

A STUDY ON INVESTMENT TOWARDS PUBLIC AND PRIVATE SECTOR MUTUAL FUND

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Abstract

In this paper, we present an outline of some factors impact while buying mutual fund. We deliberate level of satisfaction with respect in investors referred here as mutual fund. In precise, our motivation is to responsiveness of investing mutual fund. An efficient financial sector mobilizes savings and allocates it to those investments which yield the highest rate of return. Savings are the difference between income and consumption of mutual fund industry. An increase in the volume of real domestic savings means that resources that would have been used for consumption are released for investment. India has high level of saving rate because of high level of saving motives. Everyone seems to understand the basic principle of investment. Investment means the purchase by an individual of a financial or real asset that produces a return proportion to the risk assumed over some future investment period, for achieving this investor has to decide on how and where to deploy his/her saving. Saving motive is a desire to reserve certain mixture of income for future. The main objective of investor is to invest in different speculation avenues that deliver expected returns and help to chance the risk in future. There should be some motives for making investments. Employees give more importance to create more stand-in to meet the risk in future. We have categorised investors opinion regarding major deficiencies in the working of the mutual fund industry. We have given the opinion from the investors that can help in the deficiencies mutual fund. This means that retail investors will opt for mutual funds. Mutual funds saw record resource mobilization as investors lined up to take advantage of the stock market boom. The study was descriptive in nature. A structured questionnaire was distributed to all respondent. It was divided into two parts. The first one is demographic information; the second part was framed to know the infrastructure, Customer satisfaction and performance in mutual fund. In this Excel and SPSS statistical tool was used to analysis the data and findings were presented through graphs and charts with interpretation.

Keywords: Awareness of Mutual fund Investors, Investment, Satisfaction, Savings and SEBI Mutual fund Industry.

Introduction

In the form of mutual fund, a new avenue or say a new financial asset is available to investors in Chennai district as elsewhere to invest their money in. The investors having a varied financial needs and corresponding investment objectives prefer to invest their hard-earned money in mutual fund schemes. To fulfil the objectives of the study, invariably the investors' attitude towards mutual funds has been studied. The data affecting to perceptions of 50 investors as well as Investment Advisers from Chennai district towards mutual funds were collected through structured questionnaires administered separately to both of these. As mentioned in the scope of the study, all the selected respondents have been investing in mutual funds as well as in other financial assets, in a varied proportion. The challenge has been made to analyse the respondents' preferences and opinion towards various financial assets in general and specific aspects of mutual fund investment in particular.

The method of investment is very multipart to define as employees perceptive, for the reason that it always deals with individual investment behaviour. Investor's savings in any particular investment avenues depend upon anticipated return that will accrue from that particular investment. Many investment avenues offer innovative promising solutions for varied financial requirements of employees. At the moment, organizations are also considered settled enough to understand and translate return requirement of individual investor's depending upon their demographic requirements. If real delivered return exceeds the expected return it may provide optimistic reflections to investor's awareness.

Objectives of the Study

- To study the scope of investment pattern opted by public and Private Sector mutual fund investors.
- To examine the Level of investment of Satisfaction of investors.
- To evaluate the perception of return on investment of public and private Sector mutual fund.
- To analyse the overall satisfaction on investment of mutual fund.
- To share the suggestions from the investors that can help in persisting out these inadequacies.

Literature Review:

This section covers review of literature from some of the significant research papers, studies and articles as published by different authors. A huge number of studies on the growth and financial performance of mutual funds have been carried out during the historical, in the developed and developing countries. Short-term reviews of the following research work expose the wealth of contribution towards the performance assessment of mutual fund, market timing and stock choice abilities of fund managers.

D. Senthil and Dr. M. Syed Zefar (2005)¹ required fetch obtainable an Article "Mutual Fund-Investors' Perceptions and realities". The main hope of the study is to determine out the investor's perception and inevitability in the contemporary scenario and analyse develop of contentment derived by customer towards the performance of mutual fund and willingness to offer in viewpoint nevertheless of the current standing situation of the market. The major reason of the study is to identify the factors which generate them provide and to continue in mutual fund. The study states that investors have a preference mutual fund than subsidize to for the purpose that high risk is associated with shares.

