

# INVESTORS PERCEPTION ON MUTUAL FUND INVESTMENT A Study with special references to North Costal Andhra Pradesh

**\*P.Sanjeevi**

**Professor, Baba Institute of Technology and Sciences, Visakhapatnam**

## ABSTRACT

Mutual funds are popular among all income levels. With a mutual fund, we get a diversified basket of stocks managed by a professional. A mutual fund is a professionally-managed investment scheme, usually run by an asset management company that brings together a group of people and invests their money in stocks, bonds and other securities. Most investors are aware of advantages of Mutual Funds and the preferred reason for investing in Mutual Funds is consistent returns given by these funds. Based on this the selection of schemes and the choice of investment avenues can be decided. Due to the fund manager's poor risk bearing capacity, timing skill, stock selection ability, and imperfect diversification the schemes had suffered with low return. Hence to increase the fund return the concerned fund managers have to improve all these skills. The study also helps to understand the role of investment pattern and preferences of investors behind investing in mutual fund. Financial markets are constantly becoming more efficient by providing more promising solutions to the investors. Being a part of financial markets although mutual funds industry is responding very fast by understanding the dynamics of investor's perception towards rewards. This paper discusses the investor's perception on mutual fund investment in North Costal Andhra Pradesh since last 10 years. The present study is an endeavor to know the perception of investors about mutual funds.

**Key Words:** investment avenues, investment pattern, mutual funds industry, investor's perception.

## 1. INTRODUCTION

A mutual fund pools resources from thousands of investors and then diversifies its investments into many different holdings such as stocks, bonds or government securities in order to provide high relative safety and returns. Understanding investor's perception regarding the same is very essential for any mutual fund company to perform better and widen their horizon. Presently more and more funds are entering the industry and their survivals depends on the

strategic marketing choices of mutual funds companies to survive and thrive in this highly promising industry, in the face of such cut throat competition. Therefore, the mutual fund industry today needs to develop products to fulfil customers' needs and help customer understand how its products to their needs. In reality, most of the people investing in mutual funds are not clear regarding its functioning and management. Subsequently the business organizations which are offering mutual funds have to present absolute information to the potential investors relating to mutual funds.

A mutual fund is a company that pools money from many investors and invests the money in securities such as stocks, bonds, and short-term debt. The combined holdings of the mutual fund are known as its portfolio. Investors buy shares in mutual funds. Each share represents an investor's part ownership in the fund and the income it generates. Mutual funds offer multiple choices for investment across equity shares, corporate bonds, government securities, and money market instruments, providing an excellent avenue for retail investors to participate and benefit from the uptrends in capital markets. The main advantages are that you can invest in a variety of securities for a relatively low cost and leave the investment decisions to a professional manager.

Individual investors consider a number of factors before deciding to invest their funds in various securities involving varying degrees of risk and return. In the present economic scenario, the options available to them are different and the factors motivating the investors to invest are governed by their socio economic profile including expected return and risk tolerance. In short, the investment decision making process is a multi-faceted subject to change over a period of time. To identify the perceptual factors which influence the investors to invest in mutual funds.

## 2. LITERATURE REVIEW

A brief review of literature pertaining to investor's perception on mutual funds investment has been presented below. The secondary source of data included are articles, journals, thesis, newspapers, conference papers and websites. Therefore, the reviewing past related studies is as important as the present study. All these studies directly or indirectly are deeply connected to the present title of research.

1. **According to K. Lashmana Rao (2011)** made analysis of investor's Awareness towards mutual fund schemes, he made conclusion SEBI, AMFI, and IRDA should take appropriate steps to enhance Consumers knowledge for making more prudent decisions.

2. **Jack L. Treynor (1965)** this study suggested a new measure of mutual fund performance evaluation. This measure is different from those used previously by incorporating the volatility of a fund's return in a simple yet meaningful manner.
3. **Bansal (2014)** the researcher aims to study the investors' attitude towards mutual fund investment in comparison to other investment avenues, in the Indian context. He found that open-ended and growth funds are more preferred than close-ended and income funds. Less than half of the salary is invested by individuals. The study found that most investors prefer FD followed by PPF and mutual fund. Most of the employees invest for purpose of tax saving followed by return and liquidity. The researcher also revealed that people are not technically efficient to gain financial information and knowledge as they rely on a financial advisor. He also observed that some investors invest randomly as they are not fully and appropriately aware of all types of investment avenues.

### **3. RESEARCH QUESTIONS**

Hence, the study aiming to bring out the following queries

1. What is the perception of investors on investment of Mutual Funds?
2. How to determine the risk and return of Mutual Fund investment?
3. What are the SEBI Regulations for Mutual Fund Industry in India
4. What are the objectives of investors to select the investment on mutual funds?

### **4. STATEMENT OF PROBLEM**

Preferences towards different investment avenues make differences in return, risk and in satisfaction. Being investors Indian working women can make the bold decision which gives future benefits to them. This study is important to know the customer perception about the mutual fund and how customers are investing their funds in the different investment like equity market, fixed deposit, insurance etc. The movement in individual investors' investing preferences from clearly secure assets like bank savings and post office deposits to risky assets like shares and debentures, mutual funds sparked a study and insights into the individual investor in India. For the preferences again the awareness is must and apart from that many demographic factors also affected to set the priority of different investment avenues among other available avenues.

## 5. OBJECTIVES OF THE STUDY

1. To understand the preferences of investors towards mutual funds.
2. To find out the level of investors perception towards mutual fund investment
3. To study the investors perception and interest on investment of Mutual Funds among three districts in Costal Andhra Pradesh.

## 6. RESEARCH HYPOTHESES

For analyzing the objectives of the study, the following null hypothesis is to be tested:

**H<sub>01</sub>**= Booming Stock Market is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.

**H<sub>02</sub>**= Lesser Management fee is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.

**H<sub>03</sub>**= Less Capital to invest is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.

**H<sub>04</sub>**= Lower distribution costs are no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.

**H<sub>05</sub>**= MFs is Minimized Risk of Capital Loss is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.

**H<sub>06</sub>**= Transparent MFs operations is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.

**H<sub>07</sub>**= No risk in Investing in Assured Return Scheme is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.

**H<sub>08</sub>**= Easy and exit from MFs in an Added Advantage is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh;

**H<sub>09</sub>**= Tax Benefit is an Important Criterion is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.

**H<sub>10</sub>**= Expected Growth of MFs in Future is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh

**H<sub>11</sub>**= Mutual Funds are Balancing with Risk and Return is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.

