A Study on Consumer Perception towards Mutual Fund Investment of Retail Investors in Odisha

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Abstract

Paper aims at studying the perception of investors towards mutual fund investment. The study is based on a sample of 380 respondents chosen using convenience sampling to understand the mutual fund buying behaviour of the individual investors. The paper determines various aspects of mutual funds which are considered by investors while investing in mutual fund. Aspects like reason for investment in mutual fund, preference of mutual fund are discussed.

Key Words: Mutual Funds, Fund Preference, Reason for Mutual Fund Investment.

Introduction

Mutual fund in India

Generally it is believed that MF is a retail product designed to target small investors, and employed people who usually find it risky to invest in stock market. Mutual fund acts as an option where small investors can enjoy the benefits of investing in a diversified portfolio of stock market. At the retail level, investors are different with different needs so cannot be catered with a standardised product, still UTI managed to do it in first phase of introduction of mutual funds for around three decades (1964-1987) as there was no competition in the industry. In the second phase of mutual fund industry in India oligopolistic competition was seen during the period of (1987-1992), with the entry of the public sector banks and financial institutions. Moreover, due to globalisation and liberalization measures took by the government has led to a change in the thinking of investors. During this phase also investors are encountered with limited options to invest in mutual fund and therefore no innovative products were offered by the banks and institutions unless this sector was thrown open to the private sector. During the third phase (1992 hence) the industry was thrown open to the private sector and the stage got set for competition. As on 06/2014 there exists 1767 schemes (Source : AMFI monthly vol xiv) offered by competing AMC's with different goals and objectives.

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Literature review

De Bondt and Thaler (1985) in their research suggested the psychological criterion of investor behaviour and concluded that present performance of firm impact investor perception in forming future expectations, Ippolito (1992) in his study found that past performance of the funds is considered as most important factor in selection of any fund / schemes, Shafir et.al. (1993) in his research found about the role of investor psychology in asset price is everyday fact for the practitioner. He also found out that those investors are not fully rational, they reflect risk-seeking behaviour, they use to differentiate outcomes of different decisions, and their expectations are often partial in predictable direction. Gupta (1993) in his survey research on the investor preferences of MFs and other financial assets, has concluded that AMC's has to make customized mutual funds to cater to the future needs of investors, Madhusudhan V Jambodekar (1996) in their research studied the awareness of investors and factors that affect their

buying decision of MFs and found that the investors look for safety of capital, Liquidity and Capital growth in the order of importance, Sujit Sikidar and Amrit Pal Singh (1996) in their study examined the behavioral aspect of the investors of the North. Shanmugham (2000) in his study concluded that psychological and sociological factors leads the investment decisions. Manish Mittal and Dr. R. K. Vyas (2007) in their paper studied the behavioural finance as a emerging science and its impact on human psychology that aims at understanding how it affects investment decision and also investigated how investment choice gets affected by the demographics of the investor and found that demographic factors play crucial role in decision making.

Many behavioural finance studies have shown that investors do not show rational behaviour while investing and their investment decision depend upon many behavioural biases (non-economic motives) influence their investment decision (Arieley, 2008; Barker and Odean, 2001; Nagy and Obenberger, 1994; Odean, 1999; Shefrin, 2000). The behavioural finance studies points out that MF investors (a) follow past performance for evaluating fund and (Barber et al., 2005); (b) they are not willing to easily sell their loss making fund so as to avoid realization of losses (Barber et al., 2005); (c) they show different behaviour towards fund expenses (Barber et al., 2005); and (d) they have a tendency to take credit of successful investments to their own skill and blame others and bad decision for failures (Shefrin, 2000)

Howard and Sheth (1969) gave different model of consumer behaviour. Their model tried to identify rational of buyer behind brand choice when they don't possess complete information and inabilities. The model points out on many of the variables affecting consumers and information on how they are dependent on each other. This model is based on assumption that investors do pass through a cognitive, affective and behavioural stage when they are highly involved with the product category, which have a high level of differentiation of product within it.

Nicosia (1966) has first given a consumer behaviour model. The model focused on aware, wilful decision making behaviour of consumer. Moreover as per the model the act of purchase is one step in the on-going consumer decision making stages. As per the model, consumers are moving from generic product knowledge to specific brand name and from a passive investor to an active investor category which is motivated towards specific brand knowledge.

Objectives of the study:

1) To study the reason behind mutual fund investment.
2) To study the most preferred fund type by mutual fund investors.

