AWARENESS ON MUTUAL FUND INVESTMENT
A Study with references to Investors Perspective in North Costal Andhra Pradesh

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ABSTRACT

Investor's main objective is to earn higher returns keeping in mind the risk and liquidity factors. With this objective in mind, an investor is looking out for various investment avenues. Most investors are aware of various schemes of mutual funds and other Investment Methods. Diversification of portfolio and tax benefits are the main factors of mutual fund that allure the investors. 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. The mutual fund industry in India has undergone a most successful phase in the last 20 years. This paper discusses the investor's awareness on mutual fund investment in North Costal Andhra Pradesh since last 10 years. The present study is an endeavor to know the awareness of investors about mutual funds.

Key Words: investor's awareness, investment avenues, mutual fund industry, risk and liquidity

1. INTRODUCTION

Mutual fund industries are gaining weight for the reason that the salaried group people and the middle income people prefer their investment preferable avenue for their investment destination. There are different traditional investment options are available i.e. gold investment, government bonds, real estates, post office savings schemes, insurances and fixed deposits etc. Most of the investors are gaining awareness about the mutual funds irrespective of their age, gender and their income etc. 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.

Mutual funds provide certain distinct advantages over investing in individual securities. 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**.**

1.1Perception of Mutual Fund Investors

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 awareness 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. **Devi Mohan (2016)** study is mainly focused on income and pattern of investment. Here the respondents are working women of Kollam city. Researcher have collected 50 questionnaire from the respondents after the study its analyzed that investors are mainly prefer investment in bank deposit because its secure and safe option for the investment while few investors prefer to invest in gold as they consider gold is the investment for lifelong assets.

3. **Kumar et al. (2020**) Author has carried out research to investigate mutual funds' investment scenario in Uttarakhand State. The investigation attempts to examine & analyse the working of the mutual funds in Uttarakhand & furthermore attempts to discover the opportunities & challenges of the mutual fund as a base of the investment avenue. It also

tries to examine the preference & behavioral aspects of mutual fund investors. In the process, this examination shows the relationship between demographic & social development factors like financial inclusion, literacy, occupation on the investments & endeavors to draw logical conclusions.

3. RESEARCH QUESTIONS

Hence, the study aiming to bring out the following queries

1. What is the awareness 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. So here the study focusing on to know the level of awareness, preferences, level of satisfaction and problems faced by Indian working women while making the investment decision. 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 find out the level of awareness towards mutual fund investment

2. To study the investors awareness 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_{01}: Investment awareness is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.

H$_{02}$: Investors Interest is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.

H$_{03}$: Sources of Information is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.

H$_{04}$: Most Interested Mutual Funds to Invest is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.

H$_{05}$: Preferred Assets of Mutual Funds Investment is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.

H$_{06}$: Awareness of SEBI Regulations of Mutual Funds Investment 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. 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 Costal Andhra Pradesh through interviews and discussions regarding different aspects of the investor's awareness 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 costal Andhra Pradesh. Which are Visakhapatnam, Vizianagaram and Srikakulam regions for this analysis.

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 OF INVESTORS AWARNESS ON INVESTMENT OF MUTUAL FUNDS**

Investment is done with the motive of earning a regular return, risk-free. In our country, a number of investment measures can be seen ranging from various mutual fund schemes, which are issued by banks and financial institutions. The type of mutual fund investment chosen depends upon the income level and the risk-taking ability of the investor. Mutual Funds are an emerging mode of investment with great potential as it's got diverging investing modes with regular return and minimized risk. But the awareness level it has with respect to the citizens of our country is really low. The vague knowledge on the same has forced many to stay away or even opt out from such mode of investment. This study has been adopted with the aim to study the awareness level mutual funds have among the investing at north costal Andhra Pradesh.

