

CHAPTER –V

INVESTORS' SELECTION CRITERIA ANALYSIS

Objective: - The objective of this chapter is to analyze the Performance of mutual funds comparing their returns, risk, NAV using secondary data from various companies' websites.

INTRODUCTION:

The Mutual fund industry has over the last two decades has experienced an impressive growth. However, the considerable increase in mutual fund schemes having various features have put the investors into a great puzzle leaving the investors currently in a confused state of affairs. The main question before the investors, in the current phenomenon of multiple institutions offering variety of products and multiple options attached with each product is that upon whom an average investor should he/she rely?

There are very few studies on the selection criteria of investors' topic. Data is analyzed based on the need of the study and objectives of the study.

In general the selection criteria would include two sets of variables i.e., individual factors, like demographic and psychological characteristics of the decision maker, brand and product characteristics, like the price and performance level, usually measured by risk and return.

Analysis of the data is the ordering data into constituent parts in order to obtain answers to research questions (Ahuja, 2006, 315). The present study has ordered the data into four different constituent parts to analyze and interpret it.

Part I is limited to the understanding the demographic profile of the sample respondents.

Part II deals with analyzing the general savings pattern of the investors and also examines the relationship between demographic profile and magnitude of savings, purpose of savings, and preferred instrument for investment respectively.

Part III examines the reason criteria for selecting a particular type of mutual fund.

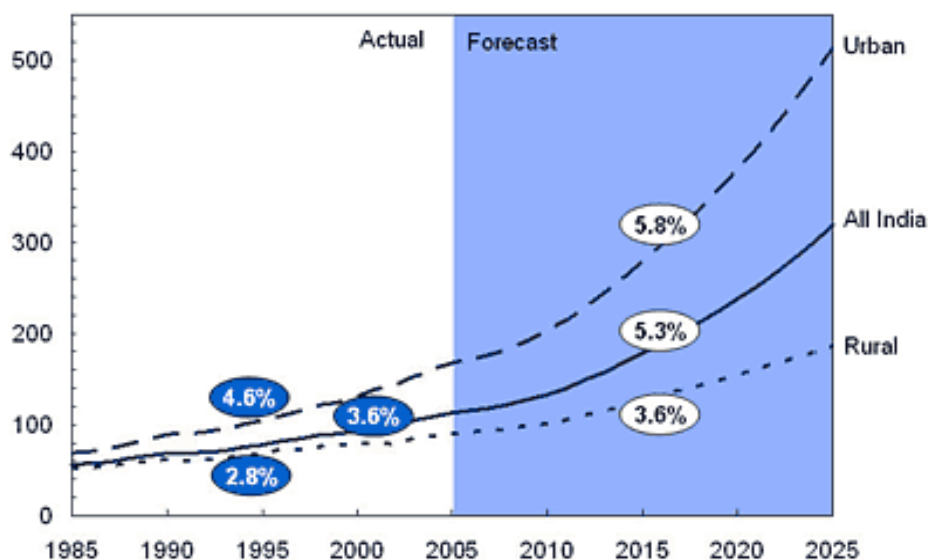
Investors' Criteria: If irrational investors are present in the market and the market is inefficient, one could expect mutual funds to outperform the market, because these

investors always prefer less risky investments like mutual funds. In this market especially in India middle class investors play a dominant share. The rise of strong middle class estimated at 200 to 300 million, is endowed with increasing disposable income and therefore, plays significant role in defining the investment patterns of the country (Hariharan, 2003). Mutual funds are believed to be the best investment avenue for middle class. Therefore middle class savings in India are also expected to increase along with the increase in middle class population. This will definitely increase the demand for mutual funds. The source to avail the investor level data is possible only through primary survey.

THE CHANGING PATTERN OF INDIAN HOUSEHOLD SAVINGS:

A recent report by the McKinsey Global Institute predicts that India's middle class i.e. pool of potential Indian investors would expand dramatically over the next two decades.

FIGURE 5.1: MIDDLE CLASS SAVINGS IN INDIA:



Source: Handbook of Statistics of Securities Market, 2008.

The Indian middle class, estimated to be 150 million people, is fast becoming used to Western culture. It may touch 267 million in next five years i.e., by 2016. It is estimated to reach 600 million by 2030. The middle class segments of the population are

the main drivers of economic and financial growth. As per the forecast, Rural Middle Class people in India are expected to be increased by 3.6% which must be seriously considered. Mutual Funds ARE especially come from middle class investors. Mutual Funds also are already serious in designing funds suitable to these middle class investors. Rural penetration is also another thing under consideration by Indian Mutual Funds Industry (IMFI).

PART – I

It is assumed that criteria are interdependent between each demographic factor. The interrelationships between savings, capital formation and national development are well established but the preferences, motives behind the savings behavior is still to be researched as propensity to save and invest is influenced by a large number of factors like family's net worth, family income, stage in life cycle, employment status of the spouse, volatility of the stock market and finally investors perception of the various investment alternatives (Karmarkar, 2001). Therefore, finding out association between each criterion can be considered as one of the best current as well as the future research topic.

ANALYSIS OF DEMOGRAPHIC PROFILE:

Demographic factors refer to the basic identity and profile of the respondents. The demographic factors are examined to focus their possible impact on the different variables of investors' selection criteria and preferences towards general investment and mutual fund investments.

The objective is to find out the profile of the investors who are interested and investing in Mutual Funds.

TABLE 5.1: DEMOGRAPHIC PROFILE OF RESPONDENTS:

SL. No.	Variable	Group	No. of Respondents	Percentage to Total Sample Size
1	Gender	Male	336	67.2
		Female	164	32.8
2	Age	25-35	249	49.8
		35-45	116	23.2
		45-55	103	20.6
		55-65	29	5.8
		>65	3	0.6
3	Academic Qualification	School final	19	3.8
		Graduate	192	38.4
		Post-graduate	186	37.2
		Professional degree	103	20.6
4	Annual Income	1.5-2.5	270	54.0
		2.5-3.5	139	27.8
		3.5-4.5	45	9.0
		>4.5	46	9.2
5	Occupation	Professional	82	16.4
		Salaried	341	68.2
		Business	69	13.8
		Retired	8	1.6
6	Nationality	Indian	493	98.6
		NRI	7	1.4

7	Marital Status	Married	291	58.2
		Unmarried	182	36.4
		Divorced	10	2.0
		Widow	3	.6
		Widower	6	1.2
		Separated	8	1.6
8	Economic Status	Single income	367	73.4
		Spouse's additional income	76	15.2
		Other income	57	11.4
9	Age of children	None	148	29.6
		Kids	93	18.6
		School going	200	40.0
		Grown ups	46	9.2
		Married	13	2.6

Source: Computed from Primary Data

On analysis of table 5.1 the following inferences are made:

GENDER OF THE RESPONDENTS:

The gender of an investor affects selection criteria and preferences of investment choice (Verma, 2008). Males like to invest in risky assets than females (Al-Ajmi, 2008). Distribution of retail mutual fund investors in the present study is 336 (67.2%) males, infers that males may not hesitate to invest in innovative instruments like mutual funds. Women are 164(32.8%) investing in mutual fund among the respondents. It infers that women investors assumed to be earning may be inferred that women who are earning

may not be the decision makers in investment or may be saving in traditional avenues like gold, silver, bank deposits or post office deposits.

AGE OF THE RESPONDENTS:

Age is the primary demographic factor that influences the quality and quantity of investment, meaningful relations have been identified between savings and age by the life cycle savings concept; between risk bearing capacity and age where young investors find investing in risky assets interesting (Verma, 2008). The age groups represent growth and decline in the career life cycle of an individual (De Cenzo and Robbins, 2003). The present study attempts to examine the impact of age on investors', preferences and perception towards mutual fund investment. The table clearly shows that about 249(49.8%) respondents out of 500 belong to the age group of 25-35 years. Hence it can be inferred that this is the age where they start earning and investing only in small amounts. Mutual funds offer many plans like Systematic Investment Plan and Monthly Fixed Plans which suits to this age group as an initial investment option.

ACADEMIC QUALIFICATIONS OF THE RESPONDENTS:

The knowledge of an investor depends on his understanding capacity, according to one's academic qualification, that may influence the will of the investors' selection criteria. 192(38.4%) of investors are graduates. The next majority are post graduates (186). Undergraduates and others are less in number who might have not yet understood the concept of Mutual funds.

LEVEL OF INCOME OF THE RESPONDENTS:

There is a significant relationship between income and investment choice (Verma, 2008). Majority of the respondents belong to moderate income group of 1.5-2.5 lakhs rupees representing 270(54%) of the sample size. Perhaps this may indicate that middle income group is moving away from traditional investments and experimenting

with new instruments like mutual funds because interest rates are fallen on fixed deposits of the banks, after Liberalization.

OCCUPATION OF THE RESPONDENTS:

There is direct relationship between one's occupation and the choice of investment. 341(68.2%) of the total respondents are fixed income people. It indicates that most of the investors in mutual funds are salaried people. The next major investors in the mutual funds are professionals (82).

MARITAL STATUS OF THE RESPONDENTS:

A major portion of the respondents are married (58.2%) reveals that married are giving importance to necessary of savings and investments as it would provide a better future for themselves and their children. Hence they may look out for this investment avenue in which there are specific tailor made plans.

NUMBER OF EARNING MEMBERS:

As per the response, majority are single income earners, about 73%. It implies that in spite of single income people are investing in mutual funds, may be due to the number of schemes which are available in different sizes of funds.

AGE OF CHILDREN OF RESPONDENTS:

Nearly 40% of the total respondents have school going children. They are investing may be due to the availability of different schemes by which they can plan for their future as well as their children's future.

PART -2

ANALYSIS OF THE INVESTMENT PATTERN OF THE RESPONDENTS:

The second part of the analysis aims to present a clear picture of the preferred investments of the investors which would enable the researcher to gain a deeper insight into the respondent as an investor, how are people responding to the current economic

condition, a mix of sticky inflation, sluggish growth and global uncertainty. The need to research the perception of the investor is therefore imperative, more so in this area which have a huge impact of demographic profile and magnitude of savings.

