

Investors Perception and Satisfactions Levels towards Mutual funds in Rayalaseema Region of Andhra Pradesh

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Abstract—

Mutual Fund has emerged as a tool for confirming one's financial security. As statistics and awareness are arising, more and more people are enjoying the benefits of investing in mutual funds. Mutual funds have originated in the USA and have become so popular that they have almost overtaken the bank deposits and total assets of insurance funds. In India, the Mutual Fund industry had its origin with the establishment of UTI Mutual funds. All have come forward with different schemes suitable to the need of saving populace. It is in the backdrop of some of these encouraging statistics that the Indian mutual fund industry has fostered itself. Since 1990 were when the mutual fund space unlocked up to the private sector, the industry has gone through a long path, adapting itself continuously, to the changes that have come along. Progress in Assets Under Management (AUM) has been exceptional, growing at a CAGR (Compound Annual Growth Rate) of 34% over the last four years. The sale of mutual funds has recovered over the last few quarters, which implies regained assurance of stakeholders, endeavoring to look at alternate investment opportunities and any consequent higher returns, though the markets continue to be changing. The objectives of the study are to identify the rural and semi-urban investor's perceptions on mutual funds and to analyse the satisfaction level of investors in Rayalaseema region of Andhra Pradesh. By adopting convenience sampling, 600 respondents living in four districts of Rayalaseema (Anantapuram, Chittoor, Kurnool, and YSR Kadapa) were selected for this study. Simple statistical tools are used for analysing the data whatsoever collected in this study. The outcomes of the study have important suggestions for mutual fund companies. Considerate of semi-urban and rural areas investor's perception is a significant task for the asset managers to be effective in facing many tasks and prospects.

Keywords— Assets Under Management (AUM), Asset Management Company (AMC); CAGR (Compound Annual Growth Rate); Investment Option; Investor; Liquidity; LPG; Mutual Fund, factor analysis.

I. INTRODUCTION

Mutual funds are becoming the first investment convince for small investors who have a keen interest in the stock market and are virtually replacing the fixed deposits, post office savings, banks, GPF, and other small economies. In the current competitive scenario, the developed countries whose mutual funds are in India are becoming the prime concern of the share market. The development of mutual funds in India is conventional to go beyond the growth of banks, finance companies, and insurance companies in beside future.

Beginning of mutual funds goes back to the 18th century when it was first launched in Netherlands, and later Mutual funds saw their rebirth in Switzerland and US in the 19th century. At the time of 1964, the mutual funds had entered into the Indian capital market to (or "intending to") render the retail investors the advantage of diversification of risk, assured returns, professional management. Since then they have grown through phenomenon senses regarding the number, the size of operations, investor's base and scope.

The Liberalization, Privatization and the entry of private sector and foreign players into this industry. Therefore, this has emanated as a highly competitive financial services sector today. With just one player in 1964, the industry has grown phase by phase and by the end of March 2016, 39 mutual funds were operating in the industry with assets under their management amounting to Rs. 1,828,151 crores.

The changes in a number of the regulatory framework for investors' protection in general and mutual fund industry after the stock market debacle in 1992 attracted the investor towards the safe investment vehicle of mutual funds. In particular, the mutual funds, which are originally proposed for retail investors, have turned out to be the huge investment linkage for wealthy and institutional investors. However, the mutual fund industry started facing a problem of outlay from 1998 with the failure of US-64, the flagship mutual fund scheme when its NAV turned negative.

1.1. Benefits of Investing in Mutual Funds:

Transparency:

Funds provide investors with updated information about the markets and schemes through factsheets, offer documents, annual reports, etc

Professional Management: When you invest in a mutual fund, your money is managed by finance professionals. Investors who do not have the time or skill to manage their portfolio can invest in mutual funds. By investing in mutual funds, you can gain the services of professional fund managers, which would otherwise be costly for an individual investor.

Diversification:

Mutual funds provide the benefit of diversification across different sectors and companies. Mutual funds widen investments across various industries and asset classes. Thus, by investing in a mutual fund, you can gain from the benefits of diversification and asset allocation, without investing a large amount of money that would be required to build an individual portfolio.

Liquidity: Mutual funds are usually very liquid investments. Unless they have a pre-specified lock-in period, your money is available to you anytime you want subject to exit load, if any. Normally funds take a couple of days for returning your money to you. Since they are well integrated with the banking system, most funds can transfer the money directly to your bank account.