Saini S. et. al. (2011)² studied the mutual fund investments in subsequent of relatives to investor's performance in Chennai through primary data. They analysed the investors' attitude and perception relating to various issues which incorporate the type of mutual fund scheme, main objective following investing in mutual fund scheme, function of financial advisors and brokers, investors' attitude relating to factors with the purpose of attract them to provide in mutual funds, sources of detail, insufficiency in the services provided by the mutual fund managers, face up to earlier than the Indian mutual fund industry etc. The analyse concludes that the important factors for investment in mutual fund are income tax benefits followed by high return and security of the schemes. Through instruct to maintain their sureness in mutual funds they should be provided with timely information relating to altered trends in the mutual fund business.

Agrawal & Jain (2013)³ analysed the speculation opportunity preferred by the investors of Chennai and the investor's first choice towards savings in mutual funds. The study reveals that the most important standard of the investors for the savings is the return on savings followed by protection in

savings. They appearance off that the mutual fund has yet to get into down as the preferred method of outlay in less important towns and cities.

Kesavaraj G (2013)⁴ and Rajasekar D (2013)⁵ performed a study on investors perception towards various types of mutual funds in Chennai through investigation of respondents, over and done with that the investors respect as return on savings and security as the important factors for provide in mutual fund.

Kumar Rajesh & Goel Nitin (2014)⁶ revised the factors affecting perception investors towards mutual funds in India. The investigation completes with the determination of as regards the benefits offered by the mutual funds, the investors' perceived liquidity goes behind by return on savings, modification and protection as the important excellence and brochure/Newsletters are the most important source of information used by the investors followed by brokers and sub-brokers for accomplishment the evidence with reference to the mutual funds.

Purpose of Study

The preliminary goal of mutual funds was to make saving and diversification more seamless for the lay investor, but as more and more mutual funds were developed and as more investment companies marketed their mutual funds, it became increasingly problematic and confusing for investors to select mutual funds. Likewise, as the popularity of these mutual funds increased, evidenced by the sheer amount and growth of invested assets from 1999 to 2020, finance scholars and practitioners began to examine the attributes of mutual funds that affected sales of mutual funds. Also, to investigate the relative effects of Services on the Customer Satisfaction and Loyalty concepts to determine if the extra effort and cost of introducing Services protocols to highly valued customers really does positively affect customer satisfaction rates and the intention to remain loyal. Another objective of this study is to look at whether these concepts are further affected if other variables are introduced, specifically in a financial service industry context. This study is important for several reasons:

- 1) The performance persistence, where past performance could possibly predict immediate future returns. This is known as the "hot hands" phenomenon.
- 2) An increase in customer satisfaction rates generally translates into an increase in loyalty rates, an increase in loyalty can decrease administrative costs by 10-40%.
- 3) There is little published empirical research on the subject of customer services aside from industry surveys evaluating company results of mutual fund sectors. As important, little research exists on differentiating between highly vs. moderately satisfied customers and what effect this has on customer satisfaction and loyalty rates.

Importance of the Study

In the contemporary multifaceted global investment is very hazardous. One should choose the precise path for savings. Selecting the right avenue is not an easy task, one should have more awareness about different schemes. Subsequently the investment is made, the investors assume regular income, growth, liquidity and diversified risks. At what time the expectations of the investors are fulfilled, they get satisfied. In the present study a challenge has been completed to study awareness and level of satisfaction of investors in mutual funds.

Need for the Study

- To study responsiveness level of investors.
- To study the fulfilment level of investors.
- Mutual fund and supplementary forms of savings and concluded with by what method the Income Tax Act treats the units of Mutual funds.

Research Methodology

The study is based on primary and secondary data. Information was collected from Inter-rating with different investors. Secondary data have been collected from various reports journals, websites and bulletins.

In order to exposes the customer satisfaction in the public and private sector mutual fund the following hypothesis are framed. Such as it is assumed that customers of public and private sector mutual fund are satisfied with service delivered by the mutual fund.

