

# A Study on Awareness and Growth of Mutual Funds in Ernakulum District

**\*\* Dr.Gimson.D.Parambil,**

Associate Professor, St.Xavier's College Vaikom. Ajay Joseph, Assistant Professor, Bharata Mata College Thrikkakara.

## Introduction

An investment is a commitment of funds made in the expectation of gaining additional income or growth in value. It involves the employment of monetary resources that have been saved in the expectation of a positive rate of return. Therefore, it is rightly said that an investment is a sacrifice current money or other resources for future benefits. The sacrifice occurs currently and is certain whereas benefits or returns will take place in the future and are mostly uncertain.

Mutual fund is a financial intermediary which collects savings of the people for profitable investment. The main function of mutual fund is to mobilize the savings of the general public and invest them in stock market securities. Mutual fund schemes are broadly classified into equity schemes ,debt schemes and hybrid schemes.

Unit trust of India (UTI) had monopoly in the field of mutual fund from 1964 to 1987. After 1987, State Bank of India, and other banks started their mutual funds. subsequently , so many private players came into the field after the liberalization of the financial sector. Mutual funds highlighting to be the most appropriate investment for the common man, offers opportunities to invest under diversified basket of securities ,professionally managed , at comparatively lower cost this mechanism of mutual funds pool of resources from collecting smaller units of funds from its investors after o investing them in securities accordance with objectives provided with the offer document . since the investments spread itself across wide varieties of industries.

## Objectives

- 1.To analysis the purpose of investment in mutual funds
2. To know the investment preference in mutual funds to other investments

3. To know the barriers faced by the investors while invest in mutual funds.

### **Significance of the Study**

Mutual fund is one of the most preferred investment alternatives for the small investors as it offers an opportunity to invest in a diversified, professionally managed portfolio at a relatively low cost. The study attempts to find out the awareness and growth of investors in mutual funds. The investors are now very much aware and make investment in mutual funds, which can help the mutual fund companies while launching new schemes.

### **Statement of the Problem**

This study focus on the awareness and growth of mutual funds in Ernakulum. The study also try to find out the preference of mutual funds to other investments, problems faced by investors while investing mutual fund. The study will help brokers of mutual funds, mutual fund companies, government policy maker and corporate for future.

### **Scope of the Study**

The study is intended to know the awareness and growth of the investors in the mutual fund in Ernakulum district. This study is limited only the residing in Ernakulum. Data for the study is collected from the sample of 60 by using questionnaire.

### **Methodology**

The study uses both Primary and secondary data. Primary data were collected through the survey method. A detailed questionnaire prepared and distributed among 60 respondents is selected from the Ernakulum district. The secondary data are collected mainly from websites, research papers, articles etc. Statistical tools and methods used for the analysis and implementation of data. Tables and various charts have been used for presenting the figures obtained.

### **Review of Literature**

**Rajeswari and Ramamoorthy (2001)** have conducted a study to understand the factors influencing the fund selection behavior of 350 MF investors in order to provide some meaningful inferences for Asset Management Companies (AMC) to innovatively design the products. The analysis was done on the basis of product qualities, fund sponsor qualities and investor services using questions framed on a five point Likert scale.

**Singh and Vanita (2002)** have examined the investors' preferences and perception towards MF investments by conducted a survey of 150 respondents in the city of Delhi. The findings of the study were that the investors' preferred to invest in public sector MFs with an investment objective of getting tax exemptions and stayed invested for a period of 3-5 years and the investors evaluated past performance. The study further concludes by stating that majority of the investors were dissatisfied with the performance of their MFs and belonged to the category who held growth schemes.

**Priti Mane (2004)** has stated Mutual Funds as one among the best options available for information in today's world. A number of researches have been carried out on investors behaviour regarding Mutual Funds. In order to attract investors into financial industries require innovation in developing and delivering financial nature services for growth.

**Ramamurthy and Reddy (2005)** conducted a study to analyze recent trends in the MF industry and draw a conclusion that the main benefits for small investors' due to efficient management, diversification of investment, easy administration, nice return potential, liquidity, transparency, flexibility, affordability, wide range of choices and a proper regulation governed by SEBI.

**Desigan et al. (2006)** conducted a study on women investor's perception towards investment and found that women investor's basically are indecisive in investing in MFs due to various reasons like lack of knowledge about the investment protection and their various investment procedures, market fluctuations, various risks associated with investment, assessment of investment and redressal of grievances regarding their various investment related problems.

**Donnor and Oxenstierna (2007)** in their thesis conducted on "the factors that investor value while choosing mutual fund" on Swedish market. It is founded that company related factors i.e. reputation and availability is more valued by inexperienced investors because they lack necessary knowledge about complex financial products. But experienced investors value fund specific attributes and demands good presence of company in market in order to recognize it.

