FINDINGS, CONCLUSION AND SUGGESTIONS

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6.1. Introduction:

This thesis attempted to analyze the awareness about mutual fund investment among the people of Kalyan Dombivli Municipal Corporation region. The research focused on the awareness and perception about Mutual Funds in KDMC region and also attempted to find out behavior differences among the people in different wards of KDMC while investing in mutual funds.

This chapter presents the major findings of the study and suggestions and conclusions. It tries to track the demography of investors as well as brokers. It provides clues to behavioral pattern of investors, their preferences for different investment avenues and different mutual fund schemes. It also focuses on importance given by respondents to different important factors before and after investing in mutual fund and their overall experience about Mutual Funds. The major findings of the study are listed below:

6.2. Findings:

1. Total 1000 respondents were analyzed to understand the awareness about mutual fund investments and their perception about mutual fund investment. Out of total 1000 respondents,

   a. 63.4\% were male respondents and 36.6\% were female respondents.

   b. 28.50\% of respondents were in age group of up to 25 years that is young generation, 37.60 \% were in age group of 25 - 40 years, 27.60 \% were in age group of 40 - 50 years and 6.30\% were above 50 years of age.

   c. 29.70 \% were HSC passed, 40\% were graduates and 30.30 were post graduates.

   d. 42.10\% respondents were from income group of Rs. 10,000 - 25,000, 25.20\% were in income group of Rs. 25,001 - 40,000, 16.20\% in income range of Rs. 40,001 - 50,000 and 16.50\% were having income above Rs. 50,000.
2. An analysis of the data about what are the purposes of respondent for investing their savings, it was found that majority of male as well as female respondent give priority to future safety followed by children’s education and purchasing home is at rank 3 for all the respondents. Thus, it is seen that gender wise there is no difference for purpose behind investment.

3. Investors are having so many options of investment in real assets and financial assets. Each option differs in it’s risk, returns, liquidity, safety simplicity etc. Secondly the investors’ purpose while investing also differs significantly depending upon their age, income and education etc. and hence there lies significant difference in preference for investment in Mutual Funds and other Investment options. On analysis of data about investors’ preference, it was revealed that the fixed deposit was the most preferred investment avenue because of its safety and liquidity features and at the same time it offers guaranteed returns. The next most preferred investment avenue was insurance because from investors’ point of view it is security against future unexpected problems due to ill health or death of earning member. Hence, first investor tries to secure himself for future and then thinks about maximization of wealth.

Mutual fund as an investment option at first three ranks was preferred only by 24% of the respondents. Only 6% of the investors had given first rank to the mutual fund in their investment portfolio. But at the same time shares, bonds and commodities are having lesser preference than the mutual funds. When the responses were collected from the investors about their preferences in case their income increases further, it was found that the mutual fund is at 4th rank. After fixed deposit, real estate and gold, mutual fund is the most preferred investment avenue.

Further, Mann Whitney U test is used to find out the differences between two groups (investors aware of Mutual Fund Investment and investors not aware of Mutual Fund Investment) about preferences for different investment avenues. It was observed that awareness and experience of investing in mutual funds
does not have much effect on their preferences for different investment avenues.

4. There is a difference between awareness of mutual fund as an investment option and having the detailed technical knowledge about its functioning. The association of awareness of mutual fund investment with demographic factor was tested with the help of Chi Square test, which revealed that:

   a. There is significant relationship between age of the respondents and perception towards the mutual fund. As the age increases the investors becomes more secured because of savings made over past years earnings. And hence are ready to take risk to certain extent. They are finding for the non conventional investment avenues which give more returns.

   b. There is significant relationship between income of the respondents and perception towards the mutual fund. As the income increases the savings as well as risk appetite of the investor also get increased. And this is the main reason why the most of the investors with more income are aware of the mutual fund and mutual fund is preferred at 4th rank in case their income increases.

   c. Mutual Fund investments though from one angle seems to be very easy way to enter into stock market and grab it’s benefits with lesser risk, still with too many competitors and thousands of different schemes, difficult to analyze and understand. Hence education matters a lot in understanding the mutual fund industry. The present study has also reflected the same fact by showing significant relationship between education of the respondents and perception towards the mutual fund.

