

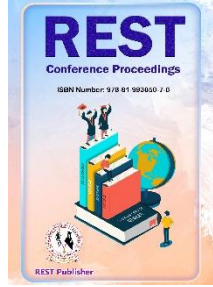


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A Study on Investment Planning Towards Mutual Fund with Respect to IDBI Bank KHAMGAON

Anurag M. Sahu, S. A Chourasia
SIPNA C.O.E.T., Amravati, Maharashtra, India.

Abstract: This study aims to analyze investment planning behavior towards mutual funds among customers of IDBI Bank in Khamgaon. With the growing popularity of mutual funds as a preferred investment option, it becomes essential to understand the factors influencing investor decisions, awareness levels, risk appetite, and the role of banks in promoting these financial instruments. The research focuses on customer preferences, investment patterns, and the effectiveness of IDBI Bank's advisory services in guiding mutual fund investments. Primary data was collected through surveys conducted among IDBI Bank customers in Khamgaon, supported by secondary data from financial reports and publications. The findings of the study are intended to assist financial institutions and policymakers in framing better investment advisory strategies and enhancing customer engagement in mutual fund investments.

Keywords: IDBI Bank, Investment Planning, Mutual Fund, Investment Preference.

1. INTRODUCTION

The financial sector in India has witnessed significant growth over the past few decades, with mutual funds emerging as one of the most popular investment instruments for retail and institutional investors. Mutual funds, being professionally managed collective investment schemes, allow investors to pool their resources and benefit from a diversified portfolio. This investment avenue is particularly appealing due to its flexibility, liquidity, and potential for wealth creation. However, despite its growing popularity in urban areas, mutual fund penetration in semi-urban and rural regions remains limited, often hindered by a lack of financial literacy, awareness, and accessibility. IDBI Bank, a prominent player in India's banking and financial sector, offers a wide range of services, including the distribution of mutual funds. The Khamgaon branch, located in the Amravati district of Maharashtra, holds strategic importance due to its semi-urban setting and a customer base that reflects the region's demographic diversity. The introduction of mutual funds at this branch aims to tap into the investment potential of the local population while promoting financial inclusion. This dissertation explores the feasibility and impact of introducing mutual funds at IDBI Bank's Khamgaon branch. The study assesses customer awareness, investment preferences, and market potential in the region. It also evaluates the readiness of the branch, including staff training and marketing strategies, to promote mutual fund products effectively. By identifying the opportunities and challenges associated with this initiative, the project aims to provide actionable recommendations to enhance mutual fund adoption and contribute to the financial empowerment of the community. The study is both timely and relevant, as it aligns with the broader vision of India's financial institutions to expand investment products to under-served regions, thereby fostering economic growth and financial well-being. The concept of mutual funds has revolutionized the financial landscape in India by offering a convenient and efficient way for investors to diversify their portfolios and participate in the growth of the capital markets. Mutual funds are professionally managed investment vehicles that pool resources from individual and institutional investors to invest in a diversified range of assets, including equities, debt securities, and money market instruments. They have gained significant popularity due to their ability to provide professional management, risk diversification, and liquidity, making them an attractive investment option for individuals across different income brackets. However, while urban areas have seen a rapid rise in mutual fund penetration, semi-urban and rural regions still lag in adoption due to factors such as limited awareness, lower financial literacy, and insufficient accessibility to investment products. Recognizing the untapped potential in these regions, IDBI Bank, a prominent player in India's banking and financial sector, has taken significant steps to promote mutual fund investments through its extensive branch network.