**Singh and Jha (2009)** conducted a study on awareness & acceptability of MFs and found that consumers basically prefer MFs due to return potential, liquidity and safety and they were not

totally aware about the systematic investment plan. The invertors' will also consider various factors before investing in MFs.

**Jafri Arshad Hasan, (2013)**, has studied The Performance Evaluation of Indian Mutual Fund Industry past, Present and Future. This article will discuss the past performance of the Indian mutual fund industry and the pace of growth it achieved after being succumbed to regulatory changes by SEBI, international factors and its non-performance that affected the industry and its sentiments. It will also analyse the future implications of the current changes that are being implemented by the regulator.

**Sowmiya. G, (Jan 2014)**, has studied Performance Evaluation of Mutual Funds in India. The objectives of this are to know the basic concepts and terminologies of the mutual funds in public limited companies and private limited companies. To analyze performance and growth of selected mutual funds schemes with their NAV and their returns. To identify the return variance and to provide suggestions based on the analysis.

## ANALYSIS OF DATA

Particulars	Variables	Frequency	Percentage
Gender	Male	33	55
	Female	27	45
Marital Status	Married	15	25
	Unmarried	45	75
Educational Qualification	Below SSLC	0	0
	Plus 2	3	5
	Graduate	30	30
	PG	40	40
	Proffessionals	3	3
Occupation	Self Employed	3	5
	Government Job	7	11
	Private Employee	22	37
	Others	28	47

Monthly Salary	Less Than-10,000	19	32
	10,000 – 25,000	22	36
	25,000 – 50,000	12	20
	50,000 – 1,00,000	7	12
Awareness	Aware	50	83
	Unaware	10	17
Participation in Mutual Fund Investment	Investors	32	53
	Non Investors	28	47
Source of Information	Internet	28	46
	Financial Institution	16	27
	Relatives	6	10
	Journals	10	17
Mode of Investment	Banks	25	42
	Direct	9	15
	Brokers	9	15
	Any Other	17	28
Mutual Fund Schemes	Equity Funds	22	36
	Index Fund	5	8
	Liquidity Fund	19	32
	Growth Fund	7	12
	Pension Fund	7	12
Amount of Investment	Less than 10,000	35	58
	10,000 – 20,000	19	32
	20,000- 40,000	3	5
	Mor than 40,000	3	5
Mode of Payment	Net Banking	15	25
	Debit Cards	19	32
	Cash	19	32
	Pay tm	7	11

Among the respondents 55% are male and 45% are female. Majority of the respondents are youngsters i.e. 67% are between 18 – 25 years old. Besides 75% respondents are unmarried. In case of educational qualification 50% respondents are under graduates and 40% are post graduates. Among the respondents 37% of are private employee and 47 % are related to other category. Income level of 32% of the respondents are below 10,000 and 36% of the respondents are earn income between 10,000 – 25,000. Majority of the respondents are aware about the mutual fund schemes i.e. 83% and they got information from internet. 42% of the respondents opt banking institutions for making investment in mutual fund. In Ernakulum district majority

of the investors prefer equity linked mutual funds. In case of amount of investment 58% of the respondents invest less than 10,000 and 32 % of the respondents invest between 10,000 – 20,000. In case of mode of payment 32% each prefer cash and debt card and only 25% of respondents are prefer net banking.

### Mean Inference

The mean scores of 5 constructs are calculated and compared with the second quartile (i.e. central value Q2). As per the measure the opinion of the respondent is considered low and very low if the mean score is less than second quartile. The opinion of the respondent is treated as average if the mean score is equal to second quartile and the opinion of the respondent is con(i.e. central value Q2). As per the measure the opinion of the respondent is considered low and very low if the mean score is less than second quartile. The opinion of the respondent is treated as average if the mean score is equal to second quartile and the opinion of the respondent is considered high and very high if the mean score is above second quartile. The below table shows the criteria fixed for comparison.

Table No:

Mean Score and Central Value

Mean score	opinion
Less than (Q1) (<2)	Very low
In between (Q1) and ( Q2) (2-3)	Low
Equal to (Q2) (3)	moderate
In between (Q2) and (Q3) (3-4)	High
More than (Q3) (>4)	Very high

Table No.1

Table showing that preference of mutual funds investment compared to other investment.

Items	Mean	Q2	Inference
Professional Knowledge	3.58	3	High
Tax Benefits	3.65	3	High
Diversification	3.90	3	High
Regular Returns	3.60	3	High

Source: compiled from field survey data

Interpretation:

❖ Avail professional knowledge

Comparing the mean value 3.58 with the scale developed in the table 3.2 it is identified that the respondents are of the opinion that professional knowledge highly influenced to prefer mutual fund investment.