Research Methodology:

In this study a sample size of 380 people was surveyed with the help of a structured questionnaire. Purposive sampling technique was used to carefully select retail investors of mutual funds in Odisha. Responses are collected with help of structured questionnaire who's reliability is established at cronbach alpha value of .792.

For analysis SPSS is used and techniques like mean and chi square test is applied to draw conclusion.

Table 1 presents the age-wise distribution of opinions towards purpose of purchase of mutual fund instruments in view of different investment avenues. It is pertinent to note that in almost all avenues on the basis of age groups, many cells either do not have frequencies at all or expected frequencies less than 5. In other words, many cells i.e. at least 20% lack the deficit of minimum expected frequencies 5. Because of this, the calculated χ^2-values may not be considered for studying the associativity between the age groups and level of agree towards the aspects in consideration. However, by looking at the frequencies and corresponding percentages, most of the investors of all age groups are at least disagreed towards high return on investment. Although, a little bit more investors of all age groups are agreed towards tax saving as reason of investment in comparison to high return, still majority of the investors have disagreed towards tax saving. Further, for getting regular income on investment in mutual funds, more investors of all age

Table 1. Analysis of reason of investment in mutual funds with respect to their demographic characteristics.

	Age Groups		Level of Agree					Total N	χ^2 value (DF)
			Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree		
High Return on Investment	20-30 Years	N	20	0	16	41	19	96	123.56* (6)
		%	20.8%	0.0%	16.7%	42.7%	19.8%	100.0%	
	30-40 Years	N	0	0	0	101	105	206	
		%	0.0%	0.0%	0.0%	49.0%	51.0%	100.0%	
	40-50 Years	N	0	0	0	44	34	78	
		%	0.0%	0.0%	0.0%	56.4%	43.6%	100.0%	
Tax Saving	20-30 Years	N	20	0	7	41	28	96	20.38*(6)
		%	20.8%	0.0%	7.3%	42.7%	29.2%	100.0%	
	30-40 Years	N	43	0	7	72	84	206	
		%	20.9%	0.0%	3.4%	35.0%	40.8%	100.0%	
	40-50 Years	N	7	0	4	47	20	78	
		%	9.0%	0.0%	5.1%	60.3%	25.6%	100.0%	
Regular Income	20-30 Years	N	12	8	8	61	7	96	27.60*(8)
		%	12.5%	8.3%	8.3%	63.5%	7.3%	100.0%	
	30-40 Years	N	12	23	52	91	28	206	
		%	5.8%	11.2%	25.2%	44.2%	13.6%	100.0%	
	40-50 Years	N	4	7	8	47	12	78	
		%	5.1%	9.0%	10.3%	60.3%	15.4%	100.0%	
Capital appreciation	20-30 Years	N	7	20	27	34	8	96	84.11*(8)
		%	7.3%	20.8%	28.1%	35.4%	8.3%	100.0%	
	30-40 Years	N	11	23	26	49	97	206	
		%	5.3%	11.2%	12.6%	23.8%	47.1%	100.0%	
	40-50 Years	N	7	4	4	47	16	78	
		%	9.0%	5.1%	5.1%	60.3%	20.5%	100.0%	
Safety	20-30 Years	N	0	19	24	35	18	96	71.96*(8)
		%	0.0%	19.8%	25.0%	36.5%	18.8%	100.0%	
	30-40 Years	N	7	47	0	85	67	206	
		%	3.4%	22.8%	0.0%	41.3%	32.5%	100.0%	
	40-50 Years	N	0	20	15	12	31	78	
		%	0.0%	25.6%	19.2%	15.4%	39.7%	100.0%	
Retirement Fund	20-30 Years	N	0	8	30	42	16	96	99.02*(8)
		%	0.0%	8.3%	31.2%	43.8%	16.7%	100.0%	
	30-40 Years	N	43	64	15	76	8	206	
		%	20.9%	31.1%	7.3%	36.9%	3.9%	100.0%	
	40-50 Years	N	8	4	8	46	12	78	
		%	10.3%	5.1%	10.3%	59.0%	15.4%	100.0%	
Short Term Gains	20-30 Years	N	0	27	19	27	23	96	27.18*(8)
		%	0.0%	28.1%	19.8%	28.1%	24.0%	100.0%	
	30-40 Years	N	7	46	15	61	77	206	
		%	3.4%	22.3%	7.3%	29.6%	37.4%	100.0%	
	40-50 Years	N	0	23	7	32	16	78	
		%	0.0%	29.5%	9.0%	41.0%	20.5%	100.0%	
Long Term Gains	20-30 Years	N	23	12	4	50	7	96	77.25*(8)
		%	24.0%	12.5%	4.2%	52.1%	7.3%	100.0%	
	30-40 Years	N	62	58	0	52	34	206	
		%	30.1%	28.2%	0.0%	25.2%	16.5%	100.0%	
	40-50 Years	N	35	28	0	0	15	78	
		%	44.9%	35.9%	0.0%	0.0%	19.2%	100.0%	

