CHAPTER V
FINDINGS, SUGGESTIONS AND CONCLUSION

5.0 INTRODUCTION

Retail investors intend to invest little out of their earnings and they would like to have safety and security over the funds invested. There are plenty of investment opportunities available for these retail investors. One such investment avenue is mutual fund investments. Mutual fund is a peculiar investment opportunity whereby the asset management companies collect funds from the retail investors in smaller amounts by selling mutual fund units and investing them in larger amounts in various shares and securities such that these companies can provide assured and greater rate of return to the retail investors. Thus, the mutual fund investors have greater return with lesser risk. Therefore, retail investors prefer to invest their money in mutual funds.

There are a number of mutual funds with various schemes offered for retail investors. The retail investors have plethora of mutual fund schemes which offer attractive benefits to them. Retail investors prefer these schemes according to their requirements. However, it should be understood that which yardstick is used by retail investors for preferring these mutual funds and schemes offered by mutual funds. An extensive study on investors’ preference towards mutual funds in Namakkal District has been undertaken by the researcher which would help asset management companies to develop their marketing strategies and in the investors’ point of view, it will be helpful in careful selection of mutual fund schemes.
5.1 FINDINGS OF THE STUDY

The key findings of the study have been summarized in this chapter as given below:

5.1.1 PROFILE OF RESPONDENTS

The results of analysis of demographic profile of investors in Namakkal district revealed that the proportion of male investors (71 per cent) was greater than the proportion of female investors (29 per cent). Most of the investors (44.33 per cent) belonged to the age group of 31 to 40 years while there was a minimum of 5.67 per cent investors in the age group of ‘Above 50 years’.

It is realized from the analysis that about 44.67 per cent of investors have been graduates while 7.33 per cent of them have completed professional degrees. Most of the investors (65 per cent) were married and 1.33 per cent of investors were widows. The results showed that 34.33 per cent of sample respondents were carrying on their business whereas 3.67 per cent of investors were retired persons.

Out of 300 investors who have been investigated, 47 per cent of them had earned between Rs. 1 lakh and Rs. 3 lakhs annually while the annual income of 11 per cent of them was between Rs. 3 lakhs and Rs. 5 lakhs. Majority (69.33 per cent) of the respondents had annual savings of less than Rs. 50,000. Most of the retail investors (26.67 per cent) have invested in mutual funds with an objective to purchase assets in the future.

5.1.2 INVESTORS’ ATTITUDE TOWARDS SAVINGS AVENUES

Investors’ attitude towards savings avenues has been measured by using Garrett Ranking Technique. In this regard, respondents were asked to rank the selected savings avenues and based on their ranks assigned to each of these savings avenues, their attitude has been measured.
The results showed that investment in gold has been the most preferred investment avenue which is followed by investment in mutual funds and bank deposits. It denotes that retail investors prefer investment in gold mostly when compared to other investment avenues. All the top preferred investment avenues imply that retail investors would like to minimize the risk and maximize the return to the possible extent. These investment avenues also possess liquidity which reveals that retail investors are interested in maintaining the liquidity of their investments as well.

5.1.3 CURRENT ATTITUDE OF INVESTORS TOWARDS FINANCIAL INSTRUMENTS

Retail investors have various financial instruments for making their investments profitably. Out of these financial instruments, shares, debentures, mutual funds and bonds have been considered for this study and the respondents were asked to state their current attitude towards these financial instruments. Their attitude has been compared with their demographic profile.

5.1.3.1 SEX AND CURRENT ATTITUDE OF INVESTORS TOWARDS FINANCIAL INSTRUMENTS

Most of the male investors (116 out of 213 investors) considered that investment in shares has been highly favourable and the majority (37 out of 87 female investors) also considered that investment in shares has been highly favourable. It implies that investment in shares has been highly favourable according to 153 out of 300 investors. However, the majority (102 out of 213 male investors) felt that investment in debentures has been favourable and a similar attitude was expressed by majority (37 out of 87) female investors. It denotes that investment in debentures has been favourable in the opinion of 139 out of 300 investors.
Investment in mutual funds has been found to be highly favourable according to the majority (101 out of 213) male investors and (39 out of 87) female investors. It indicates that 140 out of 300 investors considered that investment in mutual funds has been highly favourable. Majority (81 out of 213) male investors opined that investment in bonds has been favourable and the same attitude has been expressed by majority (36 out of 87) female investors.

