CHAPTER VII
FINDINGS, SUGGESTIONS AND CONCLUSION OF THE STUDY

7.1 Introduction

The present study has been undertaken primarily to address the various issues of MFs concerning its growth, acceptance of respondents, MFs schemes preference, importance of factors affecting investment and obstacles in acceptance of MFs. More specifically the study strives to achieve the following objectives:

1. To evaluate the growth of MF Industry in India.
2. To explore the influencing factors of acceptance of MF by the rural households
3. To assess and analyze the acceptance level of MF among the Rural Households
4. To study the fund/ scheme preference of Rural Households
5. To assess and analyze the importance level of factors that affect investment in MF schemes among Rural Households.
6. To investigate the perceived obstacles in the acceptance of MF among the Rural Households.

The data used for the study are both secondary and primary data. Secondary data help to find out the growth of MF Industry in India through the funds mobilizations, redemption of funds and net inflow of funds. Further, MFs scheme-wise resource mobilization is also discussed. This is followed by primary data which help to study the influencing factors on acceptance of MFs by the respondents (rural households) and their overall acceptance of MFs. Proper statistical applications and discussions have been used wherever necessary. In this chapter the Researcher presents major findings related to objectives, suggestions and conclusion derived after analyzing the data.

7.2 Growth of MFI in India

- The actual growth of funds mobilized by MFs was greater than the expected growth during the periods of 2000-2001 to 2002-2003 and 2009-2010.

- The actual growth of fund mobilized by MFs was lesser than the expected growth during the study period from 2003-2004 to 2007-2008 in the public sector.
Gross fund mobilized by Private sector MFs was lesser than the expected growth during the study period from 2003-2004 to 2008-2009.

The actual growth of resource mobilized by UTI MFs was lesser than the expected growth continuously from 2005-2006 to 2009-2010.

There is a significant difference on funds mobilization by MFs among the public sector, private sector and UTI.

The highest percentage contributed by private sector MFs towards overall growth of MFI in India with respect to funds mobilization, redemption of funds during the study period from 2000-2001 to 2009-2010.

The actual growth of redemption of funds by MFs was higher than the expected growth during the periods of 2000-2001 to 2002-2003 and 2009-2010.

There is no significant difference between mean value of gross mobilization and redemption of funds by MFs.

Redemption of funds by MFs have grown at a CAGR of 71.98% in the public sector MFs, 68.90% in the private sector MFs and 69% in the UTI MFs for the ten-year period from 2000-01 to 2009-10.

There is a significant difference on redemption of funds by MFs among the public sector, private sector and UTI.

Net inflow of funds by Private sector MFs was high compared with public sector and UTI MFs.

There is a significant difference on net inflow among the public sector, private sector and UTI MFs.

Net resources mobilized by the MFs under open-ended schemes were positive except in the year of 2001-02, 2002-03, 2008-09 and 2009-10.

The average net resources mobilized by debt scheme is high compared with liquid fund, gilt fund and debt.

The average net resources mobilized were Rs.17.56 Billion in the Equity Linked Saving Schemes (ELSS).

The average net resources of Rs.113.56 Billion in the other MF schemes under Growth funds.
The average net resources mobilized by balanced funds were negative.

7.3 Major findings regarding Awareness of MFs

- Nearly 7/10th of the respondents possess knowledge of MFs.
- A vast majority (65.4%) of the male respondents are aware of MFs.
- Majority (74.1%) of the female respondents have the knowledge of MFs.
- 6/0th of the respondents who have awareness of MFs belong to young age group.
- 7/10th of the respondents who have awareness of MFs belong to middle age group.
- Majority (65.1%) of the respondents who are aware of MFs belong to people aged above 45 years..
- Nearly 7/10th of the married respondents are aware of MFs.
- 65.6% of the unmarried respondents are aware of MFs.
- Around 43% of the respondents who have awareness of MFs have completed primary education.
- 82% of the respondents who are aware of MFs who have completed higher level education.
- A vast majority (97.6%) of the respondents who are in the technical education groups have awareness of MFs.
- Nearly 8/10th of the respondents who are aware of MFs are working in government/private sectors.
- The respondents who are professionals are aware of MFs.
- More than 3/4th of the businessmen are aware of MFs.
- 54.5% of the agriculturalists are aware of MFs.
- 78% of the homemakers, weavers are not aware of MFs.
- More than 3/4th of respondents in the higher income group have awareness of MFs.
- 54.2% of the respondents in the middle income group have awareness of MFs.
- 2/3rd of the respondents in the low income groups have awareness of MFs.
Majority of the respondents who are aware of MFs among the families that have more than one earning members.

Maximum numbers of respondents who have awareness of MFs are among the members who have high proportion of savings.

