CHAPTER - III

REVIEW OF LITERATURE

3.1 Introduction
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REVIEW OF LITERATURE

3.1 INTRODUCTION

Review of related literature serves as the base for any researcher to understand his or her research problem clearly and to design the methodology by which the study is to be conducted. Various studies conducted earlier on the topics related to the current research problem are included in the literature. It gives an idea for the researcher to determine the research problem and to frame the objectives. It also enables the researcher for the smooth conduct of the present study. The literature includes books, journals, magazines, Ph.D. theses, reports, etc. These studies have been reviewed carefully and summarized in this chapter.

3.2 REVIEW OF RELATED LITERATURE

Kahneman and Amos Tversky (1979)\(^1\) originally described “Prospect Theory” and found that individuals were much more distressed by prospective losses than they were happy by equivalent gains. Some economists have concluded that investors typically consider the loss of $1 twice as painful as the pleasure received from a $ gain. Many investors do not have data analysis and interpretation skills. This is because, data from the market supports the merits of index investing, passive investors are more likely to base their investment choices on information received from objective or scientific sources. Investor fund selection behaviour influences marketing decisions of fund management and has captured the attention of researchers.

\(^1\) Kahneman, Daniel and Amos Tversky (1979), "Prospect Theory: An Analysis of Decision Making Under Risk," Econometrica
Woerheide (1982)\(^2\) conducted a study on “investor response to suggested criteria for mutual funds” in which he tested the effect of different factors. It was proved that factors like size of fund, effectiveness of marketing programme and past return of funds have great impact. Among these the effectiveness of marketing programme has strong impact.

De Bondt and Thaler (1985)\(^3\) while investigating the possible psychological basis for investor behaviour, argue that mean reversion in stock prices is an evidence of investor over reaction where investors overemphasise recent firm performance in forming future expectations.

Suguna G (1986)\(^4\) studied an investors attitude towards saving pattern in coimbatore. There exists poor positive savings are increasing when the income increase but in the same perception. There exists high positive correlation between income and tax indicating that the tax are increasing when the income increases most of the bank executives expressed the view that due to insufficiency of income they were not able to contribute to savings scheme like public provident fund, post office time deposit


Shanmugam (1990)\textsuperscript{5} studied a group of 90 investors to examine the factors affecting investment decisions. The study focused its analysis on investment objectives and the extent of awareness of factors affecting investment decisions. The study concluded that the investors were high risk takers, then interested in capital gains and current dividend income. Investors possessed adequate knowledge of govt. regulations, monetary and fiscal policy.

Gupta L.C. (1991)\textsuperscript{6} argues that designing portfolio for a client is much more than merely picking up securities for investment. The portfolio manager needs to understand the psyche of his client while designing his portfolio. According to Gupta, investors in India regard equity, debentures and company deposits as being in more or less the same risk category and consider including all mutual funds, including all equity funds, almost as safe as bank deposits.

Sitkin and Pablo (1992)\textsuperscript{7}, defined risk perception as risk assessment in uncertainty and it depends on the familiarity with organizational and management system. The authors also developed a model of determinants of risk behavior and identified personal risk preferences and past experiences are the important risk factors and social influence also affects the individual’s perception.

\textsuperscript{5} Shanmugam (1990), A study on investors awareness of investment, An Unpublished M.Phil dissertation submitted to PSG CAS.


Ippolito (1992)\textsuperscript{8} reported that fund selection by investors is based on past performance of the funds and money flows into winning funds more rapidly than they flow out of losing funds.

Goetzman (1993)\textsuperscript{9} studied the ability of investors to select funds and found evidence to support selection ability among active fund investors.

Pandurangan G (1993)\textsuperscript{10} concluded that the investors rate this mode of investment as excellent and they want only capital appreciation and dividend and for this they are ready to take calculated risk also. This mode of investment is urban oriented till today.

Noel Capon (1994)\textsuperscript{11} in a study “Affluent investors and mutual fund purchases” stated that there are many evidences that supports that in spite of risk and return other factors also effect on mutual fund selection, for example a consumer survey 1990 on mutual fund it was founded that past performance and level of risk are two aggregate important factors but other factors also effect like management fee, amount of sales charges, reputation of fund family, funds already owned in family, recommendation from magazine and newsletter and clarity of accounting statements.


Investor showed different behavioral trait and they prefer different factors while selecting fund because of different demographic background.

Sikidar and Singh (1996)\textsuperscript{12} carried out a survey with an objective to understand the behavioral aspects of the investors of the North Eastern Region towards equity and MFs investment portfolio. The survey revealed that the salaried and self-employed formed the major investors in MF primarily due to tax concessions.

