

Mutual Fund Investments in India- Mapping the Investors

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ABSTRACT

Investors keeping looking for investment opportunities on a regular basis as they have funds to invest but may not be aware of the avenues available . In the investment options available Mutual Fund is one of the most preferred options. Mutual fund investment involves collecting money from investors with certain investment goals. In order to achieve the goals various schemes are offered which are selected by the investors depending on their investment goals, risk profile, return expected, time period of investment Mutual funds represent a trust that collects fund from different investors and invests the same in different scheme in accordance with the goals of the investors. Mutual fund industry is a well is regulated industry and is controlled and regulated by SEBI (Security and Exchange Board of India). It is a set up in the form of a trust, which has sponsor, trustee, asset management company (AMC)and the custodian. The present study highlights the relation between awareness and perception of investors of mutual funds based on the sources of information, their income level, educational level of respondent/ investors, different factors considered by investors while making mutual fund investment and types of investment selected by the investors with special reference to Mumbai suburbs. The researcher used have made use of a structured questionnaire and used sampling techniques for primary data collection from prospective investors. 50 samples each selected from each of 3 Talukas / Tehsils namely, Andheri, Borivali and Kurla. Percentage analysis and Chi-Squaretestareusedinthestudyforanalyzingthedata.Fromthisstudytheresearchers have identified that most of the investors are attracted to the mutual fund on account of its better return policy and effective risk management and there is a strong relationship between the income level of the investors and the period of investment decided by investors. The study suggests that new schemes should be introduced and be communicated to the individual's investors through advertisement, news articles and social media.

Keywords: AMC, Mutual fund, SEBI, Risk reduction, diversification.

INTRODUCTION

A mutual fund collects money from large number of investors for investing in securities like stocks, bonds, money market instruments and other assets. These assets are capable of giving good returns to investors and diversify the investments thereby reducing the risk involved. Mutual funds are operated by professional managers who allocate the funds and attempt to generate capital gains or income for the investors. Mutual funds give small or individual investors' access to professionally managed portfolios of equities, bonds and other securities. Mutual funds collect the money of people with certain investment goals and issues 'units' to investors in accordance with the money invested by them. Mutual fund investors are known as unit holders. A mutual fund is required to be registered with SEBI (Securities and Exchange Board of India), which regulates the securities market. Mutual funds are not taxed on their income as long as they distribute substantially all of it to the unit holders. Mutual funds are also tax-efficient instruments. Investing in fixed deposits is a great disadvantage, particularly if you fall under the highest income tax bracket, as the interest is added to your taxable income and taxed at your income tax slab rate. This is where mutual funds score better. When you invest in a mutual fund, you get the benefit of expert money management and tax-efficient management and returns. A capital gain is the profit realized by investors if the selling price of the security held by them is greater than the purchase price. In simple terms, capital gains are realized due to the appreciation in the price of the mutual fund units. Both dividends and capital gains are taxable in the hands of investors of mutual funds.

Role Each Of Participant:

For understanding the functioning of a Mutual Fund it is important to understand the role each of the participant. The main responsibility of a trustee is to protect the interest of the unit holders and also ensure that AMC function in the interest of investors and in accordance with the SEBI regulations 1996, the provisions of which state that the trust deed and the offer document of the respective schemes. The AMC is appointed by the trustees as the investment manager of the fund. When compared with direct investment mutual fund has both advantages and disadvantages.

Advantages Of Mutual Fund: The advantages derived from a mutual fund include are:

- Economies of scale
- Diversification
- Liquidity
- Professional management.
- Mutual fund helps small and medium size investors to participate in the modern financial scenario.
- The schemes of mutual fund Mutual funds are regulated by governmental bodies and are required to publish information performance, comparison of performance to benchmark, fees charged, and securities held.

A single mutual fund may have several share classes by which larger investors pay lower fees.

Objectives of The study:

The objectives of this research are:

- (1) To measure the level of awareness of investors on mutual fund investment.
- (2) To examine the factors influencing the investors for investing mutual fund.

Hypothesis:

The following are the hypothesis on which the study is based:

H₀: There is no significant relation between the income level and the period of investment.

H₁: There exists a strong relationship between income level and period of investment.

