CHAPTER VII

SUMMARY, FINDINGS AND CONCLUSION

Mobilization, allocation and channeling of savings along with the risk management system contribute for the development of a financial market. Matured financial market stimulates savings by ensuring better rate of return. Globalization and liberalization phenomena have been instrumental in the accelerated development of the financial market in India. To give a fillip to the sagging and depressed economy, by way of making the financial sector more vibrant and efficient, reforms were introduced in the beginning of 1990’s. The transparency in operations, along with the formation of SEBI, liberalization of foreign capital norms, resulted in the emergence of mutual funds in the public and private sectors. The financial sector reforms and the opening up of the liberalized economy resulted in throwing up the traditionally protected mutual fund industry to a greater level of competitive environment. The emergence of an intensely competitive structure in the place of the earlier monolithic scenario is the biggest structural change in the Indian Mutual Fund Industry (IMFI) during the last decade.

Mutual funds mobilize and channel funds towards securities market. The total AUM of the mutual fund houses in India crossed
Rs. One trillion in June 2003, a decade after the private sector entry. In a matter of two years the industry touched Rs. Two trillion in September 2005 and reached Rs. Three trillion by August 2006. The funds have grown so swiftly, more due to the changing demographic profile, increasing number of youths with investable surplus and growth in the economy. The dominating role of the private and foreign players in the domestic market has contributed towards the growth of AUM of the IMFI to a peak of Rs. Four trillion in June 2007.

The inflows to fixed income schemes contributed nearly 70-75 percent of this growth, reflecting the rising retail investors’ interest in the secondary market participation through mutual funds. However, the industry continues to be dominated by the top players as 48 percent of the total AUM is held by the top five fund houses. The whopping corpus of funds under management surfaces two hard facts: Firstly, the investors still carry a belief that mutual funds provide an opportunity for better return coupled with reasonably good safety of the money invested. Secondly, the environment is getting more and more conducive for mutual funds because of the active role played by SEBI and AMFI through various rules and regulations.

Even though the mutual funds are growing steadily, only five percent of the households are investing in mutual funds, hence there is a
long way to go. The penetration level is also not much deep; as the industry has not reached out to rural India, where income is on the rise. It is expected that the mutual funds could witness five to six times of growth in the next seven to eight years, as the industry has become a globally significant player attracting a bigger chunk of household savings. At present, the Indian Mutual Fund Industry is one among the top 15 nations in terms of AUM and is expected to grow to $500-600 billion by 2015 as more global players are planning to set up asset management business houses in India.

Mutual fund industry has a tremendous potential for growth in the Indian environment. In order to really carve out a niche for mutual funds, there is a need to take a dispassionate view of the mutual fund industry in retrospect as lowering interest rates, encouragement provided by budgets, options for high risk and better returns have already paved the way for the long innings to be played by mutual funds in India. Hence, the researcher has attempted this study entitled “Performance of the Indian Mutual Fund Industry: A Study With Special Reference To Growth Schemes” with the intention of finding answers to the following questions:

- Is the Indian Mutual Fund Industry making a consistent growth?
What factors influence the investor’s choice of a mutual fund organisation and scheme?

What are the views of fund managers, brokers and investors on mutual fund investment?

How is the performance of growth schemes in India?

The researcher has carried out the present study with the objective of (i) appraising the performance of mutual fund industry in India under the regulated environment; (ii) studying the relationship between the performance of market index with that of the growth schemes; (iii) evaluating the performance of growth schemes using Sharpe, Treynor, Jensen and Fama’s measures of portfolio evaluation; (iv) identifying factors considered by fund managers in their investment decisions; (v) observing the attitude of investors and brokers towards investment in mutual funds.

