

# Factors Affecting the Satisfaction Level of Mutual Funds Investors in Madurai District

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## Abstract

The mutual fund is pool of money managed by a professional money manager. The money such collected has invested in capital market instruments such as shares, debentures, and other securities. The income earned through these investments and the capital appreciation has been shared by its unit's proportion to the numbers of units owned by them. Therefore, it is the most suitable investment for novice investors as it offers an opportunity to invest diversified professionally managed securities relatively at low cost.

The main aim of this paper is to find out the satisfaction level of mutual fund's investors with respect to their mutual fund companies in Madurai District. This paper consists of both primary and secondary sources of data, the primary data has collected through questionnaire and secondary sources have collected from various books, magazines, journals, reports. The total sample size 150 mutual fund investors has selected on the basis of judgment sampling technique. The major findings of the study are majority of the investors are agreeing the following factors high level satisfaction such as takes time to solve the problem of investor, Satisfied with minimum amount of investment, Systematic withdrawal plan, Policies are convenient to understand and Provides flexible mutual fund option. 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.

**Keywords:** Mutual Funds, Investors, Factors Influencing, Preference, and Madurai District.

## Introduction

Investment is a commitment of funds in real assets or financial assets. Investment involves risk and gain. In the present dynamic global environment, exploring investment avenues are of great relevance. Investment skills developed over a period of time are considerably influenced by experience and spadework carried out to arrive at conclusions. The success of an investment activity depends on the knowledge and ability of investors to invest, the right amount, in the right type of investment, at the right time. Real assets, being tangible material things, are less liquid than financial assets. Compared to financial assets, returns on real assets are more difficult to measure accurately due to the absence of broad, ready, and active market. Financial assets available to individual investors are manifold, having different concomitant benefits to choose from. All financial investments are risky but the degree of risk and return differ from each other. An investor has to use his discretion, which is an art acquired by learning and practical experience. The knowledge of financial investment and the art of its management are the basic requirements for a successful investor. Investment also lies in its liquidity, apart from risk and return on investment. Liquidity through easy marketability of investments demands the existence of a well organized Government regulated financial system. Financial system comprises of financial institutions, services, markets and instruments, which are closely related and work in conjunction with each other. The litany of new financial institutions and instruments developed in recent years, with the ostensible objective of modernizing the financial sector, is impressively long; Mutual Funds, Discount and Finance House of India, Money Market Mutual Funds, Certificate of Deposit, Commercial Paper, Factoring and Treasury Bills. Financial services through the network of elements (institutions, markets and instruments) serve the needs of individuals, institutions and companies. It is through these elements, the functioning of the financial system is facilitated. Financial services comprise of various functions and services that are provided by financial institutions. Financial services are offered by both asset management companies, which include leasing companies, mutual funds, merchant bankers, issue managers, portfolio managers and liability management companies comprising of bill discounting houses and acceptance houses. Financial services lend a big hand in raising the required funds and ensure its efficient deployment. Over the years, the financial services in India have undergone revolutionary changes and had become more sophisticated, in response to the varied needs of the economy.

The process of financial sector reforms, economic liberalization and globalization of Indian Capital Market had generated and augmented the interest of the investors in equity. But, due to inadequate knowledge of the capital market and lack of professional expertise, the common investors are still hesitant to invest their hard earned money in the corporate securities. The advent of mutual funds has helped in garnering the investible funds of this category of investors in a significant way. As professional experts manage mutual funds, investment in them relieves investors from the emotional stress involved in buying and selling of securities.

## Review of Literature

**Saini et., al. (2011)** analyzed investor's behavior, investors' opinion and perception relating to various issues like type of mutual fund scheme, its objective, role of financial advisors / brokers, sources of information, deficiencies in the provision of services, investors' opinion relating to factors that attract them to invest in mutual and challenges before the Indian mutual fund industry etc. The study found that investors seek for liquidity, simplicity in offer documents, online trading, regular updates through SMS and stringent follow up of provisions laid by AMFI.

