

Demographic Details and Investing Pattern of Mutual Fund Investors: Results from Chi-Square Test

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ABSTRACT

Though the Average Assets under Management (AAUM) of the Indian Mutual Fund Industry stands at trillions of rupees, as of 2018. The contribution of the state of Jammu and Kashmir towards the total AAUM of the Indian Mutual fund industry is not impressive (AMFI). The contribution of the state stands only at just a few hundred crores which points towards the huge untapped potential in Jammu and Kashmir (J&K). Therefore, studying the investment pattern of mutual fund investors is indispensable for addressing the issue of narrow customer base of mutual fund investors in the state and lower contribution of J&K towards the total AAUM of the Mutual Fund Industry. In an endeavour to provide insights regarding the aforementioned problem, the present study is the first such study which attempts to reveal the investment pattern of mutual fund investors in Jammu and Kashmir (J&K), India. The present study attempts to conduct the analysis of the mutual fund investors of Jammu & Kashmir on the basis of their various demographic and socio-economic characteristics to determine their investing pattern. Not only this, the study also conducts the cross analysis of some of the given demographic and socio-economic characteristics of the mutual fund investors to provide deep insights regarding the investors' investing pattern. To determine the presence or absence of a statistically significant difference among the small and large mutual fund investors, the proposed hypotheses are tested by running the Chi-square test.

1. Demographic Details and Investing Pattern of Mutual Fund Investors: Results from Chi-Square Test

The Indian Mutual Fund industry has shown the spectacular growth from the past few decades. Average Assets Under Management (AAUM) of Indian Mutual Fund Industry stood at INR 23,59,225 crore in 2018 (AMFI). It is noteworthy to mention that despite such spectacular growth, the mutual fund industry has been able to tap less than 1.5% of the total population of India, where the total population having the permanent account number (PAN) stands at 290 million, which points towards the worrying status of the penetration of mutual funds in India (AMFI). Looking at the contribution of the state of Jammu and Kashmir towards the total Average Assets Under Management of the Indian Mutual Fund Industry, it is found that only INR 2500cr have been contributed by the mutual fund investors, as of 2018 (AMFI). This points towards the huge untapped potential in Jammu and Kashmir (J&K). Therefore, studying investment pattern of mutual fund investors is indispensable for addressing the issue of narrow customer base of mutual fund investors throughout the country, in general, and lower contribution of J&K towards the total AAUM of the Indian Mutual Fund Industry, in particular.

2. Literature Review

Age is one of the most important demographic factors that shapes the investment behaviour of the individuals. Older investors have low level of risk tolerance than the young investors, probably because older individuals have lesser time to meet their goals and objectives. Similarly, younger individuals have more time to cover up the financial losses, in case there are any, because of the risk in the investments they undertake to accumulate more wealth. (Grable & Lytton, 1999b). Gender is one of the most important demographic characteristics that

significantly influences the behaviour of investors towards investment (Hallahan, Faff, and McKenzie, 2004). Marital status of investors is believed to have an influence on the investment behaviour of investors. The single investors usually exhibit a difference in their investment behaviour compared to the married investors because of the difference in responsibilities they shoulder (Roszkowski et al., 1993). Occupation is the principal activity that someone engages in to earn ones livelihood. The self-employed investors tend to bear high risk tolerance and usually invest in those avenues where they get more exposed to risk and earn higher returns normally, compared to those who are not self-employed (MacCrimmon & Wehrung, 1986). Investors from different occupations tend to have different tolerances for risk, hence, different investment behaviour. Annual income of investors is one of the most important determinants affecting the level of investments made by the investors. Every investor invests with the purpose of maximizing his wealth. Usually, the investors with higher annual income tend to exhibit the more tolerance for risk, compared to those with lower annual income (Grable, 2000; Grable & Lytton, 1999b; Hallahan et al., 2004). The level of education possessed by the investors determines their perception towards the various investment avenues and the risks associated with them. The investors with higher levels of education tend to have higher tolerance for risk involved in investments (Grable, 2000; Hallahan et al., 2004).

3. Objectives of the study

To reveal the relationship between the demographic details and investing pattern of mutual fund investors of Jammu and Kashmir.

4. Research Methodology

The research design of this study is exploratory in nature. Both primary and secondary data sources have been employed to collect the data for the study. However, the study largely depends on the primary data. The primary data collection for the present study is conducted through a self-made structured questionnaire, administered to the mutual fund investors of the SBI Funds Management Private Limited in Jammu and Kashmir in order to obtain the required primary data for the study. The scales employed in the questionnaire are the nominal and interval scale to measure the underlying variables of the present study. The study selects to study the behaviour of those mutual fund investors who are investing in mutual funds through the SBI Funds Management Private Limited [SBI AMC]. Because, a) SBI AMC is one of the largest investment management firms operating in India and serving more than 5.4 million mutual fund investors alone, b) It has the vast geographical coverage in India, operating from almost every corner of the country and c) It is the only AMC which operates in all the three divisions of the State, unlike other AMCs, operating in only two divisions of the state namely Jammu and Kashmir. Thus, mutual fund investors of SBI AMC are chosen for the study in order to avoid any kind of frame bias that would have arisen if the mutual fund investors belonging to different AMCs in different divisions of the state were selected. As it is hard to approach the investors, the Convenience Sampling Method (Mittal and Vyas, 2008) is being used for identifying the respondents. The identification of respondents for the study is carried out by personally visiting the local head offices of the SBI Funds Management Private Limited [SBI AMC], where the chances of tapping the investors are relatively higher. The present study makes use of the Sample Size Determination Table for deciding the appropriate sample size. Therefore, a sample size of 381 investors will be adequate for the present study. However, the present study selects 450 respondents to make the study more representative. The study categorizes the mutual fund investors as small and large investors, based on the amount of investment made in mutual funds. A large investor for the present study is the one who has made an investment of an amount exceeding INR 80000 in mutual funds.

5. Data Analysis and Interpretation

The various demographic and socio-economic characteristics examined by the present study include: age, gender, marital status, occupation, annual income, education level, investment objectives, source of information and intention of investors about future investment in mutual funds. Additionally, the cross analysis of some of the given demographic and socio-economic characteristics of the mutual fund investors to provide deep insights regarding the investors' investing pattern is also conducted. A total of 450 mutual fund investors with 150 mutual fund investors from each division of the state of Jammu & Kashmir have been selected by the present study.

5.1 Age of the mutual fund investors

Therefore, considering the importance of age factor in influencing the investment behaviour of the investors, an attempt is made by the present study to analyze the investors on the basis of the age factor to provide more insights regarding

their background. The two categories of investors—the small investors and the large investors are analyzed on the basis of their age. In order to find the difference among the two categories of investors to be statistically significant on the basis of their age, we posit the following hypothesis:

H₁₀: There is no significant difference among the small investors and large investors on the basis of their age.

