

A Study of Mutual Fund Industry in Regard to Deepening of Financial Markets from an Individual Financial Perspective

Dolly¹

Research Scholar

FCBS, MRIIRS, Faridabad

E-mail: bhardwaj.dolly799@gmail.com.

e-ISSN 1309-6591

Dr. R. K. Arya²

Professor

FCBS, MRIIRS, Faridabad.

e-ISSN 1309-6591

Abstract

To begin our investigation, we explore the physical and non-physical elements impacting mutual fund distribution and penetration in India. We have collected qualitative and quantitative data from fund managers on the characteristics and factors influencing their geographic presence in the nation using a questionnaire survey. Studies have shown that distribution channels, such as mutual fund companies, have a major influence on fund penetration, which is why it may be more productive to approach growing fund penetration by focusing on raising financial literacy instead.

Keywords: Mutual funds; Indian mutual fund industry; penetration; Assets Under Management

1. Introduction

Mutual funds combine the money of a set of people and, as a result, return a profit over time. An investing expert known as a fund manager or portfolio manager oversees this pool of funds. It is his/her responsibility to invest the funds in various securities such as bonds, stocks, gold, and other assets in order to maximize profits. The investment gains (or losses) are split among the investors in accordance with their contributions to the fund. Mutual funds combine money from multiple investors to invest in different kinds of securities, such as stocks, bonds, money market funds, and other securities. Mutual funds are overseen by investment managers who use their expertise to identify opportunities for investing in new funds and potentially produce gains or income for fund investors. Portfolio construction and maintenance are employed to meet the investment objectives mentioned in the prospectus.

Investing through mutual funds involves professional fund managers for small and individual investors. The proportionate amount that each investor receives as dividends/losses is proportional to the amount they have invested. In mutual funds, several asset classes are

pooled to provide a complete portfolio, and the value of the fund is often measured by changes in the market capitalization of the entire portfolio, which incorporates the profitability of all the underlying value.

While numerous studies have been conducted on mutual fund growth and financial success in India (Boston Analytics, 2010; PWC, 2013), the causes for low mutual fund penetration outside of India's top fifteen cities have received less attention. The research investigates the causes of disparities in the mutual fund sector in industrialized nations. In general, no difference is made between the various portions of the nations depicted in such work (Khorana et al., 2005). Despite the fact that such research may aid policymakers in identifying the optimum interregional macroeconomic circumstances for establishing an efficient mutual fund sector, variations in mutual fund penetration within a nation are rarely addressed.

Funds have gained recognition for the unique benefits they provide to their investors. Advantages include the ability to diversify and to invest in stock and debt markets at a cheap cost, plus the ability to liquidate quickly. Mutual funds, with these perks, are commonly expected by households with financial assets in excess of 28% of their worldwide GDP to shift to one of the country's most successful mutual funds (World Bank, 2012). More importantly, the PWC (2013) found that, compared to the Indian 15 (T-15) cities, asset distribution is skewed substantially in favour of India's T-15 cities. 87% of the country's total AUM is concentrated in just 15 locations. Delhi, Mumbai, Bangalore, Chennai, and Kolkata are the country's top five cities in terms of total AUM, and account for 85% of total AUM among the T-15 cities (PWC, 2013).

It's critical to determine what's causing this gap in investor involvement. This difference might be caused by a variety of causes. Laws, norms, and governance, supply side variables, demand side factors, and technical difficulties all have an impact on the growth of the mutual sector in a particular country, as per cross-country research (Khorana et al. 2005).

Mutual funds have existed for almost a century and have played an important role in global financial markets. In the United States, the first modern mutual fund was established in 1924, and there were over 700 funds in operation right before the Great Recession. The government-sponsored Unit Trust of India was the first mutual fund firm in India, and it was the only mutual fund available to investors until public sector banks were permitted to operate mutual funds in the 1980s. The industry did not see a significant increase in assets until the mid-1990s, when the private sector was permitted to compete.

