



## **Satisfaction of mutual fund investors towards the services of investor forum: A study of Kadapa district**

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### **Abstract**

The services provided to investors are one of the contributing factors to growth of the mutual fund industry. The investors forum is providing services to the investors regarding regulations, grievances and guidelines in investing with Mutual funds. Hence the present study is sought to understand the satisfaction levels of investors towards the services rendered by Investor Forum. Further the study examines the socio economic profile of the investors living in Kadapa district of Andhra Pradesh. The study follows descriptive- non probabilistic, judgmental sampling method. The results found that the investors are satisfied with the services of investor forum.

**Keywords:** investors, investors forum, regulations, grievances and guidelines

### **Introduction**

The Indian capital market has been growing tremendously with the reforms in industrial policy, reforms in public and financial sector, and new economic policies of liberalization, deregulation and restructuring. The Indian economy has opened up and many developments have been taking place in the Indian capital market and money market. The financial system and financial institutions or intermediaries which foster savings have been playing predominant role in the development and growth of capital markets through Mutual Funds (MF).

In 1963, the Unit Trust of India (UTI) first introduced the mutual fund concept in the country. The growth of the mutual funds in India took place in several phases. In the initial phase (1964-1987), UTI was established. In the second phase (1987-1993), non-UTI and public sector mutual funds made entry into the market. The third phase (1993-2003) saw the advent of private sector funds, providing the investor with ample choice of different fund schemes. This phase also witnessed several mergers and acquisitions in the mutual fund industry and a large inflow of funds by several foreign mutual funds. The fourth phase began in February 2003, marked by the bifurcation of UTI into two separate entities. Presently, mutual fund industry is undergoing consistent expansion coupled with consolidations, and has successfully made inroads into all segments of the capital markets. The mutual fund companies are rendering services to the investors in solving problems, guiding in investing the funds and clarifying the doubts of the investors. In addition to the mutual fund companies, there are many investor forums which are involved in providing services to the mutual fund investors in relation to regulations, grievances and guidelines in investing with mutual funds.

### **Literature Review**

“Mutual Fund Investment Decision: An Empirical study of Perceptual View of Investors” (2010) <sup>[1]</sup> has analysed the

various aspects such as investment objective, knowledge about mutual funds, sources of information, investors’ opinion on factors influencing investment in Mutual Funds and their investment interest in the days of recession. It is found that the success of mutual funds rely at more transparency, educating the investors in all the respects, improving the margins by identifying the competitive advantage in the areas of professional management of funds, marketing the schemes in the rural and semi urban regions, designing the schemes with innovative benefits and improving the quality of investors services.

The study “Investors’ Awareness and Perception about Mutual Funds” (2011) <sup>[2]</sup> has probed into the Investors’ opinion and perceptions relating to various issues and they found that the investors are having positive approach towards investing in Mutual Funds.

The study “Informational requirements of Mutual Fund investors: An Empirical Study” (2011) <sup>[3]</sup> has undertaken to study the various requirements of the investors, The study has made an attempt to find the pre and post-purchase informational needs of the mutual fund investors. It also examined the investor’s knowledge of mutual fund evaluation. “A Study on the Attitude of Investors towards investment in Mutual Fund” (2015) <sup>[4]</sup> has analysed the influence of demographic factors on investors attitude towards mutual funds and to rank the variable affecting the selection of mutual funds as an investment option. It is found that the investors are choosing various investment options available to them. The investors felt that investment in mutual fund is safe and yields more return on investment when compared with other investment avenues.

The Study “Selection of Mutual Fund Schemes: An Analysis of Investors Preferences” (2016) <sup>[5]</sup> made an attempt to analyze the perceptions of the investors relating to the Fund Related Qualities and Sponsor Related Qualities. It is found that the Open Ended Schemes are very popular among the

investors compared to the other schemes. Among the Open Ended Schemes, Growth Funds and Tax Schemes are preferred by the investors. It is the performance record and the scheme portfolios of Investment are the qualities of the schemes which are looked into before making an investment. The study also suggested that Mutual Fund Companies have to organize awareness programs regarding the benefits of investing in Mutual Funds, and the safety and security provided by Mutual Fund Companies.

### Need for the Study

After reviewing the literature, it is found that studies were mainly focused on the general aspects of the mutual funds such as growth and development and perception levels of investors towards investment in mutual funds, but no attempt is made on the satisfaction levels of the investors towards the services rendered by the investors forum. Hence, an attempt is made to study the satisfaction levels of the investors towards the investors forum.

### Objectives

The following are the objectives of the study:

1. To study the socio economic profile of the investors of Kadapa district, Andhra Pradesh.
2. To assess the satisfaction levels of investors towards the services rendered by Investor Forum.