Jambodekar (1996)\textsuperscript{13} conducted a study to assess the awareness of MFs among investors, to identify the information sources influencing the buying decision and the factors influencing the choice of a particular fund. The study reveals among other things that Income Schemes and Open Ended Schemes are more preferred than Growth Schemes and Close Ended Schemes during the then prevalent market conditions. Investors look for safety of Principal, Liquidity and Capital appreciation in the order of importance; Newspapers and Magazines are the first source of information through which investors get to know about MFs/Schemes and investor service is a major differentiating factor in the selection of MF Schemes.

Malhotra and Robert (1997)\textsuperscript{14} reported that the preoccupation of MF investors with using performance evaluation as selection criteria is misguided because


of volatility of returns, which may be due to superior management or just good luck is
difficult to determine.

Marcel Fafchamps and John Pender (1997)\textsuperscript{15} in their paper investigated the
extent to which poor households are discouraged from making a non-divisible but
profitable investment. Using data on irrigation wells in India, we estimate the
parameters of a structural model of irreversible investment. Results shows that poor
farmers fail to undertake a profitable investment that they could, in principle, self-
finance because the non-divisibility of the investment puts it out of their reach.
Irreversibility constitutes an additional disincentive to invest. Simulations show that
the availability of credit can dramatically increase investment in irrigation and that
interest rate subsidization has little impact.

Sivanesan S (1997)\textsuperscript{16} revealed that his analysis has brought out various
results arising from different tools of analysis. All relevant factors have been
considered to bring out the relationship awareness. The investor’s awareness increases
with the duration of investment, when investors invest for a considerable long period
they tend to acquire more awareness.

\textsuperscript{15} Marcel Fafchamps and John Pender, (1997), Precautionary Savings Credit Constraints and

\textsuperscript{16} Sivanesan S (1997), Equity investors Awareness – A study with special reference to Udumalpet
Gordon J. Alexander, Jonathan D. Jones and Peter J. Nigro (1997) analyzed the various characteristics and investment knowledge of investors and found that the investors are knowledgeable about costs, risk and returns associated with mutual funds.

Raja Rajan (1997, 1998) highlighted segmentation of investors on the basis of their characteristics, investment size, and the relationship between stage in life cycle of the investors and their investment pattern.

Syama Sunder (1998) conducted a survey to get an insight into the MF operations of private institutions with special reference to Kothari Pioneer. The survey revealed that the awareness about MF concept was poor during that time in small cities. Agents play a vital role in spreading the MF culture; open-end schemes were much preferred then; age and income are the two important determinants in the selection of fund / scheme; brand image and return are their prime considerations.

Ang, Chen, and Lin (1998) explored equity mutual fund management reaction to poor performance using data beginning in 1994. They observed that

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management had good reason to be concerned about poor performance, as management compensation is based upon the amount of money under management and performance of the fund. Their analysis explores possible management reactions to poor performance. Management could trade more often, reduce costs, take more risks, or adopt a more aggressive marketing strategy. They found that the management of lower performing funds did more trading and had greater expense ratios than the management of funds that had good performance. We examine these issues and contribute to the understanding of mutual fund performance by studying a later time period with a larger sample and by including fixed-income as well as equity funds.

We also contribute by considering the role of economies of scale both at the level of the individual fund and the level of the fund family.

Sirri and Tufano (1998)\textsuperscript{21} attributed the asymmetry between the investor reaction to past winners and losers to marketing as fund families tend to advertise top past performers. Their explanation would suggest that convexity will be more pronounced among investors that are swayed by advertising. Since being susceptible to behavioral biases and to the influence of advertising are features commonly associated with naïve investors, these arguments suggest that flow-performance convexity is inversely related to investor sophistication.

Chalapati Rao K.S., Murthy M.R. and Ranganathan K.V.K (1999)\textsuperscript{22} in their research article “Some aspects of the Indian Stock Market in the post liberalization period” evaluates that as a part of the process of economic


liberalization, the stock market has been assign an important place in financing the Indian corporate sector. Besides enabling mobilizing resources for investment, directly from the investors, providing liquidity for the investors and monitoring and disciplining company management are the principal functions of the stock market. This paper examines the development in the Indian stock markets during the nineties in terms of these three roles.

Kevin James (2000)\textsuperscript{23} in his research article “The Price of Retail Investing in the UK” evaluates the financial wealth services provided by investment funds in UK, the study identifies that the retail investors largely delegate the management of their wealth to investment funds. These funds in turn charge retail investors for the portfolio and risk management services they provide, sparing retail investors the burdensome task of performing these various services themselves. So in order to choose a sensible fund (a fund that meets his or her requirements), a retail investor must be able to ascertain the services provided and the price charged by each of the funds he or she may consider.

