1.1 INTRODUCTION

The Indian capital market has been growing tremendously with the reforms of the industrial policy, reforms of public sector and financial sector and new economic policies of liberalization, deregulation and restructuring. The Indian economy has opened up and many developments have been taking place in the Indian capital market and money market with the help of financial system and financial institutions or intermediaries that foster savings and channels them to their most efficient use. One such financial intermediary who has played a significant role in the development and growth of capital markets is Mutual Fund.

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 that 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 (AMCs) compete against one another by launching new products or repositioning old ones. Unless mutual fund schemes are tailored to the changing needs, and the AMCs 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. However, 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. 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 look upon Mutual Funds. 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.

1.2. MUTUAL FUNDS: AN OVERVIEW

Mutual funds are financial intermediaries that pool the financial resources of investors and invest those resources in portfolios of assets. Mutual funds are institutional arrangement for pooling of funds from small investors and invest them in the best financial instruments. Mutual fund is a trust that pools the saving of a number of investors who share common financial goal. The money thus collected and then invested in capital market instruments such as shares, debentures and other securities. The income earned through these instruments and the capital appreciations realized
are shared by its unit holders in proportion to the number of units owned by them. Thus, a mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. Mutual funds help small and medium size investors to participate today’s complex and modern financial scenario. The advantages for the investors are reduction in risk, expert professional management, diversified portfolios, liquidity of investment, variety of schemes and tax benefits. These varieties of schemes fulfill the need of different type of investors - gold investment schemes, retirement plan, tax-saving schemes, insurance linked schemes, systematic investment plans. Mutual funds play a vital role in the mobilization of resources and their efficient allocation. These funds play a significant role in financial intermediation, development of capital markets and growth of the financial sector as a whole. Changes in economic scenario, falling interest rates of bank deposits, volatile nature of the capital market emphasis the increasing importance of mutual funds. Today mutual funds collectively manage money almost as much as or more than banks.

In India, the Mutual Fund industry have been in existence with the establishment of UTI and evolved to be a product since 1964. The term product is used because Mutual Fund (MF) 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. This issue of combining service and product is an important aspect of mutual fund industry. 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. Here the investor 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. Mutual funds have come, as a much-needed help to these investors. 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 look upon Mutual Funds. Thus, the success of Mutual Funds is essentially the result of the combined efforts of competent fund managers and alert investors. A competent fund manager should analyze investor behaviour and understand their needs and expectations, to gear up the performance to meet investor
requirements. In an atmosphere of constantly changing economic conditions, investors should keep up with the rapid changes and pursue the most popular trends in order to have their fingers on the pulse. Changing conditions encourage them to come up with new alternatives to their investment instruments. These alternatives consist of a mixture of numerous investment vehicles, which are mainly formed by various types of mutual funds. It should be noted that the expectations of investors play a vital role in the financial markets. They influence the price of the securities, the volume traded and various other financial operations in actual practice. These expectations of investors are influenced by their perception and humans generally relate perception to action. Investor’s behavior may change from period to period even if the other variables influencing the behaviour are held constant. The individual investors’ decision making often relies on observable socio-demographic variables to proxy for inherent psychological processes that drive investment choices. The latent heterogeneity amongst investors in terms of their preferences and beliefs, form the underlying drivers of their behaviour. To gain a better understanding of the relations among individual investors’ decision-making, the processes leading to these decisions and investment performance are taken in to consideration. Hence, with this background, the present study attempts to analyze the investment Perceptions of individual Mutual Fund investors.

1.3. ORIGIN OF MUTUAL FUND

The history of mutual funds institutions is very old in other countries particularly in Europe and America and they are operating very successfully for the last five decades in these countries. In the very beginning, Egyptians and Phoenicians started selling shares in vessels and caravans to share the risk involved in these transactions. Mutual funds originated in Belgium, where, in 1882, a company was started to finance investments in national industries associated with high risks under the name of ‘Societe Generale de Belgique”. In the 1860s, this movement spread to England. In 1868, the ‘Foreign and Colonial Government Trust’ was formed to spread risks for investors over a large number of securities. The history of mutual funds started in the USA from the beginning of the 20th century. In the beginning, investments companies were formed in America. The first open-end investment company was formed in America in 1924. After World War II, due to great
depression the growth of these investment companies curtail towards the end of 1920s. ‘Massachusetts Investors Trust’ (MIT) organized the first modern mutual fund, State Street Investment Corporation is the second followed just four months later in 1928, first ‘Investment counsel Trust’, now ‘Scudder Income Fund’ was organized as a first no-load fund. Mutual funds emerged during the 1920’s in Canada, when many close-ended investment companies were organized. ‘The Canadian Investment Fund’ was the first mutual fund set up in Canada in 1932. Subsequently, hundreds of mutual funds emerged and expanded their wings in many countries in Europe, the Far East and Latin America. In 1929, market crash and subsequent depression had tremendous adverse effects on the mutual fund industry. The Securities Act of 1933 and the Investment Company Act 1940 established ground rules and oversight of the fund industry by the Securities and Exchange Commission (SEC) to protect the investors. Countries in Pacific area like Hongkong, Thailand, Singapore and Korea have also entered this field in a long way. Mauritius and Netherlands are emerging as tax havens for offshore mutual funds. Thus, mutual fund culture is now global in scope.

1.4. CONCEPT OF MUTUAL FUND

A mutual fund is a fund managed by an asset management company with the financial objectives of generating growth. These asset management companies collect money from investors and invest in different stocks, bonds and other financial instruments in a diversified manner. Before investing, they perform a thorough research and detailed analysis of market trends of stock and bond prices. That helps fund managers to invest properly and in the right direction. The income earned through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them. Thus, a mutual fund is the most suitable investment for the common person as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. The investors, who invest their money in the mutual fund or any asset management company (AMC), receive an equity position in that particular mutual fund. When the investors sell the units of the mutual fund after a certain period, they receive the returns according to the prevalent market conditions. The investment companies profit by allocating people’s money in different stocks and bonds according to their analysis of the market trend.
1.4.1 The Structure of a Mutual Fund in India

Presented in the following Diagram


Figure 1.1 Structure of a Mutual Fund
1.4.2 IMPORTANCE OF THE MUTUAL FUND

Small investors face many problems in the share market due to limited resources, lack of professional advice, lack of information etc. Mutual funds have come as a much-needed help to these investors. It is a special type of institutional device or an investment vehicle through which the investors pool their savings that are to be invested under the guidance of a team of experts in a wide variety of portfolios of corporate securities in such a way, to minimize risk, while ensuring safety and steady return on investment. It forms an important part of the capital market providing the benefits of a diversified portfolio and expert fund management to a large number, particularly to small investors. The mutual funds are gaining the popularity due to the following reasons:

With the emphasis on increase in domestic savings and improvement in deployment of investment through markets, the need and scope for mutual fund operation has increased tremendously. The basic purpose of reforms in the financial sector was to enhance the generation of domestic resources by reducing the dependence on outside funds. This calls for a market based institution that can tap the vast potential of domestic savings and channelize them for profitable investments. Mutual funds are not only best suited for the purpose but also capable of meeting this challenge.

An ordinary investor who applies for share in a public issue of any company is not assured of any firm allotment. However, the subscriptions by mutual funds to the capital issue made by companies get firm allotment of shares. Mutual fund latter sell these shares in the same market and to the Promoters of the company at a much higher price. Hence, mutual fund creates the investors’ confidence. As professionals manage mutual funds, they are considered to have a better knowledge of market behaviors. Besides, they bring a certain competence to their job. They also maximize gains by proper selection and timing of investment.

Another important thing is that the dividends and capital gains are re-invested automatically in mutual funds and hence they are not frittered away. The automatic reinvestment feature of a mutual fund is a form of forced saving and can make a big difference in the end.

The mutual fund operation provides a reasonable protection to investors. Besides, presently all Schemes of mutual funds provide tax relief under certain
sections of the Income Tax Act and in addition, some schemes provide tax relief under Section 88 of the Income Tax Act lead to the growth of importance of mutual fund in the minds of the investors.

As mutual funds create awareness among urban and rural middle class people about the benefits of investment in capital market, mutual fund could be able to make up a large amount of the surplus funds available with these people through profitable and safe avenues. The mutual fund attracts foreign capital flow in the country and secures profitable investment avenues abroad for domestic savings through the opening of off shore funds in various foreign investors.

Lastly another notable thing is that mutual funds are controlled and regulated by SEBI and hence are considered safe. Due to all these benefits, the importance of mutual fund has been increasing.

1.4 .3 ADVANTAGES OF MUTUAL FUNDS

The following are some of the important advantages of mutual funds:

**Portfolio Diversification** - Mutual Funds invest in a well-diversified portfolio of securities that enables investor to hold a diversified investment portfolio (whether the amount of investment is big or small).

**Professional Management** - Fund manager undergoes through various research works and has better investment management skills that ensure higher returns to the investor than what the investors can manage on their own.

