INVESTORS PERCEPTION TOWARDS MUTUAL FUND INVESTMENT
(A Study with Reference to Rajamahendravaram, East Godavari District)

Dr. M. Ramesh[1], Ms. V.V. Rupa Devi[2]

[1]*Assistant Professor, Department of Commerce and Management Studies, Adikavi Nannaya University, Rajahmundry, East Godavari District-533296, Andhra Pradesh, India,*

[2]*Assistant Professor, Dept. of Management Studies, ISTS Women's College, East Ganugudem, Rajanagaram Mandal, East Godavari District – 533294, Andhra Pradesh, India,*

ABSTRACT
Mutual fund plays a crucial role on bringing stability to the financial system and efficiency to resource allocation. It provides a novel way of mobilizing from small investors and allowing them to participate in the equity and other securities of the industrial organization with low risk. A mutual fund is the ideal investment vehicle for today's complex and modern financial scenario, there has been growing importance of mutual funds investment in India, when compared with other financial instruments. Investment goals vary from person to person. The mutual funds industry grew successfully about substantial returns to the investors and the public sector. Investors of all categories could choose to investors their own in multiple options but opt for mutual funds for the sole reason that all benefits come in a package. The main aim of the present paper is to find out the investors perception on mutual fund investment. The research has taken a sample size of 150 respondents in Rajamahendravaram have been selected by convenience sampling method. For measuring various phenomena and analyzing the collected data effectively and efficiently to draw sound conclusions, a number of statistical techniques basically chi-square test for testing of hypothesis has been used and for analyzing the various factors responsible for investment in mutual funds.
KEY WORDS: *Mutual funds, Investors Perception, Rajamahendravaram, Andhra Pradesh*

INTRODUCTION
Mutual fund is an investment company that pools money from shareholders and invests in a variety of securities, such as stocks, bonds and money market instruments which earn returns on their capital over a period. The mutual fund will have a fund manager also known as portfolio manager that trades the pooled money on a regular basis, and after realizing capital gains or losses are passed out in the form of dividends to the individual investors. A mutual fund pools the money of people with certain investment goals. The money invested, in various securities depending on the objectives of the mutual fund scheme and the profits (or loss) are shared among investors in proportion to their investment. Investments in securities are spread across a wide cross section of industries and sectors and thus the risk is reduced. Diversification reduces the risk because all stocks may not move in the same direction in the same proportion at the same time. Mutual fund issues units to the investors' in accordance with quantum of money invested by them. Investors of mutual funds are known as unit holders. The profits of losses are shared by the investors in proportion to their investment. The mutual funds normally come out with a number of schemes with different investment objectives, which are launched from time to time. A mutual fund is required to be registered with Securities and Exchange Board of India (SEBI), which regulates securities markets before it can collect funds from the public.

Mutual Fund industry has seen a lot of changes in past few years with multinational companies coming into the country, bringing in their professional expertise in managing funds worldwide. In the past few months there has been a consolidated phase going on in the mutual fund industry in India. Now investors have a wide range of schemes to choose form depending on their individual.

PROFILE OF EAST GODAVARI DISTRICT
East Godavari District: The District is a residuary portion of the old Godavari District after West Godavari District was separated in 1925. As the name of the district conveys, East

Godavari District is closely associated with the river Godavari, occupying a major portion of the delta area. The Headquarters of the District is located at Kakinada. East Godavari District lies North – East Coast of Andhra Pradesh and bounded on the North by Visakhapatnam District and the State of Orissa, on the East and the South by the Bay of Bengal and on the West by Khammam District of Telangana State and West Godavari Districts. Area of the District is 12,805 Sq.Kms including newly added Yetapaka Division. The District is located between Northern latitudes of $16^0 30'$ and $18^0 20'$ and between the Eastern longitudes of $81^0 30'$ and $82^0 30'$. It has a population of 52.86 lakhs as per 2011 Census. The District consisting of 7 Revenue Divisions viz., Kakinada, Rajamahendravaram, Peddapuram, Rampachodavaram, Amalapuram, Ramachandrapuram and Yetapaka.

EARLIER STUDIES

Singh and Jha (2009) conducted a study on awareness and acceptability of mutual funds and found that consumers basically prefers mutual fund due to return potential, liquidity and safety and they were not totally aware about the systematic investment plan. The investors will also consider various factors before investing in mutual fund. Kannadashan (2006) examined the factors that influence the retail investors' decision in investing and observed that the decision of the retail investors is based on various dependent variables viz., gender, age, marital status, educational level, income level, awareness, preference and risk bearing capacity. Paul & Garodia (2012) highlighted expectation level of retail investors from various product dimensions of investment. They observed that a demographic variable like age, sex, occupation, education level etc., has significant impact on the investment pattern. The level of expectation from investment is different among various categories of investors.

