PREFERENCE OF PUBLIC SECTOR AND PRIVATE SECTOR MUTUAL FUNDS BY THE WOMEN INVESTORS – A STUDY WITH SPECIAL REFERENCE TO COIMBATORE CITY

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ABSTRACT

An essential part of savings is the expectation of returns. But return is always an uncertain factor. It depends upon the future. In general sense, savings and investment are different. Savings means the total amount earned by the investor whether invested or not. Investment means a portion of savings sacrificed by the investor to achieve the returns. At the macro level or at the individual level, the values of investment or savings can be evaluated using different statistical techniques. For investing funds, one must have a deep or thorough knowledge about the opportunities available in the market. There is a need for knowledge and information about the process of investment, risk and return to have a good and sound portfolio. . If investments are made through proper planning, an investor can earn a regular and stable income and thereby gets a relief from taxation. For the developing countries like India, Brazil etc. there are inflationary trends i.e. rising prices. The main problem caused by rise in prices is falling the standard of living of individuals. A right choice of investment helps to overcome the inflationary forces. Before making investment, one should evaluate different investment options available and must compare the rate of return of different investment to overcome the inflation.

Keywords: Mutual fund, Schemes, Public & Private mutual fund

INTRODUCTION

Investment becomes important due to various reasons like planning retirement income, planning for earning higher income to cover tax expenses and inflationary forces, planning to earn a higher dividend, interest and other receipts and due to increased life expectancy. Investment also becomes important because of increased employment opportunities in India. Knowledge regarding investment channels is important. The demand for investment and savings increased due to the higher income of individuals. For making a regular income, people can select various investment options. Working people are motivated to save and invest their income due to increased awareness of financial assets for earning a yield during the lean period. As a result of good medical care, life expectancy has increased and this results in increased investment among investors. The retirement period of an individual is normally between the age of 60and 65. At that period the income of an individual will shrink, thus the annual cash inflow becomes diminished. This means that the savings should be made in a right time and age to increase the earnings of individuals. There is lot of options available to save for a retired period and one of the options available for investors is Mutual fund products.

SIGNIFICANCE OF THE STUDY

"A study on Investors behaviour in selection of Mutual Fund Products with special reference to Coimbatore City" provides significant information about different types of schemes available in mutual fund industry to investors. In this modern era, investment plays a vital role in the economic development of Indian economy.

Mutual fund is considered as one of the financial intermediary which fosters savings opportunities to the individuals. The research helps to understand the various aspects of mutual funds, their influencing factors, identifying the quality of sponsors and also identifying the areas of dissatisfaction of investors.

REVIEW OF LITERATURE

- Deepak Agrawal (2011) in their paper entitled "Measuring performance of Indian mutual funds" provides an overview of mutual fund activities in India. This paper describes the size and asset allocation of mutual fund and analyzes the pricing mechanism of mutual fund with the help of empirical studies. The study indicates that savings and investment habit of investors, confidence and loyalty of fund managers affects the performance of mutual funds.

- Onur Gozba I, Levent Gltak (2010), in their study they investigate that the Turkish portfolio managers and investment advisors have given relative importance to the attributes while selecting Mutual Funds. It also studies how the levels of these attributes are valued. The attributes are arranged in their order of importance on the basis of past performance and experience of Fund managers.

- Bonparte (2009) proposes that information search methods influences financial decisions. The findings report that investors who make judgments based on informal search re willing to bear higher financial risk, invest in a fewer number of stocks and have lower level of Over- confidence. He concludes that there is a complementary relationship between financial risk bearing and search efforts.

OBJECTIVES OF THE STUDY

- To access the women investors' preference for selection of Mutual funds and to identify the reason for the same.
- To identify the factors influencing the women investor's satisfaction in mutual funds.
- To find out the areas of dissatisfaction of women investors' if any and offer suggestions to rectify the same.