REVIEW OF LITERATURE:

Bilal Ahmad Pandow and Khurshid Ahmad Butt 2017, The research titled Risk and Return Analysis of Mutual Fund Industry in India looks at the involvement of mutual funds in the transformation of India's economy makes it all the more important to review their services for their role in mobilization and allocation of funds in the markets. The mutual funds have a lot of potential to grow but to capitalize the potential fully, however, the need is to create and market innovative products and frame distinct marketing strategies. Moreover, the equity culture has not yet developed fully in India as such, investor education would be equally important for greater penetration of mutual funds. As such mutual funds are expected to perform better than the market, therefore calls for a continuous evaluation of the performance of funds. In an academic perspective, the goal of identifying superior fund managers is of great interest due to the challenges it provides to the efficient market hypothesis. The present study looks into the risk and return analysis of the select mutual funds in India.

Velmurugan Palaniappa Shanmugam & Ashiq Ali, 2021 analyzed the changes in the mutual fund industry in India due to virus and the impact of Covid19 pandemic on equity oriented mutual fund schemes. The result shows that the value of majority of the funds had plunged, while some funds rebounded during the period. This was a temporary phenomenon but it did happen in actual though was expected.

Sodi Jasbir Kaur & Jehangir Bharucha, 2021 examined the mutual fund industry in India and analyze the impact of investor's awareness on investment behavior. The study has shown that investment in mutual funds is more often influenced by qualifications, occupation and income. The issue of low penetration of mutual funds can be solved by increasing the level of financial literacy of Indian investors.

Vinay kumar & Parvez Abdulla, 2021 attempted to find the various source of information used by the investors and they even studied whether the type of information used has any impact on the investment output of the investors or not. Furthermore, an attempt has also been made to find that Is there any association between information sources used and level of education and locality of the investor. The data has been collected from the 400 mutual fund investors and it has been found that majority of the investors make use of the formal information sources and the type of information sources used do have an impact on the investment yield of the investor.

Sung Joung Kwon, Michelle & Yiming Qian, 2020 analyzed the mutual fund investment in private firms. This study reveals that the availability of capital to private firms in the form of investments by mutual funds has increased dramatically over the past 15 years mainly because of the returns they generate. The study concluded that the mutual fund investments are strongly related to company outcome. The investment will be negatively related to company failure and positively related to success.

Balamurugan.s, Selvalakshmi & Vasundhara, 2021 analyzed the behavioral finance perspectives of mutual fund investors. They conducted the study to identify the mentality of various investors and to improve their selection and interests in various mutual funds schemes. The result shows that the investors do not have any unique behavioral finance perspectives but their interest varies with various factors like returns, tax, retirement benefits, flexibility, and liquidity.

Balamurugan. S, Selvalakshmi & Vasundhara, 2021 analyzed the factors affecting mutual fund investment and retail investors inclination. This research aims to discover the variables that influence mutual fund investment decisions and their priority over institutional investors". This project will also look at the different reasons that discourage people from investing in mutual funds. The results of this study would aid mutual fund companies in identifying areas in which they should develop, as well as their marketing campaigns. It will assist MF companies in developing creative mutual fund products based on customer preferences and requirements.

Drosos Koutsokostas, Spyros Papathanasiou and Dimitris Balios, 2019 The purpose of this paper was to examine the performance of Greek equity mutual funds and the persistence in their annual performance for the period 2008-2017 by using a variety of performance models. Results show that the Greek equity mutual funds perform on an average, worse than the market index, irrespective of the performance measures applied to evaluate their performances and the estimations obtained by the models are similar. Few managers that followed large-cap strategies, pursued stocks with high book-to-market value ratio and eliminated their exposure to the momentum effect were able to add value to their portfolios. Furthermore, a winner-picking strategy based on sustained superior performers was also questioned. It was observed that, assigning fund returns to the corresponding risk factors results in the partial disappearance of persistence in performance.

Jing Yang, Jing Chi & Martin Young, 2014 The authors published a research paper on Mutual Fund Investment Strategies and Preferences. The research classifies Chinese mutual funds based on their past investment behavior, using factor analysis and cluster analysis. The empirical results of the research showed that the majority of Chinese mutual funds are quasi-indexers (58.58%) that follow a buy-and-hold investment strategy; next are transient mutual funds (31.27%) that show impermanent emotions and subjective appraisals of well-being and finally dedicated mutual funds (3.38) that are reserved for between 2 and 20 investors or for a category of investors associations, foundations, etc. All the investors benefit from the same investment management approach, which they define themselves, without their assets being spread between several financial institutions. The results also show that mutual funds generally hold shares of large firms that offer low market risk, low liquidity, and good operating and stock performance, though it was observed that the preferences of quasi-index funds dominate the results. Transient mutual funds focus on good operating performance and growth opportunities. Dedicated funds invest heavily in small, highly liquid listed firms. All types of mutual funds in China prefer to hold state-controlled listed firm's rather than privately controlled ones.

