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A STUDY ON INVESTORS PERCEPTION TOWARDS "INVESTMENT AND SERVICES" DIVISION OF DHANLAXMI BANK

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ABSTRACT :

In financial markets, "expectations" of the investor plays a vital role in influencing the price of securities and the volume of trade. The main objective of the study was to find out the investors attitude towards mutual funds distributed by the bank and to analyze the level of satisfaction of investors on their investments in Mutual Funds. Descriptive type of research was adopted for the study. Primary data was collected using questionnaire, and the secondary data was collected from websites and books. Convenience sampling technique is used and the sample size is 110. Statistical tools like percentage analysis, weighted average and chi-square has been used for analysis. Based on findings suitable suggestions have been offered

KEYWORDS: *Investor Perception, Attitude of investors, Mutual Funds.*

INTRODUCTION

A mutual fund is just the connecting bridge or a financial intermediary that allows a group of investors to pool their money together with a predetermined investment objective. The mutual fund will have a fund manager who is responsible for investing the gathered money into specific securities (stocks or bonds). When you invest in a mutual fund, you are buying units or portions of the mutual fund and thus on investing becomes a shareholder or unit holder of the fund.

Mutual funds are considered as one of the best available investments as compare to others they are very cost efficient and also easy to invest in, thus by pooling money together in a mutual fund, investors can purchase stocks or bonds with much lower trading costs than if they tried to do it on their own. But the biggest advantage to mutual funds is diversification, by minimizing risk & maximizing

returns.

TYPES OF MUTUAL FUNDS SCHEMES IN INDIA

Wide variety of Mutual Fund Schemes exists to cater to the needs such as financial position, risk tolerance and return expectations etc. thus mutual funds has Variety of flavors, Being a collection of many stocks, an investors can go for picking a mutual fund might be easy. There are over hundreds of mutual funds scheme to choose from. It is easier to think of mutual funds in categories, mentioned below

Mutual Fund Category

By Structure

- ❖ Open - Ended Schemes
- ❖ Close - Ended Schemes
- ❖ Equity fund
- ❖ Debt funds
- ❖ Balanced funds

Review of Literature

Proponents of this theory include researchers such as Anderson and Fornell (1994); Gummesson (1993); Heskett et al. (1990); Heskett et al. (1994); Reicheld and Sasser (1990); Rust, et al. (1995); Schneider and Bowen (1995); Storbacka et al. (1994); and Zeithaml et al.(1990). These researchers discuss the links between satisfaction, loyalty, and profitability. Statistically-driven examination of these links has been initiated by Nelson et al. (1992), who demonstrated the relationship of customer satisfaction to profitability among hospitals, and Rust and Zahorik (1991), who examine the relationship of customer satisfation to customer retention in retail banking. The Bank Administration Institute has also explored these ideas, inparticular Roth and van der Velde (1990, 1991). The service management literature argues that customer satisfaction is the result of a customer's perception of the value received in a transaction or relationship – where value equals perceived service quality relative to price and customer acquisition costs (see Blanchard and Galloway, 1994; Heskett et al., 1990) – relative to the value expected from transactions or relationships with competing vendors (Zeithaml et al., 1990). Loyalty behaviours, including relationship continuance, increased scale or scope of relationship, and recommendation (word of mouth advertising) result from customers' beliefs that the quantity of value received from one supplier is greater than thatavailable from othe suppliers. Loyalty, in one or more of the forms noted above, creates increased profit through enhanced revenues, reduced costs to acquire customers, lower customer-price sensitivity, and decreased costs to serve customers familiar with a firm's service delivery system (see Reicheld and Sasser, 1990).

The second relevant literature is found in the marketing domain. It discusses the impact of customer satisfaction on customer loyalty. Yi's "Critical review of customer satisfaction" (1990) concludes, "Many studies found that customer satisfaction influences purchase intentions as well as post-purchase attitude" (p. 104). The marketing literature suggests that customer loyalty can be defined in two distinct ways (Jacoby and Kyner, 1973). The first defines loyalty as an attitude.

Different feelings create an individual's overall attachment to a product, service, or organization (see Fornier, 1994). These feelings define the individual's (purely cognitive) degree of loyalty. The second definition of loyalty is behavioural. Examples of loyalty behaviour include continuing to purchase services from the same supplier, increasing the scale and or scope of a relationship, or the act

of recommendation (Yi, 1990). The behavioural view of loyalty is similar to loyalty as defined in the service management literature. This study examines behavioural, rather than attitudinal, loyalty (such as intent to repurchase). This approach is intended, first, to include behavioural loyalty in the conceptualization of customer loyalty that has been linked to customer satisfaction and second, to make the demonstrated satisfaction/loyalty relationship immediately accessible to Managers interested in customer behaviours linked to firm performance. Both the service management and the marketing literatures suggest that there is a strong theoretical underpinning for an empirical exploration of the linkages among customer satisfaction, customer loyalty, and profitability. The relatively small quantity of empirical research performed on these relationships to date (Storbacka et al., 1994) is probably the result of the paucity of organizations' measuring "soft" issues, such as customer satisfaction and customer loyalty, in meaningful ways.

