CHAPTER - 2
REVIEW OF LITERATURE

The published work relating to the topic is reviewed by the Researcher. The relevant literature is reviewed on the basis of Books, Periodicals, News Papers and Websites. The detailed review is given below:-

Dhananjay Rakshit, (2008) in his article “Capital Market in India and Abroad – A Comparative Analysis”, published in Indian Journal of Accounting, December, 2008 concluded that Indian Market is being continuously preferred by the foreign investors and the only cause of concern is its high analyzed volatility.

Deepa Mangala and R.K.Mittal (2005) in their article, “Anomalous Price behavior – An Evidence of Monthly effect in Indian Stock Market”, published in the Indian Journal of Commerce, April-June, 2005, concluded that the mean return for the first half of a trading month is significantly higher than the mean returns for the second half. The increased liquidity might induce the demand for equities resulting in the monthly effect.

M.S.Narasimhan and L.V.Ramana in their article “Pricing of Initial Public Offerings: Indian Experience, with equity issues”, published in Portfolio Management, Research Series in Applied Finance, the ICFAI Journal of Applied Finance, concluded that

(i) Homogeneity in the degree of under pricing across time periods is observed.
(ii) The extent to which premium issues are underpriced is greater than in the case of the first trading day.
(iii) Under pricing is not related to the time interval between the offer day and the first trading day.

They further concluded that companies offering their stock at a premium prefer to play it safe in spite of the freedom granted to them operating at suboptimum levels to derive a satisfaction of the issue being fully subscribed may be a major factor in determining the pricing process.
James H. Lorie, Peter Dodd and Mary Hamilton, (1985) Kimpton, in their book, “The Stock Market – Theories and Evidence”, IFCAI Publication, Hyderabad, 1985 pointed out that the value of a corporation’s stock is determined by expectations regarding future earnings of the corporation and by the rate at which those earnings are discounted. In a world of no uncertainty, all securities would offer a certain return equal to the real rate of return in capital.

Ranganathan K. (2006) in his article “A Study of Fund Selection Behavior of Individual Investors towards Mutual Funds: With Reference To Mumbai City” published in ICFAI Journal of Behavioral Finance, 2006, noted that financial markets are affected by the financial behavior of investors. She observed that consumer behavior from the marketing world and financial economics had brought together a need to study an exciting area of ‘behavioral finance’. this study was an attempt to examine the related aspects of the fund selection behavior of individual investors towards mutual funds in the city of Mumbai.

Singh J. and S. Chander (2006) in their article “Investors Preference for Investment in Mutual Funds: An Empirical Evidence” Published in The ICFAI Journal of Behavioral Finance, 2006. Pointed out that since interest rates on investments like public provident fund, national saving certificate, bank deposits, etc. are falling, the question to be answered is: What investment alternative should a small investor adopt? Direct investment in capital market is an expensive proposal, and keeping money in saving schemes is not advisable. One of the alternatives is to invest in capital market through mutual funds. This help the investor avoid the risks involved in direct investment. Considering the state of mind of the general investor, this article figured out the preference attached to different investment avenues by the investors. The preference of mutual funds schemes over others for investment. The source from which the investor gets information about mutual funds and the experience with regard to returns from mutual funds. The results showed that the investors considered gold to be the most preferred form of investment, followed by NSC and post office schemes. Hence, the basic psyche of an Indian investor, who still prefers to keep his savings in the form of yellow metal, is indicated. Investors belonging to the salaried category, and in the age
A group of 20-35 years showed inclination towards close-ended growth (equity-oriented) schemes over the other scheme types. A majority of the investors based their investment decision on the advice of brokers, professionals and financial advisors. The findings also revealed the varied experience of respondents regarding the returns received from investments made in mutual funds.


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Mittal M. and R. K. Vyas (2008) in their article “Personality Type and Investment Choice: An Empirical Study” published in The ICFAI UNIVERSITY Journal of Behavioral Finance, 2008. Observed that investors have certain cognitive and emotional weaknesses which come in the way of their investment decisions. According to them, over the past few years, behavioral finance researchers have scientifically shown that investors do not always act rationally. They have behavioral biases that lead to systematic errors in the way they process information for investment decision. Many researchers have tried to classify the investors on the basis of their relative risk taking
capacity and the type of investment they make. Empirical evidence also suggests that factors such as age, income, education and marital status affect an individual’s investment decision.

Jignesh B. Shah and Smita Varodkar in their article “Capital Market: Trends in India and abroad – impact of IPO Scam on Indian Capital Market”, published in the Souvenir, All India Accounting Conference, November, 22-23, S.D.School of Commerce, Gujarat University, Ahmadabad, concluded that the recent IPO Scam indicates that even a highly automated system will not prevent malpractices. But steps should be taken by SEBI to restrict such IPO Scam by applying know your customer (KYC) and unique identification number to market players and investors.

