

Mutual Fund Investments: A Study of Investors' Behaviour

Rajesh Kumar*, R. S. Arora**

ABSTRACT

India has a savings rate of 37 per cent which is much higher than that of developed nations. Equities, Debt instruments, Mutual Funds, Post office Savings, Bank Deposits, Gold, Real Estate etc. are the various alternatives where investors can invest. However, the recent statistics has revealed growing popularity of Mutual Funds as an investment alternative which can yield higher returns. Thus, the present research paper attempts to study the investment behaviour of Mutual fund investors. The study is based on primary data collected from 200 mutual fund investors in Punjab with the help of a pre-tested questionnaire. The various aspects studied include importance attached to various factors by the respondent while making mutual funds investments, Nature-wise, Sector-wise and Scheme-wise investment pattern of mutual fund investors, respondents' timing of investments, average time horizon of investments and respondents' criteria to measure the performance of mutual funds. The findings are expected to be useful to the various Mutual funds operating in this competitive market.

Keywords: Investors in Mutual Fund, Punjab, Mutual Fund Schemes.

1. INTRODUCTION & LITERATURE REVIEW

Mutual fund is a mechanism for pooling the resources by issuing units to the investors and investing funds in securities in accordance with objectives as disclosed in offer document. Investments in securities are spread across a wide cross-section of industries and sectors and thus the risk is reduced. Diversification reduces the risk because all stocks may not move in the same direction in the same proportion at the same time. The mutual funds normally come out with a number of schemes with different investment objectives which are launched from time to time. A mutual fund is required to be registered with Securities and Exchange Board of India (SEBI) which regulates securities markets before it can collect funds from the public. Thus, Mutual funds make saving and investing simple, accessible and affordable. The advantages of mutual funds include professional management, diversification, variety, liquidity, affordability, convenience, ease of recordkeeping, strict government regulation and full disclosure.

Presently there are 34 Mutual Funds in India. Total number

of schemes which was 382 in March 2003 increased to 1309 in March 2012. Total resources mobilized by the mutual funds which were 79464 crores in March 2003 went up to 587217 crores in March 2012. All this indicates the growing popularity of mutual funds in Indian market which has attracted the attentions of researchers as well. Few research studies conducted in this field have been briefed below:

M. Thenmozhi and J. Fareed Jama (2002) in their paper examined the competitive advantage for players in mutual funds based on the perception of mutual funds. The factors providing competitive advantages to the mutual funds were identified as brand name, assets mobilized, professional expertise, market share, experience in the industry, modernization in service, innovation in schemes, differentiation in schemes, customer service, brand loyalty, research strength, quality in investment portfolio and risk management.

Y. P. Singh and Vanita (2002) studied the basic objectives, investors' investment experience, investors' perception in terms of risk, return, safety and diversification and investors' preferences among various types of financial assets. The study was based on 150 respondents from

* Associate Professor, Department of Commerce, K.L.S.D. College, Ludhiana, India

** Professor, Department of Commerce, Punjabi University, Patiala, India

Delhi. The results revealed that irrespective of occupation and age categories mostly respondents invested in private mutual funds with open ended schemes (Equity Linked saving schemes) to avail tax benefit. Regarding criteria followed for mutual fund investment decisions, promoter's name followed by the past performance of the mutual fund got the highest ranking. Repurchase, Schemes type and after sale services also affected the judgment of mutual fund investors. Further, most of the respondents surveyed experienced unsatisfactory performance of UTI and public sector banks with regard to growth schemes. However most of them considered mutual fund investments as reasonably safe, highly liquid but providing inadequate return. Surprisingly, among the various financial instruments available to investors, mutual funds were ranked below NSCs, PPF and LIC policies. The study highlighted the need for innovative schemes of mutual funds along with efforts on investors' education.

Jaspal Singh and Subash Chander (2003) studied the expectation of investors toward mutual funds. The study was based on 260 respondents from Punjab, Delhi, and Mumbai. The researchers made occupation-wise and age-wise analysis of data by using weighted average scores (WAS) and ANOVA. The results indicated that irrespective of occupation and age categories past record of organization and growth prospect were the most important factors for mutual fund investment decisions. From various options, repurchase facility got the highest ranking followed by prompt service, information adequacy and easy transferability. Further, most of the respondents gave highest ranking to return while appraising performance of mutual funds. However in all the cases, age-wise, occupation-wise differences were visible.

