

# A Study On Awareness, Levels & Parameters Influencing Investments And Preferences In Mutual Funds Among The Students In Coimbatore City

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**Abstract-** *In the last few decades, we can find a tremendous growth in investment especially mutual funds. It is justified that private sectors showing extraordinary growth in mutual funds. With the increase in information technologies, many institutional investors have emerged in stock markets. Many scholars in the process of learning and earning, started investing in mutual funds. Many fund managers have started to gain experience in investing and to gain returns. This study is conducted to know the role of mutual funds play in student life and its influence on students.*

## I. INTRODUCTION

Capital markets have gained the limelight of the Indian financial system from the merge impact it had a decade earlier upon the financial markets. The capital market has undergone a significant increase in institutional setup and development. This development was made possible for the institutions by the diversified structure of mutual funds.

A mutual fund is a tool for gathering resources by issuing units (bonds) to the investors and investing in securities in accordance with their long-term investment objective. Since investment in securities is diversified, so is the risk associated with it. The units issued to the investors are based upon the quantum of money invested by them. Mutual fund investors are also known as unitholders.

The profit or loss incurred in a mutual fund is in accordance with the proportion of their investment. From time to time, a number of schemes with different investment objectives are launched. A mutual fund has to be registered with the Securities and Exchange Board of India (SEBI) before the fund can be collected from the public.

Mutual funds have many advantages for investors, which include lower risk, convenience, economies of scale, and expert management.

Mutual funds offer lower risk, mainly because of the diversification of their investment portfolio. This is beneficial to small investors with limited capital, enabling them to purchase a unit of the security via a mutual fund.

**Convenience:** Mutual funds make it convenient for small-scale investors to mobilise their savings and convert them into securities.

**Economies of Scale:** Mutual funds exhibit good economies of scale as they are continuously engaged in buying and selling securities, which in turn has a huge impact on the risk and return of the fund.

Mutual funds are managed by investment managers. This continuous monitoring of the fund basket enables the investors to reduce the risk associated with a security.

## Problem Statement

Mutual funds are an emerging area for researchers these days because of their effective management and performance. Various research studies have been conducted to study the awareness and parameters investors possess with respect to mutual funds. But no significant research has been conducted to understand the awareness of mutual funds among students and the parameters they consider when opting for mutual funds.

## Objective of the study

The study has been undertaken for the following objectives:

- Measure the level of awareness of mutual funds among students in Coimbatore district.
- Analyse how many students have invested in mutual funds in Coimbatore district.
- Analyse the parameters that influences the students on investing in mutual funds

- Analyse the preference on mutual funds over other investment options.

**Scope of the study**

This study assists the mutual fund industry in gauging student awareness of mutual funds and their contributions, as well as the parameters that influence mutual fund investment decisions. This study may be helpful for future scholars and they can continue the study.

**Research Methodology**

The study is mainly based on primary data and is experimental in nature. Primary data was collected from a questionnaire and distributed to 112 respondents/individuals who were selected based on non-probability sampling (judgemental or purposive sampling technique). These questionnaires were distributed during the period of April 2022 with two sections. For analysing the primary data, simple percentage analysis was used.

$$\text{Percentage} = \frac{\text{Class frequency}}{\text{Total frequency}} \times 100$$

**Limitation of the study**

Due to time and economic constraint, the sample size in 112. The respondents were reluctant to answer due to their busy schedule. Mainly based on the information given by the respondents for the designed structured questionnaire and the facts given by them are subjected to their beliefs and attitude. The study is relevant and related to Coimbatore district alone.

**II. LITERATURE REVIEW**

**V.B. KarunaMoorthy and Dr. N. Rajendhiran; Mutual Funds: An Outrageous Progression in Investment, April 2021.** Compared to the previous years, the Indian financial system has been experiencing tremendous changes in this recent years. Savings in various forms promote this healthy environment. If the market of mutual funds strives to maintain its standard in the year to come, definitely it may result in a greater benefit in the capital market of India on a larger scale.

**ReshmaRaju Mini;A Study On The Awareness Of Mutual Funds Investment In India, January 2020.** Mutual Funds, though a very profitable form of investment, with limited risk factors compared to shares and debentures, have not yet shown itself to the potential investors so as to invest in favourable returns.

**H. R. Manjunatha, Rajesh R J, Chandrashekarappa U;Analysis of Investment Strategies of Investors towards Mutual Funds, December 2019.**There are some attribute of mutual fund schemes as their age, asset ratio and past performance that affect their efficiency performance. Older schemes and schemes with high asset ratio are performing inefficiently.The number of investors and the amount invested in mutual funds is quite low.