P. K. Das (2006) in his Research paper “A Review of Tax Planning for Educational Expenses on Children”, published in The Journal of Accounting and Finance, April-September 2006 concluded that Proper Tax Planning is very much helpful in minimising the burden of Income Tax for incurring expenses on children education as well as having total exemption available. He suggested that the investor should keep a proper account of all relevant expenses incurred on the education of children, during the same financial year so that planning can be made, as required, to get Deductions And Exemptions.

J. S. Pasricha And Umesh C. Singh (2001) in there article “Foreign Institutional Investors and Stock Market Volatility”, published in the indian journal of commerce, july-september 2001 concluded that the era of Foreign Institutional Investors (FIIs) in India originated in 1993 as a consequence of the major policy initiative towards Globalisation of economy by Government of India. FIIs operating in India comprise of pension funds, mutual funds, trusts, assets management companies, portfolio managers, etc. according to their study it has been founded that FIIs have remained net investors in the country except during 1998-99 and their investment has been steadily growing since their entry in the Indian markets. They are here to stay and have become the integral
part of Indian capital market. Although their investment in relation to market capitalisation is quite low, they have emerged as market movers. The market has been moving, in consonance with their investment behavior. However, their entry has led to greater institutionalisation of the market and their activities have provided depth to it. they have also contributed towards making Indian markets modern comparable with the international standards. This has brought transparency in the market operations and simplified the procedures. The FIIs investment has always been the subject of debate in terms of desirability. This is so because FII money is known to be ‘hot money’ that would flee at the first sign of trouble. In the light of this, their research paper tries to analyse the impact of FII’s investment on Indian capital market.

**S. Saravana Kumar (2010)** in his article “An Analysis of Investor Preference Towards Equity and Derivatives” published in The Indian journal of commerce, July-September 2010 concluded that the most of the investor are aware of high risk involved in the derivative market. To reduce the risk in the market, the investors should strictly follow the stop loss method. The study reveals that most of the investor prefers cash market where the script can be held for long term and the risk is less and it is transferable to others with minimal time period. Even though risk is higher, some investors prefer derivative market where return is also higher. The investors are suggested that before going for investment proper study about the script is essential. The study has highlighted a few suggestions for removing constrain in the crucial variables which directly affect the investor and company. The investors are highly satisfied with equity shares because of many reasons, i.e., liquidity, low investment, capital appreciation etc.

**Lalit Mohan Kathuria and Kanika Singania (2010)** in their research paper “Investor Knowledge and Investment Practices of Private Sector Bank Employees” published in The Indian journal of commerce, July-September 2010 concluded that The present study was conducted with an objective to analyze the level of knowledge regarding various investment avenues and present investment practices of employees of private sector banks in Ludhiana city. A sample of 150 respondents was selected from 19 private sector banks in
Ludhiana. The Findings of the study revealed that print media and websites were the two most important sources of information that helped the respondents to make investment decisions. Thus, the marketers of investment avenues should keep advertising in the print as well as electronic media. It was surprising to note that a large majority of the respondents had invested in secured mode of investments like employee provident fund, public provident fund, and post office saving schemes. Another highlighting finding of the study was that even the bank employees considered insurance as an investment tool rather than risk coverage instrument. Also, another significant finding was that only four per cent of the respondents made their investment decisions with the help of investment planner. There is an immense need to raise the level of awareness about the various investment avenues among the bank employees, as based upon the scoring model; only forty per cent of the respondents had high level of awareness regarding various investment avenues.

**Neeraj Maini and Sanjeev Sharma (2009)** in their research paper “Capital Market Reforms and Investors Satisfaction: A Study of Retail Investors of Punjab” published in The Indian journal of commerce, July-September 2009 concluded that the investors seemed to be quite satisfied with the SEBI’s guidelines in relation to the capital market regulatory measures but on the other hand they have also showed their dissatisfaction in relation to some guidelines. They also suggested that there is a need of educating the investors.

Abdul Aziz Ansari and Samiran Jana (2009) in their article “Stock Price Decision of Indian Investors” published in The Indian journal of commerce, July-September 2009 concluded that there will be two kinds of investors – rational traders and noise traders. His study shows that rational traders are using both fundamental analysis and technical analysis as stock selection tools, which does not support the view of finance theorist. In an uncertain situation decision making process of noise trader will go through mental biases – self attribution bias, loss aversion bias, confirmation bias and overconfidence bias. As a result the noise traders will belief that some irrelevant information will be more important for price decision and they will trade more. This study has proved that some of the rational traders decision process also guided by all these biases. So rational traders also will not be able to predict the mental behavior of noise traders and effect of sentiment will be at Indian stock market.

