

## INVESTORS PERCEPTION ON MUTUAL FUNDS (With reference to HDFC Mutual Funds, Chennai)

M. Regeena Jeppiaar\* and N. Thangavel\*\*

**Abstract:** A mutual fund is a common pool of money in to which investors with common investment objective place their contributions that are to be invested in accordance with the stated investment objective of the scheme. The investment manager would invest the money collected from the investor in to assets that are defined/permitted by the stated objective of the scheme. For example, an equity fund would invest equity and equity related instruments and a debt fund would invest in bonds, debentures, gilts, etc. Gaining a better understanding of how customers evaluate, select use and abuse services should lie in the heart of strategies for product design and delivery. Because the consumer evaluations and purchase processes for many services are often complex, it's important that managers understand how customers view the service offering and the factors that determine customers expectations and satisfaction. This paper discusses the investor perception of Mutual Funds with particular reference to HDFC, Chennai.

**Key words:** Mutual Funds, Investment, Perception, HDFC and Savings.

### I. INTRODUCTION

Investing in various types of assets is an interesting activity that attracts people from all walks of life irrespective of their occupation, economic status, education background and family background. Investment is the employment of funds on assets with the aim of earning income or capital appreciation. Investment has two attributes namely time and risk. Present consumption is sacrificed to get a return in the future. People invest to meet specific objectives, and they evaluate the outcomes of their investments based on what they expect to receive. This shift in investor behavior and attitudes provides opportunities for the service companies to understand and meet changing need, continuing to adapt their offerings over time as needs evolve. Customers' expectations about what constitutes good service vary from one business to another. Expectations are also likely to vary in relation to differently positioned service providers in the same industry. Consequently it is important for marketers understand customer expectations of their own firm's service offerings.

---

\* Director, Jeppiaar Engineering College, Chennai-600 119, E-mail: [directorjeppiaar@gmail.com](mailto:directorjeppiaar@gmail.com)

\*\* Professor and Head, DOMS, Jeppiaar Engineering College, Chennai-600 119, E-mail: [thangavelraj@gmail.com](mailto:thangavelraj@gmail.com)

## **II. STATEMENT OF PROBLEM**

The present study is undertaken to find out the reasons and solutions to all the following problems associated with Mutual Funds and Investors including prospective investors. Many people started investing money in various investment avenues mainly to reduce/avoid tax burden. Many financial Institutions have many mutual fund schemes for the Investors. As a result, the investors are not aware of the various mutual funds available and their features and ultimately getting confused with on what basis a particular mutual fund is to be chosen/preferred. The confidence level of investors in mutual funds has come down. The satisfaction level of investors is also not up to the expectations as regards mutual funds.

## **III. NEED FOR THE STUDY**

This study has designed to understand the investors' perception on mutual funds. The study enables HDFC ASSET MANAGEMENT COMPANY to attract various investors. It also helps the company to make Product and promotion strategies of mutual funds. The study is also important for HDFC MF to place its position by itself among various other Mutual Funds in the market. The analysis and findings help the company to frame decision making strategies in various issues associated with their mutual funds.

## **IV. OBJECTIVES OF THE STUDY**

### **Primary objective**

To understand and analyze the investors perception on mutual funds.

### **Secondary objectives**

1. To analyze the investment objectives of the investors.
2. To find out the product awareness among the investors.
3. To identify the source of awareness.
4. To identify the investors' preferred type of fund.
5. To find out the satisfaction level with the performance of HDFC MF
6. To understand the relation between the type of fund and the age of investors.
7. To understand the position of mutual funds with respect to other investment avenues like Insurance, Fixed deposits, etc.
8. To understand the market of mutual funds.

## **V. SCOPE OF THE STUDY**

This study has designed to understand the investors' perception on mutual funds. The study enables HDFC ASSET MANAGEMENT COMPANY to attract investors

with different income groups. It also helps the company to make Product strategies. The study is important for HDFC MF to position itself among various other Mutual Funds in the market. The analysis helps the company to make strategies.