Sex, age group, marital status and number of earning members in the family respondents are not associated with their awareness of MFs.

Educational qualification, occupation, family income and proportion of saving of the respondents are significantly associated with their awareness of MFs.

35% of the respondents have awareness of MFs through friends/reference groups.

7.4 Major findings regarding Influencing Factors for Acceptance of MFs by the Respondents

- Service quality of the MFs organization, service quality of the MFs schemes, flexibility, and lower cost, better saving instrument, no possibility of fraudulence, transferability, positive return and safety of the investment are the influencing factors for acceptance of MFs by the respondents.

- All the influencing factors have independently positive effect on overall acceptance of MFs by the respondents but at low level.

- Service quality of the MFs organization is strongly associated with respondents’ acceptance of MFs.

- Service quality of MFs schemes, flexibility, lower cost, safety of the Investment, transferability and better saving instrument have major influencing factors (33.2% level) on the overall acceptance of MFs.

7.5 Major findings regarding Acceptance level of MFs among the Respondents

- Only 21.5% of the respondents have high level acceptance of MFs.

- 64.1% of the respondents have medium level acceptance of MFs.

- 14.4% of respondents have low level acceptance of MFs.

- (66.2%) of the male respondents and (59.6%) respondents have medium level acceptance of MFs.
More than 7/10th of the respondents have medium level acceptance of MFs who belong to the age group of above 45 years.

Majority of the respondents have medium level acceptance of MFs were in the young (59%) and middle (63.8%) age group.

64% of the respondents have medium level acceptance of MFs in the married and unmarried category.

A vast majority (84.6%) of the respondents who have completed their education is primary level have medium acceptance of MFs.

Maximum number of the respondents in the school education, higher education and technical education groups have medium level acceptance of MFs.

More than 7/10th of the respondents have medium level acceptance of MFs were in the professionals and agriculturalists.

More than 6/10th of the government and private employees have medium level acceptance of MFs.

Nearly 6/10th of businessman have medium level acceptance of MFs.

38% of the respondents have high level acceptance of MFs those families have highest earning members.

More than 63% of the respondents have medium level acceptance of MFs those families have lowest earning members.

56% low income group of the respondents have medium level acceptance of MFs.

1/4th of the respondents have high level acceptance of MFs were in the middle income groups.

2/3rd of the respondents have medium level acceptance of MFs those belongs to higher income groups.

21.5% of the respondents have high level acceptance of MFs were in the high proportion of saving groups.

More than 55% of the respondents have medium level acceptance of MFs were in the low proportion of saving groups.

Gender, age group, marital status, occupation and proportion of saving of the customers not associated with their acceptance level of MFs.
There is a low relationship of acceptance level of MFs among the various groups of educational qualification, number of earning family members and family income of the respondents.

7.6 **Major findings regarding Average Acceptance of M-Banking among the Customers in various Groups**

- Average acceptance of MFs is higher in the male respondents than female.
- Middle age group (26-45 years) respondents are having more average acceptance of MFs than low (Up to 25 years) and higher (Above 45 years) age groups.
- Average acceptance of MFs is higher in the unmarried respondents than married.
- Technical educated group of the respondents have their average acceptance of MFs more than others.
- Average acceptance of MFs is high among the Government employees compared with other occupational groups.
- Average acceptance of MFs is high in the higher number of earning family members group of the respondents.
- Average acceptance is more in the higher income groups (Above Rs.20,000 per month) than low income groups.
- Average acceptance is more in the higher proportion of saving (Above 20% per month) than low proportion of saving
- There is a significant difference of the respondents’ acceptance of MFs among the various groups of the educational qualifications.
- There is no significant difference of the respondents’ acceptance of MFs among the various groups of the gender, age group, and marital status, and occupation, no. of earning family members, family income and proportion of saving.

7.7 **Major Findings regarding Preference of MFs Schemes**

- 2/3rd of the respondents have invested in MFs.
- There is no significant relationship between gender, marital status of the respondents and their investment in MFs.
Age group, educational qualification, occupation, no. of earning family members, family income and proportion of saving of the respondents has related to their investment in MFs.

36.3% of the respondents have invested between Rs. 25,000-Rs. 50,000 in MFs.

52.2% of the respondents have invested in growth funds.

There is a low relationship between occupation of the respondents and investment in growth funds.

There is no significant association between gender, age group, marital status, educational qualification, no. of earning family members, family income and proportion of saving of the respondents and their investment in growth funds.

Majority (53.5%) of the respondents have invested in income funds.

There is a low relationship of investment in income funds among the various groups of no. of earning family members and family incomes.

There is no significant relationship of investment in income funds among the various groups of the gender, age group, marital status, educational qualification, occupation and proportion of saving of the respondents

46.5% of the respondents have invested in balanced funds.

