



# East Godavari District (Kakinada) Background of the Investors Investment in Mutual Funds—Qualitative Study.

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**Abstract:** Mutual fund is the pool of the money, based on the trust who invests the savings of a number of investors who shares a common financial goal, like the capital appreciation and dividend earning. The money thus collect is then invested in capital market instruments such as shares, debenture, and foreign market. Investors invest money and get the units as per the unit value which we called as NAV (net assets value). Mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in diversified portfolio management, good research team, professionally managed Indian stock as well as the foreign market, the main aim of the fund manager is to taking the scrip that have under value and future will rising, then fund manager sells out the stock. Back ground factors for the investors investment in mutual funds have been studied in this section by going through the factors like a) the persons inspired to invest b) Reason behind investment c) Amount of investment and d) knowledge about mutual fund operation, basing on the socio-economic background of the investors.

**Keywords:** Mutual funds, NAV, Portfolio Management, Investment Preferences, Schemes, Chi-Square Values

## INTRODUCTION:

Investors of mutual funds come from different socio-economic back grounds. They should have different opinions, likes and dislikes about the mutual fund investments. A survey has been conducted on the investors of the public and private sector mutual funds to extract the underlying perceptions on their investment in mutual funds, which will help for the betterment of mutual fund industry.

The background factors for their investment in mutual fund schemes like the persons inspired to invest in mutual funds, reason behind the investment, amount of investment and knowledge about the mutual fund operation have been analysed

In this section, the socio-economic background of the sample respondents like age, sex, geographical location, educational qualification, social status and monthly income have been assessed. Similarly other factors like persons inspired, reason behind investment and amount of investment in mutual fund, different sectors and different schemes liked by investors and satisfaction regarding returns and services of sample respondents have also been examined.

## Review of Literature:

Varun Sagar Singa land Rishi Manrai (2018) have examined the factors affecting investment decisions on mutual funds, impact of behavioral factors on investment, and factors that prevent invest in mutual funds.

Deepa. P and A. Latha (2018) disclosed dissatisfaction of investors towards the available market information on mutual fund investments and highlighted expectations for better service quality from mutual fund investment companies

G. Ashok Reddy and S Raghunatha Reddy (2017), studied satisfaction level of mutual fund investors about services provided by mutual funds investors' forum.

Geetha Sineni, and S. Siva Reddy (2017) attempted to find the rural and semi-urban investor's perceptions on mutual fund investment and analysed their satisfaction levels.

Abey (2017) – The paper contemplated the different elements impacting investment choice in mutual fund plans. It found that age and instructive capability doesn't influence the investment disposition.

Agarwal et al (2017) – The paper has done an examination on 100 mutual funds for a period of time of a long time from 2013-2016.

**OBJECTIVES :**

1. To explore views of selected Kakinada Region investor's towards their investment the persons who inspired to invest Mutual Funds sectors.
2. To elicit views of selected Kakinada Region investor's towards reason behind investment and amount of investment as an investment option.
3. To explore impact of knowledge about mutual fund operation, basing on the socio economic background of the investors.
4. To offer conclusion and implications for the study.

**SCOPE**

The extent of the study is to explore views of selected Kakinada Region investor's background of the Investors Investment in Mutual Funds. The study considered 250 (male and female) investor's responses in Kakinada region (East Godavari District).

**METHODOLOGY:****Selection of Sample Investors for Opinion Survey:**

This study has attempted to elicit the opinions of the mutual fund investors for this research paper. Since the number of investors is very large and is spread over different regions it is very difficult to select them deciding certain percentage of the Universe.

At random, a nominal number of 250 investors were identified though it forms an inadequate sample size. Finally their Socio economic profiles were examined besides eliciting and analyzing their opinions on the mutual funds.

Out of the 250 respondents selected 222 were males and the balance females with different age groups ranging between 25 years to 70 years and they represent different socio-economic backgrounds. All the respondents selected under convenient sampling method were interviewed with a simple questionnaire.

**Data Analysis :**

The data collected from various sources have been analysed by using different techniques as under Chi-square test has been employed to test the significance of differences of the opinions, perceptions of the investors & background of the Investors Investment in Mutual Funds.

