Impact of Covid-19 on Individual Investors on Equity Mutual Funds with Reference to SBI Bank, Bangalore, Karnataka

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Abstract

A mutual fund is the safest way to invest because it is less hazardous than other options and offers higher returns than a fixed deposit. Investments serve a variety of purposes. Equity mutual funds provide stability and moderate to high returns; some may invest for a specific lockup period for high gains, while others invest for a lifetime retirement; mutual funds have various purposes. The research focuses on the impact of Covid-19 on individual investors in SBI bank stock mutual funds. The information was gathered through a primary source. The structured inquiry was used to acquire first-hand information from 105 investors, and the research was conducted using descriptive statistics for the resulting variables. The data was analyzed and interpreted using with the use of statistical methods such as covariance and the SEM model a conclusion has been drawn.

Keywords
Mutual funds, SBI Equity mutual funds, Individual investors, and covid-19.

1. Introduction
Investment may be defined as the process of collection of assets to gain profits from the investment over some time. An investment may be a purchase of shares, property, or corporate bonds which in return provide profits that are useful in the future. There are many types of investments like shares, bonds, real estate Mutual funds, etc.

A mutual fund is an investment fund where the money is collected from the investors, and the public which is then pooled and used to buy Government securities, bonds, invest in shares, and money market instruments. Mutual funds are completely managed by professional fund managers. A mutual fund is a low-cost scheme that is professionally managed and allows investing in a diversified portfolio this is the reason why mutual funds are very suitable for every common man. There are thousands of mutual funds every mutual fund comes with its objective and investment strategy and when compared to banks they almost manage same amount or more than the banks. The mutual fund acts as a link between the investors and the securities market by investing the investor's money in capital and money market and helping them in generating good returns.

The mutual fund industry in India originated in the year 1963 with the help of the unit trust of India (UTI) and the initiative was taken by the RBI (Reserve Bank of India). In India SBI mutual fund was the first non-UTI mutual fund.

SBI Mutual fund was introduced in the year 1987 and its head office is in Mumbai, India. In July 2004 SBI divested its 37 percent to Societe Generale Asset Management Company for $35 million. Later the 37 percent was taken up by Amundi which is a European asset management company where SBI holds a 63 percent stake, the joint venture between SBI, an Indian public sector bank, and Amundi is called SBI funds management private limited (SBIFMPL). By the end of September 2019, the SBI mutual fund had 212 branches across India and by September 2021 the total Assets under management were at Rs. 579319 crores.

Equity funds are also known as growth funds, the scheme invests in shares of companies. Equity funds are maybe active or passive. Active funds are those where the professional fund managers go through companies' reports, scan the market, conduct research, examine the companies' report, and chooses the best stock for the investment whereas in passive the professional fund manager sets up a portfolio that resembles the same as a market like nifty 50 or Sensex. Equity funds are divided based on market Capitalization like large-cap, mid-cap, and small-cap.

Equity funds are the best investment option as they have long-term wealth creation potential and are good for capital appreciation. Investors who are interested in long-term investment and want market exposure can invest in equity mutual funds. There are 19 equity mutual fund schemes in SBI Mutual fund each fund has a different objective with its underlying scheme.

The research has been done considering 5 equity mutual funds.

1. SBI focused equity fund
2. SBI bank and financial services fund
3. SBI equity minimum variance fund
4. SBI magnum mid-cap fund
5. SBI small cap fund.

1.1 Objectives of the study

1. To study the Equity Mutual funds in SBI bank during covid-19
2. To analyse the various factors affecting on individual investors on Equity Mutual funds in SBI bank during covid-19
3. To establish the association between Equity mutual funds and individual investors in SBI Bank
4. To recommend conceptual model to enhance performance of individual investors on Equity Mutual funds in SBI bank during covid-19.

2. Review of literature

Sumathy (2022) conducted a study to examine the relationship between mutual fund awareness and perception and information sources and author concluded that according to the survey, the majority of investors were enticed to the mutual fund because of its greater return policy. New schemes should be introduced and communicated to individuals, according to the findings, in order to increase the trust of the existing investors and convert other potential investors into actual investors. KALAIVANI (2022) conducted a study to examine the investors in meeting their investment aspirations in the study the author concluded that Investors are in charge of their own money; they cannot escape risk, but they may reduce it. People are more conscious of the stock market and have become investors since COVID-19. Before COVID, they were not aware of investment and now they assume their own risk.

