

A Study on Factors Influencing the Choice of Investors and Investor's Behaviour towards Mutual Funds

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Abstract

The ever-changing stock markets across the globe have always fuelled jitters among the investors, particularly the small and medium investors. Mutual Funds protect the interest of the small investors not only from the downside market risk through the diversification of risks, but also provide the benefits from the upward market returns. The study mainly focuses on the investor's inclination towards mutual funds and the impact of demographic factors on their risk perception, investment pattern and risk taking ability. Study also focuses on the factors influencing Investors while investing in mutual funds. 200 respondents contacted from doaba region of Punjab. 113 respondents out of 200 are investing in mutual fund schemes. Returns on schemes have emerged to be the most important factor and entry & exit load least important that affects the choice of the investors in selecting Mutual fund schemes. Most of the demographic factors have no significant association with investment pattern, risk perception and risk taking ability.

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I. INTRODUCTION

Future is uncertain, no one can estimate accurately what will go on with him/her in the near future. Everyone does some sort of investment in the present to secure its future. Investment means sacrificing something in the present to get its benefits in the future. There are two aspects linked with investment- current sacrifice and future outcomes. Future outcomes are somehow linked with present investment decision making like type of investment, investment mix, amount of investment, timing for investment and level of risk associated. Return can be varying from minimum to maximum depending upon investment risk taken while investing. Higher the risk higher the return and lower the risk lower the return.

Investment can be defined as an activity that commits funds in the financial and physical form in the current period to gain additional return in the future. Characteristics of investments can be Return, Risk, Safety and Liquidity. Security form of investment includes Equity shares, Preference shares, Debentures, Bonds, ADRs, GDRs, Units of UTI, mutual Funds, linked with security market. Bank deposits (Fixed, Recurring), Insurance policies, corporate deposits, Post office, Provident Funds, National saving certificates, Kisan vikas patra and other schemes come under the category of non-security. Physical form of investment includes Precious metals like Gold, silver, Diamond, Real estate and Land etc. Investors have to decide investment avenues depending upon need, liquidity, Safety, return and risk.

As defined by the Association of Mutual Fund in India (AMFI), an apex body of all registered asset management companies, "Mutual fund is a trust that pools the savings of a number of investor who share a common financial goal. Anybody with an investible surplus of as little as a few thousand rupees can invest in mutual fund units according to their stated investment objective and strategy."

1.1 History of mutual fund in India

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. Mutual fund industry has observed four phases till now-

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). In 1978, administrative control was shifted from RBI to Industrial Development Bank of India (IDBI). Unit scheme 1964 was the primary scheme of UTI. The AUM of UTI had increased from Rs. 24.67 crore in 1964-65 to Rs. 4563.68 crore in 1986-87.

Second Phase (1987-1993, Public Sector Funds Entry)

In 1987 non-UTI, public sector mutual funds came into existence by Public sector banks, Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC) after the permission of Government of India. First non-UTI mutual fund was the SBI mutual fund (June 1987) followed by Canbank Mutual Fund (Dec 87), Punjab National Bank Mutual Fund (Aug 89), Indian Bank Mutual Fund (Nov 89), Bank of India Mutual Fund (Jun 90) and Bank of Baroda Mutual Fund (Oct 92). From 1987 to 1992-93, Indian Mutual fund Industry expanded seven times in terms of AUM. Till 1993, mutual fund Industry had AUM of Rs. 47004 crore.

Third Phase (1993-2003, Entry of Private Sector Funds)

With the introduction of private sector funds in 1993, a new era was started and investors got a wide range of options in case of mutual fund schemes. In the same year, the mutual fund regulations came into existence for registering and governing all the mutual funds except UTI. Kothari Pioneer (now merged with Franklin Templeton) was the first private sector mutual fund registered in July 1993. 5 private sector mutual fund companies launched in 1993-94 and 6 private sector mutual fund companies in 1994-95. Comprehensive SEBI (mutual fund) Regulations, 1996 were introduced for setting uniform standards for all the funds. The industry had also witnessed so many mergers & acquisitions in that period. With the setting up of foreign mutual funds in India, the number of mutual fund houses went on increasing. There were total 33 mutual fund companies with AUM of Rs. 121805 crore and UTI with AUM of Rs. 44541 crore till January 2003.

