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# A Study on Investor's Attitude Towards SBI and HDFC Mutual Fund in Coimbatore City

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## I. Introduction

A Mutual Fund is a professionally-managed form of collective investments that pools money from many investors and invests it in stocks, bonds, short-term money market instruments, and/or other securities. Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. This pool of money is invested in accordance with a stated objective. The joint ownership of the fund is thus "Mutual", i.e. the fund belongs to all investors. 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 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.

## II. Statement of the Problem

The Mutual Fund Company is one of the fastest growing sectors in Indian Capital market. Mutual Fund industry came into the Indian Capital Market in 1963 and started operating in 1964 in order to provide the benefits of diversification of risk, assured returns, professional management to the retail investors. Liberalization, Privatization and Globalization (LPG) of the economy have motivated mutual fund industry thereby growing in an astounding manner. Investors find mutual fund investment interesting as it is perceived to be a financial instrument of high potential gain. This scope of the high rate of return is just one side of the coin. In absence of a conducive and viable platform in mutual funds of India and information thereto, the investors are in an illusion and cannot find a track for investment. This is coupled with the misleading of information due to non-prevailing of transparency in the investment sector. A conceptual framework is required to understand the process of investment as well as the job of the fund manager, which can be exposed through this performance analysis. This study, by analyzing the attitude towards SBI and HDFC mutual funds is an attempt to redress the attitude among the investors by making aware of various positive and negative factors associated with the mutual funds.

## III. Objectives

To Study about the Investor's attitude towards SBI and HDFC mutual funds.

## IV. Research Methodology

Descriptive research is adopted for this study. It includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is a description of the state affairs as it exists at present. The main characteristic of this method is that the researcher has no control over the variables.

Collection of primary data's through questionnaire from the investors. Secondary data are the data already been collected and analyzed by someone else. Those data may either be published or unpublished. Published data is published report, records, journals, books etc.

Researcher has used convenient sampling to choose the fraction of population, which has to be investigated according to his own convenience. To get a clear view Researcher has collected 127 as sample size. Study was conducted during the month of January – February 2021 in and around Coimbatore City.

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## V. Review Of Literature

- Venkataraman and Venkatesan (2016) – studied in their study entitled "Evaluation of Growth of Mutual Funds and Exchange Traded Funds in India" compared the performance of different schemes of mutual fund companies on the basis of risk and return so as to analyze the funds benchmarked to their index and compare their performance to a common index and also to evaluate the investment performance of the mutual funds with respect to standard deviation, Sharpe's ratio, Treynor's ratio and Jenson's alpha.
- Srivastava S and Malhotra. S (2015) in an Article "A Paradigm Shift in Risk Measuring Tools of Mutual Fund Industry" from International Journal of Informative and Futuristic Research have mentioned that equity funds are performing better than debt funds. A strong linear relationship was found between risk and return. Fund managers can adopt Calmar ratio and safety first ratio to analyze the risk of selected funds. No fund is risk free and Investors should invest in equity and equity related instruments to diversify the risk.
- Ashraf and Sharma (2014) studied his research report about the return earned by the sample mutual funds schemes and compare against the benchmark market returns and whether the degree of correlation exist between fund and market return or not. Study found out the mutual fund schemes offering the advantages of diversification, along with adequate systematic risk compared to market beta risk deviation, Sharpe's ratio, Treynor's ratio and Jenson's alpha.

### 5.1 SBI Mutual Fund

SBI Mutual Fund (SBIMF) is a joint venture of State Bank of India (SBI) with AMUNDI (France), one amongst the top fund management firms in the world. Headquartered in Mumbai, it is managed by SBI Funds Management Pvt. Ltd. which has a track record of over 30 years of in fund management. The trustee company to the SBI Mutual Fund is the SBI Mutual Fund Trustee Company Private Limited. During the period 2016-17, SBI Mutual Fund was able to achieve a growth of 47.05% on the basis of its average Assets Under Management (AUM). In the same year, it emerged as India's largest Exchange Traded Funds (ETF) asset manager with AUM of Rs.23,816crore. The fund house has 165 branches across India and as of March 2017, it has 57,004 AMFI certified agents. SBI Mutual Fund has more than 222 points of acceptance in the country and their main aim is the delivery of value and to replenish the trust of the investors. With a mammoth customer base of more than 5.4 million investors, the SBI Mutual Fund is one of the largest mutual funds in India.

