

## **A STUDY ON INVESTOR AWARENESS ABOUT INVESTMENT IN MUTUAL FUND WITH REFERENCE TO UTI MUTUAL FUND IN SALEM**

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### **ABSTRACT**

Investment is done with the motive of earning a regular return, risk-free and to have a side income over our money. In our country, a number of investment measures can be seen ranging from insurance policies to shares or debentures. The type of investment chosen depends upon the income level of the person and the risk-taking ability of the investor according to its status and earnings. Mutual Funds are an emerging mode of investment with great potential as it's got diverging investing modes with regular return and minimized risk by their knowledge. But the awareness level it has with respect to the citizens of our country is really low, they still think it's fraud or a scam but they don't know it's safe and it minimize the risk. 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 population in India and to suggest better remedies to familiarize them among the population. As the mutual fund invest the money of the investor in different sources and positive trustable resources, they get the overview of the market because they invest somewhat every aspect of the market earning sources.

### **I. INTRODUCTION TO THE STUDY**

A mutual fund is a collective investment vehicle that collects & pools money from a number of investors and invests the same in equities, bonds, government securities, money market instruments which gives the investor to go deepen inside the different sources. The money collected in mutual fund scheme is invested by professional fund managers in stocks and bonds etc. with their knowledge and experiences in line with a scheme's investment objective. The income / gains generated from this collective investment scheme are distributed proportionately amongst the investors, after deducting applicable expenses and levies, by calculating a scheme's "Net Asset Value" or NAV. In return, mutual fund charges a small fee. In short, mutual fund is a collective pool of money contributed by several investors and managed by a professional Fund Manager. Mutual Funds in India are established in the form of a Trust under Indian Trust Act, 1882, in accordance with SEBI (Mutual Funds) Regulations, 1996. The fees and expenses charged by the mutual funds to manage a scheme are regulated and are subject to the limits specified by SEBI.

### **OBJECTIVE OF MUTUAL FUND**

- Diversification
- Liquidity
- Transparency
- Growth and Income

## II. REVIEW OF LITERATURE

1. Ratan (2002) in his study examined in detail the prevalent practices in management of mutual funds in India. The researcher carried out comparative performance evaluation of the selected mutual funds. Total 10 mutual funds were selected randomly. Standard Deviation, Beta, Alpha, R-Square, Sharpe measure and Treynor's measure were used for the analysis of the data. It was found that Indian investors including mutual fund houses have typically operated with a firm belief that the principles underlying capital markets and portfolio theory are not applicable to the Indian Capital Market. However, the scenario is changing rapidly with the entry of young, professional and trained manpower in the financial service industry. It was revealed that as many as 50 percent of the respondent mutual funds are not managing risk properly. Fund managers are not taking due care for minimising the risk and are in a race to post higher and higher returns during the phase of bull-run. It was also depicted that managers and trustees of the mutual funds are not much careful in taking risk while making investments and mutual funds houses do not follow the portfolio theory in true spirit.
2. Jyothi (2012) in her research work evaluated and compared the performance of Public and Private Sector Mutual Funds and extracted the factors that influences the selection of mutual fund schemes and products by the investors. It was found that investors select the particular fund/scheme on the basis of Product related factors, Fund Sponsor related factors and Investor Services related factors which are the main broad factors and these broad factors are based on some minor factors. The study revealed that majority of the Public Sector Schemes underperformed in comparison with that of Private Sector Schemes. The researcher described that the inability to fix the responsibility on the fund managers and fluctuations in the market conditions led to the poor performance of mutual funds.
3. Prajapati and Patel (2012) in their study evaluated the comparative performance of mutual funds of 5 top Assets Management Companies. They undertook 5 schemes for study from each AMC. BSE-Sensex was taken as the benchmark index. The Yield to Maturity of 364 days T-bill was taken as the risk-free return. The researcher used Treynor's Ratio, Sharpe Ratio, Jensen's Ratio and Fama's measure in the study for comparative analysis. It was found that HDFC and Reliance Mutual Fund have performed well as compared to the benchmark return. ICICI Prudential and UTI Mutual Fund have lower level of risk as compared to HDFC and Reliance Mutual Fund. The values of Beta Coefficient were less than one for all the selected mutual fund companies. Sharpe's Index of HDFC Mutual Fund was higher than others, hence it showed better performance than other mutual funds. The results of Treynor's index revealed that the HDFC and Reliance Mutual Fund offers better return than others for the same level of risk exposure.
4. Garg (2014) carried out her research work to evaluate the selected mutual funds in India with the help of standard performance models like Sharpe, Treynor, Jensen, Eugene Fama etc. The performance of mutual funds from investor's point of view was also studied. The secondary data for the period 2002-03 to 2012-13 was taken for analysis. Total 50 schemes were studied by the researcher. It was observed that 68.5 percent investors like to invest their savings in the real estate and 51.2 percent investors prefer to invest in Balanced Income and Growth Funds. Further, it was found that 78.8 percent of the investors go

for tax benefits, 59 percent prefer safety and 48.9 percent for diversification objective. It was also observed that UTI regulated funds before 2003 performed better than SEBI regulated funds. However, the performance of UTI funds declined drastically when the UTI funds came under the regulation of SEBI after 2003.

