



**VVM's Shree Damodar College of
Commerce & Economics
Margao-Goa**



Papers and Proceedings of NATIONAL CONFERENCE ON EMERGING GLOBAL PRACTICES IN FINANCE AND MANAGEMENT

**Organized by
Department of Commerce & Management in association with
Directorate of Higher Education (DHE), Government of Goa**

11th March 2023

***Edited by*
Dr. Sheetal Arondekar
Mr. Gajanan B. Haldankar**

A Study of the Investors Awareness and Satisfaction Level Towards Mutual Funds

Asst. Prof. Swati A. Shigaonker

MES College of Arts & Commerce,
Zuarinagar Goa.

E-mail: swatias1978@rediffmail.com

Asst. Prof. Shveta S. Desai

MES College of Arts & Commerce,
Zuarinagar Goa.

E-mail: shveta.desai16@gmail.com

Abstract

Investors today have access to a wide variety of investment opportunities thanks to the increasingly competitive nature of the market. Mutual funds, out of the many other investment options available, are the one that are best suited for the average person since they provide the ability to invest in a portfolio that is both diversified and managed by professionals at a fee that is relatively modest. Indian Mutual Fund Industry today has witnessed enormous expansion in terms of growth of Assets under Management (AUM), from a meagre ₹ 25 crores in 1964 to ₹ 36.59 lakh crores in August 2021. This research paper looks into the conceptual part of mutual funds and then further analyses the awareness level and satisfaction level of investors in mutual funds through a structured questionnaire method. The results show that all the investors are aware of mutual funds and majority of the investors are satisfied with their mutual fund decision.

Keywords: mutual funds, SIP, awareness, investor satisfaction.

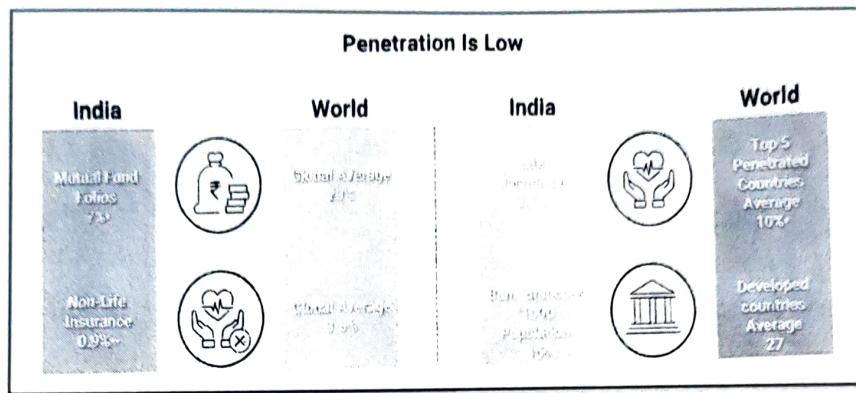
INDIAN MUTUAL FUND INDUSTRY IN INDIA

The penetration of the Indian mutual fund industry is very low. India's MF AUM to GDP ratio is significantly lower at 15.9% in March 2022, compared to the world average of 75%, shows the IPO prospectus of KFinTech.

In fact, India's AUM to GDP ratio is much lower than many developed economies such as the US. at 148.9% and the UK at 74.8%.

In Southeast Asian countries and Hong Kong, Singapore has the highest mutual fund penetration of 179.9% whereas Indonesia and Philippines have the lowest mutual fund penetration of 3.8% and 2.3%, respectively.

India's neighbour China has the AUM to GDP ratio of 20.9% as on March 2022. A report pointed out that under penetration of mutual funds in India and an opportunity to earn annuity income once the fund builds up a good book of assets are the main attractions for many players to foray into the mutual fund business.



RESEARCH METHODOLOGY

The research paper analytical in nature. The data was collected from primary as well as secondary sources. 50 investors from the state of Goa across different age groups, gender and socio economic status were interviewed through google form questionnaire method. The secondary data was taken from various research papers on the theme of mutual funds.

OBJECTIVES

- To study the awareness level among investors from Goa.
- To analyse the satisfaction level among the investors.
- To understand the future prospects of penetration of mutual funds as an investment avenue among Goans.