K. D. Mehru (2004) in his study analyzed the problems of mutual funds in India. The study highlighted several problems such as lack of awareness among investors, poor after sale services, non disclosure of portfolio by mutual funds, inter schemes transfer of funds and lack of professional fund managers. The author felt that mutual funds were wrongly promoted as an alternative to equity investing and created very high expectations in the minds of the investors. The author suggested that greater transparency, increased innovations, better services to the investors, liquidity and higher returns could make mutual fund schemes more popular and investor friendly in India.

Shallu Jain (2005) in her study based on primary data collected from 200 investors showed mutual fund investors' inclination toward private sector as compared to public sector. The investment pattern of selected schemes showed that majority of equity schemes had more than 35 per cent of their investment in equity shares and the exposure to equity was more in case of private sector schemes than public sector schemes.

V. V. S. Sarma, Ravi Kumar Jain and Karthik (2005) analyzed the growth and performance of mutual fund industry in India in terms of number of players, assets under management, number of schemes available and the returns they offered. The study was related to the period 1964 to 2003 and covered top equity, balanced and debt funds for a period of 3 to 5 years depending upon maturity of various schemes. The study highlighted that the debt and income funds had wider reach in term of assets under management as they offered a fixed return with less risk suitable to conservative investors. Huge differences were found between returns yielded by public sectors funds and private sector funds. The study suggested investors' awareness programmes, better regulatory framework, launching of pension products, professional management, use of information technology, transparency in fund utilization and asset management to improve the working of mutual funds.

2. RESEARCH METHODOLOGY

In the light of above research works, the present research paper is an attempt to study investment pattern of mutual fund investors in Punjab. The study is based on primary data collected from 200 mutual fund investors in 2011 with the help of pre-tested questionnaire. The various aspects studied include importance attached to various factors by the respondent while making mutual funds investments, Nature-wise, Sector-wise and Scheme-wise investment pattern of mutual fund investors, Respondents' timing of investments, Average time horizon of investments and Respondents' criteria to measure the performance of mutual funds. For analysis of data, the respondents have been divided into various age, occupation, savings and experience categories. For analysis of data, percentages, average weighted scores, Chi-square test and Kendall's coefficient of Concordance (W) have been used.

2.1 General Profile of the Respondents

Table 1 reveals general profile of investors. Age-wise, the respondents have been divided into three categories i.e. up to 30 years (A_1), 30-40 years (A_2) and 40 years and above (A_3). The table reveals that maximum respondents fall in

category A_1 (49.5%), followed by category A_2 (29.5%) and category A_3 (21%). Occupation-wise respondents have been divided into three categories i.e. Service (O_1), Business (O_2) and others O_3 (23%). The table reveals that highest percentage of the respondents are in service category (46%) followed by business category (31%) and others (23%).

Table 1: General Profile of the Respondents

Age (years)	Occupation	Annual Savings (in Rs.)	Investment Experience
Up to 30 (A_1) (49.5)	Service (O_1) (46)	Up to 100000 (S_1) (59.5)	Up to 3 years (E_1) (33.5)
30-40 (A_2) (29.5)	Business (O_2) (31)	100000-200000 (S_2) (23.5)	3-5 years (E_2) (34.5)
40 & above (A_3) (21)	Others (O_3) (23)	Above 200000 (S_3) (17)	Above 5 years (E_3) (32)

Note: Figures in parenthesis denote percentage.

Annual-savings wise respondents have been divided into three categories i.e. up to 1,00,000 (S_1), 1,00,000-2,00,000 (S_2) and above 2,00,000 (S_3). The table reveals that maximum respondents fall in category S_1 (59.5%) followed by category S_2 (23.5%) and category S_3 (17%). Investment-experience wise respondents have been divided into three categories i.e. up to 3 years (E_1), 3-5 years (E_2) and above 5 years (E_3). The table reveals that maximum respondents fall in category E_2 (34.5%) followed by category E_1 (33.5%) and category E_3 (32%).

Importance Attached to Various Factors by the Respondents while making Mutual Funds Investments

To ascertain the importance of various factors while investing in Mutual Funds the respondents were asked to express their preferences on a five point scale (ranging

from highly important to highly unimportant) regarding return, liquidity, risk, safety, diversification, tax saving, promoter's name, past performance, rating, sector where investment will be made, size of corpus, advertisements, lock in period and exit load.

Table 2 shows the distribution of their preferences in this regard. The table shows that vast majority of the respondents have rated return (98%), liquidity (97%), safety (96%), risk (90.5%), tax saving (88.5%), diversification (85.5%), exit load (71%), lock in period (65.5%), past performance (62%), rating (58%) and sector where investment will be made (57.5%) as important. 43 per cent of the respondents are indifferent with regard to promoter's name while making investment in Mutual Funds. It is followed by those who consider it as important (40%) and unimportant (17%).

