



# A Study of “Services Provided” by Assets Management Companies

Authors **Dr. Anoop Shrivastava,**

Dr. Nilesh Kumar Tiwari, Dr Nitin Kulshrestha, Dr. R G Gupta

## Abstract

Asset Management Company is the investment facet of mutual fund in India. Mutual fund is a lucrative tool of investment of the modern world. At present there are 45 assets management companies, managing crores of rupees of investors by offering a variety of products of mutual fund. These AMC's need to know feedback from investors for services provided by them. There are many, changing from time to time elements of “services provided” by AMC's. AMC wish to satisfy its investors for growth of itself, investors and economic community. This article studied the feedback of mutual fund investors on the few elements of “services provided” of a few AMC's. Appropriate statistical tools are used to draw out result.

**Keywords-** Asset Management Company, Mutual Fund, Services Provided, Mean, One Way ANOVA.

## 1. Introduction

Mutual fund is an effective means of investments. It offers a wide range of products. There is further diversity of products within types to cater needs of investors. Mutual fund started in India in 1964. The first scheme of mutual fund was US-64 by Unit Trust of India. Since then there is a huge change in Indian Mutual Fund Market. It is also very popular mode of investment among retail investors.

Mutual fund in India is regulated by The Security and Exchange Board of India (Mutual Fund) Regulation 1996. There are many other regulators of mutual funds like Reserve bank of India, Ministry of Finance, Company Law Board, Stock exchanges and Office of Public Trustee. The structure of mutual fund consists sponsor, trust, Asset Management Company, Custodian, Banker, Registrar and transfer Agent and Distributers. The Asset management company (AMC) is an investment manager of trust. AMC is formed by board of trustee and minimum 40% of net worth of AMC should be contributed by sponsor. AMC collects money from investors as per rules. This collected money is invested in the market so that returns can be generated; thereafter returns are distributed to the investors. AMC should be registered under Company Act 1956.

As per record of Reserve bank of India, in the Financial Year 20-21 Indian mutual Fund Industry hold INR 3142764 crore as Assets Under Management (AUM) by 45 AMC's; which is 15.92% of Gross Domestic Product of the country. The Assets Under Management wise top five AMC's are SBI Mutual Fund, HDFC Mutual Fund, ICICI Prudential Fund, Aditya Birla Sun Life Mutual Fund, and Kotak Mahindra Mutual Fund. These five jointly hold about 57% of Industry AUM.

The AMC's need to get feedback of services provided by them from their investors for performance improvement. There are various dimensions of services provided like return on investment, inflation adjusted return, expenses ratio, variety of products, portfolio components, NAV information, offer documents, advisor network for one to one contact, mutual fund literacy, well contented website, etc. for investor friendly cash to cash cycle. The Services provided by AMC's includes regulatory aspects also. AMC have to do business in transparent ways. So, they communicate all required information in proper way, that is a part of service provided.

All authors are Faculties. Dr. Anoop Shrivastava in ICFAI University, Raipur; Dr. Nilesh Kumar Tiwari in Saheed Mahendra Karma Vishwavidyalaya, Jagdalpur, Dr Nitin Kulshrestha in Christ University, NOIDA and Dr. R G Gupta in Government Girls Polytechnic College, Raipur.

## 2. Review of the literature

Many studies have been done to scale provided service by AMC's. Thyagarajan (2012) studied returns of few schemes of ICICI Prudential AMC, HDFC AMC and Franklin Templeton AMC. Vijay Anand (2000) studied on Birla Mutual Fund schemes. Ankita Sharma et al (2020) studied on risk and return association on products of Kotak Mahindra AMC, SBI AMC, Axis AMC and Aditya Birla Sun Life AMC. Dr. V Ramanuja m et al (2015) studied mutual fund industry growth that includes category wise growth of AUM. AUM growth is a kind of outcome of "provided services". Debashish (2009) Franklin Templeton AMC and UTI AMC were return wise best performer.

## 3. Research Gap

In my all readings most of the cases, I found success of AMC's and mutual fund industry is scaled by return related data, increase in AUM data. Services provided by AMC's. There is a gap of study excluding aforesaid aspects.

## 4. Object of the study

To know retail investor feedback on "services provided" by AUM wise top five AMC's.

The following dimensions are taken as "services provided"

- Satisfaction towards Return on Investment
- Satisfaction regarding product diversification
- Well Contented website
- Satisfaction towards mutual fund advisors' services
- Any significant problem for cash to cash cycle

Return is a core element of satisfaction for any investment. Mutual fund talks about a justified return based upon market factors and as per objectives of the schemes. A rational mutual fund investor knows about range of return before investing. Even though if he/she could not get return, dissatisfaction arises.

Mutual fund attracts investors. A satisfied investor asks for different products. So, there should be offer of various types of products by AMC's to meet investors need.

In the age of internet services, smart phones and computers mutual fund investors want to see portfolio of schemes, NAV, new launching and other products on website of AMC's. Well informed website results in investors satisfaction.

Mutual fund advisor are the representatives of AMC's. They must play an informative advisory role, vary from investor to investor. Now a day's investment can be done without help of mutual fund advisor, still their role is very important for new and old investors. They have information of various products, wide experience to cater need of mutual fund investors. Dissatisfaction may arise on poor quality of the advisors' services. For this article, cash to cash cycle means purchasing units of mutual fund, stayed invested till investor want or otherwise and then conversation of units into the cash. Investors must not face any problem for this cycle as retail investors amount plays a significant role for running AMC's.