Ramasamy T and Vinayakamoorthy S (2000)\textsuperscript{24} had concluded the study on “Investment – a development factor on savings”. The study reveals that, both savings and investment had equality. It means that an individual wants to have more investment, first he has to save that extent, savings and investment decisions are taken separated by an investor with different motives. The savings and investments are brought about by the changes in income. Whenever investment exceeds savings, the


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income level raises. As a result savings has been raised by raise in the income level. It is concluded that the investment is dependent on savings.

Rajarajan V (2000)\textsuperscript{25} had conducted a study on the title of “Investors life styles and investment character”. The study reveals that active investors are dominated by the age group below 35 years, individuals group by above 50 years and passive investors by the age group of 35 to 50 years. Active investors group and passive investors group have short term perspective while making their investment decision. Most of the investors read two or more sources of information to make investment decisions and most of them tend to make investment decisions on their own.

Anjan Chakrabarti and Harsh Rungta (2000)\textsuperscript{26} stressed the importance of brand effect in determining the competitive position of the AMCs. Their study reveals that brand image factor, though cannot be easily captured by computable performance measures, influences the investor’s perception and hence his fund/scheme selection.

Thomas A Feuerborn (2001)\textsuperscript{27} argued that the individual investor will continue to be misled by mutual fund companies that market new funds. There no one is taking the completely honest approach that consumers can trust.


\textsuperscript{27}Thomas A Feuerborn (2001), Misplaced Marketing, Journal of consumer Marketing, Vol 18, Issue 1, pp. 7-9
Droms and Walker (2001)\textsuperscript{28} studying 151 mutual funds over a 20-year period found no long-term persistence in returns, expenses, or turnover rates. They examine a longer time period than this study, but a smaller sample of investment companies. Their findings could support various explanations. Changes in returns, expenses, and turnover rate could be due to changes in fund management or management philosophy. The findings are also consistent; the possibility that the quality of oversight from the independent trustees varies over time.

Rajeswari T.R and Ramamoorthy V.E (2001)\textsuperscript{29} have conducted a study to understand the factors influencing the fund selection behaviour of 350 MF investors in order to provide some meaningful inferences for Asset Management Companies (AMC) to innovatively design the products. The analysis was done on the basis of product qualities, fund sponsor qualities and investor services using questions framed on a five point Likert scale.

Rajeshwari T.R and Ramamoorthy V.E (2002)\textsuperscript{30} studied the financial behaviour and factors influencing fund/scheme selection of retail investors by conducting Factor Analysis using Principal Component Analysis, to identify the investor’s underlying fund / scheme selection criteria, so as to group them into specific market segment for designing of the appropriate marketing strategy.


Singh and Vanita (2002) have examined the investors' preferences and perception towards MF investments by conducted a survey of 150 respondents in the city of Delhi. The findings of the study were that the investors' preferred to invest in public sector MFs with an investment objective of getting tax exemptions and stayed invested for a period of 3-5 years and the investors evaluated past performance. The study further concludes by stating that majority of the investors were dissatisfied with the performance of their MFs and belonged to the category who held growth schemes.

King (2002) has highlighted the emergence of products like exchange traded funds, hedge funds, managed accounts etc. which offer competition to MFs.

Wilcox (2002) conducted a research on investor’s preferences for stock mutual funds in which they conducted a conjoint study on 50 investors. Analysis showed that investors weighted past performance more than fee structure. The wealthier and the knowledgeable investors are more biased towards load while selecting the mutual funds. But the authors are of the point of view that past performance is not only the guarantee of future return. There are other factors that affects on decision making, but investors make cognitive errors while selecting funds.


Ranganayaki N (2003)\textsuperscript{34} has concluded a study on the title of “investor’s perception towards investment with special reference to women investors.” A sample of 100 respondents in Sulur and adjoining areas was taken. It is concluded that recurring deposit and post office savings are most preferable investment avenues in the banking sector. It may be due to safety, liquidity and also for the benefits. Whenever, one thinks of women and investment the first thing that comes to mind is gold and Jewellery. But now-a-day’s women are disproving the above said belief.

Ronald T. Wilcox (2003)\textsuperscript{35} examined how investors choose a mutual fund and found that investors pay a great attention to past performance and also indicated that the educated investors demonstrated greater knowledge of basic finance made poorer, not better, decisions than their less financially savvy.

Lenard et. al. (2003)\textsuperscript{36} empirically investigated investor’s attitudes toward mutual funds. The results indicate that the decision to switch funds within a fund family is affected by investor’s attitude towards risk, current asset allocation, investment losses, investment mix, capital base of the fund age, initial fund performance, investment mix, fund and portfolio diversification. The study reported that these factors are crucial to be considered before switching funds regardless of whether they invest in non-employer plans or in both employer and non-employer plans.

\textsuperscript{34} Ranganayaki N (2003), Investors perception towards investment with special reference to women investors, Unpublished thesis.


