6.1 INTRODUCTION

A mutual fund is the most suitable investment avenue for the individual investors as it offers an opportunity to invest in a diversified, professionally managed portfolio at a relatively low cost. Mutual funds have opened new vistas to millions of small investors by virtually taking investment to their doorstep. Mutual Funds are looked upon by individual investors as financial intermediaries who process information, identify investment opportunities, formulate investment strategies, invest funds and monitor progress at a very low cost. Thus, the success of Mutual Funds is essentially the result of the combined efforts of competent fund managers and active investors. A competent fund manager should analyze investor’s behaviour and understand their needs and expectations, to gear up the performance to meet investor needs. Nowadays an increasing number of investors are relying on mutual funds as investment and retirement vehicles. The latent heterogeneity amongst investors in terms of their preferences and beliefs, form the underlying factors of their behaviour. Over the past two decades, mutual funds have been the focal point of an increasing number of research studies being conducted in the field of finance. The basic issues of research focused by the past studies have been performance evaluation of mutual fund with regards to risk and return. The studies available to understand the investment perception of mutual fund investors are not adequate.

In the present financial market, mutual funds have emerged as the key player of saving and investment process. Majority of the individual investors have been showing keen interest in the structured financial operation. With the growing emphasis on the adoption of well structural professional management of investments, the role of mutual fund has assumed greater importance. Mutual fund is an innovative financial instrument, and investment vehicle for investors who pool their savings for investing in diversified portfolio of securities, with the aim of attractive yields and appreciation in their value. A mutual fund is a special type of institution, a trust or an investment company which acts as an investment intermediary and invests the savings of large number of people to the corporate securities in such a way that investors get steady returns, capital appreciation and a low risk. It is essentially a mechanism of pooling together the savings of a large number of investors for collecting investment with an avowed objective of attractive yields and appreciation in their values. A mutual fund is the most suitable investment for the retail investors as it offers an opportunity to invest in a diversified, professionally managed portfolio at a relatively
low cost. At the retail level, investors are unique and are a highly heterogeneous group. A large number of investment options are available to investors. Currently there are large numbers of schemes available and the Asset Management Companies compete against one another by launching new products or repositioning old ones. Unless mutual fund schemes are tailored to the changing needs, and the Asset Management Companies understand the fund selection behaviour of the investors; survival of funds will be difficult in future. The concept of Mutual funds has been on the financial landscape for long in a primitive form. The story of mutual fund industry in India started in 1963 with the formation of Unit Trust of India, at the initiative of the Government of India and Reserve Bank. The launching of innovative schemes in India has been rather slow due to prevailing investment psychology and infrastructural inadequacies. Risk adverse investors are interested in schemes with tolerable capital risk and return over bank deposit, which has restricted the launching of more risky products in the Indian Capital market. But this objective of the Mutual fund industry has changed over the decades. For many years funds were more of a service than a product, the service being professional money management. In the last 15 years Mutual funds have evolved to be a product. The term ‘product’ is used because Mutual Fund is not merely to park investor’s savings but schemes are ‘tailor made’ to cater to investor’s needs, whatever their age, financial position, risk tolerance and return expectations.

Mutual funds have opened new vistas to millions of small investors by virtually taking investment to their doorstep. In India, a small investor generally goes for bank deposits, which do not provide hedge against inflation and often have negative real returns. He has limited access to price sensitive information and if available, may not be able to comprehend publicly available information couched in technical and legal jargons. He finds himself to be an odd man out in the investment game. Mutual funds have come, as a much needed help to these investors. Mutual Funds are looked upon by individual investors as financial intermediaries/ portfolio managers who process information, identify investment opportunities, formulate investment strategies, invest funds and monitor progress at a very low cost. Thus the success of Mutual funds is essentially the result of the combined efforts of competent fund managers and alert investors. Competent fund manager should analyze investor behavior and understand their needs and expectations, to gear up the performance to
meet investor requirements. Hence, with this background, the present study attempts to analyze perceptions of individual investors.

The present study applies descriptive as well as an empirical research design based on the survey method. The study primarily depends on the survey data collected from 400 sample mutual fund investors in greater Hyderabad. The primary data required for the study have been collected from the mutual fund individual investors in greater Hyderabad by administering a structured questionnaire. The qualitative variables were measured on five point Likert-type scales.

