



## INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT AND MANAGEMENT

### CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	INFORMATION TECHNOLOGY AND ITS APPLICATION AMONG USERS & NON-USERS IN IRAN <i>DR. ALI BARATI DEVIN</i>	1
2.	ACADEMIC STAFF'S PERCEPTION OF ADMINISTRATIVE STAFF SERVICES IN ETHIOPIA: A CASE STUDY OF ADI-HAQI CAMPUS, MEKELLE UNIVERSITY <i>DR. TESFATSION SAHLU DESTA</i>	5
3.	XBRL, THE 21ST CENTURY DATA SOURCE AND DATABASE LEVEL DATA VALIDATION <i>FABOYEDE, S.O., MUKORO, D. &amp; OLOWE, O.</i>	15
4.	ORGANISATIONAL CULTURE MANACLES TO EMBARK UPON DURING GLOBAL CONDENSE <i>DR. A. CHANDRA MOHAN, DR. K. VASANTHI KUMARI &amp; DR. P. DEVARAJ</i>	22
5.	IMPACT OF REFORMS ON THE SOUNDNESS OF INDIAN BANKING <i>SAHILA CHAUDHARY &amp; DR. SULTAN SINGH</i>	26
6.	ASSURING QUALITY USING 6 SIGMA TOOL - DMAIC TECHNIQUE <i>ANOOP C NAIR</i>	34
7.	COMMUNITIES OF PRACTICE: THEIR ROLE IN THE CREATION AND TRANSFER OF KNOWLEDGE IN ORGANISATIONS <i>DR. ROOPA T.N. &amp; RAGHAVENDRA A.N.</i>	39
8.	MANAGEMENT OF OVERALL PRODUCTIVITY IN SPOT WELDING CARRIED OUT IN WELD DIVISION OF A LIMITED COMPANY <i>DR. G RAJENDRA, AKSHATHA V. M &amp; HARSHA D</i>	43
9.	A STUDY ON THE PERFORMANCE OF INVENTORY MANAGEMENT IN APSRTC <i>DR. K. SAI KUMAR</i>	48
10.	IMPACT OF CHANGES IN ENTRY LOAD STRUCTURE OF MUTUAL FUND SCHEMES – EVIDENCE FROM INDIAN MUTUAL FUND INDUSTRY <i>N. VENKATESH KUMAR &amp; DR. ASHWINI KUMAR BJ</i>	56
11.	A COMPARATIVE ANALYSIS OF MARKET RETURNS AND FUND FLOWS WITH REFERENCE TO MUTUAL FUNDS <i>R. ANITHA, C. RADHAPRIYA &amp; T. DEVAENATHIPATHI</i>	62
12.	WOMEN EMPOWERMENT AND ENTREPRENEURSHIP THROUGH SHGs -A STUDY OF CHIKKABALLAPUR DISTRICT <i>DR. S. MURALIDHAR, K. SHARADA &amp; NARASAPPA.P.R</i>	67
13.	ANDHRA PRADESH STATE FINANCIAL CORPORATION FOR THE DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) - A STUDY OF TIRUPATI BRANCH IN CHITTOOR DISTRICT <i>DR. K. SUDARSAN, DR. V. MURALI KRISHNA, DR. KOTA SREENIVASA MURTHY &amp; DR. D. HIMACHALAM</i>	72
14.	IMPACT OF SERVICE QUALITY AND CUSTOMER SATISFACTION ON REPURCHASE INTENTION <i>ARUP KUMAR BAKSI &amp; DR. BIVRAJ BHUSAN PARIDA</i>	80
15.	AN EMPIRICAL RESEARCH ON MOBILE USERS INTENTION AND BEHAVIOUR TOWARDS MOBILE ENTERTAINMENT SERVICES IN INDIA BASED ON THEORY OF PLANNED BEHAVIOUR MODEL <i>G N SATISH KUMAR &amp; T. V. JANAKI</i>	86
16.	RETENTION STRATEGY: THE MAJOR TRENDS THAT CARRIED OUT IN IT SECTOR <i>DR. S. CHITRA DEVI &amp; E. LATHA</i>	90
17.	HUMAN RESOURCE DEVELOPMENT PRACTICES IN INFORMATION TECHNOLOGY INDUSTRY IN INDIA <i>DR. DEEPAKSHI GUPTA &amp; DR. NEENA MALHOTRA</i>	95
18.	ORGANISATIONAL SUPPORT FOR EMPLOYEES' CAREER MANAGEMENT <i>A. SEEMA, DR. ANITA PRIYA RAJA &amp; DR. S. SUJATHA</i>	109
19.	A STUDY ON SMALL INVESTOR'S PREFERENCE TOWARDS MUTUAL FUNDS IN SALEM DISTRICT, TAMIL NADU <i>M. GURUSAMY</i>	113
20.	A STUDY ON ATTRITION IN DOMESTIC FORMULATIONS IN CHENNAI CHEMICALS AND PHARMACEUTICALS LTD. <i>C M MARAN</i>	123
21.	A STATISTICAL ANALYSIS OF DAILY NIFTY RETURNS, DURING 2001-11 <i>SANTANU DUTTA</i>	133
22.	HEALTH AND SOCIAL PROBLEMS OF INDIAN WOMEN - A STUDY <i>DR. A. S. SHIRALASHETTI</i>	137
23.	ANTECEDENTS OF CRM IN HIGHER EDUCATION <i>DR. NARINDER TANWAR</i>	139
24.	HUMAN CAPITAL MANAGEMENT ISSUES AND POSSIBILITIES OF MSMEs - A STUDY ON SELECT UNITS IN BANGALORE <i>LAKSHMYPRIYA K. &amp; SUPARNA DAS PURKAYASTHA</i>	142
25.	GENERATING FUNCTIONS FOR PELL AND PELL-LUCAS NUMBERS <i>DR. NARESH PATEL</i>	152
	REQUEST FOR FEEDBACK	162

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- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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## A STUDY ON SMALL INVESTOR'S PREFERENCE TOWARDS MUTUAL FUNDS IN SALEM DISTRICT, TAMIL NADU

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### 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. An investor commits the present funds to one or more assets to be held for some time in expectation of some future return in terms of interest (revenue) or capital gain. The objectives of the study are to identify the perceptual factors which influence the investors to invest in mutual funds; to analyse the Motivational factors of small investors; to analyse the preference of small investors on selected Mutual Fund; to analyse the problems of small investors on Mutual Fund. The present study mainly concentrates on small investor's preference of selected Mutual Funds such as SBI, Reliance, ICICI, ING Vysya, LIC, and UTI. It does not cover other Mutual Funds, which has offered to the public. Licker Scale, Kendall's Co-Efficient of Concordance Test, Chi-square Test, and Spearman's Rank Correlation Co-Efficient tests are used for analysis of this study. The awareness on investment on Mutual Fund should be communicated among the rural investors through road show, small campaign and other programmed. 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 have innovative schemes and efficient administrative system.*

### KEYWORDS

Capital Gain, Capital Market, Investors, Mutual Fund, Transaction Cost.

