

# A Study on Factors Effecting the Satisfaction Level of Mutual Funds Investors in Jaipur City

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## Abstract

Mutual fund is becoming a very popular investment avenue among the financial professional as they are having Knowledge about mutual fund but due to lack of time and also wants better return than fixed income securities that make their inclination towards mutual fund. They are preferring mutual fund as a better investment option due to several reasons as risk can be minimized, selecting the mutual funds by analyzing the past history, switching facility is there, can earn better return in minimum investment and also convenient to handle. But in spite of these facilities there are certain factors which make them not satisfied. This paper is going to study the satisfaction level of mutual fund investors working in financial institutions and how are they inferring the risk minimization through Mutual Fund (MF).

**Keywords:** Mutual Fund, Risk Minimization, Satisfaction Level

## 1. Introduction

In this era of financial development, we hear a lot more about mutual funds as it has become a tax saving instrument. As people don't find time to manage their own portfolio either's can act as an active investor or we can say an active market trader. Today's investor would like someone to manage their money and also they want small money to invest on which they want good return. These all benefits investor have when they invest in mutual funds.

A mutual fund is a pool of money from numerous investors who wish to save or make money. Investing in a mutual fund can be a lot easier than buying and selling individual stocks and bonds on their own.

By investing in mutual funds, you could diversify your portfolio across a large number of securities so as to minimize risk. "Mutual fund issues units to the investors' in accordance with quantum of money invested by them. Investors' of mutual funds are known as unit holders". In proportion to the investment done by the investors the profits and losses are shared. The mutual

funds normally come out with a number of schemes with different investment objectives, fulfilling the demand and needs of the investors. A mutual fund is required to be registered with Securities and Exchange Board of India (SEBI) which regulates securities markets before it can collect funds from the public so on the regulatory aspects its dependable avenue for investment.

Mutual fund in Indian context is a challengeable phenomenon. In a short span of less than one decade it has changed the investment pattern of medium and small investors in India. Consequently, study of mutual fund has become an essential ingredient of any business and finance program. Besides, the investors should know how a mutual fund operates and what should they expect from them, if they really want to benefit from this new vehicle of investment.

In the present study a survey is conducted among the professionals who are working with financial institution and the analysis is done to find out the satisfaction level of mutual fund's investors and their satisfaction is depending upon the services the mutual fund companies are providing.

## 2. Review of Literature

- **Ippolito** (1992) says that investors had a belief that only winning mutual funds perform better rather than the losing funds and choosing of funds based on past performance.
- **Deckson(1995)** the study evaluates the pretax, post tax and at the time of liquidation the returns that an investors received, an important source of information for taking investment decision
- **Vijayalakshmi and Jayasathaya (2009)** study says that past performance, transparency is the important factor that influencing the decision of mutual fund investor and mutual fund serve as a better option for salaries and also for the small investors too.
- **Tarrazona et al., 2011** the study evidence that the investor having high level of education not only analyze risk and return but also consider socially responsible investment. And it found that SR practices give better return than conventional theory.
- **Mehta and Shah (2012)** study reveals that mostly investor looks for mutual investment for tax saving purposes as they don't have complete knowledge of MFs investment strategy and the young ones are more inclined towards the high return schemes as the author suggested Systematic Investment Plan (SIP) and considering various demographic variable in which the survey shows that men's are more interested in mutual fund investment.
- **Singh k. Binod ( 2012)** says that as awareness are very less among investors that would results in not having knowledge of various programs running under mutual fund investment and also supports that women are indecisive towards the investment in mutual fund. And he also suggested that investor's attitude is not affected by age and gender but returns and liquidity forming the opinion towards the investment in mutual fund.
- **Agarwal and Jain (2013)** survey reveals that maximum investors preferred tax saving instruments more like Life Insurance Corporation of India (LIC) and mutual funds too but they had maximum awareness about fixed deposits, LIC, post saving and 80% awareness about mutual funds and real estate. If the investors had provided with the more funds then they inclined towards the investment in real estate as they are giving speedy growth.
- **Rathnamani,2013** The study explains that investor prefer investment in mutual fund due to high return at low level of risk, safety and liquidity but it also found that the mutual fund companies have to bring some awareness program to aware investor regarding benefits of investing in mutual fund.
- **Prabhavathi and Kishore** as they have analyze that investor must be very cautious in selecting the AMC'S, sectors and schemes in which they want to invest. If better regulation is present in the market then mutual fund can have better growth.
- **Mane (2014)** Study shows results which indicate that investors are not much confident to invest in mutual fund as they are having partial knowledge about mutual funds and they want to save in such instruments which avoid risk and loss of money.
- **Kumar and Goel (2014)** say that as investment matters growth is on first, income and liquidity is on second and third. They said past performance is considered the most important but newsletter and prospectus can be considered as source if information in investment is made through the brokers and sub-brokers. As public sector mutual funds investors remained dissatisfied due to services they offered and private sector funds are lacking due to lack of awareness.
- **Nair et.al. (2015)**, study reveals that mostly salaried and small savings investors would like to invest in mutual funds and their findings revealing that they are not investing continuously but once in a while or say in six months. Equity based schemes are preferred most and factors that motivate them to invest is like return, tax savings, risk exposure. Mostly investors prevented from investing in mutual funds due to their past experience in it.

