

**Consumer Awareness to E-Banking with special reference to HDFC  
Kanchipuram**

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**ABSTRACT**

The primary objective of the study is to find the perception of the people in Nagapattinam region towards mutual funds and their investment pattern. It was mainly carried out to assess the awareness of mutual funds amongst other investment avenues, and to study the investment pattern of the investors. The reasons for investing or not investing in mutual funds were also studied. Investment is a commitment of funds made in the expectation of some positive return. If the investment is properly undertaken, the return will be commensurate with the risk the investor assumes. Investment goals vary from person to person business to business. While some want security, others give more weight age to returns alone. With objectives defying any range, it is obvious that the products required will vary as well. A mutual fund is an investment vehicle that pools in the money's of several investors, and collectively invests this amount in either the equity market or the debt market, or both, depending upon the fund's objective. This means you can access either the equity or the debt market, or both, without investing directly in equity or debt.

**Key words:** Investment, mutual fund, market, risk, dividend.

**1. INTRODUCTION**

Investment is a commitment of funds made in the expectation of some positive return. If the investment is properly undertaken, the return will be commensurate with the risk the investor assumes. Investment goals vary from person to person, business to business.

While some want security, others give more weightage to returns alone. With objectives defying any range, it is obvious that the products required will vary as well. Investments generally involve real assets. Real assets are tangible, material thing such as buildings, automobiles, and gold etc. financial assets are pieces of paper representing an indirect claim to real assets held by someone else.

A mutual fund is an investment vehicle that pools in the money's of several investors, and collectively invests this amount in either the equity market or the debt market, or both, depending upon the fund's objective. This means you can access either the equity or the debt market, or both, without investing directly in equity or debt.

## **INVESTING IN MUTUAL FUNDS**

Diversification is a major advantage of investment through Mutual Funds, as investors get the benefit of various instruments through a single avenue.

- Professionally qualified people manage the funds.
- Mutual Funds offer flexibility in options and choice of schemes to match individual needs.
- Transparency of operations as well as investment pattern and philosophy by disclosures of portfolio also add to the advantages of investing in Mutual Funds.
- The Mutual Fund industry is very well regulated by SEBI.
- Mutual Funds offer tax benefits. Dividend income received from investing in Mutual Funds is tax free in the hands of the investor. Investments in the growth option will be subject to long term or short-term capital gains tax as applicable.

## **ADVANTAGES OF MUTUAL FUNDS**

1. Professional Fund Management
2. Services
3. Diversification
4. Affordability
5. Cost effectiveness
6. Liquidity
7. Tax breaks
8. Transparency

## **OPEN ENDED FUNDS**

An open-end fund is one that is available for subscription all through the year. These do not have a fixed maturity. Investors can conveniently buy and sell units at Net asset value (“NAV”) related prices. The key feature of this scheme is liquidity.

## **CLOSE-ENDED FUNDS**

The fund is open for subscription only during a specific period. Investors can invest in the scheme at the time of the initial public issue and thereafter they can buy or sell the units of the scheme on the stock exchanges where they are listed. The objective of the fund is to declare regular dividend.

## **GROWTH FUNDS**

The aim of growth funds is to provide capital appreciation over the medium to long-term. Such schemes normally invest a majority of the stock exchanges where they are listed. The fund may declare dividend but the main objective is only capital appreciation.

## **INCOME FUNDS**

These are also known as debt funds since they invest in debt instruments issued by the government, private companies’ banks and financial institutions. These funds target low risk and stable income

to the investors. While returns in these funds may be regular, their scale may fluctuate depending on the prevailing interest rates and the credit quality of the debt securities.

### **BALANCED FUNDS**

These funds, as the name suggests, are a mix of both equity and debt funds. They invest in both equities and fixed income securities in line with pre-defined investment objectives. The aim at providing a balanced mix of capital appreciation through investments in equities coupled with investments in stable instruments like bonds etc.

### **LIQUID FUNDS**

Liquid funds are also known as Money market funds as they invest in securities of short term nature, typically securities of less than one-year maturity like Treasury Bills issued by the government, Certificate of Deposits issued by banks and Commercial Paper issued by companies as well as in the inter-bank call money market. These funds are considered to be at the lowest rung in the hierarchy of risks.