N.B:- *- *Significant at 5% level (P<0.05) for Degrees of Freedom within brackets.*

groups have displayed their satisfaction than former two and majority are disagreed on this aspect. But, in anticipation of capital appreciation, investors in 20-30 years are agreed more than before but disagree in majority whereas the reverse trend is seen in other two age groups. Similar observations i.e. majority of all age groups are disagreed over safety, retirement fund, short tern gain and long term gain also.

Table 2 presents the gender-wise distribution of opinions towards purpose of purchase of mutual fund instruments in view of different investment avenues. It is pertinent to note that in almost all avenues on the basis of age groups, many cells either do not have frequencies at all or expected frequencies less than 5. In other words, many cells i.e. at least 20% lack the deficit of minimum expected frequencies 5. Because of this, the calculated χ^2-values may not be of importance for studying the associativity between the gender and level of agree towards the aspects in consideration. However, by looking at the frequencies and corresponding percentages, most of the male and female investors are at least disagreed towards high return on investment. Although, a little bit more male as well as female investors are agreed towards tax saving in comparison to high return, still majority of both categories of investors are disagreed towards tax saving.

Table 2: Gender-wise Purpose of Purchase of Different Mutual Fund Instruments

			Level of Agree					Total N	χ^2 value (DF)
	Gender		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree		
High Return on Investment	Male	N	20	0	16	89	69	194	38.72*(3)
		%	10.3%	0.0%	8.2%	45.9%	35.6%	100.0%	
	Female	N	0	0	0	97	89	186	
		%	0.0%	0.0%	0.0%	52.2%	47.8%	100.0%	
Tax Saving	Male	N	31	0	4	58	101	194	55.55*(3)
		%	16.0%	0.0%	2.1%	29.9%	52.1%	100.0%	
	Female	N	39	0	14	102	31	186	
		%	21.0%	0.0%	7.5%	54.8%	16.7%	100.0%	
Regular Income	Male	N	24	7	15	132	16	194	76.56*(3)
		%	12.4%	3.6%	7.7%	68.0%	8.2%	100.0%	
	Female	N	4	31	53	67	31	186	
		%	2.2%	16.7%	28.5%	36.0%	16.7%	100.0%	
Capital appreciation	Male	N	18	39	16	62	59	194	36.45*(4)
		%	9.3%	20.1%	8.2%	32.0%	30.4%	100.0%	
	Female	N	7	8	41	68	62	186	
		%	3.8%	4.3%	22.0%	36.6%	33.3%	100.0%	
Safety	Male	N	7	23	39	75	50	194	69.13*(4)
		%	3.6%	11.9%	20.1%	38.7%	25.8%	100.0%	
	Female	N	0	63	0	57	66	186	
		%	0.0%	33.9%	0.0%	30.6%	35.5%	100.0%	
Retirement Fund	Male	N	23	8	8	123	32	194	136.36*(4)
		%	11.9%	4.1%	4.1%	63.4%	16.5%	100.0%	
	Female	N	28	68	45	41	4	186	
		%	15.1%	36.6%	24.2%	22.0%	2.2%	100.0%	
Short Term Gains	Male	N	7	36	15	83	53	194	34.29*(4)
		%	3.6%	18.6%	7.7%	42.8%	27.3%	100.0%	
	Female	N	0	60	26	37	63	186	
		%	0.0%	32.3%	14.0%	19.9%	33.9%	100.0%	
Long Term Gains	Male	N	79	43	4	27	41	194	52.02*(4)
		%	40.7%	22.2%	2.1%	13.9%	21.1%	100.0%	
	Female	N	41	55	0	75	15	186	
		%	22.0%	29.6%	0.0%	40.3%	8.1%	100.0%	

N.B:- *- *Significant at 5% level (P<0.05) for Degrees of Freedom within brackets.*

Further, for getting regular income on investment in mutual funds, more male and female investors have displayed their satisfaction than former two and majority are disagreed on this aspect. But, in anticipation of capital appreciation, similar trend i.e. male and female investors are disagreed more in majority. Similar observations i.e. majority are disagreed over safety, retirement fund, short tern gain and long term gain also.

