CHAPTER –VI
FINDINGS, SUGGESTIONS AND CONCLUSION

The study analyses about the investors perception, attitude and preferences towards mutual funds in Chennai. It explains that many investors prefer to invest in mutual funds in order to have high returns at low level of risk, safety and liquidity. The world of investment has been changing day-to-day, so investor’s perception and preferences towards investment pattern also has changed. The investors behaviour aspects, performance and their investment decision are highly influenced by their socio-economic profile as well as the investment characteristics. After reviewing both the national and international literatures the researcher has considered age, gender, education, occupation, marital status and annual income for the socio-economic profile and other mutual fund investment details as the profile of investors. As per the analysis of the socio economic profile, most of the less than 1 Lakh annual income group investors are willing to invest in mutual fund, around 56% of investors belong to age group less than 30 years. In aspect of occupation, investors are private sector workers who prefer mutual fund for their investments. In education, investors with college or university qualification leads in the mutual fund investments and investors of the male gender dominates over the female investors.

Investors perception and attitude relating to issues that attract them to invest in mutual funds are sources of information, reason for investing in mutual fund, type of mutual fund, the services provided by the mutual fund managers. Investors preference is based on safety, returns, transparency, tax benefits, liquidity and services to the investors factors, these factors influence them to have various behavioural aspects.

The present study outlines that mostly the investors have a positive approach towards investing in mutual funds. In order to maintain their confidence in mutual funds they should be provided with timely information relating to different trends in the mutual fund industry. For achieving heights in the financial sector, the mutual fund companies should formulate the strategies in such a way that helps in fulfilling
the investors expectations. Today, the main task confronting mutual fund industry is to convert the potential investors into the reality investors. New and more innovative schemes should be launched from time to time so that investors confidence is be maintained. All this will lead to the overall growth and development of the mutual fund industry. In India, there is a lot of scope for the growth of mutual fund companies provided the funds satisfy everybody’s needs and also with sharp improvements in service standards and disclosure.

The following results are the key findings of the study.

Findings

Finding pertaining to objective-1

Socio-economic profile of mutual fund investors is analyzed with following findings:

    Majority of 56.4% of respondents of the region are in the age group of less than 30 years. 65.2% of Male investors dominate in mutual fund investment comparing to that of the female gender. 61.2% respondents with college or university qualification lead in the mutual fund investments. In aspect of occupation 29.8% respondents are private sector workers who mostly prefer mutual fund for their investments. 53.4% unmarried respondents choose mutual fund for their investment when compared to that of married respondents. 42.4% of respondents with less than 1 lakh annual income mostly prefer mutual fund for their investment than other income groups.

Finding pertaining to objective-2

The mutual fund investment details of investors in Chennai region are analyzed and following are the findings from the study:

    73.8% of investors in the region are aware of mutual fund investment. 76.6% of investors have invested greater part of their investment in mutual funds in the past. Majority of 32.6% of investors from the region mostly find mutual fund investment mostly profitable. 37.6% of investors have invested their money for Safety as the main reason for mutual fund and capital appreciation the least. The major source of
information about mutual fund is from 30.2% of internet followed by 27.6% of investors source of information is from friends.

38.8% of investors of the region equally prefer Long-term and Medium-term for their mutual fund investment. In type of schemes 43.4% of investors firstly, prefer open-ended schemes, secondly 31.6% of interval schemes and then followed by 25% of close-ended schemes of mutual fund investment. 39.6% investors prefer both Public and private sectors for their mutual fund investments. In public sector mutual funds, investors preference order is in the order as follows 36% of LIC, 31.4% of SBI, 24.4% of UTI, 7.8% of others, 7.4% of Can bank and 2.6% of GIC. For private sector mutual funds the investors preference is in the order of 24.8% of HDFC, 15.6% of BIRLA, 15.6% of Others, 14.2% of ICICI Prudential, 9.4% of Templeton and 7.4% of Sundaram.

