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A Study On Investors' Awareness And Preference Towards Mutual Funds As An Investment Option With Special Reference To Anand District

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Abstract

Investment is one of the leading concerns of every individual investor as their small savings of today are to meet the expenses of tomorrow. The present situation is of modernization. Individuals are getting to be modern and more aware and literate step by step in each perspective whether that is of moving towards cashless, utilizing advanced mobile phones for banking, shopping and so on, getting free or on the off chance that it the instance of choice of Investment choices. In the present scenario mutual funds are the most vivacious investment avenue among all the various available options. A mutual fund is a type of professionally-managed collective investment vehicle that pools money from many investors to purchase securities. As there is no legal definition of mutual fund, the term is frequently applied only to those collective investments that are regulated, available to the general public and open-ended in nature. Mutual funds have both advantages and disadvantages compared to direct investing in individual securities. Today, they play an important role in household finances. The objective of the research paper is to know the Investors' awareness and preference towards Mutual Funds as an Investment Option with special reference to Anand District.

Keywords: Investment, Mutual Funds, Awareness, Preference

Introduction

Out of the various traditional investment avenues like bank saving account, fixed deposit, PPF very few are providing high return and also because of high inflation the real return from these avenues are very low. However a retail investor does not have expert knowledge and sufficient time to directly invest in capital markets. One get confuse in deciding that in which stock to invest, when to invest as they do not have price sensitive information readily available all the time and also how much to invest in a particular security. Mutual funds have

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Vol-22- Issue-14-December-2019

risen as a significant investment avenue for retail investors. The primary goal of mutual fund is pool small savings, use the idle resources in corporations and invest in a well-diversified portfolio of securities, which would allow the investor to significantly reduce, or even eliminate the asset specific (non- market) risk of securities. The 1st mutual funds were established in Europe in 1774. The1st mutual fund outside the Netherlands was the Foreign & Colonial Government Trust, which was established in London in 1868. Mutual funds were introduced into the United States in the 1890s.They became popular during the 1920s. These early funds were generally of the closed-end type with a fixed number of shares which often traded at prices above the value of the portfolio. The 1stopen-end mutual fund with redeemable shares was established on March 21, 1924. Mutual funds in India are now governed under the SEBI (securities exchange board of India) regulations 1996. There are 44 asset management companies (AMCs) or mutual fund houses operating in India. These companies manage the investments of investors to fetch them optimal returns. In India there are various companies which are dealing in mutual fund such as Reliance Mutual Funds, HDFC, Axis, ABN Amro, AIG, Bank of Baroda, Canara Bank, Birla Sun Life etc.

Literature Review

Karmakar (2000) conducted a study on the investment behavior of household sector of rural block in west Bengal of 50 investors covering different employment status, age, income and education.

Desigan et al. (2006) 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.

K. Lashmana Rao (2011) 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.

Ms. Avani Shah and Dr. Narayan Baser (2012) carried out a survey in Ahmadabad with an objective to study the investor's preference in selection of mutual funds. They have taken two variables: Age and occupation and tried to find the impact of these two variables on investors

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Vol-22- Issue-14-December-2019

preference towards mutual funds and concluded that occupation is a variable that affect the investors preference but age does not play any important role.

Objective

1. To know the Investors' awareness level towards Mutual Funds Investment.
2. To know the Investors' preference towards Mutual Funds as an Investment option
3. To study the factors responsible for the preference of mutual funds as an investment option.

Research Methodology

Research Design: Research designs the overall description of all steps through which the research has protected from the setting of objective to the writing of research paper.

- **Source Of Data:**

Primary Data: The Primary Data has been collected by city survey method. This is the most economical, efficient and effective way of collecting the data. It yields a wide range of information on various characters like attitude, opinion, behaviour, current scenario etc. Primary data was collected through well structured questionnaire.

Secondary Data: The Secondary Data has been collected by websites, broachers, journals, books, financial statement, newspapers etc.