**Limitations of the Study:**

The limitations of the study have been enumerated below.

- 1) The study is confined only to the Mutual Fund Industry in Kakinada.
- 2) The sample size in the case of mutual fund investors has been restricted to 250 as it is highly difficult to arrange a list of investors spread over different regions and to select them deciding certain percentage of the Universe.
- 3) Because of the time and money constraints convenient sampling method has been adopted to select the respondents. Therefore, all the limitations those are applicable to convenient sampling are applicable to this study.
- 4) Though the techniques used for analyzing the data are traditional, these were more appropriate as many researchers in India are following at present.

**SCOPE:**

The extent of the study is to explore views of selected Kakinada Region investor's towards their investment preference in mutual fund sectors and elicit their options towards various mutual fund schemes. The study considered 250 (male and female) investor's responses in Kakinada region (East Godavari District)

**1) Mutual Fund Investment – Inspiring Persons:**

**Table – 1.1 Mutual Fund Investment Inspiring Persons - Impact of Age**

S.No.	Age		Self	Friends/Colleagues		Mutual Fund Agents		Total	
1	Below 30	15	23%	32	48%	19	29%	66	100%
2	31-40	37	40%	19	21%	36	39%	92	100%
3	41-50	17	29%	19	33%	22	38%	58	100%
4	51-60	6	25%	13	54%	5	21%	24	100%
5	61 & above	6	60%	3	30%	1	10%	10	100%
	Total	81		86		83		250	

(Source: Questionnaire)

$\chi^2 = 22.74$  (Significant at 0.05 level)

**a) Impact of Age:**

Table 1.1 presents age-wise distribution of the respondents with regard to the persons inspired to invest in mutual funds. The table reveals that the age has an impact on the investors' inspiration to invest in different mutual funds. The calculated chi-square

value is found to be significant at 0.05 level of significance. People belonging to younger age group have been influenced by the friends and colleagues. And people belong to 31 and 50 years were influenced by themselves and mutual fund agents.

**Table – 1.2 Mutual Fund Investment Inspiring Persons – Impact of Sex**

S.No.	Sex	Self		Friends/ Colleagues		Mutual Fund Agents		Total	
1	Male	75	34%	72	32%	75	34%	222	100%
2	Female	6	21%	14	50%	8	29%	28	100%
	<b>Total</b>	<b>81</b>		<b>86</b>		<b>83</b>		<b>250</b>	

(Source: Questionnaire)

$\chi^2 = 3.61$  (not significant at 0.05 or 0.10 level)

#### b) Impact of Sex:

Table 1.2 presents sex-wise distribution of the respondents with regard to the persons inspired to invest in mutual funds. The table shows sex has no impact on the investors' inspiration to invest in mutual funds. The calculated chi-square value is not significant even at 0.10 level of significance. All investors, whether males or females were equally influenced by the three alternatives viz., self inspiration, friends and colleagues and mutual fund agents.

**Table – 1.3 Mutual Fund Investment Inspiring Persons – Impact of Geographical Location**

S.No.	Area	Self		Friends/Colleagues		Mutual Fund Agents		Total	
1	Urban	44	32%	48	35%	46	33%	138	100%
2	Semi urban	29	37%	26	33%	23	29%	78	100%
3	Rural	8	24%	12	35%	14	41%	34	100%
	<b>Total</b>	<b>81</b>		<b>86</b>		<b>83</b>		<b>250</b>	

(Source: Questionnaire)

$\chi^2 = 2.40$  (not significant at 0.05 or 0.10 level)

#### c) Impact of Geographical Location:

Table 1.3 presents geographical distribution of the respondents with respect to the persons inspired to invest in mutual funds. From the above analysis it is clear that geographical location of respondents has no impact on the inspiration of the investors. The calculated chi-square value is not significant event at 0.10 level of significance. All the investors irrespective of their area inspired equally by the three alternatives viz. self inspiration, friends and colleagues and mutual fund agents.

