



A Study of Investors Awareness towards Mutual Funds Investment in Bijni Town, Chirang District, Assam

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Abstract

Exploring investment in mutual funds will offer exposure to various asset classes according to investors' selection on the basis of various parameters like their age, financial position, risk tolerance and return expectations. The present study has been carried out to assess the general awareness of investors towards their interest in investing in mutual funds. The study is descriptive review. Primary data has taken for the study. The research analysis has been done with the help of statistical tools i.e. Chi-square and One-way Anova. After the analysis and interpretation, some suggestions have been put forwarded.

Keywords: *Awareness, Investors, Mutual Funds, Preference level, Assam*

Introduction:

Investment is the process of putting money to work to earn income. Even investing a small amount would be able to produce considerable growth over long period. Planning by the investors of their investments to fulfill major needs like financial protection, career building, asset purchase, marriage, children's' education, retirement funding etc. For those investors have to take a decision regarding how much to invest? And where to invest? To choose wisely, investors are aware of different avenues of investment options thoroughly. The economy of India is one of the fastest growing major economies of the world. Foreign investors are keen to invest in Indian market because of it high growth potential. India would be the next emerging economy after the US and China. Sound financial market is of utmost importance in this present scenario. It is the only financial market which channelizes savings of the people into the investment. Several international Funds are operating independently in India and some are expected to come in future. Foreign investors, local institutions and mutual funds are now playing a bigger role. Mutual funds are considered as one of the best available investments options as compare to others they are very cost efficient and also

easy to invest in, thus by pooling money together in a basket of schemes of mutual fund, though investors can purchase stocks or bonds with low trading costs than if they try it on their own. But the biggest advantage of mutual funds is only diversification, by minimizing risk & maximizing returns.

Concept of Mutual Funds:

Mutual Funds are essentially an investment vehicles where people with similar investment objective come together to pool their money and then invest accordingly. Each and every unit of the scheme represents the viable proportion of pooled money owned by the unit holder (investor). Any appreciation or reduction in the preferred value of investments is being reflected in Net Asset Value (NAV) of the concerned scheme, as been declared by the fund from time to time. Mutual Fund Schemes are managed by respective organizations of their Asset Management in Net Asset Value (NAV) of the concerned scheme, as been declared by the fund from time to time. Mutual Fund Schemes are managed by respective organizations of their Asset Management Companies (AMC). Different business groups, financial institutions and banks sponsors those AMCs either alone or in collaboration with other firms. Mutual funds invest according to the underlying investment objective specified at the time period of launching the scheme. Mutual Funds, thus provides liquidity, professional management, tax advantage and better returns and having plethora of schemes according to the need of investors to meet their financial goals. The financial services institutions and intermediaries which help the investors for transforming saving into investment, production and growth, a mechanism or arrangement for the mobilization of funds, their transfer and allocation.

Review of Literature:

Dr. T. Unnamalai (2016) examined the opinion of the investors and perception of investors on Mutual funds related to various issues like type of mutual fund scheme, main objective behind investing in mutual fund scheme, level of satisfaction, role of financial advisors and brokers, investors' opinion. The study reveals that there is a positive growth in their investments and majority of them expects safety, diversification of their risks, high returns etc.

A. Bhowal and T. Paul (2014) in their study revealed that presence of gap in communication level between the houses of mutual funds and the retail investors, with concluded that the mutual fund houses has failed to meet the expectation of the investors.

Dr. A. Rajamohan and G. Prathap (2013) in their study, they stated that the importance in order to judge the investors' behavior in a market like

India, where the competition increases day by day due to the entry of large number of players with different financial strengths and strategies. Level of satisfaction has been studied relating to various issues like factors that attract them to invest in mutual funds, rate of return, liquidity, safety and security, tax consideration, capital gain, growth prospects, role of financial advisors and brokers, maturity period, market information, rules and regulations and variety and schemes, deficiencies in the services provided by the mutual fund managers, challenges before the Indian mutual fund industry etc.

Prasanna Kumar & Rajkumar (2014) studied the awareness level among the individual investors and the reason behind that is maximum attention have gained among the perception amongst these investors as of quick and more returns as compared to other avenues and instruments of investments.

Khatik and Goel (2017) findings shows that majority of investors have heard about mutual funds but still only a vital fraction have not initiated to investment because of having lacking in full knowledge of mutual funds, also they suggests that companies and government should come forward to get investors more literate and train their advisors to build more confidence among investors.

Raja Rehan et al. (2018) observed and reviewed demographical and environmental factors have an immense impact on investor's perception depends upon the availability of information, transparency of funds and proper awareness campaigns.

Bimal anjum (2011) outlined the present investigation that mostly the investors have positive approach, but in order to maintain their confidence in mutual funds they should be provided with timely information relating to different trends in the mutual fund industry. To achieve good heights the mutual fund companies should formulate the strategies to fulfill the investors' expectations in better ways.

Neha Chaudhury (2016) based on her findings, stated that, existence of low level of awareness among the investors about mutual fund investment, because of risk involved in debt and equity products, thus awareness level in respect to mutual fund schemes, fund houses and SIP is moderate was found to be very low.

Objectives:

1. To assess the level of association among annual household income of the respondents and category of mutual fund investment.
2. To find out the relation between age group and preference for their investment.