## 7. METHODOLOGY

The design of the present plot study is descriptive and analytical in nature with reference

to mutual funds investors. The data which is required for the analysis and that could fulfill our objectives has been collected mainly from two sources, viz 1) primary and 2) secondary data.

Primary data is collected from the mutual funds investors in North Coastal Andhra Pradesh through interviews and discussions regarding different aspects of the investor's perception on mutual funds investment. The study, it has been taken 384 as sample investors for this study and taken equal proportion of sample **128** each from three districts of north coastal Andhra Pradesh. Which are Visakhapatnam, Vizianagaram and Srikakulam regions for this analysis for investor's perception on mutual funds investment.

For assessing the behavior of data statistical techniques have been used such as statistical descriptions, correlation, regression, chi-square test is used for this study. For these statistical measures are calculated by using SPSS software.

## **8. SCOPE AND LIMITATION**

The below mentioned are the constraints, which are carried out for this pilot study

- a. The collection of data analysis is restricted to Visakhapatnam, Vizianagaram and Srikakulam regions only.
- b. The study is limited by time constraints.
- c. The accuracy of study based on the primary data depends upon the reliability of information provided by the investors. Hence, to that extent the study suffers the limitation of generalization of the findings.

## **9. ANALYSIS ON PERCEPTION FACTORS OF MUTUAL FUND INVESTMENT**

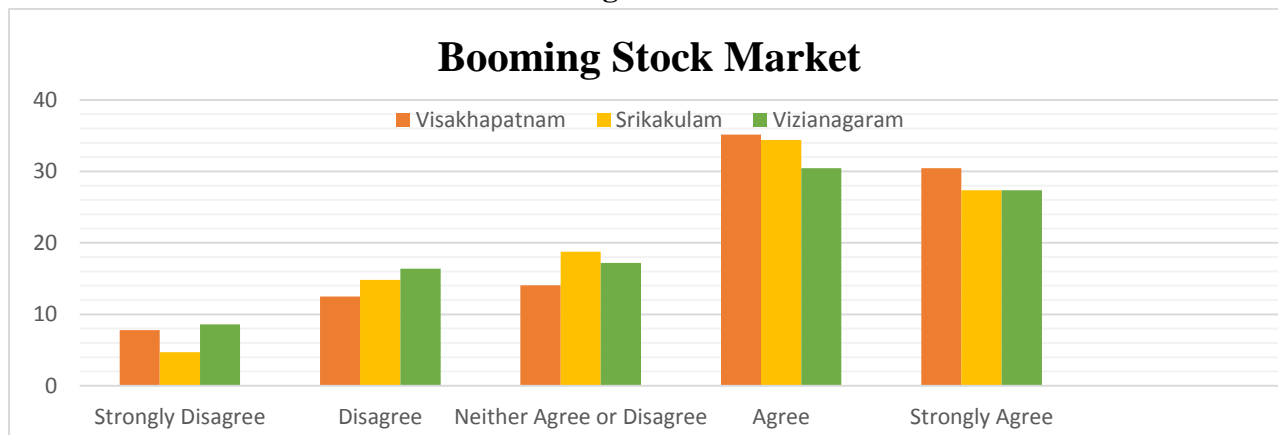
A mutual fund, in its most fundamental form, is just a pool of money that may be invested in stocks or bonds, and each investor in the fund gets a part of ownership in the fund. A mutual fund is one of the most common types of investment vehicles. By analyzing the level of risk an investor is willing to take, one may infer the patterns of asset allocation they will use.

Table-1 Booming Stock Market for Last 4 Years							
Options	Visakhapatnam		Srikakulam		Vizianagaram		Total
	Number	Percent	Number	Percent	Number	Percent	
Strongly Disagree	10	7.81	6	4.68	11	8.59	27
Disagree	16	12.5	19	14.84	21	16.40	56
Neither Agree or Disagree	18	14.06	24	18.75	22	17.18	64
Agree	45	35.1563	44	34.37	39	30.46	128
Strongly Agree	39	30.4688	35	27.34	35	27.34	109
<b>Total</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>384</b>
*Factor Score	3.67		3.64		3.51		-

Source: Primary Data

\* Computed Values

Figure-1



**Inference:** The above table-1 presents the percentage distribution of Investors perception factors on mutual funds in three districts of North Costal Andhra Pradesh. Out of total sample 384; responses at Booming Stock Market are as follows: strongly disagree; 27 respondents, disagree; 56 respondents, neither agree nor disagree; 64 respondents, agree; 128 respondents, strongly agree; 109 respondents.

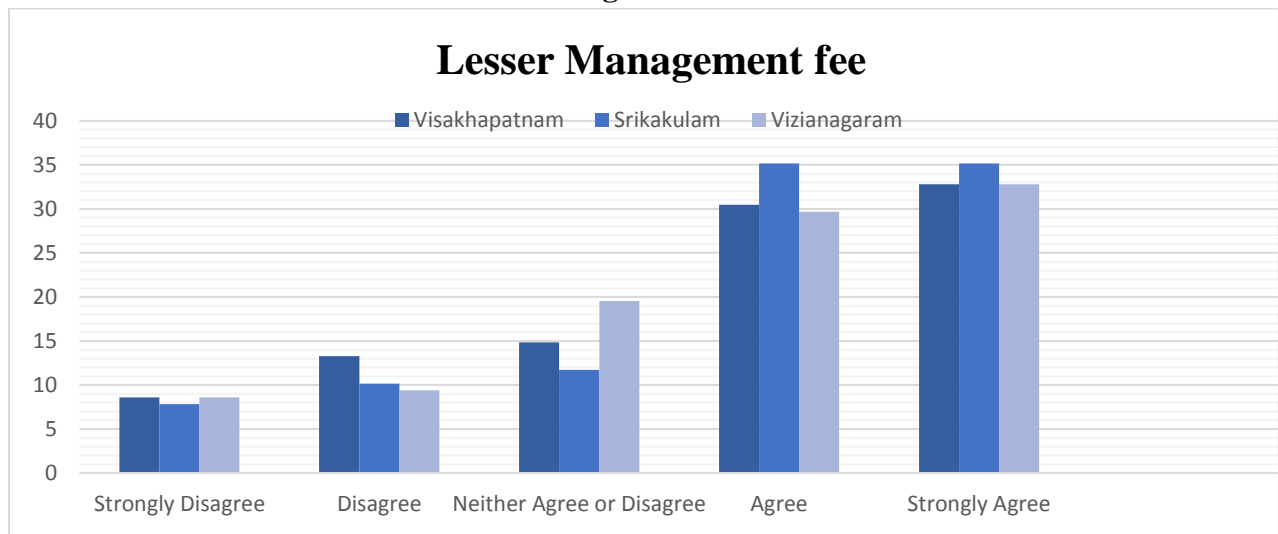
Factor score for investor’s perception on mutual funds for all three districts are Visakhapatnam (3.6796), Srikakulam (3.6484) and Vizianagaram (3.5156). According to factor score above 3.00 score is reliable and accurate investors perception. It is observed that Booming Stock Market is the significant reason to decide the mutual funds’ performance among the three districts of costal Andhra Pradesh.