**A study done by Singh (2012)** found that demographic factors like gender, income and level of education have their significant impact over the attitude towards mutual funds. On the contrary, age and occupation have not been found influencing the investor's attitude. The study supposed that return potential and liquidity have been perceived to be most lucrative benefits of investment in mutual funds and the same are followed by flexibility, transparency and affordability.

**Pradatap and Rajmohan (2013)** in their study express that the Mutual funds have become an important intermediary between households and financial markets, particularly the equity market. By providing liquid, low cost shares in a diversified portfolio of financial assets selected by professional money managers, mutual funds have enabled an increasing number of households to enter financial markets and the diversified investment structure of mutual funds and diversified risk contributed tremendously in the growth of mutual funds. It is important to study the awareness of mutual fund among the investors.

**Priti Mane (February 2016)** “A Study of Investors Perception towards Mutual Funds in the City of Aurangabad” This study introduce the customer perception with regard to mutual funds that is the schemes they prefer, the plans they are opting, the reasons behind such selections and also this research dealt with different investment options, which people prefer along with and apart from mutual funds. Like postal saving schemes, recurring deposits, bonds, and shares. The findings from this project is that most of the people are hesitant in going for new age investments like mutual funds and prefer to avert risks by investing in less riskier investment options like recurring deposits and so.

### **Objectives of the Study**

The objectives of the study are as follows:

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

### **Sampling and Methodology of the Study**

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.

Target of population: For filling up questionnaire both males and females were targeted of the Coimbatore city and they were all professional doing jobs and business.

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. 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. The researcher has selected the total sample size of 150 mutual fund investors in Madurai District.

## Results and Discussion

### Gender of the Respondents

Gender factor determine the investment option in the family because most of the male are earning when compared to female.

**Table No.1**

#### Gender of the Respondents

Sl. No	Gender	No. of. Respondents	Percentage (%)
1	Male	98	65.33
2	Female	52	34.67
<b>Total</b>		<b>150</b>	<b>100</b>

**Source:** Primary Data

The table no.1 exhibits that the presents the gender distribution of the sample. The sample was representative of a larger number of male respondents to that of female respondents. Male respondents comprised of 65.33 per cent (n = 198) compared to 34.67 per cent (n = 52) female respondents. From the analysis, it is identified that majority (65.33%) of the male respondents are investing in mutual funds than female mutual fund investors.

### Age of the Respondents

Age of the respondents is measured as a significant demographic up-and-down in the present investment pattern. It is understood that age of the respondents may manipulate in ascertaining the investment opportunities..

**Table No.2**

#### Age of the Respondent

Sl. No	Age	No. of. Respondents	Percentage (%)
1	Blow 25ears	12	8.00
2	25-35 Years	33	22.00
3	36-45 Years	65	43.33
4	Above 45 Years	40	26.67
<b>Total</b>		<b>150</b>	<b>100</b>

**Source:** Primary Data

The table no.2 shows that the age distribution of the sample is presented in table. The majority of the respondents (n = 65 or 43.33 per cent) fall in the age category between 35 to 45 years. This is followed by 40 (26.67 per cent) of the respondents in the age category of above 45 years. The age category 25-35 years old, constitutes 22 per cent of the sample. The minority of the respondents (n = 12 or 8 per cent) fall in the age category of below 25 years. From the ensuing results it can therefore be concluded that the majority of the mutual fund investors are in the age group between 36 to 45 years in the study area.

## Educational Qualification

Education plays a significant role in influential affecting and molding the life of individuals investment option selection.