5. The basic purpose behind the study was to know about the awareness of mutual fund investment among the people in KDMC region. On data analysis it was revealed that majority of the respondents (77.20%) were aware of
mutual fund as an investment avenue. The awareness was almost same among male and female respondents. More awareness (86.32% of the young investors are aware) was seen among the youngsters. Less awareness was observed among middle age group respondents. It was observed that education is not having much impact on awareness of respondents. Though majority of respondents were aware of mutual fund investment as one of the investment options, still only 62.20% of respondents were investing or ready to invest in mutual fund. This is because non investors feels that it is high risk Investment Avenue as it is associated with the share market. Youngsters are more interested for investing in mutual fund as compared to middle age and elder age respondents. There is no much difference because of income level in interest shown by respondents for investment in mutual funds. Maximum respondents were ready to invest up to 25% of their savings in mutual fund.

6. Mutual Funds are gaining the popularity in recent years. Hence more and more youngsters are entering into mutual fund industry but in elderly age group the entry in mutual fund industry is reduced. Hence, it can be concluded that it is the preferred investment option for the youngsters. While investing 70.42% of the youngsters prefer for one time investment option and 60.87% in elderly age group people prefer SIP as their preferred mode of investment. It is because the elder age groups are having different priorities for their savings and investment and as the age increases they are more cautious about their investments. But youngsters' capacity and willingness to take risk is always more, hence they preferred one time investment mode. On overall analysis of brokers’ data, it was found that SIP was the most preferred mode of investment in Mutual Fund.

7. The data analysis to know the preferred type of mutual fund revealed equity funds as most preferred type of fund of investors. 70.42% of the respondents choose equity fund as their preferred type of mutual fund. It is because maximum of the investors those who are investing in mutual fund are aware of the risk factor in it and they know that if the risk is taken the can get more returns also. Hence, they did not find much difference between the debt fund,
hybrid fund and other safe investment avenues available in the financial market like Fixed Deposits and Bonds. So if investment is to be made in mutual fund industry, then equity funds was the only type of fund up to their expectation. But when brokers response were analyzed, they were of the opinion that, hybrid fund is the most preferred type of fund. It shows the need for the brokers to study the investors’ preferences.

8. Only 67% of respondents were aware of the risk in mutual fund investment, 33% of the respondents were not aware of it. Many of the youngsters were not aware of the risk factors in the mutual fund investment. When it was analyzed with education, it was observed that highly educated people were more aware of the riskiness of the mutual fund investment.

9. 100% of the brokers felt that risk involved in mutual fund investment is moderate where as 47.80% of the investors felt that there is moderate risk. And 17.70% of investor felt that there is no risk. So it can be concluded that many of the investors were well aware of the fact that there is no much risk involved in mutual fund investment.

10. Mutual Funds invest the pooled funds in various options available in capital market. As it is associated with capital market and share market it involves the risk. 76% of the respondents were well aware of this fact in which, the highly educated and elderly people were more aware of it. This may be due to more investment experience and obvious education makes a difference while understanding the minute details about anything.

11. Income level and age does not make any difference in attitude of the investors while taking complete information before investing in mutual fund. It was observed that though the maximum of the investors 82.64% take complete information before investing in mutual funds, educated people are taking more interest compared to less educated people.

12. Elderly age group people were less interested in analyzing the information
they take before investing. It may be due to lack of knowledge and skills and no desire to learn the new things in latter age. Out of total 72.15% of the investors who were analyzing the information, more awareness was seen in lower income group. It is quite obvious that those who are having little funds to invest are more cautious about its investment.

13. Mutual Fund investors in KDMC region preferred Growth Scheme at first rank followed by Income Scheme on second rank and Balanced Scheme at third rank. Even on the basis of brokers sales Growth Fund Schemes were at number 1, followed by Income Fund Schemes at number 2 and Balanced Fund Scheme at number 3. Hence it can be concluded that the Growth Scheme of Mutual Fund is the most preferred scheme in KDMC region followed by Income Scheme and Balanced Scheme.

Further the preferences for various mutual fund schemes were observed in association with age, income and education the summary result of the same are given below.

