

# A Study of Investor Awareness about Mutual Funds Chennai

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**Abstract:** *In the last decade we have seen enormous growth in the size of mutual fund industry in India. Especially the private sector has shown treatment growth. With unmatched advances on the information technology, increased role of the institutional investors in the stock market and the SEBI still in its infancy, the mutual fund industry players gained unparalleled and unlocked power. To ensure the safety of investment of small investors against whims and fancies of professional fund managers have become the need of the hour. This area of globalization and In Competition, the success of an industry is determined by the market performance of its stock. The investors too like to invest only in the stock of those companies from which they can get maximum gain in early years of growth of mutual fund industry, investors were available only with few investment avenues to invest their money. But with the passage of time a lot of opportunities are available to the investors for investing their money in different investment channels. One such channel is to invest in mutual funds along with effective financial management. Mutual funds have seen a tremendous growth in the last few years. This is the result of combined efforts of the brokerage houses and the fund managers who come to one's rescue by educating the investors and making them aware of the mutual fund schemes by different modes of promotion. The currently common mode of community investments, mutual funds have taken time in coming to India, while these have been a dominant feature for the last several years in the investment markets in the west and in the country of their origin, in USA they have become as ancient as money itself. Their slow coming into the country is due essentially to the Unit Trust of India having dominated the scene as the only institution of its kind all this time. After two decades of UTI monopoly some public sector organizations like LIC (1989), GIC (1991), SBI (1987), Can Bank (1987), and India Bank (1990) have been permitted to set up mutual funds.*

**Keywords:** Mutual Funds, SEBI, Investment.

## I. INTRODUCTION

### WHAT IS INVESTMENT:

Tradeoff between risk and reward while aiming for incremental gain and preservative of the invested amount (principal). In contrast, speculation aims at 'high gain or heavy loss', and gambling at 'out of proportion gain or total loss.

Two main classes of investment are:

1. Fixed income investment such as bonds, fixed deposits, preference shares
2. Variable income investment such as business ownership (equities).
3. Property ownership.

In economics, investment means creation of capital or goods capable of producing other goods or services. Expenditure on education and health is recognized as an investment in human capital, and research and development in intellectual capital.

." Return on investment (ROI) is a key measure of firm's performance."

### NEED OF THE STUDY:

The main purpose of doing this project was to know about mutual fund and its functioning. This helps to know in details about mutual fund industry right from its inception stage, growth and future prospects.

The research involves only a general study related to the investment Awareness towards mutual funds. The research would reveal results regarding the Investment Awareness of various investors about mutual funds and thus in turn, helps the organization to A study on "investor awareness about investment in mutual fund"

**OBJECTIVES OF THE STUDY:**

1. To study and analyse of mutual funds.
2. To examine the awareness level of mutual fund investors.
3. Identify why people invest in mutual funds.

**SCOPE OF THE STUDY:**

The scope of the study is to track out the investors' preferences, priorities and their awareness towards different mutual fund schemes. Keeping in view the various constraints the scope of the study is limited only to the investors residing in Chennai. Data for the study is collected from a sample of 150 investors by using stratified sampling. A study on "investor awareness about investment in mutual fund" with reference to UTI Mutual Funds .

**LIMITATIONS OF THE STUDY:**

- i) This research reflects on individual customer in chennai only. So, findings and suggestions given on the basis of this research cannot be extrapolated to the entire population.
- i) Sample size is 150 which is very small that is not enough to study the awareness of Consumers of the country.
- i) Respondents are not sincere and care full to fill up the questionnaire so we cannot find right solution.
- iv) As sampling technique is convenient sampling so it may result in personal bias. So perfect result cannot be achieved.
- v) The study might also consist of the respondents' bias answer.
- vi) if take much time to go in different areas and fill up questionnaire so the timings are also limited to make the project.
- vi) To create hypothesis and make cross tabulation is little bit confusing technique so it may be a limitation.
- vi) In India people are not much care full and educated regarding investment plan so to do this type of research is little hard.