Table-1 Statement of Investors Awareness on Mutual Funds						
	Visakhapatnam		**Srikakulam**		**Vizianagaram**	
Options	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Total**
Not Aware	5	3.90	10	7.81	5	3.90	20
Slightly Aware	12	9.37	18	14.06	19	14.84	49
Moderately Aware	36	28.12	30	23.43	37	28.90	103
Aware	32	25	36	28.12	38	29.68	106
Fully Aware	43	33.59	34	26.56	29	22.65	106
Total	**128**	**100**	**128**	**100**	**128**	**100**	**384**
*Factor Score	3.75		3.51		3.52		-

Source: Primary Data   * Computed Values

Figure-1

Awarness on Mutual Funds
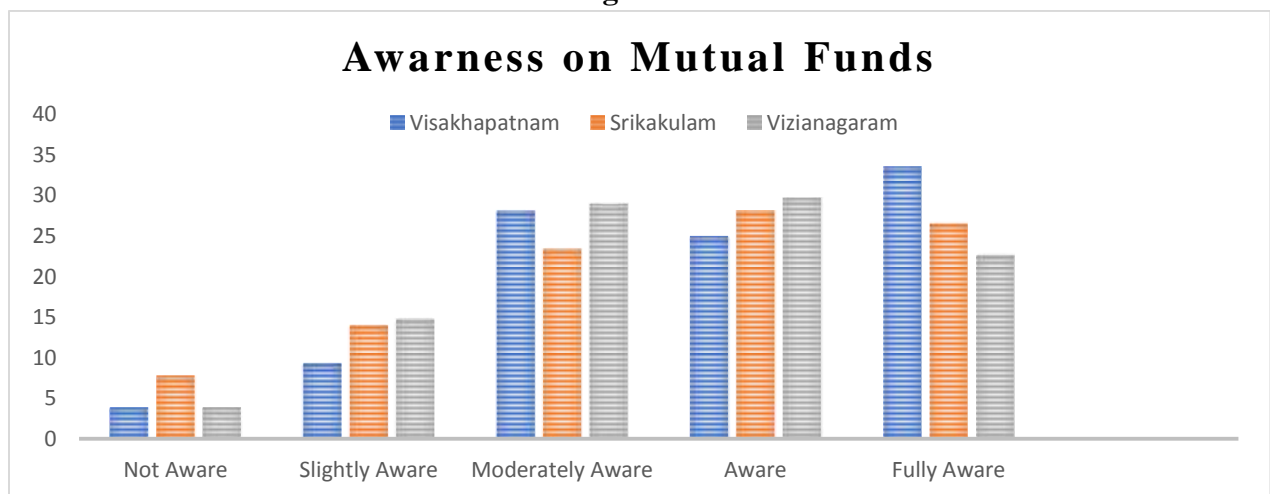
Inference: The above Table-1 presents the percentage distribution of Investors awareness on mutual funds in three districts of North Costal Andhra Pradesh. Out of total sample 384; Investors awareness on Mutual Funds is as follows: Not Aware; 20 respondents, Slightly Aware; 49 respondents, Moderately Aware; 103 respondents, Aware; 106 respondents, Fully Aware; 106 respondents.
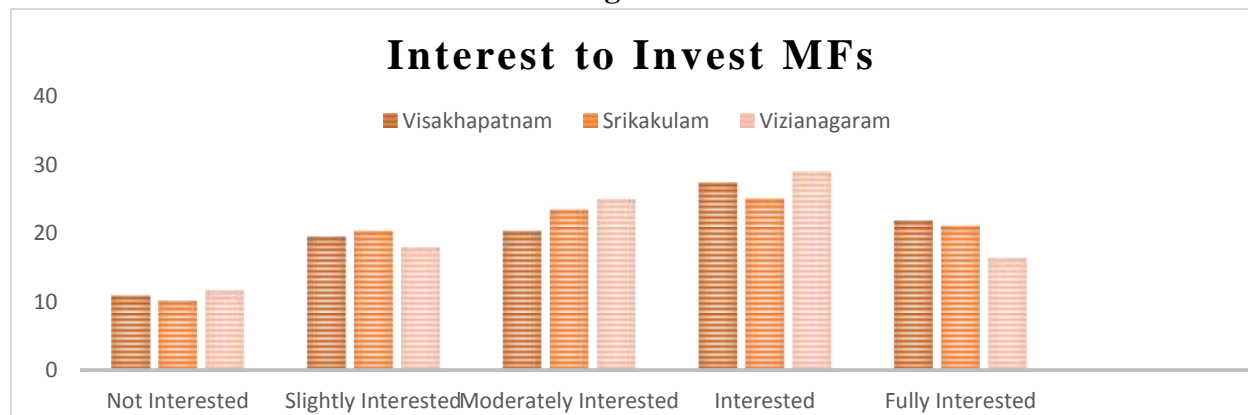
For Factor score of all three districts are Visakhapatnam (3.751), Srikakulam (3.5156) and Vizianagaram (3.5234). A per factor score above 3.00 score is reliable and accurate opinion of the selected sample. It is observed that Investors awareness is the key factor to decide the mutual funds' performance among the three districts of costal Andhra Pradesh.

