

# A STUDY OF MUTUAL FUND AWARENESS IN GANDHINAGAR CITY

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## Abstract

*This paper attempts to study the outlook of citizens towards awareness with special reference to mutual funds. The population of the study is selected from the Gandhinagar city of Gujarat state of the country. The sample size is 60 and the researcher has used a convenient sampling method for the study. The findings of this study are that people are aware of mutual funds and people are also investing in mutual funds. Researcher also found that the majority of investors are considering mutual fund as a risk-free Instrument. It is expected that this study will help in Gujarat to plan successful strategies for increasing investment in mutual funds and they can spread more awareness about mutual funds.*

**Keywords:** Mutual funds Awareness, Gandhinagar, Risk-free Instrument, Systematic Investment Plan

## 1. INTRODUCTION

A **mutual fund** is an open-end professionally managed investment fund that pools money from many investors to purchase securities. These investors may be retail or institutional. The term is typically used in the United States, Canada, and India, while similar structures across the globe include the SICAV in Europe ('investment company with variable capital') and open-ended investment company (OEIC) in the UK.

Mutual funds have advantages and disadvantages compared to direct investing in individual securities. The advantages of mutual funds include economies of scale, diversification, liquidity, and professional management. However, these come with mutual fund fees and expenses.

Primary structures of mutual funds are open-end funds, unit investment trusts, closed-end funds, and exchange-traded funds (ETFs).

Mutual funds are often classified by their principal investments as money market funds, bonds or fixed-income funds, stock or equity funds, hybrid funds, or other. Funds may also be categorized as index funds, which are passively managed funds that match the performance of an index or actively managed funds. Hedge funds are not mutual funds as hedge funds cannot be sold to the general public.<sup>1</sup>

To many people, Mutual Funds can seem complicated or intimidating. We are going to try and simplify it for you at its very basic level. Essentially, the money pooled in by a large number of people (or investors) is what makes up a Mutual Fund. This fund is managed by a professional fund manager.

It is a trust that collects money from a number of investors who share a common investment objective. Then, it invests the money in equities, bonds, money market instruments and/or other securities. Each investor owns units, which represent a portion of the holdings of the fund. The income/gains generated from this collective investment is distributed proportionately amongst the investors after deducting certain expenses, by calculating a scheme's "Net Asset Value or NAV. Simply put, a Mutual Fund is one of the most viable investment options for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost.<sup>2</sup>

## 2. LITERATURE REVIEW

**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.

<sup>1</sup> [https://en.wikipedia.org/wiki/Mutual\\_fund](https://en.wikipedia.org/wiki/Mutual_fund)

<sup>2</sup> [https://www.mutualfundssahihai.com/en/what-is-a-mutual-fund?utm\\_source=google\\_web&utm\\_medium=search\\_google\\_AMFI&utm\\_campaign=Sok\\_Mutua\\_Funds\\_Top\\_Geos\\_Mobile\\_14\\_May\\_19&gclid=EAlaQobChMlus2gwfOV6wIvGtGrCh2m-wq4EAAYASAAEgLFm\\_D\\_BwE](https://www.mutualfundssahihai.com/en/what-is-a-mutual-fund?utm_source=google_web&utm_medium=search_google_AMFI&utm_campaign=Sok_Mutua_Funds_Top_Geos_Mobile_14_May_19&gclid=EAlaQobChMlus2gwfOV6wIvGtGrCh2m-wq4EAAYASAAEgLFm_D_BwE)

**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. Mutual Fund industry growing at a large level in India.

**Tripathi** (2020) found that people are aware of a mutual fund but still, very few peoples are investing in mutual funds. Primary data was used for research. 75% of respondents are preferring a Systematic Investment Plan(SIP). Respondents are also aware of share market functioning. Respondents know that the Asset Management Company(AMC) invest their money in Share Market.

**KCN Rao** (2020) investigated that most of the investors are aware of various schemes of mutual funds. The Mutual Fund investors mainly belong to the age group from 19 years to 55 years and fall in the income group of Rs 30,000 to Rs 70,000 and above. Diversification of portfolio and tax benefit is the main factor of mutual funds that motivate the investors.

**Sharma** (2020) found that there is a significant relationship between mutual fund returns and Nifty. The Researcher used secondary data for the study. Study was conducted on 5 Debt Mutual funds.

**Saxena & Sheikh** (2019) found from the study that gender is no impact on mutual fund investment intention however middle age group, high-income group, and investors with finance-related education are highly positive about mutual funds' investments. One-way ANOVA and independent sample T-test have been used to analyses the data.

### 3. OBJECTIVES OF STUDY

- To study the perception of investors towards investment with special reference to Mutual funds.
- To know the relationship between the risk and return activities of the investor.
- To find out the reasons why investors are choosing mutual funds as an investing opportunity.

### 4. RESEARCH METHODOLOGY

The present research study is based on primary data. Google form is used as a data collection tool to collect the response from the respondents.

