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A Study on Investors Awareness and Their Perception towards SBI Mutual Funds

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Abstract – This paper has been an attempt to find out the investors awareness and their perception towards Sbi Mutual Funds. A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them. Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost.

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INTRODUCTION OF MUTUAL FUNDS

Mutual fund is a mechanism for pooling the resources by issuing units to the investors and investing funds in securities in accordance with objectives as disclosed in offer document. In other words a mutual fund is a company that pools money from many investors and invest the money in securities such bonds, stocks and short-term debt. The combined holdings of the mutual fund are known as its portfolio.

Mutual fund is a type of financial intermediary that pools the funds of investors who seek the same general investment objective and invests them in a number of different types of financial claims (e.g., equity shares, bonds, money market instrument). These pooled funds provide thousands of investors with proportional investment managers. The term 'mutual' is used in the sense that all its returns, minus its expenses, are shared by the funds unit holders. Mutual fund is a special type of institution which acts as an investment conduit. It is essentially a mechanism of pooling together the savings of large number of investors for collective investments with an avowed objective of attractive yields and appreciation in their value. Such activities are undertaken on different terms by agencies popular as 'unit trusts' and 'investment companies'.

ROLE OF SEBI IN MUTUAL FUNDS INDUSTRY

In early 1990s, Government allowed public sector banks and institutions to set up mutual funds. In the year 1992, Securities and exchange Board of India (SEBI) Act was passed. The objectives of SEBI are – to protect the interest of investors in securities and to promote the development of and to regulate the securities market.

As far as mutual funds are concerned, SEBI formulates policies and regulates the mutual funds to protect the interest of the investors. SEBI notified regulations for the mutual funds in 1993. Thereafter, mutual funds sponsored by private sector entities were allowed to enter the capital market. The regulations were fully revised in 1996 and have been amended thereafter from time to time. SEBI has also issued guidelines to the mutual funds from time to time to protect the interests of investors.

All mutual funds whether promoted by public sector or private sector entities including those promoted by foreign entities are governed by the same set of Regulations. There is no distinction in regulatory requirements for these mutual funds and all are subject to monitoring and inspections by SEBI. The risks associated with the schemes launched by the mutual funds sponsored by these entities are of similar type. It may be mentioned here that Unit Trust of India (UTI) is not registered with SEBI as a mutual fund (as on January 15, 2002).

SBI MUTUAL FUND

SBI Mutual Fund is an asset management company sponsored by state Bank of India. SBI mutual fund was established in 1987. Its headquarter is in Mumbai, India. SBI funds Management Private Limited has been appointed as the asset Management Company of the SBI Mutual fund. SBI launch SBI Magnum Equity fund in 1991 and Sector Funds in 1999. SBI mutual fund makes joint venture with Societe General Asset Management in 2004. SBI mutual fund has become the first bank sponsored fund to launch SBI Resurgent India Opportunities fund in 2006. In 2018 it signed on the United Nations Principles for responsible Investment. Growth through innovation and stable investment policies is the SBI MF credo. Schemes of the Mutual fund have consistently outperformed benchmark indices and have emerged as the preferred investment for millions of investors and HNI's.

SBI Mutual Fund is India's largest bank sponsored mutual fund and has a good record in investment and wealth creation. The company was constituted as a Trust under the provisions of the Indian Trust Act 1882. The company is registered with the SEBI> SBI Mutual Fund is a joint venture between the SBI and Amundi, European asset management company. Investing in the SBI Mutual Funds is simpler whether you are a seasoned investor or a novice. There are many benefits of investing in SBI mutual funds such as liquidity, tax benefit, management, diversification etc. Investors can take decision on the basis of risk they are willing to take, expectations of return and other basis.

REVIEW OF LITERATURE

Sarkar and Mazumder (1994) conducted a study was to evaluate the performance of five growth oriented schemes for the period February 1991 to August 1993. The researchers employed the CAPM and Jensen measure for this purpose. The conclusion was that the selected mutual fund schemes have not offered superior returns during the study period than the market in general.