The above objectives were statistically tested with the hypotheses that, (i) there is no significant difference among the performance evaluation tools as suggested by Sharpe, Treynor and Jensen; (ii) index returns and scheme returns are not significantly related; (iii) past performance of the scheme does not have any significant relationship with that of current performance; (iv) investment decisions are not
significantly influenced by the profile of investors; (v) profile of investors does not have any significant impact on the criteria of selecting mutual fund schemes; (vi) the proportion of investors favouring specific attitude statements relating to mutual funds is 50 percent; and (vii) there is no significant difference between the opinions of investors, brokers and fund managers with regard to the factors affecting the choice of mutual fund and the scheme.

This research work attempts to evaluate the performance of mutual fund industry in India under the regulated environment after the implementation of SEBI (Mutual Funds) Regulations 1996, as the industry gained a coveted status on bringing out uniformity in rules and regulations. Performance evaluation is restricted to seven growth schemes launched in 1993, the year of private sector entry in the Indian Mutual Fund arena, after the introduction of the SEBI (Mutual Funds) Regulations. Of the varied category of mutual funds schemes, growth oriented mutual funds are capable of offering the advantages of diversification, market timing and selectivity. All the seven selected schemes were initially launched as close-end and were later converted into open-end on various dates. To identify the perception of investing public and financial intermediaries, an opinion survey of investors, brokers and fund managers of sample schemes was carried out.
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The present work is based on the review of 27 foreign and 46 Indian studies relating to mutual funds. The review of foreign studies ensures that, mutual funds have a significant impact on the price movement in the stock market, the average return from the schemes were below that of their benchmark, all the three models provided identical results, good performance was associated with low expense ratio and not with the size. In India, studies relating to mutual funds have been carried out mostly after 1985. The reviews bring to light the importance of mutual funds under the Indian financial scenario; highlight the need for adequate investor protection, single regulatory authority, higher return for a given risk as per investors’ expectation, greater convenience and liquidity, and the expectations that mutual funds should act as a catalytic agent for economic growth and foster investors’ interest.

The present study is a blend of both primary and secondary data. The primary data required for the study was collected from seven fund managers, 20 brokers and 360 investors using schedule and questionnaires. Secondary data was collected from the records of AMFI, UTI Institute of Capital Markets, and web sites of respective mutual funds. The collected information were analysed using simple and sophisticated techniques such as CGR, CAGR, Pearson’s Correlation, Autocorrelation, Rank Correlation, Coefficient of Determination,
Kendall’s Coefficient of Concordance, Chi-square test, Z test and ANOVA (F test).

The following schemes were short listed for the purpose of the study:

- SBI Magnum Multiplier Plus 1993
- LIC MF Equity Fund [LIC Dhanvikas (1)]
- Cangrowth Plus [GIC Growth Plus II]
- UTI Opportunities Fund [UTI Grandmaster 93]
- Franklin India Bluechip Fund [Kothari Pioneer Blue Chip Fund]
- Franklin India Prima Fund [Kothari Pioneer Prima Fund]
- HDFC Capital Builder Fund [Zurich India Capital Builder Fund]

*Note: Scheme names within square brackets indicate their previous name.*

The performance in terms of NAV of growth schemes with growth option alone were studied from the angle of risk and return in comparison with the benchmark (BSE 100) index from April 1998 (a year after the introduction of comprehensive regulations) to March 2006 using tools like return, risk, and risk-free rate of return.
FINDINGS OF THE STUDY

The performance of the Indian Mutual Fund Industry during the nine years period (1997-98 to 2005-06) covered under the study was as follows:

The mutual fund industry had undergone a lot of mergers, acquisitions and closures besides the entry of many new mutual funds. The industry accounted for an impressive growth in funds mobilized and has scaled upto Rs.10,98,558 crores by the end of March 2006 inspite of the fall in the number of mutual funds from 31 to 29 with a negative CGR of 6.45 percent. The Government sponsored category of mutual fund (UTI), the first to be launched in India had lost its existence.