5. Nomani and Ahmad (2014) in their study examined and analyzed the equity mutual fund schemes. Large Cap, Small Cap, Mid Cap and Diversified Equity Mutual Fund Schemes which were ranked one by CRISIL were taken for the study. The researcher used Standard Deviation, Sharpe Ratio, R-Squared, Expense Ratio and Corpus Size of funds for analysis. It was found that the Large Cap Schemes were generating average return with respect to their benchmark but the values of their Standard Diversified Schemes were performing outstanding. Small and Mid-Cap Schemes were also generating higher returns but at a higher risk.
6. Ayaluru (2016) studied the performance of top ten mutual fund schemes of Reliance Mutual Fund. BSE-Sensex and Nifty-50 were taken as benchmark indices. The study analysed the fund's performance for the period August 2009 to July 2014. Return on 91 days T-Bill was taken as risk free return. It was found that all the schemes are beating their benchmark returns. The author suggested the Tax Saver ELS Scheme for risk averse, Reliance Small Cap Funds for medium risk takers and Reliance Banking Funds for high-risk takers while making investment.
7. Jegadeeshwaran and Kumar (2017) analysed the Net Resources Mobilised by Bank-sponsored and FI-sponsored mutual funds in India and the researchers tried to find out the relationship between the UTI and other Mutual Fund institutions. The data was analysed with the help of CAGR, One Sample t-test, ANOVA and regression analysis. It was found that there is no significant difference between the returns of Bank sponsored mutual funds and FI sponsored mutual funds. It was also found that there is no significant relationship between the Net Resources mobilised by UTI and the other mutual funds.
8. Gaggar (2021) undertook her research with the major objective to determine the performance of equity and hybrid mutual fund schemes. Total 22 Equity Schemes of 9 different mutual fund houses were analysed. It was revealed that most of the respondents look for expert advice for making an investment and the investor compare the performance of a particular fund with the Benchmark Portfolio and comparing with the Performance of similar schemes of other funds. A strong positive correlation was found between public and private sector mutual fund schemes in India.
9. Khinchi (2022) found that there is a significant difference in the performance of selected schemes and also there is a significant difference in the returns generated by schemes and their respective benchmark index. Similarly, it was revealed from the study that Age of Fund, Age of Fund House, Expense ratio, Portfolio Turnover Ratio, Sharpe Ratio, Jensen Alpha have no significant impact on performance. It was found that Standard Deviation, Beta and AUM have a significant impact on fund's performance.
10. Rokade (2021) analysed the performance of 15 mutual fund equity schemes run by top five mutual fund companies on the basis of risk and return during the period 2009-2019. Large Cap Funds with growth

option were taken for the study. Sharpe ratio, Treynor's measure and Jensen's Alpha were used for analysis of the schemes. On the basis of Sharpe Ratio, HDFC Top 200 was assigned the first rank followed by Birla Top 100, ICICI Top 100 and Reliance Top 200. On the basis of Treynor Measure, HDFC Top 200 was assigned the first rank followed by Birla Top 100, ICICI Top 100 and Reliance Top 200. On the basis of Jensen's Alpha, HDFC Top 200 again remain on top followed by Birla Top 100, Reliance Top 200 and ICICI Top 100.

### III. OBJECTIVES OF STUDY

1. To acquire knowledge, develop skills, gain understanding about the mutual fund industry.
2. To examine the consumer knowledge and awareness about mutual fund investing.

### IV. RESEARCH METHODOLOGY

Research methodology refers to the systematic process of planning, conducting, and analyzing research studies. It involves outlining the steps and techniques used to gather and interpret data, ensuring the research is reliable, valid, and relevant. Research methodology helps researchers structure their studies, choose appropriate data collection methods, analyze information effectively, and draw meaningful conclusions. It is essential for ensuring the quality and integrity of research findings.

#### TYPE OF RESEARCH

Descriptive Research, focuses on describing characteristics or behaviors of a population or phenomenon.