Kaura and Jayadev (1995) evaluated the performance of five growth oriented schemes for the period 1993-94, by the use of Sharpe, Treynor and Jensen measures. The study concludes that Mater Gain 91, Can Bonus and Sagar have performed better than the market in terms of systematic but not in terms of total risk.

Mathur (1996) found that the concept of mutual funds is gaining practical relevance in India and as a result of which a large number of funds have been floated on the recent past.

Sahadevan and Thiripalraju (1997) compared the performance of public sector and private sector mutual funds for the period 1995-96 using the BSE Sensex as the market index. The study concluded that the private sector mutual funds outperformed the public sector mutual funds.

Jayadev (1998) study explained that mutual funds seem to have not lived up to the expectations of the investors. It was claimed that mutual funds did not formulate the policies in the areas of investment valuation, pricing and disclosure which are very necessary to keep alive the interest of the investors.

Avadhani (1999) highlighted the role of mutual funds, guidelines of MMMFs, RBI guidelines on mutual funds and regulation of mutual funds in India.

Ramesh Chander (2000) explained the performance appraisal of 34 mutual fund schemes taking BSE SENSEX as benchmark. He found that open ended schemes out- performed the market than close ended schemes. He also pointed out that income funds are able to earn a steady return than the growth and balanced funds. He suggested that mutual funds should improve the market timing ability of fund investment.

Singh (2001) revealed several inconsistencies in mutual funds working and concluded that mutual funds could not perform well during the past couple of years because of these inconsistencies.

Singh and Vanita (2002) explained that the risk inherent in mutual funds investment and use it primarily as a tax saving instrument. They pointed out that tax benefits associated with mutual funds is the basic driving force behind mutual fund investment. Investors prefer to invest in private mutual funds, open ended schemes and balanced funds. It is also pointed out that most of the investors are not aware of the risk inherent in mutual fund investment. They suggested for providing more investor education and awareness through workshops and seminars by SEBI.

Rao and Satyasekhar (2006) showed that laggards may become leaders and vice versa during the long run. They conclude that performance in the short run may not give the same result, in the long run.

Tripathy (2007) evaluated the various facts of mutual funds. The study identified the various challenges to be encountered by mutual funds in future and concluded that the key to the success of mutual fund industry is the perceived confidence of the investors in the organization in total.

Raju and Rao (2008) study pointed out that poor performance of many selected schemes and suggests that the managers of the schemes have to redesign and change the investment pattern by identifying the likely phases in the market (bullish / bearish) well in advance and emerging stocks on a continuous basis.

SatyaSwaroop (2009) explained the performance of 23 equity based mutual funds during the period April 1996 to March 2009. He used the Sharpe ratio, Treynor ratio and Jensen measure in his study and concluded that in the public sector UTI mutual fund schemes and in the private sector

Franklin Templeton schemes out- performed the market.

Joshi (2010) revealed the various issues on risk management in mutual funds and suggested methods of effective risk management in mutual funds.

Khurana Panjwani (2010) conducted the Sharpe, Treynor and Jensen measure in order to evaluate the performance of fifteen (15) open ended hybrid mutual fund schemes. The study finds that all the schemes have out-performed the market in terms of most of the measures used in the study except ICICI Prudential Balanced Fund-G and Principal Balanced Fund-G.

Bal and Paul (2012) explained that the growth of mutual fund industry was hit hurted several times. He stated that the fiscal year 2008-09 was a challenging year for mutual fund industry in India as it passed through the financial Tsunami caused by world economy meltdown. But the study shows that the industry witnessed a robust growth in the fiscal year 2009-10 and thereafter due to strong governmental effort and SEBIs supportive regulations.

Bose (April, 2012) have conducted a research on the third year of the post-crisis period, global recovery began to falter. However, contrary to expectations, during the period Indian equity mutual funds recorded considerable net inflows, and consequently, mutual funds made positive net investments inequity markets.