Customer satisfaction has been a popular topic in marketing practice and academic research since Cardozo's (1965) initial study of customer effort, expectations and satisfaction. Despite many attempts to measure and explain customer satisfaction, there still does not appear to be a consensus regarding its definition (Giese and Cote, 2000). Customer satisfaction is typically defined as a post consumption evaluative judgement concerning a specific product or service (Gundersen, Heide and Olsson, 1996). It is the result of an evaluative process that contrasts prepurchase expectations with perceptions of performance during and after the consumption experience (Oliver, 1980). The most widely accepted conceptualization of the customer satisfaction concept is the expectancy disconfirmation theory (McQuitty, Finn and Wiley, 2000). The theory was developed by Oliver, who proposed that satisfaction level is a result of the difference between expected and perceived performance. Satisfaction (positive disconfirmation) occures when product or service is better than expected. On the other hand, a performance worse than expected results is dissatisfaction (negative disconfirmation). Studies show that customer satisfaction may have direct and indirect impact on business results. Luo and Homburg (2007) concluded that customer satisfaction positively affects business profitability. The majority of studies have investigated the relationship with customer behaviour patterns (Dimitriades, 2006; Olorunniwo et al., 2006; Chi and Qu, 2008; Faullant et al., 2008).

OBJECTIVE OF THE STUDY
Primary objective
• To study the investors perception towards investment and services division of dhanlaxmi bank
Secondary objectives
• To identify most preferred scheme for investment in mutual fund by the investors.
• To find out the satisfaction level of investors towards the dhanlaxmi bank's mutual funds
• To identify the factor influencing the investors to make investments in mutual funds.
• To know people behavior regarding risk factor involved in mutual fund.

RESEARCH DESIGN
A research design is the arrangement of condition for collection and analysis of data in a manner which may result in an economy in procedure. It stands for advance planning for collection of the relevant data and the techniques to be used in analysis, keeping in view the objectives of the research and availability of time.

DESCRIPTIVE RESEARCH DESIGN
Descriptive research is used in the study. It includes survey and fact-finding enquiries of

different kinds. The major purpose of this research is description of state of affairs as it exits at present.

SAMPLING TECHNIQUES
The convenience sampling technique was adopted in the selection of the sample. The convenience sampling is a statistical method of drawing representative data by selecting people because of the ease of their volunteering or selecting units because of their availability or easy access The advantages of this type of sampling are the availability and the quickness with which data can be gathered.

SAMPLE SIZE
The number of items selected from the population constitutes the sample size. The study covers the customers in the city of Calicut. Sample size for the study is 110.

DATA COLLECTION METHOD
While deciding about the method of data collection for the study the researcher should keep in mind the two sources of data.
• Primary data
• Secondary data

DATA ANALYSIS AND INTERPRETATION
PERCENTAGE ANALYSIS

TABLE NO : 1.1
THE TABLE SHOWING DISTRIBUTION OF THE RESPONDENTS BASED ON INFERENCE

AGE	FREQUENCY	PERCENTAGE
BELOW 30	30	27%
30-40	42	38%
40-50	23	21%
ABOVE 50	15	14%
TOTAL	110	100%

Out of 110 respondents 27% of the respondents belongs to the age group of below 30,38% of respondents belongs to the age group between 30-40,21%of respondents belongs to the age group between 40-50 and rest14% belongs to the age group of above 50.

TABLE NO : 1.2
TABLE SHOWING GENDER WISE CLASSIFICATION OF THE RESPONDENTS

GENDER	NO.OF RESPONDENTS	PERCENTAGE
Male	101	92%
Female	9	8%
TOTAL	110	100%

INFERENCE,

Out of 110 respondents, 92% respondents are male and 8 % respondents are female.

TABLE NO: 1.3
TABLE SHOWING THE EDUCATION QUALIFICATION OF RESPONDENTS

EDUCATION	NO OF RESPONDENTS	PERCENTAGE
HSC	15	14%
DIPLOMA	5	5%
U.G	70	64%
PG	20	18%
TOTAL	**110**	**100%**

INFERENCE

The above table shows that 14% of respondents education is only HSC, 5% of respondents are diploma holders, 64% of respondents have completed UG and 18% of respondents are PG.