The universe of the study consists of individual investors of mutual fund products whose names appear in the portfolio records of different Asset Management Companies (AMCs) as on 30-9-2011. The study was confined to individual investors excluding high net worth individuals and institutional investors. The survey was conducted during the period of December 2012 to November 2013. The sample size required for the study has been arrived on the basis of minimum required sample size table. The sample required for the study was collected from the investor service centers. Stratified random sampling was used for the selection of sample units from sample frame. Statistical Package for Social Sciences (SPSS version 20) is used to analyze the data. To understand the investment objectives of individual investors and its association with demographic features were tested with chi- square test of independence. The saving and investment avenue preferences of individual investors were analyzed using weighted score ranking. In order to identify the key product attributes considered by the mutual fund investor Principal Component Analysis as well as correlation was employed. To understand the awareness level and reasons for withdrawal of investors were analyzed using mean score, standard deviation and KS-test

6.2. Objectives of the Study
The present study set an overall objective of understanding, examining and analyzing Perceptions of individual investors towards mutual funds in terms of general and specific factors such as perceptions on investment avenues, fund related fund sponsor
related factor and service related issues. However, the following are the specific objectives:

- To analyze demographic profile, objectives of investment and information sources of individual investors in the selection of mutual fund schemes
- To study the growth and development of mutual fund industry in India
- To assess the impact of fund sponsor qualities on mutual fund investment decision
- To analyze the perceptions of individual investors towards mutual funds

6.3. Hypotheses

In order to attain the objectives, the following hypotheses have been set for the tests conducted in the respective chapters and are specified in the following table.

**Table 6.1: Hypotheses set for Tests Conducted**

<table>
<thead>
<tr>
<th>Hypotheses set</th>
<th>Hypothesis Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ho: There is no association between age and investment objective of the investor</td>
<td>Ho is Rejected H₁ is Accepted</td>
</tr>
<tr>
<td>H₁: There is an association between age and investment objective of the investor</td>
<td></td>
</tr>
<tr>
<td>Ho: There is no association between gender and investment objective of the investor</td>
<td>Ho is Accepted H₁ is Rejected</td>
</tr>
<tr>
<td>H₁: There is an association between gender and investment objective of the investor</td>
<td></td>
</tr>
<tr>
<td>Ho: There is no association between occupation and investment objective of the investor</td>
<td>Ho is Accepted H₁ is Rejected</td>
</tr>
<tr>
<td>H₁: There is an association between occupation and investment objective of the investor</td>
<td></td>
</tr>
<tr>
<td>Ho: There is no association between annual income and objective of investors</td>
<td>Ho is Rejected H₁ is Accepted</td>
</tr>
<tr>
<td>H₁: There is an association between annual income and objective of investors</td>
<td></td>
</tr>
<tr>
<td>Ho: There is no association between size of the family and objective of the investor</td>
<td>Ho is Rejected H₁ is Accepted</td>
</tr>
<tr>
<td>H₁: There is an association between size of the family and objective of the investor</td>
<td></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ho: There is no association between age and total investment of the investor</td>
<td>Ho is Accepted</td>
</tr>
<tr>
<td>H1: There is an association between age and total investment of the investor</td>
<td>H1 is Rejected</td>
</tr>
<tr>
<td>Ho: There is no association between gender and total investment of the investor</td>
<td>Ho is Rejected</td>
</tr>
<tr>
<td>H1: There is an association between gender and total investment of the investor</td>
<td>H1 is Accepted</td>
</tr>
<tr>
<td>Ho: There is no association between age and investment strategy of the investor</td>
<td>Ho is Accepted</td>
</tr>
<tr>
<td>H1: There is an association between age and investment strategy of the investor</td>
<td>H1 is Rejected</td>
</tr>
<tr>
<td>Ho: There is no association between gender and investment strategy of the investor</td>
<td>Ho is Accepted</td>
</tr>
<tr>
<td>H1: There is an association between gender and investment strategy of the investor</td>
<td>H1 is Rejected</td>
</tr>
<tr>
<td>Ho: There is no association between annual income and investment strategy of the investor</td>
<td>Ho is Rejected</td>
</tr>
<tr>
<td>H1: There is an association between annual income and investment strategy of the investor</td>
<td>H1 is Accepted</td>
</tr>
<tr>
<td>Ho: There is no association between experience and investment strategy of the investors</td>
<td>Ho is Rejected</td>
</tr>
<tr>
<td>H1: There is an association between experience and investment strategy of the investors</td>
<td>H1 is Accepted</td>
</tr>
</tbody>
</table>