Flexibility:

Investors can benefit from the convenience and flexibility offered by mutual funds to invest in a wide range of schemes. The option of systematic (at regular intervals) investment and withdrawal are also offered to investors in most open-ended schemes. Depending on one's inclinations and convenience one can invest or withdraw funds.

Low Transaction Cost:

Due to economies of scale, mutual funds pay lower transaction costs. The benefits are passed on to mutual fund investors, which may not be enjoyed by an individual who enters the market directly.

1.2 Risk Involved in Investing in Mutual Funds

- The biggest risk of investing in a mutual fund is one of underperformance. When an investor decides to invest in a particular asset class, he typically expects to get the return that the benchmark of the asset provides.
- For example, if someone is investing in large-cap equity stocks, he would expect to make at least as much return (with similar risk) as a benchmark index, say Sensex or Nifty.
- Mutual funds try to maximize the returns on the funds invested through them -- but all of the funds cannot succeed in outperforming each other or the benchmark. Hence, some of them under-perform the benchmark.
- Similarly, the cost of investing in a mutual fund (discussed below), eats into the returns. In high return years (like the last few years, where returns have been in the high 30% in equity, 2% costs may not make a material impact: however, at more moderate or negative returns, costs can be a big inch).

II. LITERATURE REVIEW

According to the latest *Nielson Mutual Fund Brand Health Monitor (2007)* which gauges consumer attitudes toward Mutual Funds, the profile for Mutual Fund investor has become much younger, with males in their mid-30s -rather than in their early 40s. They have an average monthly income of Rs.50000. Investors previously regarded Mutual Funds as a tax saving option but are now buying them in the hope of greater financial return.

SahaAsish and Rama Murthy Y Sree (1994) identified that return, liquidity, safety and capital appreciation played a predominant role in the preference of the schemes by investors.

Madhusudhan V. Jambodekar (1996) The study revealed that Income schemes and open-ended schemes are preferred over growth schemes and close-ended schemes during the prevailing market conditions.

Rajeshwari T.R and Rama Moorthy V.E (2001) studied the financial behavior and factors influencing fund/scheme selection of retail investors. The survey revealed that the most preferred investment vehicle is bank deposits.

Jaspal Singh and SubhashChander (2003) identified that record and growth prospects influenced the choice of scheme. Investors in mutual funds expected repurchase facility, prompt service, and adequate information. Salaried and retired categories had priority for record and safety in their mutual fund investment decisions.

Venkateshwarlu M (2004) had analyzed investors from the twin cities of Hyderabad and Secunderabad and found that investors preferred to invest in open-end schemes with growth objectives. Reasonable returns and long-term strategy adopted by the scheme were the criteria of scheme selection.

Vyas (2012) evaluated the forms of investment, mode of investment preferred by investors. Investors switched the investment only for the sake of profitability, investors preferred existing schemes for investment, and they preferred to invest in equity schemes.

Dhimen Jagdishbhai Jani, Bhautik Alpeshkumar Patel & Rajeev V. Jain (2012), studied that how different demographical factor has influence on the perception of Consumers. The majority of Consumers of the valid city have framed positive perception towards the mutual fund. Demographic factors (i.e. age, gender, income, education, etc.) have influence on investor perception.

R. Sivaram Prasad and B. Srinivas (2012) in their study identified the selection of mutual fund schemes by the investor affected by different factors. 24 factors are identified for selection of mutual fund products.

V. Rathnamani (2013) Explains that many investors prefer to invest in the mutual fund to have a high return at the low level of risk, safety liquidity. In this study investors showed willing to take the moderate and low-level risk; most of the investors belong to moderate investment style.

Dhimen J. Janil & Rajeev Jain (2014), in their study, examined the buying behavior of rural investors for financial assets specifically focused on a mutual fund. It was found that rural investors relied heavily on financial advisor/planner, so it is first in the category, after considering financial planner the investors laid second preference to risk and returned profile of the mutual fund, next was the past performance of the fund and income planning was forth and finally it was brand the fifth one. Preeti Khitoliya (2014) The study on "investors Awareness and Perceived Risk Attitude towards Mutual Fund: An Empirical Study in Delhi" explored that only 49% respondent was aware of mutual fund it is a surprising fact since the 60% Respondent was post graduate, and 34% was a graduate of a metropolitan city. Of the 95 respondent who is aware of the mutual fund, only 57 had invested in the mutual fund. Most respondents were not conscious of the intricacies involved in dealing with a mutual fund.

