

FACTORS INFLUENCING THE MUTUAL FUND SCHEME SELECTION BY RETAIL INVESTOR'S IN ASSAM: AN EMPIRICAL ANALYSIS

Sanjay Kanti Das

Assistant Professor & HoD,
Department of Commerce
Lumding College, Nagaon, Assam, India.

ABSTRACT

The mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. The plethora of schemes provides variety of options to suit the individual objectives whatever their age, financial position, risk tolerance and return expectations. In the past few years, we had seen a dramatic growth of the Indian Mutual Fund industry with many private players bringing global expertise to the Indian Mutual Fund industry. Investment in mutual funds is effected by the perception of the institutional or individual investors. The objectives of the study are to identify the retail investor's perceptions on mutual fund investment and to enquire the factors influencing selection of mutual fund schemes. The present investigation outlined that mostly the retail investors have positive approach towards investing in mutual funds. At the retail level, investors are unique and are a highly heterogeneous group. Hence, their fund/scheme selection is also widely differs. This necessitates the Asset Management Companies (AMCs) to understand the fund/scheme selection/switching behaviour of the investors to design suitable products to meet the changing financial needs of the investors. By adopting convenience sampling, 250 respondents were selected for this study from five selected commercial towns of Assam. Simple statistical tools are used for analysis of this study. It is observed that the retail investors are now turning more to mutual funds because of safety, liquidity, capital gains and transparency. It is hoped that the study will have some useful managerial implication for the AMCs in their product designing and marketing.

Keywords: *Demographic factors, Investor's behaviour, Motivational factors, Perception of investors, Retail investors.*

Introduction:

A Mutual Fund (henceforth MF) is an investment tool that allows small investors access to a well-diversified portfolio of equities, bonds and other securities. Each shareholder participates in the gain or loss of the fund. Units are issued and can be redeemed as needed. The most common feature of the mutual fund unit is low cost, professional investment management, increased diversification. Today, MFs have already entered into a world of exciting innovative products. These products are now tailored to suit specific needs of investors. Intensified competition and involvement of private players in the race of MFs have forced professional managers to bring innovation in MFs. Thus, MF industry has moved from offering a handful of

schemes like equity, debt or balanced funds to liquid, money market, sector specific funds, index funds and gilt edged funds. Besides, MFs have also introduced some special specific funds like children plans, education plans, insurance linked plans, and exchange traded funds. The result is that over the time Indian investors have started shifting towards MFs instead of traditional financial avenues. With the entry of private sector funds in 1993, a new era started in the Indian MF industry giving the Indian investors a wider choice of fund families. In the course of time the number of MF houses went on increasing, with many foreign MFs setting up funds in India and also the industry has witnessed several mergers and acquisitions.

Need of the Study:

Indian MF industry provides reasonable options for an ordinary man to invest in the share market. Financial markets are constantly becoming more efficient by providing more promising solutions to the investors. As of now big challenge for the MF industry is to mount on investor awareness and to spread further to the semi-urban and rural areas. These initiatives would help towards making the Indian MF industry more vibrant and competitive. Therefore, to study investor's behaviour regarding the MF investment and most particularly factor influencing fund selection is quite necessary.

Objectives of the Study:

In order to examine the issues rose above, this paper has only one specific objective. The key objective of this study is to access and identify the factor that influences the retail investor's fund/scheme selection and their behaviour in fund selection. Further to forward some suggestions based on the findings of the study is another objective of this paper.

Research Methodology:

The research design for the study is descriptive in nature. The researcher collected primary data from the retail investor's living in Assam and invested in MF schemes during the period between June and July, 2011 through a Structured Questionnaire. The sample size covered 100 retail investors who were spread over five different business centers in Assam, viz. Nagaon, Kamrup, Tezpur, Cachar and Dibrugrah districts towns of Assam. The important commercial centers where large numbers of investors are available identified for the purpose of the study using Purposive Sampling Method. In order to collect referred information from the retail investors, the sampling design was carefully decided and properly chosen for the study. From each identified Investment Centre, five approved brokers were chosen and four investors were contacted with the help of stock sub-brokers. Thus, this study was based on the responses by 100 selected respondents from the retail investors.

