Chapter VII

Summary, Conclusions and Suggestion’s

This Chapter highlights on the overall summary of the study, important conclusions drawn by the researchers and important suggestions made by the researchers regarding to this study.

After a careful presentation of the introduction and concept of UTI mutual funds investment or unit trusts as they are known elsewhere, their schemes and classes, the regulation and strategies adopted for the benefit of investors, pricing of unit trusts and causes of price movement, progress and challenges and opportunities within this avenue of investment, the problems that are encountered by investors or cause hurt to them consequently. The present chapter attempts to summaries the findings, and drawn conclusions that could be of significant value and acceptable in the general population and the concerned groups.

This chapter is divided into four different parts i.e.

A) Summary of the present study.

B) Major Conclusions.

C) General Observations and

D) Important Implications.
A) Summary of the Study:

The entire study is summarized in the following eight chapters

1. Introduction.

This chapter provides the basic premise for the research study. The chapter begins with a prologue where concepts of UTI mutual fund are discussed in brief. This chapter also explains the various importance, advantages and disadvantages of mutual fund, generic choices available to the mutual fund investors, overview of the global mutual fund industry, comparative analysis of mutual fund industry of globe and India, Indian mutual fund industry at a glance like the, geographical distribution of the investor in India, income distribution of the investor in India, the chapter also highlight the assets under management of mutual fund industry in India, financial infrastructure of Maharashtra is also discussed in brief in this chapter. It also includes objectives of the study, hypothesis, methods and tools of data collection and, analysis of data.

2. Review of literature.

The review of literature pertinent to the research study is undertaken in this chapter. In this chapter different related studies are evaluated and reviewed with suitable comments, in this chapter the review of 28 books and 24 research papers and review has been taken regarding the different published and unpublished literature.
3. **Historical development of UTI.**

This chapter described the growth of mutual funds in India, it gives the detail of the advent of mutual fund in 1774 in Dutch and 1890 in England, it deals with the UTI crises and bailout of 1998 and 2001. It also highlights on the growth of the mutual fund industry in India in detail from 1964 to 1987 i.e. called the monolithic phase of the industry and also the Broadening phase of the industry from 1987 to 92, its also gives the details of emergence of the private sector mutual fund in 1993, growth and SEBI regulations in 1996, emergence of large and uniform industry from 1999 to 2004 and resources mobilized by mutual funds from 1992-2008.

4. **Legal regulatory frame work and fund structure of UTI mutual funds.**

The Fourth chapter is divided into two part, the first part of the chapter highlights the legal frame work of the mutual fund industry in Indian like the necessity for mutual fund regulations, regulatory jurisdiction of SEBI and RBI over mutual fund, role of the ministry of finance, company law board and stock exchange over mutual fund, the chapter also gives the detail of rights and legal limitation of a mutual fund unit holder his obligations, self regulatory organizations in India are also discussed in brief. The second part of this chapter highlights the fund structure and constituents of mutual fund in India like the sponsors of mutual fund, the trustees of mutual fund, the assets management company and the other constituents like the registrars and transfer agents, stock –brokers, selling and distributing agents and custodians, this part also gives the detail of various forms of fund merger and takeovers in India.
5. **Role of UTI and Various Financial variables**

The Fifth chapter deals with capital market, portfolio Management, equity market and its relation with UTI mutual funds like the major tasks of an equity portfolio manager, board types of equity instrument, portfolio management style. The chapter also highlights the various type of equity research done in mutual fund by the fund manager like the fundamental analysis, technical analysis, and quantitative analysis. It also gives the detail of debt market and mutual fund, government securities, corporate fixed income securities, the chapter discuss with the risk in investing and the portfolio management strategies used by fund manager. Trends in transactions on stock exchange by UTI mutual fund since January 2000 are also discussed in detail in this chapter.