In the region 64.4% of investors are open to various investment options in market, hence, they also prefer Non-mutual fund investments for their funds. 48.4% of the region investors experience in mutual fund investment is less than 5 Years of experience and above 15 years of mutual fund investment is scarcely found. For the Type of mutual fund mostly, prefer by the region investors 47.8% of Equity, 18.6% of Balance and Debt and the least prefer mutual funds are Sector and Guilt. In Investors preference of sector specific mutual fund investment are as follows 35.6% of Banking, 34.4% of IT sector, 25.4% of Others, 11% of Petroleum, 8.6% of Automobiles and 2.8% of pharmaceuticals. Majority of 77.8% of the investors are willing to invest in mutual fund in future and also 79.8% of investors ready to recommend mutual fund investment to their Friends and relatives. 74.8% of investors agree for mutual fund investment suitability for small investors and it can help the small investors to contribute in the capital market.

Finding pertaining to objectives-3

The main findings on analysis of the investor perception towards mutual fund:

The opinion of safety factor Investors strongly agree to guarantee of capital, less risk, long-term benefits, good returns, well regulated by SEBI. In view of return factor Flexibility in funds, customer specific products, balanced funds, funds adapting
to market fluctuations, short-term returns are strongly agree by investors. Standardized disclosures, transparency, precise communication and periodic information are strongly agreed by investors on the transparency features of mutual funds.

Investors strongly agree to Tax exceptions, ELSS schemes, and Tax rebate schemes for various divisions of society characteristics of tax benefits in mutual fund investments. Investors strongly agree to liquidity holdings, flexible portfolios, and open-ended schemes for liquidity as features of liquidity in mutual fund investments. Comfortable payment options, periodic certificates and investor delight through transfer mechanisms, prompt service are strongly agreed as aspects for service from mutual fund companies.

The cluster analysis of factors and its predominant factors has been studied based on the investors response to strongly agree to strongly disagree and the classifications of the investors based on the factors are as follows.

The investors based on Safety factor are classified as Safety seekers, Stature investors and Mechanical investors. For Returns factor the investors are classified Cautious Investors, Timid Investors and Self-assured Investors. Based on the Transparency factor the classification of the investors are Shaky investors, Profited Investors and Cognizant investors. For the Tax benefit factor the investors classification is Amateur investors, partially benefited investors and lucrative investor. Based on the Services factor the classification of investors are discontented investors, maximum utilizes and credible investors.

In the cluster center analysis the factors studied based on the investors response to strongly agree to strongly disagree scale and the investors are classified as 43.6% of security-oriented as they strongly agree for tax benefits and moderately agree for other factors, 21.2% Meticulous investors moderately agree for the investor preference and disagree with tax benefits and 35.2% careful investors cluster consist of investors more focused towards liquidity and services to the investors and moderately agree with other investors preference characteristic.
Internal consistency among the factor of safety in mutual fund i.e. investment characteristic, risk investment, safety and returns:

Investors perceive the investment characteristics of mutual fund due to the risk involved in the mutual fund investment. It is identified that in mutual fund investment safety influences investors investment characteristics. Returns are a key factor that highly influences the investment characteristics of the investor investment in mutual fund. Safety is an aspect of the risk involved in investors investment in mutual fund. Risk of investment has a great influence over the returns of the investors investment in mutual fund. The returns aspect has a clear impact on the safety of the investors investment in mutual fund.

Internal consistency among the factor of Returns in mutual fund i.e. Secured income, regular income, and innovative approach.

The conclusions are in secured income investors investment are safe and various methods are used to measure regular returns from mutual fund investment. Mutual fund firms should develop suitable strategies keeping in view savings and growth prospects to ensure innovative approaches ensure secured income. Portfolio selection techniques to be adopted in mutual funds to make informed judgments rather than making investments on an intuition to ensure growth options are more suitable for investors in need of regular cash inflows.

Internal consistencies among the factor of Transparency in mutual fund i.e. precise communication, periodic information and standardization.

The conclusions are in the case of mutual fund investment, investors agree that defined communication along with periodic information is useful for investors to invest in mutual fund. It is identified that standardization across mutual fund investment and exact communication help better understanding to the investors. It is understood that periodic information with the standardized documents regarding mutual fund investment beneficial to investors.
Internal consistency among the factor of Tax benefits in mutual fund i.e., segmentation and revenue generation.

