# A Study on Factors Influencing the Choice of Investors towards Mutual Funds

**Nittan Arora[1], Dr. Sonia Chawla[2]**
[1]Resaerch Scholar, Department of Management Studies, IKG Punjab Technical University, Kapurthala
[2]Associate Professor, Department of hum. & Management, Dr B R Ambedkar National Institute of Technology, Jalandhar

**Abstract**:
The study is based on a sample of 200 qualified respondents chosen using multistage random sampling to understand the influence of various factors on investment decision and choice of investment towards mutual funds. The article identifies association of attributes risk perception, investment pattern and risk taking ability with demographic factors. Study mainly focuses on the factors influencing the choice of investors towards mutual funds and the impact of demographic factors on risk perception, investment pattern and risk taking ability of mutual fund investors. 283 respondents contacted for getting 200 mutual funds investors. Chi-square & Henry Garret Rating techniques applied for analysis the data. Regular return on schemes has emerged to be the most important factor and less Procedure least important factor that affects the choice of the investors towards selecting mutual funds. Most of the demographic factors have no significant association with investment pattern, risk perception and risk taking ability.
**Keywords: Association, Demographic, Investors, Mutual funds, Risk.**

## I. INTRODUCTION

The Indian financial system is based on four basic components like financial market, financial institutions, financial service and financial instruments. After economic liberalisation, The Indian financial system had undergone a lot of changes. Guerley and Shaw (1995) suggested that role of a financial institution is to capitalize the opportunities for saving and thereby increasing investment rate in the economy. In the past, a large proportion of increased saving has gone into bank deposits and small saving schemes. At present the increase in savings have been in shares, real estate and mutual funds, In future, the increase in savings is expected to flow more into mutual funds, due to its increased return and the recent tax incentives offered by the government In today's modern world, the mutual funds have become the vital investment vehicle and treaded as the valuable and effective investment options (Chakraborty and Digal, 2013). Mutual fund industry observed 11.4% growth in AUM (Asset under Management) during 2018-19 (SEBI

Reports,2019) Mutual funds are joint investment vehicles that accumulate wealth from entities and occasionally unacquainted investors, to purchase the utmost potential stocks/securities or investment avenues to deliver the maximum paybacks with the minimum risk (Manda & Polisetty, 2020)

SEBI and Asset management companies (AMCs) themselves have made several efforts to increase the familiarity retail investors have with investment jargon. To further popularise MFs and propel their growth, the Securities and Exchange Board of India (SEBI) has been introduced several new reforms like stress testing of liquid and money market mutual funds, relaxation of restrictions for managing off shore funds, more disclosures in case of various schemes, tightening of exposure limit on investment by mutual funds and modification of the product labelling in mutual funds from three to five categories i.e. Low, Moderate Low, Moderate, Moderate High, High(SEBI reports).

Mutual fund Industry Started in India with the initiative of the Government of India and Reserve Bank of India with the formation of Unit Trust of India in 1963. **First Phase (1964-1987)** In 1963 Unit Trust of India (UTI) was established by an act of parliament and functioned under RBI (Reserve Bank of India). **Second Phase (1987-1993, Public Sector Funds Entry)** In 1987 non-UTI, public sector mutual funds came into existence by Public sector banks. **Third Phase (1993-2003, Entry of Private Sector Funds)** Kothari Pioneer (now merged with Franklin Templeton) was the first private sector mutual fund registered in July 1993. **Fourth Phase (since February 2003)** In February 2003, the UTI act was repealed and bifurcated into 2 entities UTI mutual fund and specified undertaking of the Unit Trust of India. Indian mutual fund industry has witnessed impressive growth with their number of schemes increased from 1 in 1964 to 2042 in 2019, with 43 players i.e. mutual fund companies in the market. The total AUM had also increased from Rs. 24.67 crore in March 1965 to Rs. 23,93,486 crore in September, 2019.

## II.  REVIEW OF LITERATURE

*Tapan and Nalini (2002)* attempted to study the perception of investors, investor's preferences, customer satisfaction level and problems faced by agents while selling mutual funds. Convenient sampling technique was applied to choose the sample size i.e. 225 from Orissa state. The questionnaire was used to collect the data. 225 respondents were asked but only 80 investors and 20 agents gave full information. Qualified sample was 100 only. Spearman's rank correlation and perceptual map were used to analyse the data. 60% of the respondent invested in private sector mutual funds. Tax plan schemes ranked 1 and most of the investors invested in Kothari Pioneer Mutual funds. Correlation between preferences and investment in MF companies was .9 by Spearman's method. Safety of87 funds (internal) & sponsor reputation (external) were most important factors and loan facility was the least important factor while choosing a mutual fund plan. Most of the investors averagely satisfied with the performance and want to invest in initial issue period. Out of 7 mutual funds companies, 5 were in the same cluster of high return and high market attractiveness. UTI was most popular mutual fund according to agents. Bad