The respondents were asked to evaluate the importance of twenty three variables (Clubbed into three dependent variables) which were grouped from the survey of literature and personal interviews with selected investors, brokers and sub-brokers, as important factors that influence the retail investors in MF Selection Decision. There were four choices against each of the 23 variables and the degree of each statement was determined using a four-point rating scale viz. Highly Influential = 3, Average Influential = 2, Somewhat Influential = 1, and Not at all Influential = 0. The independent variables selected for this study are demographic characteristics, namely, gender, age, marital status, educational qualification, occupation, number of family dependants, domicile and annual income and they were measured on nominal scale. The data whatsoever collected were analysed through the application of simple statistical tools.

Review of Literature:

A MF motivates small and big investors to entrust their savings to it so that these are professionally employed ensuring their savings to it so that these are professionally employed ensuring good return. A large number of investors have small savings with them. When small savings are pooled and entrusted to MFs then these can be used to buy the chips where regular returns and capital appreciation are ensured (Saraswathi, 2006). Since 1986, a number of articles and brief essays have been published in financial dailies, periodicals, professional and research journals, explaining the basic concept of Mutual Funds and highlight their importance in the Indian capital market environment. They touch upon varied aspects like Regulation of Mutual Funds, Investor expectations, Investor protection, Trend in growth of Mutual Funds and some are critical views on the performance and functioning of Mutual Funds. A few among them are Vidyashankar (1990), Sarkar (1991), Agarwal (1992), Sadhak (1991), Sharma C. Lall (1991), Samir K. Barua *et al.*, (1991), Sandeep Bamzai (2001), Atmaramani (1995), Atmaramani (1996), Subramanyam (1999), Krishnan (1999), Ajay Srinivasan (1999). Segmentation of investors on the basis of their characteristics was highlighted by Raja Rajan (1997). Investor's characteristics on the basis of their investment size Raja Rajan (1997) and the relationship between stage in life cycle of the investors and their investment pattern was studied Raja Rajan (1998). Tripathy (1994) examined the importance and growth of MFs and evaluate the operations of MFs and suggest some measures to make it a successful scheme in India. The consumer behavior from the marketing world and financial economics has brought together to the surface an exciting area for study and research. MFs which has become an important portal for the small investors, is also influenced by their financial behaviour. Hence, it examines the related aspects of the fund selection behaviour of individual investors (Ranganathan, 2006). The Indian MF industry has drawn lessons from the FMCG sector. The fund houses just like the corporate managers of FMCG companies, have introduced new products that are minor variants to the existing ones. Fund houses attribute the introduction of such plans to "investor fatigue". Venketesh (2004) concludes that the fund houses incur additional expenses to market the new product which further reduces the Net Asset Value. With the advent of LPG, the economy has been opened up and many developments have been taking place in the Indian money market and capital market. In order to help the small investors, MF industry has come to occupy an important place. A report published by AMFI (2009) brought about the fact that MF investing by households has more than doubled from 3.7 per cent in 2006 to 7.8 per cent in 2008 which shows a shift of investors from traditional investments to MFs to earn better returns. Sikidar and Singh (1996) carried out a survey with an objective to understand the behavioral aspects of the investors of the North Eastern Region towards equity and MFs investment portfolio. The survey revealed that the salaried and self employed formed the major investors in MF primarily due to tax concessions. Jambodekar (1996) conducted a study to assess the awareness of MFs among investors, to identify the information sources