Table 2: Importance Attached to Various Factors By the Respondents While Making Mutual Funds Investments

Factors	Highly important	Important	Neutral	Un-important	Highly Unimportant
Return	162 (81)	34 (17)	2 (1)	2 (1)	0 (0)
Liquidity	115 (57.5)	79 (39.5)	4 (2)	2 (1)	0 (0)
Risk	74 (37)	107 (53.5)	15 (7.5)	4 (2)	0 (0)

Contd.

Factors	Highly important	Important	Neutral	Un-important	Highly Unimportant
Safety	116 (58)	76 (38)	6 (3)	2 (1)	0 (0)
Diversification	86 (43)	85 (42.5)	16 (8)	13 (6.5)	0 (0)
Tax Saving	116 (58)	61 (30.5)	12 (6)	9 (4.5)	2 (1)
Promoter's Name	32 (16)	48 (24)	86 (43)	25 (12.5)	9 (4.5)
Past Performance	31 (15.5)	93 (46.5)	52 (26)	18 (9)	6 (3)
Rating	14 (7)	102 (51)	61 (30.5)	15 (7.5)	8 (4)
Sector where investment will be made	32 (16)	83 (41.5)	56 (28)	26 (13)	3 (1.5)
Size of Corpus	100 (5)	76 (38)	76 (38)	34 (17)	4 (2)
Advertisements	2 (1)	56 (28)	72 (36)	48 (24)	22 (11)
Lock in Period	52 (26)	79 (39.5)	57 (28.5)	10 (5)	2 (1)
Exit Load	79 (39.5)	63 (31.5)	29 (14.5)	2 (12.5)	4 (2)

It is worth mentioning here that sizeable number of respondents have shown their indifference with regard to rating (30.5%), lock in period (28.5%), sector where investment will be made (28%) and past performance (26%) while making investment in Mutual Funds. Regarding size of corpus, 43 per cent of the respondents consider it important followed by the respondents who are indifferent (38%) and consider it unimportant (19%). 36 per cent of the respondents are indifferent with regard to advertisements while making investment in Mutual Funds. It is followed by those who consider it as unimportant (35%) and important (29%).

Table 3 shows that the respondents have rated 'Return' (AWS=4.78), 'Liquidity' (AWS=4.54), 'Safety' (AWS=4.53), 'Tax Saving' (AWS=4.40), 'Risk' (AWS=4.26), 'Diversification' (AWS=4.22), 'Exit Load' (AWS=3.94), 'Lock in Period' (AWS=3.85), 'Past Performance' (AWS=3.63), 'Sector where investment will be made' (AWS=3.58), 'Rating' (AWS=3.50), 'Promoter's Name' (AWS=3.35), 'Size of Corpus' (AWS=3.27) as important or highly important. However, the respondents have considered 'Advertisements' (AWS=2.84) as unimportant.

Age-wise, the table reveals that respondents irrespective of their categories have rated 'Return' (AWS=4.78), 'Liquidity' (AWS=4.54), 'Safety' (AWS=4.53), 'Tax Saving' (AWS=4.40), 'Risk' (AWS=4.26), 'Diversification' (AWS=4.22), 'Exit Load' (AWS=3.94), 'Lock in Period' (AWS=3.85), 'Past Performance' (AWS=3.63), 'Sector where investment will be made' (AWS=3.58), 'Rating' (AWS=3.50), 'Promoter's Name' (AWS=3.35), 'Size of Corpus' (AWS=3.27) as important or highly important. Further, respondents from categories A₁ and A₂ have rated 'Advertisements' as unimportant (AWS being 2.74 and 2.86 respectively). However, the respondents from category A₃ seem to be indifferent (AWS being slightly above 3) in this regard. Kendall's co-efficient of concordance reveals that there exists significant concurrence of rankings (W=0.964) among the respondents from various age categories with regard to preference given by the respondents to various factors while investing in Mutual Funds.

Occupation-wise, the table reveals that the respondents have rated 'Return' (AWS=4.78), 'Liquidity' (AWS=4.54), 'Safety' (AWS=4.53), 'Tax Saving' (AWS=4.40), 'Risk' (AWS=4.26), 'Diversification' (AWS=4.22), 'Exit Load'

(AWS=3.94), 'Lock in Period' (AWS=3.85), 'Past Performance' (AWS=3.63), 'Sector where investment will be made' (AWS=3.58), 'Rating' (AWS=3.50), 'Promoter's Name' (AWS=3.35), 'Size of Corpus' (AWS=3.27) as important or highly important. Further, the respondents from category O_1 have rated 'Advertisements' as unimportant (AWS = 2.64). However, the respondents from categories O_2 and O_3 seem to be indifferent in this regard (AWS being slightly above 3.00). Kendall's co-efficient of concordance reveals that there exists significant concurrence of rankings ($W=0.951$) among the respondents from various occupational categories with regard to preference given by the respondents to various factors while investing in Mutual Funds.