### INTRODUCTION

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them. Thus a 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.

### REVIEW OF LITERATURE

Mutual Fund sector poised growth had stated that the Indian Mutual Funds business stated to grow. Though there are many challenges that need to be addressed to increase net mobilization of funds in sector. She concludes that the Indian Securities market has bottomed out and the coming year could only show an up sharing (Vimalavasan, 2002). The SEBI should impose some guidelines suggestion her on the Mutual Funds. When the Net Asset Value is below par to AMC fees should be paid to the sponsor for the period. He concluded that all advertisement of Mutual Funds should disclose the high and lows (on a yearly basis) of the fund and the month and year when the NAV was below par (Rangarajan, 2001). The growth, both in terms of size and choice in the Mutual Fund industry among emerging markets has been impressive however; Mutual Fund research emerging markets hardly exist. In particular area the author surveys the relative importance of factors considered important in the selection of Mutual Funds by financial advisor. He concluded that the impending liberalization of financial markets in the developing world, his findings would assist those international Funds that are considering expand their operations in to these emerging markets (Balaramasamy, 2003). The Mutual Funds well small in size, few in number and were limited to simple concepts like equities, bonds and balanced portfolios. The Mutual Fund industries or securities grew enormously in all measures from number of assets. It increases the profits of investors and fund manager salaries. At last he conclude that the place of investor's assets placed in their care at the same level as their own profits will be remembered for many decades to come better in future (Robert B.Gordon, 2002). Assets under Management of the industry has given a negative trend but currently the fund industry rose, albeit marginally. Mutual Funds have been big traders at the bourses. This is evident from the increased volumes logged in the Bombay Stock Exchange by Mutual Funds. That he concluded that the Mutual Funds are the typically are debt Funds with an Equity Kicker added to it. Investors feel that it provides them with valuation as against investing according to the NAV after the close of the IFO (Veenavenugopal, 2006). There is a latent demand from Mutual Funds for commercial papers and certificate of deposits there are typically short-term instruments and they fit the overall maturity profile. They demands for commercial papers, however, falter when the Mutual Funds are hard pressed for cash particularly during the time of advanced tax out flows or tight liquidity and the high call rates are a deterrent to the issuance of commercial papers at present (Shobhakannan and Radhika Menon, 2007). The consumer behavior from the marketing world and financial economics has brought together to the surface an exciting area for study and research. The realization that this is a serious subject is analysis seem to treat financial markets as an aggregate of statistical observation. A rich view of research waits that sophisticated understanding of how financial markets are also affected by the financial behavior. She concludes that the Mutual Funds which has become an important portal for the small investors, is also influenced by their financial behavior. Hence, it examines the related aspects of the fund selection behavior of individual investors (Kavitha rangathan, 2006). Bankers admit that despite their conservative approach to investments, it increases credit for double; a rate paper in the wake of triple "a" rated papers thinning out from the market. Bankers, market participants always change their yield maximization strategies in keeping with prevailing market conditions at any given time (Rukmani Vishwanth, 2003). The investors invested in a Mutual Fund to provide a Mutual Fund Identification Number (MIN) or apply for one, the association of Mutual Fund in India. In keeping with the securities and Exchange Board of India's norm, Mutual Fund Investor would be allotted the MIN after verification of identity. He conclude that the Mutual Funds have appointed CDSL ventures ltd; a wholly owned subsidiary of central depository serves ltd; to collect documents relating to identity and address of investors and for record keeping (Arun, 2006). The estimate annual trading costs for a sample of equity Mutual Funds and find these costs are large and exhibit substantial cross sectional variation. And also the analysis that trading costs averaged 0.78% of Fund assets per year and haven inter-qualities range of 0.59% trading costs, like expense ratios are negatively related to fund returns (John, 1999). The Indian Mutual Fund 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". He concludes that the fund houses incur additional expenses to market the new product which further reduces the Net Asset Value (Venketesh, 2004). The popularity of Mutual Funds traditionally is attributed to the fact that they are professionally managed, small available only to large investors and that investor can take advantage of lower transaction costs, primarily in that consider three advantages of investing in Mutual Funds: Diversification benefit, transaction costs, an investors need for liquidity and the risk sharing benefits of investing in Mutual Fund. Finally he conclude that Mutual Fund have the redemption fees may be more successful than front end load fees at club redemption to cash flows and more likely to rely on load fees to dissuade redemption because they hold more of the investments (Tarun chrodia, 1993). The field of strategic management or Business policy has as a primary mission the analysis of diversity. Recently, the field has shifted from an emphasis on the diversity of industry to firm level differences. Finally he concluded that the evaluation of competitive position is driven by market position and external

relationships that organizational commitments and resource allocation do not exert an independent effect of the tracery (Daniel A. Levinthal, 1994). With the reforms of economy, reforms of industrial policy, reforms of public sector and reforms of financial sector, 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, mutual fund industry has come to occupy an important place. She concluded that, the main objective of this paper is to examine the importance and growth of mutual funds and evaluate the operations of mutual funds and suggest some measures to make it a successful scheme in India (Nalini Prava Tripathy, 1994). A Mutual Fund 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. They can at the most buy shares of one or two companies. When small savings are pooled and entrusted to mutual funds then these can be used to buy the chips where regular returns and capital appreciation are ensured. She concluded that the Mutual fund is an American concept (T.Saraswathi, 2006).