Mutual funds are not a major force in the Indian financial markets, even though they have seen a significant rise. In contrast to India, in the United States mutual funds account for about 3% of all of the equity capital invested in the market, while they make for more than 30% of all of the capital invested in the U.S. Approximately 0.4% of all assets handled nationally, the Indian mutual fund sector handles \$87.5 billion in assets (Kale, & Panchapagesan, 2012). Given the lack of long-term investments in emerging economies like India where family savings are often large, it is expected that once accessible, mutual funds would become widespread. Moreover, inadequately literate Indian investors would be expected to participate in economic progress by outsourcing the difficult investment process to mutual funds instead of trying to do that by themselves.

A Study of Mutual Fund Industry in Regard to Deepening of Financial Markets from an Individual Financial Perspective

In today's financial sector, an investor with a diverse excess has a variety of investing alternatives. Bank deposits, corporate debt, and bonds are examples of low-risk, low-return investments. One might invest in stocks of businesses with a high risk, but also a big return. According to current stock market patterns, the majority of ordinary investors lose money over time. People began to hire stock market portfolio managers so that they could invest on their own. As a consequence, we have been supplied with wealth management services by a number of organizations. But they were unaffected by a little investment. Mutual funds have given these investors with a refuge. In recent times, the mutual fund industry has seen significant changes, with multinational firms entering the country and offering their expertise in global fund management. In India's mutual fund market, there has been a period of consolidation in recent months. Depending on their individual properties, investors can now choose from a number of programmes.

Mutual funds have quickly grown in popularity as an option for investors interested in mitigating the risk of investing in individual stocks. Investing in mutual funds is putting money into a collection of securities selected by fund salesmen and offered to investors as fund stocks. There are several different investment options, so you have plenty of flexibility. Some of the most prevalent fund types are security funds, income funds, technology funds, and growth funds. Mutual funds allow you to have a significant number of investments in a variety of equities, while simultaneously reducing the risk involved with having a single investment. Mutual funds have grown in popularity as one of the most appealing methods for regular people to invest their money. A mutual fund pools money from hundreds of people and invests it in a variety of assets such as stocks, bonds, and government bonds to give a high level of relative safety and returns. For the majority of investors, mutual funds are now the best alternative. It is no surprise that the fund business in the United States has already surpassed the banking industry. Several fascinating investment possibilities have already been made accessible to Indian investors by the Indian industry.

Although mutual funds are not insured in the same way that banks are, they can provide a greater rate of interest than banks' present 1-2 percent while being one of the safest methods to develop your money. The options for mutual fund investment are almost endless, depending on your risk tolerance. Mutual funds have become well-known as professional intermediaries. This money enables for small-dollar investments while keeping a diverse portfolio to some extent, in addition to offering expertise in stock market investing. A mutual fund is an investment vehicle that invests in both bonds and stocks. Instead of replacing stocks and bonds, it pools funds from many participants and invests them in stocks, securities, money market funds and other assets, including real estate. Like buying a little pizza, buying a mutual fund is similar to buying a mutual fund. Profits, losses, income, and expenses of the mutual fund unit is distributed proportionately to the unit owner. Investment funds (MF) gather money from individual shareholders and corporate investors and invest it on their behalf in various financial industries, sovereign debt, bonds, and equity instruments.

An investor can invest in a portfolio of assets without actually owning any of them by investing in a mutual fund. It collects money from a number of sources and invests it in a variety of financial assets. Every fund manager has their own set of investing objectives that they aim to meet. Investing in mutual funds has grown in popularity as one of the most appealing options for the average person to do so. Because mutual funds need to spread

investments to maintain adequate investment returns and security, a fund collects the money of many investors and invests it in a wide range of assets, like stocks, bonds, and securities. A number of programmes are used by the Asset Management Company to administer each Mutual Fund. Investment in Mutual Funds allows an investor to become a unit holder. After the money has been deposited in a mutual fund plan, it is subsequently invested by the fund management in a variety of equities, bonds, and money market funds. Every MF is established by a trained specialist who uses the money to build a collection of shares and equities, gilts, bonds, and money market instruments, as well as a blend of them.

