

## PERCEPTION OF INVESTORS TOWARDS MUTUAL FUNDS WITH REFERENCE TO ICICI & SBI MUTUAL FUND: AN ANALYTICAL STUDY

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### ABSTRACT

The present research paper emphasizes on the performance of ICICI and SBI mutual funds together. As a result of professional expertise, lower calculated risk and safety measures undertaken, mutual funds are the most popular investment option today. An analysis of 50 respondents' responses to a structured questionnaire was conducted using primary and secondary data. The majority of respondents' were aware about ICICI mutual funds due to their advertisement almost on every available platform and the slight difference in awareness between SBI and ICICI mutual funds. These people should also be encouraged to invest in Mutual funds since they offer high returns. Mutual funds are the only financial instrument now-a-days where there are high returns. Therefore, more and more potential activities should be conducted to encourage even those with small savings to invest in mutual funds.

**Keywords:** Mutual Funds, Investors' Perception, SBI Mutual funds, ICICI mutual funds.

### Introduction

For the country to effectively utilize finance for developing its activities, it is crucial for India to pool money from low-income groups. For this, the most appropriate source is mutual funds. Using mutual funds we can mobilize small savers and people with low incomes to contribute to the fund. The basic purpose of the mutual funds is to gather funds from multiple investors to invest in bonds, scrips, shares/ stocks, short term money market instruments, other securities, or a mix of these investment options. They make careful decisions about investment based on sound research, and the decisions will be in the interests of unit holders. In the share market, small investors face a lot of challenges, including limited resources, lack of information and lack of professional advice etc. All these investors benefited from introducing mutual funds, which serves as a special type of Investment Avenue. This is because the investors can invest their money, under the supervision of a team of experts, in a diverse range of corporate securities portfolios. Investors can mitigate risk while maintaining safety and steady returns this way. As a special type of investment instrument among shares, bonds and debentures, mutual funds pool the fund of investors who seeks to maximize their returns/ income. Stocks offer high total returns with comparable levels of risk, therefore please carefully read all scheme related documents.

### Literature Review

Bandopadhyay (2008) found that ELSS generated much higher returns than any of the assured income schemes Badrinath (2008) carried out a study on 'contra' funds. The researcher found that the performance of 'SBI Contra fund was superior to that of an equity diversified market. Roy & Ghosh (2010) observed that the average diversification performance of income and growth schemes was miserable.

Kale & Panchpagesan (2012) make acquainted with an overview of the mutual fund industry in India and the reasons for its low penetration, including a lack of objective research and raises key issues concerning mutual fund ownership, performance and the importance of regulation to its growth largely under researched in India. Vyas (2012) found despite the fact that financial markets become expensive due to various financial instruments. The study highlighted that in comparison to mutual funds, investors prefer bank deposits, fixed deposits, and post office deposits as investment options. Equity

Goyal (2013) author focused on the entire journey of mutual fund investments in India. A mutual fund is an investment vehicle that pools the funds of multiple investors. The study analyzed and compared the performance of various types of mutual funds in India, concluding that equity funds and money market funds outperform income funds.

Agrawal, et al. (2016) revealed that investors in India tend to follow the behaviour of others while making investments in stock markets and mutual funds to avoid losses and regrets. Following the past experiences of the investors based on their statistics and analysis may help and guide others in their decision making

Prabhu(2016) It is believed that the mutual fund industry in India is at rapidly expanding. These investments are thought to be less risky than investments in other securities. However, the study discovered that many investors are still unaware of the benefits of investing in mutual funds.

Reepu (2017) highlighted dawn of India's mutual fund industry, how to pool investors' savings in mutual funds with minimizing the risk and maximizing the returns and also tries to focus how an attempt to learn about mutual funds through various schemes and analyse the different risk factors involved.

George & Srinivasa S.(2018) according to reports, a lack of financial literacy (FL) contributes to latency and difficult financial decision making. When market returns are positive, current investor sentiment levels are significantly influenced.

Thomas & Spataro (2018) FL was recognized as both one of the most common and a critical variable influencing people's ability to settle on financial choices.