#### 4.1 Sample Area

Gandhinagar city

#### 4.2 Sample Size

60 respondents

#### 4.3 Sampling Unit

Businessmen, Government Servant, Students, Others

### 5. DATA ANALYSIS & INTERPRETATION

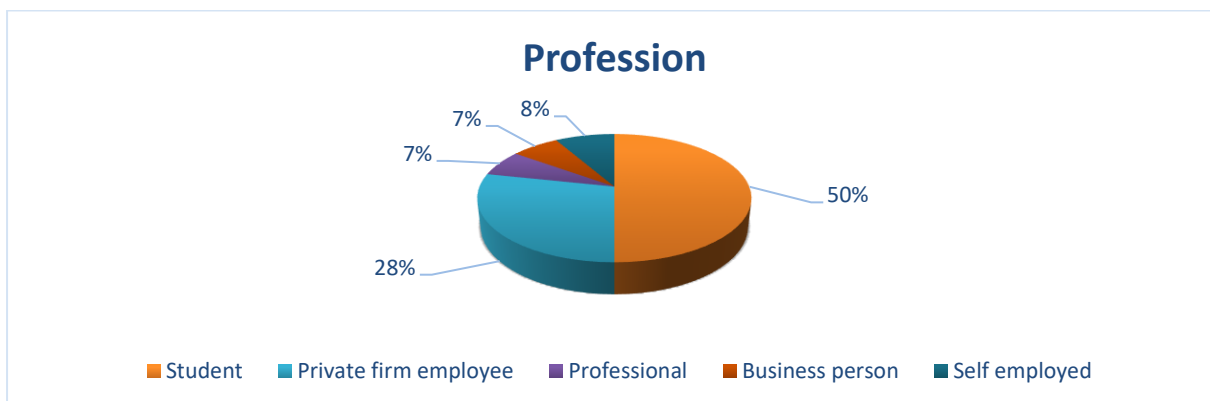
For the case of understanding and making meaningful inferences, the data has been compiled in tables & graphs.

#### 1. Profession of Respondents

Table 1

OPTION	RESPONSE (OUT OF 60)
Student	30
Private firm employee	17
Professional	4
Businessperson	4
Self-employed	5

Graph 1

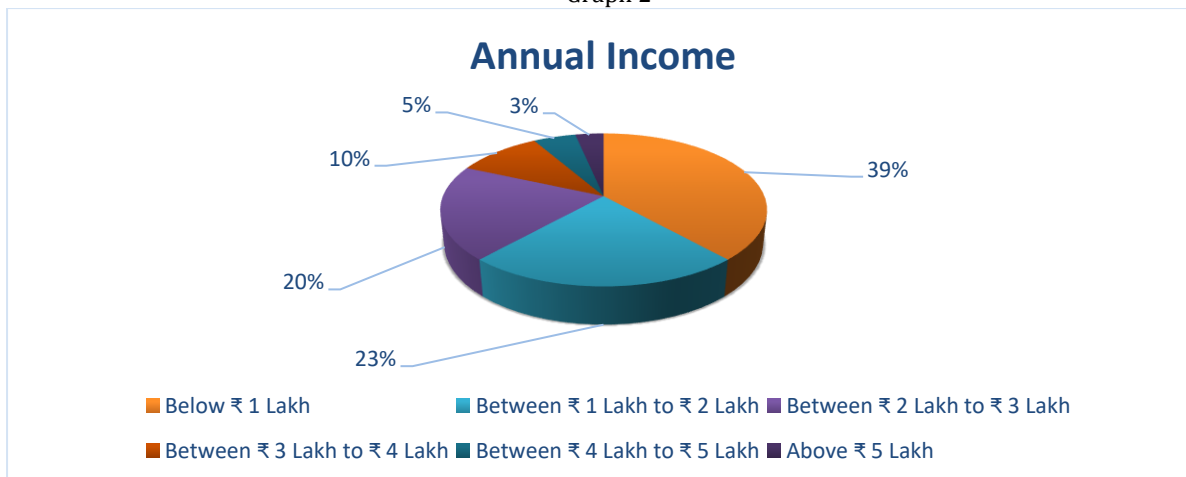


**2. Annual Income**

Table 2

OPTION	RESPONSE (OUT OF 60)
Below ₹ 1 Lakh	23
Between ₹ 1 Lakh to ₹ 2 Lakh	14
Between ₹ 2 Lakh to ₹ 3 Lakh	12
Between ₹ 3 Lakh to ₹ 4 Lakh	6
Between ₹ 4 Lakh to ₹ 5 Lakh	3
Above ₹ 5 Lakh	2

Graph 2

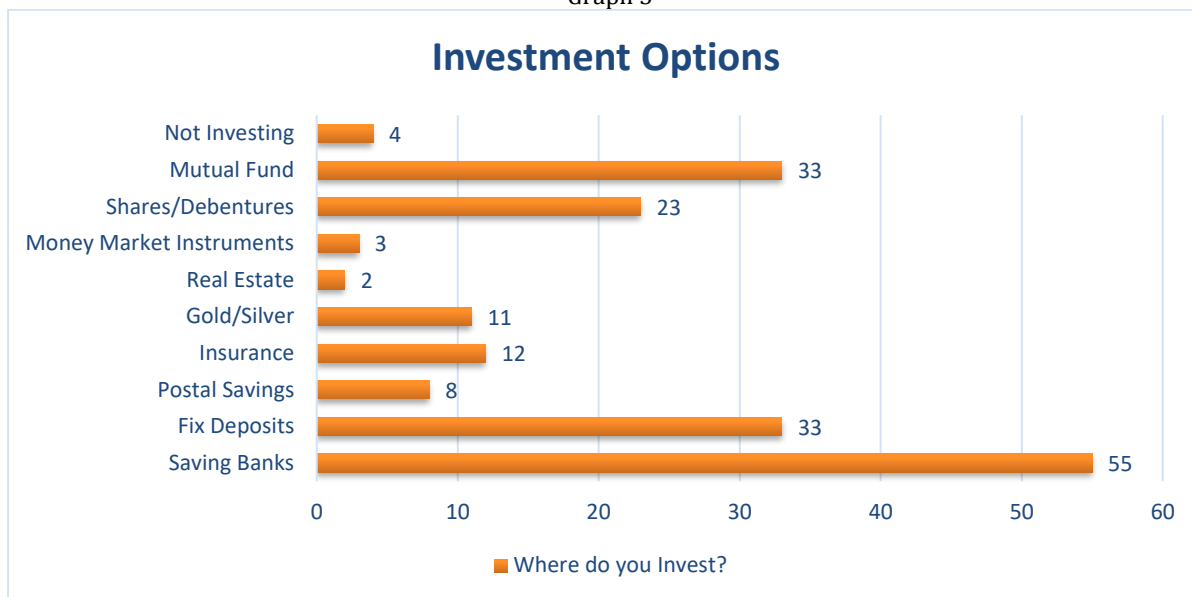


**3. Where do you invest?**

Table 3

OPTION	RESPONSE (OUT OF 60)
Saving Banks	55
Fix Deposits	33
Postal Savings	8
Insurance	12
Gold/Silver	11
Real Estate	2
Money Market Instruments	3
Shares/Debentures	23
Mutual Fund	33
Not Investing	4