ABOUT MUTUAL FUNDS

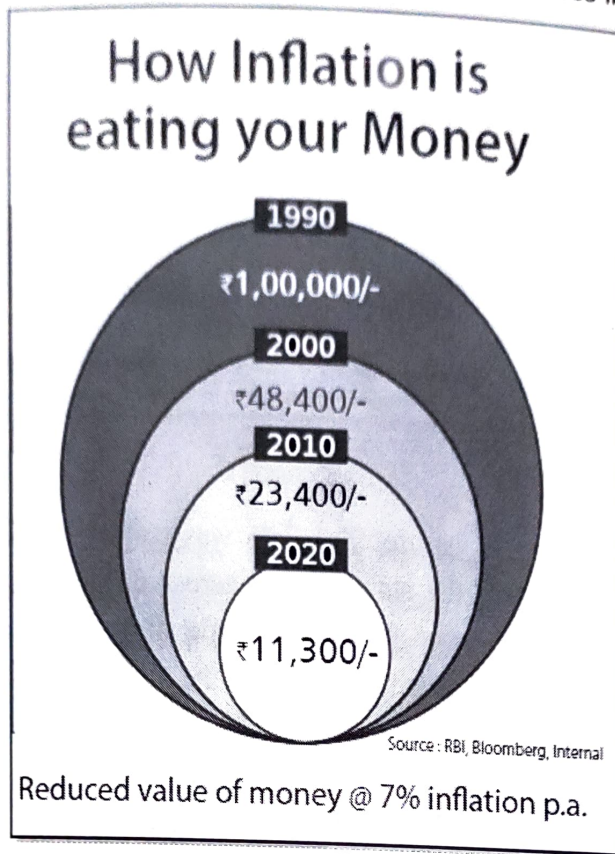
Investments are basically a trade-off between risks and returns. High risks= high returns. In the past 41 years BSE Sensex has given 15.4% returns.

Year	Sensex	Investment
1979	100	1,00,000
2020	37,607	₹ 3,76,07,000*

*as on 31st July 2020.

CORRODING EFFECTS OF INFLATION

	Gold (per 10 gms)	Petrol (per litre)	Diesel (per litre)	Milk (per litre)
1990	₹ 3,200	₹ 9.84	₹ 4.08	₹ 6.00
2003	₹ 5,600	₹ 32.49	₹ 21.21	₹ 13.00
2020	₹ 46,000	₹ 80.00	₹ 70.00	₹ 60.00
Actual inflation	9.3%	7.2%	9.9%	8.2%



The biggest hurdle in the financial goals of an investor is inflation. As per RBI estimates WPI inflation has grown by 6.5% in the last 30 years. An amount of ₹ 1,00,000 in 1990 has been reduced to ₹ 11,300 only if we consider 7% inflation. (Source: RBI, Bloomberg).

	Household expense (₹ p.m.)	Higher education (₹ in lacs)*	Marriage (₹ in lacs)**
2005	15,000	3.16	4-5
2015	25,000	14.45	10-12
2025	54,000	32	22-26

*Higher education- fees of PGDBM in IIM Ahmedabad.

**Cost in the year 2025 assumed at 8% inflation p.a on 2015 prices.

The right way for any investor is simple, smart & time tested formula to achieve your goal- to start early, invest in the right asset class and save regularly.

REASONS FOR INVESTING IN MUTUAL FUNDS

- Diversification:** In mutual funds an investor can put their money in different securities, thus, it reduces the risk. There is a saying never put all your eggs in one basket. Mutual funds investor practice this saying.

- **Wide Choice:** There are 44 AMCs or mutual fund houses in India. Hence, an investors has wide choice to choose from these 44 AMCs depending upon risk and returns.
- **Safe:** It is safe as all mutual funds transactions are carried out via bank account only.
- **Well Regulated:** Mutual funds are regulated by SEBI. SEBI regulates the activities of mutual funds and hence protects the interest of investors.
- **Tax Savings:** Investment in ELSS scheme of mutual funds is eligible for deduction upto ₹ 1,50,000 u/s 80C of income tax act.
- **Online Transactions:** Now an investors can car out all transactions online through a demat account.

SIP PLANS IN MUTUAL FUNDS – AN IDEAL WAY TO REDUCE RISK

When you start early in investing in mutual funds, you give time to your investment rather than timing and benefit from the power of compounding. SIP has a compounding effect on your investments. In the long run, an investment as low as ₹ 10,000 p.m. swells up into a huge corpus.

Systematic investment plan is a tool that allows you to invest in mutual funds through small, periodic instalments. SIP helps you set aside a fixed amount every month for investments thus, contributing towards your goals. For investment purpose, we often wait to collect a large sum of money and invest it all at once. Through SIP you can start with a smaller amount on a monthly basis and create wealth over the long term.

