

A STUDY OF CONSUMER ACTIVITIES TOWARDS SBI MUTUAL FUNDS COMPANY WITH REFERENCE TO NADIAD CITY

DR. KINCHIT P. SHAH

PG COORDINATOR & ASSISTANT PROFESSOR

FACULTY OF COMMERCE

SANKALCHAND PATEL UNIVERSITY

VISNAGAR

ABSTRACT

A mutual fund is a type of professionally-managed collective investment vehicle that pools money from many investors to purchase securities. As there is no legal definition of mutual fund, the term is frequently applied only to those collective investments that are regulated, available to the general public and open-ended in nature. Mutual funds have both advantages and disadvantages compared to direct investing in individual securities. Today, they play an important role in household finances. So, the present study aims at consumer behavior towards mutual funds with special reference to SBI Mutual Funds, Nadiad. Data was collected through primary and secondary sources. Primary data was collected through structured questionnaire. Convenience sampling method was used to collect the data and entire study was conducted in Nadiad City. The study explains about investors' awareness towards mutual funds, investor perceptions, their preferences and the extent of satisfaction towards mutual funds. Some suggestions were also made to increase the awareness towards mutual funds and measures to select appropriate mutual funds to maximize the returns.

INTRODUCTION

“Growth is Life” (Reliance Mutual Fund)

“Continuing a Tradition of Trust” (HDFC Mutual Fund)

“A Partner of Life” (SBI Mutual Fund)

“Tarakii Karein” (ICICI Prudential Mutual Fund)

“Relax. It's Axis” (Axis Mutual Fund)

Among various financial instruments, i.e., shares, bonds and debentures. Mutual Fund is a special type of financial instrument that pools the funds of investors who seek to maximize ROI. Stocks provide high total returns with commensurate level of risk, while bonds may provide lower risks along with regular income. MFs presently offer a variety of options to investors such as income, balanced, liquid, gilt, index, exchange traded and sectorial funds, The primary goal of mutual fund is pool small savings, use the idle resources in corporations and invest in a well-diversified portfolio of securities, which would allow the investor to significantly reduce, or even eliminate the asset specific (non- market) risk of securities, There are 36 asset management companies covering Indian public sector, private sector and joint ventures with foreign players. These 36 mutual fund houses put together mobilized about Rs 670,937 Crores worth assets. The total resources mobilized by the private sector institutions is 91.04%, Public sectors institutions other than UTI is 8.49%. The variation occurred in mobilization of funds during various periods is very high with Private sector participations followed by the public sector excluding UTI, and by UTI. There is considerable competition between foreign and domestic owned bodies and within domestic owned bodies, The Indian mutual funds industry is witnessing a rapid growth as a result of infrastructural development, increase in personal financial assets, and rise in foreign

participation. With the growing risk appetite, rising income, and increasing awareness, mutual funds in India are becoming a preferred investment option compared to other investment vehicles like Fixed Deposits (FDs) and postal savings that are considered safe but give comparatively low returns, according to “**Indian Mutual Fund Industry**”.

SBI Mutual Fund is India's largest bank sponsored mutual fund with an investor base of over 3 million. SBI Mutual Fund is a joint venture between the State Bank of India, India's largest banking enterprise and Society General Asset Management of France, one of the world's leading fund management companies, Since its inception SBI Mutual Fund has launched thirty-two schemes and successfully redeemed fifteen of them. SBI Mutual Fund schemes have consistently outperformed benchmark indices. SBI Mutual is the first bank-sponsored fund to launch an offshore fund - Resurgent India Opportunities Fund; SBI Mutual Fund manages over Rs. 17000 Crores of assets. The fund has a network of 100 collection branches, 26 investor service centers, 28 investor service desks and 40 district organisers.

HDFC Asset Management Company Ltd (AMC) was incorporated under the Companies Act, 1956, on December 10, 1999, and was approved to act as an Asset Management Company for the HDFC Mutual Fund by SEBI vide its letter dated July 3, 2000. In terms of the Investment Management Agreement, the Trustee has appointed the HDFC Asset Management Company Limited to manage the Mutual Fund. The paid up capital of the AMC is Rs. 25.241 crore as on September 30, 2013. The equity shareholding pattern of the AMC as on September 30, 2013 is as follows:

Particulars	% of the paid up equity capital
Housing Development Finance Corporation Limited	59.81
Standard Life Investments Limited	39.87
Other Shareholders (shares issued on exercise of Stock Options)	0.32

CONCEPT

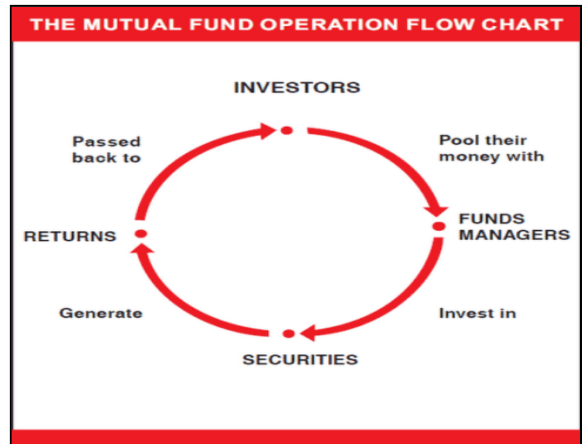
A Mutual Fund is a trust that pools the savings of a number of investor who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciations realized are 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.