There are two key reasons why Mutual Funds are popular with Indian investors. They give a better return rate than FD and the assets are managed by specialists who have the infrastructure needed to monitor business operations and stock market perspectives. MF can be regarded as a banking industry branch. In both cases, money is withdrawn from the deposits of investors and paid as a dividend, at almost the same rate as the interest rate of the bank. In India there are about 38 MFs that operate a range of programmes that meet the expectations of their target customers. Tax relief funds, income funds, growth funds, bonds, index funds, balanced funds, cash market funds etc. are all aimed at achieving the aims of various kinds of depositors. The Indian MF industry relies on diversification, franchisee ownership, opening new shops and accumulating locations, hosting investor dinners, and holding seminars to spread awareness. This industry focuses on sophisticated structured equity instruments that appeal to high-net-worth investors. Technology, on the other hand, is used to enhance the experience. Banks and insurance companies must compete with the mutual fund business. The Reserve Bank of India and the Indian government helped establish Unit Trust of India in 1963.

A financial sector is a marketplace where various types of bonds and securities are exchanged. This covers a variety of financial instruments such as bond markets, stock prices, foreign exchange markets, equity derivatives, and so on. Because they operate as middlemen between various collectors and investors, financial markets are critical to the effective running of the capitalist system. These marketplaces effectively let money to go back and forth between collectors and investors. By managing resources and creating liquidity for commercial operations, financial markets contribute to the smooth operation of economies. In these markets, several sorts of businesses can be traded. One of the main responsibilities of financial markets is to provide openness in information in order to provide effective and appropriate market pricing. Other titles, such "Wall Street" and "capital market," are alluded to sometimes, although they all relate to a same phenomenon. Simply said, companies and individuals may utilize the financial system to raise capital and produce more money to develop their business.

In the growth and development of nations around the world, the capital market is vital. The capital market of one country creates medium and long-term capital, which is vital for financial progress, as demonstrated by the positive links among long-term economic and capital growth. A well-developed financial sector helps discover prices, liquid liquidity, lower transaction costs and reinsurance. Thus, strong capital markets enhance economic productivity, investment, and growth. In the search for ways to enhance the operations of capital markets throughout the world, financial deepening has been emphasized as one of the strategies whose implementation may quicken the speed, development, and contributions of

A Study of Mutual Fund Industry in Regard to Deepening of Financial Markets from an Individual Financial Perspective

the market. Financial integration is more concerned with financial deepening. By moving cash from excess units to depository institutions, financial markets play a crucial role in the intermediation process (investors). When a country's financial internationalization is successful and efficient, the consequence is frequently a well-functioning financial sector capable of sustaining economic expansion.

As per the previous discussion, a nation's monetary depth level might have an influence on the participation of the financial market to growth in the economy. Given that capital markets' prominent and essential role in determining the rate of development and growth of a nation, the connection between financial deepening and stock market performance in a developing nation such as Nigeria must be assessed. The primary instruments being transacted on the Nigerian stock exchange were government development shares, industrial preferences, and equities.

Credit intermediation has shifted in recent years, with non-bank intermediaries, such as asset management firms, gaining ground on the banking sector's traditional dominance. the mutual fund business is India's fastest growing and most competitive industry, since it provides investors with operational flexibility and attractive returns during this time of market calm (RBI, 2017). Over the previous five years (2013-2018), assets managed by mutual funds have grown at a Compound Annual Growth Rate (CAGR) of 25%, which is equivalent to less than 11% of average scheduled commercial bank deposits (Kaila, & Singhal, 2014).