## 5. Research Methodology

### 5.1. Nature of the data

Primary

### 5.2. Universe and Sample

The study conducted to know opinion of retail mutual fund investors of the Chhattisgarh state. Sample of the study is taken as top three populated cities of the state. These three Cities are Raipur (City-A), Bhilai-Durg (City-B) (in competent authority record, Bhilai and Durg are taken as one city) and Bilaspur (City-C).

AUM wise top 5 AMC's are SBI AMC (AMC-1), HDFC AMC (AMC-2), ICICI Prudential AMC (AMC-3), Aditya Birla Sun Life AMC (AMC-4) and Kotak Mahindra AMC (AMC-5)

### 5.3. Research Methods

A questionnaire is made to know feedback of investors. Mutual fund investors of top 5 AMC's are randomly taken as sample from top three populated cities of the state. Investors are asked to fill up their feedback "out of 5" for each dimension of "services provided". There will be overall responses "out of 25". This feedback taken from each city. The overall result is converted into "Mean" response.

	City- A/B/C				AMC 1/2/3/4/5
	1	2	3	4	5
	Satisfaction towards Return on Investment	Satisfaction regarding product diversification	Well Contented website	Satisfaction towards mutual fund advisors' services	Any significant problem for cash to cash cycle
	Out of 5	Out of 5	Out of 5	Out of 5	Out of 5
Respondent_1					
Respondent_2					
Respondent_3					
Respondent_4					
Respondent_n					
Outcome of all Responses	Sum / No of Respondents	Sum / No of Respondents	Sum / No of Respondents	Sum / No of Respondents	Sum / No of Respondents
Outcome of City- A/B/C for AMC 1/2/3/4/5 will be $\sum$ (Sum / No of Respondents) of all services.					

In this way, 5 response sheets per city (One for each AMC) will be prepared and for 3 cities total response sheets will be 15.

### 5.4. Sample size

Sample size is set between 15-25 for each response sheet.

Outcome of all Cities

	AMC-1	AMC-2	AMC-3	AMC-4	AMC-5
	Out of 25	Out of 25	Out of 25	Out of 25	Out of 25
City A					
City B					
City C					

## Out Come of Mean Categorization

Mean Range	Category
0 to 10	Poor
11 to 15	OK
16 to 20	Good
21 to 25	Very Good

It being a sampling, there is need to statistically match data within city and among the cities. “One-way analysis of variance” tool is adopted to check the matching.

**5.5. Hypotheses**

Feedback falls under Good/Very Good category

Statistically data matches within city and among the cities

**5.6. Finding**

Finding from retail investor feedback on “services provided” by AUM wise top five AMCs

	AMC-1	AMC-2	AMC-3	AMC-4	AMC-5
	Out of 25	Out of 25	Out of 25	Out of 25	Out of 25
City A	20	19.9	19.8	20	20.2
City B	19.6	19.1	19.9	19.7	19.4
City C	19.7	20	19.4	19.5	20

The outcome of mean range for under Good/Very Good category will not change even after considering standard error of mean. This statistical finding proved hypotheses “Feedback falls under Good/Very Good category”.

Analysis of variance (One Way)

The mean outcome is subtracted by 20

	AMC-1	AMC-2	AMC-3	AMC-4	AMC-5	
City A	0	-0.1	-0.2	0	0.2	
City B	-0.4	-0.9	-0.1	-0.3	-0.6	
City C	-0.3	0	-0.6	-0.5	0	
Sum	-0.7	-1	-0.9	-0.8	-0.4	-3.8

T= -3.8 and N=15

Correction factor=  $T^2 / N = 0.96$

Sum of square of all Items

	AMC-1	AMC-2	AMC-3	AMC-4	AMC-5	
City A	0	0.01	0.04	0	0.04	
City B	0.16	0.81	0.01	0.09	0.36	
City C	0.09	0	0.36	0.25	0	
Sum	0.25	0.82	0.41	0.34	0.4	2.22

Total sum of square of all Items= 2.22

SST= Total sum of square of all Items – Correction factor= 1.26

SSC= $\sum$  [Square of column wise sum after subtraction  $\div$  Column frequency] - Correction factor=0.08

SSE= SST - SSC= 1.16

Calculated F Ratio= 2.42

Standard F<sub>.05</sub> Ratio =5.96

Calculated F < Standard F; hence another hypothesis is also proved. It means no sampling error from data within city and among the cities.

## 6. Discussion on outcome

Retail mutual fund investors of the universe are happy with services provided by top 5 AMCs. There is no difference of opinion of investors, within city and among the cities. Making position on top 5 category, require efficient services including return on investment. The business model of top 5 AMCs may be similar with non-significant deviations. Satisfied investors recommend their kith and kin to go for AMC specific, besides making subsequent investments. It begins chain reaction, resulting in justifying AMC existing in financial market.

## 7. Direction for further study

7.1. More and separate dimensions of services provided can be taken.

7.2. Sampling area can be different.

7.3. AMCs can be different.

## Reference

**Book** Elhance, D.N., et al, Fundamental of Statistics, Kitab Mahal, Allahabad, 2018

Workbook for NISM-Series-V-A: Mutual Fund Distributors Certification Examination

### Website of

- Association of Mutual Funds in India
- Confederation of Indian Industry
- Government of Chhattisgarh
- Security and Exchange Board of India