CHAPTER VI

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CHAPTER VI

CONCLUSION

6.1 SUMMARY OF FINDINGS

After exploring the data in detail in the analysis part, the summary of Findings, Suggestions and Conclusion are presented in this Chapter.

6.1.1 Performance of Mutual Funds Industry in India

There had been high degree of fluctuations in the fund mobilization from 1991-92 to 2010-11. The private sector sponsored mutual funds in India performed well in resource mobilization right from the year 1991-92 to 2010-11. In the year 2010-12, all the mutual funds have negative figure except the bank-sponsored mutual funds. This is mainly because of global economic depression and depressed situation prevailing in the stock market and speculative markets. The mean values of public, private and bank-sponsored mutual funds were Rs.1743 crores, Rs.18043 crores and Rs.2194 crores respectively during the study period. The Co-efficient variance value indicates that the net resources mobilized of public, private and bank-sponsored mutual funds moderately fluctuated during the study period.

The projections obtained for public, bank-sponsored mutual funds and private mutual funds by linear growth models. Bank-sponsored mutual funds and private sector mutual funds have grown marginally. The trend movement for the year 2017-18 the net resources mobilized of mutual funds will be Rs.57173.3 crores and it will be the highest in Private sector mutual funds and followed by Bank-sponsored mutual funds Rs.7088.35 crores. The net resources mobilized by UTI mutual funds will be the lowest of Rs.-3774.49 crores.

The performance of the mutual funds in India the mean values of NAV, total return and net assets were Rs.156.5, 36.8 per cent and Rs.590.4 crores respectively during the study period. All the three namely NAV, total return and
net assets have a positive compound annual growth rate which worked out as -52.82 per cent, 9.58 per cent and 14.46 per cent respectively. The Co-efficient of Variance value indicates that the NAV, total return and net assets are moderately fluctuated during the study period.

The projections obtained for Net Asset Value, Total Return, Net Asset of Mutual fund in India by linear growth models listed those NAV and net assets of mutual funds have grown marginally. The trend movement for the year 2017-18 the NAV of mutual funds will be Rs.819.4. Total return will be 20.47 per cent and net assets will be Rs.1481.21 crores.

The result of estimates of trend co-efficient for NAV, total return and net assets of mutual funds have been given. It is clear from the results that the difference between the actual and trend values of NAV and Net assets (in Crores) of mutual funds was significant, whereas the difference between the actual and trend values of total returns of mutual funds was not significant as for the p-value. The null hypothesis was rejected in the case of NAV and Net assets (in.Crores) while the null hypothesis was accepted in the case of total return of mutual funds.

ANOVA

The actual and trend value of net resources of Bank-sponsored mutual funds was significant and the difference between the actual and trend values of net resources mobilized of public and private mutual funds was not significant as for the p-value. The null hypothesis was rejected in the case of Bank-sponsored mutual funds while the null hypothesis was accepted in the case of public and private mutual funds.

The p-value is less than 0.05 (p<0.05); and the results are significant. Hence, the null hypothesis is rejected and it is concluded that there is a significant difference in the performance of fund mobilization of the public, private and bank-sponsored mutual fund investments.
As the p-value is less than 0.05 (p<0.05), the results are significant. Hence, the null hypothesis is rejected and it is concluded that there is a significant difference in the growth rate of fund mobilization of the public and private bank mutual fund.

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6.1.2 Reliability Analysis

The Alpha value of factors related to satisfaction level of mutual fund investment is 0.719 and so it is reasonably good. It should also be noted that a high value for Cronbach’s Alpha indicates good internal consistency of the items in the scale. Factor analysis is a method to determine the dimensionality of a scale.

Twenty-three measurement scale items are reliable as the Cronbach Alpha coefficient of factors related to sources of information important scheme selection is 0.869. It is greater than the threshold level of 0.70. It has provided good estimates of internal consistency reliability and also the coefficient alpha values ranged from 0.847 to 0.876 for all the constructs. It is indicates that the scales used in this study were reliable. It clearly indicates that above scale items are consistent with each other and they are the reliable measures of sources of information important for scheme selection.

Fourteen measurement scale of factors related to extent of awareness on the schemes of mutual fund items are reliable as the Cronbach Alpha coefficient is 0.828. It is greater than the threshold level of 0.70. It has provided good estimates
of internal consistency reliability and also coefficient alpha values ranged from 0.777 to 0.843 for all the constructs. It indicates that the scales used in this study were reliable.

