

# A STUDY ON CUSTOMER PERCEPTION TOWARDS PERFORMANCE OF MUTUAL FUNDS

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## ABSTRACT

The main purpose of the project is to understand the perception of customers about mutual funds. Mutual funds are financial intermediaries, which collect the savings of investors & invest them in a large & well diversified portfolio of securities such as money market instruments, corporate & government bonds & equity shares of joint stock companies. The project is done to understand the awareness about mutual funds among the Indian investors and measure their willingness to stay invested in the future.

The awareness about mutual funds among the Indian investors are identified through this survey. The survey is conducted in the Kochi region. The various mutual funds investment options available to the investors are examined and the behavior of the investors while selecting the investment option is also examined thoroughly

**Keywords:** Intermediaries, Stock market, Investment, Return, Customers.

## 1. INTRODUCTION ABOUT THE STUDY

Mutual funds are financial intermediaries, which collect the savings of investors & invest them in a large & well diversified portfolio of securities such as money market instruments, corporate & government bonds & equity shares of joint stock companies. A Mutual fund is a pool of common funds invested by different investors, who have no contact with each other. Mutual funds are conceived as institutions for providing small investors with avenues of investments in the capital market. Since small investors generally do not have adequate time knowledge, experience & resources for directly accessing the capital market, they have to rely on an intermediary which undertakes informed investment decisions & provides consequential benefits of professional expertise. The advantages for the investors are reduction in risk, expert professional management, diversified portfolios, & liquidity of investment & tax benefits. By pooling their assets through mutual funds, investors achieve economies of scale. The interests of the investors are protected by

the SEBI, Which acts as a watchdog. Mutual funds are governed by the SEBI (Mutual funds) regulations, 1993. From its inception the growth of mutual funds is very slow and it took really long years to evolve the modern day mutual funds. Mutual Funds emerged for the first time in Netherlands in the 18th century and then got introduced to Switzerland, Scotland and then to United States in the 19th century. The main motive behind mutual fund investments is to deliver a form of diversified investment solution. Over the years the idea developed and people received more and more choices of diversified investment portfolio through the mutual funds. In India, the mutual fund concept emerged in 1960. The credit goes to UTI for introducing the first mutual fund in India. Monetary Funds benefited a lot from the mutual funds. Earlier investors used to invest directly in the stock market and many times suffered from loss due to wrong speculation. But with the coming up of mutual funds, which were handled by efficient fund managers, the investment risks were lowered by a great extent.

A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities like stocks, bonds, money market instruments, and other assets. Mutual funds are operated by professional [money managers](#), who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus.

## **2.OBJECTIVES OF THE STUDY**

### ***PRIMARY OBJECTIVE***

- To assess the perception of customers towards mutual funds schemes.

### ***SECONDARY OBJECTIVE***

- To examine the penetration of mutual funds among Indian investors.
- To examine the various mutual fund investments available to investors in India.
- To understand the awareness about mutual funds among Indian investors.

- To identify the investor behavior while selecting a fund.

### **3.RESEARCH METHODOLOGY**

Research Methodology is the systematic process of collecting data and analyzing.

#### **RESEARCH DESIGN**

Research Design is a logical and systematic plan prepared for directing a research study. In this study **Descriptive research design** is used.

#### **SOURCES OF DATA**

Primary data and secondary data are used in this research.

**PRIMARY DATA:** Primary data refers to the data which is collected for the first time. In this research the primary data is collected through questionnaire.

**SECONDARY DATA:**The secondary data collected through journals, books, reports etc.

#### **SAMPLE SIZE**

The sample size of the study is 150 respondents

#### **PERIOD OF STUDY**

The period of time taken to conduct the survey and prepare the research paper is 3 months.

#### **POPULATION**

In this study customers at Kochi region is referred to as the population.