The funds mobilized by the industry increased by 57.23 percent through open-end schemes in operation and from schemes launched in close-end category. The growth in funds mobilized was accounted by bank-sponsored mutual funds category (116.74 percent) followed by private sector joint venture (predominantly) foreign funds (113.99 percent). A major portion of the funds mobilized was through ELSS category (76.23 percent) followed by growth schemes (60.11 percent) and income schemes (33.21 percent).
The Assets Under Management of the industry had shown a growth rate of 14.42 percent. Sector-wise analysis shows that, the private sector Indian funds showed a growth in AUM by 54.13 percent followed by private sector joint venture (predominantly) Indian funds by 53.33 percent and Private sector Joint venture (Predominantly) Foreign Funds by 50.05 percent. The AUM was the highest in growth schemes followed by money market schemes.

By the end of 2005-06, private sector joint venture (predominantly) Indian funds (Rs.3,46,518 crores) and private sector joint venture (predominantly) foreign funds (Rs.3,11,433 crores) had become the highest fund raising sectors followed by private sector Indian mutual funds (Rs.256761 crores). Hence, it is crystal clear that private sector was the dominating sector in IMFI in terms of funds mobilized, assets managed and redemption of funds.

The total number of schemes operated had grown by 10.81 percent while the growth in new schemes launched was 17.95 percent. Assured return schemes lost its existence from 2003-04 onwards. Type-wise analysis shows that, close-end schemes launched grew by 32.16 percent and open-end schemes operated by the industry grew by 24.81 percent. The number of income schemes launched increased by 12.93 percent followed by growth schemes by 11.30 percent. Of the Rs.2,31,862 crores
of mutual fund industry’s AUM as on March 31, 2006, 83.55 percent was from open-end schemes and 16.45 percent was from close-end schemes.

Category-wise analysis of the 664 schemes launched during the study period shows that, 371 (55.87 percent) were income schemes, 183 (27.56 percent) were growth schemes, 39 (5.87 percent) were money market schemes, 25 (3.77 percent) were balanced schemes, 25 (3.77 percent) were gilt schemes and 21 (3.16 percent) were equity linked saving schemes.

The funds mobilized by the mutual fund industry was the highest in the year 2005-06 mainly from open-end schemes (Rs.10,57,126 crores). The highest number of 190 schemes was launched in 2005-06 with 123 schemes in the close-end category.

The redemption of funds was the highest in the year 2005-06 accounting for 98.66 percent from open-end schemes. Sector-wise analysis shows that, the highest redemption / repurchase was from private sector joint venture (predominantly) Indian funds (Rs.3,29,429 crores) followed by private sector joint venture (predominantly) foreign funds (Rs.3,04,245 crores). Redemption / repurchase were significant among growth schemes and money market schemes in the year 2005-06.
The funds mobilized and the number of schemes launched by the industry had shown a tremendous increase. There had been a paradigm shift in the type of scheme launched from open-end to close-end category. Mutual funds from Government sponsored sector and assured return category schemes had lost its existence. Income schemes had shown a better performance than growth schemes in terms of number of schemes and fund raised. The industry had shown a consistency in performance leading to the best performance in 2005-06 in terms of funds mobilized, number of schemes and assets under management. Private sector Indian, Private sector Joint venture (Predominantly) Indian and Private sector Joint Venture (predominantly) foreign mutual funds were performing better compared to other sectors.

The outcomes of risk-return analysis of seven sample schemes for the study period 1998-99 to 2005-06 were as follows:

All the seven schemes covered under the study showed negative risk premium, Sharpe index and Treynor index indicating that the sample scheme’s returns were insufficient to cover the risk-free return and for the risk undertaken by the investors.

SBI Magnum Multiplier Plus scheme outperformed the market in all the eight years based on the Sharpe index while LIC MF Equity
scheme underperformed the market in most of the years of the study (seven out of eight years).

