

A Study on Investment Preference in Mutual Funds with Due Emphasis on Birla Sun life Mutual Fund

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ABSTRACT

This risk analysis and investors perception on mutual fund market has given a clear idea of trading involved in relation with equities, futures and options, in comparison with other investments existing in the market. The aim of the study is to know the clear picture involved in mutual funds and its impact on the investors who are interested in different diversified portfolios, which involves high risk and high returns. This paper explores how investors prefer mutual funds and what criteria they prefer to choose Birla Sun Life Mutual Fund.

Keywords: *Mutual fund, finance, investors, management, business, markets*

Introduction

Mutual fund is the industry it has various schemes, objectives and feasibilities where people can invest monthly/quarterly/half yearly/annually or lump sum which provides liquidity, profitability and tax saving plans. Mutual fund is one of the best substitutes for saving account/fixed deposit/insurance policy, providing large variety schemes for investors.

Investment is a serious proposition one has to look into various factors before deciding on the instruments in which to invest. To save is not enough. One must invest wisely & get maximum returns. One must plan investment in such a way that his investment objectives are satisfied. A sound investment is one which gives the investor reasonable returns with a proper profitable management. Securities Exchange Board of India, better known as SEBI, formulated the Mutual Fund (Regulation) 1993, which for the first time established a comprehensive regulatory framework for the mutual fund industry. This proved to be a boon for the mutual fund industry and since then several mutual funds have been set up by the private sector as well as the joint sector. Kothari Pioneer Mutual fund became the first from the private sector to establish a mutual fund in association with a foreign fund. Since then several private sector companies have established their own funds in the country, making mutual fund industry one of the most followed sector by critics and investors alike. The share of private sector mutual funds too has gone up rapidly.

Need for the study

As there exists different kinds or diversified portfolios which involves high risk and high returns and investor is unaware of the fluctuations in the market conditions while investing in mutual funds, and there is a dearth on this study as continuous market fluctuations backed by both internal and external factors influence, thus this study helps to identify solutions to the above queries and contributes to the academic literature.

Scope of study

To understand the potentiality of the investors in investing their hard earned incomes, to see that how the investors are employing their resources in a manner to afford, combine benefits to low risks, steady or consistent returns, high liquidity & capital appreciation through diversification & Expert Management.

Objectives Of Study

1. To study the preference of investors in today's scenario (less risk and more return).
2. To study market potentiality of mutual fund among investors
3. To study whether the investors are considering Birla Sun Life a better option or not

Research Methodology:

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Methodology is the way in which we find out the information. It describes how the project is done. The methodology includes the methods, procedures and techniques used to collect and analyze information. The study has been taken up to understand the preference for investing in mutual fund with due emphasis on Birla Sun life.

Sampling procedure:

Random sampling has been used as a method for selecting the interviewees.

Sampling Size: 100

The collected data consists of both the primary and secondary data.

Primary: The data, has been collected for the first time and it, is the original data. In this project the primary data is collected through administering a questionnaire to the investor.

Secondary: The secondary information has been taken from bulletins, websites, books, journals, etc

Limitations of the study

- the time constraint has been one of the major problems.
- The study has been limited to the different schemes available under the mutual funds selected.

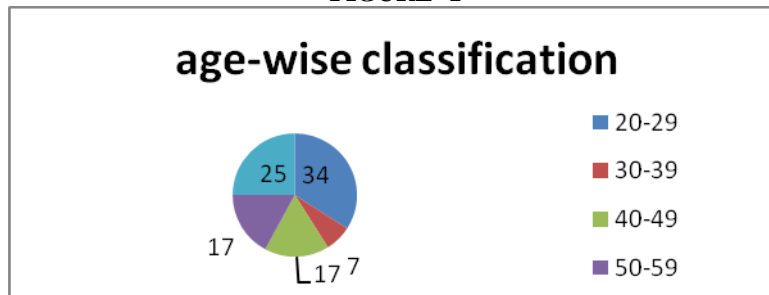
Data Analysis and Interpretation

Table -1
Age-wise classification

age	respondents	% of Respondents
Below 20	Nil	Nil
20-29	34	34.5
30-39	7	6.5
40-49	17	17
50-59	17	17.5
ABOVE 60 49	25	24.5
TOTAL	100	100%

Source: Primary Data

FIGURE -1



Source: Primary Data

Interpretation:

From the above mentioned data the respondents were of different age groups. The investors age group between 20-29 with 34.5%. The investors of age 30-

39 with 6.5%, 40-49 there are with 17% and in between 50-59 there are 18investors with 17.5% and above 60 investors with 24.5% have responded.

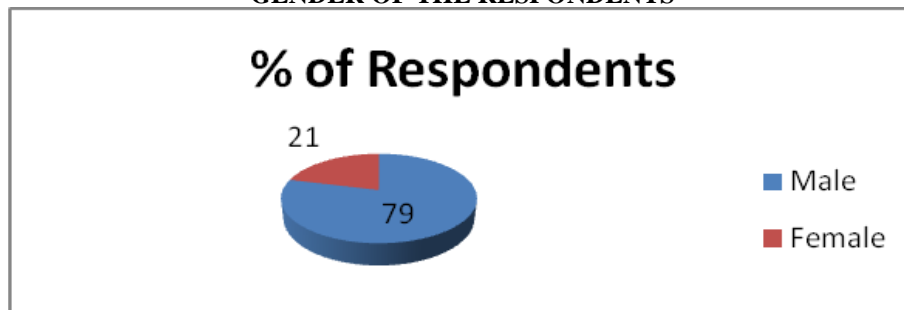
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**TABLE-2
GENDER OF THE RESPONDENTS**