Shailendra Kumar Chaturvedi, Arvind Kumar Singh, and Karan Veer That it is a tax saving aspect. The investors normally tend to invest in those areas where they have faith, and hence the building of faith is significant.

HetalGaglani and SmitaRao (2014), found that the investors have a positive attitude towards their investment made in Mutual funds. The majority of the investors prefer Mutual Funds for the returns and feel that it is a safe measure of investment. The study also revealed that demographic factors - age, gender, qualification, income, and occupation have significant influence on the investors' attitude towards mutual funds investment.

Rajkumar and Dr. D. Venkatramaraju (2014), the study analyzed whether investors have chosen their funds based on liquidity rather than having chosen them by the level of safety of mutual funds. Subramanya (January 2015), The study highlighted that the socio-economic factors like age, gender, education, income and savings of investors' perception towards mutual fund are not encouraging, but the age Of investors' and saving habit of respondents is correlated.

Priyanka Sharma and PayalAgrawal(February 2015), examined preference of mutual funds investors and Performance Evaluation of the preferred schemes by the investors. The survey is undertaken on 50 professional investors of Udaipur city, and the major findings reveal the buying behavior of mutual fund investors, sources that investors rely more on while making the investment and preferable mode to invest in mutual funds market.

Dr.MallikarjunaRao2016 study discloses that the investors' perception is dependent on the demographic profile and assesses that the investor's gender, age, education, marital status occupation, Annual income and annual savings have direct impact on the investor's choice of investment. The study further revealed that investors' satisfaction is the most important ingredient for the success of mutual fund industry.

Need for the study

Despite a comprehensive lead on preference & attitude towards mutual funds investment, on comparison and performance of MF schemes, etc, the vast majority of Indians, especially from semi-urban and rural region, are yet unaware of function and benefits of mutual funds. Though fund managers continually offer new schemes to provide to customers' varied requirements, the hard truth is that a massive population still does not enjoy the fruits of innovations in the organized financial market. On this principle, this study is a humble attempt to gauge the awareness and knowledge of Mutual funds amongst the B-15 cities in India concerning Rayalaseema region from Andhra Pradesh.

Objective of the Study

- To explore the market trends of mutual fund industry in India.
- To find out the socio-economic conditions, perception and their attitude of Mutual fund investors in Rayalaseema Region of Andhra Pradesh
- To revision the level of satisfaction of the investors in Rayalaseema Region of Andhra Pradesh.

III. METHODOLOGY

Data Collection:

The study is based on both primary and secondary data. The primary data were collected from the respondents with the help of the interview schedule. The survey was conducted during April to May 2017, among 600 geographically dispersed present investor spread over of rural and semi-urban area of Rayalaseema Region (Chittoor, Anantapur, Kurnool and Kadapa districts) of Andhra Pradesh. The secondary data collected from various investment periodicals, such as Dalal Street, Capital Market, RBI Bulletin, RBI reports on currency and Finance, the SEBI reports and SEBI bulletin, newspapers like Business Standard, Business Line, Economic Times and Financial Express to assess the risk and return of various mutual funds.

Statistical Tools for Analysis:

Statistical Analysis Tools are required for a thorough and scientifically valid analysis.

Chi-Square Test:

The test is one of the simplest and most widely used non-parametric tests in statistical work. A statistical method assessing the goodness of fit between a set of observed values and those expected theoretically.

Factor Analysis:

Factor analysis is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. Factor analysis attempts to estimate the coefficients of regression where the variables are regressed upon the factors. These coefficients are referred to in satisfaction level of mutual fund investors.

