

# Exploring Investment Opportunities: An Empirical Study on Mutual Fund Awareness and Purchase by Investors with Respect to Telangana State

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**Abstract:** Mutual funds are collections of investor capital used to purchase stocks, bonds, and short-term debt. Considering the present study, it aims at investigating the factors which are influencing investor's entry into the mutual fund market and to assess the impact of investor awareness on their investment insights. The first objective focuses on understanding how investors decide to enter the mutual fund market, with a particular emphasis on the role of available information, market trends, and financial advisors. In the context of investing in mutual funds, the second goal investigates the relationship between investors' level of knowledge and their capacity for making decisions. A sample of investors was surveyed and interviewed in order to gather primary data that shed light on their investment strategy and degree of awareness. The findings suggest that a higher level of investor awareness significantly enhances their ability to make informed decisions, while also influencing their confidence in entering the market. This study contributes to the understanding of mutual fund investor behaviour and offers practical recommendations for enhancing investor education and market participation.

**Keywords:** *Mutual Fund, Risk and Return, Awareness, Investment opportunities, and Investors.*

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## I. INTRODUCTION

An Indian economy's growth is solely determined by a multitude of factors. The growing economy financial institution's is also played important role to the economy because of privatization, globalizations, Liberalization of the country. In these aspects investments are occupied primary role. Now a day's people are more aware of the different investment patterns. Women's also more educated and invested in the equity funds. In this article we focused people how they are invested in mid, small and large capital funds.

The Day by day increasing awareness levels of the mutual funds. People are increased to investment their funds into mutual funds because of increase in awareness levels. Recently RBI Governor said in an article that family savings is like fixed deposits were converted into mutual fund investments. Because of his expressed apprehension regarding fixed deposits, equity-related mutual funds, such as short-term capital gains (STCG) and long-term capital gains (LTCG), have raised their taxes in response to current market conditions and circumstances.