## NEED FOR THE STUDY

The term investment is used to describe the process of investing money in shares, debentures, fixed deposits, gold, real assets, life policies, mutual funds and money market instruments. By investing, an investor commits the present funds to one or more assets to be held for some time in expectation of some future return in terms of interest (revenue) or capital gain. Individual investors consider a number of factors before deciding to invest their funds in various securities involving varying degrees of risk and return. In short, the investment decision making process is a multi-faceted subject to change over a period of time. An attempt has been made in this study to identify the perceptual factors which influence the investors to invest in mutual funds. There are a number of investment opportunities available to an investor. Each of these investments has its own risk and return features. The proverb "never put all the eggs in the same basket" guides the investor to diversify the risk. Diversification refers to the process whereby an investor invests his funds in more than one investment opportunity. All investors may not be in a position to undertake fundamental and technical analysis before they decide about their investment options. Instead of investing directly, the investors particularly, small investors may go for indirect investment through the mutual funds. Instead of becoming the share holder or bondholder of a company, these investors would become the unit holders of mutual funds. In almost all the capital markets throughout the world, mutual funds have gained a significant position. The mutual fund industry plays a significant role in the development of the economy as well. Its buoyant growth leads to lower intermediation costs, more efficient financial markets, and increased vibrancy of the capital markets and higher local ownership of financial assets.

## OBJECTIVES OF THE STUDY

- To identify the perceptual factors which influence the investors to invest in mutual funds.
- To study the origin and growth of industry in India.
- To analyses the Motivational factors of small investors.
- To analyses the preference of small investors on selected Mutual Fund.
- To analyses the problems of small investors on Mutual Fund.
- To offer suitable suggestions based on findings.

## SCOPE OF THE STUDY

The present study mainly concentrates on small investor's preference of selected Mutual Funds such as SBI, Reliance, ICICI, ING Vysya, LIC, and UTI. It does not cover other Mutual Funds, which has offered to the public.

## LIMITATIONS OF THE STUDY

- The present study mainly based on the data which were collected from small investors in Salem District.
- As small investors they were not maintaining any books of accounts for investment on Mutual Funds.
- Hence the data furnished by the Investor, are subject to bias. Further, the finding of the study may not applicable to other type of similar studies.

## RESEARCH METHODOLOGY

**RESEARCH DESIGN:** Research design is in fact the conceptual structure with in which the research is conducted Bernard Philips has described the research design as a "Blue print for the collection, Measurement and analysis of data". The present study based on descriptive research which relates to the demographic and attitude of the respondents on analyses to draw the specific finding.

**SAMPLING DESIGN:** A sample design is a definite plan for obtaining a sample from the sample frame it refers to the technique or the procedure. The researcher would adopt in selecting some sampling units from which inferences about the population is a drawn.

**POPULATION:** Population refers to the total number of individual living in geographical area. In the study area there are 600 investors were identified as investors of mutual fund. Hence, the population consists of 600 people in the research area.

**SAMPLE TECHNIQUE:** For selecting the sample the researcher has followed that Probability sampling technique, in Probability sampling technique sample in the Population.

### AREA OF COLLECTING DATA:

Blocks	Number of Investors	Sample Selected 20%
Salem	300	60
Attur	150	30
Mettur	100	20
Omalur	50	10
Total	600	120

**SAMPLE SIZE:** The number of cases selected from the population to use as the sample. The Present study consist of 120 samples, the total investors on the study area were 600 out of which 120 samples (20% of the population) have been selected on the basis of Area sampling technique.

**SAMPLE UNIT:** Sample unit refers to the units into which an aggregate is divided for the purpose of sampling, each unit being regarded as individual and indivisible when the selection is made. It is a collection of each item from different types Mutual Funds. In the present study selected small investors of Mutual Fund investment at Salem District are considered as a sample unit.

**DATA COLLECTION:** Primary data is one which is collected by the investigator himself for the purpose of a specific inquiry or study. In this study interview schedule has been used to collect the Primary Data. The secondary data were collected from the various journals and magazines and internet websites relates to Mutual funds such as SBI, RELIANCE, ICICI, ING VYSIA, LIC and UTI.

### ANALYTICAL TOOLS

- **Licker Scale:** Licker Scale is used to study the opinion of the Mutual Fund Investors regarding the problems of Mutual Fund investment. It has been given in the following method:
  - Strongly Agree-5, Agree-4, No opinion -3, Disagree -2, Strongly Disagree-1
- **Kendall's Co-Efficient of Concordance Test:** Kendall's co-efficient of concordance test is used to compare the ranking pattern of the Mutual Fund investor on various problem faced by the formula used:

$$S = (R_j - R_j)^2$$

$R_j$  = Ranks

$R_j$  = Average of Ranks

K = Number of Category

R = Number of Ranks

- **Chi-square Test:** It difference the two variables of hypotheses is accepted or null hypothesis rejected.

**Formula** :  $[(O-E)^2/E]$

O refers to : Observed Frequency.

E refers to : Expected Frequency

Expected Value : Row total \* Column Total / Grand Total

Degree of Freedom : (Row-1) (Column-1)

Level of Significance : 0.05%

- **Spearman's Rank Correlation Co-Efficient**

Spearman's Rank Correlation Co-efficient value is calculated as:

$$R = 1 - 6sd^2$$

-----

N (n2-n)

D= difference between the two ranks

N= number of pointed observations.

## DATA ANALYSIS AND INTERPRETATION

**TABLE NO.1: AGE OF MUTUAL FUND INVESTORS**

Age	No. of Investors	Percentage
Up to 30	21	17
31- 40	32	28
41 - 50	40	33
Above 50	27	22
<b>Total</b>	120	100

Source: Primary Data

The age is length of time that a person has lived in the world. It should be influence the human culture and investment decision. It can be making different thinking of the investment. It is stated in Table 5.1 that among 120 investors a majority of investors 33% are in the group of 41-50 yrs, 28% investors are in the age group of 31-40 yrs, 22% investors are in the age group of above 50 and only 17% investors are in the age group of below 30. Hence, it concludes that the majority of investors are in the age group of 41-50 yrs.

**TABLE NO.2: GENDER OF THE MUTUAL FUND INVESTORS**

Gender	No. of investors	Percentage
Male	83	69
Female	37	31
<b>Total</b>	120	100

Source: Primary Data

Gender has been refers to the society constructed roles, behaviors, activities, and attributes that a given society considers appropriate for men and women. It is inferred in Table No.2 that among 120 investors represented 69% are male and only 31% of investors are female. Hence it concludes that the majority of the investors are belonging to the male investors.

