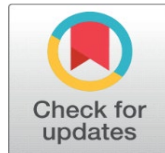
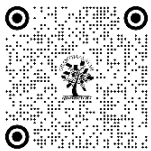


# A STUDY ON INVESTOR AWARENESS OF MUTUAL FUNDS IN CALICUT DISTRICT, KERALA

Ansal. P<sup>1</sup>✉, Dr. S. Anbumalar<sup>2</sup>

<sup>1</sup>Research Scholar, Department of Commerce, Sri Krishna Arts and Science College, Bharathiar University, Coimbatore

<sup>2</sup>Assistant Professor & Head, Department of Commerce – Finance, Sri Krishna Arts and Science College, Coimbatore



## Corresponding Author

Ansal. P,

[ansalmuhammedp@gmail.com](mailto:ansalmuhammedp@gmail.com)

## DOI

[10.29121/shodhkosh.v5.i3.2024.1998](https://doi.org/10.29121/shodhkosh.v5.i3.2024.1998)

**Funding:** This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

**Copyright:** © 2024 The Author(s). This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

With the license CC-BY, authors retain the copyright, allowing anyone to download, reuse, re-print, modify, distribute, and/or copy their contribution. The work must be properly attributed to its author.

## ABSTRACT

The study emphasizes the importance of understanding one's risk profile and time horizon when choosing mutual funds as an investment option. It recognizes the vast array of mutual funds available in India and acknowledges that selecting the best ones depends on individual preferences and financial goals. The risk profile, which includes the willingness and ability to take risks, is highlighted as a crucial factor in determining the suitability of mutual funds for investors. The study uses both primary and secondary data, with a sample size of 120 respondents chosen through convenient sampling. It aims to analyze the level of awareness about mutual funds among the selected respondents in the study area. The recommendations suggest that the government, both at the central and state levels, should play a role in spreading awareness about saving and investment habits among the public. Creating a safety mechanism is proposed to encourage individuals to deploy their funds continuously in various financial instruments, thus contributing to the overall economy. The conclusion of the study emphasizes the need for a constant effort to promote awareness about savings and investments, targeting both rural and urban investors. It suggests that a healthy atmosphere, supported by government initiatives and safety mechanisms, is essential to encourage individuals to invest in different financial instruments consistently. The results of the study indicate a preference among investors for safer avenues. Additionally, it highlights the influence of family culture in investment decisions. This information underscores the significance of not only promoting awareness but also understanding the psychological and cultural factors that shape investors' choices. In summary, the study underscores the importance of personalized investment decisions based on risk profiles and time horizons. It advocates for ongoing efforts to enhance awareness and create a conducive environment for investment, emphasizing the role of both individuals and government in shaping a robust financial ecosystem.



**Keywords:** Investor, Awareness, ANOVA, Equity Funds

## 1. INTRODUCTION

Mutual Funds serve as financial institutions that gather funds from diverse sources, such as individuals or institutions, through the issuance of 'units.' These funds are then professionally managed with predetermined investment objectives, all in exchange for a fee. Mutual Funds allocate these pooled funds across a spectrum of financial instruments, broadly categorized into equity and debt. While individuals and institutions can independently invest in these instruments, doing so requires time and expertise, both of which may be limited. Mutual Funds address this challenge by acting as proficient financial intermediaries. They employ teams of skilled professionals who identify suitable stocks and debt instruments, constructing portfolios designed to deliver optimal returns within specified constraints and at minimal costs. Essentially, Mutual Funds offer a solution for outsourcing the management of money, streamlining the investment process for individuals and institutions.

These financial entities aggregate funds from individuals with shared investment goals. The pooled money is then strategically invested in various securities based on the mutual fund scheme's objectives. Profits and losses are distributed among investors in proportion to their respective investments. The investment strategy involves diversification, spreading investments across a broad spectrum of industries and sectors. This diversification helps mitigate risks, as not all stocks move in the same direction or proportion at the same time. Investors in Mutual Funds are referred to as unit holders. The mutual fund issues units to investors corresponding to the amount of money they invest. This structure allows individuals to participate in professionally managed investment portfolios, gaining exposure to a diversified range of securities while minimizing the complexities associated with individual investment decisions.