Options	Visakhapatnam		Srikakulam		Vizianagaram		Total
	Number	Percent	Number	Percent	Number	Percent	
Strongly Disagree	11	8.59	10	7.81	11	8.59	32
Disagree	17	13.28	13	10.15	12	9.37	42
Neither Agree or Disagree	19	14.84	15	11.72	25	19.53	59
Agree	39	30.46	45	35.15	38	29.68	122
Strongly Agree	42	32.81	45	35.15	42	32.81	129
<b>Total</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>384</b>
*Factor Score	3.65		3.79		3.68		11.140

Source: Primary Data

\* Computed Values

**Figure-2**



**Inference:** The above table-2 shows the percentage distribution of Investors perception factors on mutual funds in three districts of North Costal Andhra Pradesh. Out of total sample 384; responses at Lesser Management fee of Mutual Funds are as follows: strongly disagree; 32 respondents, disagree; 42 respondents, neither agree nor disagree; 59 respondents, agree; 122 respondents, strongly agree; 129 respondents.

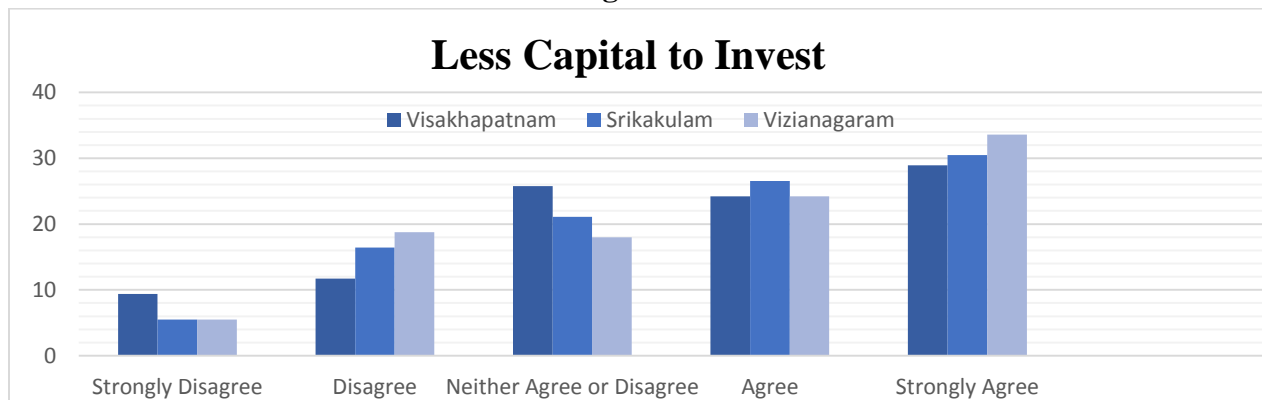
Factor score for investor’s perception on mutual funds for all three districts are Visakhapatnam (3.6562), Srikakulam (3.7968) and Vizianagaram (3.6875). As per factor score above 3.00 score is reliable and accurate investors perception. It is noticed that Lesser Management fee of Mutual Funds is the significant reason to decide the mutual funds’ performance among the three districts of costal Andhra Pradesh.

Options	Visakhapatnam		Srikakulam		Vizianagaram		Total
	Number	Percent	Number	Percent	Number	Percent	
Strongly Disagree	12	9.37	7	5.46	7	5.46	26
Disagree	15	11.71	21	16.40	24	18.75	60
Neither Agree or Disagree	33	25.78	27	21.09	23	17.96	83
Agree	31	24.22	34	26.56	31	24.21	96
Strongly Agree	37	28.90	39	30.46	43	33.59	119
<b>Total</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>384</b>
*Factor Score	3.51		3.60		3.61		-

Source: Primary Data

\* Computed Values

**Figure-3**



**Inference:** The above table-3 shows the percentage distribution of Investors perception factors on mutual funds in three districts of North Costal Andhra Pradesh. Out of total sample 384; responses at Less Capital to invest in MFs are as follows: strongly disagree; 26 respondents, disagree; 60 respondents, neither agree nor disagree; 83 respondents, agree; 96 respondents, strongly agree; 119 respondents.

Factor score for investor’s perception on mutual funds for all three districts are Visakhapatnam (3.5156), Srikakulam (3.6015) and Vizianagaram (3.6171). According to factor score above 3.00 score is reliable and accurate investors perception. It is observed that Less Capital to invest in MFs is the significant reason to decide the mutual funds’ performance among the three districts of costal Andhra Pradesh.

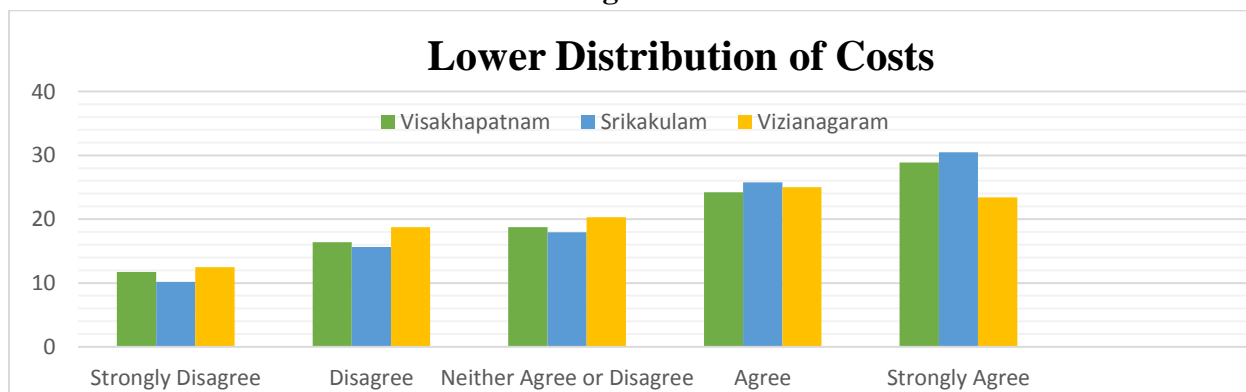


Table-4 Lower distribution costs of Mutual Funds							
Options	Visakhapatnam		Srikakulam		Vizianagaram		Total
	Number	Percent	Number	Percent	Number	Percent	
Strongly Disagree	15	11.72	13	10.15	16	12.5	44
Disagree	21	16.40	20	15.62	24	18.75	65
Neither Agree or Disagree	24	18.75	23	17.96	26	20.31	73
Agree	31	24.22	33	25.75	32	25	96
Strongly Agree	37	28.90	39	30.46	30	23.43	106
<b>Total</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>384</b>
*Factor Score	3.42		3.51		3.28		-

Source: Primary Data

\* Computed Values

Figure-4



**Inference:** The above table-4 shows the percentage distribution of Investors perception factors on mutual funds in three districts of North Costal Andhra Pradesh. Out of total sample 384; responses at Lower distribution costs of Mutual Funds are as follows: strongly disagree; 44 respondents, disagree; 65 respondents, neither agree nor disagree; 73 respondents, agree; 96 respondents, strongly agree; 106 respondents.