The conclusions are the segmental mutual fund schemes help in revenue generation as it fulfills the needs of investors in respective segments and also helps investors in tax rebate and tax benefits. Internal consistency among the factor of services in mutual fund i.e. investors centric process and investor delight.

The conclusions are it is evident that the investors centric processes by which the genuine investors are identified to fulfill their needs by prompt services which help in the investors delight.

Investor perceptual difference between the public and private sector mutual fund towards safety factor private sector mutual fund is more than public sector. In returns, the public sector mutual fund schemes give high return with less risk. In transparency private sector investors are able to get transparent information through television and magazines regard mutual funds investment. In Tax benefits, public sector mutual fund investors getting vast tax benefits. In liquidity private sector liquidity is more flexible. In services, the public sector mutual funds to announce innovative schemes and deliver prompt service to the investors.

Comparison of independent variables shows Public sector mutual fund gives more returns and vast tax benefits than private sectors. There is no significant difference between Public and private sector investors towards Safety, Transparency, Liquidity and services of the mutual funds.

**Finding pertaining to objectives-4**

The influencing factors conclusions are as below:

Investment characteristics, risk investment, safety investment, return are the identified predominant factors of safety in mutual fund investment. Predominant factors of the returns factor of mutual fund are secured income, regular income, and innovative income. Transparency of mutual fund investment is reduced into three predominant factors namely precise communication, periodic information and
standardization. Tax benefits predominant factors of mutual fund investment are defined as segmentation and revenue generation. Liquid asset is the only predominant factor defined for liquidity in mutual fund investment. Service from Mutual Fund Company is further classified into two predominant factors namely investor centric process and investor delight.

**Finding pertaining to objectives-5**

The influence of Demographic factors on mutual fund findings are below:

An association between clusters of investors preference and Age, occupation, investment profit, order of preference, non-mutual fund investment, experience in mutual fund and recommendation. Age variable 57.8% security-oriented investors are in age group less than 30 years, 34% meticulous investors are in age group 31 to 40 years and 8.5% each in age group 41 to 50 years and above 50 years are found to be careful investors. In occupation variable 36.2% of security-oriented investors in other option occupation group, 36.8% meticulous investors in private sector group and 20.5% of careful investors in Government or Public sector. Investment profit 36.2% of security-oriented clusters is found investors mostly profitable group and 39.6% of meticulous investors clusters are found few times. 34.1% of careful investors found all times. Order of preference variable 42.2% of security-oriented clusters found medium-term, 35.8% of meticulous investor clusters are found in investment group of long-term and 14.2% of careful investors clusters found for short-term investment group. Non-mutual fund investments 53.2% of security-oriented clusters are found agreed to other fund investment, 35.8% of meticulous investors are found in group deny. Experience variable 43.6% security-oriented investors are less than 5 Years, 15.1% of meticulous investors in group 5 to 10 Years and 10 to 15 years. 1.7% careful investors are found in group above 15 Years. Recommendation variable 80.70% of security-oriented investors are found agree and 26.4% of meticulous investors are found in group denied. It concludes that investors decided that preference towards mutual fund investment based on the safety, returns and tax benefits.

Relationships between cluster of investors preference and in order of Education, Schemes and future investment of the investors.70.6% of security-oriented
clusters are found in the college or university group and 19.8% meticulous investors lie in the professional group. 31.8% of careful investors belong to others group. Scheme variable 43.1% security oriented clusters found in open-ended schemes, 35.8% of meticulous investors clusters found interval schemes and 20.50% careful investor clusters prefer close-ended scheme as investment preference. Future investment variable 74.3% of security-oriented clusters is found in agree to consider mutual fund for future investment, 34.9% meticulous investors cluster are found in group deny. It shows that investors determine preference towards mutual fund investment based on the returns, liquidity and tax benefits.

A connection between clusters of investors preference and gender along with awareness of the investors. 62.4% of security-oriented investors are found as male and 40.9% female investors belong to careful investors. 67.0% of security-oriented clusters have awareness in mutual fund. 34.9% of meticulous investors lack of awareness. It explains that investors determined preference towards mutual fund investment based on the transparency, tax benefit and services.

