



A Study on Mutual Fund Investors' Awareness

Dr. M Sumathy¹, Akshaya S. Das^{2*}

¹Professor & Head, Department of Commerce, Bharathiar University, Coimbatore, India

^{2*}PhD Research Scholar, Department of Commerce, Bharathiar University, Coimbatore, India

Email: ¹sumathy@buc.edu.in

Corresponding Email: ^{2*}akshayadas3@gmail.com

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Abstract: Research looking into people's knowledge and comprehension of mutual funds, which are investment vehicles that pool money from multiple participants to buy a diverse portfolio of securities, can be termed a mutual fund awareness study. In order to determine people's acquaintance with mutual funds, their investment habits, and their opinions towards various types of funds, the study may comprise surveys or interviews with a representative sample of the public. The study may also look into the variables like income, education, age, and risk tolerance that affect people's decisions to invest in mutual funds.

Keywords: Awareness, Factor Analysis, Fund, Snowball Sampling.

1. INTRODUCTION

A mutual fund is a professional team will oversee the fund collected from diverse portfolio give high return with low investment cost which may give some sort of extra benefits of tax reduction and liquidity and while compared to other sources of investment it captivates the large scale of investors having a malleable payment at the investment time. Mutual funds purchase diverse securities, including stocks, bonds, and other financial products. The fund is run by a qualified fund manager who chooses investments on behalf of investors intending to accomplish the investment goals of the fund. The share price is based on the net asset value (NAV) of the mutual fund, and each investor in the fund holds a share of the fund equal to their contribution. Mutual funds can be a good option for those who want to invest in the stock market or other financial markets but lack the time, resources, or skills to do so. Mutual funds provide individual investors with a simple and affordable way to access a diversified portfolio of funds managed by professionals. While comparing to other types of investment the mutual fund industry has a wider scope in this context as at the time of selecting the securities to invest in then monitoring their performance with adjusting the portfolio. And in the case of sales, it has differed from the stock market, here the sale of mutual funds can be done through banks,



brokers, and financial advisors, and also include direct sales. The mutual fund scheme also focuses on innovation and product development, which is constantly developing new products and providing new investment strategies.

Review of literature

(Dash, 2010) the researcher explored the impact of investment decision of generation focusing on India an econometric study including 196 respondents. Here the researcher has collected mainly six variables such as security, opinion, awareness, hedging, benefits and duration. For each of the variables, the researcher has coined different factors. The major finding recapitulated by the researcher was those variables have an impact on the investment decision of the different generations.

(D, 2011) the researcher studied the factor imparting the retail investor in mutual funds special reference to Puducherry. Here the researcher gives more significance to investment culture with a multi-stage sampling technique with a sample of 600 from Puducherry. To check the association between the demographic profile of the respondents and the satisfaction of investors Chi-Square analysis has been conducted. This study concluded that the mutual fund industry requires more marketing strategy to survive in the varying market conditions. In the case of small investors have high coherence with the purchase of mutual funds.

(K & DAITA, 2011) examined the factors that persuade investment in mutual funds with economic, industry and company concepts with the Reliance capital asset management limited (RCAMIL). The study explored S&P CNX Nifty as a dependent variable on the RBI GDCE, GDP, WPI etc.. as an independent variable, for the study the researcher collected the secondary data from 1995 to 2010. The major finding of the study included that industry investigation has shown that a small number of businesses control a significant portion of the asset under management for the entire mutual fund sector.

(Chawla, 2014) analysed an empirical study on the different factors influencing mutual fund investors focusing on two sub-divisions such as the credibility of funds and miscellaneous features. The researcher collected the primary information from 431 respondents with structured interviews having a five-point scale and unstructured interviews have been conducted for the study purpose. Cronbach alpha test scrutinized the reliability test, and the factor score was analysed by using One-Way ANOVA. The researcher finds that the investors have expectations of the performance of the fund managers with high returns from the investment with a minimum of risk factor.

(Arathy , Nair, & P, 2015) examined components of influence on the Mutual fund giving focusing on the retail investors with a sample of two hundred among two cities. Here the researcher imperturbably collected the data by using a snowball sampling technique. This study identified that tax benefits, high return, price and capital appreciation are the major factors influencing investing in a mutual fund. Compared to other schemes equity-based funds are mostly preferred by the investors. Here the researcher points out that some investors are given attention to the rating scale from CRISIL etc...

(Singal & Manrai, 2018) the researcher revealed the influence of behavioural factors on investors while investing the mutual fund. For the investigation, the researcher employed purposive quota sampling for 226 samples from the Delhi region. The investigator has taken



13 independent variables entail of risk, return, volatility, type, awareness etc on the dependent variables. The multiple regression test has been studied for the analysis.

(Sharma, 2019) the researcher examined the awareness and perception of investors and also identified what are the factors influenced by the investor regarding their perception of the mutual fund. By purposive sampling techniques, the researcher collected the data. The study denouement that foundation features, credit, convenience, and success factors have a greater influence on the perception of investors.

Objective of the study

- To identify the factor influencing awareness towards Mutual Fund investors.