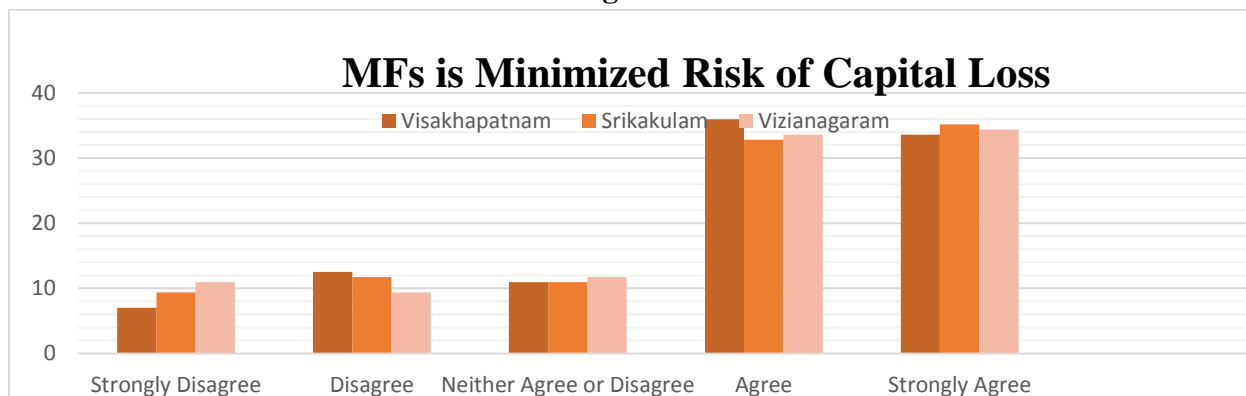
Factor score for investor’s perception on mutual funds for all three districts are Visakhapatnam (3.4218), Srikakulam (3.5078) and Vizianagaram (3.2812). According to factor score above 3.00 score is reliable and accurate investors perception. It is observed that Lower distribution costs of Mutual Funds is the significant reason to decide the mutual funds’ performance among the three districts of costal Andhra Pradesh.

Options	Visakhapatnam		Srikakulam		Vizianagaram		Total
	Number	Percent	Number	Percent	Number	Percent	
Strongly Disagree	9	7.03	12	9.37	14	10.93	35
Disagree	16	12.5	15	11.71	12	9.37	43
Neither Agree or Disagree	14	10.93	14	10.93	15	11.72	43
Agree	46	35.93	42	32.81	43	33.59	131
Strongly Agree	43	33.59	45	35.15	44	34.37	132
<b>Total</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>384</b>
*Factor Score	3.76		3.72		3.72		-

Source: Primary Data

\* Computed Values

**Figure-5**



**Inference:** The above table-5 shows the percentage distribution of Investors perception factors on mutual funds in three districts of North Costal Andhra Pradesh. Out of total sample 384; responses at MFs are Minimized Risk of Capital Loss are as follows: strongly disagree; 35 respondents, disagree; 43 respondents, neither agree nor disagree; 43 respondents, agree; 131 respondents, strongly agree; 132 respondents.

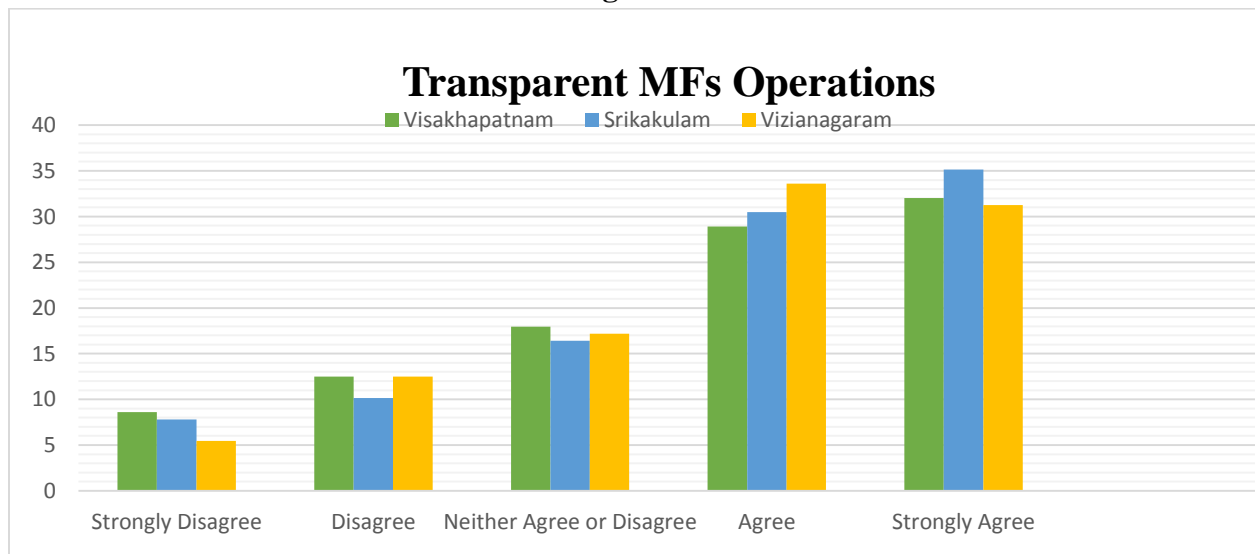
Factor score for investor’s perception on mutual funds for all three districts are Visakhapatnam (3.7656), Srikakulam (3.7265) and Vizianagaram (3.7109). As per factor score above 3.00 score is reliable and accurate investors perception. It is found that MFs is Minimized Risk of Capital Loss is the significant reason to decide the mutual funds’ performance among the three districts of costal Andhra Pradesh.

