A Study on Investors Perception Towards State Bank of India Mutual Funds in Puducherry

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ABSTRACT:

In India mutual funds plays a vital role in mobilizing funds for capital and financial markets. Mutual funds are one in all the most effective investment choice out there to the small investors. A mutual fund is a type of investment platform where it manages to collect investment from a lot of investors to buy securities like stock, money market instrument, bonds and other assets because the investment firm sector had developed, there's been a growing acceptance by most policy holders that the assured come era may be a factor of the past. Mutual funds are operated by professional money managers, who is allocated the funds asset and to attempt to produce capital gains or income for the fund's investors. Mutual funds are a trust at law; it is a special type of financial service company.

The primary objective of the study is to assess investor's perception towards SBI mutual funds, focusing on factors influencing their investment decision and overall satisfaction. Using a combination of qualitative and quantitative research methods, the study surveys current and potential investors to assess their views on SBI mutual funds' performance, management quality, risk – return profile, and customer service. The research identifies key determinants of investor satisfaction, such as liquidity, higher return, company reputation and fund performance. Findings reveal that while SBI mutual funds are generally perceived positively for their reliability and comprehensive service offerings, areas for improvement include fee structures and communication clarity. The study provides actionable insights for SBI mutual funds to enhance investor relations and optimize their product offerings.

KEYWORDS: Mutual funds, Investors, Professional money manager, Investment, Financial service.

1. INTRODUCTION OF THE STUDY:

A mutual fund is a collective investment vehicle that collects and pools money from a number of investors and invests the same in equities, bonds, government securities, money market instruments. The money collected in mutual fund scheme is invested by professional fund managers in stocks and bonds etc. Now days mutual funds are one amongst the fastest growing sectors in Indian economy.

In a mutual fund, the fund manager, who is also known as the portfolio manager, trades the fund's underlying securities, realizing capital gains or losses, and collects the dividend or interest income. The investment proceeds are then passed along to the individual investors. The returns of a mutual fund are based on the performance of its constituents. Highly-trained professionals function as fund managers for

mutual funds. Buying shares of a mutual fund does not give investors voting rights in a company; instead, the fund manager votes on their behalf. However, since mutual funds generally incorporate hundreds of different securities, it does give investors the benefit of diversification of their portfolios. The value of a share of mutual fund is called the net asset value per share, or the NAV. The price is determined by taking the net value of all the securities in the fund and dividing by the outstanding shares. Mutual funds can be open-ended or closed-ended. An open-ended mutual fund issues an unlimited number of shares in the open market and redeems them at market value from investors. Mutual funds come in various types, such as equity, debt, hybrid and index funds, catering to different risk profiles and financial goals.

OBJECTIVES:

- To study the investor's perception towards SBI mutual funds.
- To identify the factors (liquidity, higher return, and company reputation) influence investors to invest in SBI mutual funds.
- To Explore how current market trends, economic indicators, and regulatory changes shape investor confidence and willingness to invest in SBI mutual funds.
- To suggest the measure to enhance for confidence of investors based on the findings of the study.

2. REVIEW OF LITERATURE:

- **"Investor Satisfaction and Preference Analysis in Mutual Fund Investments" Ms. Fatema Kathiria, Ms. Jamila Kagdi, Dr. Arnaz Wadia (2024) -** This study investigates the factors influencing investor preference and satisfaction in the context of mutual fund investments. The findings indicate that investors have a preference for mutual fund investment due to the diversification of risk, ease of investing, and professional management. Furthermore, the study found that investor satisfaction is influenced by factors such as returns on investment, Risk Involved, Maturity Period, Tax Benefits. The study recommends mutual fund companies to enhance communication with investors and to provide transparent information about the investment process.

