respondents are aware about mutual fund
2.DID YOU INVESTED IN MUTUAL FUND?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	62	41.3	41.3	41.3
	no	88	58.7	58.7	100.0
	Total	150	100.0	100.0	

Did you invested in mutual funds

INFERENCE:
Majority of the respondents never invest in mutual fund

CHI-SQUARE TEST ANALYSIS

**HYPOTHESIS-1** Age and awareness regarding Mutual Fund
Null Hypothesis (H0):-
There is no association between age and awareness regarding mutual fund
Alternative Hypothesis (H1):-
There is association between age and awareness regarding mutual fund

Age * Are you aware about mutual funds? Crosstabulation				
Count				
		Are you aware about mutual funds?		Total
		yes	no	
Age	Below 25 yrs	21	33	54
	25-35 yrs	38	22	60
	35-45 yrs	17	4	21
	Above 45 yrs	10	5	15
Total		86	64	150

Bar Chart
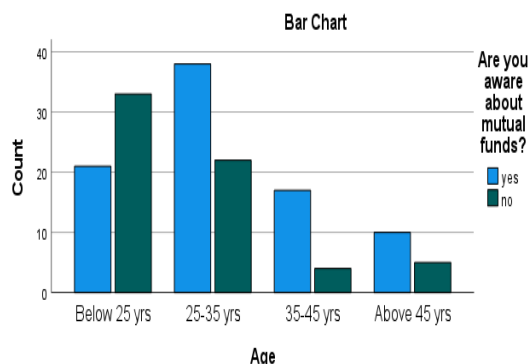
Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	13.716 a	3	.003
Likelihood Ratio	14.130	3	.003
Linear-by-Linear Association	9.449	1	.002
N of Valid Cases	150		

a. 0 cells (00.0%) have expected count less than 5. The minimum expected count is 6.40.

DATA ANALYSIS:-
Since p value (0.003) is less than 0.05 at 5% level of significance we accept alternative hypothesis (H1) and reject null hypothesis (H0). Hence there is association between age and awareness regarding mutual fund.

DATA INTERPRETATION:-
The above chart and diagram shows that awareness of mutual fund is more in the age between 25 – 35 years. There are more people who have awareness regarding Mutual fund from 60 respondents 38 are aware it shows high awareness. People having age above 45 years have not much awareness regarding Mutual fund from 15 respondents 10 are not aware and only 5 are aware about mutual fund.

**HYPOTHESIS 2:-** Gender and awareness of mutual fund

Null Hypothesis (H0):-

There is no association between gender and awareness of mutual fund.

Alternative Hypothesis (H1):-

There is association between gender and awareness of mutual fund.

Gender * Are you aware about mutual funds? Crosstabulation				
Count				
		Are you aware about mutual funds?		Total
		yes	no	
Gender	male	50	42	92
	female	36	22	58
Total		86	64	150

Bar Chart
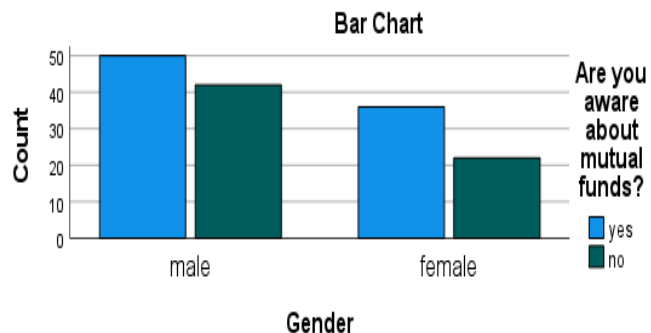
Chi-Square Tests					
	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.867a	1	.352		
Continuity Correctionb	.580	1	.446		
Likelihood Ratio	.871	1	.351		
Fisher's Exact Test				.399	.223
Linear-by-Linear Association	.861	1	.353		
N of Valid Cases	150				
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 24.75.					
b. Computed only for a 2x2 table					

DATA ANALYSIS:-

Since p value (0.352) is greater than 0.05 at 5% level of significance we accept the null hypothesis (H0) & reject alternative hypothesis (H1). Hence there is no association between gender and awareness of mutual fund

DATA INTERPRETATION:-

From the above data and chart Male have more aware than female. We can see that awareness of Mutual fund is more in the male. There are more people who have awareness regarding Mutual Fund from 92 respondents 52 are aware it shows high awareness. From the 38 female respondents out of 56 have aware about mutual fund.