The contemporary study is based on purely primary source of data. In order to collect opinion from the selected customers of public and private sector mutual funds, a detailed interview schedules are designed and canvassed among 50 customers of the selected mutual funds.

- A. Knowledge of mutual fund staff of mutual fund services.
- B. Attention of the staff on problems of the customers.
- C. Holding of computers by mutual fund staff.
- D. Customer Services.
- E. Punctuality in opening the AMC.
- F. Procedure and timing in opening of accounts.
- G. Convenient AMC timings.

Analysis and interpretation are essential steps in the research process. They benefit to find out the results relating to the objectives of the study. Statistics has been collected for the purpose of analysis by using structured questionnaire which was distributed to the public and private sector of mutual fund customers. Analytical tools used in this study are: WAS (Weighted Average Score), ANOVA, T-test, T-test, etc., WAS are calculated from the five-point Likert scale. The weights assigned are:

1 = Highly satisfied; 2 = Satisfied; 3 = Neither satisfied / nor dissatisfied; 2 = dissatisfied; 1 = highly dissatisfied.

For upgraded understanding data, graph is presented. The graph supplements the information provided in the table. The following pages deals with the analysis of evidence collected from the responds they questionnaire.

Descriptive analysis on Mutual Funds

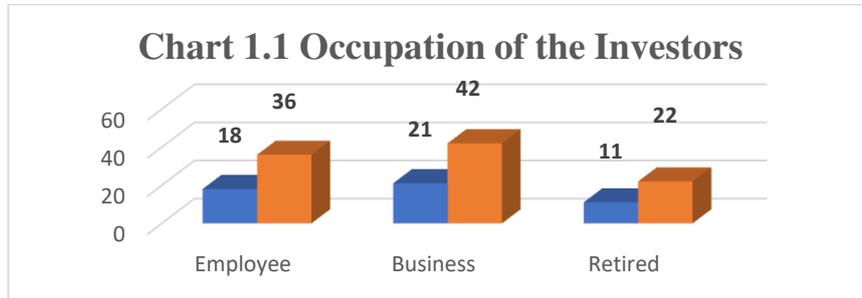
Percentage study is one of the statistical measures used to define the characteristics of the sample or population in totality. Percentage study involves computing measures of variables selected of the study and its findings will give easy interpretation for the reader.

Table 1.1 Frequency Distribution of Occupation

Occupation	Frequency	Percentage
Employee	18	36

Business	21	42
Retired	11	22
Total	50	100

Source: Primary Data



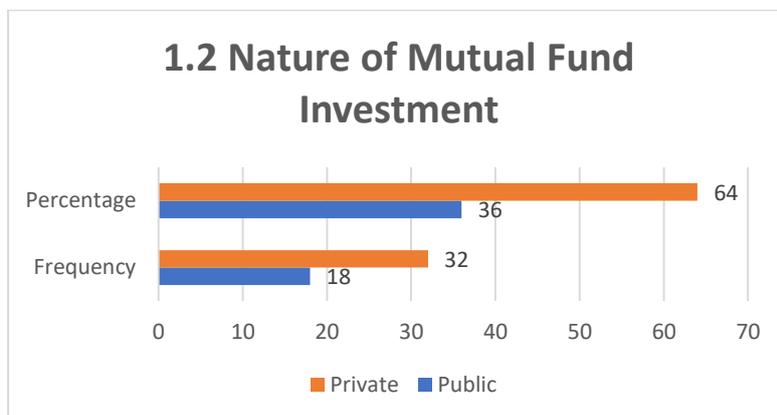
Source: Primary Data

Table 1.1 shows that 36 percentages of the respondents are salaried employee group and 22 percentage of the respondents are retired. This indicates that the most of the respondents belongs to 42 percentage are from business.

