CHAPTER – II

REVIEW OF LITERATURE

The essential quality of mutual fund is that it involves waiting for returns in the form of dividends and fund appreciation. Mutual fund investment that has been thoroughly analysed is highly risky for the investor as the possibility of losing money is not within owner’s control. It is desirable to review the relevant literature while handling a research problem. Review of literature helps the researcher to channelize the research work in a proper perspective by exploring the republished works in the related areas of study.

Walt Woerheide (1982) in their study entitled Investor Response to Suggested Criteria for the Selection of Mutual Fund analyzed the selection criteria used by an investor in an efficient market is based on three factors: load charges, management expense ratio, portfolio turnover and brokerage ratios. Results indicated that all these factors appear to influence the net sales ratios$^1$.

Saha Asish and Ramamurthy Y. Sree (1993 - 94) in their study entitled Managing Mutual Fund : Some Critical Issues identified that returns, liquidity, safety and capital appreciation played a predominant role in the preference of schemes by investors. The preference of the household towards shares and debentures was seven percent by 1989 - 90; mutual funds being an alternative way for direct purchase of stocks should be managed effectively adopting investment analysis, valuation models, and portfolio management techniques. The study suggested that fund managers could adopt portfolio
section techniques to make more informed judgment rather than making investments on an intuition basis.

Jambodekar (1996) in Marketing Strategies of Mutual Fund – Current Practices and Future Directions assessed the awareness of mutual funds among investors, factors influencing choice for a particular fund and to identify the information sources influencing the buyer’s decision. This study revealed that open-end mutual fund schemes are favoured when compared to the closed-ended schemes and income mutual fund schemes are preferred by investors than growth schemes. As per their findings, investors look mainly for safety of principal, liquidity, capital appreciation and investor’s services. Newspaper and magazines were the important sources of information through which investors could know about mutual fund’s schemes and investor services.

Nalini Prava Tripathy (1996) in the study entitled Mutual Fund in India : A Financial Service in Capital Market identified that the mutual fund creates awareness among the urban and the rural middle class people about benefits of investment in capital market, through profitable and safe avenues. Mutual fund could make up a large amount of the surplus funds available with these people.

Jayadew (1996) had conducted a study on Mutual Fund Performance : An Analysis of Monthly Returns. The performance of two growth-oriented mutual funds was evaluated on the basis of monthly returns compared to benchmark returns. Risks adjusted performance measures suggested by Jenson, Treaynor and Sharpe were employed. It was found that the two growth-oriented funds have not performed better in terms of total risks.
and funds were not offering advantages of diversification and professionalism to investors⁵.

Sant and Zaman (1996) in their study entitled “Market Reaction to Business Week Inside Wall Street Column : A Self-Fulfilling Prophecy” analyzed that the media played a significant part for the retail investors and also at margins of 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. News media was either the only source of information for a particular investor or there were few alternative sources of information on a particular stock. The retail investors reacted much more to media information than to professional investors⁶.

Gupta and Sehgal (1998) in their research paper “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 the private sector and 10 in the public sector for the time period of June 1992 - 96. 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. But it supported the consistency of performance pattern⁷.

Chakrabarti and Rungta (2000) in their study entitled “Mutual Funds Industry in India : An In-Depth Look into the Problem of Credibility Risk and Brand” observed the importance of brand effect in determining the competitive position of the asset management company’s (AMCS). Their study reveals that brand image factor, though
cannot be easily captured by computable performance measures, influences the investor’s perception and hence their fund/scheme selection.

Gupta and Choudhary (2000) in their study entitled “Return on Indian Equities 1980–99. The Sences Portfolio” pointed out that index funds have gained acceptance among investors. It was found that fund managers often did browse than the manipulation, speculation and inside trading. There was no effective regulation and control as in USA and UK.

Sarker and Majundar (2001) in their study entitled “Performance Evaluation of Mutual Funds in India” attempted to make an operational analysis of various mutual funds over a period of three years (1996 - 99). Results revealed that the income-oriented products offered by the public as well as the private mutual funds organizations were less expensive than others as these incurred comparatively low cost per rupee of income generated. Results also indicated that the cost effectiveness is favourable towards the private sector mutual funds as against their rival operating in the public sector.