**Table No. 6.1**

**Preferences for Various MF Schemes in association with Age, Income & Education**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Preference For</th>
<th>Association with</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Age</td>
</tr>
<tr>
<td>1</td>
<td>Income Fund Scheme</td>
<td>Significant</td>
</tr>
<tr>
<td>2</td>
<td>Growth Fund Scheme</td>
<td>Significant</td>
</tr>
<tr>
<td>3</td>
<td>Balanced Fund Scheme</td>
<td>Significant</td>
</tr>
<tr>
<td>4</td>
<td>ELSS Fund Scheme</td>
<td>Insignificant</td>
</tr>
<tr>
<td>5</td>
<td>Index Funds Scheme</td>
<td>Significant</td>
</tr>
<tr>
<td>6</td>
<td>Gold ETF Scheme</td>
<td>Insignificant</td>
</tr>
<tr>
<td>7</td>
<td>Sector Funds Scheme</td>
<td>Insignificant</td>
</tr>
<tr>
<td>8</td>
<td>Other Funds Scheme</td>
<td>Insignificant</td>
</tr>
</tbody>
</table>

On analysis of about table it is observed that:
a. Preference for income scheme is associated with age and education level. Income level of an investor does not affect much the preference for income scheme.

b. Preference for growth scheme is associated with age, income and education. 99.70% of the investors prefer growth scheme. As the growth schemes are directly associated with equity market and involved more risk, lower age group respondents are not ready to prefer growth scheme as their first preference. Even the respondents in lower income group do not have growth schemes on their first preference ranking. It is also the most preferred scheme of post graduate investors. So it can be concluded that the demographic factors affects the preference for growth scheme.

c. Balanced scheme is combination of both income and growth schemes. Youngsters are always ready to take more risk for better returns and hence it is least preferred by them. At the same time people having more income can have the same attitude and therefore even they did not prefer balanced scheme much as compared to lower income group.

d. There are so many options available for tax saving investments and hence ELSS scheme was preferred only by 40% of the respondents. This preference does not have any association with age and income, as tax saving is the concern of all the age groups and income levels. But the post graduates give more importance to ELSS Scheme as compared to lower educational level groups.

e. Index Fund Scheme, Gold ETF Schemes, Sector Fund Schemes and other unique ideas schemes are not much popular among the investors and demographic factor also does not make much difference while selecting this type of schemes. It shows that investors are always interested in investing tried and tested investment avenues.

14. Various sources like reports by media, publications of mutual fund companies,
consultants, family and friends are available to the investors for collecting the information about Mutual Fund. By whatever source the information is collected, selection of type of mutual fund, scheme and company depends on in depth analysis made by them, which in turn relates to their attitude and temperament towards the investment objective. The in depth analysis of mutual fund involves analysis of past performance, current NAV, rating given by Research Agencies, newspapers & magazines, reputation of mutual fund company, fund manager, portfolio of the scheme, exit load, availability of tax benefits, turnover, asset size etc. It is observed that demographic factors age, income and education are very much significant while giving the importance to the various factors listed above for mutual fund investment.

15. The mutual fund investors can add money to the mutual fund scheme in which they have invested. They can take the decision to withdraw or transfer the money to another scheme. All these decisions are possible if the investors are monitoring the performance of Mutual Fund Scheme in which they have invested. It is revealed from the data analysis that the behavior of the investor in connection with monitoring the performance of the Mutual Fund Scheme is associated with demographic factors, age, income and education. Youngsters and elderly age group people were keener in monitoring the performance as compared to middle age group. It may be so because generally in middle age group a person is having more responsibilities to handle.

16. It is a normal tendency of a human that when he is having little, then he is more cautious about it’s safety. And this is the reason the young generation’s frequency of monitoring the performance of mutual fund is more as compared to other age groups. Even education affects the tendency to monitor the performance. HSC passed and graduates were more regularly monitoring the performance as compared to post graduates.

17. The Chi Square Analysis for testing association of various factors relating to in depth analysis and demographic factors age, income and education revealed that age and education were having significant impact on knowledge,
preferences and behavior pattern of investors while investing in mutual fund as compared to income. The test was applied on 26 factors out of which while analyzing association with age only 5 were found insignificant and in association with education only 7 were found insignificant and in association with income 12 were found insignificant.

18. KDMC region includes urban area as well as rural area. 35% of the area is covered by slums. Hence, there is a vast difference in demography of the population which is spread over the 7 wards of KDMC. And as the Mutual Fund Investment is significantly associated with age, income and education, there is significant difference between investors’ behavior across the KDMC wards. The findings for the same indicated that:

a. Demography of respondents over the various wards is different as all these seven wards are having different type of areas covered under it such as rural, semi-urban and urban area. Hence, on analysis of the data it was found that preference of the respondents were different in case of sources for collecting information, source of purchasing mutual fund, sources to analyze the performance of mutual fund etc. Even the differences are found in behavioural pattern while analyzing the data about taking complete information before investing in mutual fund, selecting preferred time horizon for investment, reasons for not investing in mutual fund etc.

b. For statistical analysis Kruskal Wallis Tests was applied on 11 variables out of with only 3 were found insignificant which showed that there was a significant difference in behavior pattern of investors over the various wards of KDMC region.