Associations between clusters of investors preference and Annual income, Reason for regular income of the investors. Annual income variable 37.6% of security-oriented clusters are found annual income group less than INR 1 Lakh. 20.8% of meticulous investors clusters are found in INR 1 lakh to INR 2 Lakh. 2.7% of careful investors clusters are group above INR 3 lakh. 20.60% of security-oriented investors believe that regular income is one of the reasons for investment. 22.60% of meticulous investors also consider. It shows that investors resolute preference towards mutual fund investment is based on the safety, returns and liquidity.

As reason 42.70% of security-oriented investors say that one of the reason for the investment is safety. 18.90% of meticulous investors observed safety. 8.70% of security-oriented investors considerations for liquidity. 3.80% of meticulous investors observe liquidity. It shows that investors determined preference towards mutual fund investment is based on the returns, liquidity and services.
Alliance between clusters of investors preference and Reasons for mutual fund Investment. 23.40% of security-oriented investors, 35.80% meticulous investors and 27.30% of careful investors consider the tax benefit while investment. It shows that investors determined preference towards mutual fund investment is based on transparency, liquidity and tax benefits.

Age group of 41-50 years prefers mutual fund investment for Tax benefits and above 50 years age group look up for the services aspect from company. Male investors prefer mutual funds for safety of investment and female investors are influenced towards mutual fund investment for Returns, tax benefit, transparency, and services factors. College or University group selects mutual funds for tax benefit and transparency aspects, educated professionals choose mutual fund investment for safety of investment, meanwhile others category of educational group prefer for returns and service features. Government or public sector employees favor mutual fund for liquidity, Housewife or Retired employees prefer mutual fund investment for Returns, while other sector professionals choose mutual funds for transparency and safety aspects.

Marital status of the investors has not influenced the factor of preference. Investors in the income group of INR 2 lakh to 3 lakh prefer mutual fund for Tax benefit and services, whereas above INR 3 lakh income favor mutual fund investment for returns, transparency and liquidity on investments. Long-term mutual fund is preferred for safety, transparency and liquidity. Medium-term mutual fund investments are selected for tax benefit. Open-ended schemes looked up for safety, transparency and services aspects. Interval schemes are preferred for returns on investments. Close-ended schemes are not preferred significantly. Investors with 5 years to 10 years of experience have been investing for returns, transparency and services. Less than 5 years experience investors prefer mutual fund for liquidity and investors with 10-15 years experience prefer mutual fund for safety.

**Finding pertaining to objectives-6**

Influence of investment details on their investment behavior conclusions are below:

The sector of mutual fund is more important than investment to decide the
safety of the mutual fund investment. In facts, mutual fund of automobile companies and Petroleum Companies influence more investors to perceive the notion regarding safety of their mutual fund investment.

The petroleum companies of mutual fund are more important than investment to decide the returns of the mutual fund investment. In facts, mutual fund of Petroleum Companies and banking sector influence more investors to perceive the notion regarding returns of their mutual fund investment.

The experience in mutual fund is more important than investment to decide the transparency of the mutual fund investment. In facts, experience in mutual fund investment and regular income influence more investors to perceive the notion regarding transparency of their mutual fund investment.

The sector of mutual fund is more important than investment to decide the tax benefits of the mutual fund investment. In facts, mutual fund of others sectors and capital appreciation influence more investors to perceive the notion regarding tax benefits of their mutual fund investment.

The experience in mutual fund is more important than investment to decide the liquidity of the mutual fund they invest. In particulars, experience in mutual fund and reason for safety influence more investors to perceive the notion regarding liquidity of their mutual fund investment.

The services of mutual fund are more important than sector of mutual fund. In facts, services of mutual fund influence more than pharmaceuticals sector investors to perceive the notion regarding Services of their mutual fund investment. Reason for mutual fund investments is more important than investment to decide the services of the mutual fund they invest. In particulars, reason for liquidity influence more investors to perceive the notion regarding services of their mutual fund investment.

**Suggestions**

Based on the observation made during the study the following suggestions are submitted for the betterment of the mutual funds.
1. Mostly, a lay person does not have enough knowledge to invest in mutual funds. So they depend on the fund managers who are experts in managing efficient portfolios. The fund managers should be the person of integrity and financial experts. They should have clear cut knowledge of when to invest and in which securities to invest they should mobilize the investor’s savings in such a way that they can get maximum benefits out of them.

