

A STUDY ON CUSTOMER PERCEPTION TOWARDS PUBLIC MUTUAL FUNDS AND PRIVATE MUTUAL FUNDS

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ABSTRACT

The purpose of study is to determine the main elements influencing investor preferences and decision by examining consumer perception of public and private mutual funds.

In order to obtain qualitative insights, we employed a mixedmethods approach, surveying a wide range of investors and conducting indepth interviews. The results show that while private mutual funds are preferred due to their greater returns and more individualized services, public mutual funds must prioritize trust and openness. The report also emphasizes how financial literacy and market awareness affect investment decisions. Fund managers and legislators can use these information to improve mutual fund offerings and better meet investor expectations.

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INTRODUCTION

Investment products known as mutual funds combine the money of many investors to create a diverse portfolio of stocks, bonds, and other securities. Professional fund managers who carry out investment strategies on behalf of the investors supervise them. Your money is spread among a variety of assets when you invest in a mutual fund, which reduces risk. Even if some assets underperform, you can still benefit from the potential growth in a variety of areas thanks to this wide range of investments.

Different mutual fund types accommodate varying risk tolerances and investment goals. Equity funds, for example, focus on equities, which entail greater risks but also the possibility of larger rewards. On the other hand, debt funds give fixed-income assets priority in an effort to provide steady income with less risk. Sector-specific funds focus on specific industries or themes, whereas hybrid funds combine debt and equity assets. It is critical to consider your time horizon, risk tolerance, and financial goals when choosing mutual funds. Making well-informed judgments can be facilitated by researching aspects including fund management expertise, expenditure ratios, and past performance. Remember that investing involves risks. To help you match your investments with your financial goals, diversify your portfolio and consult a financial expert.

REVIEW OF LITERATURE

1. Using standard deviation, Sharpe, Jenson' ratio, **Sharma (2020)** assessed the performance of a few chosen debt mutual funds schemes and looked at the risk return component of these mutual funds. This investigation found that, with the exception of two funds, all the funds had done well during the very erratic market movement. In addition to NAV and total return, investor should take statistical factors into account when making mutual fund investments to guarantee consistent performance
2. **Thripathi and Japee (2020)** used statistical tools like as standard deviations, beta, Sharpe ratio, and Jenson's alpha to analyse the performance of mutual funds in India and determine whether they may reward changeability and unpredictability. The analysis found that, with the exception of the SBI Bule-chip Fund, Nippon India large cap Fund, Nippon India Growth Fund, Nippon India small cap Fund, all 15 of the schemes that were chosen fared well throughout the very erratic market movement
3. **Simon Grima, Desmond Pace, and Jana Hili (2016)** They concentrated on two key areas in their study: first, making noteworthy contributions to the literature; and second, the research's practical viewpoint. It goes without saying that academics and researchers have focused their efforts on evaluating the actions of fund managers who are based mostly in developed and more efficient countries.
4. **Nair RK (2014)** reaffirmed that mutual funds are an effective instrument for stabilizing the Indian economy in the essay "Indian Mutual Fund Market - A tool to stabilize Indian Economy" published in the International Journal of Scientific and Research Publications. Mutual fund products are essential in helping investors pool their disparate savings and direct them toward the nation's infrastructure development. By encouraging the mutual fund industry, banks and other financial institutions are also playing a significant role in

NEED FOR THE STUDY

The current study focuses on retail investors who are knowledgeable about and capable of selecting mutual fund investment options that best suit their unique situation, taking into account factors like age, income, debt, and years to retirement, among others. With the growing popularity of the internet, investor choice has become increasingly significant, which could make it more difficult for first-time investors to invest in debt mutual fund schemes. Conversely, awareness and preferences enable them to stay current with the investment landscape and offer instruments for evaluating the risks involved in trading debt mutual fund schemes.

SCOPE OF THE STUDY

The purpose of this study is to investigate, evaluate, and assess the knowledge, inclinations, and satisfaction levels of retail investors in the Indian stock market, with a particular focus on mutual fund schemes provided by Hyderabad stockbroking houses. Large retail investors who are customers of franchisees connected to top brokerage companies are the focus of the study.