**Table – 1.4 Mutual Fund Investment Inspiring Persons – Impact of Education**

S.No.	Educational qualification	Self		Friends/Colleagues		Mutual Fund Agents		Total	
1	Graduation and above	73	35%	68	33%	67	32%	208	100%
2	Pre-university	5	19%	8	31%	13	50%	26	100%
3	S.S.C. and below	3	19%	10	63%	3	19%	16	100%
	<b>Total</b>	<b>81</b>		<b>86</b>		<b>83</b>		<b>250</b>	

(Source: Questionnaire)

$\chi^2 = 10$  (significant at 0.05 or 0.10 level)

#### d) Impact of Education:

Table 1.4 presents distribution of the respondents on the basis of educational qualification with regard to the persons inspired to invest in mutual funds. The table reveals that educational qualification of investors has no impact on the investors' inspiration to invest in mutual funds. The calculated chi-square value is significant at 0.05 level of significance. All the investors irrespective of their qualification inspired equally by the three alternatives.

**Table – 1.5 Mutual Fund Investment Inspiring Persons – Impact of Occupation**

S.No.	Occupation	Self		Friends/Colleagues		Mutual Fund Agents		Total	
1	Salaried	61	33%	63	34%	60	33%	184	100%
2	Self-employed & retired	20	30%	23	35%	23	35%	66	100%
	<b>Total</b>	<b>81</b>		<b>86</b>		<b>83</b>		<b>250</b>	

(Source: Questionnaire)

$\chi^2 = 0.20$  (Not significant at 0.05 or 0.10 level)

#### e) Impact of Occupation:

Table 1.5 presents distribution of the respondents on the basis of occupation with regard to the persons inspired to invest in mutual funds. The analysis shows that occupation has no impact on the investors' inspiration to invest in mutual funds. The calculated chi-square value is not significant even at 0-10 level of significance. All the investors whether salaried, self-employed or retired persons inspired more or less equally by the three alternatives viz., self inspiration, friends and colleagues and mutual fund agents.

**Table – 1.6 Mutual Fund Investment Inspiring Persons – Impact of Monthly Household Income**

S.No.	Monthly Income (Rs)	Self		Friends/Colleagues		Mutual Fund Agents		Total	
1	Below 10,000	23	28%	31	37%	29	35%	83	100%
2	10,000-20,000	32	38%	28	33%	24	29%	84	100%
3	20,000-50,000	22	39%	18	32%	16	29%	56	100%
4	50,000 above	6	22%	9	33%	12	44%	27	100%
	<b>Total</b>	<b>83</b>		<b>86</b>		<b>81</b>		<b>250</b>	

(Source: Questionnaire)

 $\chi^2 = 5.30$  (Not significant at 0.05 or 0.10 levels)**f) Impact of Monthly Household Income:**

Table 1.6 presents distribution of the respondents on the basis of monthly household income with regard to the persons inspired to invest in mutual funds. Therefore, the analysis reveals that monthly household income has no impact on the inspiration of the investors. The calculated chi-square value is not significant even at 0.10 level of significance. People belonging to lower and higher income group have inspired equally to invest in different mutual funds.

**2) Reason behind Investment in Mutual Funds:****Table – 2.1 Reason behind Investment in Mutual Funds – Impact of Age**

S.No.	Age	Income earning		Further obligation		Growth in wealth		Tax benefit		Total	
1	Below 30	26	39%	15	23%	5	8%	20	30%	66	100%
2	31-40	38	41%	15	16%	25	27%	14	15%	92	100%
3	41-50	20	34%	11	19%	19	33%	8	14%	58	100%
4	51 and above	18	53%	5	15%	9	26%	2	6%	34	100%
	<b>Total</b>	<b>102</b>		<b>46</b>		<b>58</b>		<b>44</b>		<b>250</b>	

(Source: Questionnaire)

 $\chi^2 = 22.93$  (Significant at 0.05 level)**a) Impact of Age:**

Table 2.1 presents age-wise distribution of the respondents with regard to the reason behind investment in mutual funds. The analysis shows that age has an impact on the reason behind investment in mutual funds. The calculated chi-square value is found to be significant at 0.05 level of significance. People belonging to younger age group (below 40) preferred to invest in mutual funds for earning income and for further obligations. People belonging to older age group (41 and above) preferred to invest for growth in wealth.