Table 1.2 Frequency Distribution of Nature of Mutual Fund

Mutual Fund	Frequency	Percentage
Public	18	36
Private	32	64
Total	50	100

Source: Primary Data



Source: Primary Data

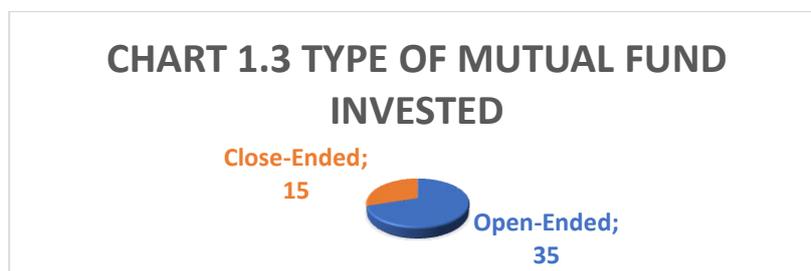
Table 1.2 shows that 36 percentage of the respondents are invest public sector of mutual fund and 64 percentage of the respondents are investing private sector of mutual fund. From the above it can be inferred that most of the respondents are investing is private sector mutual fund.

Table 1.3 Frequency Distribution of the type of mutual fund

Type of Mutual Fund	Frequency	Percentage
Open-Ended	35	70

Closed-Ended	15	30
Total	50	100

Source: Primary Data



Source: Primary Data

Table 1.3 reveals that out of 50 respondents' in type of mutual fund – wise classification, the total 35 open-ended were 70 percentage and the remaining 30 closed-ended constitute 15 percentage. Therefore, it was concluded that the highest number of invested in the mutual fund proves to be open-ended rather than close-ended.

HYPOTHESIS – I

Null Hypothesis: There is no significant difference between public and private with respect to customer satisfaction of Mutual Fund.

Table 1.4 Student t- Test for significant difference between public and private with respect to customer satisfaction of Mutual Fund

Customer satisfaction of Mutual Fund	Nature of Mutual Fund	No. of Cases	Mean	Standard Deviation	t-value	P – Value
Infrastructure	Public	18	12.69	4.841	4.993	0.000**
	Private	32	15.58	3.299		
Customer Service	Public	18	29.97	7.723	7.228	0.000**
	Private	32	35.40	2.735		
Performance	Public	18	38.27	5.659	4.535	0.000**
	Private	32	41.35	3.869		

Source: Primary Data

Note: **denotes significant at 1% level

Since P value is less than 0.01, the null hypothesis is rejected at 1 percent level of significance with all dimensions. Hence, it is concluded that there is significant difference between public and private with respect to customer satisfaction of mutual fund. The above table 1.4, 18 out of 50 public sector investors and 32 out of 50 are private sector investors have a positive satisfaction public sector investor of mutual fund. It includes infrastructure, customer service and performance of mutual fund.

Hypothesis - II

Null Hypothesis: There is no significant difference between open-ended and close-ended with respect to customer satisfaction of mutual fund.

Table 1.5 Student t- Test for significant difference between married and Single with respect to customer satisfaction of Mutual Fund

Customer satisfaction of Mutual Fund	Type of Mutual Fund	No.of Cases	Mean	Standard Deviation	t-value	P – Value
Infrastructure	Open-ended	35	15.03	3.810	2.482	0.014*
	Closed-ended	15	13.46	4.673		
Customer Service	Open-ended	35	34.39	4.717	3.522	0.001**
	Closed-ended	15	31.37	7.105		
Performance	Open-ended	35	40.64	4.717	1.688	0.093
	Closed-ended	15	39.39	4.899		

Source: Primary Data

Note: ** denotes significant at 1% level, * denotes significant at 5% level.

Since P value is less than 0.05, the null hypothesis is rejected at 5 percent level of significance with respect to infrastructure of customer satisfaction. Hence it is concluded that there is significant difference between open-ended and closed-ended with respect of infrastructure of customer satisfaction of mutual fund. The above table 1.5, 35 out of 50 open-ended fund and 15 out of 50 are closed-ended fund have a positive satisfaction of mutual fund. Mean level of satisfaction of closed-ended fund are better than open-ended fund infrastructure of customer satisfaction of mutual fund.

Since P value is less than 0.01, the null hypothesis is rejected at 1 percent level of significance with respect to customer service of customer satisfaction with service quality of mutual fund. Hence concluded that there is significant difference between open-ended and closed-ended with respect to customer satisfaction of mutual fund. The above table 1.5, 35 out of 50 open-ended fund and 15 out of 50 are closed-ended fund have a positive satisfaction of mutual fund. Mean level of satisfaction of closed-ended fund are better than open-ended fund customer service of customer satisfaction with service quality of mutual fund.