Graph 3

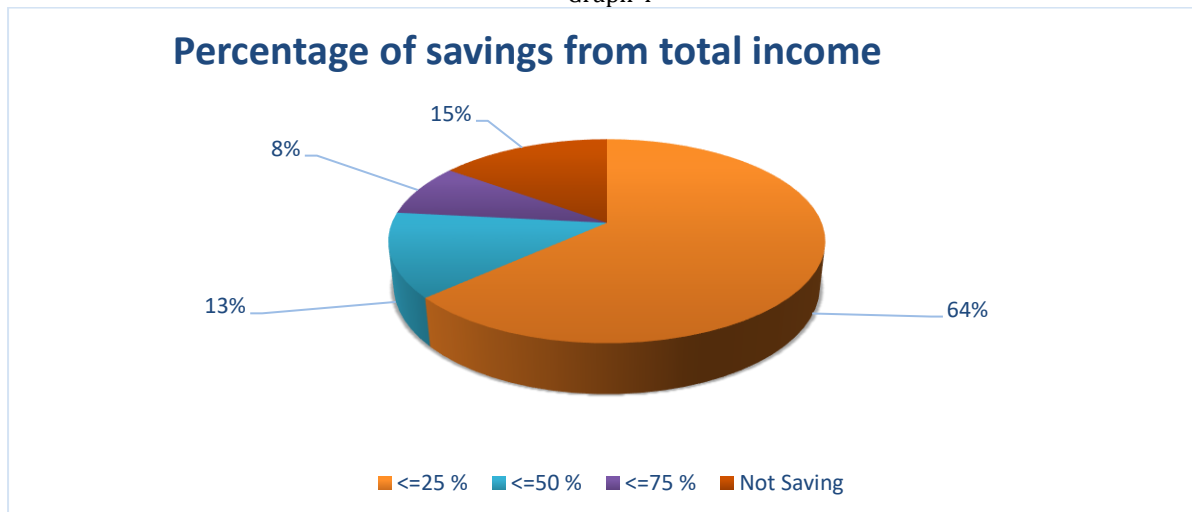


4. What is the percentage of savings from your total income?

Table 4

OPTION	RESPONSE (OUT OF 60)
<=25 %	38
<=50 %	8
<=75 %	5
Not Saving	9

Graph 4

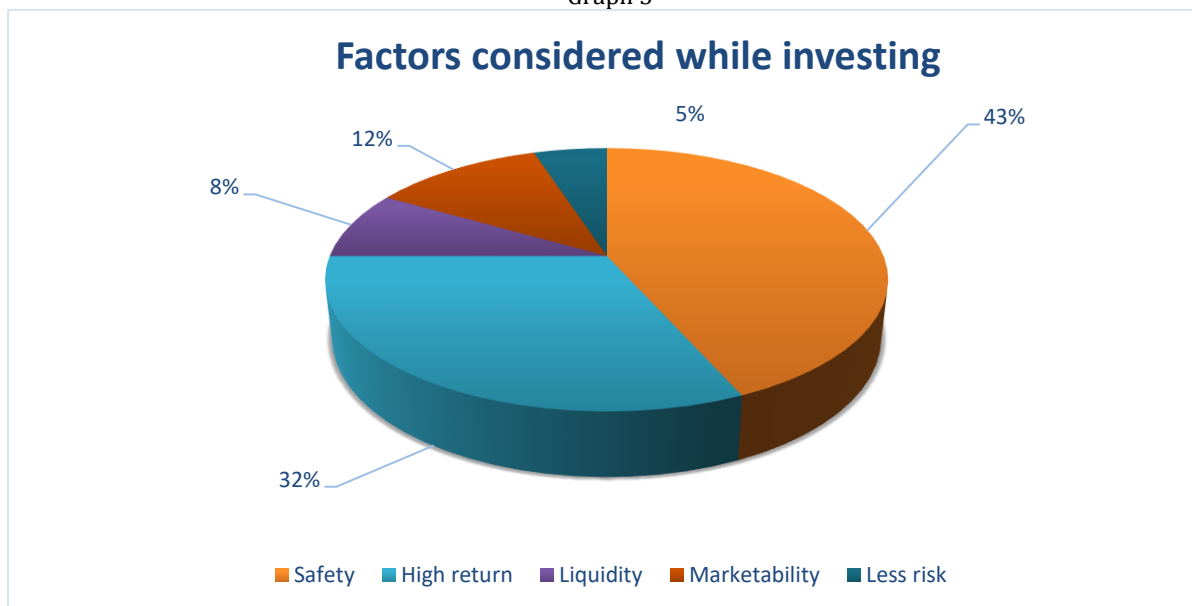


5. What is the factor to which you give the most priority when you invest?

Table 5

OPTION	RESPONSE (OUT OF 60)
Safety	26
High return	19
Liquidity	5
Marketability	7
Less risk	3