### **NEED FOR THE STUDY**

This study on 'mutual funds' was important to Karvy consultants, Nagapattinam. The marketing and sales personnel at Karvy Consultants wanted to know the level of awareness about various investment methods and awareness about 'Mutual funds' in particular. With the opening up of the capital markets in a big way to Foreign Institutional Investors (FII's), mutual funds are becoming an attractive avenue. Karvy consultants found an information gap of the Marketing Information System, i.e. it needed an opinion study about various investment methods, mutual funds in particular. Hence the need for the research was justified to be undertaken, to fill the gap in the marketing system.

### **2. OBJECTIVES OF THE STUDY**

- To study the perception of the people of Nagapattinam region towards mutual funds and their investment pattern.
- To study the level of awareness of various investment methods available.
- To study the preference for various kinds of mutual fund schemes.

### **SAMPLING TECHNIQUES**

The sampling techniques were used in convenience sampling. Salaried executives, business executives, professionals and retired people were the target respondent group from which the data were collected. The primary data was collected at shopping malls and at other important places.

### **3. LIMITATIONS OF THE STUDY**

- The sampling technique which was used is convenience sampling, so the study was conducted only in and around a part of Nagapattinam which may not be representative of the entire population.

- The raw data was collected with the help of structured questionnaire technique. Therefore study is bounded by the limitation of this technique.
- The analysis is based on the data provided by the respondents. The views of those did not participate in the survey is not included.

**DATA ANALYSIS AND INTERPRETATION****GENDER LEVEL OF THE RESPONDENTS**

<b>Gender</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Male	49	81.7
Female	11	18.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

Source: Primary Data

**TABLE NO 1**

Table 1, indicates that the details regarding gender level of the respondents. 81.7 per cent of the respondents were belonged to male category and the rest 18.3 per cent of the respondents were female category.

**AGE LEVEL OF THE RESPONDENTS**

<b>AGE</b>	<b>NO. OF RESPONDENTS</b>	<b>PERCENTAGE</b>
Upto 30 years	14	23.3
30-40 years	18	30.0
Above 40 years	28	46.7
<b>Total</b>	<b>60</b>	<b>100.0</b>

Source: Primary Data

**TABLE NO 2**

Table 2 cleared that, 46.7 per cent of the respondents were the age above 40 years, 30.0 per cent of the respondents were the age group between 30-40 years and 23.3 per cent of the respondents were the age group of below 30 years.

Frequency test found that majority of the respondents were the age group between above 40 years.

**MARITAL STATUS OF THE RESPONDENTS**

<b>MARITAL STATUS</b>	<b>NO.OF RESPONDENTS</b>	<b>PERCENTAGE</b>
Unmarried	04	6.7
Married	56	93.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

Source: Primary Data

**TABLE NO 3**

Table 3, has reflected that the marital status of the respondents. 93.3 per cent of the respondents were married and the remaining 6.7 per cent of the respondents were unmarried.

#### **NATURE OF EMPLOYMENT OF THE RESPONDENTS**

<b>NATURE</b>	<b>NO. OF RESPONDENTS</b>	<b>PERCENTAGE</b>
Salaried	27	45.0
Business	12	20.0
Professional	07	11.7
Retired	14	23.3
Total	60	100.0

Source: Primary Data

**TABLE NO 4**

Table 4, shows that nature of employment of the business. 45.0 per cent of the respondents were salaried persons, 23.3 per cent of the respondents were retired, 20.0 per cent of the respondents were businessmen and 11.7 per cent of the respondents were professionals.

#### **ANNUAL INCOME OF THE RESPONDENTS**

<b>ANNUAL INCOME</b>	<b>NO. OF RESPONDENTS</b>	<b>PERCENTAGE</b>
Rs. 50,000 – 1 lakh	11	18.3
Rs.1 lakh – 2 lakh	32	53.3
2 lakh – 3 lakh	08	13.3
Above 3 lakh	09	15.1
Total	60	100.0

Source: Primary Data

**TABLE NO 5**

Table 5, reveals about annual income of the respondents. 53.3 per cent of the respondents were earned between Rs. 1 lakh-Rs.2 lakhs, 18.3 per cent of the respondents were earned between Rs. 50,000-Rs.1 lakh, 15.1 per cent of the respondents were earned above Rs. 3 lakhs and only 7.03 lakhs and only 13.3 per cent of the respondents were earned Rs. 2 lakh-3 lakhs per year.