A. Lalitha and M. Surekha (2008) in their article “Retail Investor in Indian Capital Market : Profile, Pattern of Investment and Profitability” published in The Indian journal of commerce, July-September 2008 concluded that the retail investor is here to stay and the capital markets may well emerge as strong contenders for traditional investment avenues like bank/post office deposits. They also focused on investor’s education and investment decision of retail investors.

Joseph Anbarasu D, Clifford Paul S and Annette B (2011) in their article “An Empirical Study on Some Demographic Characteristics of Investors and its Impact on Pattern of their Savings and Risk Coverage Through Insurance Schemes” published in The IUP Journal of Risk & Insurance, January 2011 concluded that The saving pattern of the people is crucial to the government in designing policies to promote savings and investment. Their study reveals that the people are aware about the importance of saving, but the awareness about investment opportunities is low. Steps have to be taken by the government and private companies to increase the awareness by advertising campaigns. Investment companies need to offer schemes that are affordable by the low income, uneducated, unsalaried and families with children.
Investment companies should make the provision and increase benefits, for their schemes, to allow people to invest in the monthly mode, which is preferred by most investors. If people invest in long term saving schemes and infrastructure, the national saving rate will increase, which in turn will lead to a more prosperous India.

**Krishnamoorthi C. (2009)** in his research paper “Changing Pattern of Indian Households: Savings in Financial Assets” published in RVS Journal of management, 2009 concluded that irrespective of the developments in the capital market/economic conditions, investors like to invest regularly and this investment behavior is highly related to educational background. Their occupation, reading habit of investment news and the time taken for investment decision making process.

**Muhlesen M (1997)** in his article “Improving Indias Saving Performance” published in Finance & Development, 1997 said that India’s saving rate is relatively high, compared to other countries. He concludes that with a view to increase the efficiency of savings, allocation and financing the heavy infrastructure needs of the Indian economy, particular attention should be paid to long-term saving instruments.


a) People are mostly aware about the life insurance and also the insurance companies.

b) Private companies offer very attractive plans and policies to the public.

c) After analysis it has been found that the LIC is still on the top, it means that LIC still rules the economy.

d) Survey revealed that people prefer public sector for the insurance than the private sector insurance, the reason behind this is the trust and faith in LIC.
e) People from every occupation, age, income level and qualification want to secure their future by taking a policy, besides good return on investment and rebate on tax.

Harsh Roongta (2011) in his article “ULIPs: New Look, New Feel” published in IUP Publication The Analyst, February 2011 concluded that investment continues to be a push activity in India and consumers willing to pay for advise are a small percentage of the overall consumer. ULIPs will have necessarily have to be sold as long-term protection cum savings products.

R. L. Narayanan (2011) in his article “Concern for Retail Investors in Rising Markets: Trade Cautiously” published in Dalal street Investment journal, 24 April 2011 concluded that Though the Indian market is among the leaders in the emerging market pack, the current year is not good for the emerging markets. A concern about high inflation and high interest rates is palpable in most markets and India is no exception. As the markets have rallied back sharply from the lows of the year, invest cautiously as opportunities will always be there, though valuation and macro factor remain a concern. When the markets are rising retail investors should be careful about spiraling crude prices, interest costs and inflation, since all the four cannot rise simultaneously.

Chalam G. V. (Dr) (2003) in his article “Investors Behavioral Pattern of Investment and Their Preferences of Mutual Funds.” Published in SOUTHERN ECONOMIST, Feb 1, 2003 concluded that off all the sections of the society, the household group contributes much of the capital, forming the lifeblood for the economy. According to his analysis, the mutual fund business in India is still in its embryonic form as they currently account for only 15 % of the market capitalisation. The success of mutual funds business largely depends on the product innovation, marketing, customer service, fund management and committed manpower. The investment pattern of the investors reveals that a majority of the investors prefer real estate investments followed by mutual fund schemes, gold and other precious metals.
Agarwal S. P. (Dr) (2001) in his article “Public Provident Fund Account – A Matchless Investment Scheme.” Published in SOUTHERN ECONOMIST, Feb 15, 2001 concluded that Public Provident Fund (PPF) account is most beneficial investment for all categories i.e. salaried class, retired persons or businessmen either tax-payers or non-taxpayers.

Parthapratim Pal (1998) in his article “Foreign Portfolio Investment in Indian Equity Markets: Has The Economy Benefited?” published in Economic and Political Weekly, March 14, 1998 concluded that instead of lifting the level of domestic savings and investment, financial liberalisation in general has rather increased financial instability. Financial activities have increased financial deepening, but without benefiting industry and commerce.