Joseph (2002) in “Mobilization of Savings Through Mutual Funds – With Special Reference to Kerala” assessed the attitude of investors, their awareness and adoption level towards mutual fund. The study stated that largely the urban people subscribe mutual fund schemes and the investment by the rural people is very negligible. Professionals and businessmen are the main contributors to mutual funds. Mutual fund schemes are popular among investors having saving habits that too for meeting contingencies.
Rajeswari (2002) in “Performance Evaluation of Selected Mutual Funds and Investor Behaviour. A Diagnostic and Prognostic Approach” attempted to evaluate the performance of 115 schemes during the eight years from 1991 - 92 to 1998 - 99 and investor behaviour related aspects. Analysis of investor behavior revealed that fund manager’s image and portfolio management, reputation of sponsor, disclosure norms and fringe benefits play an influencing role in the selection of funds by investors. Investor option is for open-end funds and the preference keep shifting between growth schemes and income schemes according to prevailing market conditions indicating investor alertness.\(^{12}\)

Chalam (2003) in “Investors Behavioural Pattern of Investment and Their Preferences of Mutual Funds” identified the important factors influencing the investment on mutual funds are returns, capital appreciation, tax saving purpose, liquidity, marketability and safety. Majority of investors prefer real estate investments, followed by mutual fund schemes, gold and precious metals. Majority of investors in mutual funds are employees. They preferred only growth options compared to income option. Majority of investors are very much interested to take the reinvestment benefits rather than the regular dividend.\(^{13}\)

Kshama Fernando (2003) in “Evaluating Index Fund implementation in India”. tracking error of index funds in India are measured. The consistency and level of tracking errors obtained by some well-run index fund revealed that it is possible to attain low levels of tracking error index 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.\(^{14}\)
Ravindran and Rao (2003) in their study entitled “Performance Evaluation of Indian Mutual Funds” analyzed the performance of 269 open-ended Indian mutual funds in a bear market. This evaluation was carried out through Treynor ratio, Sharpe ratio, Jenson measure and Fama measure. The study period was from September 1998 to April 2002. The study identified that 58 schemes were able to satisfy investor’s expectations based on both premium for systematic risk and total risk\textsuperscript{15}.

Renu Jatana and Kerosi Bosire Josephat (2003) in their study entitled, “Mutual Funds – Their Schemes and Price Management” investigated the contribution of mutual funds to the economy and further examined shifts in investor preferences. The study suggests that if there should be promotion in the industry, small investors (Retail investors) participation in mutual funds and capital market is very necessary\textsuperscript{16}.

Chalam (2003) in the article titled, “Investors Behavioural Pattern of Investment and Their Preferences of Mutual Funds” has analysed investor preferences and how they ‘rate’ the mutual fund schemes and what significant factors influence their rating scheme. The study is an empirical one by using the primary data to know determinants of investment in various types of assets and also with reference to mutual funds. This study suggested that mutual fund business in India is still in its embryonic form as they currently account for only 15 percent of the market capitalization. It has not attracted much of prospective investors owing to obvious reasons\textsuperscript{17}.

Anand and Murugaiah (2004) in their study entitled “Analysis of Components of Investment Performance – An Empirical Study of Mutual Funds in India” examined components and sources of investment performance in order to attribute it to specific
activities of Indian fund managers. Empirical results reveal the fact that mutual funds were not able to compensate investors for the additional risk that they have taken by investing in the mutual funds. The study concludes that the influence of market factor was more severe during negative performance of funds. While, the impact selectivity skills of fund managers was more than the other factors on the fund performance in times of generating positive returns by the funds. It can also be observed from the study that the factors such as selectivity, expected market risks and market returns have shown closer correlation with the fund return\textsuperscript{18}.

Flotakis Philippas (2004) in the study entitled “Open–end Mutual Fund Investors Trading Behaviour in Greece” analyzed that the mutual fund investors do not chase past returns and past superior performance. Rather they are perverse fund pickers who employ a current performance momentum to pick funds. Also money is inefficiently invested in mutual funds\textsuperscript{19}.