#### Statement of the problem

The mutual fund market is continually enhancing its efficiency, offering more promising solutions to investors. Despite the mutual fund industry's proactive response and efforts to understand investor awareness, it remains engaged in a competitive race to differentiate its products, adapting to sudden changes in the economy. The current imperative is to assess investors' perceptions and expectations, sharing crucial information to facilitate informed financial decision-making in the realm of mutual funds. As financial markets grow more extensive, introducing new products and seeking innovations, there is a visible effort to design mutual fund portfolios that align with these changes. However, these innovations must be tailored to meet investor expectations, considering their risk perceptions and knowledge about the mutual fund industry. The orientation towards risk reflects investors' capacity to bear risks and their interest in doing so.

While mutual funds are generally considered low-risk investment avenues in the capital market, they are not immune to market risks. The study recognizes the crucial role of investors' risk orientation and their awareness of mutual fund investments. Therefore, a different perspective is essential, focusing on investor awareness in addition to the traditional aspects of mutual fund analysis. This study aims to analyze the awareness of retail investors toward mutual funds, recognizing the evolving dynamics of the market and the importance of aligning financial products with investor expectations. By delving into investor awareness, the study seeks to contribute insights that can aid both investors and the mutual fund industry in navigating the complexities of the financial landscape.

## 2. REVIEW OF LITERATURE

Sarish and Ajay Jain (2012) researched on mutual funds, why investing in mutual funds makes sense, its drawbacks and also studied various other aspects of mutual funds. This article demonstrates the possibility of mutual funds in India with the aid of all problems, complexity and variables and recommends the ways to tackle the threats in this sector, which in turn is complementary to the economic growth. This research was carried out with the use of secondary data in order to quickly recognize and discuss the problems and prospects of mutual funds.

Bansal and Kumar (2012) attempted to evaluate the performance of selected mutual funds schemes using the concepts of risk return relationship and return on mutual funds vis-à-vis return for equity shares of different sectors of the Indian economy. This analysis has been performed using mean return, intercept, beta, Sharpe ratio, treasure ratio and Jensen alpha. Outcome of the entire analysis indicates that UTI schemes are the best performers, however others perform below average.

Alekhyas, (2012), undertook the study, which emphasized performance evaluation of Public & Private Sector Mutual Funds in India and comparative performance of public and private sector mutual fund schemes the Indian Mutual fund Industry has experienced a structural transformation during the last few years. This paper has looked at the performance of Indian mutual fund equity scheme through a 3year past data (2009 – 2011). Consider performance evaluation of mutual funds with the help of theoretical parameters suggested by Sharpe, Treynor, and Jensen.

#### Objectives of the study

Here the main objective of the study is, To Examine the level of awareness among selected respondents in the study area regarding Mutual Funds.

### 3. METHODOLOGY OF THE STUDY

The study adopts a descriptive approach in alignment with its objectives. Both primary and secondary data sources are utilized to comprehensively address the research goals.

#### PRIMARY DATA COLLECTION:

Primary data is acquired through a structured questionnaire administered to a diverse selection of sample respondents. Face-to-face interviews were conducted to ensure in-depth insights. The study employs the convenience sampling method, focusing specifically on mutual fund investors. A total of 120 respondents, representing various sectors such as government, private, business, professional, agriculture, etc., were selected from different regions of Kerala.

#### SECONDARY DATA SOURCES:

Secondary data, essential for enriching the study, is extracted from diverse sources including newspapers, magazines, journals, books, websites, pamphlets, etc.

#### DATA ANALYSIS:

The primary data, gathered exclusively from mutual fund investors, is meticulously organized, classified, edited, tabulated, and analyzed. Statistical tools such as ANOVA are deployed to derive meaningful insights. The analysis is conducted at a significance level of five percent. By combining both primary and secondary data, the study aims to provide a comprehensive understanding of the awareness levels among mutual fund investors in various sectors within the specified regions of Kerala.

#### LIMITATIONS OF THE STUDY:

This study is limited to the state of Kerala, with a sample size restricted to 120 respondents. Due to time and financial constraints, contacting a larger number of respondents was not feasible within the scope of this research. Some participants chose not to disclose information about their economic backgrounds, including monthly income, possibly due to a lack of recorded accounts or hesitancy. As a result, the generalization of the study findings is constrained by these limitations.

### 4. ANALYSIS AND INTERPRETRATION

**OBJECTIVE 1:** To identify the level of awareness and overall opinion of level of awareness towards the Mutual Funds.

#### ANALYSIS OF VARIANCE

The Analysis of Variance (ANOVA) stands as a robust statistical method, particularly valuable for tests of significance. While the t-distribution-based test of significance is suitable for comparing two sample means, it becomes insufficient when dealing with three or more samples simultaneously. In such scenarios, an alternative approach is essential to test the hypothesis that all samples are drawn from populations with the same mean. The fundamental objective of ANOVA is to examine the homogeneity of multiple means.