**Less Risk** - Investors acquire a diversified portfolio of securities even with a small investment in a Mutual Fund. The risk in a diversified portfolio is lesser than investing in merely two or three securities.

**Low Transaction Costs** - Due to the economies of scale (benefits of larger volumes), mutual funds pay lesser transaction costs and these benefits are passed on to the investors.

**Liquidity** - An investor may not be able to sell some of the shares held by him very easily and quickly, whereas units of a mutual fund are liquid.

**Choice of Schemes** - Mutual funds provide investors with various schemes with different investment objectives. Investors have the option of investing in a scheme having a correlation between its investment objectives and their own financial goals. These schemes further have different plans/options.
**Transparency** - Funds provide investors with updated information pertaining to the markets and the schemes. All material facts are disclosed to investors as required by the regulator.

**Flexibility** - Investors also benefit from the convenience and flexibility offered by Mutual Funds. Investors can switch their holdings from a debt scheme to an equity scheme and vice-versa. Option of systematic (at regular intervals) investment and withdrawal is also offered to the investors in most open-end schemes.

**Safety** - Mutual Fund industry is part of a well-regulated investment environment where the interests of the investors are protected by the regulator. All funds are registered with SEBI and complete transparency is enforced.

1.4.4 Disadvantages of Mutual Funds

Mutual funds like any other investment options have certain disadvantages as presented below:

**Costs Control Not in the Hands of an Investor** - Investor has to pay investment management fees and fund distribution costs as a per cent of the value of his investments (as long as he holds the units), irrespective of the performance of the fund.

**No Customized Portfolios** - The portfolio of securities in which a fund invests is a decision taken by the fund manager. Investors have no right to interfere in the decision making process of a fund manager, which some investors find as a constraint in achieving their financial objectives.

**Difficulty in Selecting a Suitable Fund Scheme** – Many investors find it difficult to select one option from the plethora of funds/schemes/plans available. For this, they may have to take advice from financial planners in order to invest in the right fund to achieve their objectives.

1.5. Types of Mutual Funds

There is a wide variety of mutual fund schemes that cater to the needs of investors based on age, financial position, risk tolerance and return expectations.
(A) By Structure

1. Open-Ended Schemes

An open-ended scheme accepts funds from the investors by offering its units/shares on a continuous basis likewise; it permits investors to withdraw funds on a continuous basis under a repurchase agreement.

2. Close-Ended Schemes

A close-ended scheme accepts subscription for a specific period. They invite the investor to invest through a new fund offer and further investments are allowed in a specific period16.

3. Interval Schemes

These combine the features of open-ended and close-ended schemes. They may be traded on the stock exchange or may be open for sale or redemption during predetermined intervals at NAV related prices.

(B) By Investment Objective

1) Growth Schemes

Growth schemes’ main aim is to provide capital appreciation over the medium to long term. These schemes normally invest a majority of their funds in equities and are willing to bear short-term decline in value for possible future appreciation. These schemes are not for investors seeking regular income or needing their money back in the short term. This is ideal for:

• Investors in their prime earning years.

• Investors seeking growth over the long term.

2) Income Schemes

Main aim of income scheme is to provide regular and steady income to investors. These schemes generally invest in fixed income securities such as bonds and corporate debentures. Capital appreciation in such schemes may be limited. Ideal for:
• Retired people and others with a need for capital stability and regular income.

• Investors who need some income to supplement their earnings

3) Balanced Schemes

Aims to provide both growth and income by periodically distributing a part of the income and capital gains they earn. They invest in both shares and fixed income securities in the proportion indicated in their offer documents. In a rising stock market, the NAV of these schemes may not normally keep pace or fall equally when the market falls. Ideal for Investors look for a combination of income and moderate growth.

4) Money Market / Liquid Schemes

Aims to provide easy liquidity, preservation of capital and moderate income. These schemes generally invest in safer, short term instruments such as treasury bills, certificates of deposit, commercial paper and interbank call money. Returns on these schemes may fluctuate, depending upon the interest rates prevailing in the market. Ideal for Corporate and individual investors as a means to park their surplus funds for short periods or awaiting a more favourable investment alternative.

5) Dividend Scheme

Under this scheme, dividend declared by the AMC for the investor’s holdings. The investor can opt dividend payout scheme or dividend reinvestment scheme. Dividends are distributed to the investors immediately, those who opt dividend payout option. The dividend declared, again invested by issuing more units are called dividend reinvestment scheme.

6) Bond Schemes

These are focused debt schemes, investing primarily in company debentures and bonds or government bonds. This type of funds carries the advantage of secured and steady income. However, such funds have little chance of capital appreciation and carry no risk. A variant of this type of fund is called ‘Liquid funds’ which specializes in investing in short term money market instruments. This focus on liquidity delivers the twin feature of lower risk and low returns.
7) Gilt Schemes

These schemes invest exclusively in government securities and not in equity or corporate debt securities. A portion of the corpus may be invested in the call money market or RBI to meet liquidity requirement. Government securities carry zero credit risk.

C) Other Schemes

1) Tax saving schemes

Tax saving schemes is equity schemes. It offers tax benefits to the investors. Under sec 80CC allows a tax incentive up to the limit of `100, 000.

2) Diversified Equity Scheme

These schemes invest most of the money that they collect, in stock markets. A small portion of the money is invested in debt instruments. These schemes do not invest on any particular sector; its portfolio contains the shares of all type of companies. Therefore, it is called diversified schemes.

3) Sector Schemes

Sector schemes invest in any particular sector of the market such as Information Technology, Banking, and FMCG etc. This is beneficial to the investors who have tremendous faith in a particular sector.

4) Index Schemes

An index is nothing but an average of the market prices of certain actively traded equity shares. Index scheme of mutual funds invest in the companies, which form part of the stock market index in the same proportion as these companies constitutes index. The portfolio of the scheme and the weightage of the shares are as same in index. It may be sensex, nifty, or midcap etc. For example, an index scheme investing in companies forming the BSE sensex will invest in those companies in the same proportion as they make up the sensex. An actively managed fund attempts to outperform a relevant index.
5) Fund-of- Fund mutual scheme

In a scheme funds of one mutual fund are invested in the units of other mutual funds. There are a number of funds that direct investment into a specified sector of the economy. The investors will benefit from the expertise and the skill of different leading fund managers, as the fund managers have different types of skill sets in their strategies. Convenience is another advantage of fund of funds. Whenever, the market is performing well in one component and dull in another, the fund manager of fund of funds will take care of the portfolio.

6) Gold Exchange Traded Funds

Investors can buy gold linked units that would be traded on the stock exchange. One unit of the gold exchange traded fund is equal to the value of one gram of gold. The daily price of each unit is linked to the prices of gold in the physical market. Like any other mutual funds, the investor is able to buy and sell the units of this ETF from the stock market. The underlying asset is gold, which is held by mutual fund house in a physical form through a gold receipt giving the right of ownership.

7) Real Estate Mutual Funds

Real estate mutual fund is a scheme that has an objective to invest directly or indirectly in real estate and is governed by the provisions and guidelines under SEBI regulations. The NAV of the scheme is declared daily and units are listed on the stock exchange. These funds have their own share of drawbacks. Time span for one transaction can be minimum six months or more than that. Therefore, evaluation of true value of these assets is really a difficult task. In India, these funds have started but not in full flow – Prudential ICICI AMC started a branch called ICICI venture capital that would be investing in real estates. Its focus is on the high net worth individual clients.

8) Capital Protection Schemes

Investments can be either in debt instruments or in government bonds. This strategy prevents the erosion of capital over the investment tenure and achieves capital appreciation to certain extent. CPS has to be close-ended and the investors
have no option to exit before maturity. The basic aim is to assess the degree of achieving capital protection.

9) International Fund/Offshore funds

When funds are launched to mobilize the finance from other countries, they are known as global funds. It gives an opportunity to the retail investors to be a part of global investment. This fund involves currency risk and country risk.

10) Exchange Traded Funds

Exchange traded funds are open-end funds that trade on exchange. Like index funds, ETF’s are benchmarked to a stock exchange index.

1.6. MUTUAL FUND INVESTORS AND THEIR BEHAVIOUR

Due to the growth of mutual fund industry, the investors prefer mutual funds as an investment. Mutual fund companies offer variety of schemes for all type of investors. Investment in mutual funds has grown very fast and has spread to even the remotest part of the country where a stock exchange does not function. However, the big question is the mutual fund investor has a full knowledge about the capital market or not. The main reason for investing in mutual funds are diversification, flexibility, professional management , low cost etc., The investment behaviour of the people is mainly based on the availability of fund, availability of investment avenues, investment objective, duration of investment, risk, nature of investment, selection of fund, attitude towards investment and also the problems encountered in investing on mutual funds. Indian investors have not been absolutely logical and rational in their investment behaviour and their investment decisions are always affected by the definite behavioural factors. The classical financial theories always suggest that external environmental factors like economic factors, political factors, socio-cultural factors, etc., always affect the performance of capital markets and decision making of the investor is always guided by a change in these factors .The optimum portfolio composition will in general differ among investors. It will depend both on their tastes and on preferences that determine their expected utility from return and risks, and on the shape and position of the efficient opportunity available to them. Since the investor behaviours includes selection of fund families, variables leading to select the
mutual fund, attitude towards the investment on mutual funds, reason for switching from are found to another and also the problems encountered in investing on mutual fund industry covers all these areas.