## 3. Need and Scope of Study

This study is conducted to know the preference of mutual funds investors against the mutual fund companies. What are the benefits they are receiving from their companies are they satisfied with the companies or not. This survey was conducted during 2014-2015 in the Jaipur city.

The scope of this study for the other city researchers as taking the base for their study and also mutual fund companies can refer it for the further improvement of their services.

### 3.1 Objective of the Study

- To find out the satisfaction level of mutual fund's investors with respect to their mutual fund companies.
- To find out the risk minimization level by mutual fund companies as per investor perception.

### 3.2 Limitations

The limitation of the study is the number of respondent is 90 which is very small in number and hence the results can't be generalized.

## 4. Research Methodology

### 4.1 Type of Research

The method that is adopted to analyze this survey is descriptive research design which describes the satisfaction level of mutual fund investor with regard to the benefits that mutual fund companies are offering.

#### 4.1.1 Sampling Design

**Target of population:** For filling up questionnaire both males and females were targeted of the Jaipur city and they were all professional doing job in finance sector.

#### 4.1.2 Sampling Techniques

For this research technique that is used is "Random and convenient sampling" is used as professionals are involved who worked in a financial institutions for choosing the investors and questionnaire is filled up as per researcher convenience.

#### 4.1.3 Size of Sample:

The final number of respondents from which questionnaire is filled is 90.

## 5. Data Collection Tool and Source

The primary data has been collected through structured questionnaire and questions are measured through five point likert scale. In this study secondary data has been

used from magazines, research papers, journals and books.

### 5.1 Tools of Data Analysis

The data and information collected have been classified, tabulated and processed and its findings presented in a systematic manner.

### 5.2 Descriptive Analysis

To present the data frequency statistics and for finding satisfaction level factor analysis has been used.

Demographic analysis of Respondents:

**Table 1.** Male- Female distribution

	No. of Male/ female	Percentage
Valid Male	62	68.9
Female	28	31.1
<b>Total</b>	<b>90</b>	<b>100</b>

From the survey we find out that out of 90 respondents 62 were male i.e. 68.9 percent of total respondents and 31.1 (28) percent were female. During the analysis we found that mostly male are interested in investing in the mutual funds and female orientation is towards more on fixed income securities.

**Table 2.** On the basis of income distribution (In Rs)

	Income distribution	No. of Respondents	Percentage
Valid	0-30000	20	22.2
	30000-45000	19	21.1
	45000-75000	22	24.5
	More than 75000	29	32.2
	<b>Total</b>	<b>90</b>	<b>100</b>

From all the 90 respondents, 29 belongs to the income group of above 75000 which is 32.2 percent and there are 22 respondents who belong to the income structure of 45000 > 75000 which is 24.5 percent. There are other respondent's whose income is in between 0 < 45000 which is 39 in numbers and 43.3 percent of total respondents. Maximum respondents, whose income is more than 75000 per month group likely to invest more money in mutual fund as their risk bearing capacity is more.

