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Conflicts of Selecting Mutual Fund based on Awareness and Preference to Conclude the Utilization and Perception Level

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Abstract:
Nature of human is to earn and save money, in many ways to construct the wealth and to increase the standard of living, life style. Basic need of universe is to earn money and to invest the same money to double or triple up the money. There are two types of investment short term (within 1 year) and long term investment (more than 1 year). In past decades popular investing methods are based on gold, LIC policies, bank and post office deposits etc. Investing in mutual fund became the most popular and came into existence, because of low risk, ownership, easy exit etc. The research is based on conflicts of choosing best mutual funds based on awareness and preference to conclude the utilization and perception level of investors. Sample size of the study is 600, the research questions are batched in 4 groups.

Keywords: *Investors, mutual fund, investment, awareness.*

I. Introduction

Mutual fund investment, is invested by many investors in the name of securities such as bonds, stocks, shares, etc. funds are managed by the financial experts, and there is no limit to buy number of mutual fund within the company/industry and outside the company unless the availability exist. Funds earned by shares are named as dividend and interest earned from bonds. Each share denotes ownership of the investors is earned both income and also loss in some case.

II. PROBLEMS OF THE STUDY

Do Mutual funds users are really aware of mutual fund schemes and its character tics, is a big question mark is unpredictable. The study deals with the mutual fund awareness, utilization, factors influencing to purchase and perception and attitude of mutual fund investors. The major problem with mutual fund investors is they do not understand scheme concepts in right manner and how to handle it in right way. For this, the study helps to understand the awareness, utilization and other details are evaluated with the pre-defined questions.

III. OBJECTIVES OF THE STUDY

- To analyze the mutual fund investors awareness and preference.
- To analyze the mutual fund investors utilization and perception level.
- To evaluate the awareness and preference to conclude the utilization and perception level.

IV. HYPOTHESIS OF THE STUDY

- There is no significant relationship between awareness and preference of mutual funds investors.
- There is no significant relationship between utilization and perception of mutual funds investors.

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V. REVIEW OF LITERATURE

Rajesh Trived, Prafulla Kumar Swain and ManoranjanDash(2017) the study is based on research focuses on the relationship between investment decision and factors like liquidity and financial awareness, risk, perception of the mutual fund investors. The result of the study shows low risk mutual fund schemes are attracted by investors, youth and elders are less aware of mutual fund. The investors' mostly choosing mutual fund by selecting the liquidity of scheme.

Raja Rehan, Saba Naz, Imran Umer, Omais Ahmed (2018) the study is based on mutual fund awareness and perception of investors' quantitative research method is used in the study, sample size of the study is 150. The result of the study shows that mutual fund companies are in still early stage, investors are not fully aware of mutual fund and its tasks. Suggestion of the study is to clearly explain the investors' regarding funds' performance, functions, highlighting the limpidity basics this will create a positive perception in the mind of investors'.

VI. RESEARCH GAP

There are many studies conducted on the basis of risk perception, overall satisfaction, financial performance of mutual fund, selected mutual funds etc. However there is no study is conducted on analyzing awareness and preferenceto conclude the utilization and perception with the mutual fund investors' investing data.

VII. RESEARCH METHODOLOGY

Sample Size- The sample size of the study is 600 respondents of Salem, Tamil Nadu.

Data Source- The study is conducted with the help of primary data with the well-structured questionnaire and the secondary data are referred from the old journals, books, magazines, library, internet etc.

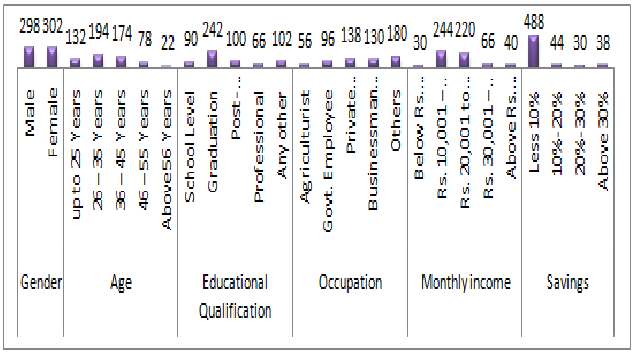
Mode of analysis-The data is analyzed using Chi-square, to compare two or more groups to find the significant level chi-square test in performed.

VIII. RESEARCH QUESTIONS

- To find out the Awareness and Utilization about mutual fund schemes such as- Income fund, Equity fund, Bond, Growth, Conservative and others schemes with two scale options (Aware and Not Aware).
- Preference factors of mutual funds based on 20 factors such as- Return Potential, Tax benefits, Liquidity, Well reputed, Transparency, Low costs, Range of schemes, Professional Management, Entry and Exit loads, Past performance, Expenses charged, Reputation of fund managers, Back ground of the promoters, Advertisements, Timing of the scheme launching, Redemption duration, Previous interaction, Safety, Reliability and Level of technology application with likert scale options.
- Investors Perception factors questioned with five dimensions such as Safety, Return, Liquidity, Service of the company and Transparency with 20 factors.