The results of chi square test reveal that there is no significant relationship between sex and all the four financial instruments selected for this study.

5.1.3.2 AGE AND CURRENT ATTITUDE OF INVESTORS TOWARDS FINANCIAL INSTRUMENTS

The relationship between age and current attitude of investors towards financial instruments has been examined in this study. Majority of investors belonging to various age groups opined that investment in shares has been highly favourable while the majority of investors in various age groups felt that investment in debentures has been favourable. However, majority of investors of different age groups considered that investment in mutual funds has been highly favourable whereas according to majority of investors in various age groups, investment in bonds has been favourable.

It is evinced from the results of chi square test that there is a significant relationship between age and current attitude of investors towards bonds while no significant relationship has been found between age and current attitude of investors towards other financial instruments.
5.1.3.3 ACADEMIC QUALIFICATION AND CURRENT ATTITUDE OF INVESTORS TOWARDS FINANCIAL INSTRUMENTS

Most of the investors with school level academic qualification stated that investment in shares has been highly favourable while a similar opinion has been expressed by majority of graduate investors. However, majority of post graduate investors and professionally qualified investors considered that investment in shares has been favourable. According to majority of investors with different academic qualifications invariably felt that investment in debentures has been favourable. Investment in mutual funds has been highly favourable as indicated by majority of investors with school level academic qualification and also graduates whereas majority of post graduates and professionally qualified investors recorded that investment in mutual funds has been favourable. The current attitude of majority of investors with different academic qualification was that investment in bonds has been favourable.

It is to be noted that there is a significant relationship between academic qualification and current attitude of investors towards shares, mutual funds and bonds. However, no significant relationship has been found between academic qualification and debentures. It implies that attitude of investors towards financial instruments vary significantly according to their academic qualification.

5.1.3.4 MARITAL STATUS AND CURRENT ATTITUDE OF INVESTORS TOWARDS FINANCIAL INSTRUMENTS

An attempt has been made in this study to examine the relationship between marital status and current attitude of investors. Majority of married investors deemed felt that investment in shares has been highly favourable while investment in debentures or bonds is found to be favourable and investment in mutual funds is highly favourable. Majority of unmarried investors had similar attitude towards all
the selected financial instruments except that of bonds which they considered as highly favourable.

It is understood from the results of chi square test that there is no significant difference in the current attitude of investors towards shares and debentures while a significant difference was observed in the current attitude of investors towards mutual funds and bonds with reference to their marital status. It implies that marital status of investors plays a vital role in determining the attitude towards mutual funds and bonds.

5.1.3.5 OCCUPATION AND CURRENT ATTITUDE OF INVESTORS TOWARDS FINANCIAL INSTRUMENTS

Retail investors are engaged in various occupations and for the purpose of this study, professionals, business people, salaried persons and retired persons were considered. Most of the professionals felt that investment in shares or mutual funds would be highly favourable while they considered that investment in debentures or bonds would be favourable. The majority of business people also had similar attitude towards financial instruments. The attitude of most of salaried persons and retired persons was also similar with respect to all the selected financial instruments except bonds. They expressed that investment in bonds would also be highly favourable.

The results of chi square test reveal that there is a significant difference in the attitude of investors towards shares with reference to occupation. The attitude of investors towards debentures was significantly related with their occupation. The occupation of investors and their attitude towards mutual funds and bonds were found to be significantly related. It indicates that the attitude of investors towards financial instruments varies significantly according to their occupation.
5.1.3.6 ANNUAL INCOME AND CURRENT ATTITUDE OF INVESTORS TOWARDS FINANCIAL INSTRUMENTS

According to the majority of investors belonging to various income groups, investment in shares would be highly favourable while investment in debentures would be favourable. The attitude of investors towards mutual funds would also be highly favourable with reference to majority of investors belonging to various income groups. However, majority of investors of different income groups felt that investment in bonds would be favourable.