GENDER	% of Respondents
Male	79
Female	21
TOTAL	100%

Source: Primary Data

**FIGURE-2
GENDER OF THE RESPONDENTS**



Source: Primary Data

From the above data it is clear that 79 percent of respondents are males and the remaining 21 percent respondents are females who prefer to invest in financial services

Interpretation:

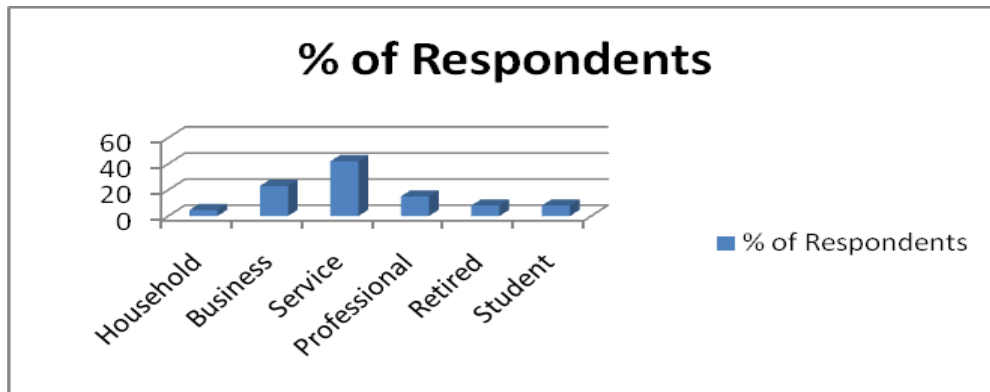
**TABLE-3
OCCUPATION OF THE RESPONDENTS**

Occupation	% of Respondents
Household	4.5
Business	23
Service	42
Professional	15
Retired	8
Student	8
TOTAL	100%

Source: Primary Data

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**FIGURE-3
OCCUPATION OF THE RESPONDENTS**



Source: Primary Data

Interpretation:

According to the survey the respondents were of different occupations. Most of respondents are from service sector is about 42% of the sample.

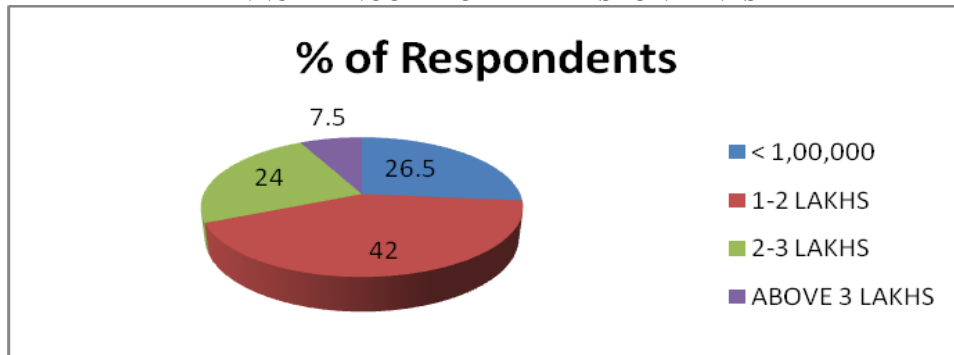
Respondents from the business are occupying 23%, professionals with 15%, students occupy 8%, retired personnel are with 7.5%, and house hold segment is 4.5%.

**TABLE-4:
ANNUAL INCOME OF THE RESPONDENTS**

INCOME (Rs)	% of Respondents
< 1,00,000	26.5
1-2 LAKHS	42
2-3 LAKHS	24
ABOVE 3 LAKHS	7.5
TOTAL	100%

Source: Primary Data

FIGURE-4
ANNUAL INCOME OF THE RESPONDENTS



Source: Primary Data

Interpretation:

According to the survey, the respondents of the income group with less than 1 lakh are of 26.5%. About 42% of the respondents are of the income group between 1-2 lakhs per annum. 24% of the

respondents were of the income group 2-3 lakhs. 7.5% respondents were of the income group above three lakhs.

TABLE-5:
DOES THE RESPONDENTS INVEST THEIR MONEY

Investment of Money	% of Respondents
Yes	100
No	nil
TOTAL	100%

Interpretation:

Out of the total sample the respondents going for investments are total in numbers with all the hundred respondents considered in sample are going for complete investments with 100%.

TABLE-6:
AMOUNT THE RESPONDENTS SAVE YEARLY

SAVINGS	% of Respondents
<25,000	53
<50,000	27
<1,00,000	12
>1,00,000	8
TOTAL	100%

Source: Primary Data

Interpretation:

From the above data, the respondents who save < 25,000 yearly is about 53%, <50,000 is about 27% & the individuals who save less than 1,00,000 are 12%, followed by individuals who save more than 1,00,000

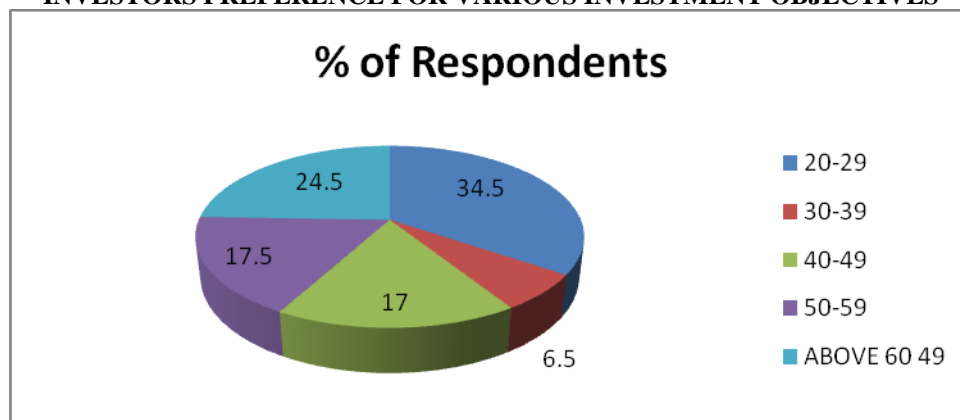
is 8%. It indicates that there is scope for the people more than and less than one lakh need to be convinced for more saving and at the same time those with less than 50,000 must be persuaded to minimize waste expenditures.