Nine measurement scale factors related to purpose of mutual fund investment and opinion items are reliable as the Cronbach Alpha coefficient of 0.736. It is greater than the threshold level of 0.70. It has provided good estimates of internal consistency reliability and also the coefficient alpha values ranged from 0.688 to 0.758 for all the constructs. It indicates that the scales used in this study were reliable.

Nine measurement scale items are reliable as the Cronbach Alpha coefficient of 0.938. It is greater than the threshold level of 0.70. It has provided good estimates is internal consistency reliability and also coefficient alpha values ranged from 0.925 to 0.934 for all the constructs. It indicates that the scales used in this study were reliable.

6.1.3 Investors Perception on Mutual Fund Investment

Male respondents had a high perception on mutual fund investment than female respondents.

Married respondents have more perception of mutual fund investment in the study area.

The respondents belonging to 26 - 35 years age group have a high level of perception of mutual fund investment ranging between 77 and 112 with an average of 99.91.

The level of investors perception of mutual fund investment among the Graduation respondents ranged between 69 and 112 with a percentage and an average of 26.3 and 88.26 respectively.
26.3 per cent of the respondents are Govt. Employees and the level of investors perception of mutual fund investment ranged between 69 and 112 with an average of 92.23.

27.3 per cent of the respondents earn between Rs.10,001 – Rs.20,000 income per month and the level of investors perception of mutual fund investment ranged between 69 and 112 with an average of 92.59.

6.1.4 Socio-Economic factors and investors perception of mutual fund investment

ANOVA

- There is a significant difference between gender and investors' perception of mutual fund investment.
- There is no significant difference between marital status and investors’ perception of mutual fund investment.
- There exists a significant difference between age of the respondents and investors’ perception of mutual fund investment.
- There is a significant difference between educational qualification of the respondents and investors’ perception of mutual fund investment.
- There exists a significant difference between occupation of the respondents and investors’ perception of mutual fund investment.
- There is no significant difference between monthly income of the respondents and investors’ perception of mutual fund investment.

6.1.5 Investors attitudes of Mutual fund investment

Chi-square test

- There is a significant relationship between gender of the respondents and Opinion about investment options of mutual fund.
• There exists a significant relationship between occupational status of the respondents and Opinion about investment options of mutual fund.

• There is no significant relationship between monthly income of the respondents and Opinion about investment options of mutual fund.

6.1.6 Economic conditions and the selection of mutual fund scheme

Chi-square Test

There exists a significant relationship between

• Gender of the respondents and all Product Quality factors related to selection of mutual fund scheme.

• Age of the respondents and all Product Quality factors related to selection of mutual fund scheme.

• Educational qualification of the respondents and all Product Quality factors related to selection of mutual fund scheme.

• Occupational status of the respondents and all Product Quality factors related to selection of mutual fund scheme.

There is a significant relationship between gender of the respondents and all Fund Sponsor qualities factors related to selection of mutual fund scheme; Age of the respondents and all fund sponsor qualities factors related to selection of mutual fund scheme; Educational qualification of the respondents and all Fund Sponsor qualities factors related to selection of mutual fund scheme and occupational status of the respondents and all Fund Sponsor qualities factors related to selection of mutual fund scheme.

There exists a significant relationship between

• Gender of the respondents and all Investor services factors related to selection of mutual fund scheme.
• Age of the respondents and all investor services factors related to selection of mutual fund scheme.

• Educational qualification of the respondents and all Investor services factors related to selection of mutual fund scheme.

• Occupational status of the respondents and all Investor services factors related to selection of mutual fund scheme.

6.1.7 Reason for preferring mutual fund investment

Garrett Ranking Technique

Most of the respondents gave top priority to Owned by government as the first rank for preferring mutual fund investment.

6.1.8 Motivation factors for investing in mutual fund

Multiple Regression analysis

The correlation analysis that has been done on all the data that has been collected through interview schedule. This analysis is done to show the existing relation among the study variables namely risk and return, savings, tax, benefit, schemes occupational and monthly income. It can be seen that one variable namely x1, risk and return r.527 p<0.01 has a significant positive correlation with the motivation factors for investing in mutual fund. Other two variables namely x2 savings r.-0.263, p<0.01 and x3 tax benefits r.-433 p<0.01 have significant but a negative correlation with motivation factors for investing in mutual fund.

The R² value at 0.530 states that all the six independent variables that is risk and return, savings, tax benefit, scheme, occupational and a monthly income has 53% influences on the dependent variable motivation. Out of six independent variables risk and return, savings, tax benefit have significant influence on the dependent variable motivation scheme and the remaining do not have significant influence on the motivation.
The p-value is less than 0.01 and the overall ANOVA results assess the overall significance of this model [F.73.77]. This model is statistically significant. This shows that there is a significant difference between select variables and motivation for investing in mutual fund investment.