performance of capital market was the difficulty faced by agents for selling the mutual funds. Most of the investors were not satisfied with the performance of mutual funds except UTI. The study concluded that awareness campaigns should be there for catching investor's attention towards mutual funds. *Parihar et al; (2009)* studied the impact of demographic variables on investor's attitude and rank the factors for selection of mutual funds. The questionnaire was used to collect the data from 200 respondents of Agra region with judgmental sampling technique. Hypothesis established that demographic factors and attitude towards mutual funds were independent to each other. Chi-Square and weighted average technique was used to analyse the data. Age, gender and income had the association with an attitude of investors towards mutual funds but education & occupation had no such association. Return ranked 1$^{st}$ and transparency ranked 5$^{th}$ as factors responsible for investment in mutual funds. 57 respondents had a positive attitude, 95 had neutral and 48 had a negative attitude towards mutual funds. *Pandey (2011)* analysed investor behaviour, investment pattern and factors affecting their periodic investment. Convenience sampling technique was applied to get the response from 50 investors through structured questionnaire. Hypothesis testing was done and accepted in both the cases i.e. investors did not go for periodic investment and high saving potential did not invest much in mutual funds. Study concluded that investors were ignorant regarding mutual funds so there was a need to change the mindset of investors. Objectives and time constraint must be asked from investors while making investment plan or decision by financial advisors. *Priya (2011)* examined investment pattern, investor's attitude, risk tolerance, perception, problems, grievances and redressal mechanism of mutual fund investor. Researcher divided Kerala into 3 geographical areas and took 1 district from each geographical area of the study. Structured questionnaire used to collect the data from 450 respondents. Simple random and multistage random sampling techniques were applied. Tools applied were T test, multiple regressions, discriminate analysis, Garrett ranking, Compound growth rate, Chi-square and factor analysis. The demographic result revealed that graduated, married, male, aged of 31-40 with an annual income up to 1 lakh invested in mutual funds. Bank deposit and gold were preferred investment for small while mutual fund and real estate were preferred investment for large investors. Bank deposit ranked I and mutual fund VII according to Garrett ranking. The investment objective of the investors was to meet contingencies and children education. Agent and brokers were the sources of information. Most of the investors had less than 2 years of experience. There was no significant difference between investment strategy and demographic factors. Factor analysis converted 19 variables into 7 factors. *Das (2012)* evaluated Investor's perception, Influences of demographic factors, investment objectives and problems faced by small investors. The study was descriptive in nature and structured questionnaire used to collect the data from 250 respondent of Assam state. Purposive sampling technique was applied to select 10 brokers from 5 districts each and each broker gave a link of 5 investors. Percentage, cross tabulation, F test and Chi-square applied to analyse the data. There was no significant relationship of satisfaction with age, education, occupation, the amount of investment and income. Gender of respondents had a significant relationship with satisfaction. Reliability, capital gain and return were the factors which

influenced investment. Tax benefit, high return and safety were the objectives of investment. Friends and relatives had more impact while the selection of mutual funds. Less liquidity, security and awareness were the problems faced by investors. Chi-square gave the result that perception of the investors was depended upon liquidity, flexibility, tax saving, service quality and transparency independent from management fee, return on income factor. ***Jain and Rawal (2012)*** studied the preference, pattern and factors affecting the selection of investment. Descriptive research design was used. Convenience sampling technique was applied to collect the data from 123 respondents of Delhi and Gurgaon with a pretested questionnaire, out of which 90 were selected for further study. Hypothesis testing was done to know the association/relation between preference of financial Instrument, mutual fund schemes with age, gender and annual savings respectively. It was found that men were more interested in real estate investment and women were in mutual funds. Growth schemes in the age category of 20-30 and tax savings schemes in above 50 age category were more preferred for investment. Chi-square showed age, gender and saving had an association with preferences towards the financial instrument. In the case of mutual fund schemes, age and saving had an association but gender had not. Factor analysis extracted 4 factors from 18 variables affected the choice of schemes. ***Kothari (2012)*** studied the behaviour and perception of investors towards the investment options by different age group in Indore city. Hypothesis testing was done to know the significance. Descriptive research design was used. The sample size was taken 100 and data were collected with closed ended questionnaire with the help of convenient judgemental sampling from Indore city. Mean and Standard Deviation tool was applied through SPSS. Cronbach alpha applied to know the reliability of data and it was 0.829. The study revealed that combined mean was 3.523 and variance was .259. Study concluded that there was a significant difference between the perceptions of different age group towards the investment. Youngsters were more interested to investing their money in mutual funds. ***Mehta and Shah (2012)*** examined preferences, factors affecting buying behaviour and performance evaluation of the preferred schemes by the investors. Convenience sampling technique was applied to choose the sample size of 100 educated investors of Ahmadabad and Baroda city. Judgemental sampling technique was used to select the schemes for performance evaluation. The questionnaire was used to collect the data. Chi-Square test and Cramer's V tools were applied for analysing the data. Findings revealed that mutual funds were second preferred avenue for investment and high return was the major factor that influenced the buying behaviour of mutual funds investors. Chi-square revealed that factors preferred while investment and age was independent to each other. Canara Robeco Equity tax saver-growth was the best scheme out of selected scheme by Sharpe and Treynor and had the highest return. ***Mishra and Kumar (2012)*** evaluated the impact of perceived Purchase risk (PPR) on the behaviour of investors with respect to information search, information sources, attributes & depth during information processing. 350 respondents were contacted in the region of Jammu & Kashmir with convenient sampling technique but 268 were able to fulfil the requirement of the survey i.e. invested at least in one scheme of the mutual fund within 1 month prior to the survey. The pre-tested structured questionnaire was used to collect the response from the investors. EFA