Table-6 Transparent MFs operations							
Options	Visakhapatnam		Srikakulam		Vizianagaram		Total
	Number	Percent	Number	Percent	Number	Percent	
Strongly Disagree	11	8.59	10	7.81	7	5.46	28
Disagree	16	12.5	13	10.15	16	12.5	45
Neither Agree or Disagree	23	17.96	21	16.40	22	17.18	66
Agree	37	28.90	39	30.46	43	33.59	119
Strongly Agree	41	32.03	45	35.15	40	31.25	126
<b>Total</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>384</b>
*Factor Score	3.63		3.75		3.72		-

Source: Primary Data

\* Computed Values

Figure-6



**Inference:** The above table-6 shows the percentage distribution of Investors perception factors on mutual funds in three districts of North Costal Andhra Pradesh. Out of total sample 384; responses at Transparent MFs operations are as follows: strongly disagree; 28 respondents, disagree; 45 respondents, neither agree nor disagree; 66 respondents, agree; 119 respondents, strongly agree; 126 respondents.

Factor score for investor’s perception on mutual funds for all three districts are Visakhapatnam (3.6328), Srikakulam (3.750) and Vizianagaram (3.7265). According to factor score above 3.00 score is reliable and accurate investors perception. It is found that Transparent MFs operations is the significant reason to decide the mutual funds’ performance among the three districts of costal Andhra Pradesh.

<b>Table-7</b>							
<b>No risk in Investing in Assured Return Scheme</b>							
<b>Options</b>	<b>Visakhapatnam</b>		<b>Srikakulam</b>		<b>Vizianagaram</b>		<b>Total</b>
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	
Strongly Disagree	22	17.18	18	14.06	12	9.37	52
Disagree	21	16.40	24	18.75	22	17.18	67
Neither Agree or Disagree	35	27.34	33	25.78	35	27.34	103
Agree	26	20.31	28	21.87	27	21.09	81
Strongly Agree	24	18.75	25	19.53	32	25	81
<b>Total</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>384</b>
*Factor Score	3.07		3.14		3.35		-

Source: Primary Data

\* Computed Values

**Figure-7**



**Inference:** The above table-7 shows the percentage distribution of Investors perception factors on mutual funds in three districts of North Costal Andhra Pradesh. Out of total sample 384; responses at No risk in Investing in Assured Return Scheme are as follows: strongly disagree; 52 respondents, disagree; 67 respondents, neither agree nor disagree; 103 respondents, agree; 81 respondents, strongly agree; 81 respondents.

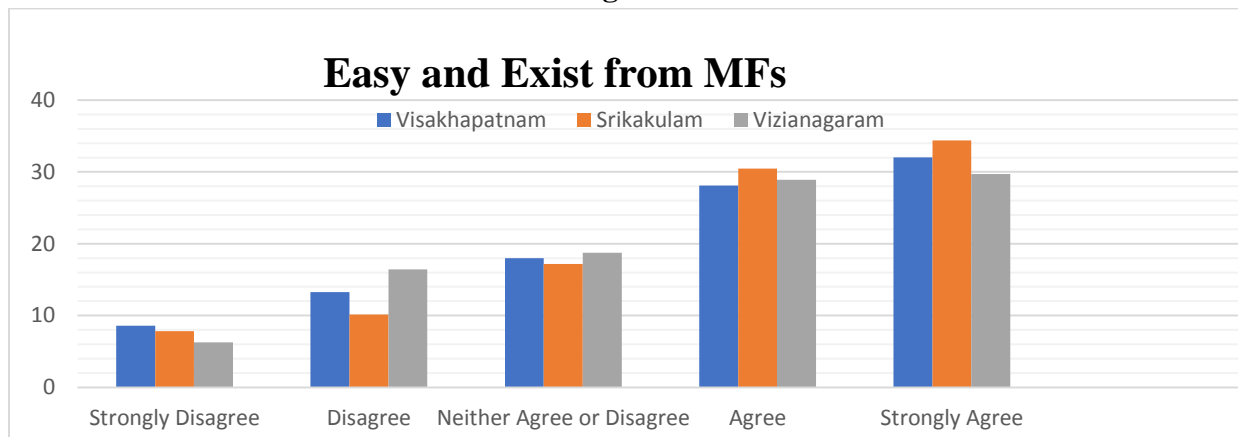
Factor score for investor’s perception on mutual funds for all three districts are Visakhapatnam (3.0703), Srikakulam (3.1406) and Vizianagaram (3.3515). According to factor score above 3.00 score is reliable and accurate investors perception. It is observed that No risk in Investing in Assured Return Scheme is the significant reason to decide the mutual funds’ performance among the three districts of costal Andhra Pradesh.

Options	Visakhapatnam		Srikakulam		Vizianagaram		Total
	Number	Percent	Number	Percent	Number	Percent	
Strongly Disagree	11	8.59	10	7.81	8	6.25	29
Disagree	17	13.28	13	10.15	21	16.40	51
Neither Agree or Disagree	23	17.96	22	17.18	24	18.75	69
Agree	36	28.12	39	30.47	37	28.90	112
Strongly Agree	41	32.03	44	34.37	38	29.68	123
<b>Total</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>384</b>
*Factor Score	3.61		3.73		3.59		-

Source: Primary Data

\* Computed Values

**Figure-8**



**Inference:** The above table-8 shows the percentage distribution of Investors perception factors on mutual funds in three districts of North Costal Andhra Pradesh. Out of total sample 384; responses at Easy and exit from MFs in an Added Advantage are as follows: strongly disagree; 29 respondents, disagree; 51 respondents, neither agree nor disagree; 69 respondents, agree; 112 respondents, strongly agree; 123 respondents.