6.1.9 Purpose of mutual fund investment

Friedman rank test

Most of the respondents gave top priority to “Savings” as the first rank for preferring mutual fund investment.

The Chi-square value is 374.9, and the Degree of freedom is equal to the number of values minus 1. As nine purpose and opinion of mutual fund investment are ranked, there are 8 degrees of freedom. It is clear that the significance level is 0.000 at 1 per cent level of significance. Hence the hypothesis is rejected.

6.2.10 Awareness on the schemes of mutual fund investment

Weighted average score

Most of the respondents preferred “Growth fund Scheme” which was ranked first with the total score of 1099 and the mean score of 2.75. “Income fund scheme” was ranked second with the total score of 1066 and mean score of 2.67 and followed by “Equity fund” which occupied third position with the total score of 1035 and the mean score of 2.59.

6.1.11 Satisfaction level of Mutual Fund Investment

Factor Analysis

The Kaiser-Meyer-Olkin Measure of sampling adequacy shows that the value of test statistics is 0.644, which means the factor analysis for the select variable is found to be appropriate or good to the data. Bartlett’s test of sphericity is used to test whether the data are statistically significant or not with the value of test statistics and the associated significance level. It shows that there exists a high relationship among the variables.
In the satisfaction level of mutual fund investment, there are nineteen factors that had Eigen value exceeding “one”. Among the six component factors, the first factor accounted for 25.162 percent of the variance, the second 17.20 percent, the third factor 11.06 percent, the fourth factor 9.46 per cent, the fifth factor 6.90 and the last factor accounted for 5.73 percent of the variance in the data set. The first six factors are the final factors solution and they all together represent 75.51 percent of the total variance in the scale items measuring the impacts of training and exposure visits.

The nineteen variables in the data were reduced to six component factors and each factor may be identified with the corresponding variable.

Six factors were identified as being maximum percentage variance accounted. The variables $X_{18}$, $X_{3}$, $X_{19}$ and $X_{14}$ are grouped as factor I and it accounts for 25.162 per cent of the total variance. The variables $X_{9}$, $X_{4}$ and $X_{2}$ constitute the factor II and it accounts for 42.363 per cent of the total variance. The variables $X_{12}$, $X_{11}$, $X_{16}$ and $X_{10}$ are grouped as factor III and it accounts for 53.420 per cent of the total variance. The variables $X_{7}$, $X_{5}$, and $X_{1}$ are grouped as factor IV and it accounts for 62.879 per cent of the total variance. The variables $X_{13}$, $X_{15}$ and $X_{17}$ grouped as factor V it accounts for 69.775 per cent of the total variance. The variables $X_{8}$ and $X_{6}$ are grouped as factor VI it accounts for 75.509 of the total variance.

6.1.12 Facilities provided by the mutual fund companies

**Discriminate function analysis**

The variables such as Gender, Educational Qualification and Schemes are significant at one per cent significance level. All the variables are significant discriminators based on their Wilk’s lambda and $D^2$ value.

The canonical correlation in the discriminate group can be accounted for by this model, Wilks lamda and chi-square value suggest that Discriminate Function is significant at one per cent level.
The function using the variables selected in the analysis classified 78.5 per cent of the cases correctly in the respective groups. It is found that the discriminate function analysis was applied to the respondents on low user and high user. The following factors significantly discriminate the two users. They are:

1. Gender (1 per cent level)
2. Educational qualification (1 per cent level)
3. Schemes (1 per cent level)

6.2.13 Socio-economic factors and overall opinion for level of satisfaction about mutual fund investment

Chi-Square Test

- There is a significant relationship between gender and level of satisfaction about mutual fund investment.
- There exists a significant relationship between age and level of satisfaction about mutual fund investment.
- There is a significant relationship between marital status and level of satisfaction about mutual fund investment.
- There exists a significant relationship between educational qualification and level of satisfaction about mutual fund investment.
- There is a significant relationship between occupational status and level of satisfaction about mutual fund investment.
- There is no significant relationship between monthly income and level of satisfaction about mutual fund investment.
6.1.14 Overall opinion about problems faced by the mutual fund investors