Khemka, 2021 His study was focused on studying the investors' awareness and preference of mutual funds as compared to the investment venues available in the country. The study further examined the investors' awareness about various schemes of mutual funds including that of the complex index funds. The study reveals that the investor's perception is dependent on their demographic profile and assesses that the investor's age, gender and education which have a direct impact on investor's choice of investment. The study also revealed that investors objective of investing in mutual funds are for tax savings, retirement funds, wealth creation through risk reduction and for children's education, etc.

Mark Grinblatt, Sheridan Titman and Russ Wermers, 2015 wrote a research paper titled Momentum Investment Strategies, Portfolio Performance, and Herding: A Study of Mutual Fund Behavior, the study analyzed the extent to which mutual funds purchase stocks based on their past returns as well as their tendency to exhibit "herding" behavior (i.e., buying and selling the same stocks at the same time). We find that 77 percent of the mutual funds were "momentum investors," buying stocks that were past winners; however, most did not systematically sell past losers. On an average, funds that invested on momentum realized significantly better performance than other funds. The authors found relatively weak evidence that funds tended to buy and sell the same stocks at the same time

Nishant Dass, Vikram Nanda, Qinghai Wang, 2012 The literature suggests that while decentralized decision-making can allow for greater specialization in an organization, it heightens the cost of coordinating decisions. The mutual fund industry – in particular, sole- and team-managed balanced funds – provides an ideal setting to test the specialization vs. coordination trade-off, since information on decision structures and fund actions is easily obtained. The authors documented that sole-managed balanced funds, with centralized decision rights, exhibit significant market timing that requires reallocation across asset classes. However, consistent with coordination difficulties between managers specializing in particular asset classes, there is no market-timing evident in team managed balanced funds. Team-managed funds exhibit greater returns from specialization, in the form of better security-selection performance than sole-managed funds, the results of the research hold cross-sectional and for funds that switch management structures. The overall returns across different management structures are similar, indicating market equilibrium. Investor flows reward market-timing performance for sole- but not team-managed funds.

Sebastian Maldonado, Gonzalo Dominguez, Diego Olaya, Wouter Verbeke, 2020 The research paper presents a novel multi-segment framework for designing profit metrics. The researcher's proposal is designed to deal with heterogeneous Customer Lifetime value in churn prediction. It is a case study based on data from a Chilean mutual fund company is presented. The proposal leads to the largest average profit compared to other metrics. Finally, a sensitivity analysis is performed for an adequate design of the retention campaign.

Qiang Bu and Nelson Lacey, 2012 in their research paper titled What drives mutual fund flows: profit or panic? examined the market-timing ability of mutual fund flows and how fund investors conduct asset allocation in response to market volatility. This study finds that funds that receive net money inflows fail to earn risk-adjusted abnormal returns, while funds with net outflows earn statistically significant negative abnormal returns. Neither the net inflow funds nor the net outflow funds show any ability to time the market return, but there is some evidence that net inflow funds exhibit an ability to time market volatility. Because cash holdings of the net outflow funds are much lower than that of the net inflow funds, it is concluded that the underperformance of net outflow funds is to an extent an asset fire sale.

Oz Shya, Rune Sten back 2003, This research paper titled Market structure and diversification of mutual funds characterize a systematic relationship between the diversification incentives and the market structure of the mutual funds industry with investors differentiated by their attitude towards risk. With sufficiently low competition the sub game perfect portfolio equilibrium exhibits maximal risk differentiation. With intensified competition intermediate funds, i.e., those attracting investors with intermediate attitudes towards risk select diversified portfolios. The authors further offer a general characterization of how imperfect competition between risk-differentiated funds will generate an equilibrium relationship between risk and expected returns

RESEARCH METHODOLOGY

The study is basically descriptive in nature. In order to collect the data, the researcher used a well-structured questionnaire and sought the responses from 500 respondents. Of the responses received, 450 were complete in all respect and 50 responses were incomplete in some respect especially income and qualification. So we considered only 450 responses were considered for the purpose of this study. In addition, different secondary data sources were also used to supplement the primary data collected. The secondary sources included past empirical research, different journals and magazines, newspapers, various websites, social media, what's app messages, etc. The researcher used purposive sampling method for collecting primary data. Samples selected from the Mumbai suburbs. There are 3 Taluka in Mumbai suburbs namely Andheri, Borivali and Kurla. The researcher selected 150 mutual fund investors from each taluka. To analyze the data we have used percentage analysis and tabulations for analyzing the data.

