

Investor's Perception towards Mutual Funds with Special Reference to Krishna District, Andhra Pradesh

Dr. N. Y. Raju¹, CH. Sujatha²
Associate Professor¹, Assistant Professor²
R K College of Engineering¹
MVR College of Engineering and Technology²
Vijayawada.
[DOI:10.53414/UIJES:2024.43.545](https://doi.org/10.53414/UIJES:2024.43.545)

Abstract – Due to a growth in small and medium investors' mutual fund investments, the capital market has become stronger. The majority of investors are aware of mutual funds and their advantages, including tax advantages, reduced risk, and cost. In the past 15 years, the mutual fund business in India has seen its most prosperous period. Investors' preference for mutual funds is demonstrated by the increase in the number of schemes offered by Indian mutual funds from 403 schemes in 2002–2003 to 1294 schemes in 2011–2012. In 2002–03, public sector funds mobilized Rs. 314706 cores, and they increased to a high of Rs. 10, 019,023 crores in 2009–10, with a share of public sector mutual funds of over 80%.

Keywords – Awareness, icici mutual funds, Investors & Mutual Funds.

I. INTRODUCTION

Today Mutual funds are an important segment of the financial system. UTI was the first mutual fund set up in India in 1963. Public sector banks and institutions were allowed to set up Mutual fund in the early 1990s private entities were allowed since 1993. SEBI formulates and regulates Mutual funds. Many changes have taken place in the Indian financial markets; financial instruments and financial services have all been improving to international standards. A Mutual fund is a financial service organization that receives money from shareholders, invests it, earns returns on it, attempts to make it grow and agree to pay the shareholders cash on demand for the current value of his investment. The main advantage of mutual funds, though, is diversity, which lowers risk and increases returns. Because of this, a mutual fund offers an opportunity to invest in diverse and expertly managed securities at a low cost.

II. SIGNIFICANCE OF STUDY

- ✓ These types of studies are useful to investors for making better investment decisions.
- ✓ Studies of this type are useful to academician's research scholars to have better insight over mutual funds.
- ✓ Studies of this type are also useful to the investors to bring necessary changes in their investments.

III. OBJECTIVE OF STUDY

- ✓ To understand the level of awareness towards Mutual funds as an investment alternative.
- ✓ To know about the growth of Mutual funds in India.
- ✓ To Finding out if investors are interested in mutual funds as a substitute for traditional investments.

IV. DATA COLLECTION

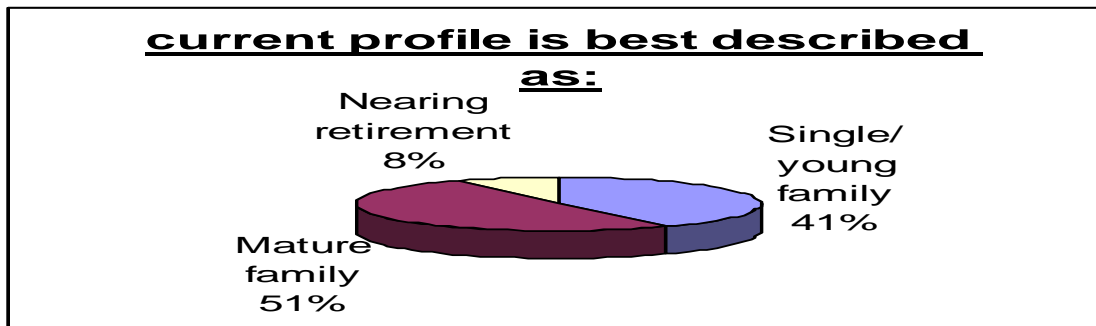
The study's objectives required the utilization of both primary and secondary sources. To obtain direct information from the respondents, a systematic questionnaire has been created. Secondary data has been gathered through publications, websites, etc. Data were collected using a straightforward random sampling procedure.