IX. DATA ANALYSIS

Demographic profile of the Respondents



Interpretation: The above table reveals that, female respondents is high, highest age group mutual fund investors is 26-35 years old, graduation is the highest investors qualification, most of the investors are occupation is others from options given, highest number of investors belong to the

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group of earning monthly income of Rs. 10,001 – Rs. 20,000, the investors are saving above 310% of the income is the highest for the mutual fund investment.

Objective 1: To analyze the mutual fund investors' awareness and preference.

Null Hypothesis: There is no significant relationship between awareness and preference of mutual funds investors

	Factors of Preference	Awareness of Schemes					
		Income	Equity	Bond	Growth	Conservative	Others
1	Return Potential	.200	.935	.000**	.016**	.497	.385
2	Tax benefits	.000**	.977	.627	.000**	.812	.234
3	Liquidity	.000**	.053	.280	.000**	.000**	.000**
4	Well reputed	.000**	.000**	.131	.000**	.002**	.000**
5	Transparency	.000**	.123	.117	.000**	.000**	.000**
6	Low costs	.000**	.116	.000**	.037*	.008*	.000**
7	Range of schemes	.000**	.491	.059	.000**	.550	.000**
8	Professional Management	.000**	.862	.069	.000**	.038*	.004**
9	Entry and Exit loads	.002**	.280	.000**	.035*	.002**	.204
10	Past performance	.004**	.460	.003**	.174	.033*	.000**
11	Expenses charged	.000**	.338	.590	.003**	.007*	.039*
12	Reputation of fund managers	.001**	.137	.261	.051	.002**	.054
13	Back ground of the promoters	.051	.026*	.007**	.036*	.003**	.078
14	Advertisements	.001**	.528	.001**	.027*	.134	.025*
15	Timing of the scheme launching	.000**	.000**	.198	.251	.029*	.277
16	Redemption duration	.000**	.110	.000**	.005**	.083	.193
17	Previous interaction	.002**	.428	.628	.115	.030*	.001**
18	Safety	.000**	.001**	.000**	.002**	.030*	.171
19	Reliability	.000**	.563	.060	.001**	.031*	.000**
20	Level of technology application	.026*	.130	.074	.008*	.001**	.004**

INTERPRETATION

Chi-square test is used to find the significant level between awareness and preference of the mutual fund. From the above table it shows that p- value less than 0.05 is significant and more than 0.05 is not significant. **-Highly significant, *-Significant and no star is not significant.

Chi-square significant between Preference and awareness about Income fund schemes- except return potential, back ground of the promoters all other factors are significant and highly significant. Significant between Preference and awareness about Equity fund schemes- except well reputed, back ground of the promoters, timing of the scheme launching and Safety all other is not significant. Significant between Preference and awareness about Bond fund schemes except Return Potential, Low costs, Entry and Exit loads, past performance, Back ground of the promoters, Advertisements, Redemption duration and Safety all other is not significant. Significant between Preference and awareness about Growth fund schemes except Past performance, Timing of the scheme launching, Reputation of fund managers and previous interaction all other factors are significant and highly significant. Significant between Preference and awareness about Conservative fund schemes except Tax benefits, Return Potential, Range of schemes, Advertisements and Redemption duration all other is not significant. Significant betweenPreference and awareness about others fund schemes except Tax benefits, Return Potential, Entry and Exit loads, Reputation of fund managers, Back ground of the promoters, Safety, Timing of the scheme launching and Redemption duration all other is not significant.

Objective 2: To analyze the mutual fund investors' utilization and perception level.

Null Hypothesis: There is no significant

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relationship between utilization and perception of mutual funds investors.

S. No	Dimensions of perception	Utilizations of Schemes					
		Income	Equity	Bond	Growth	Conservative	Others
	Safety						
1	Security	.096	.002**	.046*	.089	.079	.056
2	Well regulated	.000**	.986	.014*	.005**	.266	.833
3	Risky as investment in portfolio	.002**	.141	.093	.035*	.869	.000**
4	Guaranteed capital	.060	.398	.219	.036*	.355	.021*
	Return						
5	Tax benefit	.538	.023*	.160	.034*	.394	.219
6	Potential return	.021*	.680	.335	.171	.323	.004**
7	Attractive dividend payout	.000**	.036*	.000**	.005**	.000**	.000**
8	Modern methods are used to measure return	.079	.195	.009*	.005**	.002**	.001**
	Liquidity						
9	Changing options	.000**	.729	.236	.008*	.007*	.000**
10	Anytime conversion of fund to cash	.000**	.302	.317	.088	.000**	.230
11	High return during last year of fund	.002**	.354	.004**	.000**	.026*	.077
12	Commission charges	.001**	.414	.261	.000**	.039*	.015*
	Service of the company						
13	Message/Online services	.116	.216	.000**	.063	.083	.000**
14	Computer age management services(CAMS)	.008*	.622	.295	.005**	.264	.079
15	Information directly by mutual fund companies	.010*	.027*	.022*	.000**	.042	.073
16	Switching facilities	.107	.290	.000**	.127	.041	.061
	Transparency						
17	Regular account statement are issued	.000**	.064	.165	.000**	.000**	.445
18	Application form of mutual fund are accompanied good transparency	.003**	.001**	.001**	.000**	.000**	.008*
19	Measure are taken to redress investors grievances	.320	.512	.615	.001**	.259	.010*
20	Websites on schemes updated	.240	.850	.821	.013	.607	.205

INTERPRETATION

Chi-square test is used to find the significant level between awareness and preference of the mutual fund. From the above table it shows that p- value less than 0.05 is significant and more than 0.05 is not significant. **-Highly significant, *-Significant and no star is not significant.

