
SATISFACTION LEVEL OF MUTUAL FUND INVESTORS

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ABSTRACT:

Knowledge of financial investment principles and the art of investment management are the basic requirements for a successful investment. Investment decisions relating to mutual fund involve planning of investment strategies according to the extent of diversification desired by individuals. Investors can reduce risk and maximize returns by way of Mutual fund investments, enjoying the expertise of professional fund management. This present study has the objective of finding out the necessary facts regarding satisfaction level of investors of IDBI Mutual Funds. This will also help the IDBI Mutual Fund House to understand the gap between investors' expectation and their performance at various levels.

INTRODUCTION:

Financial system comprises of financial institutions, services, market and instruments. Financial institutions mobilize resources, purchase and sell instruments and render various services in accordance with the practices and procedures of law. Investing in financial securities is a complex one involving knowledge of various investment tools, terms, concepts, strategies and process. The success of a financial investment activity depends on the knowledge and ability of investors to invest the right amount, in the right type, at the right time. Investor has to use his intellect, which is an art to acquire by learning and experience.

Knowledge of financial investment principles and the art of investment management are the basic requirements for a successful investment. The financial securities include ownership securities (like shares, mutual fund units) and loan fund securities (like debentures, bonds). Ownership securities are more risky than loan fund securities.

Investment decisions relating to ownership securities involve planning of investment strategies according to the extent of diversification desired by individuals. Investors can reduce risk and maximize returns by way of Mutual fund investments, enjoying the expertise of professional fund management.

The reviews of earlier studies have briefly looked at predictability of performance, persistence in performance and market timing ability. However, reviews on investors' awareness about investing in Mutual Funds, their preferences & satisfaction level are

scantly available. Mutual funds in the recent years have become very popular among investors. A mutual fund is defined as a professionally managed investment vehicle that is made up of a pool of funds collected from many investors and invested in stocks, bonds, money market securities and other asset classes. They have started securing a prominent place in the investment pattern.

This present study has the objective of finding out the necessary facts regarding satisfaction level of investors of IDBI Mutual Funds.

STATEMENT ABOUT THE PROBLEM:

Finance is the life blood of any business firm and also needed for the individuals. For getting smart returns, the individuals are investing their valuable money in various investment avenues for this; the individual investors are generally approaching the agents for investing their money in profitable investment avenues and also for getting other related services from them. The recent trends in the Stock Market have shown that an average retail investor always lost with periodic bearish trends. People began opting for portfolio managers with expertise in stock markets who would invest on their behalf. Thus we had wealth management services provided by many institutions. However they proved too costly for a small investor. Thus investor has found a good shelter with the mutual funds. But it is very important to study the different aspects before investing the hard earn money. This study is an attempt to understand satisfaction level of investors who have made their investment in IDBI Mutual Fund.

Objectives:

To know about the extent of satisfaction level of IDBI Mutual Fund House Investors.

Scope of the Study:

The study aims at finding out the satisfaction level among the mutual fund investors with special reference to IDBI Mutual Fund Investors in Thane District. It also aims at helping the IDBI Asset Management Company to improve the existing services and to add on anything if required.

Data Collection:

This study is based on the primary data as well as secondary data. The primary data is collected through structured close ended questionnaires. And the secondary data is collected from existing records like magazine, journals, books, publication of various mutual fund companies and websites.

Sample Size:

The sample size of the study is 150 samples out of the IDBI Mutual Fund Investors in Thane District. Convenience sampling technique is used for selecting the samples.

Limitations:

1. The study was limited to the respondents of IDBI Mutual Fund Investors.
2. There is limitation of geographical location also as the study is conducted in Thane District only.
3. Respondent's attitude may change while on collecting data.
4. Limited time and money is another constrain for this project.

PROFILE OF THE RESPONDENTS:

The data required for the study was collected from 150 individual investors of IDBI Mutual Fund in Thane District. The demographic distribution of respondents on the basis of their gender, age, education, income level and source of income have been presented in table number below.

Table No 1: Demographic Distribution of the Respondents

Demographic Factor	Variables	Frequency	Percent
Gender	Male	101	67.33
	Female	49	32.67
	Total	150	100
Age (in Years)	Below 25	39	26.00
	25 to 50	69	46.00
	Above 50	42	28.00
	Total	150	100
Education	HSC	16	10.67
	Graduation	102	68.00
	Post-Graduation	32	21.33
	Total	150	100
	10,000 - 25,000	41	27.33

Monthly Income	25,001- 50,000	67	44.67
	Above 50,000	42	28.00
	Total	150	100
Source of Income	Business	30	20.00
	Profession	27	18.00
	Service	93	62.00
	Total	150	100

Researcher used statistical tools like mean, standard deviation and variance for analysis of primary data. The details of which are given below.