It shows that there has been a significant relationship between annual income and current attitude of investors towards shares and debentures while no significant relationship has been found between annual income and current attitude of investors towards mutual funds and bonds.

5.1.3.7 ANNUAL SAVINGS AND CURRENT ATTITUDE OF INVESTORS TOWARDS FINANCIAL INSTRUMENTS

For the purpose of present study, annual savings of investors have been classified as Less than Rs.50,000 (Lower savings group), Rs.50,000 to Rs. 1 lakh (Middle savings group) and Above Rs. 1 lakh (Higher savings group). The attitude of majority of investors in these three groups towards shares has been found to be highly favourable while their attitude towards debentures varied to a certain extent. The attitude of majority of investors belonging to lower savings group and higher savings group towards debentures has been favourable while majority of middle savings group investors felt that it has been favourable. A similar attitude was expressed by investors towards mutual funds also. However, majority of higher savings group investors felt that investment in bonds would be favourable while investment in bonds would be highly favourable according to majority of middle income group investors.
It is observed from the results of chi square test that there has been no significant relationship between annual savings and current attitude of investors towards shares and debentures while the relationship between annual savings and current attitude towards mutual funds and bonds was found to be significant. It denotes that attitudes of investors towards mutual funds and bonds vary according to their annual savings.

5.1.4 PREFERENCE OF INVESTORS TOWARDS MUTUAL FUNDS IN FUTURE

The results of multiple regression analysis performed to examine the relationship between preference of investors towards mutual funds and demographic profile and objective of investment elucidate that there is a significant relationship between occupation and preference of investors towards mutual funds in future while the relationship between other demographic variables and preference of investors towards mutual funds is found to be insignificant. There has been no significant relationship between objective of investment and preference of investors towards mutual funds in future. It implies that the preference of investors towards mutual funds in future would vary according to their occupation.

5.1.5 PREFERENCE OF INVESTORS TOWARDS MUTUAL FUND SCHEMES

According to retail investors investigated in this study, growth scheme of mutual funds has been first ranked and income scheme of mutual funds has been second ranked. The third and fourth ranks have been assigned to tax savings schemes and money market schemes respectively by the selected investors. Balanced mutual funds scheme has been ranked in the fifth order while the sixth rank was assigned to index schemes of mutual funds by the selected investors.
5.1.6 PREFERENCE OF INVESTORS TOWARDS MUTUAL FUND SCHEMES BY MATURITY

It is found from the analysis that open ended scheme has been the most preferred mutual fund scheme according to the majority of investors.

5.1.7 REASON FOR PREFERENCE OF MUTUAL FUND SCHEMES

Reasons for preference of mutual funds schemes have been discussed in this study, which include safety, liquidity, flexibility, good return, capital appreciation, professional management, tax benefit and diversification of risks. Out of these reasons, safety and good return have been top ranked reasons while professional management and diversification of risks have been the low ranked reasons for preference of mutual fund schemes.

5.1.8 FUND RELATED QualITIES

The fund related qualities considered for this study include fund performance record, fund’s reputation or brand name, scheme’s expense ratio, scheme’s portfolio of investment, reputation of the fund manager/scheme, withdrawal facilities, favourable rating by a rating agency, products with tax benefits, entry and exit load and minimum initial investment. The sample respondents have rated these qualities as highly important, important, somewhat important, not very important and not at all important. Based on their ratings, importance of fund related qualities has been analyzed and it is found that fund related qualities have been important at the medium level according to majority (162 out of 300) investors. High level importance to fund related qualities has been given by 119 out of 300 investors while fund related qualities have been found to be least important according to 19 sample investors.
5.1.8.1 DEMOGRAPHIC VARIABLES AND FUND RELATED QUALITIES

The relationship between demographic variables including objective of investment and fund related qualities has been examined by using multiple regression analysis. The results revealed that significant relationship has been found between sex and fund related qualities. There is a significant relationship between age of investors and fund related qualities. However, the relationship between academic qualification of investors and fund related qualities is not significant. It is further observed that marital status of investors and fund related qualities are significantly related. No significant relationship has been found to be established between fund related qualities and occupation as also annual income of investors. The relationship between annual savings of investors and fund related qualities has been found to be insignificant and relationship between objective of investment and fund related qualities has also been non-significant.