6.4. Methodology

Stratified random sampling method has been followed to select the sample. The individual investor is sample unit, who is at present investor in any mutual fund scheme. Individual investor is defined as “An individual who has currently invested in any Mutual fund scheme”. The population is defined as residents of Greater Hyderabad, who have invested in Mutual Fund Schemes.
6.5. Statistical Tools Used

Statistical techniques used in the study include Percentage Method, Chi-square test, Garret Ranking, correlation, Kolmogorov-Smirnov Z test and factor analysis. Statistical package for social science (SPSS.17) was used to analyze the data. SPSS is the one of the most widely used of statistical software packages. It covers a broad range of statistical procedures that allows summarizing data, determining whether the differences between groups are statistical significant or not. SPSS also contains several tools for analyzing data, including functions for recording data and computing new variable as well as merging and aggregating data files. Chi-Square Test was applied for testing the hypothesis at 5% level of significance. Data was analyzed with the help of tables, charts and diagram. Statistical technique like percentile was used to analyze the data. Descriptive analysis also has been used. Garrett’s Rank technique was conducted to determine the most important factors affecting Mutual Fund investment. Likert’s scale technique, correlation, factor analysis and KS test was also used for analysis.

Garrett’s ranking technique

To find out the most significant factor which influences the respondent, Garrett’s ranking technique was used. As per this method, respondents have been asked to assign the rank for all factors and the outcomes of such ranking have been converted into score value with the help of the following formula:

\[
\text{Percent position} = 100 \left( \frac{R_{ij} - 0.5}{N_j} \right)
\]

Where

\[R_{ij} = \text{Rank given for the } i\text{th variable by } j\text{th respondents}\]
\[N_j = \text{Number of variable ranked by } j\text{th respondents}\]

With the help of Garrett’s Table, the percent position estimated is converted into scores. Then for each factor, the scores of each individual are added and then total value of scores and mean values of score is calculated. The factors having highest mean value is considered to be the most important factor.
Chi-Square-test

Karl Pearson in 1900 developed a non-parametric test for testing the significance of the discrepancy between experimental (observed) frequencies and the theoretical frequencies (expected) obtained under some theory or hypothesis. This test is known as Chi-Square Test (2-test) of goodness of fit, and is used to test whether the discrepancy between expected and observed values may be attributed the chance (fluctuations of sampling) or whether the deviation is really because of the inadequacy of the theory to fit the observed data.

In order to apply the Chi-square test either as a test of goodness of fit or as a test to judge the significance of association between attributes, it is necessary that the observed as well as theoretical or expected frequencies must be grouped in the same way and the theoretical distribution must be adjusted to give the same total frequency as we find in case of observed distribution.

Factor Analysis

“Often among the many variables that have been measured, a few and more related to each other, than they are to others. Factor analysis allows us to look at these groups of variables that tend to relate to each other and estimate what underlying reasons might cause these variables to be more highly correlated with each other”. The techniques of factor analysis provide a fascinating way of reducing the nature of variables in a research problem to a smaller and more manageable number by combining related ones into factors. This relieves the researcher from confusion arising through overlapping measures of the same underlying variables. Also the cost of further research may be reduced by focusing efforts on fewer variables for study. Factor analysis has many alternative algorithms that can be used to extract factors out of a set of variables. The method used here is the principal component analysis. Before conducting the factor analysis, the validity of data for factor analysis is tested with the help of Kaiser-Meyer-Ohlin (KMO) measure of sampling adequacy and Bartletts test of sphericity. The minimum acceptable KMO measure of sampling adequacy is 0.5 whereas the minimum acceptable level of significance of chi-square value is at 5 per cent.
In the present study, the KMO measure of and zero per cent level significance of chi-square value satisfy the conditions for validity of data for factor analysis. The factor analysis results in five important factors.

The primary decision in stage 1 of factor analysis is to decide how many factors to extract from the data. The sample rule of thumb normally used says that all factors with an eigen value of 1 or more should be extracted.

6.6. SOURCES OF DATA

The Data collected by conducting a survey by administering a questionnaire to 400 respondents in Greater Hyderabad. These 400 respondents are of different age groups, different occupations, different income levels and different qualifications.

The data required for the study has been collected from the secondary sources. The secondary sources includes the official web sites of securities exchange board of India (SEBI), Reserve bank of India (RBI), Published Dissertations, Government Reports, the websites of association of mutual funds India and various mutual fund companies.