2. Investors should look for past returns, dividend etc. the investor has chosen equity or stock market related mutual fund, then he may go for SIP (Systematic Investment Plan) method. A risk adverse investor should avoid investing in the sectoral funds.

3. Generally, the offer documents and reports of various mutual fund companies are not free from technicalities. So the investors opinion is that the information contained in the offer documents should be simple and free of technicalities so that a lay investor can easily understand them.

4. Investor can also plan like one mutual fund of diversified equity plan, second mutual fund of balanced type and third one you can plan of debt type etc. In this manner the money will get diversified, risk is reduced and the investor will get excellent profit.

5. It is important for investors to understand that NFOs are merely marketing devices. There are a number of existing funds that have proved their mettle and investors should opt for them because they have a track record.

6. Some investors suggest that the fund values of fund should be informed to the investors through SMS on fortnightly basis. This will help the investors in keeping themselves up to date with the latest information and latest NAV’s of different funds.

7. The awareness of mutual fund and its various schemes should be increased among the people by proper advertising, promotion and conducting investors meets.
8. The investors have to invest their money in less risky securities so company should maintain better portfolio management to improved returns and brand image.

9. The mutual fund industry in India is constrained by law from offering full-fledged pension plans on the lines of the 401 K plans, a popular MF product available in the United States. Funds like Retirement schemes will attract a large number of small investors who seek regular income after retirement.

10. Asset management companies should divulge more details regarding their portfolio construction for all schemes at regular intervals to assist investors who want to know about same.

11. Steps should be taken to boost the confidence and morale of the investors. This can be done through appropriate communication and by educating investors to invest in mutual funds. Timely and right information should be provided to them by different communication modes so that they come to know about the latest trends in the market.

12. The periodical statements of mutual fund companies are considered as a very important source of information to the investors. So, it is very essential that these periodical statements should contain all the relevant information in a compiled form and managers must ensure that these statements should reach the investors in time.

13. Mostly, the investors are more interested in those schemes that can easily provide them liquidity. The suggestion makers have emphasized that the fund managers should invest the investors money in secure income related schemes so that liquidity must be ensured.

14. Funds should also induce technology that reduces the turnaround time for services like investments, redemptions and transfers and bring them on par with banks in turnaround time.

15. The companies can advice its clients to invest in high performing in mutual funds schemes like income debt scheme etc.
Conclusion

The conclusions are drawn only with respect to investors of Chennai. This study concludes that various demographic factors like age, marital status, gender, city, income level, market knowledge, occupations and qualifications etc. have major impact on investment decision of investors in Chennai. Demographic factors like gender have no impact on investment decision of investors. There has been a tremendous growth in the mutual fund industry in India, attracting large investments not only from the domestic investments but also from the foreign investors. Increasing number of Asset based Management Companies providing prospect to the Investors in the form of Safety, Returns, Transparency, Liquidity, Tax benefits and Services. The growing middle-class household families with limited risk bearing capacity, it provides better returns than any other long-term securities. India’s high rate of savings and a rapid-liberalizing economy is expected to elevate the mutual fund sector to new hikes. Hence, surveys similar to the present one need to be conducted at intervals to develop useful models. Nevertheless, it is hoped that the survey findings will have some useful managerial implication for investors and AMCs in their product designing and marketing.

Today, a lot of investment opportunities are available to the investors in the financial Markets. According to the investor’s opinion, the main reason for the quick popularity of the mutual funds is the guaranty to redeem at net asset values. The investors have realized the benefits of investing in mutual funds. They determine to go for new funds for their further investments. Thus, mutual fund industry has a good prospect in Chennai city.

Scope for Further Research

The researcher is of the opinion that there is lot of scope for research in this subject with regard to the various relevant aspects of mutual funds. Some of them are:

1. Study on Ethical mutual funds.
2. Study on Mutual fund investment styles.
3. Study on Fund manager’s decision making.
4. Portfolio preferences of urban mutual fund investors.