Research Methodology:

The research design selected for this research is descriptive design. It is descriptive in the sense that it tries to reveal the present state of perception of the respondents towards the research study undertaken. In a nutshell the research tries to find out 'what is' and the researcher has no control over the variables. Data collection has been done in two ways, i.e., Primary data and Secondary data. Primary data has been collected with the help of questionnaire and Secondary data are drawn from various books, journals, and websites. For the study, a total sample of 140 investors was chosen by the author. The statistical Tools: - To give scientific outlook to the study and to reach specific conclusions, statistical tools i.e. Chi-square analysis and One-way Anova. For simple presentation & comparisons table and percentage analysis are used.

Research Hypothesis:

Alternative Hypothesis (H1):- There is association between annual income of the respondents and preference of mutual fund investment.

Alternative Hypothesis (H1):- There is significant difference between age group classification and preference for investment.

Data Analysis and Interpretation:**Table 1:- Occupations**

Occupations	No. of respondents	Percentage
Business	39	27.85%
Self employed	22	15.71%
Govt. service	45	32.14%
Private sector	34	24.28%

Source - Field survey

Interpretation – From total number of respondents, the majority of govt. service holders i.e. 32.14% followed by business of 27.85%, private sector of 24.28% and only 22 are self employed constitutes the lowest level of 6.25%. Mutual funds are popular among govt. service holders other than business class, private sectors and the self employed persons. The people from unorganized sector have low response regarding investment in mutual funds.

Table 2:- Annual income v/s Preference for investment (Chi-square tests)

Purpose	Value	Df	Asymp. Siq (2 sided)
Pearson chi square	195.470 ^a	12	.000
Likelihood Ratio	227.817	12	.000
Linear by linear association	110.544	1	.000
No. of valid cases	140		

a- 7 cells (35.0%) have expected count less than 5. The minimum expected count is 1.07. Source - Field Survey

Interpretation - Since the significance (p) value being 0.000 is less than the 0.05. Thus alternative hypothesis is accepted. So, there is association between annual household income of the respondents and category of mutual fund investment.

Table 3 :- Age group v/s Preference for investment (One-way anova)

Purpose	Sum of squares	Df	Mean square	F	Siq
Between groups	106.447	3	35.482	200.324	.000
Within groups	24.089	136	.177		
Total	130.536	139			

Source - Field Survey

Interpretation - Since significance (p) value being 0.000, it is less than 0.05. Thus alternative hypothesis is accepted. So, there is significance difference between age wise classification and preference for investment.

Table 4 :- Preference for investment in other avenues

Investment avenues	No. of respondents	Percentage
Bank savings & fixed deposit	51	36.42%
Post office savings scheme	32	22.85%
Public provident fund	20	14.28%
Gold investment	6	4.28%
Insurance sector	31	22.14%

Source – Field Survey

Interpretation – It is clearly seen that the investors are keen to invest in investment avenues, other than investing in mutual funds. Most of the respondents prefer to banks deposit, PPF, insurance etc. 51 (36.42%) respondents have preferred to invest in banks saving/ fixed deposit, followed by 32 (22.85%) are in post office, in insurance sector 31 (22.14%), 20 (14.28%) respondents are in public provident fund. Some of are also have invested in gold scheme i.e. 6 (4.28%). The people have low awareness regarding investment in mutual funds. Most of them believe that investing in mutual funds involves high risk, where the invested money could not give a good return or the money can get lost. They have a firm belief that the mutual funds are not a good source of investment tools as been compared to other investment tools. Investing are other investment options, they feel safe and secured about their invested money. Risk factor is also one of the main factor to invest money in mutual funds.

Suggestions:

1. The companies should take some viable steps basically to educate about different benefits of investing in mutual funds with emphasize on female counter parts, as they are also are in earning in different ways and imparting financial education to the students.
2. Financial advisers should be inform about the chances of types of risk involved and timely transfer of invested money to other schemes, about the liquidity position, switching early to other funds, particularly when good market value of funds are witnessed and other related information. Proper marketing & advertisement campaign should be done.
3. Lucrative schemes for private sector investors for their involvement, retired persons and for others, with organizing financial camps with the help of associated partners and likeminded organizations, will give a fillip to the industry.
4. The investors should be provided by the respective companies with the full details of the return given by them, as they can be the better option than bank deposits in terms of return and liquidity.
5. Mutual Fund companies should also provide ample training activities to gain awareness the investors about various benefits of investment in mutual funds.

Conclusion:

The study concluded that mutual fund industry is an emerging hub. Investments in mutual funds are preferred mostly by govt. service holders and least by some parts of Mutual funds companies should come out with proper advertisements, good marketing strategy and investor's awareness

programs to make it a suitable investment option, like other ones. Much of scope are waiting for the spike growth of mutual fund companies provided that the funds satisfy everybody's needs and sharp improvements in service standards and disclosure. The industry has still to do more struggle in order to gain more investors. Financial literacy mostly, among females and youths will definitely bring a huge success to this industry. In Indian market where financial instruments are capturing almost every unit of society, mutual fund industry has a great scope if it gives more attention to some factors which will ultimately bring lead to satisfaction of investors which will help the mutual fund industry to boom up. But the market will be able to take a height which depends on the financial growth and stability of an economy plays a vital role in this area. Basically those educated citizens are gaining the knowledge of saving and investment cycle and its effects in an economy.

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