IV. RESULTS AND DISCUSSION

Title: 1- Current profile of respondents

Serial No.	Current profile	No. of respondents	Percentage
1	Single/young family	57	41
2	Mature family	72	51
3	Nearing retirement	11	8

Figure: 1- Current profile of respondents

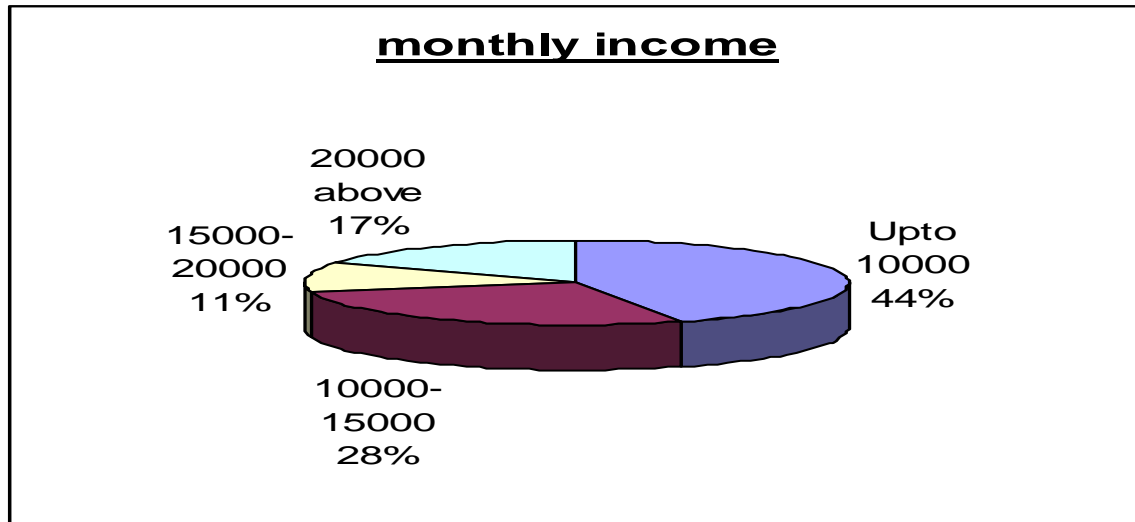


Inference: From the table it can be known that 41% of the respondents belong to single/young family, 51% of the respondents belong to family, and 8% of the respondents belong to nearing retirement. Maximum of the respondents i.e. 51% belong to mature family. Minimum of the respondents i.e. 8% belong to nearing retirement. From this we can clearly know that maximum number of respondents belong to mature family as the majority of the respondents are house holders.

Table No: 2: Monthly income of the respondents:

Serial No.	Monthly income	No of respondents	Percentage
1	Up to 10000 (III&IV Categories)	61	44
2	10000-15000 (I&II Categories)	39	28
3	15000-20000 (Superior)	16	11
4	Above 20000 (Top Management)	24	17