1.7. NEED FOR THE STUDY

Investors exhibit different types of behavioural traits when they are involved in the investment activities like information search, evaluating investment avenues and reviewing the investment made. These behavioural traits might vary from individual to individual. These behavioural traits have impact on investor's decision. Therefore, studying behavioural traits is important for the investment intermediaries who offer investment instruments. However, the existing ‘Behavioral Finance’ studies on factors influencing selection of mutual fund schemes are very few and very little information is available about investor perceptions, preferences, attitudes and behavior. Yet again, perhaps no efforts are made to analyze and compare the selection behavior of Indian retail investors towards mutual funds particularly in post-liberalization period. With this background, this study makes an earnest attempt to study the behavior of the investors in the selection of Mutual fund schemes.

Investors are unique and are a highly heterogeneous group at the retail level. Hence, designing a general product and expecting a good response will be futile. It is widely believed that Mutual funds (Mutual Fund schemes) are designed to target small investors, salaried people and others who are intimidated by the stock market; but on the other hand, like to reap the benefits of stock market investing. In spite of this, the future of mutual fund in India will be undeniably competitive not only from within the industry but also from other financial products that may provide many of the same economic functions, which is now observed in USA. All this in aggregate, heightens the consumer’s confusion in selection of the investment products. Unless the mutual fund schemes are tailored to investors’ changing needs, and unless investment companies understand the fund selection/switching behavior of the investors, survival of funds will be difficult in future.

The study will help the individuals to make a wise decision in investing their savings; such as: whom to buy from and where to buy. Further this study will help mutual fund companies to understand the profile of Indian Retail investors and their investment behavioral pattern. By knowing this, companies can improve their
products and can adopt appropriate strategy to tap unexplored market in a better way.

1.8 REVIEW OF LITERATURE

- Many Organizations and individuals conducted studies on the various aspects of the capital markets in the past. These studies were mainly related to various instruments of capital market, shareholding pattern, new issue market and scope, market efficiency, risk and return, performance and regulation of mutual funds. However, not much of research was done on investment patterns and investors perceptions towards mutual fund schemes. Hence, an attempt is made to review some of the studies relevant to the topic in order to get into in depth details of the chosen study. The review of previous studies related to investor’s perception, attitude and behaviour towards mutual fund investment are summarized below:

**Siddhartha et.al (1995)** conducted the study with the objective of analyzing the investment choice of people in Thanjavur District. Analysis of the study was undertaken with the help of survey conducted. After analysis and interpretation of data it is concluded that in Thanjavur District respondents are medium aware about various investment choices but they do not know aware about stock market, equity, bound and debentures.

**Madhusudhan.V and Jambodekar (1996)** conducted a study to assess the awareness of Mutual Funds among investors, to identify the information sources influencing the buyer decision and the factors influencing the choice of a particular fund. The study revealed that income schemes and open-ended schemes are preferred over growth schemes and close-ended schemes during the prevalent market conditions. Investors look for Safety of Principal, Liquidity and Capital Appreciation in order of importance; Newspapers and Magazines are the first source of information through which investors get to know about Mutual Fund Schemes and the investor service is the major differentiating factor in the selection of Mutual Fund schemes.

**Nalini Prava Tripathy (1996)** pointed that, mutual funds creates awareness among urban and rural middle class people about the benefits of investment in capital market,
through profitable and safe avenues. Mutual fund could be able to make up a large amount of the surplus funds available with these people.

Sant and Zaman (1996) pointed out that the media played a significant part for retail investors and at the margins of the mutual funds market. Private investors are highly dependent on additional comments and share tipping in financial news columns because they have little time or specialist knowledge to make considered decisions. Either news media was the only source of information for a particular investor or there were few alternative source of information on a particular stock. The retail investors reacted much more to media information than professional investors.

Sikidar.A and Singh (1996) carried out a survey with an objective to understand the behavioural aspects of the investors of the North Eastern Region towards equity and Mutual fund schemes investment portfolio. The survey revealed that the salaried and self employed formed the major investors in MF primarily due to tax concessions.

Tripathy Nalini (1996) expressed her views saying about the schemes of Mutual Fund, “Within a short span of four to five years mutual fund operation has become an integral part of the Indian financial scene and is poised for rapid growth in the near future. Today, there are eight mutual funds operating various schemes tailored to meet the diversified needs of savers. UTI has been able to register phenomenal growth in the mid eighties. Now there are 121 mutual funds are launched in India including UTI’s scheme attracting over Rs. 45,000 crore from more than 3 crore investor’s accounts. Out of this closed-end schemes are offered by mutual fund of India to issue shares for a limited period, which are traded like any other security as the period, and target amounts are definite under such schemes. Besides open-ended schemes are launched by mutual fund under which investors issue unlimited shares but these shares are not traded by any stock exchange. However, liquidity is provided by this scheme to the investors. In addition to this, offshore mutual funds have been launched by foreign banks, some Indian banks like SBI, Canara Bank etc, and UTI to facilitate movement of capital from cash-rich countries to potentially high growth economics. Mutual Funds established by leading public sector banks since 1987- SBIMF, Can bank, Indian Bank, PNB MF and BOI MF, emerged since 1987- SBIMF, as major players by offering bond like products with assurance of higher yields. The latest
schemes of BOI mutual fund goes to the extent of allowing each individual investor to choose the date for receiving the income. Besides, the bank mutual funds have also floated a few open-ended schemes, pure growth schemes and tax saving schemes. The LIC, GIC mutual funds offer insurance linked product providing various types of life and general insurance benefits to the investors. Also the income growth oriented schemes are operated by mutual fund to cater to an investor needs for regular incomes and hence, it distributes dividend at intervals.”

**Gupta and Sehgal, (1998)** conducted study “Investment Performance of Mutual Funds: The Indian Experience” tried to find out the investment performance of 80 schemes managed by 25 mutual funds, 15 in private sector and 10 in public sector for the time period of June 1992-1996. The study has examined the performance in terms of fund diversification and consistency of performance. The paper concludes that mutual fund industry’s portfolio diversification has performed well. However, it supported the consistency of performance pattern.

**Raj Kapila and Uma Kapila (1998)** found that as the process of economic reform continues and the share of the corporate sector in the economy increases the role of securities markets as tax source of raising funds for investment is expected to become more critical. If Indian markets are to serve the need of firms as well as a nationwide community of convertors, it is essential that efforts to lover transaction cost and to increase the integrity and fairness of Indian markets continue. While measures that have been taken by the government, SEBI exchanges and market intermediaries in this direction have led to an increase in capital market activity and investor confidence, it is necessary to focus on further changes that are still required.

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

**Terrance (1998)** analyzed the behaviour of individual investors and found them exhibiting disposition effects, that is, they realize their profitable stocks need as investment at a much higher rate than their unprofitable ones. The disposition effect is found to influence market price; yet its economic significance is likely to be the greatest for individual investors.
**Chakrabarti and Rungta (2000)** stressed the importance of brand effect in determining the competitive position of the Asset Management Companies. Their study revealed that brand image factor, though cannot be easily captured by computable performance measures, influences the investor’s perception and hence his fund/scheme selection.

**Gupta, L.C. and Choudhary (2000)** in their study pointed out that index funds have gained acceptance among investors because it was found that fund managers often did worse than the manipulation, speculation and insider trading. There was no effective regulation and control as in the USA and the UK.

**Sarkar and Majundar (2001)** attempted to make an operational analysis of various mutual funds over a period of three years (1996-1999). The results revealed that the income oriented products offered by the public as well as private mutual funds organizations were less expensive than the others as these incurred comparatively low cost per rupee of income generated. The results also indicated that the cost effectiveness is favorable towards private sector mutual funds as against their rival operating in public sector.

**Rajeswari and Ramamoorthy (2002)** studied the financial behaviour and factors influencing fund/scheme selection of retail investors by conducting Factor analysis using Principal Component Analysis, to identify the investor’s underlying fund/scheme selection criteria, to group them into specific market segment for designing of the appropriate marketing strategy.

**Chalam (2003)** found that the important factors influencing the investment on mutual funds are return, capital appreciation, tax saving purpose, liquidity, marketability and safety. Majority of the investors prefer in real estate investments, followed by mutual fund schemes, gold and precious metals. Majority of the investors in mutual funds are employees. They preferred only growth options compared to income options. Majority of the investors are very much interested to take the re-investment benefit rather than the regular dividend.
Kshama Fernandes (2003) evaluated index fund implementation in India. In this paper, tracking error of index funds in India is measured. The consistency and level of tracking errors obtained by some well-run index fund suggests that it is possible to attain low levels of tracking error under Indian conditions. At the same time, there do seem to be periods where certain index funds appear to depart from the discipline of indexation.