Goyal & Raj (2019) stated the development of the mutual fund parameters like number of asset management companies, number of schemes, number of investors, and mutual funds played major role in the development and economic growth of the Country's. The study recommended for overcoming from the challenges which are being faced by mutual fund industry in India

Raut (2020) stated that investors' attitude (AT) are influenced by complex factors such as ambiguity, risk and an abundance of options. Financial Literacy (FL) is critical in such situations. When an investor has financial literacy, he or she is able to put him or herself in a better position in terms of investment risk, based on the signals he or she receives and the ability to process them more effectively.

Kumar & Kumar (2020) undoubtedly investors discuss their financial decisions, their finances are shared with family, friends, and neighbours, and these relationships influence their decisions. Equity Multi-cap mutual funds typically invest in stocks of companies from all sectors and sizes across the stock market. As a result, these funds offer crucial diversification. In a direct plan, the investor chooses to invest directly in mutual funds rather than through a distributor or agent. Because there is no intermediary commission, the direct plan has a lower expense ratio than a regular plan, resulting in higher returns.

### **Need for the Research**

The researcher was interested in studying investors' perceptions of SBI and ICICI mutual funds. She wanted to know the awareness of mutual funds in present days.

### **Objectives of the Research**

1. To investigate investors' attitude toward SBI and ICICI Mutual funds.
2. To understand the risk and returns associated with mutual funds.
3. To understand Investors' views towards investment in mutual funds
4. To choose the best company for Investment in Mutual funds between SBI and ICICI.

### **Limitations of the Research**

1. The research area is limited to Navi Mumbai only; hence the results may not be true for other geographical area.
2. Reliability and validity of the data obtained depend on the responses from the customer.
3. Sample size restricted to 100 educated investors (sourced from IFAs) in Navi Mumbai only. The sample size may not adequately represent the national market.

### **Data Collection Method**

Primary Data- collected by floating the questionnaire among the investors through the individual financial advisors from Navi Mumbai only. The Individual Financial Advisor database was provided by one of the KRA-CAMS.

Secondary Data- collected from different sources and other documents like magazines, journals, book, websites etc.

Sample Size- 100respondents

Sampling Technique Used- Convenient Sampling

Sampling Method- Questionnaire

Questionnaire- Structured

Sample Area- Navi Mumbai

### SBI Mutual Fund

SBI Mutual Fund is a bank sponsored fund house headquartered in Mumbai. It is an Indian multinational public sector banking and financial services company.

In India, the Mutual Fund industry began in 1963 with the Unit Trust of India as a Government of India and RBI initiative launched in 1987. SBI Mutual fund become the first non-UTI mutual fund of India. This fund house has 222 points of acceptance in India.

#### Types of SBI Mutual Fund

As one of the heading mutual fund providers in India, SBI Mutual fund offers an extensive range of fund options to invest. The following are the different types of mutual funds

1. SBI Equity Mutual Funds  
The prime focus of equity scheme is to ensure investors capital growth. The scheme allows investors to make investments in equity or equity related investment options for medium and long term by various companies.
2. SBI Debt Funds  
The debt fund schemes make investments in fixed income securities, including government securities, corporate debentures, bonds etc. the investors can easily get fixed income by investing in such schemes. SBI Mutual fund offers schemes under its debt/ income scheme category.
3. SBI Hybrid funds  
This is the type of mutual funds which make investments a blend of equity and debt in different dimensions. It is inclusive of stocks and bond elements. SBI mutual fund offers schemes under the hybrid fund category.