**TABLE NO.3: EDUCATIONAL STATUS OF MUTUAL FUND INVESTORS**

Educational status	No. of investors	Percentage
Schooling	42	35
Diploma	19	16
Degree	30	25
Professional	29	24
<b>Total</b>	120	100

Source: Primary Data

The education of an individual human beings at birth and continues throughout life. It influence throughout the day to day life and their investments for future. It is clear from Table No.3 that among 120 sample Investors, a majority of investors 35% are in Schooling, 25% Investors are in Degree, 24% Investors are in Professional and Only 16% of Investors are in the Diploma. Hence it concludes that a majority of the Investors are belonging to Schooling.

**TABLE NO.4: RESIDENTIAL STATUS OF THE MUTUAL FUND INVESTORS**

Residential status	No. of investors	Percentage
Rural	62	52
Urban	58	48
<b>Total</b>	120	100

Source: Primary Data

Residence is a building typically lived in by one or more people. The word residence may also refer to a living area of the human beings especially of their status and comfortableness in the society. It is referred from the Table No.4 that among 120 Investors, a majority of 52% of Investors are in rural area and only, 48% of Investors are in urban area. Hence, it concludes that a majority of the investors are lived in rural area.

**TABLE NO.5: OCCUPATIONAL STATUS OF THE MUTUAL FUND INVESTORS**

Occupational Status	No. Of Investors	Percentage
Own Business	38	32
Govt. Sector	18	15
Private Sector	37	31
Pensioners	27	22
<b>Total</b>	120	100

Source: Primary Data



In a commercial settings Occupational status conceives of a productive activity, generally with the intention of creating profits and Investors contributes the investment for the future. It is conclude from Table No.5 that among 120 investors, a majority 32% of Investors are doing Own business, 31% of investors are Private Sector Employees, 22% of investors are in Pensioners and Only 15% of investors are Government Employees. Hence it indicates that a majority of investors are doing Own Business.

**TABLE NO.6: MONTHLY INCOME STATUS OF MUTUAL FUND INVESTORS**

Monthly Income	No. Of Investors	Percentage
Up to 5000	9	8
5001 to 10000	43	36
10001 to 15000	42	35
Above 15000	26	21
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

Income generally refers; it is the money that is received as a result of the normal business activities of an individual or a business person. Income is increases in economic benefits during the life period of human beings. It is inferred that Table No.6 among 120 Investors. The majority 36% of the Investors 5001 to 10000, 35% of the Investors are earning 10001 to 15000, 21% of the Investors are earning above 15000, and only 8% of Investors earning monthly Up to 5000. Hence it indicates that the majority of the Investors are earning 5001 to 10000.

**TABLE NO.7: INVESTOR'S INVESTMENT IN MUTUAL FUND**

Name of Mutual Fund	No. of Investors	Percentage
SBI	21	18
Reliance	30	25
ICICI	19	16
ING Vysya	23	19
LIC	20	16
UTI	7	6
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

Investment is a term with several closely related to future saving of the investors it create a safety for their money worth. It is given in Table No.7 that among 120 Investors. A majority 25% of Investors are invest in Reliance Scheme, 19% of Investors are invest in the ING Vysya Scheme, 18% of Investors are Invest in the SBI Scheme, 16% of Investors in LIC Scheme and ICICI Scheme and Only 6% of Investors are Invested in UTI Scheme, Hence it conclude that the majority of investors Invested in Reliance Scheme.

**TABLE NO.8: PRESENT INVESTMENT IN MUTUAL FUND OF THE INVESTORS**

Present Position	No. of Investors	Percentage
Up to 5000	3	2
5001 to 10000	56	47
10001 to 15000	22	18
Above 15000	39	33
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

Present investment is important for the every investor because of this is clarifying their current position of the investment. The Table No.8 clearly inferred among 120 Investors, 47% of investors are invested as 5001 to 10000, 33% of investors are invested as Above 15000. 18% of Investors are invested at 10001 to 15000 and only, 2% of investors are invested up to 5000. Hence, it concludes that the majority of Investors are investing at 5001 – 10000.

**TABLE NO.9: INVESTORS INVESTED IN OTHER INVESTMENTS**

Other Investment	No. of Investors	Percentage
Yes	62	52
No	58	48
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

The Investor can be invested in Other Securities for their future earnings and the balancing the losses from the Mutual Fund Investment. It is conclude the Table No.9 that among 120 Investors, there is 52% Investors are have been Other Investments and Shares and only 42% investors have not other securities. Hence it inferred that the 52% of Investors have been other securities for their Investment.

**TABLE NO.10: INVESTOR'S INVOLVE IN MUTUAL FUND INVESTMENT**

Duration	No. of Investors	Percentage
More than 1 yr	99	83
Up to one year	21	17
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

Duration is an amount of time or a particular interval time of investment, it may describe as long and short period. It is evident that out of 120 Investors Mostly 99% of Investors using Mutual Fund Investment more than one year and only, 21 % of the Investors are using the Mutual Fund investment up to one year. Hence, it indicates that the investors can be well known about the Mutual Fund.

**TABLE NO.11: MODE OF PURCHASE IN MUTUAL FUND**

Mode of Purchase	No. of Investors	Percentage
Direct	22	18
Through Broker	98	82
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

Purchase is a commercial activity between buyer and seller; the buyer should be getting their services from different modes it also applicable for the investment. It could be observed from Table No.11 that out of 120 Investors mostly 82% of Investors are buying Mutual Fund through brokers and only, 18% of Investors are buying Mutual Fund directly. Hence it indicates that the majority of the Investors are buyer from the broker.