Gupta and Amitabh (2004) conducted a study entitled “Performance Evaluation of Selected Indian Mutual Fund Schemes, an Empirical study” examined performances in terms of fund diversification and consistency. It indicated that there has been lack of adequate portfolio diversification\textsuperscript{20}.

Jaspal Singh and Subash Chander (2004) observed from their study entitled “An Empirical Analysis of Perceptions of Investors Towards Mutual Funds” 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 investor’s interest\textsuperscript{21}.
Singh Jaspal (2004) in the study entitled “Growth Performance and Prospects of Mutual Funds in India” analyzed the growth-oriented mutual funds performed poorly when compared to the benchmark portfolios. 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 risks and returns. The cumulative resources of mutual funds underwent a four-fold rise and a three-fold increase in the number of schemes during the period from 1990-91 to 1997-98\textsuperscript{22}.

Sodhi and Jain (2004) in their study entitled “Performance Evaluation of Equity Mutual Funds: Empirical Evidence from India” evaluated 26 equity mutual funds drawn from 22 asset management companies belonging to the private and the public sector. They concluded that the equity mutual funds have an overall inferior performance in comparison to risk-free returns\textsuperscript{23}.

Kulbhushan Chandel and Verma (2005) in their study entitled “Managing Mutual Fund Investment in the Era of Change” studied the performance of mutual funds. The study results indicate that schemes have earned better returns than the market returns; it also shows that the sample schemes are performed better than the risk free return\textsuperscript{24}.

Ramamurthy and Reddy (2005), in their study entitled “Recent Trends in Mutual Fund Industry” concluded that major benefits delivered to the small investors by mutual funds are professional management, diversification of investment, returns potential, expedient administration, liquidity, transparency, affordability, flexibility, wide choice and appropriate regulation. They also indentified certain recent trends in the mutual fund industry such as, entry and exit load, compulsory certification of mutual fund
sales/marketing personnel, mutual fund schemes related to commodity, real estate, bullion and precious metals, shift from income fund to money market funds, from banks to mutual funds and online buying and selling of mutual funds.  

Ramasamy and Balasubramanian (2005) in their study entitled “A SWOT Analysis of UTI Mutual Fund” concluded that the UTI mutual fund is a strong force poised to serve the investors living every nook and corner of the country. It is the largest mutual fund house in India with total assets under management of around Rs. 153108 crores as at the end of 2004. Management is sharply focused to its main business and properly positioned to mobilize savings of the community so as to enable it to maintain the leadership position in the industry.

Ramesh Kumar (2005), in their study entitled “Indian Capital Market-Emerging Role of Mutual Funds” analyzed that the mutual fund business in India is still in an embryonic stage. So strong efforts are needed for its success. Success depends upon professional competence of fund manager’s track record, greater transparency, prudent, accounting norms, and computation of net assets value (NAV), transaction cost, management fee, asset classification and valuation as well as audit programme. The whole system merits in-depth examination and follow-up action involving a time-bound plugging of loopholes and implementation of remedial measures so as to ensure viable results.

Sudhakar and Sasikumar (2005), in their study on “Performance Evaluation of Mutual Fund - A Case Study” concluded that most of growth-oriented mutual funds have
been able to deliver better returns than the benchmark indicators. Growth-oriented mutual funds are expected to offer advantage of diversification, market timing and selectivity\textsuperscript{28}. 

Zakri and Bello (2005), in their study entitled “Socially Responsible Investing and Portfolio Diversification” concluded that mutual funds matched to randomly selected conventional funds of similar net assets to investigate difference 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\textsuperscript{29}.

Ajaykumar Mohanty (2006) in “ABC of Mutual Funds the Indian Way” identified the weaknesses of mutual funds. They include non-availability of tailor made schemes, no guarantee of returns, any control over costs, and problem of managing large corpus and volatility of returns\textsuperscript{30}.

Divya Nigam (2006) conducted a study on “Mutual Funds : A Prospering Reality” analyzed that there has been a tremendous growth in the mutual fund industry in India, attracting huge investment 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. Indian’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\textsuperscript{31}. 

29
Faisal Ahmed and Ahuja (2006), in their study entitled “Decision Function and The Decisional Matrix for Mutual Fund Investment” evaluated the cause and effect relationship between mutual fund investment decision and fund family, fund size, type of fund, type of portfolio and schemes, risks involved of the fund manager, past performance of the fund, liquidity factors and current market conditions.

