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## STUDY ON AWARENESS OF MUTUAL FUNDS AMONG INDIVIDUAL INVESTORS OF SOLAPUR DISTRICT

Barbole. A. N<sup>1</sup> and Burla N. N.<sup>2</sup>

<sup>1</sup>Professor & Head, Department of Commerce & Management, Chh. Shivaji Night College of Art's & Commerce Solapur.

<sup>2</sup>Research Scholar, Commerce & Management Research Centre, Chh. Shivaji Night College of Art's & Commerce Solapur.

**Abstract:**-Mutual funds have become one of the major players to invest in capital markets. The study is aimed at finding awareness level of Mutual Funds among the Investors of Solapur District. It also tries to find out the awareness of features of Mutual Funds. Data was collected through structured questionnaire from 500 investors from Solapur District. Hypotheses were tested using Chi-Square and T Test.

**Keywords:** Mutual Funds , Individual Investors ,Chi-Square and T Test.

### INTRODUCTION

Mutual funds are a pool to mobilize moneys from investors, to invest in different markets and securities, according to the investment objectives agreed upon, between the mutual fund and the investors. According to SEBI Regulations, 1996, "Mutual fund means a fund established in the form of a trust to raise monies through the sale of units to the public or a section of public under one or more schemes for investing in securities, in accordance with regulations".<sup>1</sup>

Now a day's mutual funds have become one of the major players to invest in capital markets. Simply we can say mutual funds are the most appropriate avenue available to invest for common man, since it gives opportunity to invest in stocks, bonds and many other securities, which common man always dreams of investing in, managed by professionals and low cost involved.

### OBJECTIVES OF STUDY

1. To study awareness of Mutual Funds among Individual Investors of Solapur.
2. To study awareness about features of Mutual Funds in Solapur.

**Methodologies used for the present study are as follows:**

Objective	Methods
1. Study awareness of Mutual Funds among Individual Investors of Solapur	Surveys and Cross-Sectional Study

### HYPOTHESES

1. Awareness of Mutual Fund is not likely to vary gender-wise.
2. There is no association in ranking by male and female respondents for Mutual Fund features.
3. There is no association in ranking of Mutual Fund features as per Income groups of Individual Investors.

## DATA COLLECTION

In the present study researcher has used Simple Random Sampling for collecting data from Individual Investors where sample size is 500.

For the study researcher will need primary as well as secondary data. The time period of collection data from Investors and Distributors is from June 2010 to May 2013. Primary data will be collected through questionnaire given to investors of Solapur.

**Primary Data:** The researcher has selected Questionnaire for collecting primary data from Individual Investors.

**Secondary Data:** It is the data which is already collected by and readily available from other sources. Such data are easier and more quickly obtainable than the primary data and also may be available when primary data cannot be obtained at all. Following are the sources from where data has been gathered by researcher as secondary source data:

- Books,
- Published and Unpublished work related to study,
- Journals,
- Magazines,
- Brochures of Mutual Fund companies,
- NAV's published on websites of AMFI / SEBI and
- Newspapers, etc.

## Testing of Hypotheses

Once data was analyzed into groups and categories then following tests were used to tests Hypotheses:

1. Chi-Square Test to study level of dependency
2. T test to study level of significance of the rank correlation coefficient

## LITERATURE REVIEW

**ISSN Raju<sup>2</sup>:** Study was carried out to find out whether mutual funds are preferred by retail investors or they are influenced by the trend of investment prevailing (induced) in the market. Study revealed that the investment in MF is induced one than preferred. There are several factors for induced investment such as marketing by AMCs, returns generated by MF in recent times, tax benefits, etc. Author is of the opinion that to increase awareness about MF it's the joint responsibility of SEBI and MF companies. If at all awareness is created in right sense then investments made by retail investors in MF will be preferred than induced.