**TABLE NO.12 (A): REASON FOR CHOOSING THE MUTUAL FUND INVESTMENT AVERAGE ANALYSIS**

Factors	Rank					Total
	1	2	3	4	5	
Safety	27 (23%)	70 (58%)	18 (15%)	2 (2%)	3 (2%)	120 (100%)
Good income	80 (67%)	12 (10%)	23 (19%)	4 (3%)	1 (1%)	120 (100%)
Easy liquidity	1 (1%)	17 (14%)	9 (8%)	47 (39%)	46 (38%)	120 (100%)
Low risk	9 (8%)	19 (16%)	67 (55%)	11 (9%)	14 (12%)	120 (100%)
Tax Concession	3 (3%)	2 (2%)	3 (3%)	56 (46%)	56 (46%)	120 (100%)

Source: Primary Data

An average of a sample Investors data set refers to a measure of the expected value of the investors. It is clear from Table No.12 (a) that among 120 Investors 58% of the investors gave second rank to the reason of Safety for purchase Mutual Fund. The reason of Good Income got First rank of 67% of Mutual Fund Investment. 55% of Investors gave Third rank to the reason of Low risk, the reason of Easy liquidity got Fourth rank of 39% of Mutual Fund Investment. 46% of Investors gave a Fifth rank to the reason of Tax Concession of Mutual Fund Investments.

**TABLE NO.12 (B): FACTOR FOR CHOOSING THE MUTUAL FUND**

Factor	Rank					Total	Score	Average	Rank
	1	2	3	4	5				
Safety	27	70	18	2	3	120	476	3.9	3
Good Income	80	12	23	4	1	120	526	4.3	1
Easy liquidity	1	17	9	47	46	120	240	2	4
Low risk	9	19	67	11	14	120	358	2.9	2
Tax concession	3	2	3	56	56	120	200	1.6	5

Source: Primary Data

It could be seen from Table No.12 (b) that Good Income was the Top most reason for selecting the Mutual Fund. The Low risk of investment facility was ranked the Next. The Safety of Investment got the third position according to Garnet ranking result. The Easy liquidity of investment was the Fourth important reason as pointed out by the investors. In the views of the sample investors have tax concession it placed last. The investors classified on the basis of their Investment and Rank had presented in the above Table No.12.

**TABLE NO.13: SELECTING PARTICULAR SCHEME OF MUTUAL FUND**

Reasons	No. of Investors	Percentage
Fast growth	13	11
High return	27	23
Recommendation of Brokers	55	46
Attractive advertisement	25	20
Total	120	100

Source: Primary Data

Selection of scheme is also called as Decision taken by Investor. Table No.13 defined that out of 120 Investors Mostly 46% Investors selecting the Mutual Fund by way of Recommendation of brokers, 23% of Investors selecting the Mutual Fund of their High returns, 20% of investors selecting the Mutual Fund of their Attractive Advertisement and Only, 11% of Investors are selecting Mutual Fund of Fast growth. Hence, it conclude that the mostly Investor selecting Mutual Fund for their Recommendation of Brokers.

**TABLE NO. 14: THE GROWTH RATE IN MUTUAL FUND INVESTMENT OF INVESTORS**

Growth Rate	No. of Investors	Percentage
Up to 25%	9	8
25% to 50%	16	13
50% to 75%	35	29
Above 75%	60	50
Total	120	100

Source: Primary Data

An investor's objective is Growth of their Investment, it considered at all Investors Investment. Mutual Fund Growth is achieved when the Market Value increases, it causes the Fund's Net Asset Value of Investors. It could be observed from Table No.14 that out of 120 Investors mostly 50% of Investors getting growth of Above 75%, the growth of 50% to 75% are getting 29% percentage of Investors, 13% of investors are getting 25% to 50% of growth in Investment and Only, 8% of investors are earn Up to 25 %. Hence it indicates that the majority of investors are mostly getting earning of above 75%.

TABLE NO.15: VARIOUS PROBLEMS OF MUTUAL FUND INVESTMENT

Opinion	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	Intensive value	Mean	RANK
Less Liquidity	44*5 220	61*4 244	10*3 30	3*3 9	3*2 6	502	4.18	1
Lack in Period	24*5 120	31*4 124	44*3 132	15*2 30	5*1 5	411	3.42	3
Difficult to select	30*5 150	31*4 124	36*3 108	20*2 40	3*1 3	425	3.54	2
Slow Growth	11*5 55	24*4 96	34*3 102	30*2 60	20*1 20	333	2.77	4
Too Many Formality	13*5 65	12*4 48	20*3 60	36*2 72	38*1 38	283	2.35	5
Low Aware	7*5 35	6*4 24	22*3 66	36*2 72	41*1 41	238	1.98	6

Source: Primary Data

Investors have some various problems; it is an obstacle which makes it difficult to achieve desired goal, objectives or purpose. It refers to a situation condition or issue that is yet resolved. It could be seen from Table No.15 that Less liquidity was the Top most Problem for invest in the Mutual Fund. The difficult to select of investment facility was ranked the Next Problem. The Lack in Period got the third position according to Problem ranking result. The Slowly gradual growth of investment was the Fourth important Problem as pointed out by the investors. In the views of the sample investors have too many formalities it placed Fifth rank, and only, Investors selected the Low awareness is last and least rank.

**MOTIVATIONAL FACTORS AND OTHER VARIABLES**

The cross table analysis should be easy to knowing the difference of the investor's mentality.

TABLE NO.16: AGE AND MOTIVATIONAL FACTORS

Factors	AGE							
	Up To 30		31 to 40		41 to 50		Above 50	
	Mean score	Rank	Mean score	Rank	Mean score	Rank	Mean score	Rank
Safety	4.14	2	3.65	2	2.8	3	4.18	2
Income	4.28	1	4.37	1	4.5	1	4.22	1
liquidity	2.42	4	2.09	4	1.9	4	1.77	4
Low risk	2.42	3	2.65	3	2.97	2	3.14	3
Tax concession	1.66	5	1.37	5	1.57	5	1.77	5

Source: Primary Data

The age and Motivational factor analysis are making difference idea between the difference ages of Mutual Fund Investors. It is evident from Table No.16 that all categories of Investor ranked the Motivational Factor "Good Income" as their First and foremost motivational factor for investives their money in Mutual Funds. The motivational factor of "Safety" got Second rank from all categories except the investors belong to the Age group of 41-50. The motivational factor "Tax Concession" secured Fifth rank from all categories of investors.

**KENDAL'S TEST BETWEEN THE AGE OF INVESTORS AND THE MOTIVATIONAL FACTORS OF THE MUTUAL FUND INVESTMENT**

Kendal's hypotheses are formulated to the test the ranking pattern of investor age and motivational factors of the Mutual Fund investment.