| Fund Name | Category | NAV | NAV Change | 1 year % |
|---|---|---|---|---|
| SBI BlueChip Fund-Reg(G) | Equity - Large Cap | 49.35 | 0.2108 | 18.34 |
| SBI Equity Hybrid Fund-Reg(G) | Hybrid - Equity Oriented | 167.07 | 0.7006 | 14.22 |
| SBI Long Term Equity Fund-Reg(D) | Equity - Tax Saving | 43.28 | 0.1749 | 18.67 |
| SBI Long Term Equity Fund-Reg(G) | Equity - Tax Saving | 173.98 | 0.7034 | 19.94 |
| SBI Magnum Equity ESG Fund-Reg(G) | Equity - Large Cap | 131.71 | 0.9730 | 15.55 |
| SBI Magnum Midcap Fund-Reg(G) | Equity - Mid Cap | 96.02 | 0.8133 | 32.82 |
| SBI Magnum Multicap Fund-Reg(G) | Equity - Multi Cap | 59.33 | 0.2745 | 15.32 |
| SBI Savings Fund-Reg(G) | Debt - Liquid | 32.32 | 0.0045 | 05.60 |
| SBI Banking and PSU Fund(DD)-Direct Plan | Debt - Ultra Short Term | 1131.67 | 1.4106 | 10.33 |
| SBI Banking and PSU Fund(G)-Direct Plan | Debt - Ultra Short Term | 2569.22 | 3.2025 | 10.87 |

### 5.2 HDFC Mutual Fund

Incorporated on the 10th of December, 1999, HDFC Asset Management Company Ltd. is among the most popular fund houses in India. The company offers an extensive range of mutual funds and is home to some of the most trustworthy fund managers who ensure that your hard-earned money is invested in the right schemes. Whether you seek growth funds, income funds, or even retirement funds, HDFC AMC Ltd. has it all. HDFC Mutual Fund launched its first scheme in the month of July 2000 and ever since it has been ambitious about offering a stable performance of funds across all the variants of schemes offered by it. The main vision of the HDFC Mutual Fund is to be a player of dominance in the mutual fund market of India. It offers high levels of professional and ethical conduct. It is committed towards the enhancement of the investors' interests.

The HDFC Mutual Fund is managed by HDFC Asset Management Company (HDFC AMC) Limited. HDFC Trustee Company Limited is the trustee to the mutual fund. The HDFC Mutual Fund is sponsored by the Housing Development Finance Corporation Limited (HDFC Ltd.) and the Standard Life Investments Limited.

## VI. Result Analysis and Interpretation

Age of the Respondents

| Age [Years] | No of Respondents | % |
|---|---|---|
| Below 25 | 34 | 26.77 |
| 26-35 | 41 | 32.28 |
| 35-45 | 29 | 22.83 |
| Above 45 | 23 | 18.12 |
| Total | 127 | 100 |

*Source: Primary Data*

The above table clearly shows that majority of the respondents of 32.3 % were between the age group of 26-35 years, followed by 26.7% the respondents belongs to age group below 25 years. 22.8% of the respondents were age group of 35 to 45 years of age group and respondents of 18.1% are above 45 years

Annual Income of the Respondents

| Annual Income [Rs.] | No of Respondents | % |
|---|---|---|
| Less than 2 Lakhs | 43 | 33.86 |
| 2-3 Lakhs | 65 | 51.18 |
| More than 3 Lakhs | 19 | 14.96 |
| Total | 127 | 100 |

*Source: Primary Data*

The above table stated that the 33.9% of the respondents has an annual income of less than two Lakhs, 51.2% of the respondents have about Rs. 2-3 Lakh and 14.9% of the respondents have more than 3 Lakhs of Annual Income.