Table-3 presents the marital status-wise distribution of opinions towards purpose of purchase of mutual fund instruments in view of different investment avenues. It is pertinent to note that in almost all avenues on the basis of marital status, many cells either do not have frequencies at all or expected frequencies less than 5. In other words, many cells i.e. at least 20% lack the deficit of minimum expected frequencies 5. Because of this, the calculated χ^2-values may not be of importance for studying the associativity between the gender and level of agree towards the aspects in consideration. However, by looking at the frequencies and corresponding percentages, most of the married and unmarried investors are at least disagreed towards high return on investment. Although, a little bit more married as well as unmarried investors are agreed towards tax saving in comparison to high return, still

Table 3: Marital Status-wise Purpose of Purchase of Different Mutual Fund Instruments.

	Marital Status		Level of Agree					Total N	χ^2 value (DF)
			Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree		
High Return on Investment	Married	N	0	0	4	145	135	284	90.74*(3)
		%	0.0%	0.0%	1.4%	51.1%	47.5%	100.0%	
	Unmarried	N	20	0	12	41	23	96	
		%	20.8%	0.0%	12.5%	42.7%	24.0%	100.0%	
Tax Saving	Married	N	58	0	11	146	69	284	62.60*(3)
		%	20.4%	0.0%	3.9%	51.4%	24.3%	100.0%	
	Unmarried	N	12	0	7	14	63	96	
		%	12.5%	0.0%	7.3%	14.6%	65.6%	100.0%	
Regular Income	Married	N	16	38	60	130	40	284	36.01*(4)
		%	5.6%	13.4%	21.1%	45.8%	14.1%	100.0%	
	Unmarried	N	12	0	8	69	7	96	
		%	12.5%	0.0%	8.3%	71.9%	7.3%	100.0%	
Capital appreciation	Married	N	0	19	45	115	105	284	126.06*(4)
		%	0.0%	6.7%	15.8%	40.5%	37.0%	100.0%	
	Unmarried	N	25	28	12	15	16	96	
		%	26.0%	29.2%	12.5%	15.6%	16.7%	100.0%	
Safety	Married	N	7	78	23	108	68	284	38.57*(4)
		%	2.5%	27.5%	8.1%	38.0%	23.9%	100.0%	
	Unmarried	N	0	8	16	24	48	96	
		%	0.0%	8.3%	16.7%	25.0%	50.0%	100.0%	
Retirement Fund	Married	N	51	68	45	100	20	284	52.35*(4)
		%	18.0%	23.9%	15.8%	35.2%	7.0%	100.0%	
	Unmarried	N	0	8	8	64	16	96	
		%	0.0%	8.3%	8.3%	66.7%	16.7%	100.0%	
Short Term Gains	Married	N	7	73	29	77	98	284	15.74*(4)
		%	2.5%	25.7%	10.2%	27.1%	34.5%	100.0%	
	Unmarried	N	0	23	12	43	18	96	
		%	0.0%	24.0%	12.5%	44.8%	18.8%	100.0%	
Long Term Gains	Married	N	90	86	0	86	22	284	62.87*(4)
		%	31.7%	30.3%	0.0%	30.3%	7.7%	100.0%	
	Unmarried	N	30	12	4	16	34	96	
		%	31.2%	12.5%	4.2%	16.7%	35.4%	100.0%	

N.B:- *- *Significant at 5% level (P<0.05) for Degrees of Freedom within brackets.*

majority of both categories of investors are disagreed towards tax saving. Further, for getting regular income on investment in mutual funds, more married and unmarried investors have displayed their satisfaction than former two and majority are disagreed on this aspect. But, in anticipation of capital appreciation, similar trend i.e. married and unmarried investors are disagreed more in majority. Similar observations i.e. majority are disagreed over safety, retirement fund, short tern gain and long term gain also.

Looking at annual income-wise distribution of opinions towards purpose of purchase of mutual fund instruments in view of different investment avenues. It is pertinent to note that in almost all avenues on the basis of income groups, many cells either do not have frequencies at all or expected frequencies less than 5. In other words, many cells i.e. at least 20% lack the deficit of minimum expected frequencies 5. Because of this, the calculated χ^2-values may not be considered for studying the associativity between the

Table 4 : Age-wise Preference for Investment in Different Mutual Fund Instruments.