Significant between Utilization and Perception of mutual fund investors' in Income fund schemes Safety dimension- Risky as investment in portfolio and Well regulated are significant, Return dimension- Potential return and Attractive dividend payout are significant, Liquidity dimensions all the factors are highly significant, Service of the company dimension- Information directly by mutual fund companies and Computer age management services(CAMS) are significant, Transparency dimensions - Regular account statement are issued and Application form of mutual fund are accompanied good transparency are significant. Significant between Utilization and Perception of mutual fund investors' in Equity fund schemes Safety dimension- Security is significant, Return dimension- Tax benefit and Attractive dividend payout are significant, Service of the company

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dimension- Information directly by mutual fund companies is significant and Transparency dimensions- Application form of mutual fund are accompanied good transparency is significant. Significant between Utilization and Perception of mutual fund investors' in Bond fund schemes Safety dimension- Security and Well regulated are significant, Return dimension -Attractive dividend payout and Modern methods are used to measure return are significant, Liquidity dimensions- High return during last year of fund is significant, Service of the company dimension-Message/Online services, Information directly by mutual fund companies and Switching facilities are significant, Transparency dimensions -Application form of mutual fund are accompanied good transparency is significant. Significant between Utilization and Perception of mutual fund investors' in Growth fund schemes Safety dimension -Well regulated, Risky as investment in portfolio and Guaranteed capital are significant, Return dimension -Tax benefit, Attractive dividend payout and Modern methods are used to measure return are significant, Liquidity dimensions -Changing options, High return during last year of fund and Commission charges are significant, Service of the company dimension -Computer age management services(CAMS) and Information directly by mutual fund companies are significant, Transparency dimensions -Regular account statement are issued, Application form of mutual fund are accompanied good transparency and Measure are taken to redress investors grievances are significant.

X. FINDINGS BASED ON ANALYSIS

- Significant relationship between the awareness and preference of mutual fund investors in Income fund schemes-Except 2 factors all others are significant and highly significantas per the majority.

Null Hypothesis is rejected.

- Significant relationship between the awareness and preference of mutual fund investors in Equity fund schemes- only 4 Factors are significant and highly significant as per the majority.

Null Hypothesis is accepted.

- Significant relationship between the awareness and preference of mutual fund investors in Bond fund schemes- only 8 Factors are significant and highly significant out of 20 as per the majority.

Null Hypothesis is accepted.

- Significant relationship between the awareness and preference of mutual fund investors in Growth fund schemes- Except 4 factors all others are significant and highly significant as per the majority.

Null Hypothesis is rejected.

- Significant relationship between the awareness and preference of mutual fund investors in Conservative fund schemes- Except 5 factors all others are significant and highly significant as per the majority.

Null Hypothesis is rejected.

- Significant relationship between the awareness and preference of mutual fund investors in other fund schemes- Except 8 factors all others are significant and highly significant as per the majority.

Null Hypothesis is rejected.

- Significant relationship between the utilization and perception of mutual fund investors in Safety dimension- Growth fund scheme and Income fund schemes have the majority of significant.
- Significant relationship between the utilization and perception of mutual fund investors in Return dimension- Other fund schemes have the majority of significant.
- Significant relationships between the utilization and perception of mutual fund investors in Liquidity dimension- Income fund schemes have the majority of highly significant.
- Significant relationships between the utilization and perception of mutual fund investors in Service of the company dimension- Bond fund schemes have the

majority of significant.

- Significant relationships between the utilization and perception of mutual fund investors in Transparency dimension- Growth fund schemes have the majority of significant.
- The awareness of mutual fund investors and preference of mutual fund investors states positive but the utilization and perception of mutual fund investors partially positive and negative, so the awareness and preference of data to be evaluate in depth for choosing mutual funds by the investors.

XI. CONCLUSION AND SUGGESTION

From the observation of study, awareness and preference of the mutual fund is highly related with each other. But the utilization and perception level is partially related depend upon the dimensions. Every scheme have different nature as per that, perception level is different. In the Safety dimension conservative fund schemes have to improve the service better by comparing others. Return dimension have to concentrate in Equity fund scheme. In liquidity dimension both the equity and bond fund schemes have to improve the service. In service of the company dimension conservation fund schemes have to improve. In transparency dimension both the equity and bond fund schemes have to improve the service. The utilization and perception level of mutual fund schemes listed, only 58 factors are significant and highly significant. In awareness and preference of mutual fund schemes 74 factors are significant and highly significant. The utilization strategy handling must be change, clear pros and cons to be explained by the mutual fund companies to the investors so that perception level will increase.

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