Data Collection Method

- **Questionnaire:** In this paper it was found that ***questionnaire*** was the best method of obtaining the relevant data. A survey was found to be most appropriate to serve the objective already prepared.

Sampling Plan

- **Sampling Frame:** Anand District.
- **Sampling Size:** 65 Respondents

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Vol-22- Issue-14-December-2019

- **Sampling Unit: -** Individual Retail Investors
- **Sampling Method –** Convenience sampling.

Data Analysis and Interpretation

To achieve above objectives is, I have classified, tabulated and processed the data and information collection and also presents its findings in a systematic manner:

Table 1: Frequency Distribution of Respondents on the basis of Gender

	Gender	Frequency	Percent Valid	Percent	Cumulative Percent
Valid	**Male**	43	66.15%	66.15%	66.15%
	Female	22	33.85%	33.85%	100.00%
	Total	**65**	**100.00%**	**100.00%**	

Interpretation:

In the present study 66.15% respondents are male and rest 33.85% respondents are females.

Table 2: Frequency Distribution of Respondents on the basis of Age

	Age	Frequency	Percent Valid	Percent	Cumulative Percent
Valid	**Less Than 30**	24	36.93%	36.93%	36.93%
	30-45	23	35.38%	35.38%	72.31%
	45-60	13	20.00%	20.00%	92.31%
	60 and Above	5	07.69%	07.69%	100.00%
	Total	**65**	**100.00%**	**100.00%**	

Interpretation:

The maximum numbers of respondents are fall under between the age group 30-45 year which is 35.38% and minimum number of respondents is in the age group is 60 year and above which is 7.69%. 36.93% respondents are fall under the age group is less than 30 year. 20% respondents are fall under the age group of 45-60 year. It shows that 60 & above age group of persons are available at the time of survey.

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ISSN:0971-1260

Vol-22- Issue-14-December-2019

Table 3: Frequency Distribution of Respondents on the basis of Educational Qualification

	Educational Qualification	Frequency	Percent Valid	Percent	Cumulative Percent
Valid	**UG**	14	21.53%	21.53%	21.53%
	Graduate	22	33.87%	33.87%	55.40%
	PG	15	23.07%	23.07%	78.47%
	Professionals	14	21.53%	21.53%	100.00%
	Total	**65**	**100.00%**	**100.00%**	

Interpretation:

The education status of the respondents is as follows. The maximum numbers of respondents are Graduate which is around 33.87%. The minimum numbers of respondents are Undergraduate and Professional which counts to be around at 21.53% respectively. 23.07% respondents are Post-Graduate. Out of 40 respondents feedback most of the respondents Education is Post-Graduate.

Table 4: Frequency Distribution of Respondents on the basis of Occupation

	Occupational	Frequency	Percent Valid	Percent	Cumulative Percent
Valid	**Business**	21	32.31%	32.31%	32.31%
	Service	30	46.15%	46.15%	78.46%
	Professionals	14	21.54%	21.54%	100.00%
	Total	**65**	**100.00%**	**100.00%**	

Interpretation:

Maximum numbers of respondents are into Service category which counts 46.15%. Minimum numbers of respondents are falls into Professionals category which counts to be around 21.54%. Around 32.31% respondents are comes under Business Category. In Anand District, there are more population are attached with service sector.

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ISSN:0971-1260

Vol-22- Issue-14-December-2019

Table 5: Frequency Distribution of Respondents on the Basis of Income

	Annual Income	Frequency	Percent Valid	Percent	Cumulative Percent
Valid	**Less than Rs.250000**	17	26.16%	26.16%	26.16%
	250001-500000	21	32.31%	32.31%	58.47%
	500001- 800000	12	18.46%	18.46%	76.93%
	800001 and Above	15	23.07%	23.07%	100.00%
	Total	**65**	**100.00%**	**100.00%**	

Interpretation:

Maximum numbers of respondents are earning Rs.250001-500000 Annually which counts 21 with 32.31%. Where, Minimum numbers of respondents are earning. Rs.500001-800000 Annually which counts 12 with 18.46%. 17 & 15 number of respondents are earning between Less than Rs. 250000 and Rs. 800001 and above with 23.07%. And In the digital world, rural persons are getting more employment and Annually Income for his & family Standard of Living.

