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A STUDY ON INVESTORS PERCEPTION AND AWARENESS ON MUTUAL FUNDS AS THEIR INVESTMENT AVENUE

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Abstract
Mutual fund is a financial intermediary which allows a group of investors to pool in their money with a predetermined investment objective. A qualified fund manager is appointed, who is responsible for investing the pooled money into specific securities and asset classes (usually stocks or bonds). These funds are collective investments which gather money from different investors to invest in stocks, short-term money market financial instruments, bonds and other securities and distribute the proceeds as dividends. The Mutual Funds in India are handled by Fund Managers, also referred as the portfolio managers. The Securities Exchange Board of India regulates the Mutual Funds in India. The unit value of the Mutual Funds in India is known as net asset value per share (NAV). The NAV is calculated on the total amount of the Mutual Funds in India, by dividing it with the number of units issued and outstanding units on daily basis.

Introduction
Mutual fund is a financial intermediary which allows a group of investors to pool in their money with a predetermined investment objective. A qualified fund manager is appointed, who is responsible for investing the pooled money into specific securities and asset classes (usually stocks or bonds). These funds are collective investments which gather money from different investors to invest in stocks, short-term money market financial instruments, bonds and other securities and distribute the proceeds as dividends. The Mutual Funds in India are handled by Fund Managers, also referred as the portfolio managers. The Securities Exchange Board of India regulates the Mutual Funds in India. The unit value of the Mutual Funds in India is known as net asset value per share (NAV). The NAV is calculated on the total amount of the Mutual Funds in India, by dividing it with the number of units issued and outstanding units on daily basis. It is important to understand that each mutual fund has different risk and reward profiles. In general, the higher the potential return, the higher the risk of potential loss. Although some funds are less risky than others, all funds have some level of risk – it's never possible to diversify away all risk – even with so-called money market funds. This is a fact for all investments. Each mutual fund has a predetermined investment objective that tailors the fund's assets, regions of investments and investment strategies. At the most basic level, there are three flavours of mutual funds: those that invest in stocks (equity funds), bonds (fixed-income funds), both stocks and bonds (balanced funds), and those that seek the risk-free rate (money market funds). Most mutual funds are variations on the theme of these three asset classes.

Types of Funds
Money Market Funds
The money market consists of safe (risk-free) short-term debt instruments, mostly government Treasury bills. This is a safe place to park your money. You won't get substantial returns, but you won't have to worry about losing your principal. A typical return is a little more than the amount you would earn in a regular checking or savings account and a little less than the average certificate of deposit (CD). While money market funds invest in ultra-safe assets, during the 2008 financial crisis, some money market funds did experience losses after the share price of these funds, typically pegged at $1, fell below that level and broke the buck.

Income Funds
Income funds are named for their purpose: to provide current income on a steady basis. These funds invest primarily in government and high-quality corporate debt, holding these bonds until maturity in order to provide interest streams. While fund holdings may appreciate in value, the primary objective of these funds is to provide a steady cash flow to investors. As such, the audience for these funds consists of conservative investors and retirees. Because they produce regular income, tax conscious investors may want to avoid these funds.

Bond Funds
Bond funds invest and actively trade in various types of bonds. Bond funds are often actively managed and seek to buy relatively undervalued bonds in order to sell them at a profit. These mutual funds are likely to pay higher returns than certificates of deposit and money market investments, but bond funds aren't without risk. Because there are many different types of bonds, bond funds can vary dramatically depending on where they invest. For example, a fund specializing in high-yield junk bonds is much more risky than a fund that invests in government securities. Furthermore, nearly all bond funds are subject to interest rate risk, which means that if rates go up the value of the fund goes down.