Savings-wise, the table reveals that the respondents have rated 'Return' (AWS=4.78), 'Liquidity' (AWS=4.54), 'Safety' (AWS=4.53), 'Tax Saving' (AWS=4.40), 'Risk' (AWS=4.26), 'Diversification' (AWS=4.22), 'Exit Load' (AWS=3.94), 'Lock in Period' (AWS=3.85), 'Past Performance' (AWS=3.63), 'Sector where investment will be made' (AWS=3.58), 'Rating' (AWS=3.50), 'Promoter's Name' (AWS=3.35), 'Size of Corpus' (AWS=3.27) as important or highly important. However, the respondents in all the savings categories have rated 'Advertisements' as unimportant (AWS being 2.89, 2.83, and 2.68 for categories S_1 , S_2 , and S_3 respectively). This also indicates the decreasing importance of this factor with advancement of savings. Kendall's co-efficient of concordance reveals that there exists significant concurrence of rankings ($W=0.962$) among the respondents from various savings categories with regard to preference given by the respondents to various factors while investing in Mutual Funds.

Experience-wise, the table reveals that the respondents have rated 'Return' (AWS=4.78), 'Liquidity' (AWS=4.54), 'Safety' (AWS=4.53), 'Tax Saving' (AWS=4.40), 'Risk' (AWS=4.26), 'Diversification' (AWS=4.22), 'Exit Load' (AWS=3.94), 'Lock in Period' (AWS=3.85), 'Past Performance' (AWS=3.63), 'Sector where investment will be made' (AWS=3.58), 'Rating' (AWS=3.50), 'Promoter's Name' (AWS=3.35), 'Size of Corpus' (AWS=3.27) as important or highly important. Further, respondents from categories E_1 (AWS=2.73) and E_2 (AWS=2.64) have rated 'Advertisements' as unimportant. However, the respondents from category E_3 (AWS=3.17) consider it as important or are indifferent. Kendall's co-efficient of concordance reveals that there exists significant concurrence of rankings ($W=0.888$) among the respondents from various experience categories with regard to preference given by the respondents to various factors while investing in Mutual Funds.

2.2 Nature-wise Investment Pattern of Mutual Fund Investors

Generally Mutual Funds schemes are either open-ended or close-ended. Table 4 reveals that 52.5 per cent of the respondents invested in open-ended Mutual Funds schemes. Further, 39.5 per cent of the respondents invested in both open-ended and close-ended schemes followed by those (8%) who invested in close-ended schemes only. Category-wise the table reveals that a large number of respondents irrespective of their age, occupational, savings and experience categories have either invested in open-ended Mutual Fund schemes or both in open-ended and close-ended Mutual Fund schemes. The proportion of respondents investing only in close-ended Mutual Funds schemes has been very less irrespective of their age, occupational, savings and experience categories. Chi-Square value at 5 per cent level of significance reveals that significant differences exist among various age and occupational categories with respect to respondents' nature-wise investment pattern in Mutual Funds. Further, no significant differences have been found among the respondents belonging to various savings categories in this regard.

2.4 Sector-wise Investment Pattern of Mutual Fund Investors

Respondents can invest in public sector and private sector Mutual Funds. Table 5 shows that 58.5 per cent of the respondents have invested only in private sector Mutual Funds followed by the respondents who have invested only in public sector Mutual Funds (35%) and both type of Mutual Funds (6.5%). Category-wise majority of the respondents irrespective of their age, occupational, savings and experience categories have invested in private sector Mutual Funds (except S_2 and E_1). In case of category S_2 , 55.32 per cent of respondents have invested in public sector Mutual Funds followed by those who have invested in private sector Mutual Funds (40.43%). 44.78 per cent of the respondents from categories E_1 have invested in private sector Mutual Funds followed by those (43.28%) who have invested in public sector Mutual Funds. A small proportion of the respondents from all the categories have invested in both public sector and private sector Mutual Funds. Chi-Square value at 5 per cent level of significance reveals that significant differences exist among various savings and experience categories with respect to the respondents' sector-wise investment pattern in Mutual Funds. Further, no significant differences have been found among respondents belonging to various occupational categories with regard to sector-wise investment pattern in Mutual Funds.