**II. REVIEW OF LITERATURE**

1. Sambath Kumar (2021), "A study on the preferences of mutual fund investors and investment performance of the selected mutual fund schemes" Indian mutual fund market has now grown into a great material market with a lot of qualitative inputs and emphasis on investor protection and disclosure norms. The market has become automated, transparent, and self-driven. It has integrated with global markets, with Indian companies seeking listing on foreign mutual funds exchange, offshore investments coming to India and foreign mutual funds floating their schemes and thus bringing expertise in to our markets. India has achieved the distinction of possessing the largest population of investors next to the U.K. Perhaps ours is the only country to have the largest number of listed companies with around 24 Regional Fund managers and National Fund managers most of them automated.
2. V.A. M. Sridevi (2021), "Performance Analysis of Mutual Funds-A Study on Selected Mid Cap and Small Cap Funds", Results of the study have showed that out of the two schemes of both mid cap and small cap funds have evidences of outperforming the benchmark return. Not all the funds have represented positive values. In Mid cap fund the performance, Axis balanced fund is very insignificant whereas in the small cap fund the performance, HSBC balanced is considered desirable. However from the above study it can be said that the schemes have diversified results.
3. Saranya, Parthiban Than gavel (2022),"Performance evaluation of Indian equity mutual fund schemes." the study have concluded that the Mutual Fund is a safe investment tool. Mutual Fund is the only opportunity many investors have for investing in an intelligent diversified manner. After studying and analyzing different mutual fund schemes the following conclusions can be made. The most important consideration while making investment decision was return aspect followed by safety, liquidity, and taxability. Based on the analysis the performance of the study can be

concluded to be good and those who want to eliminate risk element and want to reap better return than it Would be advisable to go for debt or arbitrage schemes, which ensures both return and safety.

4. Shivangi Agarwal, Nawaz's Mishra (2022)

"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. t 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.

5. Yashas vi, R. Rajpara (2023), 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.

### **III. RESEARCH METHODOLOGY**

According to John Best, "Research is systematic activity directed towards discovery and the development of an organized body of knowledge. Research is a process of systematic and in-depth study of any topic or subject backed by collection, compilation, presentation and interpretation of relevant data. A research design is the specification of the methods and procedures for acquiring the information needs to structure what information is to be collected from which sources and by what procedures. Research design is needed because it facilitates the smooth sailing of various Research operations, thereby making as efficient as possible. In simple words it refers to the process of research.

#### **Research Design:**

It is the plan or program of research. A researcher depending upon the topic of the study may choose explorative, diagnostic, descriptive or experimental studies. The research is of descriptive type.

Research design performs two major Any functions:

Preparing a structure plan outlining various methods and techniques required in conducting the research.

Making sure that these method and techniques are suitable for the research. It also ensures that these techniques will help in finding objective, precise, and suitable answers to the research questions. According to derringers, this function is called "control of variance".

#### **Sampling Design:**

As soon as the design research is selected, the next task is to select the sample design. Sample design sets a platform for effective data collection and analysis. A sample design responsible for the effective selection of research samples. Selecting sample design affects many aspects related to the research work. Hence, selection of suitable sample design should be carefully performed.

Data Sources:

Data is collected from both primary and secondary data.

#### **Primary Data:**

This refers to the first – hand information collected directly by the researcher. A questionnaire was given to the customers to collect primary data. The total number of respondents was 150.

#### **Secondary Data:**

Data, which are not originally collected but rather obtained from published sources, are known as secondary data. This data was collected from company records journals.

#### **Data Collection Tools:**

Structured questionnaire is used here as the instrument to collect the data. Sampling Size The sample size of study is 100.

#### **Research Tools:**

Research tools are statistical techniques used for data analysis and to arrive at certain conclusions. The tools used for this project is, percentage analysis.

**Percentage Analysis:**

It refers to a special kind of ratio. Percentage is used in making comparison between two or more series of data. Percentages are used to determine relationships between the series of data. Finding the Relative Differences Become Easier through Percentage.