**TABLE-7:
INVESTORS PREFERENCE FOR VARIOUS INVESTMENT OBJECTIVES**

Investment objectives	respondents	% of Respondents
Below 20	Nil	nil
20-29	34	34.5
30-39	7	6.5
40-49	17	17
50-59	17	17.5
ABOVE 60 49	25	24.5
TOTAL	100	100%

Source: Primary Data

**FIGURE-7
INVESTORS PREFERENCE FOR VARIOUS INVESTMENT OBJECTIVES**



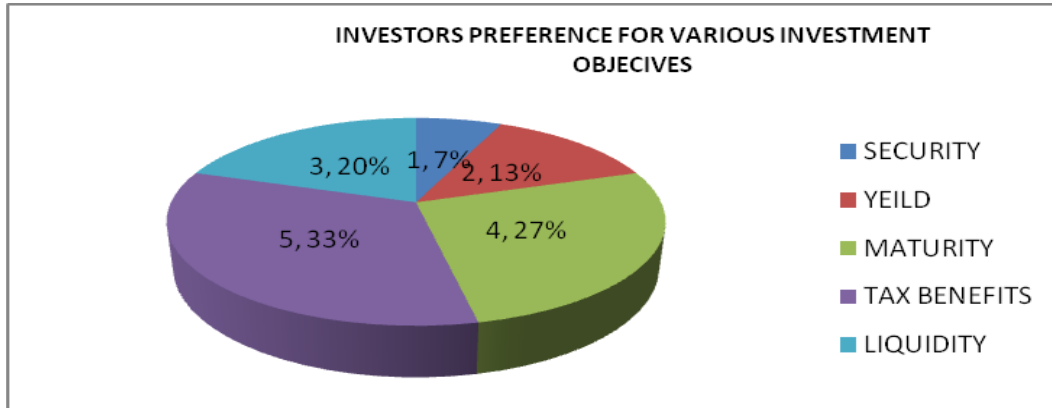
Source: Primary Data

**TABLE-7:
INVESTORS PREFERENCE FOR VARIOUS INVESTMENT OBJECTIVES**

RANK	OPTIONS	% PERCENTAGE
1	SECURITY	7%
2	YEILD	13%
4	MATURITY	27%
5	TAX BENEFITS	33%
3	LIQUIDITY	27%

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Source: Primary Data
FIGURE-7



Source: Primary Data

Interpretation:

Different types of investors look forward to different investment objectives. Most of the investors ranked

1st to security, 2nd rank to yield, 3rd rank has been given to liquidity, 4th & 5th ranks for maturity & tax benefits.

INVESTOR PREFERENCE FOR VARIOUS INVESTMENT OBJECTIVES

ATTRIBUTES	I	II	III	IV	V	WEIGHTED AVERAGE	RANK
SECURITY	44	32	16	5	3	28	I
YEILD	31	22	23	12	12	23	II
MATURITY	10	12	22	42	13	18	IV
TAX BENEFIT	4	13	3	21	60	11	V
LIQUIDITY	11	22	36	20	12	20	III

MODEL CALCULATION:

$$44*5+32*4+16*3+5*2+3*1/1=2+3+4+5$$

$$220+128+48+10+3/15$$

$$409/15$$

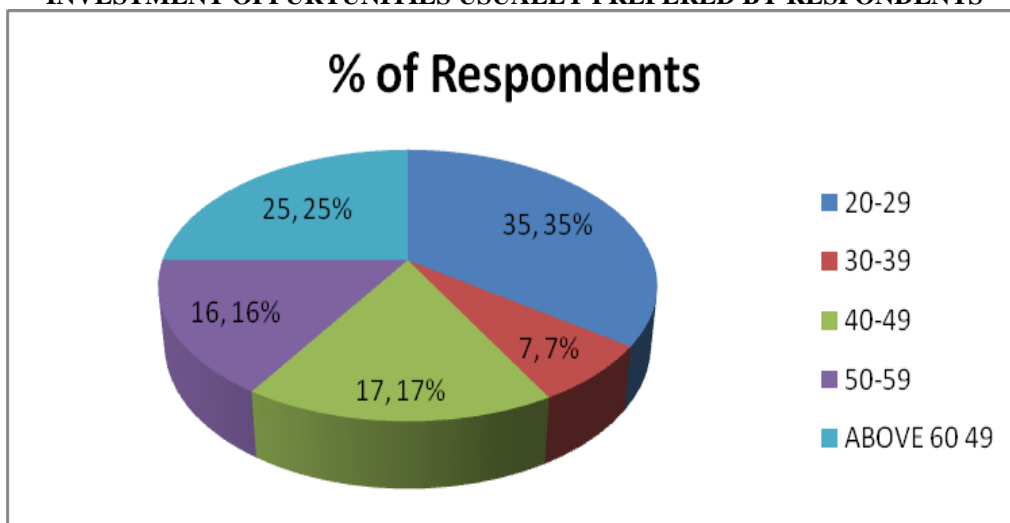
$$27.27$$

**TABLE 8:
INVESTMENT OPPURTUNITIES USUALLY PREFERED BY RESPONDENTS**

Investment Opportunities	% of Respondents
Below 20	nil
20-29	35
30-39	7
40-49	17
50-59	16
ABOVE 60 49	25
TOTAL	100%