❖ Tax benefits

Comparing the mean value 3.65 with the scale developed in the table 3.2 it is identified that the respondents are of the opinion that tax benefits highly influenced to prefer mutual fund investment.

❖ Diversification

Comparing the mean value 3.90 with the scale developed in the table 3.2 it is identified that the respondents are of the opinion that diversified investment highly influenced to prefer mutual fund investment.

❖ Regular returns

Comparing the mean value 3.60 with the scale developed in the table 3.2 it is identified that the respondents are of the opinion that regular returns highly influenced to prefer mutual fund investment.

Table No.2

Table showing the problems while investing in mutual funds

Items	Mean	Q2	Inference
Lack of information	3.20	3	High
Insufficient Agents	3.50	3	High
Fund managers charges	3.70	3	High
Insurance Charges	3.20	3	High

Source: compiled from field survey data

❖ Lack of information

Comparing the mean value 3.20 with the scale developed in the table 3.2 it is identified that lack of information is the crucial problem faced by the respondents in mutual fund investment

❖ Insufficient Agents

comparing the mean value 3.50 with the scale developed in the table 3.2 it is identified that insufficient agents is the crucial problem faced by the respondent in mutual fund investment.

❖ Fund managers charges

Comparing the mean value 3.70 with the scale developed in the table 3.2 it is the identified that fund managers charges is the crucial problem faced by the respondents in mutual fund investment.

❖ Insurance charges

Comparing the mean value 3.20 with the scale developed Comparing the mean value 3.20 with the scale developed in the table 3.2 it is identified that insurance charges is the crucial problem faced by the respondents in mutual fund investment.

Table No.3

Preference of Mutual Funds.

Items	Mean	Q2	Inference
More Returns	4	3	Very High



Liquidity	3.60	3	High
Tax Benefits	3.70	3	High
Safety	4	3	Very High

Source: compiled from field survey data.

#### ❖ More Returns

Comparing the mean value 4 with the scale developed in the table 3.2 it is identified that more returns extremely influenced the respondents to prefer mutual fund investment.

#### ❖ Liquidity

Comparing the mean value 3.60 with the scale developed in the table 3.2 it is identified that liquidity highly influenced the respondents to prefer mutual fund investment

#### ❖ Tax benefits

Comparing the mean value 3.70 with the scale developed in the table 3.2 it is identified that tax benefits highly influenced the respondents to prefer mutual fund investment.

#### ❖ Safety

Comparing the mean value 4 with the scale developed in the table 3.2 it is identified that element of safety extremely influenced the respondents to prefer mutual fund investment.

Table No. 4

Table showing period of saving scheme of the respondent

Period Of Saving Scheme	Frequency	Percentage
Monthly	20	33
Quarterly	24	38
Half Yearly	5	10
Yearly	11	19

Total	60	100
-------	----	-----

Source: Compiled from the field survey data

Table No.5

Educational Qualification	Category of Mutual Funds					Total
	Equity Fund	Index Fund	Liquidity Fund	Growth Fund	Pension Fund	
Below Sslc	0	0	0	0	0	0
Plus 2	0	0	1	1	1	3
Graduate	16	3	8	2	1	30
Pg	5	2	9	4	4	24
Professionals	1	0	1	0	1	3
Total	22	5	19	7	7	60

Table No.6

#### Chi-Square Test Result

Test	Level Of Significance	Degree Of Freedom	Computed Value	Table Value	H0 Accepted / Rejected
Chi-Square	0.05	16	17.66	26.296	H0 Accepted

Since the calculated value is less than the table value, we accepted the H0 and rejected the H1. ie there is no relationship between education and category of mutual fund investment.

#### Findings

- ❖ It was discovered that, more than half of the respondents are male(55%).
- ❖ Majority of investors belong to the age group between 18 – 27.
- ❖ It was found that, majority of respondents belong to the marital status of unmarried.
- ❖ Majority of the respondents are undergraduate.
- ❖ It was discovered that majority of respondents are engaged in other occupation.
- ❖ Majority of respondents monthly salary above 10,000.

- ❖ It was found that majority of respondents aware about the mutual fund.
- ❖ More than half of the respondents are invested in the mutual fund.
- ❖ Majority of respondents got the information about mutual fund from the internet.
- ❖ It was discovered most of the respondents are made investment through the banking institutions.
- ❖ Most of the respondents are prefer equity fund for the investment purpose.
- ❖ 58% of respondents are make investment in mutual fund less than 10,000.
- ❖ Debt card and cash payments are most of the respondents prefer to make payments.
- ❖ It was found that majority respondents prefer mutual fund because of the mare returns and high safety.
- ❖ Majority of respondents investment made on quarterly basis.
- ❖ Most of the respondents expect return between 8.5% - 10%.
- ❖ Fund managers charges and insufficient agents are the major problems faced by the investors.
- ❖ 67% of respondents are satisfied while invest mutual fund.
- ❖ Diversification in mutual fund attract the investors to prefer mutual fund to other investments.
- ❖ Chi-square test reveals that there is no relationship between education and category of mutual fund.
- ❖ It was found that, 57% of respondents suggest mutual fund investment to others.