## ➤ Conceptual Frame Work

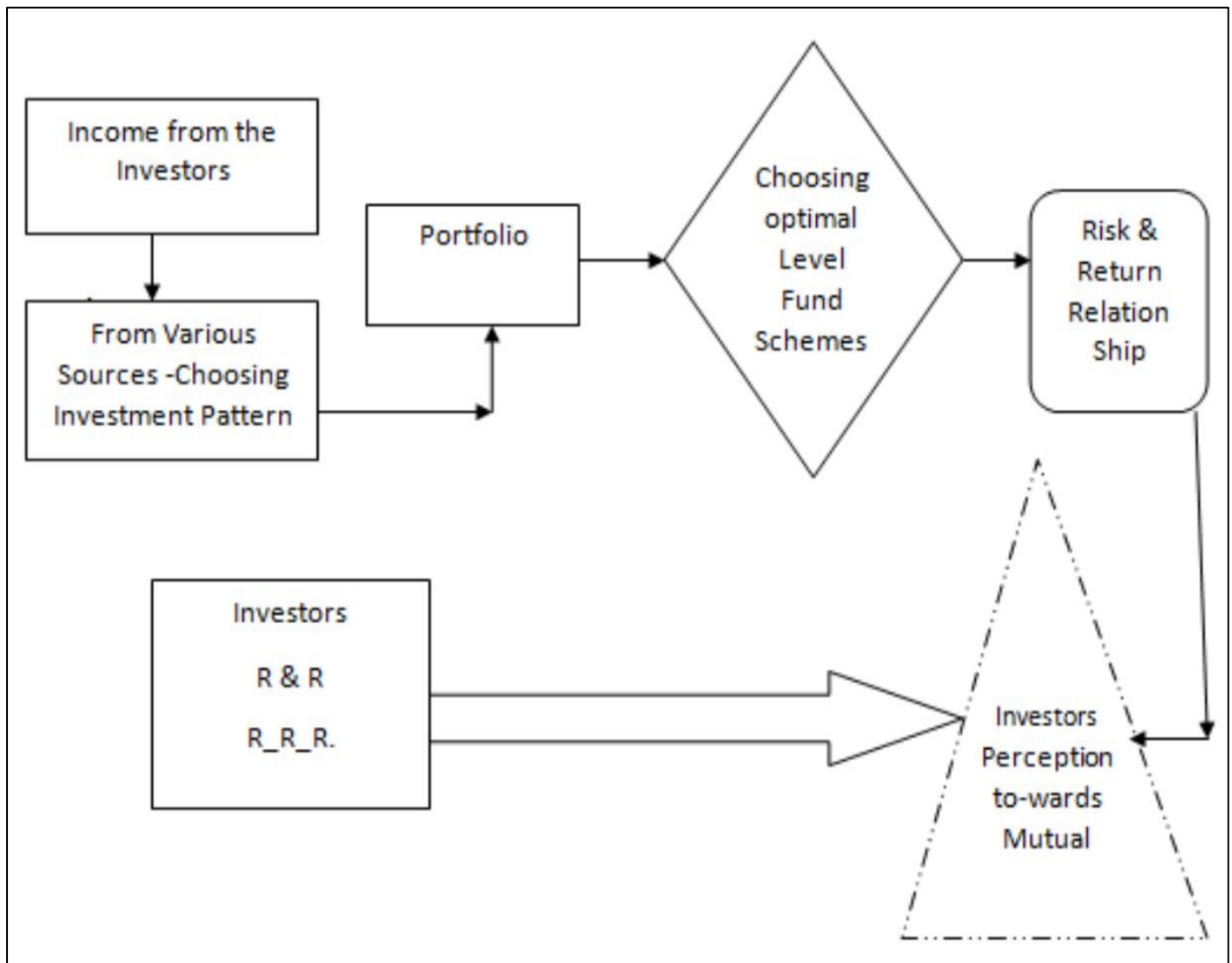


Fig 1 Conceptual Frame Work

## • For Example:

Based on the above example taxation of mutual funds STCG present 15% to 20% increased. At the same time LTCH also increased from 10% to 12.5%. However given some relaxations about mutual funds on financial year exempted 1.25 previously it was only 1 lakh.

## II. REVIEW OF LITERATURE

**Agarwal et al. (2021)** found that SIPs have historically provided higher returns over long term, compared to lump-sum investments in equity mutual funds. Their study concluded that SIPs not only encourage consistent investing but also shield investors from the pitfalls of market timing, which is often difficult to predict accurately.

**Sahi, G.K., & Arora, A. (2013)** this study explores how investor perception, particularly in terms of risk and return, influences mutual fund investment decisions. It finds that investors often have an overestimation of returns, which may impact their decision-making.

**Sahoo, S. (2018)** This article examines the factors that affect the perception of mutual fund investors in India. It highlights the importance of financial literacy, trust in financial institutions, and market knowledge in shaping investors' perceptions.

**Choi, J.J., & Choi, S. (2017)** this article delves into how mutual fund investors perceive performance metrics, such as returns and volatility, and how these perceptions influence their investment behavior. It suggests that performance biases often lead to suboptimal decision-making.

**Kumar, S., & Goyal, V. (2020)** The study looks into how investor sentiment affects mutual fund investors' perceptions, particularly during volatile market times. It concludes that investor sentiment, which can occasionally result in irrational actions, is a significant factor in investment decisions.

**Tang, J., & Choi, S. (2019)** The impact of financial advisors on the opinions and choices of mutual fund investors is covered in this article. It makes the case that advisors have a big influence on their clients' risk tolerance and investing strategy.

**Bansal, R., & Gupta, A. (2017)** analyzed the levels of financial literacy in mutual fund investors and how it influences their investment decisions. The study emphasises how crucial investor understanding is to making wise investing decisions that might improve financial results.

➤ *Objectives of the Study:*

- To recognize the purchase behaviour of investors in mutual funds.
- To examine the demographical factors and its influence on mutual fund purchase.

➤ *Need of the Study:*

An important part of the Indian economy is mutual funds. Long-term earnings are made by the capital market through the acquisition and investment of funds. Mutual funds have an impact on long-term savings in both short-term and long-term ways. The study aids in comprehending the key elements that go into buying mutual funds. As a result, the conclusions and recommendations offer a wealth of information to help investors make well-informed decisions when buying mutual funds.

➤ *The Study's Scope:*

Here mainly the primary data was considered for the study. It is only restricted to the Telangana state, base on the time frame.

➤ *The Study's Limitations:*

The study looks into the investors' demographic characteristics and how these affect their decision to buy mutual funds. A model is also used to illustrate the many stages of decision-making involved in mutual fund investing. In the form of statistical findings, the report also offers a number of recommendations for potential investors. Investors and mutual fund companies can benefit from the study's conclusions and ramifications.

### III. DATA ANALYSIS & INTERPRETATION

➤ *To Know how New Investors Enter into the Market:-*

Those who want to enter the market first should know about the market fluctuations.

- **Objective:** -The objective of the investment is very important to do certain long-term or short term investments. Especially children higher education, House, Marriage and Retirement stage based on the above criteria they should know how to move upon the investment criteria.
- **To know the company information:-**Before investment of a company investors should know the basic information about the company AMC. What are the market conditions? How long they are performing securities. Either it is secured or not showcasing the previous annual reports of the company.
- **To required skills:-**Based on the working conditions of the environment investors can choose in that particular portfolio. For example: IT employees can choose IT sector investment, Chemical laboratory people can invest in the particular portfolio. Likewise those who knowledge among the investment information can invest better to reduce the risk and optimize the return.
- **Invest at a young age:-**People start to invest at their young age. Because of answer the researchers they are observed in the mind set of the people how they are reacted based on the market conditions. If anything is happening unexpectedly people are ready to face the middle of the age. Because they know the market fluctuations. At any point of time they will be ready to face all the risk and return aspects.
- **Diversification:** - It is a very important aspect to know the market fluctuations how to move one category to another. It is helpful to the investors to reduce the risk of maximizing their returns. Based on the market conditions, securities can be changed according to their own perception of the wise service agent guidance.
- **Market Crashing:-**Investors are ready to face the market crashing situations. Why because market is not high in all the situations. So investor has be ready to face the all the situations based on the market privileges.