Source: Primary Data

**FIGURE 8:
INVESTMENT OPPURTUNITIES USUALLY PREFERED BY RESPONDENTS**



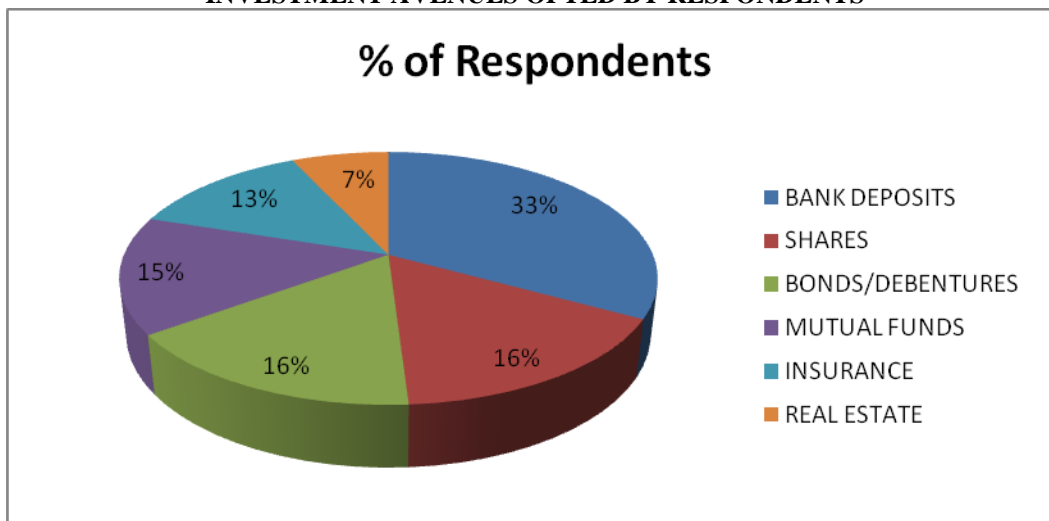
Source: Primary Data

TABLE: 9
INVESTMENT AVENUES OPTED BY RESPONDENTS

OPTIONS	% of Respondents
BANK DEPOSITS	33
SHARES	16
BONDS/DEBENTURES	16
MUTUAL FUNDS	15
INSURANCE	13
REAL ESTATE	7
TOTAL	100%

Source: Primary Data

FIGURE: 9
INVESTMENT AVENUES OPTED BY RESPONDENTS



Source: Primary Data

Interpretation:

From the above data it is indicated that 33% of the individuals prefer to bank deposits, 16% of the individuals prefer to shares, respondents preferring

bonds are 16% of with respondents preferring mutual funds are 15%, followed by insurance and real estate with 13% and 7% respectively.

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**TABLE- 9:
AWARENESS OF MUTUAL FUNDS**

Awareness of Mutual Funds	respondents	% of Respondents
Below 20	Nil	nil
20-29	34	34.5
30-39	7	6.5
40-49	17	17
50-59	17	17.5
ABOVE 60 49	25	24.5
TOTAL	100	100%

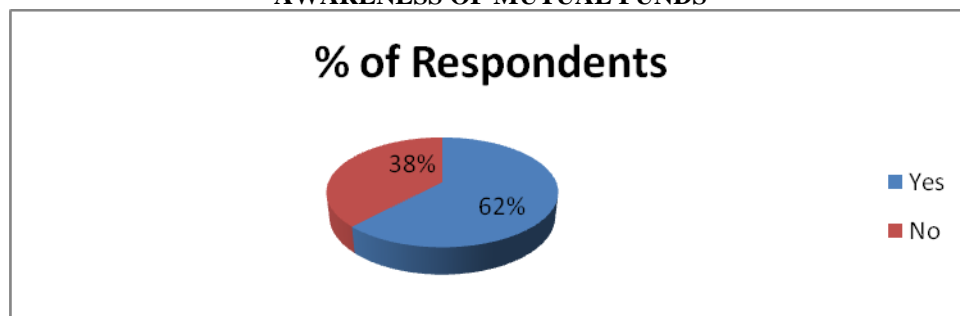
Source: Primary Data

**TABLE-10:
AWARENESS OF MUTUAL FUNDS**

OPTIONS	% of Respondents
Yes	62
No	38
TOTAL	100%

Source: Primary Data

**FIGURE-10:
AWARENESS OF MUTUAL FUNDS**



Source: Primary Data

Interpretation:

It is indicated from the above data that, most investors are aware of mutual funds. Around more than half i.e., 62 percent of respondents are aware of Mutual Funds and the rest i.e., 38 percent of the

respondents are not aware of Mutual Funds. It is clear that there is a scope for creating awareness through media and other referential dimensions can be looked at in creating awareness and importance of investing in mutual funds.