**VarunSagarSingal and Dr. Rishi Manrai;Factors Affecting Investment in Mutual Funds, July 2018.**The study integrates constructs from the factors affecting investment in mutual funds into an insightful investment model [IM] for adoption. The results indicate that the fundamental factors and investor perception play a very vital role in the investment decision making process.

**Dr. B. Ravi Kumar & R. Padma Malini;Awareness Of Mutual Fund Investment Among The Investors, 2017.**It can be said that, falling interest rates and recent developments in the investment climate in the country, have led to investment avenues dwindling drastically. But Mutual Funds are any day a safe bet for investors of different groups, motives and other preferences. Since Asset Management companies offer a range of Funds respective Investment philosophies, an investor can benefit only by investing in appropriate fund, which shall meet his requirements.

**III. ANALYSIS AND INTERPRETATION**

It is a process of assigning meaning to the collected data and determining its conclusion.

**Gender**

Gender is said to play vital role when it comes to investment decision, out of 112 respondents surveyed 64.3% were male and 35.7% were female.

Gender	Invested in mutual funds		Grand total
	No	Yes	
Female	36	4	40
Male	41	31	72
Grand total	77	35	112

Table 1: Gender Vs Investment in Mutual Funds

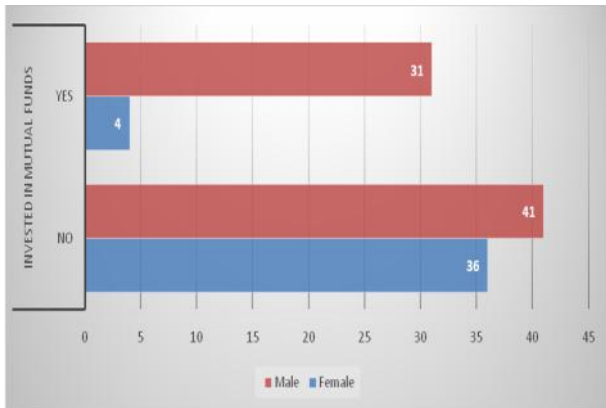


Figure 1

Drilling down further, we see that out of 112 respondents, only 35 have invested in them. Male respondents have invested more in mutual funds compared to female respondents.

**Age**

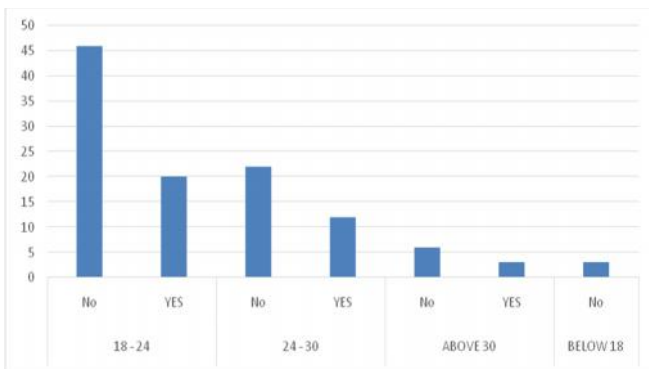


Figure 2

AGE	INVESTED IN MUTUAL FUNDS		GRAND TOTAL
	No	Yes	
Below 18	3	0	3
	3%	0%	3%
18 to 24	46	20	66
	41%	18%	59%
24 to 30	22	12	34
	20%	11%	31%
Above 30	6	3	9
	5%	3%	8%
Grand total	77	35	112
	69%	31%	100%

Table 2: Age Vs Investment in Mutual Funds

From the above table and graph, we can observe that the majority of investors belong to the age group of 18 to 24, but we can also notice that the percentage of no is higher as compared to that of the age group 24 to 30. Thus, we can infer that there is an awareness of investment and savings among the age group of 24 to 30.

**Location**

LOCATION	INVESTED IN MUTUAL FUNDS		GRAND TOTAL
	No	Yes	
Coimbatore-South	14%	5%	20%
	16	6	22
Coimbatore-East	16%	8%	24%
	18	9	27
Coimbatore-North	12%	7%	19%
	13	8	21
Coimbatore-West	14%	4%	19%
	16	5	21
Coimbatore-Central	13%	6%	19%
	14	7	21

Table 3: Location Vs Investment in Mutual Funds

From the above table, we can infer that students hailing from Coimbatore – North have invested more than compared to other parts in Coimbatore. More awareness must be created in other parts too.