19. Some investors were not interested in investing in mutual fund because of lack of information and they feel that the mutual fund investment is related to share market hence it is risky. In opinion of Brokers also, lack of interest of some of the investors in KDMC region, there were only two reasons that is lack of
proper information and mutual funds are related with share market.

20. Maximum people in KDMC region were aware of mutual fund investment. But the knowledge about the technicalities and functioning about mutual fund is less in this region. Hence, there is a need to create awareness about the functioning of the mutual fund among the people of KDMC region. When the information was collected from the investors and brokers it was found that there were not sufficient help centers in KDMC region and even the Investor Awareness Programs are not conducted in this area with proper frequency.

6.3. Conclusion:
The mutual fund industry has become highly competitive. To become successful in industry it is a core requirement for its marketers to understand the buying behavior and preferences of investors. The present study analyses the mutual fund investment in relation to awareness among the investors about it and also the perception of investors towards mutual fund investment.

Investors select mutual funds on the basis of regular income, safety, profitability. Investors prefer growth schemes followed by income schemes. Experts & consultants & market trends were the main source of information about mutual funds. Important factors while choosing mutual fund schemes were reputation of Mutual Fund Company, mutual fund manager, past performance of the company and tax benefits. Whereas Asset size/total capital of the mutual fund scheme is given less importance while selecting the mutual fund scheme. On an average 78% of the Investors were satisfied with the performance of the mutual funds they had invested in. The major reason for unawareness about mutual fund among the investors is lack of information.

Mutual funds are good source of returns. Even though there is ample opportunity to invest in various types of mutual fund schemes still average investors are restricting themselves to the conventional options like Fixed Deposits and gold. Many people hesitate to invest in mutual fund because of lack of information and its association with share market. People investing in mutual funds are not clear about how they function. And because of it they are not able to manage them. So the organizations
which are offering mutual funds have to provide complete information to the prospective investors relating to mutual funds.

In order to maintain investors’ confidence in mutual funds, they should be communicated about the updates and recent trends in the mutual fund industry. Investors’ expectations are to be placed at center place by mutual fund companies, AMCs and regulatory authorities while formulating the various strategies. The main task before mutual fund industry is not only launching the attractive schemes but it has to find out the potential investors for that and to convert them into reality investors. Thus, it has to match the investment with the investors. It's really a challenging task as each investor is having different requirements and financial objectives.

The industry is continuously taking the efforts in capacity building initiatives, in which new Web Technology has helped to a great extent. Web technology is put to use for finding the prospective customers at the same time meeting the compliance requirements. It has also helped to save the cost and time which is having a positive impact on the profit. Mutual fund industry has already started using E-Commerce platform which has opened a larger market for Mutual Funds. But again it has to be observed that investors’ education about mutual fund industry is the firm based to get the results of all these new developments. Numbers of mutual fund schemes are there in the market which could not fulfill the expectations of the investors. Again it is the challenge before the mutual fund companies to motivate and turn the NMFI (Non Mutual Fund Investors) to invest in mutual funds. The major reason revealed is lack of information and perceived higher risk among the investors.

The investors who have suffered losses in capital and share market and potential investors hesitate to enter the mutual fund industry as it is a part of capital market. Hence the awareness of mutual fund is a need of the hour. The growing needs and wants, future uncertainties, returns at regular intervals with less risk factor are turning majority of the young investors towards mutual fund industry. The mutual fund industry should take note of it and employ it in a better way to take itself to new heights.
6.4. Suggestions:

Even though the mutual funds are good source of income, the people lack awareness and information towards mutual funds. So the following suggestions were made in order to increase the awareness and development of Mutual Fund Industry.

1. Even among the investors who invest in mutual funds are unclear about how they function and how to manage them. So proper information must be provided to the investors by brokers, AMCs and Mutual Fund Companies in order to increase the loyalty among the investors.

2. The Mutual Fund companies should also try to change their advertisement pattern. They should also pay attention towards educating the investors along with giving advertisement to their schemes launched.

3. Mutual Fund Awareness Program followed by personal services for small groups of prospective investors will also have the great help in increasing the awareness among the investors.

4. Fund manager should invest the funds collected in such a manner which can guarantee the returns to some extent at the same time liquidity must be ensured.

