

Performance Evaluation of Mutual Fund in India (A Case Study on SBI Mutual Fund)

Dr. (Prof.) Ashok Kumar Rath

Professor in Finance, Trident Academy of Technology, Bhubaneswar.

ABSTRACT: Different investment avenues are available to investors. Mutual fund also offers good investment opportunities to investors. Mutual funds are device for pooling and investing money in a wide variety and number of securities, to obtain portfolio diversification and management efficiency in other words, Mutual funds are non banking financial intermediaries, which act as matchmakers bringing together the saving and investment opportunities. Mutual fund units provides to the investors in accordance with quantum of money invested by them. Investors of mutual funds are known as unit holders. The profits of losses are shared by investors in proportion to the investments. The Mutual funds normally come out with a number of schemes with different investment objectives which are launched from time to time.

Keywords: Intermediaries, Portfolio, Investment, Diversification.

I. INTRODUCTION

A MUTUAL FUND is a professionally managed firm of collective investments that collects money from many investors and puts it in stocks, bonds, short term money market instruments, and /or other securities.

Mutual fund now represent as the most appropriate investment opportunity for most investors. As the financial marker become more sophisticated and complex, investor needs a financial intermediary which provides the required knowledge, professional expertise on successful investment.

The fund manager, also known as portfolio manager trades the fund underlying securities, realizing capital gains or losses, the investment proceeds are then passed along to the individual investors. Anybody, no matter what their age, or income should and can invest in mutual funds. Mutual funds are an easy and inexpensive way for an individual to capture the money that is to be made from stocks and bonds, without buying them directly. Investing in mutual funds is the perfect way to save money for the short term and long term future, such as for, retirement, a car, a home, a vacation and more.

II. OBJECTIVE OF THE STUDY

- i- To study the Investor's perception towards the Mutual Fund.
- ii- To study how the Respondents are influenced by factors of Mutual Funds?
- iii- To know how Respondents prefer most at the time of investment by taking term/time period into consideration?
- iv- To study the Respondents preference to keep their savings in different sectors of investment avenue:
- v- How investors respond towards the Mutual Fund schemes of different Mutual Fund companies?
- vi- To know why investors to prefer to Invest in SBI Mutual Fund?
- vii- To study how age factor is responsible for (SIP- SBI MF).

III. RESEARCH METHODOLOGY

The present article is related to performance evaluation of different funds, consumers awareness and attitude which is based on data collection from different people investing their money in the SBI Mutual Fund.

Sources of Data-

A) Primary Sources

B) Secondary Sources

A) **Primary Source** :For collecting the primary data survey was conducted to find out the perception level, product attributes, brand awareness, brand loyalty etc. The data are collected in Bhubaneswar because it is commercial and educated city of Orissa. The data are collected through questionnaire.

B) **Secondary Source**: consists of all information from Mutual fund Staff, different websites, Books, Brouchure, Magazines, Newspapers.

IV. REVIEW OF LITERATURE

- 1- Ajay shah and Susan Thomas (1994) studied the performance evaluation of eleven mutual fund schemes and conceded that except one scheme other schemes earns inferior return than the market in general.
- 2- R.A Yadav and Biswadeep Mishra (1996) have evaluated performance of 14 mutual funds scheme using monthly data. The study concluded that the funds as a whole performed well in terms of non risk adjusted measure of average returns and the fund manager of growth schemes adopted a conservative investment policy.
- 3- Amitabh Gupta(2000) has examined performance of Indian mutual funds in terms of six performance measures using weekly NAV data for73 mutual fund schemes from 1994-1999, he found that the schemes have shown a mixed performance during the period.
- 4- Sadhak(2003) investigates the making strategies and investment practice of Indian mutual fund .
- 5- Gupta (2002) examine the growth, regulatory framework and performance evaluation of Indian mutual fund and reported poor performance.

V. COMPANY PROFILE

SBI Mutual Fund is India’s largest bank sponsored mutual fund and has an enviable track record in judicious investments and consistent wealth creation. The fund traces its lineage to SBI- India’s largest banking enterprise. The institution has grown immensely since its inception and today it is India’s largest bank, patronized by over 80% of the top corporate houses of the country.

SBI Mutual fund is joint venture between the state bank of india and Society General Asset Management , one of the world’s leading fund management companies that manages over US \$ 500 Billion worldwide. In twenty years of operation , the fund has launched 38 schemes and successfully redeemed fifteen of them . In the process it has rewarded it’s investors handsomely with consistently high returns.