2. RESEARCH METHODOLOGY

The study is completely focused on primary data collected from fifty-Nine respondents from the Calicut region in Kerala through a snowball sampling technique from the period December 2022 to February 2023. Factor analysis has been analysed for the reduction in variables used for the study purposes. And descriptive statics carried out to check the awareness and perception level of mutual fund investors.

Table 1.1 Demographic Profile (Part 1)

Basis	Category	Frequency	Percentage
Place of living	Urban	20	33.9
	Rural	29	49.2
	Semi-Urban	20	16.9
Gender	Male	35	59.3
	Female	24	40.7
	Other	0	0
Age	20-30	37	62.7
	31-40	12	20.3
	41-50	7	11.9
	51-60	3	5.1
	61+	0	0
Educational Qualification	Higher Secondary	3	5.1
	Diploma	0	0
	Bachelor Degree	38	64.4
	Master Degree	3	30.5
	PhD	0	0
	Others	0	0
Marital Status	Single	36	61.0
	Married	23	39
	Separated	0	0
Job	Public	11	18.6
	Private	17	28.8



	Business	6	10.2
	Others	25	42.4
Yearly Income	Less than 5 lakhs	51	86.4
	5 lakhs to 10 lakhs	7	11.9
	Above 10 lakhs	1	1.7

Sources: primary data

The population distribution for mutual fund investors is shown in Table 1.1. The information was gathered from 59 mutual fund investors in Calicut using the snowball sampling technique, with 33.9% of the population living in urban regions, 49.2% in rural areas, and the remainder in semi-urban areas. According to gender, 40.7% of people are women and 59.3% of people are men. When it comes to age, 62.7% of respondents are between the ages of 20 and 30, while only 5.1% are between the ages of 51 and 60. According to respondents' educational backgrounds, 5.1% hold a Higher Secondary diploma, whereas 64.4% hold bachelor's degrees and 30.4% hold master's degrees. On the root of marital status, 61% of people are single and the remaining 39% are married. 18.6%, 28.8%, and 10.2% of employment fall within the private, public, and business categories, respectively, while 42.4% of occupations fall under other categories under the head job. 86.4% have less the 5 lakh annual salary, 11.9% have a 5 lakh to 10 lakh salary in annual, and the balance 1.7% have more than 10 lakh salary from the respondents.

Table 1.2 Total Variance Explained (Part 2)

Comp onent	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	To tal	% of Vari ance	Cumul ative %	To tal	% of Vari ance	Cumul ative %	To tal	% of Vari ance	Cumul ative %
1	6.9 63	69.63 3	69.633	6.9 63	69.63 3	69.633	6.3 61	63.60 7	63.607
2	1.2 24	12.23 7	81.870	1.2 24	12.23 7	81.870	1.8 26	18.26 3	81.870
3	.54 5	5.450	87.320						
4	.48 8	4.878	92.198						
5	.32 4	3.242	95.440						
6	.24 6	2.462	97.902						
7	.14 3	1.430	99.332						
8	.06 7	.668	100.00 0						



9	1.5 90	1.590	100.00 0						
10	- 1.1 8	-1.18	100.00 0						
Extraction Method: Principal Component Analysis.									

Sources: primary data

Table 1.2 depicts the total variance explained for the awareness of the mutual fund. From this, the ten variables have been categorized into two classifications showing 81% of the variable has been explained on that.

Table 1.3 Rotated component matrix

	Component	
	Fund Characteristics	Credibility
Goodwill of the firm	.907	
Capital Appreciation	.904	
Healthy for the Indian Environment	.904	
High Return	.902	
Liquidity	.899	
Tax benefits in mutual fund	.878	
Past performance	.824	
Entry and Exit	.779	
Credit Rating		.913
Management Structure		.716

Sources: primary data

Table 1.3 shows the Rotated Compound Matrix under the Principal Component Analysis in the process of the Extraction Method of Factor Analysis. The first factor shows eight variables' factors loading more than the significant value of 0.5 and the next second factor shows two variables greater than 0.5 respectively. And the first factor is named under the fund characteristics and the next factor is named credibility. The collection of ten variables has been classified and grouped based on the correlation among the factors identified on its underlying variables.

Table 1.4 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Mean perception	59	1.00	3.20	2.9068	.36287

Sources: primary data



Table 1.4 shows the descriptive statistics of mutual fund investors regarding their perception of the mutual fund. The table shows that the mean value is comparatively less showing that those mutual fund investors are not that aware of these factors.

Finding

- From the sample 29 out of 59 respondents are from rural areas, showing that interest in investing in mutual funds rather than other investments.
- While comparing males and females the number of males is high than females, it may be due to many factors such as family income, knowledge, awareness etc.
- The major factors of mutual fund investing were classified under 2 factors such as fund characteristics and credibility of the mutual funds.
- Under the fund characteristics goodwill, capital appreciation, high return, tax benefits etc are included.
- Develop marketing and educational programs regarding the mutual fund that should be given to the people.

3. CONCLUSION

From the research, the researcher identified that the selected sample of mutual fund investors is not well aware of the mutual fund and their performance. And also only from this study, we can't generalise the awareness of mutual fund investors. And also, the demographic profile of mutual fund investors has an influence on mutual funding. Meaning that the sample size of the mutual fund investor was from unknown populations. And also, female mutual investors are comparatively less than male investors.

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