HYPOTHESES OF THE STUDY

- Ho: There is no significant association between Educational qualification and types of MF
- Ho: There is no significant association between Types of mutual fund and period of investment preferred
- Ho: There is no difference in the reasons for choosing public mutual funds
- Ho: There is no difference in the reasons for choosing private mutual funds
- Ho: There is no significant relationship between savings objective and Types of mutual fund.
- Ho: There is no significant relationship between areas of dissatisfaction and Types of mutual fund.

RESEARCH METHODOLOGY

- Research Design

  Research Design is the primary foundation needed for carrying out a research work. It is a set of methods, techniques and procedure used for collecting, analysing and measuring the variables used in the research problem. It describes the type of study adopted in the research problem. Empirical Research design which is primarily concerned with hypothesis is applied to arrive at a solution.

- Sources of Data

Data are collected from both primary and secondary hands. Major portion of data included in the study were directly acquired from the primary sources. Only a limited data were collected from the second hand source. Drafted questionnaires are circulated among the sample population to conduct research.

SAMPLE DESIGN

- Population unit

  The population covered under the study is Coimbatore City.

- Sample size

  300 women investors were taken from Coimbatore city for conducting the research.

TOOLS USED FOR THE STUDY

- Chi Square

- Friedman test

- Mann-Whitney U test

LIMITATIONS OF THE STUDY

- The study mainly focused on the City of Coimbatore. So the result is only matched to this area.

- Respondents were fear about revealing their savings and investment pattern. Lack of interest hinders the study.

THEORTICAL FRAMEWORK

The recent trends reveal that periodic bearish trends affect an average retail investor. To overcome such affects, investors started to opt experienced portfolio managers in markets who provide proper guidelines in investing. There are lots of institutions providing management services to investors. But it cost high for the investors. However they have found a good shelter with Mutual funds. Mutual fund was formed in India in the year 1964 with the objective of encouraging the savings of investors in capital and money market. Mutual fund is considered as one of the safest mode of investment suited to layman. It invests in diversified instruments and is managed by professional fund managers. Mutual fund benefits the investors by providing possible return with greater flexibility. In India, the regulatory authority of Mutual fund is SEBI.

According to **Indian Institute of Banking & Finance:**

"A mutual fund is a type of financial intermediary that pools the funds of investors who seek the same general investment objective & invests them in number of different types of financial claims (e.g. equity shares, bonds, money market instruments)"

Mutual fund is defined as a pool that saves money of number of fund holders who have common financial goal. The money collected through this are invested in various types of securities by fund managers. The return as well as capital appreciation earned by mutual fund are distributed to the fund holders according to their proportion of funds hold by them.

DATA ANALYSIS AND INTERPRETATION

- **Ho: There is no significant association between Educational qualification and types of MF**

Table No.: 1 showing the Educational qualification and types of mutual fund

EDUCATIONAL QUALIFICATION	TYPES OF MUTUAL FUND		TOTAL
	PUBLIC FUND	PRIVATE FUND	
HIGHER SECONDARY	12(50.0%)	12(50.0%)	24(100%)
DIPLOMA	6(50.0%)	6(50.0%)	12(100%)
UG	6(11.1%)	48(88.9%)	54(100%)
PG	72(48.0%)	78(52.0%)	150(100%)
PROFESSIONAL EDUCATION	6(10.0%)	54(90.0%)	60(100%)
TOTAL	102(34.0%)	198(66.0%)	(100%)

Chi-Square tests

	Value	df	Sig.
Likelihood ratio	50.327	4	0.000
Pearson Chi-square	45.217	4	0.000

Source: Primary data, significant at 5% level of significance

Interpretation

The chi – square statistic shows 45.217 at 5 percent level of significance (P=0.000<0.05). This means that the hypothesis is rejected.   Hence, it can be concluded that there is a relation between educational qualification and types of mutual fund. It is clear from the table that majority of respondents prefer private mutual fund than the private one.

