



## A Study About Awareness of Mutual Funds Among the Investors of Navsari District

### KEYWORDS

Mutual Funds, Investment alternatives, Investors' perception.

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### ABSTRACT

The financial securities include ownership securities (like shares, mutual fund units) and creditorship securities (like debentures, bonds). Ownership securities are more risky than creditorship securities. Investment decisions relating to ownership securities involve planning of investment strategies according to the extent of diversification desired by individuals. Investors can reduce risk and maximize returns by way of mutual fund investments, enjoying the expertise of professional fund management. In India, Mutual fund industry is an organised financial system, accessible to individual investors having varied needs and options. In order to identify awareness of mutual funds among the investors of Navsari District, a careful collection of primary data through questionnaire was made.

### Introduction

Financial system comprises financial institutions, services, market and instruments. Financial institutions mobilize resources, purchase and sell instruments and render various services in accordance with the practices and procedures of law. Investing in financial securities is a complex one involving knowledge of various investment tools, terms, concepts, strategies and process. The success of a financial investment activity depends on the knowledge and ability of investors to invest the right amount, in the right type, at the right time. Investor has to use his intellect, which is an art to acquire by learning and experience. Knowledge of financial investment principles and the art of investment management are the basic requirements for a successful investment.

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### OBJECTIVES OF THE STUDY

The overall objective of the study is to know the awareness of mutual funds among the investors. To attain this overall objective, the study aims at the following specific objectives:

1. To study the various investment alternatives available to the investors in comparison with mutual funds
2. To identify the scheme preference of investors
3. To identify purpose of the investors to invest in Mutual Fund

### RESEARCH METHODOLOGY

The nature of the study is descriptive research. The study is mainly based on primary data and primary data has been collected by interacting with various people, getting the questionnaires filled by them. The data was collected by means of questionnaire and was classified and analyzed carefully. Questionnaire is constructed so that the objectives are clear to the respondents. In this research, the questionnaire was formed as a direct and structured one. The questions were mostly close-ended questions. Open-ended ques-

tion has been used only for deriving suggestions from the respondents.

The method used for collecting requisite data is 'Convenience Sampling', which is a type of non-probability sampling technique.

### Research Problem

As mentioned earlier, Mutual fund schemes are attractive to small investors. More and more investors today are investing in mutual funds expecting high return and low risk coverage. Mutual fund investments generate returns on the basis of the state of market conditions. The idea is to understand important determinants which affect the selection of mutual fund, to examine the performance of mutual funds and to give some suggestions for developing this industry.

### Design of the Study

Out of 26 districts in the State of Gujarat, the Navsari district was selected for the study. Data were collected from 300 investors of Navsari district of which 80 investors were found to be non-interested in mutual fund and 20 did not provide 100% information. The effective sample size, thereby, for the study in hand is 200. The data has been collected from rural and urban areas of Navsari District.

### Tools and Techniques of Data Analysis

The Statistical Analysis carried out in the study is being done using MS-EXCEL AND SPSS (Statistical Package for Social Science) Software. The Statistical techniques like: Mean, Standard Deviation (SD), Coefficient of Variance (CV), chi-square test and one sample t-test as warranted by broad objectives of the study. Analysed & interpreted data have been presented in the form of tables, charts and figures.

### DATA ANALYSIS AND INTERPRETATION

**Table 1 : Taluka wise Classification of Mutual Fund Investors**

Taluka	Frequency	Percent
Navsari	78	39.0
Jalalpor	36	18.0
Chikhli	32	16.0
Gandevi	30	15.0
Vansda	24	12.0
Total	200	100.0

Table 1 shows taluka-wise classification of Mutual Fund investors. Out of total respondents, 39 percent Mutual Fund inves-

tors are from Navsari taluka, 18 percent are from Jalalpor taluka, 16 percent from Chikhli taluka, 15 percent from Gandevi taluka while 12 percent are from Vansda taluka.

**Table 2: Investment Option Preferred by Mutual Fund Investors**

Investment Option	Mean
1. Bank Fixed Deposits	2.8900
2. Equity Market (Share Market)	2.9900
3. Mutual Funds	3.8900
4. Debt Market (Bond, Government Securities)	1.9800
5. Government Schemes (NSC, KVP, PPF)	2.4600
6. Insurance	4.1800
7. Bullion (Gold, Silver, Diamonds and other valuable commodities)	2.0100
8. Real Estate	1.6800
9. Any other	1.0000

Table 2 shows that among all investment options, the respondents give priority to invest their resources maximum in Insurance with highest mean (4.18). Next preferred source is Mutual Funds with 3.89 mean. However, the least priority is given to Real Estate with 1.68 mean.