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. The specified undertaking of UTI comprised of US 64 schemes and assured return scheme and functioned under Government of India. UTI mutual fund sponsored by SBI, PNB, BOB and LIC started functioning under mutual fund regulations and registered with SEBI like other mutual fund companies. After February 2003, AUM of specified undertaking of Unit Trust of India was excluded from total assets of the mutual fund industry. With this, the current phase of consolidation and growth of Indian mutual fund industry had started. Due to US Sub-Prime lending crisis, mutual fund industry marked negative resource mobilization in the year 2008-

09 but got momentum again in the year 2009-10. From the year 2012 onwards the market showed a sharp rise in the resource mobilization. The private sector mutual funds completely captured the market under their arms and dominated the Indian mutual fund Industry. Indian mutual fund industry has witnessed impressive growth with their number of schemes increased from 1 in 1964 to 1998 in 2018, with 42 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. 24,78,757 crore in March, 2019.

II. REVIEW OF LITERATURE

Kandavel (2011) evaluated growth of mutual funds, perception of retail investors to extend the scope of mutual fund investment. Hypothesis was set as no association among satisfaction level belong to different demographic profile. Multiple sampling technique was applied to collect the data from 600 investors resided in the Puducherry union territory with the help of pre-tested questionnaire. In first stage 2 regions out of 4 regions selected, in second stage 6 communes out of 13 communes. 3 communes were from puducherry & 3 from karaikal. In third stage 100 investors from each commune. One-way annova, T test, co-efficient of variance, multiple regression and percentage tools applied for analysis. Gender, age, educational status and occupation had not any association but annual family income, amount of wealth had the association with perception of investors. Gender, annual family income, wealth did not had any effect on satisfaction level on the other side age and education had significant effect. Variations were observed among males, above 45 year age, degree qualification, 1.5-2 lakh family income, 5-7.5 lakh wealth categories. Investors were highly satisfied with rate of return, market information and safety and low satisfaction with capital gain.

Vipparthi and Margam (2012) studied the factors affecting the perception of mutual fund investors and choice of public & private mutual funds independent from demographic factors. Questionnaire was filled from 400 investors (200 public & 200 Private). Tools applied for evaluation were Chi-square, cross-tabulation and percentage method. Researcher found that age, marital status, occupation had direct impact on opinion on investment pattern in public & private mutual fund but gender, education and level of income did not had any direct impact. Liquidity, Flexibility, Tax saving, Service quality, transparency were the factors affected their investment and management fee, return on income, security did not affected their investment.

Sharma (2012) studied the investor's perspective, desirable characteristics of schemes and factors affected the selection of mutual fund schemes. Questionnaire was used to collect the data from 250 investors. 21 questions were asked from investors on 5 point liker scale. Tools applied were mean, standard deviation, correlation and factor analysis. Cronbach alpha was .861. Kaiser-Meyer olkin value was .853. Factors analysis converted 14 variables into 3 factors named fund relate attribute, monetary benefit and sponsor's attributes. 25 out of 196 combinations had correlation more than .50. Return from investment and credit rating of schemes had highest mean and less standard deviation.

Kaur, Batra & Anjum (2013) studied reasons for mutual fund investment and gave suggestions to investors for investment. 5 point liker scale questionnaire was used to collect the information from 200 respondents belongs to Ludhiana and Delhi stock exchange. KMO was .887. Factor analysis was applied and 3 factors extracted from 17 variables i.e. Efficient AMC (Asset Management Company), MF (Mutual Fund) Flexible mode of investment, stock market

riskiness & complexity. Correlation between variables was more than .30. Researcher found that investors prefer mutual fund than stock market because of flexible mode of investment and AMC act efficiently. Suggestions of the study were age, size, entry/exit load of the fund must consider before investment. Sharpe, Treynor and Jensen ratios should be applied to evaluate the performance.

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.