Kothari and Mindargi (June 2013) found out that people lying in middle income group are more attracted towards mutual funds and are ready to bear risk though many investors do not invest in mutual funds due to lack of knowledge. There are investors who find government bonds a better option as compared to mutual funds. It was also found that most of the investors do not like to invest their money for a longer duration of time in mutual funds and they also expect higher return in shorter duration when compared to other investment options.

Panwar and Madhumathi (2015) compared the performance and diversification in the portfolio of securities of public-sector sponsored and private-sector sponsored mutual funds using traditional investment measures .The findings of the study was Public-sector sponsored mutual funds do not differ from private-sector Indian sponsored and private-sector foreign sponsored mutual funds in terms of portfolio characteristics like net assets , common stock%, Top 10 % ,market capitalization, holdings.

Ranganathan (2016) made an attempt to assess the savings objectives among individual investors and to identify the preferred savings avenue among individual investors. The required data was collected through a pretested questionnaire administered on a combination of simple random and judgment sample of 100 educated individual investors. The findings of the search was Savings Objective of the majority of Individual Investors is 'to provide for Retirement and there is a fair opportunity for MF investments in future as 39% of the respondents have voted towards 'Yes'.

NEED OF THE SYUDY

The need of the study is to track out the investors' preferences, priorities and their awareness towards different mutual fund schemes. Keeping in view the various constraints the scope of the study is limited only to the investors residing in Haryana Dealing with customers provided me the opportunity to explore and apply my communication, marketing and Financial skills. I was responsible for taking decisions and guiding customers to choose the most appropriate mutual funds scheme for their investment depending upon the risk profile of customer and route by which they can invest in money i.e. SIP (Systematic Investment planning) or Lump sum.

OBJECTIVES OF THE STUDY

- The objective of the research is to study and analyize the awareness level of investors of Mutual Funds.
- To know how mutual funds are better than other investments like fixed deposits, insurance etc.
- To measure the satisfaction level of investors regarding mutual funds.
- To evaluate the performance of SBI mutual funds.

RESEARCH DESIGN

Decision regarding what, where, when, how much, by what means concerning an enquiry or a research study constitute a research design. A research design is an arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to research purpose with economy in procedure. In the study the researcher has been used descriptive research design. As descriptive research design is the description of state of affairs, as it exists at present.

MATHEMATICAL & STATICAL TOOLS USED FOR DATA ANALYSIS

Percentage method and Average method have been used by the researcher. Convenient Sampling Method has been used to select the sample. Sampling unit are the investors of the Mutual funds.

Both open and close ended questions have been used to collect the data.

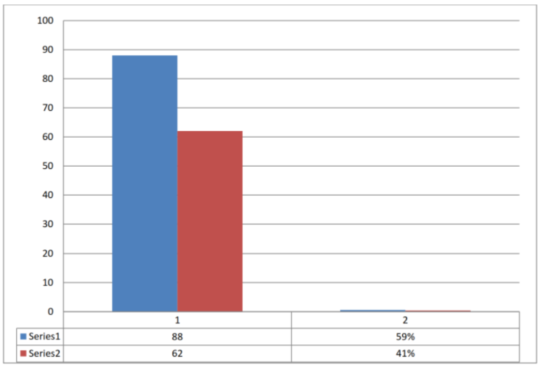
ANALYSIS OF INVESTORS PERCEPTION TOWARDS SBI MUTUAL FUNDS

Table- 4.1

Awareness about mutual funds

A	Yes
B	No

Graph-4.1



INTEREPRETATIONS

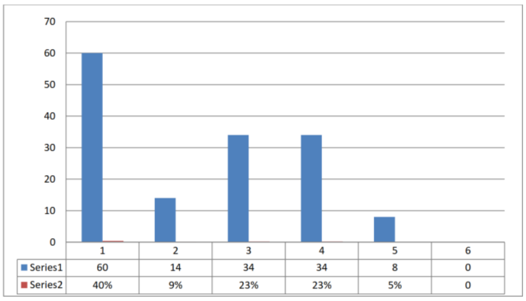
The above table and graph reveal that 59% of the respondents are aware about mutual funds while 41% are unaware about the mutual funds.