➤ *Choosing Mutual Fund is a good Option- Why?*

In Every person's life income is the basic parameter. Investor can invest any area like stock, Bonds, Gold, real estate, Finance. In this any area common to face profits and losses but compare to all mutual funds give less risk. Why because it depicts the following chart diagram.

➤ Model for the Study

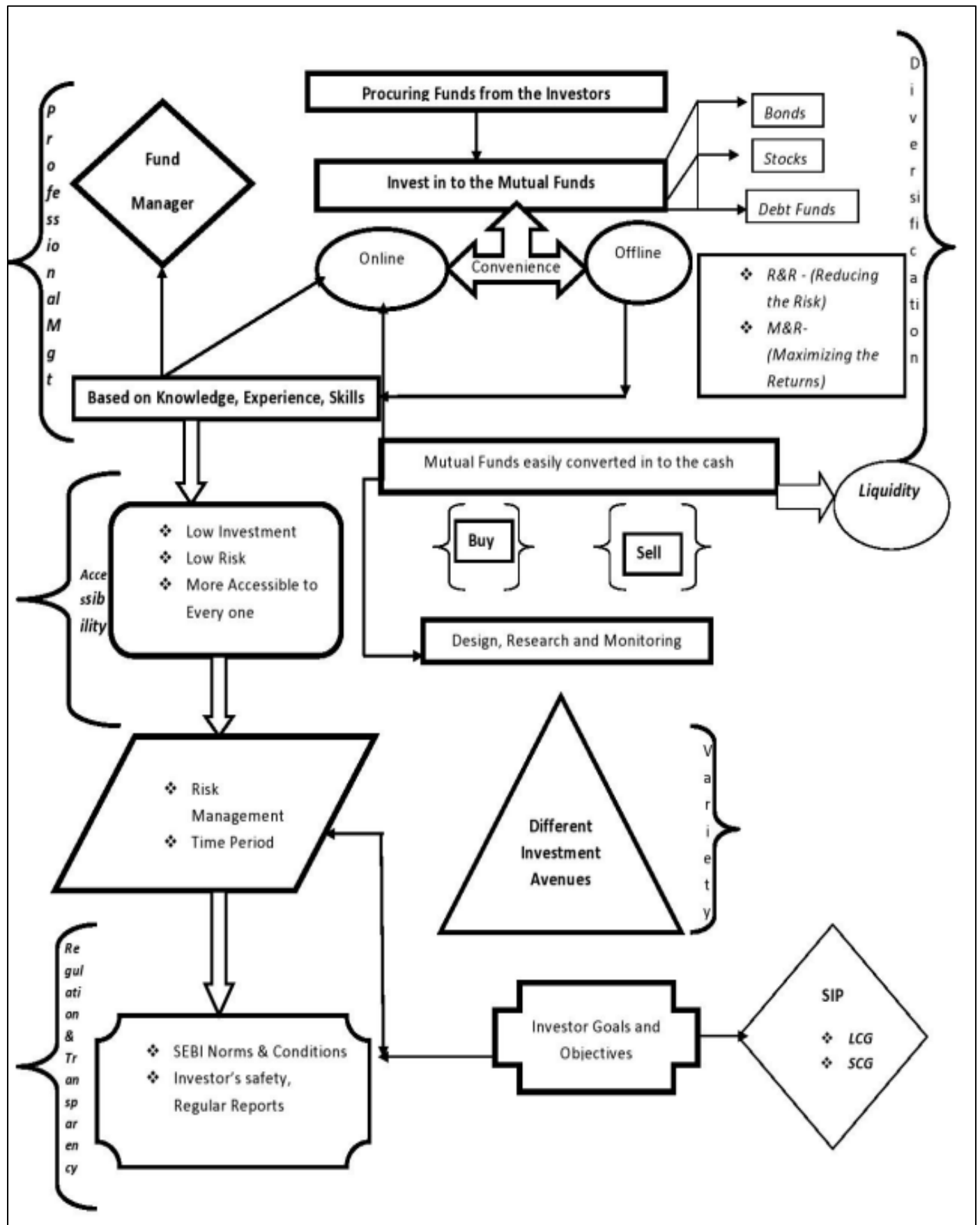


Fig 2 Model for the Study

Table 1 Age group

		Frequency	Percent
	Below 30	37	35
	31-40	28	27
	41-50	14	13
	Above 50	26	25
	Total	105	100

- **Interpretation:** In the above table 1, the age of the respondents was explained; it shows the frequency of the age of the respondents. Below 30 years of the age of the people the respondents are 35% followed by 41-50 years

category of the people 13%. Based on the observations it was evaluated that age category of below 30 years were more focused on investment avenues when compared to others.