TABLE 5.2: EXISTING SAVINGS OPTIONS OF THE INVESTORS:

Financial Assets	Rank													Total	r/ p-value
	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th	11 th	12 th	13 th		
Currency	77 (15.4)	70 (14.0)	79 (15.8)	59 (11.8)	37 (7.4)	26 (5.2)	25 (5.0)	32 (6.4)	28 (5.6)	21 (4.2)	13 (2.6)	18 (3.6)	15 (3.0)	500 (100.0)	0.923** (0.000)
Savings Deposit	70 (14.0)	84 (16.8)	67 (13.4)	69 (13.8)	42 (8.4)	37 (7.4)	24 (4.8)	14 (2.8)	10 (2.0)	15 (3.0)	18 (3.6)	25 (5.0)	25 (5.0)	500 (100.0)	0.747** (0.000)
Fixed Deposit	69 (13.8)	71 (14.2)	75 (15.0)	43 (8.6)	56 (11.2)	30 (6.0)	18 (3.6)	28 (5.6)	16 (3.2)	19 (3.8)	18 (3.6)	26 (5.2)	31 (6.2)	500 (100.0)	0.698** (0.000)
Pension and PF	72 (14.4)	75 (15.0)	94 (18.8)	71 (14.2)	46 (9.2)	34 (6.8)	14 (2.8)	19 (3.8)	10 (2.0)	19 (3.8)	13 (2.6)	18 (3.6)	15 (3.0)	500 (100.0)	0.824** (0.000)
Mutual Funds	64 (12.8)	63 (12.6)	56 (11.2)	60 (12.0)	55 (11.0)	45 (9.0)	27 (5.4)	35 (7.0)	14 (2.8)	28 (5.6)	26 (5.2)	15 (3.0)	12 (2.4)	500 (100.0)	0.940** (0.000)
Derivatives	72 (14.4)	75 (15.0)	61 (12.2)	40 (8.0)	28 (5.6)	35 (7.0)	56 (11.2)	36 (7.2)	20 (4.0)	10 (2.0)	15 (3.0)	24 (4.8)	28 (5.6)	500 (100.0)	0.835** (0.000)
Real Estate	72 (14.4)	74 (14.8)	67 (13.4)	42 (8.4)	25 (5.0)	39 (7.8)	31 (6.2)	39 (7.8)	38 (7.6)	24 (4.8)	10 (2.0)	18 (3.6)	21 (4.2)	500 (100.0)	0.901** (0.000)
Gold & Silver	55 (11.0)	58 (11.6)	51 (10.2)	61 (12.2)	57 (11.4)	34 (6.8)	38 (7.6)	17 (3.4)	19 (3.8)	42 (8.4)	26 (5.2)	19 (3.8)	23 (4.6)	500 (100.0)	0.742** (0.000)
Postal Savings	81 (16.2)	83 (16.6)	73 (14.6)	46 (9.2)	27 (5.4)	16 (3.2)	25 (5.0)	35 (7.0)	18 (3.6)	19 (3.8)	21 (4.2)	24 (4.8)	32 (6.4)	500 (100.0)	0.632* (0.021)
Life Insurance	87 (17.4)	75 (15.0)	90 (18.0)	49 (9.8)	26 (5.2)	19 (3.8)	15 (3.0)	12 (2.4)	33 (6.6)	18 (3.6)	39 (7.8)	20 (4.0)	17 (3.4)	500 (100.0)	0.632* (0.021)
Bonds/Debentures	74 (14.8)	83 (16.6)	84 (16.8)	75 (15.0)	27 (5.4)	29 (5.8)	11 (2.2)	33 (6.6)	19 (3.8)	14 (2.8)	8 (1.6)	20 (4.0)	23 (4.6)	500 (100.0)	0.747** (0.003)
Shares	84 (16.8)	89 (17.8)	54 (10.8)	53 (10.6)	35 (7.0)	19 (3.8)	17 (3.4)	30 (6.0)	29 (5.8)	25 (5.0)	20 (4.0)	23 (4.6)	22 (4.4)	500 (100.0)	0.714** (0.006)
Chits	37 (7.4)	70 (14.0)	61 (12.2)	57 (11.4)	33 (6.6)	31 (6.2)	24 (4.8)	16 (3.2)	28 (5.6)	26 (5.2)	29 (5.8)	54 (10.8)	34 (6.8)	500 (100.0)	0.478* (0.098)

Note: Figures in parenthesis represent to total sample.

*Spearman Rank Correlation Coefficient.

Source: Computed from Primary Data.

TABLE 5.2.1 EXISTING SAVINGS OPTIONS OF INVESTORS:

Financial Assets	Weighted Average Score
Currency	0.099
Savings Deposit	0.099
Fixed Deposit	0.095
Pension and PF	0.103
Mutual Funds	0.096
Derivatives	0.095
Real Estate	0.095
Gold & Silver	0.091
Postal Savings	0.096
Life Insurance	0.099
Bonds/Debentures	0.102
Shares	0.097
Chits	0.084

Source: Computed from Primary Data

The sample respondents were asked to provide their first, second and third ranks of their present investment pattern. The responses when tabulated indicated Pension and PF schemes. With the highest mean in pension and provident funds, this infers people's attitude for future security.

The second priority given to bonds and debentures giving priority to assured and secured returns.

The first, second and third ranks as second preference goes to Pension & PF Funds (94), LIC (90) and Bonds and Debentures (84).

The possible assumption that can be made from the pattern of investments is that the sample respondents by nature are risk-averse preferring pension scheme as the best alternative.

SAVINGS PERCENTAGE:

The objective of this question is to find out the number of respondents under each demographic profile and their percentage of savings including all types both physical as well as financial assets.

Hypothesis is developed for demographic profile and percentage of savings:

H0: There is no association between gender, age, qualification, economic status and their percentage of savings.

Null Hypothesis is accepted.

H1: There is no association between income, marital status, occupation , age of children and percentage of savings.

The Null Hypothesis is rejected.

TABLE: 5.3.1 GENDER AND PERCENTAGE OF SAVINGS:

	Variable	5-10%	10-15%	15-20%	20-25%	>25%	Total
Gender	Male	145(29.0)	74(14.8)	56(11.2)	43(8.6)	18(3.6)	336(67.2)
	Female	64(12.8)	45(9.0)	36(7.2)	15(3.0)	4(0.8)	164(32.8)
	Total	209(41.8)	119(23.8)	92(18.4)	58(11.6)	22(4.4)	500(100.0)

Out of the total respondents 209(41.8%) of the investors are saving at a rate of 5-10%, Majority of the males 29% and females 12.8% are in the same range of savings that is between 5-10%.

The next highest savings rate is between 10-15%, in which again males are 74(14.8%) and females are 45(0.9%).

This shows that nearly 30% of the investors are saving between 5-10% of their income the reason may be that they feel that they have to spend on family

primary needs as well as comforts. The rate of inflation is increasing year by year which is reducing the chance for more investment.

TABLE: 5.3.2 AGE AND PERCENTAGE OF SAVINGS:

	Variable	5-10%	10-15%	15-20%	20-25%	>25%	Total
Age	25-35	108(21.6)	68(13.6)	39(7.8)	25(5.0)	9(1.8)	249(49.8)
	35-45	49(9.8)	24(4.8)	24(4.8)	11(2.2)	8(1.6)	116(23.2)
	45-55	39(7.8)	24(4.8)	22(4.4)	15(3.0)	3(0.6)	103(20.6)
	55-65	12(2.4)	3(0.6)	5(1.0)	7(1.4)	2(0.4)	29(5.8)
	>65	1(0.2)	-	2(0.4)	-	-	3(0.6)
	Total	209(41.8)	119(23.8)	92(18.4)	58(11.6)	22(4.4)	500(100.0)

The above table shows that majority that is nearly 50% of the investors are in the age group of 25 – 35. They are 249 (49.8%), who are investing between 5-10% are 21% among them. It is also observed that the next investing between 10-15% are 119(23.8) also belong to the same age group. It is very clear that most of the savings nearly 42% are saving 5-10% of their incomes. This may be due to that these are the investors who have limited income levels, and their savings percentage is also limited. 26% that is half of the investors who are saving between 5-10% belong to the age group of 35-45. Savings starts in the initial stages of the career of any investor, grows in middle stages of life, and therefore, the savings rate may be increasing along with the income levels. As in the above table majority, of the respondents belong to younger age group, % of savings is also only between 5-10%.

TABLE 5.3.3 QUALIFICATION AND PERCENTGE OF SAVINGS:

	Variable	5-10%	10-15%	15-20%	20-25%	>25%	Total
Academic Qualification	School final	12(2.4)	4(0.8)	1(0.2)	2(0.4)		19(3.8)
	Graduate	78(15.6)	47(9.4)	42(8.4)	12(2.4)	13(2.6)	192(38.4)
	Post-graduate	81(16.2)	43(8.6)	34(6.8)	21(4.2)	6(1.2)	185(37.0)
	Professional degree	38(7.6)	25(5.0)	15(3.0)	23(4.6)	3(0.6)	104(20.8)
	Total	209(41.8)	119(23.8)	92(18.4)	58(11.6)	22(4.4)	500(100.0)

Out of the total investors majority are graduates and post graduates who are of 192(38.4%) and 185(37.0%) respectively.

Together they are more than 75% who are saving between 5-10% of their incomes, may be their attitude and giving importance to savings. Out of 192 graduates 72 are saving 5-10% i.e., 23% of the total respondents, the next majority are saving between 10-15%.

TABLE: 5.3.4 ANNUAL INCOME AND PERCENTAGE OF SAVINGS:

	Variable	5-10%	10-15%	15-20%	20-25%	>25%	Total	
Annual Income (in lakhs)	1.5-2.5	144(28.8)	61(12.2)	41(8.2)	19(3.8)	5(1.0)	270(54.0)	119.74**
	2.5-3.5	37(7.4)	47(9.4)	31(6.2)	9(1.8)	15(3.0)	139(27.8)	
	3.5-4.5	18(3.6)	5(1.0)	14(2.8)	8(1.6)	-	45(9.0)	
	>4.5	10(2.0)	6(1.2)	6(1.2)	22(4.4)	2(0.4)	46(9.2)	
	Total	209(41.8)	119(23.8)	92(18.4)	58(11.6)	22(4.4)	500(100.0)	

There is a difference in savings rate as per annual income is concerned. Majority of the respondents are salaried (68.2%), out of which 28% are saving 5-10%.