H_{1a}: There is a significant difference among the small and large investors on the basis of their age.

The results are presented in Table-1 for Age factor of the mutual fund investors.

Table-1 clearly depicts that the age group of 41 to 50 is the most dominant age group of all age groups in the given sample of total 450 investors because the largest portion of mutual fund investors (208 out of the total 450) belongs to this age group standing at 46% of the total investors such that 114 investors belong to the Small Investors category and the remaining 94 investors belong to the Large Investors category. In Kashmir Division, the most dominant age group is >50, comprising 68 investors and constituting 45.33% of the total 150 investors from Kashmir division, such that 11 investors belong to the Small Investors category and 57 belong to the Large Investors category, respectively. In Jammu Division, 84 investors belong to the 41 to 50 age group, constituting about 56% of the total 150 investors. Out of the 84 investors, 14 investors and 70 investors are among the Small Investors category and the Large Investors category, respectively. In Ladakh Division, 75 investors belong to the 41 to 50 age group, constituting about 50% of the total 150 investors. Out of the 75 investors, 60 investors and 15 investors are among the Small Investors category and the Large Investors category, respectively.

The above proposed hypothesis is analyzed by running the Chi-square test. The results of the Chi-square suggest the rejection of Null hypothesis, as the calculated value of Chi-square (15.852) is greater than the table value (7.815) at a confidence level of 5% with degrees of freedom, D.O.F.=3. Hence, the Alternate hypothesis is well accepted and it is concluded that there is a statistically significant difference among the small and large mutual fund investors on the basis of their Age group in the state of Jammu and Kashmir.

5.2 Gender of the mutual fund investors

Hence, keeping in view the importance of this demographic variable in influencing the behaviour of investors, the present study makes an attempt to analyze the two categories of investors—the small investors and the large investors on the basis of their gender.

In order to find out whether the difference among the two categories of investors is statistically significant on the basis of their gender, we posit the following hypothesis:

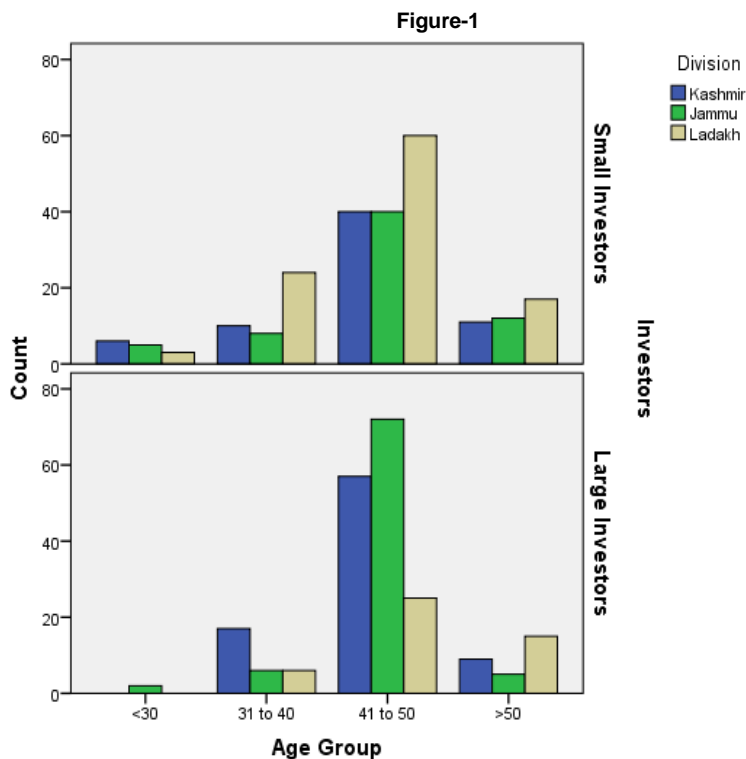
H₂₀: There is no significant difference among the small investors and large investors on the basis of their gender.

H_{2a}: There is a significant difference among the small and large investors on the basis of their gender.

Table-1
Distribution of Investors on the basis of their Age-Group

Division			Investors		Total	Percentage
			Small Investors	Large Investors		
Kashmir	Age Group	<30	6	0	6	4.00%
		31 to 40	10	17	27	18.00%
		41 to 50	40	9	49	32.67%
		>50	11	57	68	45.33%
	Total		67	83	150	100.00%
Jammu	Age Group	<30	5	2	7	4.67%
		31 to 40	6	8	14	9.33%
		41 to 50	14	70	84	56.00%
		>50	40	5	45	30.00%
	Total		65	85	150	100.00%
Ladakh	Age Group	<30	3	0	3	2.00%
		31 to 40	24	6	30	20.00%
		41 to 50	60	15	75	50.00%
		>50	17	25	42	28.00%
	Total		104	46	150	100.00%
Total	Age Group	<30	14	2	16	3.55%
		31 to 40	40	31	71	16.00%
		41 to 50	114	94	208	46.01%
		>50	68	87	155	34.44%
	Total		336	264	600	100.00%

Source: primary data



Source: primary data

The results for Gender-based distribution of the mutual fund investors are presented in Table-2. It is quite evident from Table-2 that the dominant gender among the mutual fund investors is the male gender constituting about 76% of the total investors (340 investors out of the total 450 investors). The females constitute about 24% of the total investors (110 investors out of the total 450 investors). Table 2 indicates that out of the total 340 male investors, 187 investors are the Small

Investors and 153 investors are in the Large Investors category. Similarly, out of the total 110 female investors 49 female investors belong to the Small Investors category and the remaining 61 female investors belong to the Large Investors category. In Kashmir Division, the number of male investors stands at 116 out of the total 150 investors, constituting 77% of the total 150 investors. The number of female investors stands at 34 out of the total 150 investors, constituting 23% of the total