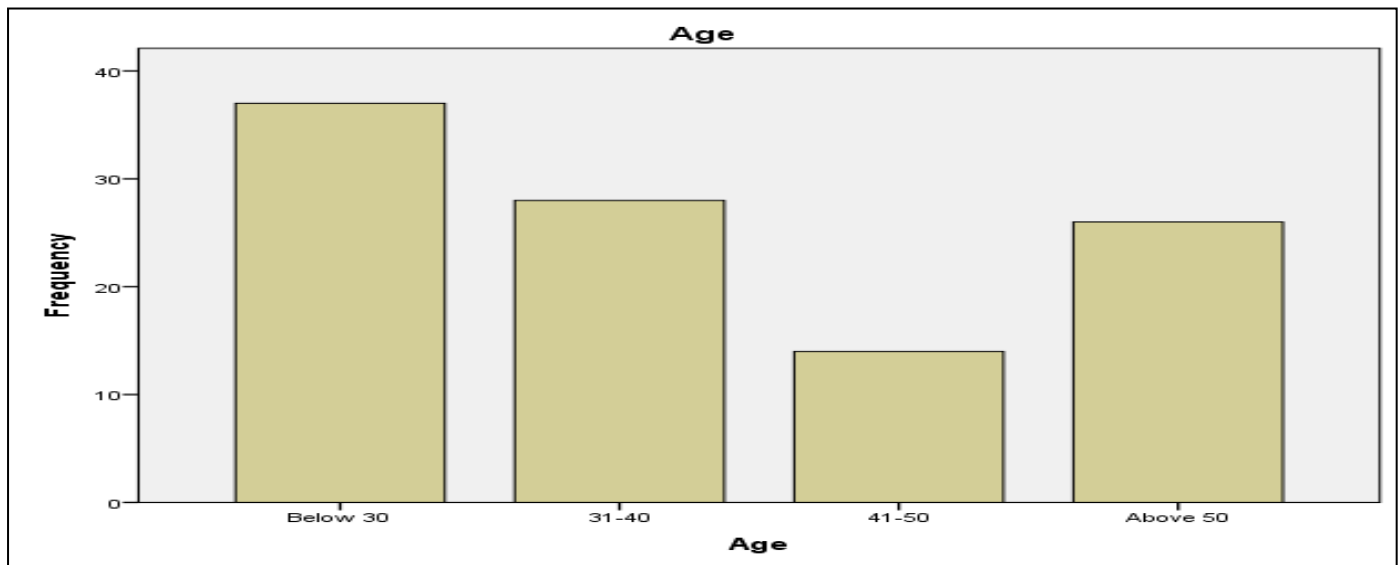


Fig 3 Graphical Representation of Age

Table 2 Gender

		Frequency	Percent
	Male	63	60
	Female	42	40
	Total	105	100

- **Interpretation:** The above table explains the male were more 63 (60%) when compared to females 42 (40%). Almost 60% of the respondents were males.

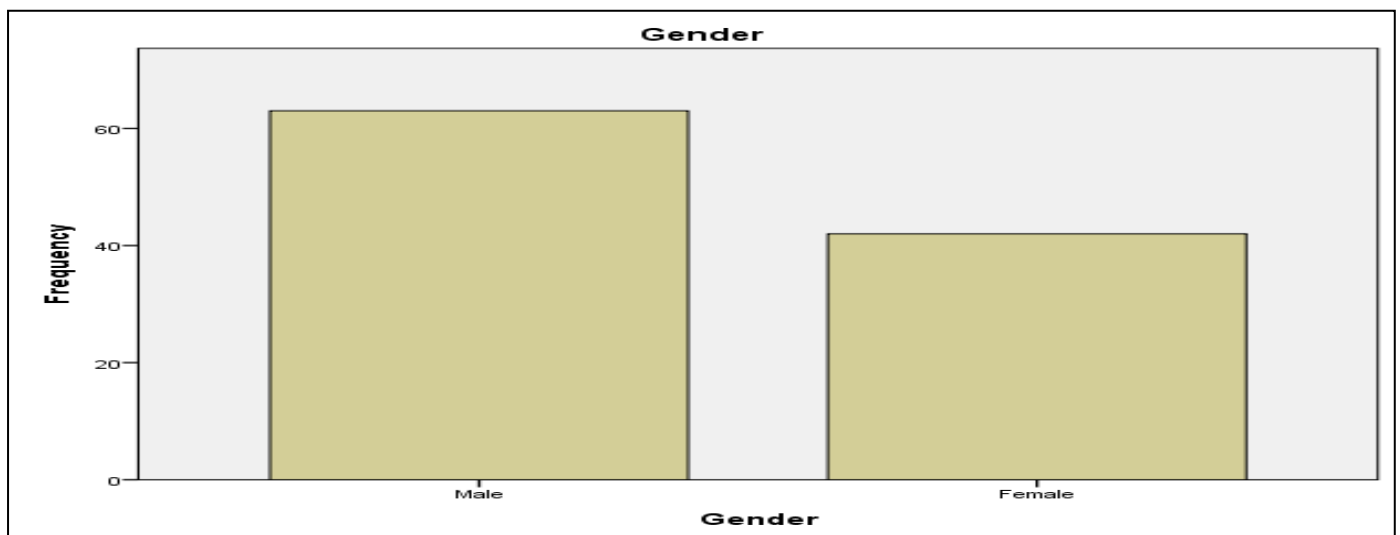


Fig 4 Graphical Representation of Gender

Table 3 Academic Education

Category		Frequency	Percent
Division	Primary	26	25
	Secondary	13	12
	Graduate	43	41
	Post Graduate	23	22
	Total	105	100

- **Interpretation:** Table 3 explains the academic education of the respondents, which was categorized as primary, secondary, graduate, post graduation. Majority of them have done their graduation 43 (41%) followed by

Primary education, which were 26 (25%). Very less respondents were from the category of secondary education which were 13 (12%).