RESULT AND DISCUSSION

Table 1 Demographic Feature of the Respondents:

The table given below shows the demographic Features of respondents:

Particulars		Frequency	No. of Males	%	No. of Females	%	Overall %
GENDER	Male	297	297	66%	N.A	--	66%
	Female	153	N.A	--	153	34%	34%
Total		450	297	--	153	--	100 %
AGE	20-30	216	136	43	80	58	48%
	30-40	126	84	27	42	31	28%

	Above 40	108	93	30	15	11	24%
Total		450	313	100	137	100	100%
QUALIFICATIONS	Below graduation	99	74	24	25	18	22%
	Graduation	234	153	50	81	57	52%
	Above graduation	117	82	26	35	25	26%
Total		450	309	100	141	100	100%
INCOME LEVEL	Below 10000	108	71	20	37	38	24%
	10000-30000	198	165	47	33	33	44%
	30000-50000	117	101	29	16	16	26%
	Above 50000	27	14	04	13	13	6%
Total		450	351	100	99	100	100%
AVERAGE SAVINGS	Below 10000	144	76	25	68	44	32%
PER MONTH	10000-20000	198	134	45	64	41	44%
	20000-30000	63	42	14	21	14	14%
	Above 30000	45	43	15	02	01	10%
Total		450	295	100	155	100	100%

*Percentages have been rounded off

Table no.1 given above shows the demographic features of the respondent. Out of which 66% of respondent are male and 34% are females. Of these respondents 43% and 58% are Males and Females are in the age group of 20-30years respectively. Further 27% males and 31% females are in the age group of 30-40 years respectively finally 30% males and 11% females are from the age group of 40 years and above.

When we analyze the qualification of the respondents 24% of Males and 18% of Females are not graduates; 50% Males and 57% Females are graduate. Further 26% Males and 25% females are post graduates. This analysis clearly indicates that qualification is now being treated critical by females too. Maybe 'Beti Padhao Beti Badhao' is having its effect in the country. From the income perspective 20% Males and 38% females earn below Rs.10,000. Further 47% Males and 33% Females earn between Rs. 10,000 to Rs. 30,000 incomes. Further analysis of the details indicates 29% Males and 16% Females earn between Rs. 30,000 and 50,000 incomes. The incomes are tilted towards males earning more income because the males are treated to be the real bread winners for the family. But a lot of females earn a salary of above Rs.50,000 as they are more devoted and meticulous in their work

Table 2 Sources of information used by the investors to gain information

Particulars	Total Strength	%	No. of Males	%	No. of Females	%
Financial advisors	108	24%	74	69	34	31
Peer group	27	6%	7	26	20	74
Print Ads	189	42%	102	54	87	46
Others	126	28%	56	44	70	56
Total	450	100%	239	53	211	47

*Percentages have been rounded off

Table No.2 shows that the investors are made aware about the mutual fund schemes using different sources of information and they prefer advertisement, advising by financial advisors, peer group sharing information and other sources that include social media platforms and handbills, banners, posters. Of these most of the respondents prefer newspaper or print advertisement even today as source of information about the mutual fund because it is presumed to be more reliable and correct. This is possible because India has a very huge newspaper circulation and the day of an average Indian starts only with a newspaper. Further 20% of the respondent's preferred financial advisors as a source of getting information, only 6% respondent's preferred peer group a source. Again a good 20% depend on financial advisors for information and advice. But a lot of the respondents did not prefer this source because due to lack of information they feel the commission paid to them reduces their investment amount phenomenally. The fact is it reduces but marginally and not phenomenally as assumed.

Table 3 The preferred features of investing in mutual fund

Features	Number of respondents	%	No. of Males	%*	No. of Females	%*
Minimization of risk	27	6 %	15	6	12	06
Better return	153	34 %	80	31	73	38
Tax benefit	81	18 %	42	16	39	20
Diversification	45	10 %	24	09	21	11
Regular income	126	28 %	81	32	45	23
Others	18	4 %	14	06	04	02
Total	450	100 %	256	100	194	100

*Percentages have been rounded off

Table No.3 shows that the investors are aware about the different features of mutual fund but most of the investor's attracted to the feature of better return, especially when interest of FD hare at their lowest.30%oftheinvestors preferred mutual fund investment because of the possibility of generating regular income and what they perceive as good returns and18% of investors get attracted to the feature of tax benefit. This feature is looked upon because an average Indian pays high taxes in relation to their income levels. Then10% of the respondents attracted to the diversification that is provided by the mutual fund in general. This is looked upon as a means of reducing risk and protecting one's investment in investments.