Table-2 Statement of Investors Interest (willingness) to invest in Mutual Funds							
	Visakhapatnam		Srikakulam		Vizianagaram		
Options	Number	Percent	Number	Percent	Number	Percent	Total
Not Interested	14	10.9	13	10.15	15	11.71	42
Slightly Interested	25	19.53	26	20.31	23	17.96	74
Moderately Interested	26	20.31	30	23.43	32	25	88
Interested	35	27.34	32	25	37	28.90	104
Fully Interested	28	21.87	27	21.09	21	16.40	76
Total	128	100	128	100	128	100	384
*Factor Score	3.29		3.26		3.20		-

Source: Primary Data   * Computed Values

Figure-2

Inference: The above Table-2 presents the percentage distribution of Investors awareness on mutual funds in three districts of North Costal Andhra Pradesh. Out of total sample 384; Investors interest to invest Mutual Funds is as follows: Not Aware; 20 respondents, Slightly

Aware; 49 respondents, Moderately Aware; 103 respondents, Aware; 106 respondents, Fully Aware; 106 respondents.

For Factor score of all three districts are Visakhapatnam (3.751), Srikakulam (3.5156) and Vizianagaram (3.5234). A per factor score above 3.00 score is reliable and accurate opinion of the selected sample. It is observed that Investors interest to invest Mutual Funds is the key factor to decide the mutual funds' performance among the three districts of costal Andhra

Table-3							
Statement of Sources of Information about Mutual Funds							
Options	**Visakhapatnam**		**Srikakulam**		**Vizianagaram**		**Total**
	Number	**Percent**	**Number**	**Percent**	**Number**	**Percent**	
Others	16	12.5	8	6.25	12	9.37	36
Brokers/ Agents	26	20.31	24	18.75	28	21.87	78
Market Information	36	28.12	38	29.68	30	23.43	104
Personal relations	24	18.75	22	17.18	26	20.31	72
Advertisements	26	20.31	36	28.12	32	25	94
Total	**128**	**100**	**128**	**100**	**128**	**100**	**384**
*Factor Score	3.14		3.42		3.29		-

Pradesh.