Table 1: Demographic Profile of Investors

Profile Particulars	Total no of Respondents	Anatpuram	Chittoor	Kurnool	Kadapa
Gender					
Male	462 (71.00)	88 (88.00)	79 (79.00)	92 (92.00)	84 (84.00)
Female	138 (23.00)	12(12.00)	21 (21.00)	8 (8.00)	16 (16.00)
Age					
Below 30	340 (56.66)	49 (49.00)	51 (51.00)	54 (54.00)	54 (54.00)
31-40	210 (35.00)	27 (27.80)	33 (33.00)	34 (34.00)	25 (25.00)
41-50	28 (4.66)	12 (12.00)	9 (9.00)	6 (6.00)	11 (11.00)
51-60	16 (2.66)	09 (9.00)	4 (4.00)	6 (6.00)	8 (8.00)
(Above 60)	6 (1.00)	3 (3.00)	3 (3.00)	0 (0.00)	2 (2.00)
Level of Education					
Below Graduation	68(11.33)	7 (7.00)	16 (16.00)	12 (12.00)	7 (7.00)
Under Graduation	286 (47.66)	51(51.00)	55 (55.00)	65 (65.00)	53 (53.00)
Post-Graduation	189 (31.50)	32 (32.00)	28 (28.00)	20 (20.0)	30 (30.00)
Professional	35 (5.83)	6 (6.000)	1 (1.00)	2 (2.00)	6 (6.00)
Any other	22 (3.66)	4 (4.00)	0 (0.00)	6 (6.00)	4 (4.00)
Marital Status					
Married	498 (83.00)	79 (79.00)	68 (68.00)	72 (72.00)	86 (86.00)
Single	102 (17.00)	21 (21.00)	32 (32.00)	28 (28.00)	14(14.00)
Occupation					
Agriculture	89 (14.83)	9 (9.00)	13 (13.00)	12 (10.30)	9 (9.00)
Salaried	102 (17.00)	21 (21.00)	14 (14.00)	20 (19.80)	24 (24.00)
Business	220(36.66)	42 (42.00)	53 (53.00)	46 (46.00)	40 (40.00)
Professionals	141 (23.50)	21 (21.00)	13 (13.00)	19 (19.00)	18 (18.00)
Retired	48(8.00)	7 (7.00)	7 (7.00)	3 (3.00)	9 (9.00)
Annual Income (Rm)					
Up to 2 Lac	240 (40.00)	43 (43.00)	38 (33.00)	50 (50.00)	50 (50.00)
2 l.8C- 3 Lac	160 (26.60)	23 (23.00)	36 (36)	34 (34.00)	22 (22.00)
3 Lac—4Lac	80(13.33)	14 (14.00)	21 (21)	14 (14.00)	12 (12.00)
4 Lac-5 Lac	45(7.50)	4 (4.00)	5 (5.00)	2 (2.00)	4 (4.00)
S Lec»6 Lac	40 (6.66)	9 (9.00)	0 (0.00)	0 (0.00)	8 (8.00)
Above 6 Lac	35(5.83)	7 (7.00)	0 (0.00)	0 (0.00)	4(4.00)
Annual Savings					
Up to 1.00.000	360 (60.00)	65 (65.00)	73 (73.00)	80 (80.00)	71 (71.00)

1,00,001—1,50,000	170 (28.33)	19 (19.00)	25 (25.00)	20 (20.00)	16 (16.00)
1.50.001-2.00.000	60 (10.00)	10 (10.00)	2 (2.00)	0 (0.00)	8 (8.00)
2,00.001-2,50,000	10 (1.66)	4 (4.00)	0 (0.00)	0 (0.00)	3 (3.00)

Source: Primary Data

IV. DATA ANALYSIS AND INTERPRETATION

Gender status of investors

The gender among the investors may have its influence on the expectation and perception on the investment and the risk taking on the market in the capital market. In general, the male investors may take more risks compared to the female investors while the female investors are expecting a consistent, fair return from their investment. The above table 1 indicates that male investors are high in all three districts namely Kurnool district (92.00), Anantapuram district (88.00), Chittoor District (79.00 per cent) and YSR Kadapa district (84.00 per cent).

To find out whether there is any relationship between district and gender group the null hypothesis that, "there is a significant relationship between the district and the gender of investors," was framed and analysed with the help of chi-square test.

Since the calculated value (1.627) is less than its corresponding table value (7.815) at 5 percent level of significance (DF: 3), the hypothesis is accepted. Hence, it is concluded that gender of investors no significance of influence over district wise investment table 2.

Age of Investors

The age of the venture capitalist or investor plays a vital role in the investment pattern among the investors. The above table shows that majority of the investors belong to up to 30 years category which constitutes more than fifty per cent (56.66). It is followed by the age group of 31 years to 40 and 41- 50 years, which constitute of 35.00 per cent and 4.66 per cent respectively. It shows that the youngsters are much conscious about the investment.