**Table – 2.2 Reason behind Investment in Mutual Funds - Impact of Sex**

S.No.	Sex	Income earning		Further obligation		Growth in wealth		Tax benefit		Total	
1	Males	94	42%	34	15%	52	23%	42	19%	222	100%
2	Females	8	29%	12	43%	6	21%	2	7%	28	100%
	<b>Total</b>	<b>102</b>		<b>46</b>		<b>58</b>		<b>44</b>		<b>250</b>	

(Source: Questionnaire)

 $\chi^2 = 13.41$  (Significant at 0.05 level)**b) Impact of Sex:**

Table 2.2 presents sex-wise distribution of the respondents with regard to the reason behind investment in mutual funds. Therefore the table reveals that sex has an impact on the reason behind investment in mutual funds. The calculated chi-square value is significant at 0.05 level of significance. Male investors preferred to invest in mutual funds for earning income. And female investors preferred to invest in mutual funds for further obligations.

**Table – 2.3 Reason behind Investment in Mutual Funds - Impact of Geographical Location**

S.No.	Sex	Income earning		Further obligation		Growth in wealth		Tax benefit		Total	
1	Urban	54	39%	32	23%	20	14%	32	23%	138	100%
2	Semi- urban and rural	50	45%	14	13%	38	34%	10	9%	112	100%
	<b>Total</b>	<b>104</b>		<b>46</b>		<b>58</b>		<b>42</b>		<b>250</b>	

(Source: Questionnaire)

 $\chi^2 = 21.84$  (Significant at 0.05 level)

**c) Impact of Geographical Location:**

Table 2.3 presents geographical distribution of the respondents with regard to the reason behind investment in mutual funds. The calculated chi-square value is significant at 0.05 level of significance. All people liked to invest in income earning mutual funds. Semi-urban and rural people also liked to invest in growth schemes. Tax benefit schemes were liked by the only urban people.

**Table – 2.4 Reason behind Investment in Mutual Funds - Impact of Education**

S.No.	Educational Qualification	Income earning		Further obligation		Growth in wealth		Tax benefit		Total	
1	Graduation and above	82	39%	38	18%	54	26%	34	16%	208	100%
2	Pre-university	12	46%	6	23%	2	8%	6	23%	26	100%
3	S.S.C. and below	10	63%	2	13%	2	13%	2	13%	16	100%
	<b>Total</b>	<b>104</b>		<b>46</b>		<b>58</b>		<b>42</b>		<b>250</b>	

(Source: Questionnaire)

 $\chi^2=7.64$  (not significant at 0.05 or 0.10 level)**d) Impact of Education:**

Table 2.4 presents the distribution of the respondents on the basis of education with regard to the reason behind investment in mutual funds. The calculated chi-square value has not significance at 0.05 level of significance. All investors irrespective of their educational qualification have given priority to invest in income earning mutual funds.

**Table – 2.5 Reasons behind Investment in Mutual Funds - Impact of Occupation**

S.No.	Occupation	Income earning		Further obligation		Growth in wealth		Tax benefit		Total	
1	Salaried	69	39%	36	20%	36	20%	38	21%	179	-100%
2	Self-employed and retired	35	49%	10	14%	22	31%	4	6%	71	-100%
	<b>Total</b>	<b>104</b>		<b>46</b>		<b>58</b>		<b>42</b>		<b>250</b>	

(Source: Questionnaire)

 $\chi^2=12.37$  (Significant at 0.05 level)**e) Impact of Occupation:**

Table 2.5 presents distribution of the respondents on the basis of occupation with regard to the reason behind investment in mutual funds. The calculated chi-square value is significant at 0.05 level of significance. All the people gave priority to invest in income earning mutual funds. In the case of retired employees it is very high. Most of the tax benefit mutual funds have been preferred by the salaried employees.