**Table No.3**  
**Educational Qualification of the Respondent**

Sl. No	Qualification	No. of. Respondents	Percentage (%)
1	School Level	25	16.67
2	Under Graduate	60	40.00
3	Post Graduate	35	23.33
4	Technical	30	20.00
<b>Total</b>		<b>150</b>	<b>100</b>

**Source:** Primary Data

The table No.3 shows that the education level of the sample. The table depicts that the majority of the respondents, 40 per cent has an educational level of under graduates, whilst 23.33 per cent possess an educational level of post graduates, and while 20 per cent of investors are possess a technical qualification and 16.67 per cent of them are studied school level education. It can therefore be concluded that the around 40 per cent of them have completed the qualification of under-graduation, therefore they are well aware to use mutual fund schemes and risk management.

## Monthly Income of the Respondents

Monthly Income is determine the decide the investment options like post office savings, bank savings, share market investment and mutual funds investment etc.

**Table No.4**  
**Monthly Income of the Respondent**

Sl. No	Income	No. of. Respondents	Percentage (%)
1	Rs. 0 – 20,000	14	9.33
2	Rs. 20,001 – 40,000	26	17.33
3	Rs.40,001-60,000	67	44.67
4	Above 60,000	43	28.67
<b>Total</b>		<b>150</b>	<b>100</b>

**Source:** Primary Data

The table no.4 shows that the monthly income wise distribution of the sample is presented in table. The majority of the respondents (n = 67 or 44.67 per cent) are doing getting earning range of Rs.40,001 to 60,000, followed by 28.67 per cent of mutual fund investors are earn the income of Above 60,000, 17.33 per cent of them are getting the income level of between Rs.20,001 to 40,000 and only 9.33 per cent of investors are getting the income of below Rs.20,000. Therefore, the majority 44.67 per cent of the investors are earning the monthly income range of Rs.40,001 to 60,000 in the study area of Madurai District.

**Table No.5**  
**Factors Influencing the Investors Level of Satisfaction**

Level of Satisfaction	Average Mean Score	Rank
Policies are convenient to understand	3.61	IV
Provides flexible mutual fund option	3.56	V
Takes time to solve the problem of investor	3.91	I
Provide investment or transaction as per convenience	3.24	VIII
Satisfied with minimum amount of investment	3.67	II
Company provide online facility	2.98	X
Open for sale or redemption	3.41	VII
Policies are user friendly	3.53	VI
Systematic withdrawal plan	3.63	III
Minimization of risk by having mutual funds	3.11	IX

Source: Weighted Mean Score Ranking Method

As the results of the study says that maximum number of respondents agreeing that by having mutual fund stakes time to solve the problem of investor with the mean score of 3.91, followed by satisfied with minimum amount of investment with the mean score of 3.67, systematic withdrawal plan with the mean score of 3.63, policies are convenient to understand with the mean score of 3.61, provides flexible mutual funds option with the mean score of 3.56, policies are user friendly with the mean score of 3.53, open for sale or redemption with the mean score of 3.41, and least agreeing statements are provide investment or transaction as per convenience with the mean score of 3.24, minimization of risk by having mutual funds with the mean score of 3.11 and company provide online facility with the mean score of 2.98. From the overall result reveals that majority of the investors are agreeing the following factors high level satisfaction such as takes time to solve the problem of investor, Satisfied with minimum amount of investment, Systematic withdrawal plan, Policies are convenient to understand and Provides flexible mutual fund option.

### Summary and Conclusion

- It is identified that majority (65.33%) of the male respondents are investing in mutual funds than female mutual fund investors.
- It is observed that the majority of the mutual fund investors are in the age group between 36 to 45 years in the study area.
- It is captured that around 40 per cent of them have completed the qualification of under-graduation, therefore they are well aware to use mutual fund schemes and risk management.



- It is find that the majority 44.67 per cent of the investors are earning the monthly income range of Rs.40,001 to 60,000 in the study area of Madurai District.
- It is identified majority of the investors are agreeing the following factors high level satisfaction such as takes time to solve the problem of investor, Satisfied with minimum amount of investment, Systematic withdrawal plan, Policies are convenient to understand and Provides flexible mutual fund option.

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.

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