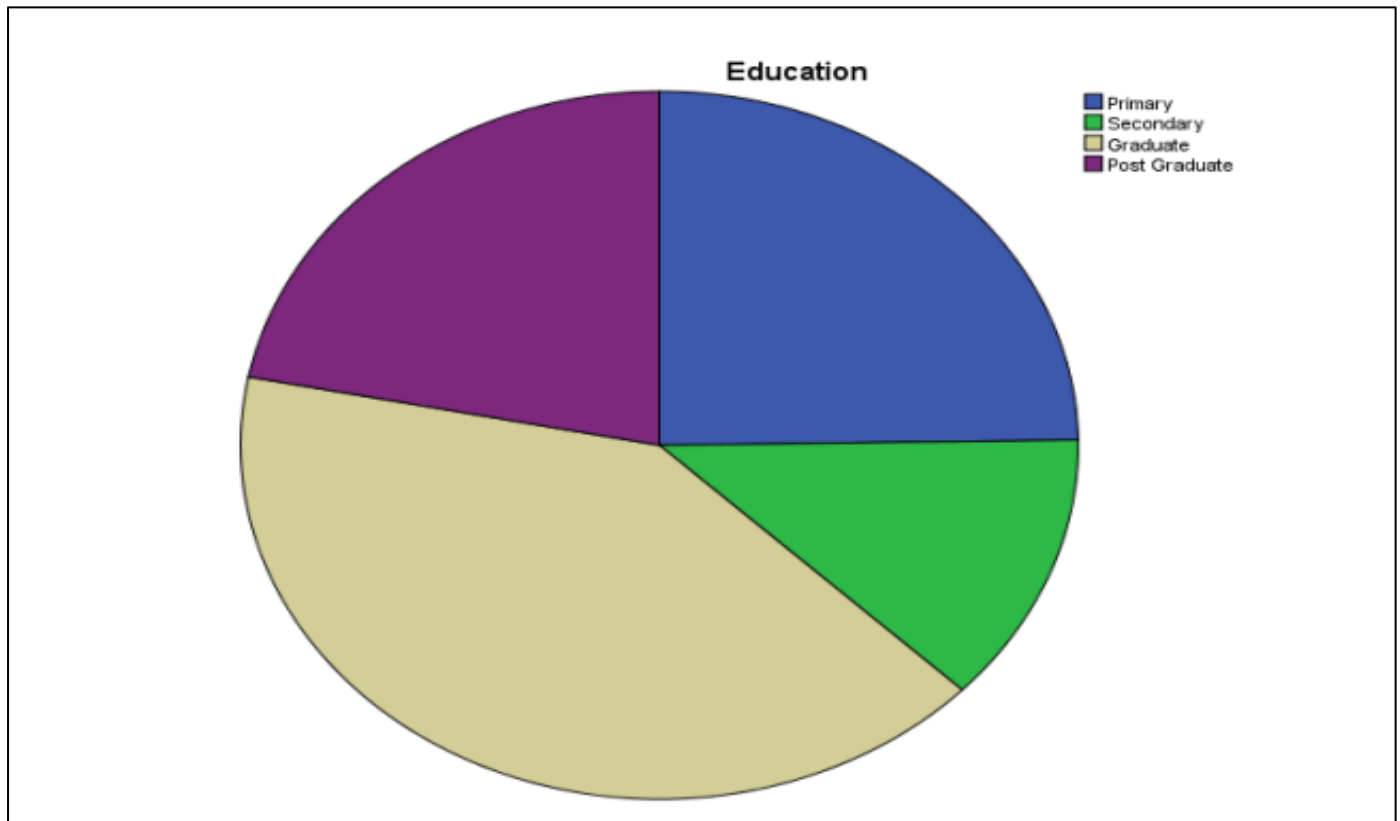


Fig 5 Graphical Representation of Academic Education

Table 4 Annual Income Respondents

Lacks (in Rupees)		Frequency	Percent
Valid	Less than 2.5 L	30	28.6
	2.5 L-5 L	42	40.0
	5 L-10 L	29	27.6
	Above 10 L	4	3.8
	Total	105	100.0

- **Interpretation:** The above table it explains the annual income of the respondents. The 2.5 lacks to five lacks between people are more interested to do the investment. The less number of people are respondent 3.8% above ten lacks category of the people.