**TABLE-11:
SOURCES FOR CREATING AWARENESS OF MUTUAL FUNDS**

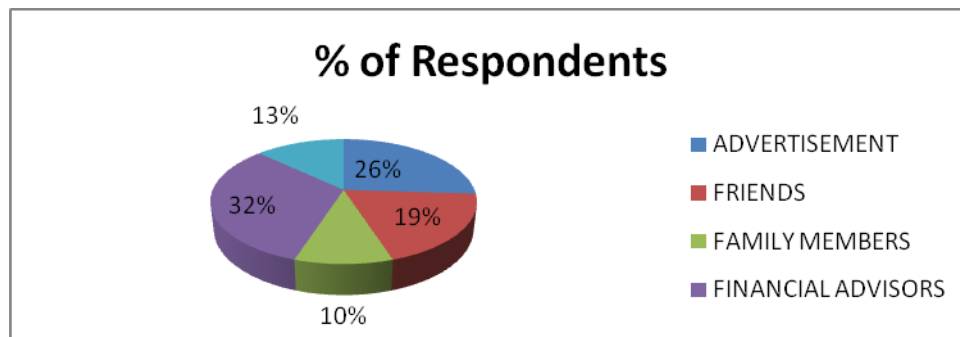
OPTION NO	% of Respondents
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ADVERTISEMENT	26
FRIENDS	19
FAMILY MEMBERS	10
FINANCIAL ADVISORS	32
RELATIVES	13
TOTAL	100%

Source: Primary Data

**FIGURE-11:
SOURCES FOR CREATING AWARENESS OF MUTUAL FUNDS**



Source: Primary Data

Interpretation:

According to the survey, The most influential factor for creating awareness about mutual fund is through Financial Advisors which occupied around 32%, followed by Advertisements with 26%, Friends with 19%, Relatives with 13% & Family Members being

the least i.e., 10% only influences in creating awareness about investing in mutual funds, there is a scope for enhancing the other influential factors through modifying the image change advertisement by not just airing the advertisement but through effectiveness in the advertisement channel where people mostly believe in getting influenced.

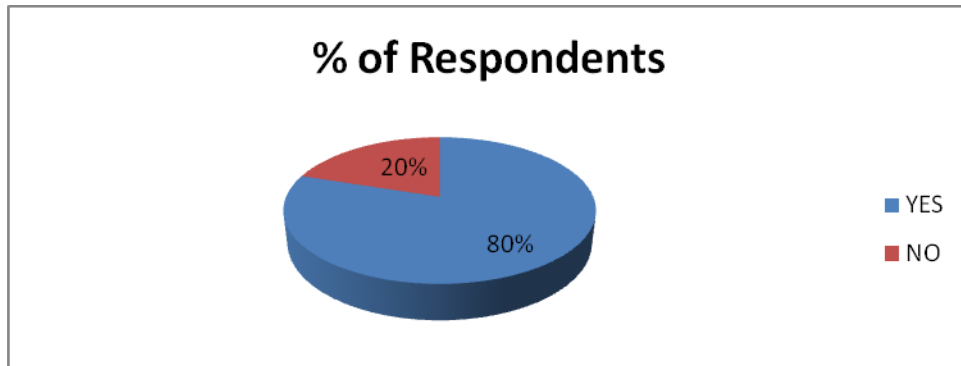
**TABLE 12:
MUTUAL FUND IS A GOOD INVESTMENT OPTION.**

Investment Option	% of Respondents
YES	80
NO	20
TOTAL	100%

Source: Primary Data

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FIGURE-12:
MUTUAL FUND IS A GOOD INVESTMENT OPTION.



Source: Primary Data

Interpretation:

Many of the individuals are of the view that mutual fund is a good investment option. Of the total sample

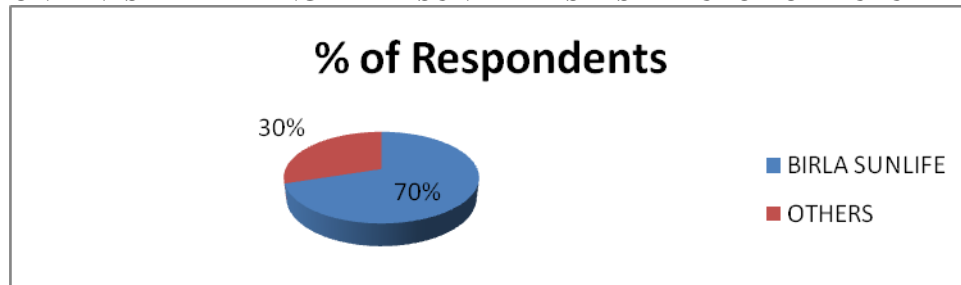
survey around 80% of the respondents feel that mutual fund is a good investment option & 20% of the respondents feel that it is not a good investment option.

TABLE-13
RESPONDENTS PREFERRED BIRLA SUN LIFE AS DISTRIBUTOR OF MUTUAL FUNDS

Preference	% of Respondents
BIRLA SUNLIFE	70
OTHERS	30
TOTAL	100%

Source: Primary Data

FIGURE-13
RESPONDENTS PREFERRED BIRLA SUN LIFE AS DISTRIBUTOR OF MUTUAL FUNDS



Source: Primary Data

Interpretation:

According to the survey, 70% of the respondents are aware of Birla sun life as a distributor of mutual funds. The rest 31% of the respondents would like to prefer others. It is clear that majority are willing to

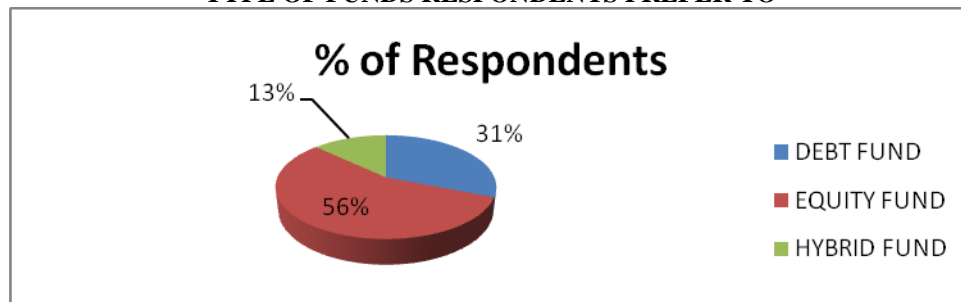
invest in the above and if the organization takes up more promotional and other communication channels it can enhance its respondents base through confidence and satisfaction.