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

Lynch and Musto (2003) opined that this decade will belong to mutual funds because the ordinary investor does not have the time, experience and patience to take independent investment decisions on his own.

Massa (2003) argued that investors may subscribe to or redeem from specific mutual funds in order to change their consumption of or exposure to attributes other than expected return and risk.

Ravindran and Rao (2003) made the performance analysis of 269 open ended Indian mutual funds in a bear market. This evaluation was carried out through Treynor ratio, Sharpe’s ratio, Jensen measure and Fama measure, the study period being September 1998 to April 2002. The study offered that 58 schemes were able to satisfy investor's expectations based on both premium for systematic risk and total risk.

Anand.L and Murugaiah (2004) studied various strategic issues related to the marketing of financial services. They found that recently this type of industry requires new strategies to survive and for operation. For surviving they have to adopt new marketing strategies and tactics that enable them to capture maximum opportunities.
with the lowest risks in order to enable them to survive and meet the competition from various market players globally.

**Bhalla (2004)** concluded that investors do not need to be familiar with the characteristics of the different types of mutual funds. Many investors do not understand what they are buying. Besides investing in appropriate and high-cost mutual funds, investors also buy laggards. There is no shortage of mediocre performers.

**Gupta and Amitabh (2004)** evaluated investment performance of 80 mutual funds schemes of the Indian market. They have examined performance in terms of fund diversification and consistency. It indicated that there has been lack of adequate portfolio diversification. However, it supported the consistency of performance.

**Jaspal Singh and Subash Chander (2004)** analyzed that, the perceptions about mutual funds in the view of general investor feels that different regulatory bodies like SEBI and others have not been able to regulate and control the working of mutual funds so as to safeguard the small investors’ interest.

**Singh Jespal (2004)** concluded that most of the growth oriented mutual funds performed poorly as compared to the benchmark. They have also examined the growth of mutual funds in India in terms of resource mobilization, promotion of various types of schemes and NAV based risk and return. The cumulative resources of mutual funds underwent a four-fold rise and found a threefold increase in the number of schemes during the period 1990-91 to 1997-98.

**Sodhi and Jain (2004)** evaluated 26 equity mutual funds drawn from 22 Asset management companies belonging to private and public sector. They concluded that the equity mutual funds have overall inferior performance in comparison of risk free return. They compared the rate of return generated by equity mutual funds and 364 days T-bills for the period of 1993-2002.

**Byrne and Kathleen (2005)** found that risk and investment experience tend to indicate a positive correlation and experience of successful investment increases
investor tolerance of risk. Inversely, unsuccessful experience leads to reduced tolerance to risk. Therefore, past investment behaviour affects future investment behaviour.

Gelade and young (2005) found that the relationship between organization climate, employee attitude, customer satisfaction and sales performance and concluded that teamwork climate, job enablers and support climate are organizational climate variables, commitment is an employee attitude and customer satisfaction and sales achievement are organizational performance measures.

Kulbhushan Chandel and Verma (2005) studied the performance of mutual funds, the study results indicate that the schemes have earned better return than the market return, it also shows that the sample schemes performed better than the risk free return.

Kumar Ramesh (2005) found that investors prefer growth schemes to take the reinvestment benefit of regular income. The study also shows that, desire of higher return and benefit of tax are the key motivating factors in boosting the business of mutual funds. He also opined that lesser risk, higher return and easy liquidity are main qualities of an ideal mutual fund.

Monika Dua (2005) in his study analyzed the perception of mutual fund investors; he revealed that the small investor who taught that they themselves did not have the expertise to deal directly with shares prefers mutual funds.

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

Sudhakar and SasiKumar (2005) opined that most of the growth oriented mutual funds have been able to deliver better return than the benchmark indicators. Growth
oriented mutual funds are expected to offer the advantage of diversification, market timing and selectivity.

**Zakri Y. Bello (2005)** studied a sample of socially responsible stock mutual funds matched to randomly select conventional funds of similar net assets to investigate differences in characteristics of assets held, degree of portfolio diversification and variable effects of diversification on investment performance. The study found that socially responsible funds do not differ significantly from conventional funds in terms of any of these attributes. Moreover, the effect of diversification on investment performance is not different between the two groups.

**Ajaykumar Mohanty (2006)** analyzed the weakness of mutual funds. These are non availability of tailor-made schemes, no guarantee of returns, no control over costs, problem of managing large corpus, volatility of return depends on market conditions, which is subject to frequent market volatility and mostly investment period is medium term to long-term where expected return is more. Market mutual funds scheme is for short period where return is not lucrative and the instruments are lesser in number.

**Bollen (2006)** studied the dynamics of investor fund flows in a sample of socially screened equity mutual funds and compared the relation between annual fund flows & lagged performance in SEBI Registered funds to the same relation in a matched sample of conventional funds. The result revealed that the extra-financial SEBI Registered attribute serves to dampen the rate at which SEBI Registered investors trade mutual funds. The study noted that the differences between SEBI Registered funds and their conventional counterparts are robust over time and persist as funds age. The study found that the preferences of SEBI Registered investors may be represented by conditional multi-attribute utility function (especially when SEBI Registered funds deliver positive returns). The study remarked that mutual fund companies can expect SEBI Registered investors to be more loyal than investors in ordinary funds.

**Desigan et al. (2006)** conducted a study on women investors’ perception towards investment and found that women investor’s basically are indecisive in investing in Mutual fund schemes due to various reasons like lack of knowledge about the
investment protection and their various investment procedures, market fluctuations, various risks associated with investment, assessment of investment and redressal of grievances regarding their various investment related problems.

**Divya (2006)** identified that there has been a tremendous growth in the mutual fund industry in India, attracting huge investments from investors within the country and abroad, however, there is still a long way to go. With the growing middle-class, projected to be around 200 million, there is an immense potential for growth in the country. India's young generation, accompanied by a high rate of savings and a rapidly liberalizing economy, is expected to elevate the mutual fund sector to new heights.

**Faisal Ahmed and Ahuja (2006)** evaluated the cause and effect relationship between mutual fund investment decision and fund family, fund size, type of fund, type of portfolio and schemes, risk involved of the fund manager, past performance of the fund, liquidity factors and current market conditions.

**Gauri Prabhu and N.M.Vechalekar (2006)** conducted the study to identify various factors affecting perception of investors regarding investment in Mutual funds and observed that most of the investors are not aware of the benefits of investment in mutual funds. The study revealed that Diversification of portfolio and tax benefits is the main factors of mutual fund that allure the investors. Most of the investors are aware of MIP Funds and the preferred reason for investing in MIP fund is consistent returns given by these funds.

**Kuldip Kaul and Gupta (2006)** analyzed the investor's perception on various reasons to select the mutual fund scheme. These are risk capacity and tolerance, liquidity needs, specific objectives, credibility of the sponsors, investment philosophy of the fund, performance of the scheme, dividends, entry and exit loads, expenses charged to the fund and services offered by the fund.

**Meenu Verma (2006)** mentioned the advantages of mutual funds investors among the investors are diversification, professional management, liquidity, affordability, tax benefits, transparency, cost effectiveness, risk associated with mutual funds, market
risk, inflation risk, credit risk and effect of loss of key professionals. The investors prefer the mutual funds since it has specified investment objectives such as growth of capital, safety of principal, current income or tax-exempt income. They also generated decisional matrix for mutual fund investment based on the relationship between the fund size and NAV returns. By that, they exhibited the decisional optimization, decisional consideration, decisional reconsideration and decisional fallacy.

**Muttappan, P.K (2006)** in his study explained about the factors influencing mutual fund investment decision making. The study revealed that tax exemption given to the investments in mutual funds was the most influencing factor.

**Ronay and Kim (2006)** have pointed out that there is no difference in risk attitude between individuals of different gender, but between groups of such, males indicate a stronger inclination to risk tolerance. That is, no gender difference was found at an individual level, but in groups, males expressed a stronger pro-risk position than females.

**Subhash Chander and Jaspal Singh (2006)** studied the preference of investors, the study revealed that, investor’s decision to invest in a particular mutual fund is affected by different sources from where information about working of that fund becomes available to investor, they also opined that the occupation groups differ significantly in their perception about the returns received from the mutual fund.