Figure: 2 - Income levels of the respondents

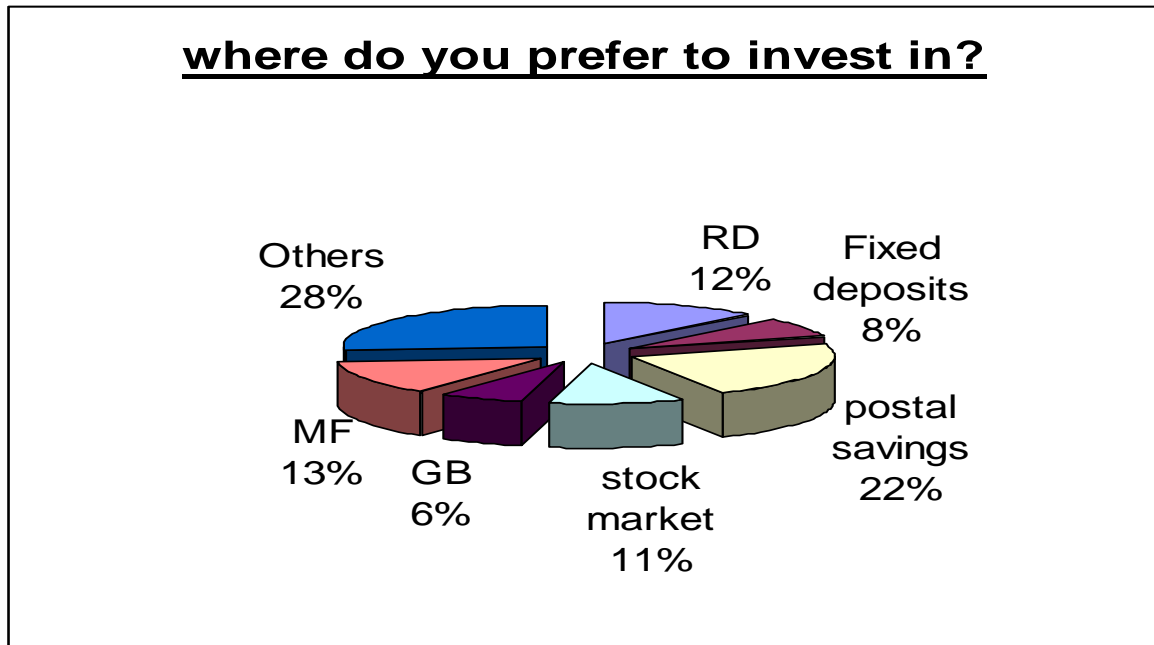


Inference: From this table it can be known that 44% of the respondents belong to Rs.10000 income group, 28% of the respondents belong to Rs.10000 to 15000 income group, 11% of the respondents belong to Rs.15000 to Rs.20000 income group and 17% of the respondents belong to above Rs.20000 income group. Maximum number of the respondents i.e. 44% come under income level of Rs.10000, minimum of the respondents i.e. 11% come under income level Rs.15000 to Rs.20000. The income group of respondents from the table can be known that they were in different categories. According to the categories, experience, qualification the income level (or) pay scale was fixed by the organization.

Table: 3- Respondents opinion towards different investment avenues

Serial No.	Prefer to invest	Respondents	Percentage
1	Recurring Deposits	25	12
2	Fixed Deposits	16	8
3	Postal savings	45	22
4	Stock market	22	11
5	Govt. Bonds	13	6
6	Mutual funds	27	13
7	Others	55	28