COMPETITORS

According to the market survey the main competitors of the SBI mutual fund are:(i)Birla sun Life Mutual Fund,(ii)HSBC Mutual Fund,(iii)ING Vysya Mutual Fund,(iv)Reliance Mutual Fund,(v)Tata Mutual Fund,(vi)HDFC Mutual Fund, (vii) Prudential ICICI-Alliance,(viii)Franklin Templeton,-LIC Mutual Fund,(ix)J M mutual Fund,(x)UTI Mutual Fund,(xi) Chola Mutual Fund and Many more.

PRODUCTS OF SBI MUTUAL FUND:

- (i) Equity Scheme, (ii) Debt Schme,(iii) Balanced Scheme,(iv) Liquid Scheme

VI. DATA ANALYSIS AND INTERPRETATION

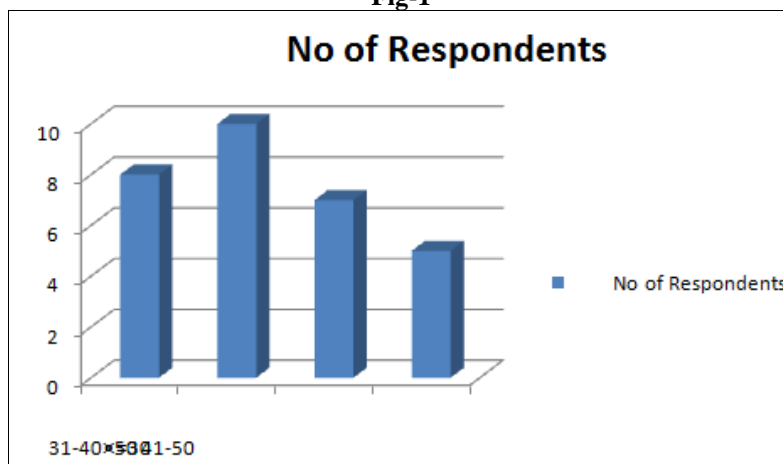
i- Investor’s perception towards the Mutual Fund:

Table-1

Age of Investors	No of Respondents
<=30	8
31-40	10
41-50	7
>50	5

(Sources: SBI Mutuakl Fund News Letter, 2015-16)

Fig-1



Interpretation

On the basis of above analysis through table and diagram it is found that the investors under the age group of 31-40 is more interested in involving in Mutual Fund Sector. In this age group maximum respondeants are business men and private employees.

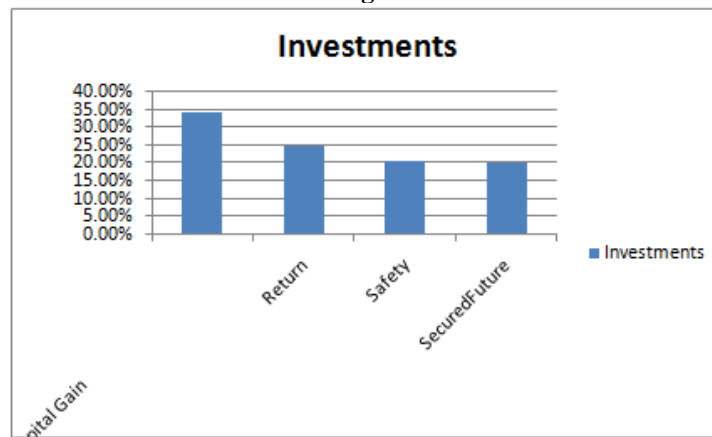
ii. Respondents are influenced by factors of Mutual Funds.

Table-2

Factors	Investments
Capital Gain	34.34%
Return	24.72%
Safety	20.69%
SecuredFuture	20.25%

(Sources: SBI Mutuakl Fund News Letter, 2015-16)

Fig-2



Interpretation:

The above analysis shows capital gain is 34.34%,return is 24.72%, safety is 20.69% and secured future is 20.25% for the purpose of investment. So Maximum respondents are preferring capital gain over other factors and preference is regular income.