G. Prabakaran and G. Jayabal (2009) in their article “Investors Risk Tolerance Towards Mutual Fund Investments” published in SOUTHERN ECONOMIST, June 15, 2009 concluded that empirically it has been proved that the mutual fund investors are from low and moderate risk tolerant groups and the socio-economic variables do alter the risk tolerance of individual investors. The mutual fund organisations must consider these socioeconomic variables of the investors that have an important influence on investment decision making.

N. Kathirvel (2009) in his article “Investment Option with Reference to Insurance Products” published in SOUTHERN ECONOMIST, Oct. 1, 2009 concluded that the insurance plays a very important role in the financial sector of our country. The IRDA Act, 1999 is a landmark in the Indian insurance industry which opened up the insurance sector to the private sector participants in 2000. Keen element in the reform process was the participation of overseas insurance companies though restricted to 26% of the capital. The act protects, promotes and ensures orderly development at the life and own life industry. The insurance companies are required to use the vast network of banks and post offices to market the micro-insurance products and unit linked product for the low income group and rural poor of the society.
M. Zathik Ali (2000) in his article “Impact of The Budget on The Savings of The Small Investors” published in SOUTHERN ECONOMIST, June 15, 2000 concluded that it is the duty of government to safeguard the interest of the small investors who have no spokesmen to expose their problems. Most of the small savers depend upon the interest accruing from their small investments for their living. Suitable changes must be made in the new budget so that the interests of the small investors are protected.

R. Kasilingam and G. Jayabal (2009) in their article “Alternative Investment Option to Small Investors” published in SOUTHERN ECONOMIST, Sep. 1, 2009 concluded that if the savings of the individuals are not channelized in a proper manner, then it may find its way into unproductive channels such as investment in gold or it may lead to unscrupulous rise in the consumption pattern, both of which are not good for the economy. It is a known fact that post office savings schemes are attractive tax saving investment schemes to the salaried class investors. It is also a suitable investment option to the small and medium investors because it satisfies all the criteria required by Indian investors. The fund invested in small savings schemes will yield good results not only individual investors but also to the nation. Small savings schemes are designed to provide safe & attractive option to the public and at the same time to mobilize resources for development of the nation. As the government is giving attractive return mainly to the small investors the institutions and NRIs are prohibited from investing in small saving schemes. During recession small savings will be an ideal alternative investment because it produces stable and risk free return.

V. Dheenadhayalan (2011) in his article “No Cheer for Salary Class Tax Payers” published in SOUTHERN ECONOMIST, March 15, 2011 concluded that the savings which will be generated from the relaxation in the income tax slabs will not prove to be substantial for the common man in order to counter raising inflation. Therefore the 2011-12 Budget has failed to bring cheer to the Indian individual salary class tax payers as finance minister Pranab Mukherjee did not make any major announcements to impress the segment.

   a) Stock markets attract the attention of economists, finance experts and policy markets because of the perceived benefits it provides for the real economy. It is the central point of capital market activities. And is often cited as a barometer of business direction.

   b) Economists do not arrive at the consensus that stock market reflects the health of economy. Though some the components of the economy have linkage with stock market, yet majority of the variable are not related. Stock markets volatility reflects the investors future expectations, it needs to be observed how much stock reflects the real economic health, however a base is formed by the economic health of any country.

Fisher K. L. and Statman M. (2003) in their article “Consumer Confidence and Stock Returns” published in The Journal of portfolio management, 2003 concluded that increase in consumer confidence about the economy are accompanied by statistically significant increases in the bullishness of individual investors about the stock market, as if individual investors are unaware that the stock market is a leading indicator of the economy. Institutional investors however, seem aware of the role of the stock market as a leading indicator of the economy. They find no statistically significant relationship between changes in consumer confidence and changes in the sentiment of institutional investors. They find that consumer confidence goes up and down with stock returns; high stock returns.

R. R. Rajamohan (2010) in his research paper title “Reading Habit and Household Investment in Risky Assets.” Published in The IUP Journal of applied finance, October 2010 concluded that In India, the household sector contributes about 80% of Gross Domestic savings (GDS) The sectors investments are predominant in fixed income bearing instruments or physical assets, and less predominant in financial assets like
shares and mutual funds. His research paper makes an attempt to analyse the determinants of household portfolio, particularly the ownership of risky assets. His study shown that the reading habits and age are positively and significantly related with the ownership of risky assets. There is thus a need for policy intervention to improve the financial knowledge level of the households though appropriate educational programs.

Each assets (Investment Avenues) has a different rate of return, risk and liquidity. His study shows that exposure to the financial magazines and newspapers have an impact on the households investment in risky assets. He pointed out that, financial education campaign could improve the possibility of the Indian households including the risky assets in their portfolio.