### Research Design

The study is sought to understand socio economic profile of mutual fund investors and satisfaction towards investor forum. The investors generally invest money in any instrument with thorough gathering of necessary information and analysis. Consequently, this study follows descriptive research design.

A descriptive study is one in which information is collected without changing the environment (i.e., nothing is manipulated). Sometimes these are referred to as "correlational" or "observational" studies. The Office of Human Research Protections (OHRP) defines a descriptive study as "Any study that is not truly experimental." In human research, a descriptive study can provide information about the naturally occurring health status, behavior, attitudes or other characteristics of a particular group. Descriptive studies are also conducted to demonstrate associations or relationships between things in the world around you.

The population of the study is the investors who have invested in mutual funds living in Kadapa District of Andhra Pradesh. The information on number of investors presently living in Kadapa District who have invested in mutual funds is collected from the Brokers/Agents, Investor Forums, Mutual Fund companies and Banks. However, it is difficult to find exact number of list of mutual fund investors. On the basis of reliable sources it is estimated that around 25,000 members are presently making investments in Mutual funds in Kadapa District.

The study follows non probabilistic, Judgement sampling technique for selection of sample from the population. The sample size of the study is calculated using [www.raosoft.com](http://www.raosoft.com) website. The inputs to be given for calculating sample size are i) Margin of error accepted ii) Confidence level iii) Population size and iv) Response distribution.

The margin of error is the amount of error that can tolerate. If 90% of respondents answer *yes*, while 10% answer *no*, it may be able to tolerate a larger amount of error than if the respondents are split 50-50 or 45-55. The confidence level is the amount of uncertainty it can tolerate. Suppose that there are 20 yes-no questions in the survey. With a confidence level of 95%, it would expect that for one of the questions (1 in 20), the percentage of people who answer *yes* would be more than the margin of error away from the true answer. The true answer is the percentage that would get if exhaustively interviewed everyone.

Population is how many people are there to choose the random sample from? The sample size doesn't change much for populations larger than 20,000. Hence this study assumes a population size of 25,000. Response distribution is meant as suppose for each question, what do you expect the results will be? If the sample is skewed highly one way or the other, the population probably too is skewed. If it is not known, use 50%, which gives the largest sample size.

The study considered a Margin of error equal to standard of 5%, Confidence level 95%, Population size of 25,000 mutual fund investors with response distribution of 50%. Finally the calculated number of sample size given by the website of Raosoft is 379. Hence the study has considered 380 sample size by rounding to the nearest value of calculated sample size. Out of 380 respondents, 114 investors are registered in the investors forum. Hence, the sample is 114 investors.

The questionnaire has three divisions containing questions related to – i) Demographic and Socio-Economic ii) Information Seeking behaviour and iii) Awareness of investors. Demographic and Socio-Economic variables include likewise Area of Residence, Gender, Age, Marital Status, Educational Qualification, Occupation, Monthly Income, Number of Dependents and Personal Saving per month. The questions pertaining to satisfaction on services rendered by investor forum regarding investment related information. The study uses dichotomous, multiple choice and 5-point likert scales for the appropriate questions in the questionnaire.

The study collects both primary and secondary data. The primary data is collected through a structured questionnaire. Initially a pilot survey was conducted and questionnaire was improved in response to feedbacks from pilot survey. Secondary data was collected from published research papers, periodicals, magazines, newspapers, websites of various Mutual funds Companies, periodical reports of various Mutual fund Companies, published books and articles, etc.

Data collected from investors have been analysed through (i) ANOVA (ii) "t" test and (iii) Mean.

### Satisfaction of Investors towards Investor Forum

The following section analyzes the satisfaction levels of investors towards Investor Forum. The analysis is done based on demographic factors such as Area of Residence, Gender, Marital Status, Age, Educational Qualification, Occupation, No of Dependents, Monthly Income, Total Family Income, Personal Savings. The study has hypothesized as: The investors have the same level of satisfaction towards Investor Forum among the investors irrespective of Area of residence, Gender, Age, Marital status, Educational qualification,

Occupation, Monthly income, Total family income, No. of dependants, personal savings per month. To test the hypothesis the study has employed t-test and ANOVA, by employing demographic factors as independent and satisfaction towards Investor Forum as dependent variable. The test results have been summarized in the following table-1.

It can be observed from the following table that Area of Residence ( $t = 3.12, p < 0.05$ ) Gender ( $t = 4.12, p < 0.05$ ) and Marital Status ( $t = 5.2, p < 0.05$ ) of investors have significant association with satisfaction towards Investor Forum. In addition it is observed that urban investors (Weighted Mean Score = 4.42) have higher satisfaction towards Investor Forum comparatively to the rural investors (Weighted Mean Score = 3.76). Further Female investors (Weighted Mean Score = 4.42) have higher satisfaction towards Investor Forums comparatively to Male investors (Weighted Mean Score = 4.10). In addition Married investors (Weighted Mean Score = 4.28) have higher satisfaction towards agents/advisors when compared to unmarried investors (Weighted Mean Score = 3.72).