#### Top Five SBI Mutual Fund

Sr. No.	Type of Funds (Regular Plans)	1 Year Return	3 Year Return	5 Year Return
1.	SBI Banking & Financial Services Fund (Equity Banking)	16.1	18.74	-
2.	SBI Arbitrage Opportunities Fund (Hybrid Arbitrage)	6.08	5.93	7.21
3.	SBI Consumption Opportunities Fund (Equity Fund)	28.31	19.41	17.67
4.	SBI Blue-chip Fund (Equity large cap)	9.85	11.49	17.27
5.	SBI Dynamic Asset Allocation Fund (Hybrid Asset Allocation Fund)	10.39	9.59	-

Table.1: Types of SBI Mutual Funds (Source: www.sbimf.com)

### ICICI Prudential Mutual Fund

ICICI prudential Mutual fund offers a variety of retail and corporate investment solutions across different investment instrument such as debt, hybrid, equity and various other solutions. It aims at providing investors with financial solution objectives. The fund house has consistently been innovative and has been introducing various products in accordance with the customer needs with diversified portfolio of 68 mutual fund instruments.

#### Types of ICICI Prudential Mutual Fund

1. ICICI Prudential Equity Funds  
These funds invest in stock markets and these funds yield higher returns. equity funds are comparatively risky, which makes them a perfect option for aggressive investors. These are long term investments actively managed by fund managers.
2. ICICI Prudential Hybrid or Balanced Funds  
These are the funds that invest the money in the equity as well as in the debt schemes. These are the perfect investment option for those who wants to invest in equity stocks and bonds. It is more risky as compared to fixed income schemes.
3. ICICI Prudential Debt Funds  
It is a type of ICICI prudential mutual fund where the money is invested in short or long term bonds, security products, money markets, etc. They aspire to make use of the available capital in order to generate wealth

**Top Five ICICI Prudential Mutual Funds**

Sr. No.	Type of Funds (Regular Plans)	1 Year Return	3 Year Return	5 Year Return
1.	ICICI Prudential Blue Chip Fund (Equity Large Cap)	6.11	8.81	9.54
2.	ICICI Prudential Technology Fund (Equity Fund)	0.75	15.58	11.28
3.	ICICI Prudential Equity & Debt Fund (Hybrid)	2.43	8.22	10.59
4.	ICICI Prudential Liquid Fund (Debt Liquidity)	7.4	7.1	7.63
5.	ICICI Prudential Nifty Next 50 Index Fund	16.52	4.73	8.75

Table 2: Types of ICICI Prudential Mutual Funds (Source: www.icicprumf.com)

**Data Analysis and Presentation**

**Q.1 Gender of respondents**

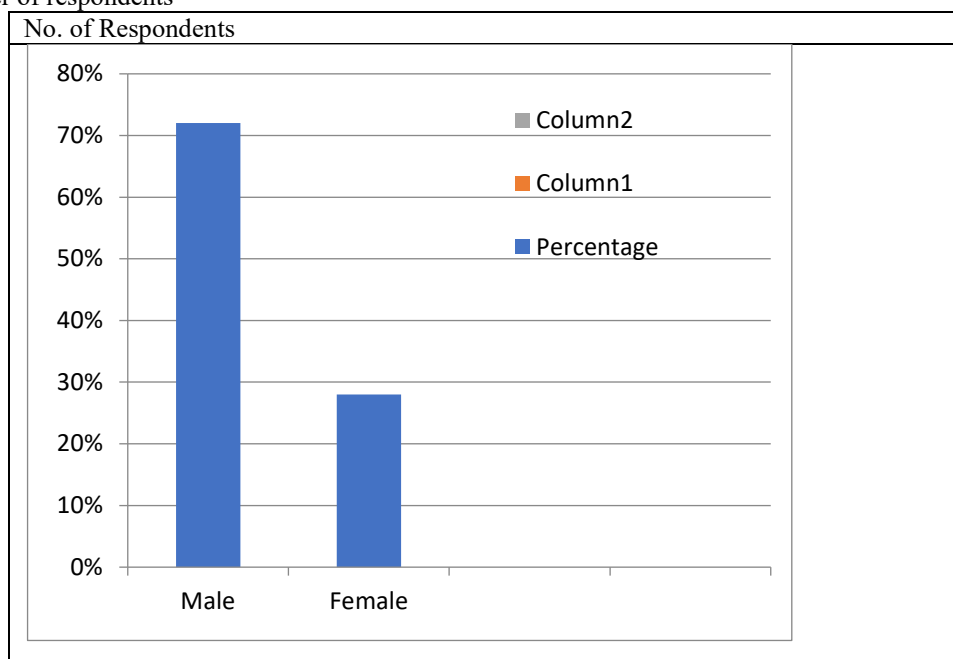


Figure-1- Gender of Respondents

**Interpretation of the Figure 1**

- 72% of the respondents are men.
- 28% of the respondents are women.