TABLE: 5.3.4 OCUPATION AND PERCENTAGE OF SAVINGS

Variable	5-10%	10-15%	15-20%	20-25%	>25%	Total		
Occupation	Professional	38(7.6)	8(1.6)	20(4.0)	6(1.2)	10(2.0)	82(16.4)	35.44**
	Salaried	140(28.0)	85(17.0)	58(11.6)	46(9.2)	12(2.4)	341(68.2)	
	Business	27(5.4)	25(5.0)	11(2.2)	6(1.2)	-	69(13.8)	
	Retired	4(0.8)	1(0.2)	3(0.6)	-	-	8(1.6)	
Total	209(41.8)	119(23.8)	92(18.4)	58(11.6)	22(4.4)	500(100.0)		

There is a significant difference in their occupation and percentage of savings is concerned. Majority of the respondents are salaried (68.2%), out of which 28% are saving between 5-10%.

TABLE: 5.3.5 MARITAL STATUS AND PERCENTAGE OF SAVINGS

Marital Status	Married	119(23.8)	58(11.6)	55(11.0)	40(8.0)	19(3.8)	291(58.2)	52.00**
	Unmarried	83(16.6)	45(9.0)	33(6.6)	18(3.6)	3(0.6)	182(36.4)	
	Divorced	4(0.8)	6(1.2)	-	-	-	10(2.0)	
	Widow	1(0.2)	-	2(0.4)	-	-	3(0.6)	
	Widower	2(0.4)	2(0.4)	2(0.4)	-	-	6(1.2)	
	Separated	-	8(1.6)	-	-	-	8(1.6)	
Total	209(41.8)	119(23.8)	92(18.4)	58(11.6)	22(4.4)	500(100.0)		

Majority are married who are 58% out of total respondents. 41.8% of total respondents are saving 5-10%. Similarly majority of unmarried are also saving the same rate, compared to other groups.

It implies that married and unmarried have so many obligations / expenses to meet and they can save only 5-10% of their earnings, not more than that.

TABLE: 5.3.6 ECONOMIC STATUS AND PERCENTAGE OF SAVINGS

Economic Status	Single income	164(32.8)	79(15.8)	67(13.4)	45(9.0)	12(2.4)	367(73.4)	11.84
	Spouse's additional income	27(5.4)	21(4.2)	13(2.6)	9(1.8)	6(1.2)	76(15.2)	
	Other income	18(3.6)	19(3.8)	12(2.4)	4(0.8)	4(0.8)	57(11.4)	
	Total	209(41.8)	119(23.8)	92(18.4)	58(11.6)	22(4.4)	500(100.0)	

Majority of the respondents (73.4%) are with single income. Majority of the single income earners (32.8%) and also respondents with dual income (5.4%) are able to save between 5-10% only.

It infers that the most possible savings rate is only 5-10% for those who have single income and also those who have additional spouse income.

TABLE: 5.3.7 AGE OF CHILDREN AND PERCENTAGE OF SAVINGS:

Age of children	School going	94(18.8)	49(9.8)	34(6.8)	20(4.0)	3(0.6)	200(40.0)	46.49**
	Kids	35(7.0)	16(3.2)	15(3.0)	16(3.2)	11(2.2)	93(18.6)	
	None	65(13.0)	36(7.2)	22(4.4)	19(3.8)	6(1.2)	148(29.6)	
	Grown ups	11(2.2)	12(2.4)	19(3.8)	2(0.4)	2(0.4)	46(9.2)	
	Married	4(0.8)	6(1.2)	2(0.4)	1(0.2)	-	13(2.6)	
	Total	209(41.8)	119(23.8)	92(18.4)	58(11.6)	22(4.4)	500(100.0)	

**Significant at 1% level

There is significant association between the age of children and the percentage of savings. Majority of the investors are with school going children.

The majority of the respondents with school going children are 200 out of total respondents, out of which majority 118(23.6%) are investing 5-10%. Similarly

respondents with no children, with kids are also saving between 5-10%. Therefore the savings rate 5-10% of their income is the most common rate among these groups because they have so many other needs and comforts to be met.

Majority of the respondents with grown up and married children are able to save a higher rate of savings, because they may not have other expenses, but only have to save for their old age health requirements.

HYPOTHESIS TESTING:

H0: There is no association between gender, annual income, occupation and marital status and period of investment.

Null hypothesis is rejected.

H1: There is association between age, economic status, qualification and profession and the period of investment.

Null hypothesis is accepted.

TABLE 5.4.1: GENDER AND PERIOD OF INVESTMENT:

	Group	Short Term	Medium Term	Long Term	Total	χ^2
Gender	Male	91(18.2)	118(23.6)	127(25.4)	336(67.2)	13.13**
	Female	68(13.6)	56(11.2)	40(8.0)	164(32.8)	
	Total	159(31.8)	174(34.8)	167(33.4)	500(100.0)	

Majority of the respondents are males, 91(18.2%) who are choosing medium term investment in Mutual Funds. This is due to higher expected returns only in Long-term rather than short term.

In female investment it differs, who are investing in Short term rather than medium term who are 68(13.5%). The reason may be due to female investors always who prefer short term to meet short term needs and may be that the investment by female is only an

additional investment to the main or major investment which might have already been invested by the male or head of the family members.

TABLE: 5.4.2 AGE AND PERIOD OF INVESTMENT:

	Group	Short Term	Medium Term	Long Term	Total	χ^2
Age	25-35	80(16.0)	86(17.2)	83(16.6)	249(49.8)	4.34
	35-45	36(7.2)	38(7.6)	42(8.4)	116(23.2)	
	45-55	31(6.2)	40(8.0)	32(6.4)	103(20.6)	
	55-65	12(2.4)	8(1.6)	9(1.8)	29(5.8)	
	>65	-	2(0.4)	1(0.2)	3(0.6)	
	Total	159(31.8)	174(34.8)	167(33.4)	500(100.0)	

Majority of the investors, are opting for medium term who are 174(34%) out of total respondents, and also almost the same percentage of respondents i.e., 33% are opting for long term.

It implies that those who are in the age group of 25-35 are opting for Medium term, may be they have needs to be met in a span of time of five to ten years. The respondents who are in the age group of 35-45 are opting for Long term, may be planning for their children's higher education or for their retirement. The respondents who are above 65 are opting for Medium term investment in Mutual funds so that when they reach seventy they may require the amount for medication.

It infers that mutual funds invested are mostly either for medium term or long term.

TABLE: 5.4.3 QUALIFICATION AND PERIOD OF INVESTMENT:

	Group	Short Term	Medium Term	Long Term	Total	χ^2
Academic Qualification	School final	7(1.4)	3(0.6)	9(1.8)	19(3.8)	8.42
	Graduate	50(10.0)	75(15.0)	67(13.4)	192(38.4)	
	Post-graduate	66(13.2)	59(11.8)	60(12.0)	185(37.0)	
	Professional degree	36(7.2)	37(7.4)	31(6.2)	104(20.8)	
	Total	159(31.8)	174(34.8)	167(33.4)	500(100.0)	

Majority of the investors who are Graduates and Post graduates 192(38.4%) and 185(37%) approximately are opting for both Medium term and Long term equally.

There is not much difference found in investment in Long term or Medium term and also Short term according to the Academic Qualification. Qualification may not reflect on the period of investment.

TABLE: 5.4.4: ANNUAL INCOME AND THE PERIOD OF INVESTMENT:

	Group	Short Term	Medium Term	Long Term	Total	χ^2
Annual Income	1.5-2.5	91(18.2)	79(15.8)	100(20.0)	270(54.0)	14.36*
	2.5-3.5	45(9.0)	57(11.4)	37(7.4)	139(27.8)	
	3.5-4.5	14(2.8)	21(4.2)	10(2.0)	45(9.0)	
	>4.5	9(1.8)	17(3.4)	20(4.0)	46(9.2)	
	Total	159(31.8)	174(34.8)	167(33.4)	500(100.0)	

Most of the investors that is 174(34.8%) of the investors are choosing Medium term Investment. It is almost the same choice among all income groups.

It infers that majority of the investors of Mutual Funds are in the age group of 1.5-2.5 lakhs and majority are opting for either Medium term or Long term Funds, may be due to their fixed and regular incomes.

It infers that irrespective of income respondents are saving medium or long term, but not short term while selecting mutual funds.

TABLE: 5.4.5 OCCUPATION AND PERCENTAGE OF SAVINGS:

	Group	Short Term	Medium Term	Long Term	Total	χ^2
Occupation	Professional	32(6.4)	39(7.8)	11(2.2)	82(16.4)	30.23**
	Salaried	100(20.0)	104(20.8)	137(27.4)	341(68.2)	
	Business	27(5.4)	27(5.4)	15(3.0)	69(13.8)	
	Retired	-	4(0.8)	4(0.8)	8(1.6)	
	Total	159(31.8)	174(34.8)	167(33.4)	500(100.0)	

Majority of the investors are in the fixed income group and therefore opting especially for either Medium term or Short term, but not Long term. This infers that fixed income group prefers returns within few years.

	Group	Short Term	Medium Term	Long Term	Total	χ^2
Marital Status	Married	96(19.2)	94(18.8)	101(20.2)	291(58.2)	32.62**
	Unmarried	53(10.6)	74(14.8)	55(11.0)	182(36.4)	
	Divorced	8(1.6)	2(0.4)		10(2.0)	
	Widow		2(0.4)	1(0.2)	3(0.6)	
	Widower	2(0.4)	2(0.4)	2(0.4)	6(1.2)	
	Separated			8(1.6)	8(1.6)	
	Total	159(31.8)	174(34.8)	167(33.4)	500(100.0)	

Majority of the investors are married opting for Long term and unmarried opting for Medium term where as Widows and Separated spouses are also opting for only Long term.

This infers that married are saving for their children and unmarried with Medium term plans for the nearly future, may be like their own marriage expenses or dowry in case of women.