and Cronbach's alpha was applied to check out the reliability and validity. Hypothesis established as perceived purchase risk had a negative impact on the number of sources of information, financial portal, the number of attributes, the extent of information processing, used by mutual fund investors and positive impact on MF sales agents and banks as a source of information. Regression analysis and T test were applied to analyse the data. PPR was taken as independent variable and investor behaviour as the dependent variable. The hypothesis was significant in all cases except banks as a source of information. There was a difference in the behaviour of high PPR and less PPR mutual fund investors in case of Information search and information processed. High PPR used fewer sources of information and processed it but rely more on formal sources like agents for their investment decision due to less confidence. T test also explained the difference between investment behaviour of high PPR and less PPR. They suggested that government should interfere to shifting the mutual fund industry from distribution to investor centric with various information and education programmes. **Agrawal & Jain (2013)** attempted to find out most preferred investment avenue in Matura, perception of investor's, factors considered before investment and overall criterion of investors. Structured questionnaire was applied to collect the data from 300 small & big investors from Aug. 13 to Sept. 13. Snowball sampling technique was applied and covered 6 colonies/bazaars as sampling area. Bank, LIC were most aware investment avenues and 288 respondents were aware about mutual fund. Least aware investment avenue was future & options. Return (46%) & Tax Planning (26%) were the most important criteria for investment. Safety was the reason for investment in Bank, LIC**,** PPF, Bonds, Gold, NSC, KVP and MIS. Return was the return for investment in Mutual fund, Real estate, Commodity market, Equity and Liquidity only for Future and options. Real estate was the mode of investment with surplus fund. ***Padmaja (2013)*** examined the perception, awareness, preferences and satisfaction level of investors towards mutual funds with reference to ICICI Prudential Mutual funds. Descriptive research design was used and data collected through structured questionnaire with Convenience sampling technique from Vijayawada. The sample size was 100. Percentage and ranking technique applied for analyzing the data. It was found in the study that 76% respondent aware about the mutual funds and 54 % respondent invested in mutual funds. The preferred reason for investment was saving and higher returns. Equity fund was most preferred funds among all. For SIP plans SBI Magnum Tax gain scheme was most favourite one and then ICICI Prudential tax plan. ICICI Prudential Mutual funds were mostly preferred by service class. Preference period for the investment was 3 years. Study suggested that more awareness programmes for the Investors should be introduced and more advertisement campaign in rural areas. **Rakesh and Srinivas (2013)** studied the perception of investors towards investment in mutual funds. Stratified random sampling applied to select 400 investors from 3 different regions Srikakulam, Vizianagaram, Visakhapatnam. A close-ended questionnaire was used to collect the data from institutions and investment centres. Data collection was done from February 2013 to May 2013. Investors in the age group of less than 35 with annual income 3-6 lakhs invested more in mutual funds and highest risk taker as compare to other groups. More preference was given to open ended schemes. The majority of the investors

