

A STUDY ON MUTUAL FUND AT STATE BANK OF INDIA PUDUCHERRY

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Abstract: A Mutual fund is the ideal investment vehicle for today's complex and modern financial scenario. There has been growing importance of mutual fund investment in India, when compared with other financial instruments. Investments in mutual funds are safer and also yields more returns on the portfolio investment. Mutual fund are said to be the best channels for mobilizing the funds of the small investors and contribute significantly to the capital markets. The present study explains briefly about the mutual fund industry. The study also helps to understand the role of investment pattern and preferences of investors behind investing in mutual fund. Financial markets are constantly becoming more efficient by providing more promising solutions to the investors.

Keywords- Mutual Fund, Investors, Fund Performance

INTRODUCTION

A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities such as stocks, bonds, money market instruments, and other assets. Mutual funds are operated by professional money managers, who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. Additionally, investing in a mutual fund is generally a cost-effective way to gain access to professional money management.

DEFINITION:

Mutual funds are an investment option that offers easy access, liquidity, straightforward exits, and remove investment management risk from the individual investor as professional fund managers manage them-“SridharSahu”.

REVIEW OF LITERATURE:

Mrinal Manish (2010) carried out a research on the topic, “Comparative analysis of Mutual Funds with special reference to SBI Mutual Funds” wherein he compared the 5 year performances of SBI Magnum Contra and SBI Magnum Equity with some selected Private Sector Mutual funds in order to ascertain the returns and risk offered by these funds. After considering all the statistical parameters, it was found that Magnum Contra was the best fund in the category.

BabasabPatil (2012) undertook a research on the topic, “The Analysis and Comparative Study of SBI and HDFC Mutual funds” wherein he applied various statistical techniques like Standard Deviation, Variance, Covariance and Correlation to evaluate the risks and returns of SBI Magnum Equity Fund-Growth and HDFC Equity Fund-Growth over the time period of 1 year (from 2nd Apr. 2007 to 31st Mar. 2008). He concluded that SBI Magnum Equity fund had higher risk and higher return when compared to HDFC Equity fund but when investor's expectations are considered, the author believed that both the funds underperformed.

Dr. VinayKandpal and Prof. P. C. Kavidayal (2014) carried out a research on the topic, “A Comparative Study of Selected Public & Private Sector Equity Diversified Mutual Fund Schemes in India” wherein they also took HDFC Premier Multi Cap, HDFC Growth and HDFC Core and Satellite Mutual Funds under the category of Private Sector Mutual Funds, to compare with the 5 year (2008-2013) performances of selected Public Sector Mutual Funds. The authors found that HDF Premier Multi Cap and HDFC Core and Satellite Mutual Funds have a beta greater than 1 indicating higher risk and hence can be considered by the investors while investing. It was also found that HDFC Growth Fund is the best scheme among its peers as it has the maximum Sharpe ratio and it also ranked second as per Treynor Ratio. On the basis of this, the authors concluded that the Private sector mutual fund Schemes performed better than the Public sector mutual fund schemes in the specified time period.

Dr. Rajesh Manikraoji Naik and M R Senapathy (2013) conducted a research on the topic, "A Comparative Study On The Performance Of Mutual Funds SBI Mutual Funds V/S Others" where in they compared the 1 year performance (from 2011-2012) of SBI Magnum Equity Mutual Fund with HDFC top100 Mutual Fund on the basis of Standard Deviation, Sharpe ratio and Beta. Conclusively the authors said that, both HDFC Mutual Fund and SBI Mutual fund are good funds to invest in and there is only a marginal difference between them.

Ms. Dhanalakshmi K (2013) carried out a research on the topic, "A Comparative Analysis On Performance Of SBI And HDFC Equity, Balanced And Gilt Mutual Fund" with a view to compare and analyze the performances of SBI and HDFC Mutual Funds which special reference to Equity, Gilt and Balanced Mutual Funds using Sharpe Ratio, Treynor Ratio and Jensen Ratio. The study covers only three years' performance of the funds, i.e. from January 2010 to December 2012. She concluded that the funds fluctuated in their performance according to the market conditions i.e. the volatility in the market affected the returns of the schemes in the year 2010 and 2011, but the performance of the schemes revived better in the year 2012. Overall the study conducted revealed that investment in HDFC (Equity, Balanced, Gilt) Mutual Fund is better when compared to the SBI Mutual funds over the specified time period.