TABLE: 5.4.6: ECONOMIC STATUS AND PERIOD OF INVESTMENT:

	Group	Short Term	Medium Term	Long Term	Total	χ^2
Economic Status	Single income	117(23.4)	126(25.2)	124(24.8)	367(73.4)	1.62
	Spouse's additional income	21(4.2)	30(6.0)	25(5.0)	76(15.2)	
	Other income	21(4.2)	18(3.6)	18(3.6)	57(11.4)	
	Total	159(31.8)	174(34.8)	167(33.4)	500(100.0)	

Note: Figures in parenthesis represent to total sample.

***Significant at 5% level.**

****Significant at 1% level.**

Source: Computed from Primary Data

Both the respondents who are with single income and with additional income are opting for Medium term Funds who are 174(34.8%) of the total respondents.

It infers that majority of the investors opting for Medium term whether they are Single Income or with Spouse's additional income who may go for same type of plans.

TABLE: 5.5 INVESTORS' SPECIFIC NEEDS:

Specific Needs	Rank											Total	r/ p-value
	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th	11 th		
Own marriage	49 (9.8)	36 (7.2)	57 (11.4)	18 (3.6)	33 (6.6)	43 (8.6)	72 (14.4)	51 (10.2)	48 (9.6)	58 (11.6)	35 (7.0)	500 (100.0)	-0.164 (0.631)
Children's education	55 (11.0)	45 (9.0)	32 (6.4)	84 (16.8)	50 (10.0)	30 (6.0)	28 (5.6)	33 (6.6)	49 (9.8)	76 (15.2)	18 (3.6)	500 (100.0)	0.300 (0.370)
Children's marriage	41 (8.2)	46 (9.2)	44 (8.8)	64 (12.8)	68 (13.6)	31 (6.2)	34 (6.8)	47 (9.4)	36 (7.2)	50 (10.0)	39 (7.8)	500 (100.0)	0.173 (0.612)
Retirement needs	49 (9.8)	60 (12.0)	47 (9.4)	68 (13.6)	50 (10.0)	54 (10.8)	45 (9.0)	36 (7.2)	18 (3.6)	34 (6.8)	39 (7.8)	500 (100.0)	0.736**
Visit abroad	67 (13.4)	50 (10.0)	61 (12.2)	29 (5.8)	54 (10.8)	32 (6.4)	36 (7.2)	43 (8.6)	30 (6.0)	29 (5.8)	69 (13.8)	500 (100.0)	0.291 (0.385)
Own house	64 (12.8)	82 (16.4)	36 (7.2)	40 (8.0)	50 (10.0)	75 (15.0)	25 (5.0)	18 (3.6)	36 (7.2)	42 (8.4)	32 (6.4)	500 (100.0)	0.591 (0.056)
To improve status	68 (13.6)	52 (10.4)	60 (12.0)	57 (11.4)	36 (7.2)	37 (7.4)	67 (13.4)	18 (3.6)	25 (5.0)	32 (6.4)	48 (9.6)	500 (100.0)	0.636*
Improve standard of living	55 (11.0)	78 (15.6)	39 (7.8)	33 (6.6)	35 (7.0)	36 (7.2)	29 (5.8)	64 (12.8)	29 (5.8)	48 (9.6)	54 (10.8)	500 (100.0)	0.218 (0.519)
No specific need	38 (7.6)	33 (6.6)	42 (8.4)	32 (6.4)	64 (12.8)	17 (3.4)	58 (11.6)	52 (10.4)	61 (12.2)	44 (8.8)	59 (11.8)	500 (100.0)	-0.536 (0.089)
To meet unexpected/emergency needs	40 (8.0)	32 (6.4)	18 (3.6)	78 (15.6)	74 (14.8)	35 (7.0)	29 (5.8)	36 (7.2)	61 (12.2)	54 (10.8)	43 (8.6)	500 (100.0)	-0.264 (0.433)
Tax savings	59 (11.8)	51 (10.2)	78 (15.6)	32 (6.4)	18 (3.6)	49 (9.8)	48 (9.6)	28 (5.6)	33 (6.6)	36 (7.2)	68 (13.6)	500 (100.0)	0.227 (0.502)

Note: Figures in parenthesis represent to total sample.

*Significant at 5% level.

**Significant at 1% level.

Source : Computed from primary data

TABLE 5.5.1 SPECIFIC NEEDS WHILE CHOOSING MUTUAL FUNDS:

Specific Needs	Weighted Average Score	Rank
Own marriage	0.088	V
Children's education	0.096	III
Children's marriage	0.094	IV
Retirement needs	0.101	II
Visit abroad	0.095	III
Own house	0.103	I
To improve status	0.101	II
Improve standard of living	0.094	IV
No specific need	0.083	VI
To meet unexpected/emergency needs	0.088	V
Tax savings	0.094	IV

Mutual fund investors mentioned needs for their investment the order of preference of their specific needs. Majority of the respondents mentioned the need as owning a house with weighted value of 0.103. It can be understood that majority of the mutual fund respondents are investing with an objective to meet one of their long term dream.

The second highest need specified by the sample respondents was for two different reasons. One is to improve status and to meet retirement needs. The next highest mean value is 0.101. This indicates that one of the important objectives of the mutual fund investors is improvement of status by purchasing some luxuries redeeming the mutual funds for higher returns in the long run at the time of retirement, who are investing with the specific need as to meet retirement stage.

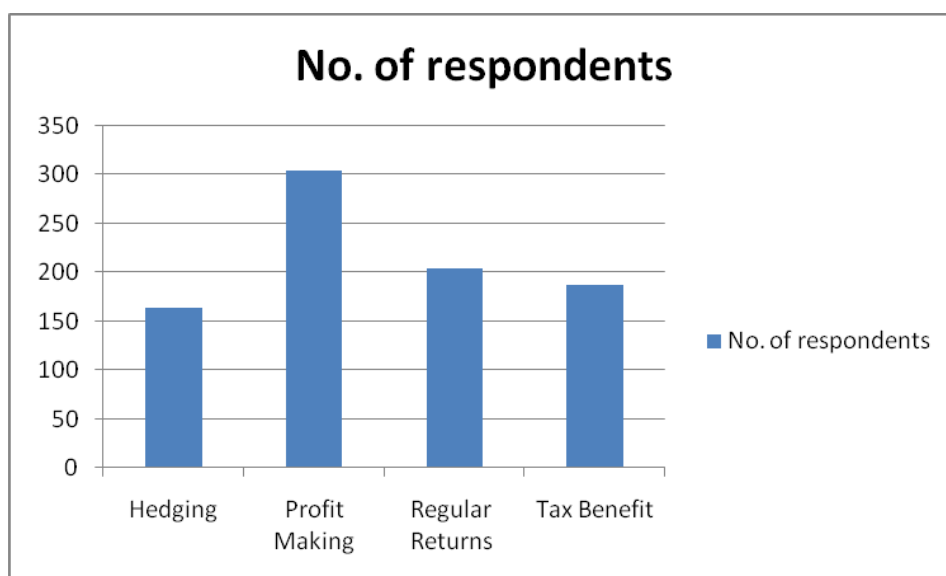
The third important objective with mean value of 0.96 is for children's education.

TABLE: 5.6 REASONS FOR THE PREFERENCE OF MUTUAL FUND

INVESTMENT:

Variable	No. of respondents	Percentage of Total Respondents
Hedging	164	32.8
Profit Making	304	42.0
Regular Returns	204	30.8
Tax Benefit	188	37.6

Source: Computed from Primary Data



The objective for investing in mutual funds is ascertained. Maximum respondents 42% (304) of the total respondents is for profit making, where as 37.6% (188) invested for tax benefits.

It infers that mutual fund investment's main objective is profit making and then tax exemption. Some funds are believed to be giving good returns even during volatility. It is also understood that investors believe this instrument as the best alternative for tax minimization and to hedging risk by not directly investing in equity.

TABLE: 5.7 FACTORS INFLUENCING MUTUAL FUNDS INVESTMENT:

Factors	Rank											Total	r/ p-value
	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th	11 th		
NAV	85 (17.0)	99 (19.8)	81 (16.2)	84 (16.8)	19 (3.8)	17 (3.4)	20 (4.0)	23 (4.6)	22 (4.4)	31 (6.2)	19 (3.8)	500 (100.0)	0.636* (0.035)
Liquidity	19 (3.8)	92 (18.4)	90 (18.0)	81 (16.2)	48 (9.6)	38 (7.6)	41 (8.2)	37 (7.4)	30 (6.0)	13 (2.6)	11 (2.2)	500 (100.0)	0.664* (0.026)
Easy to enter and exit	75 (15.0)	38 (7.6)	90 (18.0)	51 (10.2)	35 (7.0)	29 (5.8)	20 (4.0)	44 (8.8)	45 (9.0)	39 (7.8)	34 (6.8)	500 (100.0)	0.373 (0.259)
Risky	46 (9.2)	83 (16.6)	45 (9.0)	51 (10.2)	57 (11.4)	55 (11.0)	34 (6.8)	40 (8.0)	35 (7.0)	29 (5.8)	25 (5.0)	500 (100.0)	0.773** (0.005)
Tax benefit	63 (12.6)	79 (15.8)	62 (12.4)	65 (13.0)	38 (7.6)	21 (4.2)	24 (4.8)	77 (15.4)	42 (8.4)	15 (3.0)	14 (2.8)	500 (100.0)	0.664* (0.026)
Safety	77 (15.4)	92 (18.4)	56 (11.2)	57 (11.4)	25 (5.0)	36 (7.2)	30 (6.0)	38 (7.6)	31 (6.2)	25 (5.0)	33 (6.6)	500 (100.0)	0.727* (0.011)
Matching to needs and objectives	68 (13.6)	95 (19.0)	91 (18.2)	41 (8.2)	47 (9.4)	24 (4.8)	21 (4.2)	46 (9.2)	30 (6.0)	16 (3.2)	21 (4.2)	500 (100.0)	0.845** (0.001)
Company's brand	33 (6.6)	61 (12.2)	41 (8.2)	43 (8.6)	59 (11.8)	56 (11.2)	49 (9.8)	66 (13.2)	38 (7.6)	34 (6.8)	20 (4.0)	500 (100.0)	0.255 (0.450)
Choice is more	40 (8.0)	59 (11.8)	33 (6.6)	71 (14.2)	75 (15.0)	51 (10.2)	38 (7.6)	34 (6.8)	35 (7.0)	22 (4.4)	42 (8.4)	500 (100.0)	0.373 (0.259)
Entry/exit loads	53 (10.6)	66 (13.2)	35 (7.0)	96 (19.2)	20 (4.0)	37 (7.4)	27 (5.4)	20 (4.0)	91 (18.2)	32 (6.4)	23 (4.6)	500 (100.0)	0.427 (0.190)
Other factors	50 (10.0)	21 (4.2)	16 (3.2)	57 (11.4)	43 (8.6)	35 (7.0)	19 (3.8)	31 (6.2)	85 (17.0)	77 (15.4)	66 (13.2)	500 (100.0)	-0.509 (0.110)

Note: Figures in parenthesis represent to total sample.