Priscilla (2021) conducted a study on investors' satisfaction with SBI mutual funds and in this study author concluded that Investor satisfaction can be a very changeable personal judgment impacted by the investor's information, expectations, direct contact and interaction, and circumstances (time, location, and environment).
Giridhar (2021) conducted a study on Investors' attitudes about socially responsible investment avenues among a chosen group of mutual fund investors and the author from the study concluded that environmental awareness, social concern, and moral values consideration may all be goals in the investment decision-making process. It does not ensure a return on investment, but it does make the investor happy, Investors interested in making a difference. Manda (2021) conducted a study to examine the risks involved in mutual funds during crisis and the author in her study concluded that due to the debt paper, the fund firm was forced to close due to unforeseen illiquidity. Company's underlying assets are unable to sell in the secondary market funds that have been frozen, excessive exposure by fund managers to low-grade but high-returning debt instruments may impair debt mutual fund investors' long-term interests.

Gurbaxani (2021) conducted a study to understand how covid-19 has impacted investment and financial decisions of individual investors and in her study she concluded that Government actions to prevent the spread of COVID-19, such as lockdown and the stock market crash, have severely harmed individual investors' who were willing to invest in mutual funds and the stock market. Kiruba (2021) conducted a study on the psychological behavior of stock market investors during the COVID-19 period and in the study the author concluded that more data is predicted to be needed to evaluate investor psychological behavior around the world once the pandemic has passed. Herding, vaccine updates, fear, and risk perception all have an impact on investment decisions during COVID-19, according to the results of the multiple regression analysis. Nakum (2021) conducted a study to investigate individual customers' mutual fund investment patterns and preferred investment channels in the COVID-19 outbreak and in the study the author concluded that within India the Reserve Bank of India and the Ministry of Finance in India have both given stimulus packages to encourage Mutual Fund investors to cash in their gains.

Pal (2021) conducted a study on the mutual fund industry's various stages of growth and expansion across decades and the author concluded that private players have performed better than the state sector in a variety of circumstances, ranging from savings mobilization to net inflows. It has increased market competition, resulting in greater services for citizens. AMCs have grown dramatically over the years, and the number of growth elements is extremely large. Vinith (2021) conducted a study on the impact of internal factors of a mutual fund on its performance and in this study the author concluded that a lot of internal elements influence success and longevity of mutual fund. While newer and riskier mutual fund schemes may offer higher returns in a shorter time period, the mutual funds which are more established can provide the necessary stability to protect investors' cash from any fiscal, financial, monetary, Kalita (2020) conducted a study on the Analysis of the preference of the investors for mutual funds. In his study, he concluded that with increased compensation, investors are looking for new ways to acquire more and enhance their portfolios for a more secure return, and common assets provide an accessible route for reducing risk through diversification, monitored by competent fund managers.

Srinivas (2020) conducted a study on the impact of covid-19 on the performance of mutual funds and he concluded that the standard deviation of all funds grew in 2018 and then decreased in 2019. In the year 2019, the beta value for all funds except Kotak standard Multicap and Nippon India Large-cap is 1. For the most part, the risk is the same as the market risk. VASAN (2020) conducted a study on examination of top-rated mutual fund schemes in the categories of equity, debt, and hybrid and in the study the author concluded that the significant volatility of such assets generates better long-term returns than a debt bond or fixed deposit. The mother of invention, as they say, is a problem. In this case, the investor expects the debt investment to be safe and the equity investment to yield a profit.

Sailaja (2018) conducted a study on investor's awareness of mutual fund investment according to the author a huge number of speculators collect cash from common store organizations by which the economies of scale are accomplished because the cost of keeping a shared store is divided across larger pools of funds, common assets can provide speculators with a cost which is less for dealing with their assets. Rakesh (2013) conducted a study on understanding individual investment behavior towards mutual funds and in his study he concluded that Overall, all age groups of investors participate in mutual fund investments, but those aged 35 and up have a clear investment strategy and are willing to assume more risk in exchange for higher returns.

3. Research Methodologies

3.1 Research Design

The study is based on qualitative research, random sampling techniques were used to collect data. The structured questionnaire was framed with a 5 Likert scale based on the individual investor's factors with selected SBI equity mutual funds In Bangalore.

3.2 Sources of data

The study primarily focuses on primary data which has been collected by the researcher visiting investors personally to collect the first hand information.

4. Analysis and Discussion

4.1 Hypothesis testing

Under regression analysis Risk is dependent variable and Satisfaction is independent variable. Analysis of variance is tested with a confidence level of 95% and significance level at 5% to prove Hypothesis.

H1: There's a significance relationship between the Risk and satisfaction with Individual investors Behavior towards Equity mutual funds.
H0: There's no significance relationship between the Risk and satisfaction with individual investors behavior towards equity mutual funds.