Benefits of SIP

- Imparts financial discipline to life
- Invest irrespective of market conditions
- Cost averaging helps neutralise market volatility
- Get benefit of power of compounding

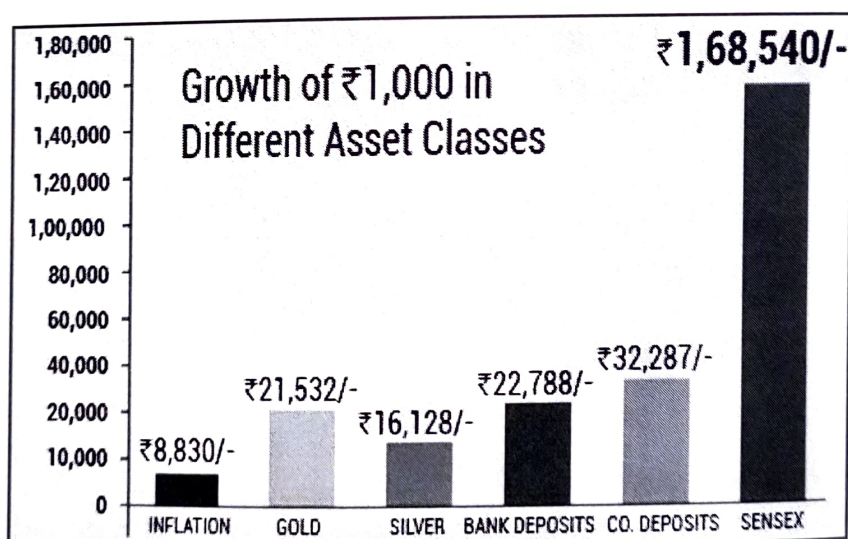
Every investor dreams of buying at a low price and selling at a higher price. But how does one know the right time to buy or sell. Many retail investors try to judge the market movement and end up losing their money in the long term. A more successful strategy is 'Rupee Cost Averaging' wherein you invest a fixed amount regularly. Thus you purchase more when prices are low and purchase less when prices are high. SIP investments take advantage of this strategy.

The Illustration given below explains how SIP works better than lump sum Investment

Month	NAV (₹)	Mr. SIP Investor		Mr. One Time Investor	
		Amount Invested (₹)	Units Bought	Amount Invested (₹)	Units Bought
1	10	1000	100.00	4000	400
2	8	1000	125.00	0	0
3	9	1000	111.11	0	0
4	11	1000	90.91	0	0
Total units accumulated		427.02		400	
Value of investment (₹)		4697.22 @ NAV ₹11		4400 @ NAV ₹11	
Avg. price / unit		9.36		10	

EQUITY MF

Equity MFs over a long-term horizon offer better risk- return payoff as well as liquidity, transparency and convenience. It is evident from the graph given below that in the long term, that equity investments have outperformed all other investment avenues and has beaten inflation by a huge margin.



Growth in Different Asset Classes from March 1981 to March 2020.

Source: Gold-Handbook of Statistics on Indian Economy, RBI. Silver - Handbook of Statistics on Indian Economy, RBI. Sensex - www.bseindia.com, Co Deposits - assumed (1% higher than Bank FD Rate). Bank Deposits - Handbook of Statistics on Indian Economy, RBI. Inflation(WPI) - Handbook of Statistics on Indian Economy, RBI

Comparison of the various Investment options based on 5 parameters.

- The interest earned on FD attracts tax as per the income tax slab/bracket of the investor.
- In case of debt mutual funds, investment sold within 3 years attracts STCG as per the income tax slab/bracket of the investor. However, after a period of 3 years, the LTCG attract only 10% income tax rate.

- Historically, gold has given returns equal to inflation.
- In case of equity funds, sale after 1 year attracts LTCG of 10%. Thus, equities tend to beat inflation by a wide margin over longer term.

Parameters	FD	Debt	Gold	Equity
Returns	Returns in the range of 5-6%	Returns in the range of 7-9%	Equal to inflation	High
Risks/volatility	Low	Low	Average	High
Safety of capital	Guaranteed	Not guaranteed but high	Average	No capital guarantee
Liquidity	High, but subject to penal charges in case of premature withdrawals	High	High but with a cost	High
Tax efficient	Highest tax rate	Indexation benefit for investment more than 3 years	High	LTCG 10% only on equity

ANALYSIS

Out of 50 respondents, 60% were males and 40% were females, all said that they are aware about the mutual funds and have invested in mutual funds.