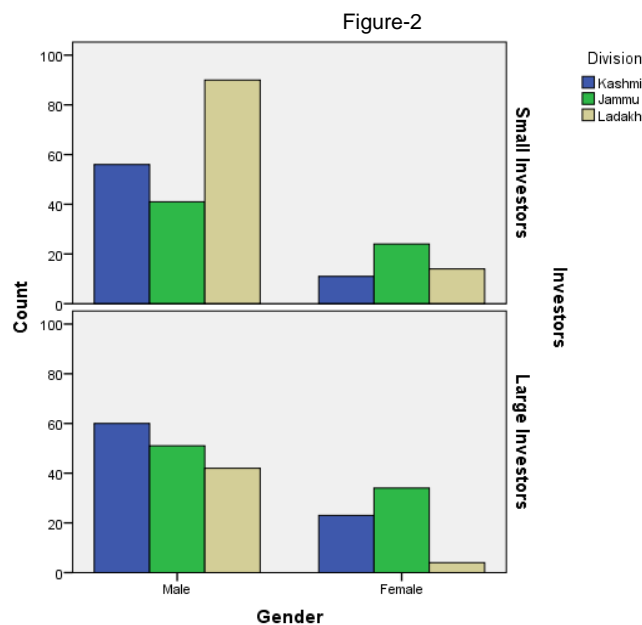
150 investors. Likewise, in Jammu Division, the male investors' strength is 92 out of the total 150 investors, constituting nearly 61% of the total 150 investors. The number of female investors stands at 58 out of the total 150 investors, constituting nearly 39% of the total 150 investors. Likewise, in Ladakh Division, the male investors' strength is 132 out of the total 150 investors, constituting nearly 88% of the total 150 investors. The number of female investors stands at 18 out of the total 150 investors, constituting nearly 12% of the total 150 investors.

The above proposed hypothesis is analyzed by running the Chi-square test. The results of the Chi-square suggest the rejection of Null hypothesis, as the calculated value of Chi-square (11.9077) is greater than the table value (3.841) at a confidence level of 5% with degrees of freedom, D.O.F.=1. Hence, the Alternate hypothesis is well accepted and it is concluded that there is a statistically significant difference among the small and large mutual fund investors on the basis of their Gender in the state of Jammu and Kashmir.

Table-2
Gender-based Distribution of the Mutual Fund investors

Division			Investors		Total	Percentage
			Small Investors	Large Investors		
Kashmir	Gender	Male	56	60	116	77%
		Female	11	23	34	23%
	Total		67	83	150	100%
Jammu	Gender	Male	41	51	92	61%
		Female	24	34	58	39%
	Total		65	85	150	100%
Ladakh	Gender	Male	90	42	132	88%
		Female	14	4	18	12%
	Total		104	46	150	100%
Total	Gender	Male	187	153	340	76%
		Female	49	61	110	24%
	Total		236	214	450	100%

Source: primary data



Source: primary data

5.3 Marital Status of the mutual fund investors

In this study an attempt is made to analyze the two categories of the investors-the small investors and the large investors on the basis of their marital status.

In order to find out whether the difference among the two categories of investors is statistically significant on the basis of their marital status, we posit the following hypothesis:

H3₀: There is no significant difference among the small investors and large investors on the basis of their marital

status.H3_a: There is a significant difference among the small and large investors on the basis of their marital status.

The results for marital status-based distribution of the mutual fund investors are presented in Table-3.

Table-3 clearly depicts that the married category of investors dominates the other categories of the investors based on their marital status. Out of the total 450 investors, 344 investors belong to the married category of investors, thereby, constituting about 76.40% of the total investors. Out of the total 344 investors, 176 belong to the Small Investors

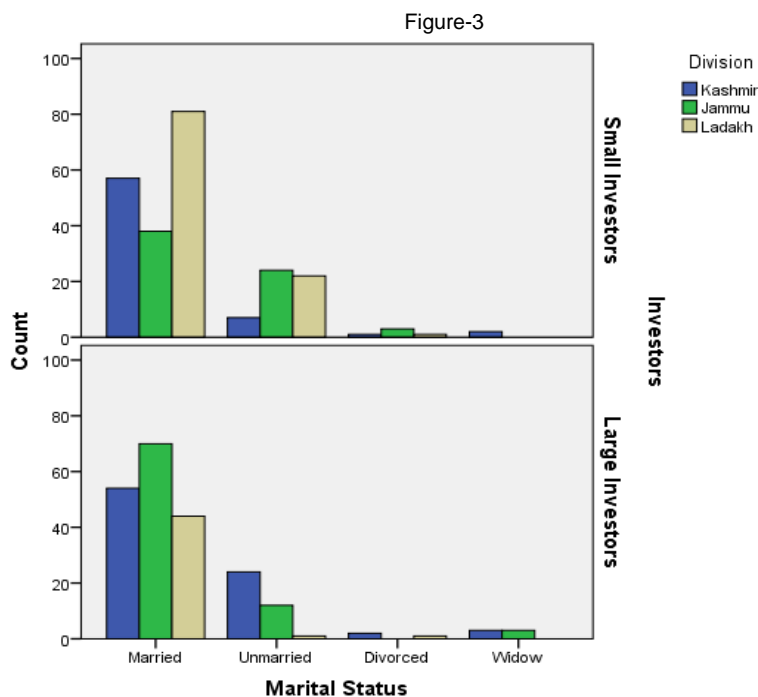
category and 168 investors belong to the Large Investors category. In Kashmir Division, 111 investors out of total 150 investors belongs to the married category of investors, thereby, constituting about 74% of the total investors. In Jammu Division, 108 investors out of total 150 investors belongs to the married category of investors, thereby, constituting about 72% of the total investors. In Ladakh Division, 125 investors out of total 150 investors belongs to the married category of investors, thereby, constituting about 83.33% of the total investors.

The above proposed hypothesis is analyzed by running the Chi-square test. The results of the Chi-square suggest the acceptance of Null hypothesis, as the calculated value of Chi-square (4.4656) is smaller than the table value (7.815) at a confidence level of 5% with degrees of freedom, D.O.F.=3. Hence, the Alternate hypothesis is rejected and it is concluded that there is statistically no significant difference among the small and large mutual fund investors in the state of Jammu and Kashmir on the basis of their *marital status*.

Table-3
Distribution of investors on the basis of their Marital Status

Division			Investors		Total	Percentage
			Small Investors	Large Investors		
Kashmir	Marital Status	Married	57	54	111	74.00%
		Unmarried	7	24	31	20.66%
		Divorced	1	2	3	2.00%
		Widow	2	3	5	3.33%
	Total		67	83	150	100.00%
Jammu	Marital Status	Married	38	70	108	72.00%
		Unmarried	24	12	36	24.00%
		Divorced	3	0	3	2.00%
		Widow	0	3	3	2.00%
	Total		65	85	150	100.00%
Ladakh	Marital Status	Married	81	44	125	83.33%
		Unmarried	22	1	23	15.33%
		Divorced	1	1	2	1.33%
	Total		104	46	150	100.00%
Total	Marital Status	Married	176	168	344	76.40%
		Unmarried	53	37	90	20.00%
		Divorced	5	3	8	1.80%
		Widow	2	6	8	1.80%
	Total		236	214	450	100.00%

Source: primary data



Source: primary data

1.4 Occupation of the mutual fund investors

Therefore, it is imperative to analyze the investors on the basis of occupation. In order to find the difference among the two categories of investors- the small investors and the large

investors, to be statistically significant on the basis of their *occupation*, we posit the following hypothesis:

H4₀: There is no significant difference among the small investors and large investors on the basis of their *occupation*.