**Q.2 Age profile of the respondents**



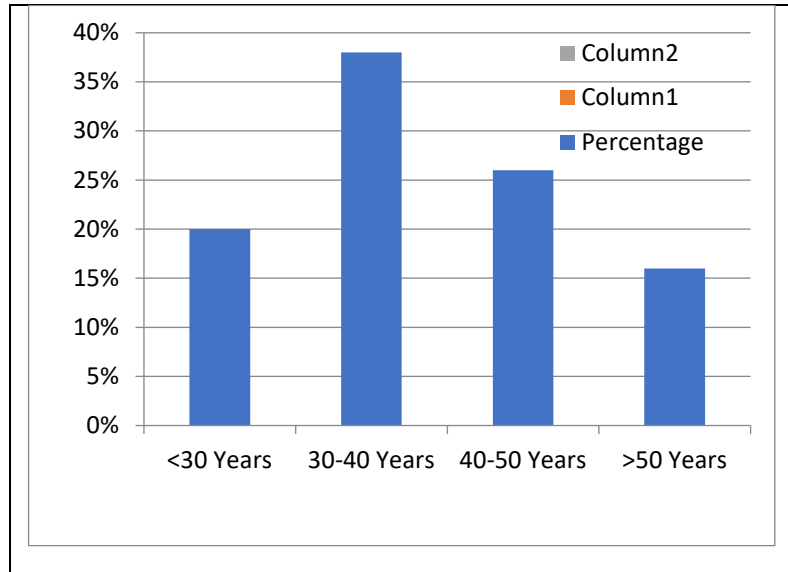


Figure-2- Age of Respondents

**Interpretation of Figure 2**

- 20% respondents are under 30 years of age group.
- 38% respondents are between 30-40 years of age group.
- 26% respondents are between 40-50 years of age group.
- Remaining 16% above 50 years of age group.

**Q.3 Occupation of the respondents**

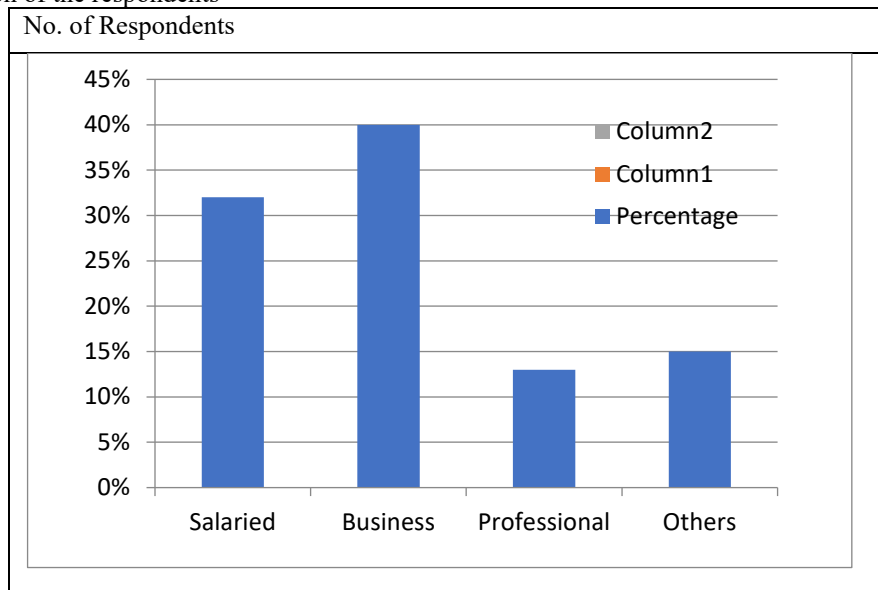


Figure-3: Occupation of Respondents

**Interpretation of Figure 3**

- Out of all the respondents, 32% who invest earned salaried.
- 40% respondents businessmen
- 13% respondents are the Professionals
- Remaining 15% of the people are from other occupations.