Investment Avenue Of The Respondents

| Investment Instructions | No of Respondents | % |
|---|---|---|
| Fixed Income Instrument | 27 | 21.26 |
| Mutual Fund | 87 | 68.50 |
| Direct Equity | 13 | 10.24 |
| Total | 127 | 100 |

*Source: Primary Data*

The table reveals that 87 (68.5%) respondents were prefer the Investment Avenue of Mutual fund, 27 (21.3%) to choose the Fixed Income Securities and only 13 (10.2%) respondents were to select Direct Income Securities.

Attitude Towards Type Of Risk Taken By The Respondents

| Type Risk Taken | No of Respondents | % |
|---|---|---|
| Low | 91 | 71.65 |
| Moderate | 19 | 14.96 |
| High | 17 | 13.39 |
| Total | 127 | 100 |

*Source: Primary Data*

The above table stated that 71.6% of the respondents attitude towards risk taken wereonly low risk, 14.9% of the respondents of take moderate risk, and 13.3% of the respondents were willing to take high risk.

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Attitude Towards Return On Investment

| Expected Return | No of respondents | % |
|---|---|---|
| Up to 15% | 24 | 18.89 |
| 15% to 25% | 23 | 18.12 |
| 25 to 35% | 43 | 33.85 |
| More than 35% | 37 | 29.14 |
| Total | 127 | 100 |

*Source: Primary Data*

The table depicts that 33.8% of the respondents were expecting their return on investment between 25 to 35 percentage, 29.13% of the respondents were expected on ROI more than 35 percentage of ,18.8% of the investors expects their return on investment up to 15 percentage, the respondents of 18.11% expect about 15 to 25percent of their ROI.

Attitude Towards Preference Of Mutual Fund Scheme

| Mutual Fund Scheme | No of Respondents | % |
|---|---|---|
| Open Ended Scheme | 76 | 59.84 |
| Closed Ended Scheme | 51 | 40.16 |
| Total | 127 | 100 |

*Source: Primary Data*

The above table clearly stated that 59.8% of the respondents were to prefer Open ended Mutual Fund scheme and 40.15% of the respondents wereto prefer closed ended Mutual Fund scheme.

## VII. Findings

- The majority (32.28%) of the respondents' age group from 26 years to 35 years.
- 51.18% of the respondents Annual Income from Rs.2 lakhs to Rs. 3 Lakhs.
- The Majority (68.50%) of the respondents to preferred as Mutual Fund Investment Avenue.
- 71.65% of the respondents are willing to take only Low Risk for their Investments.
- The Majority (33.85% )respondents of expected return on investment rate between25% to 35% from their Mutual Fund.
- 59.84%of the respondents to opt Open ended scheme type of SBI or HDFC mutual funds.

## VIII. Suggestions

- In order for a firm to build Investors value through managed relationships, the investment companies must identifying realistic investors, differentiate them, interact with them, and customize towards investing in Mutual Funds.
- The Investors with the age bracket of 26-45 years also will provide the best alternative. As this is a segment which actively invests money and also they are looking out for various invest advice and avenues of investing.
- Customers who are either in service and business are better targets as they have a higher tendency to sick with the bank for a longer period of time. Also this is a segment, which

## IX. Conclusion

It has been established in this study that Investors value will always and will only drive the company value and not on their income or age. Mutual Fund Industry now represents perhaps most appropriate opportunity for most Investors. The financial market is most sophisticated and complex. Investors need required knowledge to invest in the mutual fund industry. Mutual fund industry also gives good returns if the markets are high and you can also suffer losses if the market does not do well or while investing fund manager makes some mistakes during investment of Mutual Funds. Mutual Fund Returns are compared on the basis of performance of the stock market. If the stock market do well than the fund in which you have invested will also do well. As the markets are diversified the loss is minimal. I have been concluded that, analyzing with the result of Age, Income, Investment Avenue, Types of Risk, Return on Investment and Mutual Fund Scheme for a specified period. Since investors attitude towards SBI mutual fund and HDFC mutual fund has given good impact. "So as per my suggestion it is best for Investor to invest in Mutual Fund as it has given good returns".

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