Kumar & Arora (2013) examined perception of mutual fund investors with pre-tested questionnaire. Data was collected from 200 respondents resided in the state of Punjab with two-stage sampling technique. One district from each belt of Punjab was taken on the basis of highest population i.e. Amritsar, Ludhiana and Jalandhar. Judgmental sampling was applied to select 200 respondents as 50,100, 50 respectively. Tools applied for analysis were Percentage, average weighted score, chi-square and kendall coefficient of concordance. 63% respondents had

extensive knowledge. Respondents with 5 years experience had more knowledge as compare to others. 60% respondents preferred T.V as add media. Age, experience had significant difference and occupation, saving had no any significant difference in effectiveness of advertising as media in relation to mutual fund. Investment track record and experience was most important attributes of a successful fund manager. Occupation, saving, experience had significant and age had no any significant difference in this matter. 58.5% investors were moderate risk taker and 27% risk averse. Occupation, saving, experience had significant and age had no any significant difference with regard to risk tolerance. Most of the investor had the opinion mutual funds useful for small investors as AWS 4.72. Occupation, saving, experience and age had significant difference in opinion regarding mutual fund. Kendall's coefficient of concordance was .968(age), .981(occupation), .957(Saving) and .957(education). Overall perception of the investors towards mutual fund was positive.

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 rank 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 ranked 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, Krishna & Reddy (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).

III. OBJECTIVES OF THE STUDY

- To assess the factors influencing the choice of investors for investment in mutual funds.
- To study the Investor's behaviour towards investments in mutual funds schemes.
- To study the association of demographic factors with risk perception, investment pattern and risk taking ability.

IV. RESEARCH METHODOLOGY

Research Design- Research design is the conceptual structure which constitutes the blueprint for collection and analysis of collected data. In this study, descriptive research design will be applied.

Sampling Design- Sampling design describes the way of selecting the sample for the study.

(A) Population-Population includes mutual fund investors of Doaba region of Punjab state.

(B) Sampling Technique- Multistage sampling technique applied to collect the primary data. In the first stage, stratified random sampling technique will be used to select the required sample. Doaba region

divided into 4 different strata on the basis of geographical area i.e. Districts. In the second stage, convenience sampling technique will be applied to select 50 from each stratum. In the third stage, Judgemental sampling technique will be used to contact agents/brokers linked with Ludhiana stock exchange and different AMCs. In the fourth stage, random sampling technique will be used to select the mutual fund investors from the data provided by agents and brokers.

(C) Sample Size- The sample size of the study is 200. The sample will be taken from each stratum equally i.e. 50 and equally distributed among districts of Doaba region. 200 investors will be asked to fill up the questionnaires to be sent through emails or by personal investigation. Out of 200 investors only 113 were mutual fund investors.

(D) Questionnaire design- A structured questionnaire will be prepared and distributed among the selected mutual fund investors of the Punjab state to study their behaviour towards mutual fund investment.

Area of the study- The study will be limited to the Doaba region of Punjab state in India

Sources of data

For the purpose of the study, both Primary and secondary data will be used. Primary data will be collected with the help of structured questionnaire which will be distributed and collected from the respondents of Punjab. The data will be collected through door to door investigation where possible and by emails.

Secondary data will be collected from various newspapers, journals, research work, magazines, RBI, AMFI, Dalal Street Journal, SEBI reports, NSE, BSE and various websites.

DATA ANALYSIS AND INTERPRETATION

Table 1.1 Demographic Profile of mutual investors Variables	Factors	Frequency	Percentage
Gender	Female	36	31.86
	Male	77	68.14
	Total	113	100
Age	Below 30	48	42.48
	30-40	32	28.32
	40-50	14	12.39
	50-60	11	9.73
	Above 60	8	7.08
	Total	113	100
Education Level	Secondary/High School	14	12.39
	Graduation	57	50.44
	Post Graduation	31	27.43
	Ph.D	8	7.08
	Others	3	2.65
	Total	113	100
Annual Income	Below Rs. 2 lakh	15	13.27
	2-5 lakh	55	48.67
	5-10 lakh	32	28.32
	Above 10 Lakh	11	9.73
	Total	113	100.00
Occupation	Govt. Employee	19	16.81
	Professionals	16	14.16
	Private Employee	45	39.82
	Businessman	27	23.89
	Others	6	5.31
	Total	113	100