**Table 3: Mutual Fund Investors' Evaluation for Investment in Open-Ended Funds**

Rank	Frequency	Percentage
1	80	40.0
2	42	21.0
3	78	39.0
Total	200	100.0

**Chart 1**

Mutual Fund Investors' Evaluation for Investment in Open-Ended Funds



Table shows that 40 percent respondents give 1st rank to investment in open-ended funds, 21 percent respondents give 2nd rank to investment in open-ended funds and rest 39 percent respondents give 3rd rank to investment in open-ended funds.

**Table 4: Mutual Fund Investors' Evaluation for Investment in Close-Ended Funds**

Rank	Frequency	Percentage
1	74	37.0
2	54	27.0
3	72	36.0
Total	200	100.0

**Chart 2**

Mutual Fund Investors' Evaluation for Investment in Close-Ended Funds



Table 4 shows that 37 percent respondents give 1st rank to investment in close-ended funds, 27 percent respondents give 2nd rank to investment in close-ended funds and rest 36 percent respondents give 3rd rank to investment in close-ended funds.

**Table 5: Mutual Fund Investors' Evaluation for Investment in Interval Funds**

Rank	Frequency	Percentage
1	46	23.0
2	104	52.0
3	50	25.0
Total	200	100.0

**Chart 3**

Mutual Fund Investors' Evaluation for Investment in Interval Funds

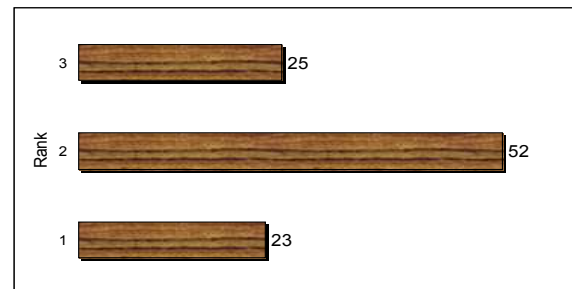


Table 5 shows that 23 percent respondents give 1st rank to investment in interval funds, 52 percent respondents give 2nd rank to investment in interval funds, 25 percent respondents give 3rd rank to investment in interval funds.

So it reveals that open-ended fund is preferred choice of Mutual Fund investors.

**Table 6: Mutual Fund Investors' Preference for Investment in Various Funds**

Fund	Mean
1. Income funds	3.97
2. Growth funds	4.09
3. Balanced funds	4.13
4. Tax savings funds	2.10
5. Money market funds	2.49

Considering the mutual funds preferences, respondents maximise their investment in Balance fund with 4.13 mean, next preference is Growth fund with 4.09 mean & Income fund with 3.97 mean.

**Table 7: Purpose of Investment in Mutual Funds**

Purpose of Investment	Mean
1. Wealth Creation	4.58
2. Good retirement life	2.71
3. Tax Saving	2.07
4. Emergency needs	2.98
5. To accumulate fund	3.71

Majority of the respondents' purpose of investments in mutual funds is wealth creation with 4.58 mean. Tax saving with 2.07 mean is the least important factor for majority of respondents for their purpose.

## CONCLUSIONS

Form the analysis carried out to know the perception of investors of Navsari district towards mutual funds, it was found that:

1. Majority of the mutual fund investors invest in insurance sector which emphasizes their demand for safety and security of their funds.
2. 40 percent respondents show preference for Open-ended fund which shows that Open-ended fund is the preferred choice of Mutual Fund investors.

3. Majority of the mutual fund investors consider balanced funds as a highly important type whereas the least preferred type is the tax saving funds.
4. Majority of the respondents' purpose of investing in mutual funds is wealth creation. Tax saving is considered the least important factor for majority of respondents.

#### SUGGESTIONS

In the years ahead, the focus should be on the following, for mutual funds to play a meaningful role in servicing the savers of the country.

1. Retail participation in mutual funds is very low. It is therefore, required to increase the reach by offering solutions to the investors based on their needs.
2. Keeping in mind the various groups like female, professionals, retired persons, unmarried, high income people etc., Asset Management Company (AMC) should introduce various schemes to attract them.

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