## **VI. RESEARCH METHODOLOGY**

Research methodology is a systematic and objective process of identifying and formulating the problem by setting objective and methods for collecting, editing, tabulating, evaluating, analyzing, interpreting and presenting data in order to find justified solution. The type of research design used for this study is Descriptive research design. The data was collected through structured questionnaire because the source of data was primary in nature, the respondents were personally met and data required for research was collected. The sample is drawn according to one's own convenience. The investors and the prospective investors of Chennai city were the respondents of study. Sample size for this study is 200. The researcher has carried out the study from January to March 2015. The collected data were statistically analyzed wherever necessary.

## **VII. RESULTS AND DISCUSSION**

1. 30% of the respondents are below 30 years of age, 50% of the respondents are between 30-45 years of age and 20% of the respondents are above 45 years of age.
2. 65% of the respondents are Male & 35% of the respondents are Female.
3. Annual Income level of 25% of respondents are below 1.5 lakhs, the income level of 28% of respondents are between 1.5 – 3 lakhs, the income level of 29% of respondents are between 3 – 4.5 lakhs and the income level of 18% of respondents are above 4.5 lakhs.
4. The savings habit of 18% of respondents are below 10%, the savings of 15% of respondents are between 10 – 20%, the savings of 26% of respondents are between 20 – 30%, the savings of 22% of respondents are between 30 – 40%, the savings of 19% of respondents are above 40%.
5. The investment frequency of 32% of respondents are monthly, 28% of respondents are quarterly, 23% of respondents are half yearly and 17% of respondents are annually.
6. 31% of respondents seek advices for investments from their friends, 45% of respondents from their family members and 24% of respondents from the Investment advisors.
7. Awareness level of the products of HDFC MF
  - o Top 200 Fund –Fully aware 44%, partly aware 43% & not aware 13%.

- o Capital Builder Fund–Fully aware 51%, partly aware 38% & not aware 11%.
  - o Prudence Fund –Fully aware 29%, partly aware 63% & not aware 8%.
  - o Growth Fund –Fully aware 34%, partly aware 49% & not aware 17%.
  - o Gilt Fund –Fully aware 37%, partly aware 51% & not aware 12%.
8. 29% of respondents got the awareness about HDFC MF through television, 34% of respondents through news paper, 9% of respondents through internet, 8% of respondents through hoardings, 9% of respondents through magazines, 11% of respondents through other Medias
  9. 92% of respondent's opinion on HDFC MF is widely accepted and 8% of respondent's opinion on HDFC MF is not widely accepted.
  10. 48% of respondents prefer balanced fund, 32% of respondents prefer Equity fund and 20% of respondents prefer Debt Fund.
  11. 44% of respondents prefer to stay in equity when the stock market falls, 30% of respondents prefer to keep investing in equity when the stock market falls, 26% of respondents prefer to exit from equity when the stock market falls.
  12. 70% of respondents have invested in HDFC MF and 30% of respondents have invested in other companies MFs.
  13. 54% of respondents are satisfied with the performance of HDFC MF, 33% of respondents are neutral and 13% of respondents are dissatisfied.

## VIII. TESTING OF HYPOTHESES

### HYPOTHESIS: 1 (Chi-Square Test)

Null Hypothesis ( $H_0$ ): The income level and the savings are independent. There is no significant relation between the income level and the saving habits of the respondents.

Alternate Hypothesis ( $H_1$ ): There is significant relation between the income level and the saving habit of the respondents.

Table value= 21.026, Calculated value= 20.5

Since the calculated value is lesser than the tabulated value, the null hypothesis is accepted. It is evident from the test that the income level and the savings are independent which means there is no significant relation between the income level and the saving habits of the respondents.