Risk Associated	Low	15	13.27
	Moderate		
	Low	9	7.96
	Moderate	49	43.36
	Moderate		
	High	23	20.35
Investment Pattern	High	17	15.04
	Total	113	100
	Monthly (SIP)	62	54.87
	Quarterly	11	9.73
	Once in Six Months	5	4.42
	Once in a Year	27	23.89
	Very Rare	8	7.08
Risk Taking ability	Total	113	100
	Risk Averter	26	23.01
	Moderate Risk Taker	58	51.33
	Risk Taker	29	25.66
	Total	113	100

Table 1.1 shows distribution of respondents according to gender variable. Out of 113 respondents, majority 68.14% were male and the rest 31.86% were female.

As shown in table, 42.48% belong to age group of less than 30 years, 28.32% of respondents belong to age group of 30-40 years, 12.39% belong to age group of 40-50 years, 9.73% 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 12.39% of respondents are secondary/high school level, 50.44% are graduates followed by 27.43 % postgraduates, 7.08% respondents are PhDs and remaining 2.65% are having other educational qualification.

Above table shows that 13.27% of respondents have income less than Rs. 2 lacs per year. About

48.67% of respondents have income between Rs.2 lacs to Rs.5lacs per year, 28.32% of the respondents have income of Rs. 5 lacs to Rs. 10 lacs per year and very few, around 9.73% of respondents have earning more than Rs. 10 lacs per year.

It can be observed from the above table that among selected respondents 16.81% are Govt. employees, 39.82% are employed in private

service, 23.89% are businessman, about 14.16% are professionals and remaining have other occupation.

1.2 Association of Risk Perception and Demographic Profile of the investors

H₀₁: There is no significant association between demographic profile and risk perception

H₁₁: 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 Perception	H ₀ -No significant Association between Gender and Risk Perception	5.994	0.200	0.05	P>T	Accept Null	No significant Association
Age	Risk Perception	H ₀ -No significant Association between Age and Risk Perception	21.578	0.157	0.05	P>T	Accept Null	No significant Association
Education	Risk Perception	H ₀ -No significant Association between Education and Risk Perception	43.706	0.000	0.05	P<T	Reject Null	Significant Association
Income	Risk Perception	H ₀ -No significant Association between Income and Risk Perception	28.077	0.005	0.05	P<T	Reject Null	Significant Association
Occupation	Risk Perception	H ₀ -No significant Association between Occupation and Risk Perception	29.101	0.023	0.05	P<T	Reject Null	Significant Association

The above table 1.2 shows that there is no association of criteria used to judge the risk perception of investors and demographic factors, viz. gender, age where p-value is higher than 0.05 in both cases. It can be inferred that, there is no significant association of criteria of risk perception and gender, age except three criteria education, Income and occupation, where (P-value= 0.200>0.05 & P-value = 0.157>0.05). So, null hypothesis is not rejected except in two cases specified above.

From table 1.2, it can be inferred that demographic factors, viz. Education, 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 led to rejection of null hypothesis. This indicates that education, 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

H₀₂: There is no significant association between demographic profile and investment pattern

H₁₂: 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	7.835	0.098	0.05	P>T	Accept Null	No significant Association
Age	Investment Pattern	H0-No significant Association between Age and Investment pattern	36.428	0.003	0.05	P<T	reject Null	significant Association
Education	Investment Pattern	H0-No significant Association between Education and Investment pattern	17.342	0.364	0.05	P>T	Accept Null	No significant Association
Income	Investment Pattern	H0-No significant Association between Income and Investment pattern	10.536	0.569	0.05	P>T	Accept Null	No significant Association
Occupation	Investment Pattern	H0-No significant Association between Occupation and Investment pattern	10.388	0.846	0.05	P>T	Accept Null	No significant Association

The above table 1.3 shows that there is no association of criteria used to judge the investment pattern of investors and demographic factors, viz. gender, education, income, occupation where p-value is higher than 0.05 in all cases. It can be inferred that, there is no significant association of criteria of investment pattern and gender, education, income, occupation except one criteria age, where (P-value=0.098>0.05, P-value = 0.364>0.05 P-value= 0.569>0.05, P-value = 0.846>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 investors.

