A STUDY ON AWARENESS AND PREFERENCE OF MUTUAL FUND AMONG INVESTOR IN AHMEDABAD

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ABSTRACT

The purpose of this research is to ascertain how well-informed and preferred mutual funds are among investors in Ahmedabad, India. One of the preferred financial choices for retail investors is mutual funds. Nevertheless, despite the advantages of mutual funds, a sizable percentage of investors are still unaware of them and reluctant to invest in them. Data were gathered from a sample of Ahmedabad investors using a survey technique for the research, and descriptive and inferential statistics were used to analyse the data. The study’s findings imply that investors in Ahmedabad have a moderate degree of knowledge about mutual funds, and that knowledge and preference are positively correlated. Additionally, the research discovered that elements like age, income, and educational attainment have a substantial impact on investors’ knowledge of and preference for mutual funds. The findings of this study can help mutual fund companies, financial advisers, and lawmakers create strategies that will effectively market mutual funds to Ahmedabad’s retail investors as a feasible investment choice.

Keywords: Mutual Funds, Investor, Retail Investors, Investment Options, Financial Advisors, Policymakers.

I. INTRODUCTION

A mutual fund is a trust that provides savings to many investors who share a common financial goal. Anyone with a surplus of a few thousand rupees can invest in mutual funds. These investors buy units of a specific mutual fund scheme, which defines the investment objective and strategy. The money thus raised is invested in a variety of securities by the fund manager. These range from stocks to debentures to money market instruments depending on the objectives stated by the scheme. The income earned through these investments and the capital addition received through the scheme are shared by its unit holders in proportion to the number of units they own. A mutual fund is therefore the most favorable investment for the common man, offering the opportunity to invest in a diverse, professionally managed securities basket at a relatively low cost. But on the other hand, investors face many limitations like lock in period, unstable returns and others. The problem facing our project investors is emphasizing the level of awareness and preference of investors who invest in mutual funds. The first part of the project highlights the research proposition, which mainly includes literature review, study objectives, scope of study, research design, design, data collection resources, etc. The second part of the study explains the basics of mutual funds, its history and development. It also shows the structure of mutual fund in India and its current scenario. Also, it explains the PEST analysis of the mutual fund industry. The third section talks about our topic it sheds light on the types of mutual funds, its advantages, disadvantages and the various risks involved. Next chapter shows the analysis and explanation of the topic. It addresses the awareness and preferences of investors regarding mutual funds. Also, to know the level of expectations and satisfaction when investing in mutual funds. According to a survey of 150. In our study we tried to see if the customer was satisfied as a mutual fund investor. Also, what are the factors that influence when investing in mutual funds. Through analysis, we find that most of people are satisfied with mutual funds and after sale services. Also, studies show that professional management and brand image are major factors influencing while investing in mutual funds. The second plan for most factors is types of funds, high returns and current market conditions. About 61.4 percent of people are affected by these factors. On the other hand, redemption facility and risk are the most important factors when investing in mutual funds. The next items are professional management and after sales services, in which people are satisfied. From the analysis, we learned that as a mutual fund investor, investors expect 10-15% of the expected return on their investment in mutual funds Finally, we have tried to explain the research
results and conclusion that helps to understand the awareness level, preference and their level of expectation and satisfaction.

1.1. STATEMENT OF THE PROBLEM

Online trading refers to purchasing and selling stocks using a brokerage’s custom trading platforms that are internet-based. Online trading is available for stocks, commodities, mutual funds, ETFs, options, futures, and currencies. Investors and traders typically have to contact their brokerage companies to request that the firms execute a purchase order on their behalf. The broker would inform the buyer of the market worth and guarantee the purchase order. If an investor places a limit order, the broker must verify the limit price, the length of time the order should remain open, the account into which the shares should be transferred (if the investor has numerous investment accounts), and other details. Although there are some difficulties for investors when buying shares online. The main issues are a lack of adequate knowledge, technical issues, and fraud risk. Investors cannot receive specialised professional guidance because of the lack of direct contact between brokers and investors, which results in a lack of market knowledge for investing in online trading. Since online share trading cannot be done without these technologies, technical issues like the possibility of system failure, network congestion, electricity failure, etc. are also regarded as the main challenges faced by investors.

1.2. OBJECTIVES OF THE STUDY

o To analyse the difficulties buyers encounter when trading shares online and to pinpoint the technical issues they encounter.

o To assess the investors’ capacity for risk-taking in internet share trading.

o To look into the lack of knowledge that investors in online stock trading encounter.

1.3. SCOPE OF THE STUDY

The goal of this study is to understand the difficulties investors experience when trading shares online and to gauge their capacity for taking risks. Inadequate information, technical issues, risk tolerance, investor security, and investor trust are the subjects and theories covered by this research. The purpose of the investor could be better understood thanks to this research.