The positive beta values for all the sample schemes throughout the period of study revealed that, the performance of the sample schemes and that of the market were in the same direction. However, the beta values less than one in all the years in the case of Cangrowth Plus Scheme, Franklin India Bluechip Scheme, Franklin India Prima Scheme, HDFC Capital Builder Scheme, LIC MF Equity Scheme, indicate their defensive nature compared to the market. While SBI Magnum Multiplier Plus Scheme with beta values more than one in many years indicate its aggressive nature.

Out of seven schemes studied, only SBI Magnum Multiplier Plus Scheme outperformed the market based on Treynor index.

SBI Magnum Multiplier Plus Scheme showed positive Jensen Alpha in five out of eight years while Cangrowth Plus Scheme, Franklin India Prima Scheme, HDFC Capital Builder Scheme and LIC MF Equity Scheme showed negative Jensen alpha in all the years.

An overall analysis of the sample schemes for the entire study period reveals that; return from Franklin India Prima Scheme (0.0086) was the highest among the seven schemes studied. The beta value was
the lowest for HDFC Capital Builder Scheme (0.5605) and the highest in the case of SBI Magnum Multiplier plus scheme (1.1121). The total risk of LIC MF Equity Scheme was the lowest (0.0380) while SBI Magnum Multiplier Plus Scheme had the highest (0.0887) total risk.

Based on Sharpe Index, SBI Magnum Multiplier Plus scheme (-0.6033) followed by Cangrowth Plus scheme (-0.9508) topped the list.

On the basis of Treynor Index, SBI Magnum Multiplier Plus scheme (-0.0481) and UTI Opportunities scheme (-0.0643) topped the list due to its aggressive nature.

Only SBI Magnum Multiplier Plus Scheme (0.0089) provided positive Jensen alpha indicating its superior performance compared to expectations.

The relationship between Treynor and Jensen was the highest (0.8929) and the lowest (0.6429) between Sharpe and Treynor models of performance evaluation. The Kendalls Coefficient of Concordance revealed the existence of a significant agreement in the ranking assigned by the three models. All the three measures on the whole assigned first rank to SBI Magnum Multiplier Plus scheme in terms of performance based on total risk and systematic risk.
The Eugene Fama’s Decomposition of total returns states that the negative values of return on systematic and unsystematic risk imply that the market return was less than the risk-free return. The return on systematic risk was the highest in the case of HDFC Capital Builder Scheme (-0.0315) and the lowest in the case of SBI Magnum Multiplier Plus scheme (-0.0624). The return on unsystematic risk was the highest in the case of LIC MF Equity Scheme (-0.0079) and the lowest in the case of HDFC Capital Builder Scheme (-0.0835). The return from stock selectivity was positive (except for LIC MF Equity scheme) implying that the sample schemes had earned superior return due to stock selectivity. The SBI Mangum Multiplier Plus scheme provided the highest net superior returns due to selectivity skills assuming higher risk.

SBI Magnum Multiplier Plus Scheme showed high explained and high unexplained risk during the period of study while explained variance was low in the case of HDFC Capital Builder Scheme and unexplained variance was low in the case of LIC MF Equity Scheme.

The Z test revealed the existence of a significant impact of market returns on all the sample schemes with a high degree of positive correlation. The Z test revealed that all the sample schemes were positively and significantly correlated with each other and correlation coefficient of higher time lags consistently decreased.
All the seven schemes studied did not provide adequate returns to cover the risk-free return, systematic risk and total risk. However, SBI Magnum Multiplier Plus Scheme outperformed the market in terms of Sharpe Index and Treynor Index. LIC MF Equity Scheme showed poor performance in terms of Sharpe Index. HDFC Capital Builder Scheme showed poor performance in terms of Treynor Index and Jensen Alpha. The performance of sample schemes were in the same direction as that of market as indicated by the positive beta values. SBI Magnum Multiplier Plus Scheme and UTI Opportunities Scheme were significantly aggressive in nature compared to other sample schemes. Market had a significant impact on the performance of all the sample schemes. The present NAV is significantly related to the past NAV but the extent of impact reduces as the time lag increases.

