

Research Paper



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INVESTOR AVENUES AND AWARENESS: A COMPARATIVE STUDY OF MUTUAL FUNDS AND EQUITY

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ABSTRACT

In today's developing environment, there are various investment avenues available to the investors. The risk and return from these investment avenues are completely different from one another. The investors always expect more returns with relatively less risks. Among various investment options, mutual fund is the best option to the common man since it provides diversified and professionally managed portfolio at low cost. This paper also makes an attempt to suggest the investors to choose the right investment avenue for their savings according to their preference. The study depends majorly on the primary data and the questionnaire had been served to 90 respondents to collect information with respect to investment avenues and awareness.

KEYWORDS: Investment, Avenues, Mutual Funds, Return, Risk

INTRODUCTION

In this modernistic era, money plays an important role in everyone's life. In order to overcome the problems in future they have to invest their money. Investment cultivates the habit of saving in one's life. Investment goals vary from person to person depending upon their requirements. Investing the hard earned money is an indispensable activity of every human being. Investment is the commitment of funds which is saved from current consumption with the hope that some benefits will be received in future. Savings of the people are invested in various assets depending on their preferred risk and return, safety of money, liquidity, the available avenues for investment, etc.

Investment is nothing but buying a financial product with an expectation of favorable future returns. Investing is a serious subject that can have a major impact on investor's future well-being. Investors have a lot of investment avenues to park their savings. The risk and returns available from each of these investment avenues are completely different. In India, many investment avenues are available where some are marketable and liquid while others are non-marketable and some of them are highly risky while others are almost riskless. The investor has to properly choose the investment avenues depending upon his specific need, risk preference, and returns expected.

The Investors should always focus only on the safe investment avenues. Common people should cultivate

the habit of saving a part of their income at the early stage of their life in order to get a better and safe future. The investors also should have full knowledge of the investment options in order to avoid loss in future. The main objective of comparing investment in equity shares with mutual fund schemes is to analyze the comparison of mutual funds with equities by considering risk, return, safety and liquidity.

NEED OF STUDY

The need of the study arises because the investors are confused to take right decision on investment. Since investments are risky in nature, investors have to consider various factors before investing in their preferred avenues. The investor needs suggestion regarding where the investments are to be made and maximum revenue can be generated. Therefore researcher felt to undertake study on this topic.

OBJECTIVES OF THE STUDY

1. To study Investors perception towards Mutual Fund and Equity.
2. To provide feasible solutions on the basis of the findings of the study

RESEARCH METHODOLOGY

To study the Investors perception towards Mutual Fund and Equity the primary and secondary data has been collected. The collected data has been analyzed and interpreted by Fishers Test, Kruskal Walis H Test and graphical representation. The structured questionnaire was prepared



to collect the primary data from the investors. During the survey the questionnaire was handed over to respondents and they were asked to return the filled questionnaire after completion. The secondary data were collected from the books, records, and journals. An aggregate of 90 respondents responded to the questionnaire in Mangalore city.

SCOPE OF THE STUDY

The present study is an attempt to know the investors perception regarding equities and mutual funds with the available avenues to the investor. Research has been carried with the help of primary and secondary data. The study is restricted to Mangalore city and analysis was done based on the responses given by the investors.

REVIEW OF LITERATURE

Singh, B. K. and Jha, A.K. (2009) conducted a study on awareness & acceptability of mutual funds and found that investors prefer 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.

Ramamurthy and Reddy (2005) conducted a study to analyze recent trends in the mutual fund industry and draw a conclusion that the main benefits for small investors' due to efficient management, diversification of investment, easy administration, liquidity, transparency, flexibility, affordability, wide range of choices and a proper regulation governed by SEBI. The study also analyzed about recent trends in mutual fund industry like various exit and entry policies of mutual fund companies, various schemes related to real estate, commodity, entering of banking sector in mutual fund, buying and selling of mutual funds through online.

Anand and Murugaiah (2004) had studied various strategic issues related to the marketing of financial services. They found that recently this type of industry requires new strategies to survive and for operation. For surviving they have to adopt new marketing tactics that enable them to capture maximum opportunities with the minimum risks in order to enable them to survive and meet the competition from various market players globally.

ANALYSIS OF INVESTORS PERCEPTION

The information collected is analyzed and interpreted in the following manner. Analysis of this study is made on the basis of investor's responses collected through questionnaire:

Hypothesis: There is no influence of personal variables on the avenues of investment

Variables	Fishers Exact Test value	P value	Inference
Age Group	FETV= 4.717	P = 0.875	Accept at 5% l.o.s
Annual Income	FETV= 6.006	P = 0.734	Accept at 5% l.o.s
Occupation	FETV= 6.704	P = 0.604	Accept at 5% l.o.s

From the above result it is evident that as the p value is greater than 0.05 there is no influence of any of the personal variables on the avenues of investment

Hypothesis: There is no significant difference in the reasons of investment on mutual funds between selected variables

Variables	Kruskal Walis Test	P value	Inference
Age Group	Chi square Test value = 1.883	P = 0.597	Accept at 5% l.o.s
Annual Income	Chi square Test value = 0.584	P = 0.747	Accept at 5% l.o.s
Occupation	Chi square Test value = 3.879	P = 0.275	Accept at 5% l.o.s

Hypothesis: There is no significant difference in the reasons of investment on equity funds between selected variables

