



A Study of Investment in Mutual Funds with Special Reference to SBI

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Abstract The term 'mutual fund' implies a fund in which investment is pooled by lot of investors together and return generated thereon is distributed pro rata generally managed by a bank or a financial institution. Mutual funds have emerged as a strong financial intermediary and are the fastest growing segment of financial services sector in India. It plays a significant role in channelizing savings of millions of individuals. Infact, Mutual fund is the most suitable investment option for the commoner as it provides opportunity to invest in a diversified professionally managed portfolio at a relatively low cost. There are wide varieties of mutual funds schemes that cater to the investor needs.

The industry has made a significant stride in terms of its variety, sophistication and regulation. Due to entry of foreign asset management companies, favorable stock markets and aggressive marketing by mutual funds, the asset management industry in India is witnessing dramatic growth in terms of new openings, number of mutual fund companies and in the total asset under management in recent years.

However, despite various attractions offered, the total net assets for mutual funds are very less as compared to other developed countries. Also in the product offering our industry is not even close to the developed countries. Indian industry has to scale new heights to narrow the gap with other developed countries.

To achieve this, the Indian Mutual Fund industry needs to widen its range of products with affordable and competitive schemes that combine various elements of liquidity, return and security in making mutual fund products best possible alternative for the small investors in the Indian market. Besides, mutual funds can survive only if they perform well and satisfy the expectations of the investors.

Keywords Investment, Mutual Funds, SBI, financial institution

Introduction

Idea of mutual funds in our country was first mooted in the year 1963 by the UNIT TRUST OF INDIA through combine initiative of Government and RBI.

Launched in the year 1987, SBI Mutual Fund becomes the first non-UTI Mutual Fund of India. In July 2004, SBI decided to disinvest 37 percent of its holding in its mutual fund arm, SBI Funds Management Private Limited to SOCIETE GENERALE ASSET MANAGEMENT. In May 2011, AMUNDI (a European Asset Management Company) picked up 37% stake in SBI Funds Management as part of global move to merge its asset management business with CREDIT AGRICOLE.

As of September, 2019, the fund house serves 2809315 unique investors through approximately 212 branches across the country. As of September 2021, the total AUM stands at INR 579318.29 crores.

SBI Mutual fund has broadly 3 kind of products in its bucket viz. Equity, Debt and Hybrid.

Some of the major competitor of SBI Mutual fund are Axis Mutual Fund, Birla Sun Life Insurance, HDFC Mutual Fund, ICICI Prudential Mutual fund and UTI Mutual Fund.



Objective of the Study

1. To study the contribution of investors in the mutual fund segment.
2. To study the impact of mutual funds in investment pattern of an individual.

H1. There is no significant contribution of investors in the sample of 100 towards the fund as a whole.
H2. There is not so much impact caused by the Mutual Funds in the investment pattern of the investors.

Research Methodology

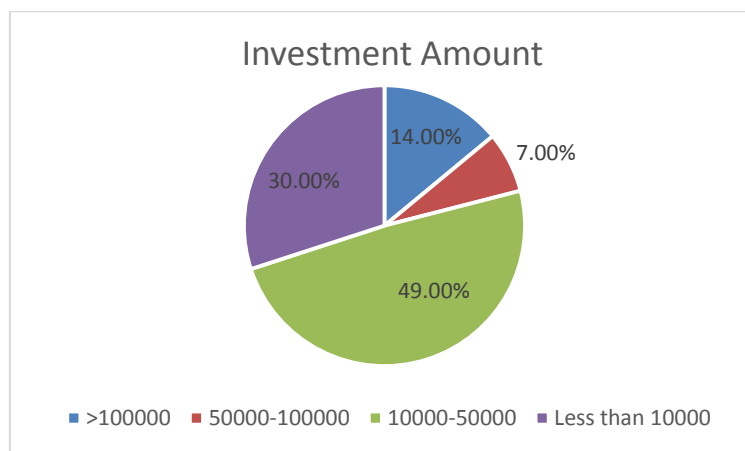
Research is a careful systematic study regarding a particular concern or problem using scientific methods. According to Earl Robert, "Research is a systematic inquiry to describe, explain, predict and control the observed phenomenon."

