

Comparative Analysis of Risk, Return, And Investor Satisfaction in Public and Private Sector Mutual Funds: A Study of Investors in Jaipur District

Chandra Prakash Meena, Research Scholar

Lords University, Alwar

Prof. (Dr.) Rejoice Solomon, School of Management

Lords University, Alwar

ABSTRACT

Mutual funds have emerged as one of the most popular investment avenues for retail investors in India due to their professional management, diversification benefits, and accessibility. The mutual fund industry is divided into public sector and private sector fund houses, with each having several different investment schemes which meet the needs of various investors. The aim of the study would be to compare the risk, the return, the satisfaction of the investors of public sector and private sector mutual funds in Jaipur District. The study assesses investor perceptions on fund performance, safety, service quality, transparency and overall satisfaction. The results have shown that private sector mutual funds are expected to offer higher returns with good customer services, and public sector mutual funds are trusted and are also perceived as being safer from the investors' point of view. The study helps to understand the behavior of investors and proposes recommendations for improving mutual fund adoption and satisfaction of the investors.

Keywords: Mutual Funds, Public Sector Mutual Funds, Private Sector Mutual Funds, Risk, Return, Investor Satisfaction, Jaipur District.

1. Introduction

In the past three decades, the Indian financial market has witnessed tremendous changes. Investors have many types of investments to choose from, and one of the more popular forms of investing is a mutual fund, which offers professional investment management and diversification at a low cost. Mutual funds gather the contribution of many investors and allocate their money into diversified portfolio of stocks, bonds, money market securities and other securities.

In India, the mutual fund industry comprises of the public sector and the private sector asset management companies (AMCs). Public sector mutual funds like SBI Mutual Fund and UTI Mutual Fund are mostly associated with government institutions and considered as safer options of investment. Conversely, private sector mutual funds, such as HDFC Mutual Fund, ICICI Prudential Mutual Fund, Axis Mutual Fund and Nippon India Mutual Fund, are regarded for their modernistic approach to mutual funds, their performance and the way they approach their customer service.

There are three main criteria that investors use to assess mutual funds: risk, return, and satisfaction. Risk is the uncertainty relating to investment outcomes, return is the gain from investments. Investor satisfaction includes fund performance, transparency, service, ease of transaction and trustworthiness.

The financial literacy and awareness of people have increased in the district of Jaipur, which is one of the key urban areas of Rajasthan, leading to more people investing in mutual funds. Thus, it is important to understand the perceptions and experiences of the investors who invest in public and private sector mutual funds in Jaipur, as it can help in understanding the behaviour of investors and the dynamics of the market.

2. Review of Literature

Several studies have examined the performance and investor perceptions of mutual funds in India.

Priscila et al. (2025) AI techniques have made post-collection analysis of mutual fund performance in India much more effective by boosting prediction confidence, identifying phases of active market participation, and improving the quality of investment decisions. AI techniques improve the ability of investors and fund managers to understand the balance between risk and reward in the context of rapid change in the financial system and improve the efficacy of fund management.

Bohra et al. (2024) In India, infrastructure funds are gaining prominence as a thematic investment area that offers long-term capital appreciation and the potential to build a well-diversified portfolio. This study argues that to achieve long-term goals of wealth creation, the performance of the funds must actively be appraised based on risk-return parameters, and that thematic investing can result in wealth creation if the theme aligns adequately with the goals and objectives of the investors.

Kavya & Prakash (2024) This study shows that the Indian mutual fund industry has expanded rapidly as a result of changing customer preferences, supportive regulations, and the broadening of market opportunities. With the growth of the industry, the development of customer awareness (and the literacy of customers), the evolution of investment practices, and the financial incrementalism of customers are critical to achieving the goals of investing. The study asserts that customers need to make informed investment decisions to achieve their investment goals.

Sneha, Boini & Prakash (2024) The performance of selected mutual fund schemes is defined by risk-adjusted returns and the efficiency of fund management. Performance of schemes can be analyzed, among other techniques, by the Sharpe Index. The results guide investors in evaluating the risks and returns of different schemes, and in selecting the best scheme among the available options based on the expected returns.

3. Objectives of the Study

The study aims to:

1. Compare the risk levels associated with public and private sector mutual funds.
2. Analyze the returns generated by public and private sector mutual funds.
3. Assess investor satisfaction regarding both categories of mutual funds.