influencing the buying decision and the factors influencing the choice of a particular fund. The study reveals among other things that Income Schemes and Open Ended Schemes are more preferred than Growth Schemes and Close Ended Schemes during the then prevalent market conditions. Investors look for safety of Principal, Liquidity and Capital appreciation in the order of importance. Newspapers and Magazines are the first source of information through which investors get to know about MFs/Schemes and investor service is a major differentiating factor in the selection of MF Schemes. Rajeswari and Ramamoorthy (2001) have conducted a study to understand the factors influencing the fund selection behaviour of 350 MF investors in order to provide some meaningful inferences for Asset Management Companies (AMC) to innovatively design the products. The analysis was done on the basis of product qualities, fund sponsor qualities and investor services using questions framed on a five point Likert scale. Singh and Vanita (2002) have examined the investors' preferences and perception towards MF investments by conducted a survey of 150 respondents in the city of Delhi. The findings of the study were that the investors' preferred to invest in public sector MFs with an investment objective of getting tax exemptions and stayed invested for a period of 3-5 years and the investors evaluated past performance. The study further concludes by stating that majority of the investors were dissatisfied with the performance of their MF and belonged to the category who held growth schemes. King (2002) has highlighted the emergence of products like exchange traded funds, hedge funds, managed accounts etc. which offer competition to MFs. Sankaran (2004) proposes the future direction for investors will be to invest in pension funds, as government is envisaging a policy to cover all kinds of investors. He further opined that MF industry will continue to grow in spite of competition and will be propelled in the right direction because of the investor friendly financial markets. Anand and Murugaiah (2004) had studied various strategic issues related to the marketing of financial services. They found that recently this type of industry requires new strategies to survive and for operation. For surviving they have to adopt new marketing strategies and tactics that enable them to capture maximum opportunities with the lowest risks in order to enable them to survive and meet the competition from various market players globally. Singh (2004) has established that middle class salaried investors and professionals preferred to have disclosure of net asset value on a day today basis and wanted to invest in MFs in order to get higher tax rebates. Further it is evidenced that small investors perceived MFs to be better investment alternative and public sector investments to be less risky. Ramamurthy and Reddy (2005) conducted a study to analyze recent trends in the MF industry and draw a conclusion that the main benefits for small investors' due to efficient management, diversification of investment, easy administration, nice return potential, liquidity, transparency, flexibility, affordability, wide range of choices and a proper regulation governed by SEBI. Manjesh (2005) studied the pros & cons of Money Market Mutual Funds (MMMFs). Sondhi and Jain (2005) have examined the performance of equity MFs classified on the basis of public sector and private sector. Desigan et al. (2006)

conducted a study on women investor's perception towards investment and found that women investor's basically are indecisive in investing in MFs due to various reasons like lack of knowledge about the investment protection and their various investment procedures, market fluctuations, various risks associated with investment, assessment of investment and redressal of grievances regarding their various investment related problems. Badla and Garg (2007) observed that most of the schemes outperformed the market and the risk undertaken in the schemes is more than the market risk. Noronha (2007) has evaluated the performance of 11 equity schemes of three Asset Management Companies with the help of Sharpe and Treynor measure for a period April 2002 to March 2005. The study found that equity, tax plan and index funds offer diversification and are able to earn better returns as compared to sector specific funds. The study is a commendable work on performance of MFs highlighting the better earning capacity of equity, tax plans and index funds. Sudalaimuthu and Kumar (2008) studied investor's perception towards MF investments has been analyzed effectively taking into account the investor's preference towards the MF sector. The study has made an attempt to understand the financial behavior of MF investors in connection with the scheme preference and selection. Agarwal et al. (2009) have examined the performance of these funds relative to hedge funds and traditional MF and found that despite using similar trading strategies, hedged MF underperform hedge funds. Gil-Bazo et al. (2009) have examined the market for equity MFs and found that Funds with worse before-fee performance charge higher fees and that better fund governance may bring fees more in line with performance. Singh and Jha (2009) conducted a study on awareness & acceptability of MFs and found that consumers basically prefer MF due to return potential, liquidity and safety and they were not totally aware about the systematic investment plan. Chen et al. (2011) have tested MFs that engage in tax planning and how do they respond to changes in the capital gains tax rates was investigated. It was found that there was consistency with tax planning by managers of both open-end and closed-end mutual fund and MF managers may not tax plan like individuals because fund managers have incentives to consider the tax liability of both current and potential investors. Agapova (2011) has examined the cross-sectional differences among money market mutual funds (MMMFs) in the context of sponsoring fund families and found that flows to family non-MMMFs are negatively related to family MMMF flows, and family non-MMMF cash flow volatility is positively related to family MMMF cash flow volatility. The study has further suggested that fund family investors also use family MMMFs as cash centers by utilizing free asset transfers within the family. Badrinath & Gubellini (2011) have evaluated the return performance of long-short, market-neutral and bear mutual funds using multi-factor models and a conditional CAPM and revealed that Market-neutral funds provide a down market hedge, but bear funds do not generate the returns that investors hope for. Cao et al. (2011) have investigated two types of funds that make more extensive use of derivatives, global funds and specialized domestic equity fund and found that risk and return characteristics of these two groups of funds are significantly