- **"A Comparative Study on Selected Mutual Funds Performance" - With Reference to Sbi Mutual Funds Abhilasha A C (2024) -** Mutual funds are a type of investment vehicle that pools money from multiple investors to invest in a diversified portfolio of stock, bonds and other securities. By investing in mutual funds, individuals can achieve their financial goals, such as savings for retirement, education or wealth accumulation, while minimizing risk and maximizing returns. The present study deals with selected mutual fund schemes of both SBI banks. It predominantly focuses on Equity Hybrid Funds, Debt Funds, Gold Funds, Small Cap Funds, Overnight Funds, Liquid Funds and Gilt Funds. The performance of these funds was analyzed based on risk and return factors using the Sharpe ratio (Index) over five years from 2018-19 to 2022-23. The findings of this study provide insights for investors willing to invest in mutual fund schemes of SBI banks.

- **"Investors perception towards mutual fund investment in India: a study on SBI mutual fund" Dr. Harshvardhan R, Mrs. Sunita Sharma (2023) -** This research examines the investment behaviour of retail investors towards SBI Mutual Fund, focusing on their perceptions of risks, returns, and the reliability of fund management. The study highlights the growing trend of Systematic Investment Plans (SIP) among investors, as well as their preference for equity-based and debt-based mutual funds. It also explores the challenges faced by investors and the role of digital platforms in simplifying mutual fund investments.

- **"A Study on Investors Perception on Indian Mutual Funds System with Reference to Private and Public Players" Ms. Daisy Bosco. T., Dr. John Paul M (2022)** - The goal of this research is to find out more about investors' preferences and perceptions of the Indian mutual fund system, with a focus on private and public players. The two most common investor classes in the Indian mutual fund market, public and private players, were used to select mutual fund businesses. A mutual fund is a way of pooling money by distributing units to investors and investing the proceeds in securities in accordance with the offer document's goals. As a result, for the typical person, a mutual fund is the greatest investment since it allows them to invest in a diversified, professionally managed basket of securities at a low cost. In recent years, the number of investors and investment sources has exploded.

- **"A Study on investor's perception about mutual fund investment" Hemant Gupta (2021)** - This document discusses the conceptual framework of mutual funds in India. It defines what mutual funds are and how they work. It outlines the different types of mutual fund schemes based on their maturity periods such as open-ended, close-ended, and interval funds. It also discusses SEBI's categorization of mutual fund schemes into equity, debt, hybrid, solution-oriented and other schemes. The document is applicable to understanding investors' perceptions and preferences when investing in various mutual fund options.

- **"Investors' Perception about Investment in Mutual Funds A study in Kolkata" Bikas Chandra mandal, Rajarshi Bose, Ragul Ghorai (2020)** - The present study is based on the savings and investment practices of the investors and preferences of the investors for investment in Mutual Funds in Kolkata. An attempt has been made to understand the investors' preferences in mutual fund investments. It is found that majority of investors are graduate and above and within age group of 30 to 40 yrs. It is surprising that majority investors are from the lower middle income group having income from 1 lakh to 5 lakhs and the most preferred Portfolio is Equity showing high risk appetite of the investors.

- **"Investors awareness and perception about mutual funds" Simran Saini, Dr Bimal Anjum, Ramandeep Saini (2020)** - Indian mutual fund has gained a lot of popularity from the past few years. Earlier only UTI enjoyed the monopoly in this industry but with the passage of time many new players entered the market, due to which the UTI monopoly breaks down and the industry faces a severe competition. The present study analyses the mutual fund investments in relation to investor's behaviour. Investors' opinion and perception has been studied relating to various issues like type of mutual fund scheme, main objective behind investing in mutual fund scheme, role of financial advisors and brokers, investors' opinion relating to factors that attract them to invest in mutual funds, sources of information, deficiencies in the services provided by the mutual fund managers, challenges before the Indian mutual fund industry etc.

- **"A study of Investor's behaviour towards Indian Mutual Funds in Haryana" Dr. Parul Mittal1 Mr. Subesingh (2019)** - This research paper focused attention on number of factors that highlights investors' perception about mutual funds and preferences of investors. The impact of various demographic factors on investors' behaviour towards Mutual Funds has been studied. The survey was undertaken of a diversified sample of 100 educated investors of Haryana and Delhi area under NCR, India in Mutual Funds. For this purpose, we have used chi square test and ranking method on the basis of weighted scores. The major findings of the study reveal that demographic factors and knowledge of investors have impact on their investment decisions. The study will be beneficial for researchers & academicians for further research, brokers, dealers, investors and share market officials.