Susan Coleman (2003) examined and compared the attitude towards risk and holding of risky assets of black, white and Hispanic households using data from the 1998 survey of Consumer Finances. The result shows that Hispanic heads of household were more risk averse and they are unwilling to take any risk in exchange for investment returns. Black and white households are not more risk averse even though there is different asset mix. The study has also found that women and older heads of household express a higher degree of risk aversion and hold a lower percentage of risky assets. Similarly, it found that more highly educated individuals and wealthier heads of households express a lower degree of risk aversion and hold a higher percentage of risky assets.

Santi Swarup K (2003) in her research article “Measures for improving common investor confidence in Indian primary market a survey”, concentrates on the decisions taken by the investors while investing in primary markets, the study indicates that the sample investors give importance to their own analysis as compared to broker’s advice. They also consider market price as a better indicator than analyst recommendations. The study also identifies factors that are affecting primary market situation in India. Issue price, information availability, market price after listing and liquidity emerge as important factors. This study suggests that investors need to be assured of some return and current level of risk associated with investment in the market is very high. They have had bad experience in terms of lower market price after listing and high issue price. Accordingly number of measures in terms of


38 Santi Swarup, K (2003), Measures For Improving Common Investor Confidence In Indian Primary Market A Survey, [Online], National Stock Exchange India Limited, Available from http://www.nseindia.com/content/research/Paper64.pdf
regulatory, policy level and market oriented were suggested to improve the investor confidence in equity primary markets. However, this paper does not highlight the measures for improving investor confidence in secondary market.

Paula A. Tkac (2004)\(^\text{39}\) found that investors are irrational or in some other sense cannot look out for their own best interests. Mutual fund industry provides a variety of products and price structures to heterogeneous consumer preferences and budgets. Consumer who prefer more style, features or power willingly pay higher prices and the investor rely on and pay to the financial advisors or brokers for processing and formulating guidance regarding fund allocation. They are facing risk because of misconduct by advisory firms. They are not demanding any disclosures of their fund. The risks reduced to zero if investors are willing to pay with their own time and energy to monitor their fund position.

K. D. Mehru (2004)\(^\text{40}\) documented that the ignorance of the investors about mutual funds coupled with aggressive selling by promising higher returns of the investors have resulted in loss of investors’ confidence due to inability to provide higher return. The agents or distributors of mutual funds are more governed by the commissions and incentives they get for selling the schemes and not by the requirements of the investors and quality of the products. They do not explain the risk factors to the investors.


Krishnamurthy Suresh, (2004)\textsuperscript{41} in an analysis of popular perceptions said that retail investors, swarmed back to the stock markets in the year 2003-2004. The investments of households in shares and debentures rolled by 8.6% to Rs. 5,847 crore in 2003-2004. Households had deposited Rs. 1,69,000 crore in bank deposits while investment in small savings nearly 19%. The data suggests that that in 2003-2004, the household investors had turned extremely conservative.

Sankaran (2004)\textsuperscript{42} proposes the future direction for investors will be to invest in pension funds, as government is envisaging a policy to cover all kinds of investors. He further opined that MF industry will continue to grow in spite of competition and will be propelled in the right direction because of the investor friendly financial markets.

Singh (2004)\textsuperscript{43} has established that middle class salaried investors and professionals perfected to have disclosure of net asset value on a day today basis and wanted to invest in MFs in order to get higher tax rebates. Further, it is evidenced that small investors perceived MFs to be better investment alternative and public sector investments to be less risky.


Kiran D. and Rao U.S. (2004)\textsuperscript{44} identified investor group segments using the demographic and psychographic characteristics of investors using two statistical techniques, namely – Multinomial Logistic Regression (MLR) and Factor Analysis.

Gupta and Gupta (2004)\textsuperscript{45} in the paper "Performance Evaluation of Select Indian Mutual Fund Schemes: An Empirical Study", have studied the performance of 57 growth schemes using the Net Asset Values for the period April 1999 to March 2003. The paper used performance evaluation measures of Sharpe, Jensen, Treynor and Fama to arrive at the finding that some funds performed better than the market because only few managers had the stock selection skills and as a result the funds were exposed to large diversifiable risk.

Manjesh (2005)\textsuperscript{46} in article titled "Money Market Mutual Funds (MMMFs): A Macro Perspective" has elucidated the origin, features and advantages of MMMFs as to being a very viable option for investment for the retail investor as Money Markets offer superior returns in comparison with bank deposits, are highly liquid at relatively lower risk for short term funds. The paper focuses on the advantages of MMMF investment for a retail investor and discusses the problems in penetration of MMMFs for the retail investor in India as it is obstructed by perceived conflict of interest by the regulators (RBI and SEBI) in the matter of control of MMMFs, lack of


\textsuperscript{46} Manjesh, S (2005), Money Market Mutual Funds (MMMFs): A Macro Perspective. Portfolio Organizer, August: 41-56.
Mutual Funds points of contact across the country, the reliance of Mutual Fund industry on corporate investment and structural constraints.