invested in bank sponsored mutual funds. Brokers/agents were the major sources of information & mode of investment. Return & safety, tax benefits and regular income were main the features to attract investors. The study suggested that more debt schemes need to introduce and education of investors required. *Thomas (2013)* examined the behaviour of mutual fund investors with weighted objectives: Investment purpose, preference for mutual fund product & Investment Avenues, post-buying behaviour & satisfaction level of investors with relation to time horizon, risk perception and demographic profile. The hypothesis was set as investment objectives of investors do not vary with the time horizon, risk perception and demographic features do not affect the level of preference towards mutual fund product. Descriptive research design was applied. Primary data collection was done from 400 individual investors of Kerala through Structured questionnaire consisting 3 parts i.e. demographic, pre-buying, post buying behaviour. Secondary data was collected from AMFI, SEBI and RBI websites. A pilot survey was conducted from 150 respondents for reliability and validity checking through Cronbach's alpha and Bentler Bonett fit index respectively. Simple random sampling technique applied for choosing the sample size from investor's population of Kerala as 100 respondents from the north, 160 from central and 140 from south zone. Various tools and methods applied by the researcher were SPSS, Kruskal Wallis Test, Weighted score ranking & box plot, Chi-square test, Factor Analysis-principle component method, Friedman's test and Structural equation modelling with AMOS-17. The return was the most important objective of the investment followed by safety and capital appreciation. Out of 10 demographic factors hypothesis was accepted for only 4 factors i.e. Locality, gender, age and saving. In the case of saving and preferred investment avenue, gold ranked I, real estate II and mutual fund ranked III. 53.5% of respondent had a moderate level of risk. Service Quality & fund quality were the key factors influenced the mutual fund product. Open ended scheme was most opted scheme by investors. Redemption, additional buying and future buying intention majorly affected the post buying of an investor. Study concluded that investors did not select the right mutual fund scheme due to financial illiteracy. AMC's should draft such kind of schemes which provide safety and excellent returns to the investors and strengthen the existing policy of training for the distributor channels. *Karthikeyan and Preetha (2014)* studied the factors that guide the choice of investment, awareness level, Perception, saving behaviour of the investors towards mutual funds. Descriptive research design was applied and Convenience sampling technique used to collect the data from 126 respondents with pre tested structured questionnaire. Percentage & Correlation were used to find out the degree of relationship. Chi-Square used to find out association between variables and one way ANOVA used to analysis the significant difference between groups and within groups. Findings of the study state that the majority of respondents invested 11-20% of their annual Income in mutual funds and that investment was done majorly due to Tax benefits. The study found no association between the risk in mutual funds and future investments. There was positive and significant relation between percentage investment in mutual funds and annual income of respondent but level of satisfaction had no significance with future investment chances. **Khitoliya (2014)** examined investor's perception, awareness level, risk appetite and preferred

type of mutual fund scheme. 200 respondents hold age 25-55 were contacted in the region of Delhi. Questionnaire was used to collect the data and only 192 responded gave full information. Chi-square, percentage and spss-17 tools were applied for analysis. Researcher found that there was strong relation between age, education with awareness level & rationale of investment but no relation with occupation. Half of the respondents were aware about mutual funds. Tax benefit, flexibility was greatest benefit and internet, newspaper was source of information. Less information was the reason not to invest and poor fund performance for withdrawal in mutual funds. 55% male respondents preferred high risk high return type of scheme. Most of the investors took the advice of relatives and friends while investment in mutual fund. **Kumar & Kumar (2014)** studied investor's perception regarding mutual fund as low risk investment. Data collected from 160 respondents of Sirsa district through structured questionnaire. Hypothesis established as no significant difference between mutual fund as low risk investment and perception of investor's. Mean, percentage, frequency, spss-13 and chi-square applied to analysis the data. Majority of the respondents were belong to age category less than 30, Graduate (45%), Serviceman (38.1%), 4-7 lac (37.5%) and male (78.1%). Age, qualification, occupation, income and gender had no significant difference regarding opinion of low risk investment. Investors had negative perception towards mutual funds as low risk investment. Researcher found that most of the respondents were neutral and dissatisfied with the opinion regarding mutual fund as low risk investment. **Dodiya (2015)** examined the influence of demographic variables on investor's attitude and ranked the variables responsible for selection of mutual fund. Hypothesis was established as demographic factors of respondents & their attitude were independent towards mutual fund. Structured questionnaire was used to collect the data from 300 respondents of Ahmadabad city. Tools applied for analysis were t test, factor analysis and weighted ranking method. Cronbach alpha was .791. Return raked 1, liquidity ranked 2 as factors affected the selection of mutual fund. 85 respondents (28.3%) had positive, 143(47.7%) neutral and 72(24%) negative attitude towards mutual fund. Gender, Age, Income & Occupation had significant relation and education had not any signification relation with attitude of respondents towards mutual funds. *Jatana and Barodawala (2015)* attempted to identify the factors affecting the choice of investors towards mutual funds investment. The study was based on survey method. Data was collected through interview schedule from the sample of 1000 respondents by convenience sampling technique from various parts of the country. The reliability and internal consistency were tested by Cronbach Alpha Coefficient. Bartlett's test of sphericity was used for analysing the correlation matrix. Factor analysis converted 20 variables into 5 factors-monetary returns, regulations, customer support, promotional measures and market risk. Monetary return was the important factor affecting the investment decisions of the investors in relation to mutual funds in India. *Acharya (2016)* studied the influence of demographic factors, like age, education, mentality, gender on investment behaviour of the investors. Hypothesis established as Investment and education were independent to each other. The sample size was 256 respondents from the Gujarat state. One way ANOVA (5% level of significance) was applied for analysis the data. The study revealed that education group with graduation & higher had highest average