TABLE NO: 1.4
THE TABLE SHOWING DISTRIBUTION OF THE RESPONDENTS BASED ON THEIR OCCUPATION

OCCUPATION	FREQUENCY	PERCENTAGE
SERVICE (GOVT.)	10	9%
SERVICE (PVT.)	37	34%
BUSINESS	32	29%
SELF-EMPLOYED	7	6%
RETIRED	24	22%
TOTAL	**110**	**100%**

INFERENCE

It is interpreted that 9% respondents of the sample size are employed in government service sctors,34% belongs to private service sectors,29% of them are doing business,6% respondents are self employed and 24% of respondents are retired from their job.

TABLE NO: 1.5
THE TABLE SHOWING THE MARITAL STATUS OF THE RESPONDENTS

MARITAL STATUS	NO OF RESPONDENTS	PERCENTAGE
MARRIED	103	94%
UNMARRIED	7	6%
TOTAL	**110**	**100%**

INFERENCE

Out of 110 respondents, 94% of respondents were married and 6% of respondents were unmarried.

TABLE NO: 1.6
THE TABLE SHOWING DISTRIBUTION OF THE RESPONDENTS BASED ON INCOME LEVEL

INCOME LEVEL	FREQUENCY	PERCENTAGE
BELOW 1 LAKH	0	0%
1-3	12	11%
3-5	25	23%
MORE THAN 5	73	66%
TOTAL	**110**	**100%**

INFERENCE

Out of 110 respondents surveyed, Up to 66% of investors have income more than 5 lakh. 23% have between 3-5 lakh.11% of investors have income between 1-3 lakh & there is no investor who have income up to 1 lakh.

TABLE NO : 1.7
THE TABLE SHOWING DISTRIBUTION OF THE RESPONDENTS BASED ON MUTUAL FUNDS THEY DEPOSITED

OPTION	FREQUNCY	PERCENTAGE
HDFC	70	64%
ICICI	40	36%
TOTAL	**110**	**100%**

INFERENCE

Out of 110 respondents surveyed, its found that 64% have invested in mutual fund with HDFC. And 36% have invested with ICICI.

TABLE NO: 1.8
THE TABLE SHOWING DISTRIBUTION OF THE RESPONDENTS BASED ON THEIR PERCENTAGE DEPOSIT IN MUTUAL FUNDS

OPTION	FREQUENCY	PERCENTAGE
BELOW 20%	34	31%
20%-50%	44	40%
50%-80%	23	21%
ABOVE 80%	9	8%
TOTAL	**110**	**100%**

INFERENCE

From the above table it is interpreted that according to their overall investment 31% of respondents deposited their money in mutual funds are below 20%, 40% of them have 20 to 50 percentage investment,21% invested between 50 and 80 percentage and only 8% of respondents have above 80% deposit in mutual funds.

TABLE NO : 1.9
THE TABLE SHOWING DISTRIBUTION OF THE RESPONDENTS BASED ON HOW THEY KNEW ABOUT THEIR MUTUAL FUND

OPTIONS	NO OF RESPONDENTS	PERCENTAGE
FAMILY & RELATIVES	39	35%
FRIENDS & PEERS	44	40%
COMPANY EMPLOYEE	17	15%
OTHERS	10	10%
TOTAL	110	100%

INFERENCE

It is interpreted that respondents knew from their friends and peers are 41% and 36 %in the case of HDFC and ICICI respectively, 31% &43% in the case of family and relatives, 17%&13%from their company employees and 11%&8% in the case of others on the basis of HDFC and ICICI respectively.

TABLE NO : 1.10
THE TABLE SHOWING DISTRIBUTION OF THE RESPONDENTS BASED ON TIME DURATION (MATURITY PERIOD) OF THEIR MUTUAL FUNDS

OPTION	NO OF RESPONDENTS	PERCENTAGE
0-1 YEAR	17	15%
1-2 YEAR	39	35%
2-4YEAR	32	29%
MORE THAN 4	22	21%
TOTAL	110	100%

INFERENCE

In the case of HDFC, 16% of respondents own mutual funds with less than 1 year maturity period, 36% with 1 to 2 years, and 22% have 2-4 years policy and 26% handling mutual funds with more than 4 years. According to ICICI investors it is 15 in less than 1 year, 35% in 1-2 years, 40% with 2-4 years and 10%own policy of more than 4 years maturity period.