- Specifically, when studying the impact of various categories of one independent variable on a dependent variable, the ANOVA applied is termed one-way ANOVA. This method is crafted to assess whether a significant difference exists among three or more sample means. Within this analysis, the total variance within a dataset is partitioned into variation within groups and variation between groups. ANOVA proves particularly useful when dealing with nominal-scale independent variables and a metric or least interval scaled dependent variable. By dissecting the sources of variance, ANOVA provides a comprehensive understanding of the differences among groups, enabling researchers to draw meaningful conclusions about the impact of the independent variable on the dependent variable.

**TABLE 4. 1: LEVEL OF AWARENESS ON OVERALL AWARENESS ON MUTUAL FUNDS- MEAN SCORE ANOVA DESCRIPTIVE STATISTICS**

	N	Minimum	Maximum	Mean	S.D
Overall score on investment awareness	120	16	50	34.14	0.9111

**(Based on the above table Low, Medium, High was arrived)**

In this table it is displayed that the investment knowledge of the respondents' scores vary from 16 to 50. The aim is to cluster the respondents into three major types of investor namely the low, moderate and the high category of investor awareness. And this is to do this mean and S.D are calculated. The ones therefore with the mean – 0.5 S.D scores were put in the category of low awareness in investment and the ones who scored more than Mean+0.5 S.D were put in the

category of high level of investment awareness. The range of the scores from the Medium-0.5S.D to the Medium+0.5S.D is evaluated as Medium level of investment education and the purpose study of the various investment awareness scores is discussed by comparing the overall investment awareness of the respondents in three terms; namely, the Low, Medium and High.

**TABLE 4.2: VARIOUS ATTRIBUTES INFLUENCE THE LEVEL OF AWARENESS ON THE OVERALL AWARENESS ABOUT MUTUAL FUNDS**

Null Hypothesis (H<sub>0</sub>) The types of schemes of equity funds scores do not differ based on the low, medium and high groups overall awareness towards Mutual Fund investment of respondents.

**COMPARISON OF FACTOR SCORES BY OVERALL AWARENESS TOWARDS MUTUAL FUND INVESTMENT (Low, Medium, High)**

		N	Mean	Std. Deviation	Std. Error				
						F	P.value	S/NS	REMARKS
Equity Funds	LOW LEVEL	14	4.2143	1.0509	0.28087	414.327	0.000	S	REJECTED
	MODERATE	77	4.1948	0.97386	0.11098				
	HIGH LEVEL	29	4.2069	1.01346	0.18819				
	Total	120	4.2	0.9839	0.08982				
Debt Funds	LOW LEVEL	14	3.8571	1.16732	0.31198	147.273	0.000	S	REJECTED
	MODERATE	77	3.6364	1.20207	0.13699				
	HIGH LEVEL	29	3.6552	1.23276	0.22892				
	Total	120	3.6667	1.19757	0.10932				
Sector Based Funds	LOW LEVEL	14	3.5714	1.28388	0.34313	62.028	0.000	S	REJECTED
	MODERATE	77	3.5195	1.1654	0.13281				
	HIGH LEVEL	29	3.5517	1.21262	0.22518				
	Total	120	3.5333	1.18061	0.10777				
Index Funds	LOW LEVEL	14	3.2857	1.43734	0.38414	206.673	0.000	S	REJECTED
	MODERATE	77	3.1818	1.40232	0.15981				
	HIGH LEVEL	29	3.2069	1.44863	0.269				
	Total	120	3.2	1.40587	0.12834				
Balanced Funds	LOW LEVEL	14	2.9286	1.59153	0.42535	124.298	0.000	S	REJECTED
	MODERATE	77	2.6623	1.50097	0.17105				
	HIGH LEVEL	29	2.6897	1.56076	0.28983				
	Total	120	2.7	1.51519	0.13832				

Source: Primary Data.