#### Investment Style Insights

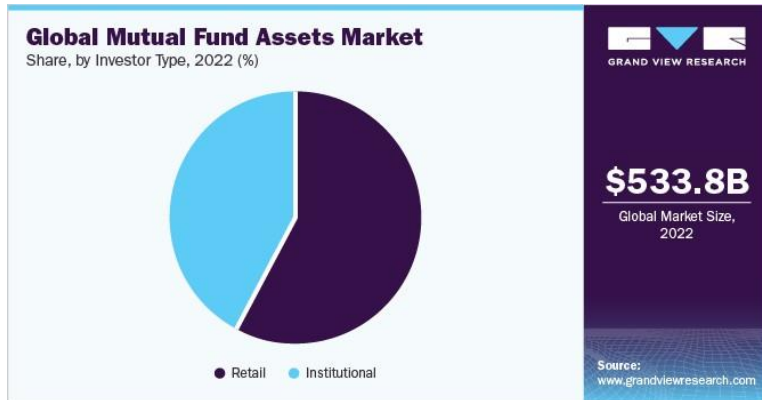
The active segment dominated the market in 2022 and accounted for a revenue share of over 71.0%. Active management aims to outperform the market by carefully selecting and managing investments based on in-depth research and analysis. This approach appeals to investors who seek the potential for higher returns and believe in professional fund managers' expertise. Moreover, an active investment style offers active decision-making, allowing fund managers to adjust their portfolios based on market conditions and investment opportunities. This flexibility and adaptability attract investors who want their investments to be actively managed and responsive to market changes.

The passive segment is anticipated to register significant growth over the forecast period. Passive investing involves tracking a specific market index or benchmark, such as the S&P 500, rather than attempting to outperform it. This approach appeals to investors prioritizing broad market exposure and long-term stability over actively managed strategies. Moreover, passive mutual funds typically have lower management fees compared to actively managed funds, as they require less active decision-making and research. This cost-effectiveness attracts investors who are conscious of fees and seek to optimize their investment returns.

#### Investor Type Insights

The retail segment dominated the market in 2022 and accounted for a global revenue share of over 58.0%. Mutual funds provide retail investors with a wide range of investment options, including equity funds, bond funds, and hybrid funds,

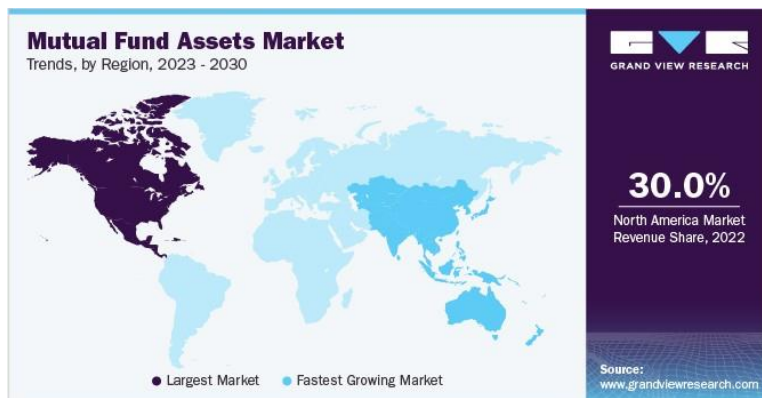
catering to different risk preferences and investment objectives. This versatility allows retail investors to customize their investment strategy according to their financial goals and risk tolerance. Moreover, mutual funds often have lower investment minimums compared to other investment vehicles, making them more accessible to retail investors with limited capital. This lower barrier to entry allows retail investors to participate in the market and benefit from professional management and potential market returns.



The institutional segment is anticipated to register significant growth over the forecast period. Institutional investors, such as pension funds, insurance companies, and sovereign wealth funds have substantial financial resources and long-term investment objectives. They seek diversified investment opportunities to achieve their specific investment goals, including generating stable returns, managing risk, and meeting the needs of their beneficiaries or policyholders. Mutual funds offer a wide range of investment strategies and asset classes that cater to the specific requirements of institutional investors.

### Regional Insights

North America dominated the market in 2022 and accounted for a revenue share of more than 30.0%. The region has a well-developed and mature financial market, with a strong presence of asset management companies and financial institutions that offer mutual funds. The depth and breadth of the North American financial industry attract a large number of investors, both institutional and retail, who trust and rely on mutual funds as a preferred investment vehicle. Moreover, North America has a culture of investing and a high level of financial literacy among its population. The region's investors are well-informed and actively seek investment opportunities to grow their wealth, with mutual funds being a popular choice.



The Asia Pacific regional market is anticipated to register the fastest CAGR from 2023 to 2030. The region is witnessing significant economic growth and rising middle-class populations, leading to an increase in disposable income and a growing appetite for investment opportunities. As individuals and households accumulate wealth, they are increasingly turning to mutual funds as a means of investment to diversify their portfolios and seek potential returns. Moreover, the development of financial markets and the liberalization of investment regulations in many Asia Pacific countries have opened up opportunities for both domestic and international fund managers to offer a wide range of mutual funds.