The conclusions drawn from the opinion survey of investors, brokers and fund managers revealed the following findings:

The profile of investors covered showed that, 41.11 percent were in the age group of 31-45 years, 86.67 percent were male investors, 37.78 percent represented employed category, 50.28 percent were undergraduates, 88.33 percent were married, 50.28 percent were earning less than Rs.10,000 per month and 51.94 percent were saving less than Rs.2,000 per month.
Investors depend on their investments for income and emergency needs (26.67 percent) followed by devotion of savings for long term savings (21.11 percent).

Investors want to balance their income and growth objectives with top priority for income objective and second priority for growth objective.

More than half of the investors covered under the study had an investment time horizon upto five years.

More than half of the investors were willing to take modest risk while one-fourth was ready to take as much risk as possible.

One-third of investors were ready to take average amount of volatility for average returns while one-fourth accepted little volatility for higher returns.

Age, sex, occupation had significant impact on the investors financial dependence, investment objectives, willingness to take risk and on the extent of acceptability for investment volatility.

Educational qualification affected financial needs and investment objectives of investors.

Marital status had a significant impact on investment objective, willingness to take risk and volatility in investment value. Monthly
income and monthly savings had a significant impact on financial needs and investment objectives.

More than half of the investors covered had less than five years of investment experience while less than one-fourth had 6 to 10 years of investment experience.

All the investors covered under the study had invested in bank deposits and mutual funds followed by equity shares and post office savings schemes.

Majority of investors had invested less than 25 percent of their savings in mutual funds.

Majority of the investors had invested less than 25 percent in each type of financial assets.

Investors preferred bank deposit in the first instance, with the highest average score of 4.9 followed by post office savings scheme, equity shares. Investors assigned fourth preference for mutual funds.

Investors were of the opinion that bank deposits and post office savings schemes had the highest degree of safety followed by insurance policies, bonds, debentures and mutual funds.

For majority of respondents, investment experience in mutual funds was less than five years.
From return on investment point of view, less than half preferred funds providing regular income. From stability point of view, more than half chose schemes assuring safety of investment. From the angle of marketability of schemes, more than one-third preferred mutual funds assuring high profitability. From the tax benefit point of view, nearly half accepted schemes to availing tax concessions.

Age, occupation, monthly income and monthly savings had a significant influence on the selection of schemes based on the criteria of return, safety, liquidity and tax benefit.

Investors covered under the study had first preference for private sector joint venture (predominantly) Indian mutual funds, followed by bank sponsored mutual funds, private sector Indian mutual funds and institution sponsored mutual funds.

The most important benefit of investing in mutual funds was profitability followed by tax shelter and capital appreciation.

For investors, the main source of information providers on mutual funds was brokers / agents.

The investors had first preference for growth schemes followed by income schemes and money market schemes.
Goodwill was the most influential factor in the selection of the mutual fund, followed by investor services and the past performance.

The most important factor influencing the choice of mutual fund scheme was capital appreciation followed by fund objective, return on investment and safety.

Very few investors were fully satisfied with the performance, investor services and the opportunities provided by the IMFI and same were the case with the not satisfied category, so it could be inferred that investors in general were moderately satisfied as evident from the average score of 2 each.

Most of the investors subscribed to the following statements:

- Less risky nature of mutual funds compared to shares.
- Suitability of mutual funds to small investors hesitating to enter capital market.
- Ability of mutual funds to weather the market fluctuation.
- Risk and return characteristics of Indian mutual funds being not in conformity with their stated objectives.
- Investing in mutual funds is much better than bank deposit.
- Growth schemes are preferable to income schemes.
From safety of investment point of view, bank deposits and post office savings scheme were very safe investment avenues for investors. While brokers viewed equity shares to be highly safe followed by mutual funds.

The most preferred benefit of investing in mutual funds for investors was profitability followed by tax shelter and capital appreciation, as against brokers’ priority for portfolio diversification, liquidity of investment and professional management.