1.4. LIMITATIONS OF THE STUDY

o The data set is only available for Chennai region.

o 178 investors are allowed in the group.

o The time frame was capped at three months.

o The data gathered might not be accurate due to the small sample size of the poll.

o Research is performed under the presumption that survey respondents provided accurate information.

II. REVIEWS OF LITERATURE

(Binayak Prasad Mishra, 2020) Found that mutual Funds was preferred in many other investment options even though Bank Deposit was the first option. Bank deposits are therefore not always considered an investment option. Therefore, research results can be useful for asset management companies by providing better services and policy schemes. It will certainly help asset management companies to take steps to increase corporate awareness among investors. In the coming years mutual funds industry will be a major investment option in the financial market.

(Shah, 2020) Found that there is little awareness among the women about the concept of Mutual Fund investment. Women under the lens prefer to park their savings in a Bank and in gold and silver, while we came across few of them who also did prefer to invest in a Postal saving account. Although as a family many women do have funds invested in Mutual Funds and they also do recommend others to save their funds in Mutual Funds.

(Tripathi, An Empirical Study of Mutual Fund Awareness Among the People of Ahmedabad, 2020) The findings of this study are that people are aware, but still, people do not invest in mutual funds. It is hoped that this study will help India to devise effective strategies to increase investment in mutual funds and could spread further awareness of funding.

(Subhashini, 2020) Found that mutual fund companies should encourage investment and redemption of units using an ATM will facilitate trouble-free transactions for investors. Last customer relationships by using a polite
response to customers and taking care of them promptly complaints are also commended. Co-sponsoring companies should advertise regularly in terms of funding, its distinctive features of the urgency of services compared to similar one's funds. It will be useful for most customers to know about finances or distance who came into the world.

(Radadiya & Pravin G, 2019) Researcher has selected Rajkot City of Saurashtra region of Gujarat State for the study sample purpose. Rajkot is considered as a heart of Saurashtra as well as one of the large cities after Surat, Ahmedabad, and Baroda. It is one of the most developing cities of the state. It has good literacy ratio as well as good job orientation by women. Researcher has selected 250 working women who are investors as well for the study purpose. There has been a tremendous growth in the mutual fund industry in India, attracting large investments not only from the domestic investors but also from the foreign investors. According to the investor's opinion, the main reason or the quick popularity of the mutual funds is the guarantee to redeem at net asset values. The investors now have realized the merits of investing in mutual funds.

(Harshad, 2019) This research was aimed at making a critical study of the role performed by mutual funds advertising in creating awareness amongst investors and selection of Mutual Fund schemes. Indian Financial market is growing at a good pace with various financial products performing in the market. One of the financial innovations which really helped the small investors to earn wealth is the concept and design of mutual funds. It is better experienced by the Indian financial market and the growing investors' inclination towards the mutual funds. Buying Mutual Fund is a step-by-step process which requires a huge involvement of the buyers in terms of awareness about the product and industry. All type of Mutual Fund advertisements is issued in public with a scarier warning i.e., "Mutual Funds are subject to market risks, please read the offer document carefully before investing".

(Sailaja, March 2018) found that gradually, in India, financial managers receive international certifications such as CFA and MBA that help them become more knowledgeable in participating the scene. In India the shared goods are regulated by the Securities and Exchange Board of India, which provides comfort to thinkers. SEBI requires shared assets to disclose their positions for not less than six months to a month, which helps financiers keep track of whether the store is positioning resources according to its location or not.

(Trivedi, 2018) From this report we found that, Mutual fund investment is becoming a competitor of traditional investment channels. In this changing scenario, it becomes very important to have an analysis of mutual fund performance and investors' feedback for its future growth and development. The present study covered the investment style of individuals and various factors which directly influence their investment decision making was. The industry enjoys a lot of benefits along with demographic features and investment attitude. The constant reduction in interest rate and increase in inflation rate resulting in the reduced time value of money has deviated many investors from traditional modes to modern modes of investment.

III. RESEARCH METHODOLOGY

3.1 SAMPLING TECHNIQUE
The sampling method used in this research is Random Sampling Technique.

3.2. SAMPLING SIZE
For this research the sample of population is taken from the individual investors from Chennai city with respect

3.3 DATA SOURCE
The source of data are the primary data was collected through survey from 178 respondents. Secondary data was collected from reviewing various literature related to challenges faced by the investors in online share trading.