## **Suggestions**

- Mostly the investors are more interested in those schemes that can easily provide liquidity.so, that the fund managers should invest in the investor's money in secure income related schemes so that liquidity must be ensured.
- Some investors are mentioned that the fund managers/brokers are more interested in their incentives provided to them by the companies for selling more schemes.so it is very necessary that they should perform their duties with full care and should not misguide the investors.
- Most of the persons doesn't have enough knowledge to invest in mutual funds.so they depend on the fund managers . The fund managers should have clear cut knowledge of when

to invest and in which securities to invest. They should mobilize the investor's savings in such a way that they can get maximum benefits out of them.

## Conclusion

This study analysis the awareness and growth of mutual funds in ernakulam district. From this study it is clear that the number of investors are interested to invest in the mutual fund. A mutual fund is a trust that pools the savings of investors who share the common goal. This analysis reveals that there is growth in the mutual fund investments, they provide various investment schemes and most of them are selected equity fund scheme. Awareness of the investors are gradually growing they acquire information from the internet, magazines and other medias so the awareness of the mutual fund increased now days. The mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, liquidity, low risk, professionally managed basket of securities at a low cost.

## References

1. Mane.P. (2016). A Study of Investors Perception towards Mutual Funds in the City of Aurangabad. The SIJ Transactions on Industrial, Financial & Business Management (IFBM), 4(2), 30-38.
2. Pasalkar, M. N. V.(2015). A comparative study of Mutual Fund Investment vs. Equity Investment of Indian Individual Investors. INCON, 482-496.
3. Shukla, S. (2015). A comparative performance evolution of selected mutual funds. International Journal of Science Technology & Management, 4(2), 140-149
4. Ramanujam, V., & Bhuvaneshwari, A. (2015). Growth and Performance of Indian Mutual Fund Industry during Past Decades. International Journal of Advance Research in Computer Science and Management Studies.3 (2) 283-290.
5. Bhutada, M. (2015). Comparative Analysis of Mutual Fund Schemes available at Kotak Mutual Fund and HDFC Mutual Fund. International Journal of Research in Finance and Marketing, 5(4), 69-90.
6. Sharma, P., Agarwal, P. (2015). Investors' Perception And Attitude Towards Mutual Fund As An Investment Option. Journal of Business Management & Social Sciences Research (JBM&SSR), 4(2), 115-119.

7. Mishra, R. (2015). Perceptions of Investors towards Mutual Funds: An Analytical Study in Odisha. *International Journal on Recent and Innovation Trends in Computing and Communication*, 3(7), 4889-4892.
8. Chawla, P. S. (2014). Performance Evaluation of Mutual Funds: A Study of Selected Diversified Equity Mutual Funds in India. *International Conference on Business, Law and Corporate Social Social Responsibility*.82-85.
9. Kaur, R. (2014). Performance evaluation of debt mutual fund schemes in India. *International Interdisciplinary Research Journal*.2 (2), 180-192.
10. Rathnamani, V. (2013). Investor's preferences towards mutual fund industry in Trichy. *IOSR Journal of Business and Management*, 6(6), 48-55.
11. Karrupasamy, R., & Vanaja, V. (2013). A Study On The Performance Of Selected Large Cap And Small & Mid Cap Mutual Fund Schemes In India. *The international journal of management*.7-13.
12. Narayanasamy, R., & Rathnamani, V. (2013). Performance Evaluation of Equity Mutual Funds (on Selected Equity Large Cap Funds). *Journal of Business and Management Invention*, 18-24.
13. Rana, D. (2013). Preferences of investors for investment in mutual funds in India. *International Journal of Current Research*.5 (8), 2353-2367.
14. Zaheeruddin, M., Sivakumar, P. Reddy, S. (2013). Performance evaluation of mutual funds in India with special reference to selected financial intermediaries. *IOSR Journal of Business and Management (IOSR-JBM)*.7(2).34-40.
15. Revathy, S. Santhi, V. (2013). A Study on Performance Evaluation of Selected Banks Equity Mutual Funds. *Indian journal of research*.3(5),194-197.

## WEB SIITE

- ❖ [www.ijstr.org](http://www.ijstr.org)
- ❖ [www.ijsrp.org](http://www.ijsrp.org)
- ❖ <https://www.researchgate.net/publication/330872846>
- ❖ <https://www.researchgate.net/publication/280083287>
- ❖ [www.zenithresearch.org.in](http://www.zenithresearch.org.in)
- ❖ [www.indianresearchjournals.com](http://www.indianresearchjournals.com)