Table 3: Average Weighted Scores Showing Preferences Assigned to Various Factors By the Respondents While Investing in Mutual Funds.

Factors	Age – wise categories			Occupational categories			Savings –wise categories			Experience -wise categories			(N= 200) AWS
	A1	A2	A3	O1	O2	O3	S1	S2	S3	E1	E2	E3	
Return	4.89	4.76	4.55	4.80	4.81	4.72	4.71	4.94	4.79	4.63	4.93	4.78	4.78
Liquidity	4.49	4.61	4.52	4.48	4.66	4.48	4.53	4.55	4.53	4.31	4.57	4.73	4.54
Risk	4.24	4.31	4.21	4.24	4.31	4.22	4.24	4.43	4.09	4.12	4.39	4.25	4.26
Safety	4.46	4.54	4.67	4.49	4.55	4.59	4.53	4.60	4.44	4.48	4.45	4.67	4.53
Diversification	4.29	4.27	3.98	4.14	4.44	4.07	4.32	4.11	4.03	3.97	4.25	4.45	4.22
Tax Saving	4.35	4.44	4.45	4.33	4.66	4.17	4.30	4.47	4.65	4.00	4.55	4.66	4.40
Promoter's Name	3.32	3.29	3.48	3.24	3.31	3.61	3.34	3.36	3.32	3.21	3.23	3.61	3.35
Past Performance	3.63	3.58	3.69	3.70	3.56	3.54	3.54	3.81	3.68	3.37	3.55	3.97	3.63
Rating	3.48	3.56	3.43	3.51	3.50	3.48	3.39	3.57	3.74	3.19	3.48	3.83	3.50
Sector where investment will be made	3.66	3.42	3.60	3.60	3.52	3.59	3.66	3.40	3.53	3.48	3.43	3.83	3.58
Size of Corpus	3.34	3.20	3.19	3.19	3.39	3.28	3.32	3.23	3.15	3.10	3.12	3.61	3.27
Advertisements	2.74	2.86	3.05	2.64	3.00	3.02	2.89	2.83	2.68	2.73	2.64	3.17	2.84
Lock in Period	4.05	3.71	3.55	3.93	3.92	3.54	3.70	4.04	4.09	3.72	4.20	3.59	3.85
Exit Load	4.14	3.86	3.57	4.13	3.87	3.63	3.72	4.23	4.29	3.97	4.43	3.38	3.94
Kendall's coefficient of concordance (W)	0.964			0.951			0.962						
Chi-Square value	37.59*, d.f.= 13			37.09*, d.f.= 13			37.53*, d.f.= 13						

Note : * denotes significant at 5 per cent level of significance

Table 4: Respondent's Nature-Wise Investment Pattern in Mutual Funds (Age-wise, Occupation-wise, Savings-wise and Experience-wise Distribution)

Categories													
Nature	A1	A2	A3	O1	O2	O3	S1	S2	S3	E1	E2	E3	Total
Open-ended	62 (62.63)	25 (42.37)	18 (42.86)	63 (68.48)	24 (38.71)	18 (39.13)	68 (57.14)	22 (46.81)	15 (44.12)	40 (59.70)	42 (60.87)	23 (35.94)	105 (52.50)
Closed-ended	9 (9.09)	3 (5.08)	4 (9.52)	7 (7.61)	5 (8.06)	4 (8.70)	6 (5.04)	8 (17.02)	2 (5.88)	7 (10.45)	9 (13.04)	0 (0)	16 (8.00)

Contd.

Categories Nature	A1	A2	A3	O1	O2	O3	S1	S2	S3	E1	E2	E3	Total
Both	28 (28.28)	31 (52.54)	20 (47.62)	22 (23.91)	33 (53.23)	24 (52.17)	45 (37.82)	17 (36.17)	17 (50)	20 (29.85)	18 (26.09)	41 (64.06)	79 (39.50)
N	99	59	42	92	62	46	119	47	34	67	69	64	200
Chi-Square Value	11.12*, df=4			18.82* df=4			8.67 df=4			N.A.			

