



## A study of customer perception on mutual funds with special reference to Coimbatore city

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### Abstract

The Unit Trust of India (UTI) introduced the first mutual fund, the Unit Scheme (US 64), in 1964 to channel household savings towards corporate sector investments. However, challenges in the late 1990s led to the rise of mutual funds as an essential segment of the Indian financial market. This paper analyzes the crisis faced by UTI, evaluates its performance in savings mobilization, profitability, dividends, distribution, income and expenditure patterns, and recommends measures to overcome these challenges.

**Keywords:** Mutual fund, unit trust of India, US-64, mobilization, fund

### Introduction

A strong financial system is crucial for economic growth and development, and the financial market plays a significant role in attracting investments from fund suppliers. The Indian mutual fund industry has experienced significant growth since the inception of UTI in 1963. Mutual funds are investment vehicles managed by Asset Management Companies (AMCs) with the aim of maximum yield, capital appreciation, safety, and liquidity. The industry is registered with the Securities and Exchange Board of India (SEBI) and has expanded exponentially since the establishment of the Association of Mutual Funds in India (AMFI) in 1995. Mutual funds are ideal for low-risk investments in modern financial scenarios, as they provide a low-risk option for investors. However, mutual funds also involve financial risk, which is inherent in the financial market. Regulations ensure disciplined investments and ceilings on expenses, but they assume investment risk. Mutual funds follow the universal principle of risk return, with higher investment risk resulting in higher potential returns.

### Objectives of the study

The objectives of the research are broadly stated below. It is aimed at studying:

1. The investors' perceptions of selected mutual funds
2. The effect of investors' demographic factors on investment behavior
3. The investors' preference towards various alternatives for investment
4. The attitude of investors' towards various benefits offered by the mutual fund sector
5. The satisfaction level of investors in different demographic groups

### Need for the study

- Due to the complications in the mutual fund industry, it has shown significant growth with its expansion.
- The study was conducted for the comparative analysis of selected mutual funds from the private and public sectors.

- This study will help common investors understand the operation and performance of those fund houses, which will guide them in their selection process.
- The paper includes a study of investors' perceptions and behaviors towards mutual fund investment and will help fund houses learn about their investors' feedback and opinions.
- Further, it will help them operate with the required adjustments and modifications for greater investor satisfaction.

### Scope of the study

- The present research tries to study the investors' perceptions of the selected mutual fund with the coverage of Coimbatore Corporation, Coimbatore District, Tamil Nadu.
- The economy of Coimbatore is one of the fastest-growing state economies in India.
- Thus, it has become an issue to study the role of a mutual fund sector and its investors' perceptions towards the state financial system.

### Research methodology

Research methodology involves systematically and scientifically solving a problem by investigating and examining hypotheses, predicting phenomena, and presenting findings for future research. Secondary and primary data were collected, with 110 investors from two public and two private sector asset management companies selected using a purposive stratified random sampling method.

### Types of research

The researcher has conducted Descriptive and empirical search for investors' perception.

### Sources of data

Secondary data has been collected by official websites of AMFI, SEBI, and BSE. Primary data has been collected from these respondents by interacting with them and by providing questionnaires.

**Sample size**

The research has the sample size of 106 respondents of the study area having an investment in selected mutual fund companies.

**Research design**

The Study has adopted descriptive research design.

**Analytical tools and technique**

The tools used for, analysis are:

- Percentage analysis
- Chi-square

**Limitations of the study**

- The study has been conducted on limited areas of Coimbatore Corporation, Coimbatore, Tamil Nadu.
- For comparative analysis, the researcher has taken only two fund houses from both public-sector and private-sector asset management companies.
- Many schemes are available through fund houses for the convenience of investors.
- But the study is limited to the comparison of debt funds, balanced funds, and equity funds.

**Review of the literature**

Kaharaman (2021)<sup>1</sup> examines investors mistakes in the context of purchasing inappropriate share classes for mutual fund leading to real consequences of investors. The author present evidence to suggest that the selection of these inferior share funds is a form of exploitation of investors. In addition the author examine fee flow sensitivity and holding periods to test whether mutual fund flow suggest rational or native purchase of these funds concluding that those are active native purchase.

Enriquez (2020-2021)<sup>2</sup> examine prospectus readability and other textual features using natural language processing and machines learning technique and related these features of prospectus sentences. This concept is distinct from comprehension of the underlying concept which could require expert knowledge. One descriptive fact that they documents are at youngsters investing in Coimbatore city

Priyan (2018)<sup>3</sup> is very pivotal for the performance evaluation as that study the check investment style of large cap equity mutual fund using style exposure analysis proposed by Sharpe (1992). To assess the dynamic drift in the style of a fund a rolling period exposure style analysis of the funds has been carried out by using 36

Houetal (2017)<sup>4</sup> argues that the factor model comprised of the market size investment and profitability factors proposed in Houetal (2015) on perform the standard three four and Fama French Five factor models. They claim that it provide the lowest average magnitude of the high minus low alphas among all the models. Their model is tested across 161 significant with the average magnitude of the high minus low decile portfolio alphas of 0.26% per month in contrast to 0.36% in both the Carhart and the five factor model month rolling period window.