investment in the mutual funds. Youngsters had keen interest to invest in mutual funds. **Sindhu et al (2017)** studied the relationship between personal attributes & investment perception, influence of education level on knowledge regarding mutual fund, Occupational effect on information dissemination, relation of age & Income level with safety of investment & mutual fund return respectively. 1000 questionnaires were distributed in Hyderabad region with the help of random sampling technique but only 522 responses were clear and used further for analysis purpose. Tools applied for analysis were Cronbach alpha, Chi-square, Kruskal wallis H test and SPSS-20. 5 variables Knowledge, information, safety, return & decision making were considered for study. Perfect positive correlation was found between Knowledge & information .779 and Weak positive correlation between Knowledge & Safe Investment avenues. Out of 5 variables, 4 were found reliable except decision making. Researcher found that no significant relation of Education with knowledge, Occupation with information, income level with decision making and annual income with return on investment. Only age had the significant relation with safety regarding investment (risk taking ability).

## II.    OBJECTIVES OF THE STUDY

- ➢ To assess the factors influencing the choice of investors for investment in mutual funds.
- ➢ To study the association of demographic factors with risk perception, investment pattern and risk taking ability.

## III.RESEARCH METHODOLOGY

Descriptive research design is applied in this study. Multistage sampling technique applied to collect the data. In the first stage, stratified random sampling technique is applied. Doaba region divided into 4 different strata on the basis of geographical regions i.e. Districts. In the second stage, convenience sampling technique applied to select 50 mutual fund investors from each stratum. Total sample size for the study is 200. The sample taken from each stratum equally i.e. 50 and equally distributed among districts of Doaba region. 283 investors contacted to fill up the structured questionnaire to be sent through emails, G form and by personal investigation for getting 200 mutual fund investors. Tools applied for analysis the data is Chi-square, Henry Garret Rating and Percentage.

## IV.DATA ANALYSIS AND INTERPRETATION

**Table 1.1 Demographic Profile of mutual fund investors**

| Variables | Factors | Freq. | Percentage |   |   | Factors | Freq. | Percentage |
|-----------|---------|-------|------------|---|---|---------|-------|------------|
|           | Female  | 64    | 32.00      |   |   | 30-40   | 58    | 29.00      |
| Gender    | Male    | 136   | 68.00      |   |   | 40-50   | 23    | 11.50      |
|           | **Total** | **200** | **100**  |   |   | 50-60   | 19    | 9.50       |
| Age       | Below 30 | 87   | 43.50      |   |   | Above 60 | 13   | 6.50       |
|           |         |       |            |   |   | **Total** | **200** | **100**  |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | **Total** | **200** | **100** |
| Education Level | Secondary/High School | 21 | 10.50 | | Low | 17 | 8.50 |
| | Graduation | 97 | 48.50 | Risk Associated | Moderate Low | 23 | 11.50 |
| | Post Graduation | 67 | 33.50 | | Moderate | 87 | 43.50 |
| | Ph.D | 9 | 4.50 | | Moderate High | 43 | 21.50 |
| | Others | 6 | 3.00 | | High | 30 | 15.00 |
| | **Total** | **200** | **100** | | **Total** | **200** | **100** |
| Annual Income | Below Rs. 2 lakh | 24 | 12.00 | Investment Pattern | Monthly (SIP) | 93 | 46.50 |
| | 2-5 lakh | 107 | 53.50 | | Quarterly | 19 | 9.50 |
| | 5-10 lakh | 57 | 28.50 | | Once in Six Months | 22 | 11.00 |
| | Above 10 Lakh | 12 | 6.00 | | Once in a Year | 46 | 23.00 |
| | **Total** | **200** | **100** | | Very Rare | 20 | 10.00 |
| Occupation | Govt. Employee | 31 | 15.50 | | **Total** | **200** | **100** |
| | Professionals | 23 | 11.50 | Risk Taking ability | Risk Averter | 51 | 25.50 |
| | Private Employee | 81 | 40.50 | | Moderate Risk Taker | 92 | 46.00 |
| | Businessman | 56 | 28 | | Risk Taker | 57 | 28.50 |
| | Others | 9 | 4.50 | | **Total** | **200** | **100** |

Table 1.1 shows distribution of respondents according to gender variable. Out of 200 respondents, majority 68% were male and the rest 32% were female.

As shown in table, 43.5% belong to age group of less than 30 years, 29% of respondents belong to age group of 30-40 years, 11.5% belong to age group of 40-50 years, 9% belong to age group of 50-60 and remaining are of 60 years and above age.

Above table shows distribution of respondents by their educational level. It can be observed that around 10.5% of respondents are secondary/high school level, 48.5% are graduates followed by 33.5 % postgraduates, 4.5% respondents are PhDs and remaining 3% are having other educational qualification.

Above table shows that12% of respondents have income less than Rs. 2 lacs per year. About 53.5% of respondents have income between Rs.2 lacs to Rs.5lacs per year, 28.5% of the respondents have income of Rs. 5 lacs to Rs. 10 lacs per year and very few, around 6% of respondents have earning more than Rs. 10 lacs per year.