different from funds employing derivatives sparingly or not at all and that Fund managers time their use of derivatives in response to past returns.

Thus, here it is observed that many researchers have studied different dimensions of investors' socio-economic profiles of investment to MF schemes. They are found out some important factors influences their risk perception, investment decisions and savings patron of investors' investment. In some of the literature, there are taken factors are age, gender, marital status, income and educational qualifications etc to study the factor influencing MF scheme selection behaviour.

From the above review it can be inferred that MF as an investment vehicle is capturing the attention of various segments of the society, like academicians, industrialists, financial intermediaries, investors and regulators for varied reasons and deserves an in depth study.

Key factors influencing MF Selection Decision:

To identify the key factors that influence the MF selection decision 23 identified variables were classified under the appropriate group. Such variables are identified based on theory, past research, judgment of the researcher and the views of respondents that these factors could influence the investors in their selection of MF/schemes was first. All the twenty three variables are clubbed into three main group's viz. Fund/Scheme qualities, fund sponsor qualities and the expected investor services. To know the respondents behaviour and to conclude meaningful inferences from the study, the respondents were asked to rate the importance of the 23 specified variables on a 4 point scale ranging from 'Highly Influential' (4) to 'Not at all Influential' (0).

Table 1 shows the Mean Value and ranks of the three broad groups of factors wherein each statement that could possibly influence the MF Selection decision of retail investors in Assam. The average value of the top five highly influential factors, according to the sample retail investors were 'Fund's/Scheme's performance record' and 'Sponsor's expertise in managing money' with a mean value of 4.37 each, 'Reputation of a sponsoring firm' with a mean value of 4.29, 'Fund's/Scheme's reputation or brand name' with a mean value of 4.21, 'Disclosure of investment objectives, method and periodicity of valuation in advertisement' with mean value of 4.16, and 'Scheme's portfolio of investments' with a mean value of 4.15 .

According to sample retail investors, there were four factors with the lowest priority or which had low influence on the MF Selection Decision. These were 'Disclosure of scheme's investments on every trading day' (3.35), 'Innovativeness of the Scheme' (3.60), 'Scheme's expense ratio' (3.62) and 'Entry and Exit load' (3.66). As a whole 'Product Qualities' ranks first as one of the strong effective factor in choosing MF with average score of 3.946 followed by 'Investor Services' with average score of 3.88 and 'Fund Sponsor Qualities' ranks last as strong effective factor in choosing MF with mean value of 3.28.