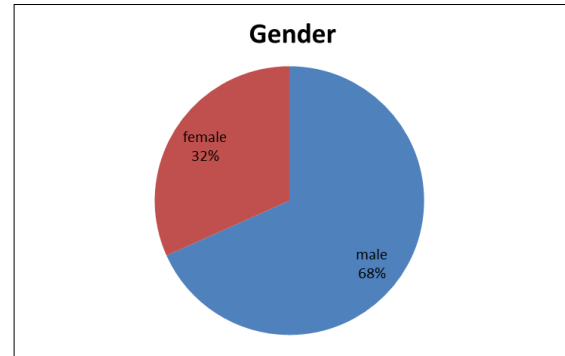
N. Bhagyasree and B. Kishori (2016)<sup>5</sup> investigated the performance of open ended growth oriented schemes for the period from April 2011 to March 2015 of transition economy. The historical performance of the selected schemes were evaluated on the basis of Sharpe, Treynors and Jenson measure whose result will be useful for investors for taking better investment decisions.

**Data analysis and interpretation**

**Percentage analysis**

**Table 1:** showing age of respondents

Gender	Percentage	Respondents
Male	68.3%	41
Female	31.7%	19
Total	100%	60



**Fig 1:** chart showing the Gender of the Respondents.

**Interpretation:** it is interpretation that it was found that majority (68%) of the respondents are Gender in Male.

**Table 1:** showing that the information about mutual fund.

Source of information	Percentage	Respondents
Brokers	13.3%	8
Relatives	41.7%	26
Newspaper & magazines	23.3%	14
Television	21.7%	12
Total	100%	60

**Fig:** chart showing the information about mutual fund.

**Interpretation:** it is interpretation that it was found that majority (41.7%) of the respondents are sources of information about Relatives.

**Chi square analysis**

**Table 2**

Particulars	Factors	No. of respondents	%
How long investing in mutual fund	Less than 5 yrs	30	50%
	5 yrs-10 yrs	24	40%
	More than 10 yrs	4	7%
	No investment	1	1.5%
Expectation on mutual fund return	Didn't done the investment	1	1.5%
	Low return	13	21.7%
	Average return	35	58.3%
	High return	12	20%

**Interpretation**

Table1 clearly status the demographic profile of the sample respondents. Most of the respondents are expect the average return.

**Chi square analysis formula:**  $\chi^2 = \sum (oi - Ei) / E$

**Degree of freedom** = (r-1) (c-1)

**H1:** there is a significant relationship between the expectation on mutual fund of the

**Table 3**

Particulars	Less than 5 yrs	5yrs-10yrs	More than 10 yrs	No investment	Didn't done the investment
Low investment	5	2	2	0	0
Average investment	15	20	13	0	1
High investment	3	5	3	1	0
Grand total	23	27	18	1	1

O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
5	3.15	1.55	2.40	0.695
15	14.95	0.05	0.002	0.00013
3	4.6	1.6	2.56	0.556
2	4.05	2.05	4.20	1.037
20	17.55	2.45	6.002	0.341
5	5.4	0.4	0.16	0.029
2	1.2	0.8	0.64	0.53
3	5.2	2.2	4.84	0.93
3	1.6	1.4	1.96	1.225
1	0.2	0.8	0.64	3.2
1	0.65	0.35	0.122	0.187

Source: primary date  
Significant level:

**Result**

Calculated chi square value is (15.507) less than (8.730) table value. Hence the hypothesis is accepted.

**Findings of the study**

- Majority 83.3 % respondents are from the Age Group of below 30 years.
- Majority 68.3% respondents are Male.
- Majority 43.3% respondents are Graduates.
- Majority 63.3% respondents are Unmarried.
- Majority 41.7% respondents are Private Employees
- Majority 53.3% respondents are earning less than 2.5L Annual Income.
- Majority 38.3 % respondents are Saving less than 20000 per annum.
- Majority 61.7% respondent's Family Size is 3-5 members
- Majority 68.3 % respondents prefer to invest in Private Sector Mutual Fund.
- Majority 38.3 % respondents prefer to invest in LIC Mutual Fund.
- Majority 41.7 % respondents prefer to Sources of Information in relatives.
- Majority 31.7% people go with Half yearly Invest Scheme.
- Majority 50% respondents investing in less than 5 years.
- Majority 48.3% respondents annual trading volume is Rs.10,000-30,000.
- Majority 58.3% respondents expectation is average return.

**Conclusion**

The mutual funds plays a major role in the investment pattern in today's world. Now a days youngsters are choosing right way to invest their money in mutual funds. Mutual funds scheme has recorded significant progress on all funds yet it has not been able to utilize it's potential fully. The important goals of the mutual funds schemes is to attract and mobilise in order to enable the youngsters benefits from the economic growth. This study concludes that youngsters has investing their money in mutual funds for future purpose. Mutual funds schemes and plans has

become more popular all over the world which offers the youngsters for saving the money. The respondents of mutual funds schemes and plans has been satisfied with mutual funds.

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