6.7. SCOPE OF THE STUDY

The research design for the present study is descriptive, where the data is collected through the questionnaire. The data gathered from the respondents residing in Greater Hyderabad only. The study covers only the perceptions of individual investors relating demographic factors and its relation with investment decision in mutual funds. The study also covered trends and progress of mutual fund industry based on based on the growth of AUM, mobilization of resources by mutual funds, sector wise as well as scheme wise, Trends in transactions on stock exchanges on mutual funds, unit holding pattern and AUM over period of 13 years. The study limits to the impact of fund related variables, fund sponsor related and service related variables on mutual fund investment were selected for the purpose. The study also limits to the general awareness on terms, statement related to mutual funds and reasons for withdrawal of mutual fund investors.

6.8. PERIOD OF THE STUDY
The secondary data collected covering trends and progress of mutual fund industry based on the growth of Assets Under Management, mobilization of resources by mutual funds, sector wise as well as scheme wise, Trends in transactions on stock exchanges on mutual funds, unit holding pattern and Assets Under Management over period of 13 years. The primary data collected over period of 2 years from 2012 to 2014.

6.9. LIMITATIONS OF THE STUDY

For the research work, data was collected and interpreted with utmost reliability and consistency but due to prejudices of a few respondents, certain limitations of the study are as follows:

1. The study depicts the present scenario in the selected city i.e. Greater Hyderabad and hence the result may not be applicable to another place and period of time.
2. The study is limited to 400 respondents of greater Hyderabad only.
3. Answer to the questionnaire depends upon the beliefs and prejudices of investors.
4. It is assumed that respondents are true and honest in expressing their views and have filled the Questionnaire honestly and without any bias.
5. The present study is restricted to information collected about the Mutual Fund investors with the help of questionnaire.

6.10 CHAPTER PLAN OF THE STUDY

CHAPTER-1 INTRODUCTION

In this chapter, introductory part of research study which includes Introduction to study, investment options, need for the study, Review of Literature, objectives, methodology, Scope, and Limitations of the study were included.

CHAPTER-2 AN OVERVIEW OF MUTUAL FUND INDUSTRY IN INDIA

In this chapter, Introduction to Mutual Funds, History of mutual Funds, Management and regulatory frame work of Mutual Funds were included. The Parameters studied under the growth of mutual fund industry, based on the growth of AUM, mobilization
of resources by mutual funds, sector wise as well as scheme wise, number of schemes
by investment objectives Trends in transactions on stock exchanges on mutual funds,
unit holding pattern and AUM over period of 13 years.

CHAPTER-3 PROFILE OF MUTUAL FUND INVESTORS IN GREATER HYDERABAD

The Parameters studied in this chapter, Profile of the respondents in relation to
investment decision and also objectives of investors such as children education and
marriages, fixed asset purchase planning, meet contingencies, Tax saving etc. The
influence of information sources i.e. News papers, Books, Advisers, News channels,
Internet, Family, Friends, Financial portal, television were studied under this chapter.

CHAPTER- 4 FUND SELECTION CRITERIA OF INVESTORS

In this chapter ,responses of individual investors are gathered on parameters such as
fund qualities like fund performance record, fund reputation or brand name, scheme's
portfolio of investment, schemes' expense ratio and loads, creditability of image like
favorable rating by rating agency, innovativeness of the scheme, flexible investment
facility like product with tax benefits, minimum initial investments and withdrawal
facilities. Fund sponsor qualities like Reputation of a sponsoring firm, Sponsor offers
a wide range of schemes with different investment objectives, Sponsor has a
recognized brand name, Sponsor has a well developed Agency Net
Work/Infrastructure, and Sponsor has an efficient research wing and Sponsor’s
expertise in managing money. Investors’ service related issues were Disclosure of
investment objective in the advertisement, Disclosure of periodicity of valuation in
the advertisement, Disclosure of the method and the periodicity of the schemes sales
and repurchases in the offer documents, Disclosure of NAV on every trading day,
Disclosure of deviation of investments from the original pattern and MF’ s Investors
grievance redressal machinery .
CHAPTER-5 PERCEPTIONS OF INDIVIDUAL INVESTORS

In his chapter, the primary data collected and analysed pertaining to the general awareness of individual investors on terms related mutual fund investment such as New Fund Offer (NFO), Systematic Investment Plan (SIP), Systematic Withdrawal Plan (SWP), Asset Management Company (AMC) and Association of Mutual funds in India (AMFI) etc and its association with individual investment decision making. This chapter also covered perceptions of respondents on the statements such as Mutual Funds are useful for small investors, Mutual Funds give higher return than other investments, Mutual Funds are healthy for Indian financial environment, Private sector mutual funds are not good, ELSS schemes are good for tax saving, Mutual funds with large corpus perform better and Mutual funds having diversified portfolio gives better returns etc related to mutual fund investment and studied their perceptions towards mutual fund investment. The primary data also collected from the respondents relating to the withdrawal Behaviour of individual investors from mutual fund investment by taking the factors such as Lack of Performance, Lack of Involvement of companies, Lack of Capital appreciation, Low Dividend Payment ratio and Low NAV etc.