TABLE-13:
TYPE OF FUNDS RESPONDENTS PREFER TO

Preference for fund type	% of Respondents
DEBT FUND	31
EQUITY FUND	56
HYBRID FUND	13
TOTAL	100%

Source: Primary Data

FIGURE-13:
TYPE OF FUNDS RESPONDENTS PREFER TO



Source: Primary Data

Interpretation:

From the survey conducted the respondents prefer Equity funds more in number they occupy 56%,

followed by Debt funds with 31% and a very few respondents prefer to hybrid funds with 13%.

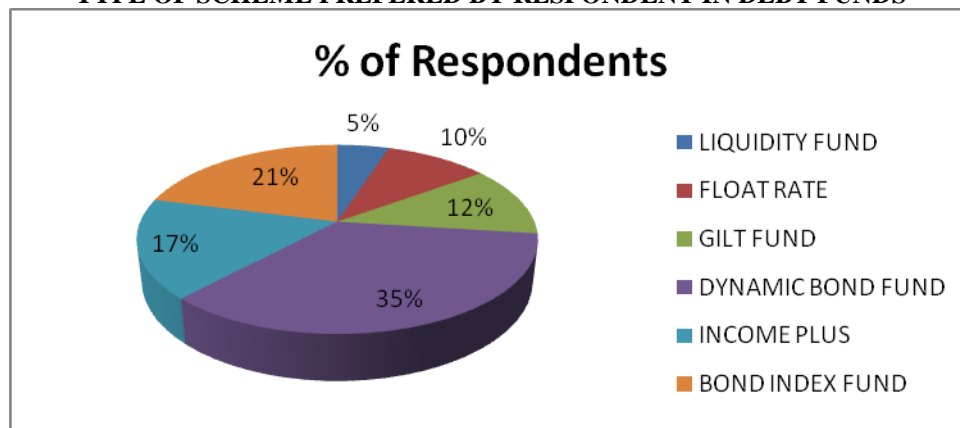
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**TABLE-14:
TYPE OF SCHEME PREFERED BY RESPONDENT IN DEBT FUNDS**

OPTION	% of Respondents
LIQUIDITY FUND	5
FLOAT RATE	10
GILT FUND	12
DYNAMIC BOND FUND	35
INCOME PLUS	17
BOND INDEX FUND	21
TOTAL	100%

Source: Primary Data

**FIGURE-14:
TYPE OF SCHEME PREFERED BY RESPONDENT IN DEBT FUNDS**



Based on the survey, it is found that the respondents prefer dynamic bond fund which occupies 35%, then follows is the bond Index Fund with 21%, thirdly Income Plus is seen with more percentage with 17, followed by Gilt Fund, Floating Rate Fund, & Liquid Fund with 12, 10, 5.

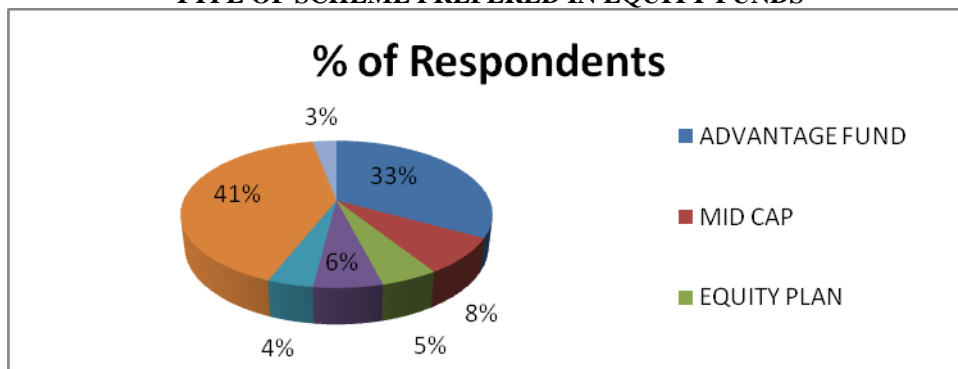
Interpretation:

**TABLE-15:
TYPE OF SCHEME PREFERRED IN EQUITY FUNDS**

OPTION NO	% of Respondents
ADVANTAGE FUND	33
MID CAP	8
EQUITY PLAN	5
MNC FUND	6
INDEX FUND	4
DIVIDEND YEILD PLUS	41
INDIA OPPURTUNITIES FUND	3
TOTAL	100%

Source: Primary Data

**FIGURE-15:
TYPE OF SCHEME PREFERRED IN EQUITY FUNDS**



Source: Primary Data

Interpretation:

Based on the survey, that out of 78 sample size, most of the investors choose dividend yield plus which

occupies 41%, followed by Advantage Fund with 33%, then MNC fund with 6%, midcap 8%, Equity plan 5%, India opportunities fund 3%.