Kuldip Kaul and Rechand Gupta (2006), in their study entitled “Mutual Funds : Mutually Yours” assessed investors perception on various reasons to select the mutual fund schemes. There are risk capacity and tolerance, liquidity needs, specific investment philosophy of the fund, performance of the schemes, dividends, entry and exact loads, expenses changed to the fund and services offered by the fund.

Mukesh Mathur and Verma (2006), in their study entitled “Mutual Fund Industry in India : An Analysis” state that mutual funds industry in India is a major constituent of the Indian financial system today. They identified that it has had the existence of hardly 40 years so far. In this short period, it grew fast and also suffered from an equally fast decline. The year 2003 witnessed a turnaround in mutual funds. Impulses behind the turnaround have been mergers and acquisition in mutual fund industry, restructuring of UTI and launching of new schemes.

Muttappan (2006) in “Factors Influencing Mutual Fund Investment Decision Making” concluded that tax exemption given to the investment made in mutual funds was the most influencing factor in mutual fund investment decision making. Investors preferred investment in the private sector mutual funds to others and they also preferred to invest in income schemes of open-ended nature. Track record of mutual fund was also
an influential factor in the selection of mutual funds. An important factor that discouraged investment in mutual funds was fear of fraud.35

Ranganathan (2006), in “A Study of Fund Selection Behaviour of Individual Investors Towards Mutual Funds-With Reference to Mumbai City” revealed that investors preferred open-ended, growth schemes. Also, they invest in mutual funds because of good returns, safety, liquidity, capital appreciations, tax benefit, professional management and diversification benefits. This study also revealed that investors attached a high priority on the published information about mutual funds and in general, awareness level among individual investors of the concept and functioning of mutual funds was good.36

Resia Beegam (2006) in the study entitled “Private Sector Mutual Funds Gaining Prominence in India” analyzed that the impressive growth of the private sector mutual funds in India depicts that there has been a phenomenal increase on the awareness of mutual fund benefits among investors. It is essential to win over investors’ confidence, with efficient management process, improved service standards and innovative and customized products.37

Sandra West and Victoria Leonard (2006), in the project report entitled “Understanding Investor Preference for Mutual Fund Information” disclosed that investors consider a wide range of information before purchasing mutual fund shares and that the share holders consult a variety of sources for mutual fund information before and after purchasing shares, the one being professional financial advisor.38
Rao and Mishra (2007) in their study entitled “Mutual Funds Industry in India Attaining Maturity” analyzed that Indian mutual funds industry has witnessed several structure and regulatory reforms. People invest in mutual funds, for the purpose of earning higher rate of returns by taking minimum risks. With entry of new fund houses and introduction of new funds into the market, investors are now being presented with a broad array of fund choices. Global players are finding Indian mutual funds industry as a potential sector.

Sanjay Kant Khare (2007) in “Mutual Funds: A Refuge for Small Investors” points out that by pooling money together in a mutual fund, investors can purchase stocks or bonds with much lower trading costs than if they tried to do it on their own. Also, one does not have to figure out which stocks or bonds to buy. But the biggest advantage of mutual funds is diversification. Diversification means spreading out money across many different types of investments.

Mohan Naya (2008) in “Services Standards of LIC Mutual Funds: A Study” analyzed that mutual funds have witnessed a drastic and dynamic change over period of time globally. Surpassing the bank deposit bases, which till yester years were the largest depository of a nation’s savings, mutual funds now rule the roost. Constant product innovation, services innovation, customer focus and an effective marketing and distribution strategy have helped them grow three-fold in the past 15 - 20 years. But there is still a room for improvement. In India, the industry is still in a fledging stage. A lot remains to be desired in the areas of marketing strategies through use of effective services that make them feel satisfied and creating awareness.
Prasad, Phani Kumar and Umesh Maiya (2008), observed from their study entitled “Growth of Mutual Fund Industry in India” that the percentage of net assets held by the household investors is more than 80 percent of the total funds in developed countries like USA but in India it is just around 40 percent. This signifies that mutual fund companies in India should try to attract more number of household investors towards investments in mutual funds.