**Surjit (2006)** analyzed the relationship between investors and mutual funds. Investors have started believing in mutual funds to manage their hard-earned money. Mutual funds are those institutions that can give maximum satisfaction to their investors by diversifying the portfolio. The mutual funds are becoming popular among the people who are more risk-average than pure equity investors. Carefully managed mutual funds can ensure optimum returns even during turbulent times in the market and that makes the mutual fund a good choice among the retail investors. Due to the reduction in the bank interest rates and high degree of volatility in the Indian stock market, investors are looking for an alternative for their minor investors that will provide them a higher return and also safety to their investments.
Akhilesh Gururani (2007) expressed his views in the words, “Benchmarks are independent portfolios that are not managed by any fund manager, but are representative of the behaviour of returns from the markets. The movement of these indices represents the movement in prices, and therefore returns, of large, actively traded stocks in the equity market. If an investor has invested in an index fund, the return from the index a will have to compare with the risk and return of the equity index, which the fund manager replicating. If the fund manager is managing an equity portfolio, he invests only in equity, but is not an index fund; investors may want to know how his performance compares with an independent portfolio like the Nifty or the Sensex. These independent portfolios, used to understand fund manager performance, are called benchmarks.”

Alexander and Gibson (2007) revealed that mutual fund managers are able to value stocks and motivation plays a vital role in the assessment of trade performance. As far as they are concerned, valuation motivated buys produce higher performance than their benchmarks. In sharp contrast to this, liquidity-motivated buys underperform their benchmarks, thus indicating that mutual fund managers are not able to beat the market since they are compelled to pump additional cash from inflows.

Aman Srivastava (2007) analyzed the behaviour of investors in India; the study revealed that Indian investors have not been absolutely logical and rational in their investment decisions are always affected by definite behavioural factors.

Badla, B S., and A. Garg (2007) observed that most of the schemes outperformed the market and the risk undertaken in the schemes is more than the market risk.

Balanaga Gurunathan (2007) studied the investors need protection from the various malpractices and unfair practices made by the corporate and intermediaries. As the individual investors’ community and the investment avenues are on the rise, it is interesting to know how the investors shall be protected through various legislations. The present positive attitude of investors is heartening though investor sentiments have been shaken by the various scandals.
Bodla and Garg (2007) evaluated the performance of 24 growth schemes of mutual funds. They reveal that most of the schemes have outperformed the market during the study period in terms of return. However, the difference in market return and funds return is found insignificant. There exists a moderate positive correlation between risk and return of the sample schemes. A large majority of the schemes have succeeded in earning a risk premium irrespective of the performance measurement model concerned. Most of the schemes have performed better than the market based on risk-adjusted return also.

Hanumantha Rao and Vijay Kr. Mishra, (2007) opined, The Indian Mutual Funds industry has been growing at a healthy pace of 16.68 per cent for the past eight years and the trend will move further. According to his study, it has been found out that almost 54 % of people invest for security and certainty while 38 % of the people invest for current spending. Some 53 % of the people prefer long-term investment whereas 23% people each prefer medium term and small term investment.

Hanumanth Rao and Mishra (2007) revealed that the Indian mutual funds industry has witnessed several structural and regulatory reforms. The people invest in mutual funds for earning higher rate of return by taking minimal risks. With entry of new fund houses and the introduction of new funds into the market, investors are now being presented with a broad array of fund choices. The global players are finding Indian mutual funds industry a potential sector.

Mittal Manish and Vyas R K (2007) revealed that Equity was the first choice, Mutual funds and Real Estate Bullion was second choice and Post office, Debentures and Derivatives was third choice by the Demographics variables.

Noronha.J(2007) evaluated the performance of 11 equity schemes of three asset management companies with the help of Sharpe and Treynor measure for a period April 2002 - March 2005. The study found that equity, tax plan and index funds offer diversification and are able to earn better returns as compared to sector specific funds. The study is a commendable work on performance of Mutual fund schemes highlighting the better earning capacity of equity, tax plans and index funds.
Selvaraj, V., and Marammal Devi, V., (2007) analyzed the performance of mutual funds; they opined, “The performance of an actively managed fund largely depends on the investment decisions of its manager. Statistically, for every investor who outperforms the market, one underperforms. Among those who outperform their index before expenses, though, many end up underperforming after expenses. Before expenses, a well run index fund should have average performance. By minimizing the impact of expenses, index funds should be able to perform better than average”

Sorescu and Subrahmanyam (2007) provided evidence that investors focus on the content of analyst recommendations, and do not much consider the skill of the person making them, which suggests that they may also be open to peer influence.

Vijayalakshmi (2007) identified that the number of investors in systematic investment plans (SIP) have been increased by 10 fold times compared to the previous year. The important investors on SIP are salaried class, small corporate and SMEs. The concept of diversification is there in fund of funds. Benchmark Asset Management Company in India first conceptualized the idea of hold Exchange Traded Funds.

Ajmi.A (2008) conducted the study to know risk tolerance level of individual investors and used a questionnaire to know determinants of risk tolerance of individual investors and collected responses from 1500 respondents. He concluded that the men are less risk averse than women, less educated investors are less likely to take risk and age factor is also important in risk tolerance and also investors are more risk tolerance than the less wealthy investors.

Amitabh Gupta (2008) say “There are two popular measures of risk that can be used in performance evaluation: (a) total risk and (b) systematic or non-diversifiable risk. The former can be measured by standard deviation of the returns distribution while the latter can be measured by beta. The choice of the risk measure depends on the fact whether the evaluation is to be done from the perspective of the investor or the portfolio manager. Note that the total risk of a portfolio can be diversified at two stages: First at the hands of the portfolio manager and second at the hands of the investor. Thus, the choice of a risk measure would depend on whether the risk of the managed portfolio is diversified at the portfolio managers’ level or at the investors’
level. In case the portfolio is diversified neither at the hands of the fund manager nor at the hands of the investor, the appropriate risk measure would be standard deviation. However, in all other situations, beta would be considered an appropriate measure of risk. In general, empirical studies on performance evaluation have largely utilized both these measures of risk i.e. standard deviation and beta.”

_arugaslan, Edwards and Samant (2008)_ found that if the level of risk imposed by the fund is factored in the analysis conducted, the mutual funds with greater average returns compared with the others may not be attractive enough to investors as they are before. Similarly, mutual funds with lower average returns may enhance their attractiveness if their low level of risk is factored in their performance analysis. In addition, the authors demonstrate convincingly that the returns on international mutual funds with low level of risk can be boosted by means of financial leverage.

_Bansal Lalit K (2008)_ expressed his views “A Mutual Fund is better understood by the functions it performs and role it plays. It is a non-depository financial intermediary. Mutual Funds are mobilizer of saving, particularly from the small and household sector, for investments in stock and money market. These institutions are professional fund managers, managing funds of individuals and institutions that may not have such high degree of expertise or may not have time sufficient to cope up with complexities of different investment avenues, legal provisions associated therewith and vagaries and vicissitudes of capital markets. Mutual Funds, thus, provide an alternative to the investors who instead of making direct investments in share of bonds through public issues or through secondary market, subscribe to the corpus of mutual funds. Investor can reap all the benefits of good investing through mutual funds like enjoying growth in scrip in which he could not have otherwise invested, holding a balanced and well-diversified portfolio, better return due to specialized and professional management of funds etc. Mutual funds mobilize funds by selling their own shares also known as units. Thus, Mutual funds are investment intermediaries that pool investors’ funds to acquire individual investments and pass on the returns thereof to fund investors. Besides investment business, mutual funds may also undertake, if permitted, underwriting and other merchant banking activities.”

_Ganapthy, R., (2008)_ in his study pointed that, “investors whom have hitherto been investing in assured return schemes like fixed deposits and small savings, often refuse
to look at other smart options like mutual funds just because they do not offer
guaranteed returns. It will be quite a challenge for the industry to bring investors into
its fold. The industry will also have to ensure that as and when these investors decided
to begin investing in mutual funds, they select the right type of funds and invest with
a long-term view in mind”.

**Kurian A.P.(2008)** expressed his views saying about the growth of Mutual Funds,
Worldwide, Mutual Fund or Unit Trust as it is referred to in some parts of the world,
has a long and successful history. The popularity of Mutual Funds has increased
manifold in developed financial markets, like the United States. As at the end of
March 2008, in the US alone there were 8,064 mutual funds with total assets of about
US $ 11.734 trillion (Rs. 470 lack crores). In India, the mutual fund industry started
with the setting up of the erstwhile Unit Trust of India in 1963. Public sector banks
and financial institutions were allowed to establish mutual funds in 1987. Since 1993,
private sector and foreign institutions were permitted to set up mutual funds. In
February 2003, following the repeal of the Unit Trust of India Act, 1963 the erstwhile
UTI was bifurcated into two separate entities viz the specified undertaking of the Unit
Trust of India, representing broadly, the assets of US 64 scheme, schemes with
assured return and certain other schemes and UTI Mutual Fund conforming to SEBI
Mutual fund Regulations.”

**Mohan Nayak, V., (2008)** studied the service sector of mutual funds; he suggested
that, “Leading asset management companies are only those companies are successful
which offer customized services along with the innovative products. The investment
in mutual fund is not a one-time activity. It is a continuous activity. The same investor
if satisfied will come to the company repeatedly and become the loyal customer. The
information in the investor’s application if tabulated and analyzed would provide
important insight in to investor needs, preferences and behaviour”.