H4a: There is a significant difference among the small and large investors on the basis of their *occupation*.

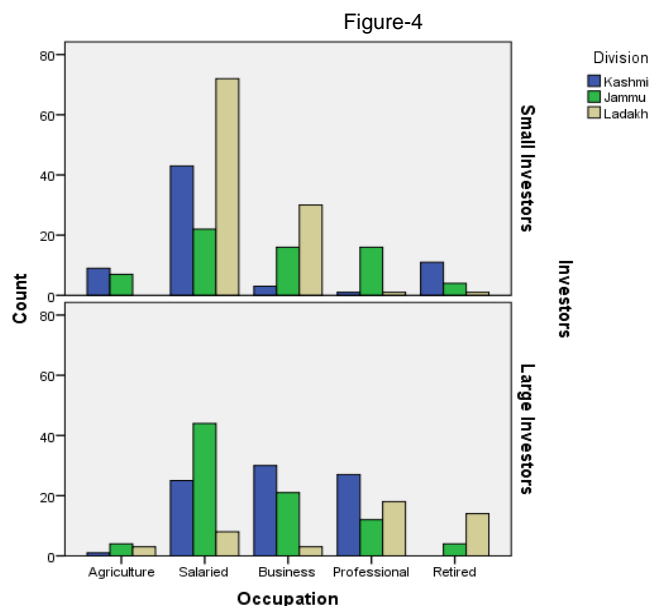
The results for *occupation-based* distribution of the mutual fund investors are presented in Table-4. From Table-4 it is quite evident that salaried category of investors is dominating

the other categories based on the occupation of the investors. 214 investors out of total 450 investors belong to the salaried category, thereby, constituting nearly 48% of the total. Out of 214 salaried investors, 137 investors belong to the Small Investors category and 77 investors belong to the Large Investors category.

Table-4
Occupation-based distribution of the mutual fund investors

Division			Investors		Total	%age
			Small Investors	Large Investors		
Kashmir	Occupation	Agriculture	9	1	10	6.67%
		Salaried	43	25	68	45.33%
		Business	3	30	33	22.00%
		Professional	1	27	28	18.67%
		Retired	11	0	11	7.33%
	Total		67	83	150	100%
Jammu	Occupation	Agriculture	7	4	11	7.33%
		Salaried	22	44	66	44.00%
		Business	16	21	37	24.66%
		Professional	16	12	28	18.66%
		Retired	4	4	8	5.33%
	Total		65	85	150	100%
Ladakh	Occupation	Agriculture	0	3	3	2.00%
		Salaried	72	8	80	53.33%
		Business	30	3	33	22.00%
		Professional	1	18	19	12.67%
		Retired	1	14	15	10.00%
	Total		104	46	150	100%
Total	Occupation	Agriculture	16	8	24	5.33%
		Salaried	137	77	214	47.50%
		Business	49	54	103	22.90%
		Professional	18	57	75	16.70%
		Retired	16	18	34	7.56%
	Total		236	214	450	100%

Source: primary data



Source: primary data

In Kashmir Division, out of the total 150 investors, 68 investors belong to the salaried category of investors, constituting nearly 45% of the total investors in Kashmir

Division. In Jammu Division, out of the total 150 investors, 66 investors belong to the salaried category of investors, constituting 44% of the total investors in Jammu Division. In

Ladakh Division, out of the total 150 investors, 80 investors belong to the salaried category of investors, constituting nearly 53 % of the total investors in Ladakh Division.

The above proposed hypothesis is analyzed by running the Chi-square test. The results of the Chi-square suggest the rejection of Null hypothesis, as the calculated value of Chi-square (39.2282) is greater than the table value (9.488) at a confidence level of 5% with degrees of freedom, D.O.F.= 4. Hence, the Alternate hypothesis is well accepted and it is concluded that there is a statistically significant difference among the small and large mutual fund investors on the basis of their *Occupation* in the state of Jammu and Kashmir.

1.5 Annual Income Groups of the mutual fund investors

The present study makes an attempt to analyze the investors on the basis of their annual incomes. In order to find the difference among the two categories of investors to be statistically significant on the basis of their annual income, we posit the following hypothesis:

H5₀: There is no significant difference among the small investors and large investors on the basis of their annual income. H5_a: There is a significant difference among the small and large investors on the basis of their *annual income*. Table-5 clearly depicts that the maximum number of investors are lying in the income group of 1 to 3lacs. 230 investors out of the total

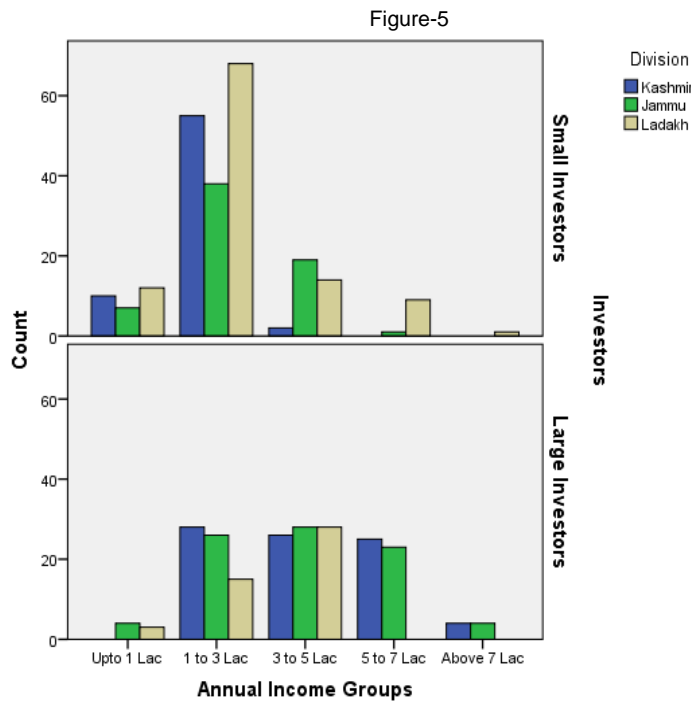
450 investors are having annual income of 1 to 3lacs, thereby, constituting about 51% of the total investors. Out of these 230 investors, 161 are the Small investors and the remaining 69 are the Large Investors. In Kashmir Division, the maximum number of investors are lying in the income group of 1 to 3lacs. 80 investors out of the total 150 investors are having annual income of 1 to 3lacs, thereby, constituting about 53.33% of the total investors. In Jammu Division, the maximum number of investors are lying in the income group of 1 to 3lacs. 64 investors out of the total 150 investors are having annual income of 1 to 3lacs, thereby, constituting about 42.67% of the total investors. In Ladakh Division, the maximum number of investors are lying in the income group of 1 to 3lacs. 83 investors out of the total 150 investors are having annual income of 1 to 3lacs, thereby, constituting about 55.33% of the total investors.