**Q.4 Have you invested your money anywhere?**

No. of Respondents

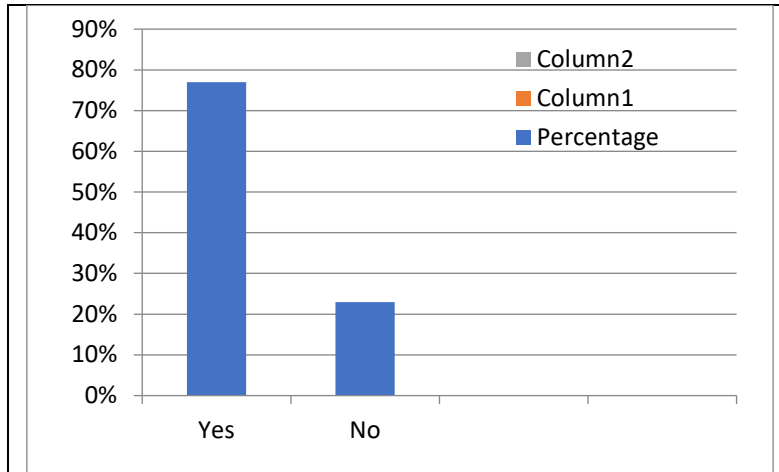


Figure-4- Money invested

**Interpretation of Figure 4**

- 77% respondents are interested to invest money from their income.
- 23% respondents are not interested to invest money anywhere.

**Q.5 what kind of investment you prefer?**

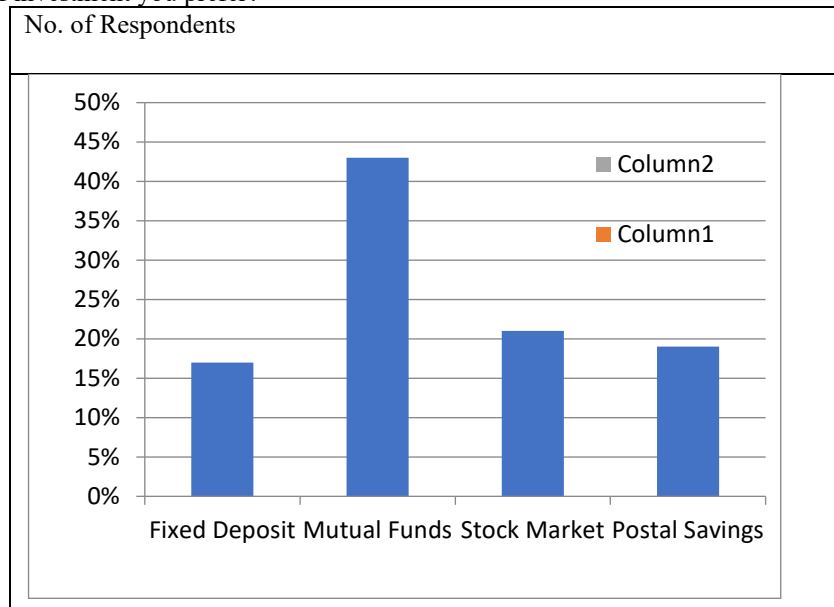


Figure-5- Types of investment

**Interpretation of Figure 5**

Out of all the respondents 17% of the respondents prefer to invest their money in Fixed Deposits, 43% prefer to invest in Mutual Funds, 21% prefer to invest in the stock market and the remaining 19% of them prefer to invest in postal savings.

