# CHAPTER: 9 Findings and Conclusion

## Findings

**Objective 1:** *To examine the existing status of mutual fund industry in India.*

As on March 31, 2017

ii) 45 mutual funds are registered with SEBI with 2281 mutual funds schemes and out of that 1,675 are related to income/debt oriented schemes, 484 are growth/equity oriented schemes and 30 are balanced schemes.

iii) There are 63 ETFs and out of that 12 are gold ETFs and 51 are non-gold ETFs.

iv) There are 29 schemes operating as Funds of Fund

v) In terms of the investment objective, there are 829 open-ended schemes, 1,388 close-ended schemes and 64 interval schemes available in mutual funds industry.

vi) AUM reached to Rs.1760000 crores in as compared to Rs.25crore in 1964.

**Objective 2:** *To find out the impact of Equity funds in growth of Capital Market in India.*

*i)* It was found that there is high correlation between all equity funds with NIFTY and this positive high correlation show that return from equity funds and NSE move in same direction.

*ii)* Returns of all equity funds are high in relation to NIFTY return with highest return from Birla Sun Life MNC Fund and lowest from SBI Blue Chip Fund.

*iii)* Three (Franklin Small Company Fund, Franklin India High Growth Companies Funds and DSPBR Micro Cap Fund) out of nine equity funds have high Standard. Deviation showing high risk in comparison to NIFTY.

*iv)* Two equity funds (Birla Sun Life Top 100 and SBI Blue Chip Fund) out of nine equity funds have high impact on NIFTY return. The other seven predictor variables are having less impact.

*v)* It was found that there is high correlation between all equity funds with SENSEX and this positive high correlation show that return from equity funds and BSE move in same direction.

*vi)* Mean return of all selected equity funds is higher than BSE return that shows the investors have better chances to get more return if they invest in equity funds.

*vii)* Standard Deviation of three equity funds (Franklin Small Company Fund, Franklin India High Growth Companies Funds and DSPBR Micro Cap Fund) is high in comparison to BSE showing equity funds return are more volatile than SENSEX.

*viii)* Two equity funds (SBI Blue chip fund and Birla Sun Life Top 100 Fund) have more impact on SENSEX and remaining have less impact.

**Objective 3:** *To study the impact of Debt funds in growth of Capital Market in India.*

i) Correlation between debt funds and Broad Index is high indicating that return from all debt funds and return from Broad Index move in same direction.

ii) Return from two debt funds (IDFC Dynamic Bond Fund and UTI Bond Fund) out of eight is higher than return from Broad index. So investors have option to invest in both the funds.

iii) Standard Deviation of debt fund is low in comparison to Broad Index meaning thereby investment in debt fund is less risky and more consistent than Bond return.

iv) HDFC income fund is more predictive and remaining predictor variables are less predictive of Broad index.

**Objective 4:** *To study the relationship between balance funds investment and growth of Capital Market in India*.

i) High correlation between balance fund and NSE/BSE shows that they move in the same direction.

ii) The mean return of all eight balance funds is high in relation to mean return of NIFTY. This indicates the balance funds are good option for the investors to invest.

iii) All balance funds are less risky in comparison to NIFTY/SENSEX. The investors who are risk avoider may opt balance fund as an investment option.

iv) Out of eight two balance fund (UTI Balance Fund and Franklin India Balance Fund) are statistically significant which gives an option to the investors to invest.

**Objective 5:** *To study the factors affecting investor's behavior on selecting Equity, Debt and Balance Funds.*

During the analysis, it was found that there are eight factors which can be of utmost importance to the investors and these are; ***Scheme/Fund(s) information related attributes, Fund investment strategy, Sponsors' attributes, Fund return and grievance handling attributes, Funds load, Fund decision influencing attributes, Fund value added services and Fund capital appreciation attributes.*** Hence all the fund managers are required to advice the investors by considering all these factors so that they can earn loyalty towards investors.

**Objective 6:** *To analyze and compare the performance of selected Equity, Balance and Debt Mutual Funds.*

i) Birla Sun Life MNC Fund ranked number one by Sharpe, Treynor and Jenson Index showing best performer equity fund in comparison to market return.

ii) HDFC balanced funds ranked one by Sharpe, Treynor and Jenson Index showing best performer balance fund in comparison to market return.

iii) UTI Bond Fund ranked one by Sharpe Index showing best performer debt fund with Broad index Return. However, Treynor and Jenson Index ranked IDFC Dynamic Bond Fund as best performer debt fund.

iv) Beta value of all equity balance and debt funds indicates that returns of all funds move along with movement in NIFTY, SENSEX and Broad Index.

**Conclusion**

Financial system of India is based on four elements namely, Financial Market, Financial Institutions, Financial Service and Financial Instruments. All these forms have significant role in smooth transfer and allocation of funds. It is the right time to exploit the sector by giving effective and adequate saving opportunities to the investors when they have small funds for investment. In this situation mutual funds might play a significant role for small investors as well as to Indian capital market. This study analyzes the impact of mutual funds on Indian capital market, performance of mutual funds and role of investors' perception towards mutual funds investment. The result shows that return from equity, balance and debt funds are highly correlated (positive) to NSE and BSE returns. It shows that return from mutual funds and return from NSE and BSE move in same direction. The analysis also shows that the risk associated with capital market is high and average return is less.

The analysis related to investors' perception towards mutual funds came out with eight important factors viz; ***Scheme/Fund(s) information related attributes, Fund investment strategy, Sponsors' attributes, Fund return and grievance handling attributes, Funds load, Fund decision influencing attributes, Fund value added services and Fund capital appreciation attributes.*** So it was found that investors of mutual fund are more concerned with all these factors and the fund managers need to take care of all these factors while investing or advising to invest the money to the investors.

Performance of mutual funds measured by Sharpe, Treynor and Jenson Index with bench mark index NIFTY and SENSEX showing mutual funds are performing good and its

Beta value indicates mutual funds return move along with NIFTY and SENSEX. The study shows mutual fund industry is rapidly growing and contributing in development of Indian capital market by investing in equity, debt and bonds. Risk associated in capital market investment is high as compare to mutual funds investment.