	Age Groups		Level of Agree					Total N	χ^2 value (DF)
			Highly Favorable	Favorable	Not Sure	Un-favorable	Highly Unfavorable		
Balanced Fund	20-30	N	0	8	0	64	24	96	68.39*(8)
	Years	%	0.0%	8.3%	0.0%	66.7%	25.0%	100.0%	
	30-40	N	36	19	8	76	67	206	
	Years	%	17.5%	9.2%	3.9%	36.9%	32.5%	100.0%	
	40-50	N	0	4	0	62	12	78	
	Years	%	0.0%	5.1%	0.0%	79.5%	15.4%	100.0%	
Growth Fund	20-30	N	0	0	7	81	8	96	57.71*(8)
	Years	%	0.0%	0.0%	7.3%	84.4%	8.3%	100.0%	
	30-40	N	8	14	0	131	53	206	
	Years	%	3.9%	6.8%	0.0%	63.6%	25.7%	100.0%	
	40-50	N	0	0	0	51	27	78	
	Years	%	0.0%	0.0%	0.0%	65.4%	34.6%	100.0%	
Debt Fund	20-30	N	16	43	4	29	4	96	49.65*(8)
	Years	%	16.7%	44.8%	4.2%	30.2%	4.2%	100.0%	
	30-40	N	8	95	8	73	22	206	
	Years	%	3.9%	46.1%	3.9%	35.4%	10.7%	100.0%	
	40-50	N	12	46	0	4	16	78	
	Years	%	15.4%	59.0%	0.0%	5.1%	20.5%	100.0%	
Tax Saving Fund	20-30	N	0	0	12	36	48	96	100.29*(8)
	Years	%	0.0%	0.0%	12.5%	37.5%	50.0%	100.0%	
	30-40	N	28	16	0	79	83	206	
	Years	%	13.6%	7.8%	0.0%	38.3%	40.3%	100.0%	
	40-50	N	0	8	0	58	12	78	
	Years	%	0.0%	10.3%	0.0%	74.4%	15.4%	100.0%	
Sectoral Fund	20-30	N	12	23	12	41	8	96	38.48*(8)
	Years	%	12.5%	24.0%	12.5%	42.7%	8.3%	100.0%	
	30-40	N	52	56	0	83	15	206	
	Years	%	25.2%	27.2%	0.0%	40.3%	7.3%	100.0%	
	40-50	N	27	16	8	20	7	78	
	Years	%	34.6%	20.5%	10.3%	25.6%	9.0%	100.0%	
Income Fund	20-30	N	18	28	11	39	0	96	73.83*(8)
	Years	%	18.8%	29.2%	11.5%	40.6%	0.0%	100.0%	
	30-40	N	94	51	0	54	7	206	
	Years	%	45.6%	24.8%	0.0%	26.2%	3.4%	100.0%	
	40-50	N	16	39	0	23	0	78	
	Years	%	20.5%	50.0%	0.0%	29.5%	0.0%	100.0%	

N.B:- *- *Significant at 5% level (P<0.05) for Degrees of Freedom within brackets.*

annual income and level of agree towards the aspects in consideration. However, by looking at the frequencies and corresponding percentages, most of the investors of all income groups are at least disagreed towards high return on investment. Although, a little bit more investors of all income groups are agreed towards tax saving in comparison to high return, still majority of the investors are disagreed towards tax saving. Further, for getting regular income on investment in mutual funds, more investors of all income groups have displayed their satisfaction than former two and majority are disagreed on this aspect. But, in anticipation of capital appreciation, investors in <2 lakh and 2-3 lakh income groups are agreed more than before but disagree in majority whereas the reverse trend is seen in other two income groups. Similar observations i.e. majority of all income groups are disagreed over safety, retirement fund, short tern gain and long term gain also.

Objective 2 : Analysis of preference for type of fund in mutual funds with respect to their demographic characteristics

Table-4 presents the age-wise distribution of preferences towards purchase of mutual fund instruments in view of different types of funds. It is pertinent to note that in almost all types of funds on the basis of age groups, many cells either do not have frequencies at all or expected frequencies less than 5. In other words, many cells i.e. at least 20% lack the deficit of minimum expected frequencies 5. Because of this, the calculated χ^2-values may not be considered for studying the associativity between the age groups and preferences towards different types of funds in consideration. However, by looking at the frequencies and corresponding percentages, most of the investors of all age groups are at least unfavourable towards balanced funds for investment. Similar trend is also observed in case of growth funds also. Although, a

Table-5: Gender-wise Preference for Investment in Different Mutual Fund Instruments.