IV. HYPOTHESIS TESTING AND DATA ANALYSIS

CHI-SQUARE

AGE AND AWARENESS LEVEL OF MUTUAL FUNDS
Chi-Square Tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>.435^a</td>
<td>3</td>
<td>.933</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>.632</td>
<td>3</td>
<td>.809</td>
</tr>
<tr>
<td>Linear-by-Linear Assoc</td>
<td>.070</td>
<td>1</td>
<td>.791</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>150</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

H0: Age have no significant relation with the awareness of the mutual funds
H1: Age have significant relation with the awareness of the mutual funds

Here the significance level is 0.791 which is more than 0.05

Thus, Null Hypothesis has been accepted and this proves that age has no significant relation with the awareness of the mutual funds.

OCCUPATION AND INVESTMENT PLAN

Chi-Square Tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Df</th>
<th>Asymp. Sig (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>15.651^a</td>
<td>9</td>
<td>.075</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>17.699</td>
<td>9</td>
<td>.039</td>
</tr>
<tr>
<td>Linear-by-Linear Assoc</td>
<td>1.091</td>
<td>1</td>
<td>.296</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>110</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

H0: Occupation have no significant relation with preference of investment plan
H2: Occupation have significant relation with preference of investment plan

Here the significance level is 0.296 which is more than 0.05

Thus Null Hypothesis has been accepted and this proves that there is no significant relation of occupation with preference of investment plan.

ANOVA

FEAR OF RISK AND EXPECTED RETURNS

H0: there is no significant difference in the means of fear of risk and expected returns.
H3: there is significant difference in the means of fear of risk and expected returns

ANOVA

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>4.552</td>
<td>3</td>
<td>1.517</td>
<td>1.892</td>
<td>.135</td>
</tr>
<tr>
<td>Within Groups</td>
<td>84.201</td>
<td>105</td>
<td>802</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>88.752</td>
<td>108</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

INTREPRETATION

Here the significance value is 0.135 which is more than 0.05.

Thus, Null hypothesis has been accepted and this prove that there is no significant difference in the means of fear of risk and expected returns.

So, we can say that fear of risk doesn’t affect people expectations on returns.

FEAR OF RISK AND SATISFACTION TOWARDS RISK AND RETURN

HO: there is no significant difference in the means of fear of risk and satisfaction towards risk and return.
H4: there is significant difference in the means of fear of risk and satisfaction towards risk and return.
ANOVA

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>1.506</td>
<td>2</td>
<td>.753</td>
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<tr>
<td>Within Groups</td>
<td>87.667</td>
<td>107</td>
<td>.819</td>
<td>.919</td>
<td>.402</td>
</tr>
<tr>
<td>Total</td>
<td>89.173</td>
<td>109</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

INTREPRETATION

Here the significance value is 0.402 which is more than 0.05.
Thus, Null hypothesis has been accepted and this proves that there is no significant difference in the means of fear of risk and satisfaction towards risk and return.

FEAR OF RISK AND PREFERENCE OF INVESTMENT PLAN

H0: there is no significant difference in the means of fear of risk and preference of investment plan
H5: there is significant difference in the means of fear of risk and preference of investment plan

ANOVA

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>4.462</td>
<td>3</td>
<td>1.487</td>
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<td></td>
</tr>
<tr>
<td>Within Groups</td>
<td>84.711</td>
<td>106</td>
<td>.799</td>
<td>1.861</td>
<td>.141</td>
</tr>
<tr>
<td>Total</td>
<td>89.173</td>
<td>109</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

INTREPRETATION

Here the significance value is 0.141 which is more than 0.05.
Thus, Null hypothesis has been accepted and this proves that there is no significant influence of fear or risk on preference of investment plan.

ONE SAMPLE T-TEST

FACTORS INFLUENCING

One-Sample Test

<table>
<thead>
<tr>
<th></th>
<th>Test Value = 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>t</td>
</tr>
<tr>
<td></td>
<td></td>
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<tr>
<td>TYPE_OF_FUND</td>
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<tr>
<td>SCHEME_PORTFOLIO</td>
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<tr>
<td>HIGH_RETURN</td>
<td>8.041</td>
</tr>
<tr>
<td>BRAND_IMAGE</td>
<td>7.816</td>
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<tr>
<td>CURRENT_MARKET_CONDITON</td>
<td>4.868</td>
</tr>
<tr>
<td>REDEMPTION_FACILITY</td>
<td>5.721</td>
</tr>
<tr>
<td>PAST_PERFORMANCE</td>
<td>4.060</td>
</tr>
<tr>
<td>RISK</td>
<td>2.540</td>
</tr>
</tbody>
</table>
INTERPRETATION

TYPE OF FUND
So here our significance level is 0.00 which is less than 0.05.
Thus the Null Hypothesis is not accepted.
So this proves that type of fund do affect the influence of investors investing in mutual fund.