Panda and Tripathy (2005)\textsuperscript{47} found the evidence of prevalence of such a psychological state among MF investors in India. For instance, UTI, which is synonymous to mutual funds in India, had a glorious past and perceived as a safe, high yield investment vehicle with the added tax benefit. Many UTI account holders have justified their beliefs by staying invested in UTI schemes even after the 1999 bailout and the July 2001 episode of repurchase freeze on US 64 for 6 months. “People are more likely to believe that something they own is better than something they do not own”. Further, they found evidence of this effect also among Indian MF investors due to the continued existence of many poor performing funds with investors staying invested with them.

Ramamurthy and Reddy S (2005)\textsuperscript{48} conducted a study to analyze recent trends in the MF industry and draw a conclusion that the main benefits for small investors’ due to efficient management, diversification of investment, easy administration, nice return potential, liquidity, transparency, flexibility, affordability, wide range of choices and a proper regulation governed by SEBI.

\textsuperscript{47} Panda and Tripathy (2001), Customer Orientation in designing Mutual Fund products. ICFAI journal of Applied Finance, Vol 7, No. V.

Athanasious G. Noulas, John A. Papanastasiou and John Lazaridis (2005) evaluated the performance of 23 equity funds during the period 1997-2000 in Greece. The performance evaluation was based on measuring risk and return of the selected funds and the study proves that the investor needs to know the long term behavior of Mutual funds in order to make the right investment decision.

Balaji K (2005) conducted a study entitled ‘A survey on investment pattern in debt scheme of mutual fund investments’ in Chennai with special reference to Karvy Consultants Limited. This study was undertaken to know the Investment pattern of investors in the debt scheme of mutual funds. In the survey, they studied the investment pattern, awareness about mutual fund and performance of the investor in various ways of investment avenues. In Mutual Funds, the debt scheme is the one, which provides good returns with reasonable risk. In recent days, debt schemes are gaining momentum among investors and through this project this fact has been proved. The choice of Investment Avenue of individual investors mainly depends on annual income and the percentage of income allotted for savings. The survey on investment pattern in debt scheme of mutual funds gives an idea of the investor’s choice based on returns, rating of Mutual funds etc., particularly relating to city.

Shanmugaraj R K (2005) stated that every human saves one part of his income for some future needs. For this purpose, people are interested to save their

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50 Balaji K (2005), A survey on investment pattern in debt scheme of mutual fund investments in Chennai with special reference to Karvy Consultants Limited.

51 Shanmugaraj R K (2005), A study of investment patterns and customer perception towards mutual funds in Chennai city.
income through bank saving, post office saving, chit funds, share market, mutual funds, insurance. The study has concluded that ‘Tax Benefits’ are the motto of the salaried and retired people and ‘Higher Returns’ are the motto of the business people. 5-10% of the income is the amount invested. Many do not perceive mutual funds as a diversification of risk or consistency of returns when mutual funds provide such benefits. This needs to be given a closer look. The feeling that mutual funds have a high degree of risk associated with it should be eradicated. The popularity of mutual funds investments would be enhanced if all these factors are taken into account.

**Veena S (2005)**\(^5^2\) undertook a study for Way2wealth Securities Private Limited for studying the perception of an investor, on the potential of insurance as an investment option and preference of investors investing in private Life insurance companies. It has been found that the salaried person is more interested in having insurance as an investment avenue for various reasons. LIC and money back are the well known company and scheme. The private insurance companies are accepted to certain extent only and it has to be tapped to greater extent. It has also be found that insurance advisor is the one, who are the main source of information on schemes and advantages of private insurance companies, to the investor which is an indicator of the bright future of Way2wealth Securities Pvt. Ltd.

**Kanchana R (2005)**\(^5^3\) revealed that each and every individual saves a part of his income to meet his future needs. The percentage of income saved mainly depends on the income level, purpose of saving and objective of investments. In the same

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\(^5^2\) *Veena S (2005)*, “A study on Investment Options and Investors attitude towards Investment in private insurance companies” in Coimbatore City.

\(^5^3\) *Kanchana R (2005)*, A survey on the preference of salaried class on various investment options available to them.
way, the choice of investment he adopts also depends on the return expected, percentage of income allotted for savings and the purpose of savings. 36.1% of salaried class people save 10-20% of their income whereas only 13.6% of salaried class people save more than 40% of their income. 34.7% of salaried class people have chosen bank deposits as the most preferable investment option. This is due to the reason, that the salaried class people’s main investment objective is safety and regular income. This is being the reason, 36.8% of salaried class people have chosen safety as their investment objective. Thus the most preferable investment option of the salaried class people at Chennai is the Bank deposit since it is the investment avenue which provides safety to their investment with a regular return.