Source: Primary Data   * Computed Values

Figure-3

Sources of Information of MFs
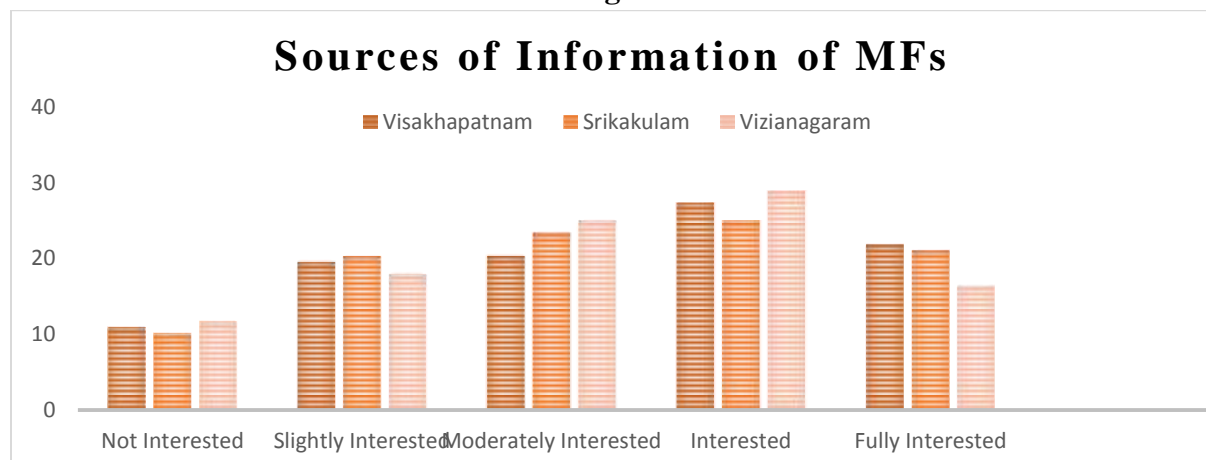
Inference: The above Tabl-3 presents the percentage distribution of Investors awareness on mutual funds in three districts of North Costal Andhra Pradesh. Out of total sample 384; Sources of information of Mutual Funds is as follows: Others; 36 respondents, Bankers/Agents; 78 respondents, Market information; 104 respondents, Personal relations; 72 respondents, Advertisement; 94 respondents.
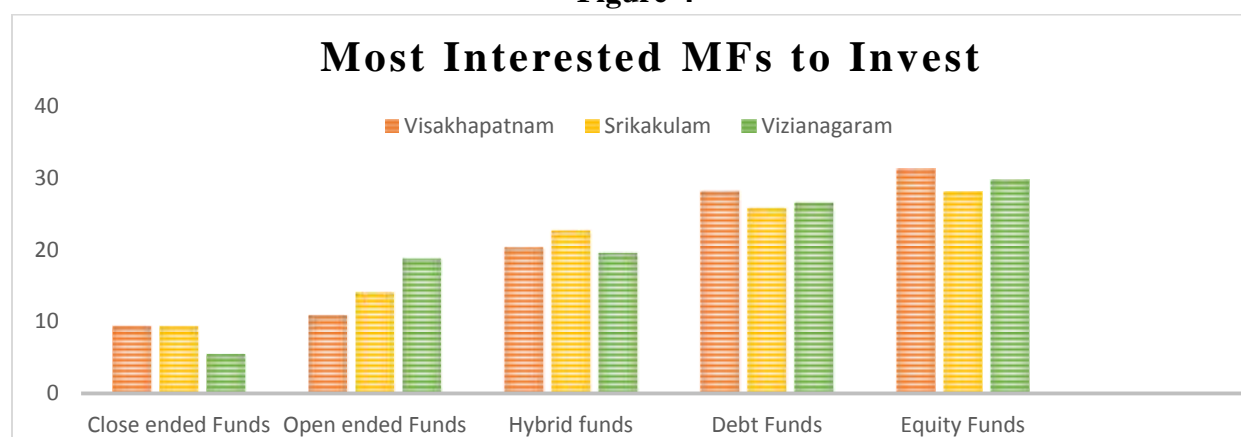
For Factor score of all three districts are Visakhapatnam (3.1406), Srikakulam (3.4218) and Vizianagaram (3.2968). A per factor score above 3.00 score is reliable and accurate opinion of the selected sample. It is observed that information of Mutual Funds is the key factor to decide the mutual funds' performance among the three districts of costal Andhra Pradesh.

Table-4 Statement of Most Interested Mutual Funds to Invest						
Options	**Visakhapatnam**		**Srikakulam**		**Vizianagaram**		**Total**
	Number	**Percent**	**Number**	**Percent**	**Number**	**Percent**	
Close ended Funds	12	9.37	12	9.37	7	5.46	31
Open ended Funds	14	10.93	18	14.06	24	18.75	56
Hybrid funds	26	20.31	29	22.65	25	19.53	80
Debt Funds	36	28.12	33	25.78	34	26.56	103
Equity Funds	40	31.25	36	28.12	38	29.68	114
Total	**128**	**100**	**128**	**100**	**128**	**100**	**384**
*Factor Score	3.60		3.49		3.56		-

Source: Primary Data   * Computed Values

Figure-4

Most Interested MFs to Invest

Inference: The above Table-4 presents the percentage distribution of Investors awareness on mutual funds in three districts of North Costal Andhra Pradesh. Out of total sample 384; Most Interested Mutual Funds to Invest, investors responses are as follows: Close ended funds; 31 respondents, Open ended funds; 56 respondents, Hybrid funds; 80 respondents, Debt funds; 103 respondents, Family funds; 114 respondents.