OBJECTIVE OF THE STUDY

1. To evaluate the amount of money invested in mutual funds schemes and the Indian stock market.
2. To investigate how demographic factors affect investment preferences in mutual schemes
3. Fund to determine the elements that motivate prospective retail investors to put money into mutual fund schemes
4. To investigate how satisfied investors are with mutual fund programs

RESEARCH METHODOLOGY

RESEARCH DESIGN : The research approach of the study comprise of two components exploratory and descriptive in nature. The research design for the study is descriptive in nature

SAMPLE DESIGN : The sample strategy will be thoroughly considered and selected for the study in order to gather the necessary data from the retail investors

SAMPLE TECHNIQUE : Basic random and Area sampling

SAMPLE SIZE : One hundred retail investors, dispersed over five distinct investment centres in Hyderabad, were included in the sample

Data collection method : The poll primarily relies on primary data. A structured questionnaire and in-person interview will be used to gather the necessary information from the investor residing in Hyderabad

The study's secondary data will come from investment and stock journal, mutual fund magazines. Published books, essays, mutual fund reports, and other publication

TOOLS FOR DATA ANALYSIS : Based on the type of data and the necessary interpretation. Suitable data analysis instrument, such as graphs, charts, and percentages the approach to be taken

METHODOLOGY OF DATA INTERPRETATION:

TABLE 1 : Which mutual fund schemes do you presently own ?

Options	No of responses	% of responses
SBI EQUITY FUNDS	44	44%
SBI DEBT FUNDS	37	37%
SBI HYBRID FUNDS	17	17%
HDFC EQUITY FUNDS	24	24%
HDFC DEBT FUNDS	12	12%
HDFC HYBRID FUNDS	6	6%
TOTAL	100	100%

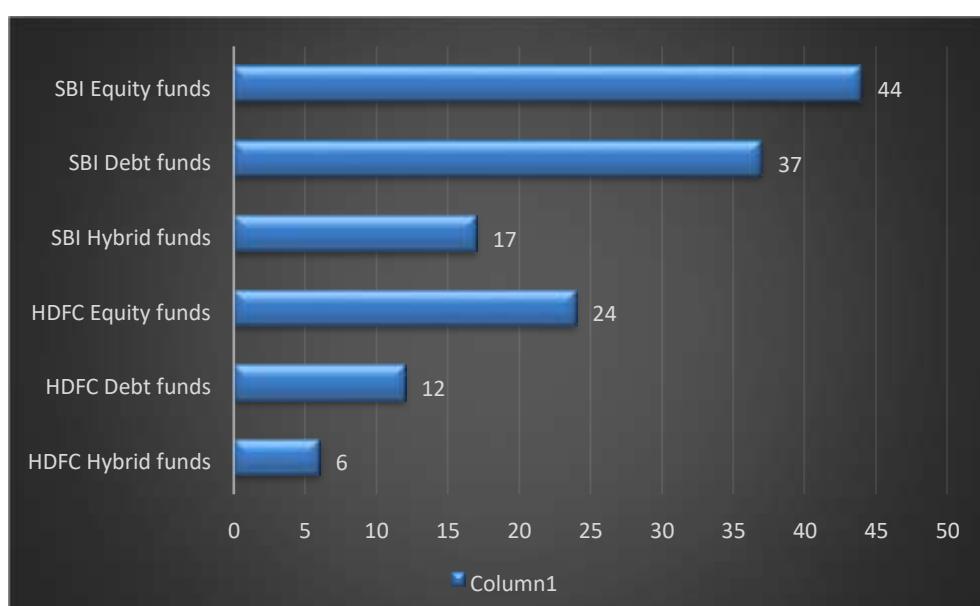


Figure 1 : Which mutual fund schemes do you presently own **Interpretation :**

According to the above table, 44% of respondents invest in SBI mutual funds, 37% in SBI debt funds, 24% in HDFC equity funds, and the remainder respondents invest in SBI hybrid funds, which are followed by HDFC debt funds and HDFC hybrid funds.

TABLE 2 : For what duration have you been investing in SBI/HDFC mutual fund plans?