It indicates that importance of fund related qualities given by investors varies according to their sex, age and marital status while academic qualification, occupation, annual income and annual savings of investors and their objective of making investments have no influence on the importance given to fund related qualities.

5.1.8.2 PREFERENCE OF GROWTH SCHEME AND FUND RELATED QUALITIES

It is found that there is a significant relationship between preference of growth scheme and fund performance record while the relationship between preference of growth scheme and fund’s reputation or brand name is also significant. The preference of growth scheme and scheme’s expense ratio are found to be significantly related. Preference of growth scheme is found to be significantly related to reputation of fund manager/scheme while preference of growth scheme is not significantly related to other fund related qualities.
5.1.8.3 PREFERENCE OF INCOME SCHEME AND FUND RELATED QUALITIES

The results of ANOVA performed to examine relationship between preference of income scheme and fund related qualities pointed out that there is a significant relationship between preference of income scheme and scheme’s expense ratio as also scheme’s portfolio of investment while no significant relationship is found between preference of income scheme and other fund related qualities.

5.1.8.4 PREFERENCE OF BALANCED SCHEME AND FUND RELATED QUALITIES

It is observed from the results of ANOVA that there is no significant relationship between preference of balanced scheme of mutual funds and any of the fund related qualities considered for this study. It reveals that while preferring balanced schemes, investors do not give importance to fund related qualities.

5.1.8.5 PREFERENCE OF MONEY MARKET SCHEME AND FUND RELATED QUALITIES

According to the results of ANOVA, there is a significant relationship between preference of money market scheme and fund performance record. The relationship between preference of money market scheme and fund’s reputation or brand name is also found to be significant. The preference of money market scheme and scheme’s expense ratio are found to be significantly related while preference of money market scheme is significantly related to scheme’s portfolio of investment. However, preference of money market scheme is not significantly related to other fund related qualities.
5.1.8.6 PREFERENCE OF TAX SAVINGS SCHEME AND FUND RELATED QUALITIES

It is realized that there is no significant relationship between preference of balanced scheme of mutual funds and fund related qualities considered for this study except entry and exit load. It reveals that while preferring balanced schemes, investors do not give importance to fund related qualities other than entry and exit load.

5.1.8.7 PREFERENCE OF INDEX SCHEME AND FUND RELATED QUALITIES

The results of analysis of variance indicated that no significant relationship has been found between preference of index scheme and fund related qualities except reputation of fund manager/scheme. It denotes that while preferring index scheme of mutual funds, investors give importance to reputation of fund manager/scheme and no importance is given to any other fund related qualities.

5.1.9 FUND SPONSOR QUALITIES

For the purpose of this study, fund sponsor qualities – reputation of sponsoring firm, recognized brand name of the sponsor, well developed agency and network of the sponsor and sponsor’s past performance in terms of risk and return have been considered. The relationship between preference of mutual fund schemes and fund sponsor qualities has been examined in order to find the extent of influence of fund sponsor qualities in preference of mutual fund schemes.
5.1.9.1 PREFERENCE OF GROWTH SCHEME AND FUND SPONSOR QUALITIES

Reputation of sponsoring firm and recognized brand name of sponsor have been significantly related to preference of growth scheme while the other fund sponsor qualities do not have significant relationship with preference of growth scheme.

5.1.9.2 PREFERENCE OF INCOME SCHEME AND FUND SPONSOR QUALITIES

It is observed that there is a significant relationship between preference of income scheme and reputation of sponsoring firm. The relationship between preference of income and well developed agency and network of sponsor is also significant while the other fund sponsor qualities have no significant relationship with preference of income scheme.

5.1.9.3 PREFERENCE OF BALANCED SCHEME AND FUND SPONSOR QUALITIES

It is surprise to note from the results of analysis of variance that there is no significant relationship between preference of balanced scheme and fund sponsor qualities considered for this study. It implies that while preferring balance scheme of mutual funds, investors do not give importance to fund sponsor qualities.