CHAPTER-6 SUMMARY OF FINDINGS CONCLUSIONS AND SUGGESTIONS

In this chapter findings, conclusions and suggestions which emerge from the analysis of the study and further scope of research were Presented

6.11. FINDINGS OF THE STUDY

The present study is based on the data and other information collected from 400 individual mutual fund investors, drawing 400 respondents from various Asset management Companies greater in Hyderabad.

This chapter provides a summary of major findings of the study, conclusions and suggestions.

OBJECTIVE-1 FINDINGS CONCLUSIONS AND SUGGESTIONS

- To analyze demographic profile, objectives of investment and information sources of individual investors in the selection of mutual fund schemes
**FINDINGS**

The study found that most of the investors belong to 31-40 years category which constitutes 63.0 per cent and majority of the investors were male which alone constitute 56.3 per cent and followed by female 43.8 per cent of the total.

The study found that most of the respondent investors were married which constitute 64.8 per cent and followed by unmarried 35.3 per cent of total.

The study found that out of the 400 respondents, In total a maximum of 39.3 are having professional degree and it is followed by investors with the education background of post graduation.

The study revealed that most important group of annual income is 1, 00,000, to 3, 00, 00 which constitutes 32.5 percent and followed by annual income group below 1, 00,000 which constitutes 32 percent to the total.

Garrett’s ranking was used to analyze the investor’s preference on various investment avenues. The study revealed the most preferred investment instrument of investor is fixed deposits which has the highest mean score of 4.28, followed by gold and insurance which has the mean score of 4.19 and 4.14 respectively.

The study found that Majority of the investors were given importance to their children’s education compared to other investment objectives.

Factor analysis was used to reduce the tested factors and most influencing factors from rotated component matrix, the study found that out of 11 tested factors, 4 factors were highly influence on sources of information for investors.

Out of these four factors, Brokers were identified as major source of information in providing the information to investor on mutual fund investment who worked on the basis of incentives and commission.

The second source of information factors using by investors was internet and followed by the third factor was MF agents of various brokerage firms who are actively approaching common people and creating awareness about MF’s importance for their better future.

Majority of the respondent investors were from with the family size of 2 to 3 which constituted 53.5 percent to total.

The study revealed that majority (76 percent) of respondents’ strategy is keep holding till return matches the target.
The study found that a significant relationship exists between age and investment objective, gender and investment objective, occupation and investment, gender and total investment, size of family and objective of investment, experience and investment strategy.

CONCLUSIONS

The present study is basically exploratory in nature; an in-depth analysis of perceptions of individual investors towards Mutual Funds was done and analysis has been made with the help of various statistical tools. The collected data have been interpreted and then the following conclusions have been drawn.

It is concluded that middle age, non-professional degree holders and female respondents were less access to mutual fund investment activities. From the above findings it is concluded that brokers were top in providing information and attracting individual investors towards mutual funds. From the analysis it also concluded that age, gender, investment objective, experience and investment strategy were playing important role in individual investors ‘decision making. It is also concluded that fixed deposits and gold were most preferred investment avenues among individual investors. Mutual funds occupied fourth place in the order of preferred investment avenues.

Research analysis revealed there is a statistically significant relationship between independent variables (preferences of investors) and the dependent variable (investment decision) relationship between factor one(investors profile), factor two(information sources), factor three(investment options), factor four(investors objectives), and investment decisions shows that investment have significant impact on individual investors preference.

SUGGESTIONS

Based on findings presented above it was considered necessary to offer few suggestions for betterment of individual investors and growth of mutual fund industry:

Mostly the investors were from male and it is necessary the Asset Management Companies steps should be taken to attract more number of female investors.
The investment decision of individual investors is very much influenced by financial consultancy organizations. Hence, these agencies or persons should gear up to win the confidence of the investors. In the long run, it will help both the investors and the financial consultants, thus strengthening the link between the individual investors and Mutual Funds.

The study revealed that most preferred Investment Avenue was fixed deposit. The Mutual fund organizations should conduct the awareness campaigns to attract more number of investors.