2. REVIEW OF LITERATURE

The concept of mutual funds dates back to the early 20th century, but their formal introduction in India began in 1963 with the establishment of the Unit Trust of India (UTI). Over the years, the Indian mutual fund industry has grown substantially, with significant contributions from both public and private sector players. Mutual funds are considered a critical financial instrument due to their ability to provide diversification, professional management, and liquidity. Researchers have extensively studied the role of mutual funds in wealth creation, financial inclusion, and risk management. Studies by Gupta (2000) and Tripathi (2003) have highlighted the evolution of mutual funds in India, focusing on their regulatory framework and growth trajectory. These studies underscore the critical role of SEBI in ensuring investor protection and transparency in the mutual fund industry. Sondhi and Jain (2006) emphasized that investor awareness and education are pivotal for the success of mutual funds. Lack of understanding regarding risk-return trade-offs and fund types often discourages potential investors. Research by Singh and Vanita (2002) focused on the performance metrics of mutual funds, such as net asset value (NAV), expense ratios, and portfolio returns. Their findings highlighted that well-performing funds tend to attract more investors, but performance consistency is critical for long-term trust. Various studies (e.g., Kumar, 2010) have examined the challenges in penetrating semi-urban and rural markets, citing low financial literacy, limited access to financial advisors, and a preference for traditional savings products like fixed deposits and gold.

3. OBJECTIVES

- To assess the level of awareness among customers regarding mutual fund investments.
- To analyze the investment behavior and planning strategies adopted by customers for mutual fund investments.
- To evaluate the role of IDBI Bank in guiding and assisting customers in mutual fund planning.
- To understand the factors influencing investment decisions, such as risk appetite, income level, age, and investment goals.
- To identify the challenges and limitations faced by customers while investing in mutual funds through IDBI Bank.

4. SCOPE OF THE STUDY

- The study is limited to the Khamgaon branch of IDBI Bank, focusing on its customers who have invested or are interested in investing in mutual funds.
- It covers aspects such as customer awareness, preferences, risk profiles, investment goals, and the effectiveness of advisory services provided by the bank.
- The study is intended to provide insights that may help IDBI Bank improve its mutual fund distribution and advisory services.
- Although focused on a specific location, the results can offer a broader understanding of investment planning in semi-urban and rural areas

5. RESEARCH METHODOLOGY

The study followed a descriptive research design, aiming to describe the investment planning behavior and mutual fund awareness among IDBI Bank customers. Primary data were collected through structured questionnaires distributed to customers at the IDBI Bank branch in Khamgaon. Secondary data were sourced from financial journals, mutual fund reports, bank brochures, websites, and previous research studies. A random sampling technique was used to select respondents from the IDBI Bank customer base. The sample size was 100 respondents. The collected data were analyzed using percentage analysis, charts, and graphs to interpret the findings. Additionally, a Likert scale was employed to assess customer satisfaction and awareness levels. The data for this study was collected through structured questionnaires distributed to customers of IDBI Bank, Khamgaon. The sample size consisted of 100 respondents, including both existing mutual fund investors and potential investors. The data for this study was collected through structured questionnaires distributed to customers of IDBI Bank, Khamgaon. The sample size consisted of 100 respondents, including both existing mutual fund investors and potential investors

6. CONCLUSIONS

The study on investment planning towards mutual funds with respect to IDBI Bank Khamgaon, reveals that mutual funds are gaining popularity among investors due to their potential for higher returns, diversification, and professional fund management. The majority of respondents are aware of mutual fund products but still lack in-depth knowledge, which highlights the need for more financial literacy initiatives. The findings suggest that IDBI Bank has the opportunity to further promote mutual fund products by enhancing customer awareness and offering better advisory services. Investment planning behavior can be positively influenced by personalized

guidance, transparent communication, and simplified processes. It was observed that young and middle-aged investors (especially in the 26–35 age group) are more inclined towards mutual fund investments. Key factors influencing their investment decisions include return on investment, liquidity, and safety. While mutual funds are preferred over traditional options like fixed deposits and gold, trust in the bank and ease of access through IDBI Bank also play a significant role in customers' investment choices. The findings suggest that IDBI Bank has the opportunity to further promote mutual fund products by enhancing customer awareness and offering better advisory services. Investment planning behavior can be positively influenced by personalized guidance, transparent communication, and simplified processes. Overall, the study concludes that with proper awareness and strategic planning, mutual funds can become a cornerstone of financial growth for IDBI Bank customers in Khamgaon.

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