Practical Application

Research is based on primary data which was collected through interacting with Investors. A market research was conducted to find out the ideology of investors and their awareness of mutual fund schemes. It was done to find out the investment pattern and investment behavior i.e. objective of investment in mutual funds, tenure of such investment, type of investment plan. Thus, a questionnaire was devised to fetch above mentioned information from the investors. The sample size of research was 100, which covered all classes of people aged 18 and above.

Table 1: Investment Amount

Investment Amount	No of Investors	Weight	Percentage
>100000	6	4	14%
50000-100000	4	3	7%
10000-50000	40	2	49%
Less than 10000	50	1	30%



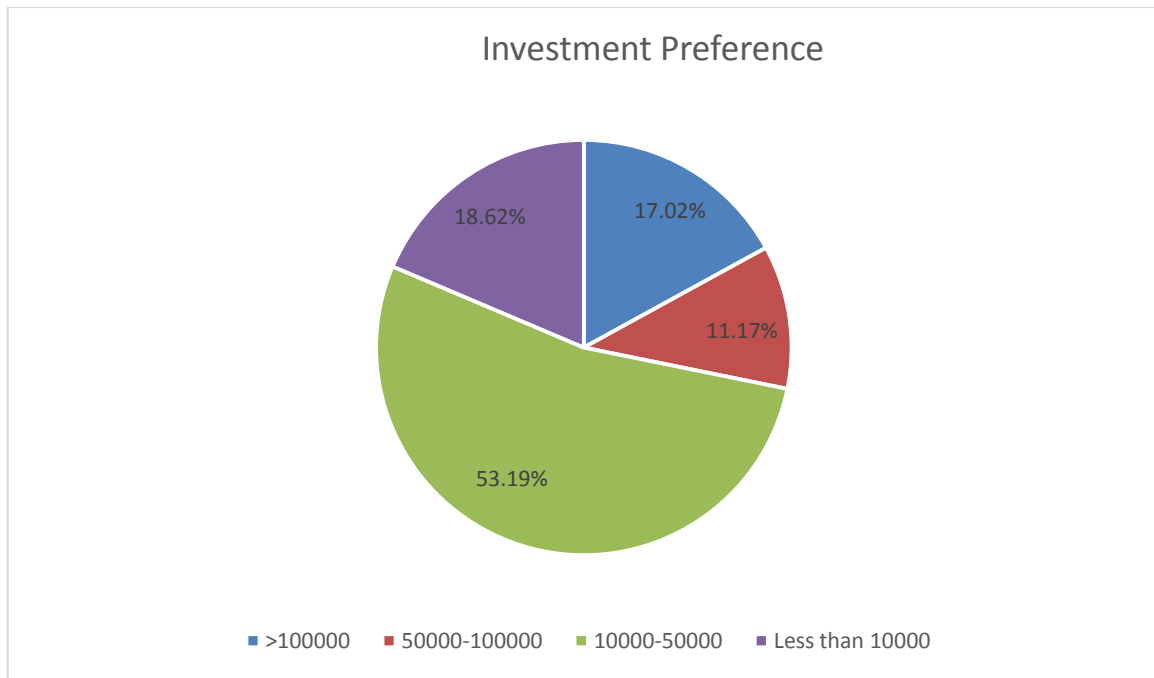
Interpretation

Amount of investment is on the lower side as only 21% of the sample has invested amount greater than 50000

Table 2: Preference for Mutual Fund Investment

Investment Preference	No of Investors	Weight	Percentage
Highly Preferred	8	4	17%
Preferred	7	3	11%
Neutral	50	2	54%
Unpreferred	35	1	18%