Prakash S (2005) identified the various factors in the study to provide some valuable input regarding the investor’s pattern, their preference and Priorities will guide the organization in designing financial products for the various segments of investors. The buying intent of mutual fund product by a small investor can be due to multiple reasons depending upon the risk return trade off. Due to the reduction in the bank interest rates and high degree of volatility in Indian Stock market, investors are looking at an alternative for their investments, which will provide them higher, returns and also safety to their investments. It was found the mutual fund enjoys a good popularity and most of them preferred equity type of the mutual fund. Most of them consider better dividends and capital appreciation as the main criteria for the investment. In general, most of them opt for moderate risk portfolio when considering the factors involved in the choice of investment. Safety and tax benefits were the main

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54 Prakash S (2005), A study on investment pattern and preference of retail investors in Chennai city with special reference to mutual funds, KARVY Consultants Limited, Chennai.
objectives. It was also found from the study that majority of them are satisfied with various services provided by agents.

Shylajan C. S. and Sushama Marathe (2006)\textsuperscript{55} in their research article “A study of attitudes and trading behaviour of stock market investors”, identify the major factors responsible for determining the attitudes and trading behavior of stock market investors. Based on their shared investing attitude and behaviour, the stock market investors are classified into two categories i.e. aggressive investors and non aggressive investors.

John Graham and Alok Kumar (2006)\textsuperscript{56} in their study “Do dividend clienteles exist? evidence on dividend preferences of retail investors” evaluates portfolio holdings of retail investors of older and low income category, this study suggests that these investors prefer dividend paying stocks, the study also highlights the trading behaviour of retail investors and indicates that the investor trades around dividend events are consistent with clientele behaviour. Further, it also points out that old and low income investor exhibits abnormal buying behaviour following dividend announcements.

Rasathi D (2006)\textsuperscript{57} in her study dealt with the investment pattern of women employees. This study concludes that “Future is uncertain”. So, the women employees


should increase their savings and invest their money in a profitable way through proper planning.

**Kavitha M (2006)** discussed that investors in Coimbatore city are aware of the various investment opportunities. They are also aware that no investment can be made without risk. Each and every investment has its own risk, even the more secured investment like bank deposits, land, gold, and silver etc. Investments made in land and buildings, gold etc, has comparative value in long run. The private sector investments consists of equity shares and preference shares, debentures and public deposits with companies, the predominance of Govt. sector serves the purpose of bringing about confidence to the individual investors.

**Jayanthi B (2006)** conducted a study entitled “A study on customer perception towards UTI mutual fund” Coonoor with special reference to Karvy Stock Broking Limited, Coonoor. The study was undertaken to know the perception of the customers towards UTI mutual fund and thereby improve the efficiency of UTI. The study revealed that the investors have greatest preference for capital appreciation. The level of awareness about UTI mutual fund schemes can be enhanced through the efforts of the company. Since many investors are not sure of investing again in UTI mutual fund, the company should take efforts to make them invest again. The statistical analysis of data has given insight into investor demographics and their investment preference. UTI mutual fund has its own brand name and thereby it must improve its operations through its performance and service.

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Geethanjali (2006) conducted a study entitled “Investors awareness towards commodity market” in Erode with special reference to Karvy Stock Broking Limited. The study is made to find out the investors knowledge towards commodity market. The expectations of the investors are quite high. Many expect high rate of return for further investment through commodity market. The study also examines the phenomenal growth in commodity market which is ten times greater than the share market. The study reveals that commodity market is in a nascent stage in Erode. The investment avenues of individual investors depend mainly on annual income and risk taking capacity. The investors in Erode are not much aware of commodity market so proper awareness program should be conducted to improve the awareness level of investors.

Babitha B (2006) conducted a study entitled “A Study on Investment Patterns of investors in ING Vysya mutual funds at Coimbatore city” for ING Vysya Mutual funds, Coimbatore. The study showed that most of the investors are investing nearly 20% of their income in ING Vysya mutual funds. The equity scheme of ING Vysya mutual funds was preferred by majority of the investors and people invest in mutual funds mainly in order to cater to their future needs. The satisfaction level regarding the performance of ING Vysya mutual funds was moderate amongst the investors. People are interested to save their income through fixed deposits, post office schemes, bonds /debentures, share market, mutual funds, insurance etc. The study has concluded that ING Vysya mutual funds have to concentrate more on its performance and services so as to survive in the competitive mutual fund industry.