Sample size Calculation

Mathematical formula used for calculation;
Z- score = 1.440 (At 85% Confidence level)
P = 0.5
M = 0.05
$S = (1.440)^2 * 0.5 * (1-0.5) / (0.05)^2$
$= 200.7$

Table 1. Regression Hypothesis testing

SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.164653851							
R Square	0.027110891							
Adjusted R Square	0.017665365							
Standard Error	0.84162013							
Observations	105							
ANOVA								
	df	*SS*	*MS*	*F*	*Significance F*			
Regression	1	2.033058608	2.033058608	2.870236414	0.093253436			
Residual	103	72.95741758	0.708324443					
Total	104	74.99047619						
	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	1.880494505	0.247582931	7.595412579	1.45366E-11	1.38947217	2.371516841	1.38947217	2.371516841
Satisfaction	0.20467033	0.1208081	1.694177209	0.093253436	-0.034924037	0.444264696	-0.034924037	0.444264696

The result of regression analysis shows that there's no significance between Risk and satisfaction with individual investors behavior towards equity mutual funds. The significance level is 0.09 which is more than 0.05 (Table 1). So null hypothesis is accepted and alternative hypothesis is rejected.

4.2 Analysis

Based on the literature review factors were identified for individual investors' behavior towards equity mutual funds. The factors are High risk, professional advice, satisfaction, profit-oriented, risk-aversion, confidence, safe returns, and volatility. Based on the identified factors SEM model has been drawn to check the interrelationship between the variables.

4.3 Descriptive statistics

To show the interrelationship between Individual Behavior, Decision-making skills, and level of risk the Structural Equation Modeling (SEM) is used to study the effect of Individuals on decisions they take while considering an investment along with the interrelation between them (Table 2 and Figure 1).

Table 2. Descriptive statistics

Individual Behaviour	**Mean**	**Standard deviation**
Confidence	**2.02**	**0.045**
Fear	**2.22**	**0.058**

Satisfaction	**2.02**	**0.052**
Decision making	**Mean**	**Standard deviation**
Professional advice	**1.95**	**0.056**
CRISIL rated	**2.37**	**0.066**
Profit oriented	**2.04**	**0.053**
Liquidity	**2.25**	**0.059**
Fund type	**Mean**	**Standard deviation**
High risk	**2.21**	**0.065**
Safe returns	**2.07**	**0.058**
Risk-aversion	**2.32**	**0.059**
Investment decisions	**2.23**	**0.060**

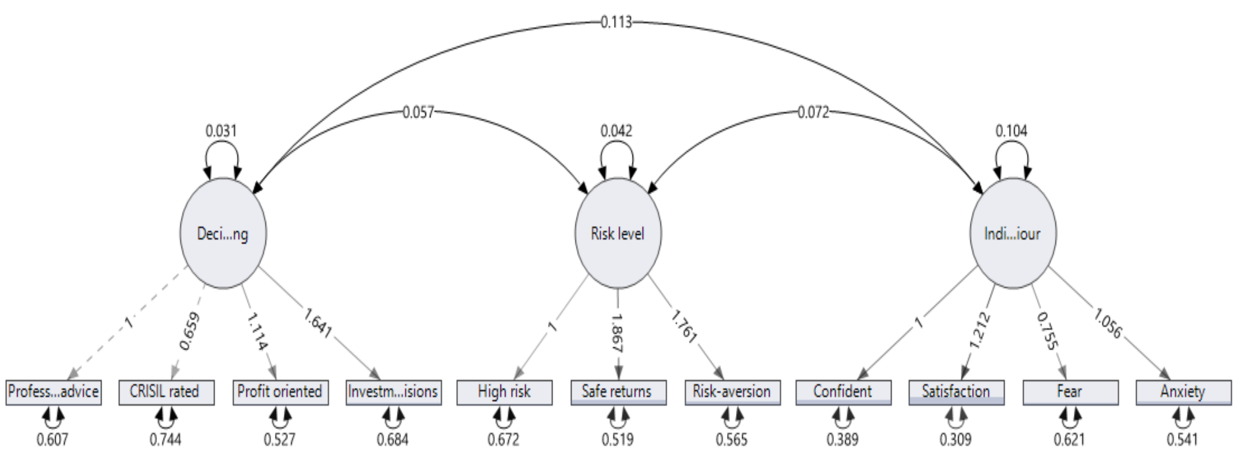

Figure 1. SEM (Structural Equations Model)