For Factor score of all three districts are Visakhapatnam (3.6093), Srikakulam (3.4921) and Vizianagaram (3.5625). A per factor score above 3.00 score is reliable and accurate opinion of the selected sample. It is observed that Most Interested Mutual Funds to Invest is the significant factor to decide the mutual funds' performance the three districts of costal Andhra Pradesh.

Table-5 Statement of Preferred Assets of Mutual Funds Investment							
	Visakhapatnam		Srikakulam		Vizianagaram		
Options	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Total**
Others	21	16.40	19	14.84	21	16.40	61
Private sector	19	14.84	17	13.28	22	17.18	58
Public sector	24	18.75	27	21.09	23	17.98	74
Financial Institutions	31	24.22	33	25.78	28	21.87	92
Bank sponsored	33	25.78	32	25	34	26.56	99
Total	**128**	**100**	**128**	**100**	**128**	**100**	**384**
*Factor Score	3.28		3.32		3.25		-

Source: Primary Data   * Computed Values

Figure-5
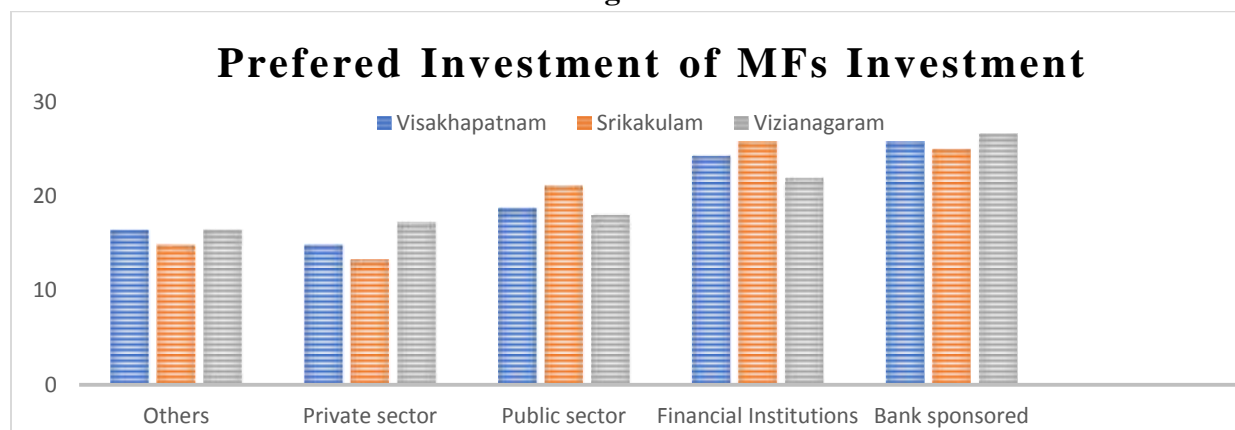
Table-6
Statement of Awareness of SEBI Regulations of Mutual Funds Investment

| Options	Visakhapatnam		Srikakulam		Vizianagaram		Total
	Number	Percent	Number	Percent	Number	Percent	
Not Aware	15	11.71	11	8.59	16	12.5	42
Slightly Aware	22	17.18	19	14.84	22	17.18	63
Moderately Aware	26	20.31	32	25	27	21.09	85
Aware	30	23.43	33	25.78	29	22.66	92
Fully Aware	35	27.34	33	25.78	34	26.56	102
Total	128	100	128	100	128	100	384
*Factor Score	3.37		3.45		3.33		-

Inference: The above Table-5 presents the percentage distribution of Investors awareness on mutual funds in three districts of North Costal Andhra Pradesh. Out of total sample 384; responses at Preferred Assets of Mutual Funds Investment is as follows: Others; 61 respondents, Private sector; 58 respondents, public sector; 74 respondents, Financial Institutions; 92 respondents, Bank sponsored; 99 respondents.

For Factor score of all three districts are Visakhapatnam (3.2812), Srikakulam (3.3281) and Vizianagaram (3.251). A per factor score above 3.00 score is reliable and accurate opinion of the selected sample. It is observed that Preferred Assets of Mutual Funds Investment is the significant factor to decide the mutual funds' performance among the three districts of costal Andhra Pradesh.