**Table – 2.6 Reason behind Investment in Mutual Funds - Impact of monthly Household Income**

S.No.	Monthly income (Rs).	Income earning		Further obligation		Growth in wealth		Tax benefit		Total	
1	Below 10,000	47	57%	9	11%	15	18%	12	14%	83	100%
2	10,000- 20,000	29	34%	21	24%	13	15%	23	27%	86	100%
3	20,000-50,000	21	39%	13	24%	19	35%	1	2%	54	100%
4	50,000-above	7	26%	3	11%	11	41%	6	22%	27	-10%
	<b>Total</b>	<b>104</b>		<b>46</b>		<b>58</b>		<b>42</b>		<b>250</b>	

(Source: Questionnaire)

 $\chi^2=37.20$  (Significant 0.05 level)**f) Impact of Monthly Household Income:**

Table 2.6 presents distribution of the respondents on the basis of monthly income with regard to the reasons behind investment in mutual funds. From the above it is clear, that monthly household income of investors has an impact on the preference of the investors. The calculated chi-square value is significant at 0.05 level of significance. People belonging to low income group gave preference to income earning schemes. And people belonging to high income group gave more priority to growth schemes and tax benefit schemes.

**3) Amount of Investment in Mutual Funds:**

Investors belong to different categories invest different amount in mutual funds according to their desire and capacity. It is observed from the table that out of the 250 respondents 83 (33%) were found to be preferred to invest below Rs. 10,000, 86 (34%) respondents preferred to invest Rs. 10,000 to Rs. 25,000, 54 (22%) ranging from Rs. 25,000 to 50,000 and the rest 27 (10%) were liked to invest Rs. 50,000 and above per annum.



**Table –3.1 Amount of Investment in Mutual Funds – Impact of Age**

S.No.	Age	Below Rs.10000		Rs. 10,000 – 25000		Rs. 25,000 – 50000		Rs. 50,000 above		Total	
1	Below 30	22	33%	34	52%	4	6%	6	9%	66	100%
2	31 – 40	33	36%	20	22%	36	39%	3	3%	92	100%
3	41– 50	14	24%	22	38%	12	21%	10	17%	58	100%
4	51 & above	14	41%	10	29%	2	6%	8	24%	34	100%
	<b>Total</b>	83		86		54		27		250	

(Source: Questionnaire)

 $\chi^2 = 49.38$  (Significant at 0.05 level)**a) Impact of Age:**

Table 3.1 presents age-wise distribution of the respondents with regard to the amount of investment in mutual funds. The calculated chi-square value is significant at 0.05 level of significance. People belonging to younger age group have medium investment of Rs. 10,000 to Rs. 25,000. People belonging to older age group have preferred to invest very lower amount.

**Table – 3.2 Amount of Investment in Mutual Funds – Impact of Sex**

S.No.	Sex	Below Rs. 10,000		Rs. 10,000 – 25,000		Rs. 25,000 – 50,000		Rs. 50,000 above		Total	
1	Males	73	33%	76	34%	52	23%	21	9%	222	100%
2	Females	10	36%	10	36%	2	7%	6	21%	28	100%
	<b>Total</b>	83		86		54		27		250	

(Source: Questionnaire)

 $\chi^2 = 6.22$  (Not significant at 0.05 or 0.10 levels)**b) Impact of Sex:**

Table 3.2 presents sex-wise distribution of the respondents with regard to the amount of investment in mutual funds. The calculated Chi-square value is not significant even at 0-10 level of significance. All Investor's whether males or females have similar amount of investment in mutual funds.

**Table–3.3 Amount of Investment in Mutual Funds – Impact of Geographical**

S. No.	Area	Below Rs. 10000		Rs. 10,000 – 25000		Rs. 25,000 – 50000		Rs. 50,000 above		Total	
1	Urban	27	20%	69	50%	24	17%	18	13%	138	100%
2	Semi-urban	42	54%	6	8%	22	28%	8	10%	78	100%
3	Rural	14	41%	11	32%	8	24%	1	3%	34	100%
	<b>Total</b>	83		86		54		27		250	

(Source: Questionnaire)

 $\chi^2 = 49.75$  (Not significant at 0.05 or 0.10 levels)**c) Impact of Geographical Location:**

Table 3.3 presents geographical distribution of the respondents with regard to the amount of investment in mutual funds. The Chi-square value calculated is significant even at 0.05 level of significance. All the investors irrespective of their geographical location have preferred to invest the amount in mutual funds ranging from Rs. 10,000 to Rs. 25,000.