*Significant at 5% level.

**Significant at 1% level.

Source: Computed from Primary Data.

Variable	Weighted Average Score	Ranks
NAV	0.119	1
Liquidity	0.111	3
Easy to enter and exit	0.102	7
Risky	0.104	6
Tax benefit	0.109	5
Safety	0.110	4
Matching to needs and objectives	0.115	2
Company's brand	0.096	10
Choice is more	0.098	9
Entry/exit loads	0.100	8
Other factors	0.077	11

The factors that influence the investment in Mutual Funds are ascertained in this table. Among the various factors influencing the investment in Mutual Funds, NAV is the first criteria, while the scheme options which are matching with the needs and objectives was the second reason whereas liquidity was given third preference.

It can be inferred that majority of the investors invest in Mutual Funds depending upon the NAV values, as it indicates the returns, with less risk.

It can also be inferred that most of the investors have taken into consideration their needs and objectives as a factor before investing, as Mutual Funds options are the only financial products which are generally designed in different ways to meet the different needs and objectives of different types of investors.

PART - III

PREFERENCE OF DIFFERENT TYPES OF MUTUAL FUNDS:

There are so many types of mutual funds which will have an impact on choice by the investors. The researcher in the present study makes an attempt to understand the type of fund the investor is selecting and the reasons for selecting that particular fund.

The objective of this part of analysis is to

1. Evaluate the selection of mutual fund among different alternatives.
2. To find out the rank of preference among the schemes selected by the investor.
3. To find out the preference in case of short term investment and long term investment.

Many of the investors perceive firms having good ranking to perform well and are of the opinion that the investments in those firms carry less risk. On the contrary, firms that are rated high in the rankings do not generate abnormal excessive returns and have higher risk than their peers (Detzler, 2002) and if the individual investor makes an attempt to gain knowledge about mutual funds and its rankings. It may lead to a different conclusion on risk regarding investment. Indian investors may be considered to be least

informed investors as majority of investors delegate their investment management to fund managers. This may impact the mutual fund flows as it is affected by unsophisticated investor sentiment. There may a be problem of knowledge acquisition as /Grossman (1976) and Grossman and Stiglitz (1980) argue that rational investors take measures to become informed only when marginal benefits of becoming informed exceed the marginal costs (as quoted in Indro,2004).

5.8. INFLUENCE OF DEMOGRAPHIC VARIABLES AND PREFERENCE IN DIFFERENT MUTUAL FUND PLANS: Mutual funds industry is responding very fast by understanding he dynamics of investors’ perception towards returns and risk.

Understanding of investors’ expectations from mutual funds has been necessary.

TABLE 5.8.1: GENDER AND PREFERENCE OF MUTUAL FUND PLANS:

	Group	Open Ended	Closed Ended	Interval Fund	Total	χ^2
Gender	Male	202(40.4)	74(14.8)	60(12.0)	336(67.2)	10.05**
	Female	89(17.8)	26(5.2)	49(9.8)	164(32.8)	
	Total	291(58.2)	100(20.0)	109(21.8)	500(100.0)	

There is a difference in choice of open and close end fund. Majority of both the genders 40% and 18% approximately prefer open ended. The next major group among males opted for is closed-end and females opted for interval fund. It infers that both like liquidity and flexibility. Males like long term investment in the form of close-end funds to meet long term plans and female always like to have flexibility by showing their interest towards interval fund after open-end fund.

TABLE: 5.8.2 AGE AND CHOICE OF FUND:

	Frequency	Open-Ended Schemes	Closed-Ended Schemes	Interval Fund	Total	Chi-Square
Age	25-35	135(27.0)	60(12.0)	54(10.8)	249(49.8)	15.88*
	35-45	69(13.8)	19(3.8)	28(5.6)	116(23.2)	
	45-55	71(14.2)	15(3.0)	17(3.4)	103(20.6)	
	55-65	15(3.0)	4(0.8)	10(2.0)	29(5.8)	
	>65	1(0.2)	2(0.4)	-	3(0.6)	
	Total	291(58.2)	100(20.0)	109(21.8)	500(100.0)	

Irrespective of the age, investors are choosing open-end schemes as their first choice. There are nearly 58% of the total respondents who opted as their first choice i.e., open-end schemes, which infers that almost all age groups like liquidity. The second choice is close-end for the young age group and interval fund for middle aged.

TABLE: 5.8.3. DEMOGRAPHIC FACTORS AND CHOICE OF FUND:

	Frequency	Open- Ended Schemes	Closed- Ended Schemes	Interval Fund	Total	Chi- Square
Income	1.5-2.5	147(29.4)	56(11.2)	67(13.4)	270(54.0)	7.64
	2.5-3.5	83(16.6)	28(5.6)	28(5.6)	139(27.8)	
	3.5-4.5	32(6.4)	5(1.0)	8(1.6)	45(9.0)	
	>4.5	29(5.8)	11(2.2)	6(1.2)	46(9.2)	
	Total	291(58.2)	100(20.0)	109(21.8)	500(100.0)	
Occupation	Professional	50(10.0)	16(3.2)	16(3.2)	82(16.4)	5.46
	Salaried	199(39.8)	69(13.8)	73(14.6)	341(68.2)	
	Business	37(7.4)	12(2.4)	20(4.0)	69(13.8)	
	Retired	5(1.0)	3(0.6)	-	8(1.6)	
	Total	291(58.2)	100(20.0)	109(21.8)	500(100.0)	
Marital Status	Married	173(34.6)	55(11.0)	63(12.6)	291(58.2)	12.76
	Unmarried	101(20.2)	39(7.8)	42(8.4)	182(36.4)	
	Divorced	8(1.6)	-	2(0.4)	10(2.0)	
	Widow	3(0.6)	-	-	3(0.6)	
	Widower	2(0.4)	2(0.4)	2(0.4)	6(1.2)	
	Separated	4(0.8)	4(0.8)	-	8(1.6)	
	Total	291(58.2)	100(20.0)	109(21.8)	500(100.0)	

There is not much difference in choosing open or closed or interval fund as per demographic factors. All income groups and similarly all investors of different occupations, married as well as unmarried, all are equally choosing open-end as their first choice and interval fund as second choice.

It infers that mutual fund investors in whatever occupation they may be and income they are earning, they would prefer liquidity first.

TABLE: 5.8.4 NATIONALITY AND CHOICE OF FUND:

Nationality	Indian	291(58.2)	97(19.4)	105(21.0)	493(98.6)	10.05**
	NRI	-	3(0.6)	4(0.8)	7(1.4)	
	Total	291(58.2)	100(20.0)	109(21.8)	500(100.0)	

Majority of the investors choosing Open-Ended Schemes are Indians who are 291(58.2%) and nil NRI investors as per the tabulated data are opting for Open-Ended Schemes. NRIs are choosing mainly Interval Fund rather than Open-Ended Schemes.

TABLE: 5.8.5 INCOME AND CHOICE OF FUND:

Income	Single income	219(43.8)	74(14.8)	74(14.8)	367(73.4)	15.84**
	Spouse's additional income	51(10.2)	8(1.6)	17(3.4)	76(15.2)	
	Other income	21(4.2)	18(3.6)	18(3.6)	57(11.4)	
	Total	291(58.2)	100(20.0)	109(21.8)	500(100.0)	

There is an association between income of the investors and their choice of type of Fund. Out of the total 500 respondents majority of the investors belong to Single income group who are 367(73.4%). Single income earners are choosing Open-Ended Funds who are more in number i.e., 219(43.8%) and also the same preference for respondents with additional income.

TABLE: 5.8.6 AGE OF CHILDREN AND CHOICE OF FUNDS:

Age of Children	None	116(23.2)	38(7.6)	46(9.2)	200(40.0)	18.05*
	Kids	67(13.4)	9(1.8)	17(3.4)	93(18.6)	
	School going	83(16.6)	34(6.8)	31(6.2)	148(29.6)	
	Grown ups	18(3.6)	15(3.0)	13(2.6)	46(9.2)	
	Married	7(1.4)	4(0.8)	2(0.4)	13(2.6)	
	Total	291(58.2)	100(20.0)	109(21.8)	500(100.0)	

There is not much difference in opinion in respondents with different age groups of children and the selection of Scheme. Almost all of them are going for the same choice as open-end as their first choice.

PREFERENCE AMONG FUND BASED FUNDS:

These preferences for instrument can be studied in relation to the preference for a mutual fund plan. Respondents were asked to give their opinion by giving ranks to different choices while selecting a fund. These ranks are again calculated with the help of p -value and also weighted means are calculated.

Variables	No. of Respondents	Percentage of Total Respondents
Low Service Charges	51	10.2
Quick Service	75	15.0
Better fund management	187	37.4
According to rating give by CRA	45	9.0
Entry/exit loads	48	9.6
All	94	18.8
Total	500	100.0

Source: Computed from Primary Data

Majority of the investors are choosing for the reason that Mutual funds are better managed. The second reason for choosing Mutual funds is found to be Quick Service provided by the Fund Agents/AMCs.

