

## **AN EMPIRICAL STUDY ON FACTORS INFLUENCING MUTUAL FUNDS IN SEMI URBAN AND RURAL INVESTORS IN RAYALASEEMA REGION OF ANDHRA PRADESH**

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### **ABSTRACT**

*The present study is carried out to analyze the investors' perception towards Mutual Funds in semi urban and rural investors of Rayalaseema region. The total sample size is 400 individual investors from the four districts of Rayalaseema region-Chittoor, Anantapuram, Kurnool and YSR Kadapa. A sample of 100 individual investors each from the above four districts are selected mostly adhering to the principles of stratified random sampling. It is clear that except Gender, Marital status and annual savings of the investors other demographic factors have a significant relationship with the investor's attitude with regard to the Mutual Fund Preference by Operation among Investors. The study concludes that the investors are influenced by Product Quality related factor in fund selection Scheme's expense ratio and Funds'scheme's performance record. Sponsor Qualities related factor in fund selection Sponsor has an efficient research wing and Sponsor has a recognized brand name. Service related factors in fund selection Fringe benefits like free insurance, free credit card, loans on collateral, tax benefits etc.*

**KEYWORDS:** *Mutual Funds, Perception, Factor Analysis, Rural Investor, Demographic Factors.*

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### **Introduction**

A mutual fund is an investment company or trust that pools the resources from number of investors, who share common investment goal, and then diversifies its investment into the securities of different industrial sectors and companies in order to realize potential returns with reasonable safety. In the era of globalization, rapid price fluctuations are occurring in financial assets like equity shares, bonds and also in physical assets like real estate, gold silver etc. Therefore, an individual investor finds it difficult to keep track of ownership of his assets, investments, brokerage dues and bank transaction, etc. Mutual fund industry started in India with the establishment of Unit Trust of India (1964), which was the only player in the mutual fund industry up to 1987. In 1987, the government permitted public sector banks and financial institutions to join the fray. From 1993 onwards the industry was opened up for private sector and foreign players have started setting up mutual funds in India. Indian Mutual fund industry has grown remarkably from a single player and single scheme in 1964 to 47 players and 1638 schemes in 2014. The growth of Assets under Management of these schemes also has been phenomenal. But when compared to the growth of mutual funds in other countries the growth of mutual funds in India is nothing.

### **Review of Literature**

According to the latest **Nielsen 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

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