	Gender		Level of Agree					Total N	χ^2 value (DF)
			Highly Favorable	Favorable	Not Sure	Un-favorable	Highly Unfavorable		
Balanced Fund	Male	N	36	15	0	99	44	194	46.15*(4)
		%	18.6%	7.7%	0.0%	51.0%	22.7%	100.0%	
	Female	N	0	16	8	103	59	186	
		%	0.0%	8.6%	4.3%	55.4%	31.7%	100.0%	
Growth Fund	Male	N	8	14	0	145	27	194	44.76*(4)
		%	4.1%	7.2%	0.0%	74.7%	13.9%	100.0%	
	Female	N	0	0	7	118	61	186	
		%	0.0%	0.0%	3.8%	63.4%	32.8%	100.0%	
Debt Fund	Male	N	28	98	4	30	34	194	49.14*(4)
		%	14.4%	50.5%	2.1%	15.5%	17.5%	100.0%	
	Female	N	8	86	8	76	8	186	
		%	4.3%	46.2%	4.3%	40.9%	4.3%	100.0%	
Tax Saving Fund	Male	N	28	8	12	57	89	194	71.22*(4)
		%	14.4%	4.1%	6.2%	29.4%	45.9%	100.0%	
	Female	N	0	16	0	116	54	186	
		%	0.0%	8.6%	0.0%	62.4%	29.0%	100.0%	
Sectoral Fund	Male	N	48	38	20	70	18	194	25.23*(4)
		%	24.7%	19.6%	10.3%	36.1%	9.3%	100.0%	
	Female	N	43	57	0	74	12	186	
		%	23.1%	30.6%	0.0%	39.8%	6.5%	100.0%	
Income Fund	Male	N	76	75	0	43	0	194	38.79*(4)
		%	39.2%	38.7%	0.0%	22.2%	0.0%	100.0%	
	Female	N	52	43	11	73	7	186	
		%	28.0%	23.1%	5.9%	39.2%	3.8%	100.0%	

N.B:- *- *Significant at 5% level (P<0.05) for Degrees of Freedom within brackets.*

little bit more investors of all age groups are favourable towards debt funds in comparison to balanced and growth funds, and majority of the investors are favourable towards debt funds. Further, the usual unfavourable preferences have been shown by all age groups towards tax saving funds for investment in mutual funds. On the contrary, more investors of all age groups have displayed their satisfaction towards sectoral funds than unfavourable ones in this regard. Additionally, investors of all age groups are favourable towards income funds are more than unfavourable investors towards this type funds.

Table-5 presents the gender-wise distribution of preferences towards purchase of mutual fund instruments in view of different types of funds. It is pertinent to note that in almost all types of funds on the basis of gender, many cells either do not have frequencies at all or expected frequencies less than 5. In other words, many cells i.e. at least 20% lack the deficit of minimum expected frequencies 5. Because of this, the calculated χ^2-values may not be considered for studying the associativity between the age groups and preferences towards different types of funds in consideration. However, by looking at the frequencies and corresponding percentages, most of the male and female investors are at least unfavourable towards balanced funds for investment. Similar trend is also observed in case of growth funds also. Although, a little bit more male and female investors are favourable towards debt funds in comparison to balanced and growth funds, and majority of the investors are favourable towards debt funds. Further, the usual unfavourable preferences have been shown by both male and female investors towards tax saving funds for investment in mutual funds. On the contrary, more investors of both male and female have displayed their satisfaction towards sectoral and income funds than unfavourable ones in this regard.

Table 6: Marital Status-wise Preference for Investment in Different Mutual Fund Instruments

	Marital Status		Level of Agree					Total N	χ^2 value (DF)
			Highly Favorable	Favorable	Not Sure	Un-favorable	Highly Unfavorable		
Balanced Fund	Married	N	20	27	0	142	95	284	51.99*(4)
		%	7.0%	9.5%	0.0%	50.0%	33.5%	100.0%	
	Unmarried	N	16	4	8	60	8	96	
		%	16.7%	4.2%	8.3%	62.5%	8.3%	100.0%	
Growth Fund	Married	N	8	14	0	182	80	284	44.60*(4)
		%	2.8%	4.9%	0.0%	64.1%	28.2%	100.0%	
	Unmarried	N	0	0	7	81	8	96	
		%	0.0%	0.0%	7.3%	84.4%	8.3%	100.0%	
Debt Fund	Married	N	28	126	0	99	31	284	59.06*(4)
		%	9.9%	44.4%	0.0%	34.9%	10.9%	100.0%	
	Unmarried	N	8	58	12	7	11	96	
		%	8.3%	60.4%	12.5%	7.3%	11.5%	100.0%	
Tax Saving Fund	Married	N	20	24	0	133	107	284	44.19*(4)
		%	7.0%	8.5%	0.0%	46.8%	37.7%	100.0%	
	Unmarried	N	8	0	12	40	36	96	
		%	8.3%	0.0%	12.5%	41.7%	37.5%	100.0%	
Sectoral Fund	Married	N	64	76	8	114	22	284	16.64*(4)
		%	22.5%	26.8%	2.8%	40.1%	7.7%	100.0%	
	Unmarried	N	27	19	12	30	8	96	
		%	28.1%	19.8%	12.5%	31.2%	8.3%	100.0%	
Income Fund	Married	N	95	83	11	88	7	284	7.39^{NS}(4)
		%	33.5%	29.2%	3.9%	31.0%	2.5%	100.0%	
	Unmarried	N	33	35	0	28	0	96	
		%	34.4%	36.5%	0.0%	29.2%	0.0%	100.0%	