TABLE: 5.9. SELECTION OF DIFFERENT FUNDS:

Funds	Rank						Total	<i>r/ p-value</i>
	1 st	2 nd	3 rd	4 th	5 th	6 th		
Equity fund	145 (29.0)	152 (30.4)	95 (19.0)	34 (6.8)	26 (5.2)	48 (9.6)	500 (100.0)	0.771 (0.072)
Exchange traded fund	49 (9.8)	73 (14.6)	54 (10.8)	81 (16.2)	122 (24.4)	121 (24.2)	500 (100.0)	-0.886* (0.019)
Gold fund	30 (6.0)	20 (4.0)	48 (9.6)	153 (30.6)	136 (27.2)	113 (22.6)	500 (100.0)	-0.714 (0.111)
Debt fund	105 (21.0)	112 (22.4)	155 (31.0)	80 (16.0)	17 (3.4)	31 (6.2)	500 (100.0)	0.714 (0.111)
Global fund	144 (28.8)	95 (19.0)	117 (23.4)	67 (13.4)	46 (9.2)	31 (6.2)	500 (100.0)	0.943** (0.005)
Index fund	27 (5.4)	48 (9.6)	31 (6.2)	91 (18.2)	151 (30.2)	152 (30.4)	500 (100.0)	-0.943** (0.005)

TABLE: 5.9.1 SELECTION OF DIFFERENT FUNDS:

Funds	Weighted Average Score	Rank
Equity fund	0.211	I
Exchange traded fund	0.141	IV
Gold fund	0.125	V
Debt fund	0.201	III
Global fund	0.203	II
Index fund	0.119	VI

The above table shows that majority (0.211) of the respondents prefer to invest in Equity Fund and the next highest fund saved under Mutual funds is Debt Fund compared to Exchange traded fund, gold fund, global fund and Index fund. This may be that growth, balanced and debt funds are the most common & well known funds for common man.

The recent global economic turmoil and liquidity crisis has provoked many investors to think (Sridhar,2009) of their investments from a short time perspective with safety as the main criteria.

5.10. PREFERENCE AMONG SHORT TERM INVESTMENTS:

5.10.1: GENDER AND CHOICE AMONG SHORT TERM INVESTMENT:

	Group	Savings Deposits	Equity	Mutual Funds	Bonds	Total	χ^2
Gender	Male	127(25.4)	78(15.6)	97(19.4)	34(6.8)	336(67.2)	10.39*
	Female	80(16.0)	21(4.2)	42(8.4)	21(4.2)	164(32.8)	
Total		207(41.4)	99(19.8)	139(27.8)	55(11.0)	500(100.0)	

Both male and female investors are choosing Savings Deposits as their short term investment who are 127(25.4%) respondents out of total 336(67.2%) respondents. Second preference for both male and female is mutual funds and equity is their third investment choice.

It is clearly understood that mutual funds is given the next importance to Savings Deposits. A mutual fund is the next best alternative as a short term investment alternative to majority of the investors irrespective of the gender.

TABLE: 5.10.2 AGE AND SHORT TERM INVESTMENT:

	Group	Savings Deposits	Equity	Mutual Funds	Bonds	Total	χ^2
Age	25-35	112(22.4)	49(9.8)	66(13.2)	22(4.4)	249(49.8)	29.83**
	35-45	39(7.8)	22(4.4)	37(7.4)	18(3.6)	116(23.2)	
	45-55	44(8.8)	27(5.4)	25(5.0)	7(1.4)	103(20.6)	
	55-65	12(2.4)	1(0.2)	8(1.6)	8(1.6)	29(5.8)	
	>65			3(0.6)		3(0.6)	
Total		207(41.4)	99(19.8)	139(27.8)	55(11.0)	500(100.0)	

Investors of all age groups are investing in savings deposits. This is their most favorite and most preferred, who are more than 41%.

The second preference for the investors in the age group of 25-35 is Mutual Funds, 35-45 age group investors are opting is Mutual Funds. Investors who are in the age group of 45-55 and also who are 55-65 are opting Equity and Mutual Funds respectively.

It infers that majority of all group of the investors are opting for Savings Deposits and then equity. The second preference overall if considered is Mutual Funds.

TABLE: 5.10.3 QUALIFICATION AND CHOICE OF SHORT TERM INVESTMENT:

	Group	Savings Deposits	Equity	Mutual Funds	Bonds	Total	χ^2
Academic Qualification	School final	5(1.0)	1(0.2)	8(1.6)	5(1.0)	19(3.8)	27.80**
	Graduate	88(17.6)	47(9.4)	48(9.6)	9(1.8)	192(38.4)	
	Post-graduate	73(14.6)	33(6.6)	58(11.6)	21(4.2)	185(37.0)	
	Professional degree	41(8.2)	18(3.6)	25(5.0)	20(4.0)	104(20.8)	
	Total	207(41.4)	99(19.8)	139(27.8)	55(11.0)	500(100.0)	

The first preference in Short term funds is Savings Deposits for all the investors irrespective of Academic Qualification.

The second preference to Graduates and Post graduates professionals is Mutual Funds and for Professionals also are mutual funds.

It infers that majority of the Mutual fund investors are either graduates or post graduates who understands clearly about the Mutual Funds advantages, and investing in it.

TABLE: 5.10.4 ANNUAL INCOME AND CHOICE OF SHORT TERM INVESTMENT:

	Group	Savings Deposits	Equity	Mutual Funds	Bonds	Total	χ^2
Annual Income	1.5-2.5	113(22.6)	39(7.8)	86(17.2)	32(6.4)	270(54.0)	39.38**
	2.5-3.5	69(13.8)	41(8.2)	21(4.2)	8(1.6)	139(27.8)	
	3.5-4.5	11(2.2)	11(2.2)	13(2.6)	10(2.0)	45(9.0)	
	>4.5	14(2.8)	8(1.6)	19(3.8)	5(1.0)	46(9.2)	
	Total	207(41.4)	99(19.8)	139(27.8)	55(11.0)	500(100.0)	

Investors who are in the income group of 1.5 and 2.5 lakhs are mostly going for Savings Deposits, 2.5-3.5 lakhs income group investors are also going for Savings Deposits, where as investors between 3.5 and 4.5 are opting for Mutual Funds and higher income group who are above 4.5 lakhs are also opting for Mutual Funds as their first choice.

It infers that majority of all age groups of investors are mostly going for Savings Deposits except investors between 3.5 and above income groups. Higher income groups are investing in mutual funds as their first choice which is a good positive sign for the industry.

TABLE: 5.10.5 OCCUPATION AND CHOICE OF SHORT TERM INVESTMENT:

	Group	Savings Deposits	Equity	Mutual Funds	Bonds	Total	χ^2
Occupation	Professional	39(7.8)	21(4.2)	13(2.6)	9(1.8)	82(16.4)	24.22**
	Salaried	146(29.2)	68(13.6)	93(18.6)	34(6.8)	341(68.2)	
	Business	21(4.2)	10(2.0)	27(5.4)	11(2.2)	69(13.8)	
	Retired	1(0.2)	-	6(1.2)	1(0.2)	8(1.6)	
Total	207(41.4)	99(19.8)	139(27.8)	55(11.0)	500(100.0)		

Salaried preferred Savings Deposits who are 146(29.2%) and the next important savings is Mutual Funds who are 93(18.6%).

Professionals first preference of investment is also Savings Deposits who are 39(7.8%) and their second preference is Equity who are 21(4.2).

It is very clear that majority of the investors both Salaried and Professionals still prefer Savings as their first preference, the reason may be they give first criteria to Safety and Liquidity. From second preference we can infer that mutual funds are the investment alternative which is more attractive to the fixed income group. The concept of mutual funds, i.e., pooling the savings of fixed income group is fulfilled.

TABLE: 5.10.6 NATIONALITY AND CHOICE OF SHORT TERM**INVESTMENT:**

	Group	Savings Deposits	Equity	Mutual Funds	Bonds	Total	χ^2
Nationality	Indian	205(41.0)	99(19.8)	134(26.8)	55(11.0)	493(98.6)	7.33*
	NRI	2(0.4)		5(1.0)		7(1.4)	
Total	207(41.4)	99(19.8)	139(27.8)	55(11.0)	500(100.0)		

Majority of the respondents preferred Savings Deposits and then Mutual Funds.

Similarly Non Resident Indians prefer Mutual Funds as their second option and Bonds as their first option.

It infers that NRIs money is also attracted towards mutual funds which shows the belief of the NRIs in mutual fund investments, next to government bonds.

TABLE: 5.10.7 MARITAL STATUS AND CHOICE OF SHORT TERM**INVESTMENT:**

	Group	Savings Deposits	Equity	Mutual Funds	Bonds	Total	χ^2	
Marital Status	Married	116(23.2)	53(10.6)	86(17.2)	36(7.2)	291(58.2)	31.27**	
	Unmarried	80(16.0)	34(6.8)	51(10.2)	17(3.4)	182(36.4)		
	Divorced	4(0.8)	6(1.2)			10(2.0)		
	Widow	3(0.6)				3(0.6)		
	Widower			2(0.4)	2(0.4)	2(0.4)		6(1.2)
	Separated	4(0.8)	4(0.8)			8(1.6)		
Total	207(41.4)	99(19.8)	139(27.8)	55(11.0)	500(100.0)			

Majority of the investors are married 291(58.2%) are opting for Savings deposits as first criteria are 116(23.2%) and Mutual funds as second alternative with 86(17.2%) investors.

Unmarried also preferred the same with 80(16.0%) and 51(10.2%) investing in Savings Deposits and Mutual Funds, opting as first and second preferences respectively.

It proves that Mutual Funds are the very next instrument or alternative investment to Savings Deposits may be due to that the investors feel that the safest and the most liquid asset.

TABLE: 5.10.8 ECONOMIC STATUS AND CHOICE OF SHORT TERM INVESTMENT:

	Group	Savings Deposits	Equity	Mutual Funds	Bonds	Total	χ^2
	Single income	158(31.6)	63(12.6)	107(21.4)	39(7.8)	367(73.4)	22.36**
Economic Status	Spouse's additional income	19(3.8)	28(5.6)	18(3.6)	11(2.2)	76(15.2)	
	Other income	30(6.0)	8(1.6)	14(2.8)	5(1.0)	57(11.4)	
	Total	207(41.4)	99(19.8)	139(27.8)	55(11.0)	500(100.0)	

People with single income prefer Savings Deposits who are 158(31.6%), followed by Mutual Funds as second preference with 107(21.4%) respondents.

Respondents with additional income are giving first preference to Equity and then almost equal importance given to Mutual Funds and Savings Deposits.

It is a clear evidence that majority of the Single income investors do like Safety and liquidity whereas investors with additional income of spouse feel that Capital gains is more important than regular income who are preferring Equity rather than Savings Deposits.