**Rakhi Arora and Rajni Sofat (2008)** found that risk and return are the two
inseparable parts of an investment strategy. They have direct relationship between
them: higher the risks, higher are the returns and vice versa. The very basic
consideration of an investor while investing the money should be how to maximize
the returns and what are the risks involved in investing in a particular instrument.
Sasaki and Rathiha (2008) pointed out that the different variables which influence to invest on mutual funds are safety, liquidity, stability, speculative values, diversification and low cost. Through the study the researcher found that, the most important factors leading to mutual fund investments are risk freeness and income, the next factors are savings and cost.

Lakshmi.R (2009) studied the investor servicing factor. It shows that the investors in mutual funds place quality of service very high among the attributes, something even above returns. It is thus in the fund managers, marketing interest to ensure that investor service commitments are well executed. The entry of foreign fund managers brings to the capital market a new level of service.

Megil Subha (2009) studied the expectation of mutual fund investors, the investors prefers to invest in mutual fund with the expectation of getting regular income. Similarly, as an investment and to get tax benefit they prefer to invest their savings in mutual fund. Another great expectation about mutual fund is that they should give guaranteed return, which is not there.

Nidhi Walia and Ravi Kiran (2009) analyzed, Mutual fund as an investment avenue is preferred by those investors who don’t want to take complete risk of capital market volatility or those investors who want to rely on professional knowledge of mutual funds AMCs. Survey results reveal the fact that very few investors rank mutual funds as most preferred investment avenue and rank it at first position.

Rajarajan V, (2009) conducted a study with the objective of analyzing the investors’ life styles and to analyze the investment size, pattern, preference of individual investors on the basis of their life styles. Data was collected from 405 investors in Madras using questionnaire method. The investors were classified into 3 groups’ viz., active investors, individualists and passive investors. Cluster Analysis, Correspondence Analysis and Kruskal Wallis Test were used to study the association between lifestyle groups and the various investment related characteristics. The study revealed that the level of expenses, earnings and investment were associated with the size of the household.
Sharma Anuj, (2009) studied focuses of mutual fund on retail investors. Mutual fund industry to stick-on to know-your-customer (KYC) norms by implementing them in letter and spirit, the Securities Exchange Board of India (SEBI)increased focus on retail investors was the key to the growth of the mutual fund industry. KYC was not difficult but a requirement in the interest of the investor and the industry as a whole. It also highlighted the role of the retail investor by saying that though India had close to 39 per cent savings rate, the retail side was quite untapped by the industry.

Singh and Jha (2009) conducted a study on awareness & acceptability of mutual funds and found that consumers prefer mutual fund due to return potential, liquidity and safety and they were not very aware about the systematic investment plan. The invertors will also consider various factors before investing in mutual fund.

Venkatesh, B., (2009) analyzed the tax-saving funds and opined that Investors buy ELSS with a primary objective of saving taxes and that could turn out to be sub-optimal, for the primary objective should be to optimize post –tax returns, not to save taxes.

Tarapore, S.S., (2009) identified the biggest problem of the mutual fund industry is that the funds prefer bulk investors to retail investors and, hence, the distribution mechanism remains underdeveloped. The time has come to undertake drastic and speedy action on this and a host of their issues.

Dnyandeo and Ingle.V (2010) pointed the strategy for the selection of mutual fund is, while invest in mutual funds the investor should read the research reports supplied for each mutual fund scheme and study the graphs and compare each portfolio’s published results with the results that were achieved by the investor’s portfolio manager.

Gnani Dharmaja .V, et al. (2010) the study carried out to identify the most and the least influencing factors of the individual investor behavior and it is based on descriptive research design. The data was collected with the help of a questionnaire. The questionnaire included thirty items that belong to five categories: self- image/ firm-image co-incidence, accounting information, neutral information, advocate recommendations and personal financial needs. The sample size considered for the
study was 200 wherein all the samples were investors of Geojit Bnp Paribas Financial Service Ltd, Coimbatore. The tools used for the analysis include Chi-Square Test. The study revealed that accounting information is the most influencing group of the individual investor behavior and neutral information is the least influencing group of the individual investor behavior. It was found that there are also some behavioral factors like the investor’s financial tolerance, emotional risk tolerance and financial literacy that influence the investor’s behavior.

**Keyur Mahesh Nayak (2010)** studied the grievance level of investors, the study revealed that, Occupational affiliations cultivate a set of values and beliefs which may or may not always be supportive to the decision making ability of an individual income level, length of experience of investing in capital market and various occupational background of investors and have significant association with their awareness of the functions of various grievance redressal agencies.

**Sharad Panwar and Madhumathi R (2010)** did an analysis on the “Characteristics and performance evaluation of selected mutual funds in India”. The study used sample of public sector sponsored and private-sector sponsored mutual funds of varied net assets to investigate the differences in characteristics of assets held, portfolio diversification, and variable effects of diversification on investment performance for the period May 2002 to May 2005. The study found that public-sector sponsored funds do not differ significantly from private-sector sponsored funds in terms of mean returns. However, there is a significant difference between public-sector sponsored mutual funds and private sector sponsored mutual funds in terms of average standard deviation, average variance and average coefficient of variation (COV). The study also found that there is a statistical difference between sponsorship classes in terms of e SDAR (excess standard deviation adjusted returns) as a performance measure. When residual variance (RV) is used as the measure of mutual fund portfolio diversification characteristic, there is a statistical difference between public-sector sponsored mutual funds and private sector sponsored mutual funds for the study period. The model built on testing the impact of diversification on fund performance and found a statistical difference among sponsorship classes when residual variance is used as a measure of portfolio diversification and excess standard
deviation adjusted returns as a performance measure.

**Sundar Sankaran (2010)** expressed his views in the words, “The offer document is a key document that provides essential information about the scheme to help investors make informed decisions about whether to purchase the units being offered. Minimum disclosure requirements are set out in SEBI’s standard offer document (form-NS). Besides, SEBI has also laid down certain “Standard Observations” that need to be incorporated in the offer document. The standard offer document prescribes the “nature of the disclosures” but not the “layout or the language”, except that items I (cover page), II (definitions) and III (risk factors) must appear in the same numerical order in the offer document. Here again, the mutual fund may include Item III as a part of Item I. A mutual fund is free to add any other disclosure provided such information is not presented in an “incomplete, inaccurate or misleading manner.” In the case of closed-end schemes, the offer document is issued only once when launched. Since open-end schemes sell units on an ongoing basis, mutual funds have to revise and update the offer document of such schemes regularly. A revised offer document needs to be printed at least once in two years. Any change before the revised offer document is printed can be incorporated through an addendum giving details of the change and attached to the offer document. The addendum also needs to be sent to all unit-holders, as also distributors / brokers so that it can be attached to the existing offer documents.”

**Syed Tabassum Sultana (2010)** in her study, “An Empirical Study of Indian Individual Investors’ Behaviour”, mentioned that, age accounts for the major differences in risk taking decisions by the investors. The older an investor, the better seemed his/her performance in comparison to the younger ones. Overconfidence in their own investment ability among the youngsters largely accounts for the excessive trading among younger investors leading to lower returns and this direct to decline in the risk tolerance level.

**Yamal Vyas (2010)** studied the retail investors, he found that, the retail investors have taken great fancy to the systematic Investment Plan and it seems that every middle class household has a SIP investment. He also taught the mutual fund investment could not be different from equity investments.
Agapova (2011) examined the cross-sectional differences among money market mutual funds (MMMFs) in the context of sponsoring fund families and found that flows to family non-MMMFs are negatively related to family MMMF flows, and family non-MMMF cash flow volatility is positively related to family MMMF cash flow volatility. The study has further suggested that fund family investors also use family MMMFs as cash centers by utilizing free asset transfers within the family. Application of these strategies can, translate into significant benefits for the fund family.

Arifur Rehman Shaikh and Anil B. Kalkundarikar (2011) conducted the study with the objective of understanding the awareness among retail investors about various investment alternatives available and objectives of investments of retail investors in Belgaum district of Karnataka state. It revealed that knowledge level significantly leverages the returns on the investments and there is a negative correlation between the occupation of retail investor and the level of risk.

Badrinath and Gubellini (2011) evaluated the return performance of long-short, market neutral and bear mutual funds using multi-factor models and a conditional CAPM and revealed that Market-neutral funds provide a down market hedge, but bear funds do not generate the returns that investors hope for.

Bennet et al. (2011) carried out the study to identify the factors, influencing the stock selection decision including demographic factors and they found that there is no significant difference in Fundamental and Market Factors, Earning Factors, Decision Making Factors, Industry Related Factors, Corporate Governance Factors, Positioning Factors, Image Building Factors, Goodwill Factors and Industry Competition Factors between their Educational Qualification, Occupation, Income Status in Stock Selection Decision. However, under Gender, Male and Female had significant difference only in Positioning Factors and Marital Status, Fundamental and Market Factors, Industry related Factors and Corporate Governance Factors in Stock Selection Decision.