## QUESTIONNAIRE

### A Study on” Investor awareness about Investment of Mutual Fund”

Dear Sir/Madam

I am Anvesha Singh and I pursuing B.B.A on the project topic “Investors awareness about investment of Mutual Fund” in Salem City: A Study with Reference To UTI Mutual Fund under the guidance of Prof. Sujit Singh. Therefore, I Kindly request you to fill up this questionnaire with your valuable attention and co-operation, which will help me to complete my research work effectively and efficiently. This information is provided by you are kept for confidential and only for the research purpose.

#### 1.PERSONAL DETAILS:

Name:

Gender:        a)Male b)Female

Age:            a) below 25 yrs b)25- 35 yrs    c)35-45 yrs    d) above 45 yrs Education:    a)Higher  
Secondaryb)Graduate            c)Post Graduate    Occupation:    a)GovSec    employee  
b)Pvt.sec.employee  
c)Professional

d)Business        e) Student f) Other:

Role:

**What is your monthly income (apx)?**

**a) Below Rs.25000      b)Rs. 25000-Rs.35000    c)Rs.35000-Rs.45000    d)Above Rs.45000**

**QUESTIONNAIRE:**

**2. which of the following you are interested to invest in?**

**a)Share Market b)Mutual fund c)Both a and b    d)Not interested above**

**3. Are you aware about mutual funds?**

**a)yes    b)no**

**4. How aware are you about mutual funds?**

**a) Fully aware    b) partial knowledge**

**c) Aware only of those schemes you have invested in**

**d)No idea**

**5. How did you come to know about Mutual Funds?**

**a) Advertisement      b) Distributors    c) Friends      d) Internet      e) Others**

**6. Did you invest in mutual fund? a)yes b)no**

**7. If yes, then in which type of fund or schemes you have invested in mutual funds?**

**a) Equity fund    b) Debt fund    c)      Hybrid  
fundd)others**

**8. In which mutual fund you have invested?**

a) ICICI Prudential MF   b) SBI MF   c) UTI MF   d) others

**9. If no then, what be the reasons for not investing in mutual funds?**

a) Lack of Guidance   b) Lack of Knowledge   c) Risky Investment   d) No particular reason

**10. What are the reasons for investing in mutual funds?**

a) Professional Management   b) high return   c) Liquidity   d) Flexibility   e) Safety   f) Choice of Scheme g) Convenient   h) Low cost i) Transparency   j) Tax exemption  
k) others

**11. What is your preference of savings avenues?**

a) Bank deposit   b) Gold   c) Chits   d) Real estate   e) Shares   f) Mutual funds   g) Postal savings  
Others

**12. What are the objectives of savings in investment?**

a) To provide for retirement   b) To avail tax benefit   c) Savings   d) For Children education   e) Purchase asset

**13. What is your mode of purchase of mutual funds?**

a) Online   b) Through distributors   c) Through bank branches   d) National distributors

**14. How often you invest in the mutual fund?**

a) SIP   b) One time investment

**15. What is your level of satisfaction towards investment in mutual funds?**

a) very satisfied b) satisfied c) Neutral d) Dissatisfied

**16. What extent of risk you feel that investing mutual fund?**

a) No risk b) Low risk c) risk d) Balanced risk e) High risk f) Very high risk

### **SUGGESTIONS:**

After seeing the whole Data analysis and findings my suggestions for the industry are shown as below

- o The company should give the knowledge regarding Mutual Fund through various sources like more advertisements, T.V. programmes, etc. about what it is? How it works? How to handle its? What is its benefit for us with its advertisements or in programmes. Because many people have heard about it but don't know what it is?
- o The company should also attract the medium level Income people by showing them the benefits of the liquidity funds for the short Term to attract them.
- o As per survey Bank creates higher awareness so the mutual fund companies should more collaborate with the banks.
- o The company should also attract the customer through different schemes who having knowledge about the Mutual Funds but not investing in Mutual Funds.
- o The company should also make aware the people about the AMFI exam and should motivate them to be financial advisor to get more business.
- o The company should give information regarding Tax benefit to Invest into MF.
- o The company should organize seminar to give information about Mutual Fund and should distribute brochures having detail of schemes of Mutual Fund

### **CONCLUSION**

After making the whole report I am concluding that this project measures the awareness of Mutual fund and its service. As Mutual Fund having good option and schemes, so we can grow it with creating the awareness among the people. It is also good for those who want to make their future in it. For that the only thing you need is to give time to your money to grow, they will surely give good returns and the other thing is the knowledge of the whole product and schemes.

As there is lesser number of people investing in the Mutual fund in comparison of the other instruments of the investment like L.I.C, postal savings, bank deposit, gold etc. So, there is a good chance of its growing. Even Mutual Fund is also having the product as substitute of it. So, the industry can get the benefit of it.

The industry can aware more investors to invest in Mutual fund. They can do these through seminars, ads etc. They can also increase their sales by collaborating with many banks. They can also make more advisors by giving them more commission.



REFERENCE:

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