#### **REASONS FOR SAVING**

<b>REASONS</b>	<b>NO. OF RESPONDENTS</b>	<b>PERCENTAGE</b>
Children's education	11	18.3
Tax benefit	14	23.3
Future needs	31	51.7
To earn high returns	04	6.7
Total	60	100.0

Source: Primary Data

**TABLE NO 6**

Table 6, shows that reasons for saving in mutual funds. 51.7 per cent of the respondents saving for future needs, 23.3 per cent of the respondents invest for tax benefits, 18.3 per cent of the respondents were invest for their children's education and only 6.7 per cent of the respondents were invest in mutual funds to earn high returns.

#### **INVESTMENT METHOD OF THE RESPONDENTS**

<b>METHODS</b>	<b>NO. OF RESPONDENTS</b>	<b>PERCENTAGE</b>
Share market	09	15.0
Bonds / Deposit	04	6.7
Insurance	28	46.7
Post office savings	06	10.0
Bank	13	21.7
Total	60	100.0

Source: Primary Data

**TABLE NO 7**

Table 7, indicates that the investment method of the respondents. 46.7 per cent of the respondents invested in insurance, 21.7 per cent of the respondents invested in bank, 15.0 per cent of the respondents invest in share market, 10.0 per cent of the respondents invested in post office and only 6.7 per cent of the respondents invested in bonds.

#### **INVESTMENT IN MUTUAL FUNDS**

<b>INVESTMENT</b>	<b>NO. OF RESPONDENTS</b>	<b>PERCENTAGE</b>
Invested	44	73.3
Not invested	16	26.7
Total	60	100.0

Source: Primary Data

**TABLE NO 8**

Table 8, shows that the respondents invest in mutual funds. 73.3 per cent of the respondents invest in mutual funds and 26.7 per cent of the respondents were not invested in mutual funds.

#### **REASONS FOR NOT INVESTING IN MUTUAL FUNDS**

<b>REASONS</b>	<b>NO. OF RESPONDENTS</b>	<b>PERCENTAGE</b>
High risk	09	56.3
No assured return	05	31.3
Lack of awareness	02	12.4
Total	16	100.0

Source: Primary Data

**TABLE NO 9**

Table 9, reveals that the respondents not invested in mutual funds. 56.3 per cent of the respondents didn't invest in mutual funds because they are feels high risk. 31.3 per cent of the respondents feel no assured return and 12.4 per cent of the respondents say lack of awareness.

#### **REASONS FOR INVESTING IN MUTUAL FUNDS**

<b>REASONS</b>	<b>NO. OF RESPONDENTS</b>	<b>PERCENTAGE</b>
Best return when compared with other avenues	15	34.1
Professional management	04	9.1
Consistency of steady returns	07	15.9
Trade off between risk and return	03	6.8
Diversification	06	13.6
Liquidity	09	20.5
Total	44	100.0

Source: Primary Data

**TABLE NO 10**

Table 10, indicates that the respondents not invest in mutual funds. 34.1 per cent of the respondents feel best returns, 20.5 per cent of the respondents say liquidity, 15.9 per cent of the respondents say steady returns, 13.6 per cent of the respondents say diversification and 9.1 per cent of the respondents say proper management and only 6.8 per cent of the respondents say risk and return.

#### **INVESTMENT IN VARIOUS SECTORS OF MUTUAL FUNDS**

<b>SECTORS</b>	<b>NO. OF RESPONDENTS</b>	<b>PERCENTAGE</b>
Public	11	25.0
Private	26	59.1
Both	07	15.9
Total	44	100.0

Source: Primary Data

**TABLE NO 11**

Table 11 shows that the respondents invest in various sectors of mutual funds. 59.1 per cent of the respondents invest in private mutual funds, 25.0 per cent of the respondents invest in public mutual funds and only 15.9 per cent of the respondents invest both public as well as private mutual funds.