Table I: Factors Influencing on MF Selection Decisions

S. N.	Effective factors in choosing MF	Total number of informants [n= 100]	Average of scores given by responders	Ranks
I	Product Qualities	90	3.95	I
1	Fund's/Scheme's performance record		4.37	
2	Fund's/Scheme's reputation or brand name		4.21	
3	Scheme's expense ratio		3.62	
4	Scheme's portfolio of investments		4.15	
5	Reputation of scheme(s), portfolio manager(s)		3.99	
6	Withdrawal facilities		4.10	
7	Favourable rating by a rating agency		3.85	
8	Innovativeness of the Scheme		3.60	
9	Products with tax benefits		3.91	
10	Entry and Exit load		3.66	
II	Fund Sponsor Qualities	75	3.28	III
11	Reputation of a sponsoring firm		4.29	
12	Sponsor offers a wide range of schemes with different investment objectives		3.75	
13	Sponsor has a recognised brand name		3.99	
14	Sponsor has a well developed Agency Net Work/Infrastructure		4.06	
15	Sponsor has an efficient research wing		3.96	
16	Sponsor's expertise in managing money		4.37	
III	Investor Services	80	3.88	II
17	Disclosure of investment objectives, method and periodicity of valuation in advertisement		4.16	
18	Disclosure of the method and periodicity of the scheme's sales and repurchase in the offer documents		4.04	
19	Disclosure of NAV on every trading day		4.03	
20	Disclosure of deviation of the investments from the original pattern		3.96	
21	Disclosure of scheme's investments on every trading day		3.35	
22	Mutual Fund Investors' grievance redressal machinery		4.12	
23	Fringe benefit like free insurance, free credit card, loans on collateral, tax benefits etc.		3.54	

Source: Author

Product Qualities on Selection of Fund/Scheme:

All of our respondents (90%) use the Product Qualities of companies in their evaluation. The "Fund's/Scheme's performance record", "Fund's/Scheme's reputation or brand name" and "Scheme's portfolio of investments" are being used more than others, where 56%, 28% and 16% respectively of respondents are using them. So, it may be concluded that most of them ensure that these statements will let them know a good image of financial background of the MF company which they are investing in. However, respondents categorically assigned average score of 3.95 out of 10 as strong influential factors in MF selection decision. This factor is therefore ranked as top influential factor in stock selection decision by the respondents.

The 10 fund related variables were analysed for their importance. The analysis reveals that the investor considers all the 10 variables as important in his selection of the fund/scheme. The average value and scale of importance is given in Table 2.

Table 2: Influence of product related factors in fund/scheme selection

S.N.	Product Qualities	Average Score	SD	Ranks
1	Fund's/Scheme's performance record	4.37	0.78	I
2	Fund's/Scheme's reputation or brand name	4.21	0.73	II
3	Scheme's expense ratio	3.62	0.95	IX
4	Scheme's portfolio of investments	4.15	0.93	III
5	Reputation of scheme(s), portfolio manager(s)	3.99	0.90	V

6	Withdrawal facilities	4.10	0.86	IV
7	Favourable rating by a rating agency	3.85	1.02	VII
8	Innovativeness of the Scheme	3.60	0.97	X
9	Products with tax benefits	3.91	1.02	VI
10	Entry and Exit load	3.66	1.01	VIII
Source: Author				

Fund Sponsor Qualities on Selection of Fund/Scheme:

Based on the results (response of 75% respondents) obtained through this study, more than 68% of retail investor’s consider consult sponsor related factors in fund/scheme selection. Only 32% of the respondents do not rely on sponsor related factors. However, respondents categorically assigned average score of 4.86 out of six as strong influential factors in stock selection decision. This factor is therefore ranked as third influential factor in MF selection decision by the respondents. The six sponsor’s related variables were analysed for their importance. The analysis reveals that the investor considers all the six variables as important in his selection of the fund/scheme. The mean value and scale of importance is given in Table 3. The “Sponsor’s expertise in managing money”, “Reputation of a sponsoring firm” and “Sponsor has a well developed Agency Net Work/Infrastructure” are being used more than others, where 66%, 20% and 14% respectively of respondents are using them. So, we may conclude that most of them ensure that these statements will let them know a good image of financial background of the sponsored institutions of the MF Company on which they are investing. However, respondents categorically assigned average score of 3.28 out of six as strong influential factors in MF selection decision.