6. **Data Collection and Analysis.**

This chapter contains the details of investment pattern of UIT customer’s in Marathwada region, it also highlights the choice of investors of mutual fund schemes, preference of the investors of mutual fund sector wise, criteria of the investors look while selecting mutual fund schemes, the perception of customer towards the factors influence the performance of mutual fund, what customers looks in mutual fund offer document, how much confidence the investor are having on the regulatory bodies on mutual fund and the major problems that faced by the investors of mutual fund of the Marathwada region also discussed in detail in this chapter.
7. Summary, Conclusions and suggestions

This last chapter mainly contains the summary, overall conclusion and, important implication mainly drawn from the analysis done by closely exploring the data compiled and constructed in the previous chapters.

B) Major Conclusions:-

1. 77% of male investors, whereas only 23% of female investors invest in UTI Mutual Funds in Marathwada region (Table 6.2)

2. 33% of investor’s have a income between Rs 10001 – 20000 per month, 32% of investor’s have a income between Rs. 5001- 10000 per month, 29% have a income of above 20000 per month. (Table 6.3)

3. 69% investors have invested less than Rs.100000 in Mutual funds whereas 31% have invested more than Rs.100000 in Mutual funds. (Table 6.4)

4. Nearly 45% of the investor’s are under graduates whereas 12% of the investor’s are post graduates, 11% are professional degree holders. (Table 6.5)

5. 79% of investors have an insurance policy in addition to their investment while 21% of investors do not have such policies. (Table 6.6)
6. Returns has been the main reason for preferring mutual funds as 41% of the respondents have opted for it, while saving is the reason for 28% of investor’s, risk tolerance for 23% and diversification for 8% of the respondents. (Table 6.7)

7. 46% of the respondents feel that savings is the major factor of difference for investing in mutual funds rather than in shares 22% of investor’s feel that tax benefits is considered as a factor to invest in mutual fund than investing in shares. (Table 6.8)

8. Investors have mainly gained knowledge about investments through friends showing the response percentage as 54%, while Media and Newspapers have influenced to an extent of 21% and 23%. (Table 6.10)

9. Most of the investors prefer Open ended schemes which nears up to 78% whereas the rest 22% prefer only Close ended schemes. (Table 6.12)

10. 46% of the respondents select the schemes on the basis of returns, while 23% select on basis of risk Management. (Table 6.13)

11. 34% of investors are aware of the risks related to their investment while 44% are aware only to an extent and the rest are unaware of such risks. (Table 6.15)
12. 79% of investors prefer their investment with a Growth option while the rest 21% prefer the Dividend option. (Table 6.17)

13. 63% of investors feel that Volatility is the main risk attached to their investment, while 19% feel that inflation risk is attached to their investment, 14% feel that Credit rate risk is attached to their investment and 4% feel that interest rate risk is attached to their investment. (Table 6.21)

C) General Observations

1. Mostly it was found that the AMFI broker who is dealing in direct stock market trading does not suggest investor to invest money in mutual funds as the commission is less as compared to direct stock market investing.

2. It was found that the fixed deposit in all banks including the private sector and public sector bank in Marathwada region is around Rs.39,000 core and that of mutual fund investment of people in Marathwada region is around Rs.350 core that is not even 10% of fixed deposit in bank, this shows that the awareness regarding mutual fund is very low in the region.

3. It was found that there is a lack of sufficient market depth of mutual fund in the region, lack of clarity about the risk associated with new schemes, lack of transparency in NAV computation of fund.
4. It was found during the study period that the Reliance Mutual Fund posted growth of 7.17 per cent in AUM at Rs 816,270.8 million in February 2009, attaining the top slot among all 35 fund houses. HDFC Mutual Fund witnessed 10.59% increase and attained second position. ICICI Prudential Mutual Fund attained 12.62% rise in their AUM to Rs 535140.76 million, securing third slot among all fund houses. LIC Mutual Fund 29.56% rise in AUM while Religare Mutual Fund a 23.99% rise.

5. It was found that the saving habits of our country is 23 % highest in the world only channelizing the saving in mutual fund is required.