**Qualification**

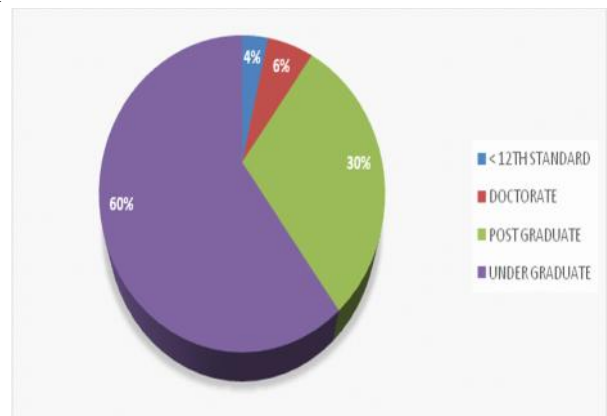


Figure 3

For the survey, Questionnaires are distributed to academic students where almost 60% of Respondents are pursuing Under Graduate.

**Knowledge on mutual funds and habit of annual savings**

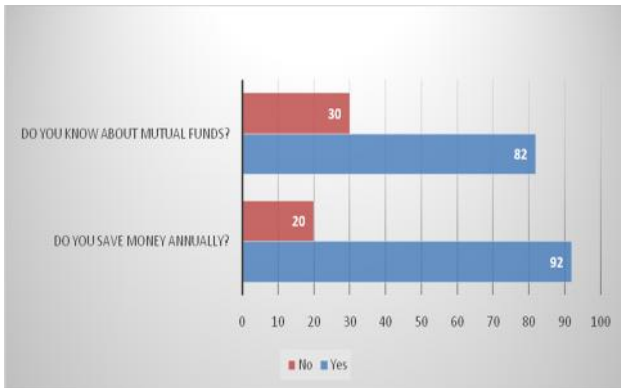


Figure 4

On analysis, it is clear that 92 out of 112 respondents have the habit of savings and 82 out of 112 respondents have basis knowledge on mutual funds.

**Reason for not investing in Mutual Funds**

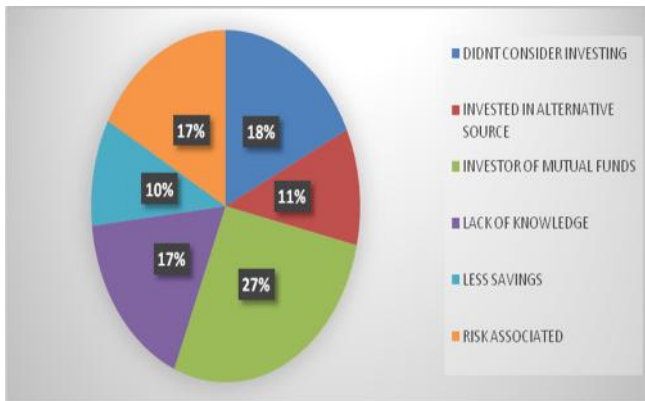


Figure 5

From the study, it is found that almost 69% of respondents have not invested in mutual funds. The majority of reasons for not investing are lack of knowledge on mutual funds, lack of interest and Risk associated.

Awareness on mutual funds to be spread across to induce the people to mobilize savings.

**Primary Objectives of Investing in mutual Funds**

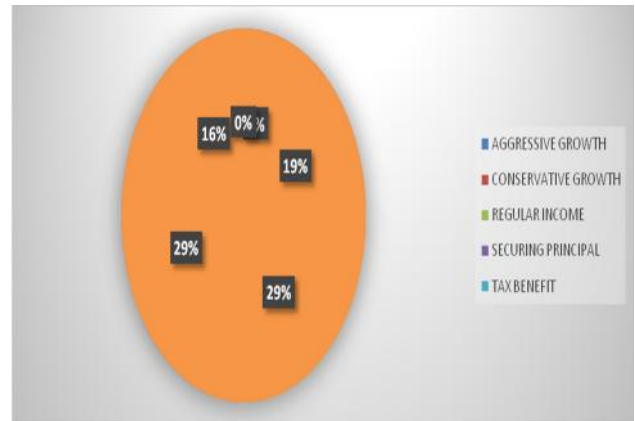


Figure 6

On Survey 29% of respondents are investing for securing principal, 29% are investing for regular income followed by conservative & aggressive growth and tax savings

**Preferences on investing in various options**

Investing in	Rating				
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Securities/Stocks	2	0	4	12	13
Debentures	3	4	4	7	13
Mutual funds	0	0	1	3	27
Fixed Deposits	5	1	8	9	8
Insurance	10	7	8	4	2
Gold	6	8	9	6	2

Table 4: Preference on investing in various options

On Analysis, it is clearly found that people prefer investing in mutual funds over other options followed by stocks and debentures. Students barely prefer on investing in insurance and gold