Table 3: Influence of sponsor related factors in fund/scheme selection

S. N.	Fund Sponsor Qualities	Average Score	SD	Ranks
1	Reputation of a sponsoring firm	4.29	0.79	II
2	Sponsor offers a wide range of schemes with different investment objectives	3.75	0.88	VI
3	Sponsor has a recognised brand name	3.99	0.86	IV
4	Sponsor has a well developed Agency Net Work/Infrastructure	4.06	0.89	III
5	Sponsor has an efficient research wing	3.96	1.04	V
6	Sponsor’s expertise in managing money	4.37	0.83	I
Source: Author				

Investor Services on Selection of Fund/Scheme:

A significant portion of respondents (80%) use the Investor Service related factors in their evaluation.

Informants count a few service benefits offered by the MF company which are able to help them in promoting their knowledge to MF scheme. The Importance of Investor Service related factors articulated by respondents were in order of importance “Disclosure of investment objectives, method and periodicity of valuation in advertisement”, “Mutual Fund Investors’ grievance redressal machinery” and “Disclosure of the method and periodicity of the scheme’s sales and repurchase in the offer documents”. However, respondents categorically assigned average score of 3.88 out of six as strong influential factors in MF selection decision. This factor is therefore ranked second out of three variables as strong influential factor in MF selection decision by the respondents.

Further, the seven Investor Services related variables were analysed for their importance. The analysis reveals that the investors consider all variables as important except “Disclosure of schemes’ investment on every trading day” as somewhat important in the selection of fund/scheme. The mean values of the variables and scale of importance are given in Table 4.

Table 4: Influence of Investor Service related factors in fund/scheme selection

S. N.	Investor Services	Average Score	SD	Ranks
1	Disclosure of investment objectives, method and periodicity of valuation in advertisement	4.16	0.81	I
2	Disclosure of the method and periodicity of the scheme’s sales and repurchase in the offer documents	4.04	0.89	III
3	Disclosure of NAV on every trading day	4.03	0.92	IV
4	Disclosure of deviation of the investments from the original pattern	3.96	0.94	V
5	Disclosure of scheme’s investments on every trading day	3.35	1.11	VII
6	Mutual Fund Investors’ grievance redressal machinery	4.12	0.87	II
7	Fringe benefit like free insurance, free credit card, loans on collateral, tax benefits etc.	3.54	1.22	VI
Source: Author				

Suggestions:

- i) The survey reveals that the investors are basically influenced by the intrinsic qualities of the product followed by efficient fund management and general image of the fund/scheme in their selection of fund schemes. Hence, it is suggested that AMC’s should

design products consciously to meet the investors' needs and should be alert to capture the changing market moods and be innovative. Continuous product development and introduction of innovative products, is a must to attract and retain this market segment.

- ii) It is further revealed that the investors are influenced by the infrastructural facilities of the sponsor and the reputation enjoyed by the sponsor, in their selection of the schemes. Hence, AMCs should take steps to develop their infrastructural facilities.
- iii) Further, investors are influenced by the extent and quality of disclosure of information subsequent to their investment regarding disclosure of NAV, portfolio of investment and disclosure of deviation of investment from the stated objectives and the attached fringe benefits to the scheme in their selection of the scheme. Hence, AMCs should take steps to be as transparent as possible and follow the disclosure norms spelt out by SEBI and AMFI in this connection.
- iv) The falling interest rates and a reasonably good performance of many growth schemes during the turn of the century might have been the reason for the high preference of Growth Schemes during the period under study. Deviation from the stated investment objectives without authority should be dealt seriously by the regulatory bodies. Safety of capital subject to market risk should be assured to the MF investor.
- v) Mutual fund companies should conduct adequate awareness programs about the usefulness of investment in mutual funds and provide information to public regarding different new schemes. AMFI should frequently conduct short term courses for investor education. Adequate publicity through newspapers, magazines, T.V., radio, pamphlets and brochures should be done.
- vi) Mutual fund companies should dispatch their annual report in time to their investors so that the investors are informed about the company's financial position. This will help the investor to know the status of their investment.
- vii) Government should see that Mutual Fund companies follow corporate governance regulations. All mutual fund investors want transparency. Strict regulations should be enforced by SEBI with regard to Corporate Governance.
- viii) Mutual Fund Company needs to give the training of the Individual Financial Advisors about the Fund/Scheme and its objective, because they are the main source to influence the investors.
- ix) Before making any investment Financial Advisors should first enquire about the risk tolerance of the investors/customers, their need and time (how long they want to invest). By considering these three things they can take the customers into consideration.
- x) Government of India has to maintain consistency in offering tax incentives to the investors.
- xi) Mutual Fund Asset Management Companies have to follow norms of prudence in the transparency of NAV reporting. Investors should be informed of the expense ratio on periodical basis, so that they will make decisions