Sandhya (2008), in the study entitled “SBI Mutual Funds: An Analysis” analysed that SBI has not only been mobilizing funds but also occupies a top position in mutual funds organization. Further, SBI not only rank top in mobilizing funds but also excels in investing the amount in different sectors in the economy. By the way it is contributing for the overall economic development. It is obvious that the major portion of the assets were driven into the crucial sectors like industrial manufacturing automobile, energy, which are the key sectors in an economy.

Report of survey, directed by Gupta et al. (2006) stated that between shares and mutual funds, household investors prefer investing in shares compared to investing in mutual funds. Among various types of mutual fund schemes, systematic investment plans have become the most popular type. Typically, the household investors diversify their share portfolio to a moderate extent, i.e., among three to ten companies. A practice among household investors is to diversify their investment in mutual funds also by dividing such investment among several mutual fund schemes. However, this is done to a rather limited extent. So far as middle and upper-middle class households are concerned, investing in the form of bank fixed deposits and governmental saving schemes is less
preferred. The so called “investing” in equity shares is predominantly oriented towards the short-term speculation rather than the long-term investment⁴⁴.

James (2009), in the thesis entitled “An Evaluation of the Asset Management Companies and Their Efficiency in Portfolio Management” attempted to examine the financial performance of asset management companies (AMC) in India and to assess and to evaluate the performance of the different schemes. The study was both analytical and descriptive in nature, which applied purposive sampling technique on a total of 581 schemes from 29 AMC. It pointed out that category of schemes is more important in fund performance rather than sectors of AMCs in the Indian scene. It has been found that only less than 50 percent of the schemes of the AMCs manifest an average skill of market timing ability and reasonable degree of portfolio diversification⁴⁵.

Leelamma (2009) in “Performance Appraisal of SBI Mutual Funds With Special Reference to Kerala State” analyzed the extent to which mutual funds serve as an effective investment mode to investors and to assess the various investment alternatives available to investors and also to know how far SBI mutual fund schemes are able to win confidence of investors. The study opined that the overall success of SBI mutual funds depends on the degree of knowledge disseminated, awareness passed to investors and training imparted to operational staff and field workers in mutual funds⁴⁶.

Nilamadhav Samal (2009), in the study entitled “The Factors Affecting Investor’s Preference for Mutual Funds in India” analyzed the various factors that influenced the fund/scheme selection behaviour of retail investors who invest in mutual funds. Investors look for safety first in mutual fund products, followed by good returns, tax benefits,
liquidity and capital appreciation. The survey further reveals that the scheme selection decision is made by respondents on their own, and the other sources influencing their selection decision are news papers and magazines, brokers and agents, television, friend’s suggestions and direct mail

Parihar Sharma and Parihar (2009) in their study entitled “Analyzing Investors Attitude Towards Mutual Funds as an Investment Option” revealed that the majority of investors had not formed any attitude towards mutual funds for investment mainly because of the lack of awareness. They also found that respondent’s age, gender and income were significantly associated with their attitude towards mutual funds, whereas their education and occupation were not associated with the same. Factors due to which investor invested in mutual funds were their returns potential, liquidity, flexibility, affordability and transparency

Prabakaran and Jayabal (2009) in their study entitled “Investor’s Risk Tolerance Towards Mutual Fund Investments proved that the mutual fund investors are from low and moderate risks tolerant groups and the socio-economic variables do alter the risks tolerance of individual investors. Mutual fund organizations must consider these socio-economic variables of investors that have an important influence on investment decision making. In addition to that, mutual fund organization must concentrate on creating awareness among retail investors, controlling the operation costs, penetrating in the rural areas, curbing the unethical practices, spreading the mutual fund culture, maintaining transparency and flexibility, introducing innovative products, creating a good rapport with investors, which will enable the mutual fund investors to have a high level of risk tolerance.
Sasaki, (2009) in the study entitled “Affluent Investors and Mutual Fund Investment” concluded that if the mutual funds ensure good returns, quick liquidity and safety and create a good rapport with investors; their future will be very bright. They act as a via media between bank deposit and share. Investment in shares involves a higher risks than a bank deposit but it gives a better returns. On the contrary bank deposit has lower risks than investment in shares but it gives more safety. It is time for the mutual funds to act as mutual friends by creating a good rapport with investors by rendering efficient and prompt services, and if so there is a bright future for mutual funds in India.