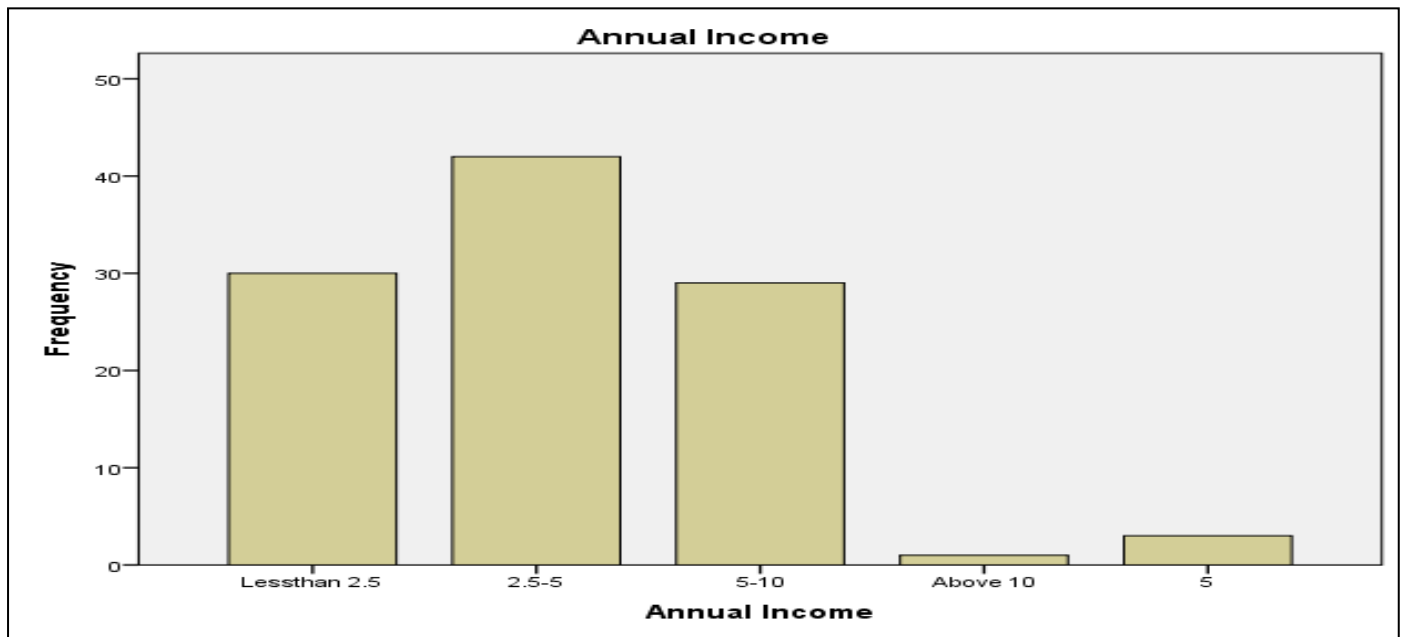


Fig 6 Graphical Representation of Annual Income

Table 5 Annual Savings

Savings Category		Frequency	Percent
Valid	>20 k	55	52
	20-30K	17	16
	30-40 K	15	14
	40-50K	13	13
	50-60	1	1
	Above 1Lakh	4	4
	Total	105	100

- **Interpretation:** Table 5 represents the annual savings of the respondents which were categorized from below 20000 to above 1 lakh. Out of 105 respondents, maximum respondents were under below 20000 category 55 (52%) followed by 20K to 30K, who were 17 (16%).

Very less respondents were saving 50K to 60K 1 (1%). Overall, most participants have savings in the lower to mid-range, with only a small percentage having significantly higher amounts.