Palanivelu, V.R. and Chadrakumar K (2013) identify the preferred investment avenues among the individual investors in Naamakkal Taluk of Tamilnadu. They examined how the salaried people are managing their investments. They concludes that many of them invest in common investment avenues and not aware about investment in share market, equity etc.

Sharma & Agarwal (2015) attempted to understand the effect of demographic factors in mutual fund investment decisions. The study tells that the investors' perception is reliant on their demographic profile. Investor's age, marital status and profession has a direct impact on investor's choice of investment. The research also reveals that the liquidity and transparency are some factors which have a high impact on investment decisions. On the contrary Subramanya (2015) identified that the socio economic factors like age, gender, education, income and savings influence on investor's perception towards mutual funds is not encouraging but the investor's age and saving habit of the respondent is closely correlated.

Solanki A. (2016) compared the performance of selected Reliance equity schemes from the time period of 1st April 2007 to 31st March 2016 with BSE National 100 and SENSEX returns. The study concludes that the selected schemes had higher returns than the Benchmark Index. But the study considered only the open ended schemes with only growth options undertaken.

STATEMENT OF THE PROBLEM

Mutual funds have their drawback and may not be for everyone. No investment is risk-free. In every mode of investment, safety of the principal amount, with continuous returns and growth potential, Mutual funds have designed various financial instruments based on preference of investors, their change in profile and even with changes in stock market. If the entire stock market declines in value, the value of mutual fund shares will go down as well, no matter how balanced the portfolio. Investors encounter fewer risks when they invest in mutual funds than when they buy and sell stocks on their own. However, anyone who invests through a mutual fund runs the risk of losing money. All funds charge administrative fees to cover their day to day expenses. Some funds also charge sales commissions or 'loads' to compensate brokers, financial consultants, or financial planners. When he invests in a mutual fund, they depend on the fund's manager to make the right decisions regarding the fund's portfolio. Though these are the problems in the investment of mutual funds, in the recent days most of the investors preferred to invest their funds in mutual funds. In this competitive environment as lot of private and public financial organizations are providing a wide variety of investment opportunities for the people to invest, the existences of these organization entirely depends on how innovatively they are able to provide their investment avenues in order to attract people and to retain their investment. In this background, the research has made an attempt to study the investors' perception on mutual funds investment in Rajamahendravaram, East Godavari District of Andhra Pradesh State.

NEED FOR THE STUDY

Mutual funds generally offer a number of schemes to suit the requirements of the investors. The main purpose of doing this is to know about mutual funds and its functioning which helps in understanding different schemes of mutual funds because it depends upon prominent funds in India and their schemes like equity, income, balances well as the returns associated with those schemes. Mutual funds features such as regular investment plan, regular withdrawal plans and dividend reinvestment plans. Because of these features, one can systematically invest or withdraw funds according to one's needs and convenience. The transactions of the mutual fund are generally very large. These volumes attract lower brokerage commissions and other costs, as compared to the smaller volumes of the transactions entered by individual investors. The study would also influence the people to choose the best investment avenues and also would help them to analyze the various factors which are required to be considered for making a sound investment.

OBJECTIVES OF THE STUDY

The study has been carried out with the following specific objectives.

- ❖ To give a brief data about benefits which are available for mutual funds.
- ❖ To understand the various investment avenues available for respondents to make an investment.
- ❖ To give an idea of different schemes available and market trends of mutual funds.
- ❖ To find out the motivational factors influencing the respondents to prefer mutual funds in Rajamahendravaram
- ❖ To identify the practical problem of mutual fund investors upon their investment
- ❖ To know the expectations of the mutual fund investors
- ❖ To give appropriate suggestions to mutual fund investors in Rajamahendravaram

RESEARCH METHODOLOGY

This study is basically an analytical study based on primary research as well as also related to the analysis of the perceptions of investors towards mutual funds. In order to conduct this study, 150 investors in Rajamahendravaram, East Godavari District of Andhra Pradesh State have been selected by convenience sampling method and mainly questionnaire has been used for collecting the data. All the data required for this analytical study has been obtained mainly from primary sources, but at times, secondary sources of data have also been considered. The data collection method used to obtain the desired information from primary sources has been through direct interview and questionnaire has been used as an instrument. For measuring various phenomena and analyzing the collected data effectively and efficiently to draw sound conclusions, a number of statistical techniques basically chi-square test for testing of hypothesis has been used and for analyzing the various factors responsible for investment in mutual funds. The secondary data has been collected from various books, journals, periodicals, magazines and annual reports.

