

A Study on Awareness and Investor Preferences Towards Various Mutual Fund Schemes in Coimbatore District

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ABSTRACT: This study investigates investor preferences and awareness of mutual fund schemes in Coimbatore District, analyzing factors influencing investment choices and knowledge levels. Utilizing a mixed-methods approach of surveys and interviews, it examines demographics, investing objectives, risk tolerance, and information sources. Findings reveal significant variations in awareness and preferences based on investor profiles and market exposure. The study emphasizes the need for financial institutions to adopt targeted communication strategies and enhance financial literacy to boost investor engagement and satisfaction. It provides recommendations for mutual fund companies and policymakers to align products with local investor needs and promote informed decision-making.

Keywords: Mutual Fund, Investors, Awareness, Investors Preference, Customer Satisfaction.

I. INTRODUCTION

A mutual fund is a type of financial intermediary that pools the funds of investors who seek the same general investment objective and invests there in several different types of financial claims (e.g., equity shares, bonds, money market instruments). These pooled funds provide thousands of investors with proportional ownership of diversified portfolios managed by professional investment managers. The term 'mutual' is used in the sense that all its returns, minus its expenses, are shared by the fund's unit holders.

A mutual fund is a trust that combines the savings of several investors with similar investment objectives. Mutual funds provide two unique services: investment knowledge and diversity. Mutual funds invest in the stock and debt markets on behalf of participants who join the scheme. Without mutual funds, a modest investor with an excess of, say, Rs. 10,000 per year might not be able to obtain such professional counsel or diversification. As a result, investors have a shared

financial objective in addition to bearing the expense of diversification and professional guidance. Mutual funds aim to achieve several goals for their investors, including appealing returns, capital growth, and prioritizing safety and liquidity.

Mutual funds are a great way to mobilize savings for money markets and stock investments, especially in the small and household sectors. Funds are raised by mutual funds by selling their units, or shares. An investor who holds a mutual fund unit is entitled to a proportionate share of the securities portfolio that the mutual fund maintains. Put differently, a mutual fund share reflects a portion of the securities the fund has acquired. The ease and gratification of owning shares in numerous businesses are combined in mutual fund share/unit certificates. Therefore, the main function of mutual funds is to act as investment middlemen, pooling the capital of investors to buy individual securities and distribute the profits to fund participants.

STATEMENT OF THE PROBLEM

India is emerging as a significant global market, attracting substantial investment due to liberalization and globalization. However, investors often find the array of investment options—such as shares, mutual funds, and debentures—overwhelming and lack awareness about these opportunities. Despite mutual funds being a key financial instrument worldwide, their presence in India is relatively new and underdeveloped compared to other markets. The mutual fund industry in India, although growing rapidly, is still relatively small. Investors in India tend to favor short-term equity investments over long-term options like mutual funds due to limited financial literacy and awareness. Many are unaware of the benefits of mutual funds and are confused by factors such as safety, liquidity, returns, risks, and tax

implications. Financially capable individuals are generally better informed about mutual funds, while others struggle to make informed decisions about high-return, low-risk investments. To address these challenges, increased awareness and education about mutual funds are crucial. Conducting studies to explore investor behavior and preferences can help bridge gaps in understanding and improve investment decisions in the mutual fund sector.

OBJECTIVES

1. To study the economic background score of the scheduled sample respondents.
2. To identify the benefits of investing in mutual funds in the studied ones.
3. To ascertain the most preferred mutual fund scheme among investors.

II. REVIEW OF LITERATURE

G.PRATHAP, Dr.A.RAJAMOHAN (2013)¹, In the 1980s, India saw significant growth in its capital market, earning it the nickname "decade of the capital market." To assess investor awareness of mutual fund investments, primary data was collected and analyzed using statistical tools like simple percentages, cross-tabulation, and Chi-square tests. Understanding investor behavior is crucial in India's competitive market, especially with the influx of numerous players with diverse financial strengths and strategies.

Adithyasunil and Dr P Balasubramanian (2020)², The study utilized both Primary and Secondary research methods to assess investor awareness of mutual fund investments. Correlation analysis and Chi-Square tests were employed. Notably, the mutual fund industry surpasses both bank deposits and total assets of insurance companies in terms of assets. Mutual funds are highlighted as an attractive option due to their minimal risk and potentially

guaranteed returns.

CA Jyoti J Patel (2020)³, A study on the risk-return relationship in mutual funds, based on primary data, reveals that investors prefer them for professional management, diversification, liquidity, return potential, low cost, and tax benefits. 82% of investors view mutual funds as a risk-free investment opportunity, driving their preference for these schemes.

Mr.N.Arunkumar, Dr.V.M.Ponniah (2021)⁴, Investors' perceptions of mutual funds in India were studied, considering their risk and return preferences. Data were collected from both primary and secondary sources, with analysis conducted using Chi-Square tests and correlation tools. India, traditionally preferring safer investment options, is gradually embracing hybrid investment opportunities, reflecting changing attitudes towards risk.