**Table – 3.4 Amount of Investment in Mutual Funds – Impact of Education**

S. No.	Area	Below Rs. 10000		Rs. 10,000 – 25,000		Rs. 25,000 – 50,000		Rs. 50,000 above		Total	
1	Graduation and Above	68	33%	70	34%	52	25%	18	9%	208	100%
2	Pre-university	9	35%	11	42%	2	8%	4	15%	26	100%
3	S.S.C. and Below	6	38%	5	31%	-	-	5	31%	16	100%
	<b>Total</b>	83		86		54		27		250	

(Source: Questionnaire)

 $\chi^2 = 15.16$  (significant at 0.05 or 0.10 levels)**d) Impact of Education:**

Table 3.4 presents distribution of the respondents on the basis of education with regard to the amount of investment in mutual funds. The calculated chi-square value is significant even at 0.05 level of significance. All the investors, irrespective of their educational qualification have preferred to invest the amount ranging between Rs. 10,000 and Rs.25,000 in different mutual fund schemes.

**Table – 3.5 Amount of Investment in Mutual Funds – Impact of Occupation**

S.No.	Area	Below Rs. 10000		Rs. 10,000 – 25,000		Rs. 25,000 – 50,000		Rs. 50,000 Above		Total	
1	Salaried	63	34%	69	38%	31	17%	21	11%	184	100%
2	Self-employed	20	30%	17	26%	23	35%	6	9%	66	100%
	<b>Total</b>	<b>83</b>		<b>86</b>		<b>54</b>		<b>27</b>		<b>250</b>	

(Source: Questionnaire)

 $\chi^2 = 9.70$  (Significant at 0.05 level)

Table 3.5 presents distribution of the respondents on the basis of occupation with regard to the amount of investment in mutual funds. From the above it is clear that occupation has no impact on the preference of the investors. The chi-square value calculated is significant at 0.05 level of significance. Salaried persons have liked to invest in mutual funds more than the self employed.

**Table – 3.6 Amount of Investment in Mutual Funds – Impact of monthly Household**

S.No.	Monthly Income	Below Rs. 10000		Rs. 10,000 – 25,000		50,000		Rs. 50,000 above		Total	
1	Below 10,000	38	46%	26	31%	12	14%	7	8%	83	100%
2	10,000 – 20,000	6	7%	42	51%	21	25%	14	17%	83	100%
3	20,000 – 50,000	10	19%	24	44%	6	11%	14	26%	54	100%
4	50,000 above	4	13%	6	20%	9	30%	11	37%	30	100%
	<b>Total</b>	<b>58</b>		<b>98</b>		<b>48</b>		<b>46</b>		<b>250</b>	

(Source: Questionnaire)

 $\chi^2 = 54.34$  (Significant at 0.05 level)**f) Impact of monthly Household Income:**

Table 3.6 presents distribution of the respondents on the basis of monthly house hold income with regard to the amount of investment in mutual funds. From the above it can be concluded that monthly house hold income has an impact on the preference of the investors. The calculated chi-square value is significant at 0.05 level of significance. As the monthly income of the investors increase, the amount of investment in mutual funds was also increased.

**4) Knowledge about Mutual Fund Operation:****Table – 4.1 Knowledge about Mutual Fund Operation – Impact of Age**

S.No.	Age	No. of persons responded				Total	
		Yes		No			
1	Below 30	41	<b>64%</b>	23	<b>36%</b>	64	<b>100%</b>
2	31-40	36	<b>47%</b>	41	<b>53%</b>	77	<b>100%</b>
3	41-50	57	<b>79%</b>	15	<b>21%</b>	72	<b>100%</b>
4	51 and above	20	<b>54%</b>	17	<b>46%</b>	37	<b>100%</b>
	<b>Total</b>	<b>154</b>		<b>96</b>		<b>250</b>	

(Source: Questionnaire)

 $\chi^2 = 17.62$  (Significant at 0.05 level)**a) Impact of Age:**

Table 4.1 presents age-wise distribution of the respondents with regard to their knowledge about mutual fund operation. The analysis reveals that the age has an impact on the respondents knowledge. The calculated chi-square value is significant at 0.05 level of significance. People belonging to younger age group have more knowledge than the older age group about the mutual fund operation.