The above proposed hypothesis is analyzed by running the Chi-square test. The results of the Chi-square suggest the rejection of Null hypothesis, as the calculated value of Chi-square (97.3834) is greater than the table value (9.488) at a confidence level of 5% with degrees of freedom, D.O.F.= 4. Hence, the Alternate hypothesis is well accepted and it is concluded that there is a statistically significant difference among the small and large mutual fund investors on the basis of their *Annual income* in the state of Jammu and Kashmir.

**Table-5
Annual Income Groups**

Division			Investors		Total	Percentage
			Small Investors	Large Investors		
Kashmir	Annual Income Groups	Up to 1 Lac	10	0	10	6.67%
		1 to 3 Lac	55	25	80	53.33%
		3 to 5 Lac	2	26	28	18.67%
		5 to 7 Lac	0	28	28	18.67%
		Above 7 Lac	0	4	4	2.67%
	Total	67	83	150	100%	
Jammu	Annual Income Groups	Up to 1 Lac	7	4	11	7.33%
		1 to 3 Lac	38	26	64	42.67%
		3 to 5 Lac	19	28	47	31.33%
		5 to 7 Lac	1	23	24	16.00%
		Above 7 Lac	0	4	4	2.67%
	Total	65	85	150	100%	
Ladakh	Annual Income Groups	Up to 1 Lac	12	3	15	10%
		1 to 3 Lac	68	15	83	55.33%
		3 to 5 Lac	14	28	42	28.00%
		5 to 7 Lac	9	0	9	6.00%
		Above 7 Lac	1	0	1	0.67%
	Total	104	46	150	100%	
Total	Annual Income Groups	Up to 1 Lac	29	7	36	8.00%
		1 to 3 Lac	161	69	230	51.10%
		3 to 5 Lac	35	82	117	26.00%
		5 to 7 Lac	10	48	58	12.90%
		Above 7 Lac	1	8	9	2.00%
	Total	236	214	450	100%	

Source: primary data



Source: primary data

1.6 Education Level

The more educated investors are in a better position to assess the risk of different investment avenues and analyze the market conditions compared to lesser educated investors who lack such analytical power and can easily be misled by the advisors/brokers in their investment decision making. In order to find the difference among the two categories of investors to be statistically significant on the basis of their educational level, we posit the following hypothesis:

H6₀: There is no significant difference among the small investors and large investors on the basis of their *educational level*.

H6_a: There is a significant difference among the small and large investors on the basis of their *educational level*.

The results are presented in Table-6. Table-6 clearly depicts that most of the investors possess Post-Graduation as their Education Level. 191 investors out of the total of 450 investors are Post- Graduates, constituting 42.44% of the total number of investors. Out of these 191 Post- Graduate investors, 110 investors belong to the Small Investors category and the remaining 81 investors belong to the Large Investors category. In Kashmir Division, 76 investors out of the total of 150 investors are Post- Graduates, constituting 50.66% of the total 150 investors. In Jammu Division, 71 investors out of the total of 150 investors are Post- Graduates, constituting 47.33% of the total number of investors. In Ladakh Division, 52 investors out of the total of 150 investors are Graduates, constituting 35.00% of the total number of investors. Out of these 52 Graduate investors, 27 investors belong to the Small Investors category and the remaining 25 investors belong to the Large Investors category.

The above proposed hypothesis is analyzed by running the Chi-square test. The results of the Chi-square suggest the

rejection of Null hypothesis, as the calculated value of Chi-square (66.2013) is greater than the table value (9.488) at a confidence level of 5% with degrees of freedom, D.O.F.=4. Hence, the Alternate hypothesis is well accepted and it is concluded that there is a statistically significant difference among the small and large mutual fund investors in the state of Jammu and Kashmir on the basis of their Educational level.

1.7 Investment Objective

In order to find the difference among the two categories of investors to be statistically significant on the basis of their *Investment Objective*, we posit the following hypothesis:

H7₀: There is no significant difference among the small investors and large investors on the basis of their *Investment Objective*.

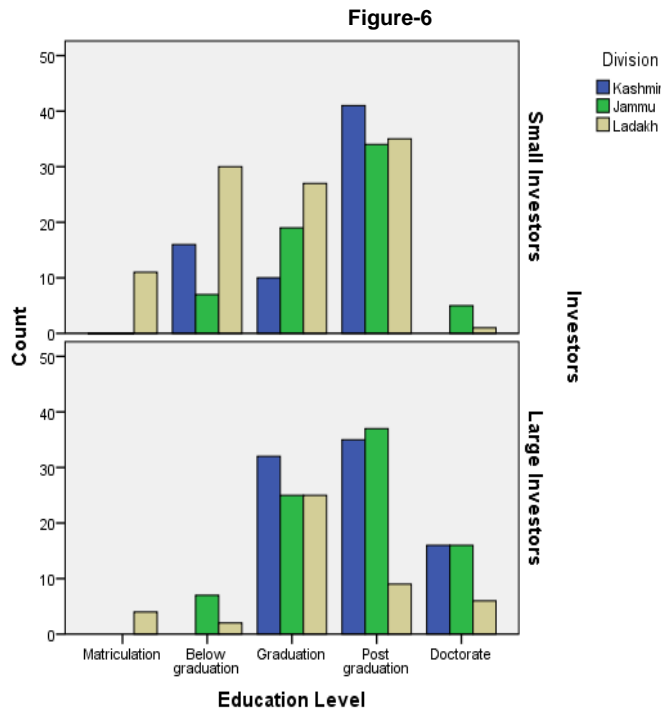
H7_a: There is a significant difference among the small and large investors on the basis of their *Investment Objective*.

The results are presented in Table-7. Table-7 depicts that the dominant category among the investors based on the Investment Objective of the investors is that of the Children's Education category which comprises 165 investors, thereby constituting about 36.67% of the total investors. In Kashmir Division, the dominant category among the investors based on the Investment Objective of the investors is that of the Children's Education category which comprises 90 out of the total 150 investors, thereby constituting about 60% of the total 150 investors. In Jammu Division, the dominant category among the investors based on the Investment Objective of the investors is that of the Retirement benefits comprising 62 investors, thereby constituting about 41.33% of the total 150 investors. In Ladakh Division, the dominant category among the investors based on the Investment Objective of the investors is that of the Retirement Benefits which comprises 56 investors, thereby constituting about 37.33% of the total 150 investors.

