

# A Study on Satisfaction towards Mutual Fund Investment among Government Employees

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**Abstract:- Savings is an indispensable factor in a healthy economy. The habit of savings should be encouraged. The money thus saved should be invested judiciously to bring good returns in the long run with minimum risk. Mutual fund is one of the best options available to individuals. There are different schemes available. One can select according to their future needs. Government employees have a regular income which helps them to invest in various investment options . 250 Government employees working at different departments in Kollam Dist. are selected for the study. Their satisfaction towards investment in mutual fund are analyzed through chi-square test. Garret ranking technique was used to rank the factors that lead to the selection of mutual fund.**

**Keywords:-** Mutual Fund, Investment, Government Employees.

## I. INTRODUCTION

In every economy there are lot of investment opportunities available. The wants and needs of every one is unlimited. Future is unpredictable. People save to meet their future needs without borrowing and thereby keeping their dignity intact. The returns depend upon the prudence applied by the investors with their money. The savings should be able to beat the inflation phenomenon in order to be of any use in the future. In the present scenario bank deposits ,post office savings, chitt funds , shares ,debentures ,mutual fund etc. are some of the options available.

People give utmost priority to the safety of their investments. Investments does not necessarily require the existence of current income for the investor. Investors expect a satisfactory return which accumulate to his credit and is realized by him after a certain period. Safety of principal and satisfactory return depends upon a number of factors.

Investment decisions are always hectic and risky. Investors usually have a difficult and nervous time in deciding their investment portfolio. Time and reliable information are the main hindrances. Investment is an amalgamation of art and science and should be made judiciously. It is the hard earned money which is at stake. In this situation mutual fund investment is one of the solution .Mutual fund is the fund collected from different investors

pooled together and invested in different type of securities. Thus it provides diversification. The investment is made by the fund managers after studying the economic conditions. So professionalism in investment is also obtained. Hence risk can be reduced. The collection of small savings from individual investors leads to a large fund which in turn helps in the economic growth of the nation. The main benefits of investment in mutual fund are

### ➤ *Diversification*

By buying a mixture of stocks from various industries and making investment in different investment types the investor has access to a wide variety of investments.

### ➤ *Economies of Scale*

Buying and selling volume of mutual fund is huge there by reducing the transaction costs for the investors.

### ➤ *Divisibility*

By investing a specific amount at regular intervals the investors money will grow exponentially.

### ➤ *Professional Management*

An individual investor cannot research in every aspect of investment . Professional management helps in making intelligent decisions on the investors behalf.

## II. REVIEW OF LITERATURE

Singh and Jha (2009) conducted a study on awareness & acceptability of mutual funds. They concluded that investors prefer mutual fund due to return potential, liquidity and safety. They were not totally aware about the systematic investment plan.

Simran Saini, Bimal Anjum and Ramandeep Saini (2011).The study revealed that the most important feature that attract the investors while choosing a mutual fund scheme is the past performance of the scheme and the stability of the scheme which is followed by the past dividend records, the portfolio of the scheme, entry/exit load and the fund managers name . The study also reveals that newspapers are the main source of information for most of the respondents .The main objective of the respondents behind investing in mutual funds is the tax benefits offered by it followed by high return and safety of the schemes.

Ramamurthy and Reddy (2005) conducted a study to analyze recent trends in the mutual fund industry and draw a conclusion that the main benefits for small investors’ are efficient management, diversification of investment, easy administration, nice return potential, liquidity, transparency, flexibility, affordability, wide range of choices and a proper regulation governed by SEBI..

**III. SIGNIFICANCE OF STUDY**

Government employees have a regular income which helps them to invest in various investment options. Doing systematic planning and judicious investment methods will help them to meet all their present and future goals. Majority of government employees come under the purview of income tax. Mutual fund is a better option when choosing a tax saving investment option which also gives good returns. Systematic Investment Plan (SIP) is one among them. Investing a small sum regularly is the best way to create wealth over a long period. So we study the factors that lead the government employees to invest in mutual fund and to know how far they are satisfied with their mutual fund investment.

**IV. METHODOLOGY**

Primary data was collected from 250 Government employees working in different departments in Kollam District. Questionnaire was used as a tool for the collection of data .Percentage analysis Chi-square test and Garret ranking technique was adopted for the analysis of data. Satisfaction towards investment in mutual fund are analyzed through Chi-square test. Garret ranking technique was used to rank the factors that lead to the selection of mutual fund.

**V. OBJECTIVES**

- To study the factors which influence the investor while investing in mutual fund.
- To measure the satisfaction level of mutual fund investors.

