



A Study on Consumer Perception Regarding Birla Sun Life Mutual Fund, Jalandhar

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Abstract— A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. 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 to 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. The present study is an attempt to highlight the consumer behaviour and attitude towards Birla sun life mutual fund in Jalandhar. Data used to arrive at the conclusions involved both primary and secondary sources. 50 respondents including Business class, Service class, & Professionals were selected via convenience sampling in Jalandhar for conducting the survey. Data thus collected were further analysed using percentage analysis and tabulation.

Keywords — Stock Market, Income, Liquidity, Mutual Fund, Return.

I. INTRODUCTION

Mutual funds have become extremely popular over the last two decades. What was once just another obscure financial instrument is now a part of our daily lives. More than 80 million people, or one half of the households in America, invest in mutual funds. That means that, in the United States alone, trillions of dollars are invested in mutual funds.

In fact, too many people, investing means buying mutual funds. After all it's common knowledge that investing in mutual funds is (or at least should be) better than simply letting your cash waste away in a savings account, but, for most people, that's where the understanding of funds ends. It doesn't help that mutual fund salespeople speak a strange language that is interspersed with jargon that many investors don't understand.

Mutual funds have become a hot favourite of million people all over the world. The driving force of the mutual funds is 'The Safety of the Principle' guaranteed

plus the added advantage of capital appreciation together with the income earned in the form of interest or dividend. People prefer mutual funds to bank deposits, life insurance and even bonds because with a little money, they can own a string of blue chip companies like ITC, TISCO, RELIANCE, etc through mutual funds. Thus, mutual funds act as a gateway to enter into big companies for ordinary investors with a small investment.

The origin of mutual fund industry in India is with the introduction of the concept of mutual fund by UTI in the year 1963. Though the growth was slow, but it accelerated from the year 1987 when non-UTI players entered the industry. In the past decade, Indian mutual fund industry had seen a dramatic improvement, both qualities wise as well as quantity wise. Before, the monopoly of the market had seen an ending phase; the Assets under Management (AUM) were Rs. 67bn. The private sector entry to the fund family rouse the AUM to Rs. 470 bn in March 1993 and till April 2004, it reached the height of 1,540 bn.

Putting the AUM of the Indian Mutual Funds Industry into comparison, the total of it is less than the deposits of SBI alone, constitute less than 11% of the total deposits held by the Indian banking industry.

Large sections of Indian investors are yet to be intellectualized with the concept. Hence, it is the prime responsibility of all mutual fund companies, to market the product correctly abreast of selling.

Birla Sun life Mutual fund has emerged as one of India's leading Mutual fund, with over Rs. 90 billion in assets under management, including two offshore schemes, and an investors base of around 400,000.

Birla Sun life Mutual fund was the first to come with a liquid fund with the launch of Birla cash plus in 1997. It was also the first to come with a dividend yield fund, Birla dividend Yield Plus, and a debt index fund, Birla

bond Index Fund, which replicates the Crisil composite bond fund index. The latter has been awarded the AAAF rating by Crisil, Credit Rating Agency.

Birla Sun life Mutual fund has a track record of consistently winning awards based on performance. Some of its recent awards include 'Wealth Creator Award, 2003' by Outlook Money for the best Mutual Fund, the CNBC – BNP Paribas ' Mutual fund of the Year Award, 2002' for Birla IT Fund, Birla MIP and Birla Income Plus as rated by Moody's and The ' Business Barons Best Brand Award, 2002' for the best mutual Fund brand.

Birla Sun life Mutual fund is present in 65 locations around India , with 18 branches , 24 franchisees and 23 cash co-ordinator centers.

II. LITERATURE REVIEW

In India the term mutual fund came into prominence when leading public sector banks (PSBs) like State Bank of India & Canara Bank set up their mutual fund in 1987. These mutual funds are excellent option for small investors who do not have the knowledge of investing in the corporate securities. Mutual fund companies have professional experts generally known as fund manager who have expertise of the market and are very well known to the timing of investment i.e. when to buy and sell securities, how much volume is to buy or sell, where to buy, in which companies, sectors, securities are to be invested etc. (D.K. Murthy, 2006).

Investors are unrealistically optimistic toward mutual fund as before making investment in a particular mutual fund they chase its past and recent performance on the basis of which they judge its future prospects and then make investment (M. Rabin, 2000)).