$H_0$ : The different age of investors in Mutual Fund investment do not rank the Motivational Factor similarly.

$H_1$ : The different age of investors of Mutual Fund investment rank the Motivational Factor similarly.

Since, the calculated value S (135.04) is greater than the Kendall's coefficient Table value (88.4), the null hypotheses are rejected. Hence it concludes that the different age of investors of Mutual Fund investment rank the Motivational Factors.

TABLE NO.17: GENDER AND MOTIVATIONAL FACTORS

FACTOR	GENDER			
	Male		Female	
	Mean Score	Rank	Mean Score	Rank
Safety	4.01	2	5.29	2
Income	4.36	1	6.03	1
liquidity	2.09	4	2.62	5
Low risk	2.93	3	4.22	3
Tax concession	1.54	5	2.48	4

Source: Primary Data

The gender of human is two methods it should be have different ideas, different taste of living, and also using different type of culture. Table No.17 disclosed that the Motivational Factor "Good Income" was the Foremost Factor that had Motivated Investors who had invested in Mutual Funds by both Male and Female investors, The "Safety" is the Second Motivational Factor that had induced the investors to invest in Mutual Fund, The "Tax Concession" was Last and Least important factor for the Male Investor. But the Female Investor selected as the "Liquidity" to last and least Factor for their Investment.

**Spearman's Rank Correlation Co-efficient Test for between the Genders of Mutual Fund investors and the Motivational Factors for the Investment:**

Spearman's Rank Correlation Co-efficient Value for the ranks given by the two categories of investors was calculated by using the formula:

$$R = 1 - \frac{6sd^2}{N(N^2-1)}$$

-----  
N (n2-n)

D = difference between the two ranks.

N = number of pointed observations.

The rank correlation co-efficient value of 0.8 shows a positive correlation in the ranking pattern of the two categories of investors.

TABLE NO.18: TYPES AND MOTIVATIONAL FACTORS IN MUTUAL FUNDS INVESTMENT

FACTOR	TYPES OF MUTUAL FUND									
	SBI		RELIANCE		ICICI		ING VYSYA		LIC & UTI	
	Mean score	Rank	Mean score	Rank	Mean score	Rank	Mean score	Rank	Mean score	Rank
Safety	3.80	1	4.03	2	4.9	1	3.79	2	4.5	1
Income	4.28	2	4.20	1	3.1	3	4.15	1	3.28	3
liquidity	2.47	4	2.31	4	2	4	1.89	4	2	4
Low Risk	2.57	3	2.75	3	3.2	2	3.36	3	3.85	2
Tax Concession	2	5	1.75	5	1.5	5	1.36	5	1.28	5

Source: Primary Data

The scheme is the important for every Investment it should be easy to select their future investment of the investors. The cross table should be analysis the particular scheme motivational factors of the investors. Table No.18 shows that the different type of Mutual Fund influences the Motivational Factors. The first and foremost factor of investors is Safety but whereas Income also getting the First Motivational Factor for the Investors, The Second Rank goes to the Low risk of the Motivational Factor of the Mutual Fund Investors. The Last and Least Motivational Factor considered by the Investors as Tax Concession.

**KENDAL'S TEST BETWEEN THE TYPES OF MUTUAL FUND AND THE MOTIVATIONAL FACTORS OF THE MUTUAL FUND INVESTMENT**

Kendal's hypotheses are formulated to the test the ranking pattern of different types of Mutual Fund and motivational factors of the Mutual Fund investment.

$H_0$ : Ranking the Motivational Factors by the different types of Mutual Fund does not differ significantly.

$H_1$ : Ranking the Motivational Factors by the different types of Mutual Fund differ significantly.

Since, the calculated value S (218) is greater than the Kendall's co-efficient Table value (112.3), the null hypotheses are rejected. Hence it concludes that the different types of Mutual Fund investment rank the Motivational Factors.

**PROBLEMS OF MUTUAL FUND INVESTMENT AND OTHER VARIABLES**

The cross table analysis should know the investors problems between the different sample investors.

TABLE NO.19: EDUCATION AND PROBLEMS OF THE INVESTORS

Problem	Educational Status of Investors							
	Up to School		Diploma		Degree		Professional	
	Mean Score	Rank	Mean Score	Rank	Mean Score	Rank	Mean Score	Rank
Less liquidity	3.66	3	4.2	1	3.9	1	4.3	1
Lack of period	4.33	1	3.36	3	3.73	2	3.41	2
Difficult to select	3.69	2	3.35	2	3.26	3	3.31	3
Slow growth	2.73	4	3.21	4	2.7	5	2.79	4
Too many formality	2	6	2.10	5	2.7	4	2.58	5
Lack of aware	2.09	5	1.84	6	2.2	6	2.03	6

Source: Primary Data

The educational factor is important for every human being it encourage the knowledge about the investment but it also make some problems of the investment. The table no.19 disclose that the Problem of Mutual Fund Investment, the First and Foremost Rank goes to the Less Liquidity but same category Rank Pointed the Lack of Period, the Second Rank Pointed to the Difficult to Select and also same Problem get the Third Rank, The majority of investors suggested the Last and Least Problem should be Lack of Awareness between the Investors.

**KENDAL'S TEST BETWEEN THE EDUCATIONAL STATUS OF INVESTORS AND THE PROBLEMS OF THE MUTUAL FUND INVESTMENT**

Kendal's hypotheses are formulated to the test the ranking pattern of educational status of investors and motivational factors of the Mutual Fund investment.

$H_0$ : The different types of educational status of investors don't rank the problem similarly.

$H_1$ : The different types of educational status of investors rank the problems similarly.

Since, the calculated value S (234) is greater than the Kendall's co-efficient Table value (143.3), the null hypotheses are rejected. Hence it concludes that the different types of educational status of investors rank the Problem of Mutual Fund investment.