Pandey (2011) in his study entitled “Investor’s Behaviour on Mutual Fund” found that ignorance exists about mutual funds as investors were not aware of benefits they can reap through mutual funds. Also, the author found that the mutual fund companies need to give training for financial advisors. Younger people aged lesser than 35, graduate people and the salaried persons were easier to sell funds and there was a large untapped market.

Priya and Rathiha (2011), in their study entitled “Risk Tolerance Among Mutual Fund Investors in Kerala” concluded that in today’s volatile market environment, mutual funds are looked upon as a transparent and low cost investment vehicle, which attracts a fair share of investor attention helping spur the growth of the industry. Risk is an unavoidable factor in any investment especially capital market related investment. Mutual fund is not an exception. Mutual fund industry and investors are facing various risks. Investor’s risk tolerance level is very important for the growth of mutual fund industry.
Vaikunthe and Salimath (2011) conducted a study entitled “Mutual Funds: The Challenges and Issues” observed that asset management companies (AMCs) need to re-orient their business towards fulfilling customer needs. As customers seek trusted advisors, the manufacturer distributor customer relationship is expected to be centered not on the sale of products, but for collectively promoting the financial success of customers across all facets of their professional and personal lives. This requires creating a collaborative network of experts in funds management and financial advice, innovative product offering, efficient service delivery and supporting technology. Mutual fund industry today needs to develop products to fulfill customer needs and help customers understand how its products cater to their needs.

Nandhagopal, Varadharajan and Ramya (2011) in their article title “A Study on the Performance and Evaluation of Mutual Funds in India” has analysed performance of selected mutual fund schemes. The top performing equity, income and gilt funds are selected subject to the availability of net asset value prices for the period 2006 - 2009. The study concluded that in the day-to-day busy pattern of our life the investors are not able to spare time to have a close watch over the stock market in which they leave to invest. If investors expect a return on a regular basis then they can choose a monthly income fund.

Asim Kumar Bandyapadhyay (2012) in “Comparative Performance of Indian Sectoral Funds: Banking/Financial Services and I.T Sector” analyzed that mutual fund investment hit record highs and investors saw incredible returns. The over-whelming popularity of these vehicles of investments is mainly due to the advantage of professional management accompanied by risks reduction by virtue of portfolio diversification offered.
to the participating members. Idea of pooling assets for investment purposes has been around for a long time.

Cecily and Rangarajan (2012) in their study entitled “Investor’s Preference Towards Mutual Funds in Chennai” analyzed that Indian mutual fund industry have evolved from a single player monopoly in 1964 to a fast growing competitive market on the back of the strong regulatory framework. Over the 10 years period from 1999 to 2009 encompassing varied economic cycles, the industry grew at 22 percent Compound Annual Growth Rate (CAGR). This growth was possible despite two falls in the assets under management (AUM), the first fall of AUM in March 2003 arising from the UTI split and the second in 2008 consequent to the global economic crisis.

Devaraj (2012) observed from his study entitled “Growth of Indian mutual Fund Industry in the Last Decade” that the mutual fund industry now offers a very wide range of choices for investment to the potential investors. Industry has grown in stature to such an extent that it now acts as a reasonably strong counter force to the foreign institutional investors in the stock markets during times of high volatility, which is the hallmark of the sustained intermediate bull-runs in the stock markets.

Priya and Rathiha (2012) in their study entitled “Problems of Mutual Fund Investors in Kerala” reported that the mutual fund investments’ popularity is increasing every year. Many investors now prefer mutual funds as their favorite investment. To attract more investors in the industry, the Government and regulatory bodies try to clear problems of mutual fund investors. Mutual fund companies should analyze needs of investors and their problems. Investors are facing more difficulties in mutual fund dealing
and giving proper importance and legal protection to mutual funds investors is a good remedy for problems of the mutual fund investors\textsuperscript{58}.