OBJECTIVES OF THE STUDY

1. To find the customers satisfaction towards services provided by SBI E-Corner.
2. To find the significant relationship between the Demographics factors and the level of awareness regarding the SBI mutual funds.

HYPOTHESIS OF THE STUDY:

H0: There is no significant relationship between the Demographics factors and the level of awareness regarding the SBI mutual funds.

Ha: There is a significant relationship between the Demographics factors and the level of awareness regarding the SBI mutual funds.

DATA ANALYSIS AND INTERPRETATION

Correlations							
VARIABLES	PARTICULAR	AGE	GENDER	EDUCATION	PROFESSION	INCOME LEVEL	MUTUAL FUND
AGE	Pearson Correlation	1	.161	-.269**	.259**	.509**	-.280**
	Sig.(2-tailed)		.094	.004	.006	.000	.003
GENDER	Pearson Correlation	.161	1	.024	.144	.091	-.158
	Sig.(2-tailed)	.094		.804	.134	.347	.099
EDUCATION	Pearson Correlation	-.269**	.024	1	-.284**	-.144	.296**
	Sig.(2-tailed)	.004	.804		.003	.133	.002
PROFESSION	Pearson Correlation	.259**	.144	-.284**	1	.206*	-.274**
	Sig.(2-tailed)	.006	.134	.003		.031	.004
INCOME LEVEL	Pearson Correlation	.509**	.091	-.144	.206*	1	-.326**
	Sig.(2-tailed)	.000	.347	.133	.031		.001
MUTUAL FUND	Pearson Correlation	-.280**	-.158	.296**	-.274**	-.326**	1
	Sig.(2-tailed)	.003	.099	.002	.004	.001	

*. Correlation is significant at the 0.05 level (2-tailed).
 Source: Primary Data
 Note: Result computed by SPSS 16

FINDINGS

From the above table the calculated correlation value for Age is -.280 which is negatively correlated and p-value is .003 which is less than 0.05. Hence, it is significant and there is significant relationship between age and mutual funds.

The correlation value for Gender is - .158 which is negatively correlated and p-value is .099 which is greater than 0.05. Hence, it is not significant and there is no significant relationship between gender and mutual funds.

The correlation value for Educational qualification is .296 which is positively correlated and p-value is .002 which is less than 0.05. Hence, it is significant and there is significant relationship between education qualification and mutual funds.

The correlation value for Profession is - .274 which is negatively correlated and p-value is .004 which is less than 0.05. Hence, which is significant and there is significant relationship between Profession and mutual funds.

The correlation value for Income level is -.326 which is negatively correlated and p-value is .001 which is less than 0.05. Hence, which is significant and there is significant relationship between Income level and mutual funds.

SUGGESTIONS

1. The SBI mutual fund company must ensure proper connectivity with the investors through effective technical support and adopt simple methods of technology for the convenience of the investors especially the small investors. SBI Mutual fund industry should conduct investor awareness program frequently and concentrate on good investor relationship management.
2. Government should stress the SBI mutual fund industry to conduct investor guidance workshops about available avenues for investment.
3. To overcome the problem faced by the investors, adequate policy reforms in SBI mutual funds sector is needed.
4. Before entering into the mutual funds, the investors should have a complete knowledge about the SBI mutual funds.
5. The SBI mutual fund company can increase the awareness among investors: Many investors are still restricting their choices to the non-governmental options like gold and fixed deposits even when the market is flooded with countless investment opportunities. This is due to the lack of awareness about SBI mutual funds which makes many investors restrict their choice to traditional options like gold and fixed deposits. So, awareness relating to mutual funds must be increased among the investors to encourage them to invest in SBI mutual funds.

CONCLUSION

The Title “A Study on Mutual Fund at State Bank of India, Puducherry”, this study has been portrayed about the information collected from the Customer of Mutual fund industry. The SBI mutual funds industry plays a major part in the financial system of India. It has emerged as a main vehicle of investment and important source of return for small investors on their investments. The mutual fund is a powerful option that has the potential to generate long term wealth for investor. Mutual funds have schemes for all types of life goals, right from creating a pool of wealth to retirement. Mutual fund is definitely a very good investment for an investors who are looking for a diversified investment. Numerous benefits in mutual funds investment encourage the people to invest in mutual funds. Mutual funds also offer the options of having a regular income flow throughout the tenure in the form of dividend payout facility. This research shows that correlation that there is a significant relationship between demographic factors such as age, education qualification, profession, income level. However, there is no significant between gender and the level of awareness regarding the SBI mutual funds.

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