Due to the formalization and financialization of India's market, household resources have migrated from physical assets to financial money and capital assets, from bank deposits to securities. Capital market tools come with inherent risks and individual investors lack knowledge in portfolio construction, stock selection and timing, thus mutual funds pool money from a wide variety of participants and spread risks by investing in an investment, bond, and/or cash-market tool portfolio. Starting to handle such assets are professional portfolio managers that use tactical trades to take advantage of current or predicted market conditions. To normally risk-averse lay investors, MFs provide a regular source of income and capital appreciation, as well as tax benefits. As a result, since 2016, household preference for mutual funds over other investment choices has increased significantly. While the MF industry's penetration in India is low in contrast to the global average (as measured by the AUM/GDP ratio), the industry's prospects are brightened by favourable demographics, a record of high savings propensity, and regulatory measures. MFs also play a key role in the stock, debt, and financial markets as efficient resource allocators. Corporate debt instruments like as floating rate bonds, non-convertible debentures (NCDs), and PSU securities make up the majority of MF debt portfolios. MFs are the primary lenders in the money market's collateralized borrowing and lending obligation category, accounting for more than 60% of all loans. They invest in both the main and secondary markets as big domestic institutional investors, providing a buffer against price fluctuations.

2. The Policy Environment

The first investment trust in India, the Financial Association of India and China, was founded in 1869, and it marked the start of the MF industry in India. In Bombay, M/s Premchand Roychand established the first Industrial Investment Trust in 1933. Many other industrial enterprises also created trusts, which functioned as investors and mobilized cash from

corporations and developers of industrial groups. In addition, in 1963, the Reserve Bank of India and the Government of India cooperated to form the Unit Trust of India, creating a solid basis for the business. In 1987, the industry began to grow, with new entries mixed with stable times.

It has been determined by the AMFI that industrial development has five key stages. As part of the Unit Plan of 1964 (United States 64), UTI was created as part of the first phase (1964-1987). At the end of 1988, UTI had a total of 67.0 billion AUMS. As part of the second phase (1987-1993), the State Bank of India MF was created in 1987. In 1993, many additional public sector institutions, including the Life Insurance Corporation of India and the General Insurance Corporation of India, launched their own MFs, and the industry's AUM reached 470.0 billion. With the formation of the SEBI in 1992, a new era in the Indian MF business began in 1993. the private sector was allowed to enter the industry in the third phase (1993-2003), which resulted in India's securities markets becoming the first to provide MF products to Indian consumers. Except for UTI, SEBI commenced regulating the MF market in 1993 under the SEBI (Mutual Funds) Regulations of 1993, which were completely revised and announced in 1996. Many fusions happened at this period when a number of foreign-sponsored MFs joined the market. There were 33 mutual funds with a total AUM of \$1,218.1 billion at the end of January 2003. The fourth stage (2003-April 2014), which also began in February 2003 with the repeal of the Unit Trust of India Act 1963 and the demarcation of the UTI into a Specified Undertaking of the Unit Trust of India and the UTI Mutual Fund, frequently saw consolidations between private sector funds, which were likely to result in further consolidation and growth of the MF industry, which had been hampered in the previous stage. In the fifth stage (since May 2014 onwards), the industry saw a revival, with continuous growth in inflows and AUM, supported by SEBI regulatory measures, greater access through improved distribution channels, and more investor education.

In recent years, the SEBI has adopted several initiatives to build an integral and credible regulatory environment for the sector, improve the availability of MF products, reenergize distribution, ensure more openness, address investor protection and awareness problems.