Source: Primary Data   * Computed Values
Figure-6
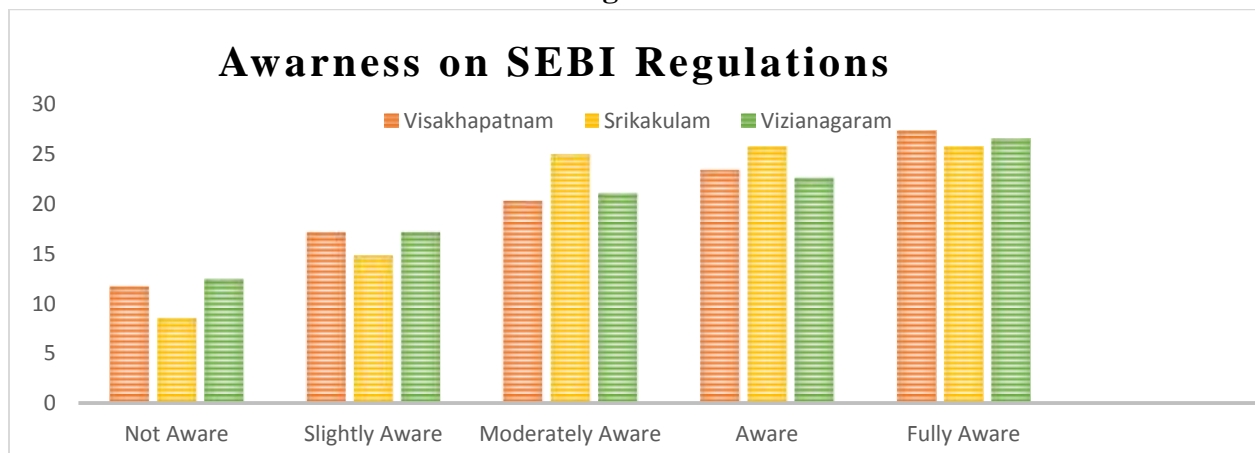
Inference: The above Table-6 presents the percentage distribution of Investors awareness on mutual funds in three districts of North Costal Andhra Pradesh. Out of total sample 384; responses at Awareness of SEBI Regulations of Mutual Funds Investment are as follows: Not Aware; 42 respondents, Slightly Aware; 63 respondents, Moderately Aware; 85 respondents, Aware; 92 respondents, Fully Aware; 102 respondents.

For Factor score of all three districts are Visakhapatnam (3.375), Srikakulam (3.4531) and Vizianagaram (3.3359). A per factor score above 3.00 score is reliable and accurate opinion of the selected sample. It is observed that Awareness of SEBI Regulations of Mutual Funds Investment is the significant factor to decide the mutual funds' performance among the three districts of costal Andhra Pradesh.

10. TESTING OF HYPOTHESIS

An attempt is made to test the sixth Hypothesis of the study is Testing with factors, which are impact of investors awareness on mutual funds are tested with the technique of Chi-Square Analysis.

Table- 7
Testing of Hypotheses of Investors Awareness on Investment of MFs
CHI-SQUARE ANALYSIS

Specific Factor	Sub Hypothesis	Chi-Square	P-Value	Hypothesis Result
H_{01}	Investment awareness is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.	8.47	0.0389	Accepted
H_{02}	Investors Interest is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.	2.46	0.0951	Accepted
H_{03}	Sources of Information is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.	3.96	0.0086	Accepted
H_{04}	Most Interested Mutual Funds to Invest is no adverse impact on investment on mutual funds among three districts in Costal Andhra	4.99	0.0776	Accepted

	Pradesh.			
H_{05}	Preferred Assets of Mutual Funds Investment is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.	16.61	0.0990	Rejected
H_{06}	Awareness of SEBI Regulations of Mutual Funds Investment is no adverse impact on investment on mutual funds among three districts in Costal Andhra Pradesh.	10.49	0.0230	Accepted

* Significant at 5% level, the result is not significant at $p < 0.05$. ** Critical Value $X_{0.05(2,4)}$ is 15.507

Source: Computed

Inference: It can be seen from the above Table-7 Investors awareness 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 six awareness factors; chi-square values related sixth hypothesis of this study. By applied Chi-square test for all six sub-hypotheses; Here, five sub-hypotheses awareness variable factors, these null hypotheses are accepted at 5 % level of significance It is observed that out of six awareness factors; five factors are favorably impact on the awareness on mutual funds investment at selected three districts at North Costal Andhra Pradesh; Remain one awareness factors; where, null hypotheses is rejected at 5 % level of significance with this chi-square test.