TABLE NO.20: RESIDENCE AND PROBLEMS OF INVESTORS

PROBLEMS	RESIDENCE OF INVESTORS			
	Rural		Urban	
	Mean Score	Rank	Mean Score	Rank
Less liquidity	4.27	1	4.17	1
Lack of period	2.59	4	3.44	2
Difficult to select	3.77	2	3.32	3
Slow growth	2.77	3	2.86	4
Too many formality	2.38	5	1.86	6
Lack of awareness	2.20	6	2.34	5

Source: Primary Data

The residence is important for every human it should be conformed their living status and culture modernization. It could be understood from Table No.20 the investors analysis their problem of Mutual Fund Investment. The First Rank awarded to the Less Liquidity, the 2<sup>nd</sup> Rank pointed to the Difficult to Select the Scheme of Investment but whereas same category getting the 3<sup>rd</sup> Rank, The last and Least Rank goes to the Lack of awareness but the urban area investors awarded the Fifth Rank of the Investors Problems.

**SPEARMAN'S RANK CORRELATION CO-EFFICIENT TEST FOR BETWEEN THE RESIDENCE OF MUTUAL FUND INVESTORS AND THE PROBLEM OF MUTUAL FUND INVESTMENT**

Spearman's Rank Correlation Co-efficient Value for the ranks given by the two categories of investors was calculated by using the formula:

$$R = 1 - \frac{6 \sum d^2}{N(N^2 - 1)}$$

-----  
N (n2-n)

D = difference between the two ranks.

N = number of pointed observations.

The rank correlation co-efficient value of 0.7 shows a positive correlation in the ranking pattern of the two categories of investors.

TABLE NO.21: TYPES OF MUTUAL FUND AND THE PROBLEMS OF INVESTORS

PROBLEMS	TYPES OF MUTUAL FUND									
	SBI		RELIANCE		ICICI		ING VYSYA		LIC & UTI	
	Mean score	Rank	Mean score	Rank	Mean score	Rank	Mean score	Rank	Mean score	Rank
Less Liquidity	3.33	3	3.03	4	3.9	2	3.83	1	3.73	2
Lack of Period	4.38	1	3.3	3	2.85	4	3.5	3	3.84	1
Difficult to Select	3.66	2	4.2	1	4.5	1	3.54	2	3.2	3
Slow Growth	3.19	4	2.4	5	1.7	5	2.7	4	2.7	4
Too Many Formality	2.47	5	4.06	2	1.6	6	2.58	5	2.52	6
Lack of Awareness	1.66	6	2.3	6	3.8	3	1.85	6	2.68	5

Source: Primary Data

There are different scheme of Mutual Fund are introduced in between the financial markets but it also make some problem to the investors taking investment decision. Table No.21 had disclosed that all schemes are involve in the investors investment it influences some problems of the investment decision making, the First Rank allotted to the Difficult to Select but the same problem belongs to the Second and Third Rank between the investor's problems. The Fourth Rank allotted to the slow growth of the investments where as it allotted to the Fifth Rank between the investors, the Fifth Rank belongs to The Lack of Awareness but some investors allocated the Sixth Rank to the same problem of Mutual Fund investment.

**KENDAL'S TEST BETWEEN THE TYPES OF MUTUAL FUND AND THE PROBLEMS OF THE MUTUAL FUND INVESTMENT**

Kendal's hypotheses are formulated to the test the ranking pattern of Types of Mutual Fund and Problems of the Mutual Fund investment.

$H_0$ : Ranking the problems by the different types of Mutual Fund investment of investors doesn't differ significantly.

$H_1$ : Ranking the problems by the different types of Mutual Fund investment of investors differ significantly.

Since, the calculated value S (269) is greater than the Kendall's co-efficient Table value (182.4), the null hypotheses are rejected. Hence it concludes that the different types of Mutual Fund investment and investors rank the Problem of Mutual Fund investment.

**CHI-SQUARE TEST**

TABLE NO.22: INCOME OF INVESTORS AND TYPES OF THE MUTUAL FUND INVESTMENT

Income	Types of Mutual Fund					Total
	SBI	Reliance	ICICI	ING Vysya	LIC & UTI	
Upto Rs.10,000	9 (17)	19 (37)	10 (19)	6 (12)	8 (15)	52 (100)
Above Rs.10,000	12 (18)	10 (15)	7 (10)	21 (31)	18 (26)	68 (100)
Total	21 (18)	29 (24)	17 (14)	27 (22)	26 (22)	120 (100)

Source: Primary Data

Figures in parentheses are percentage

The chi-square test had been applied for the relationship between Income of Investors and the Types of the Mutual Fund Investment. It explain that the Table No.22 among 52 investors belongs the Upto Rs.10,000 income status investors have invested their money in different types of Mutual Fund. 9 investors have depend the SBI Mutual Fund, 19 investors invested in Reliance Mutual Fund, 10 Investors attracted by ICICI Mutual Fund 6 investors depend the ING VYSYA Mutual Fund, remaining 8 investors involved in the LIC&UTI Mutual Fund.

In the case of Above Rs.10,000 income status of investors among 68 investors have invested their money in different ideas of Mutual Fund investment 12 Investors have depend the SBI Mutual Fund, 10 Investors have attract by the Reliance Mutual Fund, 7 Investors interested in the ICICI Mutual Fund Investment, 21 investors depend the ING Vysya, Remaining 18 Investors goes to LIC&UTI Mutual Fund. To test the relationship between the Income status of investors and the types of Mutual Fund Investment the following hypothesis are formulated.

**HYPOTHESIS**

$H_0$ : Income status of investors does not influence the types of Mutual Fund.

$H_1$ : Income status of investors influences the types of Mutual Fund.

Calculated Value : 25.17

Degree of Freedom : 4

Tabular Value @ 0.5%: 9.488

Since, the calculated value (25.17) is greater than the Tabular Value (9.488) at 0.5% Level of Significance, the null hypothesis rejected. Hence, it can be conclude that the Income status of investors can be influence the scheme of Mutual Fund.

TABLE NO.23: RESIDENCE OF INVESTORS AND TYPES OF THE MUTUAL FUND INVESTMENT

Residential	Types of Mutual Fund					Total
	SBI	Reliance	ICICI	ING Vysya	LIC&UTI	
Rural	12 (19)	10 (17)	12 (19)	16 (26)	12 (19)	62 (100)
Urban	9 (15)	19 (33)	8 (14)	8 (14)	14 (24)	58 (100)
Total	21 (18)	29 (24)	20 (17)	24 (20)	26 (21)	120 (100)

Source: Primary Data

Figures in parentheses are percentage

The chi-square test had been applied for the relationship between Residence of Investors and the Types of the Mutual Fund Investment. It conclude that the Table No.23 among 62 investors belongs the Rural investors have invested their money in different types of Mutual Fund. 9 investors have depend the SBI Mutual Fund, 19 investors invested in Reliance Mutual Fund, 10 Investors attracted by ICICI Mutual Fund ,12 investors depend the ING VYSYA Mutual Fund , remaining 15 investors involved in the LIC&UTI Mutual Fund.