DEFINITION

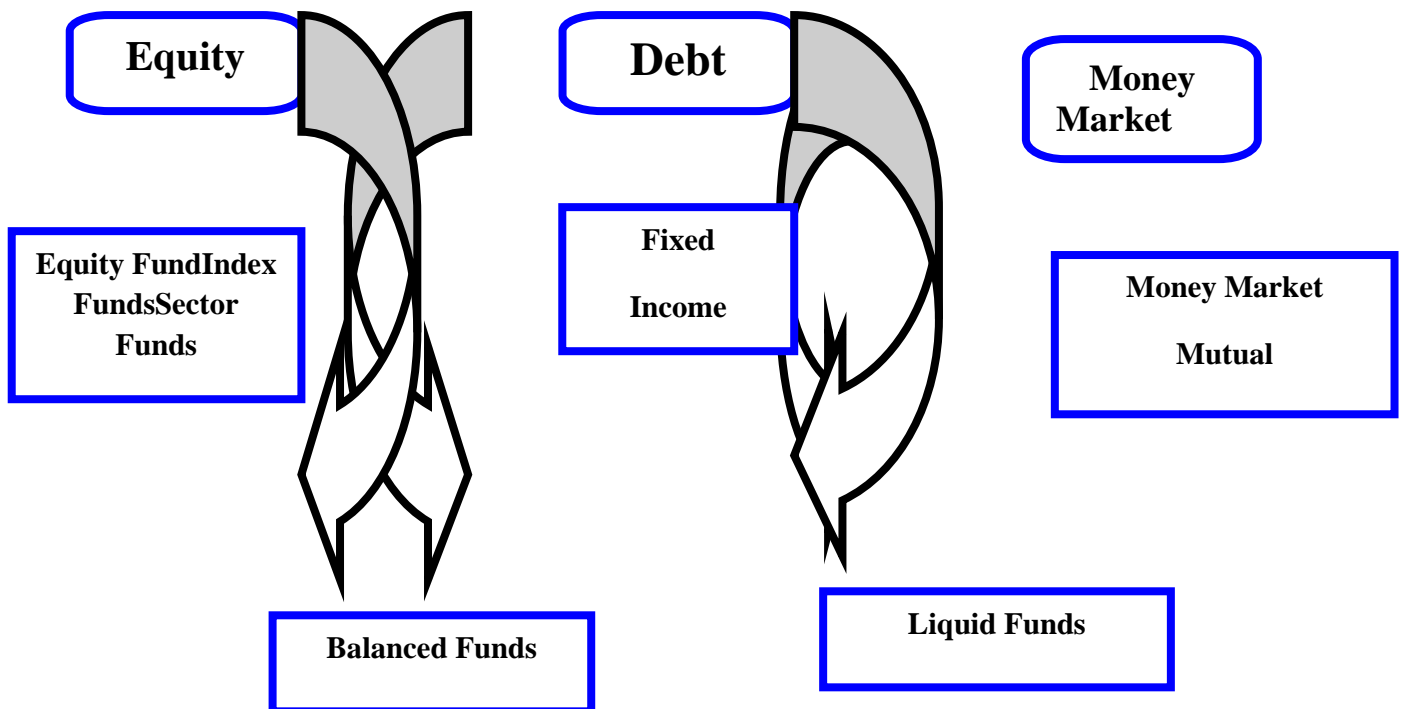
A mutual fund is a pool of assets invested on behalf of investors. Mutual funds invest in a diversified portfolio of securities, which can include equity securities (such as common and preferred shares), debt securities (such as bonds and debentures) and other financial instruments issued by corporations and governments, according to the stated investment objectives of the funds. Individual investors own a percentage of the value of the fund as represented by the number of units they purchase. A collection of money invested in a group of assets and managed by an investors company (a mutual fund company or other). The money comes from investors who want to buy shares in the fund. The benefits to investors in buying shares of mutual funds come primarily from diversification, professional money management, and capital gains and dividend reinvestment.

**OPERATION FLOW CHART OF MUTUAL FUNDS
TYPE OF MUTUAL FUNDS**

Type of Schemes	Description
Open –Ended	Daily sale/purchase
	No fixed maturity
	Fund is “secondary market
Close-Ended	Sale during IPO
	Fixed Maturity
	SE is secondary market
Interval	Periodic sale/purchase
	No fixed maturity
	SE is secondary market



TYPE OF FUNDS (AS PER OBJECTIVE)



OBJECTIVE OF THE STUDY

To know about the preferences of investors towards mutual funds with special reference to SBI Mutual Funds As Well As In Peer Branches of Mutual Fund Companies.