It can be observed from the above table that among selected respondents 15.5% are Govt. employees, 40.5% are employed in private service, 28% are businessman, about 11.5% are professionals and remaining have other occupation.

**1.2 Association of Risk Perception and Demographic Profile of the investors**
$H_{01}$: There is no significant association between demographic profile and risk perception
$H_{11}$: There is significant association between demographic profile and risk perception

Table 1.2

| Demographic Factor | Factor | Hypothesis | Chi-Square Value | p value | | | Decision | Finding |
|---|---|---|---|---|---|---|---|---|
| Gender | Risk | H0-No significant Association between Gender and Risk Perception | 9.080 | 0.059 | 0.05 | P>T | Accept Null | No significant Association |
| Age | Risk | H0-No significant Association between Age and Risk Perception | 23.224 | 0.108 | 0.05 | P>T | Accept Null | No significant Association |
| Education | Risk | H0-No significant Association between Education and Risk Perception | 13.608 | 0.628 | 0.05 | P>T | Accept Null | No significant Association |
| Income | Risk | H0-No significant Association between Income and Risk Perception | 35.814 | 0.000 | 0.05 | P<T | Reject Null | Significant Association |
| Occupation | Risk | H0-No significant Association between Occupation and Risk Perception | 30.200 | 0.017 | 0.05 | P<T | Reject Null | Significant Association |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |

The above table 1.2 shows that there is no association between risk perception of investors and demographic factors, viz. gender, age and education where p-value is higher than 0.05. It can be inferred that, there is no significant association of criteria of risk perception and gender, age and education except two criteria Income and occupation, where (P-value= 0.059>0.05, P-value = 0.108>0.05 & P-value = 0.628>0.05). So, null hypothesis is not rejected except in three cases specified above.

From table 1.2, it can be inferred that demographic factors, viz. Income and Occupation are significantly associated with criteria used to judge the Risk perception of mutual funds investors for investment decision. As P values in all cases are less than significant level (p-values< 0.05), this lead to reject the null hypothesis. This indicates that Income and occupation of respondents have significant effect on criteria used to judge the risk perception of the investors.

**1.3 Association of Investment Pattern and Demographic Profile of the investors**
$H_{02}$: There is no significant association between demographic profile and investment pattern
$H_{12}$: There is significant association between demographic profile and investment pattern**.**

Table-1.3

| Demographic Factor | Factor | Hypothesis | Chi-Square Value | p value | | | Decision | Findings |
|---|---|---|---|---|---|---|---|---|
| Gender | Investment Pattern | H0-No significant Association between Gender and Investment pattern | 1.865 | 0.761 | 0.05 | P>T | Accept Null | No significant Association |
| Age | Investment Pattern | H0-No significant Association between Age and Investment pattern | 33.162 | 0.007 | 0.05 | P<T | reject Null | significant Association |
| Education | Investment Pattern | H0-No significant Association between Education and Investment pattern | 25.253 | 0.065 | 0.05 | P>T | Accept Null | No significant Associati |

| Demographic Factor | Factor | Hypothesis | Chi-Square Value | p value | | | Decision | Findings |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | on |
| Income | Investment Pattern | H0-No significant Association between Income and Investment pattern | 5.632 | 0.933 | 0.05 | P>T | Accept Null | No significant Association |
| Occupation | Investment Pattern | H0-No significant Association between Occupation and Investment pattern | 18.317 | 0.306 | 0.05 | P>T | Accept Null | No significant Association |

The above table 1.3 shows that there is no association between the investment pattern of investors and demographic factors, viz. gender, education, income & occupation where p-value is higher than 0.05 in all cases except age. It can be inferred that, there is no significant association of criteria of investment pattern and gender, education, income & occupation, where (P-value=0.761>0.05, P-value = 0.065>0.05 P-value= 0.933>0.05 & P-value = 0.306>0.05). So, null hypothesis is not rejected in all cases specified above except age.

From table 1.3, it can be inferred that demographic factor, viz. age is significantly associated with criteria used to judge the investment pattern of mutual funds investors for investment decision. As P values is less than significant level (p-values< 0.05), this led to rejection of null hypothesis. This indicates that age of respondents have significant effect on criteria used to judge the investment pattern of the investor.

**1.4 Association of Risk Taking Ability and Demographic Profile of the investors**
$H_{03}$: There is no significant association between demographic profile and risk taking ability.
$H_{13}$: There is significant association between demographic profile and risk taking ability.