3. RESEARCH METHODOLOGY SAMPLING PLAN:

3.1 Population:

The population for this study comprises more than 500 customers of the State Bank of India (SBI) main branch in Pondicherry who have invested in SBI Mutual Funds.

3.2 Sample:

A sample is a selection from a larger population of individuals, things, or items that are used for measurement. To ensure the research findings are applicable to the entire population, the sample must be representative. The samples are taken from State Bank of India Mutual Funds customers.

3.3 Sample Size & Time:

For this study, a sample size of 105 respondents have given their response for analysis of SBI Mutual Fund investors in Pondicherry and the period taken for the research is one month.

4. DATA ANALYSIS AND INTERPRETATION:

4.1 CORRELATION ANALYSIS

Null Hypothesis(H0) - There is no significant relationship between Satisfaction with schemes and equity debt hybrid fund performance.

Alternate Hypothesis (Ha) - There is a significant relationship between Satisfaction with schemes and equity debt hybrid fund performance.

		SATISFACTION WITH SCHEMES	EQUITY DEBT HYBRID FUNDS PERFORMANCE
SATISFACTION WITH SCHEMES	Pearson Correlation	1	-.155
	Sig. (2-tailed)		.115
	N	105	105
EQUITY DEBT HYBRID FUNDS PERFORMANCE	Pearson Correlation	-.155	1
	Sig. (2-tailed)	.115	
	N	105	105

INFERENCE: The correlation analysis between satisfaction with schemes and equity debt hybrid fund performance reveals a Pearson correlation coefficient of -0.155, indicating a very weak negative relationship between the two variables. However, this relationship is negligible and does not imply a meaningful association. The significance value (p-value) is 0.115, which is greater than the standard threshold of 0.05.

RESULT: There is no significant relationship between satisfaction with schemes and the performance of equity debt hybrid funds. Therefore, H0 is accepted

4.2 CHI SQUARE:

Null Hypothesis (H0) - There is no significant relationship between current market variation impact investment and stock market influence to invest.

Alternative Hypothesis (Ha) - There is a significant relationship between current market variation impact investment and stock market influence to invest.

CURRENT MARKET VARIATION IMPACT INVESTMENT

	Observed N	Expected N	Residual
very satisfied	33	26.3	6.8
Satisfied	39	26.3	12.8
Neutral	20	26.3	-6.3
dissatisfied	13	26.3	-13.3
Total	105		

STOCK MARKET TRENDS INFLUENCE TO INVEST

	Observed N	Expected N	Residual
strongly agree	34	26.3	7.8
agree	43	26.3	16.8
neutral	23	26.3	-3.3
disagree	5	26.3	-21.3
Total	105		

Test Statistics		
	CURRENT MARKET VARIATION IMPACT INVESTMENT	STOCK MARKET TRENDS INFLUENCE TO INVEST
Chi-Square	16.105[a]	30.581[a]
Df	3	3
Asymp. Sig.	.001	.000
a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 26.3.		

INFERENCE: The chi-square analysis reveals significant relationships between current market variation impact on investment and stock market influence on investment decisions. For current market variation impact, the chi-square value is 16.105 with a p-value of 0.001, indicating that the observed data differ significantly from the expected distribution. Similarly, for stock market trends influencing investment, the chi-square value is 30.581 with a p-value of 0.000, further confirming a statistically significant relationship. Since the p-values in both cases are less than the threshold of 0.05.

RESULT: There is a significant relationship between current market variation impact investment and stock market influence to invest. Therefore, Ha is accepted.

4.3 ANOVA ANALYSIS:

Null Hypothesis (Ho) - There is no significant relationship between risk management fund performance and accessing funds during emergencies encourage to invest.