It could be seen from the table 4.2 that out of the 100 respondents from Anantapur, 49 (49 per cent) are below 30 years, 27 (27.00 per cent) belongs to the age group of 31 to 40, 12 (12.00 per cent) are from 41 to 50 years and the remaining 9 (9.00) are above 50 years age. Regarding Chittoor, respondents also 51.00 percent are in the age group of below 30 years and 33 percent of 31-40 years. Out of the 100 respondents from Kurnool and YSR Kadapa S4 (54 percent) are in age group of below 30 years. Overall, in all selected four districts, youngsters show more interest in mutual fund investment. Since the calculated value (9.717) is less than its corresponding table value (21.026) at 5 percent level of significance (DF: 12), the hypothesis is accepted. Hence, it is concluded that age of investors no significant influence over district wise investment.

Marital Status of the Investor

Investment pattern and strategy is closely related to the marital status of the investor. Table 1 shows that Anantapuram and YSR district, married people dominate, they constitute 86 percent, and the unmarried group constitutes 14 percent. In Chittoor district, the unmarried group lead, which constitutes 32 per cent and the married group, is 68 percent. In Kurnool district, the married group is which 72 per cent and unmarried group constitute 28 per cent. In all four selected districts, married investors are dominates to unmarried investors. Since the calculated value (4.685) is greater than its corresponding table value (7.815) at 5 percent level of significance (DF: 3), the hypothesis is accepted. Hence, it is concluded that (Table 2) marital status of investor is no significant influence over district wise investment.

Education Level of Investors

The level of education represents the educational qualification of the investors. It could be seen from the table 1 that out of the 100 respondents from Kurnool, 65 (65 percent) investors educational level is under graduation, 32 (32.00 per cent) are postgraduates, 7 (7 per cent) are below graduates, and the remaining 6 (6.00) are professionals.

Regarding Chittoor, 55 percent investors are after graduation, 28 per cent investors are postgraduates, 16 per cent investors are below graduates, and only one per cent of investors are professionals. In Anantapuram and YSR Kadapa, only 6 (6 per cent) investors are professionals, 7 per cent are below graduates, 51 per cent and 53 per cent of investors are under graduate respectively. Since the calculated value (21.718) is greater than its corresponding table value (21.026) at 5 percent level of significance (DF: 12). The null hypothesis is rejected. Hence, it is concluded that there is a significant relationship between educational attainment and the district wise investment (Table 2).

Occupation of the Investors

The occupational background represents the occupation of the investors at present. The important occupational background among the investors is Business group, which constitutes 45.30 per cent to the total respectively. Salaried employees constitute 19.80 per cent and professionals are 17.80 per cent to the total. The number of investors with agricultural and retired background constitutes 10.8 per cent and 6.50 respectively.

The business group dominates in all districts viz Anantapuram 42 per cent, Chittoor 53 per cent, Kurnool 46 per cent and YSR kadapa 40 per cent. In salaries group and Professional investors group, YSK Kadapa district is high (24

and 18 per cents), salaried investors and business people are dominated in Chittoordistrict (14.00 and 53), and the professionals are high in Anantapuram district and Kurnool district (21.00 and 19.00 per cent). Overall, all four districts, investors belong to business group are dominating well. Since the calculated value (10.920) is lesser than its corresponding table value (21.026) at 5 percent level of significance (DF: 12). The hypothesis is accepted. Hence it is concluded that there is no significant relationship between occupation level and the district wise investment (table 2).

Annual Income of the Investors

Annual income means the income earned throughout the year. It includes all possible sources of income. The above table shows that, the most important group of annual income is upto ₹ 200,000, which constitutes 40.00 per cent to the total. The next important group is ₹ 2,00,001 to ₹ 3,00,000 which covers 26.60 per cent to the total area. The investors who earn income above ₹ 500,000 is only 5.83 per cent. The above table shows that, in Kurnool and YSR Kadapa districts (50.00 per cent) the investors belong to basic income group, i.e., annual income up to ₹ 200,000 is high.

Annual income ₹ 200,001 to ₹ 300,000 group dominates in Chittoor district (36.00 per cent). One significant observation of the table is above ₹ 500,000 income group is in 16 per cent in Anantapuram. The overall financial position of the investor is near to the basic level. To find out whether there is any relationship between district and occupation of investors, the null hypothesis that, "there is no significant relationship between the district wise investment and annual income of the

investors," was framed and analysed with the help of Chi-square test. Since the calculated value (41.879) is greater than its corresponding table value (24.996) at 5 percent level of significance (DF: 15). The null hypothesis is rejected. Hence, it is concluded that there is a significant relationship between annual income and district wise investment.