61 Babitha B (2006), A Study on Investment Patterns of investors in ING Vysya mutual funds at Coimbatore city.
Deepak B (2006)\textsuperscript{62} aimed to find out the investors preference towards various investment avenues like fixed deposits, post-office schemes, bonds / debentures, share market, mutual funds and insurance. The study revealed that mutual fund ranks as the most popular avenue for investment followed by life insurance and fixed deposits with regard to the risk appetite of the investors; it is found that the investors perceive that investments in mutual funds carry moderate risk. The study also reveals that better and steady returns are the main reason for investment in mutual fund. The study in dictated that the majorities of the investors are satisfied with their investments in mutual fund. Investments in insurance and housing are found to be the popular avenues for saving tax in addition to mutual funds suggestions have been made to improve investments in mutual funds particular low risk schemes such as debt funds & get funds and also by highlighting the tax advantages in investors in mutual funds.

Devasena S (2006)\textsuperscript{63} made an attempt to find out “Risk perception and portfolio management of equity investors”. The study reveals that the investors in Tirupur Karvy are not aware of portfolio which would minimize risk and maximize the return. And also it is clear that the investors in Tirupur Karvy have low level of understanding about risk and the importance of portfolio management as they are not aware of the portfolio management proper steps to be taken in order to improve the awareness level in the minds of the investors.

\textsuperscript{62} Deepak B (2006), An analysis of various investment avenues with special reference to Erode.

\textsuperscript{63} Devasena S (2006), Risk Perception and Portfolio Management of Equity Investors in KARVY Stock Broking Limited, Tirupur
Desigan et al. (2006) conducted a study on women investor’s perception towards investment and found that women investor’s basically are indecisive in investing in MFs due to various reasons like lack of knowledge about the investment protection and their various investment procedures, market fluctuations, various risks associated with investment, assessment of investment and redressal of grievances regarding their various investment related problems.

James and Karceski (2006) observed that investors in institutional funds are less reactive to raw performance but more reactive to risk-adjusted performance than are investors in retail funds.

Donnor and Oxenstierna (2007) in their thesis conducted on “the factors that investor value while choosing mutual fund” on Swedish market. It is founded that company related factors i.e. reputation and availability is more valued by inexperienced investors because they lack necessary knowledge about complex financial products. But experienced investors value fund specific attributes and demands good presence of company in market in order to recognize it.

Bollen (2007) studied the dynamics of investor fund flows in a sample of socially screened equity mutual funds and compared the relation between annual fund


66 Donnor and Oxenstierna (2007), The Factors that Investors Value when Choosing Mutual Funds:Implications from a Market Dominated by Four Banks.

flows & lagged performance in SR funds to the same relation in a matched sample of conventional funds. The result revealed that the extra-financial SR attribute serves to dampen the rate at which SR investors trade mutual funds. The study noted that the differences between SR funds and their conventional counterparts are robust over time and persist as funds age. The study found that the preferences of SR investors may be represented by conditional multi-attribute utility function (especially when SR funds deliver positive returns). The study remarked that mutual fund companies can expect SR investors to be more loyal than investors in ordinary funds.

**Viviane Y. Naimy (2008)**\(^6^8\) compared the return of eight different US equity funds with the NYSE composite Index for the period of 2000-2007 and found that both the returns are relatively moving together. The article also criticized that investors need to be aware of problems and issues of mutual funds and have to reconsider other investment alternatives for better returns.

**Onur Arugaslam, Ed Edwards and Ajay Samant (2008)**\(^6^9\) noted that better investment strategy enables investors to earn superior return for an average level of risk. An investor, who is comfortable with high level risk, could have attained higher returns.

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Ravi Kiran (2009) highlighted that volatility influencing stock market movements. The article revealed that mutual funds are most preferred financial avenue but needs some innovation and added quality dimensions in existing services.

Parihar B.B.S., Rajeev Sharma and Deepika Singh Parihar (2009) revealed that majority of investors have still not formed any attitude towards mutual fund investments.

Ayyappan S (2009) made an attempt to analyze investor’s satisfaction and their awareness. On the basis of the results of the study, the he has made some definite suggestions like taking good decision while investment, carefully selecting proper avenues, to compare the performance of return and investors could easily receive updated information for the further development of investment. It hopes that, the awareness of investors will be raised to a considerable extent if all the suggestions are implemented.

Walia and Kiran (2009) conducted a research on investors’ risk perception towards the mutual fund services. In this study they identified investor’s expectations and parameters that caused dissatisfaction. In this study innovation of mutual funds portfolio are also highlighted that these innovations should be according to investors’

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expectations. Major finding of this study is that investors wants innovative products and wants to add quality in existing services.

**Sanjay Das (2010)** MFs have emerged as an important segment of financial markets and so far have delivered value to the investors. The study reveals that the investors’ perception is dependent on the demographic profile and assesses that the investor’s age, marital status and occupation has direct impact on the investors’ choice of investment. The study further reveals that female segment is not fully tapped and even there is low target on higher income group people. Hence, fund managers should take steps to tap the female segment and higher income group segment to enhance more investment in MF Investment Avenue which would really help the industry to flourish. Further, the findings of the research were on the factors influencing investor’s perception on public private MF’s. It reveals that liquidity, flexibility, tax savings, service quality and transparency etc. are the factors which have a higher impact on perception of investors. These factors give them the required boosting in the investment process. Therefore, it becomes imperative on part of the fund managers to enhance these features for attracting more investors and also to retain the trust, the investors have in them.