Figure: 3- Respondents opinion towards different investment avenues

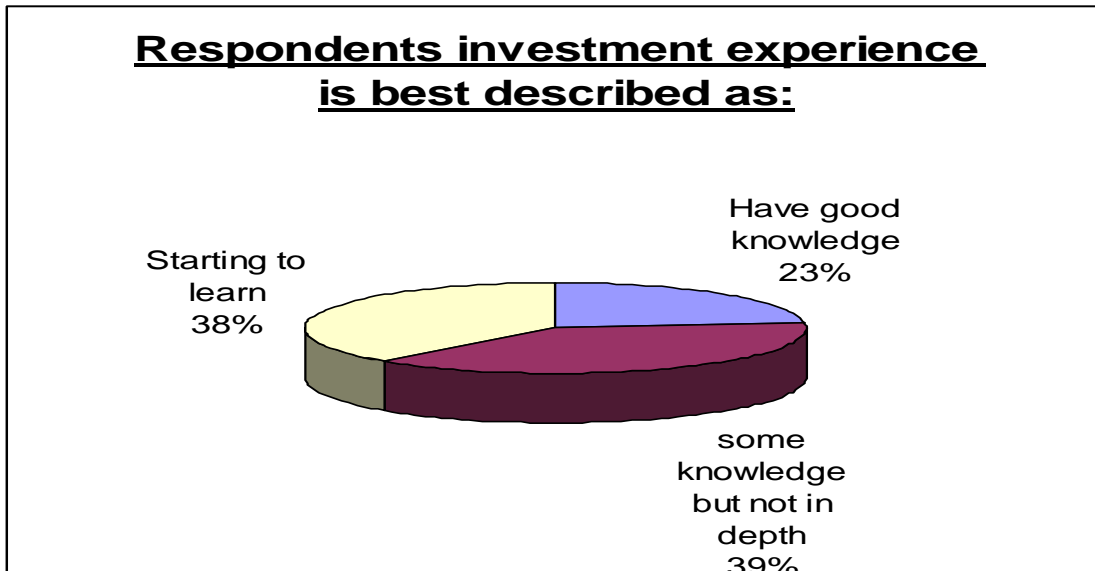


Inference: From this table it can be known that 12% of the respondents prefer to invest in recurring deposits, 8% of the respondents prefers to invest in fixed deposits, 22% of the respondents prefer to invest in postal savings, 11% of the respondents prefer to invest in stock market, 6% of the people prefers to invest Govt. bonds, 13% of the respondents to prefer invest in mutual funds and 28% of the respondents prefer to invest in other savings. Maximum number of respondents i.e. 28% prefer to the other investments, after that they prefer postal savings.

Table: 4- Respondents Awareness experience different investment avenues

Serial No.	Investment experience	Respondents	Percentage
1	Have good knowledge	33	23
2	Some knowledge but no in depth	54	39
3	Starting to learn	53	38

Figure: 4- Respondents Awareness experience different investment avenues

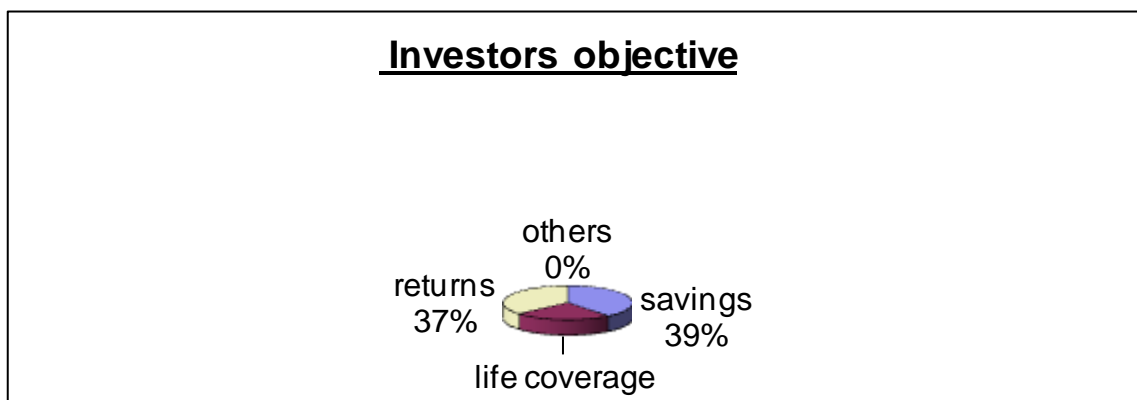


Inference: From this table it can be known that 23% of the respondents have good knowledge in investment, 39% of the respondents have some knowledge in investment but not in depth, and 38% of the respondents have started to learn about investment. Maximum of the respondents i.e. 39% have some knowledge in investment but not in depth, minimum of the respondents i.e. 23% have good knowledge in investment. From this it is known that maximum number of the respondents have some knowledge in investment but not in depth as the investors were busy in their work.

Table: 5- : Respondents objectives towards investment

Serial No.	Objective of investment	No of respondents	Percentage
1	Savings	67	40
2	Life coverage	41	24
3	Returns	62	36
4	Others	0	0