Friedman Rank Test

The mean rank of each variable related to overall opinion about problems faced by the mutual fund investors. Higher rank corresponds to the higher values of the variables. “Understand the share market position” was ranked first by the select sample respondents with the mean score of 9.9. “Size of investment” was ranked second with the mean score of 9.6. “Constraints with agents and Difficult to understand the concept of mutual fund investment” occupied third and fourth positions with the mean score of 9.25 and 9.15 respectively. “False statements made by the agents” was ranked fifth with the mean score of 8.65. “Failure to sending the reports” occupied sixth position with the mean score of 8.15. “Feeling as riskier Investment” occupied seventh position with the mean score of 7.95. “Poor Customer Relationship Management and selecting the schemes” occupied eighth and ninth positions with the mean score of 6.75 and 6.67. “Selecting the companies and Problems with terms & conditions” occupied tenth and eleventh positions with the mean score of 6.65 and 6.1. “Lack of official coordination and Poor correspondence” occupied twelfth and thirteenth positions with the mean score of 5.75 and 5.25. “Problems related to claims and settlements” occupied the last position with the mean score of 5.2. It is evident that most of the respondents gave top priority to understand the share market position as the first rank for problems faced by the mutual fund investors.

For these rankings, the calculated value is 1096.07, as fourteen options are ranked, and there are thirteen degrees of freedom. It is found that the significance level is 0.000 at one per cent level of significance. Hence the hypothesis is rejected.
6.2 SUGGESTIONS

Based on the findings, the following suggestions are made for the policy makers, mutual fund asset management companies and the Investors:

- Securities and Exchange Board of India (SEBI) has to review the guidelines in regulating the operations and marketing of mutual funds from time to time, keeping in view, and the changing trends in the financial markets.

- The Mutual Fund Asset Management Companies have to follow norms of prudence in the transparency of NAV reporting. Investors should be informed of the expense ratio on periodical basis, so that they will make decisions after comparing various investment alternatives for enhancing their wealth over a period of time.

- It was observed that large number of investor complaints and grievances regarding the mutual fund schemes are not properly resolved. Therefore, it is recommended that mutual fund organizations should be careful enough in resolving the grievance of the investors.

- Majority of the investors are ignorant of all the basic operations of the mutual funds. It is recommended that mutual funds concerned shall disseminate their basic operations through different promotional outlets.

- The mutual fund investment involves so many conditions and agreements. But, while canvassing the potential investors, mutual fund agents do not spell out all the terms and conditions associated with the mutual fund investment. They tell only certain terms and conditions. This should be avoided and as far as possible, all the terms and conditions can be clearly told to the investors of mutual fund investment. This will lead to a cordial relationship between the mutual fund agents and the investors.
Since all the mutual fund investors are not aware of the Corporate knowledge, the financial soundness of the companies and other related information can be given to them in order to have a clear understanding about the mutual fund sponsors and companies in which the fund is going to be invested.

It was found that most of the respondents opined that there were limited visits made by the mutual fund agents to contact the investors. There should be regular and periodical touchup with the investors by the mutual fund investment to ensure better customer relationship management.

It is also suggested that periodical caution can be given to all the investors depending upon market risk in order to reshuffle their investment.

A majority of the respondents under this study are not aware of the withdrawal facilities. They can be supplied relevant information about withdrawal facilities of the mutual fund investment.

6.3 CONCLUSION

The Contribution of service sector in the nation’s growth scaled about more than 50 per cent. There has been considerable increase in the share of service sector, especially the share of financial services. Among various financial services, the role of mutual fund investment has become very vital. People tend to invest their surplus money in mutual fund in order to get better returns. In this study, it was found that the private sector mutual fund plays a crucial role followed by bank sponsored mutual funds and other market players. Though there are many factors affecting the attitude and perception of mutual fund investment, the most significant among them are risk and return and scheme. The major concern in the case of mutual fund investors is lack of sufficient knowledge in the mutual fund investment. The market position often threatens them to deviate from the investment. The size of investment and tax benefits are the major factors influencing the mutual fund investment.
It would be better if there is a separate institutional arrangement for regulating the mutual fund investment activities on the line of SEBI and RBI. It leads to streamline the middle people’s savings and fulfill the requirements of the businessmen who want to invest money. It paves a way for the nation’s development as well as the sound flourish of financial service activities.

6.4 SCOPE FOR FURTHER RESEARCH

On the basis of the present study, there is a greater scope for future researches in this area. Because, the contribution of financial services is more important in forthcoming years and therefore there will be a need for more researches to take an appropriate policy in this regard. The following topics are suggested for the future aspirants to undertake their research in this field.

1. A Comparative study of investors’ perception and attitude towards mutual fund between the two cities, one of them should be a metropolitan.

2. Studies can be undertaken to analyze different mutual fund-sponsored companies and their sectoral contribution.