5.1.9.4 PREFERENCE OF MONEY MARKET SCHEME AND FUND SPONSOR QUALITIES

Preference of money market scheme is found to be significantly related to reputation of sponsoring firm and recognized brand name of sponsor. It is further understood that the relationship between preference of money market scheme and well developed agency of network of sponsor and past performance of sponsor in terms of risk and return is also significant. It denotes that while preferring money market scheme, importance is given to all the fund sponsor qualities.
5.1.9.5 PREFERENCE OF TAX SAVINGS SCHEME AND FUND SPONSOR QUALITIES

It is found that there is no significant relationship between preference of tax savings scheme and reputation of sponsoring firm. The relationship between preference of tax savings and well developed agency and network of sponsor is also not significant while the other fund sponsor qualities have also no significant relationship with preference of tax savings scheme. It indicates that no importance is given to fund sponsor qualities while preferring tax savings scheme.

5.1.9.6 PREFERENCE OF INDEX SCHEME AND FUND SPONSOR QUALITIES

It is astonished to note from the results of analysis of variance that there is no significant relationship between preference of index scheme and fund sponsor qualities considered for this study. It implies that while preferring index scheme of mutual funds, investors do not give importance to fund sponsor qualities.

5.1.10 INVESTOR RELATED SERVICES

In order to understand the importance of investor related services in selection of mutual fund schemes, four investor related services have been selected. They include disclosure of investment objective in the advertisement, disclosure of NAV on every trading day, mutual fund’s grievance redressal machinery and fringe benefits.

5.1.10.1 PREFERENCE OF GROWTH SCHEME AND INVESTOR RELATED SERVICES

The significant relationship between preference of growth scheme and disclosure of investment objective in the advertisement and mutual fund’s investors grievance redressal machinery reveals that importance is given to these investor related service while preferring growth scheme and no importance is given to other investor related services.
5.1.10.2 PREFERENCE OF INCOME SCHEME AND INVESTOR RELATED SERVICES

It is observed that there is a significant relationship between preference of income scheme and mutual fund’s investors grievance redressal machinery while preference of income scheme has no significant relationship between preference of income scheme and other investor related services. It reveals that importance is given only to grievance redressal machinery while preferring income scheme.

5.1.10.3 PREFERENCE OF BALANCED SCHEME AND INVESTOR RELATED SERVICES

It is surprise to note from the results of analysis of variance that there is no significant relationship between preference of balanced scheme and investor related services considered for this study. It implies that while preferring balance scheme of mutual funds, importance is not given to investor related services.

5.1.10.4 PREFERENCE OF MONEY MARKET SCHEME AND INVESTOR RELATED SERVICES

Preference of money market scheme is not significantly related to disclosure of investment objective in the advertisement and disclosure of NAV on every trading day while the relationship between preference of money market scheme and other investor related services has been found to be significant. It elucidates that importance is given to grievance redressal machinery and fringe benefits while preferring money market schemes.

5.1.10.5 PREFERENCE OF TAX SAVINGS SCHEME AND INVESTOR RELATED SERVICES

The results of analysis of variance performed with a view to understand the relationship between preference of tax savings scheme and investor related services revealed that there is no significant relationship between preference of tax savings
scheme and investor related services. It is an indication that no importance is given to investor related services while preferring tax savings scheme.

5.1.10.6 PREFERENCE OF INDEX SCHEME AND INVESTOR RELATED SERVICES

It is stunning to note from the results of analysis of variance that there is no significant relationship between preference of index scheme and investor related services considered for this study. It implies that while preferring index scheme of mutual funds, importance is not given to investor related services.

5.1.11 SOURCE OF INFORMATION

It is found from the analysis that business news papers and brokers / agents have been the major sources of information for investors towards mutual fund schemes while mail and stores display have not been recognized as the source of information by the investors.

5.1.12 PREFERENCE OF MODE OF COMMUNICATION

According to the responses given by the sample investors, the most preferred mode of communication is personal visit to the office which is followed by automated response and telephone message.