Table-4.2

Most important parameters while investing

A	Returns
B	Lower Risk Factor
C	Credit Rating
D	Inflation
E	Company
F	Lock in Period

Graph 4.2



INTEREPRETATIONS

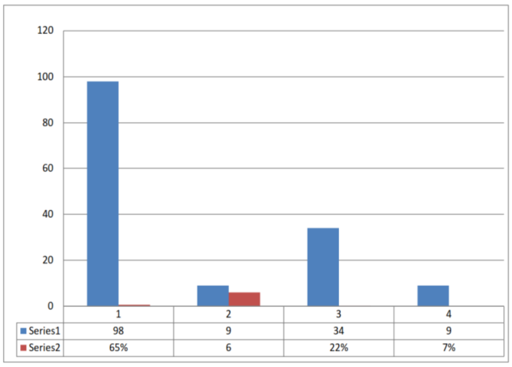
It has been found from the above table and graph that 40% of the respondents perceive that Returns is the most parameters while investing and 23% of the respondents consider both credit rating and inflation. Only 9% of the respondents consider lower risk factor and 5% of the respondents perceive company while investing.

Table-4.3

Alternates of Investment by investors

A	Bank Deposits
B	Stock Market
C	Insurance
D	Mutual Fund

Graph-4.3



INTEREPRETATIONS

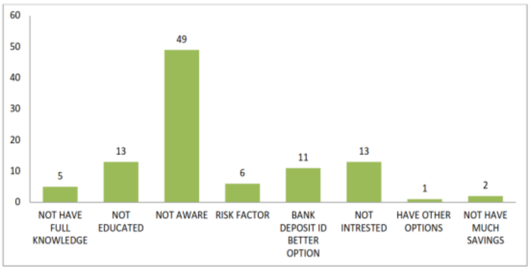
From the above table and graph we concluded that 65% of the respondents like to invest in bank deposits while 22% like to invest in insurance. Only 6% of the respondents consider stock market and 7% of the respondents consider mutual funds for investment.

Table-4.4

REASONS FOR NOT INVESTING IN MUTUAL FUNDS

A	Not have full knowledge
B	Not educated
C	Not aware
D	Risk Factor
E	Bank deposit ID better option
F	Not interested
G	Having other options
H	Not have much savings

Graph-4.4



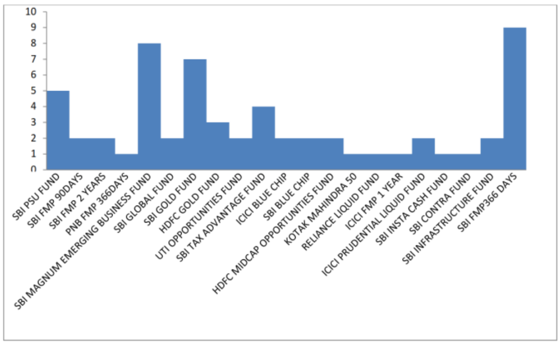
INTEREPRETATIONS

The above table and graph highlighted that out of 150 respondents, 85 respondents do not want to invest in mutual funds. According to 85 respondents, 49% of the respondents do not invest in mutual fund because they are unaware about mutual funds while 13% of the respondents do not invest because they are not educated and not interested.

