Chapter-6: Findings, suggestions and conclusion

The present study analysis the investors’ perceptions about mutual fund investments in special reference to surat, ahmedabad and vadodara city. It explains that most of the investors satisfied with redressal measure provided by mutual fund companies, and they want to recommend mutual fund investments to their friends and relatives. Investors’ preference and perceptions about investment avenues and investment pattern has changed day by day. Investors’ socio-economic profiles are widely impact on their investments decision. Present study indicates that most of the investors have a positive attitude towards increase investment in mutual funds. To attain the investors’ interest in mutual fund investment mutual fund industries need to easily provided needed information about the market trend and mutual fund industries to the investors. Mutual fund industry faces challenge to converting potential customers into the reality customers. Industries need to work out investors’ perplexity regarding mutual fund investment and will lead to the overall growth of the mutual fund industry.

Findings

Findings concerning to objectives 1

To evaluate the performance of balanced mutual fund scheme offered by ICICI prudential mutual fund, HDFC mutual fund, SBI mutual fund and Baroda pioneer mutual fund.

Appraisal the performance of balanced mutual fund schemes through the Sharpe index model during the period 1\textsuperscript{st} April 2012 to 31\textsuperscript{st} march 2017 revealed that out of five mutual fund schemes in dividend option SBI Magnum fund has excess highest return to Beta ratio14.25 HDFC prudence fund has the lowest of 0.377. The stock ranking done on the basis of excess return to beta ratio in dividend plan reveals that SBI Magnum fund ranks first, Baroda Pioneer fund ranks second,
HDFC balanced fund ranks third, ICICI balanced fund ranks fourth and HDFC prudence fund ranks the last. As per Ci (cut of value) in dividend option SBI Magnum fund to be selected for the optimum portfolio.

Performance of growth plan analyzed through the Sharpe index model during the period 1\textsuperscript{st} April 2012 to 31\textsuperscript{st} March 2017 describe that out of six mutual fund schemes SBI Magnum fund provide the highest excess return to beta ratio of 35.11 while that of Baroda pioneer fund has the lower of 1.31. The stock ranking done on the basis of excess return to beta ratio in growth plan reveals that SBI Magnum fund ranks first, ICICI balanced fund ranks second, HDFC balanced fund ranks third, ICICI child care study plan ranks fourth and the Baroda Pioneer fund ranks the last. As per Ci (cut of value) in dividend option SBI Magnum fund to be selected for the optimum portfolio. Return excess in dividend option and growth option SBI Magnum fund is selected for optimal portfolio in both options.

**Findings concerning the objectives 2**

To evaluate the performance of selected mutual fund schemes with respect to different performance attributes.

Performance Appraisal of balance mutual fund schemes in through attribute like NAV of dividend option, variance of residual return of schemes ($\sigma^2_{e_i}$) and Beta ratio $[(R_i - R_f)/\beta_{im}]$. NAV of dividend option revealed that Baroda pioneer mutual fund excess highest average monthly return 1.1131 per unit while that of SBI Magnum fund lowest of 0.3217. The variance of residual return of Baroda pioneer balance fund has lowest (1.4798) and HDFC prudence fund has highest (11.6062). The attribute of beta ratio revealed that SBI Magnum fund has the highest excess return to beta ratio and HDFC prudence fund has the lowest.

Performance Appraisal of balance mutual fund schemes in through attribute like NAV of growth option, variance of residual return of schemes ($G^2_{e_i}$) and Beta
ratio \[(R_i - R_f)/\beta^2_{im}\]. NAV of growth option depict that ICICI balanced fund generate the highest average monthly return while that of Baroda pioneer fund excess lowest. The Variance of residual return of ICICI balanced fund has lowest (1.26) and SBI Magnum fund has highest (10.16). The attribute of beta ratio revealed that SBI Magnum fund has the highest excess return to beta ratio and Baroda pioneer balanced fund has the lowest.

**Findings concerning the objectives 3**

To identify the socio-economic profiles of the mutual fund investors of Ahmadabad, Surat and Baroda is analyzed with following findings.