There is a significant association between number of earning family members and investment in balanced funds but low level association.

There is no significant relationship between gender, age group, marital status, educational qualification, occupation, family income, proportion of saving of the respondents and their investment in balanced funds.

68.6% of the respondents have invested in monthly income plans.

There is a significant relationship of investment in monthly income plans among the various groups of gender, educational qualification, family income and proportion of saving of the respondents but low level.

There is no significant relationship of investment in monthly income plans among the various groups of the age group, marital status, occupation and number of earning family members of the respondents.

43.8% of the respondents have invested in gilt funds.
There is no significant relationship between gender, age group, marital status, educational qualification, occupation, no. of earning family members, proportion of saving of the respondents and their investment in gilt funds.

There is a significant relationship of investment in gilt funds among the various groups of family incomes but low level.

Nearly 1/4th of the respondents have invested in liquid funds.

There is a significant relationship between family income, occupation of the respondents and their investment in liquid/money market funds.

Gender, age group, marital status, educational qualification, no. of earning family members, proportion of saving of the respondents have not connected with their investment in liquid/money market funds.

Only 15.9% percent of the respondents have invested in index funds.

Gender, age group, marital status, educational qualification, family income proportion of saving of the respondents and their investment in index funds.

Only 12.8% of the respondents have invested in sector funds.

There is a significant relationship between age groups, educational qualification, family income of the respondents and their investment in sector funds.

56.2% percent of the respondents have invested in tax saving funds.

There is a significant relationship of investment in tax saving funds among the various groups of the gender, educational qualification, occupations, no. of earning family members and proportion of saving of the respondents.

Security of original capital is the major purpose of investment in MFs schemes by the respondents.

A little more than 3/10th of the respondents have invested in MFs between 1-2 years.

There is a significant association between age group, marital status, educational qualification, occupations, family income of the respondents and period of investment in MFs.

SBI, UTI, RELIANCE is the preferred MFs organizations by the respondents.

7.8 Major findings regarding Factors Affecting on Invest in MFs

There is no significant difference between gender, age group, marital status, no. of earning family members, family income, proportion of saving of the respondents and their importance level of various factors on affecting to invest in MFs.
There is a significant difference between educational qualification, occupation of the respondents and their importance level of various factors on affecting to invest in MFs.

7.9 Obstacles/ Reasons to the Non-acceptance of MFs

- Risk Factors, No regular income, More transaction cost, complicated to select MFs, imperfect knowledge, slow growth, insufficient of funds are the major obstacles to the non-acceptance of MFs in the rural areas.

7.10 Suggestions of the Study

From the above study the following suggestions have been given:

- The public sector mutual funds have to adopt aggressive marketing strategies.
- Investors should be made aware of the Mutual Fund Investments through the possible and effective sources such as TV advertisement in regional language, Client –based advice by the agents.
- To design innovative tailor made/customized mutual fund schemes to suit the varied requirements of investors.
- Investors should be educated on the Mutual Fund products and the benefits based on the requirements of the beneficiaries.
- The Fund should be designed in such a way that it should be easily understandable and beneficial to all class of people.
- Inclusive campaign through the agents, to the rural and backward areas where the awareness and the income is low, especially the agricultural labourers and the household sector should be done.
- Transparency in the policies of the different schemes of Mutual Fund can eradicate the fraudulent practices, if any.
- The Client should be informed about the risk factors involved in the Mutual Fund investment.
- Terms and conditions of Mutual Fund Schemes can be relaxed so that people may be motivated to invest in Mutual Fund.
- The Regulated guidelines given by SEBI to AMCs must be made known to the public through media so that they may feel secured in investing in Mutual Funds.
- Transferability between different schemes should be made flexible and easy to suit the clients’ needs.
- Fund houses have to introduce more profitable product so that investors can be benefitted more.
- AMCs should realize their responsibility of spreading financial literacy among investors for safe investment.
- To attract the savings into mutual fund industry, the amounts invested in the mutual fund schemes may be exempted from tax.
- To attract more investors in Mutual Fund Market from rural areas Gold ETFs can be popularized among the public.
- Pros and Cons of Mutual Fund investment Scheme should be made transparent to the Public so that fear of risk can be overcome.
- Review programmes at periodic intervals can be arranged to get feedback from the investors.
- Systematic Investment Plan (SIP) on Mutual Funds can be implemented to reduce the burden and lessen the risk of the investors.
- User friendly web tools like Mobile application and Online Services can be facilitated even in the rural areas for investment in Mutual Funds in this Modern electronic era.
- Different models are to be explored and implemented to cater to the needs of the people from different income levels.