**Q. 6 How do you know about Mutual Funds?**

No. of Respondents

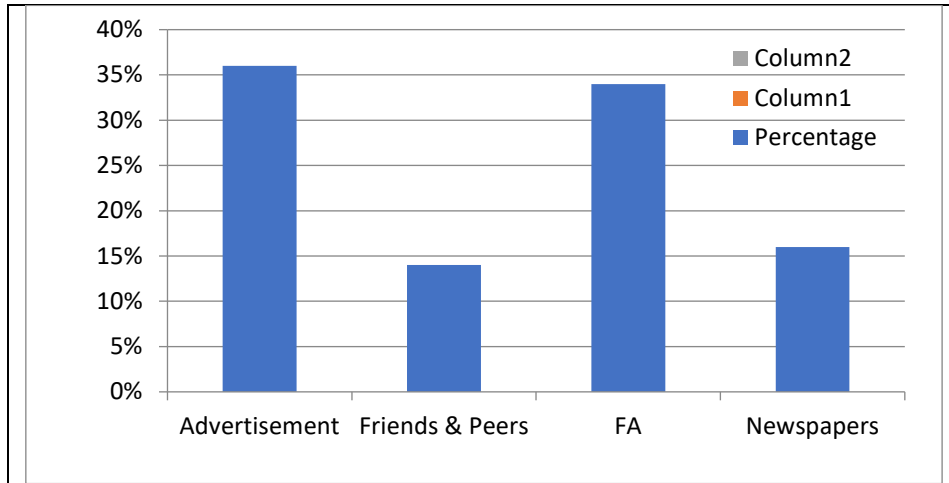


Figure-6- knowledge about mutual funds

**Interpretation of Figure 6**

- 36% of the respondents came to know about mutual funds through advertisements.
- 14% of them through their funds and peers.
- 34% of them through Financial Advisors.
- Remaining 16% of them came to know through the newspapers.

Q.7 which factors do you prioritize when investing your money?

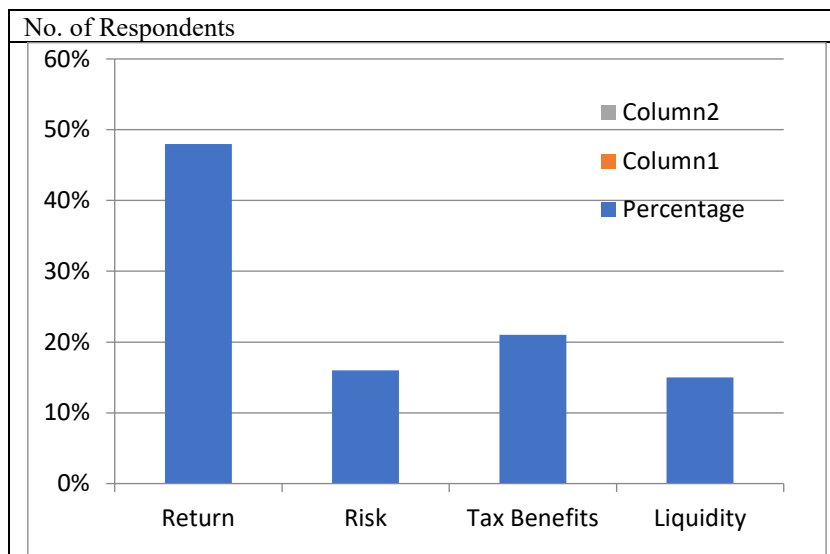
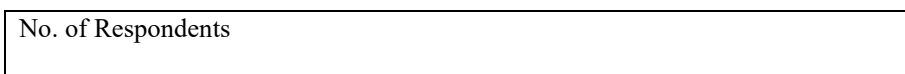


Figure.7- Priority for investment

**Interpretation for Figure 7**

- 48% of the respondents are influenced to invest their money due to high rate of returns received.
- 16% of them are influenced due to low risks.
- 21% of them are influenced due to the tax benefits received.
- Remaining 15% of them are influenced due to the liquidity factor.

Q.8 For which company’s Mutual funds are you interested to invest in?