Highest preference was towards private sector joint venture (predominantly) Indian funds for both investors and brokers. Second rating was for bank sponsored mutual funds for investors and private sector Indian funds for brokers.

Investors and brokers had first rating for growth objective. Second preferred mutual fund objective was income.

The entire three category of respondents namely, investors, brokers and fund managers had first choice for the quality of service as the major factor determining the success of mutual fund organisation.

Attitude of investors had a marked bearing of their attributes like age, sex, and occupation. Investors’ in general invest less than 25 percent of their savings in each investment avenue. Investors assigned fourth
preference for mutual funds. Age, occupation, monthly income and monthly savings significantly affected the objective of selecting schemes. Private sector mutual funds were the most preferred sector for investors and brokers. Investors preferred mutual funds to enjoy the benefit of profitability and tax shelter while brokers preferred for its portfolio diversification, liquidity and professional management. Investors and brokers had a first choice for the quality of service as the major factor determining the success of the mutual fund organisation.

**CONCLUSION**

During the eight years of study period, the IMFI had shown a good progress in terms of number of private sector Indian mutual funds, number of schemes launched, funds mobilized and assets under management. There had been a good number of schemes been launched particularly in close-end type with income objective.

The hallmark of any mutual fund is to outperform the market both in rising and falling markets besides ensuring benefits of diversification. Of the sample schemes, Cangrowth Plus Scheme, Franklin India Bluechip scheme, Franklin India Prima Scheme, HDFC Capital Builder Scheme and SBI Magnum Multiplier Plus scheme outperformed the market in terms of absolute returns and Sharpe index. While Only SBI Magnum
Multiplier Plus scheme outperformed market in terms of Treynor index and also had positive Jensen alpha. All the three risk-adjusted performance measures showed significant agreement in ranking the sample schemes.

Of the sample schemes studied, SBI Magnum Multiplier Plus Scheme topped the list in all the three portfolio performance models. All the sample schemes (except LIC MF Equity Scheme) ensured positive returns due to stock selection skills of fund managers. The variance explained by the market was high in the case of SBI Magnum Multiplier Plus scheme. The market performance had a significant positive influence on scheme performance in case of all the schemes covered under the study. The present NAV is positively significantly correlated with that of its past NAV but the impact got reduced as the time lag increased.

The survey of investors’ perception revealed that, profile of investors has a significant impact on the investor’s decisions relating to investments and particularly mutual fund investments. Investors had high preference for bank deposits while brokers preferred equity shares. Regular income, safety, profitability and tax benefits motivated investors in the choice of scheme. Private sector joint venture (predominantly) Indian mutual funds were highly preferred by both investors and brokers.
Both investors and brokers prefer growth schemes followed by income schemes. Brokers / agents were the main source of information about mutual funds. According to investors, the most important benefit of mutual funds was profitability while portfolio diversification, liquidity of investment and professional management were very important for brokers.

Quality of service was the most important determinant of success for mutual fund according to investors, brokers and fund managers. Goodwill was the main criterion of choosing mutual fund organisation for all the three categories of respondents. For investors, capital appreciation influenced the choice of mutual fund scheme. For brokers, return on investment and safety affected the choice of mutual fund schemes. For fund managers, capital appreciation, liquidity and portfolio manager’s background were important criteria of choosing mutual fund schemes. Very few investors were fully satisfied while majority were moderately satisfied with the performance, opportunities provided, and services offered by the IMFI.

Investors and fund managers agreed that, investing in mutual funds were less risky compared to shares. Brokers and fund managers highly agreed that mutual funds were more suitable to small investors who were otherwise hesitant of entering into capital market. Fund managers
viewed that mutual funds have the ability to weather the market fluctuations and accepted that investing in funds is much better in terms of returns than depositing money in banks. Brokers opined that risk and return characteristics of Indian mutual funds were not in conformity with their stated objectives.