## Factors influencing the respondent's satisfaction level:

Particulars		Very Im- portant	Important	Neutral	Not much important	Not at all important	Total
Provides investment or transaction as per convenience	no.	40	42	5	2	1	90
	%	44.44	37.8	4.5	1.8	.90	100
Provides flexible mutual fund option	no.	32	43	9	4	2	90
	%	28.8	38.7	8.1	3.6	1.8	100
Company system invest plan pinch the pocket.	no.	20	42	21	5	2	90
	%	18	37.8	18.9	4.5	1.8	100
The company publish NAV in newspaper or website on the daily basis	no.	35	34	15	6		90
	%	31.5	30.6	13.5	5.4		100
Provide switching facility	no.	17	42	21	10		90
	%	15.3	37.8	18.9	9.0		100
Open for sale or redemption during predetermined intervals	no.	11	45	27	5	2	90
	%	9.9	40.5	24.3	4.5	1.8	100
Policies are user friendly	no.	19	46	16	6	3	90
	%	17.1	41.4	14.4	5.4	2.7	100
Takes time to solve the problem of investor	no.	14	55	18	3		90
	%	12.6	49.5	16.2	2.7		100
Policies are convenient to understand	no.	24	45	15	5	1	90
	%	21.6	40.5	13.5	4.5	.9	100
Company protect the privacy	no.	32	42	9	5		90
	%	28.8	37.8	8.1	4.5		100
Systematic withdrawal plan	no.	17	40	24	6	3	90
	%	15.3	36	21.6	5.4	2.7	100
Systematic transfer plan	no.	21	34	27	5	3	90
	%	18.9	30.6	24.3	4.5	2.7	100
Company provide on line facility	no.	24	54	6	2	4	90
	%	21.6	48.6	5.4	1.8	3.6	100
Evaluate mutual fund past performance	no.	13	51	13	9	3	90
	%	11.7	45.9	11.7	8.1	2.7	100
Minimization of risk by having mutual funds	no.	7	54	17	9	3	90
	%	6.3	48.6	15.3	8.1	2.7	100
Satisfied with minimum amount of investment	no.	20	44	18	7	1	90
	%	18	39.6	16.2	6.3	.9	100

## Descriptive Statistics:

Particulars	N	Mean
Provides investment or transaction as per convenience	90	1.69
Provides flexible mutual fund option	90	1.90
Company system invest plan pinch the pocket.	90	2.19
The company publish NAV in newspaper or website on the daily basis	90	1.91
Provide switching facility	90	2.27
Open for sale or redemption during predetermined intervals	90	2.36
Policies are user friendly	90	2.31
Takes time to solve the problem of investor	90	2.13
Policies are convenient to understand	90	2.04
Company protect the privacy	90	1.92
Systematic withdrawal plan	90	2.31
Systematic transfer plan	90	2.28
Company provide on line facility	90	1.98
Evaluate mutual fund past performance	90	2.31
Minimization of risk by having mutual funds	90	2.41
Satisfied with minimum amount of investment	90	2.17

## 6. Interpretation

As the results of the study says that maximum number of respondents agreeing that by having mutual funds risk can be minimized. There are other factors like investors can easily sell their mutual funds, easily switch to another fund and policies are user friendly as during filling up the questionnaire they said mutual fund companies providing mobile app facility by which we can easily track the funds. Investors mostly purchased those mutual funds whose past performance is better. There are other problems as well like investors are not finding quick solution of their problems.

## 7. Conclusions

Mutual fund as an investment tool is very popular among the retail investors. As professionals, due to lack of time, lack of funds they want better return in minimum investment. The problems that most investors faced are lack of conceptual understanding, and no time for problem solving. Now a day's professional are finding mutual fund as good investment avenue besides the fixed income securities. As mutual fund companies are making their policies more users friendly and are also providing mobile app facility, it is a growing sector for investment purpose. If it is channelized properly then better growth can be achieved.

## 8. Suggestions

Based on the questionnaire, given below are some suggestions for the better results of Mutual Funds:

- Companies should provide quick feedback whatever the problems faced by the investors during investment.
- Make the policies convenient and easy to understand.
- Regular update regarding NAV'S of mutual fund should be provided.

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