- **Ho: There is no significant association between Types of mutual fund and period of investment preferred**

Table No.2: **Types of mutual fund and period of investment preferred**

PERIOD OF INVESTMENT	TYPES OF MUTUAL FUND		TOTAL
	PUBLIC FUND	PRIVATE FUND	
Monthly once	48(22.2%)	168(77.8%)	216(100%)
Quaterly	30(55.6%)	24(44.4%)	54(100%)
Half yearly	12(100.0%)	0(0.0%)	12(100%)
At irregular intervals	12(66.7%)	6(33.3%)	18(100%)
TOTAL	**102(34.0%)**	**198(66.0%)**	**300(100%)**

Chi-Square tests

	Value	**df**	**Sig.**
Likelihood ratio	58.387	3	0.000
Pearson Chi-square	56.387	3	0.000

Source: Primary data, significant at 5% level of significance

INTERPRETATION

The chi – square statistic shows 56.387 at 5 percent level of significance (P=0.000<0.05). This means that the hypothesis is rejected. Hence, it can be concluded that there is a relation between types of mutual fund and period of investment plan preferred. It is clear from the table that most of the respondents having different period of investment opted private mutual fund for investing.

- **Ho: There is no difference in the reasons for choosing public mutual funds**

Table No. 3 Ranking the reasons for choosing public mutual funds

REASONS	**MEAN RANK**	**RANK**
Safety	1.59	1
Little Risk	2.71	2
Assured Return	2.88	3
Liquidity	3.71	4
Tax benefits	4.29	5
Brand image	5.82	6

Friedman Test

Friedman Test	
N	102
Chi - square	312.958
df	5
Sig.	0.000

Source: Primary data, Significant at 5 percent level of significance

INTERPRETATION

The chi – square statistic shows 312.958, at 5 percent level of significance (P=0.000<0.05). Hence, it can be concluded that the framed Hypothesis is rejected. This means that the reasons for choosing public mutual funds are different for each respondent. The main reason for choosing public mutual fund is due to its safety. Least preferred objective is brand image.

- **Ho**: **There is no difference in the reasons for choosing private mutual funds**

Table No. 4 Ranking the reasons for choosing private mutual funds

REASONS	MEAN RANK	RANK
Easy procedures	2.50	1
Variety of offers	2.63	2
Higher return	3.03	3
Brand image	3.84	4
Tax benefit	4.50	5
Little Govt regulations	4.50	6

Friedman Test

Friedman Test	
N	204
Chi - square	238.511
df	5
Sig.	0.000

Source: Primary data, Significant at 5 percent level of significance

INTERPRETATION

The chi – square statistic shows 238.511, at 5 percent level of significance (P=0.000<0.05). Hence, it can be concluded that the framed Hypothesis is rejected. This means that the reasons for choosing private mutual funds are different for each respondent. The lower the Rank refers higher the preference. Hence, Easy procedures has given the first Rank, this means that it is the main reason for choosing the private mutual fund. Little Govt regulations are not given much importance while selecting private mutual funds.

- **Ho**: **There is no significant relationship between savings objective and Types of mutual fund.**

Table No. 5 Mean ranks of savings objective on the basis of Types of Mutual fund

SAVINGS OBJECTIVES	Mean Rank		Sum of Ranks	
	PUBLIC MF	PRIVATE MF	PUBLIC MF	PRIVATE MF
N	**102**	**198**	**102**	**198**
Retirement corpus	170.26	140.32	17367.00	27783.00
Children's education/Marriage	171.68	139.59	17511.00	27639.00
Medical Emergencies	136.38	157.77	13911.00	31239.00
Families financial security	129.15	161.50	13173.00	31977.00
Inflation protection	146.09	152.77	14901.00	30249.00

House construction	145.03	153.32	14793.00	30357.00
Fund Accumulation	142.91	154.41	14577.00	30573.00
Repayment of Debt	128.09	162.05	13065.00	32085.00
Entertainment	174.15	138.32	17763.00	27387.00
Tax Planning	132.50	159.77	13515.00	31635.00