Newly formed cadre of distributors, consisting of postal workers, retired government leaders, retired teachers, and bank officers, were given certificates by the National Institute of Securities Markets (NISM) and were permitted to distribute simple and complex MF products in September 2012 as part of SEBI's initiatives. MF distributors were previously permitted to purchase and redeem MF units on behalf of their clients, with the use of approved stock exchange platforms, starting in October 2013. Previously, from August 2013, MFs may trade securities on debt exchanges' platforms on behalf of their schemes' portfolios and lower the expense of trading for Asset Management Companies (AMCs). This was accomplished by applying to be listed as a "proprietary trading member. As of April 2014, a number of distribution channels were opened up to internet-savvy customers, including internet-based investment services and the rising use of mobile-only investment vehicles. Direct plans, particularly direct plans, are allowed to purchase and redemption units directly through stock exchanges utilizing the infrastructure of recognized exchanges since October 2016.

Direct investment plans, e.g., assets placed directly in a portfolio managed by an investment manager, have access to additional provisions starting in 2012-13. Following the growth in participation in towns beyond the top 15 cities in September 2012, funds were

A Study of Mutual Fund Industry in Regard to Deepening of Financial Markets from an Individual Financial Perspective

allowed to charge a 30-basis point increase in total expense ratio (TER) if new inflows to towns beyond the top 15 cities reached 15% or 30% of the scheme's average AUMs (today's year).

3. Literature Review

All through discussion on alternate distribution techniques, Independent Financial Advisors (IFAs) play a key part in the money distribution (PWC, CII, June 2013). They talk to investors and recommend the asset allocation schemes and asset diversification methods they should use. It is consequently possible for them to have an impact on the investors' choice of investments and to provide MF solutions. This method does have its shortcomings. Unqualified IFAs have a greater risk of misleading their clients since they have no access to professional training and education. It would be difficult for financial advisors to communicate the benefits of mutual funds to investors who reside in rural towns. Although the top 15 cities are addressed, AMCs and regulators must work together to expand financial education outside these cities through campaigns and programmes on a regular basis.

Various aspects of legislation, regulatory and governance influence the financial sector's growth. In a study done by La Porta et al. (1998), they investigate the role that capital rules play in determining the confidence of investors (Thompson & Choi, 2001) and the growth of multi-country ownership and taxation, as well as the role that capital rules play in determining investor confidence.

The expansion of the reciprocal fund sector will influence the supply-side problems which imply the features of the financial services sector. Implications, such as the concentration in the banks (Nicola & Michele, 2001), distribution network spectrum and equity restrictions (Barth et al, 2001), easy access to the financial sector as costs for the establishment of a new fund, the time necessary to set up a new fund, and the instruments for competitive and government-sponsored investment are noted on them significantly to the development of the fund.

The growth and diversification of the mutual fund business in a nation can be explained by several demand side variables. These factors include education, literacy, the availability of knowledge sources, the company's age, and so on. Different trading characteristics, like transparency and transaction costs (Chiyachantana et al., 2004), can be used to describe some aspects of the mutual fund business completely.

According to Massa et al. (1999), a number of factors have been found to be highly predictive in explaining a large amount of the observed variation. They analyzed the investor behaviour commonly found in mutual fund investment portfolios and looked for different asset classes to be viewed as substitutes for mutual fund shares in the market. It was shown that inflows of money market and precious metal funds are inversely related to equity fund inflows. This may be seen by the fact that over half of all mutual fund shares trade due to re-equilibrium in the two sources of cash and equity. It is apparent that the negative link between shares and metals refers to liquidity issues rather than an understanding of equity premium. In addition, flow factors explain up to 45% of the transversal variability in mutual fund returns

Barber et al., 2005 suggested that mutual fund investors' buying decisions were impacted by high-profile information. Investors are more sensitive than business expenditures to outstanding direct charges such as front-end charges and commissions; they may acquire funds

that draw notice via remarkable performance, marketing, or advertising. They frequently observed unfavourable relationships among fund flows and the front-end charges. There was also a negative link between the amounts of money flowing into the funds and the fees that brokerage firms charged. No relationship (or paradoxical positive relationship) between operational expenditures and money flows was identified. Further analyses show that marketing and promotion of mutual funds, the expenditures of which are typically included in operational expenses, are responsible for this surprise outcome.