Graph 5

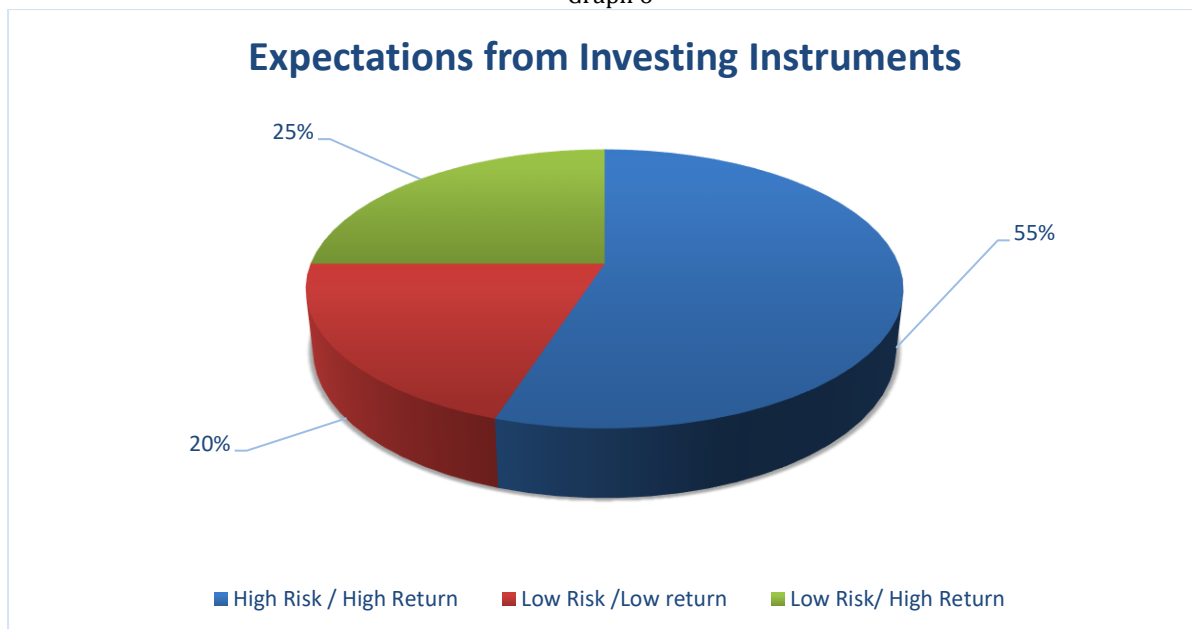


6. You invest in the financial instruments/securities which give

Table 6

OPTION	RESPONSE (OUT OF 60)
High Risk / High Return	33
Low Risk /Low return	12
Low Risk/ High Return	15