Most of the respondent investors’ objective was children’s education. So it is necessary to develop the mutual fund schemes that suits the investors needs.

Research analysis revealed there is a statistically significant relationship between individual variables such as age,(independent variables )etc and dependent variables(investment decisions).so it is necessary Asset Management Companies should emphasis on independent variables such as profile factors, investors’ objectives, information sources etc, while designing the mutual fund products.

**OBJECTIVE-2 FINDINGS CONCLUSIONS AND SUGGESTIONS**

- To study the growth and development of mutual fund industry in India

**FINDINGS**

The study observed that India is second from the last position among the all countries in terms of AUM- GDP ratio. So it is concluded that India has low AUM-GDP ratio comparatively other developed countries.

From the Table 2.1 it can be observed that the mutual fund industry in India has grown fast in recent years. The performance is cheering compared with advanced countries.

From the Table 2.2 it can found that after a gap of two years, the mutual fund industry in India witnessed a positive growth in the resource mobilization and assets under management and the cumulative net assets managed by all the mutual funds totaled to Rs 7, 01,443 crore as against Rs 5, 87,217 crore at the end of March 2012, representing a rise 19.5 percent.
From the Table 2.3 it can be seen that the private sector mutual funds retained the lion’s share in the mutual fund industry with 81.6 percent in the gross resource mobilization. The corresponding shares of UTI mutual fund and other public sector mutual funds was 8.7 percent and 9.7 percent in gross resource mobilization.

From the Table 2.4 it can be seen that scheme-wise pattern reveals that net inflows were positive for all the scheme categories except growth/equity oriented schemes, plain ETFs and FoF schemes. Further it can also observed the AUM was the highest for income/debt oriented schemes Rs 4, 97,451 crore while the AUM under growth /equity oriented scheme was Rs1, 72,508 crore.

From the Table 2.5 it is observed that Investments in the debt segment was the highest in June 2012(Rs 78,465 crore) flowed by March 2013 (Rs68114 crore). While their net investments in debt segment were positive for all the months during the year, that in the equity segment was negative for all months except June 2012.

Further it can be observed that the mutual fund companies’ net Purchases in debt are always higher than the net purchases in equity which emphasis that investors are interested in debt oriented schemes over the equity oriented schemes.

From the Table 2.6 it is observed that India has a high hold saving ratio. But the mutual funds have not been able to make profound impact channelizing the savings from the households to securities market.

CONCLUSIONS

A Structured Questionnaire was administered to 400 respondents’ of Greater Hyderabad to know their perceptions regarding Mutual Fund Investment and also based on secondary data collected from SEBI Annual reports. The following broad conclusions were drawn:

India has low AUM-GDP ratio comparatively other developed countries and it is concluded that India is potential for mutual fund industry growth.

India is undoubtedly emerging as the next big investment destination, riding on a high savings and investment rate, as compared to other Asian economies. As per a report
authored by price water house cooper(PwC) “The World in 2050”, the average real GDP growth in India was likely to be in the range of 5.8 per cent between 2007-50, (the actual average GDP growth between 2007-10 has been 7.6per cent with per capita income rising to USD 20,000 from the current USD2,932. Over 50 per cent of the population is less than 25 years of age, with the proportion of working population likely to increase significantly over the next decade. The trend of rising personal incomes has been witnessed not only amongst the young population, but also the high net worth (HNI) segment, which have sizeable sums to invest. The house-hold segment therefore proffers immense scope for attracting investments. India has a strong middle class of 250-300million, which is expected to double over the next two decades.

SUGGESTIONS

Some suggestions or recommendation for mutual fund companies, policy makers and investors on the basis of present study have been presented in this section.

In developed countries like USA, Europe, Brazil, Percentage of GDP-AUM ratio is more than 77, 41, 40.3 percent respectively, but India, it is just around 7 percent. This signifies that the mutual fund companies India should try to attract more number of house hold investors towards mutual funds.

The study found that majority of resources mobilized by mutual funds in the private sector. So it suggested that more efforts have to be made by public sector mutual fund companies to create awareness among the investors to attract more number of investors to maintain healthy competition in the economy.

The study found that the mutual fund companies’ net Purchases in debt are always higher than equity. So it suggested that the mutual fund companies should come with innovative schemes to meet the requirements of individual investors in equity.

OBJECTIVE-3 FINDINGS CONCLUSIONS AND SUGGESTIONS

- To assess the impact of fund sponsor qualities on mutual fund investment decision
FINDINGS

**Fund Related Qualities:** The study found that investors were more curious about the past performance of the fund (mean score 3.34) followed by the scheme’s portfolio of investment (mean score 3.24). They were given least preference to minimum initial investment while making investment decisions on mutual funds.