#### **ANALYTICAL TOOLS**

The data has been analyzed using the following methods,

- Simple Percentage method
  - Independent t-test

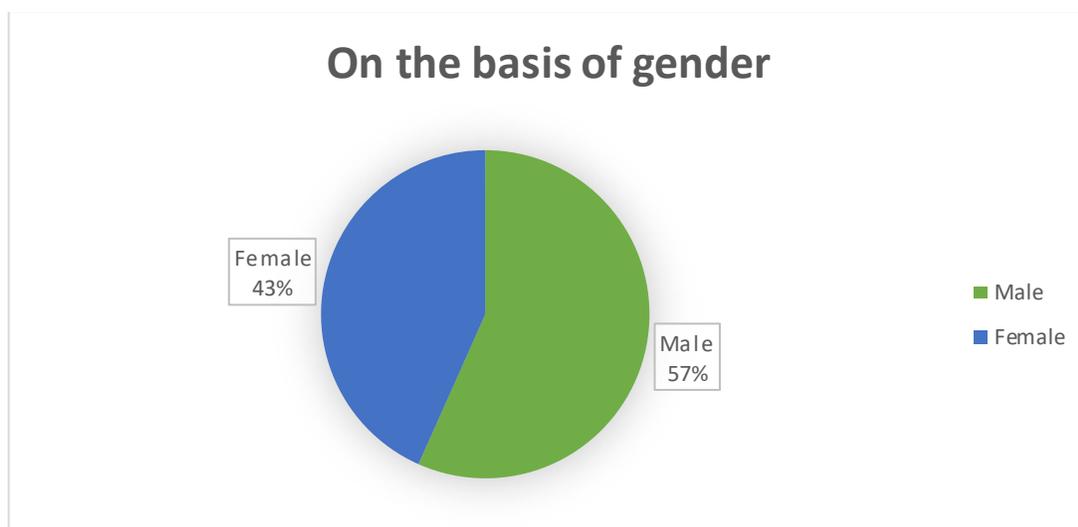
➤ One way ANOVA

#### 4. DATA ANALYSIS AND INTERPRETATION

##### 4.1 PERCENTAGE ANALYSIS

*Table 4.1.1 Classification on the basis of gender*

Gender	No. of respondents	Percentage
Male	85	56.67%
Female	65	43.33%
Total	150	100%



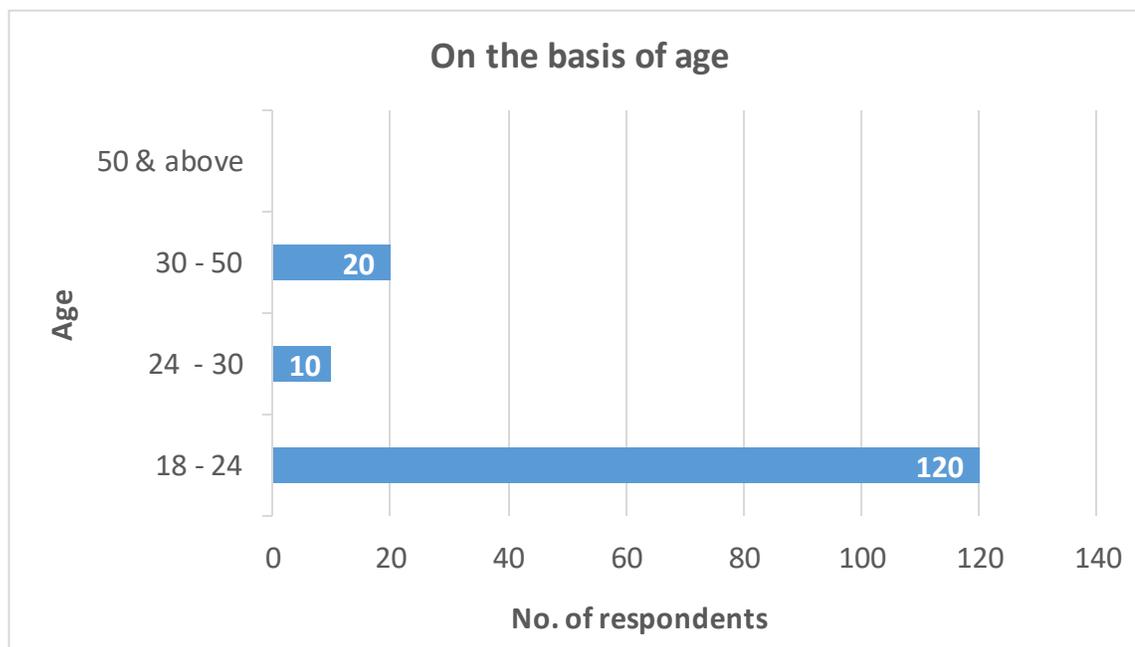
*Figure 4.1.1 Classification on the basis of gender*

**Interpretation**

Among the 150 respondents of this survey, 56.67% of the respondents are male and the rest 43.33% are female.