Alternative Hypothesis (Ha) - There is a significant relationship between risk management fund performance and accessing funds during emergencies encourage to invest.

Descriptives

RISKMANAGEMENTFUNDPERFORMANCE

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
strongly agree	34	1.76	.781	.134	1.49	2.04	1	4
Agree	42	1.93	.778	.120	1.69	2.17	1	4
Neutral	24	1.92	.654	.133	1.64	2.19	1	3
disagree	5	1.60	.894	.400	.49	2.71	1	3
Total	105	1.86	.752	.073	1.71	2.00	1	4

Test of Homogeneity of Variances

RISKMANAGEMENTFUNDPERFORMANCE

Levene Statistic	df1	df2	Sig.
.775	3	101	.511

ANOVA

RISKMANAGEMENTFUNDPERFORMANCE

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.920	3	.307	.535	.659
Within Groups	57.937	101	.574		
Total	58.857	104			

INFERENCE: The Anova analysis examines the relationship between risk management fund performance and the encouragement to invest by accessing funds during emergencies. The results show an F-statistic of 0.535 and a p-value of 0.659, which is greater than the significance threshold of 0.05. This indicates that the differences in the mean perceptions across the groups (strongly agree, agree, neutral, and disagree) are not statistically significant.

RESULT: There is no significant relationship between risk management fund performance and accessing funds during emergencies encouraging investment. Therefore, H0 is accepted.

5. FINDINGS:

- The correlation analysis between satisfaction with schemes and equity debt hybrid fund performance reveals a Pearson correlation coefficient of -0.155, indicating a very weak negative relationship between the two variables. However, this relationship is negligible and does not imply a meaningful association. The significance value (p-value) is 0.115, which is greater than the standard threshold of 0.05. This suggests that the correlation observed is not statistically significant. Based on this, we fail to reject the null hypothesis (H_0), concluding that there is no significant relationship between satisfaction with schemes and the performance of equity debt hybrid funds.

- The chi-square analysis reveals significant relationships between current market variation impact on investment and stock market influence on investment decisions. For current market variation impact,

the chi-square value is 16.105 with a p-value of 0.001, indicating that the observed data differ significantly from the expected distribution. Similarly, for stock market trends influencing investment, the chi-square value is 30.581 with a p-value of 0.000, further confirming a statistically significant relationship. Since the p-values in both cases are less than the threshold of 0.05, the null hypothesis is rejected.

- The Anova analysis examines the relationship between risk management fund performance and the encouragement to invest by accessing funds during emergencies. The results show an F-statistic of 0.535 and a p-value of 0.659, which is greater than the significance threshold of 0.05. This indicates that the differences in the mean perceptions across the groups (strongly agree, agree, neutral, and disagree) are not statistically significant. Therefore, we fail to reject the null hypothesis, concluding that there is no significant relationship between risk management fund performance and accessing funds during emergencies encouraging investment.

CONCLUSION:

This study reveals several critical insights into the satisfaction and preferences of respondents, with a particular emphasis on the age group of 30-40 years and the gender distribution, where males constitute the majority. The high satisfaction levels indicate that current offerings are largely well-received; however, a deeper focus on the neutral and dissatisfied respondents is necessary to further elevate service quality and address any potential gaps. The correlation analysis suggests that while there is no significant relationship between satisfaction with schemes and the performance of equity-debt hybrid funds, the influence of market trends on investment decisions is noteworthy. This finding underscores the need for more targeted educational initiatives to enhance respondent understanding of investment products.

The feedback analysis points to opportunities for better risk management fund offerings, especially in terms of emergency use. A segmented approach based on demographic and satisfaction levels would help tailor strategies and foster stronger engagement across different groups. The organization's continuous evaluation of its policies and services, coupled with training for employees to address customer concerns, will ensure a customer-centric approach that promotes trust and satisfaction. In conclusion, by implementing the suggested strategies, the organization can not only meet current customer expectations but also adapt to future needs, enhancing its competitive edge and fostering long-term customer loyalty.

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