5. Investors are having various sources to get the information about the mutual fund schemes such as companies' reports, rating by research agencies; newspapers; audio visual Medias, etc. But at the same time AMCs should see to it that the information should reach to the investor in simple, jargon free, common man's language. Instead of giving the technicalities and charts etc. more lucid language which will be understood by common man should be used.

6. AMCs should try to contact the investors directly instead of relying on the brokers and distributors. They should conduct surveys in different localities with the help of Brokers and Distributor and find out regions with good
number of prospective buyers. They should setup investors help centers in such regions to be in touch with prospective investors. These efforts will help to turn the prospective investors in real investors.

7. Though the investors wish to monitor the performance of the mutual fund schemes regularly, it's become difficult for them in their busy schedules. Hence AMC should inform the investors NAV through SMS facility. The option should be asked to investor about at what frequency (whether weekly, fortnightly, monthly or yearly) they wish to know the NAV.

8. Nowadays Digital India Movement is in full swing. Various Financial Institutions are giving their application software on the consumer's smartphone to make them aware of the happening about their investment and also gives them important alerts. AMFI and SEBI should also develop user friendly software application which will give the information about the mutual fund industry. The software application should also be developed by AMC to give the information about various schemes of mutual funds issued by that AMC and updates about it.

9. AMFI and AMCs have understood the importance of conducting training programs and they are conducting such training programs on a large scale. But along with these face to face training programs, they can upload the video of training programs on web and even email it to various prospective investors. A care should also be taken to regularly upgrade it.

10. Regular training and refresher sessions should be organized for brokers and distributors, because they are very important link between the investors and AMCs. The investors relies more on them rather than the information released. Therefore, they should be adequately equipped and motivated to guide the investors.

11. Brokers should be given a platform where they can share their views and give suggestions to AMC. Brokers’ opinion will definitely help AMC to make the
changes in current scheme and to develop the new mutual fund scheme as per
the requirement of the investors. Brokers’ complaints should be taken
seriously by the AMC.

12. The AMCs give more incentives to the brokers and distributors who are giving
more business. But they can also be given the incentives in a non monetary
form by appointing the brokers on the advisory board of the mutual fund
scheme. It will help them to get the direct information and views of the
investors and also boost the morale of the brokers which will help to attract
more and more number of investors.

13. Feedback should be taken from the existing investors at regular intervals.
Investors’ complaints should be given first priority. Good quality of portfolio
services should be given to investor as a complimentary service.

14. While launching any new scheme heavy advertisement should be made and
investors’ awareness program should also be arranged along with brokers’
distributors training programs. The Mutual Fund Companies should categorize
the investors on the basis of age and education while planning the schemes.

15. UTI Mutual Funds are regulated by UTI Act. In same manner a common Act
should be enacted to give the legal framework to all the constituents to mutual
fund and legal protection to mutual fund investors.

16. If investors are working in private, public or government sector, AMCs can
arrange for direct directions from the salary of the employees for SIP schemes.
This will definitely help them to get more response.

17. Investors should have a clear objective while investing in mutual fund scheme
and they should choose mutual fund scheme to match that objective.
Otherwise if there is mismatch in objective of investor and mutual fund
scheme selected by the investors, it will affect the expected returns. Along
with website information and expert's opinion investors should study the
prospectus of the schemes which gives complete information about objective of the scheme, type of the securities in which funds will be invested, fees and expenses etc.

18. Most of the investors are investing in income scheme, growth scheme and balanced scheme. They should be informed and made aware of the unique advantages of investing in other types of schemes such as Index Fund, Gold ETF and Sector Fund etc.

19. In case of KDMC region the awareness and preferences of investors in different wards are different. Even in case of Brokers, they are having different opinion as per their experience while doing mutual fund business in different wards. Hence, specific strategies will be required as per the demography of the investors in each ward to increase the business in this region. Same will become applicable to various cities in India. Hence, SEBI, AMFI, Mutual Fund Companies and AMCs should study the investors behavior and preferences in various regions and then plan their Investor Awareness Programs to increase the awareness about mutual fund investors.

20. Investors preferred investment options are fixed deposits, real estate and gold. Mutual fund is lower than these options. In spite of the fact that most of the schemes have risk adjusted returns greater than average BSE sensex, investor still feels mutual fund as high risk investment and comparatively giving lower returns. Therefore mutual fund companies should take more efforts to communicate their success stories to the investors at a large.