SCHEME PORTFOLIO
So here our significance level is 0.00 which is less than 0.05.
Thus the Null Hypothesis is not accepted.
So this proves that scheme portfolio factors do affect the influence of investors investing in mutual fund.

HIGH RETURN
So here our significance level is 0.00 which is less than 0.05.
Thus the Null Hypothesis is not accepted.
So this proves that high returns attracts investors and do affect the influence of investors investing in mutual fund.

BRAND IMAGE
So here our significance level is 0.00 which is less than 0.05.
Thus the Null Hypothesis is not accepted.
So this proves that type of fund do affect the influence of investors investing in mutual fund.

CURRENT MARKET CONDITION
So here our significance level is 0.00 which is less than 0.05.
Thus the Null Hypothesis is not accepted.
So this proves that current market conditions do affect the influence of investors investing in mutual fund.

AFTER SALES SATISFACTION

One-Sample Test

<table>
<thead>
<tr>
<th></th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
<th>Mean Difference</th>
<th>Confidence Interval of the Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERSONAL ASSISTANCE</td>
<td>6.988</td>
<td>109</td>
<td>.000</td>
<td>.60000</td>
<td>.4298 – .7702</td>
</tr>
<tr>
<td>CORRESPONDENTS</td>
<td>3.371</td>
<td>109</td>
<td>.001</td>
<td>.26364</td>
<td>.1086 – .4187</td>
</tr>
<tr>
<td>E_MAIL_ALERT</td>
<td>4.606</td>
<td>109</td>
<td>.000</td>
<td>.40909</td>
<td>.2331 – .5851</td>
</tr>
<tr>
<td>SMS_ALERT</td>
<td>2.794</td>
<td>108</td>
<td>.006</td>
<td>.23853</td>
<td>.0693 – .4078</td>
</tr>
<tr>
<td>TOLL_FREE_NO</td>
<td>2.152</td>
<td>109</td>
<td>.034</td>
<td>.20000</td>
<td>.0158 – .3842</td>
</tr>
</tbody>
</table>

INTERPRETATION

PERSONAL ASSISTANCE
So here our significance level is 0.00 which is less than 0.05.
Thus the Null Hypothesis is not accepted.
So this proves that respondents are satisfied with personal assistance.

CORRESPONDENTS
So here our significance level is 0.001 which is less than 0.05.
Thus the Null Hypothesis is not accepted.
So this proves that respondents are satisfied with correspondents.

V. RESULT

➢ The study was conducted to know the expectations and awareness of investors investing in Mutual fund.
➢ From the above data it can be conclude that there are 73.3% of people those who invest in mutual fund and among them 33% respondent expects 10-15% return and 11% respondent expect more than 15%.
➢ Majority of the respondents are male i.e. 65%
➢ 38% respondents have age between 28-40
➢ From the above data it can be found that most people invest in mutual fund i.e. 73.3%
➢ From the above data it can be found that 40% respondent are aware about mutual funds through their Financial advisor.
➢ It was found that 39.1% of people choose SIP as their investment plan.
➢ It was observed that 30% of people who are not investing is due to their lack of knowledge regarding mutual funds.
➢ From the above data it can be found that 33.1% of the people prefer Equity fund Scheme and 20% choose hybrid.
➢ From the above data it can be seen that factors that affect the most to the mutual fund are Brand image with, past performance, professional management.
➢ From the above data it can be observed that 36.4% of people invest on advice of mutual fund agents.
➢ 33.3% of investors are highly satisfied with risk and return from fund.

VI. SUGGESTIONS

➢ The mutual fund industry running in Ahmedabad city should improve its toll-free no. facility as it can be seen that most of the people are highly dissatisfied with it.
➢ Mutual fund companies must provide resourceful customer care services to tap the potential investors in Ahmedabad city.
➢ Mutual Fund companies and government of Gujarat together should do campaigns in Ahmedabad city to spread more awareness.
➢ Mutual fund companies in Ahmedabad should try to provide more knowledge to the people through online/offline courses and personal guidance as it can be seen that many of the people are not investing due to lack of knowledge.

VII. CONCLUSION

➢ The majority of people are aware and are investing in mutual fund. Most of the people prefer Equity and Hybrid scheme as their investment plan. Majority of people are satisfied with their investment in mutual fund. Factors that affect the most to the mutual fund are Brand image with, past performance, professional management. Age has no relation with the awareness of the mutual funds.
➢ It can be concluded that most of the youngster of Ahmedabad city are aware about mutual funds and are ready to invest. Further, investors have started to make investment in mutual funds since it ensures good returns, quick liquidity and safety. And most of the investor are satisfied with their investment and after sales services. If these measures are ensured then, there is no doubt about a bright future for mutual funds in Ahmedabad city.
Ahmedabad city.

VIII. REFERENCES