Table 6: Frequency Distribution of Respondents on the Basis of Marital Status

	Marital Status	Frequency	Percent Valid	Percent	Cumulative Percent
Valid	**Married**	41	63.07%	63.07%	63.07%
	Unmarried	24	36.93%	36.93%	100.00%
	Total	**65**	**100.00%**	**100.00%**	

Interpretation:

In the Present Study number of married respondents is which count is 63.07%. And number of unmarried respondents is which count which is 36.93%.

Table 7: Purpose of Investment

Sr. No.	Variable	No. of Respondents
1	**Saving**	20
2	**Capital Appreciation**	16
3	**Regular Income**	11
4	**Tax Benefits**	10
5	**To Beat Inflation**	8
	Total	**65**

Interpretation:

Savings and Capital Appreciation is primary purpose of the investors followed by Regular Income, Tax benefits and To Be Inflation. It means that most of the Respondents are Invest their money for Saving Purpose.

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ISSN:0971-1260

Vol-22- Issue-14-December-2019

Table 8: Annual savings out of total Earnings

Sr. No.	Annual Savings	No. of Respondents
1	< 20%	16
2	20%-35%	22
3	35%-50%	11
4	More than 50%	16
	Total	65

Interpretation:

Majority of the respondents 33.85% are able to save between 20% to 35% group out of their total earnings; followed by 24.62% respondent who are able to save less than 20% and more than 50% and 16.92% respondent are able to save between 35% to 50% Group of Annual Savings out of total savings.

Table 9: Awareness of benefits of Mutual Funds

Sr. No.	Awareness	No. of Respondents
1	Not Aware	17
2	Some Knowledge	29
3	Fully Aware	19
	Total	65

Interpretation:

Out of total respondents 45% are having some knowledge of Mutual Funds. Only 29.23% are confident to be fully aware about mutual funds and 26.15% are not aware about knowledge of Mutual Funds.

Table 10: Preference of Investment Avenue

Sr. No.	Investment	Rank Order
1	Banks	1
2	Post Office	6
3	Insurance	2
4	Real Estate	3
5	Gold/Sliver	4
6	Bonds	5
7	Mutual Funds	7

Interpretation:

Banks, Insurance and Real Estate are preferred as number 1, 2 and 3choice respectively by the respondents. Gold/Silver is the 4^{th} choice and Bonds is the 5^{th} choice and Post Office is 6^{th} choice and last Mutual Funds choice in terms of preference among various investment

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Vol-22- Issue-14-December-2019

avenues. It means that all Investors are more trust on Bank for Making Investment Avenue. Also, it states that investors are to more careful to take an interest for making an investment in Mutual Funds.

Table 11: Preference of Mutual Fund Scheme

Sr. No.	Preferred Scheme of Mutual Funds	No. of Respondents
1	Equity Scheme	6
2	Debt Scheme	5
3	Balanced Scheme	12
4	Sectorial Funds	7
5	Index Funds	12
6	Tax Reliefs	23
	Total	65

Interpretation: Among the various available schemes Tax Reliefs is the most preferred among respondents followed by Index Funds and Balanced Schemes is on the 2nd and 3rd position for preference of Mutual Fund Schemes. Sectorial Funds and Equity Scheme is on the 4th and 5th position for preference of Mutual Fund Schemes. And at last, Debt scheme is the less preferred scheme for making an investment in Mutual Fund Schemes.

Table 12: Preferred mode of investment in Mutual Funds

Sr. No.	Awareness	No. of Respondents
1	One Time Investment	24
2	Systematic Investment Plan (SIP)	41
	Total	65

Interpretation:

SIP is to be most preferred mode of investment as compared to one time investment among the mutual fund investors.