Years	No of responses	% of responses
Less than 1 year	28	28%
1-3 years	51	51%
3-5 years	16	16%
More than 5 years	5	5%
Total	100	100%

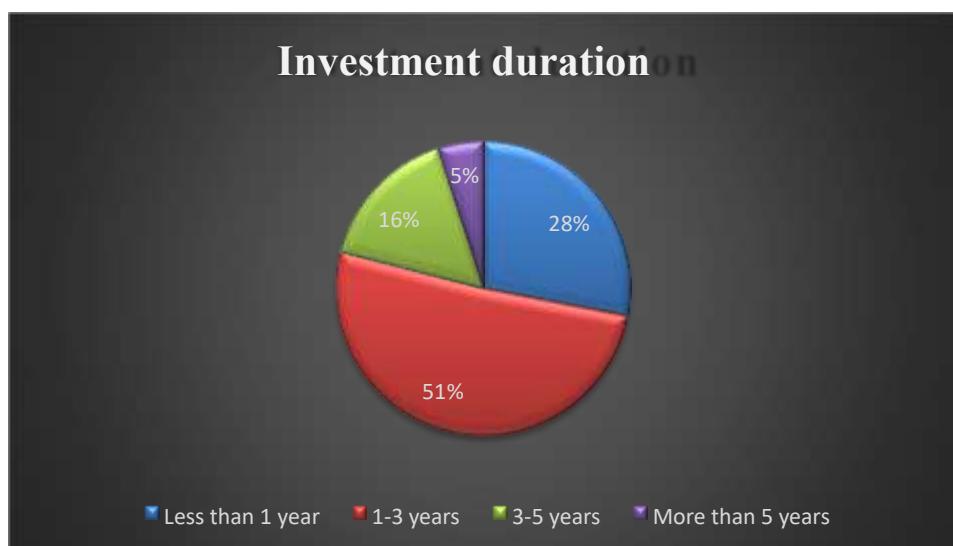


Figure 2: For what duration have you been investing in SBI/HDFC mutual fund plans?

Interpretation :

According to the table above, 28% of respondents have been investing in mutual funds for less than a year, 51% have been investing for one to three years, and the remaining 16% and 5% have been investing for three to five years and more than five years, respectively.

Table 3 : How pleased are you with the way your SBI mutual fund plans have performed?

Options	No of responses	% of responses
Very satisfied	35	35%
Satisfied	47	47 %

Neutral	15	15%
Dissatisfied	3	3%
Very Dissatisfied	0	0%
Total	100	100%

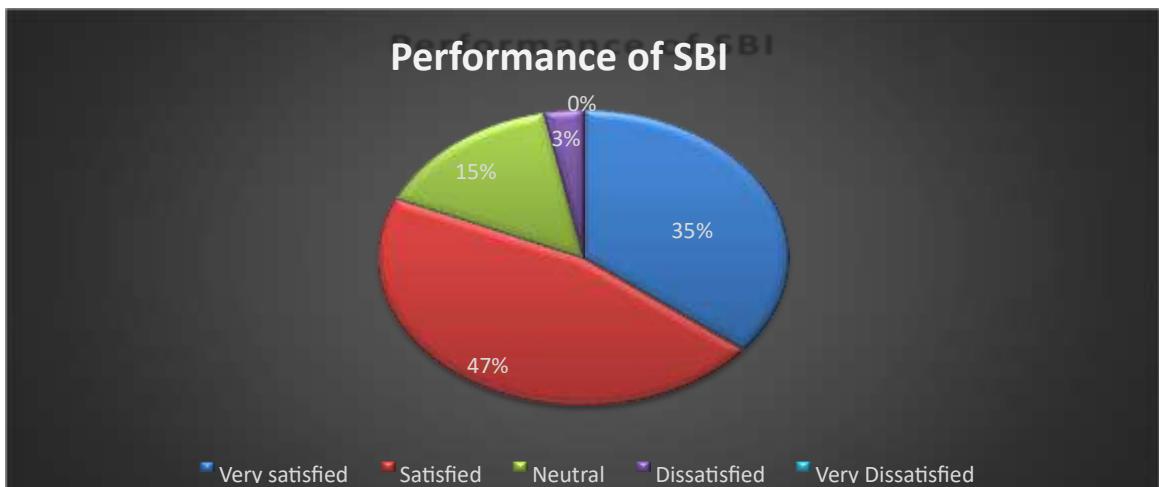


Figure 3: : How pleased are you with the way your SBI mutual fund plans have performed?