In the case of Urban investors among 58 investors have invested their money in different ideas of Mutual Fund investment 9 Investors have depend the SBI Mutual Fund , 19 Investors have attract by the Reliance Mutual Fund, 8 Investors interested in the ICICI Mutual Fund Investment, 8 investors depend the ING VYSYA, Remaining 14 Investors goes to LIC & UTI Mutual Fund.

To test the relationship between the gender of investors and the types of Mutual Fund Investment the following hypothesis are formulated.



**HYPOTHESIS**

**H<sub>0</sub>:** Residence of does not influences the types of Mutual Fund.

**H<sub>1</sub>:** Residence of investors influences the types of Mutual Fund.

Calculated Value : 6.61

Table Value : 9.488

Degree of Freedom : 4

Since, the calculated value (6.61) is lower than the Tabular Value (9.488) at 0.5% Level of Significance, degree of freedom (4). The null hypothesis is accepted. Hence, it can be conclude that the residence of investors does not be influence the scheme of Mutual Fund.

**TABLE NO.24: EDUCATIONAL STATUS OF INVESTORS AND REASON FOR BUYING THE MUTUAL FUND INVESTMENT**

Educational Status	Reason For Buying Mutual Funds				Total
	Fast Growth	High Return	Recommend of Broker	Attractive Advertisement	
Up to school	5 (15)	5 (15)	18 (55)	5 (20)	33 (100)
Diploma	5 (20)	5 (20)	10 (60)	5 (20)	25 (100)
Degree	5 (20)	6 (20)	8 (60)	8 (20)	27 (100)
Professional	6 (17)	1 (31)	9 (26)	9 (26)	35 (100)
Total	13 (11)	26 (22)	56 (27)	25 (20)	120 (100)

Source: Primary Data

Figures in parentheses are percentage

The chi-square test had been applied for the relationship between Educational status of Investors and the Reason for buying the Mutual Fund Investment. It stated that the Table No.24 among 33 investors belongs the Up to School level investors have invested their money in different Reasons for buying Mutual Fund. 5 investors have earning the Fast growth of their Investment. 5 investors invested for High return of their Mutual Fund investment, 18 Investors attracted by Recommendation of broker to investing in Mutual Fund, 5 investors are depending on the creativity of attractive advertisement for Mutual Fund investment. In the case of Profession education level of investors, among 35 investors had invested their money in different Reason for investing in Mutual Fund investment. 6 Investors have depend the Fast growth of Mutual Fund , 11 Investors have attract by the High return of Mutual Fund investment,9 Investors interested by the recommendation of Mutual Fund Investment, Remaining 9 Investors goes by attractive advertisement by the Mutual Fund. To test the relationship between the age of investors and the reason for investing their money in Mutual Fund Investment the following hypothesis are formulated.

**HYPOTHESIS:**

**H<sub>0</sub>:** Education Status of investors is independent of the Reason for buying the Mutual Fund.

**H<sub>1</sub>:** Education Status of investors not depend the reason for buying the Mutual Fund.

Calculated Value : 26.51

Degree of Freedom : 9

Tabular Value @ 0.5% : 16.919

Since, the calculated value (26.51) is lower than the Tabular Value (16.919) at 0.5% Level of Significance, the null hypothesis is accepted. It can be conclude that the educational status of investors independent to the reason for buying the Mutual Fund.

**FINDINGS**

- From the study that the Mutual Fund investors (33%) are in age group of between 41yrs to 50 yrs and the majority of investors (69%) are belongs to in the male category, it should be considered by the data analysis and interpretations.
- It was clear from the data analysis that the majority of (35%) investors belongs to schooling category and the regarding their place of residence of the investors (52%) are lived in Rural Area.
- The larger proportion (32%) investors are belongs to the private sector category and the income status of the investors 36 percent of the between 5001 to 10000 Rupees.
- The study disclosed that the Mutual Fund Small investors invest their money in different types of Mutual Fund in the case the majority of the investors (25%) choose the Reliance Mutual Fund regarding the amount of investment majority of investors (47%) belongs to between the Rs 5001 to Rs 10000.
- Among 120 investors, the majority of the investors (52%) in other investment and regarding their duration of investment majority of investors (83%) of having their investment More than one year.
- The majority of (22%) the investors are purchasing their Mutual Fund from the brokers and regarding the motivational factors of the investors the factors, "Good Income " secured first place, "Low Risk" and "Safety" secured second and third place respectively, the factors "Easy liquidity and Tax Concession" consider fourth and last rank respectively by the sample investors.
- From the study the majority of (46%) investors selecting the Mutual Fund by way of recommendation of brokers and the majority of the (50%) of investors the annual growth is above 75%.
- Regarding the Investment Problem of the investors the Problem, " Less Liquidity " secured first place, "Difficult to Select" and "Lack in Period" secured second and third place respectively, the Problems "slow growth and Too many Formalities" consider fourth and fifth rank respectively by the sample investors "Low awareness" was placed to last problem ranked by the Mutual Fund Sample Investors.

**SUGGESTIONS**

- The awareness on investment on Mutual Fund should be communicated among the rural investors through road show, small campaign and other programmed.
- The procedure of investment in Mutual Fund should be simplified.
- Most of the small investors are depend on brokers. Hence some brokers may wrongly lead the investors, so Small Investors should decide themselves. But they can consult with them. But final decision should be taken by the Small Investors only.
- The mutual fund companies clearly disclose the structure of portfolio, where they are going to investment their investment.
- The service charges of mutual fund should be reduced.

## CONCLUSION

It is concluded that the Mutual Fund business in Salem District 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, economies of scale. There are many types of Mutual Fund in between the investors; the researcher selected only a famous six types of Mutual Fund in between small investors such as SBI, RELIANCE, ICICI, ING VYSIA, LIC and UTI at Salem District. 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.

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