**VI. HYPOTHESIS**

The following null hypotheses have been taken for the study

- There is no significant difference between sex and the satisfaction level
- There is no significant difference between age and the satisfaction level
- There is no significant difference between educational qualification and the satisfaction level
- There is no significant difference between income and the satisfaction level.

**VII. TESTING OF HYPOTHESIS**

- *There is no significant difference between sex and the satisfaction level.*

Table 2 shows that the calculated value of chi-square is greater than the tabulated value at 5% level of significance. (Calculated value=37.4076, Table value=5.991, Degree of freedom=2) Hence it is significant and the null hypothesis is rejected. 70% of respondents are male.

- *There is no significant difference between age and the satisfaction level*

Table 3 shows that the calculated value of chi-square is greater than the tabulated value at 5% level of significance. (Calculated value=12.6786, Table value=9.488, Degree of freedom=4) Hence it is significant and the null hypothesis is rejected. Majority of respondents are in the age group of 35-45 years. Out of which 48% of respondents are highly satisfied.

- *There is no significant difference between educational qualification and the satisfaction level*

Table 4 shows that the calculated value of chi-square is greater than the tabulated value at 5% level of significance. (Calculated value=24.299, Table value=12.599, Degree of freedom=6) Hence it is significant and the null hypothesis is rejected.

- *There is no significant difference between income and the satisfaction level.*

Table 5 shows that the calculated value of chi-square is greater than the tabulated value at 5% level of significance. (Calculated value=33.584, Table value=9.488, Degree of freedom=4) Hence it is significant and the null hypothesis is rejected. 52 % of respondents having monthly income above Rs 50,000 are highly satisfied.

Garret ranking method was used to know the factors that lead the investors to invest in mutual fund. The priority for selection of mutual fund as an investment tool among government employees are :

Factors	Rank
Tax benefit	1
Diversification	2
Professional management	3
Return potential	4
Well regulated	5

Table 1

Percentage analysis reveals the following findings.

- Majority of respondents (80%) have more than one investment avenue.
- 90% investors give preference to those investments which provide High return with low risk.

- Majority of the investors(65%) chose monthly investment pattern (SIP)
- 70% of respondents invest in Equity fund .
- 35 % of the respondents gather information from Brokers, followed by 22% from Internet, 15% from Magazines, 13% from financial consultants, 9% from financial institutions and 6% of the total respondents gather information from TV channels.
- Majority of respondents opted for 3 years (42%) as investment period.

**VIII. SUGGESTIONS**

- Encourage the investors to increase the lock in period.
- The benefits derived from investment in mutual fund should be projected among investors.
- An awareness should be created among investors that the risk in the capital market investment can be reduced through mutual fund investment.
- Educate individuals about the various schemes in mutual funds.
- Mismanagement should be avoided to increase public confidence.

**IX. CONCLUSION**

Investing in an equity mutual fund through Systematic Investment Plan helps to impart financial discipline among investors. It helps them to invest regularly without getting influenced by the prevailing situation in the stock market. The increased investment period will lead them to achieve their long term financial goals like retirement benefits . education of their children , building a house etc. Tax saving was the main reason among government employees for the selection of mutual funds followed by diversification and professional management. Mutual funds on one hand reduces the risk on investments and in the long run give good returns. Mutual funds thus is a boon to the individual investor as well as the economy of the nation.

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**APPENDIX**

Gender	Satisfaction Level			Total
	High	Medium	Low	
Male	73	64	38	175
Female	13	16	46	75
Total	86	80	84	250

Table 2:- Gender and Satisfaction Level

The chi-square statistic is 37.4076. The p-value is<0.00001.The result is significant at p<.05

Age	Satisfaction Level			Total
	High	Medium	low	
Below 30	30	36	24	90
30-45	55	40	19	114
Above 45	10	20	16	46
Total	95	96	59	250

Table 3:- Age and Satisfaction Level

The chi-square statistic is 12.6786.The p-value is .012958.The result is significant at p<.05

Education level	Satisfaction Level			Total
	High	Medium	Low	
Pre degree	25	8	9	42
Degree	19	22	24	65
Post graduate	10	20	30	60
Professional	30	30	23	83
Total	84	80	86	250

Table 4:- Educational Qualification and Satisfaction Level

The chi-square statistic is 24.299.The P-value is .00046.The result is significant at p<.05

Monthly Income	Satisfaction Level			Total
	High	Medium	Low	
<25,000	9	21	10	40
25,000-50,000	27	58	22	107
>50,000	54	16	33	103
Total	90	95	65	250

Table 5:- Income and Satisfaction Level

The chi-square statistic is 33.584.The p-value is<0.00001.The result is significant at p<.05