LIMITATIONS OF THE STUDY

The following limitations of the study are:

- ❖ Any study having a bearing on attitude, incomplete wrong information and non-responses to some questions cannot be avoided; however, the researcher took utmost effort so as to minimize such errors.
- ❖ The time constraint is the major problem
- ❖ It is limited in different schemes available under the mutual funds selected.

RESULTS AND DISCUSSIONS

Based on the study it found that majority of the investors are male respondents (62.67 percent), the remaining respondents are female category (27.33 percent). 40 percent of the respondents are belongs to the age group between 21 – 30 years, 71.33 percent of the respondents are married. More than Half of the respondents (56.67 percent) of the respondents are having Degree Qualification, 47.33 percent of the respondents are employed, 44 percent of the respondents annual income is more than Rs.2,00,000/-.

The respondents were asked to rank the selected factors relevant to their investments in mutual funds.

Table 1 Factor Influencing the Priority for Investment

Factor	Rank						Average Rank	Final Rank
	1	2	3	4	5	6		
Capital Appreciation	13	37	35	39	22	3	3.19	4
Tax Savings	42	33	29	37	8	1	2.59	2
High Return	65	35	29	18	2	1	2.07	1
Liquidity of Funds	27	38	33	35	16	1	2.85	3
Social Factors	3	6	22	15	96	8	4.46	5
Others	0	0	2	6	6	136	5.84	6

Source: Primary data

Table 1 indicates that majority of the respondents are given top priority to high returns, the second priority is given to tax savings followed by liquidity of funds, capital appreciation, social factors and other factors.

Table 2 Motivational Factors of Mutual Funds

Factors	Highly Satisfied	Satisfied	Dissatisfied	Strongly Dissatisfied	Total
Income	60	80	5	5	150
Safety	45	86	17	2	150
Tax Savings	57	83	8	2	150
Liquidity	59	89	10	2	150
Regulations of Mutual Funds	38	104	6	2	150
Previous performance of Mutual Funds	34	110	6	-	150
Efficiency of Asset Management Companies (AMC)	24	118	6	2	150
Customer Service of Mutual Funds	30	113	6	1	150

Source: Primary data

Table 2 indicates that out of 150 respondents, 118 respondents were satisfied with efficiency of Asset Management Companies, 60 respondents were highly satisfied with income, 17 respondents were dissatisfied on the safety of mutual funds and 5 respondents were strongly dissatisfied with customer service of mutual fund organizations.

Table 3 Priority of Problems of Investors

Factor	Rank						Average Rank	Final Rank
	1	2	3	4	5	6		
Unable to Aware the Market Value	50	24	20	26	18	12	2.83	1
Low Income	21	29	32	24	26	18	3.39	3
Poor Service of Broker	24	20	33	25	21	27	3.53	4
Delay in Selling the Units	23	34	32	25	25	11	3.19	2
Poor Customer Service of Mutual Funds	9	31	21	33	34	22	3.79	5
Non Availability of Branch Office	23	12	12	17	26	60	4.27	6

Source: Primary data

Table 3 shows that the consolidated opinion of the respondents on problems of the investment. It is found that the respondents are given top priority for unable to aware of the market value of their investments. The next important problem faced by the investors is delay in selling their units and getting payment of their investments this delay exist during the course of sale of units not officially but un officially. Following this, low income occupies the third rank in the priority of problems. The respondents felt the mutual funds have not offered the expected returns for their investments.

Table 4 Priority of Expectation

Factor	Rank							Average Rank	Final Rank
	1	2	3	4	5	6	7		
High Return	51	24	21	12	11	11	20	3.14	1
Easy Redemption	32	23	24	28	22	14	7	3.37	2
Trained and Experienced AMC	19	34	16	21	20	27	13	3.81	4
Easy Accessibility	9	15	22	33	16	27	28	4.5	6
Fair Service Charges	17	25	29	18	30	22	9	3.81	3
Good Reputation in the Market	19	20	24	24	27	22	14	3.95	5
Electronic Service	3	9	14	14	24	27	59	5.43	7

Source: Primary data

Table 4 indicates that the priority of expectations of mutual funds. It is found that the respondents are given top priority for high return followed by easy redemption. The next important expectations are fair service charge and Trained and

Experienced Asset Management Companies (AMC). Good reputation in market, easy accessibility and electronic service are the expectations of the investors of mutual funds.

CHISQUARE ANALYSIS
Hypothesis: The personal factors of the respondents have no significant influence on the sources of awareness.

Table 5 Personal Factors Vs Sources of Awareness

Personal Factor	Chi-square	P Value	Not Significant/Significant
Sex	0.423	0.981	Not Significant
Age	9.890	0.626	Not Significant
Marital Status	3.914	0.418	Not Significant
Educational Qualification	13.923	0.306	Not Significant
Occupation	10.579	0.565	Not Significant
Annual Income	19.683	0.073	Not Significant
Type of Mutual Fund	12.133	0.145	Not Significant

Source: Primary data

It is clear from the Table 5 that the hypothesis is accepted (not-significant) in all the cases. It may be conclude that the personal factors have no significant influence on the source of awareness of mutual funds.