**INVESTMENT SCHEMES OF MUTUAL FUND**

<b>INVESTMENT SCHEMES</b>	<b>NO. OF RESPONDENTS</b>	<b>PERCENTAGE</b>
Debt	13	29.5
Equity	27	61.4
Balanced	04	9.1
Total	44	100.0

Source: Primary Data

**TABLE NO 12**

Table 12, shows that the respondents invest schemes of mutual funds. 61.4 per cent of the respondents invest in equity schemes. 29.5 per cent of the respondents invest in debt schemes and 9.1 per cent of the respondents invest balanced equities.

**4. FINDINGS**

The findings of the study are enlisted below.

- 81.7 per cent of the respondents were belonged to male category and the rest 18.3 per cent of the respondents were female category.
- 46.7 per cent of the respondents were the age above 40 years, 30.0 percent of the respondents were the age group between 30-40 years and 23.3 per cent of the respondents were the age group of below 30 years.
- 93.3 per cent of the respondents were married and the remaining 6.7 percent of the respondents were unmarried.
- 45.0 per cent of the respondents were salaried persons, 23.3 per cent of the respondents were retired, 20.0 per cent of the respondents were businessmen and 11.7 per cent of the respondents were professionals.
- 53.3 per cent of the respondents were earned between Rs. 1 lakh-Rs.2 lakhs, 18.3 per cent of the respondents were earned between Rs. 50,000-Rs.1 lakh, 15.1 per cent of the respondents were earned above Rs. 3 lakhs and only 7.03 lakhs and only 13.3 per cent of the respondents were earned Rs. 2 lakh-3 lakhs per year.
- 51.7 per cent of the respondents saving for future needs, 23.3 per cent of the respondents invest for tax benefits, 18.3 per cent of the respondents were invest for their children's education and only 6.7 per cent of the respondents were invest in mutual funds to earn high returns.
- 45.0 per cent of the respondents invest quarterly, 28.3 per cent of the respondents invest monthly, and 20.0 per cent of the respondents invest yearly and only 6.7 per cent of the respondents occasionally.
- 46.7 per cent of the respondents invested in insurance, 21.7 percent of the respondents invested in bank, 15.0 per cent of the respondents invest in share market, 10.0 per cent of the respondents invested in post office and only 6.7 per cent of the respondents invested in bonds.
- 73.3 per cent of the respondents invest in mutual funds and 26.7 per cent of the respondents were not invested in mutual funds.

- 56.3 per cent of the respondents didn't invest in mutual funds because they feel high risk. 31.3 per cent of the respondents feel no assured return and 12.4 per cent of the respondents say lack of awareness.
- 34.1 per cent of the respondents feel best returns, 20.5 per cent of the respondents say liquidity, 15.9 per cent of the respondents say steady returns, 13.6 per cent of the respondents say diversification, and 9.1 per cent of the respondents say proper management and only 6.8 per cent of the respondents say risk and return.
- 59.1 per cent of the respondents invest in private mutual funds, 25.0 per cent of the respondents invest in public mutual funds and only 15.9 per cent of the respondents invest both public as well as private mutual funds.
- 61.4 per cent of the respondents invest in equity schemes. 29.5 per cent of the respondents invest in debt schemes and 9.1 per cent of the respondents invest in balanced equities.
- 47.7 per cent of the respondents' opinion were good, 27.3 per cent of the respondents' opinion were very good, 20.5 per cent of the respondents' opinion were moderate and only 4.5 per cent of the respondents' opinion was poor.

## **5. CONCLUSION**

Every human saves one part of his income for some future needs. For this purpose, people are interested to save their income through bank, post office, chit funds, share market, mutual funds, and insurance. The study has concluded that 'Tax Benefits' are the motto of the salaried and retired people and 'Higher Returns' are the motto of the business people. 5-10 per cent of the income is the amount invested. Many do not perceive mutual funds as a diversification of risk or consistency of returns when mutual funds provide such benefits. This needs to be given a closer look. The feeling that mutual funds have a high degree of risk associated with it should be eradicated. The popularity of mutual funds investments would be enhanced if all these factors are taken into account.

## **6. REFERENCE**

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