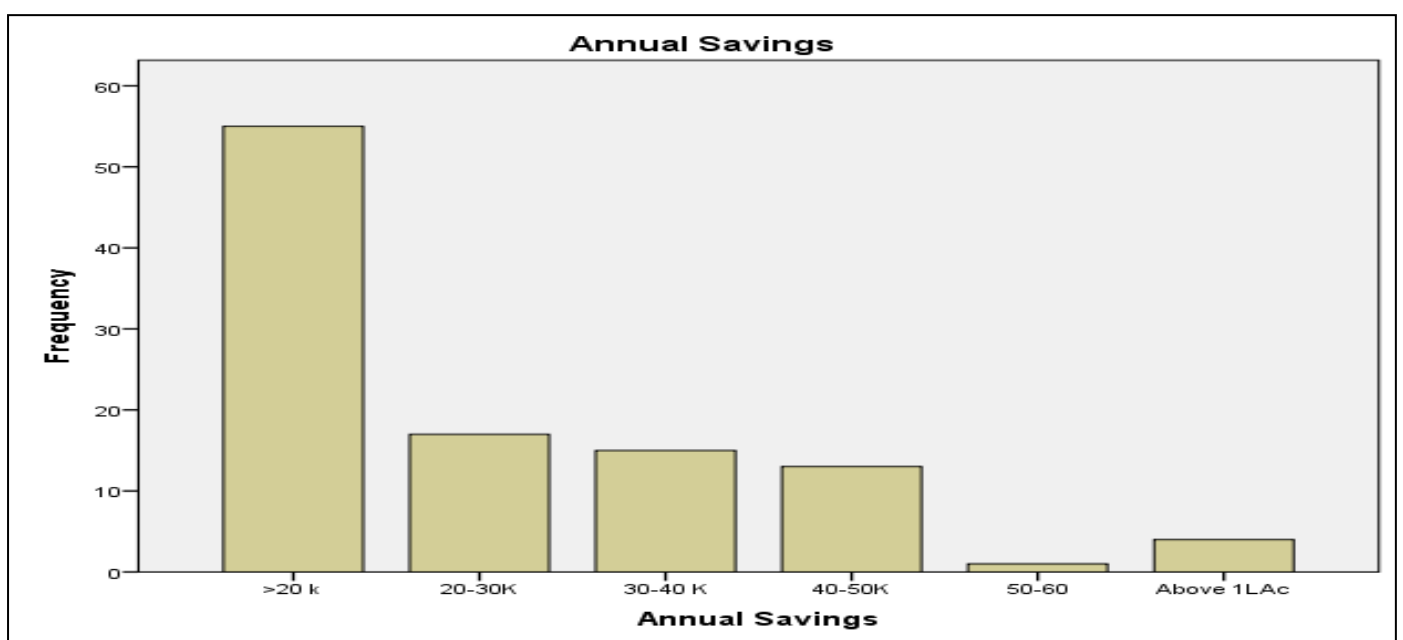


Fig 7 Graphical Representation of Annual Savings



Table 6 Marital Status Respondents

		Frequency	Percent
Valid	Married	31	30
	Un Married	74	70
	Total	105	100

- **Interpretation:** The data shows that 70.5% of the group is unmarried, while 29.5% is married. The majority of individuals in this sample are unmarried, with a smaller proportion being married.

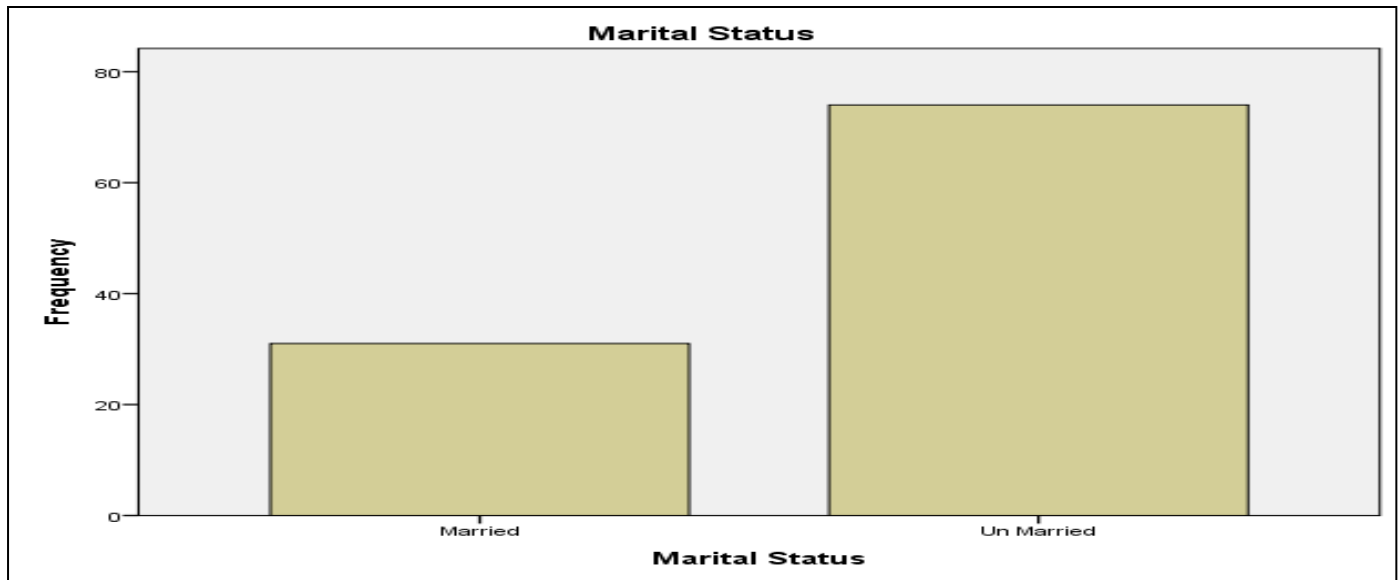


Fig 8 Graphical Representation of Marital Status

Table 7 Chi- square test representing Gender \* Annual Savings Cross tabulation

			Annual Savings						Total
			>20 k	20-30K	30-40 K	40-50K	50-60	Above 1LAc	
Gender	Male	Count	27	4	15	13	1	3	63
		% within Gender	42.9%	6.3%	23.8%	20.6%	1.6%	4.8%	100.0%
	Female	Count	28	13	0	0	0	1	42
		% within Gender	66.7%	31.0%	0.0%	0.0%	0.0%	2.4%	100.0%
Total		Count	55	17	15	13	1	4	105
		% within Gender	52.4%	16.2%	14.3%	12.4%	1.0%	3.8%	100.0%
Chi-Square Tests									
					Value		df	Sig. (2-sided)	
Pearson Chi-Square					31.857		5	.000	
N is 105									