**P PrasadaRao and Vedantam Saikia<sup>3</sup>:** Authors have studied on retail customer expectation of mutual funds. It identifies the key factors that tempt the customer preferences for particular mutual funds. The data collected for the study were analyzed by using Factor analysis for the identification of the main factors. The factors identified are monetary, core product, fund strength, promotional, customer expectation and service quality. These identified factors would help fund managers to design their services and product mix, in accordance with preference of customers.

**S Vijayalakshmi and Himanshu V. Dhanak<sup>4</sup>:** The time has changed and fund houses are coming up with a variety of new schemes. Indian mutual funds industry has been growing at a healthy pace of 16.68 percent for the past eight years i.e. 1998 to 2006 and the trend will move further. Authors have estimated the size of mutual funds industry to be worth Rs. 4 lakh cores by 2010 from its current level of over Rs. 2 lakh crores. Also they are expecting that in future, investors would prefer mutual funds for their investment rather than choosing equity shares. Authors also feel that mutual funds would be one of the major instruments of creating wealth for its investors.

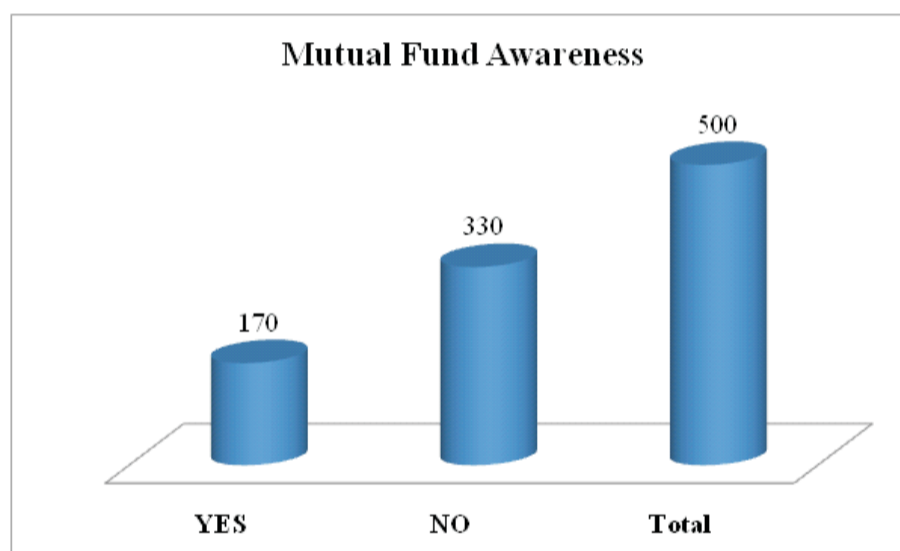
**DATAANALYSIS**

Sr. No.	Awareness about MF	F	%
1	YES	170	<b>34.00</b>
2	NO	330	<b>66.00</b>
	<b>Total</b>	<b>500</b>	<b>100.00</b>

Source: Primary Data

Table No. 1 represent Awareness about Mutual Funds. From the total 500 respondents 170 (34.00%) are Aware about Mutual Funds and 330 (66.00%) respondents are Not Aware about the Mutual Funds.

**Graph No. 1**



Graph No. 1 shows Level of Awareness about Mutual Funds among Individual Investors of Solapur.

Sr. No.	Gender	YES		NO		Total	
		F	%	F	%	F	%
1	Male	138	36.32	242	63.68	<b>380</b>	<b>100</b>
2	Female	32	26.67	88	73.33	<b>120</b>	<b>100</b>
	<b>Total</b>	<b>170</b>	<b>34.00</b>	<b>330</b>	<b>66.00</b>	<b>500</b>	<b>100</b>

Source: Primary Data

Table No. 2 represent Gender wise Awareness about Mutual Funds. 380 respondents are Male and 120 respondents are Female. Male respondents are more than Female respondents.

From the total of 380 Male respondents, 138 (36.32%) are Aware about the Mutual Funds and 242 (63.68%) respondents are Not Aware about the Mutual Fund.