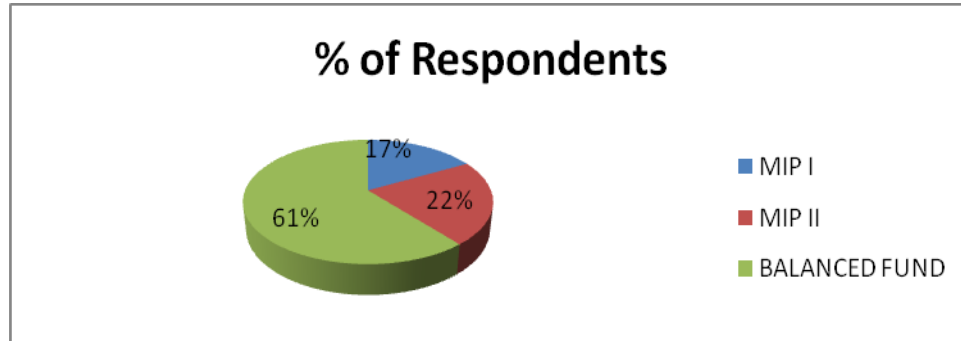
**TABLE-16:
TYPE OF SCHEME PREFERRED IN HYBRID FUND**

OPTION NO	% of Respondents
MIP I	17
MIP II	22
BALANCED FUND	61
TOTAL	100%

Source: Primary Data

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**FIGURE-16:
TYPE OF SCHEME PREFERRED IN HYBRID FUND**



Source: Primary Data

Interpretation:

Based on the survey, it is found that the respondents prefer to choose balanced fund with 61.1% of

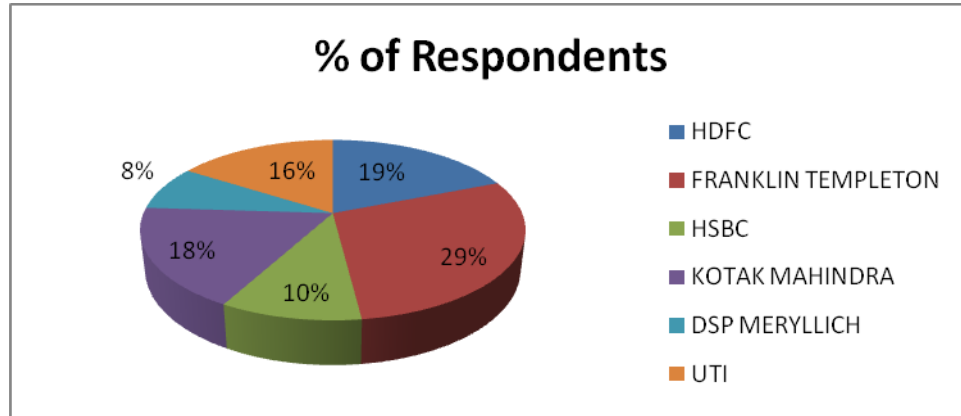
sample, followed by MIP I & MIP II schemes in the Hybrid Fund Type with 22.2% & 16.7%.

**TABLE 17:
RESPONDENTS PREFERRED OTHER BRANDS OF MUTUAL FUNDS**

Preference for other funds	% of Respondents
HDFC	19
FRANKLIN TEMPLETON	29
HSBC	10
KOTAK MAHINDRA	18
DSP MERYLLICH	8
UTI	16
TOTAL	100%

Source: Primary Data

**FIGURE 17:
RESPONDENTS PREFERRED OTHER BRANDS OF MUTUAL FUNDS**



Source: Primary Data

Interpretation:

Based on the survey, it is found that the respondents would definitely prefer other brands of Mutual Funds

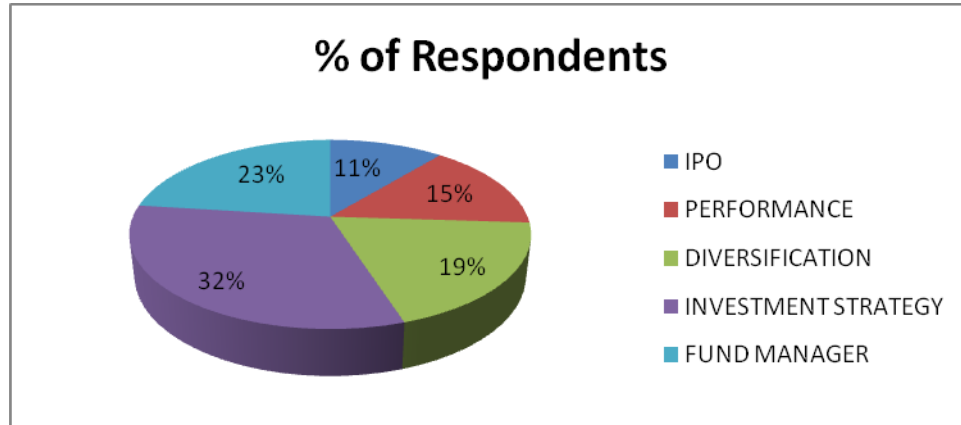
with Franklin Templeton in the lead with 29%, then HDFC with 18%, UTI in the fourth place with 16%, Kotak Mahindra with 18%, HSBC with 10% & DSP merllich with 8%.

**TABLE 18:
REASONS FOR THE PREFERENCE OF PRESENT BRAND OF MUTUAL FUND**

OPTION NO.	% of Respondents
IPO	11
PERFORMANCE	15
DIVERSIFICATION	19
INVESTMENT STRATEGY	32
FUND MANAGER	23
TOTAL	100%

Source: Primary Data

**FIGURE -18:
REASONS FOR THE PREFERENCE OF PRESENT BRAND OF MUTUAL FUND**



Source: Primary Data

Interpretation:

The respondents Preferred the present brands of Mutual Fund because of the investment strategy