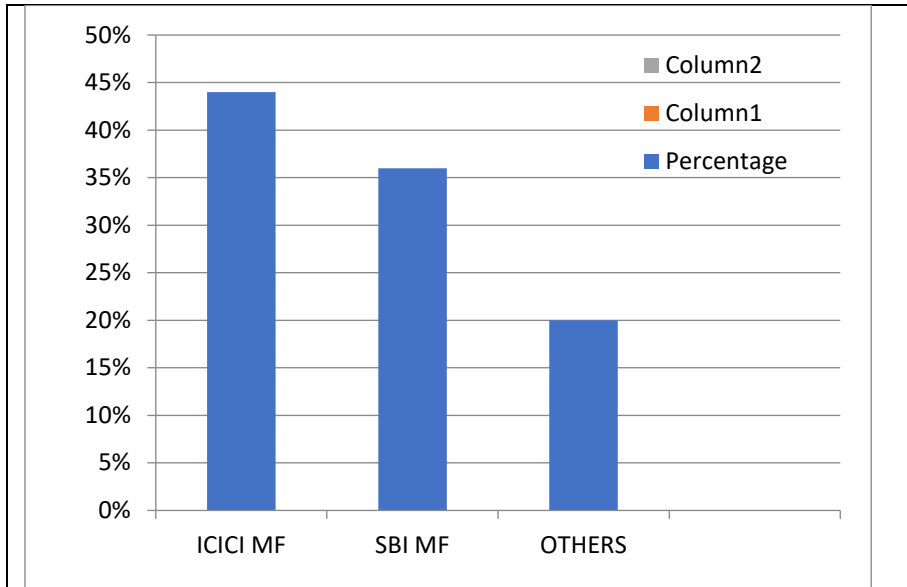


Figure 8- preference for MF

**Interpretation of Figure 8**

- 44% of the respondents are interested to invest in ICICI Mutual Funds.
- 36% of the respondents are interested for SBI Mutual fund products.
- Remaining 20% of the respondents prefer to invest in other asset management companies.

**Q.9 Customers Investment in SIP.**

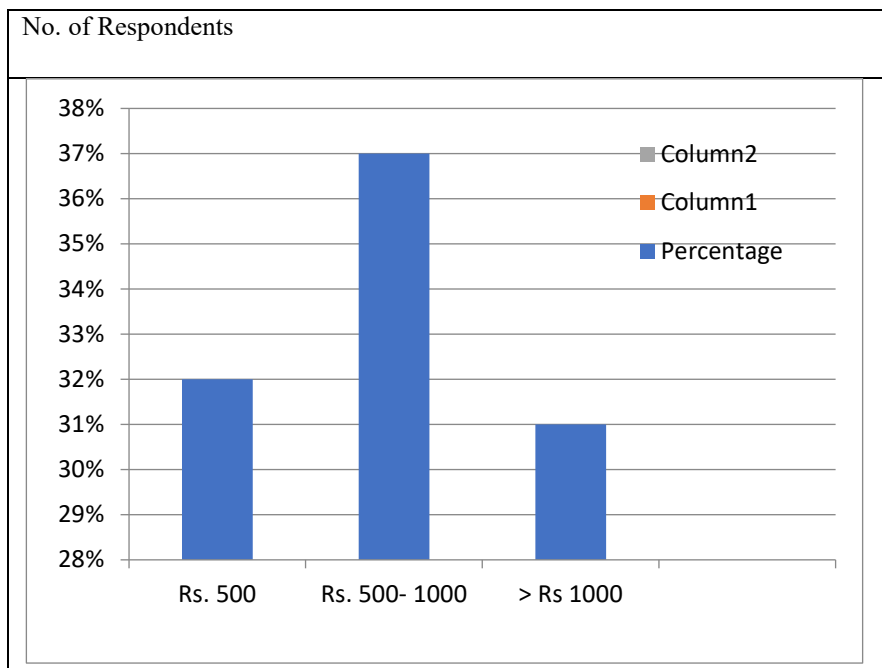
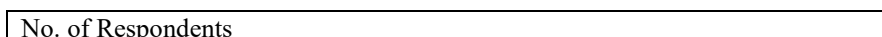


Figure 9- Investment in SIP

**Interpretation of Figure 9**

- 32% of the investors prefer to invest in Rs. 500 SIP.
- 37% of the investors prefer to invest their money between Rs. 500- 1000 SIP.
- Remaining 31% of the respondents invest above Rs. 1000 in SIP.