Graph 6

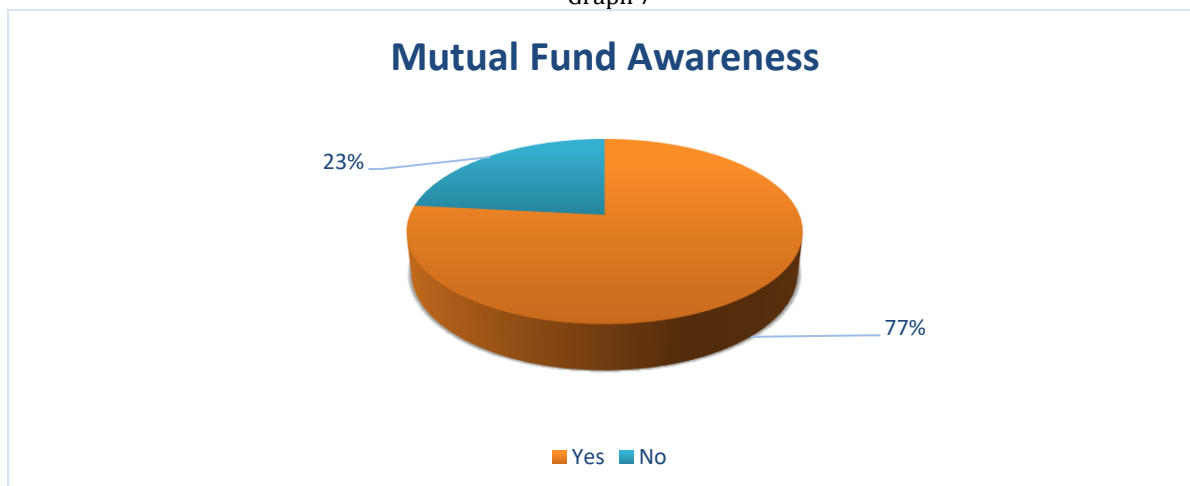


7. Do you know about Mutual Funds?

Table 7

OPTION	RESPONSE (OUT OF 60)
Yes	46
No	14

Graph 7

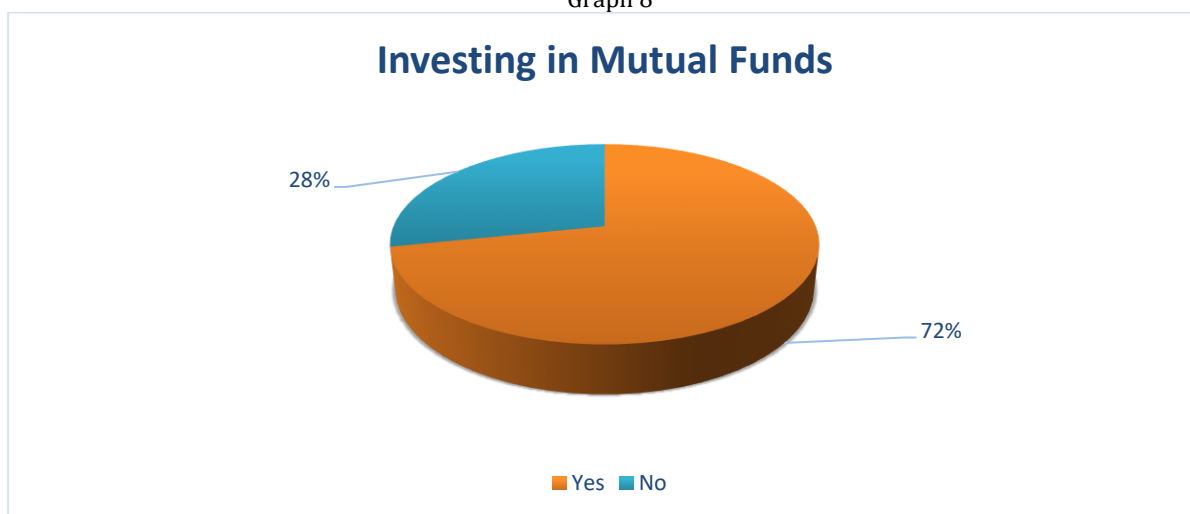


8. Are you an investor in Mutual Funds?

Table 8

OPTION	RESPONSE (OUT OF 46)
Yes	33
No	13

Graph 8

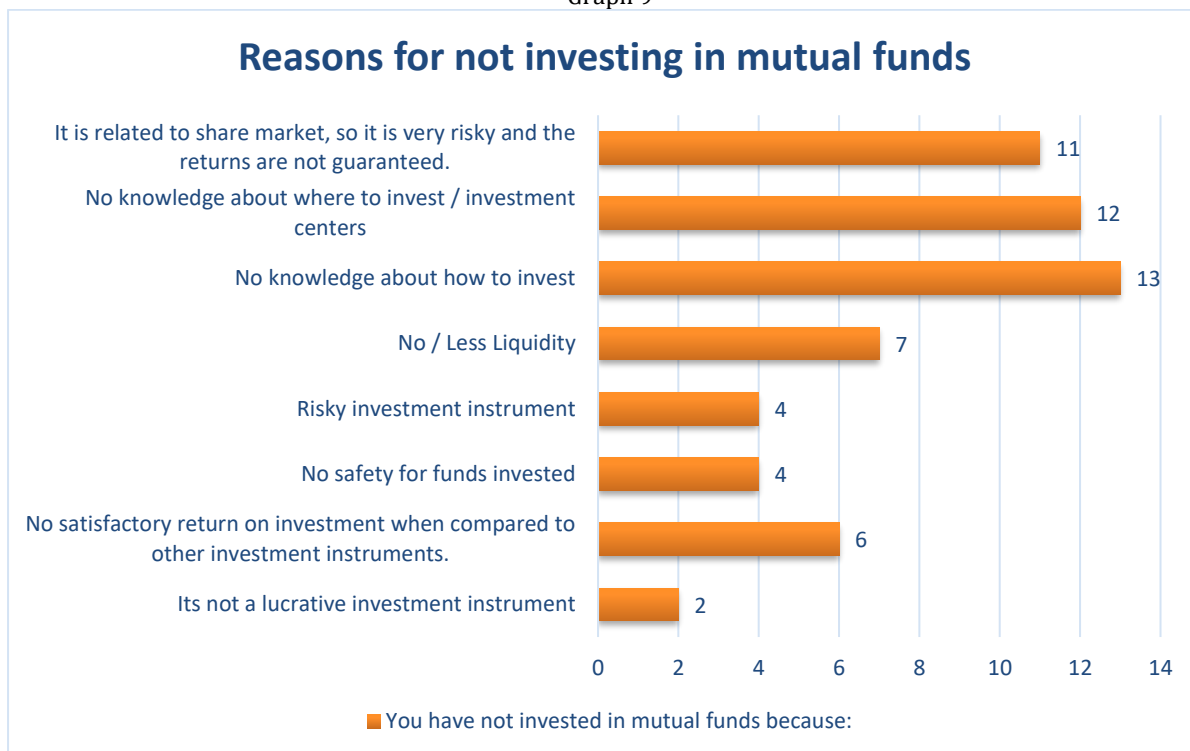


9. You have not invested in mutual funds because:

Table 9

OPTION	RESPONSE (OUT OF 13)
It's not a lucrative investment instrument	2
No satisfactory return on investment when compared to other investment instruments.	6
No safety for funds invested	4
Risky investment instrument	4
No / Less Liquidity	7
No knowledge about how to invest	13
No knowledge about where to invest / investment centers	12
It is related to the share market, so it is very risky and the returns are not guaranteed.	11