Table 4 showing the period of investment

Years	Number of respondents	Overall %	No. of Males	%*	No. of Females	%*
Less than 2 year	117	26%	59	50	58	50
2-6 years	144	32%	66	46	78	54
7-10 years	171	38%	82	48	89	52
Over 10 years	18	4%	09	50	09	50
Total	450	100%	216	48	234	52

*Percentages have been rounded off

Table 4 shows the period for which investors make investment in mutual funds schemes. The investors investing for less than 2 years is 26%. Of these 50 Males and 50% Females fall under this class. The other group is investors investing for 2 to 6 years where 32% investors make regular investments. In this 46% Males and 54% Females make investments. The next group represents maximum number of investors making investment, viz. 38%. In this category 48% Males and 52% females make investments. The least investments are made for more than 10 years where males and females are equal in numbers and 50% males and females' investors make investment. If one understands mutual fund investment, it is said investors should make long term investments for good returns but here we find there are investors who make investment for less than 2 years too. It is not good for the investors as their objective of earning good returns cannot be met with some short term investments. So as investor one should invest for a long period. Exiting a mutual fund after a short span of time is not a good trend.

Table 5 The most preferred schemes:

Years	Number of respondents	%	No. of Males	%*	No. of Females	%*
Open ended	27	6	18	07	09	05
Close ended	36	8	29	12	07	03
Liquid fund	99	22	65	27	34	17
Balanced Funds	54	12	29	12	25	12
Regular Income Fund	126	28	74	30	52	25
Growth Fund	108	24	29	12	79	38
Total	450	100	244	100	206	100

Table No.5 shows the schemes that are preferred by the investors.Most of the respondents have growth funds and

regular income fund. 38% Investors prefer Growth Fund and 25% of investors preferred Regular Income fund schemes. Other funds preferred funds such as Balanced Funds (12%), Liquid Fund (17%), Open Ended Fund (5%) and Close Ended Fund (3%). These are schemes that are popular with investors.

Table 6 Does the mutual fund allocation changes with volatility in the market?

Conditions Applicable	No of Respondents	Overall %	Male	%	Female	%
No. Investors do change their portfolio allocation	152	34	138	36	14	19
Not necessary Change in allocation need not happen	78	17	56	15	22	31
Investors in the market through advisors generally Re-allocate on the advisors advise	220	49	184	49	36	50
Total	450	100	380	100	72	100

It is generally seen that Mutual Funds investor reallocates their investment when the market becomes volatile. From the questionnaire it is seen that 152 investors or 34% do not re-allocate their funds amongst other schemes because they prefer remaining invested in the same fund hoping the scheme would improve over period of time. 78 or 17% investors feel there is no need to re-allocate the funds as volatility is a passing phase and things will become normal soon. In fact, reallocation may increase the risk involved as new funds may perform worse than the existing fund. In fact, 220 investors or 49% investors feel reallocation with the help of the advisor may be better.

Table 7 Do Mutual Funds follow the herd mentality i.e. the Schemes selected for investment decisions are based on past returns.

Conditions Applicable	No of Respondents	%	Male	%	Female	%
Yes. They do this to satisfy the investors with good returns.	86	19	52	19	34	19
It may not be a good options as new schemes keep coming in the market	72	16	46	17	26	15
Yes Because Returns given impact the customer/ investors a Mutual Fund gets in future	76	17	58	21	18	10
No. The past performance is not an indicator of future returns.	216	48	118	43	98	56
Total	450	100	274	100	176	100

It is observed that Mutual Funds do follow the herd mentality and invest in funds that have performed well in the past and have given good returns. 86 or 19% investors feel this strategy helps to satisfy the investors desire to earn good returns. 72 or 16% investors new that this market prefer this strategy as for them reinventing the wheel makes no sense. Similarly, it is felt that improvement in returns, if any will attract new investors to the fund. But the highest number of 216 investors or 48% feels it is not a good strategy as past performance does not assure healthy future returns as the portfolio value is prone to change over time.