TABLE: 5.10.9 AGE OF CHILDREN AND CHOICE OF SHORT TERM INVESTMENT:

	Group	Savings Deposits	Equity	Mutual Funds	Bonds	Total	χ^2
Age of children	None	88(17.6)	37(7.4)	57(11.4)	18(3.6)	200(40.0)	17.20
	Kids	37(7.4)	20(4.0)	26(5.2)	10(2.0)	93(18.6)	
	School going	66(13.2)	32(6.4)	30(6.0)	20(4.0)	148(29.6)	
	Grown ups	14(2.8)	6(1.2)	20(4.0)	6(1.2)	46(9.2)	
	Married	2(0.4)	4(0.8)	6(1.2)	1(0.2)	13(2.6)	
	Total	207(41.4)	99(19.8)	139(27.8)	55(11.0)	500(100.0)	

Note: Figures in parenthesis represent to total sample.

*Significant at 5% level.

**Significant at 1% level.

Source: Computed from Primary Data

There is no difference in behavior of Status of Children and their choice of Savings instrument. Only investors whose children are grown up and married are not opting savings as their first choice under short term, instead opting for mutual funds.

5.11. INVESTORS PREFERENCE AMONG LONG TERM INSTRUMENTS:

5.11.1. GENDER AND LONG TERM INVESTMENT:

	Group	FDR	Equity	Closed-ended Mutual Funds	Debentures	Preference Shares	Total	χ^2
Gender	Male	89(17.8)	133(26.6)	59(11.8)	21(4.2)	34(6.8)	336(67.2)	20.63**
	Female	43(8.6)	39(7.8)	54(10.8)	14(2.8)	14(2.8)	164(32.8)	
	Total	132(26.4)	172(34.4)	113(22.6)	35(7.0)	48(9.6)	500(100.0)	

Majority of the male investors preferred Equity with 133(26.6%) and then the second preference is Fixed Deposit Receipts who are 89(17.8%) as their long term investment.

Among female investors first preference in Long term Savings instrument is Closed-end Mutual funds who are 54(10.8%) and then their second preference is for Fixed Deposits.

It infers that majority of the male investors who prefer Equity as long term instrument may be ready to take risk where as female investors are giving importance to safety.

TABLE: 5.11.2 AGE AND INVESTORS PREFERENCE AMONG LONG TERM INVESTMENT:

	Group	FDR	Equity	Closed-ended Mutual Funds	Debentures	Preference Shares	Total	χ^2
Age	25-35	49(9.8)	78(15.6)	79(15.8)	19(3.8)	24(4.8)	249(49.8)	68.24**
	35-45	23(4.6)	46(9.2)	25(5.0)	4(0.8)	18(3.6)	116(23.2)	
	45-55	50(10.0)	36(7.2)	5(1.0)	7(1.4)	5(1.0)	103(20.6)	
	55-65	9(1.8)	10(2.0)	4(0.8)	5(1.0)	1(0.2)	29(5.8)	
	>65	1(0.2)	2(0.4)				3(0.6)	
	Total	132(26.4)	172(34.4)	113(22.6)	35(7.0)	48(9.6)	500(100.0)	

Majority of the investors who are in the age group of 25-35 like to invest in Close end Mutual Funds who are 79(15.8%) and the next criteria is to Equity who are 78(15.6%) of the respondents.

Investors who are in younger age group between 25-35 years like to invest in Closed end Mutual Funds with a good combination of higher returns as well as Safety. This being the starting age for investment, they always prefer safety first. Mutual funds therefore, are believed to be as one of the safest instrument in the long run.

TABLE: 5.11.3 QUALIFICATION AND PREFERENCE AMONG LONG TERM INSTRUMENTS:

	Group	FDR	Equity	Closed-ended Mutual Funds	Debentures	Preference Shares	Total	χ^2
Academic Qualification	School final	5(1.0)	4(0.8)	3(0.6)	3(0.6)	4(0.8)	19(3.8)	18.11
	Graduate	54(10.8)	70(14.0)	41(8.2)	10(2.0)	17(3.4)	192(38.4)	
	Post-graduate	49(9.8)	54(10.8)	51(10.2)	11(2.2)	20(4.0)	185(37.0)	
	Professional degree	24(4.8)	44(8.8)	18(3.6)	11(2.2)	7(1.4)	104(20.8)	
	Total	132(26.4)	172(34.4)	113(22.6)	35(7.0)	48(9.6)	500(100.0)	

There is no impact of qualification and choice of long term Investment Avenue. All are opting mostly for equity with nearly 34%, while the second option is either close-end mutual funds or FDRs.

TABLE: 5.11.4 ANNUAL INCOME AND PREFERENCE AMONG LONG TERM INSTRUMENTS:

	Group	FDR	Equity	Closed-ended Mutual Funds	Debentures	Preference Shares	Total	χ^2
Annual Income	1.5-2.5	66(13.2)	71(14.2)	76(15.2)	26(5.2)	31(6.2)	270(54.0)	41.87**
	2.5-3.5	44(8.8)	52(10.4)	28(5.6)	6(1.2)	9(1.8)	139(27.8)	
	3.5-4.5	15(3.0)	22(4.4)	4(0.8)	2(0.4)	2(0.4)	45(9.0)	
	>4.5	7(1.4)	27(5.4)	5(1.0)	1(0.2)	6(1.2)	46(9.2)	
	Total	132(26.4)	172(34.4)	113(22.6)	35(7.0)	48(9.6)	500(100.0)	

Investors within the income group of 1.5-2.5 lakhs are mainly opting for close-end mutual funds as their first choice who are 76 out of 270 respondents in that income group and their second choice is equity.

TABLE: 5.11.5 OCCUPATION AND PREFERENCE AMONG LONG TERM**INSTRUMENTS:**

	Group	FDR	Equity	Closed-ended Mutual Funds	Debentures	Preference Shares	Total	χ^2
Occupation	Professional	22(4.4)	19(3.8)	27(5.4)	9(1.8)	5(1.0)	82(16.4)	23.07*
	Salaried	97(19.4)	123(24.6)	63(12.6)	21(4.2)	37(7.4)	341(68.2)	
	Business	10(2.0)	28(5.6)	22(4.4)	4(0.8)	5(1.0)	69(13.8)	
	Retired	3(0.6)	2(0.4)	1(0.2)	1(0.2)	1(0.2)	8(1.6)	
	Total	132(26.4)	172(34.4)	113(22.6)	35(7.0)	48(9.6)	500(100.0)	

There is a relationship to some extent between occupation and the choice among long term instruments. Professionals and retired are opting FDRs as long term investment, whereas fixed income and business people are mainly opting equity as their long term investment.

This infers that fixed income and business people do like to take risk and also are interested in capital gains in the long run.

TABLE: 5.11.6 MARITAL STATUS AND PREFERENCE AMONG LONG TERM**INSTRUMENTS:**

	Group	FDR	Equity	Closed-ended Mutual Funds	Debentures	Preference Shares	Total	χ^2
Marital Status	Married	93(18.6)	108(21.6)	49(9.8)	18(3.6)	23(4.6)	291(58.2)	62.57**
	Unmarried	32(6.4)	48(9.6)	62(12.4)	17(3.4)	23(4.6)	182(36.4)	
	Divorced	2(0.4)	6(1.2)	-	-	2(0.4)	10(2.0)	
	Widow	1(0.2)	2(0.4)	-	-	-	3(0.6)	
	Widower	4(0.8)	-	2(0.4)	-	-	6(1.2)	
	Separated	-	8(1.6)	-	-	-	8(1.6)	
	Total	132(26.4)	172(34.4)	113(22.6)	35(7.0)	48(9.6)	500(100.0)	

There is an impact of marital status and on the choice of long term investment instrument. Married opting for equity are 108 out of 291 married respondents. While majority of the unmarried are opting for closed-end mutual funds (62).

TABLE: 5.11.7 ECONOMIC STATUS AND PREFERENCE AMONG LONG TERM INSTRUMENTS:

	Group	FDR	Equity	Closed-ended Mutual Funds	Debentures	Preference Shares	Total	χ^2
Economic Status	Single income	102(20.4)	115(23.0)	90(18.0)	19(3.8)	41(8.2)	367(73.4)	32.65**
	Spouse's additional income	18(3.6)	35(7.0)	17(3.4)	4(0.8)	2(0.4)	76(15.2)	
	Other income	12(2.4)	22(4.4)	6(1.2)	12(2.4)	5(1.0)	57(11.4)	
	Total	132(26.4)	172(34.4)	113(22.6)	35(7.0)	48(9.6)	500(100.0)	

Equity is the first long term investment choice by all the investors who are with single income or with additional income (172). There is no difference in second choice also, mostly opting for FDRs (132).

TABLE: 5.11.8 AGE OF CHILDREN AND PREFERENCE AMONG LONG TERM INSTRUMENTS:

	Group	FDR	Equity	Closed-ended Mutual Funds	Debentures	Preference Shares	Total	χ^2
Age of children	None	38(7.6)	61(12.2)	62(12.4)	15(3.0)	24(4.8)	200(40.0)	41.01**
	Kids	28(5.6)	29(5.8)	27(5.4)	4(0.8)	5(1.0)	93(18.6)	
	School going	53(10.6)	57(11.4)	16(3.2)	10(2.0)	12(2.4)	148(29.6)	
	Grown ups	10(2.0)	19(3.8)	5(1.0)	5(1.0)	7(1.4)	46(9.2)	
	Married	3(0.6)	6(1.2)	3(0.6)	1(0.2)		13(2.6)	
	Total	132(26.4)	172(34.4)	113(22.6)	35(7.0)	48(9.6)	500(100.0)	

All types of investors irrespective of the age of their children, opting for either equity or FDRs or close-end mutual funds as their first choice.

SELECTION OF A SCHEME OF AMC:

5.12.1 GENDER AND INVESTORS CRITERIA IN SELECTION OF SCHEMES

OF AMC:

	Group	Out of top five performers based on past returns	Based on its NAV	As per advisor's	Choose at random	According to my needs/objectives	As per friends and relatives advice	Total	χ^2
Gender	Male	121(24.2)	92(18.4)	19(3.8)	12(2.4)	53(10.6)	39(7.8)	336(67.2)	10.30*
	Female	52(10.4)	42(8.4)	7(1.4)	5(1.0)	45(9.0)	13(2.6)	164(32.8)	
	Total	173(34.6)	134(26.8)	26(5.2)	17(3.4)	98(19.6)	52(10.4)	500(100.0)	

Majority of the investors both males and females who are 121(24.2) and 52(10.4) are investing taking into consideration the performance of top five and also their past returns.

