

A Study on the Awareness Level among the Investors towards Mutual Funds in Hyderabad City

K. Naveen Kumar¹, Dr. Deepti Maheswari²

¹Research Scholar, Rabindranath Tagore University, Bhopal (M.P.) India.

²Dean, Faculty of Commerce, Rabindranath Tagore University, Bhopal (M.P.) India.

ABSTRACT

Investment is essential to achieve one's financial goals. By making investments, savings can be done in a better way. Savings and investments are mutually connected. Indian investors have a number of choices to invest their savings. One of the best investment options available before investors is mutual funds. A mutual fund is an investment tool where an Asset Management Company (AMC) or fund house pools investments from several individuals and institutional investors with common investment objectives. The success of a mutual fund depends upon the awareness and confidence level of the investors. The investment pattern varies with age, gender, marital status, educational qualification. The present study is conducted with the objective of assessing the awareness level of mutual funds among investors. The study was conducted in Hyderabad with a sample size of 100 respondents. Mutual Funds, highlighting to be the most appropriate investment for the common man, offer opportunities to invest under the diversified basket of securities, professionally managed, at a comparatively lower cost.

Keywords: Investment, savings, awareness, mutual fund, investors

I INTRODUCTION

A mutual fund is a type of investment in which investors pool their money together to buy a portfolio of stocks, bonds, or other securities in order to take advantage of diversification and professional portfolio management at a reasonable cost. Mutual Funds are financial instruments. Securities in actively managed funds are selected by a team of investment managers and research analysts. Investing in mutual funds enables those investing a modest amount of money to benefit from the same advantages enjoyed by large institutional investors. There are a plethora of product choices available in mutual funds for investment. The mutual funds offer as per the individual's financial goals like post-retirement expenses, house purchases, money for children's education or marriage, etc. Thereby, investors should invest in mutual fund schemes that align with their investment objectives.

II OBJECTIVE AND METHODOLOGY

- (a) **Need Of The Study** - The research involves only a general study related to the awareness level of investors towards mutual funds. The study reveals the results regarding the investors' awareness that facilitate the organizations to improve the marketing of mutual funds.
- (b) **Objectives Of The Study**
- (i) To know the awareness among the investors towards mutual funds
 - (ii) To study the extent of awareness on Mutual Funds in relation to age, income, and education.
- (c) **Statement Of Problem** - A mutual fund is a type of investment in which investors pool their money together to buy a portfolio of stocks, bonds, or other securities in order to take advantage of diversification and professional

portfolio management at a reasonable cost. In every mode of investment, investors think of their safety of the principal amount. Most investors are investing their money in mutual funds without knowing the benefits of mutual funds. This study was conducted with the aim to understand the level of awareness of mutual funds in investors.

III REVIEW OF LITERATURE

- (a) **Jambodekar (1999)** conducted a study to analyze the factors influencing the buying decision and selection of choices of funds. The study emphasized that more preference was given to the growth and close-ended schemes. It also emphasized that the investors focused on the safety of principle and liquidity and they choose televisions and newspapers as their mode of awareness regarding this investment.
- (b) **Grinblatt M and Kelohraju (2000)** conducted a study and observed the impact of past data on the decision to buy and sell the mutual funds.
- (c) **Priti Mane (2004)** has observed that a mutual fund is among the best investment options available. The study stated that innovations in developing and delivering financial services have to be done in order to attract more investors.
- (d) **Paul and Garodia (2012)** stated that the demographic variables like age, gender, occupation, and the investor's income level have a significant impact on the pattern of investment.
- (e) **Nair R K (2014)** in the article "Indian Mutual Fund Market – A tool to stabilize Indian Economy" stated that mutual funds are an effective device to settle the Indian economy. The article also emphasized the role of banks and other financial institutions in promoting the growth of mutual funds.

- (f) **Prof. Prabhu G. et al (2016)** emphasized that the mutual fund industry in India is progressing rapidly. The study also summarized that still, a few financial specialists have not known about the advantages of putting resources into mutual funds.
- (g) **Samira, M., & Sathyanarayanan, K. S. (2018)** in their research paper titled, “The role of Alternative Investments in Portfolio Management” has stated the importance of money-related training to be given to the people to strengthen their financial literacy.

IV RESEARCH METHODOLOGY

- (i) **Research Design** - This research study is descriptive in nature.
- (ii) **Sample Size:** 100
- (iii) **Sampling Method:** Non - Random Sampling Method
- (iv) **Sample Area:** Hyderabad
- (v) **Data Collection Instrument**

Both the primary and secondary data collection methods were considered. The primary data was collected through a questionnaire designed for the study. Secondary data was taken from Research papers, Journals, Magazines, and Websites.