Interpretation :

According to the above table, 47% of respondents are happy with how the SBI Mutual Funds plans are performing, 35% are extremely satisfied, and the remainder respondents are either neutrally satisfied or dissatisfied.

Table 4 : How pleased are you with the way your HDFC mutual fund plans have performed?

Options	No of responses	% of responses
Very satisfied	25	25%
Satisfied	44	44%
Neutral	25	25%
Dissatisfied	5	5%
Very Dissatisfied	1	1%
Total	100	100%

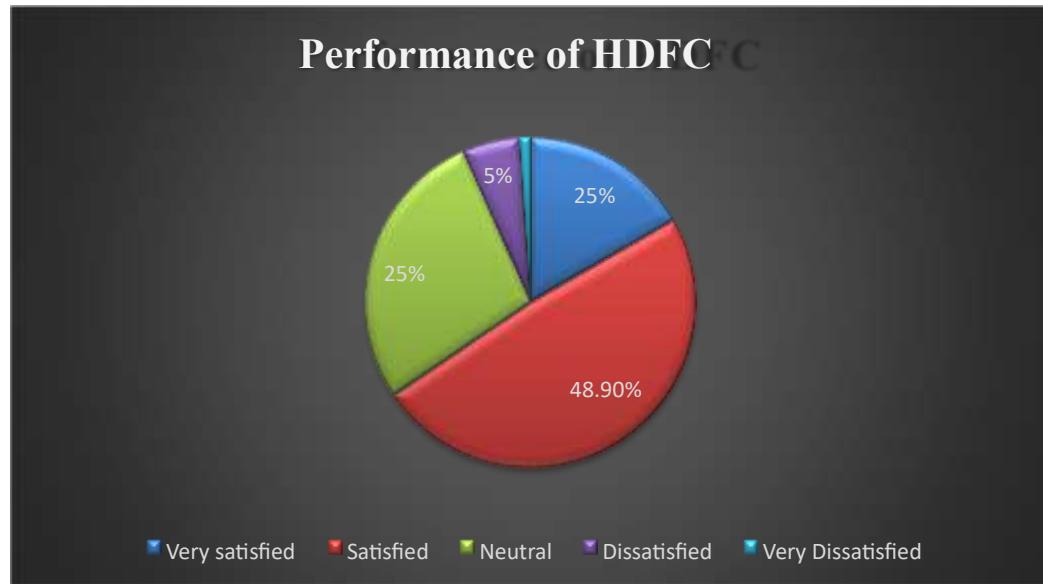


Figure 4: How pleased are you with the way your HDFC mutual fund plans have performed?

Interpretation :

According to the above table, 44% of respondents are happy with how well HDFC mutual fund plans are performing, 25% are ambivalently satisfied, and 25% are extremely delighted.

Table 5: To what extent are SBI mutual fund plans convenient to invest in?

Options	No of responses	% of responses
Very Easy	29	29%
Easy	50	50%
Neutral	16	16%
Difficult	3	3%
Very Difficult	2	2%
Total	100	100%



Figure 5: To what extent are SBI mutual fund plans convenient to invest in?

Interpretation :

According to the above table, 50% of respondents said investing in SBI mutual fund plans is simple, 29% said it is extremely simple, and the remainder respondents said it is neutral and challenging.

Table 6 : How simple is it to invest in mutual fund plans offered by HDFC?