III. METHODOLOGY

RESEARCH DESIGN:

A convenient Sample Technique tool was applied.

SOURCE OF DATA:

- Primary Data

This study is mainly based on the primary source of data. For this study, the primary data was collected using a questionnaire.

- Secondary Data

Secondary data were collected through journals, articles, and websites.

STATISTICAL TOOLS:

- Percentage Analysis
- Ranking Analysis

LIMITATIONS OF THE STUDY

- The study was restricted to the Coimbatore district only.
- The data collected from the investor are qualitative.

¹G.PRATHAP, Dr.A.RAJAMOHAN (2013), "A STUDY ON STATUS OF AWARENESS AMONG MUTUAL FUND INVESTORS IN TAMILNADU", Journal of Exclusive Management Science, December 2013, Vol-2, Issue-1, ISSN: 2277-5684.

²AdithyaSunil and Dr. P Balasubramanian (2020), "A study on investors' awareness and preference towards mutual funds as an investment option", International Journal of Scientific & Engineering Research Volume 11, Issue 4, April-2020, ISSN 2229-5518.

³CA Jyoti J Patel (2020), "A STUDY OF MUTUAL FUND AWARENESS IN GANDHINAGAR CITY", A GLOBAL JOURNAL OF SOCIAL SCIENCES,(ISSN – 2581-5830), Impact Factor: SJIF - 4.998, IIFS - 4.375.

⁴Mr. N. Arunkumar, Dr. V.M. Ponniah (2021), "A STUDY ON INVESTOR AWARENESS AND ATTITUDE TOWARDS INVESTMENT IN MUTUAL FUND" Journal of Emerging Technologies and Innovative Research (JETIR), JETIR April 2021, Volume 8, Issue 4, ISSN-2349-5162.

- Some of the respondents were not interested in mentioning the actual data.
- The research is based on the opinions and awareness of the mutual fund investment.

IV. DATA ANALYSIS AND INTERPRETATION

The data collected from the samples have been systematically applied and presented in tables under various headings in the following pages. They were also arranged in such a way that a detailed analysis could be made to present suitable interpretations for the same. The statistical tools namely simple percentage analysis and rank correlation analysis and interpretation of data.

SIMPLE PERCENTAGE ANALYSIS

Percentage analysis is the method to represent raw streams of data as a percentage for a better understanding of collecting data. Percentage analysis is applied to create a contingency table from the frequency distribution and represent the collected data for better understanding.

FORMULA

$$\text{Percentage} = \frac{\text{Number of respondents}}{\text{Total number of respondents}} \times 100$$

1 TABLE SHOWING TYPE OF MUTUAL FUND INVEST BY THE RESPONDENTS

S. no	Particulars	No. of respondents	Percentage (%)
1	Debt	50	33.3%
2	Equity	79	52.7%
3	Hybrid	21	14%
	Total	150	100%

INTERPRETATION:

The above table 4.1.9, shows the type of mutual investment by the respondents. Out of 150 responses, 33.3% of responses are invested in debt, 52.7% of responses are invested in equity, and 14% of responses are invested in hybrid.

INFERENCE:

The majority 52.7% of the respondents are investing in Equity.

2 TABLE SHOWING THE HOLDING PERIOD OF MUTUAL FUND INVESTMENTS OF THE RESPONDENTS

S. no	Particulars	No. of respondents	Percentage (%)
1	1 – 3 Years	73	48.7%
2	4 – 6 Years	37	24.7%
3	7 – 10 Years	19	12.7%
4	More Than 10 Years	21	14%
	Total	150	100%

INTERPRETATION:

The above table 4.2, shows the holding of the mutual fund investment of the respondents. Out of 150 responses, 48.7% of responses are 1-3 years, 24.7% of responses are 4-6 years, 12.7% of responses are 7-10 years, and 14% of responses are more than 10 years.

INFERENCE:

The majority 48.7% of the respondents hold the mutual fund scheme for 1-3 years.

3 TABLE SHOWING PREFERENCE OF MUTUAL FUND SECTOR OF THE RESPONDENTS

S.no	Particulars	No. of respondents	Percentage (%)
1	Public	74	49.3%
2	Private	76	50.7%
	Total	150	100%

INTERPRETATION:

It is revealed that 49.3% of the respondents are Public Sector.

It is revealed that 50.7% of the respondents are Private Sector.

INFERENCE:

The majority 50.7% of the respondents choose the Private Sector.

RANK ANALYSIS

A ranking is a relationship among items where each item is compared to others as either "ranked higher than," "ranked lower than," or "ranked equal to" them.

This concept, known as a weak order or total preorder

in mathematics, allows for ties where multiple items can share the same rank. Rankings simplify complex information by reducing detailed measures to ordinal numbers, making it easier to evaluate and compare items based on specific criteria. For instance, search engines use rankings to order pages by relevance, helping users quickly identify the most pertinent results. Although rankings provide a clear ordering, they do not imply strict total order due to possible ties. Analysis of ranked data typically involves non-parametric statistics, which do not assume a specific distribution, making them suitable for interpreting and deriving insights from ordinal data.