Table-4.5

Investment in which mutual fund

Graph-4.5



INTEREPRETATIONS

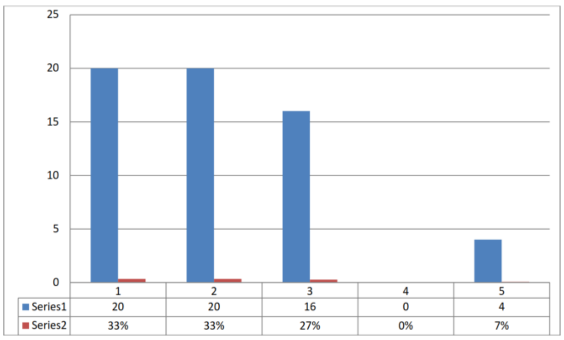
From the above table and graph it has been found that out of 150 respondents, 60 respondents have invested in Mutual Funds .According to 60 respondents, 75% of the respondents have invested in SBI Mutual Funds while 25% of the respondents have invested in HDFC, ICICI, Reliance, Kotak Mahindra, UTI, PNB.

Table-4.6

Overall experience with Mutual Funds

A	Highly Satisfactory
B	Satisfactory
C	Average
D	Dissatisfactory
E	Highly Dissatisfactory

Graph-4.6



INTERPRETATIONS

The above table and graph reveals that out of 150 respondents, 70 respondents have invested in Mutual Funds. According to 70 respondents, 33% of the respondents are both highly satisfy and satisfy with mutual funds while 27% of the respondents having average experience with mutual funds and 7% of the respondents are highly dissatisfy.

MAIN FINDINGS

- The analysis reveals that 59% of the respondents are aware about mutual funds while 41% are unaware about the mutual funds.
- The study found that 40% of the respondents perceive that returns are the most parameters while investing and 23% of the respondents consider both credit rating and inflation. Only 9% of the respondents consider lower risk factor and 5% of the respondents perceive company
- The analysis shows that 65% of the respondents like to invest in bank deposits while 22% like to invest in insurance. Only 6% of the respondents consider stock market and 7% of the respondents consider mutual funds for investment.
- 43% of the respondents want to invest in mutual funds while 57% of the respondents do not want to invest in mutual funds.
- Out of 150 respondents, 85 respondents do not want to invest in mutual funds. According to 85 respondents, 49% of the respondents do not invest in mutual fund because they are unaware about mutual funds while 13% of the respondents do not invest because they are not educated and not interested.
- The study shows that 60 respondents have invested in Mutual Funds .According to 60 respondents, 75% of the respondents have invested in SBI Mutual Funds while 25% of the respondents have invested in HDFC, ICICI, Reliance, Kotak Mahindra, UTI, PNB.
- Out of 150 respondents, 70 respondents have invested in Mutual Funds. According to 70 respondents, 33% of the respondents are both highly satisfy and satisfy with mutual funds while 27% of the respondents having average experience with mutual funds and 7% of the respondents are highly dissatisfy.

SUGGESSTIONS

There are some suggestions

- Many of people have fear of mutual funds. They think their money will not be secure in mutual funds. They need the knowledge of mutual fund and its related terms. Many of people do not have invested in mutual funds due to lack of awareness although they have money to invest.
- Distribution channels are also important for the investment in mutual funds. Financial advisors are most preferred channels for the investment in mutual funds. They can change investors mind from one investment option to others.
- The most important problem is spotted is of ignorance. Investors should be aware of the benefits; nobody will invest until or unless he is fully convinced.
- Mutual funds offer a lot of benefits, but most of the people are not even aware of what actually a Mutual fund is? They only see it just another option? So the Advisors should try to change their mindset.
- Mutual funds companies needs to give the training of the financial Advisors about the fund/scheme and its objectives, because they are the main source to influence the investors.
- Before making any investment, Financial Advisors should first enquire about the risk tolerance of the investors/customers, their need and time. By considering these three things they can take the customers into consideration.
- SIP (systematic Investment plan) is one of the innovate product launched by AMC. SIP is easy for monthly salaried person as it provides the facility of do the investment in EMI. There is a large scope for the companies to tap the salaried personnel person.
- The financial institution should increase the awareness level related to Mutual Fund schemes by seminar or trading programs.
- Mutual fund should expand their network upto semi-urban and rural area so that the investor of those areas can also invest.
- The schemes should be of lesser value so that small investor can also take benefit of the schemes.
- There should be transparency in returns and performance of Mutual Funds.

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