Annual Savings of the Investors

The table shows that the important range of savings among the investors in the present is up to ₹ 100,000 and ₹ 100,001 to ₹ 150,000 which constitute 60.00 and 28.33 per cent. It is inferred from the table 1 that, Kurnool district dominates in annual savings up to ₹ 100,000 group (80 per cent). The annual savings group of ₹ 100,001 to ₹ 150,000, Chittoor district is the top (25.00 per cent). However, it is different in the case of the group ₹ 150,001 to ₹ 200,000, in this group Anantapuram (10.00) and YSR Kadapa (8.00) districts equally to keep the first position. Annual savings ₹ 250,001 to ₹ 300,000 group Anantapuram and Kurnool is only 2 per cent, and another district is nil. Since the calculated value (28.574) is greater than its corresponding table value (21.026) at 5 percent level of significance (DF: 12). The hypothesis is rejected. Hence, it is concluded that there is a significant relationship between annual savings and the district wise investment.

Family Size of the Investors

The family size of the investors represents the total family members living with the investor. The important family size among the investors is 3 to 4 and up to 2 which constitutes 46.80 and 17.50 per cent respectively. The number of an investor with the family size of 5-6 constitutes 16.5 percent to the total. Most of the investors have a small family. It could be seen from the table 1 that out of the 400 respondents from all selected districts majority of the investors are having 3-4 members in the family (46.8 per cent). Kurnool district also strengthens in the category of 3 to 4 members (49.00 per cent). Members above 8 are very low in all these four districts with 3.80 per cent. It shows in all four districts, the majority of the investors have a small family. Since the calculated value (9.221) is lesser than its corresponding table value (21.026) at 5 percent level of significance (DF: 12). The hypothesis is accepted. Hence it is concluded that there is no significant relationship between number of family members and the district

Table 2: Relationship between Demographic Factors and respondents' opinion with District Wise

Demographic Factor	F (DF)	Sign. Value	Accept or Reject	Null Hypothesis -H0
Gender	1.627(3)	0.653	Accept	No significance
Age	9.717(12)	0.641	Accept	No significance
Education	21.718(12)	0.041	Reject	Significance
Marital Status	4.685(3)	0.196	Accept	No significance
Occupation	10.920(12)	0.536	Accept	No significance
Annual Income	41.879(15)	0.000	Reject	Significance
Annual Savings	28.574(12)	0.005	Reject	Significance
Family size	9.221(12)	0.684	Accept	No significance

V. LEVEL OF SATISFACTION OF MUTUAL FUND INVESTMENT

Satisfaction is a unit of measurement to know the product preferences and willingness of investors to continue with the existing products. Therefore, the level of satisfaction and its significance have to be studied. In this analytical part, the discriminate factor analysis has been applied to know the level of satisfaction. Besides, the Chi-square test has also been used to test the hypotheses.

The data were subjected to principal component analysis, a method categorized under the broad area of factor analysis. Eighteen variables were reduced to seven principal components through the varimax rotation. Items with factor loadings of 0.5 or higher were clustered together to form separate constructs, as recommended by Hair et al. (2006). The

factors with Eigen values greater than one were considered significant. About the pre-analysis testing for the suitability of the entire sample for factor analysis, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was found to be .735 and Bartlett's test of sphericity 2331.726, significant at $p < 0.000$. Thus, it indicated that the sample was suitable for factor analytic procedures (Hair et al., 2006). The null hypothesis H_0 assumes that the population correlation matrix of the measures is an identity matrix. The chi-square (f test) statistic of 2331.726 and the R-value of 0.000 implied that there was a very low probability of obtaining this result (a value greater than or equal to the obtained value) if the null hypothesis (H_B) was true. Therefore, the null hypothesis was rejected and it was concluded that the variables were correlated with each other. The degree of freedom was found to be 171.

Table 3: Communalities for Factors Related to Level of Investors Satisfaction on Mutual Fund Investment

Variable	Initial	Extraction
Schemes	1.000	.743
Risk and Return	1.000	.632
Services	1.000	.698
Relationship	1.000	.625
Claims	1.000	.705
Grievances	1.000	.740
Fund management	1.000	.726
NAV I_J_p dation	1.000	.808
Security	1.000	.577
Entry Load	1.000	.764
Exit Load	1.000	.732
New Fund Scheme (or) offer based on Return	1.000	.618
Existing Fund based on Return	1.000	.628
Assessment management Company Services	1.000	.648
Promptness in giving information	1.000	.609
Clarification towards technical doubts	1.000	.716
Reminding premium payment	1.000	.680
Informing time about default payment	1.000	.680
Satisfied with remedial measures	1.000	.521

Extraction Method: Principal Component Analysis.