**Table-1.4**

| Demographic Factor | Factor | Hypothesis | Chi-Square Value | p value | | | Decision | Findings |
|---|---|---|---|---|---|---|---|---|
| Gender | Risk Taking Ability | H0-No significant Association between Gender and Risk taking ability | 9.276 | 0.010 | 0.05 | P<T | Reject Null | significant Association |

| Age | Risk Taking Ability | H0-No significant Association between Age and Risk taking ability | 31.052 | 0.000 | 0.05 | P<T | Reject Null | significant Association |
|---|---|---|---|---|---|---|---|---|
| Education | Risk Taking Ability | H0-No significant Association between Education and Investment pattern | 5.092 | 0.748 | 0.05 | P>T | Accept Null | No significant Association |
| Income | Risk Taking Ability | H0-No significant Association between Income and Investment pattern | 12.933 | 0.044 | 0.05 | P<T | Reject Null | significant Association |
| Occupation | Risk Taking Ability | H0-No significant Association between Occupation and Investment pattern | 13.879 | 0.085 | 0.05 | P>T | Accept Null | No significant Association |

The above table 1.4 shows that there is no association between risk taking ability of investors and demographic factors, viz. education & occupation where p-value is higher than 0.05 in both cases. It can be inferred that, there is no significant association of risk taking ability with education & occupation except three criteria gender, age & income, where (P-value=0.748>0.05 & P-value = 0.085>0.05 So, null hypothesis is not rejected in two cases specified above except gender, age and  income.

From table 1.4, it can be inferred that demographic factor, viz. gender, age and income is significantly associated with criteria used to judge the risk taking ability of mutual funds investors for investment decision. As P values is less than significant level (p-values< 0.05), this led to rejection of null hypothesis. This indicates that gender, age and income of respondents have significant effect on criteria used to judge the investment pattern of the investors.

**1.5 Factors influencing the choice of investors for investment in mutual funds.**

**Table-1.5**

| Factors | Highly Important | Important | Some What Important | Not very Important | Not at all Important | Total | Weighted Total Score | Weighted Ranking |
|---|---|---|---|---|---|---|---|---|
| Liquidity | 103 | 41 | 19 | 30 | 7 | 200 | 803 | 2 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Regular Return on Schemes | 107 | 61 | 19 | 12 | 1 | 200 | 861 | 1 |
| Professional Management | 78 | 30 | 39 | 32 | 21 | 200 | 712 | 6 |
| More Diversificatio n | 46 | 94 | 37 | 14 | 9 | 200 | 754 | 3 |
| Prestige Value as on inception | 34 | 48 | 63 | 28 | 27 | 200 | 634 | 10 |
| Safety | 62 | 41 | 25 | 19 | 53 | 200 | 640 | 9 |
| Capital Appreciation | 31 | 53 | 37 | 46 | 33 | 200 | 603 | 11 |
| High return as compared to other option | 57 | 65 | 19 | 11 | 48 | 200 | 672 | 7 |
| Risk Associated | 91 | 28 | 39 | 16 | 26 | 200 | 742 | 4 |
| Tax Benefits | 69 | 50 | 37 | 25 | 19 | 200 | 725 | 5 |
| Fund Performance Record | 42 | 57 | 29 | 63 | 9 | 200 | 660 | 8 |
| Scheme Expense Ratio | 18 | 31 | 96 | 32 | 23 | 200 | 589 | 13 |
| Less Procedure | 41 | 21 | 33 | 50 | 55 | 200 | 543 | 15 |
| Minimum Initial Investment | 23 | 27 | 92 | 28 | 30 | 200 | 585 | 14 |
| Others | 37 | 33 | 56 | 35 | 39 | 200 | 594 | 12 |
| | | | | | | Tota l | 10117 | |

The above table shows the factors influencing the choice of investors and ranking these factors for investment in mutual funds. It can be inferred from table that rank 1 assigned to Regular Return on Schemes by Garret raking whereas rank 2 assigned to Liquidity and 3 rank assigned to More Diversification. Rank 15 assigned to Less Procedure of mutual fund, which least importance factor while investing in mutual funds. Rank 4 assigned to Risk Associated, rank 5 assigned to Tax Benefits, rank 6 assigned to Professional Management, rank 7 assigned to High

return as compared to other option, rank 8 assigned to Fund Performance Record. Most important factors while investments in mutual funds are regular return on schemes, liquidity and more diversification respectively.

## V.  FINDINGS

1. Majority of respondents were males, age group less than 30 category, graduate qualification, income 2-5 lacs annually and private employees.
2. Most of respondent have a view that risk association with mutual fund is moderate.
3. Majority of investors interested in SIP as investment pattern and having moderate risk taking ability.
4. Income and occupation significantly associated with risk perception of mutual funds investors for investment decision whereas gender, age and education are not associated.
5. No significant association of investment pattern with gender, education, income, occupation except age.
6. No significant association of risk taking ability with education & occupation whereas age, gender and income significantly associated.
7. Most important factors while investments in mutual funds are regular return on schemes, liquidity and more diversification respectively and least important factors are less procedure & Minimum Initial Investment respectively.