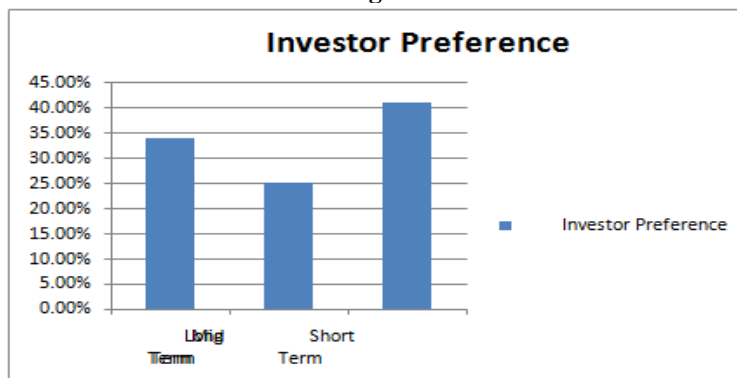
iii .Respondents prefer most at the time of investment by taking term/time period into consideration:

Table-3

Duration	Investor Preference
Long Term	33.95%
Mid Term	25.03%
Short Term	41.02%

(Sources: SBI Mutuakl Fund News Letter,2015-16)

Fig-3:



Interpretation

As we can see here Maximum respondents are preferring for short term and long term rather than mid term. Hence investors preferred to keep their money in long term basis through different equity schemes and also short term basis through various debt schemes.

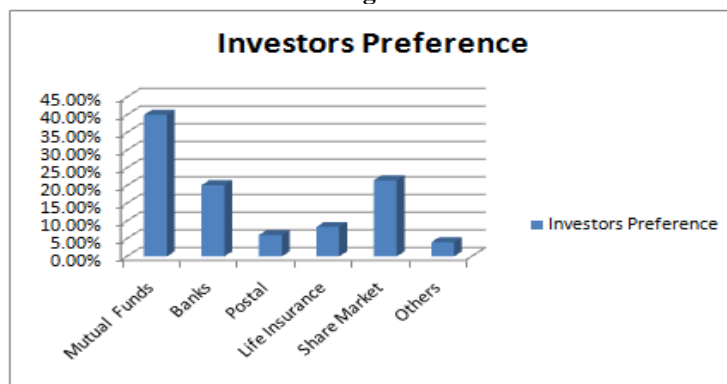
iv. Respondents prefer to keep their savings in different sectors of investment avenue:

Table-4

Sector	Investors Preference
Mutual Funds	40.02%
Banks	20.125%
Postal	6.03%
Life Insurance	8.32%
Share Market	21.51%
Others	4.00%

(Sources: SBI Mutual Fund News Letter, 2015-16)

Fig-4:



Interpretation

From the above analysis we can say most of the respondents are preferring to invest mutual funds that is 40.02%. The percentage in case of other sectors are less in comparison to mutual funds.

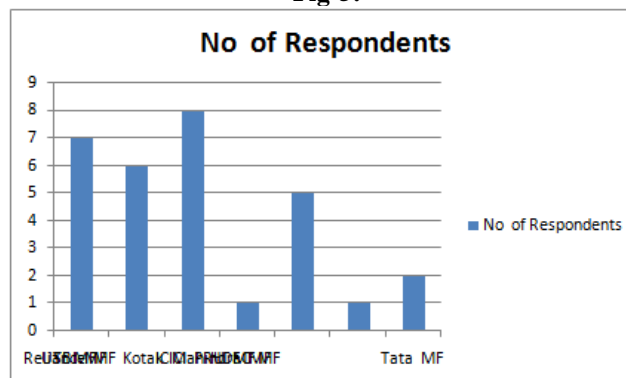
V. Preference of Mutual Fund schemes of different Mutual Fund companies:

Table-5

Category	No of Respondents
SBI MF	7
Reliance MF	6
UTI MF	8
Kotak Mahindra MF	1
ICICI PRU MF	5
HDFC MF	1
Tata MF	2

(Sources: SBI Mutual Fund News Letter, 2015-16)

Fig-5:



Interpretation

Majority of preference goes to UTI MF being the oldest and govt. regulated Mutual Fund followed by SBI MF as principal trustee is SBI the largest bank operating over India. Preference towards other based on the funds past performance and marketing potential of the IMC operating in the Bhubaneswar city. Also the graph shows that the gradual shift of the mindset of people towards the private MF due to aggressive marketing, variety of schemes and return potential.