Options	No of responses	% of responses
Very Easy	20	20%
Easy	45	45%
Neutral	26	26%
Difficult	7	7%
Very Difficult	2	2%
Total	100	100%

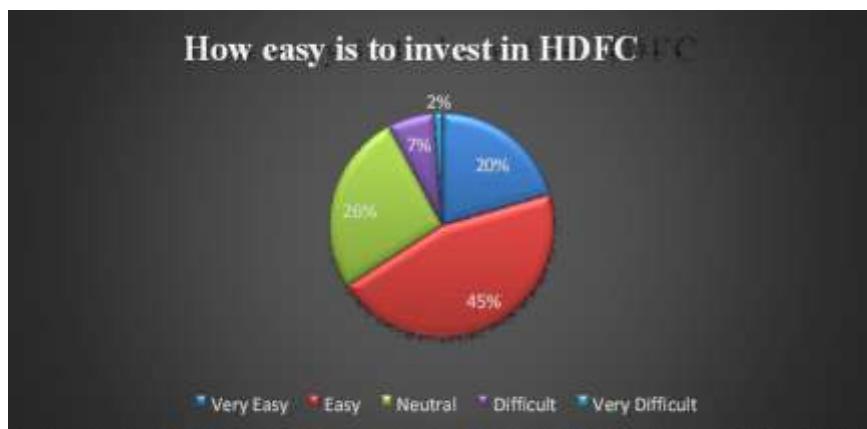


Figure 6 : How simple is it to invest in mutual fund plans offered by HDFC?

Interpretation :

According to the above table, 45% of respondents said investing in HDFC mutual fund plans was easy, 26% said it was neutral, and 20% said it was really easy.

Findings

1) Variety of mutual funds offered:

Compared to HDFC mutual funds, investors believe that SBI mutual funds offer a far wider range of mutual fund programs.

2) Performance:

Investors in mutual funds from SBI and HDFC are both happy with how their investments have performed.

3) Annual returns:

SBI mutual fund plans typically yield yearly returns of 5–10%.

The HDFC mutual fund plans typically yield yearly returns of 5–10% and less than 5%.

4) Expense Ratio:

The majority of investors in HDFC and SBI mutual funds are aware of the charge structure.

5) Fees and charges:

The majority of SBI mutual fund investors believe that their plans' fees and charges are fair.

Investors in HDFC mutual funds believe that the fees and charges are fair and moderate.

6) Investment:

Investing in mutual fund programs is simple for both SBI and HDFC mutual fund investors.

7) Risk:

Of the respondents, 40% are somewhat aware of the risk associated with mutual funds, and almost 50% are aware of it.

8) Investment procedure:

Investors in SBI mutual funds are quite happy with the investment process.

Investors in HDFC mutual funds express satisfaction with the investment procedure.

9) Customer service:

SBI Mutual Funds offers good customer service.

The customer support provided by HDFC mutual funds is mediocre.

SUGGESTIONS :

1. Respondents voice dissatisfaction with mutual fund schemes' levels of convenience and transparency, emphasizing the necessity for mutual fund institutions to improve these areas in order to meet client expectations and guarantee their pleasure.
2. The respondents express satisfaction with the mutual fund schemes' tax benefits, flexibility, choice, liquidity, safety, and returns. Therefore, to sustain investors' trust, investment portfolios must adhere to the same standards.
3. Because clients' top consideration while investing in mutual fund schemes is profitability. As a result, this sector requires less focus.
4. Through their successful marketing initiatives, small and medium-sized businesses must raise the proportion of trust in the eyes of their clients.

CONCLUSION

With the intention of obtaining a thorough grasp of their dynamics, mutual fund schemes were investigated. The purpose of this study is to clarify the basic ideas behind mutual fund schemes and

their benefits as a practical investment choice. Additionally, it seeks to examine the risk, return, and volatility of mutual fund schemes as well as the performance of these schemes based on a number of different characteristics. The questionnaire that was distributed to investors who made investments in SBI and HDFC mutual fund schemes is used in the study. Both primary and secondary data serve as the foundation for the entire investigation. Graphs and percentages were the study's analytical instruments. For forty-five days, the study is conducted in Hyderabad. A few drawbacks of the study were addressed.

The study is predicated on hypotheses that took into account several aspects of mutual fund schemes, including performance, fund diversity, management and stability, expenditures ratio, risk and return, customer service and accessibility, and investment philosophy.

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