Table No. 5.1 Mann – Whitney U test

SAVINGS OBJECTIVES	Mann-Whitney U	Wilcoxon W	Z	Sig.(2 tailed)
Retirement corpus	8082.000	27783.000	-2.853	0.004
Children's education/Marriage	7938.000	27639.000	-3.074	0.002
Medical Emergencies	8658.00	13911.000	-2.075	0.038
Families financial security	7920.000	13173.000	-3.149	0.002
Inflation protection	9648.000	14901.000	0.639	0.523
House construction	9540.000	14793.000	-0.791	0.429
Fund Accumulation	9324.000	14577.000	-1.098	0.272
Repayment of Debt	7812.000	13065.000	-3.260	0.001
Entertainment	7686.000	27387.000	-3.888	0.000
Tax Planning	8262.000	13515.000	-2.626	0.009

Source: Primary Data, Significant at 5 percent level of significance
INTERPRETATION

The test statistic is significant in some cases. In other cases it is not significant. Therefore framed hypothesis is rejected. This means, there is significant relationship between types of Mutual fund preferred by respondents and the savings objectives.

By looking the mean ranks, the private mutual fund holders preferred retirement corpus, Children's education/Marriage, and entertainment as their savings objective than public funds. Other savings objectives are highly preferred by public mutual fund holders than the private one.

- **Ho**: **There is no significant relationship between areas of dissatisfaction and Types of mutual fund.**

     Table No. 6 : Mean ranks of areas of dissatisfaction on the basis of Types of mutual fund

AREAS OF DISSATISFACTION	Mean Rank		Sum of Ranks	
	PUBLIC MF	PRIVATE MF	PUBLIC MF	PRIVATE MF
N	**102**	**198**	**102**	**198**
Safety of capital invested	168.15	141.41	17151.00	27999.00

Liquidity considerations	152.79	149.32	15585.00	29565.00
Capital growth	167.79	141.59	17115.00	28035.00
Regular income	173.97	138.41	17745.00	27405.00
Hedge against inflation	160.91	145.14	16413.00	28737.00
Diversification of funds	103.56	174.68	10563.00	34587.00
Professional fund management	108.15	172.32	11031.00	34119.00
Return	149.44	151.05	15243.00	29907.00
Risk	173.97	138.41	17745.00	27405.00
Legality	133.74	159.14	13641.00	31509.00

Table No.6.1 Mann – Whitney U test

AREAS OF DISSATISFACTION	Mann-Whitney U	Wilcoxon W	Z	Sig.(2 tailed)
Safety of capital invested	8298.000	27999.000	-2.550	0.011
Liquidity considerations	9864.000	29565.000	-0.332	0.740
Capital growth	8334.000	28.35.000	-2.513	0.012
Regular income	7704.000	27405.000	-3.391	0.001
Hedge against inflation	9036.000	28737.000	-1.519	0.129
Diversification of funds	5310.000	10563.000	-6.785	0.000
Professional fund management	5778.000	11031.000	-6.122	0.000
Return	9990.000	15243.000	-0.155	0.877
Risk	7704.000	27405.000	-3.429	0.001
Legality	8388.000	13641.000	-2.445	0.014

Source: Primary Data, Significant at 5 percent level of significance

INTERPRETATION

The test statistic is not significant in most cases **(p=.000<.05)** except in case of liquidity, return and hedge. This means that these have no relation with the types of mutual fund. But in case of others, framed hypothesis is rejected. This means, there is significant relationship between areas of dissatisfaction and the type of mutual fund preferred.

By looking the mean ranks, the public mutual fund holders are more dissatisfied in the areas of Diversification of funds, Professional fund management, Return and Legality than public funds. In case of other areas, private fund holders are more dissatisfied than the public holders.

FACTORS INFLUENCING THE INVESTORS SATISFACTION

The success of mutual funds depends on the investors' satisfaction level. There are various factors contributing to investors' satisfaction. Following table shows the factors influencing investors' satisfaction.