Table 8 Types of Mutual Fund selected by the Investors.

Mutual funds	Number of respondents	%	No. of Males	%*	No. of Females	%*
HDFC	108	24%	64	25	44	23
Unit Trust of India	90	20%	35	13	55	29
Axis Fund	90	20%	62	24	28	15
State Bank of India	81	18%	29	11	52	27

Kotak Mahindra Bank	36	8%	30	12	06	3
Others	45	10%	39	15	06	3
Total	450	100	259	100	191	100

Table No.8 shows The Mutual fund entities in India i.e. entities having AMC's in India. Of these HDFC appears to be the most popular entity because it has been very aggressive and its strong customer base has helped its cause. UTI has been popular because of its past track record.US 64 has been one of its most popular scheme. Axis Bank has been popular because of good returns that it has paid on its various schemes. Subsequently other entities entered the industry and gained popularity. Even foreign AMC entered the market but for our research we have limited the research to Indian AMC's although some have been included in the others group where the interest level was low. But now the Foreign AMC's are also there in the market. When we look at the table we find 22% of investors are invested in HDFCI, 18% in SBI, only 8% of respondents are invested in ICICI, whereas only 4% are invested in other AMC's.

Table 9 Perception of Investors about the factors to be considered while making investment in Mutual Fund

Factors that have been analyzed for the research	Very important		Important		Not important		Total
	No. of Investors	%	No. of Investors	%	No. of Investors	%	No. of Investors
Schemes and past performance	387	86	63	14	--	--	450
Reputation and brand name	315	70	135	30	--	--	450
Asset under management	279	62	171	30	36	8	450
Innovativeness of the scheme	252	56	144	32	54	12	450
Reputation management and strength of the team	279	62	135	30	36	8	450
Investment objectives	297	66	135	30	18	4	450
Tax benefit	315	70	126	28	09	2	450
Withdrawal facility	387	86	63	14	--	--	450
Minimum investment	351	78	99	22	--	--	450
Responsiveness	270	60	90	20	90	20	450

Table No.9 shows the perception of investors towards the factors that are considered by investors while making investment in Mutual funds. Most of the investors' perceived that all the factors are very important and it should be considered while making investment. For the analysis of the responses it is found that none of the of investors consider the schemes and past performance as and the reputation and brand name of the fund as not important while 387 or 86% as very important and another 63 or 14% as important factor in their investment decision. Similarly, Asset under Management is presumed as very important by 27 or 62% investors while 171 or 30% presume it to be important but another 36 or 8% think it is not an important factor. As regards Innovative news of the scheme 56% think it is very important, 32% think it is important 12% think it is not important. This factor is important as it gives newness to the scheme and attracts investors who give weight age to schemes that are different and hence can possibly offer certain added advantages missing in the schemes they have invested earlier.

Table No.4 shows that 40% of investors have 6-10 years of investment. They invest for a long term which is a better investment strategy for mutual fund investments. While 30% of investors have 2-5 years' investment period perspective, 24 % investors have less than 2 years of investment and only 6 % have investment more than 10 years. This is the best investment strategy as longer the period better it is. It helps in generating higher CAGR and overcomes the trend of cyclical fluctuation in the investment value.

Different Schemes Of Mutual Funds:

Open Ended Schemes: An open-ended fund is a fund that is formally started after the NFO ends. It enables investors to enter and exit the fund any time after they are started.

Close ended schemes: a close-ended fund is a fund which does not permit entry and exit of investors after the NFO

period, till maturity.

Liquid Funds: Liquid funds are a type of mutual funds that invest in securities with a residual maturity of up to 91 days. Assets invested are not tied up for a long time as liquid funds do not have a lock-in period.

Growth Fund: A growth fund is a diversified portfolio of stocks that has capital appreciation as its primary goal, with little or no dividend payouts. The portfolio mainly consists of companies with above-average growth that reinvest their earnings into expansion, acquisitions, or research and development

Regular income Fund: Income funds are a class of debt mutual funds that invest in corporate bonds, government bonds and money market instruments. The portfolio is managed based on interest rates movements keeping in mind the creditworthiness. They are investment graded with credit quality, assuring capital preservation.