From the correlation, it is clear that the most influencing variable on fund quality is past performance of the fund (correlation coefficient 0.378) followed by Scheme’s portfolio of investment (correlation coefficient 0.312).

**Fund Sponsor Qualities:** The study found that investors were looking for Sponsor has a recognized brand name (mean 2.85) followed by Sponsor’s past performance in terms of risk and return (2.74) Sponsor has a recognized brand name and Sponsor’s expertise in managing money also influenced the investors while investment decisions were made.

From the correlation, it is clear that Sponsor has a recognized brand name has great influence in the fund sponsor quality (correlation coefficient 0.397) followed by Sponsor’s past performance in terms of risk and return and Sponsor’s expertise in managing money (correlation coefficient 0.393 & 0.192).

**Investor service related issues:** The study found that investors were giving more importance to immediate settlement (mean score 2.84), online trading (mean score 2.54), electronic clearing services (mean score 2.38), Disclosure of NAV on every trading day (mean score 2.23) and followed by Disclosure of periodicity of valuation in the advertisement is also influencing their investment decisions.

From the correlation, it is clear that immediate settlement is the most influencing variable on investor services (correlation coefficient 0.73) followed by online trading (correlation coefficient 0.65) is also influencing their investment decisions.

The study also found that out of three factors, Investor Services (correlation coefficient 0.749) is the most influencing quality of fund management followed by fund quality (correlation coefficient 0.724). So if the Asset Management Companies can provide better investor services with modern technology, they can attract more investments in mutual funds.
CONCLUSIONS

It is concluded that brand name and past performance in terms of return and risk were playing significant role in attracting the investors.

From the analysis, it is also concluded that immediate settlement, online trading, disclosure of NAV on daily are the most influencing variables on investor services (correlation coefficient 0.563) followed by online trading, (correlation coefficient 0.512), So Asset Management Companies should give importance to transparency in dealing with the investors.

It is concluded that not only the sponsors should focus on improving brand image but also managing the performance in terms of risk and return of portfolio schemes to retain the existing investors.

SUGGESTIONS

Based on the investigation through the survey, the following suggestions are made for the Policy makers, mutual fund asset management companies and the investing public.

Regarding the fund related quality, majority of respondents opined that performance and schemes portfolio are key factors in the selection of mutual funds. So it suggested that the asset management companies should focus on improving performance and making investment in diversified portfolio to meet the investor s’ expectations.

Regarding the fund sponsor qualities, the study found that the most influencing factors are Sponsor brand name and Sponsor performance in terms of risk and return. So it is suggested that the asset management companies should focus on improving brand image and managing performance in terms of risk and return of Schemes portfolio.

Relating to service related issues, the study revealed that the important factors are Investors grievance redressal machinery, online trading and Disclosure of NAV on every trading day. So it is suggested that the asset management companies have to give immediate solution to their grievances.
OBJECTIVE-4 FINDINGS CONCLUSIONS AND SUGGESTIONS

- To analyze the perceptions of individual investors towards mutual funds

FINDINGS

The study found that individual investors are highly aware terms were Systematic Investment Plan (SIP), Systematic Withdrawal Plan (SWP), new fund offer since mean scores were 2.99, 2.25 and 2.20 respectively.

From the analysis of rotated component matrix table, the study revealed that three extremely aware factors were extracted out of 10 factors on level of awareness in mutual funds. Majority of the investors opined that they were extremely aware on Systematic Withdrawal Plan, Systematic Investment Plan and followed by New Fund Offer where, ultimately the investor thinking more on how to withdraw money whenever they required and followed by ready money in investing new offer.

From the analysis of the Perception on Variables related to mutual funds, the study found that majority of the respondents accepted the perception, Mutual Funds are useful for small investors, ELSS schemes are good for tax saving and followed by Mutual Funds with high NAV is good for investment since their respective means were score 3.92, 3.84 and 3.57.

From the analysis of reasons for withdrawal of investors, the study found that they were the lack of performance, low NAV and Lack of investors’ Redressal mechanism since their respective mean score of 3.19, 3.10 and 3.00

CONCLUSIONS

It can be concluded that there is relationship between awareness level on mutual fund terms and investment decision making. It is also concluded that investors opined positive opinion on all statements related to mutual funds and investment decision making except on the Private sector mutual funds are not good, Close ended mutual funds are not good and New Fund offers are good than existing fund. It is concluded that the important reasons for withdrawal of the investors are poor performance, low NAV and lack of investors’ grievance mechanism since their
respective mean score of 3.19, 3.10 and 3.00. Therefore the asset management companies should concentrate on the performance, return and NAV of schemes.