Asset Management Company

AMC	No. of respondents
Axis	25
SBI	15
Motilal Oswal	5
ICICI Prudential	10
Kotak Mahindra	4
DSP invt Managers Pvt. Ltd.	1
HDFC Asset management Co. Ltd	6
UTI Asset Management Co. Ltd	3
Tata Asset Management Ltd	10
Parah Parik Financial Advisory Services (PPFAS)	1

(Source: Questionnaire)

It is clear that majority of the respondents have invested in Axis mutual fund followed by SBI, ICICI Prudential and Tata Asset Management Limited.

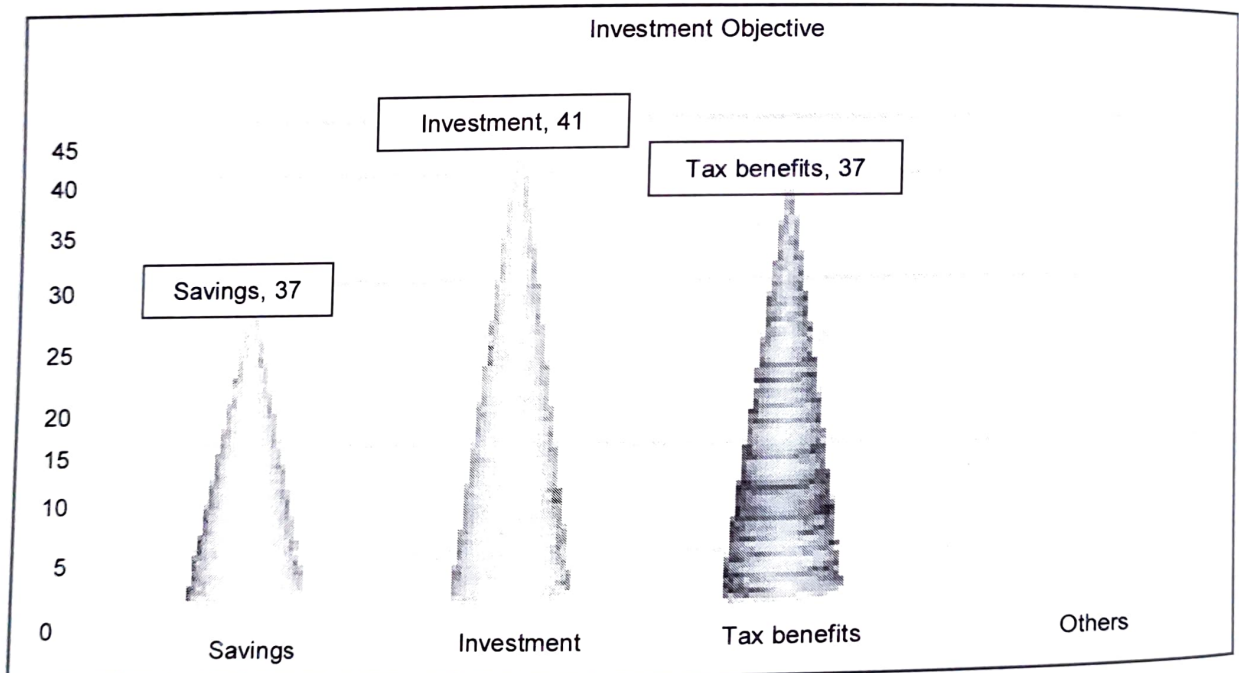
Factors for Choosing AMC

Factors	No. of respondents
Security	42
High returns	33
Liquidity	18
Other	—

(Source: Questionnaire)

Security is an important element while choosing where to invest and it is clear from the above table that majority of the investors have chosen the AMC considering the security aspect and high returns.

Investment Objective



(Source: Questionnaire)

Nowadays people want liquid cash as and when they want and also want the benefit of tax deductions and reduce the burden of tax. Investing in Mutual Fund is one way to have liquid cash and reduce the burden of tax and it is clear that majority of the investors invest to have liquid cash and get benefit from tax.

