“A STUDY OF MUTUAL FUND INVESTMENT AWARENESS OF PEOPLE OF KALYAN DOMBIVLI MUNICIPAL CORPORATION REGION”

ABSTRACT

1. INTRODUCTION:

Investment is a commitment of funds in real assets or financial assets. There are various avenues of investment in accordance with individual preferences. Investments are made in different asset classes depending on individual’s risk and return characteristics. Investment choices are physical assets and financial assets. Gold, Commodities and Real estate are examples of physical assets, which have a physical form.

Financial assets are securities, which are certificates embodying a financial contract between parties. Bonds, Equity shares, Deposits and Insurance policies are some of the examples of financial assets.

Wise investment of personal saving necessitates a clear understanding of objectives of saving. Every investment channel can be viewed as a package offering a unique combination, which fulfils the objectives of: (i) principal value, (ii) expected income, (iii) ease of converting principal into cash, and (iv) tax consequences. Each outlet has a greater or lesser degree of uncertainty associated with each factors.

Investment is the process of putting money to work to earn income. Investing even a small amount can produce considerable growth over long period. Investors continuously plan for their investments to fulfill major needs like financial protection, career building, asset purchase, marriage, children’s’ education, retirement funding etc. For this investors need to take decision regarding how much to invest? And where to invest? To choose wisely, investors need to know investment options thoroughly. It is financial services institutions and intermediaries which help the investors for transforming saving into investment, production and growth. It is a mechanism or arrangement for the mobilization of funds, their transfer and allocation. A financial services intermediary and has enormous value in the financial market. A mutual Fund is recognized as a medium as well as long term investment option.
Abstract

Concept of Mutual Fund:

Mutual Funds are essentially investment vehicles where people with similar investment objective come together to pool their money and then invest accordingly. Each unit of any scheme represents the proportion of pool owned by the unit holder (investor). Appreciation or reduction in value of investments is reflected in Net Asset Value (NAV) of the concerned scheme, declared by the fund from time to time.

Mutual Fund Schemes are managed by respective Asset Management Companies (AMC). Different business groups, financial institutions and banks sponsors these AMCs either alone or in collaboration with other firms. Mutual funds invest according to the underlying investment objective specified at the time of launching the scheme.

Overview Of Mutual Fund Industry:

India’s Mutual Funds have witnessed phenomenal growth over the last few years. Mutual funds would be one of the major instruments of wealth creation and wealth saving in the years to come, giving positive results.

Indian economy is one of the fastest growing economies of the world. The saving of the country is now around 29%. Foreign investors are investing in Indian market because of it high growth potential. India is next emerging economy after the US and China. Sound financial market is of utmost importance in this scenario. It is the financial market which channelizes savings of the people into the investment. Several international Funds are operating independently in India and some are expected to come in future. Foreign investors, local institutions and mutual funds are now playing a bigger role.

Mutual funds are considered as one of the best available investments as compare to others they are very cost efficient and also easy to invest in, thus by pooling money together in a mutual fund, investors can purchase stocks or bonds with much lower trading costs than if they tried to do it on their own. But the biggest advantage to mutual funds is diversification, by minimizing risk & maximizing returns.
2. SIGNIFICANCE OF THE STUDY:
In India, Mutual fund industry is an organized financial system, accessible to individual investors having varied needs and options. Mutual Fund is one of the most preferred investment alternatives for the small investors as it offers an opportunity to invest in a diversified, professionally managed portfolio at a relatively low cost. A Mutual Fund is a thrust that pools the savings of a number of investors who share a common financial goal. Over the past decade, mutual funds have increasingly become the investor’s vehicle of choice for long-term investing. Mutual funds have both advantages and disadvantages compared to direct investing in individual securities. Today they play an important role in household finances.

The study attempts to find out the awareness of people about such a growing financial asset and provide recommendations / suggestions which can be used for knowing the preferences of investors in KDMC and making the mutual fund investment popular among the investors in KDMC region which is a fast growing metropolitan city.

The investors are now very much aware and make the choice of investments by studying it from all the angles. The present study also attempts to the considerations of investors while investing in Mutual Funds, which can help the mutual fund companies while launching the new schemes. This can turn the potential investors of KDMC region to turn into investors and channelize the flow of saving towards the mutual fund investment.

3. PERIOD OF STUDY:
The proposed research study has been conducted at both macro and micro levels. For macro level study the research period remained from 2001 to 2015 while the calendar year 2015 was taken for the purpose of personal survey.

4. OBJECTIVES OF THE STUDY:

1) To understand various types of Mutual Fund Schemes.
2) To know about the extent of awareness about mutual funds with reference to age, income and education.
3) To know the purpose of investment in mutual fund and other investment options.
4) To know the preferences for investment in mutual funds and other investment avenues.
5) To identify the most popular Mutual Fund schemes among investors.
6) To analyse the difference in investors’ behavior across the KDMC wards.

6. SCOPE OF THE STUDY:

This research focus on the awareness about mutual fund investment in Kalyan Dombivli Municipal Corporation Region. Kalyan Dombivli is an interesting example of a fast-growing city within a metropolitan region.