**Table – 4.2 Knowledge about Mutual Fund Operation – Impact of Sex**

S.No.	Sex	No. of persons responded				Total	
		Yes		No			
1	Males	138	63%	82	37%	220	100%
2	Females	16	53%	14	47%	30	100%
	Total	154		96		250	

(Source: Questionnaire)

 $\chi^2 = 0.98$  (Not significant at 0.05 or 0.10 levels)**b) Impact of Sex:**

Table 4.2 presents sex-wise distribution of the respondents with regard to their knowledge about mutual fund operation. The calculated chi-square value is not significant even at 0.10 level of significance. People belonging to all groups, irrespective of their sex have equal knowledge about mutual fund operation.

**Table – 4.3 Knowledge about Mutual Fund Operation – Impact of Geographical Location**

S.No.	Area	No. of persons responded				Total	
		Yes		No			
1	Urban	88	64%	50	36%	138	-100%
2	Semi-urban	51	65%	27	35%	78	-100%
3	Rural	15	44%	19	56%	34	-100%
	Total	154		96		250	

(Source: Questionnaire)

 $\chi^2 = 5.14$  (Not Significant at 0.05 level)**c) Impact of Geographical Location:**

Table 4.3 presents geographical distribution of the respondents with regard to their knowledge about mutual fund operation. The calculated chi-square value is not significant at 0.05 level of significance. People belonging to urban and semi-urban area have more knowledge than the rural about mutual fund operation.

**Table – 4.4 Knowledge about Mutual Fund Operation – Impact of Education**

S.No.	Educational Qualification	No. of persons responded				Total	
		Yes		No			
1	Graduation and above	126	61%	82	39%	208	100%
2	Pre-university	14	67%	7	33%	21	100%
3	S.S.C. and below	14	67%	7	33%	21	100%
	Total	154		96		250	

(Source: Questionnaire)

 $\chi^2 = 0.55$  (Not significant at 0.05 or 0.10 levels)**d) Impact of Education:**

Table 4.4 presents distribution of the respondents on the basis of education with regard to their knowledge about mutual fund operation. The calculated chi-square value is not significant even at 0.10 level of significance. People, whether educated or not have equal knowledge about mutual fund operation.

**Table – 4.5 Knowledge about Mutual Fund Operation – Impact of Occupation**

S.No.	Occupation	No. of persons responded				Total	
		Yes		No			
1	Salaried	109	60%	72	40%	181	100%
2	Self-employed	35	63%	19	37%	54	100%
3	Retired	10	60%	5	40%	15	100%
	Total	154		96		250	

(Source: Questionnaire)

 $\chi^2 = 0.54$  (Not significant at 0.05 or 0.10 levels)**e) Impact of Occupation:**

Table 4.5 presents distribution of the respondents on the basis of occupation with regard to their knowledge about mutual fund operation. The chi-square value calculated is not significant even at 0.10 level of significance. People belonging to all sections of employment whether he is salaried person, self-employed or retired persons have equally known about mutual fund operation.

**Table – 4.6 Knowledge about Mutual Fund Operation – Impact of monthly Household Income**

S.No.	Monthly Income (Rs.)	No. of persons responded				Total	
		Yes		No			
		1	Below 10,000	46	55%	37	45%
2	10,000-20,000	51	59%	35	41%	86	100%
3	20,000-50,000	43	80%	11	20%	54	100%
4	50,000 above	14	52%	13	48%	27	100%
	Total	154		96		250	

(Source: Questionnaire)

 $\chi^2 = 10.04$  (Significant at 0.05 level)**f) Impact of Monthly Household Income:**

Table 4.6 presents distribution of respondents on the basis of monthly household income with regard to their knowledge about mutual fund operation. The calculated chi-square value is significant at 0.05 level of significance. People belonging to higher monthly income group have more knowledge than the lower monthly income group about the mutual fund operation.