Table 10 The most preferred schemes:

Schemes	Number of respondents	Males	%	Females	%	Percentage
Open ended	27	15	05	12	07	06
Close ended	36	22	08	14	08	08
Growth Fund	99	59	21	40	24	22
Balanced Funds	54	32	11	22	13	12
Regular income fund	126	72	26	54	32	28
Sectoral Fund	108	82	29	26	16	24
Total	450	282	100	168	100	100

Table No.5 shows that most of the respondents prefer investing in regular income fund and growth funds, that are represented by 28% and 22% investors respectively. If we analyze the details further 24% investors preferred of investors preferred Sectoral Fund schemes, 12% prefer Balanced Funds and Close Ended funds are represented by 8% investors while Open Ended Schemes represented 06%. This clearly shows that investors are readily investing in all types of schemes available.

Table 11 Types of Mutual Fund selected by the Investors.

Mutual funds	Number of respondents	%	No. of Males	%*	No. of Females	%*
HDFC	108	24%	56	23	52	25
Unit Trust of India	90	20%	48	20	42	20
Axis Fund	90	20%	50	21	40	19
State Bank of India	81	18%	49	21	32	15
Kotak Mahindra Bank	36	8%	15	06	21	10
Others	45	10%	21	09	24	11
Total	450	100	239	100	211	100

Table No.6 shows The Mutual fund entities in India i.e. entities having AMC in India. Of these UTI appears to be the most popular entity because it was the first entity to enter the market and was a popular entity in India and as such most of the investors have investment in UTI fund especially its US 64 Scheme.. Subsequently other entities were set up and started gaining popularity. Even foreign AMC entered the market but for our research we have limited the research to Indian AMC's although some have been included in the others group where the interest level was low. But now the Foreign AMC's are also there in the market. When we look at the table we find 22% of investors are invested in HDFC, 18% in SBI. Only 8% of respondents are invested in ICICI, whereas only 4% are invested in other AMC's.

Table 12 Perception of Investors about the factors to be considered while making investment in Mutual Fund

Factors that have been analyzed for the research	Very important		Important		Not important		Total
	No. of Investors	%	No. of Investors	%	No. of Investors	%	No. of Investors
Schemes and past performance	387	86	63	14	-	-	450
Reputation and brand name	315	70	135	30	-	-	450
Asset under management	279	62	171	30	36	8	450
Innovativeness of the scheme	252	56	144	32	54	12	450
Reputation management and strength of the team	279	62	135	30	36	8	450
Investment objectives	297	66	135	30	18	4	450
Tax benefit	315	70	126	28	09	2	450
Withdrawal facility	387	86	63	14	-	-	450
Minimum investment	351	78	99	22	-	-	450
Responsiveness	270	60	90	20	90	20	450

Table No.12 shows the perception of investors towards the factors that are considered by investors while making investment in Mutual funds. Most of the investors' perceived that all the factors are very important and it should be considered while making investment in Mutual Funds. From the analysis of the responses it is found that 8% of investors consider that the asset under management is not an very important factor for investors for making their investment decisions, 12% investors consider innovativeness of scheme is not an important factor, although when new innovative schemes come it is subscribed whole heartedly but 56% and 32% investors feel it is very important and important respectively. As regards Reputation Management and strength of the team is preferred by 62%, 30% and 8% respectively. Investment Objectives is preferred by 66%, 30% and 4% respectively. Similarly, the tax benefit is preferred by 70%, 28% and 2% investors respectively. There is again a withdrawal facility which is preferred by 86%, and 14% respectively. Again the minimum investment factor is preferred by 78%, 22% investors. Finally, the responsive ness factor is preferred by 60%, 20% and 20% investors respectively. Thus a thorough analysis is done here in detail.

Table 13 The risk perception of investors about the Financial Asset

Asset	Not at all risk		Less risk		Neutral		Risky		Very risky		Total
Shares	16	22	24	26	16	21	36	37	46	41	138
Mutual fund	10	14	12	13	10	13	8	8	8	8	48
Regular Income Scheme	10	14	8	9	10	13	16	16	12	11	56
Post Office schemes	8	11	12	13	10	13	12	13	16	14	58
Recurring Deposits	6	8	4	4	10	13	2	2	12	11	34
Fixed Deposits	16	22	16	17	14	19	16	16	8	7	70
Bond	6	9	16	18	6	8	8	8	10	8	46
Total	72	100	92	100	76	100	98	100	112	100	450

Table No.13 shows that the perception of investors about the financial asset. Most of the investors perceived shares, debentures and bonds as a risky assets and mutual fund and income schemes as less risky assets. Then 50% of respondent have the opinion that bank FD is not at all risky financial asset.