4 TABLE SHOWING THE BENEFIT OF MUTUAL FUND SCHEME OF THE RESPONDENTS

Factors	1	2	3	4	5	6	7	8	9	10	Total	Rank
Tax Exemption	660	99	96	21	24	15	20	15	12	35	997	2
Flexibility	180	576	72	49	18	5	12	21	64	6	1003	1
Liquidity	90	117	536	49	12	25	12	87	20	5	953	3
Transparency	20	81	48	525	48	30	124	24	2	4	906	4
Diversification	40	27	16	42	462	200	36	3	6	5	837	5
Return	30	36	24	49	234	405	24	9	6	1	818	6
Professional Management	30	0	80	210	54	20	288	39	12	3	736	7
Affordability	10	63	248	77	0	25	56	195	24	4	702	8
Service Quality	50	306	72	0	36	0	28	39	130	11	672	9
Accessibility	390	45	8	28	12	25	0	18	48	76	650	10

Interpretation:

The table shows that out of 150 respondents Flexibility is rank 1, Tax exemption is rank 2, Liquidity is rank 3, Transparency is rank 4, Diversification is rank 5, Return is rank 6, Professional Management is rank 7,

Affordability is rank 8, Service Quality is in the rank 9, Accessibility is in the Rank 10.

Inference:

This is the result that Flexibility is in the rank 1 among the respondents and Accessibility is in the rank 10

5 TABLE SHOWING THE PREFERENCE OF TYPE OF MUTUAL FUND SCHEME OF THE RESPONDENTS

PARTICULARS	1	2	3	4	5	6	7	TOTAL	RANK
Equity Fund	595	114	115	44	6	6	7	887	1
Debt Fund	175	372	160	56	21	12	4	800	2
Balanced Fund	189	144	305	72	33	10	4	757	3
Gilt Fund	154	138	205	176	18	16	6	713	5
Money Market Fund	175	138	235	68	81	18	2	717	4
Tax Saving Fund	168	150	180	80	39	52	6	675	6

Index Fund	224	72	145	88	39	32	26	626	7
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Interpretation:

The table shows that out of 150 respondents, Equity Fund is in rank 1, Debt Fund is in rank 2, Balanced Fund is in rank 3, Money market fund is in rank 4, Gilt fund is in rank 5, Tax Saving Fund is in the rank 6 and Index Fund is in the rank 7.

Inference:

This resulted in the Equity Fund being in the Rank 1 among the respondents and the Index Fund being in the rank 7.

V. FINDINGS AND SUGGESTION

FINDINGS

SIMPLE PERCENTAGE ANALYSIS

1. The majority 52.7% of the respondents are investing in Equity.
2. The majority 48.7% of the respondents hold the mutual fund scheme for 1-3 years.
3. The majority 50.7% of the respondents choose the Private Sector.

RANKING ANALYSIS

1. The above table depicts the factors that will help the respondents to know about the best benefits of mutual funds. It states that the highest rank is for the Flexibility, second rank is for the Tax exemption, third rank belongs to the Liquidity, fourth rank is for the Transparency, fifth rank belongs to the Diversification, sixth rank is for the Return, seventh rank belongs to the Professional management, eighth rank is for the Affordability, ninth rank belongs to the service quality and tenth rank belongs to the Index Accessibility.
2. The above table depicts the factors that will help the respondents to know about the best investment choice in mutual funds. It states that the highest rank is for the Equity Fund, second rank is for the Debt Fund, third rank belongs to the Balanced Fund, fourth rank is for the Money Market Fund, fifth rank belongs to the Gilt Fund, sixth rank is the Tax Saving Fund and seventh rank belongs to the Index Fund.

SUGGESTION

- People suggested organizing workshops and seminars aimed at educating investors about the benefits and risks of investing in mutual funds.
- Respondents said that mutual funds help increase future earnings.
- People suggested utilizing social media platforms, investment forums, and financial websites to promote Mutual Funds.
- Respondents said that after learning about mutual funds people get more aware of it.
- Ensure transparency in providing information about fund objectives, performance history, fees, and risks associated with each mutual fund among people.

VI. CONCLUSION

The study reveals that the majority of respondents are young, unmarried males, predominantly urban, with a significant proportion having low to moderate risk tolerance. Equity funds are favored as the best investment choice in mutual funds, followed by debt and balanced funds. There is a consensus among respondents regarding the benefits of mutual funds in increasing future earnings. Furthermore, educational initiatives, transparency in information dissemination, and leveraging digital platforms are crucial for promoting mutual fund awareness and participation. To enhance mutual fund awareness and participation, it is recommended to focus on educational initiatives through workshops and social media outreach, ensuring transparency in information dissemination, and actively engaging with potential investors to address their concerns and provide guidance. These efforts can help demystify mutual funds, increase understanding of their benefits and risks, and ultimately encourage more informed investment decisions.

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