A P Pati and D. Shome (2011) in their article “Do Households Still Prefer Bank Deposits? An Analysis of shift in Savings and Savings Determinants” Published in The IUP Journal of Bank Management, Feb-2011 concluded that Financial reforms have, in the recent years, opened up several avenues for the households for savings. The study suggest that despite the reform, households are still preferring the safe channels of bank deposit schemes rather than switching over to high yielding but risky channels of savings. However, between the two phases (pre- and post-liberalization period) a significant structural shift of savings in bank deposit is observed. Variables like income and inflation are found to be statistically significant determinants of savings in bank deposit of Indian households.


a) Majority of investors have still not formed any attitude towards mutual fund investments. The main reason behind this has been observed to be lack of awareness of investors about the concept and working of the mutual funds.
b) Moreover, as far as the demographic variables are concerned, age, gender and income have been found influencing the attitude of investors towards mutual funds significantly. Whereas, amazingly, the other two demographic variables (education and occupation), have not been found influencing the attitude of investors towards mutual funds.

c) According to them, the factors responsible for investment in mutual funds are, ‘return potential’ has got first rank, ‘liquidity’ has got second rank and ‘flexibility’, ‘affordability’ and ‘transparency’ have been ranked third, fourth and fifth, respectively.

Mohit Gupta and Subhash Chander (2011) in their Article “Consideration of sources of Information as selection Criteria in Mutual fund Purchase: A comparative Study of Retail and Non-retail Investors” published in The IUP Journal of Accounting and finance, January 2011, concluded that there is a significant difference between retail and Non–Retail mutual fund investors with respect to factors of ‘advertisements and shows’ and ‘published returns’; while the former is more important for the retail investors, the latter is more important for the non-retail investors. The study has also found that ‘data and information’ and ‘advice and recommendation’ make no significant difference between retail and non-retail mutual fund investors.


Kar Pratip, Natarajan I and Singh J P (2000) in their research paper “Survey of Indian Investors” published in SEBI-NCAER June 2000 concluded that the households investment in shares, debentures and mutual funds was below 10% and the equity investor households portfolio was of relatively small value and undiversified. Further they found that one set of households, in spite of their lower income and lower
penetration level of consumer durables, were in the securities market, while another set of household with higher income and higher penetration level of consumer durables did not have investment in securities market.

Rajarajan V. (1999) in his article “Stage in Life Cycle and Investment Pattern” published in Finance India, 1999 studied Chennai investors financial investments and showed that life-cycle stage of individual investor was an important variable in determining the size of the investments in financial assets and the percentage of financial assets in risky category.

Shanmugham R and Muthusamy P (1998) in their article “Decision Process of Individual Investors, Indian Capital Markets: Theories and Empirical Evidence” published in UTI Institute of Capital Markets and Quest Publications, Mumbai. 1998 concluded that Education had a significant impact on ownership of risky assets and occupation had a positive and significant impact on ownership of risky assets. Also they found that investor’s equity portfolio diversification was moderate. Education and occupation of the investors had an impact on the use of technical analysis and fundamental analysis respectively.

Vaidyanathan R (2004) in his article “Voluntary Pension Market: Untapped Potential”, published in Insurance chronicle, Special issue, 2004 analyzed the household savings in India during the period 1961-2001 and found that households who had not been covered by any pension scheme used gold as an insurance and pension product.

Yilmazer T (2001) in his article “Do Children Affect Household Portfolio Allocation?” published in job market paper, evidence from the survey of consumer finances, November 10, 2001. Concluded that the number of children had a positive and statistically significant impact on home ownership and negative and statistically significant impact on the proportion of investments in shares.

demographics of the investor. Their study was based on responses obtained from the respondents belonging to a wide cross section. Non-probabilistic sampling method was employed to select the respondents. They found that investors of different age groups do wary significantly with regard to mutual funds and debentures/bonds as their choice of Investment Avenue. Young investors (26-35) find investing in mutual fund comfortable, while middle-aged investors (36-45) find debentures/bonds as more comfortable option. On income parameter, they found that people with low income (less than Rs. 1 lakh per annum) like to invest their money in low-risk investments like post office deposits and refrains themselves from investing in equities and mutual funds. Investors with the yearly income between Rs. 1 lakh – 2.5 lakh, like to invest in mutual funds, while people with yearly income between Rs. 2.5 – 4 lakh prefer investing in equities. As far as occupation is concerned, they found that service class people would like to invest their money in equities and mutual funds, while business class showed an inclination to invest their money in debentures/bonds and real estate/bullions. Housewives prefer safe investments like real estate/bullions, while professionals invest their money in post office deposits and derivatives. Students prefer high risk investments like derivatives and equities.

**Bhalla Surjit S (1980)** in his article “The Measurement of Permanent Income and Its Application to Savings Behavior”, published in The Journal of Political Economy, 1980 concluded that there is a positive relationship between income and savings. So this relationship suggests that both the level and the distribution of income are important determinants of household savings.