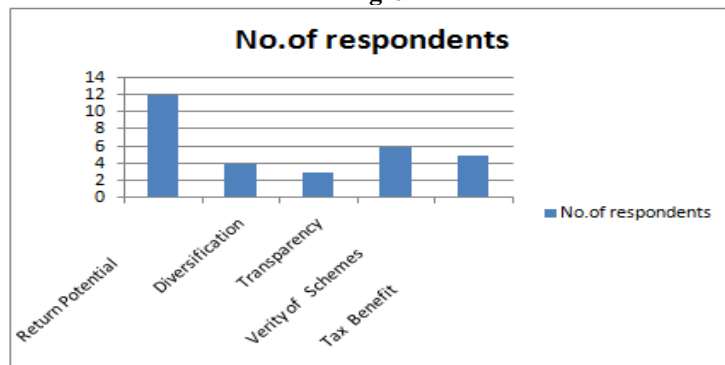
vi. Reason of Investment in SBI Mutual Fund:

Table-6

Category	No. of respondents
Return Potential	12
Diversification	4
Transparency	3
Verity of Schemes	6
Tax Benefit	5

(Sources: SBI Mutual Fund News Letter, 2015-16)

Fig-6



Interpretation

After analyzing the respondents query maximum of the respondent consider the return potential of SBI mutual fund are the main reason of their investment as some of the equity schemes have performed exceedingly well and have beaten the respective benchmark by wide margins. Equity schemes like Magnum Comma Fund, Magnum Tax gain and Magnum Balanced Fund have won ICRA awards because of good performance.

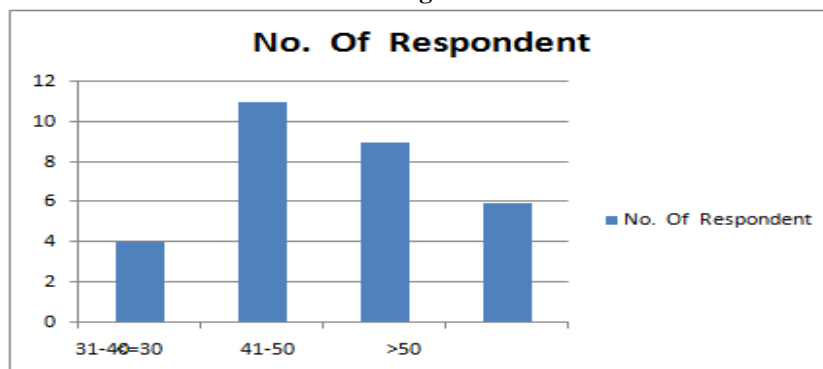
VII. Different Age Groups(SIP-SBI MF):

Table-7

Age Group	No. Of Respondent
<=30	4
31-40	11
41-50	9
>50	6

(Sources: SBI Mutual Fund News Letter, 2015-16)

Fig-7



Interpretation

On the basis of above analysis more number of investors is preferred for investing through Systematic Invest Plan(SIP) on the age group of 31-40.

8.Investment by aware of people

Interpretation

If we look at total population only 60% people are aware of mutual fund. But one important thing here is that the entire 60% do not have investment in mutual fund.Out of these 38% public has investment in mutual fund and the remaining 62% public do not want to take risk or they do not know the procedure of investment in mutual fund or they do not know how to get liquidate it and how they will be benefitted.

VII. CONCLUSION

Due to simultaneous existence of number of channels the main problems being faced by AMC is of managing the multiple channels in delivering quality service to the customers. There need to be more emphasize placed on promotional activities to built up the brand image and also product awareness campaigns need to be staeted a lot of customers are not still aware of the range of options available under MF's and still look at it as equity based investment.

In conclusion, for products like MF with very low brand appeal and consumption values will have to depend heavily on distributors to push their product through as they cannot differentiate themselves from their competitors and being in margins to the business. Indeed Mutual funds may represent the only opportunity in which the investors can invest in an intelligent, diversified fashion in securities of uprising sectors.

REFERENCES

- [1] Building your Mutual Fund Portfolio-By Albert Freedman.
- [2] Mutual funds in India, Marketing Strategies and Investment Practices-By H.Sadhak.
- [3] Services Marketing-By RaviSankar.
- [4] The investment Game-how to win-By Prasanna Chandra.
- [5] Essentials of Business Finance:By R.M Srivastava.
- [6] Business World
- [7] Business India
- [8] The economic Times
- [9] Annual report of S.B.I Mutual Fund Ltd.

Websites

- [10] www.investopedia.com
- [11] www.amfiindia.com
- [12] www.icidirect.com
- [13] www.sbimf.com
- [14] www.sebi.org.in
- [15] www.stocks-investing.com