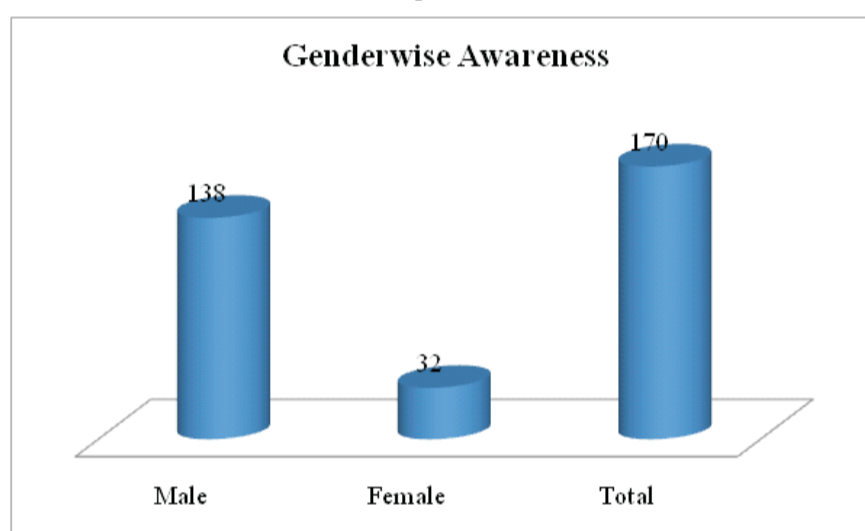
Total Female Respondents are 120, out of from which 32 (26.67%) are Aware about the Mutual Fund and 88 (73.33%) Female respondents are Not aware about the Mutual Funds.

Parameter	Classification	No. of Respondents	%
<b>Gender</b>	Male	138	81.18
	Female	32	18.82
	<b>Total</b>	<b>170</b>	<b>100.00</b>

Source: Primary Data

Table No. 3 represents Gender wise awareness about Mutual Funds. Total number of respondents are 170 from which 138 (81.18%) are Male respondents and only 32 (18.82%) are Female respondents who are aware about Mutual Funds.

**Graph No. 2**



Graph No. 2 shows Gender wise Awareness about Mutual Funds among Individual Investors of Solapur.

TOTAL (170)	1	2	3	4	5	Total	Weighted Ranks	Final Rank
Professional Management	30	24	24	46	46	170	456	4
Better Returns	52	40	32	38	8	170	600	1
Liquidity	24	48	42	34	22	170	528	3
Tax Benefit	46	40	38	18	28	170	568	2
Diversification	18	18	34	34	66	170	398	5
<b>Total</b>	<b>170</b>	<b>170</b>	<b>170</b>	<b>170</b>	<b>170</b>	NA	NA	NA

Source: Primary Data

Table No. 4 depicts the ranking given by the all respondents who are aware about Mutual Funds for the features of Mutual funds they are aware of. Rank 1 is given for maximum awareness and Rank 5 is given for lowest awareness of feature of Mutual Fund. The final Ranking is as follows:

- Rank 1: Better Returns
- Rank 2: Tax Benefit
- Rank 3: Liquidity

Rank 4: Professional Management  
Rank 5: Diversification.

From the above ranking, it is clear that maximum respondents are aware of Returns given by mutual funds and lowest awareness is about Diversification feature of Mutual Funds.

MALE (138)	1	2	3	4	5	Total	Weighted Ranks	Final Rank
Professional Management	26	16	20	36	40	138	366	4
Better Returns	40	32	26	32	8	138	478	1
Liquidity	20	38	32	30	18	138	426	3
Tax Benefit	38	34	30	14	22	138	466	2
Diversification	14	18	30	26	50	138	334	5
<b>Total</b>	<b>138</b>	<b>138</b>	<b>138</b>	<b>138</b>	<b>138</b>	NA	NA	NA

Source: Primary Data

Table No. 5 depicts the ranking given by the Male respondents who are aware about Mutual Funds for the features of Mutual funds they are aware of. Rank 1 is given for maximum awareness and Rank 5 is given for lowest awareness of feature of Mutual Fund. The final Ranking is as follows:

Rank 1: Better Returns  
Rank 2: Tax Benefit  
Rank 3: Liquidity  
Rank 4: Professional Management  
Rank 5: Diversification.