**IV. DATA ANALYSIS & INTERPRETATION**

Table 1: MODE OF PURCHASE OF MUTUAL FUND

Statistics				
What is your mode of purchase of mutual funds?				
N	Valid	61		
	Missing	89		
What is your mode of purchase of mutual fund?				
		Frequency	Percent	Valid Percent
Valid	Online	24	16.0	33.3
	Through distributors	24	16.0	33.3
	Through bank branches	13	8.7	22.2
	Total	61	40.7	100.0
Missing	System	89	59.3	
Total		150	100.0	

**Source: Primary data**

ANALYSIS: -

- 16% of the respondents they are purchase through online.
- 16% of the respondents they are purchase through distributors.
- 8% of the respondents they are purchase through bank branches
- So, most respondents purchase through online and distributor



Table: 2 PREFERENCE OF SAVINGS AVENUES?

Statistics		
What is your preference of savings avenues?		
N	Valid	150
	Missing	0

What is your preference of savings avenues?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		24	16.0	16.0	16.0
	bank deposit	32	21.3	21.3	37.3
	chits	2	1.3	1.3	38.7
	gold	35	23.3	23.3	62.0
	insurance	7	4.7	4.7	66.7
	MF	23	15.3	15.3	82.0
	postal savings	3	2.0	2.0	84.0
	real estate	9	6.0	6.0	90.0
	shares	15	10.0	10.0	100.0
	Total	150	100.0	100.0	

Source: Primary data

#### V. ANALYSIS

- 21.3% of the respondents prefer bank deposit for savings avenues.
- 23.3% of the respondents prefer gold for savings avenues.
- 15.3% of the respondents prefer Mutual Fund for savings avenues.
- 10% of the respondents prefer Shares for savings avenues.
- 6% of the respondents prefer real estate for savings avenues.
- 2% of the respondents prefer postal savings for savings avenues.
- 4.7% of the respondents prefer insurance for savings avenues.
- So the majority of the respondents preference for savings avenues are gold and bank deposit.

#### VI. FINDINGS

- 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.
- Among all the invest respondents there are 12% of the people says very high risk and 14% of the people says risk. Only 8% of the people says low risk while investing in Mutual Fund.
- From all aware respondents 35 respondents did not invest in Mutual Fund out of 83.
- Among the not investors 20% respondents lack of knowledge and 19.3% respondents' risky investment.
- There are 22% respondents have interested to invest in Mutual Fund.

#### VII. 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 it? 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 Mutual Fund.
- The company should organize seminar to give information about Mutual Fund and should distribute brochures having detail of schemes of Mutual Fund.
- Winning the investor's confidence and protecting their rights is the common objective of all the mutual fund companies. In this context the AMFI and SEBI should make strict rules and regulations for safeguarding the interests of the common investors. If these rules are not being followed properly, a provision of punishment should be made who violates the same.
- Some investors complained that the brokers/sub brokers are more interested in their incentives provided to them by the companies for selling more schemes. He brokers, sub brokers and agents should provide right and timely information to the investors. They must keep themselves aware of the latest happenings in the market for the sake of investors.
- 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 mark.

#### **VIII. 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. These portfolio managers are experts in stock market operations and invest the money in such a way that the investors would get minimum assured returns. Today many institutions are busy in providing wealth management services to the investors. But these services are very costly. Thus in order to help the investor's mutual funds provide a protective shed to the small and big investors. 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, level of satisfaction, role of financial advisors and brokers, investors' opinion relating to factors that attract them to invest in mutual funds, sources of information, deficiencies in the services provided by the mutual fund managers, challenges before the Indian mutual fund industry etc. This study is very important to judge the investors' behaviour in a market like India, where the competition increases day by day due to the entry of large number of players with different financial strengths and strategies. The present investigation outlined that mostly the investors have positive approach towards investing in mutual funds. To maintain their confidence in mutual funds they should be provided with timely information relating to different trends in the mutual fund industry. For achieving heights in the financial sector, the mutual fund companies should formulate the strategies in such a way that helps in fulfilling the investors' expectations. Today the main task before mutual fund industry is to convert the potential investors into the reality investors. New and more innovative schemes should be launched from time to time so that investor's confidence should be maintained. All this will lead to the overall growth and development of the mutual fund industry.

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