Graph 9

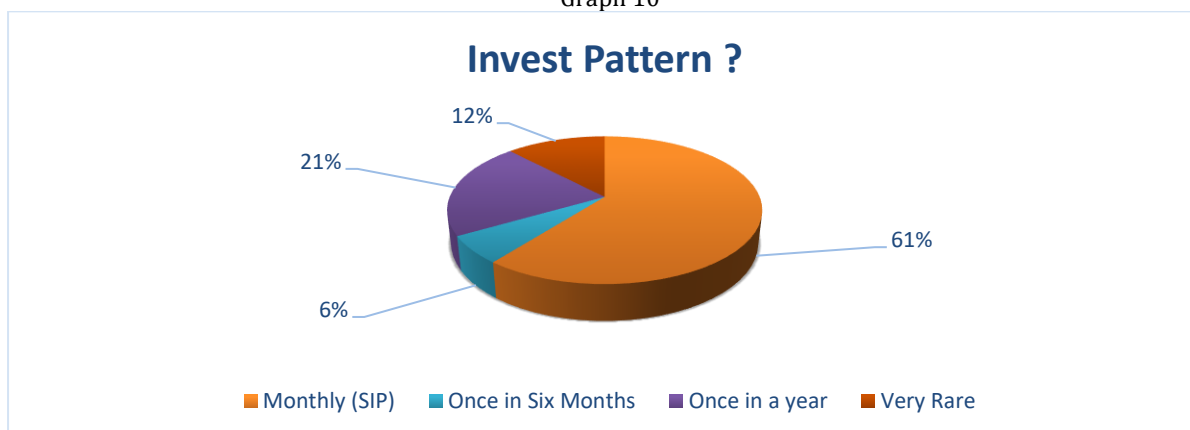


**10. What is your investment pattern?**

Table 10

OPTION	RESPONSE (OUT OF 33)
Monthly (SIP)	20
Once in Six Months	2
Once in a year	7
Very Rare	4