**Table 4.1.2 Classification on the basis of age**

Age	No. of respondents	Percentage
18 - 24	120	80%
24 - 30	10	6.67%
30 - 50	20	13.33%
50 & above	0	0.00%
Total	150	100%



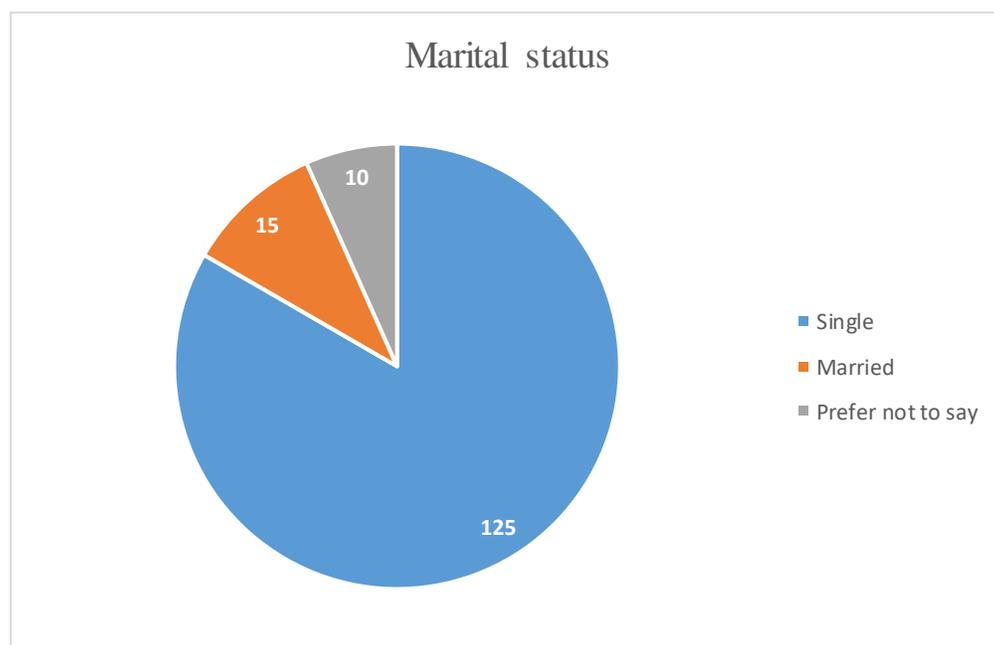
**Figure 4.1.2 Classification on the basis of age**

### Interpretation

Among the 150 respondents 80% are between the age group 18 – 24 years. 6.67% of them are from the age group 24 – 30 years. 13.33 % are from the age group 30– 50 years. And the 0.00% are above the age 50.

**Table 4.1.3 Classification on the basis of marital status.**

Marital status	No. of respondents	Percentage
Single	125	83.33%
Married	15	10.00%
Prefer not to say	10	6.67%
Total	150	100%