Since P value is greater than 0.05, the null hypothesis is accepted at 5% level of significance with respect to performance of customer satisfaction with service quality of mutual fund. Hence, it is concluded that there is no significant difference between open-ended and closed-ended with respect to customer satisfaction of mutual fund. The above table 1.5, 35 out of open-ended fund and 15 out of 50 are closed-ended fund have a positive satisfaction of mutual fund. Mean level of satisfaction of closed-ended fund are better than open-ended fund performance of customer satisfaction of mutual fund.

Findings of the Study

Findings have been computed from the primary data collected from the respondents in the form of questionnaires and inference were drawn.

1. In Occupation group most investor was business, second most investors were employee and least were retired people.
2. In nature of mutual fund most investors were private sector and least was public sector.
3. In type of mutual fund invested were more in numbers the Open-ended fund, the least were in the investment of Closed-ended fund.

Investors Awareness and Satisfaction

Mutual fund companies in India are getting on to a movement to spread awareness among the masses predominantly in smaller towns about investing in mutual funds.

AMFI set up an investor awareness committee, the committee was headed by Sandeep Sikka, CEO of Reliance Mutual Fund. Kailash Kulkarni of Kotak Mutual Fund and two other senior officials from the industry were members of the committee.

Comparable resourcefulness has been undertaken by a multitude of other fund houses on fluctuating scales. Sundaram Mutual Fund conducted 50 investor meets. DSP BlockRock Mutual Fund conducted some 20 to 25 campaigns in 25 different cities.

Future of Mutual Fund Industry:

All the same of the directly above bottlenecks, the mutual fund industry is having a good prospect in our district. It is probable to show a good progress in the forthcoming years due to a variety of factors:

The Government is also provided that tax concessions and tax exemptions. At what time the mutual fund industry is receiving preferential treatment at the hands of the government, it is certain to raise in future.

A filled income tax exclusion for all incomes from the UTI and other mutual funds in the hands of the investors.

If mutual funds ensure good returns, quickly liquidity and safety and generate a good rapport with the investors, their future will be very optimistic. Their performance as a via newspapers between bank deposit and share in the sense it involves a higher risk than a bank deposit and hereafter a better, but a lower risk than a share and hence more safety. Later, soon it would become an ideal vehicle for investment in India. It is time for the mutual funds to act as 'mutual friends' by creating a good understanding with the investors by interpretation well-organized and quick services. No doubt, there is an optimistic future for mutual funds in India.

Suggestions to Improve customer Satisfaction

- ❖ Proper working of Customer Care centre has to be ensured. In case of problem in customer care, it has to be changed within short span of time.
- ❖ Due to poor network, customers using customer care are unable to clarify doubt easily.
- ❖ Infrastructure facility of the mutual fund to be maintained properly. Better seating arrangement, parking facility, writing table can be provided to the satisfaction of customers.
- ❖ Public and Private Sector mutual funds through committed to social mutual fund are primarily working on the principle of maximum profitability.
- ❖ Good business growth is achievable only with good customer service with a good image of mutual funds.

Conclusion:

This analysis makes an attempt to understand the customer satisfaction of mutual fund investor in connection with various choices and standard. The main objective of this literature review was to view the impact of various different factors that have influence on the perceptions of the investors and how they influence the investor's decision making while assessing and choosing between different available investment alternatives. The mutual funds and investors predisposition towards mutual funds industry is a much-researched topic Chennai district but it is a field where no Awareness and perception of investors towards mutual funds significant research has been done so far in Chennai. It can be clearly observed from the research reviewed that different demographical such as age, gender, income level, education etc. and environmental factors such as degree of risk, inflation, uncertainty and economy have an immense impact on investor's perception while making the investment decision. Moreover, it has also been observed that the availability of information, transparency of funds and investor's awareness are also some of the major factors in investment decision. Respectively mutual fund scheme has a defined investment objective and strategy. Investors can select fund, which they found appropriate to their objective and participate so as to reap extreme benefit out of it.

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