**Table 1:** Satisfaction of Investors towards Investor Forum (Independent Sample t-test)

SL. No	Demographic Factor		Investors (N=114)	Mean	t-Value	Significance
1	Area of Residence	Rural	36	3.76	3.12	.03*
		Urban	78	4.42		
2	Gender	Male	82	4.10	4.12	.00**
		Female	32	4.42		
3	Marital Status	Married	87	4.28	5.2	.00**
		Unmarried	27	3.72		

ANOVA results are summarized in the following table-2. The results reveal that, Number of dependents ( $F = 1.92, p < 0.05$ ), occupation ( $F = 3.68, p < 0.05$ ), Educational Qualification ( $F = 2.02, p < 0.05$ ), Monthly Income ( $F = 3.98, p = 0.05$ ), Total Family Income ( $F = 4.23, p = 0.00$ ) and Personal Savings ( $F = 4.31, p = 0.00$ ) have association with satisfaction towards Investor Forum. However Age ( $F = 1.02, p > 0.05$ ) has no association with satisfaction towards Investor Forum.

The study results find that there is association between number dependents of investors and satisfaction towards Investor Forum. The investors with three dependents (Weighted Mean Score = 4.56) followed by two dependents (Weighted Mean Score = 4.21) have opined higher satisfaction towards Investor Forum comparatively. Overall the investors have opined satisfaction towards Investor Forum.

**Table 2:** Satisfaction of Investors towards Investor Forum (ANOVA)

SL. No	Demographic Factor	Investors (N=114)	Mean	F-Ratio	Significance	
1	Age	Below 30 years	13	4.16	1.02	.12
		31 -40 years	24	4.22		
		41-50 years	42	4.34		
		Above 50 years	35	4.28		
2	Educational Qualification	School Final	10	4.25	2.02	.04*
		Graduate	20	3.78		
		Post Graduate	38	4.16		
		Professional	46	4.22		

The satisfaction levels towards Investor Forum between the various occupational groups of investors have revealed that, retired (Weighted Mean Score = 4.32) and other investors (Weighted Mean Score = 4.21) have higher satisfaction towards Investor Forum comparatively. In addition the overall satisfaction of the investors among various occupational groups has opined satisfaction towards Investor Forum except in the case of Business group (Weighted Mean Score = 3.87) and professionals (Weighted Mean Score = 3.98)

It is observed that investors with educational qualification of School Education group (Weighted Mean Score = 4.25) followed by professional degree (Weighted Mean Score = 4.22) and Post Graduation (Weighted Mean Score = 4.16) have higher satisfaction towards Investor Forum in order. Overall except investors in graduation group remaining investors have exhibited satisfaction towards Investor Forum. Further it is observed that the investor groups with monthly income group of Rs 10,001/- to Rs 20,000/- (Weighted Mean Score = 4.32) followed by income group of above Rs 20,001/- (Weighted Mean Score = 4.21) have higher satisfaction towards Investor Forum comparatively. Whereas the investors with income of upto Rs 10,000/- (Weighted Mean Score = 3.84) has opined that they are neutral regarding the satisfaction towards Investor Forum.

The investors with total family income of Rs 30,001/- to Rs 40,000/- (Weighted Mean Score = 4.31) and income group of Rs 20,001/- to 30,000/- (Weighted Mean Score = 4.25) has higher level of satisfaction towards Investor Forum comparatively. Overall, the investors groups of total family income have opined satisfaction towards agents/advisors except the income group of upto Rs 10,000/- (Weighted Mean Score = 3.95).

The investors with personal savings of upto Rs 5,000/- (Weighted Mean Score = 4.35) and savings group of Rs 5,001/- to 10,000/- (Weighted Mean Score = 4.31) has higher level of satisfaction towards Investor Forums comparatively. Overall, the investors groups of personal savings have opined satisfaction towards Investor Forums except the savings group above 30,001/- (Weighted Mean Score = 3.78).

In addition, it is understood from the following table that investors among various age groups have no association with satisfaction towards Investor Forum. Even though they have similar level of satisfaction levels the age group of 41-50 years (Weighted Mean Score = 4.34) followed by age group above 50 years (Weighted Mean Score = 4.28) have higher satisfaction towards Investor Forum comparatively. Overall all the age group investors have opined that they have satisfaction towards Investor Forums.