Note: * denotes significant at 5% level of Significance

Table 5: Respondent's Sector-Wise Investment Pattern in Mutual Funds (Age-wise, Occupation-wise, Savings-wise and Experience-wise Distribution)

Categories Sector	A1	A2	A3	O1	O2	O3	S1	S2	S3	E1	E2	E3	Total
Private Sec- tor	56 (56.57)	34 (57.63)	27 (64.29)	54 (58.70)	37 (59.68)	26 (56.52)	74 (62.18)	19 (40.43)	24 (70.59)	30 (44.78)	42 (60.87)	45 (70.31)	117 (58.50)
Public Sec- tor	39 (39.39)	16 (27.12)	15 (35.71)	36 (39.13)	18 (29.03)	16 (34.78)	37 (31.09)	26 (55.32)	7 (20.59)	29 (43.28)	24 (34.78)	17 (26.56)	70 (35.00)
Both	4 (4.04)	9 (15.25)	0 (0)	2 (2.17)	7 (11.29)	4 (8.70)	8 (6.72)	2 (4.26)	3 (8.82)	8 (11.94)	3 (4.35)	2 (3.13)	13 (6.50)
N	99	59	42	92	62	46	119	47	34	67	69	64	200
Chi-Square Value	N.A.			6.3 df=4			12.49* df=4			11.03* df=4			

Note: * denotes significant at 5% level of Significance

Table 6: Respondent's Scheme-Wise Investment Pattern in Mutual Funds(Age-wise, Occupation-wise, Savings-wise and Experience-wise Distribution).

Categories Schemes	A1	A2	A3	O1	O2	O3	S1	S2	S3	E1	E2	E3	Total
Growth/Equity/ Diver- sified Schemes	84 (84.85)	44 (74.58)	32 (76.19)	72 (78.26)	46 (74.19)	42 (91.30)	104 (87.39)	39 (82.98)	17 (50)	57 (85.07)	50 (72.46)	53 (82.81)	160 (80)
Income/Debt Schemes	15 (15.15)	8 (13.56)	5 (11.90)	13 (14.13)	11 (17.74)	4 (8.70)	16 (13.45)	7 (14.89)	5 (14.71)	7 (10.45)	11 (15.94)	10 (15.63)	28 (14.00)
Balanced Schemes	29 (29.29)	22 (37.29)	6 (14.29)	30 (32.61)	21 (33.87)	6 (13.04)	25 (21.01)	18 (38.30)	14 (41.18)	11 (16.42)	32 (46.38)	14 (21.88)	57 (28.50)
Sector Specific (IT/ Pharma/ FMCG/ Oil & Gas etc.)	3 (3.03)	1 (1.69)	5 (11.90)	2 (2.17)	6 (9.68)	1 (2.17)	6 (5.04)	3 (6.38)	0 (0)	3 (4.48)	3 (4.35)	3 (4.69)	9 (4.50)
Tax Saving Schemes	37 (37.37)	30 (50.85)	23 (54.76)	35 (38.04)	37 (59.68)	18 (39.13)	57 (47.90)	21 (44.68)	12 (35.29)	18 (26.87)	29 (42.03)	43 (67.19)	90 (45.00)
Exchange Traded Funds (Gold/ Banking ETF)	5 (5.05)	2 (3.39)	3 (7.14)	6 (6.52)	2 (3.23)	2 (4.35)	6 (5.04)	3 (6.38)	1 (2.94)	3 (4.48)	4 (5.80)	3 (4.69)	10 (5.00)
Index Funds	0 (0)	1 (1.69)	1 (2.38)	2 (2.17)	0 (0)	0 (0)	1 (0.84)	0 (0)	1 (2.94)	1 (1.49)	1 (1.45)	0 (0)	2 (1.00)
N	99	59	42	92	62	46	119	47	34	67	69	64	200

Note: Percentages are more than 100 because of multiple choices.

2.5 Scheme-wise Investment Pattern of Mutual Fund Investors

Table 6 reveals that most of the respondents irrespective of their age, occupational, savings and experience categories have invested in equity schemes. Tax saving schemes and balanced schemes seem to be other preferred schemes among the respondents.

2.6 Respondents' Timing of Investments in Mutual Funds

To know the investment behaviour of the respondents they were asked to state the timing of their investments in Mutual Funds. Their responses have been given in Table 7. The table shows that 55 per cent of the respondents invest through a systematic investment plan (SIP) followed by those who invest when money is available (28%), with a gap of few months (15.5%), after a year (3.5%) and at birthday (4%). None of the respondents have invested at festivals. Irrespective of their age, occupational, savings and experience categories, majority of the respondents (45.16 % in case of category O2) have invested in Mutual Funds through a systematic investment plan (SIP). Further more than 25 per cent of the respondents irrespective of their categories have invested in Mutual Funds when money is available. Moreover more than 15 per cent of the respondents from categories A1, O1, O3, S2, S3, E1

and E2 have invested in Mutual Funds with a gap of few months. Surprisingly 14.29 per cent of the respondents from category A3 have invested in Mutual Funds at their birthdays.