7.11 Conclusion
The actual growth of funds mobilized and the redemption of funds by MFs was greater than the expected growth during the periods of 2000-2001 to 2002-2003 and 2009-2010. And the percentage contributed by private sector MFs towards overall growth of MFI in India is high with respect to funds mobilization, redemption of funds during the study period from 2000-2001 to 2009-2010. Redemption and Net inflow of funds by Private sector MFs was high compared with public sector and UTI MFs. In the Scheme-wise comparison of Mutual Funds, the average net resources mobilized by open-ended schemes and debt scheme are high compared with liquid fund, gilt fund and debt. The average net resources mobilized by Equity linked schemes and the balanced funds need to be more effective to pool the investment.

Majority of the female respondents have the knowledge of MFs and with regard to married respondents in the middle age group are aware of MFs. A vast majority of the respondents who are in the technical education groups have awareness of MFs and the
respondents who have completed higher level education stands next in the ladder. When
the comparison is made among the respondents on the basis of occupation the
professionals are more aware of MFs than the respondents working in
government/private sectors. The businessmen and agriculturists have less awareness and
the homemakers and weavers are not aware of MFs. The Respondents with the higher
income group have more awareness when compared to the respondents of lower income
group and that families having more than one earning members have more awareness.
Maximum numbers of respondents who have awareness of MFs are among the
members who have high proportion of savings. Sex, age group, marital status and
number of earning members in the family respondents are not associated with their
awareness of MFs. Educational qualification, occupation, family income and
proportion of saving of the respondents are significantly associated with their
awareness of MFs. Most of the respondents have awareness of MFs through
friends/reference groups. Service quality of the MFs organization, service quality of
the MFs schemes, flexibility, and lower cost, better saving instrument, no possibility
of fraudulence, transferability, positive return and safety of the investment are the
influencing factors for acceptance of MFs by the respondents.

The respondents mainly have a medium level of acceptance for the Mutual
Funds and the male respondents with the age group of above 45 years have such
acceptance on MFs. Maximum number of the respondents in the school education,
higher education and technical education groups have medium level acceptance of
MFs. The professionals and agriculturalists also have given the same level of
acceptance. Those families having less earning members and low proportion of
savings have the medium level of acceptance. The families with the highest earning
members have high level of acceptance. Gender, age group, marital status, occupation
and proportion of savings of the customers are not associated with their acceptance
level of MFs. There is a low relationship of acceptance level of MFs among the
various groups of educational qualification, number of earning family members and
family income of the respondents.

Average acceptance of MFs is high among the male respondents than female
ones. Middle age group (26-45 years) respondents are having more average
acceptance of MFs than low (Up to 25 years) and higher (Above 45 years) age groups.
The unmarried respondents accept in investing in Mutual funds than married.
Technical educated group of the respondents have their average acceptance of MFs more than others. Average acceptance of MFs is high among the Government employees compared with other occupational groups. The more number of earning members in the family accept the Mutual funds and that the people of the higher income groups and people with the high proportion of saving have average acceptance of Mutual Funds compared to the low income groups and people with the low proportion of saving respectively. There is a significant difference among the people with educational qualifications but there is no significant difference of the respondents of the gender, age group, and marital status, and occupation, no. of earning family members, family income and proportion of saving.

2/3rd of the respondents have invested in MFs. Age group, educational qualification, occupation, no. of earning family members, family income and proportion of saving of the respondents has related to their investment in MFs. Nearly half of the respondents have invested in growth funds. There is a low relationship between occupation of the respondents and investment in growth funds. Majority of the respondents have invested in income funds and that there is a low relationship of investment in income funds among the various groups of no. of earning family members and family incomes. Less than half of the respondents have invested in balanced funds and the significant association between number of earning family members and investment in balanced funds is low. Nearly 2/3rd of the respondents have invested in monthly income plans and there is a significant relationship among the various groups of gender, educational qualification, family income and proportion of saving of the respondents but low level. Less than half of the respondents have invested in gilt funds and that there is a low level of relationship among the various groups of family incomes. Nearly 1/4th of the respondents have invested in liquid funds and that there is a significant relationship between family income, occupation of the respondents with the above. Only 15.9% percent of the respondents have invested in index funds and the respondent’s gender, age group, marital status, educational qualification, family income proportion of saving are the associated factors. Only 12.8% of the respondents have invested in sector funds and that there is a significant relationship between age groups, educational qualification, family income of the respondents with the above. 56.2% percent of the respondents
have invested in tax saving funds and the associated factors are gender, educational qualification, occupations, no. of earning family members and proportion of saving of the respondents. Security of original capital is the major purpose of investment in MFs schemes by the respondents. SBI, UTI, RELIANCE is the preferred MFs organizations by the respondents. Thus it is concluded that flourishing future may dawn in the lives of the people of rural areas who accept and invest in the mutual funds and significant growth may be achieved.