From the above ranking, it is clear that maximum male respondents are aware of Returns given by mutual funds and lowest awareness is about Diversification feature of Mutual Funds.

FEMALE (32)	1	2	3	4	5	Total	Weighted Ranks	Final Rank
Professional Management	4	8	4	10	6	32	90	3
Better Returns	12	8	6	6	0	32	122	1
Liquidity	4	10	10	4	4	32	102	2
Tax Benefit	8	6	8	4	6	32	102	2
Diversification	4	0	4	8	16	32	64	4
<b>Total</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	NA	NA	NA

Source: Primary Data

Table No. 6 depicts the ranking given by the Female respondents who are aware about Mutual Funds for the features of Mutual funds they are aware of. Rank 1 is given for maximum awareness and Rank 5 is given for lowest awareness of feature of Mutual Fund. The final Ranking is as follows:

Rank 1: Better Returns  
Rank 2: Tax Benefit  
Rank 2: Liquidity  
Rank 3: Professional Management  
Rank 4: Diversification.

From the above ranking, it is clear that maximum female respondents are aware of Returns given by mutual funds. Rank 2 is jointly shared by Tax Benefit and Liquidity feature of Mutual Fund. Lowest awareness is about Diversification feature of Mutual Funds.

**Hypothesis 1:**

H: Awareness of Mutual Fund is not likely to vary gender-wise.

Sr. No.	Gender	YES	NO	TOTAL
1	Male	138	242	380
2	Female	32	88	120
<b>Total</b>		<b>170</b>	<b>330</b>	<b>500</b>

O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
138	129.2	8.8	77.44	0.60
242	250.8	-8.8	77.44	0.31
32	40.8	-8.8	77.44	1.90
88	79.2	8.8	77.44	0.98
<b>Calculated Value</b>				<b>3.78</b>

Since calculate value (3.78) is less than table value (3.841), at Degree of Freedom of 1%, so the hypothesis is accepted, and it is concluded that Awareness of Mutual Fund is not likely to vary gender-wise.

**Hypothesis 2:**

H: There is no association in ranking by male and female respondents for Mutual Fund features.

Mutual Funds	Male N = 138 (1)	Female N = 32 (2)	(1-2) <sup>2</sup> d1 <sup>2</sup>
Professional Management	4	3	1
Better Returns	1	1	0
Liquidity	3	2	1
Tax Benefit	2	2	0
Diversification	5	4	1
			? d1 <sup>2</sup> = 3
R = 1 - {5? d1 <sup>2</sup> / N <sup>3</sup> - N } R = 0.97			
Source: Primary Data			



Category	R Value	Degree of Freedom (DF)	1-R2	DF/1-R2	SQR T	Calculated value of - t	Table Value	Hypothesis Result
(1-2)	0.970	2	0.06	33.84	5.82	5.64	4.30	Reject

Source: Primary Data

Since calculate value (5.82) is more than table value (4.30), at Degree of Freedom of 2%, so the hypothesis is rejected, and it is concluded that there is association in ranking by male and female respondents for Mutual Fund features.

**Hypothesis 3:**

H: There is no association in ranking of Mutual Fund features as per Income groups of Individual Investors.