Table-6
Distribution of MF Investors on the basis of their Education Level

Division			Investors		Total	Percentage
			Small Investors	Large Investors		
Kashmir	Education Level	Below graduation	16	0	16	10.67%
		Graduation	10	32	42	28.00%
		Post-graduation	41	35	76	50.66%
		Doctorate	0	16	16	10.67%
	Total		67	83	150	100.00%
Jammu	Education Level	Below graduation	7	7	14	9.33%
		Graduation	19	25	44	29.33%
		Post-graduation	34	37	71	47.33%
		Doctorate	5	16	21	14.00%
	Total		65	85	150	100%
Ladakh	Education Level	Matriculation	11	4	15	10.00%
		Below graduation	30	2	32	21.00%
		Graduation	27	25	52	35.00%
		Post-graduation	35	9	44	29.33%
	Doctorate	1	6	7	4.66%	
Total		104	46	150	100.00%	
Total	Education Level	Matriculation	11	4	15	3.33%
		Below graduation	53	9	62	14.00%
		Graduation	56	82	138	30.66%
		Post-graduation	110	81	191	42.44%
	Doctorate	6	38	44	9.77%	
Total		236	214	450	100.00	

Source: primary data

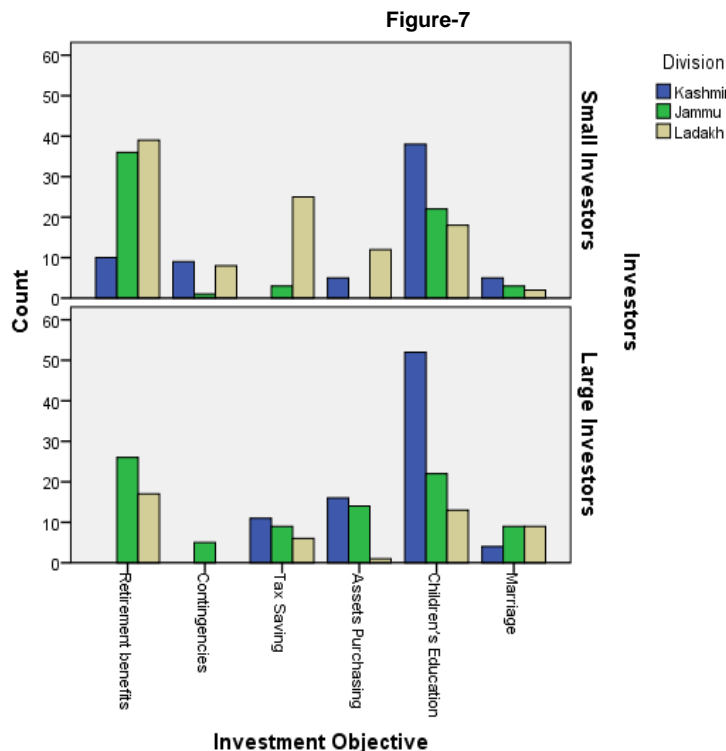


Source: primary data

Table-7
Distribution of MF Investors on the basis of their Investment Objective

Division			Investors		Total	%age
			Small Investors	Large Investors		
Kashmir	Investment Objective	Retirement benefits	10	0	10	6.67%
		Contingencies	9	0	9	6.00%
		Tax Saving	0	11	11	7.33%
		Assets Purchasing	5	16	21	14.00%
		Children's Education	38	52	90	60.00%
		Marriage	5	4	9	6.00%
Total			67	83	150	100%
Jammu	Investment Objective	Retirement benefits	36	26	62	41.33%
		Contingencies	1	5	6	4.00%
		Tax Saving	3	9	12	8.00%
		Assets Purchasing	0	14	14	9.33%
		Children's Education	22	22	44	29.33%
		Marriage	3	9	12	8.00%
Total			65	85	150	100.00%
Ladakh	Investment Objective	Retirement benefits	39	17	56	37.33%
		Contingencies	8	0	8	5.33%
		Tax Saving	25	6	31	20.67%
		Assets Purchasing	12	1	13	8.67%
		Children's Education	18	13	31	20.67%
		Marriage	2	9	11	7.33%
Total			104	46	150	100%
Total	Investment Objective	Retirement benefits	85	43	128	28.44%
		Contingencies	18	5	23	5.11%
		Tax Saving	28	26	54	12.00%
		Assets Purchasing	17	31	48	10.67%
		Children's Education	78	87	165	36.67%
		Marriage	10	22	32	7.11%
Total			236	214	450	100.00%

Source: primary data



Source: primary data

The above proposed hypothesis is analyzed by running the Chi-square test. The results of the Chi-square suggest the rejection of Null hypothesis, as the calculated value of Chi-

square (29.2663) is greater than the table value (11.071) at a confidence level of 5% with degrees of freedom, D.O.F.=5. Hence, the Alternate hypothesis is well accepted and it is

concluded that there is a statistically significant difference among the small and large mutual fund investors on the basis of their *Investment Objective* in the state of Jammu and Kashmir.

1.8 Source of Information

The study makes an attempt to determine the sources of information on which the investors relied while making the investment in mutual funds. The two categories of investors—the small investors and the large investors are analyzed on the basis of the sources of information that the investors felt were quite effective in influencing them for making the investment in mutual funds.

In order to find the difference among the two categories of investors to be statistically significant on the basis of the *Source of Information* used, we posit the following hypothesis:

H8₀: There is no significant difference among the small investors and large investors on the basis of the *Source of Information* used by them.

H8_a: There is a significant difference among the small and large investors on the basis of *Source of Information*.

The results are presented in Table-8. Table-8 depicts that the dominant Source of Information among the mutual fund investors are Agents/Brokers. The Agents/Brokers category comprises 177 investors out of the total 450 investors, constituting nearly 39.33% of the total investors. Out of the 177 investors, 91 investors belong to the Small Investors category and the remaining 86 investors belong to the Large Investors category. In Kashmir Division, the dominant Source of Information among the mutual fund investors are Agents/Brokers. The Agents/Brokers category comprises 48 investors out of the total 150 investors, constituting nearly 32.00% of the total 150 investors relied upon other investors for information, constituting nearly 20.67% of the total 150 investors such that 2 investors among them belonged to the Small Investors category and 29 investors belonged to the Large Investors category. In Jammu Division the dominant Source of Information among the mutual fund investors are the Agents/Brokers having 46 investors, constituting nearly 30.67% of the total 150 investors in Jammu Division. In Ladakh Division, the dominant Source of Information among the mutual fund investors is Agents/Brokers. The Agents/Brokers category comprises 90 investors out of the total 150 investors, constituting nearly 60.00% of the total 150 investors.