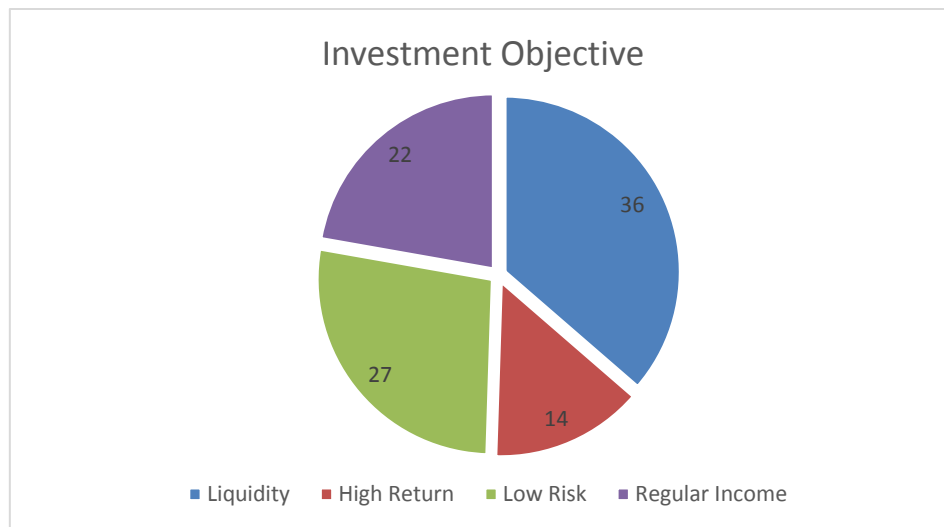


Interpretation

It is clear that Mutual Funds are not preferred investment avenue. Less than 30% of the investors preferred investment in mutual funds.

Table 3: Investment Objective

Investment Objective	No of Investors	Percentage
Liquidity	36	36%
High Return	14	14%
Low Risk	27	27%
Regular Income	22	22%

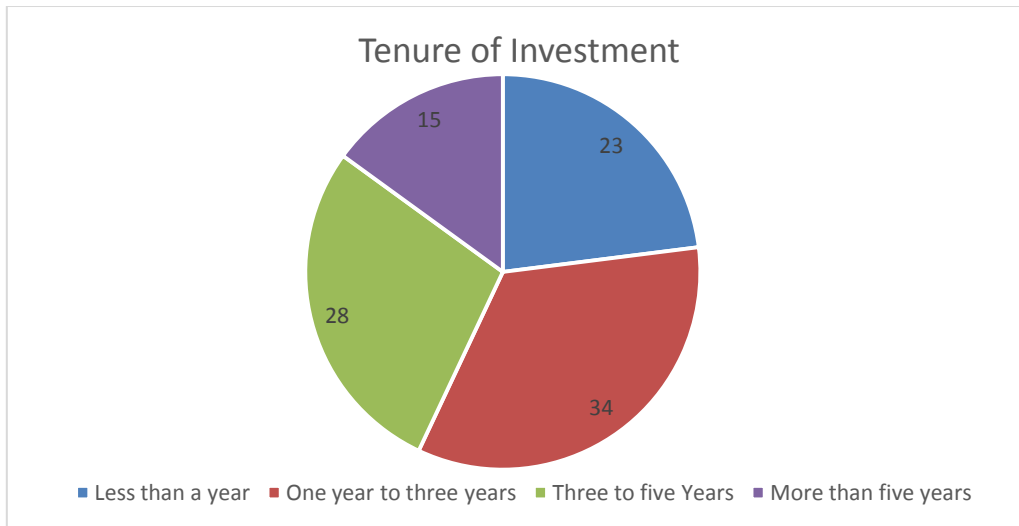


Interpretation

While investing in mutual funds, most respondents have liquidity and low risk objective, a fair representation is concern with regular returns and some have high returns as their objective for investment in mutual funds.