**Q.10 Do you suggest any other person to invest in Mutual Funds?**





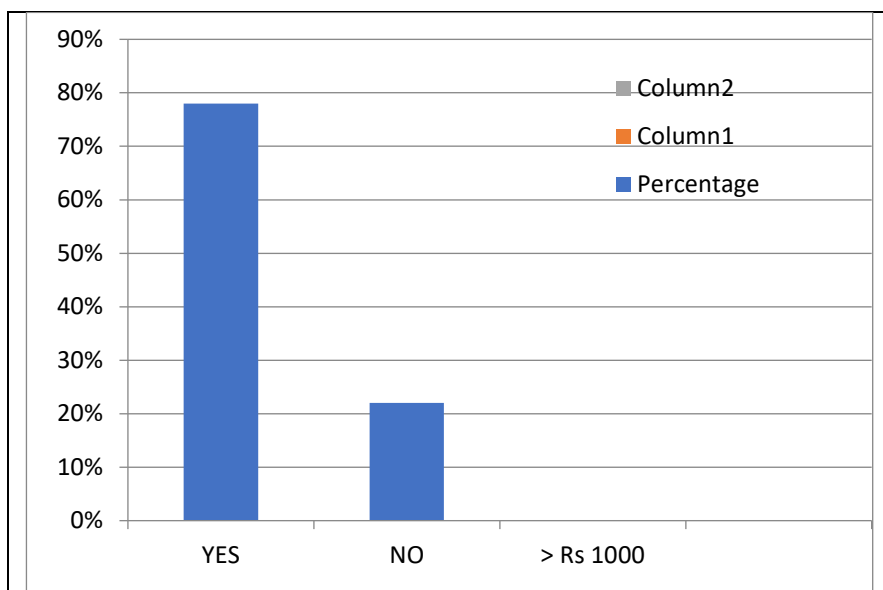


Figure 10

### Interpretation of Figure 10

- 78% of the respondents are ready to suggest the other people to invest in mutual funds and the other 22% of the respondents are not ready to suggest to any other persons.

### Findings

1. 72% of the respondents are male.
2. 38% of the respondents are between 30 to 40 age group.
3. 32% of the people who invest earned salaries, 40% of them are businessmen.
4. 77% of the respondents are interested to invest money from their income.
5. 43% prefer to invest in mutual funds.
6. 36% of the respondents came to know about mutual funds through advertisements, 34% through financial guides.
7. 48% of the investors are influenced to invest their money due to the high rate of returns received.
8. 44% of the respondents are interested to invest in ICICI Mutual funds, 36% of the people are interested in SBI mutual funds investment.
9. 37% of the investors are investing their money between 500-1000 Rs. in SIP.
10. 78% of the respondents are ready to suggest the other people to invest in mutual funds.

### Suggestions

People are more aware about the ICICI Mutual funds when compared to SBI Mutual funds because of their high promotional activities. Thus, SBI Mutual funds must also conduct promotional activities so that people become aware of it and invest there. In today's scenario, most of the people who invest in mutual funds are men and business people. Hence, women as well as salaried people must also be encouraged to invest in mutual funds as the SIP amount is also very low. In spite of the low returns in the postal savings and fixed deposits, people still prefer to invest there. As the returns in Mutual Funds are high, those people must also be encouraged to invest in the mutual funds. Mutual funds are the only financial instrument now-a-days where there are high returns. So, even the people with small savings should also be encouraged to invest in mutual funds by conducting more and more promotional activities.

### Conclusion

India is a developing country which needs capital for effective utilization of finance for developing activities of the country by pooling money from low income groups. For this, the best suitable source is mutual fund. With the help of mutual funds, we can mobilize the money from small savers and low income group people. In the present financial situations, the mutual funds are the best source which gives high returns and low risks. So the government and other financial institutions have to conduct more awareness programs for the pooling of financial resources from all groups of people including the students which can be used for the activities which can make India as a developed country.

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