6. There are 35 mutual funds players operating in our country which is much less than the US which is having more than 800 mutual fund players.

7. It is observed that mutual fund company are concentrating on A class cities only in Marathwada region are still at developing stage and these fund companies should concentrate on this B and C class cities also.

8. It was found that only 1.6 % of the total working population aged between 18-59 invest in mutual fund in country as the same is the case of Marathwada region where only around 34,430 peoples have found to invested there money in mutual fund.
9. It can be seen that even the industry may be actively creating awareness about the mutual fund as a assets class but majority of population still think that they cant afford to play in this class because it goes beyond there finical capacity.

10. It is observed that complicated application form, too many products, and lack of awanarenness about where to buy, from the reasons that have held potential investors back in investing in mutual fund.

11. It has been observed that the Indian mutual fund investor has lack of awareness about the debt schemes which gives high return as compared to traditional bank deposit.

12. It is seen in the mutual fund market that the brokers are keener in getting their brokerage rather giving proper portfolio to the investor which suit his requirement.

13. Mutual fund investors in India are not aware about the exit time of the fund specially the exit time of the closing debt fund.

14. The awareness of the exchange traded fund is very low in the mutual fund investor in our country as compared to other developed countries like UK, U.S and others.

15. Real estate fund has been a matter of question in the mind of the mutual fund industry in India from past two to three years with some
of the AMC can start it like H.D.F.C, DHFL, ICICI, and Kshitij Venture Capital Fund.

16. It has been found in our country that there is lack of awareness in the mutual fund investor regarding hedge fund.

17. It has been observed in India that there is lack of awareness in the mutual fund investor regarding the returns from dividends and growth options and also the tax structure of this type of mutual fund schemes.

**D Important Implications:-**

These areas where the mutual fund industry should focus on for future growth are:-

1. Educating the investor about the mutual fund with the help of appealing advertisement, supporting project and holding seminar and workshop programmes that will create powerful investor mindset about mutual fund.

2. Awareness regarding mutual fund should not be limited to only men or working women, the industry should also make awareness regarding mutual fund to house wife about the benefit of investing in mutual fund, they should make such awareness through T.V, Radio, Newspaper and Magazine.

3. As the popularity of people to invest in private sector is more than the public sector sponsored mutual fund, the public sector mutual fund
should compete with the private sector mutual fund through introducing innovative scheme and they should not be limited to older scheme.

4. The foreign sponsored mutual fund should make awareness to the investor that investing in there sponsored mutual fund is safe for the investor and the investor can get the same benefit or return as they get when they invest there money in local sponsored mutual fund.

5. The UTI should recruit professional fund manager in their AMC as majority of investors feel that fund manager is the face of Mutual Fund Company and the company should also check insider trading and keep a watch on investment made by the fund manager in stock market.

6. As SEBI and AMFI had laid down various regulations on mutual fund company in India investor have confidence on these regulatory bodies of financial market, but still it is the responsibility of the SEBI and AMFI that investors money are safe and the problems related to the investor or any other dispute of the investor are solved properly and timely.

7. Increasing the penetration of mutual fund products and bridge the urban-rural divide. The industry participants should try and open up the rural market so as to tap the potential that to date remains untouched i.e. breaking the big city limit.
8. There is great need for investor protection from market failures even though regulation is considered unnecessary in free market economy. It is considered fundamental to safeguarding the interest of investors in a volatile market.

9. Improving marketing of mutual fund products by developing new delivery channels, as it is seen that only 133 brokers or mutual fund sellers are there for the entire Marathwada region the number should be increased.

10. Educating the investor that mutual fund returns move with the market returns are not assured but portfolio diversification ensures better returns.

11. Introducing innovations in product design to suit all, having life cycle products like pension for protection as well as source of returns aligned with market movements.

12. Leveraging on technology for growth like UTI utilizing bank network branches and bank clients to sell their product using ATM of selected banks for redemption facilities and enhancing liquidity.