1.4 Association of Risk Taking Ability and Demographic Profile of the investors

H₀₃: There is no significant association between demographic profile and risk taking ability.

H₁₃: 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	H ₀ -No significant Association between Gender and Risk taking ability	1.071	0.585	0.05	P>T	Accept Null	No significant Association
Age	Risk Taking Ability	H ₀ -No significant Association between Age and Risk taking ability	15.163	0.056	0.05	P>T	Accept Null	No significant Association
Education	Risk Taking Ability	H ₀ -No significant Association between Education and Investment pattern	6.042	0.643	0.05	P>T	Accept Null	No significant Association
Income	Risk Taking Ability	H ₀ -No significant Association between Income and Investment pattern	25.039	0	0.05	P<T	Reject Null	significant Association
Occupation	Risk Taking Ability	H ₀ -No significant Association between Occupation and Investment pattern	14.59	0.068	0.05	P>T	Accept Null	No significant Association

The above table 1.4 shows that there is no association of criteria used to judge the risk taking ability of investors and demographic factors, viz. gender, age, education, occupation where p-value is higher than 0.05 in all cases. It can be inferred that, there is no significant association of criteria of risk taking ability and gender, age, education, occupation except one criteria income, where (P-value=0.585>0.05, P-value = 0.056>0.05 P-value= 0.643>0.05, P-value = 0.068>0.05). So, null hypothesis is not rejected in all cases specified above except income.

From table 1.4, it can be inferred that demographic factor, viz. 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 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	58	23	11	17	4	113	453	4
Return on Schemes	65	37	11	0	0	113	506	1
Professional Management	44	17	22	18	12	113	402	7
Diversification of Schemes	26	53	21	8	5	113	426	5
Brand Image of Fund	19	27	36	16	15	113	358	11
Price	35	23	14	11	30	113	361	10
Risk Associated	61	16	22	9	5	113	458	3
Tax Benefits	39	28	21	14	11	113	409	6
Fund Performance Record	47	43	16	2	5	113	464	2
Scheme Expense Ratio	21	18	54	18	2	113	377	8
Entry & Exit Load	23	12	19	28	31	113	307	12
Minimum Initial Investment	24	15	52	5	17	113	363	9
						Total	4884	

The above table 1.5 shows the ranking given to factors influencing the choice of investors for investment in mutual funds. It can be inferred from above table that rank 1 assigned to return on schemes by Garret raking whereas rank 2 assigned to fund performance record and 3 rank assigned to risk associated. Rank 12 assigned to entry & exit load of mutual fund, which least importance factor while investing in mutual funds. Rank 4 assigned to Liquidity, rank 5 assigned to diversification of

schemes, rank 6 assigned to tax benefits, rank 7 assigned to professional management, rank 8 assigned to schemes expenses ratio, rank 9 assigned to minimum initial investment, rank 10 assigned to Price and rank 11 assigned to Brand image of fund. Most important factors while investments in mutual funds were return on schemes, fund performance record and risk associated 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. Education, Income and Occupation significantly associated with Risk perception of mutual funds investors for investment decision whereas Gender & Age are not associated.
3. No significant association of investment pattern with gender, education, income, occupation except age.
4. No significant association of risk taking ability with gender, age, education, occupation except income.
5. Most important factors while investments in mutual funds are return on schemes, fund performance record, risk associated respectively and least were entry & exit load, brand image of fund respectively.

VI. CONCLUSION

The present study endeavoured to throw a light on the investors' perceptions of Mutual Fund risks. 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. Returns on schemes have emerged to be the most important factor that affects the choice of the investors in selecting Mutual fund scheme. These results will help the MF companies to understand the expectations of the Investors. The above analysis indicates that the risk perception, investment pattern

and risk taking ability of an individual also dependent on the demographic profiles of the investors.

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