The above proposed hypothesis is analyzed by running the Chi-square test. The results of the Chi-square suggest the rejection of Null hypothesis, as the calculated value of Chi-square (64.4104) is greater than the table value (12.592) at a confidence level of 5% with degrees of freedom, D.O.F.= 6. Hence, the Alternate hypothesis is well accepted and it is concluded that there is a statistically significant difference among the small and large mutual fund investors in the state of Jammu and Kashmir on the basis of their *Source of Information*.

1.9 Intension of Mutual Fund Investors

The study makes an attempt to determine whether mutual fund investors have any intension of increasing the investment

in mutual funds in future or not. Knowing the intension of investors about further investment in mutual funds will be helpful for the fund managers to devise appropriate strategies for motivating those investors who do not have any intension to increase investment in mutual funds.

In order to find the difference among the two categories of investors to be statistically significant on the basis of the *Intension of Mutual Fund Investors*, we posit the following hypothesis:

H9₀: There is no significant difference among the small investors and large investors on the basis of the *Intension of Mutual Fund Investors*.

H9_a: There is a significant difference among the small and large investors on the basis of the *Intension of Mutual Fund Investors*.

The results are presented in Table-9. It is quite evident that more than half of the total investors have intension to increase investment in Mutual funds in future. 271 investors have intension to increase investment in Mutual funds, constituting about 60.22% of the total 450 investors. The investors are such that 142 investors belong to the Small Investors category and the remaining 129 investors belong to the Large Investors category. In Kashmir Division, regarding the intension of mutual fund investors about increasing the investment in mutual funds in future, it is quite evident that a large section of the total investors have intension to increase investment in Mutual funds in future. 85 investors have intension to increase investment in Mutual funds, constituting about 56.67% of the total 150 investors. In Jammu Division, regarding the intension of mutual fund investors about increasing the investment in mutual funds in future, it is quite evident that a large section of the total investors have intension to increase investment in Mutual funds in future. 85 investors have intension to increase investment in Mutual funds, constituting about 67.33% of the total 150 investors.

In Ladakh Division, regarding the intension of mutual fund investors about increasing the investment in mutual funds in future, it is quite evident that a large section of the total investors have intension to increase investment in Mutual funds in future. 87 investors have intension to increase investment in Mutual funds, constituting about 58.00% of the total 150 investors.

The above proposed hypothesis is analyzed by running the Chi-square test. The results of the Chi-square suggest the rejection of Null hypothesis, as the calculated value of Chi-square (9.0398) is greater than the table value (5.991) at a confidence level of 5% with degrees of freedom, D.O.F.=2. Hence, the Alternate hypothesis is well accepted and it is concluded that there is a statistically significant difference among the small and large mutual fund investors on the basis of the *Intension of Mutual Fund Investors* in the state of Jammu and Kashmir.

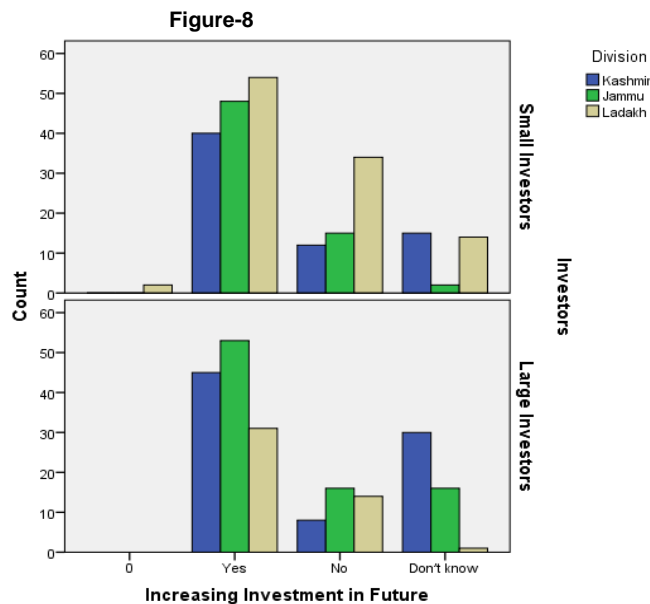
1.10 Awareness of investors regarding different investment alternatives

From Table-10s, it is clear that investors belonging to different age groups have knowledge about the various investment options available to them for investing purposes.

Table-8
Distribution of Investors on the basis of Information Source Used

Division			Investors		Total	%age
			Small Investors	Large Investors		
Kashmir	Information Source Used	Agents/brokers	9	39	48	32.00%
		Friends/relatives	33	1	34	22.67%
		Newspaper/magazine	4	5	9	6.00%
		Television	14	0	14	9.33%
		Other investors	2	29	31	20.67%
		Internet	3	2	5	3.33%
		Displays	2	7	9	6.00%
	Total		67	83	150	100.00%
Jammu	Information Source Used	Agents/brokers	24	22	46	30.67%
		Friends/relatives	14	11	25	16.67%
		Newspaper/magazine	6	5	11	7.33%
		Television	1	14	15	10.00%
		Other investors	1	12	13	8.67%
		Internet	17	15	32	21.33%
		Displays	2	6	8	5.33%
	Total		65	85	150	100.00%
Ladakh	Information Source Used	Agents/brokers	58	32	90	60.00%
		Friends/relatives	31	4	35	23.33%
		Newspaper/magazine	2	2	4	2.67%
		Television	3	0	3	2.00%
		Other investors	9	2	11	7.3%
		Internet	1	6	7	4.67%
		Displays	0	0	0	0.00%
	Total		104	46	150	100.00%
Total	Information Source Used	Agents/brokers	91	86	177	39.33%
		Friends/relatives	78	16	94	21.00%
		Newspaper/magazine	12	12	24	5.33%
		Television	18	14	32	7.11%
		Other investors	12	43	55	12.22%
		Internet	21	30	51	11.33%
		Displays	4	13	17	3.77%
	Total		236	214	450	100.00%

Source: primary data



Source: primary data

Table-9

Distribution of MF Investors on the basis of their Intension of Investing in Future

Division			Investors		Total	Percentage
			Small Investors	Large Investors		
Kashmir	Increasing Investment in Future	Yes	40	45	85	56.67%
		No	12	8	20	13.33%
		Don't know	15	30	45	30.00%
	Total		67	83	150	100.00%
Jammu	Increasing Investment in Future	Yes	48	53	101	67.33%
		No	15	16	31	20.67%
		Don't know	2	16	18	12.00%
	Total		65	85	150	100.00%
Ladakh	Increasing Investment in Future	Yes	56	31	87	58.00%
		No	34	14	48	32.00%
		Don't know	14	1	15	10.00%
	Total		104	46	150	100.00%
Total	Increasing Investment in Future	Yes	142	129	271	60.22%
		No	63	38	101	22.44%
		Don't know	31	47	78	17.33%
	Total		236	214	450	100.00%

Source: primary data

The investors belonging to the age group of above 50 yrs. that means the eldest group of investors have good knowledge of investment options available to them. However, the youngest investors seem to lacking knowledge about some of the investment options like Government Securities and Post office schemes. The investors group lying between these two extreme age groups have good knowledge of investment options available to them.