N.B:- *- *Significant at 5% level (P<0.05) for Degrees of Freedom within brackets.*

Table 7: Annual Income-wise Preference for Investment in Different Mutual Fund Instruments.

	Income Groups		Level of Agree					Total N	χ^2 value (DF)
			Highly Favorable	Favorable	Not Sure	Un-favorable	Highly Unfavorable		
Balanced Fund	<2 Lakh	N	16	0	0	45	0	61	120.68*(12)
		%	26.2%	0.0%	0.0%	73.8%	0.0%	100.0%	
	2-3 Lakhs	N	0	4	0	52	16	72	
		%	0.0%	5.6%	0.0%	72.2%	22.2%	100.0%	
	3-5 Lakhs	N	0	12	8	45	19	84	
		%	0.0%	14.3%	9.5%	53.6%	22.6%	100.0%	
	> 5 Lakhs	N	20	15	0	60	68	163	
		%	12.3%	9.2%	0.0%	36.8%	41.7%	100.0%	
Growth Fund	<2 Lakh	N	8	0	0	53	0	61	128.52*(12)
		%	13.1%	0.0%	0.0%	86.9%	0.0%	100.0%	
	2-3 Lakhs	N	0	0	7	57	8	72	
		%	0.0%	0.0%	9.7%	79.2%	11.1%	100.0%	
	3-5 Lakhs	N	0	0	0	62	22	84	
		%	0.0%	0.0%	0.0%	73.8%	26.2%	100.0%	
	> 5 Lakhs	N	0	14	0	91	58	163	
		%	0.0%	8.6%	0.0%	55.8%	35.6%	100.0%	
Debt Fund	<2 Lakh	N	8	42	0	11	0	61	104.12*(12)
		%	13.1%	68.9%	0.0%	18.0%	0.0%	100.0%	
	2-3 Lakhs	N	0	50	4	7	11	72	
		%	0.0%	69.4%	5.6%	9.7%	15.3%	100.0%	
	3-5 Lakhs	N	20	18	8	23	15	84	
		%	23.8%	21.4%	9.5%	27.4%	17.9%	100.0%	
	> 5 Lakhs	N	8	74	0	65	16	163	
		%	4.9%	45.4%	0.0%	39.9%	9.8%	100.0%	
Tax Saving Fund	<2 Lakh	N	8	0	0	37	16	61	138.95*(8)
		%	13.1%	0.0%	0.0%	60.7%	26.2%	100.0%	
	2-3 Lakhs	N	0	0	12	48	12	72	
		%	0.0%	0.0%	16.7%	66.7%	16.7%	100.0%	
	3-5 Lakhs	N	0	0	0	39	45	84	
		%	0.0%	0.0%	0.0%	46.4%	53.6%	100.0%	
	> 5 Lakhs	N	20	24	0	49	70	163	
		%	12.3%	14.7%	0.0%	30.1%	42.9%	100.0%	
Sectoral Fund	<2 Lakh	N	23	11	0	27	0	61	70.53*(12)
		%	37.7%	18.0%	0.0%	44.3%	0.0%	100.0%	
	2-3 Lakhs	N	20	18	12	14	8	72	
		%	27.8%	25.0%	16.7%	19.4%	11.1%	100.0%	
	3-5 Lakhs	N	24	16	0	29	15	84	
		%	28.6%	19.0%	0.0%	34.5%	17.9%	100.0%	
	> 5 Lakhs	N	24	50	8	74	7	163	
		%	14.7%	30.7%	4.9%	45.4%	4.3%	100.0%	
Income Fund	<2 Lakh	N	19	15	11	16	0	61	95.17*(12)
		%	31.1%	24.6%	18.0%	26.2%	0.0%	100.0%	
	2-3 Lakhs	N	32	28	0	12	0	72	
		%	44.4%	38.9%	0.0%	16.7%	0.0%	100.0%	
	3-5 Lakhs	N	26	24	0	27	7	84	
		%	31.0%	28.6%	0.0%	32.1%	8.3%	100.0%	
	> 5 Lakhs	N	51	51	0	61	0	163	
		%	31.3%	31.3%	0.0%	37.4%	0.0%	100.0%	