Graph 10

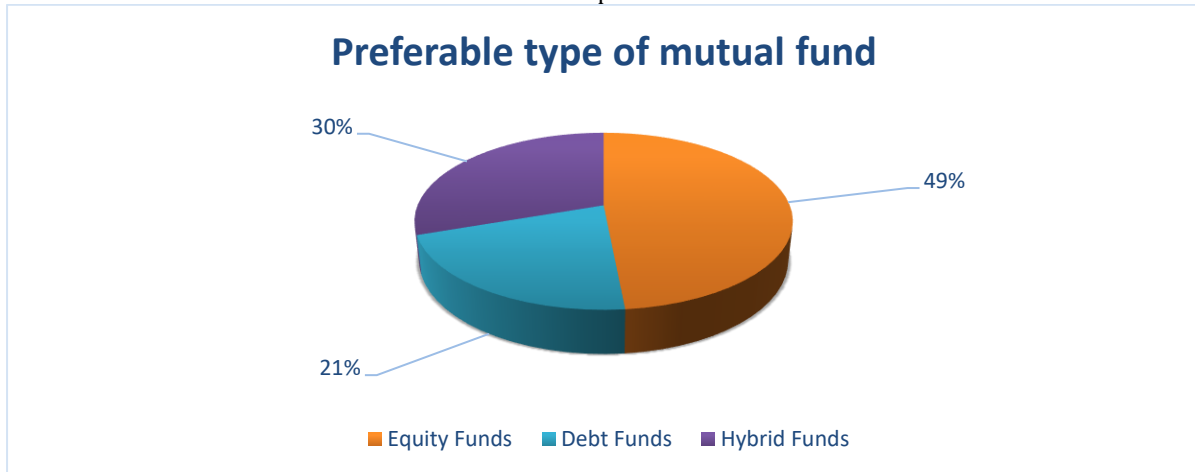


**11. You have invested in which type of Mutual Fund Scheme?**

Table 11

OPTION	RESPONSE (OUT OF 33)
Equity Funds	16
Debt Funds	7
Hybrid Funds	10

Graph 11

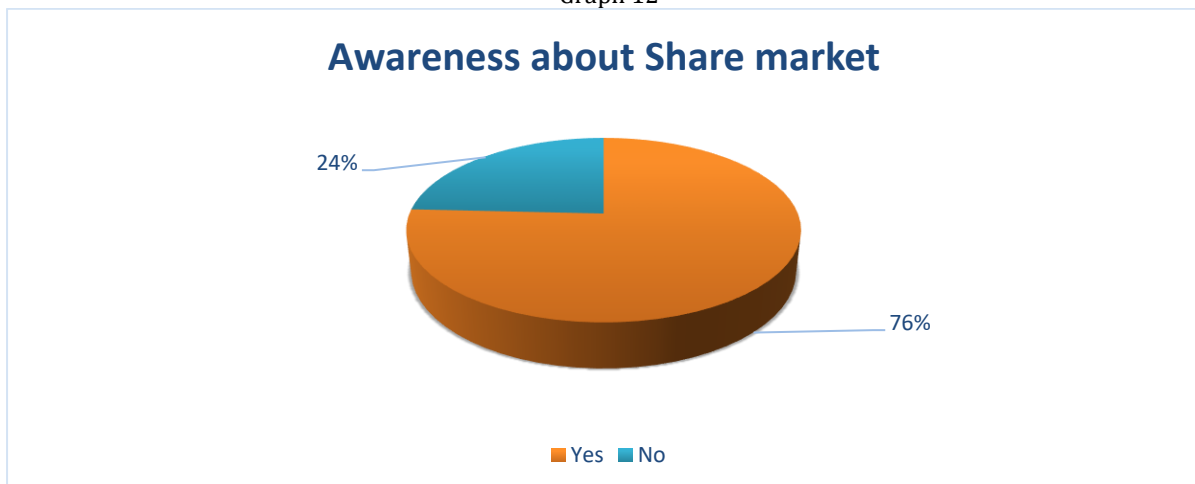


**12. Do you know the share market & its functioning?**

Table 12

OPTION	RESPONSE (OUT OF 33)
Yes	25
No	8

Graph 12



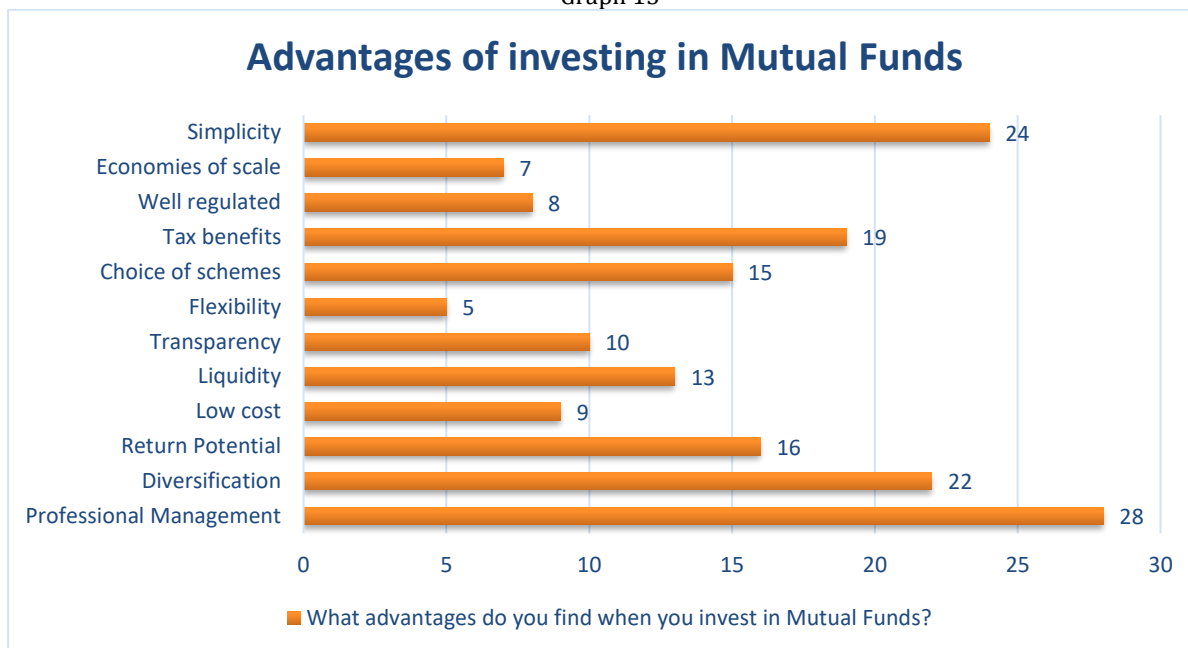
**13. What advantages do you find when you invest in Mutual Funds?**

Table 13

OPTION	RESPONSE (OUT OF 33)
Professional Management	28
Diversification	22
Return Potential	16
Low cost	9
Liquidity	13
Transparency	10
Flexibility	5
Choice of schemes	15
Tax benefits	19
Well regulated	8
Economies of scale	7
Simplicity	24



Graph 13

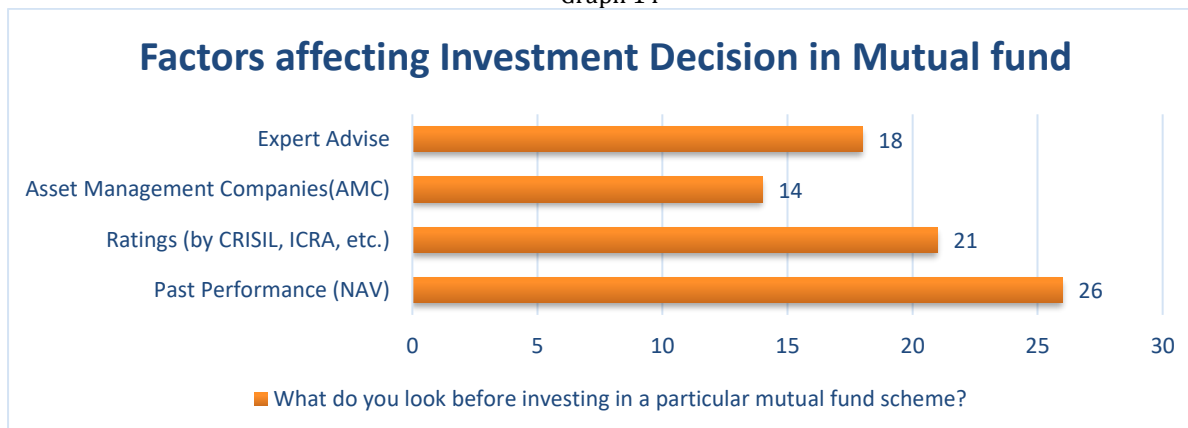


**14. What do you look before investing in a particular mutual fund scheme?**

Table 14

OPTION	RESPONSE (OUT OF 33)
Past Performance (NAV)	26
Ratings (by CRISIL, ICRA, etc.)	21
Asset Management Companies(AMC)	14
Expert Advice	18

Graph 14

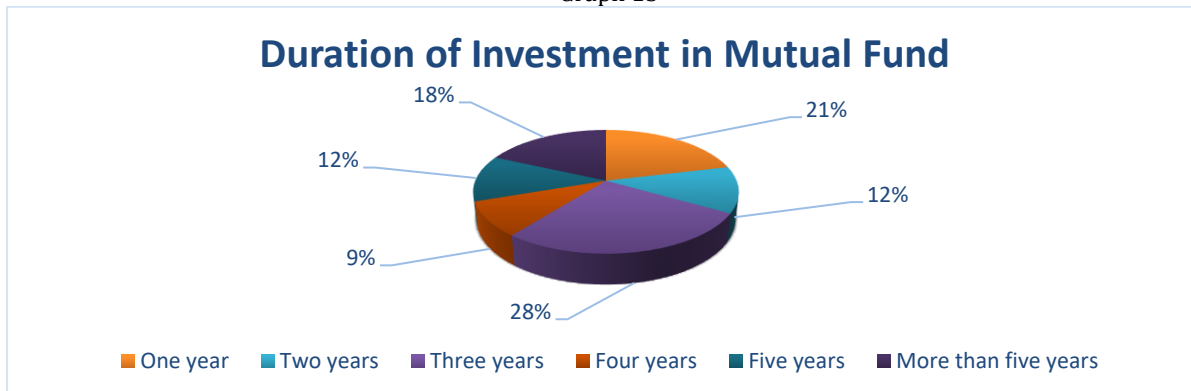


**15. Since how many years you are investing in Mutual Fund Schemes?**

Table 15

OPTION	RESPONSE (OUT OF 33)
One year	7
Two years	4
Three years	9
Four years	3
Five years	4
More than five years	6