The conceptual model in the figure estimates that Decision-making has a significantly positive impact on Individual behavior, the covariance of the variables are described in the above SEM model which is Professional advice (0.607), CRISIL rated (0.744), Profit oriented 90.527), investment decisions (0.684), High risk (0.672), safe returns (0.519), Risk-aversion (0.565), Confident (0.309), Satisfaction (0.309), Fear (0.621) and Anxiety (0.541). The covariance between decision-making and individual is statistically significant (0.113)Decision-making and Risk level is less statistically significant (0.057) when compared with Risk level and Individual behavior which are statistically significant (0.072) Individual behavior is positively influenced by Risk level and Individual behavior has a more positive impact on Decisions making than Risk level.

Individual investors to get benefits from the situations like covid-19 should take advice from professionals in decision-making factors so that they gain safer returns instead of getting fear, and anxiety from the market volatility, professionals will guide the investors with better returns and minimal risk possible.

5. Results and validation

The fit indices show that the verification and validation of the SEM model that it has attained the satisfactory level for both the RMSEA and CFI indices which has the value of 0.0613 and 0.866 which days that the model is fit and acceptable (Table 3 and Table 4).

Table 3. Results

Fit indices	**RMSEA**	**CFI**
Final model	**0.0613**	**0.866**
Remarks on final model	**satisfactory**	**satisfactory**

Table 4. Validation

Sample size	204
Rows with missing	0
iterations	8
-2 log likelihood	5262.6277
Number of parameters	36
AICc	5350.5798
BIC	5454.0801
Chi-square	72.393881
DF	41
Probability>Chisquare	0.0017899
CFI	0.8665843
RMSEA	0.0612654
Lower90	0.0371284
Upper90	0.084063

- 58.1% of people agreed that they have knowledge about mutual funds and decide themselves while investing. Most of the people 46.7% tend to invest in high-risk funds to generate more returns.
- It has been found that 47.6% people take professional advice while investing in equity mutual funds.
- It has been found that 59 % people are confident and satisfied about the decisions they make on their investment.
- It has been found that 53.3 %(56) respondents look for profit oriented schemes and 49.5 %(52) respondents look for safe returns.
- It has been found that for 47.6% respondents COVID-19 has affected their investment decisions. 45.7%, 55.2% and 45.7% respondents have gone through fear of losing money, felt anxiety and chose Risk-aversion while investing in equity mutual funds during COVID-19.

6. Suggestions

- Investor education is a key element in the Indian economy. For investors, it is important to conduct research and awareness campaigns by SBI Mutual Fund Company.
- It was discovered that the majority of the participants in the survey were Investors who put their money into tax-saving and growth funds. This suggests that the SBI mutual fund need to put in more effort in order to educate investors about potential earnings their plans' potential
- An important factor in investing in mutual funds is education. High-caliber individuals use the internet to find the information. Their methods of gathering information vary from additional surveyors. SBI Mutual fund provider should regularly update their websites.
- To meet the diverse needs of investors during at times like pandemic, covid-19, SBI mutual fund should introduce fresh, creative programmes. There aren't many cutting-edge items on the market. The ability of individuals to invest must be investigated by SBI Mutual Fund Company. They should develop creative programmes to meet the needs of retail investors as awareness of capital markets among retail investors grows.
- SBI Mutual Fund Company should send out their annual reports to investors in a timely manner so that they are aware of the company's financial situation. Knowing the status of their investment will assist the investor make future plans.
- To address the investment demands of various categories during covid-19 like situations, SBI Mutual Fund Company should produce a variety of products with various risk-return combinations.

7. Conclusion

In India, the mutual fund business has grown tremendously, attracting investors from all walks of life, including middle-class families with low-risk tolerance. Mutual funds offer superior returns, and security, and also serve as a form of savings. There are many ways to invest in the financial markets, but according to investor comments, mutual funds offer guaranteed and safe returns on investments. Investors are aware of the advantages of investing in mutual funds.

SBI mutual fund firms should come forward to fully support investors at times like COVID-19 by providing advisory services, and extra suggestions, also assisting them in portfolio design, comprehending different mutual fund schemes, and promoting such types to ensure investor happiness. The SBI bank should educate people about the economic scenario and help them grasp the facts given in various schemes so that investors can assess the risks linked with the funds they are participating in and the investment decisions they are making. This may assist the SBI mutual fund company in attracting more investors and the mutual fund industry in achieving new heights.

During crises such as pandemics, investors should identify the risks, return levels, and make decisions based on professionals rather than panicking, as this will help them earn greater returns and ensure the safety of their investments.

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