V ANALYSIS OF THE DATA

Variables	Factors
Age	Between 20-30 years
	Between 31-40 years
	Between 41-50 years
	Above 50 years
Gender	Male
	Female
Qualifications	Under Graduate
	Graduate
	Post Graduate
	Professionals
Marital Status	Married
	Unmarried
Annual Income	Less than 2 lakhs
	Between 2-3 lakhs
	Between 3-4 lakhs
	Between 4-5 lakhs
	Above 5 lakhs
Safest Investment Option	Mutual Funds
	Stock Markets
	Bank Deposits
	Properties
Level of awareness of the benefits of mutual funds	Unaware
	Some Aware
	Fully Aware
Opinion about Mutual Fund	Best investment option
	Better than equity investment
	Better than Fixed Deposits
	Better than Post Office Deposits
	Better than Insurance Policy
Returns expected while investing in mutual funds	Low Return
	Moderate Return
	High Returns
	Very High Returns
Reasons for preferring mutual fund as an investment option	More Return
	Liquidity
	Tax Benefits
	Diversification
	Safety
	Profitability
Relevance of Financial literacy for investing in mutual funds	Strongly Agree

	Somewhat agree
	Neutral
	Somewhat Disagree
	Highly Disagree
Extent of risk towards investing mutual funds	No Risk
	Low Risk
	Balanced Risk
	High Risk
Awareness about various types of mutual funds	Yes
	No
Preferred Mode of Investment	Online
	Offline
Preference of investment avenue for investing in mutual funds	Bank
	Post Office
	Insurance
	Real Estates
	Online Brokers
	Technology
Parameter preferred to invest in mutual funds	Performance of Mutual Funds
	Brand Name
	Tax Benefit
	Both Performance and Brand

Table 1
Frequency Distribution of Respondents on the basis of Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Female	42	42.0	42.0	42.0
Male	58	58.0	58.0	100.0
Total	100	100.0	100.0	

Interpretation:

In the present study, 42% respondents are female and rest 58% respondents are males.

Table 2
Frequency Distribution of Respondents on the basis of Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 20-30	19	19.0	19.0	19.0
31-40	33	33.0	33.0	52.0
41-50	37	37.0	37.0	89.0
Above 50	11	11.0	11.0	100.0
Total	100	100.0	100.0	

Interpretation:

The majority of investor's age falls between the age of 41 to 50 years and followed by 31 to 40. It may be because people are interested to invest their money in the mutual fund for future purposes. Generally above

50 years of age people do not want to take risks and they want to safeguard their savings and they believe that banks are the safest place to protect their savings.

Table 3
Frequency Distribution of Respondents on the basis of Safest Investment Option

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Bank Deposits	41	41.0	41.0	41.0
Mutual Funds	55	55.0	55.0	96.0
Properties	1	1.0	1.0	97.0
Stock Markets	3	3.0	3.0	100.0
Total	100	100.0	100.0	

Interpretation:

In the present study, 41% of respondents chose Bank Deposits as the safest investment option, while 55% of the respondents opted for Mutual Funds as the safest investment option, 1% of the respondents

opted for Properties and 3% of the respondents chose Stock Markets as the safest investment option. Therefore people are showing interest in investing in mutual funds. It shows a positive trend for the mutual fund industry.

Table 4
Frequency Distribution of Respondents on the basis of their Annual Income

Income	Respondents	Percentage of Respondent	Cumulative Respondents
Less than 2 Lakhs	05	5	5
Between 2 – 3 Lakhs	36	36	41
Between 3 – 4 Lakhs	27	27	68
Between 4 – 5 Lakhs	12	12	80
Above 5 Lakhs	20	20	100

Interpretation:

The majority of investor's annual income is between 2 lakhs to 3 lakhs and later followed by investor's annual income between Rs. 3 lakhs to 4 lakhs. Most of the average income investors are investing their savings in mutual funds for long-term benefits.

Qualification and Level of Awareness

Null Hypothesis (H₀): There is no significant difference between qualification and awareness of mutual fund investment.

Alternative Hypothesis (H₁): There is a significant difference between qualification and awareness of mutual fund investment.

Table 5
Qualification and Level of Awareness

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.457 ^a	8	.390
Likelihood Ratio	8.222	8	.412
N of Valid Cases	100		

(a) 9 cells (60.0%) have expected count less than 5. The minimum expected count is 0.10.

Interpretation:

Since the significance (p) value is 0.390 is more than 0.05. Hence the null hypothesis is accepted and the alternative hypothesis is rejected. Hence there is no association between qualification and awareness of mutual fund investment.

Gender and Preference of Investment in Mutual Fund

Null Hypothesis (H₀): There is no association between gender and preference of investment in a mutual fund.

Alternative Hypothesis (H₁): There is an association between gender and preference of investments in mutual funds.

Table 6
Gender and Preference of Investment in Mutual Fund
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	15.399 ^a	3	.002
Likelihood Ratio	16.055	3	.001
N of Valid Cases	100		

(a) 2 cells (25.0%) have expected count less than 5. The minimum expected count is 0.42.

Interpretation:

Since the significance (p) value is 0.002 is less than 0.05. Hence the null hypothesis is rejected and the alternative hypothesis is accepted. Hence there is an association between gender and preference of investment in mutual fund investment.

Risk and Return

Null Hypothesis (H₀): There is no association between risk and return

Alternative Hypothesis (H₁): There is an association between risk and return.