Müller and Weber (2010) looked at the effects of financial literacy on mutual fund investments. They discovered that financial knowledge had little influence on the performance of active funds. Overconfidence, on the other hand, may discourage people from investing passively. The chance of buying an active fund was shown to be positively related to the belief of being better than average at spotting superior assets, validating this theory. Furthermore, higher-than-average thinking is linked to monetary knowledge.

In the mutual fund business, there has been considerable disagreement over whether the abolition of entry loads has lowered the number of commissions distributors use to recruit new customers. A big problem for the mutual funds sector in 2009 was the regulations on new and current mutual funds, which impeded the industry's growth and also required prominent fund houses and distributors to restructure their operations and business structures in order to find a sustainable solution. Researchers (Anagol & Kim, 2012) that studied the notion that the elimination of entry charges has impeded the spread of mutual funds could not find any evidence supporting these claims.

Anagol et al. (2013) examined a key Indian investor protection regulation that banned distribution costs that were previously designated for reciprocal fund commissions, reducing expenses associated with reciprocal fund sales. They compared pre-reform funds with high- and low-distribution levies to assess the policy impact. In contrast to industry, experts believed that restricted commissions would drastically affect investment in mutual funds; there was absolutely no indication that the reform impacted the rise in assets in mutual funds.

Investors and portfolio managers working with intermediaries were investigated (mutual funds) by Zechner et al. (2011). Many financial consultants are typically available between portfolio managers and investors. In order to compensate advisers for differential pricing or marketing, portfolio managers pay large "kickbacks." Payments for kickbacks raise fund management costs and decrease returns. Competition with portfolio managers lowers kickback but promotes independent advisory services.

According to Khorana et al. (2005) assert that the mutual fund business is concentrated in countries with strong rules, laws, and regulations, especially when fund investors' rights are better protected, they agree with earlier results in the legal and economics literature. The small-cap sector is more prevalent in nations with lower entry barriers, as measured by the time and effort necessary to establish a new fund. While individuals with significant money and education are more likely to work in the fund business, it is also apparent in countries where the industry is older. The fund sector is larger in many countries because defined contribution pension plans are more prevalent. These findings suggest that regulations and norms, as well as supply and demand-side variables, have an impact on mutual fund industry growth.

A Study of Mutual Fund Industry in Regard to Deepening of Financial Markets from an Individual Financial Perspective

Mutual fund managers and fund complexes are influenced by investor reactions to mutual fund performance. It has far-reaching ramifications for global asset trading. (Keswani & Stolin, 2012) draw a few inferences from monthly fund sales and purchases in the UK via seven various distribution channels. Their research shows how various sorts of investors react to fund performance data, as well as the degree of nonlinearity in their reaction functions.

Investor reaction to the fund's performance has a big influence on long-term difficulties where mutual funds are invested and managed. The population of investors, on the other hand, is diverse, and the method for purchasing or reimbursing their funds may have an influence. Their findings demonstrate that how investors react to past fund performance is greatly reliant on the investors' demographics and how the fund is presented. Despite the fact that both people and institutions buy funds in a "convex" way, meaning they are more impacted by investment performance when a fund performs well than when it performs poorly, the effect on retail investors is considerably more evident. Flow performance correlations are steep and extremely convex for fund purchases made by a fund firm's associated sales force, but they are steep and very convex for fund purchases made either un-intermediated or arbitrated by independent advisers.

The sensitivity of accumulated withdrawals to performance is much lower than that of inflows, which is consistent with the notion that investors focus mostly on their initial investments than on their subsequent monitoring. When fund performance falls below average, investor withdrawals occur more quickly than when fund performance rises above average. In this sense, institutional and retail investors behave similarly.