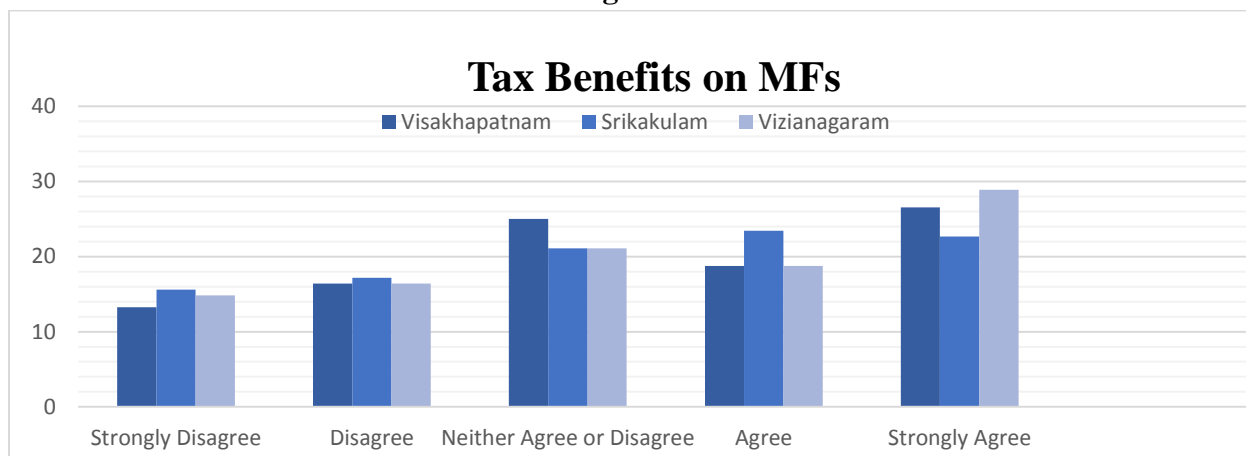
Factor score for investors’ perception on mutual funds for all three districts are Visakhapatnam (3.6171), Srikakulam (3.7343) and Vizianagaram (3.5937). According to factor score above 3.00 score is reliable and accurate investors perception. It is observed that Easy and exit from MFs in an Added Advantage is the significant reason to decide the mutual funds’ performance among the three districts of costal Andhra Pradesh.

Table-9 Tax Benefit is an Important Criterion							
Options	Visakhapatnam		Srikakulam		Vizianagaram		Total
	Number	Percent	Number	Percent	Number	Percent	
Strongly Disagree	17	13.28	20	15.62	19	14.84	56
Disagree	21	16.40	22	17.18	21	16.40	64
Neither Agree or Disagree	32	25	27	21.09	27	21.09	86
Agree	24	18.75	30	23.44	24	18.75	78
Strongly Agree	34	26.56	29	22.65	37	28.90	100
<b>Total</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>384</b>
*Factor Score	3.28		3.20		3.30		-

Source: Primary Data

\* Computed Values

Figure-9



**Inference:** The above table-9 presents the percentage distribution of Investors perception factors on mutual funds in three districts of North Costal Andhra Pradesh. Out of total sample 384; responses at Tax Benefit are an Important Criterion are as follows: strongly disagree; 56 respondents, disagree; 64 respondents, neither agree nor disagree; 86 respondents, agree; 78 respondents, strongly agree; 100 respondents.

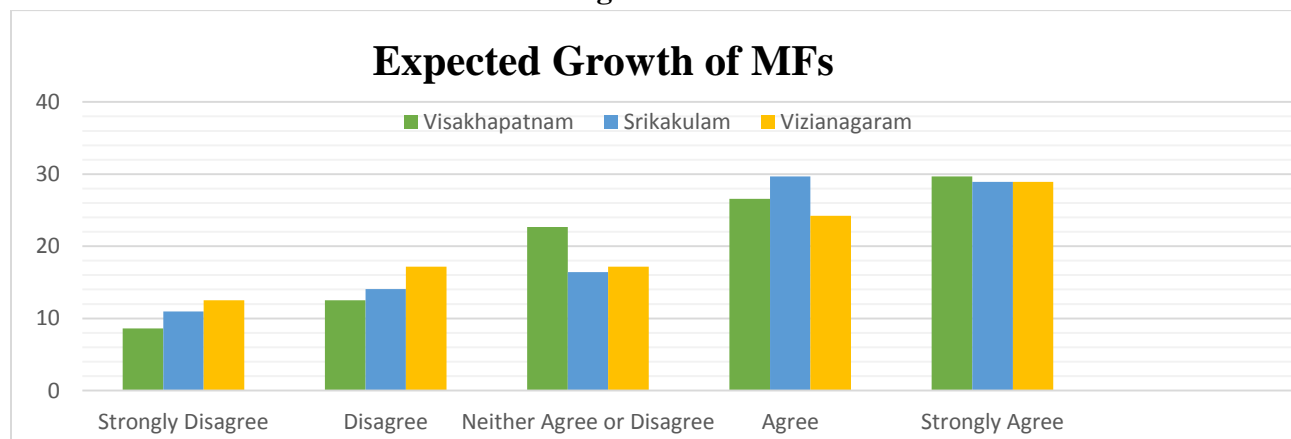
Factor score for investor’s perception on mutual funds for all three districts are Visakhapatnam (3.52890), Srikakulam (3.2031) and Vizianagaram (3.3046). According to factor score above 3.00 score is reliable and accurate investors perception. It is found that Tax Benefit is an Important Criterion is the significant reason to decide the mutual funds’ performance among the three districts of costal Andhra Pradesh.

Table-10 Expected Growth of MFs in Future							
Options	Visakhapatnam		Srikakulam		Vizianagaram		Total
	Number	Percent	Number	Percent	Number	Percent	
Strongly Disagree	11	8.59	14	10.93	16	12.5	41
Disagree	16	12.5	18	14.06	22	17.18	56
Neither Agree or Disagree	29	22.65	21	16.40	22	17.18	72
Agree	34	26.56	38	29.68	31	24.21	103
Strongly Agree	38	29.68	37	28.90	37	28.90	112
<b>Total</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>384</b>
*Factor Score	3.56		3.51		3.39		-

Source: Primary Data

\* Computed Values

Figure-10



**Inference:** The above table-5.3 (xxiii) shows the percentage distribution of Investors perception factors on mutual funds in three districts of North Costal Andhra Pradesh. Out of total sample 384; responses at Expected Growth of MFs in Future are as follows: strongly disagree; 36 respondents, disagree; 62 respondents, neither agree nor disagree; 70 respondents, agree; 104 respondents, strongly agree; 112 respondents.