**Preference of Investing in mutual funds over other investment option**

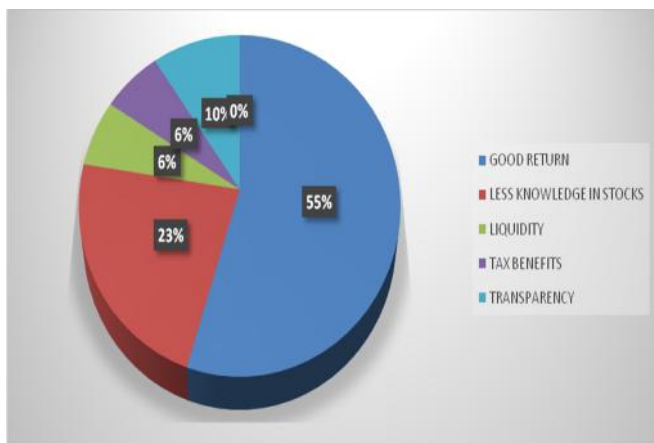


Figure 7

On survey, almost 55% of respondents are preferring over other investment option for good return that is earned on investing in mutual funds

**Mutual Fund Awareness and influences**

Through	Rating				
	Least significant	Less significant	Neut ral	Signi ficant	Most signifi cant
Television	8	6	10	5	2
Social Media/Internet	0	0	1	8	22
Journals/Articles	5	4	7	7	8
Friends & Relatives	6	1	8	13	3
Academical ly	6	4	7	10	4

Table 5: Mutual fund awareness and influences

Product reach is an important factor in order for it to capture the attention of the general public. Mutual funds were introduced as an investment option in the 90's, but they have gained popularity and experienced rapid growth in the past decade. From the above graph, we can infer that it was through the social media& internet that the students gained awareness of mutual funds. Mutual funds should be promoted through various other means as well in order for the public to understand their benefits. Capital market operations and functioning should be introduced to students academically for them to understand its benefits and how to invest wisely.

**Parameters affecting the investment decision**

Factors that affect decision	Rating				
	Not important	Less important	Neutr al	Imp ortant	Mo st imp orta nt
Risk	0	0	6	6	19
Past performance of Mutual fund	0	0	4	8	19
Fund Managers performance	0	1	3	11	16
Liquidity	3	5	1	10	12
Tax Benefits	7	9	3	0	12

Table 6: Parameters influencing investment decision

It is hard for investors to decide upon the type of mutual fund to invest in since there are different schemes that are available. All funds have advantages and disadvantages, so investors must make a decision based on their investment objectives and goals. There are a number of parameters based on which investors make investment decisions, but we limit the scope of the project study to six major parameters: risk and return associated, liquidity, past performance of the mutual fund, fund manager and liquidity.

Among the six parameters, we can see that the respondents focus on the risk from the mutual fund and past performance of the fund followed by how well the fund manager is sound in managing it. At least some importance is given to the liquidity of the mutual fund, but the liquidity of any security plays an important role. If the survey was conducted among different age groups, this parameter could have equally taken a stand with the other parameters.

**IV. FINDINGS**

1. Out of 112 respondents, only 35 of them invested in mutual funds, in which 88% were men and 12% were women.
2. 59% of the respondents fall into the age group of 18 to 24.
3. 24% of the respondents hail from Coimbatore - East, and the students from Coimbatore-North show high awareness of mutual funds.
4. Nearly 60% of the respondents are pursuing Under Graduate.

5. 92 out of 112 respondents have the habit of savings and 82 out of 112 respondents have basic knowledge on mutual funds
  6. Almost 69% of respondents have not invested in mutual funds. The majority of reasons for not investing are lack of knowledge on mutual funds, lack of interest and Risk associated
  7. 29% of respondents are investing for securing principal, 29% are investing for regular income followed by conservative & aggressive growth and tax savings
  8. People prefer investing in mutual funds over other options followed by stocks and debentures. Students barely prefer on investing in insurance and gold
  9. Almost 55% of respondents are preferring over other investment option for good return that is earned on investing in mutual funds
  10. Awareness on mutual fund have majorly spread through the social media & internet.
  11. respondents focus on the risk from the mutual fund and past performance of the fund followed by how well the fund manager is sound in managing it
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## V. CONCLUSION

Mutual Funds have so far emerged as an important segment and delivered value to investors. The study reveals that the investor's decision or perception is dependent on their gender, age, and location and has a direct impact on the investor's choice of investment. The study shows that the student group primarily looks into the return of the mutual funds and securing principal. They should be further educated since they are the future investors in mutual funds. The female segment should be tapped upon to further increase the awareness of mutual funds. Hence, fund managers should take steps to tap into the student population and female segment to enhance investment in mutual funds. Awareness need to be imparted through academic of students also. They value of savings must be educated to students.

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