**FINDINGS:**

1. Background of the investors investment in mutual funds is not influenced by the sex, geographical location, education, occupation and monthly household income of the investors. And chi-square value calculated is not significant even at 0.10 level in all the above cases
2. Reason behind investment in mutual funds is not influenced by the education of the respondents as the chi-square value calculated has no significance even at 0.10 level. All investors irrespective of their educational qualification have mostly preferred to invest in income earning mutual fund schemes.
3. Investors reason behind investment in mutual funds is influenced by the age, sex, geographical location, occupation and monthly household income of the respondents and chi-square value calculated is significant at 0.5 level in all the above cases.
  - i) People belonging to younger age group (below 40 years) preferred to invest in mutual funds for earning income and for further obligations. People belonging to older age group (above 41 years) preferred to invest for growth in wealth and earning income. 42 per cent of male investors preferred to invest in mutual funds for earning income, and 43 per cent of female investors preferred to invest in mutual funds for further obligations.
  - ii) All the investors liked to invest in mutual funds for earning income. 34 per cent of semi-urban investors liked to invest for growth in wealth and urban people liked to invest for tax benefit.
  - iii) All the mutual fund investor whether salaried persons or self employed or retired persons gave priority to invest in mutual funds for earning income and in the case of retired employees it is very high (49%). Most of the salaried persons invested in mutual funds to get tax benefit.
  - iv) As far as monthly household income of the investors is concerned, 57 per cent of investors belonging to low income group of below Rs. 10,000 preferred to invest in mutual funds for earning income. Investors belonging to high income group (above Rs. 50,000) invested for growth in wealth and tax benefit.
4. Amount of investment in mutual funds is not influenced by the sex, geographical location, education of the respondents as the chi-square value calculated is not significant. All the investors whether male or female have similar amount of investment in mutual funds. Amount of investment in mutual funds is influenced by the age, occupation and household income of the respondents. And the chi-square value calculated is significant at 0.05 level of significance. As far as age is concerned, 52 per cent of people belonging to younger age group have medium investment of Rs. 10,000 to Rs. 25,000. 41 per cent of people belonging to older age group (above 51 years) have preferred to invest very lower amount of below Rs. 10,000. Middle aged people (31 to 50 years) have preferred to invest very large amount i.e., Rs. 50,000 and above in mutual funds.
5. Knowledge of investors about mutual fund operation is not influenced by sex, education, occupation of investors. The chi-square value calculated is not significant even at 0.10 level of significance. People belonging to all groups, whether male or female, educated or uneducated, salaried or self employed have equal knowledge about mutual fund operation.

**SUGGESTIONS:**

1. Mutual fund investment is relatively cost effective compared to other modes of investment. And increased competition has resulted lowering of costs to investors by offering innovative features like same day redemption in liquid funds and institutional plans.
2. The most crucial role of the fund manager is the timely diversification of portfolio and net selectivity. The fund managers have to adopt better models which are popular and accepted world wide while diversification and net selectivity. The accountability of fund manager should be fixed in respect of returns, safety and other things as he is the head of the scheme.
3. Though Mutual Fund Industry in India is well regulated and have high degree of transparency in the light of technology wave, investors living in semi-urban and rural were not aware of this. Therefore, wide publicity should be given about transparency and benefits to investors like through on line transactions, more customized and personal advise to customers.

**Conclusion:****Inspiring persons of mutual fund investment :**

Investors influence to invest in mutual funds is not influenced by all other socio economic factors except the age. Respondents belonging to younger age group have been influenced by the friends and colleagues. And middle age group (31-50) respondents by the mutual fund agents.

**Reason behind mutual fund investments:**

Reason behind the investors investment in mutual funds is influenced by all socio economic factors, except the educational qualification. Investors belonging to younger age, males, low income group invested for earning income. Old aged and high income respondents invested for growth in wealth. Female respondents liked to invest in mutual funds for further obligation. Urban and high income group respondents like to get tax benefit.

**Amount of investment in mutual funds:**

Amount of investment in mutual funds is not influenced by the sex, geographical location and education of the respondents. It is influenced by the socio economic factors like age, occupation and monthly income of the respondents. Younger age, salaried and higher income respondents invested more in mutual funds than the other categories.

**Knowledge about mutual fund operation:**

Knowledge about mutual fund operation is not influenced by the sex, education and occupation of the respondents. It is influenced by the age, geographical location and income of the respondents. Respondents belonging to younger age, urban and semi-urban and high income group have more knowledge than the other categories.

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