- ✚ To know about the extent of satisfaction of investors towards SBI Mutual Funds As Well As In Peer Branches of Mutual Fund Companies.
- ✚ To study the acceptability of SBI Mutual Fund Schemes As Well As In Peer Branches of Mutual Fund Companies.

DATA ANALYSIS, FINDINGS AND INTERPRETATION

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Respondents	100	1	100	50.50	29.011
Gender	100	0	1	.30	.461
Age	100	0	4	.66	1.094
Qualification	100	0	2	.78	.440
Occupation	100	0	3	1.81	.545
Annual Income	100	0	4	1.03	.904
Saving Annually	100	0	2	.56	.686
Investing in MF or Not?	100	0	0	.00	.000
Period of Investment in MF	100	0	4	1.57	1.335
Sources of Purchasing the MF	100	0	3	.58	.713
Investing your money in SBIMF	100	0	0	.00	.000
Satisfaction level for services of SBIMF Company	100	2	5	3.93	.844
Valid N (list-wise)	100				

SUGGESTIONS

Even though the mutual funds are good source of income, the people lack awareness and information towards mutual funds:

1. Increase awareness among investors;
2. Provide complete information relating to mutual funds;
3. Investors’ fee must be reduced by reducing paper work;
4. Better commission should be paid to Asset Management Companies;
5. Subsidized Investments to urban investors;
6. Advertising campaigns must be conducted in urban & rural areas to increase awareness among urban & rural investors.

CONCLUSIONS

- Mutual funds are good source of returns for majority of households and it is particularly useful for the people who are at the age of retirement.
- However, average investors are still restricting their choices to conventional options like gold and fixed deposits when the market is flooded with countless investment opportunities, with mutual funds. This is because of lack of information about how mutual funds work, which makes many investors hesitant towards mutual fund investments.
- In fact, many a times, people investing in mutual funds too are unclear about how they function and how one can manage them. So, the organizations which are offering mutual funds have to provide complete information to the prospective investors relating to mutual funds.

- The government also has to take some measures to encourage people to invest in mutual funds even though it is offering schemes like *Rajiv Gandhi Equity Savings Scheme* to the investors.
- It is believed that some of these measures could lift the morale of the mutual fund industry which has been crippled for the last so many years.

REFERENCES

1. Ms. Kavitha Ranganathan “A Study of Fund Selection Behaviour of Individual Investors towards Mutual Funds- With Reference to Mumbai City”, (M.Phil.-Commerce) Madurai Kamaraj University.
2. Sathya Swaroop Debasish, “Investing Performance of Equity-Based Mutual Fund Schemes in Indian Scenario”, senior lecturer in the department of Business Management, Fakir Mohan University, Balasore, Orissa, India.
3. Deepak Agarwal (2011), “A Comparative Study of Equity Based Mutual Fund of Reliance and HDFC”.
4. Dr. K Lakshmana Rao (2011), “Analysis of Investors’ Perception towards Mutual Fund Schemes (With Reference to awareness and adoption of personal and family considerations), International Journal of Multi-Disciplinary Research, vol.1 Issue 8, December 2011, ISSN 2231-5780.
5. Prof. Kalpesh P Prajapati (Assistant Professor, S V Institute of Management, GTU, Ahmedabad, Gujarat, India), “Comparative Study on Performance Evaluation of Mutual Fund Schemes of Indian Companies”, International Journal of Arts, Science & Commerce, vol.-3, Issue 3(3), July 2012, (E-ISSN 2229-4686), (ISSN 2231-4172).
6. Shivani Inder & Dr. Shika Vohra (2012), “Mutual Fund Performance: An Analysis of Index Funds”, International Journal of Research in Commerce & Management, vol. No. 3, Issue No.9, September 2012 (ISSN 0976-2183 www.ijrcm.org.in)
7. Mrs. P Alekhya (2012), “A Study on Performance Evaluation of Public & Private Sector Mutual Funds in India”, Asia Pacific Journal of Marketing & Management Review, vol.1 No. 2, October 2012, ISSN 2319-2836.
8. R Padmaja (2013) “A Study of Consumer Behaviour towards Mutual Funds With Special Reference to ICICI Prudential Mutual Funds, Vijayawada”, International Journal of Management Research and Business Strategy, vol. 2, No. 2, April 2013 (ISSN 2319-345x www.ijmrbs.com)
9. V. Rathnamani (2013), “Investor’s Preferences towards Mutual Fund Industry in Trichy”, IOSR Journal of Business and Management (IOSR-JBM), ISSN: 2278-487X, Volume 6, Issue 6 (Jan.-Feb. 2013), PP 48-55.