13. As like the Indian insurance industry, UTI should penetrate rural areas of Marathwada region with simple and limited product.
14. The UTI should start the concept of certified financial advisor CFA like in US so that the investor’s money must invested in right place and at right time.

15. The UTI should emphasis on better corporate governance and should try to curb the late trading practices.

16. Giving the customer awareness is the prerequisite for the achievement of the industry growth potential, there is a need for planning, financing and executing initiatives aimed at increasing financial literacy and enhancing investor education across the entire country through a sustained collaborative effort across all stakeholders.

17. UTI with support from CII, AMFI and NISM should rollout customer awareness campaigns and provide infrastructure, content and speakers for running the campaigns on a pan India basis over a sustained Period of five years.

18. Social marketing firms and media companies should design effective and meaningful mass media campaigns in multiple languages using television, hoardings, flyers, street plays and other mechanisms to reach the masses.

19. The India Post and public sector banks should be used to promote customer awareness by using their infrastructure for conducting awareness programs and campaigns in cities and towns of the Marathwada region.
20. Investor associations, self help groups and other affinity groups should be identified to facilitate investor workshops in cities and towns of the Marathwada region.

21. UTI through AMFI should conduct a nationwide survey of customer needs across liquidity, risk, frequency and quantum of contribution to determine product variants and features that meet customer needs.

22. The UTI should allow investible surplus of investors to be invested at any time in ongoing schemes with a flexible SIP option.

23. The UTI should introduce simple products that have features of capital protection with returns that are higher than traditional products and limit market risk.

24. The UTI should focus on designing of products around women and children related needs, given the growing dominance of women in influencing investment decisions in households across the country. Further commodity related, crop related and agriculture oriented fund products may be conceptualized and developed by cater to segment specific needs.

25. The UTI should focus on product appeal for the low income group by keeping ease of investment and minimum thresholds within affordable limits.
26. Regulatory framework should allow niche players to coexist with players having a diversified product portfolio without raising requirements for minimum net worth. These requirements should be common at the industry level, irrespective of product portfolio mix.

27. The UTI should encourage the introduction of customized ETFs for retail and institutional customers.

28. The UTI industry should enable investments through mobile telephony.

29. Pricing innovations should focus on distributor compensation and administration.

30. Enable flexibility in regulations to allow customers to pay for the advice and service rendered by the distributors through varying arrangements based on the method of purchase, degree of service provided and the timeframe for payment. Some options include exploring the possibility of introducing a multiple share class structure with pricing options for front-end load, back-end load and fixed annual fee as a percentage of all investments.

31. There should be Training of employees in the public sector network including India Post, Nationalised Banks, Regional Rural Banks and Co-operative Banks, on sale of mutual fund and basic financial planning concepts through the “Train the Trainer” approach, so that
they may be inducted as trainers to support customer awareness campaigns run by NISM and AMFI.

32. The UTI AMC should commence sale of mutual fund through the branch network of India Post, Nationalised Banks, Regional Rural Banks and Co-operative Banks by focusing on Tier 2 and Tier 3 towns initially.

33. Boosting the presence of Investor Service Centers (ISCs) through R&T Agents in Tier 2 and Tier 3 towns and utilize their presence to promote customer awareness of mutual funds.

**Overall Summary**

Mutual Fund is a trust that pools the savings, which are then invested in capital market instruments such as shares, debentures and other securities. It works in a different manner as compared to other savings organisations such as banks, national savings, post office, non-banking financial companies etc. As most, if not all capital market instruments, have an element of risk, it is very essential that the investors have a clear understanding of how a mutual fund operates and what are its advantages as well as limitations. This understanding has to be created in the investors by the distributors engaged in the marketing of mutual fund products. The distributors should also be knowledgeable enough to answer fundamental and basic questions that will be raised by the investors. It is thus essential that those engaged in marketing of Mutual Funds - such as individual agents, distributor companies, bank executives and others - have a comprehensive, clear and correct
understanding of the concept and working of Mutual Funds as well as essential operational and technical details.