**SUGGESTIONS**

The analysis of the sample investors’ opinion shows that majority were moderately satisfied with the performance, investment opportunities and services offered by the Indian mutual funds industry. However, the sample mutual fund schemes were also not performing upto their expectations and does not provide adequate returns commensurate with the risk involved. Hence, for the better future of the Indian Mutual Fund Industry the following suggestions are made:

It is absolutely necessary to harness the savings of the nation especially from rural and semi-urban areas into financial assets and the **units of mutual funds** should certainly become one such asset that can attract these savings through a wide spread and efficient network of operations.

**Mutual funds** should build confidence in the existing unit holders as well as the public not covered so far. Mutual funds have to prove as an
ideal investment vehicle for retail investors by way of assuring better returns in relation to the risk involved and by way of better customer services.

**Mutual funds** as institutional investors have to ensure professional market analysis, optimum diversification of portfolio, minimizing of risk and optimizing of return.

The **fund managers** have to provide the benefits of professional management by way of market timing and stock selection skills.

The **Asset Management companies** by way of superior management, efficient market forecasting have to ensure not only out performance but also consistency in the performance.

While millions of potential investors are not fully aware of the modes of investments, most of the investors who have invested are not fully aware of their rights and obligations. Hence, the **Government** should arrange for more number of massive educational programs on investment avenues besides publishing ‘Investors guide’ enabling the investing public to take more informed investment decision. It would be more enlightening and effective if awareness programs were organised at the collegiate level so that students could become aware of investment avenues even before they start earning.
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SEBI and AMFI could carry out research works to introduce many mutual fund products proved successful in foreign countries but not yet introduced in India. Mutual fund activities could be linked with the banking institutions, through electronic clearing and plastic money for easy transactions and e-units of mutual funds.

The role of investors’ redress cell has to become more dynamic, efficient and wide spread so as to reach out to investors rebuilding confidence among existing unit-holders and generate interest among the potential investors. Mutual fund Ombudsman could be established for early settlement of disputes.

Investors have to make **self-analysis** of one’s needs, risk-bearing capacity, and expected returns so as to develop a prudent investment ideology. Investors have to be aware of the mutual fund regulations, the channeling of money, objectives of schemes, besides ensuring better diversification of investment.

**SCOPE FOR FURTHER RESEARCH**

The present study is confined to the regulated environment of mutual fund industry and to that of growth schemes. During the course of study it was observed that technological and environmental changes have many social implications. Government policies, changes in the financial
environment, income status have significant influence on the size of savings, preference for investment avenues and pattern of holding investments. Thus, there are several other important issues relating to mutual funds increasing the scope of this study. Hence, studies could be carried out in the following areas to substantiate the existing literature and contribute for the growth of the mutual fund industry.

In line with the role of foreign institutional investors in the stock market, the role of mutual funds can also be studied in terms of its influence on stock market sentiments, purchase and sale of securities.

As very few studies are available on money market mutual funds, studies could be carried out to identify the role of money market mutual funds as a short-term financial instrument and how far they are able to meet the demand and supply of short-term funds in the Indian financial system.

To pick up the pace of economic growth, inflow of foreign currency is a must. Hence, studies could be carried out to know the competency of offshore funds and to identify ways and means of improving offshore mutual fund operations.

Distribution as an integral part of mutual funds should be strengthened through advisory role and proper understanding of clients
risk profile to avoid mis-selling and loss of confidence at the industry level. Hence, survey could be carried out to identify better distribution strategies to attract the investing clientele.

The past period had seen a lot of mergers and acquisitions in mutual fund industry. The rate and nature of mutual fund attrition has its impact on the investing society and other existing mutual funds in the industry. The correction of attrition is highly important to avoid its negative impact on the earnings of the existing mutual fund schemes. Hence, research could be carried out on mutual fund attrition and the effect of survivorship bias on the other existing mutual fund schemes.

These are the possible areas of research work which can richly contribute towards the existing literature on mutual funds.