1.11 Occupation-wise classification of Investment objective of investors

From the Table-11, it is clear that most of the investors with agriculture as their occupation have an investment objective of assets purchasing. Among the salaried investors, most of the investors have retirement benefits as their investment objective. Most of the investors with business as their occupation have children's education as their investment objective. Most of the investors having a professional background invest for children's education. The retired investors have invested with an objective of retirement benefits.

Table-10

Awareness of investors regarding different investment alternatives

Investment Alternative	Age group				Total
	Below 30	30-40	41-50	Above 50	
Bank Deposits	16(100.0)	71(100.0)	294(100.0)	69(100.0)	450(100.0)
P. O. Saving Schemes	10 (64.0)	59 (83.7)	255(86.8)	61(89.0)	324(72.0)
Govt. Securities	06 (38.0)	45 (63.0)	135(46.0)	44(64.0)	230(51.1)
Corporate Securities	16 (100.0)	67 (95.0)	294(100.0)	69(100.0)	446(99.1)
Gold and Silver	14 (88.0)	55 (77.5)	288(98.0)	69(100.0)	426(94.7)
Real Estate	12 (75.0)	56 (79.4)	263(89.5)	69(100.0)	400(88.9)
Insurance Plan	15 (94)	67 (94.5)	273(93.0)	59(85.5)	367(81.5)
Total Sample	16	71	294	69	450

Source: primary data

Table-11

Occupation-wise classification of Investment objective of investors

	Retirement benefits	Contingencies	Tax Saving	Assets Purchasing	Children's Education	Marriage	Total
Agriculture	0 (0)	5 (20.83)	0 (0)	9 (37.5)	4 (16.67)	6 (25)	24
Salaried	78 (36.45)	8 (3.74)	31 (14.5)	20 (9.35)	61 (28.51)	16 (7.48)	214
Business	10 (9.71)	6 (5.83)	9 (8.74)	12 (11.65)	63 (61.17)	3 (2.91)	103
Professional	20 (26.67)	4 (5.33)	8 (10.67)	7 (9.33)	33 (44)	3 (4)	75
Retired	20 (58.82)	0 (0)	6 (17.65)	0 (0)	4 (11.77)	4 (11.77)	34
total	128	23	54	48	165	32	450

Source: primary data Note: The figures within brackets are percentages.

6. Discussion

The study makes a humble attempt in analyzing the investment pattern of the investors of Jammu and Kashmir. Upon categorizing the mutual fund investors on the basis of various demographic characteristics, the study finds that the majority of the large investors from Kashmir division are males, married, belonging to the age group of >50, mostly having business as their occupation with an annual income of 1 to 3lacs with post-graduation as their educational qualification. These investors invest in mutual funds for their children's education mainly and have followed the agents /brokers route for getting into the mutual fund investments. These investors have positive intentions of increasing their investment in mutual funds in future and are mostly long term investors.

The study finds that the majority of the small investors from Kashmir division are males, married, belonging to the age group of 41 to 50, mostly salaried with an annual income of 1 to 3lacs with post-graduation as their educational qualification. These investors invest in mutual funds for their children's education mainly and have followed their friends and relatives for investing in the mutual fund investments. These investors have positive intentions of increasing their investment in mutual funds in future and are mostly long term investors.

The study also finds that the majority of the large investors from Jammu division are males, married, belonging to the age group of 41 to 50, mostly salaried with an annual income of 3 to 5lacs with post-graduation as their educational qualification. These investors invest in mutual funds for their Retirement benefits mainly and have followed the Agents/Brokers for investing in the mutual fund investments. These investors have positive intentions of increasing their investment in mutual funds in future and are mostly long term investors.

The study finds that majority of the small investors from Jammu division are males, married, belonging to the age group of >50, mostly salaried with an annual income of 1 to 3lacs with post-graduation as their educational qualification. These investors invest in mutual funds for their Retirement benefits mainly and have followed the Agents/Brokers for investing in the mutual fund investments. These investors have positive intentions of increasing their investment in mutual funds in future and are mostly short term investors.

The study finds that majority of the large investors from Ladakh division are males, married, belonging to the age group of >50, mostly professionals with an annual income of 3 to 5lacs with graduation as their educational qualification. These investors invest in mutual funds for their Retirement benefits mainly and have followed the Agents/Brokers for investing in the mutual fund investments. These investors have positive intentions of increasing their investment in mutual funds in future and are mostly short term investors.

The study finds that the majority of the small investors from Ladakh division are males, married, belonging to the age group of 41 to 50, mostly salaried with an annual income of 1 to 3lacs with post-graduation as their educational qualification. These investors invest in mutual funds for their Retirement benefits mainly and have followed the Agents/Brokers for investing in the mutual fund investments. These investors have positive intentions of increasing their investment in mutual funds in future and are mostly short term investors.

The study also finds that the eldest group of investors have good knowledge of investment options available to them. However, the youngest investors seem to be lacking knowledge about some of the investment options like Government Securities and Post office schemes.

The investors belonging to the different occupations invest with different investment objectives in mutual funds. For example, the salaried investors, and the retired investors have retirement benefits as their investment objective. The investors with business as their occupation and the investors having a professional background mainly invest in mutual funds with children's education as their prime investment objective.

7. Conclusion

The present study makes an effort to provide the deep insights to the fund companies regarding targeting those potential mutual fund investors who are still not included in their customer base. For example, the study makes it clear that more females should be motivated for investing in mutual funds. The potential investors lying in the age groups other than 41 to 50 and >50 should also be targeted for investing, investors belonging to other categories of occupation (other than salaried) should also be motivated for investing. The efforts are needed by the fund managers to devise such strategies which could change the intension of those mutual fund investors who do not want to invest further in mutual funds and those investors who are not clear about their intension should be motivated to have positive intension regarding investment in mutual funds. The mutual fund managers need to create and define scenarios to which their customers can relate, rather than just throwing a product or service out there and hoping it sticks. Therefore, understanding the investment pattern of the mutual fund investors which is revealed through their various demographic and socio-economic characteristics, by the present study, will serve that purpose for the fund managers. This will pave the way for achieving a wider customer base for the fund companies. Adding more investors will help the fund companies to channelize more savings to the capital market which will facilitate its uninterrupted growth and development.

Note: Data is culled from the websites of SBI AMC, SEBI and AMFI.

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