

## A Study on Mutual Fund Investors Awareness Regarding Factsheet of the Scheme

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### Abstract

Mutual fund is an investment tool, getting popular day by day. Indian Mutual fund industry manage Rs. 64.71 trillion in July 2024 an increase of about 40% from July 2023. Individual investors hold 61.0% of overall Assets under Management in July 2024. Fact sheet of scheme depict performance of mutual fund scheme. Awareness of individual investors regarding contents of fact sheets is highly desirable and this awareness level is found out in a small group for getting information and suggesting appropriate action.

Key Words: Mutual fund, Investors, Awareness, Factsheet

### 1. Introduction to Mutual Fund

Mutual fund is an investments option in which many investors money through a trust; invested into tradable security of financial market through expert. Return generated is shared to investors by deducting expenses like trust management expenses, fee of market expert, etc. The investor has to bear profit as well as loss on invested amount as per the market situation. In most of the cases investors get profit in medium to long run.

According to Securities and Exchange Board of India “Mutual fund is a mechanism for pooling the resources by issuing units to the investors and investing funds in securities in accordance with objectives as disclosed in offer document”.

National Institute of Security Management explain mutual fund as “Mutual fund is a vehicle (in the form of a “trust”) to mobilize money from investors, to invest in different markets and securities, in line with stated investment objectives. In other words, through investment in a mutual fund, an investor can get access to equities, bonds, money market instruments and/or other securities, that may otherwise be unavailable to them and avail of the professional fund management services offered by an asset management company.”

mutual funds can be open ended, close ended, Interval funds, actively managed funds, passive funds besides categorization of Mutual Fund Schemes in 2017 by SEBI as

- Equity Schemes
- Debt Schemes
- Hybrid Schemes
- Solution Oriented Schemes
- Other Schemes

The first mutual fund appeared in 1772-73 by a businessman Abraham in Dutch Republic, named as “Unity Creates Strength”, aiming to provide small investors with an opportunity to diversified investments. Global growth of mutual fund took place in 1990s, except in Asia. Equity funds surged in Anglo-American countries; bond funds in most of Continental Europe and in middle-income countries. The United States where total net assets of mutual funds increased from USD 1.6 trillion in 1992 to 5.5 trillion in 1998, an average annual rate of growth of 22.4 percent. The 15 countries that are members of the European Union seen an increase in their total mutual fund assets from USD 1 trillion in 1992 to 2.6 trillion in 1998 (average growth rate of 17.7 percent per annum). Among EU member countries, Greece shown

the highest growth rate at 78 percent, followed by Italy at 48 percent and Belgium, Denmark, Finland and Ireland, all with growth rates of about 35 percent.

First mutual fund of India was established in 1963 as Unit Trust of India by Government of India and Reserve bank of India. The Growth of mutual funds in India is classified into five categories as

First Phase 1964-87

Second Phase 1987-93

Third Phase 1993-2003

Fourth phase- 2003-2014

Fifth Phase 2014 onward

The growth of mutual fund industry also scaled in “asset under management(AUM)”, the amount of investors in the hands of Asset Management Companies for investment purpose. On July 2024 about 65 Trillion Rupees was AUM. This AUM is managed by 44 Assets Management Companies

## **2. Review of Literature**

Tripathi & Japee (2020) found that most of the mutual funds are performing well. The researcher selected 15 different mutual fund schemes and separated them by large-cap, midcap, and small-cap. They used financial ratios for the study. The study was conducted at very crucial duration but still mutual funds are performing well.

Bobade et. al (2020) found that most of the investors are aware of mutual funds. Investors are investing their money in mutual funds for regular return in future, Tax Saving, Minimizing financial risk.

Tripathi (2020) found that people are aware of a mutual fund and very few peoples are investing in mutual funds. 75% of respondents are preferring to invest through Systematic Investment Plan(SIP). Respondents are also aware of share market functioning and functioning of Asset Management Company(AMC).

KCN Rao (2020) researched that most of the investors are aware about schemes of mutual funds. The Mutual Fund investors usually belong to the age group from 19 - 55 years and the range of their income Rs 30,000 to Rs 70,000 per month. Diversification of portfolio and tax benefit are the main motives to invest in mutual fund.

Sharma (2020) found that there is a significant relationship between mutual fund returns and Nifty.

Saxena & Sheikh (2019) found from the study that gender don't play role on mutual fund investment. Middle age group, high-income group, and investors with finance-related education are highly positive about mutual funds' investments.

Simran Saini and Bimal Anjum (2011) analysed the mutual fund investments with respect to investor's behaviour that attract them to invest in mutual funds. Investor's opinion and perception has been studied relating to issues of type of mutual fund scheme, main objective behind investing in mutual fund scheme, level of satisfaction, role of financial advisors and brokers, sources of information, deficiencies in the services provided by the mutual fund managers, challenges before the mutual fund industry etc.