### HYPOTHESIS: 2 (Chi-Square Test)

Null Hypothesis ( $H_0$ ): The type of fund and the age of investors are independent. There is no significant relation between the type of fund and the age of investors

Alternate Hypothesis ( $H_1$ ): There is significant relationship between the type of fund and the age of investors.

Table value = 9.488, Calculated value = 55

Since the calculated value is greater than the tabulated value, the null hypothesis is rejected. It is evident from the test that the age group and the type of fund are dependent which means there is significant relation between the type of fund and the age group of investors.

### **HYPOTHESIS: 3 (Chi-Square Test)**

Null Hypothesis ( $H_0$ ): The type of fund and the age of investors are independent. There is no significant relation between the type of fund and the age of investors

Alternate Hypothesis ( $H_1$ ): There is significant relation between the type of fund and the age of investors

Table value = 9.488, Calculated value = 55

Since the calculated value is greater than the tabulated value, the null hypothesis is rejected. From the test, it is evident that the age group and the type of fund are dependent which means there is significant relation between the type of fund and the age group of investors.

### **HYPOTHESIS: 4 (ANOVA TEST)**

$H_0$ : There is no significant difference between the genders of the respondents and their satisfaction about the performance of HDFC MF.

$H_1$ : There is significant difference between the genders of the respondents and their satisfaction about the performance of HDFC MF.

Calculated value = 0.4389, Table Value = 9.55

Since the Calculated value is less than Table value, the null hypothesis is accepted which means there is no significant difference between the genders of the respondents and their satisfaction about the performance of HDFC MF.

## **IX. SUGGESTIONS**

1. HDFC can concentrate more on balanced funds, since this is the preferred type of fund for the investors.
2. Since Safety hold the highest rank, among the investment objectives that influence the investors to invest in mutual funds, the fund managers has to construct the portfolios, that reduces the risk of the investors.
3. More 'Tax saving schemes' has to be introduced, that satisfies the customer preference for Tax saving.

4. Since majority of the respondents invest monthly, more number of 'monthly investment schemes' has to be introduced.
5. Respondents' awareness through Internet and hoardings forms a least part. So company can implement strategies to promote the product through these medias.
6. HDFC AMC should take initiatives to conduct the seminars at each distribution centers, about the features of the products, to the customers.
7. Maximum number of people responded that they stay back in equities, when the stock market falls, hence the fund managers can pick the scrip that has long-term advantage.
8. Since there is significant relation between the type of fund and the age group of investors, the fund managers should construct different portfolio, targeting each age group. For example, a portfolio, which consists more of debt securities such as corporate bonds, debentures and government securities, has to be developed while targeting old age group.

## X. CONCLUSION

This study was very useful to me for analyzing Investors Behavior in mutual funds. Majority of the investors preferred Balanced Fund, since the returns are moderate and the risk is minimum in the balanced fund. Most of the investors' objective of investing in Mutual Fund is Tax benefits. In this work, we have learned much about the portfolio selection in mutual funds. It will be very useful in future studies, practical life and in seeking employment opportunity. There is a big scope for Systematic Investment Schemes in Mutual Funds, since most of the respondents preferred to invest monthly.

At last, it is concluded that the organization is performing well. The Assets under management is approximately Rs. 15,000 crores and they can increase this amount much ahead in the near future, because of the opportunity that exists in the market. The government has declared no taxes for investments up to rupees one lakh. This again is a good sign for the Mutual Fund Industry. On the whole, it was found that HDFC MF is widely accepted.

## *References*

### *Text Books*

Philip Kotler and Gary Armstrong, (2001), "Principles of Management" Prentice Hall of Pvt Ltd New Delhi.

Christopher Love Lock," Service Marketing" Fourth Edition, Low Price Edition.

V. K. Bhalla, Investment Management, 8<sup>th</sup> Edition , S.Chand & Company Ltd.

### *Magazine*

In touch Mutually (By HDFC MF)

### *Website*

[www.hdfcfund.com](http://www.hdfcfund.com)