TABLE NO : 1.11
THE TABLE SHOWING DISTRIBUTION OF THE RESPONDENTS ON OPINION OF ATTRACTIVE FACTORS

OPTION	NO OF RESPONDENTS	PERCENTAGE
RETURNS	20	18%
MODERATE RISK	13	12%
TAX BENEFITS	24	22%
HASSLE FREE	7	6%
PAST PERFORMANCE	32	29%
WELL REGULATED	14	12%
TOTAL	110	100%

THE CHART SHOWING DISTRIBUTION OF THE RESPONDENTS ON OPINION OF ATTRACTIVE FACTORS

INFERENCE

Respondents with opinion as return are 23%&10 in the case of HDFC and ICICI ,11%&13% on moderate risk,26%&15% have opinion as tax benefits,3%&13% have opinion as hassile free, past performance had 23%&40% and 14%&10 as a opinion as well regulation .

TABLE NO: 1.13
THE DISTRIBUTION OF THE RESPONDENTS BASED ON THEIR RISK PROFILE.

OPTION	NO OF RESPONDENTS	PERCENTAGE
INNOVATOR	23	21%
MODERATE	68	62%
RISK ADVERSE	19	17%
TOTAL	110	100%

INFERENCE

Out of 70 HDFC respondents, 27% of respondents are with risk profile as innovator, 56% in Moderate and rest of the 17% are in risk adverse profile. In the case of ICICI 10%in Innovator, 72% in Moderate and 18% in risk adverse.

TABLE NO 1.14
THE TABLE SHOWING DISTRIBUTION OF THE RESPONDENTS BASED ON BELIEF ON INVESTMENT.

OPTION	NO OF RESPONDENTS	PERCENTAGE
HIGH RISK HIGH RETURN	31	28%
MODERATE RISK MODERATE RETURN	63	57%
LOW RISK LOW RETURN	16	15%
TOTAL	110	100%

INFERENCE

Respondents believes in High risk high return are 27%&30% in HDFC and ICICI respectively,60%&55% in moderate risk moderate return and 13%&15%in the case of Low risk low return opinion.

TABLE NO :1.5
RESPONDENTS BASED ON INVESTMENT AVENUES THEY HAD BEFORE 5 YEARS

OPTION	NO OF RESPONDENTS	PERCENTAGE
BANK FD, SAVINGS	29	26%
INSURANCE	21	19%
MUTUAL FUNDS	12	11%
EQUITY MARKET	7	6%
GOVT. SECURITIES	6	5%
REAL ESTATE	14	13%
POSTAL SAVINGS.	21	19%
TOTAL	110	100%

INFERENCE

Respondents with Bank FD and savings are 26%&28% respectively in the case of HDFC and ICICI, 17%&23%with Insurance policies, 13%&8%with Mutual funds, 7%&5% with Equity market deposit, 6%&5% with government securities, 10%&18% with Real estate and 21% of HDFC investors and 15% of ICICI investors are with Postal savings before 5 years.

FINDINGS

The study has been focused on mutual fund performance with special reference to HDFC and ICICI mutual funds. From my study I have some findings, they are following.
• 38% of the mutual funds investors are belong to the age group between 30&40.
• 34% of the mutual fund holders are working in private sector companies.
• It is found that HDFC is a favorable Mutual Fund.
• 70% of the mutual fund holders have income as more than 5 lakhs.
• Most of the respondents bearing moderate risk.
• Most of the respondents believed in moderate risk and moderate return in their investment.
• Most of the respondents changed their investment plan to mutual funds from other opportunities in recent years.
• Investor's satisfaction against company norms,documentation and formalities is neutral.
• Most of customers are satisfied on company employee's attitude .
• On behalf of 92% respondents it is found that HDFC offering more return than ICICI.
• 85% of respondents do not want to exchange their mutual fund with others

SUGGESTIONS

• Fund managers should continuous Investor awareness Programs to make the investors aware of technicalities of fund management and the return aspects.
• Agents, Service personnel must be able to give correct and timely information about NAV and the return on different schemes.
• Monthly income scheme should be introduced.
• Scheme should be offered as per the needs and the requirement of the industries
• HDFC Company should try to follow the current portfolio holdings in better securities for better profits.
• Improve customer relationship management.
• Company should try to make people initiative towards risk.

CONCLUSION

By this study I point out HDFC mutual funds are more favorable than ICICI mutual funds. Because they are offering high return with moderate risk than ICICI.

When I studied about the investors' profile it shows that they have more than 5 lakh income per year, age limit is between 30&40.According to them tax benefits, past performance and return is the driving factor to invest in mutual funds. Regarding the company norms and condition they are well aware about that and they are ready to co-operate with their existing mutual fund company.

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