Figure: 5- Respondents objectives towards investment

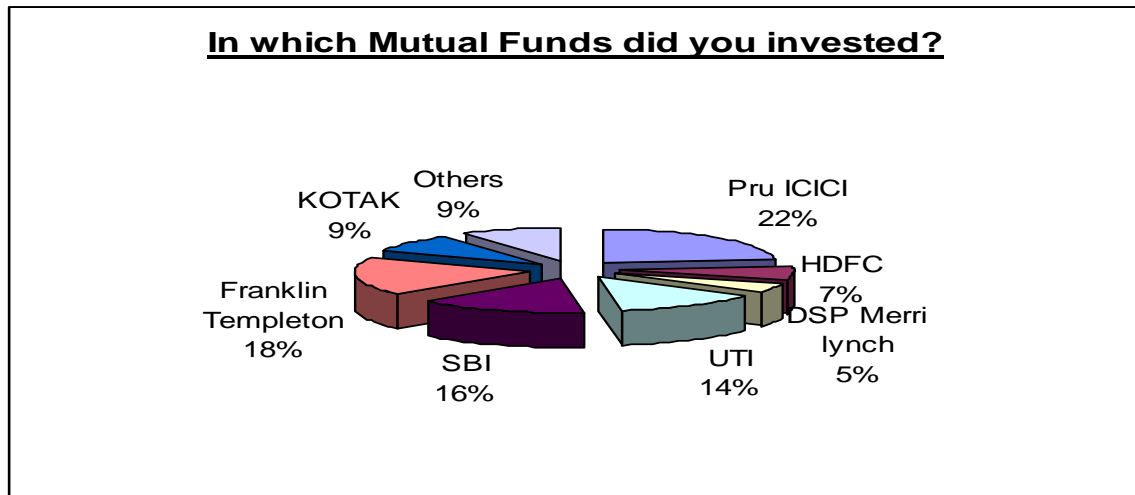


Inference: From this table it can be known that 40% of the respondent's investment objective is savings, 24% of the respondent's objective is life coverage, 36% of the respondent's objective of investment is returns and there are no respondents from the other objectives. Maximum number of respondents 40% has savings as objective, minimum number of the respondents i.e. 24% has coverage as objective.

Table: 6- Investors interest towards schemes

Serial No.	Mutual fund	No of respondents	Percentage
1	Pru ICICI	10	22
2	HDFC	3	7
3	DSP Merrilync	2	5
4	UTI	6	14
5	SBI	7	16
6	Franklin Templeton	8	18
7	KOTAK	4	9
8	Others	4	9

Figure: 6- Investors interest towards schemes



Inference: From this table it can be known that 22% of the respondents have invested in Pru ICICI, 7% of the respondents have invested in HDFC, 5% of the respondents invested in DSP Merry lynch, 14% of the respondents in UTI, 16% of the respondents invested in SBI, 18% respondents in Franklin Templeton, and 9% invest in KOTAK and 9% of the respondents invested in other funds. Maximum numbers of respondents i.e. 22% invested in Pru ICICI mutual funds. Minimum number of the respondents i.e. 5% invested in DSP Merrilync.

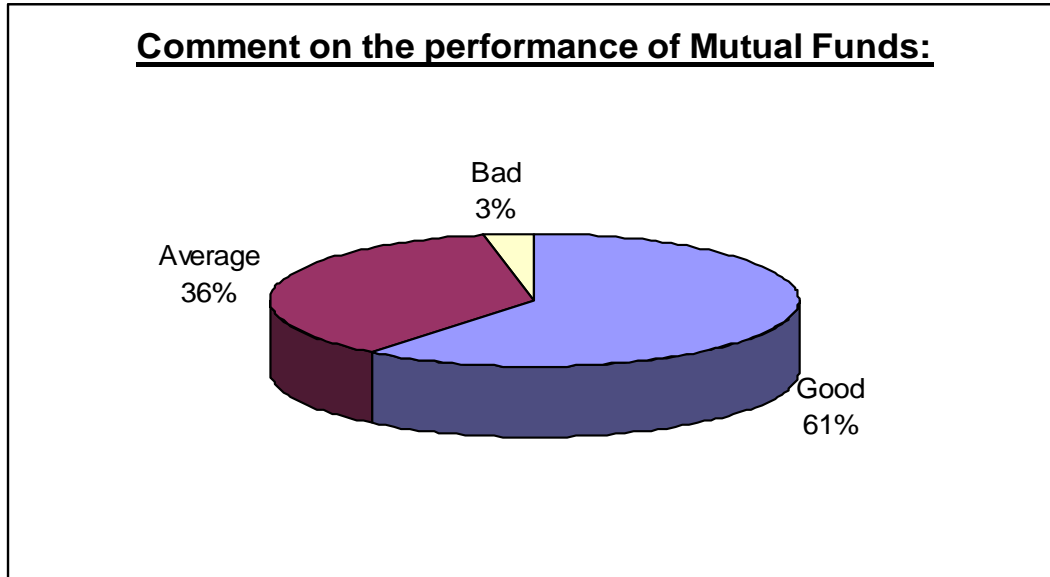
Figure: 7- Investors opinion on performance of funds