**Chase Jr. Samuel B (1969)** in his article “Household Demand for Savings Deposits, 1921-1965”, published in The Journal of Finance, 1969 concluded that The rate of interest is considered to have an important influence on household savings. A rise in interest rate also increases the savings and the same time decreases the current consumption as the price ratio between present and future goods depends upon the rate of interest and expected price. Other things being equal, one would expect an increase in the rate paid on savings deposits to increase total holdings of savings at the expense of both market instruments and money balances.
Ojha P D (1984) in his article “Recent Trends in the Indian Capital Market”, published in RBI Monthly Bulletin, 1984 concluded that The revealed preference of the household sector for keeping their saving in the form of deposits with banks is mainly on the fact that these are safe, liquid and convenient and yield attractive rates of return.


Reddy Y V (1997) in his article “Prospects for Saving and Growth”, published in RBI Monthly Bulletin, 1997 Concluded that A number of factors influencing household savings have been identified by Reddy. They are growth in income, distribution of income, macroeconomic stability and inflation rate in particular, efficiency of financial intermediation, rapid improvement in government savings, higher proportion of working population to total population, strong social influences, such as the role of extended family; and societal values in terms of inter-generational obligations, availability of insurance and tax benefits; and contractual saving, mainly provident fund and other contributions. Further, he has observed that amongst these factors, a rapid improvement in government savings and an increase in the rate of inflation beyond a certain point do have a negative impact on household savings. Apart from these, several other factors are also found responsible for household saving.

Diana J . Beal , Michelle Goyen , and Peter Philips (2005) in their article “Why Do We Invest Ethically?” published in The Journal of Investing, 2005 concluded that Analysis of three potential motives for ethical investment—financial returns, non-wealth returns, and social change—indicates that these motives are neither exhaustive nor exclusive; one single motive will not explain the behavior of all ethical investors. There may be a trade-off between financial and psychic returns for some investors. The trade-off for consumption-investors is expected to be close to zero (total utility is maximized at low levels of ethical investment in the fun of participation model) and is expected to vary with the ethical intensity of investment-investors, as shown when ethical intensity is included in the investor's utility function. Psychic return can also be viewed as an
increase in happiness, an approach that lends itself to empirical testing to improve our understanding of why we invest ethically.

Philip Z. Maymin and Gregg S. Fisher (2011) in their article “Preventing Emotional Investing: An Added Value of an Investment Advisor” published in The Journal of Wealth Management, Spring 2011 concluded that an important service provided by investment advisors, and apparently desired by individual investors, is the barrier the advisor provides to prevent the individual from aggressively trading and thereby losing money. The authors analyze a unique, comprehensive, multi-decade dataset of all communications with clients by a boutique investment advisory and investment management firm to explore the behavior of individuals involved in financial decision making. They propose and test a theory of self-regulation to explain both the appeal and the value of investment managers to individual investors, and they find that all of the predictions of the theory are borne out by the data.

Alex Wang (2011) in his article “Younger Generations’ Investing Behaviors in Mutual Funds: Does Gender Matter?” published in The Journal of Wealth Management, Spring 2011 concluded that This study aims to understand younger generations’ investing behaviors in mutual funds in order to help wealth advisors understand how better to work with younger generations. His study reveals that knowledge, experience, and income are important factors that influence younger generations’ investing behaviors in mutual funds. Moreover, gender emerges as the most important factor that differentiates younger generations’ investing behaviors in mutual funds. The findings point out challenges for younger women’s wealth management, as they tend to exhibit fewer investing behaviors in mutual funds than their counterparts do. Consistent with previous research on wealth management among older generations, gender differences have significant implications for wealth advisors. As a result, wealth advisors should help younger women enhance their wealth management and financial future by facilitating their acquisition of necessary financial knowledge and experiences and their involvement with their wealth management. Wealth advisors are also urged to consider helping their clients manage their wealth by being aware of gender-predicted differences in client situations.
Jim Peters (2003) in his article “Keeping a Watchful Eye on Your Investments” published in Special Issues, 2003 concluded that in this tough economic environment, private equity investors and other institutional investors are scrambling for solutions to prevent their portfolios from declining in value. Private equity board members have to do more than just ensure proper financial reporting and attend board meetings of their portfolio companies. They need to be sensitive to early warning signs of business failure and to focus on leading indicators of people and operating performance rather than just financial performance, which is a lagging indicator. Directors need to create a culture of open discussion and to feel free to ask questions about business strategy and context, critical performance metrics, continuous improvement processes, performance targets, and overall parameters of business success.