- **Interpretation:** The findings of the Chi-Square test indicate a significant relationship between gender and annual savings, with a Pearson Chi-Square value of 31.857 ( $p = 0.000$ ), well below the significance level of 0.05. This suggests that the distribution of annual savings is independent of gender. In particular, men are more evenly distributed throughout different savings

groups, but women are more likely to fall into the lower savings categories (e.g., 20-30K). It is noteworthy; nevertheless, that 33.3% of the cells have predicted counts below 5, which may compromise the accuracy of the findings. The overall significance, however, continues to indicate a strong correlation between gender and saving activity.

Table 8 Correlations

		Age	Annual Savings
Age	PC	1	.134
	Sig. (2-tailed)		.174
Annual Savings	PC	.134	1
	Sig. (2-tailed)	.174	
Pearson Correlation is written as PC			
N is 105			



- **Interpretation:** The Pearson correlation coefficient of 0.134 suggests that age and yearly savings have a weakly positive relationship, according to the correlation research. However, the p-value of 0.174, more than 0.05, suggests that this link is not statistically significant.

Stated differently, this dataset does not show a significant or trustworthy correlation between age and yearly savings. Although the correlation value shows a small trend, it is insufficient to draw the firm conclusion that age affects saving habits.

Table 9 T-test representing age and annual savings

	t	df	Mean	Standard Deviation	Sig. (2-tailed)	Mean Difference
Age	19.619	104	2.28	1.189	.000	
Annual Savings	15.332	104	2.05	<b>1.368</b>	.000	2.276

When compared to a test value of zero, the t-test findings show statistically significant variations in age and annual savings. The test result (0) and the sample mean (2.28), as indicated by the p-value of 0.000 ( $> 0.05$ ) for age, differ significantly. The genuine mean difference is guaranteed to lie within the 95% confidence interval (CI) of 2.05 to 2.51, as indicated by the mean difference of 2.276. Similarly, Annual Savings't-value of 15.332 and p-value of 0.000 indicate a significant divergence from zero. Given a mean difference of 2.048 and a 95% CI of 1.78 to 2.31, the true mean difference is most likely to fall within this range. With a high level of statistical confidence, these results verify that Age and Annual Savings are both significantly different from zero.

#### IV. FINDINGS

- The distribution of respondents' ages is as follows: 26.7% are between the ages of 31 and 40, 13.3% are between the ages of 41 and 50, 24.8% are over 50, and 35.2% are under 30. Furthermore, 40% of respondents are women and 60% of respondents are men.
- In terms of educational attainment, 24.8% have primary education, 12.4% have secondary education, 41% are graduates, and 21.9% are postgraduates.
- The annual income distribution among respondents shows that 28.6% earn less than 2.5 lakhs, 40% earn between 2.5 to 5 lakhs, 27.6% earn between 5 to 10 lakhs, and 3.8% earn above 10 lakhs.
- Annual savings habits indicate that 52.4% save more than 20,000, 16.2% save between 20,000 to 30,000, 14.3% save between 30,000 to 40,000, 12.4% save between 40,000 to 50,000, 1% save between 50,000 to 60,000, and 3.8% save above 1 lakh.
- Among the respondents, 29.5% are married, while 70.5% are unmarried.
- The results of a Chi-Square test show a strong correlation between gender and yearly savings ( $\chi^2 = 31.857$ ,  $p < 0.001$ ). 42.9% of men save more than \$20,000 a year, while 66.7% of women do the same.
- The Pearson correlation coefficient ( $r = 0.134$ ) suggests a weak positive relationship between age and annual savings.

#### V. SUGGESTIONS

- Given the diverse age and educational backgrounds, tailored financial literacy programs can enhance individuals' understanding of effective saving and investment strategies.

- Similarly, Annual Savings't-value of 15.332 and p-value of 0.000 indicate a significant divergence from zero. Given a mean difference of 2.048 and a 95% CI of 1.78 to 2.31, the true mean difference is most likely to fall within this range. These findings confirm that Age and Annual Savings are both significantly different from zero with high statistical confidence.
- With a substantial portion of respondents below 30, initiatives that promote early financial planning and investment can be beneficial.
- For respondents with primary and secondary education, workshops focusing on basic financial management can empower them to make informed decisions.
- In order to offer individualized advice on investing, saving, and budgeting, financial advising services should take into account the wide range of income levels.

#### VI. CONCLUSION

The findings and implications of the study state that investors are more influence by word of mouth. Therefore, word-of-mouth whether favorable or unfavorable is quite important when influencing and deciding what to buy. Apart from that age and annual income of the person influences the purchase attitude and decision making while purchasing mutual funds. Future research can be extended to post purchase behavior of investors in mutual funds .Also the study can be extended to other states to bring out more implications to the organizations and future investors.

- **JEL Classification:** G11, G23, G41, D14, O16, R51

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