Serial No.	Comment	No of respondents	Percentage
------------	---------	-------------------	------------

Rover Publications
United International Journal of Engineering and Sciences (UIJES)
 An International Peer-Reviewed (Refereed) Engineering and Science Journal
 Impact Factor:7.984(SJIF) Volume-4, Special Issue-3; ISSN: :2582-5887

1	Good	20	61
2	Average	12	36
3	Bad	1	3

Figure: 7- Investors opinion on performance of funds



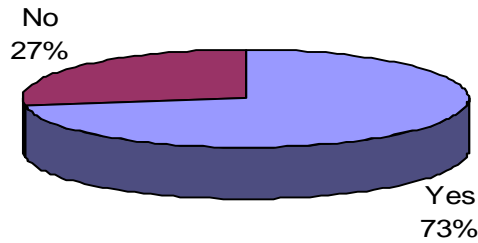
Inference: From this above table it can be known that 61% of the respondents felt that the performance of Mutual funds was good, 36% of the respondents felt that the performance of mutual funds was average and remaining 3% of the respondents felt that performance of mutual funds was bad. Maximum number of respondents i.e. 61% of the respondents felt that the performance of Mutual funds was good. Minimum number of the respondents i.e. 3% of the respondents felt that performance of mutual funds was bad.

Table: 8- Investors aware of the tax benefits associated with mutual funds

Serial No.	Aware of the tax benefits	No of respondents	Percentage
1	Yes	102	73
2	No	38	27

Figure: 8- Investors aware of the tax benefits associated with mutual funds

Are you aware of the tax benefits associated with the mutual funds?



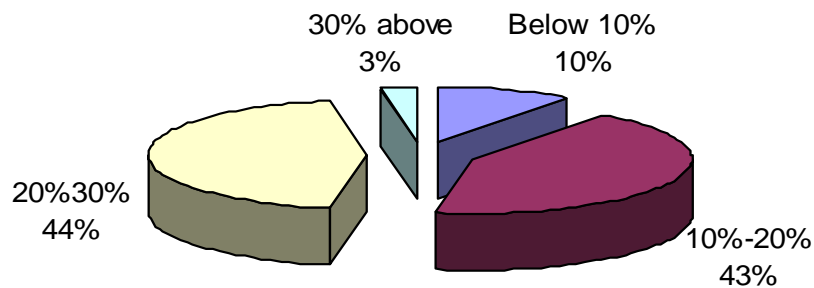
Inference: From this table it can be known that 73% of the respondents were aware of the tax benefits and 27% of the respondents were not aware of the tax benefits associated with the mutual funds. From this we can clearly know that maximum number of respondents want tax benefits with the mutual funds. The mutual funds are bringing awareness about tax benefits that they are paying. The company has to create awareness regarding mutual fund tax benefits plan.

Table: 9- Investors expectations towards investment

Serial No.	Return	No of respondents	Percentage
1	Below 10%	14	10
2	10%-20%	60	43
3	20%-30%	62	44
4	30% above	4	3

Figure: 09- Investors expectations towards investment

How much return are you expecting?