FINDINGS:

The basic objective of the study is to find out the satisfaction level of the investors of IDBI Mutual Fund. The data is collected on various parameters depicting the satisfaction level of the investors, such as liquidity, safety, returns, MF Schemes, overall working of the MF House etc. The data is tabulated and analyzed below to find out the satisfaction level of the investors.

Table No.2 : Satisfaction Level of IDBI MF Investors

Variable		Satisfaction Level					Total
		Highly Unsatisfi ed	Unsatisfi ed	Neutr al	Satisfi ed	Highly Satisfi ed	
Liquidity	f	13	4	13	48	72	150
	%	8.67	2.67	8.67	32	48	100
Safety	f	8	20	28	56	38	150
	%	5.33	13.33	18.67	37.33	25.33	100

Returns	<i>f</i>	23	36	26	53	12	150
	%	15.33	24	17.33	35.33	8	100
Transaction Cost	<i>f</i>	27	42	48	33	0	150
	%	18	28	32	22	0	100
Services Offered	<i>f</i>	11	16	40	49	34	150
	%	7.33	10.67	26.67	32.67	22.67	100
Mutual Fund Schemes Offered	<i>f</i>	18	27	73	19	13	150
	%	12	18	48.67	12.67	8.67	100
Overall Working	<i>f</i>	18	11	51	42	28	150
	%	12	7.33	34	28	18.67	100

Source: Field work

Hence it is clear from the above analysis that:

Out of 150 respondents 80% of the respondents are satisfied about the **liquidity** of the IDBI Mutual Funds where as 8.67% are neither satisfied nor dissatisfied and 11.34% are dissatisfied about the liquidity. It shows that the IDBI Mutual Fund services with respect to liquidity of the MF schemes are quite satisfactory.

In case of **Safety** of the investment in IDBI Mutual Funds Schemes only 18.67% of the respondents are dissatisfied, 18.67% are having neutral opinion and 62.66% are satisfied. It shows that 62.66% of the respondents are not having any doubt about safety of their capital with IDBI MF.

Return is one of the important factors while investing in mutual funds. Basic aim of investors is to earn good returns on the investment. In case of IDBI MF, out of 150 respondents only 12 (8%) are highly satisfied with the returns from IDBI MF schemes and 53 (35.33%) are satisfied with the returns. 26 (17.33%) are not able to decide about the returns but 59 (39.33%) are dissatisfied with the returns. It shows that the investors are not much satisfied with the performance of various mutual fund schemes.

When the **transaction cost** increases it reduces the returns of the investors. It is also reflected in the survey. As about 39.33% of the investors are not satisfied with the returns, the same dissatisfaction is seen about the transaction cost. Hardly 22% of the respondents are okay with the transaction cost. It shows that the IDBI MF schemes are not able to control the cost. It is also reflected in high expense ratios in many of IDBI MF schemes.

Services Offered by MF house is also equally important as the other factors are. From the above analysis it is clear that 55.34% of are satisfied with the IDBI MF house services whereas 26.67% are neutral and only 18% are dissatisfied. Hence, overall satisfaction level of investors with respect to services offered is good.

In case of **IDBI Mutual Fund Schemes** 32 (21.34%) of the respondents are satisfied and 45 (30%) are dissatisfied whereas 73 (48.67%) of the respondents are not sure about the opinion about the schemes offered. It shows that the IDBI MF schemes cannot satisfy the investors to minimum satisfaction level.

Overall working covers services offered by the fund house like timely payment of dividend, simplified process for redemption, updating the investors about the performance at regular interval, issuing the statement of account on time at regular interval, prompt actions in case of applications for diverting the funds from one scheme to another, etc. On this front the respondents are satisfied with the Mutual Fund House as out of 150 respondents 70 (46.67%) are satisfied and only 29 (19.33%) are dissatisfied.

To analyze further descriptive statistics parameters are calculated and presented in following table.