Ebenezer Bennet et al. (2011) conducted the study with objective of identifying the factors influencing the retail investor’s attitude and used questionnaire. They found
that the average value of the five top highly influential factors according to the sample retail investors’ were Investors’ tolerance for risk, strength of the Indian economy, media focus on the stock market, political stability and finally government policy towards business. Four factors were given lowest priority or which had low influence on the attitude of the retail investors investing in equity stocks. Stories of successful investors was considered to be the lowest influencing factors among the four, get rich quick philosophy, information available on internet, cost cutting by companies.

Giridhari Mohanta et.al (2011) studied that investors invest in different investment avenues for fulfilling financial, social and psychological need. While selecting any financial avenue they also expect other type of benefits like, safety and security, getting periodic return or dividends, high capital gain, secured future, liquidity, easy purchase, tax benefit, meeting future contingency etc.

D. Kandavel (2011) conducted the study to know the perception level of the retail investors towards investment in mutual funds and found that there no significant association is found between the satisfaction level of the respondents belonging to different gender, age groups, educational status, and occupation towards investment in mutual funds in Puducherry. Whereas, there is a significant association between the satisfaction levels of the respondents belonging to different annual family income group and amount of wealth owned towards investment in mutual funds.

Lashmana Rao.K (2011) made analysis of investor’s perception towards mutual fund schemes, he made conclusion SEBI, AMFI, and IRDA should take appropriate steps to enhance Consumers knowledge for making decisions that are more prudent.

Ram sing meena (2011) conducted the study to analyze the quality of financial institutions in Western Rajasthan giving the investment expertise to the mutual fund Investors. The study concluded that the financial institutions are essential for the better management of the social and economic system of any society. The economic and social security can be enhanced by right investment to generate the money and wealth to the economy. The financial institutions and Mutual funds have to provide quality and innovative options of giving high returns and security to the customers of Western Rajasthan.
Saha and Dey (2011) studied the saving objectives of the investors, preferred investment option, features preferably by investors and conceptual understanding of mutual funds. Besides these objectives, the study has analyzed the schemes preferred by investors, qualities of the scheme that affect the investors, information source and fund related attributes. The study is based on primary data. 100 investors have taken and the enumerator has been appointed to fill the questionnaire from the investors by personal interview. Those investors have taken who has the knowledge of conceptual terminology of mutual funds. Pie charts, Chi Square test and factor analysis has been used to analysis the data. They find that investors save their money for purchase of assets and want to invest their money in bank. Among the financial instruments, investors prefer mutual funds. Investors prefer to invest in growth plans and open ended schemes. They prefer mutual funds for safety and liquidity. Chi Square values have shown that there is significant relation between age and income and conceptual awareness levels of individual investors but occupation has shown insignificant relation. Among the fund related attributes investor want intrinsic fund qualities, flexibility investment facility and credibility of Image. They concluded that success of the mutual funds is dependent on the psychology of the investors. So there is need to study the financial behavior of investors.

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

Sanjay Kanti Das (2011) conducted the study to know preferred investment avenues among urban and semi urban households. The study was based on personal interviews of household heads, using a structured questionnaire. The study revealed that insurance products still remains the most preferred investment avenues of the households. The study also highlighted that certain factors like education level, awareness about the financial system, age of invertors etc make significant impact while deciding on the avenues for investment.
Aparna S and M.A.Burghate (2012) conducted the study to examine the investment behaviour of middle income class households in Nagpur and found that The saving &investment pattern of the middle class income households in Nagpur can be summarized that the bank deposits remain the most popular instrument of investment followed by insurance with maximum number of respondents investing in these fixed income bearing option. A bank deposit remains the most preferred investment option of the middle class income households in Nagpur with 41 percent respondents marking it as the most preferred investment option. This is followed by the life insurance where 30 percent respondents marked it as relatively preferred investment option. Small saving schemes such as Public provident fund, post office savings deposits are the third preferred investment option. Overall the bank deposits & insurance are the most preferred instruments in all the income groups, inconsistency is seen in preference in shares & mutual funds, real estate & small saving schemes.

Dhimen Jagdishbhai, et.al (2012) conducted study focused on the consumer’s perception towards mutual fund as an investment option in Valsad city from Gujarat. The study revealed that Consumers perception was positive toward investment in mutual funds. Demographic factors (i.e. age, gender, income, education etc.) have influence on investor perception. Most of the Consumers were investing in mutual fund for good return and affordability.

Manoj Sharma et al. (2012) conducted the study to identify the customers’ perception & satisfaction of investors towards Mutual Funds Industry Using Servqual Model. They clearly concluded that the factors of the SERVQUAL model and the employment status of the customer are the factors that have a bearing over the customer satisfaction in the mutual fund industry. Service Quality and Customer Satisfaction have been conceptualized as a distinct, but closely related constructs. There is a positive relationship between the two constructs. The relationship between customer satisfaction and service quality is debatable. Some researchers argued that service quality is the antecedent of customer satisfaction, while others argued the opposite relationship. Parasuraman et al (1988) defined service quality and customer satisfaction, as “service quality is a global judgments, or attitude.” The service quality is the antecedent of customer satisfaction. However, they found that there is no
important relationship between customer satisfaction and tangible aspects of service environment.

**Panda.B.N and Panda J.K (2012)** conducted the study to understand the key factors that influence investment behavior and ways these factors impact investment risk tolerance and decision making process among men and women and among different age groups. The study concluded that investors’ perception on the total investment risk and return predominantly decides the capacity of investors.

**Palanisamy.A et.al (2012)** conducted the study to know the investment pattern in debt scheme of Mutual fund. The study concluded that debt scheme are suitable for genuine investors as there exists a variety of investors needs depending on objective, expectations and risk taking abilities etc. It is good channel investing and turning it into an investment opportunity as well as for availing tax relief. There is no doubt that the determinant for investing in a mutual fund is the NAV factor.

**Sanjay Kanti Das (2012)** studied the attitude and preferences of semi urban investor in mutual funds investment in Assam. The study found that the objective of the respondents behind investing in mutual funds is the tax benefits offered by it followed by high return and safety of the schemes. the study also that the investors’ perception about financial advisors/brokers reveals that, majority of respondents’ perceived financial advisors and brokers are more interested in their own incentives (36.93%) provided to them by the mutual fund companies for selling more and schemes whereas some investors believes that they don’t explain full information about the funds (20%) to them.

**Singh (2012)** conducted an empirical study of Indian investors and observed that most of the respondents do not have much awareness about the various function of mutual funds and they are bit confused regarding investment in mutual funds. The study found that some demographic factors like gender, income and level of education have their significant impact over the attitude towards mutual funds. On the contrary age and occupation have not been found influencing the investor’s attitude. The study noticed that return potential and liquidity have been perceived to be most lucrative benefits of investment in mutual funds and the same are followed by flexibility, transparency and affordability.
Suman and D.P. Warne, (2012) conducted the study to understand the behaviour of individual investor in stock market, specifically their attitude and perception and the problems faced by individual investors with respect to the stock market. Finally they found that there are different factors which affect the investment behaviour of individual investors such as their awareness level, duration of investment, benefits from investment, safety etc.

Syed Tabassum Sultana and S Pardhasaradhi (2012) conducted the study to analyze and identify the factors influencing the Indian individual equity investors while choosing a stock for investment. She found that Most Influencing Attributes were accounting information category attributes are most influencing when compared to the other category of attributes. The following five factors recent price movement in a firm's stock, Stock marketability, Fluctuations/developments in the stock index, expected corporate earnings and Past performance of the firm’s stock influence significantly and Religious factor ranks first among the least influencing the behavior of the investor.

Dinesh Gabhane and S. B. Kishor (2013) conducted study to know the preferences and analyze the significance of demographic factors on the factors that influence the investor’s decision towards making investments. The study revealed that some of the demographic factors have significant relationship with the factors influencing investor’s decision and insignificant in others too. It has been found that bank fixed deposit and life insurance is the preferred investment avenue followed by gold/silver, real estate, mutual fund and others.

Palanivelu.V.R and K.Chandrakumar (2013) conducted the study with the Objective of analysing the investment choice of salaried class people by using a structured questionnaire in Namakkal Taluk, Tamil Nadu, India. They found that all the age groups give more important to invest in Insurance and bank deposit. Income level of a respondent is an important factor that affects portfolio of the respondent. Middle age group, Lower income level groups respondents are preferred to invest in Insurance and bank deposit rather than any other investment avenues. In Namakkal Taluk, Tamil Nadu, India respondents were more aware about various investment avenues like insurance, bank deposits, small savings like post office savings etc.
Prabhavathi.Y and N T Krishna Kishore (2013) studied the attitude, awareness and preferences of mutual fund investors. They found that Most of the respondents prefer systematic investment plans and got their source of information primarily from banks and financial advisors. Investors preferred mutual funds mainly for professional fund management and better returns and assessed funds mainly through Net Asset Values and past performance. They concluded that the aggressive market that can tap any individual is financial services. Investors have their individual risk appetite and believe in the market they are entering. In this volatile market, environment mutual funds play an active role not only in promoting a healthy capital market but also increase liquidity in the money market. They have been identified as one of the important factor pushing up the market prices of securities.