Rama Priya (2012) in the study entitled “Investing Through Mutual Funds” highlighted that mutual funds are one of the most highly growing products in financial services market. It is suitable for all types of investors from risks averse to risks bearer. Mutual funds have many options of return-risk free returns, constant returns and market associated returns. It is suitable to all ages of investors, businessmen and salaried persons. Investors need not be experts in equity market; mutual funds can satisfy their need. Fund managers are experts in this area and invest fund in well diversified portfolio. High returns with low risk is possible in mutual fund. A prudent choice among many available mutual fund schemes will go a long way in generating wealth for investors. Further in times of high stock market volatility, mutual funds are the best source of investments with assured and adequate returns and providing the selection of the mutual funds in the right direction\textsuperscript{59}.

Ravi Vyas and Suresh Chandra Moonat (2012) in their study entitled “Perception and Behaviour of Mutual Funds Investors in Indore, Madhya Pradesh” concluded that investors should keep their investments for a longer time, keeping in mind the level of risks involved and saving pattern, they should take help of the private financial consultants to get their investment portfolio prepared so as to reduce risks in investments; they should not invest in highly volatile funds; they should collect all possible information before making an investment. Investors should carry out periodical reviews of investments made by them and risks analysis should be performed regularly. Proper records for each transaction should be maintained. A careful and reasonable diversification of investment in mutual funds should also be carried out on the investor’s part to balance the risk involved in the investment\textsuperscript{60}. 

39
Priya and Ansi Rahila (2013) in their study entitled “Investment Style of Mutual Fund Investors in Kerala” analyzed that the important variables influencing the investment on mutual funds among investors are brand equity, schemes portfolio, reputation of fund manager, past performance of the fund, liquidity factors and risks involved. There should be a compulsory rating for all mutual fund schemes. This rating enables investors to choose the right and suitable schemes. This measure will go a long way in promoting investors interests in the mutual fund investment.

Sathya Pal Sharma and Ravikuamr (2013) in their study entitled “Evaluation of Wealth of Investors Through Mutual Funds: A Comparative Study on Public and Private Sector Growth Schemes” attempted to analyze and compare the performance of a few selected public and private sector growth schemes on the basis of their NAV and returns recorded for the period of ten years starting from 1 April 2000 to 31 March 2010. Growth schemes have been a progress in three major parameters i.e., number of schemes floating in the market, percentage contribution towards total AUM of Indian mutual funds industry and AUM of all the growth schemes inclusive.

Narasimhan (2013) in the study entitled “Mutual Funds: A Change in Indian Investment Perspective” concluded that mutual funds play an important role in supporting the capital market, which is quite essential for supporting a growing economy like India and also plays a leading role in the development of secondary security market. Mutual fund can be treated as a vehicle for investing stocks and bonds, which plays a leading role in Indian investment scenario and is becoming a strong and potential base for Indian economy.

Satya Pal Sharma and Ravikumar (2013) observed from their study entitled “Trends in Mutual Funds and Investors Perception” that mutual funds in India have displayed a
phenomenon growth since the initiation of economic reforms in 1991. But mutual funds are facing a host of affecting factors that has been recognized as barriers in their growth. These barriers prevented efforts of the government to make the Indian mutual fund industry, an integral part of the world financial markets, by harnessing properly skills of fund managers to pay out attractive returns to investors. Another critical issue that warrants quick attention is the necessity for increasing the investor base and reaching hither to untouched areas.

Laxmisha (2014) in “Performance of Mutual Funds - An Analysis” ascertained that industries still played by certain unethical practices such as front running, late trading, rapid trading, dominance of fund by single or few large investors. Often it leads to shift of investors to insurance products, real estate and infrastructure sector. For the long-run success and survival, mutual funds should focus more on the retail investors. As regards performance of mutual funds, the private sector and the joint sector funds have played crucial role in mopping up savings of public, accounting for about 70 percent of the total resources garnered so far by the mutual funds.

RESEARCH GAP

Findings of some of the important studies relating to mutual fund investment both in abroad and in India are discussed. To find out gaps in research, literatures already available pertaining to the problem are to be reviewed. Literature on the mutual fund investment in India and in abroad includes books, thesis, study reports, dissertations and articles published by researchers in different periodicals. Review of these literatures give an idea to concentrate on the unexplored area and to make the present study more distinct from other studies.
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