Therefore, it is concluded that mutual fund awareness factors; Investment awareness, Investors Interest, Sources of Information, Preference over selected sector, Investors Evaluation, Investors Perception, Fund used for the Investment, and Awareness of SEBI Regulations, these are all eleven awareness factors are favorably impact on the awareness on mutual funds investment at selected three districts (Visakhapatnam, Srikakulam and Vizianagaram) in North Costal Andhra Pradesh. Only one awareness factor; Preferred Assets of Mutual Funds Investment; which is adversely impact on the awareness on mutual funds investment at selected three districts in North Costal Andhra Pradesh.

11. FACTOR ANALYSIS

This part of the study is an exploratory factor analysis, factor scores may be computed and used to analyses the investors' interest on mutual funds investment. Mutual funds awareness factors of investors, which are influenced the mutual funds' performance at three districts in North Costal Andhra Pradesh

S. No.	Specific Factors	Factor Score			Best Perform District
		Visakhapatnam	Srikakulam	Vizianagaram	
1	Investment awareness	3.75 (Rank-1)	3.51 (Rank-3)	3.52 (Rank-2)	Visakhapatnam
2	Investors Interest	3.29 (Rank-1)	3.26 (Rank-2)	3.20 (Rank-3)	Visakhapatnam
3	Sources of Information	3.14 (Rank-3)	3.42 (Rank-1)	3.29 (Rank-2)	Srikakulam
4	Most Interested Mutual Funds to Invest	3.60 (Rank-1)	3.49 (Rank-3)	3.56 (Rank-2)	Visakhapatnam
5	Preferred Assets of Mutual Funds Investment	3.28 (Rank-2)	3.32 (Rank-1)	3.25 (Rank-3)	Srikakulam
6	Awareness of SEBI Regulations of Mutual Funds Investment	3.37 (Rank-2)	3.45 (Rank-1)	3.33 (Rank-3)	Srikakulam

Table-8

Investors Awareness Factors Impact on Mutual Funds: Factor Analysis

Source: Computed

Inference: It can be seen from the above Table-8 Factor scores of investors; Awareness on mutual funds factors; out of six variable, three variables factor scores are good at Visakhapatnam district, two factor scores are good at Srikakulam and only one factor scores are good at Vizianagaram. It is observed that investor's awareness 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

Mutual Funds for the investment. Investors can invest in a mutual fund that matches their investment objective and analyze the fund based on various criteria such as risk prevailing in the market, variations on the return and deviations occur in the returns etc. Risk appetite of an investor plays an important role in the selection of mutual funds.

- It can be seen that the investors awareness factors, which includes; Investors Interest, Sources of Information and Preference over selected sector are subjective determinant factors of awareness on mutual funds at North Costal Andhra Pradesh.

- The subjective factors of investment awareness on mutual funds of selected investors, which are Investors Evaluation, Investors Objective, Investors Perception, Fund used for the Investment, Fund used for the Investment, these are tactical factor to influences the strength of this study among the three districts of costal Andhra Pradesh.

- It is noticed that Fund used for the Investment and Awareness of SEBI Regulations are the awareness factors of investors are pre-emptive factor to influences the strength of this study among the three districts of costal Andhra Pradesh.

- Major awareness factors, which includes; Investment awareness, Investors Interest, Sources of Information, Preference over selected sector, Investors Evaluation, Investors Objective, Investors Perception, Fund used for the Investment, Fund used for the Awareness of SEBI Regulations. It is noticed that all these are favorably impact on the awareness on mutual funds investment at selected three districts through support of hypotheses testing with chi-square test analysis.

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. 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

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