2.7 Respondents' Average Time Horizon of Investments in Mutual Funds

Table 8 shows the average time horizon for which the respondents have made their investments in Mutual Funds. The table highlights that 41 per cent of the respondents have invested in Mutual Funds for 3 to 5 years. It is followed by the respondents who have invested in Mutual Funds for above 5 years (30.5%) and for less than 3 years (28.5%). This means that 71.5 per cent of the respondents have average time horizon of more than 3 years while making investments in Mutual Funds.

Category-wise a vast majority of the respondents irrespective of their age, occupational, savings and experience categories have invested in Mutual Funds for more than 3 years. Chi-Square value at 5 per cent level of significance reveals that significant differences exist among various age, occupational and experience categories with respect to average time horizon of respondents' investments. Further, no significant differences have been found among respondents belonging to various savings categories in this regard.

Table 7: Respondents' Timing of Investments in Mutual Funds (Age-wise, Occupation-wise, Savings-wise and Experience-wise Distribution)

Categories Timing	A ₁	A ₂	A ₃	O ₁	O ₂	O ₃	S ₁	S ₂	S ₃	E ₁	E ₂	E ₃	Total
Money Available	27 (27.27)	17 (28.81)	12 (28.57)	24 (26.09)	20 (32.26)	12 (26.09)	35 (29.41)	12 (25.53)	9 (26.47)	24 (35.82)	17 (24.64)	15 (23.44)	56 (28.00)
Gap of few months	21 (21.21)	7 (11.86)	3 (7.14)	15 (16.30)	9 (14.52)	7 (15.22)	13 (10.92)	12 (25.53)	6 (17.65)	11 (16.42)	15 (21.74)	5 (7.81)	31 (15.50)
After a year	2 (2.02)	3 (5.08)	2 (4.76)	4 (4.35)	2 (3.23)	1 (2.17)	5 (4.20)	1 (2.13)	1 (2.94)	2 (2.99)	3 (4.35)	2 (3.13)	7 (3.50)
Through a SIP	53 (53.54)	35 (59.32)	22 (52.38)	56 (60.87)	28 (45.16)	26 (56.52)	62 (52.10)	27 (57.45)	21 (61.76)	32 (47.76)	36 (52.17)	42 (65.63)	110 (55.00)
At festivals	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
At Birthdays	1 (1.01)	1 (1.69)	6 (14.29)	1 (1.09)	5 (8.06)	2 (4.35)	8 (6.72)	0 (0)	0 (0)	0 (0)	2 (2.90)	6 (9.38)	8 (4.00)
N	99	59	42	92	62	46	119	47	34	67	69	64	200

Note: Percentages are more than 100 because of multiple choices.

Table 8: Respondents' Average Time Horizon of Investments in Mutual Funds (Age-wise, Occupation-wise, Savings-wise and Experience-wise Distribution)

Categories Time Horizon	A ₁	A ₂	A ₃	O ₁	O ₂	O ₃	S ₁	S ₂	S ₃	E ₁	E ₂	E ₃	Total
upto 3 years	34 (34.34)	13 (22.03)	10 (23.81)	28 (30.43)	17 (27.42)	12 (26.09)	38 (31.93)	12 (25.53)	7 (20.59)	29 (43.28)	22 (31.88)	6 (9.38)	57 (28.50)
3-5 years	44 (44.44)	25 (42.37)	13 (30.95)	46 (50)	18 (29.03)	18 (39.13)	43 (36.13)	23 (48.94)	16 (47.06)	32 (47.76)	38 (55.07)	12 (18.75)	82 (41.00)
Above 5 years	21 (21.21)	21 (35.59)	19 (45.24)	18 (19.57)	27 (43.55)	16 (34.78)	38 (31.93)	12 (25.53)	11 (32.35)	6 (8.96)	9 (13.04)	46 (71.88)	61 (30.50)
N	99	59	42	92	62	46	119	47	34	67	69	64	200
Chi-square value	10.02*	df=4		11.68*	df=4		3.6	df=4		78.46*	df=4		

Note: * denotes significant at 5% level of Significance

Table 9 Respondents' Criteria to Measure the Performance of Mutual Funds (Age-wise, Occupation-wise, Savings-wise and Experience-wise Distribution)