N.B:- *- *Significant at 5% level (P<0.05) for Degrees of Freedom within brackets.*

Table-6 presents the marital status-wise distribution of preferences towards purchase of mutual fund instruments in view of different types of funds. It is pertinent to note that in almost all types of funds on the basis of marital status, many cells either do not have frequencies at all or expected frequencies less than 5. In other words, many cells i.e. at least 20% lack the deficit of minimum expected frequencies 5. Because of this, the calculated χ^2-values may not be considered for studying the associativity between the age groups and preferences towards different types of funds in consideration. However, by looking at the frequencies and corresponding percentages, most of the married and unmarried investors are at least unfavourable towards balanced funds for investment. Similar trend is also observed in case of growth funds also. Although, a little bit more married and unmarried investors are favourable towards debt funds in comparison to balanced and growth funds, and majority of the investors are favourable towards debt funds. Further, the usual unfavourable preferences have been shown by both married and unmarried investors towards tax saving funds for investment in mutual funds. On the contrary, more investors of both married and unmarried have displayed their satisfaction towards sectoral and income funds than unfavourable ones in this regard.

Table 7 presents the annual income-wise distribution of preferences towards purchase of mutual fund instruments in view of different types of funds. It is pertinent to note that in almost all types of funds on the basis of annual income, many cells either do not have frequencies at all or expected frequencies less than 5. In other words, many cells i.e. at least 20% lack the deficit of minimum expected frequencies 5. Because of this, the calculated χ^2-values may not be considered for studying the associativity between the income groups and preferences towards different types of funds in consideration. However, by looking at the frequencies and corresponding percentages, most of the investors of all income groups are at least unfavourable towards balanced funds for investment. Similar trend is also observed in case of growth funds also. Although, a little bit more investors of all income groups are favourable towards debt funds in comparison to balanced and growth funds, and majority of the investors are favourable towards debt funds. Further, the usual unfavourable preferences have been shown by all income groups towards tax saving funds for investment in mutual funds. On the contrary, more investors of all income groups have displayed their satisfaction towards sectoral funds than unfavourable ones in this regard. Additionally, investors of all income groups are favourable towards income funds are more than unfavourable investors towards this type funds.

Conclusion

For analysing this objective investors are asked with three questions i.e. what is the reason behind their investment in mutual funds, in which kind of fund they prefer to invest and what are the sources of information which they resort to for collecting mutual fund information. These questions were then studied in light of their relationship with demographic variables. Chi square test is used to test the hypothesis. Results are as follows:

Reason for investment hold significant across all age groups at 5 % significance level. That means different age group do have an impact on investor's reasons to invest in mutual funds. Most important reasons came out to be long term and short term gains across all age groups. Reason for investment hold significant across both gender at 5 % significance level. That means gender do have an impact on investor's reasons to invest in mutual funds. Again long term gain came out to be most popular reason for investment in both the gender but as far as retirement fund reason is concerned it is more preferred by female investors. It was also found significant as far as marital status is concerned. For unmarried investors capital appreciation seems to be a popular choice and long term gains share popularity among both classes i.e. married as well as unmarried with majority of people agreeing to that. Reason for investment hold significant across all income groups at 5 % significance level. That means different income group do have an impact on investor's reasons to invest in mutual funds. Retirement fund and long term gain seemed to be popular choices among different income groups.

Preference towards different type of fund hold significant across all age groups at 5 % significance level. That means different age group do have an impact on investor's choice towards different kind of fund. Debt fund, sectoral fund and income fund came out to be favourite choices among all age groups. Kind of fund for investment hold significant across both gender at 5 % significance level. Debt fund again is popular causing male to prefer more as compared to female investors. Income funds again become popular choice among male investors with almost 78% of male population favouring it.

As far as debt fund is concerned almost 69% of unmarried investors preferred that, it is also preferred by married investors but little less than unmarried one. Sectoral and income fund remained popular choices among both sections. Sectoral funds are most preferred by all income groups but investors having income of less than 2 lakh per annum tops the list. Income fund again is preferred by all income groups but investors having income of 2-3 lakhs tops the list.

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