		N	Mean	Std. Deviation	Std. Error	F	P.value	S/NS	REMARKS
Money market funds	LOW LEVEL	14	2.9286	1.59153	0.42535	31.811	0.000	S	REJECTED
	MODERATE	77	3.0909	1.28945	0.14695				
	HIGH LEVEL	29	3.1724	1.31119	0.24348				
	Total	120	3.1333	1.28947	0.11771				
Real Estate Funds	LOW LEVEL	14	3.3571	1.54955	0.41413	103.437	0.000	S	REJECTED
	MODERATE	77	3.2338	1.48586	0.16933				
	HIGH LEVEL	29	3.1724	1.4897	0.27663				
	Total	120	3.2333	1.4823	0.13531				
Exchange Traded Funds	LOW LEVEL	14	3.7857	1.3114	0.35049	304.56	0.000	S	REJECTED
	MODERATE	77	3.5455	1.35283	0.15417				
	HIGH LEVEL	29	3.5172	1.35279	0.25121				
	Total	120	3.5667	1.33934	0.12226				
Fund of Funds	LOW LEVEL	14	3.2857	1.63747	0.43763	703.964	0.000	S	REJECTED
	MODERATE	77	3.0909	1.56594	0.17845				
	HIGH LEVEL	29	3.0345	1.56941	0.29143				
	Total	120	3.1	1.56323	0.1427				
Tax-Savings Funds	LOW LEVEL	14	3.9286	1.26881	0.3391	92.852	0.000	S	REJECTED
	MODERATE	77	3.7922	1.29104	0.14713				
	HIGH LEVEL	29	3.7586	1.29987	0.24138				
	Total	120	3.8	1.28076	0.11692				

From the given table it is clear that, F value is near about 0.05 and alternate hypothesis has been rejected while null hypothesis has been accepted. The degree of awareness is closely correlated with the sum view about mutual funds. Due to the statistic F-test being less than 0.05, the null hypothesis has failed to be accepted (in other words, there is a significant difference among the groups of the Low, Medium, and High levels of awareness with respect to equities, meaning debt funds, sector-based funds, index funds, balanced funds, gilt/money markets funds). All of these funds may be real estate funds, exchanged traded funds, fund of fund and tax shelter funds. Alongside that the null hypothesis has been rejected and alternative hypothesis has been accepted.

## SUGGESTION OF THE STUDY

1. The current level of advertisements on television and in print media for various investment avenues is deemed inadequate. A significant portion of respondents acquires awareness of various schemes through friends and relatives. To enhance awareness and promote a savings culture, it is recommended to implement a comprehensive strategy, including door-to-door campaigns, organizing debates and competitions, and conducting periodic meetings.
2. The central and state governments should actively engage in initiatives aimed at cultivating saving and investment habits among the public. Establishing safety mechanisms is crucial to create a conducive environment. A healthy atmosphere is essential to instill confidence in individual investors, encouraging them to consistently deploy their funds across various government financial instruments. To boost confidence in these newer investment schemes, such as UTI and Mutual Funds, government interventions are suggested to persuade investors to consider these options for their savings.

## 5. CONCLUSION OF THE STUDY

Saving for future is a typical feature of the Indian financial nature, this is also the side of carefully approaching the things what they consider as "safe investments". Since the country attained independence, we witness a slew of vibrant institutions that willingly save more. And the most striking energetic surge is during the past years. There are several types of new public offerings created in the last 20 years to raise funds, such as the creation of new investment funds to raise public money. The information about different investments schemes that are aired are missing from majority of the respondents who believe parent and peers as the only source of information from which they gain knowledge.



Consequently, financing institutions should contribute to this by being very strategic with the advertising network so that the information can reach many investors. Even though some new spots are introduced for the investment purpose, investors from both rural and urban areas are leans to rely on bank deposits. The reason for our choice of this investment is to do with reliability and assurance of your means. Public issues only a few people enjoyed, and as they were unaware of the market value of their investments, their participation in such game was not considered as a professional activity. The planned firms of marketing consisting of raising the consciousness of the public, performing better than others with a high and coral – precious return to the investors, and the psychology that bringing the rural sector into the mainstream of national economic development can be attempted and is expected to be tried for more unity. Extensive and consistent education is needed to propagate the savings & investments aptness in both rural and urbane investors because S&I activities are useful in broadening the economy. According to the data of the research, the surveyed investors choose to invest only in the-risk-free-investment-avenues. The findings established that cultural setting of the family is practically the main determinant in mattering how families make investment decisions.