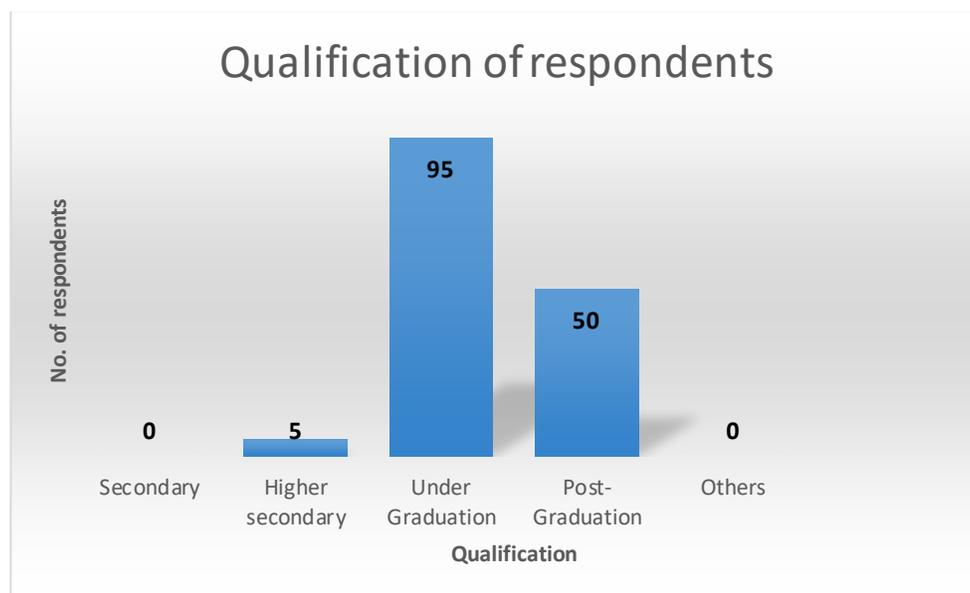
**Figure 4.1.3 Classification on the basis of marital status**

### Interpretation

Among the 150 respondents majority of the respondents i.e. 83.33% are single, 10% are married and 6.67% prefer not to say.

**Table 4.1.4 Classification on the basis of qualification**

Qualification	No. of respondents	Percentage
Secondary	0	0.00%
Higher secondary	5	3.33%
Under Graduation	95	63.33%
Post-Graduation	50	33.33%
Others	0	0.00%
Total	150	100%



**Figure 4.1.4 Classification on the basis of educational qualification**

**Interpretation**

A majority of 63.33% of the respondents are qualified to graduation. 3.33% of the respondents have completed only their higher secondary. 33.33% had completed their Post-Graduation.

**4.2 INDEPENDENT T-TEST**

**The classification of satisfaction of the investors in mutual funds and the knowledge gained about mutual funds.**

**HYPOTHESIS**

HO= There is no significance difference between satisfaction of the investors in mutual funds and the knowledge gained about mutual funds.

H1= There is significance difference between satisfaction of the investors in mutual funds and the knowledge gained about mutual funds.

	Levene's Test for Equality of Variances		t-test for Equality of Means	
	1 year	more than 1 year	t	Sig. (2-tailed)
Satisfied with the mutual funds	.720	.308	-.523	.532

**INFERENCE:**

Since the significance value is higher than the probability value 0.05, we accept the null hypothesis, hence there is no significance difference between satisfaction of the investors in mutual funds and the knowledge gained about mutual funds.

**4.3 ONE-WAY ANOVA**

Analysis of variance for the frequency of returns received with the satisfaction level

**HYPOTHESIS**

H0=There is no significance difference between frequency of returns received with the satisfaction level

H1=There is significance difference between frequency of returns received with the satisfaction level

		Sum of Squares	df	Mean Square	F	Sig.
Satisfaction level	Between Groups	23.223	3	4.893	3.036	.004
	Within Groups	156.478	122	1.378		
	Total	179.225	108			

**ANOVA**

**INFERENCE:**

Since the significance value is lower than the probability value 0.05, we accept the hypothesis; hence there is significance difference between the frequency of returns received with the satisfaction level.

## 5.CONCLUSION

We can infer from the analysis that the concept of mutual fund in India is still in its growing phase. With the growing importance of mutual fund in other areas in country, this place is witnessing the same rate of growth in mutual funds. Apart from these facts the following are some other important facts which can easily be inferred from the paper.

- ❖ Huge opportunities of Mutual funds exist in India. In short the market in this city is a growing market
- ❖ As because many companies exist in this market, competition is cut to throat.
- ❖ Mindsets of the investors are not towards mutual funds. They still think of investing in traditional investment alternatives. Customers are not properly educated about the mutual funds.
- ❖ Few private sectors banks like ICICI, HDFC, UTI, TATA etc. sell mutual funds through their branches only.
- ❖ Specialized agents of mutual funds are rarely seen. Financial advisors are not seen there who can educate the investors.
- ❖ Posters, banners or other promotional activities are rarely seen in this market.
- ❖ Mutual fund companies do not have aggressive strategies.
- ❖ Insurance products are and can be the main competitors of mutual funds.

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