Rover Publications
United International Journal of Engineering and Sciences (UIJES)
An International Peer-Reviewed (Refereed) Engineering and Science Journal
Impact Factor:7.984(SJIF) Volume-4, Special Issue-3; ISSN: :2582-5887

Inference: From this table it can be known that, 10% of the respondents are expecting the return on mutual funds below 10%, 43% of the respondents are expecting the return on mutual funds between 10%-20%, 44% of the respondents are expecting the return on mutual funds between 20%-30%, and 3% of the respondents are expecting return on mutual fund above 30%. Maximum numbers of the respondents i.e. 44% are expecting to have returns between 20%-30% as the respondents wanted to have low risk and high returns.

Findings of the Study

- 44% fall into the group whose income is up to Rs 10,000.
- 86% of those surveyed said they have savings.
- 86% of the respondents have savings.
- 28% of the respondents prefer to have other savings like real estate's/insurance.
- 39% of the respondents have some knowledge in investments but not in depth.
- 40% of the respondents prefer savings as their objective with which they want to get more interest when compared to other deposits and also it has security.
- 51% of the respondent's investment goal is to earn income and grow their money in order to have high percentage in earning both income and growth of money.
- 61% of the respondents commented that the performance of mutual funds was good as they have growth in returns.
- 52% of the respondents were not interested to invest in mutual funds.
- 73% of the respondents want tax benefits with the mutual funds.
- 44% anticipate profits ranging from 20% to 30%.

Recommendations

- Through advertisements and representatives, mutual fund providers must educate investors about mutual funds.
- Investor should identify his investment objective before investing into the fund. So he has to know whether the fund objective matches his investment objective.
- Investor should consider the past performance of the fund before investing but the past performance may not be continued in the future.
- Investors can diversify their risk by investing in a portfolio which contains different stocks. This simple diversification can reduce their risk.

IV. CONCLUSION

It can be said that, falling interest rates and recent developments in the investment climate in the country, have led to investment avenues dwindling drastically. But Mutual Funds are any day a safe bet for investors of different groups, motives and other preferences. Since Asset Management companies offer a range of Funds Respective Investment philosophies, an investor can benefit only by investing in appropriate fund, which shall meet his requirements. Manager should try to reduce the risk by investing in efficient or he should be able to differentiate between the efficient and inefficient securities. The mutual fund companies should concentrate on cash rich companies like the Trusts, cash rich private companies, etc to generate, more funds for the investment.

REFERENCES

- [1]. Noulas, John and John, Performance of mutual funds. *Managerial finance*, 31(2), pp. 101-112, 2005.
- [2]. Leite and Cortez, "Conditional Performance Evaluation: Evidence from the Portuguese Mutual Fund Market", Working paper, University of Minho 2006.
- [3]. Arugaslan and Ajay, Evaluating large US-based equity mutual funds using risk-adjusted performance measures, *International Journal of Commerce and Management*, 17,1/2, pp.6
- [4]. G. Victor Hallman, Jerry S Rosenbloom, "Personal Financial Planning", Mc Graw-Hill Professional, 2003.
- [5]. Robert M Crowe, "Fundamentals Of Financial Planning, Mc Graw-Hill Professional, 2002.
- [5]. Jeffrey H Rattlner, "Financial Planning Answer Book", a Walkers Kluwer Publishers, 2007.
- [6]. Melissa Cook, "College Students' Hand Book of Financial Assistance and Planning", Moon Beam Publications, 1992.
- [7]. Theodore E Hughes and David Klein, "The Parents' Financial Survival Guide, Facts on File New York, 1995.
- [8]. Jeffrey H Rattlner, "Getting Started As a Financial Planner", Bloomberg Press, 2005.

Rover Publications
United International Journal of Engineering and Sciences (UIJES)
An International Peer-Reviewed (Refereed) Engineering and Science Journal
Impact Factor:7.984(SJIF) Volume-4, Special Issue-3; ISSN: :2582-5887

- [9]. Louis E Boone, David L Kurtz, "Planning Your Financial Future", Shnry22, 2000.
[10]. HDFC Mutual Fund – fund fact sheet of April 2015
[11]. HDFC Mutual Fund Key Information Memorandum of 23rd April 2015.