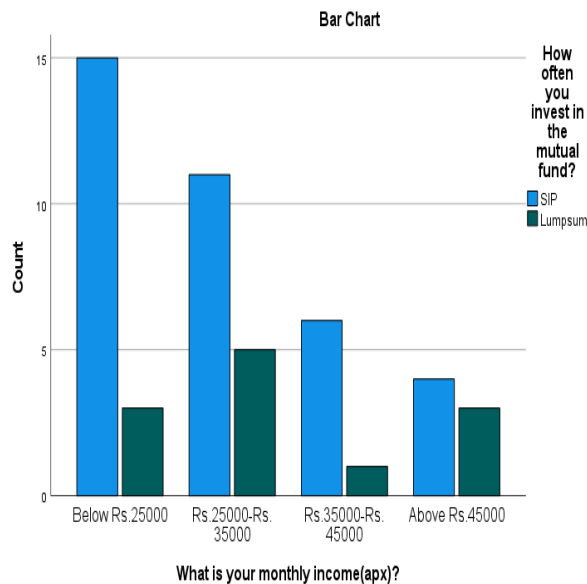**HYPOTHESIS 3:-** Monthly Income people and way of investment in Mutual Fund

Null Hypothesis (H0):-

There is no association between monthly income of the way of investment of MF

Alternative Hypothesis (H1):-

There is association between monthly income of the way of investment of MF.

What is your monthly income(apx)? * How often you invest in the mutual fund? Cross tabulation				
Count				
		How often you invest in the mutual fund?		Total
		SIP	Lump sum	
What is your monthly income(apx)?	Below Rs.25000	15	3	18
	Rs.25000-Rs.35000	11	5	16
	Rs.35000-Rs.45000	6	1	7
	Above Rs.45000	4	3	7
Total		36	12	48

Bar Chart

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.619[a]	3	.454
Likelihood Ratio	2.587	3	.460
Linear-by-Linear Association	1.044	1	.307
N of Valid Cases	48		

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is 1.75.

DATA ANALYSIS:-

Since p value (.454) is greater than 0.05 at 5 percent level of significance we accept the null hypothesis and reject the alternative hypothesis. Hence there is no association between monthly income and way of investment of mutual fund.

DATA INTERPRETATION:-

Above chart and data shows that both the ways of investment in Mutual Fund. People choose SIP option as much as lump sum. But we can see that people whose income below Rs.25000 mostly they choose SIP way of investing in mutual fund. People whose income Rs.25000-35000 they are choose both way of investing in mutual fund. We can see that people whose that income Rs.35000-Rs.45000 they are choose SIP more than lump sum. People whose income Above Rs.45000 they are choose lump sum.

VI.   FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS:

- Among all the respondents 56% are aware about Mutual Fund and 44% are not aware about Mutual Fund.
- From all aware respondents only 41% respondents have invest in MF.
- There are 61% male and 39% female out of all the respondents and more number of male are aware than the female about Mutual Fund.
- From the age of 25-35 years have more aware than others.
- Among 79 private sector employee 48 are aware and 31 are not aware about Mutual Fund it shows that there is more awareness in private sector employees.
- There are 101 respondents who are graduate among them 58 are aware and 43 are not aware about Mutual Fund.
- There are 36 respondents who are post graduate among them 25 are aware and 11 are not aware about Mutual Fund
- 40% respondents are investing in lump sum and 60% are investing in Systematic Investment Plan.
- From all aware respondents 12% respondents have their investment objectives are savings and to provide for retirement.
- There are 16% respondents purchase of Mutual Fund products through Online.
- Among all the invest respondents 18.7% are neutral with their investment in Mutual Fund and 11.3% are satisfied with their investment. Only 5.3% are dissatisfied with their investment.

SUGGESTIONS:

After seeing the whole Data analysis and findings my suggestions for the industry are shown as below

- The company should give the knowledge regarding Mutual Fund through various sources like more advertisements, T.V. programmes, etc. about what it is? How it works? How to handle its? What is its benefit for us with its advertisements or in programmes. Because many people have heard about it but don't know what it is?
- The company should also attract the medium level Income people by showing them the benefits of the liquidity funds for the short Term to attract them.
- As per survey Bank creates higher awareness so the mutual fund companies should more collaborate with the banks.
- The company should also attract the customer through different schemes who having knowledge about the Mutual Funds but not investing in Mutual Funds.
- The company should also make aware the people about the AMFI exam and should motivate them to be financial advisor to get more business.
- The company should give information regarding Tax benefit to Invest into MF.
- The company should organize seminar to give information about Mutual Fund and should distribute brochures having detail of schemes of Mutual Fund

CONCLUSION

After making the whole report I am concluding that this project measure the awareness of Mutual find and its service. As Mutual Fund having good option and schemes, so we can grow it with creating the awareness among the people. It is also good for those who want to make their future in it. For that the only think you need is to give time to your money to grow, they will surely give good returns and the other thing is the knowledge of the all product and schemes.

As there is lesser number of people investing in the Mutual fund in comparison of the other instruments of the investment like L.I.C, postal savings, bank deposit, gold etc. So there is a good chance of its growing. Even Mutual Fund is also having the product as substitute of it. So the industry can get the benefit of it.

The industry can aware more investors to invest in Mutual fund. They can do these through seminars, ads etc. They can also increase their sales by collaborating with many banks. They can also make more advisors by giving them more commission.

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