5.1.13 OPINION OF INVESTORS ON MUTUAL FUNDS AS ALTERNATE TO EQUITY INVESTMENT

Majority of investors (67 per cent) accepted that mutual funds serve as an alternate to equity investment while 25.67 per cent of investors stated that they have not accepted mutual funds as a means of being an alternate to equity investment.
5.1.14 PERCEPTION OF INVESTORS TOWARDS FEATURES OF MUTUAL FUNDS

The major features of mutual funds have been taken into account for observing the perception of investors. In this regard, mutual funds selected by investors have been classified as open ended, close ended and interval schemes.

According to majority of investors, help to realize the benefits of stock market investing is always beneficial for most of the sample investors. Return of principal amount has always been considered to be beneficial with reference to selection of mutual fund schemes.

Majority of sample investors felt that protection and guarantee of returns and principal is always beneficial and definite positive return by bank sponsored funds is also considered to be beneficial forever. Easy entry and exit load of mutual funds would always be beneficial according to most of the investors.

It is found that good returns have been considered to be always beneficial as pointed out by majority of respondents. Most of the investors felt that non-effect of ups and downs of stock market on return from mutual funds would always be beneficial with reference to selection of mutual fund schemes.

Meeting the various needs of investors and protection of investors of mutual fund industry by AMFI have been found to be always beneficial according to the majority of sample investors.
5.1.15 OPINION ON ALTERNATE TO EQUITY INVESTING AND PERCEPTION TOWARDS FEATURES OF MUTUAL FUNDS

It is found from the multiple regression analysis that opinion on alternative to equity investing is significantly related to four out of ten features of mutual funds selected for the present study. The features of mutual funds which have significant relationship with opinion on alternative to equity investment include help to realize the benefits of stock market investing, expectation of good returns, meeting various needs of investors and protection of investors of mutual fund industry and the unit holders by AMFI while the other features of mutual funds have no significant relationship with the opinion of investors towards mutual funds as an alternate to equity investment.

5.2 SUGGESTIONS

On the basis of findings of the study, following suggestions have been offered for Asset Management Companies to augment more investment in mutual funds.

Since the proportion of male investors is higher than the female investors, the mutual fund companies should arrange investor awareness programmes among different groups of women – working women, women professionals, women self help group members, housewives, etc.

The results of the study show that aged people do not prefer investment in mutual funds when compared with the investors of other age groups. Hence, the mutual fund companies should introduce regular income schemes which could attract the aged people.

Investment in mutual funds by retired Government servants / private employed has been found to be lesser than that of others. It denotes that the retired persons have not showed interest in making their investments in mutual funds. Therefore, pension
linked investment scheme shall be introduced to encourage them towards investments in mutual funds.

Individuals with higher income, i.e., annual income between Rs. 3 lakhs and Rs. 5 lakhs have not invested more in mutual funds than other income groups. In order to bring their attention towards investment in mutual funds, growth scheme shall be familiarized among them by conducting investors meet.

It is understood from the analysis that investors with lower savings (less than Rs. 50,000) showed keen interest towards investment in mutual funds. It reveals that investors with higher savings prefer investments other than investment in mutual funds. With a view to attract them, capital appreciation funds shall be introduced.

As the main objective of investors of mutual funds is to purchase assets in future, schemes with convertibility into assets shall be introduced. The investors shall be given an option of converting their NAV into specified assets at the time of maturity.

The preference of investors towards mutual funds significantly varies according to the occupation of investors. Hence, investors shall be permitted to shift the scheme of mutual funds according to their choice.

Since the growth scheme has been the most preferred mutual fund scheme according to most of the retail investors, the fund managers should concentrate on investing in securities which can have tremendous growth.
The open ended scheme has been the most preferred scheme of mutual funds since there is an option available to investors for subscription and repurchase of units on a continuous basis and also NAV related prices are declared on a daily basis apart from its liquidity which is the key feature of open ended schemes.