The values above 0.6 of the Communalities of the items are considered acceptable for the variables to be taken as related to one similar to Hein 1998 theme; Tabachnick and Fidell, 2007; Eiselen, 2006). The above table two for communalities the instruments has values in range of 0.521 to 0.808 and they are not exceeding from one, so we can say that the variables are related and there is one underlying theme.

Table 4: Eigen Values and Proportion of Total Variance of Each Underlying Factors for the Level of Investors Satisfaction on Mutual Fund Investment

Factor	Initial Eigen Value			Extraction Sum of square loading			Rotation sum of square loading		
	Total	% of Variance	Cumulative %	Total	% Variance	Cumulative %	Total	% Variance	Cumulative %
1	4.988	26.255	26.255	4.988	26.255	26.255	2.230	11.737	11.737
2	1.665	8.765	35.019	1.665	8.765	35.019	2.123	11.172	22.909
3	1.499	7.888	42.907	1.499	7.888	42.907	2.035	10.711	33.620
4	1.369	7.203	50.110	1.369	7.203	50.110	1.898	9.990	43.610
5	1.279	6.730	56.840	1.279	6.730	56.840	1.798	9.461	53.071
6	1.076	5.665	62.505	1.076	5.665	62.505	1.630	8.580	61.651
7	1.007	5.301	67.807	1.007	5.301	67.807	1.170	6.156	67.807

Extraction Method: Principal Component Analysis.

In the satisfaction level of mutual fund investment, nineteen factors had Eigen value exceeding "one." Among the seven component factors, the 1st factor accounted for 26.255 percent of the variance, the 2nd Factor 8.765 percent, the 3rd factor 7.888 percent, the 4th factor 7.203 per cent, the 5th factor 6.730, the 6th factor 5.665 and the last factor accounted for 5.301 percent of the variance.

The 18 variables in the data were reduced to 7 component factors, and each factor may be identified with the corresponding variable. Seven factors were identified as being maximum percentage variance accounted. The variables 18,12, 13 and 4 are grouped as a factor 1st, and it accounts for 26.255 per cent of the total variance. The variables 11 and 10 constitute the factor 2nd, and it accounts for 35.019 per cent of the total variance. The variables, 14 and 2 are grouped as factor 3rd and it accounts for 42.907 per cent of the total variance. The variables 6 and 5 are grouped as factor 4th and it accounts for 50.110 per cent of the total variance. The variables 17, 16 and 15 are grouped as factor 5th it accounts for 56.840 per cent of the total variance. The variables 8, 7 and 9 are grouped as factor 6th it accounts for 62.505 of the total variance and the variables 3 is grouped as factor 7th it accounts for 67.807 of the total variance.