Table 7
Risk and Return

Chi-Square Tests	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	25.708 ^a	9	.002
Likelihood Ratio	24.385	9	.004
N of Valid Cases	100		

a. 12 cells (75.0%) have expected count less than 5. The minimum expected count is 0.05.

Interpretation:

Since the significance (p) value is 0.002 is less than 0.05. Hence the null hypothesis is rejected and the alternative hypothesis is accepted. Hence there is an association between risk and return.

the common people and the people should be equipped with strong financial literacy.

VI FINDINGS AND CONCLUSIONS**(a) Findings:**

- (i) In this study, it can be observed that most of the respondents are male.
- (ii) In this study, most of them are married. It shows that married persons are more into savings and investment than unmarried persons.
- (iii) Out of the total respondents under the study, it is observed that many are unaware of the benefits of mutual funds.
- (iv) Most of the respondents are chose mutual funds as the safest source of investment.
- (v) It can be observed that the parameter used for investing in mutual funds is the performance of the mutual fund.
- (vi) Most of the respondents are preferred the online mode for investing in mutual funds.
- (vii) It is observed that most of the respondents choose banks are the best avenue for investing in a mutual fund.
- (viii) There is no significant relationship between educational qualification and awareness level of mutual fund investment.

VII CONCLUSION

A mutual fund is considered as one of the best investment options when compare to fixed deposits, stock markets investment with moderate return and balanced risk. However, there is a requirement for the creation of awareness of mutual funds along with their benefits. Measures should be taken to increase the confidence and morale of the investors. This can be achieved by taking proper industrial initiatives in the mutual fund market. The initiatives must reach

REFERENCES

- [1] Samira, M., and Sathyanaraynan, K. S.(2018). A Study on investor's preference towards Mutual Funds with Special Reference to Salem district. *International Journal of Pure and Applied Mathematics*, 118 (20), 657 - 665.
- [2] Dr. Vedala Naga Sailaja, 'A Study of Investor Awareness towards Mutual Funds Investment', *International Journal of Civil Engineering and Technology (IJCIET)*, Volume 9-March (2018), pp 376-382
- [3] Prof Prabhu G. et al, Perception of Indian Investor towards Investment in Mutual Funds with special reference to MIP Funds, *IOSR Journal of Economics and Finance*, 7th International Business Research Conference, PP 66 - 74, 2016.
- [4] Dr. T. Unnamalai; A Study on Awareness of Investors about the Mutual Fund Investments in Musuri Taluk, *International Journal of Management*, 7(2), 2016, pp 115-122.
- [5] Nair, R.K. (2014). Indian mutual fund market – a tool to stabilize Indian economy. *International journal of science and research publication*, 4.
- [6] Bhowal A and Paul T (2013), 'Gaps in Customer Solution – A Case Study of Mutual Funds in India', *The SAMs Journal*, 7(1), 33-41.
- [7] Vennila R. Nandhagopal Investors' Preference towards Mutual Funds in Coimbatore City, *European Journal of Social Sciences* ISSN 1450-2267, 2012; 29(1):115-125.

- [8] Dr. K. Lakshmana Rao (2011), 'Analysis of Consumers Awareness towards Mutual Fund Schemes', Zenith International Journal of Multidisciplinary Research, Vol. 1 Issue 8, pp 175-192.
- [9] Anand S and Murugaiah V (2004) 'Marketing of Financial Services: strategic Issues', SCMC journal of Indian Management, July-Sept, pp 41-49.
- [10] Mridula E and Raju P (2006), 'Analysis of Indian Mutual Fund Industry', 'Mutual Fund Industry in India (pp 1-13), Hyderabad: IFCAI University Press.
- [11] Rama Murthy B.M and Reddy S (2005), Recent Trends in Mutual Fund Industry, SCMS Journal of Indian Management, 2(3), 27-32.
- [12] Reshma Raju Mini, A Study On The Awareness Of Mutual Funds Investment In India. International Journal Of Scientific & Technology Research -Volume 9, Issue 01, January 2020 ISSN 2277-8616. Pg no 1824 – 1826.
- [13] Binayak Prasad Mishra , Dr.Susanta Kumar Mishra, A Study On Investor Awareness And Preference Of Mutual Funds With Reference To Index Funds, Journal Of Critical Reviews, ISSN-2394-5125 VOL 7, ISSUE 11, 2020, Pg no 3294 – 3303.
- [14] Dr. B. Ravi Kumar and R. Padma Malini, International Journal of Applied and Advanced Scientific Research (IJAASR), ISSN (Online), Volume 2, Issue 1, 2017: 2456 – 3080, Pg. No 65 -70.
- [15] Keerthana P M. et al, Investor's Perception toward Mutual Fund in the Ernakulam City, International Journal of Innovative Technology and Exploring Engineering (IJITEE) ISSN: 2278-3075, Volume-8 Issue-6S, April 2019, Pg. No 786 – 789.
- [16] Sehdev R and Ranjan P (2014).A study on Investor's perception towards mutual fund investment. Scholars Journal of Economics, Business and Management.
- [17] Saini, S., Anjum, B., & Saini, R. (2011). Investors' awareness and perception about mutual funds. International Journal of Multidisciplinary Research, 1(1), 14-29.