SL. No	Demographic Factor	Investors (N=114)	Mean	F-Ratio	Significance	
3	No of Dependents	One	11	4.13	1.92	.04*
		Two	35	4.21		
		Three	44	4.56		
		Four and above	24	4.02		
4	Occupation	Professional	31	3.98	3.68	.01*
		Business	25	3.87		
		Salaried	22	4.12		
		Retired	24	4.32		
		Others	12	4.21		
5	Monthly Income	Upto Rs. 10,000	24	3.84	3.98	.00**
		Rs. 10,001-20,000	33	4.32		
		Above Rs.20,001	57	4.21		
6	Total Family Income	Upto Rs. 10,000	07	3.95	4.23	.00**
		Rs.10,001 to 20,000	22	4.18		
		Rs.20,001 to 30,000	46	4.25		
		Rs.30,001 to 40,000	21	4.31		
		Above Rs.40,001	18	4.14		
7	Personal Savings (Per Month)	Upto Rs.5,000	10	4.35	4.31	.00**
		Rs.5,001-10,000	14	4.31		
		Rs.10,001-20,000	28	4.28		
		Rs.20,001-30,000	32	3.96		
		Above Rs.30,001	30	3.78		

Hence it can be concluded that hypothesis is partially accepted, since the hypothesis is accepted among the investor groups of i) Area of Residence ii) Marital Status iii) Gender iv) No of Dependents v) Occupation vi) Educational Qualification vii) Monthly Income viii) Total Family Income and ix) Personal Savings. Further hypothesis is rejected in the case of investor groups among age group.

### Discussion

The study analyzes the satisfaction levels of investors towards Investor Forum services, the findings are detailed according to the demographics of investors as follows:

- 1. Region:** The Study finds that urban investors (Weighted Mean Score = 4.42) have higher satisfaction towards Investor Forum comparatively to the rural investors (Weighted Mean Score = 3.76). Further it is found that there was significant difference in satisfaction levels between urban and rural investors.
- 2. Gender:** The study finds the men (Weighted Mean Score = 4.42) and women (Weighted Mean Score = 4.10) investors are satisfied with the services of the Investor Forum. Further there was significant difference in satisfaction levels between men and women investors.
- 3. Marital Status:** It is found that married investors (Weighted Mean Score = 4.28) have higher satisfaction towards agents/advisors when compared to unmarried investors (Weighted Mean Score = 3.72). There was significant difference in satisfaction levels between married and unmarried investors.
- 4. Age:** The study finds that age group of 41-50 years investors (Weighted Mean Score = 4.34) are having the highest level of satisfaction comparatively. Further it is noticed that the age groups between 41 and above 50 years are having high satisfaction compared to other age group. Hence it is interpreted that higher the age group greater the satisfaction with the services of Investor Forum. Further it is found that there was significant difference in satisfaction

levels between various age groups of investors

- 5. Educational Qualification:** It is observed from the study that School Final (Weighted Mean Score = 4.25) investors have higher satisfaction towards Investor Forum comparatively. The analysis of variance results reveal that there is significant difference in satisfaction levels between educational groups of investors.
- 6. Number of Dependents:** The study observes that investors with three (Weighted Mean Score = 4.56) and two dependent (Weighted Mean Score = 4.21) are having higher satisfaction towards the services of Investor Forum comparatively. It is noticed from the study results that more the dependents of the investors higher the satisfaction levels towards the services of the Investor Forum, except the in case of four and above dependents. However, the study finds significant difference in satisfaction levels between number of dependents group of investors.
- 7. Occupation:** The study finds that investors in various occupations have satisfaction towards services of Investor Forum. Further it is found that retired (Weighted Mean Score = 4.32) and others (Weighted Mean Score = 4.21) have higher satisfaction comparatively. In addition the study finds there is significant difference in satisfaction levels among various occupational groups.
- 8. Monthly Income:** The investors with monthly income group of Rs 10,001/- to Rs 20,000/- (Weighted Mean Score = 4.32) have higher satisfaction towards Investor Forum comparatively. In addition it is found that higher the monthly income of the investors greater the satisfaction levels of investors towards the services of Investor Forum. The study finds significant difference in satisfaction levels among various monthly income of investor groups.
- 9. Total family income (per month):** It is observed from the study results that total family income of Rs.30,001 to 40,000 (Weighted Mean Score =4.31) has higher level of satisfaction towards Investor Forum comparatively. It is

also observed that higher the total family income of the investors greater the satisfaction levels of investors towards the services of Investor Forum. The study finds significant difference in satisfaction levels among various family income investor groups.

**10. Personal Savings (per month):** The study finds that personal savings up to Rs.5, 000 (Weighted Mean Score = 4.35) has higher level of satisfaction towards Investor Forum comparatively. It is also found that Personal savings of the investors and satisfaction levels of investors towards the services of Investor Forum is inversely proportional. The study finds significant difference in satisfaction levels among various personal savings investor groups.

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