4. Identify factors influencing investor preferences in Jaipur District.
5. Provide recommendations for improving investor satisfaction and fund performance.

4. Research Methodology

The study uses descriptive and analytical research design for analyzing various factors affecting the investment decision of mutual funds among the investors of Jaipur District. Both primary and secondary data sources are used for the research. Primary data were collected by using structured questionnaire from the investors of mutual funds and secondary data were gathered from the report and publications from Securities and Exchange Board of India (SEBI), Association of Mutual Funds in India (AMFI), Reserve Bank of India (RBI), journals, books and financial websites. The study used the convenience sampling technique to select a sample of 100 mutual fund investors from Jaipur District. The collected data was analysed using different statistical and analytical tools such as percentage analysis, comparative analysis, mean score analysis and graphical interpretation so as to draw meaningful conclusions and insights.

5. Analysis and Interpretation

5.1 Demographic Profile of Respondents

Category	Percentage
Male	62%
Female	38%
Age 21 35 Years	45%
Age 36 50 Years	35%
Above 50 Years	20%
Salaried	48%
Business	32%
Others	20%

Most investors are working age people with regular income sources, which is why they prefer investing in mutual funds.

5.2 Investor Preference for Mutual Funds

Type of Mutual Fund	Percentage
Public Sector	40%
Private Sector	60%

The findings suggest that the private sector MFs have outperformed and provided better service to the investors, making them their preferred choice.

5.3 Comparative Analysis of Risk

Risk perception was measured on a five-point scale.

Mutual Fund Type	Average Risk Score
Public Sector	2.8
Private Sector	3.5

Private sector mutual funds have been seen by investors as being a bit more risky because of the higher involvement in equity-oriented funds. The public sector mutual fund is more stable and conservative.

5.4 Comparative Analysis of Returns

Mutual Fund Type	Average Annual Return (%)
Public Sector	10.5%
Private Sector	13.8%

Private sector mutual funds have shown better average returns than public sector funds. The performance can be improved by efficient portfolio management and active investment strategies.

5.5 Investor Satisfaction Analysis

Satisfaction Factor	Public Sector Funds	Private Sector Funds
Safety and Security	4.5	3.8
Returns	3.7	4.4
Service Quality	3.5	4.6
Transparency	4.0	4.3
Ease of Transactions	3.6	4.5
Overall Satisfaction	3.9	4.4

The results indicate that investors are more satisfied with the private sector mutual funds in terms of their

return, service quality and transaction convenience. Public sector funds are rated higher in terms of safety and trust, however.

6. Discussion of Findings

The study shows that there are a lot of differences between public and private sector mutual funds.

Risk Perspective

The public sector mutual funds are considered safer because of their affiliation with government-backed institutions. Public Funds are preferred by investors who value capital protection.

The investment strategies of the private sector mutual funds are more aggressive, with equity exposure higher. They do come with more risk, but they also offer a chance for more returns.

Return Perspective

The analysis proves that the private sector mutual funds are more successful than public sector mutual funds in terms of average annual returns. They are also expected to perform better because of their professional fund management, responsiveness to the market, and innovative investment strategies.

Investor Satisfaction Perspective

There are many factors that affect investor satisfaction other than monetary ones. Private sector mutual funds excel in the areas of customer service, digital access, responsiveness and communication. Even though public-sector mutual funds offer smaller returns, they are trusted by investors on the basis of trust and institutional reputation.

The factors that affect the decision of investing are:

When choosing a mutual fund, keep in mind the following factors:

- Expected returns
- Risk tolerance
- Fund reputation
- Brand image
- Customer service quality
- Transparency

Online transactions are easy to conduct.

Financial advisors offer up suggestions.

Private sector funds are popular among younger investors because of the growth potential, while public sector funds are popular with older investors because of their perceived stability.

7. Major Findings

The preferred choice of investors in the surveyed sample is private sector mutual funds, followed by public sector mfs. 60% of the investors surveyed prefer private sector mfs while 33% prefer public sector mfs.

- The 2nd perception is that public sector mutual funds are less risky than funds from private sector.
- The average returns from private sector funds are higher than those of public sector funds.
- Investors have higher satisfaction on the quality of service and performance of private sector funds.
- Public sector funds rank more favorably in trust, safety and security measures.
- Rising property values usually mean higher interest rates.
- The housing market is always at a state of perpetual change.
- Financial literacy has a significant impact on the choice of mutual funds.
- A digital accessibility and customer support are important pillars in improving investor satisfaction.