Graph 15



**16. Can Mutual Funds be viewed as Risk-Free Investments?**

Table 16

OPTION	RESPONSE (OUT OF 33)
Yes	27
No	6

Graph 16

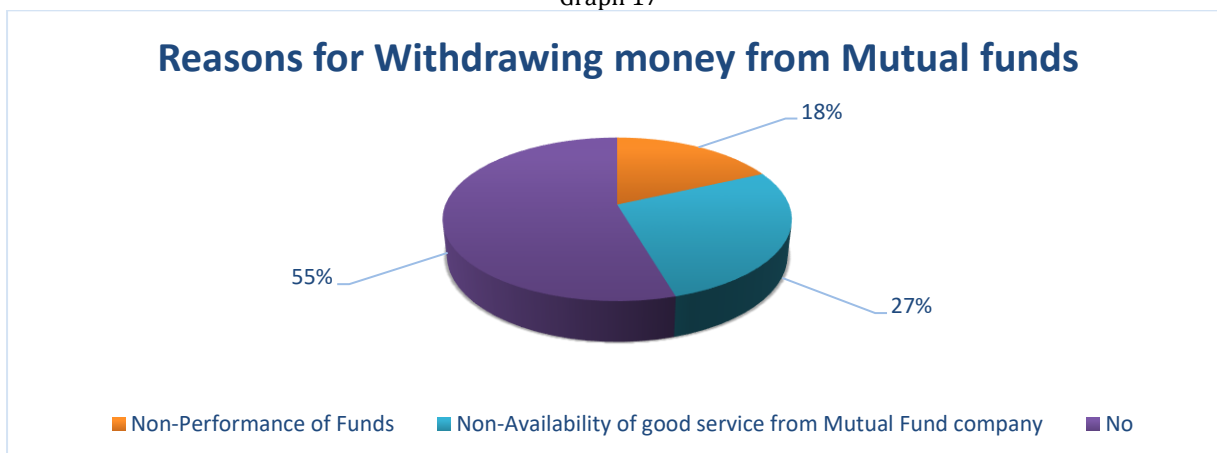


**17. Have you ever redeemed your Mutual Funds because of the below -mentioned reasons?**

Table 17

OPTION	RESPONSE (OUT OF 33)
Non-Performance of Funds	6
Non-Availability of good service from Mutual Fund company	9
Never Redeemed	18

Graph 17

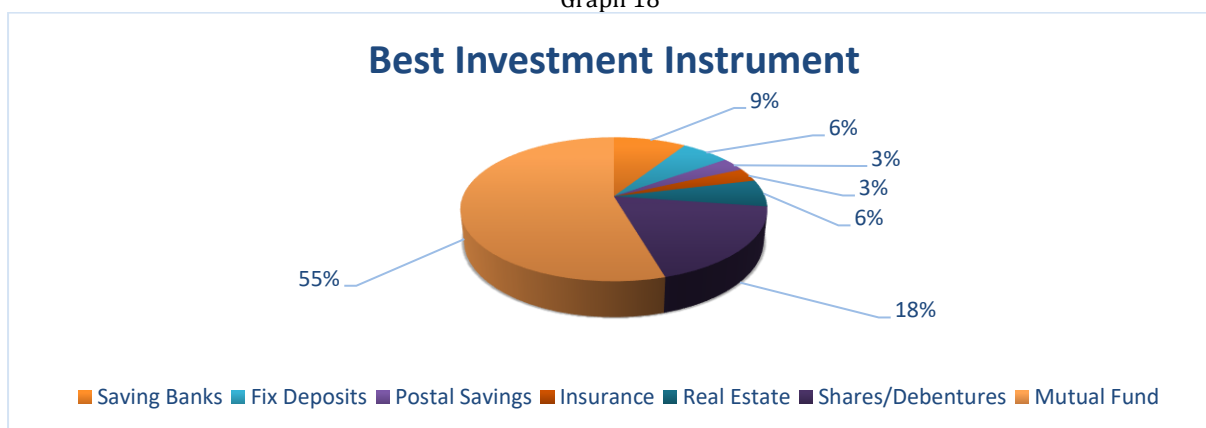


18. According to you, which one do you rate as the best investment instrument?

Table 18

OPTION	RESPONSE (OUT OF 33)
Saving Banks	3
Fix Deposits	2
Postal Savings	1
Insurance	1
Real Estate	2
Shares/Debentures	6
Mutual Fund	18

Graph 18



## 6. CONCLUSION

An attempt was made by the researcher to study awareness about mutual funds in Gandhinagar city. The study is conducted on data received from 60 respondents from Gandhinagar. Opinion from these respondents was collected with the help of a questionnaire. With the help of Data analysis and interpretation, findings were drawn by researchers. With the help of findings following conclusion was drawn by researchers. People are aware of a mutual fund and peoples are investing in mutual funds. Respondents are preferring equity, hybrid & debt respectively. 61% of respondents are preferring a Systematic Investment Plan(SIP). Respondents are also aware of share market functioning. Investors are investing in mutual funds because of these advantages' professional management, diversification, liquidity, return potential, low cost, tax benefits, and others. 82% of Investors are preferring mutual fund schemes as risk-free investment opportunity therefore they are investing in it.

## 7. REFERENCES

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