Rajamanar.B and RamachandraReddy.B (2013) conducted the study to understand and analyze investor’s perception and expectations, and unveil some extremely valuable information to support financial decision making of mutual funds. The survey of investors’ in mutual funds revealed that, profile of investors has a significant impact on the investors’ decisions relating to investments and particularly mutual fund investments. Investors had a high preference for bank deposits while brokers preferred equity shares. Investors select mutual funds based on regular income, safety, profitability and tax benefits. Private sector joint venture (predominantly) Indian mutual funds were highly preferred by both investors and brokers. Both investors and brokers prefer growth schemes followed by income schemes. Brokers / agents were the main source of information about mutual funds. Quality of service was the most important determinant of success for mutual fund according to investors, brokers and fund managers. Goodwill was the main criterion of choosing mutual fund organization for all the three categories of respondents.

Rathnamani.V (2013) studied to understand the role of investment pattern and preferences of investors behind investing in mutual fund. The study revealed that many investors are preferred to invest in mutual fund in order to have high return at low level of risk, safety liquidity. The world of investment has been changing day to day, so investor’s preferences toward investment pattern also changed. In the demographic profile most of the investors are willing to invest only 10% in their
annual personal income, around 39% of investors belongs to age range of 31 to 40 years. In this study, investors are willing to take moderate and low level risk; most of the investors belong to moderate investment style. In order to have more investors to invest in mutual funds, mutual fund companies have to bring some awareness program about the benefits of investing in mutual funds, and the safety and security provided my mutual fund companies in this changing stock market situation.

Sukhwinder Kaur et.al (2013) conducted the study to know the investors perception towards selection of mutual funds, findings of the study revealed that investor consider mutual funds as flexible investment option, they think Asset Management Companies (AMCs) acts very efficient to track the market, and investment in stock market is risky and complex. The study has suggested that investors should consider long historical data, size and age of the fund, fund charges and some measure to analysis the funds for investments.

1.9. RESEARCH GAP

The Indian financial system in general and the mutual fund industry in particular experienced a turnaround from early 1990s. During this period mutual funds have pooled huge investments for the corporate sector. The investment habit of the small investors particularly has undergone a sea change. Increasing number of players from public as well as private sectors has entered in to the market with innovative schemes to cater to the requirements of the investors in India. For all investors, particularly the small investors, mutual funds have provided a better alternative to obtain benefits of expertise-based equity investments. The pre-liberalized India had a very poor rate of savings and most of the money earned was spent on consumption rather than accumulation. But in the post liberalization period, India saw an upsurge in volume of savings. As a result investment companies continually introduced new types of funds in an effort to attract investor’s capital and maximize assets under management. Investors like consumers are also immensely influenced by fashions and what is “in-thing”. Moreover, investors are unique and are a highly heterogeneous group at the retail level. Hence, designing a general product and expecting a good response will be futile.
Indian mutual fund industry provides reasonable options for an ordinary man to invest in the share market. The plethora of schemes provides variety of options to suit the individual objective whatever their age, financial position, risk tolerance and return expectations. In the past few years, we had seen a dramatic growth of the Indian mutual industry with many private players bringing global expertise to the Indian mutual fund industry.

There is not much awareness about the need for financial protection, and most mutual funds are regarded as a tax-saving tool or even a pure investment. Only a very small percentage of the population, particularly salary earners and businessmen, own mutual fund. Mutual fund as an investment vehicle is capturing the attention of various segments of the society, like academicians, entrepreneurs, financial intermediaries, investors and regulators for varied reasons. It should be noted that the “expectations” of investors play a vital role in the financial markets. They influence the price of the securities, the volume of trade and various other financial operations in actual practice. These expectations of investors are influenced by their “perception” and humans generally relate perception to action. Thus, the present study makes an earnest attempt to study the perception of the individual investors with regard to investment in mutual funds in greater Hyderabad.

1.10 OBJECTIVES OF THE STUDY

The research study titled “A Study on Perceptions of Individual Investors towards Mutual Funds in Greater Hyderabad” is aimed at achieving the following objectives

1. To analyze demographic profile, objectives of investment and information sources of individual investors in the selection of mutual fund schemes

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

3. To assess the impact of fund related and sponsor qualities on mutual fund investment decision

4. To analyze the perception of individual investors towards mutual funds
1.11 HYPOTHESES

In order to attain the objectives of the study, the following proposed hypotheses have been set for testing the association between the identified factors.

Ho: There is no association between demographic features of investors and Preferences towards mutual fund investment.

Ho: There is no relationship between statements related to mutual funds and Perceptions of individual investors.

1.12 RESEARCH 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 Scheme

1.12.1 SAMPLE DESIGN

In a study of this kind, involving large population with diverse features made the selection of sample bit difficult. Still to make the study more relevant, an appropriate method of sampling namely stratified random sampling was used, since this is an appropriate method providing the appropriate sample size for the study. Representing all areas covering investor service centers or brokerage offices and asset management companies in Greater Hyderabad to make the study acceptable sample of around 400 units were used.

The sample size is determined with the help of a table for determining Sample Size from a given Population given by Robert V. Krejcie and Daryle W. Morgan in accessed internet reference is Educational and Psychological Measurement (1970), 30, pp. 607-610, date 28.03.2013. (As per the theory of Krejcie, Robert V. and Daryle W Morgan) which stipulates that any sample size selected beyond 384 (for known population 10, 00,000) is having all probability of repeating the same behavior/attitude with similar features from across the population. However, whilst
selecting the sample population, instead of 384, 400 samples were being chosen, giving 4 per cent as a margin of lapses. While selecting sample small investors’ proper representation was given to factors like age, income, education, etc. to make the sample representative of the population more apposite.

**Sample design**

Stratified random sampling method was used to collect data. Four Hundred respondents are taken from the following investor service centers.

#### Sample selection

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the investors’ service center</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>India Info line Ltd(IIFL)</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>Karvy Financial Services Ltd</td>
<td>100</td>
</tr>
<tr>
<td>3</td>
<td>Share Khan Securities Ltd</td>
<td>100</td>
</tr>
<tr>
<td>4</td>
<td>Computer Age Services Ltd(CAMS)</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>400</td>
</tr>
</tbody>
</table>

**Source:** Field Survey

A structured questionnaire was given to 400 respondents, which consisted of both open ended and close-ended questions.

(A) **Population:** - Population includes Mutual Fund investors of selected city of Greater Hyderabad in Telangana State.

(B) **Sample element:** Individual Mutual Fund investors are the Sample element.

(C) **Sampling technique:** stratified random sampling technique is used to select the sample.

(D) **Sample size:** The sample size of 400 respondents was taken from Distributors and investor service centers in Greater Hyderabad, respondents were asked to fill up the questionnaire.

(E) **Questionnaire design:** - A Structured questionnaire has been prepared and administered among the selected Mutual Funds investors of Greater Hyderabad city to study their perception and preferences regarding mutual funds.
1.12.2. TOOLS AND TECHNIQUES OF ANALYSIS

Statistical techniques used in the study include Percentages, correlation test, Chi-square test, Kolmogorov-Smirnov test and factor analysis.

1.13 SOURCES OF DATA

The data required for the study is collected from both primary and secondary sources by administering structured questionnaire, interviews and from Published sources of SEBI, RBI respectively.

1.13.1 PRIMARY DATA

Primary data has been collected by administering questionnaire and personal interviews. The respondents are approached personally in order to seek fair and frank responses on profile of the respondents in relation to investment decision on mutual funds. This data was collected from those investors who invested in any mutual fund schemes. These 400 respondents are of different age groups, different occupations, different income levels and different qualifications. For analysis of the data, mean, Ranking and correlation analysis techniques have been applied.

1.13.2 SECONDARY DATA

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.

1.14 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 Primary data has been gathered relating to demographic, investment profile and information sources of respondents. The study also covered the fund related, fund sponsor, service related issues and its impact on mutual fund investment. Further, the data also collected on the statements related to mutual funds and reasons for withdrawal of individual investors.
1.15 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, the generalizations made may not be universally applicable. To that extent, it may be taken as limitations. However, the following may be taken as specific limitations of present study.

1. The study depicts the present scenario in the selected city i.e. Greater Hyderabad. Hence, the result may not be applicable to another place and period.
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.

1.16 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 framework of Mutual Funds are included. The parameters covered and studied in this chapter i.e. 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, 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

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. Newspapers, Books, Advisers, News channels, Internet, Family, Friends, Financial portal, television were studied under this chapter.

CHAPTER- 4 FUND SELECTION CRITERIA OF INVESTORS

For concrete research work, the data regarding the factors that were collected and studied under this chapter are fund related qualities such as 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 and its impact on mutual fund investment. 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 and its influence on individual investors’ decision-making. 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

This chapter analysed 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 scope further research presented.
1.17. REFERENCES