Table No. 7 : Factors influencing the investors' satisfaction

(HS-Highly satisfied, **S-**Satisfied, **N-**Neutral, **DS-**Dissatisfied, **HDS-**Highly Dissatisfied)

FACTORS	HS	S	N	DS	HDS	TOTAL
Return on investments	90(30%)	192(64%)	18(6%)	-	-	**300**(100%)
Liquidity of funds	60(20%)	174(58%)	66(22%)	-	-	**300**(100%)
Safety of investment	78(26%)	144(48%)	66(22%)	12(4%)	-	**300**(100%)
Full disclosure of information	18(6%)	102(34%)	156(52%)	24(8%)	-	**300**(100%)
Capital appreciation	18(6%)	78(26%)	156(52%)	36(12%)	12(4%)	**300**(100%)
Reputation of sponsor	36(12%)	114(38%)	90(30%)	54(18%)	6(2%)	**300**(100%)
Sponsor's expertise	18(6%)	150(50%)	108(36%)	24(8%)	-	**300**(100%)
Favorable credit ranking	6(2%)	102(34%)	156(52%)	36(12%)	-	**300**(100%)
Fringe benefits	12(4%)	60(20%)	132(44%)	72(24%)	24(8%)	**300**(100%)
Promptness in service	30(10%)	156(52%)	90(30%)	24(8%)	-	**300**(100%)
Grievance redressal	114(38%)	132(44%)	54(18%)	-	-	**300**(100%)
Diversification of investments	78(26%)	120(40%)	78(26%)	18(6%)	6(2%)	**300**(100%)

Source: Primary data

INTERPRETATION

It is evident from the table that, 38% of the investors are highly satisfied in grievance redressal programs of mutual fund. 64% of them are satisfied in mutual funds return. 52% have neither or nor satisfied in information disclosure, capital appreciation and credit ranking of mutual funds. 4% of the investors are dissatisfied in safety of investment. It is also clear that only 2% are highly dissatisfied in sponsors reputation and diversification of funds.

FINDINGS

- There exist a significant association between educational qualification and types of mutual fund. Majority of the respondents are post graduates and they prefer to invest in private mutual funds.

- There is a significant association between types of mutual fund and period of investment plan preferred. Majority of the respondents holding private mutual funds makes monthly investment in mutual fund.

- There exists a significant difference in the reasons for choosing public mutual funds. Majority of the respondents prefer public funds due to its 'safety'.

- There exists a significant difference in the reasons for choosing private mutual funds. Most of them ranked 'easy procedures' as the main reason for purchasing private funds.

- There is significant relationship between savings objective and types of mutual fund except in cases like inflation protection, house construction and fund accumulation.

- There is significant relationship between areas of dissatisfaction and types of mutual fund preferred by respondents except in case of liquidity, hedge and return. It was found that private fund holders are more dissatisfied in mutual fund areas.

- Most of the respondents are satisfied in mutual fund's return on investment and liquidity of funds. Only few are dissatisfied in sponsors reputation and funds diversification.

SUGGESTIONS

- Public funds should be introduced with more attractive features. Variety of choices should be offered to attract new and existing investors.

- Promotional activities should be adopted by the mutual fund companies and financial institutions to provide information about mutual fund to the investors. Advertisements in newspapers, television, internet etc helps to increase the knowledge of investors about mutual fund.

- Women Investors in rural and urban areas are not confident in investing their savings in mutual fund. Thus there should be provision to boost the confidence among investors.

CONCLUSION

The research work related to mutual funds and its related fields provide valuable information to expand the work in other areas. The study states that the investors' savings objective of mutual fund is to secure their families financial strength. They were also dissatisfied in some areas of mutual fund operations. Majority are highly dissatisfied in the area of hedge against inflation. However the number of investors is found to be increased in mutual fund operations when compared with the previous years. Finally I conclude that the project training was very useful to me since it enabled me to get a practical and theoretical knowledge about Mutual fund operations and their role in individual's life. The work which I have learned is wholly through experience and these can never be substituted by books.

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