8. Suggestions and Recommendations

For Public Sector Mutual Funds

1. Optimize investment strategies in portfolios for higher returns.
2. Strengthen digital platforms for easier transactions.
3. Raise investor awareness by organising educational programmes.
4. Improve the ability to respond to customer service requests.

5. Explore new investment products for young investors.

For Private Sector Mutual Funds

1. Keep investment risks transparent.
2. Improve investor protection.

3. Invest in the long-term.

- Improve customer relationship management on-going.
- Create products for risk averse investors.

For Investors

The first step is to assess the risk-return compromises prior to investing.

- Invest in a variety of schemes.
- Take a long-term investment perspective.
- Review fund performance periodically.
- When needed, consult a professional for financial guidance.

9. Conclusion

Mutual funds are an important element in personal financial planning in India. The present study has compared the public and private sector mutual funds on the bases of risk, return and investor satisfaction among the

investors of Jaipur District. The results indicate that, overall, returns earned from private sector mutual funds are higher and investors' satisfaction is higher because of service quality, innovation and operational efficiency provided by private sector mutual funds. But the public sector mutual funds are still a popular investment choice for people who have a positive reputation, feel secure and are trusting institutions.

Individual investors will need to decide on which side to invest public or private sector mutual funds based on their investment objective, risk appetite, and financial objective. Private sector funds would appeal to investors who want a higher return, while public sector funds would be more attractive to investors who want a stable and secure investment. Both the two sectors have been instrumental in the growth of Indian mutual fund sector and are important in bringing in household savings for productive investment.

With the increasing awareness of financial literacy and the rise in the accessibility of digital investment platforms, the number of people investing in mutual funds is likely to increase even more in the future in Jaipur District and the nation of India. Improving transparency, service and investor education will continue to be vital to maintaining investor confidence and the continued development of the mutual fund industry.

REFERENCES

- **References Priscila, S. S., Sakthivanitha, M., Yogeshwari, M., Devakirubai, T. S., & Sirajudeen, M. M. (2025).** *Artificial Intelligence Techniques for the Performance Analysis of Indian Mutual Fund Industry and Market Trends*. Proceedings of the 6th International Conference on Mobile Computing and Sustainable Informatics (ICMCSI), IEEE, 1767–1773.
- **Bohra, N., Bansal, S. S., Johri, A., & Kathari, S. (2024).** *Evaluating Infrastructure Fund Performance in India: A Study of Thematic Investing*. In *Issues of Sustainability in AI and New-Age Thematic Investing* (pp. 18–32). IGI Global.
- **Kavya, M. M., & Prakash, C. (2024).** *Growth and Dynamics in the Indian Mutual Fund Industry: Analyzing Investor Preferences and Investment Strategies*. *International Journal of Advanced Research in Science, Communication and Technology*.
- **Sneha, M. S., Boini, M. S., & Prakash, C. (2024).** *Performance Analysis of Selected Mutual Fund Schemes: A Case Study*. *International Journal of Advanced Research in Science, Communication and Technology*, 375–383.
- **Kumar Das, S., Das, S., & Seth, S. (2023).** *Performance of Mutual Funds in India: A Study with Reference to Select Equity Multi-Cap Funds*. *Management Journal for Advanced Research*.
- **Prasad, M. R., & Sharma, A. (2022).** *A Study on Need for Financial Advisor in Mutual Funds. Unlocking the Potential of Post Covid Transformations in Commerce & Management for Economic Development and Sustainability*, 130.
- **Bhatia, A., Chandani, A., Divekar, R., Mehta, M., & Vijay, N. (2022).** *Digital innovation in wealth management landscape: the moderating role of robo advisors in behavioural biases and investment decision-making*. *International Journal of Innovation Science*, 14(3/4), 693–712.
- **Vasista, K. (2022).** *Types and risks involved towards investing in mutual funds*. *International Journal of Current Science (IJCS PUB)*, 12(1).
- **Safiuddin, S. K., & Hasan, M. (2022).** *Performance analysis of equity-based mutual funds in India: A review of selected literature*. *Empirical Economics Letters*, 21.
- **Murthy, J., Anjaneyulu, M., Bhatt, M. H., & Kumar, M. D. S. (2022).** *Performance evaluation of mutual funds: A study on selected equity mutual funds in India*. *Journal of Positive School Psychology*, 6(9), 1124–1132.