The performance of a mutual fund is far more important when investors are deciding whether or not to invest rather than when they are deciding whether or not to redeem. Nonetheless, some investor types act inconsistently when it comes to the components of performance that they deem essential. Individual investors, for example, pay attention to non-alpha performance aspects when buying funds but disregard them when selling, whereas insurance companies perceive them when buying but don't value them when selling.

4. Aims and Objectives The aims and objectives are:

To analyze the factors that motivate to invest in mutual funds

To analyze the investment in mutual funds in respect of age groups and qualifications

5. Research Methodology

Data collection involves collecting relevant information, developing a hypothesis, and analyzing it to find an answer to a research problem. The outcomes of the tests are evaluated to generate the findings. The two basic types of data gathering are primary and secondary. This paper used a convenient Sampling Method. Primary data has been collected through structured questionnaire. Questionnaire was filled by 150 respondents and analysis was done with the help of SPSS tool. For the collection of the primary data, we have used a questionnaire. We have used Chi- square test and ANOVA test in this study. We are gathering information for this study from published journals, publications, and newspapers. For the collection of Secondary data, we have used Journals, articles.

6. Results

According to our study's findings, the male are 76 percent, and the female are 24 percent out of 150 total respondents of this study. The contribution made by respondents, the age group of 30-40 yrs. is 31.33 %, while the age group of 41-50 yrs. is 30 %, while the age group of above 50 is 10 percent and while the age group of below 30 is 28.67 percent which depicts that our respondents has contributed majorly for accomplishing our report. Out of 150 respondents, 30 percent are graduate, 15.33 percent are HSC, 32.67 are post graduate and 22 percent are professional. Out of 150 respondents, 30 percent are businessman ,30 percent are professionals, 9.33 percent are retired, and 30.67 percent are service. Out of 150 respondents, married are 60.67 percent and unmarried are 39.33 percent of this study. Out of 150 respondents, 60.67 percent are joint family and 39.33 percent are nuclear family of this study. Out of 150 respondents, the range of monthly income 10000-20000 is 32.67 percent where the range 20000-30000 is 30 percent, above 30000 14.67 percent and less than 10000 is 22.67 percent. Out of 150 respondents, 53 respondents invest the amount between 20000- 25000 monthly while 45 respondents invest below amount of 20000. Only 10 respondents invest the amount of above 30000. 39 respondents believes that they get minimum rate of return less than 5% and 46 agree that they receive return of 10-15 percent.

Liquidity in mutual fund, favourable rating and innovative features are some factors that motivates people to invest in mutual fund as per the survey.

Table 1: Motivation factors of investment in Mutual Funds

Test Value = 0							
95% Confidence Interval of the							
Mean Difference							
	t	df	Sig. (2-tailed)	Difference	Lower	Upper	
Mutual Fund products maximizes return	34.189	149	.000	3.64667	3.4359	3.8574	
Investment in mutual funds is based on the reputation of the scheme.	33.176	149	.000	3.59333	3.3793	3.8074	
Innovative features of Mutual Funds attract customers towards mutual funds.	33.124	149	.000	3.60000	3.3852	3.8148	
Mutual Fund operation is very transparent	31.430	149	.000	3.52667	3.3049	3.7484	
Investors in Mutual Funds can liquidate their	33.633	149	.000	3.63333	3.4199	3.8468	

A Study of Mutual Fund Industry in Regard to Deepening of Financial Markets from an Individual Financial Perspective

investments at any time.