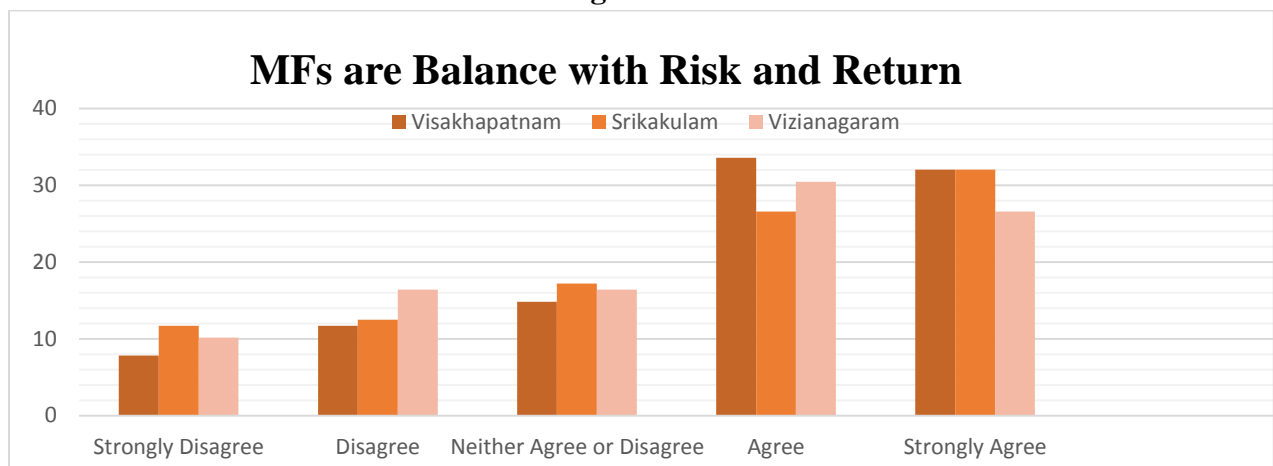
Factor score for investors perception on mutual funds for all three districts are Visakhapatnam (3.5625), Srikakulam (3.5156) and Vizianagaram (3.3984). As per factor score above 3.00 score is reliable and accurate investors perception. It is observed that Expected Growth of MFs in Future is the significant reason to decide the mutual funds' performance among the three districts of costal Andhra Pradesh.

Table-11 Mutual Funds are Balancing with Risk and Return							
Options	Visakhapatnam		Srikakulam		Vizianagaram		Total
	Number	Percent	Number	Percent	Number	Percent	
Strongly Disagree	10	7.81	15	11.71	13	10.15	38
Disagree	15	11.71	16	12.5	21	16.40	52
Neither Agree or Disagree	19	14.84	22	17.18	21	16.40	62
Agree	43	33.59	34	26.56	39	30.46	116
Strongly Agree	41	32.03	41	32.03	34	26.56	116
<b>Total</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>128</b>	<b>100</b>	<b>384</b>
*Factor Score	3.70		3.54		3.46		10.71

Source: Primary Data

\* Computed Values

Figure -11



**Inference:** The above table-11 presents the percentage distribution of Investors perception factors on mutual funds in three districts of North Costal Andhra Pradesh. Out of total sample 384; responses Mutual Funds are Balancing with Risk and Return are as follows: strongly disagree; 38 respondents, disagree; 52 respondents, neither agree nor disagree; 62 respondents, agree; 116 respondents, strongly agree; 116 respondents.

Factor score for investor’s perception on mutual funds for all three districts are Visakhapatnam (3.7031), Srikakulam (3.5468) and Vizianagaram (3.4687). As per factor score above 3.00 score is reliable and accurate investors perception. It is found that Mutual Funds are balancing with Risk and Return is the significant reason to decide the mutual funds’ performance among the three districts of costal Andhra Pradesh.



**Testing of Hypothesis:**

**Table- 12**  
**Testing of Hypotheses of Investors Awareness on MFs**  
**CHI-SQUARE ANALYSIS**

Specific Factor	Sub Hypothesis	Chi-Square	P-Value	Hypothesis Result
H <sub>01</sub>	Systematic Investment Plan is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.	16.89	0.086	Rejected
H <sub>02</sub>	Less Capital to invest is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.	4.48	0.008	Accepted
H <sub>03</sub>	Lower distribution costs are no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.	6.51	0.054	Accepted
H <sub>04</sub>	MFs is Minimized Risk of Capital Loss is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.	2.24	0.035	Accepted
H <sub>05</sub>	Complex Stock market is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.	15.98	0.007	Rejected
H <sub>06</sub>	MFs are Better for Capital Appreciation is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.	2.22	0.026	Accepted
H <sub>07</sub>	Easy and exit from MFs in an Added Advantage is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.	4.69	0.047	Accepted
H <sub>08</sub>	NAV help to Assess the Net worth is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.	3.01	0.091	Accepted
H <sub>09</sub>	Distribution of network of MFs is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.	2.77	0.049	Rejected
H <sub>10</sub>	Mutual Funds offers Constant Dividend is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh	4.25	0.083	Accepted
H <sub>11</sub>	Mutual Funds are Balancing with Risk and Return is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.	4.31	0.051	Accepted

\* Significant at 5% level, the result is not significant at  $p < 0.05$ . \*\* Critical Value  $X_{0.05(02,5)}$  is 15.507

Source: Computed

**Inference:** It can be seen from the above Table-12 Investors perception on investment of mutual funds factors, which are influenced the sample investor’s interest of mutual funds investment at three districts of North Costal Andhra Pradesh. The calculated values of these 11 awareness factors; chi-square values related to seventh hypothesis of this study. By applied Chi-square test for all 11 sub-hypotheses; here, eight hypotheses perception variable factors, these null hypotheses are accepted at 5 % level of significance. It is observed that out of 11 investors perception factors; eight factors are favorably impact on the perception on mutual funds investment at selected three districts at North Costal Andhra Pradesh; Remain three investor perception factors; where, null hypotheses is rejected at 5 % level of significance with this chi-square test.

Therefore, it is concluded that mutual fund investors perception factors; Lesser Management fee, Less Capital to invest, Entry of new players in Market, Lower distribution costs, Complex Stock market, Transparent MFs operations, Easy and exit from MFs in an Added Advantage, Mutual Funds are Balancing with Risk and Return and Mutual Funds offers Constant Dividend; these are all eight investors perception factors are favorably impact on the perception of mutual funds investment at selected three districts (Visakhapatnam, Srikakulam and Vizianagaram) in North Costal Andhra Pradesh. Only three perception factors; Systematic Investment Plan, complex stock market, and distribution of network of mutual funds; which are adversely impact on the perception on mutual funds investment at selected three districts in North Costal Andhra Pradesh.