Since, the close ended scheme has not been preferred when compared with open ended schemes, the mutual fund schemes shall reduce the maturity period of the close ended schemes to 1 or 2 years so that its liquidity would be enhanced. According to the SEBI regulations, the investors shall be provided an exit route by selling back the units to mutual fund through periodic repurchase at NAV related prices.

Academic qualification, occupation, annual income and annual savings of investors and their objective of making investments have no influence on the importance given to fund related qualities. Hence, it is suggested that investors’ awareness campaign shall be conducted in educational institutions and other organizations to make the investors understand the importance of fund related qualities.

The aim of growth funds is to provide capital appreciation over the medium to long-term. It is found that there is a significant relationship between preference of growth scheme and fund performance record. Hence, the mutual fund companies are suggested to invest the funds carefully and effectively to yield more returns with a view to maintain a better fund performance record.

The aim of income funds is to provide regular and steady income to investors. There is a significant relationship between preference of income scheme and scheme’s expense ratio as also scheme’s portfolio of investment. Therefore, it is suggested that mutual fund companies should minimize the expense ratio and make
the scheme’s portfolio of investment optimum by investing the funds in fixed income securities such as bonds, corporate debentures, Government securities and money market instruments.

Out of four fund sponsor qualities discussed in this study, reputation of sponsoring firm has been significantly related to preference of most of the mutual fund schemes. Thus, it is suggested that the sponsoring firms should maintain their reputation by providing better services to their investors.

Since the investors’ grievance redressal machinery has been a crucial factor as indicated by the significant relationship with preference of different mutual fund schemes, it is suggested that the fund sponsors should establish online grievance redressal mechanism, both through e-mails and through mobile phones.

Mutual fund companies should use business newspapers and brokers / agents as their media of advertisement and publicity as most of the investors have stated that these sources have been the major sources of information for investors. Instead of sending group mails, mutual fund companies shall send individual mails to retail investors to draw their attention. As the troups mails are saved as spam mails most of the investors do not view these mails.

Since many of the investors prefer to visit the office personally to know the information about mutual funds, customer care executive shall be appointed to accommodate the investors and to answer their queries.

As according to the majority of investors, investment in mutual funds is an alternative to equity investment, the equity investors shall be approached and motivated to invest their money in mutual funds.
Since SEBI has banned entry loads and exit loads for direct purchase of mutual funds, AMCs should encourage investors for direct online investments so that it would be a win-win situation for both of them.

5.3 CONCLUSION

The individuals who earn more income than their requirement or expenses intend to protect the surplus for meeting their future and contingent needs by means of savings. While savings of excess income is an activity of safeguarding the money, investment is an activity of saving money with earnings. In the post economic reforms period, the investors have a lot of investment avenues to park their stake money. The investors are however, required to meet certain risks in order to maximize returns. Mutual funds offer assured returns on investment with minimum risks and hence, they have attracted the retail investors to a greater extent. Investment in Gold has been the most preferred investment avenue for retail investors; nevertheless, investment in mutual funds has plenty of schemes and options to cater to the needs of investors. Moreover, investment in gold results in import of the same which ultimately causes current account deficit. Thus, it is concluded that mutual funds are the best means of investment according to the retail investors of Namakkal District as well as in the point of view of economic development of the country.
5.4 FUTURE DIRECTIONS FOR THE RESEARCH STUDY

It is suggested that future research may be conducted to examine the investors’ preference to the investment avenues other than mutual funds. The role of financial or investment advisors in selection of investment avenues shall also be studied by the future researchers. In future, researches shall be conducted on women investors’ preference towards mutual funds and women empowerment.

5.5 SOCIETAL BENEFITS OF THE STUDY

The investment behaviour of the retail investors has increased in the past few decades. In this context, they want to understand the pros and cons of various investment avenues including investment in mutual funds. Due to economic reforms made in the country, the mutual fund industry has witnessed a tremendous growth, more mutual fund companies have entered into the industry and they are offering various schemes for the investors. This study has made an attempt to identify the preference of mutual fund investors and role of fund related qualities, fund sponsor qualities and investor related qualities on the selection of mutual fund schemes. Thus the study has provided an overview of factors to be considered by retail investors while selecting mutual fund schemes.