Balanced Funds
The objective of these funds is to provide a balanced mixture of safety, income and capital appreciation. The strategy of balanced funds is to invest in a portfolio of both fixed income and equities. A typical balanced fund will have a weighting of 60% equity and 40% fixed income. The weighting might also be restricted to a specified maximum or minimum for each asset class, so that if stock values increase much more than bonds, the portfolio manager will automatically rebalance the portfolio back to 60/40. A similar type of fund is known as an asset allocation fund. Objectives are similar to those of a balanced fund, but these kinds of funds typically do not have to hold a specified percentage of any asset class. The portfolio manager is therefore given freedom to switch the ratio of asset classes as the economy moves through the business cycle.

Equity Funds
Funds that invest primarily in stocks represent the largest category of mutual funds. Generally, the investment objective of this class of funds is long-term capital growth. There are, however, many different types of equity funds because there are many different types of equities.

Global/International Funds
An international fund (or foreign fund) invests only in assets located outside your home country. Global funds, meanwhile, can invest anywhere around the world, including within your home country. It's tough to classify these funds as either riskier or safer than domestic investments, but they have tended to be more volatile and have unique country and political risks. On the flip side, they can, as part of a well-balanced portfolio, actually reduce risk by increasing diversification since the returns in foreign countries may be uncorrelated with returns at home. Although the world's economies are becoming more interrelated, it is still likely that another economy somewhere is outperforming the economy of your home country.

Specialty Funds
This classification of mutual funds is more of an all-encompassing category that consists of funds that have proved to be popular but don't necessarily belong to the more rigid categories we've described so far. These types of mutual funds forgo broad diversification to concentrate on a certain segment of the economy or a targeted strategy. Sector funds are targeted strategy funds aimed at specific sectors of the economy such as financial, technology, health, and so on. Sector funds can therefore be extremely volatile since the stocks in a given sector tend to be highly correlated with each other.

Objectives
- To study and analyze the impact of various demographic factors on investors attitude.
- To study about the factors responsible for the selection of mutual funds as an investment option.

Literature Review
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 strategies and tactics that enable them to capture maximum opportunities with the lowest risks in order to enable them to survive and meet the competition from various market players globally. Desigan et al (2006) conducted a study on women investors' ' perception towards investment and found that women investors' ' basically are indecisive in investing in mutual funds due to various reasons like lack of knowledge about the investment protection and their various investment procedures, market fluctuations, various risks associated with investment, assessment of investment and redressed of grievances regarding their various investment related problems. Savings is a habit specially embodied into women. Even in the past, when women mainly depended on their spouses' income, they used to save to meet emergencies as well as for future activities. In those days, women did not have any awareness about various investment outlets. But as time passed, the scenario has totally changed. 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, nice return potential, 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, bullion and precious metals, entering of banking sector in mutual fund, buying and selling of mutual funds through online. Singh and Jha (2009) conducted a study on awareness & acceptability of mutual funds and found that consumers basically prefer mutual fund due to return potential, liquidity and safety and they were not totally aware about the systematic investment plan. The invertors' will also consider various factors before investing in mutual fund

Research Methodology
The study is basically an analytical study based on primary research as well as also related to the analysis of the attitude of investors towards mutual funds. In order to conduct this study, 250 investors in Vijayawada region have been selected by sampling method and mainly questionnaire has been used for collecting the data.

All the data required for this analytical study has been obtained mainly from primary sources, but at times, secondary sources of data have also been considered.

The data collection method used to obtain the desired information from primary sources has been through direct interview and questionnaire has been used as an instrument.

Basically, targeted populations belong to the Vijayawada region and considering an individual investor as a sampling unit. Judgment sampling has been used for colleting the sample. To analyse the data effectively and more efficiently, various statistical techniques like Chi-Square for testing of hypothesis has been used and for analyzing the various factors responsible for investment in mutual funds, ranking was done on the basis of weighted scores and scoring was done on the basis of scale. Chi- Square test of goodness of fit has been used.

Test of Hypothesis

The following hypotheses have been taken for the study of investors 'attitude mutual funds.

- There is no association between age and the attitude towards mutual funds.
- There is no association between sex and the attitude towards mutual funds.
- There is no association between income and the attitude towards mutual funds.
- There is no association between educational qualification and the attitude towards mutual funds.