Dr Binod in his study concluded that there are various demographic factors resulting in changing investor's attitude towards mutual fund. These factors include (B. K. Singh, 2012):-

- Gender
- Income
- Level of Education

Beside these there are five more factors that makes mutual fund more attractive to investors (B. K. Singh, 2012):-

- Return Potential
- Liquidity
- Flexibility
- Transparency
- Affordability

The changing nature of competition in the mutual fund industry as it pertains to price competition and threat of increasing range of alternative investment vehicles also had a corollary in changing investor's attitude toward mutual fund (J. Haslem, 2009). In India due to lack of

awareness about the various functions of mutual fund, small investors have still not formed any firm attitude towards mutual fund for investment purpose (Binod Kumar, 2012). As almost all small investors in India usually make their investment for the purpose of making their money as much secure as possible, there are growing number of investors appear to be ending their love affairs with mutual fund because do not provide guaranteed return. Thus in order to run mutual fund successfully one should have a proper understanding of stock market as well as the psychology of small investors (J. Kumar & K. Ahmed, 2012).

III. OBJECTIVES OF THE STUDY

- To study the investors awareness towards Birla sun life mutual funds.
- To know the factors considered by investors while investing in this mutual fund.
- To assess the satisfaction level of existing investors in this mutual fund and reasons for their dissatisfaction.
- To know the comparative preference of investors towards mutual funds and investment in stock market directly.
- To explore the prospect of mutual funds in India.

IV. RESEARCH METHODOLOGY

A. Research design

Research design is a series of advanced decisions that taken together comprise a master plan or model for the conduct of an investigation. So research design provides a framework of plan for study which guides the collection, measurement, analysis and interpretation of the data. The research is exploratory in nature.

B. Data Collection Method

Sources of data collection are both primary and secondary data. Primary source of data included personal interviews as well as structured questionnaire. Secondary source of data included the use of books, brochures and internet services.

C. Universe

The Universe for the survey included all the investors investing in Mutual Funds in Jalandhar city.

D. Sampling Unit

The target population included Business class, Service class, Professionals who had invested in mutual funds.

E. Sample size

The sample size has been 50 respondents.

F. Method of Data Analysis & Interpretation

The data has been processed and analyzed by percentage analysis and tabulation interpretation so that the findings

can be communicated and can be easily understood. The findings are presented in the best possible way. Tables have been used for illustration of principle findings of the research.

V. LIMITATIONS OF THE STUDY

Due to the constraints of time and resources, the present study is likely to suffer from certain limitations. Some of these are mentioned under, so that the findings of the study may be understood in a proper perspective. The limitations of the study are:

- The research is carried on respondents as per the convenience, thus the result may vary.
- The nature of respondents affects response in every study. Although great care was taken to select educated respondents, yet casualness or biasness in responses cannot be ruled out.
- The survey is conducted in Jalandhar City only.

VI. DATA ANALYSIS & INTERPRETATION

TABLE I
NUMBER OF RESPONDENTS MAKING INVESTMENT

Invest	No. of Respondents
Yes	38
No	12
Total	50

Source: Primary Data

Interpretation: It can be concluded that from the sample of 50 respondents 38 respondents invest.

TABLE 2

PRIORITIES OF INVESTORS WHILE MAKING INVESTMENT

Purpose of Investment	No. of Respondents
For saving	18
For Tax Benefit	5
For Contingencies	3
For Higher Returns	12
Total	38

Source: Primary Data

Interpretation: From the above data it is clear that 47% of the respondents invest for the purpose of savings, 32% of the respondents for earning higher returns, 14% for tax benefit and rest 7 % for the contingencies.

TABLE 3
AWARENESS OF STOCK MARKET

Awareness	No. of Respondents
Yes	39
No	11
Total	50

Source: Primary Data

Interpretation: From the above data it is clear that 70% of the investors have invested in stocks as well as in

mutual funds. It implies that the investors have retained their numerous positions by investing directly into shares also.

TABLE 4
RESPONDENTS ARE MAKING INVESTMENT IN STOCK MARKET

Response	No. of Respondents
Yes	23
No	16
Total	39

Source: Primary Data

Interpretation: From the above data it is clear that 60% of the respondents who know about stock market have invested in it.

TABLE 5
REASONS FOR NOT MAKING INVESTMENT IN STOCK MARKET

Don't Invest in Stock Market	No. of Respondents
Due to Higher Risk	7
Due to Lack of Awareness	4
Total	11

Source: Primary Data

Interpretation: From the above data, it is clear that 56% of the respondents do not invest in share market due to higher risk and the rest 44% do not invest due to lack of awareness.