**Factor Analysis** This is an exploratory factor analysis, factor scores may be computed and used to analyses the investors’ interest on mutual funds investment. Perception factors of

S. No.	Specific Factors	Factor Score			Best Perform District
		Visakhapatnam	Srikakulam	Vizianagaram	
1	Booming Stock Market	3.67 (Rank-1)	3.64 (Rank-2)	3.51 (Rank-3)	Visakhapatnam
2	Lesser Management fee	3.65 (Rank-3)	3.79 (Rank-1)	3.68 (Rank-2)	Srikakulam
3	Less Capital to invest	3.51 (Rank-3)	3.60 (Rank-2)	3.61 (Rank-1)	Vizianagaram
4	Lower distribution costs	3.42 (Rank-2)	3.51 (Rank-1)	3.28 (Rank-3)	Srikakulam
5	MFs is Minimized Risk of Capital Loss	3.76 (Rank-1)	3.72 (Rank-3)	3.56 (Rank-2)	Visakhapatnam
6	Transparent MFs operations	3.63 (Rank-3)	3.75 (Rank-1)	3.72 (Rank-2)	Srikakulam
7	No risk in Investing in Assured Return Scheme	3.07 (Rank-3)	3.14 (Rank-2)	3.25 (Rank-1)	Vizianagaram
8	Easy and exit from MFs in an Added Advantage	3.61 (Rank-2)	3.73 (Rank-1)	3.59 (Rank-3)	Vizianagaram
9	Tax Benefit is an Important Criterion	3.28 (Rank-2)	3.20 (Rank-3)	3.30 (Rank-1)	Vizianagaram
10	Expected Growth of MFs in Future	3.56 (Rank-1)	3.51 (Rank-2)	3.39 (Rank-3)	Visakhapatnam
11	Mutual Funds are Balancing with Risk and Return	3.70 (Rank-1)	3.54 (Rank-2)	3.46 (Rank-3)	Visakhapatnam

Source: Computed

investors, which are influenced the mutual funds' performance at three districts in North Costal Andhra Pradesh.

**Inference:** It can be seen from the above Table-14 Factor scores of investors; Perception on mutual funds factors; out of 11 variable, five variables factor scores are good at Visakhapatnam district, two factor scores are good at Srikakulam and other four factor scores are good at Vizianagaram. It is observed that investor's perception factors impact on mutual funds investment is better at Visakhapatnam district, compared to the other two districts of North costal Andhra Pradesh.

## 12. CONCLUDING REMARKS OF THIS STUDY

Financial Markets are the backbone of our economy and it attracts investors to invest their savings into various mutual fund schemes; most types of mutual fund schemes. As an investment choices, investing in mutual funds involves risk. And fees and taxes will diminish a fund's returns. Investors perceptual factors play a vital role in investment decision. Several studies have found that attitude, perception and awareness level of the investors varies according to their perceptual factors can be observed in their investment pattern on mutual funds. As well as awareness of investors regarding mutual funds, the perceptions of investors, their priorities, and the level of satisfaction with mutual funds. This study aimed to know about this intensity of awareness for mutual fund investments. It can be seen that the investor's perceptual factors are subjective determinant factors of awareness on mutual funds at North Costal Andhra Pradesh.

- It is noticed that one of the investor perception factor, which is Systematic Investment Plan of Mutual Funds is the significant reason to decide the mutual funds' performance among the three districts of costal Andhra Pradesh.
- Investors perception factors; Innovative Schemes, Lesser Management fee, Thriving Economy Sourcing Stock Market, Less Capital to invest are strategic factors measures the mutual fund performance at selected three districts.
- It is observed that mutual fund investors perception factors, which are Lower distribution costs, Diversification in MFs, and Transparent MFs operations are pre-emptive factor to influences the strength of this study among the three districts of costal Andhra Pradesh.
- Major investors perception factors; No risk in Investing in Assured Return Scheme, Easy and exit from MFs in an Added Advantage, which are subjective determinant factors of

perception on mutual funds at North Costal Andhra Pradesh.

- It is found that investor's perception factors, which include Expected Growth of MFs in Future, Mutual Funds are balancing with Risk and Return are tactical factors of perception on mutual funds at selected three districts.

Mutual Fund investors of North Costal Andhra Pradesh, should be conducted at frequent intervals to understand the preference and perception of the investors on mutual funds. Investors' perception and preference towards mutual fund investment is at moderate level at selected three districts of North Costal Andhra Pradesh. It is suggested the select mutual fund companies' management to educate benefits and promote the investors awareness on investment of mutual funds. This would help the mutual fund companies to redesign their products according to investors' need. Further, it is concluded that the awareness and perception towards the investment is strongly influence on the mutual fund investment and also be very careful when investing in sector funds and top-rated mutual funds schemes in India

### **13. REFERENCES**

1. Bansal Sandeep, "Investors Perception Regarding Mutual Fund and Other Investment Tools", Journal of International Academic Research for Multidisciplinary, Impact Factor 1.393, ISSN: 2320 – 5083, Volume 2, Issue 5, June 2014.
2. Gauri Prabhu and Vechalekar N.M, "Perception of Indian Investors towards Investment in Mutual Fund with Special Reference to MIP Funds", IOSR Journal of Economics and finance (IOSR-JEF), ISSN: 2321-5933, Pp. 66-74, www.Iosrjournals.Org, 7th International Business Research Conference, and Indian Education Society Management College and Research Centre.
3. Lu Zheng (1999), "Is Money Smart? A study of mutual fund investor's fund selection ability", The Journal of Finance, Vol. LIV , No.3
4. Raja Rajan (1997), Chennai Consumers is conservative," Business Line, 23 Feb.
5. Kafila and Dr. R. V ijaya Srinivas, Impact of Foreign Institutional Investment's on Sensex Movements , International Journal of Mechanical Engineering and Technology 9(1), 2018, pp. 10 1 0 – 10 21 .
6. Tripathi, S. (2020). An Empirical Study of Mutual Fund Awareness among the People of Ahmedabad. GAP Interdisciplinarity- A Global Journal of Interdisciplinary Studies.

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3638856](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3638856).

7. Gauri Prabhu and Vechalekar N.M, “Perception of Indian Investors towards Investment in Mutual Fund with Special Reference to MIP Funds”, IOSR Journal of Economics and finance (IOSR-JEF), ISSN: 2321-5933, Pp. 66-74,
8. Joseph Siby K. and Joseph M. A, “An Analysis of Retail Investors Perception towards Mutual Fund”, Asian Journal of Management Research, Vol.6, Issue 2, ISSN: 2229 - 3795, 2015
9. Sineni Geetha and Reddy S. Siva, “Investors perception and satisfaction Levels towards Mutual Fund Rayalaseema Region of Andhra Pradesh”, International Journal of Emerging Research In Management and Technology, Vol. 6, Issue 6, ISSN: 2278-9359, June 2017.
10. Subramanya, P. R. (2019). Investors' Behaviour towards Mutual Fund. Research Hub – International Multidisciplinary Research Journal (RHIMRJ). Volume-6, Issue-1. pp. 1-4.
11. Prasad, K. V. S. (2021). Role of SEBI in Investor Protection: An Overview. Design Engineering, 1464-1469.

## **Reports**

1. Association of Mutual Funds in India Workbook
2. Annual Reports and Offer Documents of Various Mutual Funds
3. Economic Survey of India (Various Issues)

\*\*\*