after comparing various investment alternatives for enhancing their wealth over a period of time.

- xii) It was observed that large number of investor complaints and grievances regarding the mutual fund schemes are not properly resolved. Therefore, it is recommended that mutual fund organizations should be careful enough in resolving the grievance of the investors.

Conclusion:

It is concluded that the Mutual Fund business in Assam is still in an embryonic stage. So, concerted efforts are needed for its success. The success depends upon high returns, professional competence of Fund managers, a mutual fund brings together a group of people and invests their money in stocks, bonds and other securities, it has so many advantages such as professional management, economics of scale. The Mutual Fund should be easy to buy and sell through broker or directly in the market. It also has some drawbacks such as Low awareness, too many formalities, difficult to select. Finally, the Mutual Fund should be great transparency, prudent accounting norms, less transaction cost, low management fees. It is very attractive between sub urban and rural areas, it has innovative schemes and efficient administrative system. The present study analyses the mutual fund investments in relation to investor's behavior. Investors' opinion and perception has been studied relating to various issues like type of mutual fund scheme, main objective behind investing in mutual fund scheme, level of satisfaction, role of financial advisors and brokers, investors' opinion relating to factors that attract them to invest in mutual funds, sources of information, deficiencies in the services provided by the mutual fund managers, challenges before the Indian mutual fund industry etc. This study is very important in order to judge the investors' behavior in a market like India, where the competition increases day by day due to the entry of large number of players with different financial strengths and strategies. The present investigation outlined that mostly the investors have a positive approach towards investing in mutual funds.

Mutual Funds have emerged as an important segment of financial markets and so far have delivered value to the investors. The study reveals that the investors' perception is dependent on the demographic profile and assesses that the investors' Age, Marital status and occupation has direct impact on the investors' choice of investment. The study further reveals that the female segment is not fully tapped and even there is a low target on higher income group people. Hence fund managers should take steps to tap the female segment and higher income group segment to enhance more investment in mutual fund Investment Avenue which would really help the industry to flourish. Further the findings of the research were on the factors influencing investors' perception on public private MF's. It reveals that Liquidity, Flexibility, Tax savings, Service Quality and Transparency are the factors which have a higher impact on perception of investors. These factors give them the required boosting in the investment process. Therefore

it becomes imperative on part of the fund managers to enhance these features for attracting more investors and also to retain the trust, the investors have in them.

References:

- [1] AMFI (2009). Financial Markets Review. Financial Technologies Management Company, India. Retrieved from <http://www.google.com>.
- [2] Anand, S. and Murugaiah, V. (2004). Marketing of Financial Services: Strategic Issues. SCMS Journal of Indian Management, July-September (3), 41-53. Retrieved from <http://www.scmsgroup.org/scmsjim/pdf/2004/July-September%202004.pdf>.
- [3] Agapova, Anna (2011). The Role of Money Market Mutual Funds in Mutual Fund Families, Journal of Applied Finance, 21(1), 87-102.
- [4] Agarwal, Vikas; Boyson, Nicole M.; Naik, Narayan Y. (2009). Hedge Funds for Retail Investors? An Examination of Hedged Mutual Fund. Journal of Financial & Quantitative Analysis, 44(2), 273-305.
- [5] Arun (2006). The Indian Stock Exchange BSE / NSE Profit from It. AMFI, December 28. Retrieved from <http://www.google.com>.
- [6] Badrinath, S.G & Gubellini, S. (2011). On the characteristics and performance of long-short, market-neutral and bear mutual funds. Journal of Banking & Finance, 35(7), 1762-1776.
- [7] Badla, B S., and Garg, A. (2007). Performance of Mutual Funds in India - An Empirical Study of Growth Schemes. GITAM Journal of Management, 5(4), 29-43.
- [8] Cao, Charles; Ghysels, Eric & Hatheway, Frank (2011). Derivatives do affect mutual fund returns: Evidence from the financial crisis of 1998. Journal of Futures Markets, 31(7), 629-58.
- [9] Chen, Feng; Kraft, Arthur; Weiss, Ira (2011). Tax Planning by Mutual Funds: Evidence from Changes in the Capital Gains Tax Rate. National Tax Journal, 64(1), 105-34.
- [10] Desigan et al. (2006). Women Investors' Perception towards Investment: An empirical Study. Indian Journal of Marketing. Retrieved from <http://www.google.com>.
- [11] Gil-Bazo, Javier; Ruiz & Verd, Pablo (2009). The Relation between Price and Performance in the Mutual Fund Industry. Journal of Finance, 64(5), 2153-2183.
- [12] Jambodekar, Madhusudan V. (1996). Marketing Strategies of Mutual Funds – Current Practices and Future Directions. Working Paper, UTI – IIMB Centre for Capital Markets Education and Research, Bangalore.
- [13] King, J.S. (2002). Mutual Funds: Investment of Choice for Individual Investors? Review of Business, 23(3), 35-39.
- [14] Manjesh, S. (2005). Money Market Mutual Funds (MMMFs): A Macro Perspective', Portfolio Organizer, August, pp. 41-56.
- [15] Noronha, M.R (2007). Performance Evaluation of Equity Based Mutual Funds: A Case Study of Three Asset management Companies in India. The Management Accountant, July, 527-534.
- [16] Rajeswari, T.R., and Ramamoorthy, V.E. (2001). An Empirical Study on Factors Influencing the Mutual Fund/Scheme Selection by Retail Investors. Retrieved from <http://www.utiiicm.com/Cmc/PDFs/2001/rajeswari.pdf>.
- [17] Ramamurthy, B. M. and Reddy, S. (2005). Recent Trends in Mutual Fund Industry. SCMS Journal of Indian Management, 2(3), 69-76.
- [18] Ranganathan, Kavitha (2006). A Study of Fund Selection Behaviour of Individual Investors towards Mutual Fund, Phd Thesis, Madurai Kamaraj University.
- [19] Saraswathi, T. S. (2006). Mutual Fund. Front Line, 28th December. Retrieved from <http://www.google.com>.
- [20] Sikidar, Sujit and Singh, Amrit Pal (1996). Financial Services : Investment in Equity and Mutual Funds – A Behavioural Study, in Bhatia B.S., and Batra G.S.(ed.) Management of Financial Services, Deep and Deep Publications, New Delhi, 136-45.
- [21] Singh, Y.P., and Vanita (2002). Mutual Fund Investors' Perceptions and Preferences-A Survey. The Indian Journal of Commerce, 55(3), 8-20.
- [22] Sankaran, S. (2004). Mutual Funds: can you afford to ignore them? Portfolio Organizer special issue, June-SEBI (MF) Regulations, 1996.
- [23] Sondhi, H. J. and Jain, P. K. (2005). Financial Management of Private and Public Equity Mutual Funds in India: An Analysis of Profitability. The ICFAI Journal of Applied Finance, II (6), 14-27.
- [24] Singh, Chander (2004). Performance of Mutual Funds in India: An Empirical Evidence. The ICFAI Journal of Applied Finance, December, 81-98.
- [25] Singh, B. K. and Jha, A.K. (2009). An empirical study on awareness & acceptability of mutual fund, paper presented on Regional Student's Conference, ICWAI, 49-55.
- [26] Venkatesh, B. (2004). Investor Fatigue and Mutual Funds. Business Line, June 21. Retrieved from <http://www.google.com>.