The second preference for investing while selecting a company is based on NAV in case of male who are 92(18.4) and in case of female their choice is according to their own needs and objectives who are 45(9.0).

It is very clear that Mutual funds investment is according to the top performing companies and then the Fund's NAV along with their own specific needs and objectives.

It shows that male investors are more keen in returns and female investors are particular about the Fund's specific features and matching to their own needs and objectives.

5.12.2 AGE AND INVESTORS CRITERIA IN SELECTING AMC:

	Group	Out of top five performers based on past returns	Based on its NAV	As per advisor's	Choose at random	According to my needs/objectives	As per friends and relatives advice	Total	χ^2
Age	25-35	85(17.0)	55(11.0)	14(2.8)	7(1.4)	64(12.8)	24(4.8)	249(49.8)	91.06**
	35-45	36(7.2)	37(7.4)	3(0.6)	6(1.2)	24(4.8)	10(2.0)	116(23.2)	
	45-55	47(9.4)	28(5.6)	4(0.8)	4(0.8)	6(1.2)	14(2.8)	103(20.6)	
	55-65	5(1.0)	14(2.8)	2(0.4)		4(0.8)	4(0.8)	29(5.8)	
	>65			3(0.6)				3(0.6)	
	Total	173(34.6)	134(26.8)	26(5.2)	17(3.4)	98(19.6)	52(10.4)	500(100.0)	

While choosing the Mutual fund company investors who are youngsters prefer the top performing among the top five best Performing companies who are 85(17.0%), while their second preference is specific needs and objectives. At the same time investors in between the age group of 35-45 would like to chose according to it's NAV who are 37(7.4%) and followed by next preference like top performing companies.

Above 65 years investors would always depend on the advice of the agents.

It shows that youngsters prefer Top Performing Companies and middle aged investors prefer the current performance. Old age mutual fund investors are going as per the agent's advice.

5.12.3 QUALIFICATION AND SELECTION OF AMC:

	Group	Out of top five performers based on past returns	Based on its NAV	As per advisor's	Choose at random	According to my needs/objectives	As per friends and relatives advice	Total	χ^2
Academic Qualification	School final	5(1.0)	3(0.6)	1(0.2)		6(1.2)	4(0.8)	19(3.8)	65.85**
	Graduate	59(11.8)	61(12.2)	18(3.6)	12(2.4)	15(3.0)	27(5.4)	192(38.4)	
	Post-graduate	60(12.0)	41(8.2)	6(1.2)	5(1.0)	57(11.4)	16(3.2)	185(37.0)	
	Professional degree	49(9.8)	29(5.8)	1(0.2)		20(4.0)	5(1.0)	104(20.8)	
	Total	173(34.6)	134(26.8)	26(5.2)	17(3.4)	98(19.6)	52(10.4)	500(100.0)	

Majority of the investors are Graduates who are 192(38.4). They prefer the Mutual Fund company according to the NAV who are 61(12.2) and their next choice is among the top performers who are next majority with 59(11.8) investors.

It infers that graduates prefer NAV, and then Post graduates prefer top five performers may be due to their own justification that past performance may be repeated.

TABLE 5.12.4 ANNUAL INCOME AND SELECTION OF AMC:

	Group	Out of top five performers based on past returns	Based on its NAV	As per advisor's	Choose at random	According to my needs/objectives	As per friends and relatives advice	Total	χ^2
Annual Income	1.5-2.5	85(17.0)	67(13.4)	19(3.8)	10(2.0)	61(12.2)	28(5.6)	270(54.0)	16.55
	2.5-3.5	54(10.8)	39(7.8)	4(0.8)	5(1.0)	21(4.2)	16(3.2)	139(27.8)	
	3.5-4.5	18(3.6)	9(1.8)	2(0.4)	2(0.4)	9(1.8)	5(1.0)	45(9.0)	
	>4.5	16(3.2)	19(3.8)	1(0.2)		7(1.4)	3(0.6)	46(9.2)	
	Total	173(34.6)	134(26.8)	26(5.2)	17(3.4)	98(19.6)	52(10.4)	500(100.0)	

Majority of the investors who are in the income group of 1.5-2.5 lakhs are selecting a scheme based on the top performers and past returns. The next criteria is given to NAV. This infers that investors while selecting any scheme of AMC are looking for matching between past and current NAV, which may give some assurance of returns.

5.12.5 OCCUPATION AND SELECTION OF AMC:

-----	Group	Out of top five performers based on past returns	Based on its NAV	As per advisor's	Choose at random	According to my needs/objectives	As per friends and relatives advice	Total	χ^2
Occupation	Professional	30(6.0)	15(3.0)	3(0.6)	1(0.2)	30(6.0)	3(0.6)	82(16.4)	73.04**
	Salaried	126(25.2)	96(19.2)	17(3.4)	16(3.2)	49(9.8)	37(7.4)	341(68.2)	
	Business	16(3.2)	20(4.0)	2(0.4)		19(3.8)	12(2.4)	69(13.8)	
	Retired	1(0.2)	3(0.6)	4(0.8)				8(1.6)	
	Total	173(34.6)	134(26.8)	26(5.2)	17(3.4)	98(19.6)	52(10.4)	500(100.0)	

Majority of the investors among Professionals and Salaried are choosing AMC with top performance criteria, whereas criteria for business people and retired is NAV.

5.12.6 MARITAL STATUS AND SELECTION OF AMC:

	Group	Out of top five performers based on past returns	Based on its NAV	As per advisor's	Choose at random	According to my needs/objectives	As per friends and relatives advice	Total	χ^2
Marital Status	Married	100(20.0)	84(16.8)	17(3.4)	10(2.0)	45(9.0)	35(7.0)	291(58.2)	44.95**
	Unmarried	61(12.2)	45(9.0)	9(1.8)	7(1.4)	47(9.4)	13(2.6)	182(36.4)	
	Divorced	6(1.2)				4(0.8)		10(2.0)	
	Widow	2(0.4)	1(0.2)					3(0.6)	
	Widower		4(0.8)			2(0.4)		6(1.2)	
	Separated	4(0.8)					4(0.8)	8(1.6)	
	Total	173(34.6)	134(26.8)	26(5.2)	17(3.4)	98(19.6)	52(10.4)	500(100.0)	

There is again difference in choice of a mutual fund company according to the marital status. Married prefer top five performers who are 100 and NAV as second preference who are 84. Unmarried are also going with the same first preference but their second preference is needs and objectives who are 47.

It infers that married prefer Top Five Performers, Unmarried also the same, due to their belief in brand image.

5.12.7 ECONOMIC STATUS AND SELECTION OF AMC:

	Group	Out of top five performers based on past returns	Based on its NAV	As per advisor's	Choose at random	According to my needs/objectives	As per friends and relatives advice	Total	χ^2
Economic Status	Single income	126(25.2)	93(18.6)	18(3.6)	17(3.4)	69(13.8)	44(8.8)	367(73.4)	17.05*
	Spouse's additional income	31(6.2)	23(4.6)	6(1.2)		14(2.8)	2(0.4)	76(15.2)	
	Other income	16(3.2)	18(3.6)	2(0.4)		15(3.0)	6(1.2)	57(11.4)	
	Total	173(34.6)	134(26.8)	26(5.2)	17(3.4)	98(19.6)	52(10.4)	500(100.0)	

The respondents with either single income or with additional spouse income are opting AMC's scheme according to its brand and past performance. The second preference being NAV.

It infers that both the criteria are related to the returns and assurance of past returns, so they look for less risky returns.

5.12.8 AGE OF CHILDREN AND SELECTION OF AMC:

	Group	Out of top five performers based on past returns	Based on its NAV	As per advisor's	Choose at random	According to my needs/objectives	As per friends and relatives advice	Total	χ^2
Age of children	None	74(14.8)	44(8.8)	9(1.8)	11(2.2)	47(9.4)	15(3.0)	200(40.0)	30.36*
	Kids	36(7.2)	20(4.0)	8(1.6)		16(3.2)	13(2.6)	93(18.6)	
	School going	52(10.4)	47(9.4)	5(1.0)	4(0.8)	23(4.6)	17(3.4)	148(29.6)	
	Grown ups	8(1.6)	19(3.8)	3(0.6)	2(0.4)	8(1.6)	6(1.2)	46(9.2)	
	Married	3(0.6)	4(0.8)	1(0.2)		4(0.8)	1(0.2)	13(2.6)	
	Total	173(34.6)	134(26.8)	26(5.2)	17(3.4)	98(19.6)	52(10.4)	500(100.0)	

The respondents with school going children or kids are also looking for the brand of the AMC, past returns of the scheme and the current NAV.

This infers that overall criteria is based on its past, present and assured future returns which are possible when it is a branded one.

TABLE 5.13: INVESTORS CHOICE BETWEEN SIP AND NON-SIP:

Sl. No.	Variable	Group	No. of Respondents
1	Gender	Male	136
		Female	90
2	Age	25-35	120
		35-45	70
		45-55	51
		55-65	16
		>65	1
3	Academic Qualification	School final	11
		Graduate	109
		Post-graduate	110
		Professional degree	82
4	Annual Income	1.5-2.5	120
		2.5-3.5	113
		3.5-4.5	22
		>4.5	31
5	Occupation	Professional	23
		Salaried	112
		Business	23

		Retired	2
6	Nationality	Indian	223
		NRI	1
7	Marital Status	Married	112
		Unmarried	89
		Divorced	3
		Widow	2
		Widower	2
		Separated	2
8	Economic Status	Single income	122
		Spouse's additional income	32
		Other income	23
9	Age of children	None	101
		Kids	42
		School going	54
		Grown ups	22
		Married	2

The table 5.13 shows that investors i.e., more than 50% are still unaware of the benefits of CAGR in SIPs. Therefore, they are not investing and they are not aware about this option in mutual funds.

This infers that majority are unaware of SIPs which is to be considered seriously and promoted by AMCs.

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