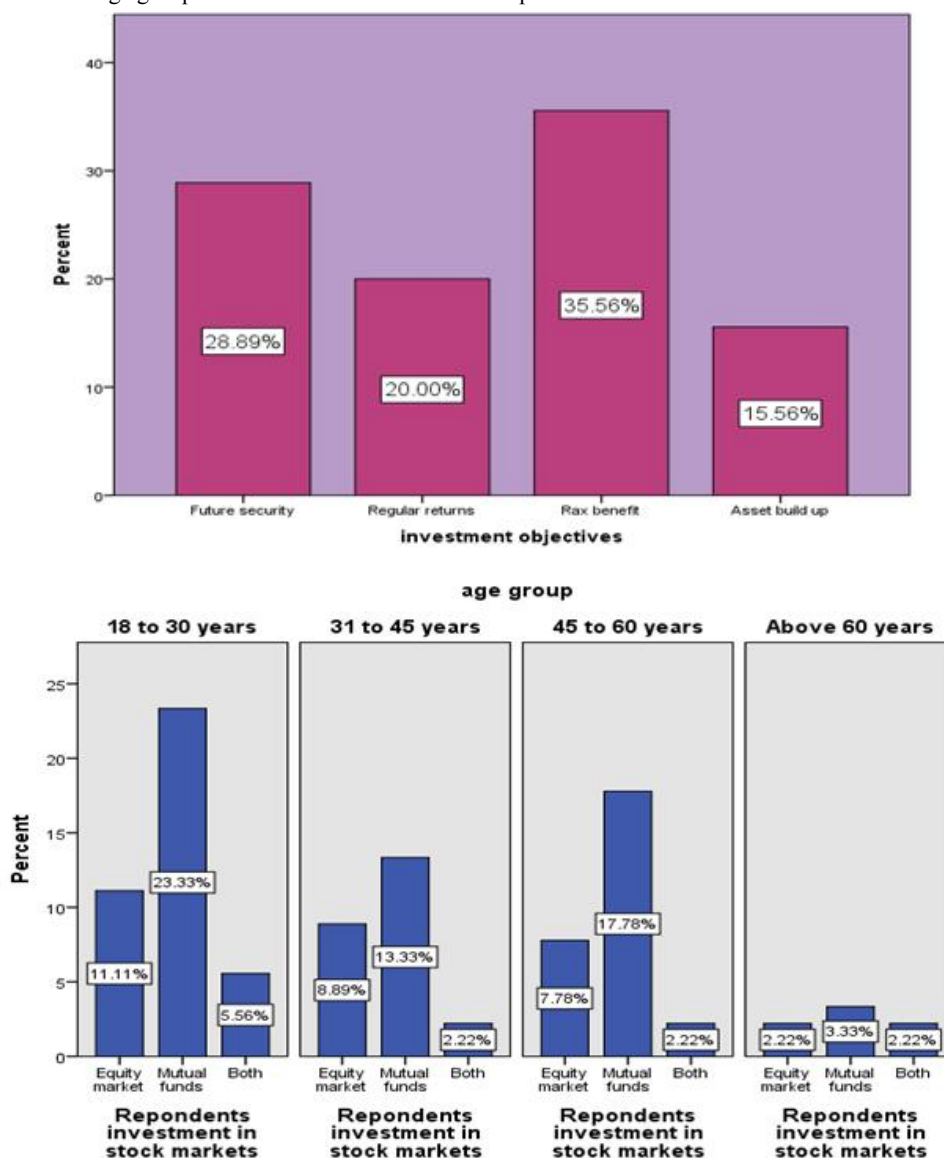
Variables	Kruskal Walis Test	P value	Inference
Age Group	Chi square Test value = 0.934	P = 0.817	Accept at 5% l.o.s
Annual Income	Chi square Test value = 0.691	P = 0.708	Accept at 5% l.o.s
Occupation	Chi square Test value = 1.079	P = 0.782	Accept at 5% l.o.s

From Kruskal Walis H test it can be observed that there is no significant difference in the reasons of investment on mutual funds as well as in equity funds between age groups, annual income and occupations.

Hypothesis: There is no significant difference in the opinion about better investment options between selected variables

Variables	Kruskal Walis Test	P value	Inference
Age Group	Chi square Test value = 3.829	P = 0.281	Accept at 5% l.o.s
Annual Income	Chi square Test value = 1.990	P = 0.744	Accept at 5% l.o.s
Occupation	Chi square Test value = 1.830	P = 0.606	Accept at 5% l.o.s

From Kruskal Walis H test it can be observed that There is no significant difference in the opinion about better investment options either between age group or annual income as well as occupation.



From the above graph it is noted that 35.56% of the investors aged between 18-30 years are investing in mutual funds, 11.11% investors are investing in equity market and only 5.56% investors are investing in both mutual funds as well as equity market.

It is also observed that 13.33% of the investors aged between 31-45 years are investing in mutual funds, 8.89% investors are investing in equity market and only 2.22% investors are investing in both mutual funds as well as equity market.

It is found that 17.78% of the investors aged between 45-60 years are investing in mutual funds, 7.78% investors are investing in equity market and 2.22% investors are investing in both mutual funds as well as equity market.

It is also found that 3.33% of the investors aged above 60 years are investing in mutual funds, 2.22% investors are investing in equity market and 2.22% investors are investing in both mutual funds as well as equity market.

Ultimately it is concluded that the young generation is more attracted towards Mutual funds than the equity



market. And most of the investors investing in mutual funds are employees. In order to avail the maximum tax benefit they are investing in mutual funds.

CONCLUSION

Mutual funds are the better option for the investors but the awareness of investors in Mangalore region of Karnataka State is moderate as for as various mutual fund schemes are concerned.

If mutual fund agencies and stock marketers take initiatives to conduct more seminars, workshops then the investors come forward to invest in various mutual fund schemes and equities. The number of advisors should be increased in order to create awareness about their stock brokering services to attract new investors. Investors have the perspicacity that risk in equity is higher than mutual funds. So the company should provide the detailed information by proving market updating.

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