Hypothesis: The personal factors of the respondents have no significant influence on the type of scheme.

Table 6 Personal Factors Vs Type of Scheme

Personal Factor	Chi-square	P Value	Not Significant/Significant
Sex	0.092	0.762	Not Significant
Age	7.402	0.060	Not Significant
Marital Status	0.126	0.642	Not Significant
Educational Qualification	5.073	0.167	Not Significant
Occupation	0.957	0.812	Not Significant
Annual Income	8.070	0.045	Significant
Type of Mutual Fund	5.954	0.051	Not Significant

Source: Primary data

It is clear from the Table 6 that the hypothesis is rejected (significant) in only one case, annual income and in other cases the hypothesis is accepted (not significant). It may be conclude that the annual income has significant influence on the type of schemes of mutual funds and the other personal factors have significant influence on the type of schemes.

Hypothesis: The personal factors of the respondents have no significant influence on the type of the business.

Table 7 Personal Factors Vs Type of Business

Personal Factor	Chi-square	P Value	Not Significant/Significant
Sex	2.486	0.288	Not Significant
Age	6.786	0.341	Not Significant
Marital Status	0.028	0.986	Not Significant
Educational Qualification	3.149	0.790	Not Significant
Occupation	7.398	0.286	Not Significant
Annual Income	11.327	0.076	Not Significant
Type of Mutual Fund	7.718	0.102	Not Significant

Source: Primary data

It is clear from the Table 7 that the hypothesis is accepted (not significant) in all the cases. It may be conclude that the personal factors have no significant influence on the size of business of mutual funds.

Hypothesis: The personal factors of the respondents have no significant influence on the frequency of investments.

Table 8 Personal Factors Vs Investments

Personal Factor	Chi-square	P Value	Not Significant/Significant
Sex	0.794	0.672	Not Significant
Age	4.940	0.591	Not Significant
Marital Status	1.570	0.456	Not Significant
Education Qualification	14.397	0.026	Significant
Occupation	4.876	0.560	Not Significant
Annual Income	9.554	0.145	Significant
Type of Mutual Fund	9.858	0.043	Significant

Source: Primary data

It is clear from the Table 8 the hypothesis is rejected (significant) in these cases namely educational qualification, annual income and type of mutual fund and in other cases the hypothesis is accepted (not significant). It may be conclude that the educational qualification, annual income, type of mutual fund have significant influence on the frequency of investment of the mutual fund investors.

RECOMMENDATIONS

Self-assessment of one's needs, expectations and risk profile are of prime importance, failing which one will make more mistakes in investing money in right places than otherwise. One should identify the degree of risk bearing capacity one has and also clearly state the expectations from the investments. Irrational expectations will only bring pain.

To identify the nature of investment and to know if one is compatible with the investment. One can lose substantially if one picks the wrong kind of mutual fund. In order to avoid any confusion it is better to go through the literature such as offer document and fact sheets that mutual fund companies provide on their funds.

Timely information regarding various investments should be provided to investors so as to eradicate the hurdles while choosing the right investment and the awareness program has to be conducted by the Stock Broking Firms, because most of the respondents are unaware about these new services about the Stock Market.

Find the right fund is important but even more important is to keep track of the way they are performing in the market. If the market is beginning to enter a bearish phase, then investors of equity too will benefit by switching to debt funds as the losses can be minimized. One can always switch back to equity if the equity market starts to show some buoyancy.

CONCLUSION

Investors' of Rajamahendravaram, East Godavari District of Andhra Pradesh State become more cautious after they lost their savings with unincorporated bodies, Nidhis, Benefit Funds and some Non-Banking Financial Companies. They are now turning more to mutual funds because safety, liquidity, capital gains and transparency. Successful mutual fund requires understanding of the investor's attitude towards the mutual funds and how far it is viewed as a prospective investment tool. It is obligatory on the part of every asset management company to know what their investors think about the fund, risk factors, and their satisfactory level towards mutual fund investment. The prospective of mutual funds as a crucial investment tool is bright and it is clear from the fact that awareness of mutual funds has been increased when compare to last three or four years. The investors have realized the benefits of investing in mutual funds. They find that there is a necessity to establish more mutual funds in India to decentralize the concentration of mutual funds from urban to semi-urban and rural areas. They determine to go for new funds for their further investments. Thus mutual fund industry has a good prospect in Rajamahendravaram, East Godavari District of Andhra Pradesh State. It is likely to show a remarkable progress in the coming years.

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