Table I: Association between age and attitude towards the mutual fund

	Attitude Level			
Age	**Positive**	**Neutral**	**Negative**	**Total**
25-35	35	62	22	119
35-45	28	42	28	98
Above 45	08	13	12	33
Total	71	117	62	250

Table II: Association between gender and attitude towards the mutual fund

	Attitude Level			
Gender	**Positive**	**Neutral**	**Negative**	**Total**
Male	61	69	46	176
Female	10	48	16	74
Total	71	117	62	250

Table III: Association between income and attitude towards the mutual fund

Income (Monthly)	**Attitude Level**			
	Positive	**Neutral**	**Negative**	**Total**
upto15,000	12	31	15	58
15000-25000	36	79	29	144
Above 25,000	23	07	18	48
Total	71	117	62	250

Table IV: Association between level of education and attitude towards the mutual fund

	Attitude Level			
Education	**Positive**	**Neutral**	**Negative**	**Total**
Matriculation	06	20	11	37
Inter(12)	12	20	26	58
Graduate	33	42	20	95
P.G.	20	35	05	60
Total	71	117	62	250

Findings

The Study was aimed at identifying the level of attitude towards the mutual funds. The study shows that out of 250 respondents 71 respondents have a positive attitude, 117 respondents have a neutral attitude and 62 respondents have a negative attitude towards the mutual funds.

The table-I explains the association between age and attitude towards the mutual funds. The Calculated value of chi-square is less than tabulated value of chi-square at 5% level of significance. Hence it is not significant and the null hypothesis is accepted at 5% level of significance. Hence there is no association between age and the attitude towards mutual funds. About 35 respondents having age group (25-35), 28 respondents having age group (35-45) and 8 respondents have age above 45 have a positive attitude towards the mutual funds. There is a highest positive attitude towards the mutual funds in the age group (25-35) against the others

The table-II explains the association between gender and attitude towards the mutual funds.

The calculated value of chi-square is greater than tabulated value of chi-square at 5% level of significance. Hence it is highly significant and the null hypothesis is rejected at 5% level of significance. Hence there is association between gender and the attitude towards mutual funds. About 61 male respondents and 10 female respondents have a positive attitude towards the mutual funds. There is a highest positive attitude towards the mutual funds in male against the female.

The table-III explains the association between income and attitude towards the mutual funds. The calculated value of chi-square is greater than tabulated value of chi-square at 5% level of significance. Hence it is highly significant and the null hypothesis is rejected at 5% level of significance. Hence there is association between income and the attitude towards mutual funds. About 12 respondents have monthly income upto 15,000, 36 respondents having monthly income between 15,000-25,000 and 23 respondents having monthly income above 25,000 have a positive attitude towards the mutual funds. There is a highest positive attitude towards the mutual funds having monthly income above 25,000 against the others.

The **table-IV** explains the association between level of education and attitude towards the mutual funds. The calculated value of chi-square is greater than tabulated value of chi-square at 5% level of significance. Hence it is highly significant and the null hypothesis is rejected at 5% level of significance. Hence there is association between level of education and the attitude towards mutual funds. About 6 respondents having qualification up to matric,12 respondents having qualification up to intermediate,33 respondents having qualification up to graduate and 20 respondents having qualification up to post-graduate have a positive attitude towards the mutual funds. There is a highest positive attitude towards the mutual funds among the graduate respondents against the others.

Conclusion

The study shows that most of respondents are still confused about the mutual funds and have not formed any attitude towards the mutual fund for investment purpose. It has been observed that most of the respondents having lack of awareness about the various function of mutual funds. Moreover, as far as the demographic factors are concerned, gender, income and level of education have significantly influence the investors 'attitude towards mutual funds. On the other hand the other two demographic factors like age and occupation have not been found influencing the attitude of investors' ' towards mutual funds. As far as the benefits provided by mutual funds are concerned, return potential and liquidity have been perceived to be most attractive by the invertors' followed by flexibility, transparency and affordability

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