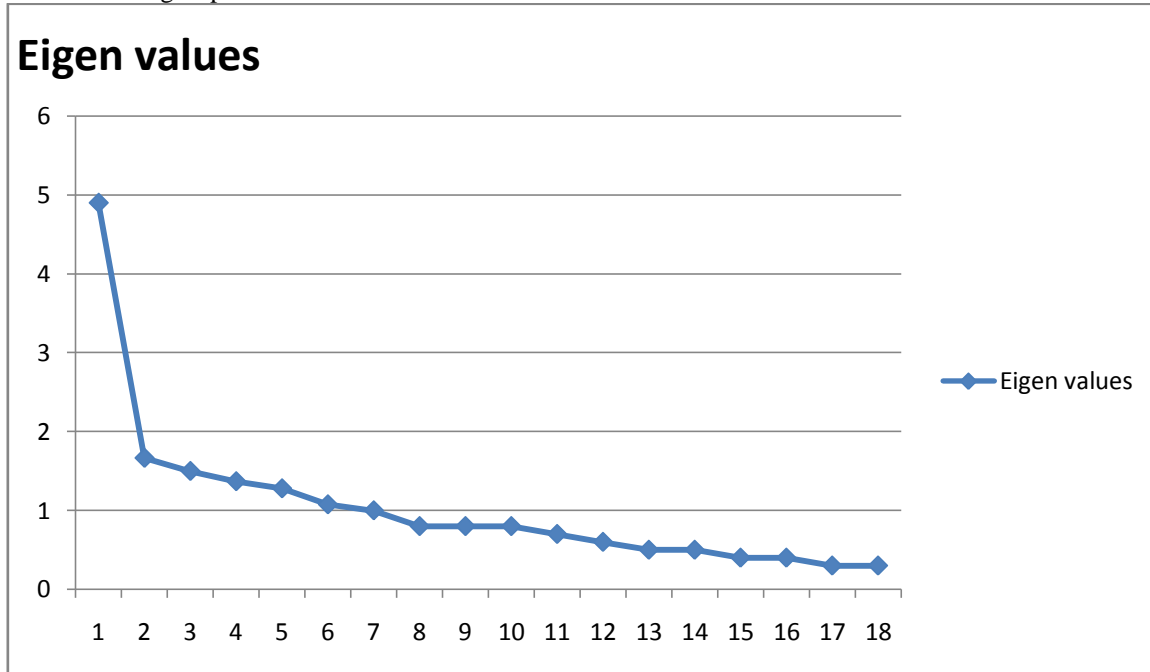


Figure 1. Component numbers

Table:5 Rotated Component matrix level of Investors and Satisfaction on mutual fund investment

Variables	F1	F2	F3	F4	F5	F6	F7
Cumulative %	26.255	35.019	42.907	50.110	56.840	62.505	67.807
% of Variation Explained	26.255	8.765	7.888	7.203	6.730	5.665	5.301
Eigen values	4.988	1.665	1.449	1.369	1.279	1.076	1.007
services							0.778
Fundmanagement						0.799	
NAV Updation						0.809	
Clarification towards technical doubts					0.592		
Reminding Premium payments					0.783		
Claims				0.758			
Grievances				0.813			
Risk and Return			0.626				
AMCS			0.667				
Schemes			0.817				
Entry Load		0.779					
Exit Load		0.783					
Relation Ship	0.535						
Kaiser-Meyer-Olkin Measure of Sampling Adequacy:0.735				Bartlett's Test of Sphericity:Chi-Square:2331.726, Df:171			

VI. FINDINGS

1. Most respondents hold an investment in FDs, gold, and insurance. They commented that they are not happy with the returns from FDs. Most people do not invest in shares due to the risk associated with the equity markets indicative of an underlying potential for mutual funds as an investment avenue amongst the sample in rayalaseema region of andhra pradesh.
2. During a preliminary discussion with female respondents, it was discovered that most women were involved in investment decision for the family and hence as such were not interested in mutual funds. To maintain fairness in the research, the survey was administered only to male respondents.

3. Only 30% of the respondents were fully aware of the concepts, terminologies and different types of MF (Mutual Fund)schemes. Few respondents shared that low levels of disposable income are accountable for low awareness about mutual funds. Trailing the cash outflow for priority investments such as payment of insurance premium and moderate savings in bank account most people are not left with any significant amount of funds to invest in mutual funds. Hence they are either unaware of MF terminologies or possess partial knowledge about various schemes.
4. Many respondents revealed about the state of confusion in their minds owing to the availability of plenty of schemes and their variants and hence decided to stay away from mutual funds.
5. Over the years MF industry has evolved and now offered several schemes and variation in the asset class. The irony of an evolved mutual fund industry is the scheme variants serve to intimidate rather than inform new investor.
6. Most respondents who had invested in mutual funds during the initial period post the privatization of MF sector have had bitter experience of lesser returns due to charge on entry load. It appears that in Rayalaseema region, investors are not completely updated about the recent development such as the abolition of entry load leading to thin interest in mutual funds.
7. Respondents were acquainted with mutual funds through banks, consultants, advertisements, peers, and friends. A maximum number of respondents was updated about mutual funds through banks. It was realized that bankers play a significant role in enlightening the investors about MF schemes with an aim to generate investments in banks' MF schemes.

VII. CONCLUSION

The study discloses that the investors' perception is reliant on the demographic profile and evaluates that the investor's gender, age, education, marital status occupation, Annual income and annual savings have a direct impact on the investor's choice of investment. The study further revealed that investors' satisfaction is the most important ingredient for the success of mutual fund industry. The present study explored the MF investments in relation to investor's level of perception and satisfaction has been investigated relating to various factors like Schemes, Risk and Return, Services, Relationship, Claims, Grievances, Fund management, NAV Update, Security, Entry & Exit Load, offer based on Return, Existing Fund based on (AMCS), Promptness in giving information Clarification towards technical doubts, Reminding premium payment, Informing time about default payment Satisfied with remedial measures. The present paper outlined that most of the Semi-urban and rural investors have high-level awareness and positive method towards capitalizing in Mutual funds.

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