## VI.  CONCLUSION

The present study throws a light on the factors influencing the choice of investors towards mutual funds. Understanding the requirements of investors by the mutual fund companies has become necessary to accelerate the required pace of growth.  A detailed analysis of risk perceptions of the investors was made in this study. This study provides an insight into the factors that affects the investment making decision of the investors. Regular returns on schemes have emerged to be the most important factor that affects the choice of the investors in selecting mutual fund. These results will help the mutual fund companies to understand the expectations of the Investors. The above analysis indicates that  risk perception, investment pattern and risk taking ability of an individual have no significant association with demographic profiles of the investors.

## VII.  REFERENCES

1. Panda, T. K., & Tripathy, N. P. (2002). An application of multidimensional scaling model towards brand positioning of mutual funds: A case study of tax saving scheme. *Finance India*, *16*(3), 991.
2. Parihar, B. B. S., Sharma, R., & Parihar, D. S. (2009). Analyzing investors' attitude towards mutual funds as an investment option. *IUP Journal of Management Research*, *8*(7), 56.

3.  Pandey, A. (2011). Investors' behaviour: mutual fund. *SCMS Journal of Indian Management*, *8*(1), 28.

4.  Priya, S. (2011). Investor's attitude and behaviour towards mutual fund investment in Kerala.

5.  Das, S. (2012). Small investor's perceptions on mutual funds in Assam: an empirical analysis. *Journal of Research in Commerce and Management*, *1*(8).

6.  Jain, N., & Rawal, S. (2012). Behavioural analysis of individual investors towards selection of mutual fund schemes: An empirical study. *International Journal of Marketing & Business Communication*, *1*(4), 64.

7.  Kothari, H. (2012). Investor's behaviour towards investment avenues: A study with reference to Indore city. Altius Shodh Journal of Management & Commerce.

8.  Mehta, S., & Shah, C. (2012). The performance of Indian mutual funds with special reference to evaluation of their reliability. *Adarsh Journal of Management Research*, *5*(2), 41-54.

9.  Mishra, S. K., & Kumar, M. (2012). The impact of perceived purchase risk on investment behaviour of mutual fund investors. *The decision*, *39*(2), 3.

10. Agarwal, G., & Jain, M. (2013). Investor's Preference towards Mutual Fund in comparison to other Investment Avenues. Journal of Indian Research, 1(4), 115-131.

11. Padmaja, R. (2013). A study of consumer behaviour towards mutual funds with special reference to ICICI Prudential mutual funds, Vijayawada. *International Journal of Management Research and Business Strategy*, *2*(2), 1-14.

12. Rakesh, D. K., & Srinivas, M. V. (2013). Understanding Individual Investors Investment Behavior in Mutual Funds (A Study on Investors of North Coastal Andhra Pradesh). International Journal of Management (IJM), 4(3), 185-198.

13. Thomas, B. J. (2013). Mutual fund investor's behaviour in Kerala.

14. Karthikeyan, R., & Preetha, R. (2014). Mutual funds–MIDAS touch. *International Journal*, *2*(3).

15. Khitoliya, P. (2014). Investors awareness and perceived risk attitude towards mutual fund: an empirical study in Delhi. Int J Commer Bus Manag, 3(3), 450-456.

16. Kumar, S., & Kumar, V. (2014). INVESTORS' PERCEPTION TOWARDS MUTUAL FUNDS: A STUDY OF LOW RISK INVESTMENTS. International Journal of Management Research and Reviews, 4(3), 388.

17. Dodiya, B. M. (2015). A study on the attitude of the Investors towards Investment in Mutual Fund. Research Hub- International Multidisciplinary Research Journal, 2(5), 1-4.

18. Jatana, R., & Barodawala, M. (2015). Investment choice of Indian investors in mutual funds: An empirical study.

19. Acharya, M. N. (2016). A statistical analysis and empirical study of investor's behaviour in mutual fund market.

20. Sindhu., Krishna, Y,R., & Reddy A.S. ( 2017) Understanding the relationship between investors' personal attributes and investment perceptions towards mutual fund investments. Indian Journal of Finance, 11(2).

21. Gurley and Shaw, 'Financial aspects of Development', -IC Renew, v0145, 1955, pp 515-539.

22. Chakraborty, S., & Digal, S. (2013). Analysis of Investment Pattern of Mutual Funds Investors–An Empirical Study in Orissa. GITAM Journal of Management, April, 192-207.

23. Manda, V. K., & Polisetty, A. COMPETITION & CONCENTRATION OF THEINDIAN MUTUAL FUND INDUSTRY.

Websites

1. https://www.amfiindia.com/indian-mutual
2. https://www.amfiindia.com/research-information/mf-history
3. http://www.sebi.gov.in/
4. https://www.moneycontrol.com/mutual-funds
5. https://www.crisil.com/en/home/what-we-do/financial-products/historical-factsheets.html
6. https://www.valueresearchonline.com/funds/newsnapshot.asp?schemecode=1972&utm_medium=vro.in