Table No.3 : Ranking of Attributes for Satisfaction Level

Sr. No.	Variable	Mean	S.D.	CV (%)	Rank
1	Liquidity	4.08	1.21	29.58	I
2	Safety	3.64	1.15	31.71	II
3	Returns	2.97	1.24	41.77	VII
4	Transaction Cost	2.58	1.02	39.73	VI
5	Services Offered	3.53	1.86	33.13	III
6	MF Schemes Offered	2.88	1.06	36.85	V
7	Overall Working	3.34	1.21	36.35	IV

Source: Field work

The mean and standard deviation of each of the seven factors were computed. On the basis of their mean values, the factors were ranked. The results are presented in above table (table no.). The respondents are highly satisfied with the liquidity of IDBI Mutual Fund Schemes followed by Safety at second rank. At third rank they preferred services offered by IDBI Mutual Fund House. The respondents gave fourth rank to the overall working of the IDBI Mutual Fund House. But the important factors like Mutual Fund Schemes offered, transaction cost and returns are ranked lower; at V, VI and VII position respectively.

This shows that the respondents are satisfied with the administration of the IDBI Mutual Fund House but comparatively less satisfied with the performance of the IDBI Mutual Fund Schemes.

The other factors which indirectly reflect the satisfaction level are analyzed below:

Complaint against Working:

Very few of the respondents have complained about the working and administration of the IDBI MF. Only 7(4.67%) respondents out of 150 have complained during the period under research. This percentage is very negligible, showing efficiency in working of the Mutual Funds.

The same is also supported with the help of the data collected from secondary sources, which are given below.

Table No. 4: Summary of Complaints Received Against IDBI Mutual Fund

Year	No. of Complaint pending at the beginning of the year	No. of Complaints received during the F.Y.	Resolved	Non-Actionable	Pending
2017-18	0	804	804	0	0
2016-17	1	758	759	0	0
2015-16	0	282	277	4	1
2014-15	0	194	192	2	0

Source: IDBI Statement of Information

The above table gives the details regarding number of complaints received by the IDBI Mutual Fund during last four financial years. Number of complaints is very few compared to the number of total folios of IDBI Mutual Fund House which is given in following table.

Table No.5 : Ratio of Complaints to Number of Folios of IDBI Mutual Fund

	2017-18	2016-17	2015-16	2014-15
Total Complaints Received	804	758	282	194
Total Number of Folios	3,21,939	2,49,449	1,91,840	1,45,732
Percentage Complaints Against Folios	0.25%	0.30%	0.15 %	0.13 %

Source: AMFI Reports

The above table no.5 clearly shows that only 0.13% of the investors complain during financial year 2014-15 which increased hardly during financial year 2015-16. But during financial year 2016-17 though the number of complaint received is negligible but it is doubled as compared to previous financial year. From 0.15% in financial year 2015-16 it has increased to 0.30% in financial year 2016-17 and again reduced to 0.25% in the financial year 2017-18.

SUGGESTIONS:

Even though the mutual funds are good source of income, the people lack awareness and information towards mutual funds. So the following suggestions were made in order to increase the awareness and satisfaction level of investors.

IDBI Mutual Fund House should pay special attention to the following points to seek the investors' satisfaction at the higher level and to increase their AUM (Asset Under Management).

- High expense ratio should be kept in control.
- Minimum investment amount in some of the scheme is very high i.e. Rs. 5,000/- which should be brought down to Rs.500/- which will increase the investor base.
- Number of Investor Awareness Programs should be increased as well as its information about the performance of existing schemes and new schemes to be launched should be reached to existing and potential investors. Financial Advisors should also persuade to participate in the same.
- Financial Advisors should be given more information and motivation for marketing the schemes.
- More concentration should be shown towards the retired people as they have good investment potential.
- Portfolio should be managed in such a way to give consistent good returns and safety to investors.

The investors should also pay attention to the following points to get best out of their investments.

- Study minutely the factsheet of mutual fund schemes launched to get the information about the objectives of the schemes and their needs and expectation while investing in the scheme. The investors should take the maximum advantage of the information uploaded on the website by IDBI Mutual Fund House and keep

themselves updated to decide the right time of entry and exit in the various schemes to get the maximum returns.

- There are some investors who consider only the star ratings given by various research agencies. These star ratings can be one of the factors to look at, but there are many other parameters that one should look into before finalizing a mutual fund portfolio.

CONCLUSION:

The investor satisfaction in case of mutual funds depends upon amount of trust and dependence the investor has with Asset Management Company and benefits in return actually delivered to investor by the company.

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