Table 13: Tracking of Mutual Fund Performance

Sr. No.	Tracking of Mutual Funds Performance	No. of Respondents
1	Once in a Week	4
2	Once in a Month	13
3	Half Yearly	19
4	Annually	17
5	Never	12
	Total	65

Interpretation:

Majority of the mutual fund investors 29.23% tracks the performance of their schemes half - yearly followed by 26.15% respondents who track the performance of their schemes on annually basis. Another group of respondents is 20% who track the performance of their

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Vol-22- Issue-14-December-2019

schemes one time in a month basis followed by 18.46% respondents who never track the performance of their schemes. And at last, only 6.15% respondents are tracks the performances of their schemes are used once in week.

Table 14: Factors Affecting Mutual Funds Investment Decision

Sr. No.	Factors	No. of Respondents
1	**Risk**	17
2	**Return**	25
3	**Liquidity**	10
4	**Tax Saving**	6
5	**Diversification**	7
	Total	**65**

Interpretation:

About the entire Investors look for Risk & Return while investing in mutual funds. While Investing in Mutual Funds Liquidity Factor is Natural for all Investors. Tax Saving and Diversification is not always considered while taking investment decision in Mutual Funds by the respondents.

Table 15: Preferred mode of investment in Mutual Funds

Sr. No.	Mode	No. of Respondents
1	**Online**	48
2	**Offline**	17
	Total	**65**

Interpretation:

Offline mode of investment is preferred by majority 73.84% of investors. Only 26.16% are using online mode.

Findings

- **A** The first objective of the investors is to Save and Capital Appreciation. Majority of them also want to save tax and increase their wealth.
- **B** Majority of the investors are able to save between 20 to 35% out of their total earnings
- **C** Out of total mutual fund investors under the study still there are some who are not aware about mutual funds and they have invested in Mutual Funds on the advice of others.

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ISSN:0971-1260

Vol-22- Issue-14-December-2019

D Banks, Insurance and Real Estate are being preferred as choice no.1, 2 and 3respectively.

E Balance Funds, Index Funds and Tax relief schemes are most preferred schemes among the respondents.

F SIP mode is the preferred mode among respondents.

G Investment through online is adopted by most of the mutual funds investors.

Recommendations & Suggestions

1st Mutual Fund Companies should promote investors to invest through online mode rather than offline as it saves time and cost both.

2nd Those who can take risk at early stage should also take initiative to invest in Equity schemes as return provided by them is much higher.

3rd Mutual funds companies should make provide the investors details of the return given by them through various advertisements as they can be the better option than bank deposits in terms of return and liquidity.

4th Mutual Fund Companies should provide training or take initiative to aware the investors about various benefits of investment in mutual funds.

5th Investors should be providing awareness about the knowledge of mutual funds so that they can better portfolio of mutual fund investments according to their investment objective.

Conclusion

The significant goal of this paper is to find the venture destinations of chose Investment sources, Investors and to distinguish the kinds of Investment roads. Majority investors are aware about the mutual funds. The results presented that the main objective behind to invest in Bank which gives good return, safety and tax benefit. The Indian mutual fund industry is in its growth phase and possesses a tremendous scope for development which is evident for the international growth. From this study it is found that there is an impact of mutual fund flow in the Indian equity markets. Volatility and uncertainty are part and parcel of equity investing. The research also suggested that the tax relief schemes and balanced schemes are most

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Vol-22- Issue-14-December-2019

preferred in comparison to other schemes. A large portion of Investors are put resources into shared assets through their sparing. On the off chance that speculation experience is investigated on the base of occupation than it is discovered that servicemen are increasingly experienced in contrast with other word related gatherings. The speculator may screen the value store dependent on important measurable investigation to have better portfolio for his ventures. Speculators are liked to put their reserve in SIP Scheme, based on decisions of venture, time of speculation, and their discernment on the profits, liquidity and duty reserve funds of different speculation alternatives. All together in Bank is as most noteworthy favored roads.

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