Investment

Started investment	No. of respondents
This year	
Last year	6
2 years back	30
5 years back	10
10 years back	4

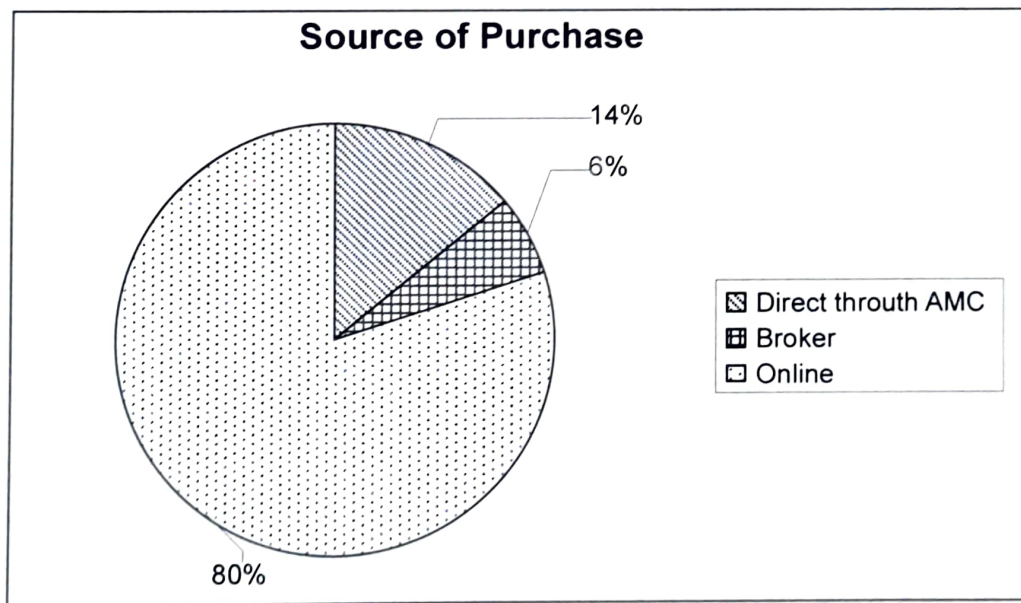
(Source: Questionnaire)

Holding Period

Holding Period	%
1 year	
2-5 years	72%
6-10 years	28%
More than 10 years	
	100%

(Source: Questionnaire)

Source of Purchase



(Source: Questionnaire)

Investors need convenience and has limited knowledge about market condition, hence investing through broker is the safest option which is seen from the above pie-chart wherein 80% of the investors have invested through broker.

All the respondents said that they prefer SIP rather than lumpsum investment

Information about new schemes

Know about new schemes	No. of respondents
Newspaper	7
Online	16
Social Media	14
Through broker	38

(Source: Questionnaire)

Updated information helps investors to take decision whether to buy or to redeem. There are various sources to get the information. Majority of the respondents said that the broker provide them the details of new schemes.

Mutual Funds Leads to Wealth Creation

Mutual funds leads to wealth creation	No. of respondents	%
Strongly Agree	33	66%
Agree	17	34%
Neutral		
Strongly disagree		
Disagree		
	50	100%

(Source: Questionnaire)

100% of the investors have opined that mutual funds leads to creation of wealth

Satisfaction Level

Satisfaction Level	No. of respondents	%
Highly Satisfied	27	54%
Satisfied	18	36%
Neutral	5	10%
Highly Dissatisfied		
Dissatisfied		
	50	100%

(Source: Questionnaire)

Majority of the respondents are satisfied with their investment decision in mutual funds.

All respondents said that they will advise others to invest in mutual funds.

FINDINGS

- Majority of the investors prefer Axis mutual fund for high returns and security.
- Majority of the respondents are attracted towards mutual funds because of safe investment and tax benefits.
- 80% of the respondents have purchased mutual funds through broker.
- All the respondents feels that mutual funds leads to creation of wealth.
- Majority of the respondents are highly satisfied with their mutual fund option.

CONCLUSION

It is sensible to save money for family's financial goals and keep them financially secure. The negative effects of inflation will hardly leave us with anything in the end if we choose to save money in bank deposits or any other savings instruments that offer very less returns, while an investment with good returns will keep us financially secure. By investing our savings in the right asset class for long term, we can ensure financial security for the future of our family.

REFERENCES

1. <https://cafemutual.com/news/industry/28209-indian-mf-industry-is-highly-underpenetrated#:~:text=The%20penetration%20of%20the%20Indian,economies%20such%20as%20the%20US>.
2. Das. (February 2023): *Performance of Mutual Funds in India: A Study with Reference to Select Equity Multi-Cap Funds*. *management journal for advanced research*, Vol. 3, No. 1.
3. Kunal, G. (March 2023): *Investment Behaviour of Corporate Professionals Towards Mutual Funds In India*. *International Journal of Accounting & Financial Review*, Vol. 14, No. 1.