**Kaboor A (2010)** examined the individual investor’s Financial Literacy of the investment options. The results of the study have brought out the investors attributes that determine investor financial literacy. The expanding and examining investor financial literacy would enable a researcher to understand the spread of

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financial literacy among investors of different cities. Inter regional disparities in financial literacy could be discerned and methods could be suggested to attain equal distribution of financial literacy among investors. Further grievance redressal mechanism operating at different levels may be studied for it efficiency.

Ranjani Komal Srinivasan, Anjali Vivek Chopra (2011) concluded that the respondents showed significant awareness in matters concerning investment and personal financial planning. Contrary to popular perception, the sample population showed awareness about financial planning and willingness to take investment decisions relating to personal finance. However, in the area of retirement planning, majority of the respondents felt that they had not adequately planned for their retirement.

Lakshmana Rao (2011) stated in his study on ‘Analysis of investors’ perceptions towards mutual fund schemes (with reference to awareness and adoption of personal and family considerations)’ that Investors between 31 to 40 years of age have highest awareness and adoption of different mutual fund schemes. It is also concluded that there is an association between respondents’ residential status and awareness of balanced fund and debt fund schemes.


Rao (2011) conducted study on “Analysis of individual investor behavior towards Mutual Fund Scheme”. In this study author presents mutual fund investor awareness and adoption of different schemes with educational level. The research findings showed that with increased level of education is linked with greater risk tolerance. This tends to support the hypothesis developed in previous researches i.e. positive relationship exists between educational attainment and financial risk tolerance.

Hossein Panahian et al (2011) showed that investors' attitude towards transparency and disclosure of financial information, Board structure and performance, corporate issues and surveillance measures in stock market and, finally, the ownership structure had the greatest influence in explaining investors' behavior in Tehran Stock Exchange. Consequently, paying attention to different aspects of such cases as providing information on time, accessibility and reliability of information provided for investors considering the preference of content over form as well as providing appropriate information about Board structure and performance, corporate issues and ownership structure can be a good strategy to attract investors and encourage them to attend more actively in stock market.


Saini et., al. (2011) analyzed investor’s behavior, investors’ opinion and perception relating to various issues like type of mutual fund scheme, its objective, role of financial advisors / brokers, sources of information, deficiencies in the provision of services, investors’ opinion relating to factors that attract them to invest in mutual and challenges before the Indian mutual fund industry etc. The study found that investors seek for liquidity, simplicity in offer documents, online trading, regular updates through SMS and stringent follow up of provisions laid by AMFI.

Kousalya P R and Gurusamy P (2012) observed in their study on ‘Women Investors’ Perception towards Investments’ that there is no significant relationship between age of the women investors and level of awareness on investment. They have also concluded that the educational level of women investors does not influence the level of awareness.

Binod Kumar Singh (2012) in his study observed that most of respondents are still confused about the mutual funds and have not formed any attitude towards the mutual fund for investment purpose. It has been observed that most of the respondents having lack of awareness about the various function of mutual funds. Moreover, as far as the demographic factors are concerned, gender, income and level of education have significantly influence the investors’ attitude towards mutual funds. On the other hand

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the other two demographic factors like age and occupation have not been found influencing the attitude of investors’ towards mutual funds.

Meenakshi Chaturvedi, Shruti Khare (2012) proclaimed that the age of investor cannot be taken to influence their level of awareness and it is very clear from the results that the gender of the investor has no effect or influence on his or level of awareness about any investment channel.

Singh (2012) conducted an empirical study of Indian investors and observed that most of the respondents do not have much awareness about the various function of mutual funds and they are bit confused regarding investment in mutual funds. The study found that some demographic factors like gender, income and level of education have their significant impact over the attitude towards mutual funds. On the contrary age and occupation have not been found influencing the investor’s attitude. The study noticed that return potential and liquidity have been perceived to be most lucrative benefits of investment in mutual funds and the same are followed by flexibility, transparency and affordability.

Jothi Baskara Mohan, Ramji P.R. (2013) conducted a study on ‘Women Investors Recital at Rajapalayam City - A Study’. The results of the study shows that

92 per cent of respondents are aware of Investment and remaining 8 per cent are unaware of Investment avenues.

3.3 CONCLUSION

The previous studies have mainly concentrated on the investors’ attitude on mutual funds, factors influencing the preference of mutual funds, investors’ perception on mutual fund investments. However, a review of these studies revealed there has been very little literature on the awareness of women investors and their satisfaction towards the investment avenues.