Kathryn M. McCarthy (2001) in her article “Engaging Investment Advisors for a Family Foundation” published in The Journal of Wealth Management, 2001 In this article, the author addresses the multi-faceted question of hiring investment talent for a foundation. She starts with a review of possible goals for an investment program and the kinds of assistance required to meet those goals. She continues with a description of what to expect from an investment advisor, including both investment services and periodic reporting, as well as ongoing communication. She concludes with a discussion of the circumstances under which an in-house advisor should be considered and the processes for finding, selecting, and working with an outside professional.

Hersh Shefrin (2000) in his article “Recent Developments in Behavioral Finance” published in The Journal of Wealth Management, Summer 2000 concluded that first, he discusses recent evidence of the ‘disposition effect,’ meaning ‘the disposition to sell winners too early and to hold on to losers too long.’ The helps him present recent evidence on the disposition effect and introduce some of the basic concepts from behavioral finance for those new to the subject. Next, the author addresses the issue of overconfidence, one of the most prevalent behavioral phenomena. He reviews these findings which are based on recent studies about the forecasts, trades, and performances of participants in investment clubs. Finally, he examines two issues that are specifically relevant for retirement portfolios, although they also have more general
implications. The first involves naive diversification and the second pertains to the rules investors use to determine how quickly retirement nest eggs are spent.

Charlotte B. Beyer (2010) in his article “Investor Education: What’s Broken and How to Fix It” published in The Journal of Wealth Management, Summer 2010 In this article, the author argues that the traditional approach to investor education has failed and that radical reform is needed. After observing how one group of investors learned far more in experiential settings, the author submits that these investors might be convincing proof that experiential investor education is superior. Signaling good news for the investment advisory industry, the hiring, use, and retention of advisors by these same better-educated investors is stable. This group also expressed positive views of how well served they are by the industry overall. While the ultra-wealthy arguably might have easier access to superior advisors, the author believes that overhauling investor education will benefit all investors, not just the wealthiest.

Mark S. Rzepczynski (2009) in his article “How Do Investment Managers Think? A Framework for Decision-Making Due Diligence” published in The Journal of Alternative Investments, Summer 2009 concluded that The quality of decision-making is often as important as the performance results when distinguishing investment professionals, and it is fundamental for any due diligence analysis. The process or skill of decision making will be affected by the type of problem and information available. The traditional expected utility framework (EUF) explores decision-making through forming probabilities for the range of all outcomes. The traditional EUF can be contrasted with the cognitive approach of case-based reasoning (CBR) as an alternative framework for decision-making. Under this approach, managers look for similarity and decide the best action based on performance relative to past situations. This cognitive approach is both descriptive and effective for explaining how managers think. In this article the EUF and CBR frameworks are employed to assess the decision process of investment managers against the problem of accounting for knowledge and the type of investment decision faced. Categorizing and contrasting these frameworks can provide a means for distinguishing managers beyond their performance and provide a rich method for analysis of fund behavior by potential investors. Analyzing how decisions are made
provides an enhanced framework to supplement the traditional three Ps approach of Performance, Philosophy, and Pedigree that is often used as the foundation for investment due diligence.

**Robert F. Vandell and Mark T. Finn (1982)** in their article “Portfolio Objective: Win big, lose little!” published in The Journal of Portfolio Management, summer 1982 concluded that Since the market does not appear to reward risk-taking systematically, this is a game full of opportunities for “those who have sufficient skills.”

**Mathews, J. (2005)** in his article “A situation-based decision-making process.” Published in *The ICFAI Journal of Org Beh, 2005* concluded that Investment decision-making process is concerned with how an investor should proceed in making decision about what marketable securities to invest in, how extensive the investment should be and when the investment should be made. Investment means the sacrifice of current rupees for future rupees. Investment has got two attributes - time and risk. The sacrifice takes place in the present and is certain. The reward comes later, if at all, and the magnitude is generally uncertain. In some cases, element of time dominates (for example, government bonds). In other cases, risk is the dominant attribute (for example, call options on common stock). In yet others, both time and risk are important (for example, shares of common stock). Decision-making can be defined as the process of choosing a particular alternative from a number of alternatives. It is an activity that follows after proper evaluation of all the alternatives.

**Schwarzkopf, D.L. (2003)** In his article “The Effects of Attraction on Investment Decisions.” Published in *Journal Of Behavioral Finance, 2003* pointed out that the attraction effect occurs when an inferior item changes a decision-maker’s perception of the relationship between other available alternatives, contrary to the expectations of rational decision-making. This study presented the first evidence that this effect, which has appeared persistently in consumer research, can influence investment decisions. Results of an experiment conducted on graduate students with investing experience or interest showed that the investor’s perceived values of reported financial or non-financial performance, quality of earnings, and information source reliability were
subject to trade-offs and can be altered by the composition of the decision set, rather than by any intrinsic change in the investment candidate itself.