SUGGESTIONS

Based on the investigation through the survey, the following suggestions are made:

The study found that awareness on mutual funds is playing significant role in mutual fund investment. So it is suggested that Awareness campaigns and financial education drives should be more regularly undertaken. AMCs/AMFI/Sponsors should develop investor education programs suitable to regional needs to increase awareness level among individual investors.

The study found that majority of the respondents accepted the perceptions on statements i.e. Mutual Funds are useful for small investors, ELSS schemes are good for tax saving and followed by Mutual Funds with high NAV is good for investment have significant impact on investment decisions. So it is suggested to asset management companies and policy makers to take into consideration above statements while designing mutual fund products and tax policy respectively.

The study also found that the reasons for withdrawal of investors were poor performance, low net asset value and investor grievances. So it suggested that the Asset management companies have to improve performance, as well as providing speedy mechanism to solve their grievances to retain existing investors and attracting the new investors. Usage of technology is a must to cope up with a feasible cost-benefit business development and participate in financial inclusion, more effectively.

CONTRIBUTION OF THE PRESENT STUDY

The current state of knowledge about the Mutual Fund investor behaviour is inadequate when applied to understand the buying decision process and post buying behaviour of Mutual Fund investors. The fundamental normative model of investment behaviour considers only risk and return as crucial variables impacting the investors’ buying behaviour. Most of the well known empirical studies in the field of mutual fund investment behaviour are based on secondary data which do not capture the
important behavioural stimulus like level of purchase decision involvement and factors influencing the behaviour, which can be captured by the primary study conducted on the actual individual investors. Hence, this study will provide an insight to the Asset Management Companies, financial intermediaries, regulators and policy makers regarding the investment perceptions of mutual fund individual investors. The factors identified in the study, provides key information inputs regarding investor’s preferences and priorities that will guide future mutual fund managers in designing attractive mutual fund products suitable to individual investors.

The findings of fund selection criteria and perceptions of Mutual Funds investors allow the Asset Management Companies to identify which combination of variables has significant influence on the Fund selection of investors. The Asset Management Companies can then apply this knowledge for developing marketing strategies for all types of investors, present and future, and also identify significant factors that influence an investor’s selection to Mutual Fund Schemes. Hence, the largest gap between investor expectations and service delivery can be bridged with competent performance, flexible investment opportunities, reputation and fringe benefits or tangibles, if provided by the AMC. The 21st century investors look for value added services i.e. personalized attention, tailor-made investment packages, skills and infrastructure for understanding the needs of a common investor.

Running a successful mutual fund requires complete understanding of the peculiarities of the Indian Stock Market and also the psyche of the small investor. This study has made an attempt to understand the perceptions of MF investors in connection with the information sources, Investment objectives, investment avenues preference, influence of fund related, fund sponsor related and service related issues and also influence of awareness on selection of mutual fund schemes. The post survey developments are likely to have an influence on the findings. Behavioural trends usually take time to stabilize and they get disturbed even by a slight change in any of the influencing variables. Hence, surveys similar to the present one need to be conducted at intervals to develop useful models. Nevertheless, it is hoped that the survey findings will have some useful managerial implications for the Asset Management Companies in their product designing and marketing.
SCOPE FOR FURTHER RESEARCH

The results which were obtained in this study and keeping in mind the limitations of this research study, some possible suggestions which may be offered for future research are following. Future research can be extended in a number of ways and some of the possibilities are enumerated below.

- Regarding the fund selection criteria, financial literacy of rural people in India. Hence, future researchers can attempt an empirical study in this direction.
- Perceptions of institutional investors, A comparative study of private and public sectors
- Recent trends and Developments in technology influence the selection criteria of investors. Hence, the impact of technology on selection of mutual fund schemes is another potential area for further study.
- A study is required to examine the trading behaviour of Mutual Fund investors in service sector.
- The fund selection behavior of different types of mutual funds like fund selection behavior of equity mutual fund investors in comparison with fund selection behavior of bond mutual fund investors may also be studied. Moreover this research may further be supplemented with inclusion of more cities, larger sample, more options etc
- Further research can be done to identify whether Mutual Fund investors chase past returns or employ a current performance momentum to pick up their funds i.e. whether they are active or passive investors.
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