TABLE 6
AWARENESS OF BIRLA SUN LIFE MUTUAL FUND

Knowledge	No. of Respondents
Aware	27
Unaware	23
Total	50

Source: Primary Data

Interpretation: It can be concluded that from the sample of 50 respondents, 27 know about mutual funds.

NOTE: We have taken sample of 50 respondents. Among them 27 respondents know about the mutual funds. So in the below analysis we have taken only those respondents which know about mutual funds i.e. 27 respondents. Remaining 23 respondents are not included in my further study.

TABLE 7
SOURCE OF AWARENESS

Source of Knowledge	No. of Respondents
Through Bank	9
NBFC	2
Media	11
Qualified Professionals	5
Total	27

Source: Primary Data

Interpretation: It is analysed that 40% of the people get knowledge about mutual funds through media.

TABLE 8
RESPONDENTS MAKING INVESTMENT IN BIRLA SUN
LIFE MUTUAL FUND

Response	No. of Respondents
Yes	19
No	8
Total	27

Source: Primary Data

Interpretation: Out of the total population who are aware of mutual funds, 70% of them have invested in mutual funds.

TABLE 9
CRITERION OF CHOOSING MUTUAL FUND

Criterion	No. of Respondents
Reduction in Risk	5
Return	4
Convenience	3
Tax Benefit	4
Liquidity	3
Total	19

Source: Primary Data Interpretation: From above analysis, there is not any particular criterion, which affects the investment of the investor. Different investors have different criterion to invest, some investor think risk as major factor, some think returns, etc.

TABLE 10
COMPOSITION OF MUTUAL FUND PREFERRED BY
INVESTORS

Composition of Mutual Fund	No. of Respondents
100% Debt	1
70% Debt & 30% Equity	2
50% Debt & 50% Equity	3
30% Debt & 70% Equity	8
15% Debt & 85% Equity	3
100% Equity	2
Total	19

Source: Primary Data

Interpretation: From the above analysis, most of the respondents like to invest their funds in composition of 30% debt and 70% equity.

TABLE 11
TIME HORIZON PREFERRED BY INVESTORS TO KEEP
INVESTMENT IN MUTUAL FUND

Time Horizon	No. of Respondents
Up to 1 year	5
1 to 3 year	8
3 to 5 year	4

Above 5 year	2
Total	19

Source: Primary Data

Interpretation: We conclude that most of the investors prefer to keep their investment in mutual funds for 1–3 years. Respondents do not prefer to invest in 1 year because lot of risk is involved in them and even they do not prefer to invest for long term because the realization of returns is very late.

TABLE 12
AWARENESS OF INVESTORS REGARDING PAST
RETURNS OF DIFFERENT SCHEMES UNDER BIRLA SUN
LIFE MUTUAL FUND

Awareness	No. of Respondents
Yes	13
No	6
Total	19

Source: Primary Data

Interpretation: We can see that 69% of the respondents are aware of the past returns of mutual funds.

TABLE 13
Reasons for making investment in birla sun life mutual
fund

Reasons	No. of Respondents
For Retirement Purpose	8
For Business	10
For Monthly Expenses	1
Total	19

Source: Primary Data

Interpretation: From above data, we can see that mostly people invest in mutual funds either for the retirement purpose or for their business.

TABLE 14
RETURN EXPECTED BY THE INVESTORS FOR FUTURE
(3 YEARS)

Returns	No. of Respondents
10%-15%	1
15%-20%	2
20%-40%	4
40%-50%	8
50% & Above	6
Total	19

Source: Primary Data

Interpretation: From the above analysis, we can conclude that 40% of the respondents expect their returns to be around 40%-50%.

TABLE 15
SATISFACTION REGARDING BIRLA SUN LIFE MUTUAL
FUND SCHEME

Satisfaction	No. of Respondents
Yes	15
No	4
Total	19

Source: Primary Data

Interpretation: 80% of the respondents who have invested in mutual funds are satisfied with their investment

VII. CONCLUSIONS

- More than 50% of the population knows about mutual funds.
- Most of the investment in mutual funds is composed of 30% debt & 70% equity that mean people want a secured as well as risk bearing investment.
- Most people are aware of the past returns of mutual funds.
- They expect their earnings between 40%-50% in coming 3 years.
- The main purpose of investing in mutual funds is due to returns.
- Mutual funds are diversified investments, so people prefer investing in them rather than in stock

market as there is less risk in mutual funds as compared to share market.

- 70% of the people who have invested in mutual funds are satisfied with their existing mutual funds schemes.

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