## CONFLICT OF INTERESTS

None

## ACKNOWLEDGMENTS

None

## REFERENCES

- P Alekhya, (2012), "A Study on Performance Evaluation of Public & Private Sector Mutual Funds in India", Asia Pacific Journal of 55 Marketing & Management Review, Vol.1 No. 2, October, pp.147 – 168.
- Sukhwinder Kaur Dhanda., Batra.G.S., & Bimal Anjum (2012) Performance Evaluation of Selected Open Ended Mutual Funds in India International Journal of Marketing, Financial Services & Management Research Vol.1 No. 1, January 2012, ISSN 2277 3622 Online Retrieved from indianresearchjournals.com
- Goel S., Sharma R. and Mani M., "A study of performance and characteristics of open ended mutual funds." Asian Journal of Management Research, vol.3, no.1, pp. 116-124, 2012
- Vasanth, S., Maheswari, U., & Subashini, K. (2013). Evaluating the Performance of some selected open ended equity diversified Mutual fund in Indian mutual fund Industry. International Journal of Innovative Research in Science. Engineering and Technology. Vol. 2. Issue 9. pp 4735-4744 ISSN: 2319-8753
- Dr.Poornima, S. & Sudhamathi, R.K. (2013). Performance analysis of Growth oriented equity diversified mutual fund schemes using Sortino Ratio. Asia Pacific Journal of Research – A peer reviewed International journal. 1(8): 27-35.
- Keerthana P M, Nidheesh K N, & Balasubramanian, P (2019) Investor's Perception toward Mutual Fund in the Ernakulam City, *International Journal of Innovative Technology and Exploring Engineering*, 8(6S), 786-790
- Kumar, ShilpaSampath., Umamaheswari.S& Reddy, Kusuma K(2019)An Analytical Study On Investors Perception Towards Mutual Funds, *International Journal of Research and Analytical Reviews*, 1(2), 852-857
- Poddar, P & Jaiswal, KK (2019) Returns And Risks Of Mutual Fund Schemes: A Case Study, *ZENITH International Journal of Multidisciplinary Research*, 9 (2), 341-349
- Patel, Aarti&Ayre, Vivek(2019) A Study Of Investors' Preference Towards Mutual Funds In Bardoli Region,*International Journal of Advanced Research in Management and Social Sciences*, 8 | No. 4, 87-97
- Sheth, JigishDilipkumar& Bhatt, V (2019)A Study on Factors Affecting Distribution Channels of Indian Mutual Fund Industry with Special Reference to No-Entry Load Regime – Post 2009, *Research Journal of Humanities and Social Sciences*. 10(2): April- June, 2019
- Sivabagyam, K.R. et. al (2019) Research on Risk Return Analysis of Selected Growth Option Mutual Fund Schemes in India, *International Journal of Innovative Technology and Exploring Engineering* , 8(12S), 545-552
- Sowmya, K.P., Sandiya.C&Shanthini.C (2019) Mutual Funds-A Pragmatic Research on Investors Perception Towards Risk-Return Pattern with Special Reference to Coimbatore City, *International Journal of Innovative Technology and Exploring Engineering (IJITEE)*, 8(12S), 601-603
- Sridevi, P(2019) Investor's Behavior Towards Mutual Fund Investments, *EPRA International Journal of Research and Development*, 4(7) 2019, 83-88

- Vashisht, Anil (2019) A Study on Increasing Penetration of Mutual Funds in India, *International Journal of Research and Analytical Reviews*, 6 (1), 614-619
- Bhargava, Rashmi (2018) Market Sentiments And Trends In Growth Of Mutual Fund Schemes: An Insight Into Indian Mutual Industry, *TRANS Asian Journal of Marketing Management Research (TAJMMR)*, Vol 7, Issue 9-10, Sept-Oct 2018 Impact Factor: SJIF 2017 = 5.943, 4-20
- Das, Kishore Kumar (2018) Factors Determining Investment Decisions In Equity And Mutual Funds: A Case Study Of Odisha, *International Journal of Management, IT & Engineering*, 8(6), 354-368
- Hassan, S., Iqbal Fazili, A & Hamid, A (2018) Factors Affecting the Fund Selection Capability of Mutual Fund Advisors, *Asian Journal of Management*. 9(1)
- Kalyan, N B & Gautami, S (2018) A Study On Risk & Return Analysis Of The Selected Mutual Funds Schemes In India, *International Journal of Research in Social Sciences*, 8(5), 212-221
- Kalyan, NallaBala & Gautami, S (2018) A Study On Risk & Return Analysis Of The Selected Mutual Funds Schemes In India, *International Journal of Research in Social Sciences*, 8(5), 212-221
- Kaur, Jasvir & Arora, Nittan (2018) A Study on Investor's Perception towards Mutual Funds as an Investment Option *International Journal of Latest Engineering and Management Research*, 107-111