Table 4: Tenure of Investment

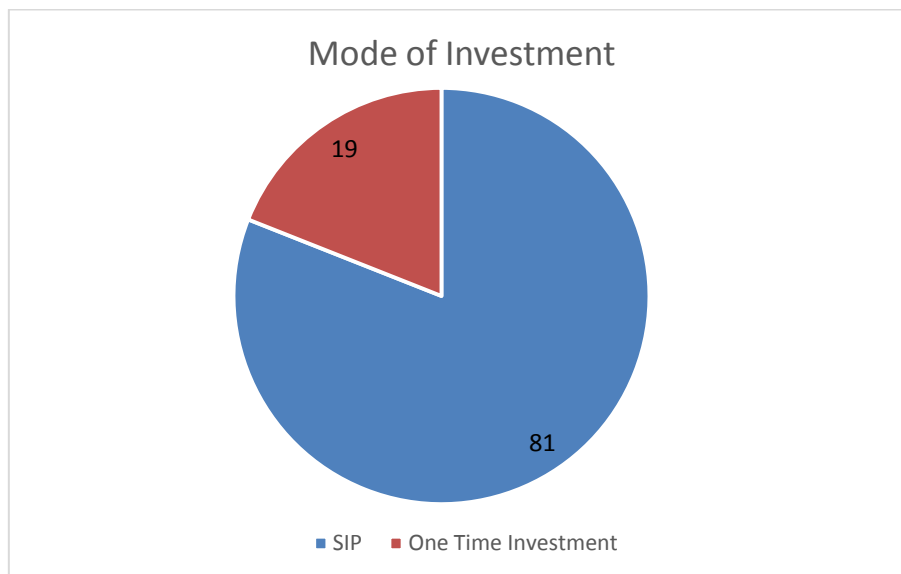
Tenure of Investment	No of Investors	Percentage
Less than a year	23	23%
One year to three years	34	34%
Three to five Years	28	28%
More than five years	15	15%

**Interpretation**

Significant proportion is inclined towards moderate investment period i.e. 1-3 years and 3-5 years. Some of the investors are interested in making short term investment i.e. for less than a year while only a few are having investment tenure of more than 5 years.

Table 5: Mode of Investment

Mode of Investment	No of Investors	Percentage
Systematic Investment Plan (SIP)	81	81%
One Time Investment	19	19%

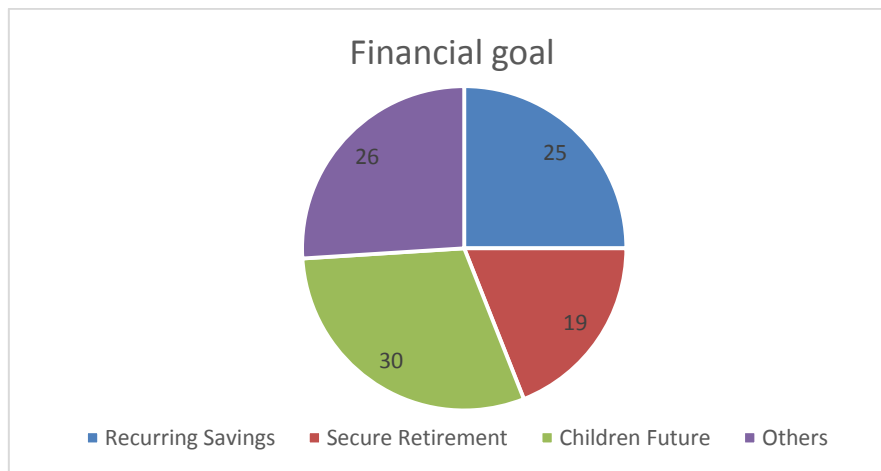


Interpretation

Increased popularity of SIP's is depicted un-disputably as more than 80% of investors are opting this mode of investment in mutual fund.

Table 6: Financial goals

Financial Goal	No of Investors	Percentage
Recurring Savings	25	25%
Secure Retirement	19	19%
Children Future	30	30%
Others	26	26%



Interpretation

Rationale behind making majority of such investments is securing future of the investor or their children. Some investors suggests that it promotes habit of thrift and regular saving while others invest to seek long term financial goals such as acquisition of land and building or other assets while some make their investment in mutual fund to gain professional management and diversification for their portfolio

Conclusion & Suggestions

It is evident from the study that investment in mutual fund has gained momentum. It is the need of the hour to further acquaint investors about various propositions of Mutual Fund Schemes. Adequate Technical infrastructure should be provided so that investment could be monitored easily. Also, AMC should provide prompt service to the client.

On Part of Investors, Investment should only be made after proper analysis and gaining insights. One must be clear about the objectives and expectations of such schemes. Should make rational investment decisions and defy any false statement and commitments. Keep an eye on changing trends and patterns of the mutual fund market.

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