Singh J. and S. Chander. (2006) In their article “Investors’ Preference for Investment in Mutual Funds: An Empirical Evidence.” Published in The ICFAI Journal of Behavioral Finance, 2006 pointed out that since interest rates on investments like public provident fund, national saving certificate, bank deposits, etc., are falling, the question to be answered is: What Investment alternative should a small investor adopt? Direct investment in capital market is an expensive proposal, and keeping money in saving schemes is not advisable. One of the alternatives is to invest in capital markets through mutual funds. This helps the investor avoid the risks involved in direct investment. Considering the state of mind of the general investor, this article figured out the preference attached to different Investment avenues by the investors; the preference of mutual funds schemes over others for investment; the source from which the investor gets information about mutual funds; and the experience with regard to returns from mutual funds. The results showed that the investors considered gold to be the most preferred form of investment, followed by NSC and Post Office schemes. Hence, the basic psyche of an Indian investor, who still prefers to keep his savings in the form of yellow metal, is indicated. Investors belonging to the salaried category, and in the age group of 20-35, years showed inclination towards close-ended growth (equity-oriented) schemes over the other scheme types. A majority of the investors based their investment decision on the advice of brokers, professionals and financial advisors. The findings also revealed the varied experiences of respondents regarding the returns received from investments made in mutual funds.

Mohit Gupta and Navdeep Aggarwal (2009) in their article “Mutual funds portfolio creation using industry concentration” published in The Icfaiian journal of Management Research, March 2009 concluded that mutual funds are innovative and provide value-addition in personal finance. Problems occur when a choice has to be made from the
large number of mutual funds. The study has used the cluster method, taking industry concentration as a variable to construct the portfolio. The study reflects the importance of portfolio creation by the method involved, and highlights the important decision of risk management, one of the important purposes for which mutual funds came into being. Outperformance by the created portfolio, especially in the case of risk mitigation, without sacrificing higher returns, will surely help the investors to achieve optimal investment benefits.

**Soumya saha and Munmun Day (2011)** in their article “Analysis of Factors affecting investors perception of Mutual fund investment” published in The IUP journal of Management Research, April 2011 concluded that consumer behavior is an important area of research studies. Investors expectation is a very important factor in this regard that needs to be analysed by all alternative investment avenues. The success of any mutual fund a popular means of investment depends on how efficiently it has been able to meet the investor's expectation. MF industry in India has a large untapped market. Electronic sale of financial products is gaining volumes with the widespread acceptability of e-buying.

**M.R. Shollapur and M.U. Sunagar (2008)** in their article “Pricing of Initial Public Offers An Analysis of Corporate Practices and Investors Preferences” published in The Indian journal of commerce, July-September 2008 concluded that pricing of an IPO is based on the price discovery method. Book-building is recommended as a price discovery method using the price band on the basis of real demand for the securities. It is the investors who determine the price. This process attempts to eliminate the over pricing of securities. The era of free pricing of securities has offered advantages to companies and investors. Investors perceptions about corporate practices help issuers to make proper decision in pricing of securities. The companies financial reports and media reports are the two main sources which are highly considered by the investors in deciding the bid price.

**Sofia Jasmeen (2009)** in her article “Investment choice of Individual Investors” published in The Indian journal of commerce, October-December 2009, A study
revealed that though majority of investors have preferred low risk investments, considerable investors have gone for high risk investments. This could be because of the awareness created among Indian individual investors regarding investment avenues and investment climate. The financial institutions may capture this kind of investment climate and infuse confidence among investors by being ethical and transparent. The study also indicated that the association between profile of the respondents – age, gender, religion, qualifications, income and profession, and the risk taken while making investments is not significant. Indian investors still prefer safety and liquidity to returns.

Gopal Nathani (2011) in his article “Good news for portfolio management scheme (PMS) investors” published in TAXMANN’S corporate professionals Today, Analytical studies, Direct tax laws, May 1 to 15, 2011 concluded that the taxation of income from share transaction is a vexed issue. The author opines that the portfolio investment route is not just profit making, but it is a means to a secured maximized return. The very object to undertake investment through portfolio manager within defined parameters is itself a sufficient pointer to hold that the profit made on sale of such investments would be capital in nature being chargeable under the head ‘capital gains’.

Rajesh Dhawan (2011) in his article “Gold ETF – An investment option” published in TAXMANN’S corporate professionals Today, investment planning, May 1 to 15, 2011 concluded that gold ETFs are open-ended mutual fund schemes that will invest the money collected from investors in standard gold bullion (0.995 purity). The investors holding will be denoted in units, which will be listed on a stock exchange. The author have attempts to explain: how ETFs works, and what are its advantages. He opines that given the uncertainty in global markets and the consequent volatility in equity markets, investor should warm up to the idea of including gold ETFs in their asset allocation plan.