Table 14: Complete data used for evaluating the correlation:

Income	Period of investment	Frequency	Mid Income	Mid Period	Cum Freq
Below 10000	Less than 2 years	54	5000	1	54
Below 10000	2.1years to 5 years	12	5000	3.5	66
Below 10000	5.1 years to10 years	42	5000	7.5	108
10001-30000	Less than 2 years	54	20000	1	162
10001-30000	2.1years to 5 years	68	20000	3.5	230
10001-30000	5.1 years to10 years	76	20000	7.5	306
30001-50000	Less than 2 years	5	40000	1	311
30001-50000	2.1years to 5 years	37	40000	3.5	348
30001-50000	5.1 years to10 years	63	40000	7.5	411
30001-50000	More than 10 years	12	40000	15	423
Above 50001	Less than 2 years	4	80000	1	427
Above 50001	2.1years to 5 years	17	80000	3.5	444
Above 50001	More than 10 years	6	80000	15	450

The above table gives a detailed breakup of the correlation used for analysis.

Table 15 Results of correlation Analysis:

Income	Period of investment				
	Less than 2 years	2.1years to 5 years	5.1 years to10 years	More than 10 years	Total
Below 10000	54	12	42	0	108
10001-30000	54	68	76	0	198
30001-50000	5	37	63	12	117
Above 50001	4	17	0	6	27
Total	117	134	181	18	450

Table 15 shows a correlation analysis between period of Investment made and the income level of investors. The analysis shows that there correlation between the two variables is 26%.As such there is no correlation between the two variables. Thus the Null hypothesis viz “**There is no significant relation between the income level and the period of investment**” gets accepted.

FINDINGS FROM THE RESEARCH:

Mutual fund investment is popular among individuals but only qualified persons are making more investment in this avenue.

High income groups and low income groups do not invest much in mutual fund. It is observed that mostly individuals from the middle income groups invest in mutual funds.

Advertisement and social media are the most reliable source of collecting information for the investors, who get a clear idea about the mutual fund. The investors also refer to the AMFI website to get additional information needed to make sound investment decisions. Once the information is collected the investors use the services of financial advisors for getting their doubts and queries answered and then make an investment.

Most people making investment by getting attracted towards a better return policy adopted by the AMC's.

There exists a clear relationship between the level of income and period of investment made in Mutual Funds

Most of the investors prefer growth income fund and regular return fund for making the investment in Mutual Funds. They are the most preferred investment schemes chosen by investors.

SUGGESTIONS

To attract the young generation, awareness about the mutual fund schemes should be spread among the colleges, especially institutions of higher education across the country as the students can be a prospective customer in the years to come, giving the much needed fillip to the industry.

AMC's should collect feedback from the investors regularly; they also communicate with them to inform the investors about their various changes in the scheme. This will help them win the confidence of the customers and think of making investments.

The fund managers should invest the investor's money in accordance with the objectives that investors want to achieve. Any deviation should be avoided as it will shake the confidence in the fund.

The advertisement about the mutual fund is considered as the most important sources of information. So the companies should provide the needed information to the people through the advertisement. In addition, they should send mails regularly and once in a year call them on their mobile or send them a message with a page link that gives the required information. Then only the investors will remain updated about the scheme. They may share this information with their friends and relatives.

The investors may not have sufficient knowledge related to the schemes of mutual fund, so the managers should be expert and should provide timely information to the investors and keep educating them regularly. For this they can supplement social media sites too.

Most of the investors attracted to the feature 'better return' and safety of their investments. So the manager should mobilize their savings and invest it, in such a way that it should provide maximum benefit to the investors while reducing their risk too. The strategy adopted for risk reduction should be regularly communicate to them.

CONCLUSION

Nowadays the investment opportunities are increasing day-by-day and it is needed to study about the awareness level and perception of individuals about the mutual fund. The present study highlights the relation between awareness of mutual fund with the sources of information, level of income, educational level of respondent, factors considered by investors while making mutual fund investment and types of investment selected by the investors. A mutual fund is an investment process in which the asset management company pools the investment from small investors and invests them in the schemes which are most suitable to the objectives of the investors. From the study the researchers identified that most of the investors were attracted to the mutual fund because of its better return policy. The study suggests that new schemes should be introduced and be communicated with the individuals to enhance the confidence of the existing investors and to convert the potential investors to real investors. That will lead to the overall growth to mutual fund industry.

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