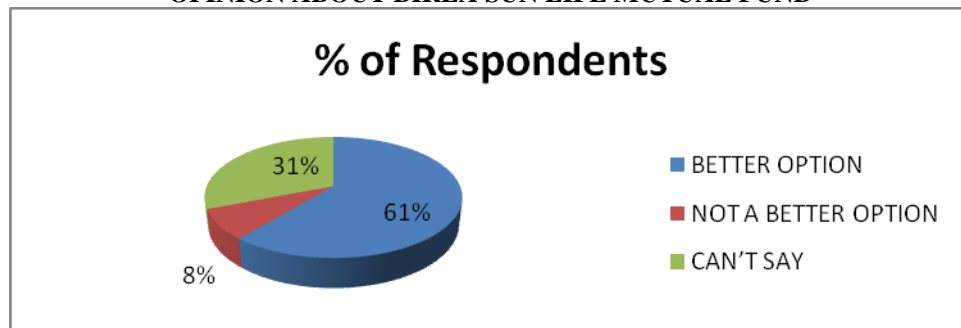
which occupies 32%, then comes Fund Manager with 23%, Diversification with 19%, performance & IPO with 15%, 11% respectively.

**TABLE-19:
OPINION ABOUT BIRLA SUN LIFE MUTUAL FUND**

OPTION NO	% of Respondents
BETTER OPTION	61
NOT A BETTER OPTION	8
CAN'T SAY	31
TOTAL	100

Source: Primary Data

**FIGURE-19:
OPINION ABOUT BIRLA SUN LIFE MUTUAL FUND**



Source: Primary Data

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Interpretation:

According to the survey, the respondents are mostly of the opinion that investing in Birla sun life Mutual

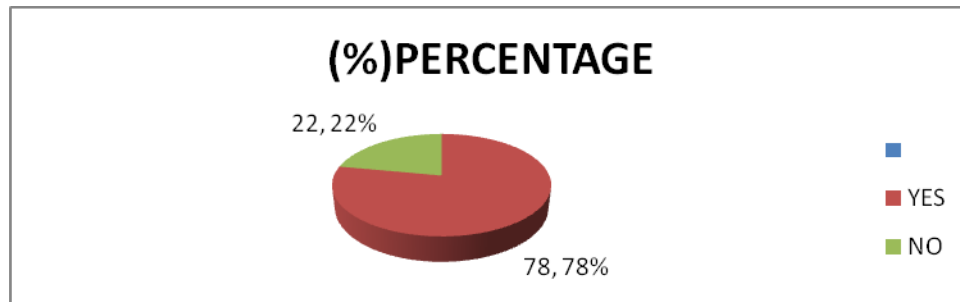
funds is a Better option as it occupies 61%, a few respondents are of no opinion with 31%, & the rest feel that it is not a better option with only 8% of the total.

**TABLE 20:
RECOMMENDING BIRLA SUN LIFE MUTUAL FUND AS A BETTER INVESTMENT OPPURTUNITY**

OPTIONS	(%)PERCENTAGE
YES	78
NO	22
TOTAL	100

Source: Primary Data

**FIGURE 20:
RECOMMENDING BIRLA SUN LIFE MUTUAL FUND AS A BETTER INVESTMENT OPPURTUNITY**



Source: Primary Data

Interpretation:

According to the survey the respondents recommending Birla Sun Life Mutual Fund as a better investment opportunity is of 78%. & the respondents who do not recommend Birla Sun Life as a better investment opportunity are 22%.

CONCLUSION

1. The majority of respondents were of the age group below 29 & above 60.
2. Major part of the respondents belongs to service sector.
3. Annual income of the respondents between 1-2 lacks prefers more of investments.

4. Respondents irrespective of major investment or small are investing in some or other sources of investments.
5. Investor’s preference when going for an investment in primarily for security.
6. Respondents prefer Bank Deposits as most secured avenue for investment, & then preference is given to shares, Bonds / Debentures & then to Mutual Funds.
7. The role of Financial Advisors play a key role in making investors educated about mutual fund. Around 33% of the respondents choose Financial advisors for guidance.
8. From the Survey conducted it is clear that 80% of the respondents feel that Mutual fund is a good investment option.

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9. 69% of the respondents are aware of Birla Sun Life as a distributor for Mutual Funds.

10. Out of total respondents, many of them prefer the current brand of mutual fund because of investment strategy.

11. From the survey it is clear that most of the respondents feel Birla Sun Life as a better option for mutual fund.

12. 78% of the Respondents are recommending Birla Sun Life as a better investment opportunity.

SUGGESTIONS

1. Birla Sun Life has to review their portfolio frequently to maximize the wealth of the investors.
2. Birla Sun Life has to invest in firms, which are having good offers & high growth opportunities such as shares listed in Group A.
3. The awareness of mutual fund & its various schemes should be increased among the people by proper advertising, promotion and conducting investors meets.
4. The fund manager has to be aggressive in portfolio decisions especially MIP I & MIP II fund.
5. Lack of financial awareness: Financial literacy is the one of the most fundamental factor impeding the growth of penetration of any financial product in the smaller cities and towns. Investors need to be made aware of their financial goals and the means to achieve the same. SEBI is making efforts for the investor awareness campaign.
6. Limited Distribution Network: The second critical issue for fund houses to distribute their products in smaller cities is the availability of quality distribution infrastructure. Fund houses need infrastructure like branched, adequate number of relationship managers and sales service staff in these locations to be able to increase their sales volume coming from these geographies.
7. Distribution cost: Cost of establishing A Distribution network in B-15 cities is quite

high. It is the cost per transaction or the low sales volume that makes the pursuit economically unviable or at least challenging

8. Cultural Bias: Cultural Bias towards physical assets, minimum percentage of total individual wealth in India is invested in physical assets. Although, in the past few decades, the investors have increasingly relied on financial assets to invest their savings, the contribution of MFs in the asset portfolio is very low.

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