Out of 318 respondents most of 85.5% belong male category and the remains 14.5% investors are female. Male investors are dominant in all three cities namely surat city (85.85%), Ahmedabad (84.91%) and baroda (85.91%). The ration of Male and female in surat and baroda city are same. 12.3% investors belong to SSC/HSC group, 39.6 % to Graduate, 28.6% from post graduate, 9.7 from professional and 9.7% respondents come from others group. Mostly 44.34% of the graduate respondents belong to ahmedabad city. In ahmedabad 7.55% of the investors come from professional and other literacy groups. Majority of 63.8% of the investors are married and only 5.0% are come from widowed segment. In all three district strength of divorced and widow respondents is little. Dominantly 49.1% of the respondents contribute in the occupation group of private firm employed and only 49.1% of the respondents contribute in the occupation group of private firm employed. 55% of the respondents are in the age group of 21 to 36 years and 21.4% of the investors are come from 37 to 42 years age group. In Ahmadabad 63.21% of investors belong to 21 to 36 years age group 16.98% respondents come from 37 to 42 years age group. Highest 50.9% respondents belong to annual age group Rs.300001 to Rs.600000 and only 10.1% whose annual income is of Rs.600001.
to Rs.900000. From vadodara city 55.66% (59) investors are come from 300001 to 600000 lakh income group and 5.66% (6) investors belong from 600001 to 900000 lakh income group. 78% respondent having 5 or less than 5 family members and only 22% respondent’s family size is 6 to 9 members.

Findings concerning the objectives 4

To study the mutual fund investment details of investors in the study areas. Majority 125(39.3%) respondents having Rs.100000 to Rs.300000 invested in mutual fund and 26.4% are invested Rs.10000 to Rs.100000 in mutual fund. Out of total 56% respondent’s gives preference to growth option, 21.4% investors preferred dividend option and 22.6% preferred dividend reinvest option. Most of 56.9% investors having source of investments is earning and only 5.7% respondents preferred borrowing as a source of investment. 70.8% of respondents want to block the money up to 3 years and 29.2% of respondents preferred time horizon more than 3 years. 77.4% investors want to raise mutual fund investment and 22.6% of respondents don’t want to increase investment in mutual fund. 42.7% of respondents want to increase investment up to 11 to 25 percentages and only 7.7% investor’s increase more than 50 percentage investments in mutual fund. 62.5% respondents don’t want to increase investment in mutual fund main reason is associated with risk and low return. 16.7% investors don’t want to increase investment due to high volatility.

88.1% Mutual fund investors not believe in selling the unit within the year strategy and reaming 11.9% interested to sell the unit within the year. 40.3% respondents believe that sector funds are very unsafe and 6.6% of the investors don’t know about the debt or income schemes. While judge the performance of the mutual fund schemes 33.6% of the investor gives most importance to Ranking while judge the mutual fund schemes. 34.9% Respondents not give important to the past return of five-year.
90.3% respondents are satisfied with redressal measure and only 9.7% respondents dissatisfied with redressal measure. 89% respondents will recommend mutual fund investments to their friends and relatives and rest of 11% people will not agree to recommend mutual fund investment option to their relatives or friends.

Out of 973 responses 84.0% responses are for equity schemes and 29.2% responses prefer present investments in income or debt schemes. Out of 315 responses 25.1% responses preferred to invest for the retirement benefits purpose. Only 7.0% investors preferred tax benefits. Out of 318 responses 27% of responses preferred gold investment option and 1.3% responses prefer is Pension and provident fund investment option. Out of 316 responses 27.8% of responses withdraw mutual fund investment due to emergency financial needs and 2.5% responses withdrawn mutual fund investment with reason involvement of companies. 318 respondents dominant of respondents (55.3%) preferred open-ended mutual fund schemes and 14.8% of responses favor interval schemes. 25.2% responses prefer investment in equity schemes and 5.4% responses preferred towards fund of fund schemes. 34% responses experienced market risk and Just 7.9% are faced inflation risk. Out of 1133 responses 75.5% responses are preferred invest in banking sector and 41.8% responses favor to invest pharmaceutical sector.

**Findings concerning the objectives 5**

To evaluates the investors’ perception towards mutual funds investments.

The analysis association between demographic variables with the amount of mutual fund investment analyze using chi-square indicates the association between amount of mutual fund investment with Gender, City, Marital status, Occupation, Age, Annual income and family member. Value of chi-square
indicates there is no association between literacy of respondents and amount of mutual fund investment.

The study associating between demographic variables and source of investment through the chi-square concluded that the association between source of investment with Literacy of respondents and source of investment with occupation of respondents. As per chi-square value there is no association between source of investment and Gender, city, marital status, Age, annual income and family member.

The analysis association of demographic variables with the Time horizon explains using chi-square shows the association between times Horizon with Gender of respondents and it’s not identify association between time horizon and Literacy, marital status, Occupation, Age, annual income and family member.

Analyze association of demographic variables with return options explains through the chi-square tab concludes that association observed in occupation and Age of the respondents with the return options. According to p values no association between return options and Gender, city, Literacy, marital status, Age, Annual income and Family member.

Examines the association of experience of respondents with preferred investment sector through the chi-square test shows the association between experiences of respondents with IT sector, Automobiles sector, Pharmaceutical sector, banking sector, Petroleum sector and others sector. Experience of the investors closely related with the investment sectors preference by investors.

Study the association between experiences of respondents with types of risk through chi-square test point out the association between experience of respondents and market risk (prices and yield). Experience of respondents is not associates with Interest rate risk (price of bond), Inflation risk (purchasing
power), Liquidity risk (difficulty to sell), Political risk (change in Gov. Policy) and Credit risk (Rating).

Examine the association of experience of respondents with reason of withdraw investment through chi-square test explicate that there is no association between experience of respondents and reason of withdraw like First time house purchase, Education, Emergency financial needs, Return, NAV, Consistency in performance, Performance, Dividend payout ratio, Performance of peer groups/benchmark, Involvement of companies, Lack of investors redressal mechanism and Fund manager efficiency.

Evaluates the association of age of respondents with return options through chi-square test explicate the association between Ages of respondent with involvement of companies and other reasons is no identify association between age of respondents with and First time house purchase, Education, Emergency financial needs, Return, NAV, Consistency in performance, Performance, Dividend payout ratio, Performance of peer groups/benchmark, Lack of investors redressal mechanism & Fund manager efficiency.

The association between Gender of investors and investors perception towards mutual fund analyzed using Mann-Whitney test explain that Gender of investors associated with availability of service, Types and level of risk involve in schemes, Compensating for risk tolerance keep portfolio in safety investments, keep and holding strategy grows the asset over time, Mutual fund spread the risk, direct investment facility, inefficient fund manager and SCORE (SEBI complaints redressal system) setup efficient in compared to male.

The association of cities (surat, Ahmedabad and vadodara) and investor’s perception towards mutual fund analyzed using Kruskal-Wallis depict that the
association of cities with Availability of services, rating by rating agency, sponsor reputation, Redemption required, Lock in period, Transparency of investment, types and level of risk involve in schemes, Compensing for risk tolerance keep portfolio in safety investments, High NAV funds are very risky for investment, moderately aggressive investors invest in balance portfolio, NAV fluctuation does not encourage investors, continues increase in NAV indicate growth, ELSS are useful for tax benefits, A partial portfolio can be liquidated in the mutual fund, regular disclosure of adequate information, inefficient fund manager and subscription can be paid through banks, with lesser accessibility, it’s related to share market, so it is very risky and the return are not guaranteed, uncertainly in capital market, political issue, delay in quick summary of prospectus changes, if dividend not paid after one month of the record date the investor should complain to AMC, If the AMC offered assured returns any equity scheme, but it failed the investor approach grievance cell, SEBI/AMFI protect the interest of the investors and To complain SEBI about the misleading advertisement is not advisable.

Relationship between the literacy among the investors and investor’s perception towards mutual fund analyzed through Kruskal-Wallis Test indicate that the association of Literacy with performance of research team, Literacy with transparency of investment, emotional ability to handle risk, reduces the Burden of paying tax, risk involve in different schemes are directly related to return, direct investment facility and systematic investment plan, uncertainly in capital market, if dividend not paid after one month of the record date the investor should complain to AMC and to complain SEBI regarding the delay in listing of NFO after the closing of three months.
Findings concerning the objectives 6

To identify the factors influence Investors perceptions towards mutual fund investments.

The factor analysis is identified three core factors which affect investors’ perception towards mutual fund investment. KMO (Kaiser-Meyer-Olkin) is 0.837 Measure Sampling Adequacy indicating sufficient items for each factor. Bartlett’s test of Sphericity (Significance – 0.000) indicates that factor analysis done with 17 variables is significant. The factor analysis is identified three core factors which affect investors’ perception towards mutual fund investment. These three factors consists Factor 1 - Convenience of services, Factor 2 - Risk tolerance measures and Factor 3 - Growth building plan. First Factor advises the convenience of services by the mutual fund providers. The factor explains 15.222% of the variance on investors’ perception towards mutual fund investment. Second Factor related to risk tolerance measure. This factor explains 15.056% of the variance on investors’ perception towards mutual fund investment. Third Factor characterized the growth building plan. This factor explains 14.710% of the variance on investors’ perception towards mutual fund investment. The total of three core factors extracted from the 17 variables explains 44.988% of the variability on investors’ perception towards mutual fund investment.

Suggestions

Based on the analysis and findings of the present study the following suggestions have been provided to the mutual fund investors as well as mutual fund industry.

1. According to present study ratio of women investors in mutual fund are very low in compared to male investors. Indian economy is conservative economy and mainly women’s are proving great saver. Women investors are more preferred towards gold investment. So mutual fund industry need
to launch gold oriented and women mutual fund investors related schemes. To attract women investors towards investment need to provide attractive and differential interest rate to the women investors.

2. The sharpe index model analysis reveals that SBI Magnum mutual fund scheme is selected for optimal portfolio so its represent investors should be made proportion of investment in SBI Magnum fund. In dividend option HDFC prudence fund occupied last position in beta ratio and in growth option Baroda pioneer balanced fund occupied last position in beta ratio. Hence, it suggests that investors must be alert to invest their fund in HDFC prudence fund and Baroda pioneer balanced fund.

3. Investors having education level up to SSC or HSC they are least invest in mutual fund. Investors have lack of knowledge regarding the mutual fund investments. So the mutual fund industry need to organized investors awareness program and seminar which create the awareness among the investors. As per study more educated people like professional, post graduate and others also least prefer mutual fund investment because they are directly prefer to invest in stock market and invest in mutual fund to maintain safety and liquidity in their portfolios.

4. In India need to provide legal protection to the mutual fund investors as we mutual fund industry. SEBI need to provide appropriate redressal measure and start help center for the investors in small town as well as rural areas.

5. Mutual fund industry requires do appropriate marketing and arrange campaign at the time of launch schemes. New fund offer document and schemes related documents make available in English language as well as regional languages. This helps investors to clearly understand about schemes details.

6. Many mutual fund schemes have same resource for the management but some schemes perform outstanding and some schemes under perform. Poor portfolio management and efficiency of fund manager is also one
major issue in mutual fund schemes. SEBI must be watch about the fund manager records relative to the fund benchmark and also arrange timely training campaign for the fund managers.

7. Mutual fund industries develop the mutual fund schemes like pension fund which provide investors attractive return and regular income after retirement benefits.

8. Factsheet of the mutual fund schemes consisting Technical language it’s not clearly understand by the many investors. Mutual fund companies try to construct factsheet in common and simple language which effortlessly understand by the all investors.

9. Availability of large number of mutual fund schemes is a major issue for the investors at time of investment. In mutual fund industry many asset management company provide more than one schemes from same type. Its create selection confusion for mutual fund investors. SEBI need to provide appropriate regulation and suggest mutual fund companies to merge or combine same kind of schemes. Its helps the mutual fund companies to focus on limited schemes and precisely manage the available schemes. It’s also removing the investors’ selection issue against availability of large number of schemes.

10. Peoples are not agrees to invest in mutual fund due to market risk. Mutual fund Companies, financial advisors and mutual fund distributors can advice client to invest in high performing debt/income scheme.

11. Mutual fund companies should require encourage mutual fund distributor to sale the mutual fund units, timely organize the seminar to educate the distributor and create awareness about the changing market trend. NISM also need to increase advertising and promotion related mutual fund distributor and financial advisor related education.
12. Mutual fund investment companies should more focus on tiny investors and provide attractive return with to solve the requirement of tiny investors.

13. Most asset management companies having branch in metros and cities only in Gujarat. It is required expanding their services in villages and small town as well. Asset management companies need to introduce schemes affordable for the rural and small town investors.

14. Banking sector is a trusted sector of investment. So Bank sponsored asset management companies should necessary to marketing their mutual fund schemes with banking services.

15. Mutual fund companies give priority to retail mutual fund investors and timely provide prompt service to the investors.

16. Government should promote the mutual fund investment and provide another tax concession schemes like Equity linked saving schemes.

17. SEBI, AMFI and NISM should to arrange investors awareness programs, training and workshop in small town and rural areas. To inform the investors regarding mutual fund and explain that mutual fund and stock market are different things. To create the awareness among the investors about economic shock and market trend would help build investors assurance toward market.

18. In Indian economy large amount of capital secure in form of fixed deposit. Mutual fund industry should try to mobilize fixed deposit into capital market. It is facilitated the economic growth and development of the country with capital appreciation to the investors.
Conclusion

The conclusions are drawn based on present study with respect to investors of Surat, Ahmedabad and Vadodara. The present study consist demographic factor like Gender, cities, age, income, occupation, literacy, annual income and family member are key influence on amount of mutual fund investment. Investors prefer to mutual fund investment for the purpose of retirement benefit, regular income, safety, capital appreciation, tax saving etc. Indian economy is one of the fastest growing Economy of the world and mutual fund industry would help to mobilize money in market. Asset under manage by mutual fund industry is constantly up. Market cap of Indian capital market is growing day by day. During the Upcoming period the journey of mutual fund industry is very bright and prosperous. Mutual fund investment will change the demographic profile of the investors. Therefore, AMC require fulfill the investors’ needs, maintain excellent relationship with customers, distributors and manufacturers. AMC should more focus on fund manager efficiency and provide better professional fund management service in all types of schemes with expectation of generate handsome return.

Today era many profitable investment avenues are available to the investors with attractive returns in financial market. Mutual fund Investment Avenue more famous in short period because it is easily indicates growth through net asset value. Investors determine the benefit and take decision about further investment. As a result mutual fund industry has a prosperous future in India as well as in Gujarat.