### 3. **Research Gap**

Research gap is found as Content Gap. Fact sheet of mutual fund scheme specific is also an important aspect in which awareness is expected. The fact sheet speaks about benchmark, investment style, entry and exit load, AUM, Expenses ratio, SIP performance, Standard deviation, Sharp, Beta, Treynor ratio, NAV of plan, etc.

### 4. **Objectives of the study**

To assess mutual fund investor awareness regarding contents of fact sheet of equity scheme of mutual fund as Low/Average/High.

### 5. **Importance of the study**

Mutual fund is getting popular day by day. Indian Mutual fund industry manage about Rs. 65 trillion in July 2024 an increase of about 40% from July 2023. Individual investors hold 61.0% of overall Assets under Management in July 2024. Fact sheet of scheme depict performance of mutual fund scheme. Contents of the fact sheet of all kinds of equity schemes are almost same. Some contents of fact sheet are same for all kinds of scheme. Awareness of individual investors regarding contents of fact sheets is highly desirable.

As on July 2024, 701 equity schemes were operating in the market, covering 3106782 Crore rupees of Average Assets Under Management 148506744 accounts (folios). Such a large figure speaks importance of study.

### 6. **Research Methodology**

6.1. Sample taken from mutual fund investor who are holding in mutual fund scheme from more than one year.

6.2. A Questionnaire contains questions related to

6.2.1. Part-1 Benchmark, investment style, entry and exit load, AUM, Expenses ratio, SIP performance (6 Items)

6.2.2. Part-2 Standard deviation, Sharp, Beta, Treynor ratio, NAV of plan (5 Items)

There are 44 AMCs. Serial number 1 AMC in the list of AMFI is Aditya Birla Sunlife Mutual fund. In the consolidated fact sheet of the said AMC the first fact sheet is related to an equity fund. This fact sheet became the base for the study

In form of questionnaire, multiple choice questions are design to check awareness with option of A, B and C of which only one option was correct.

Outcome of part 1 is studied as

S.No.	Level of Awareness	Score	Score out of
1	Low	0-3	6
2	Average	3-5	6
3	High	5-6	6

Outcome of part 2 is studied as

S.No.	Level of Awareness	Score	Score out of
1	Low	0-2	5
2	Average	2-4	5
3	High	5	5

Questions in part 1 are of basic level and advanced aspects are covered in part-2. This is the reason for taking 0-3 score as low level in part 1.

**6.3.** Universe of the study- A specific commercial establishment having about 300 employees, situated in Raipur City, Chhattisgarh

**6.4.** Sample size – 60

**6.5.** Hypothesis

6.5.1. Questions Part -1 Awareness is high

6.5.2. Questions Part -2 Awareness is Medium

**6.6.** Questionnaire execution

In order to ensure data reliability, two sets of questionnaires are prepared. One set, given to a group of 30 employees and another set is given to another group of 30 employees bearing identical questions.

Questionnaire distributed in employees' groups as

S.No.	Employees Group	Number of Employee in Group	Set No. of Questionnaire	Code of each part in Employee Group
1	X	30	Part-1 and Part-2	Part -1, coded as "XA" Part -2, coded as "xa"
2	Y	30	Part-1 and Part-2	Part -1, coded as "YB" Part -2, coded as "yb"

## 7. Findings and Conclusion and Discussion

7.1 Tabulated way of findings is

	XA	Xa	YB	Yb
Mean	3.97	2.7	4.1	2.9
SD	1.16	1.15	1.51	1.06
N	30	30	30	30

SD-Common-XA and YB	1.36
SD-Common-Xa and Yb	1.98

t (Calculated)	XA and YB	Xa and Yb
	0.996	0.39

t at .05, dof=58	2
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S.No.	Group Code	Karl Pearson Coefficient of Correlation
1	XA and Xa	0.946182
2	YB and Yb	0.927152
3	XA and YB	0.963053
4	Xa and Yb	0.935308

## 7.2 Conclusion

7.2.1 “t” test is adopted as sample size falls under “small sample”.

7.2.1 Calculated value of “t” is less than that of 5% level of significance, means that there is congruence between responses of group X and group Y.

7.2.2 There is high correlation between responses of two groups of the same universe, proved that data are valid.

7.2.3 Hypothesis-1 is not proved. The found awareness level is medium instead of High Awareness.

7.2.4 Hypothesis-2 is proved. The found awareness level is medium.

Investor awareness should be increase by arranging investor awareness program by Mutual fund industry in the premises of the commercial establishment premise, besides opening “Investors help desk”.

In the end of the study it can be said that part 1 segment assumed common for all ones, is not commonly known by all against expectation. Whereas part-2 which speaks about technical parameters is not commonly known. Awareness of contents of part-1 and part-2 is highly desirable to all investors of mutual fund as they revel about fund specific performance.

## 8 Suggestions for future study

8.1 Investor Awareness level can be find out at different place

8.2 Investor Awareness level can be find out by keeping different parameters.

8.3 Investor can be grouped on various parameter.

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