Easy entry and exit to and from Mutual Funds.	32.184	149	.000	3.58000	3.3602	3.7998
Expertise of the fund managers in managing money	32.047	149	.000	3.56667	3.3467	3.7866
Favorable rating by a rating agency influences the investors of mutualfund	33.874	149	.000	3.65333	3.4402	3.8664

7. Conclusion

India's MF sector has seen significant growth and plenty of competition throughout history. Even with the heightened dangers of investing in such assets, because of their professional management and possible greater returns, investors are continuing to use MMFs. In order to protect the investor interest, a sound regulatory framework that is influenced by the aim of conserving the investor interest has also contributed to an increase in people shifting from alternative financial and physical savings methods such as certificates of deposit in favour of money funds for household saving. Furthermore, regulatory measures such as strengthening the distribution network, improving AMC disclosure standards, and focusing more on investor awareness and education have all helped to increase MF penetration in India. In India, mutual funds have matured as an asset class, with a big base of investors and a wider geographic dispersion. As they are the largest lenders in the category of CBLOs, MFs have become major participants on the stocks and corporate bond markets in India, in addition to providing crucial liquidity support to the financial industry. Thus, as a consequence, they have increased their power to affect stocks and debt market price movements as well as the supply of money inside the country. Despite the 25% CAGR growth in the AUM in the previous five years (2013-18), an examination of the current worldwide market for money managers reveals that the levels of penetration of money managers in India must increase in order to sustainably serve retail investors.

The difficulties encountered with the Post Office's trial programme India Post 2001, which provided mutual funds through postal channels in India's major cities, might be useful. It is necessary to investigate whether or not a deployment across communities would be cost-effective and useful. Furthermore, mutual fund sales by independent financial organizations have been recognized as uniform. Future study on the impact of sales agents on retail sales might benefit from the use of sales data analysis.

References

1. Anagol, S., & Kim, H. H. (2012). The impact of shrouded fees: Evidence from a natural experiment in the Indian mutual funds market. *American Economic Review*, 102(1), 576-93.

2. Barber, B. M., Odean, T., & Zheng, L. (2005). Out of sight, out of mind: The effects of expenses on mutual fund flows. *The Journal of Business*, 78(6), 2095-2120.
3. Barth, J. R., Caprio, G., & Levine, R. (2001). *The regulation and supervision of banks around the world: A new database* (Vol. 2588). World Bank Publications.
4. Boston Analytics. (2010). *Mutual Funds' Investments*. Retrieved October 3, 2013, from Boston Analytics.
5. Cetorelli, N., & Gambera, M. (2001). Banking market structure, financial dependence, and growth: International evidence from industry data. *The Journal of Finance*, 56(2), 617-648.
6. Chiyachantana, C. N., Jain, P. K., Jiang, C., & Wood, R. A. (2004). International evidence on institutional trading behavior and price impact. *The Journal of Finance*, 59(2), 869-898.
7. India, R. B., FINANCE, M., FINANCIALSERVICES, D., & SABHA, L. (2016). RBI, 2017. *Finacial stability report*.
8. Keswani, A., & Stolin, D. (2012). Investor reaction to mutual fund performance: Evidence from UK distribution channels. *Journal of Financial Research*, 35(3), 425-450.
9. Khorana, A., Servaes, H., & Tufano, P. (2005). Explaining the size of the mutual fund industry around the world. *Journal of Financial Economics*, 78(1), 145-185.
10. Massa, M., Goetzmann, W. N., & Rouwenhorst, K. G. (1999). *Behavioral factors in mutual fund flows*. Available at SSRN 201035.
11. Müller, S., & Weber, M. (2010). Financial literacy and mutual fund investments: who buys actively managed funds? *Schmalenbach Business Review*, 62(2), 126-153.
12. Porta, R. L., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. W. (1998). Law and finance. *Journal of political economy*, 106(6), 1113-1155.
13. PWC, C. (2013). *Indian Mutual Fund Industry: Unearthing the growth potential in untapped markets*.
14. Thompson, J. K., & Choi, S. M. (2001). Governance systems for collective investment schemes in OECD countries. *Occasional paper*, (1).
15. World Bank. (2012). *World development report 2013: Jobs*. The World Bank.
16. Zechner, J., Stoughton, N. M., & Wu, Y. (2011). Intermediated investment management. *The Journal of Finance*, 66(3), 947-980.