The Indian mutual fund industry in the past decade has grown approximately Rs. 7000 crore to a Rs. 6,00,000 crore industry. However, in India mutual fund industry is still in the growing stage. The private sector mutual funds permitted since 1993, with the financial sector reforms, are still to make their mark and prove themselves to the investors; Mutual funds have opened avenues for the development of Capital market and mobilising Savings. For their orderly growth, it is pertinent that the investor’s interest should be protected. After investment, services of a high order and Quality should be guaranteed. The encouraging public response to the Mutual Funds reveals the potential of mobilising the savings of the masses for industrial finance. The securities scam and the subsequent fluctuations in the share prices have made the public reluctant to invest their savings in the stock market and Mutual Funds can make the use of this opportunity to mobilise the savings of the economy. The Directors of the Mutual funds have to accept the challenges to analyse the needs and investment preferences of the investors and device schemes to suit their needs. Indeed, with entry of private sector mutual funds, this industry is posed for a tremendous growth. No doubt mutual funds will have a major role in mobilising the savings of the household sectors, in the years to come.

**Suggestion for further research:**

There are no dearth studies on mutual fund throughout the country. The growing influence of globalization has made the investment or a study relating to investment more important because there are a number of
opportunities for investment in the Global and Indian market. The need is to know when how and where the investment should be made which will give fair rate of return. Very few studies have concluded so far on Indian mutual fund industry. No attempt has so far been made for the study of Mutual fund market in Maharashtra state and Marathwada region in particular. This study reveals the data regarding the mutual fund for 2002 to 2007 is considered. As mutual fund is subject to market risk there are various changes in it, according to changes in stock market and there new and innovative product launched by the mutual fund industry with their changes in legal framework of the mutual fund, their is continues need of research on mutual fund industry, that will help not only to the investors but to the mutual fund industry, Government, researchers and academicians.

The performance of Indian Mutual funds may be examined by taken an enlarged sample by using both the price and Net assets value (NAV) Data one can use more than one method in relation to testing the market and its ability of fund manager. There is an urgent need to examine this issue further in terms of other undertaken to find out weather or not Indian investor or mutual fund manager use any market timing techniques.

Due to time and cost constraints this study covers only the mutual fund industry from Marathwada region, but for the post doctoral research it needs to cover all the regions for the mutual fund industry. To the other researcher it will provide the wider scope to study the Maharashtra state, other states mutual fund industries and whole Indian mutual fund industry also. The researchers can go for comparative study also with Maharashtra state and other state; they can go for national and international level also. In
this mutual fund studies the researchers can go thoroughly for the problems and prospects of investors, profit margin, the indication for the real investor and new emerging trends in the mutual fund industry. The researchers can provide proper guidance for the share market, B.S.E, N.S.E and other stock market also there will be wide scope for sizeable samples also.

In any Mutual Fund Industry investors awareness plays an important role. With the increasing number of Mutual Fund organisations, there is a need for every company to educate investors and the general public on various aspects concerned with the mutual fund investments which in turn reveals their attitude towards such investments.

From the study on “A Study of Significant Aspects of Unit Trust of India (UTI)”, it is found that the investors have a positive attitude towards their investment made in UTI Mutual funds. Majority of the investors prefer Mutual Funds for the returns and feel that it is a safe measure of investment. The investors select the schemes considering the returns earned from them. The preferred schemes and funds are the Equity schemes and Open ended funds. Though the investors are not aware of the risks attached to the investment they have a positive attitude towards the mutual funds.

The investors are satisfied with their investment in UTI Mutual Funds. The investors also feel that the annual reports and other publications of the concern help them analyse the performance of their investment. The organisation can educate its investors on the risk and return in order to make their investments more effective. The investor’s education programme can be conducted by the organization in order to educate the investors.