Ranks of Respondents for Awareness of Mutual Fund Features					
Investment Avenues	Up to 20000 N = 54	20000 to 30000 N = 42	30000 to 40000 N = 20	40000 to 50000 N = 10	50000 and above N = 44
Professional Management	1	4	3	4	3
Better Returns	3	1	1	1	2
Liquidity	2	3	1	3	4
Tax Benefit	4	2	2	2	1
Diversification	5	5	4	4	5

Ranks of Respondents for Awareness of Mutual Fund Features										
Investment Avenues	(1-2) <sup>2</sup> d1 <sup>2</sup>	(1-3) <sup>2</sup> d2 <sup>2</sup>	(1-4) <sup>2</sup> d3 <sup>2</sup>	(1-5) <sup>2</sup> d4 <sup>2</sup>	(2-3) <sup>2</sup> d5 <sup>2</sup>	(2-4) <sup>2</sup> d6 <sup>2</sup>	(2-5) <sup>2</sup> d7 <sup>2</sup>	(3-4) <sup>2</sup> d8 <sup>2</sup>	(3-5) <sup>2</sup> d9 <sup>2</sup>	(4-5) <sup>2</sup> d10 <sup>2</sup>
Professional Management	9	4	9	4	1	0	1	1	0	1
Better Returns	4	4	4	1	0	0	1	0	1	1
Liquidity	1	1	1	4	4	0	1	4	9	1
Tax Benefit	4	4	4	9	0	0	1	0	1	1
Diversification	0	1	1	0	1	1	0	0	1	1
<b>? d<sup>2</sup> =</b>	18	14	19	18	6	1	4	5	12	5

Table No. 13: Result of Rank Correlation – Association between Awareness of Mutual Fund Features and Income								
Category	R Value	Degree of Freedom (DF) N-2	1-R2	DF/1-R2	SQR T	Calculated value of - t	Table Value	Hypothesis Result
(1-2)	0.100	3	0.99	3.03	1.74	0.17	3.18	Accept
(1-3)	0.364	3	0.87	3.46	1.86	0.68	3.18	Accept
(1-4)	-0.121	3	0.99	3.04	1.74	-0.21	3.18	Accept
(1-5)	0.100	3	0.99	3.03	1.74	0.17	3.18	Accept
(2-3)	0.849	3	0.28	10.74	3.28	2.78	3.18	Accept
(2-4)	0.970	3	0.06	51.00	7.14	6.93	3.18	Reject
(2-5)	0.800	3	0.36	8.33	2.89	2.31	3.18	Accept
(3-4)	0.765	3	0.42	7.23	2.69	2.06	3.18	Accept
(3-5)	0.485	3	0.76	3.92	1.98	0.96	3.18	Accept
(4-5)	0.728	3	0.47	6.38	2.52	1.84	3.18	Accept

Source: Primary Data

Since calculate value (6.93) is more than table value (3.18), at Degree of Freedom of 3%, so the hypothesis is rejected, and it is concluded that there is association in ranking of Mutual Fund features as per Income groups of Individual Investors in income group of 20000 to 30000 and 40000 to 50000.

For the rest of the Income group the Hypothesis is accepted since calculated value is less than Table value at a Degree of Freedom of 3%, hence it is concluded that there is no association in ranking of Mutual Fund features as per Income groups of Individual Investors.

#### FINDINGS

From the total 500 respondents 170 (34.00%) are Aware about Mutual Funds and 330 (66.00%) respondents are Not Aware about the Mutual Funds. From the total of 380 Male respondents, 138 (36.32%) are Aware about the Mutual Funds and 242 (63.68%) respondents are Not Aware about the Mutual Fund. Total Female Respondents are 120, out of from which 32 (26.67%) are Aware about the Mutual Fund and 88 (73.33%) Female respondents are not aware about the Mutual Funds. There is a low awareness among the Respondents about Mutual Fund, only 34% Respondents are aware about Mutual Funds.

Investors who are aware about Mutual Funds they are also aware about its features.

They gave rankings of Mutual Funds Features as follows:

Rank 1: Better Returns, Rank 2: Tax Benefit, Rank 3: Liquidity,  
Rank 4: Professional Management, Rank 5: Diversification.

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