The present study basically attempts to understand the awareness level of the investors in Kalyan Dombivli Municipal Corporation Region.

The study also tries to find out the investment preferences, popular type of Mutual Fund Scheme, considerations of investors while investing in Mutual Funds, comparison between investors’ preference of Mutual Fund Investment and other investment options and difference between investors’ behavior.

The present study attempts to understand Investors’ behavior in KDMC region with special reference to Mutual Fund Investment. The study would help brokers of Mutual Fund, Mutual Fund Companies, government policy makers, and corporate for future reference.

7. LIMITATIONS OF THE STUDY:

a) The present study is constrained by time, cost and physical limitations of the researchers.

b) The universe for the present study is restricted to Kalyan Dombivli Municipal Corporation Region and if the same research would have been carried in another city, the results may vary.
c) The perception of respondents towards mutual funds may differ according to their personal experiences and achievements.

8. RESEARCH METHODOLOGY:

Research Design selected for this research is descriptive design and the Universe is Kalyan Dombivli Municipal Corporation Region. Data was collected in two ways, i.e., Primary data and Secondary data.

Universe:

Residents of Kalyan-Dombivli Municipal Corporation region who are working individuals (either in service, business or profession) from organised sector and earning more than Rs. 10,000 per month constitute universe for the present research. That is residents from middle and higher income groups are considered.

Primary Method of Data Collection:

For the purpose of this study, the survey method is adopted for collection of data. The data collection instrument used is structured questionnaire. The sampling technique used is Judgmental Sampling Method and sample size is 1000 investors and sampling units include businessmen, professionals and salaried employees.

Another structured questionnaire is prepared for the brokers to understand their perceptions about the investors’ awareness about mutual fund investment. 50 brokers from KDMC region are selected by using the random sampling technique.

Secondary Method of Data Collection:

Secondary data was collected from magazines, thesis reports, seminars and conference papers, articles, websites, unpublished data, published books, journals, and newspapers etc.
a) **Sample of the Study:**

The Population is scattered over the seven wards of KDMC. In order to give proper representation to total population, 1000 investors and 50 brokers were selected as respondents through Judgmental Sampling Method.

b) **The statistical Tools:**

To give scientific outlook to the study and to reach specific conclusions, the researcher has used various statistical tools like Chi-square analysis, Mann-Whitney Test and Kruskal- Wallis Test. For simple comparisons and presentation various tabulation, charts, graphs are also used.

c) The **Graphs and Diagrams** are be used to present the data of awareness of investors about mutual fund investment and their preferences.

**9. HYPOTHESES TESTING:**

To understand and establish interdependence of various factors leading to awareness of mutual fund investment among the people of KDMC Region, the following statistical tools are used.

a) Chi-Square Analysis  
b) Mann-Whitney Test  
c) Kruskal- Wallis Test

**10. DATA INTERPRETATION:**

The data is analyzed and interpreted so as to get the information based on the objectives and hypotheses of the study. The information collected from the respondents within the study area was tabulated, analyzed and conclusions were drawn with the help of independent variables like gender, age, occupations and average monthly income.
11. CHAPTER SCHEME:

The study is organized in six chapters in following manner:

1) Introduction:
This chapter exhibits definition and meaning of the term investor, different purposes for which the investments are being made, different types of investment avenues available, sources to collect the information about various investment avenues, concept of mutual fund, importance of mutual fund in stock market, risks involved in mutual fund and basic structure explaining about various stakeholder in mutual fund company.

2) Overview of Mutual Fund Industry:
This chapter narrates the different types of mutual funds, various types of schemes of mutual funds, modes through which mutual fund investment can be done, importance of factors like safety, returns, liquidity, diversification and tax considerations while investing in mutual funds. It also gives brief explanation about different aspects to be taken in consideration while investing in mutual fund and

This chapter will also give us information about the current scenario of mutual fund industry at global level and at national level. It also narrates the details about the geographical area under study i.e. KDMC (Kalyan Dombivli Municipal Corporation) Region and scope and importance of the present study in this area.

3) Review of Literature:
This chapter gives an elaborative literature review on mutual fund industry, performance of the industry, perception of mutual fund investors and the research gap in this area of study.

4) Research Methodology:
This chapter introduced with Objectives of Study, Hypotheses of Study, Universe of the Study, the Sample and Sampling Design, Data Collection, Data Analysis, Limitation and future direction of the Study.
5) Analysis and Interpretation of Data:
Under this chapter, the profile of organized sector working population of KDMC region is explained with the help of independent variables like gender, age, education, occupation and average monthly income. A detailed survey and technical analysis of perception of mutual fund investors as well as non-investors in KDMC region is arranged in the form of tables and graphs and interpreted.

6) Conclusions and Suggestions:
This chapter is summary of the findings, conclusions and it will also offer certain suggestions of the study which are presented in this concluding chapter.

7) Summary:
The gist of the study undertaken is presented under this chapter.

Bibliography & Annexures: