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A study on investors opinion regarding mutual fund investment in Cumbum town, Theni district Tamil Nadu

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Abstract

The Indian capital market has witnessed unprecedented developments and innovations during the recent past. Once such development is the increasing role that the mutual funds industry is playing in financial intermediation, development of capital markets and growth of the corporate sector. The industry has grown several fold sin terms of size and operations during the past. "Put your money in truest, not trust in money" attracts the small investors who risk neutral or risk avers. Small investors prefer some kind of collective investments vehicle, which can pool their marginal resource, invest it in securities, and distributed return among them on co-operative principles. This led to the growth of mutual fund industry both in the developed and developing capital market.

Mutual fund is a mechanism for pooling the resource by; issuing units to investors and investing funds in securities in accordance with objective as disclosed in the offer document. Mutual fund is a corporation, trust or partnership, which manages the collected money with the help of the professional expertise. Different persons have defined mutual funds differently. Mutual funds is almost like a cooperative society of investor that is why the word "Mutual" is used. It collects money from investors by issuing mutual funds unities, invest sit in securities an divides whatever dividend or interest received among its member.

Keywords: Investment, Mutual Funds, Capital Market, Return, Safety

Introduction

The growth of the mutual funds industry is traced out from 1954. When the first mutual funds was launched. The industry has since witnessed the entry of public sector and private sector mutual funds, the establishment of a regulatory authority (SEBI), the promulgation of the mutual fund regulations in 1993 and other regulatory measures for the healthy growth of the industry and investor protection. State planning and the economic policy's objective of development meant that financial institutions assisted the government in development activities through the mobilizing of domestic savings. Server entry barriers restricted the growth of the mutual funds industry in terms of the number of players. Mobilization of savings and creation of assets. Till 1986-87, the mutual funds market in India was controlled solely by UTI commenced operations in July 1964 with a view to encouraging savings and investment and participation in the income, profits and gains accruing to the corporations from the acquisition, holding, management and disposal of securities. Today there are three different types of player operating in the Indian market: UTI, non UTI public sector mutual funds and private sector mutual funds (including four foreign mutual funds). As of February s1997, of the 35 mutual funds registered and 19 approved by SEBI, 32 are in operation. The important developments are summarized below and will be discussed at greater length in a subsequent section.

- SEBI revised the mutual funds regulations and issued the revised SEBI Mutual funds) regulations in 1996.
- RBI issued revised guidelines for money market mutual fund. These were later incorporated in the SEBI regulations.

i) SEBI issued standard offer documents and memoranda containing key information.
ii) The P.K. Kaul committee's recommendations on the manner in which the trustees should discharge their responsibilities were accepted.
iii) Guidelines were issued to implement prudential disclosure norms and standards.
iv) A code of conduct for advertisement was issued by SEBI.
v) SEBI permitted securities lending, derivatives trading sand investment in ADR/GDRs.
vi) Private sector mutual fudns gradually strengthened their position in the market, posing a serious challenge to UTI and public sector funds.
vii) The Indian mutual funds industry caught up with the global trend and there emerged a strong market.
viii) Open-ended funds. Many innovative schemes were launched and sector funds became very popular.
ix) There was a stage of fluctuation in resource mobilization which reached a low in 1996-97 and a peak in 1999-2000.
x) Money market funds failed to take off.
xi) Assured return schemes failed to fulfill their promised,
xii) Fund managers proved incompetent, in term of both planning and performing.
xiii) Several funds witnessed management changed due to the many mergers and takeovers.
xiv) Non-performance forced many funds to closed down.

The mutual funds scenario has changed to a tremendous extent in the pass one decade in India. The monopoly of the UTI has been challenged by a large number of public sector funds and the private sector funds.

Statement of the Problem

There are several problems associated with the capital market investment first issue is lack of expertise. While investing directly into capital market one has to be analytical enough to judge the valuation of the stock and understand the complex undertones of the stock. One needs to judge the right valuation for the existing the stock too. It is very difficult for small investors to keep tract of the movements of the stock. Entrusting the job to experts, who watch the trends of the market and analyze in identification of stock through dedicated experts in the field and enables them to pick stocks at the right moment. Sector funds provided an edge a generate good returns if the particular sectors is doing well. Next problems is that of funds/money. A single person cannot invest high priced stocks for the sole reason that his pockets are not likely to be deep enough. This limits him from diversifying his portfolio as well as benefiting from multiple investments. Here again, investing through mutual fund route enables an investor to invest in many good stocks and reap benefits even through a small investment. This not only diversifies the portfolio and helps in generating return from a number of sectors but reduces the risk as well. Though identification of the right funds might not be an easy task, availability of good investment consultants and counselors help investors take informed decision.

Many people purchase mutual funds because they are a convenient and cost effective method of obtaining diversification and professional management. Because mutual funds hold anywhere from a few securities to several thousand, risk is spread out over a number of investments. However, despite the existence of mutual funds industry from 1964, only in recent years that arrival of too many schemes and the downtrend in the market had made the performance of mutual funds not much superior when compared to its benchmark portfolios. Hence the need arise to study opinion of investors on various mutual funds.

Objectives of the Study

The following are the objectives of the study

1. To trace the growth of mutual funds in India.
2. To assess investor's preferences in different financial assets in the study area.
3. To study the opinion of investors on the performance of mutual funds in the study area.
4. To find out the top ten mutual fund schemes in equity, income and balanced funds in the opinion of the investor.
5. To offer valuable suggestions to the improvement of mutual fund investment proposal.

Data

The primary data were collected from fifty mutual funds investor in cumbum town during April2016. Convenient sampling techniques were adopted to choose the investors. The data were collected with the help of the structured interview schedule. The secondary data were collected from various books, newspaper and websites.

Profile of Mutual Fund

The Indian capital market has been increasing tremendously during last few years. With the reforms of economy, reforms of industrial policy, reforms of public sector and reforms of financial sector, the economy has been opened up and many developments have been taking place in the Indian money market and capital market. In order to help the small investors, mutual fund industry has come to occupy an important place. The main objective of this paper is to examine the importance and growth of mutual funds and evaluate the operations of mutual funds and suggest some measures to make it a successful scheme in India.

According to Shakespeare 'out of this nettle, danger, we pluck this flower, safety'. The economic development model adopted by India in the post-independence era has been characterized by mixed economy with the public sector playing a dominating role and the activities in private industrial sector control measures emaciated from time to time. The industrial policy resolution was introduced by the government in the 1948, immediately after the independence. This outlined the approach to industrial growth and development. The industrial policy statement of 1980 focused attention on the need for promoting competition in the domestic market, technological up gradation and modernization. A number of policy and procedural changes were introduced in 1985 and 1986, aimed at increasing productivity, reducing costs, improving quality, opening domestic market to increase competition and making free the public sector from constraints. Overall, in the seventh plan period (1985-86 to 1989-90), Indian industries grew by an impressive average annual rate of 8.5 percent. The last two decades have seen a phenomenal expansion in the geographical coverage and financial spread of our financial system. The spread of the banking system has been a major factor in promoting financial intermediation in the economy and in the growth of financial savings. With progressive liberalization of economic policies, there has been a rapid growth of capital market, money market and financial services industry including merchant banking, leasing and venture capital. Consistent with this evolution of the financial sector, Mutual funds go back to the times of the Egyptians and Phonenicians when they sold shares in caravans and vessels to spread the risk of these ventures. The foreign and colonial government Trust of London of 1868 is considered to be the fore-runner of the modern concept of mutual funds. The USA is, however, considered to be the mecca of modern mutual funds. By the early - 1930s quite a large number of close - ended mutual funds were in operation in the U.S.A. Much latter in 1954, the committee on finance for the private sector recommended mobilisation of savings of the middle class investors through unit trusts. Finally in July 1964, the concept took root in India when Unit Trust of India was set up with the twin objective of mobilizing household savings and investing the funds in the capital market for industrial growth. Household sector accounted for about 80 percent of nation's savings and only about one third of such savings was available to the corporate sector, it was felt that UTI could be an effective vehicle for channelizing progressively larger shares of household savings to productive investments in the corporate sector. The process of economic liberalization in the eighties not only brought in dramatic changes in the environment for Indian industries, Corporate sector and the capital market but also led to the emergence of demand for newer financial services such as issue management, corporate counselling, capital restructuring and loan syndication. After two decades of UTI monopoly, recently some other public sector organisations like LIC (1989), GIC (1991), SBI (1987), Can Bank (1987), Indian Bank (1990), Bank of India (1990), Punjab National Bank (1990) have been permitted to set up mutual funds. Mr. M.R. Mayya the Executive Director of Bombay Stock Exchange opined recently that the decade of nineties will belong to mutual funds because the ordinary investor does not have the time, experience and patience to take independent investment decisions on his own. Importance of Mutual Fund Small investors face a lot of problems in the sharemarket, limited resources, lack of professional advice, lack of information etc. Mutual funds have come as a much needed help to these investors. It is a special type of institutional device or an investment vehicle through which the investors pool their savings which are to be invested under the guidance of a team of experts in wide variety of portfolios of corporate securities in such a way, so as to minimise risk, while ensuring safety and steady return on investment. It forms an important part of the capital market, providing the benefits of a diversified portfolio and expert fund management to a large number, particularly small investors. Now a days, mutual fund is gaining its popularity due to the following reasons:

1. With the emphasis on increase in domestic savings and improvement in deployment of investment through markets, the need and scope for mutual fund operation has increased tremendously. The basic purpose of reforms in the financial sector was to enhance the generation of domestic Tripathy, Mutual Fund in India: A Financial Service in Capital . . . resources by reducing the dependence on outside funds. This calls for a market based institution which can tap the vast potential of domestic savings and chanalise them for profitable investments. Mutual funds are not only best suited for the purpose but also capable of meeting this challenge.
2. An ordinary investor who applies for share in a public issue of any company is not assured of any firm allotment. But mutual funds who subscribe to the capital issue made by companies get firm allotment of shares. Mutual fund latter sell these shares in the same market and to the Promoters of the company at a much higher price. Hence, mutual fund creates the investors confidence.
3. As mutual funds are managed by professionals, they are considered to have a better knowledge of market behaviours. Besides, they bring a certain competence to their job. They also maximise gains by proper selection and timing of investment.
4. Another important thing is that the dividends and capital gains are reinvested automatically in mutual funds and hence are not fritted away. The automatic reinvestment feature of a mutual fund is a form of forced saving and can make a big difference in the long run.

Growth Trend of Mutual Fund

Opening of the mutual fund industry to the public sector banks and insurance companies, led to the launching of more and more of new schemes. The mutual fund industry in India has grown fast in the recent period. The performance is encouraging especially because the emphasis in India has been on individual investors rather in contrast to advanced countries where mutual funds depend largely on institutional investors, In general, it appears that the mutual fund in India have given a good account of themselves so far. UTI's annual sale of units crossed Rs.1000 crores mark in 1986 to 87, 2000 crores mark in 1987-88 and reached Rs. 5500 crores mark in 1989 to 90. During 1990 to 91 on account of decline of corporate interest, sales declined to Rs. 4100 crores though individual sales increased over its preceeding year. LICMF has concentrated on funds which includes life and accident cover. GICMF provide home insurance policy. The bank sponsored mutual fund floated regular income, growth and tax incentives schemes. Together the eight mutual fund service more than 15 million investors with UTI alone holds for 13 million unit holding accounts. Magnum Regular Income Scheme 1987 assured a return of 12 percent but gave 20 percent dividend in 1993,
UTI record 26 percent dividend for 1992 to 93 under the unit 1964 scheme. Magnum Tax saving scheme 1988 to 89 did not promise any return but Tripathy.

Mutual Fund in India: A Financial Service in Capital

Declared 14 percent dividend in 1993 and recorded a capital appreciation of 15 percent in the first year. Equity oriented scheme have earned attractive returns. Especially since early 1991 there has been a steady increase in the number of equity oriented growth funds. With the boom of June 1990 and then again 1991 due to the implementation of new economic policies towards structure of change the price of securities in stock market appreciated considerably. The high rate of growth in equity price led to a high rate of appreciation in the net asset value of the equity oriented funds for which investors started changing their preferences from fixed income funds to growth oriented or unfixed income funds. That is why more equity oriented mutual funds were launched in 1991. Master share provide a respective dividend of 18 per cent in 1993, Can share earned a dividend of 15 percent in 1993. In general the Unit Trust of India which manages over 28,000 crore under various schemes has for its service an excellent reputation.

Fund in India: A Financial Service in Capital

Voting shares and lowering the debt-equity ratio help to remove these apprehension. Sixthly, as there is no distinction between trustees, sponsors and fund managers, it is necessary to regulate frame work for a clear demarcation between the role of constituents, such as shelter, trustee and fund manager to protect the interest of the small investors. Seventhly, steps should be taken for funds to make fair and truthful disclosures of information to the investors, so that subscribers know what risk they are taking by investing in fund. Eighthly, infrastructure bottlenecks will have to be removed and banking and postal systems will have to be taken place for growth of mutual funds. Ninethly, mutual funds need to take advantage of modern technology like computer and tele-communications to render service to the investors.

Investors Opinion on Mutual Funds

Savings from an important part of the economy of any nation. With various options available to the people, the money acts as the driver for growth of the country. Indian financial scenes too percent multiple avenues to the investors. Though certainly not the best or deepest of markets in the world, it has ignited the growth rate in mutual funds industry to provide reasonable options for an ordinary man to investment his savings. In other developed countries, mutual funds attracts much more investments as compared to the banking sector but in India the case is reverse. Investor lack awareness about the benefit that are offered by these schemes. It is time those investors irrespective of their risk capacities, to make intelligent decisions to generate better returns and mutual funds are definitely one of the ways to go about it. SEBI introduced a number of measures to improve corporate government, standards and professionalism in the mutual fund industry. This has encouraged many investors to invest in mutual funds. More than 50 percent of the household savings have been in financial assets. In this chapter an analysis is made on the opinions of investors on several aspects of mutual funds.

Profile of the investors
The profile of the investors is given on the basis of their age, education, occupation and family income. These personal and economic variables affect the investment decision of the investors.

Age of the investor
Age is the primary factor in determining the attitude of the people. The ages of the respondents are classified into five categories by the researcher and the details are furnished in the table 1.

Table 1: Age of the Investor

Age	Respondents	Percentage
<25 yrs	5	10
26 to 35 yrs	3	6
36 to 45 yrs	21	42
46 to 55 yrs	11	22
>55 yrs	10	20
Total	50	100

***Source*:** Primary Data

Table 1 shows that 42 percent of the total respondents belong to the age group of 36 to 45 years, 22 of the respondents belong to the age group of 46 to 55 years, 20 percent of the respondents are in the age group of above 55 years, 10 percent of the respondents are in the age group of below 25 years and remaining six percent of the respondents are in the age group of 26 to 35 years.

Educational qualification of the investor
The educational qualification of the respondents are classified into different categories and the details are furnished in the table 2.

Table 2: Educational Qualification of the Investor

Qualification	Respondents	Percentage
SSLC	6	12
Graduate	14	28
Post Graduate	11	22
Professional	17	34
Others	2	4
Total	50	100

***Source*:** Primary Data

Table 2 shows that out of the total respondents 34 percent of the respondents are in the undergraduate education level, 22 percent of the respondents are in the post graduate education level, 12 percent of the respondents are in SSLC education level and the remaining 4 percent of the respondents are in the other category.

Occupation of the Investor
Occupation also countries its share in determining the investment attitude of the people. The details regarding the occupation of the respondents are given below in the table 3.

Table 3: Occupation of the Investor

Occupation	Respondents	Percentage
Salaried	19	38
Professional	21	42
Business	7	14
Others	3	6
Total	50	100

***Source*:** Primary Data

Table 3 shows that out of the total 50 respondents, 42 percent of the total respondents belong to professional group, 38 percent of the respondents belong to salaried people, 14 percent belong to business category and the remaining six percent belong to other category.

Annual Family Income of the Investor
Annual income is the basic part of a person. The researcher has classified the annual family income of the investor and their percentages are given in table 4.

Table 4: Annual Family Income of the Investor

Family Income	Respondents	Percentage
Less than 3.5 lakhs	6	12
3.5 to 5.5 lakhs	24	48
5.5 to 15 lakhs	19	38
More than 15 lakhs	1	2
Total	50	100

***Source*:** Primary Data

Table 4 shows that out of the total respondents 468 percent of the respondentds are in the income level of Rs.3,50,000 to 5,50,000 to 15,00,000, 12 percent of the respondents are in the level of less than Rs.3,50,000 and remaining 2 percent belong to the income level of more than 15,00,000.

Investor's Preference of the Financial Assets
Investor's preference of financial assets the investments are wide for investors to choose each and every investment alternative has its own advantage and disadvantage. For example Bank Deposits are safer than Company Deposits but yield comparatively lesser return. Insurance policies provide safety and security. Tax benefits can be derived from NSC. Investing in equity provided high return. The investor's preference are given in Table 5.

Table 5: Investors Preferences of the Financial Assets

Assets/Ranks	1	2	3	4	5	6	7	8	9	Score	Rank
Bank Deposits	6	7	3	1	9	13	6	4	1	261	4
Company Deposits	1	1	1	1	2	2	17	14	11	138	8
Provident Funds	8	11	15	6	4	2	1	0	0	352	2

LIC Policies	19	11	8	6	4	2	0	0	0	379	1
Shares & Debentures	3	4	12	16	6	2	2	3	2	291	3
Postal saving schemes	6	7	4	2	7	7	7	9	1	253	5
National savings Schemes	4	6	3	1	9	9	7	10	1	234	6
Mutual funds	3	3	4	3	8	9	5	3	2	189	7
Real estate	0	0	0	1	1	4	5	7	32	88	9

***Source*:** Primary Data

Most of the respondents rank the LIC policies first followed by provident funds, mutual fund, shares & debentures, bank deposits, national savings schemes, postal saving scheme, company deposits and last rank goes to real estate.

Reasons for Investing in Mutual Funds

The equity market is full of risk and the ordinary investors fund it difficult to manage. Hence, they prefer professionally managed mutual funds. The investor select asset management forum based on secure means for current and constant income, mutual funds provide liquidity in to ways. In open end schemes, the investors can get back his money at any time by selling back the unity to the funds he has the option to sell the unity through the stock exchange. Certain scheme provided tax benefits to the investor tax consideration also influence the investor benefits to the investor tax consideration also influence the investor to choose the particular fund. The mutual fund are professionally mangled and supported by a research term. There is a reduction in risk. Investors choose mutual fund on the basis of various reasons.

Table 6: Reason for Investing In Mutual Funds

Reasons	Respondents	Percentage
Higher returns	15	23.08
Liquidity	18	27.69
Tax Benefits	9	13.85
Risk Reduction	19	29.23
Others	4	6.15
Total	65	100

***Source*:** Primary Data

Table 6 shows that 29.33 percent of the respondents prefer mutual fund for risk reduction, 27.69 percent of the respondents prefer mutual for its liquidity, 23.08 percent of the respondents prefer mutual funds for higher return, 13.85 percent of the respondents invest in the mutual fund for tax benefit and 6.15 percent respondents have other reasons for investing in mutual funds. Analysis shows that mainly retain investor invest in mutual funds for reducing risk.

Type of Mutual Fund Scheme Most Preferred By the Investors

Different types of mutual funds are available in the market. Equity funds invest mainly on equity. The income funds main objective is to provided regular and stable income, it invest in fixed income securities such as bond corporate, debenture, Government securities and money market instrument, balance funds invest both in equity and fixed income securities. These funds are also called income-cum-growth fund. The funds provide regular income and capital appreciation. Gild funds are preferred because of the high level of safety and constant income. Income funds is preferred because these carry moderate risk compared to equity, sector specific funds carry high risk related to the specific sector mentions in the particular sectors fund. Hence these funds are co9mparatively less preferred than the other funds.

Table 7: Type of Mutual Fund Scheme Most Preferred By the Investors

Mutual fund schemes	Respondents	Rank
Equity funds	13	4
Income funds	27	2
Balanced funds	12	5
Gilt funds	30	1
Tax savings funds	70	3
Sector specific funds	11	6
Technology funds	10	7

***Source*:** Primary Data

Table 7 shows that most of the respondents prefer gilt funds than other funds. The income funds scheme is preferred next and then followed by tax saving fund, equity fund, balanced fund, and sector specific fund and technology funds. Investors are more particular about safety aspects in mutual funds.

Reasons for Preferring the Particular Mutual Fund

Equity, income and balance funds are preferred for different reasons, the reasons for preferring these funds are given in the table 8.

Table 8: Reasons for Preferring the Particular Mutual Fund

Reasons	Equity funds	Ranks	Income Funds	Rank	Balanced Funds	Rank
Liquidity	2	2	5	2	2	2
Safety	2	2	4	3	1	3
Tax benefits	1	3	4	3	1	3
Volatility	1	3	4	3	1	3
ROI	3	1	8	1	3	1
Track Record	1	3	2	4	1	3
Past Performance	1	3	1	5	1	3
Professional management	1	3	1	5	1	3
Total	13		27		12	

***Source*:** Primary Data

The table 8 indicates that whatever may be the type of the fund, the investor is very keen on the return they could receive from the fund. Past performance is given serious consideration in all the mutual funds. The liquidity aspects is given second rank.

Expectation of Returns

The investor expectation of return differs from one another these mainly depends upon their investment objective and income considerations. The expected rates of return for different funds are given in table 9.

Table 9: Expectation of Returns

Mutual funds	Expected return	Respondents	percentage
Income funds	<10%	-	0
	10% to 20%	6	22.22
	>20%	21	77.28
Equity Funds	<10%	1	7.69
	10% to 15%	2	15.38
	>15%	10	76.93
Balanced funds	<5%	-	0
	5% to 8%	1	8.33
	>8%	11	91.67
Gilt funds	<5%	-	0
	5% to 7%	5	16.67
	>7%	25	83.33

***Source*:** Primary Data

More than three fourths of the investors expect >20% return for the income funds. 76.93 percentage expects>15% return for the equity funds, 91.68 percentage expect more than 8% return out of balanced funds and 83.33 percentage expect > 7% return for gilt fund more returns are expected from income funds compared to other funds. Reasonable rate of return is expected from gilt edged funds.

Mutual Funds Most Prepared by the Investor

Banks and financial institutions offer varieties of mutual funds. Unit Trust of India was the first to issue mutual funds units after that public sector banks entered into the forcy. Private sector financial institutions floated several mutual fund schemes. The table 3.10 gives the different mutual fund issue and the investor's preference towards their schemes. Preudential ICICI balance fund and alliance 95 funds. DSP merill linch are balance funds, gilt funds also know as G-sector funds. They invest in Government of India securities and they have gained popularities in Indian market, tax savings schemes provide tax rebates to the investor's under the supervision of the income tax rebates to the investor's under the supervision of the income tax act 1961, equity link savings schemes and pension schemes offered by mutual funds offer tax benefits. Sector specific funds invest only on those sectors or industries specified in offer document for example information technology sector pharmaceutical, fast moving consumer goods and petroleum. Technology sector funds mainly invest on information technology related company's equity.

Table 10: The Mutual Funds Most Prepared By the Investor

Mutual funds	Equity funds	Rank	Income funds	Rank	Balanced funds	Rank
Idbi	5	10	4	7	-	0
Uti	11	5	1	40	3	4
Jm	6	9	15	2	2	5
Kotak	4	11	1	10	-	0
Sbi	5	10	2	9	1	6
Templeton	9	6	10	3	8	1
Tata	7	8	7	5	4	3
Grindlayls	6	9	2	9	1	6
Zurich	14	3	5	6	8	1
Canara Bank	4	11	1	10	1	6
Hdfc	8	7	3	8	4	3
Il & Fs	6	9	10	3	2	5
Sundaram	12	4	8	4	4	3
Alliance Capital	3	12	1	10	4	3
Birla Sun Lilfe	15	2	16	1	7	2
Cholamandalam	9	6	4	7	3	4
Dsp Merrill Lynch	7	8	8	4	3	4
Icici Prudential	14	3	5	6	3	4
Reliance	19	1	-	0	2	*5*
Others	*2*	*13*	*1*	*10*	-	*0*

***Source*:** Primary Data

Table 10 shows that in equity funds, Reliance mutual fund is mostly preferred than other and followed by Birla Sun Life. Incase of income funds Birla Sun Life mutual funds is mostly preferred and followed by JM mutual fund. In case of balance funds, Zurich and Templeton mutual fund are mostly preferred by the respondents and followed by Birla Sun life mutual fund. Kotak and Canara bank equity funds ranked last in the equity fund.

Number of years of investment

The mutual funds scheme were available from 19633 onwards. Slowly it gained popularity. The number of years of investment in mutual fund is given in table 11.

Table 11: Number of Years Investment

No. of years	Respondents	Percentage
5 to 10 years	9	18
10 to 20 years	23	46
20 to 30 years	11	22
Above 30 years	3	6
Total	50	100

***Source*:** Primary Data

Table 11 shows that 46 percent of the respondents have 10 to 20 years of experience. 46 percent of the respondents had invested in the mutual funds for 20 to 30 years of the experience, 18 percent of the respondents had invested 5 to10 years of investment, 8 percent of the respondents had less than 5 years of investment, the remaining 6 percent of the respondents had above 30 years of investment. Majority of investor had invested in mutual funds for more than 10 years.

Investors Past Experience in Investing In Mutual Funds

As majority of investor had invested in the mutual funds for more than five years, it is possible for then to give opinion regarding the terms of return of the mutual fund. The opinion of the investors are given in the table 12

Table 12: Investors Past Experience in Investing In Mutual Funds

Attributes	Respondents	Percentage
Safe	7	14
Erratic	18	36
Unsafe	10	20
Cannot say	15	30
Total	50	100

***Source*:** Primary Data

From table 12 it is clear that more than one third of the investor had felt that out of 50 respondents 36 percent of respondents have erratic experience in terms of return 30 percent of respondents have no opinion in terms return, 20 percent of respondents have erratic experience in term of principles.

Changes in Investors Preference

The stock market is highly volatile. The mutual funds are also affected by the volatility of stock market. There also the investor has to revise their investment in mutual funds to make it more profitable. The table 12 provided the change of investment in mutual funds.

Table 13: Changes in Investors Preference

Changes in preference	Respondents	Percentage
Yes	23	46
No	27	54
Total	50	100

***Source*:** Primary Data

Table 13 shows that out of the total respondents 46 percent of the have changed their preference of investment since the market is not stable. To get fair return 54 percent of the investors had not changed their preference.

Summary of findings

- Analysis shows that mainly retail investor in mutual funds for reducing the risk.
- LIC policy investment was preferred than other types of investment and was given the first rank.
- Investors are particular about safety aspect in mutual funds.
- More returns are expected from income funds compared to other funds. Reasonable rate of return is expected for gilt edged fund.
- Among equity funds, reliance mutual fund is mostly preferred than other funds.
- Among income funds, Kotak fund got the first rank.
- In the balanced funds, Templeton fund is preferred most by the investor.
- Past performance is given serious consideration in all the mutual funds. The liquidity aspects are given second rank.
- Majority of investor had invested in mutual funds for more than 10 years.
- Expect four percent of the investor felt that the performance of the mutual fund sis the satisfactory and good.
- The mutual fund has been operating for the last five to six years. Thus, it is too early to evaluate its operations. However one should not lose sight to the fact that the formation years of any institution is very important to evaluate as they could be able to know the good or bad systems get evolved around this time. Following are some of the shortcomings in operation of mutual fund.
- The mutual funds are externally managed. They do not have employees of their own. Also there is no specific law to supervise the mutual funds in India. There are multiple regulations. While UTI is governed by its own regulations, the banks are supervised by Reserved Bank of India, the Central Government and insurance company mutual regulations funds are regulated by Central Government
- At present, the investors in India prefer to invest in mutual fund as a substitute of fixed deposits in Banks, About 75 percent of the investors are not willing to invest in mutual funds unless there was a promise of a minimum return,
- The increase in the number of mutual funds and various schemes have increased competition. Hence it has been remarked by Senior Broker "mutual funds are too busy trying to race against each other". As a result they lose their stabilising factor in the market.

Future Outlook and Suggestion

As mutual fund has entered into the Indian Capital market, growing profitable enough to attract competitors into this cherished territory encouraging competition among all the mutual fund operators, there is need to take some strategy to bring more confidence among investors for which mutual fund would be able to project the image successfully.

The followings are some of the suggestions. As there is no comprehensive law to regulate the mutual fund in India, uniform coordinated regulations by a single agency would be formed which would provide the shelter to the investors. Secondly, as the investors are not willing to invest in mutual fund unless a minimum return is assured, it is very essential to create in the mind of the investors that mutual funds are market instruments and associated with market risk hence mutual fund could not offer guaranteed income. Thirdly, all the Mutual funds are operated in the public sector. Hence private sector may be allowed to float mutual funds, intensifying competition in this industry. Fourthly, due to operations of many mutual funds, there will be need for appropriate guidelines for self-regulation in respect of publicity/advertisement and interscheme transactions within each mutual fund. Fifthly, the growth of mutual fund tends to increase the shareholdings in good companies, Voting shares and lowering the debt-equity ratio help to remove these apprehension. Sixthly, as there is no distinction between trustees, sponsors and fund managers, it is necessary to regulate frame work for a clear demarcation between the role of constituents, such as shelter, trustee and fund manager to protect the interest of the small investors. Seventhly, steps should be taken for funds to make fair and truthful disclosures of information to the investors, so that subscribers know what risk they are taking by investing in fund. Eighthly, infrastructure bottlenecks will have to be removed and banking and postal systems will have to be taken place for growth of mutual funds. Ninethly, mutual funds need to take advantage of modern technology like computer and tele-communications to render service to the investors.

Conclusion

Investment goals vary from person to person, while somebody wants security, others might give more weight age to returns alone. Somebody else might want to plan for is child's education while age after retirement. With objectives defying any range, it is obvious that the products required will vary as well. Indian mutual funds industry a plethora of schemes and serves broadly all type of investors. The range of product includes equity funds, debt, liquid, gilt and balanced funds. There are also funds meant exclusively for young and old, small and large investors. Moreover, the legal structure, which has enough teeth to safeguard investor's interest, ensures that the investors are not cheated out of their hare earned money.

The number of mutual fund that have cropped up in recent years is quite large and through, on an average, the mutual fund industry has not been showing good return, select funds have performed consistently, assuring the investor better return and lower risk options.

The mutual fund are still continued to be the unique financial tool in the country. One has to appreciate the fact that every; aspect of life has its period of high and lows. This has been the case with the stock markets, same logic apply to the mutual fund also. Mutual funds have not failed in many country ‘where they work within a regularly framework. Their future is very bright.

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