Categories Criteria	A ₁	A ₂	A ₃	O ₁	O ₂	O ₃	S ₁	S ₂	S ₃	E ₁	E ₂	E ₃	Total
Absolute Return	15 (15.15)	10 (17.54)	13 (31.71)	14 (15.22)	16 (27.12)	8 (17.39)	23 (19.66)	10 (21.74)	5 (14.71)	18 (26.87)	11 (15.94)	9 (14.75)	38 (19.29)
Comparison with Benchmark Index	40 (40.40)	28 (49.12)	14 (34.15)	38 (41.30)	21 (35.60)	23 (50.00)	47 (40.17)	20 (43.48)	15 (44.12)	23 (34.33)	32 (46.38)	27 (44.26)	82 (41.62)
Comparison with the Performance of Similar Schemes	44 (44.44)	19 (33.33)	14 (34.15)	40 (43.48)	22 (37.29)	15 (32.61)	47 (40.17)	16 (34.78)	14 (41.18)	26 (38.81)	26 (37.68)	25 (40.98)	77 (39.09)
N	99	57	41	92	59	46	117	46	34	67	69	61	197
Chi-square value	7.07	df=4		5.04	df=4		0.96	df=4		4.48	df=4		

Note: * denotes Significant at 5% level of Significance

2.8 Respondents' Criteria to Measure the Performance of Mutual Funds

Table 9 reveals how the respondents evaluate the performance of Mutual Funds where they have invested. As is evident from the table, 41.62 per cent of the respondents compare the returns of Mutual Funds with the benchmark index. It is followed by the respondents who compare the performance of Mutual Funds with the performance of similar schemes (39.09%) and on the basis of absolute return (19.29%). Absolute return as a measure of performance has been given least preference by the respondents irrespective of their age, occupational, savings and experience categories. Other two performance measures seem to be more popular among the respondents

belonging to various age, occupational, savings and experience categories as more than 68 per cent of the respondents of these categories have preferred either of the two criteria i.e. comparison with the benchmark index or comparison with the performance of similar schemes. Chi-Square value at 5 per cent level of significance reveals that no significant differences exist among the respondents from various age, occupational, savings and experience categories with respect to criteria to measure the performance of Mutual Funds.

From above discussions the following results emerge:

- Return, Liquidity, Tax Savings, Risk, Diversification, Exit Load, Lock in Period, Past Performance, Sector Where Investment will be made, Rating,

Promoter Name, Size of Corpus are important factors affecting mutual funds investments. Further, Kendall's coefficient of concordance reveals there is significant concurrence of rankings among the respondents from various age, occupational, savings and experience categories.

- Nature-wise, a large number of respondents have invested in open ended mutual funds. However there are significant differences in this regard among respondents from various age and occupational categories.
- Sector-wise, a majority of the respondents have invested in private sector mutual funds. However, significant differences exist among various savings and experience categories in this regard.
- Scheme-wise, most of the respondents irrespective of their age, occupational, saving and experience categories have invested in equity schemes. Tax savings and Balanced schemes seem to be other preferred schemes among investors.
- Majority of the respondents are investing in mutual fund through systematic investment plan (SIP) followed by those who invest when money is available (28%).
- More than seventy per cent of the respondents have average time horizon of more than three years for their investments. However, significant differences exist among the respondents from various age, occupational and experience categories in this regard.
- A vast majority of the respondents irrespective of their category measure the performance of mutual fund by comparing it with benchmark index or with the performance of similar schemes.

BIBLIOGRAPHY

- Chander, S. & Singh, J. (2004). Perception of Investors towards Mutual Funds: An Empirical Analysis. *Finance India*, 18(4), pp. 1673 - 1692.
- Pasricha, J. S. & Jain, S. (2005). Performance Evaluation of Mutual Funds. *Punjab Journal of Business Studies*, 1(1), pp. 102 - 110.
- Mehru, K. D. (2004). Problems of Mutual Funds in India. *Finance India*, 18(1), pp. 220 - 224.
- Sarma, V. V. S., Jain, R. K. & Karthik. (2005). Mutual Funds a Gateway of Micro Investment: An Analytical Review. *The Management Accountant*, 40(4), pp. 274 - 280.
- Siegel, S. & Castellan, N. J. Jr. (2002). *Non-Parametric Statistics for the Behavioural Sciences*, Singapore: McGraw Hill Book Company.
- Singh, Y. P. & Vanita. (2002). Mutual Fund Investors' Perceptions and Preferences – A Survey. *Indian Journal of Commerce*, 55(3), pp. 8 - 20.
- Thenmozhi, M. & Jama F. J. (2002). Competitive Advantage for Players in Mutual Funds Industry: A Study Based on the Perception of Mutual Funds. *Management & Accounting Research*, 5(4), pp. 57 - 68.

WEBSITES

- www.amfiindia.com
- www.moneycontrol.com
- www.mutualfundindia.com
- www.sebi.gov.in