



## A Study Of Investment Pattern Of Nris In Mutual Funds With Special Reference To Tamil Nadu

\*\* Dr. Jagannath B. Kukkudi \*\* V. Anitha

\* Assistant Professor Department of Commerce and Management, Government First Grade college, Gulbarga Karnataka

\*\* PhD Full Time Scholar, Department of commerce, Bharathiar University, Coimbatore

### ABSTRACT

*Investment may be defined as "a commitment of funds made in the expectation of some positive rate of return". It employs funds on assets with the expectation of some positive earning i.e., income or capital appreciation by handling the two attributes say, risk and time. Objectives of the study are (i) to analyse, what extent Mutual fund an effective investment is made to NRI investors in comparison to other investment alternatives. (ii) to study the factors which will affect the investment decision making of the NRI investors in Mutual funds. For this sample of 90 respondents were asked to fill up a structured questionnaire which was distributed person and by e-mail. Data has been collected and analyzed with the help of statistical tools like, chi-square analysis, rank correlation. From the findings of the study, it is quite evident that the NRI, are doing well. Financially they have surplus resources to spend and also have a deep and very strong desire to build assets in India is preferably invest in mutual funds.*

**Keywords : Mutual Fund, Financial Instrument, Investment Vehicle**

### Introduction

Investment may be defined as "a commitment of funds made in the expectation of some positive rate of return". It employs funds on assets with the expectation of some positive earning i.e, income or capital appreciation by handling the two attributes say, risk and time. A fundamental economic problem of individuals, times and nations alike is the association of resources. Similarly the individual is faced with wide variety of opportunities for the consumption and investment of these available resources. At present, investment revenues are numerous and are growing fastly in the developed as well as developing countries by serving the needs of individual and institutional investors.

With the growing emphasis on the adoption of well structural professional management of investments, the role of mutual funds has assumed greater importance. Mutual fund, an innovative financial instrument, having justified the practical difficulties of investment vehicle for investors who pool their savings for investing in diversified portfolio of securities with the aim of attractive yields and appreciation in their value. The Indian economy is under transition on account of the ongoing structural adjustment programmed and liberalization. Mutual funds as efficient allocators of resources play a crucial role in the economic transitional of period.

### Objectives of the study

- To analyse, what extent Mutual fund is an effective investment made to NRI investors in comparison to other investment alternatives.
- To study the factors which will affect the investment decision making of the NRI investors in Mutual funds
- To examine the profitability, liquidity, safety, convenience factors of mutual funds in comparison to other investment modes

- To analyse the various investment investments schemes of NRI investors in Mutual fund
- To study the major investment problems encountered by the NRIs in Tamilnadu.

### Hypothesis

- There exists a relationship between education and investment alternatives among NRI investors
- There exists a relationship between occupation and mutual fund schemes.

### Methodology

For this sample of 90 respondents were asked to fill up a structured questionnaire which was distributed person and by e-mail. The study is both descriptive and analytical in nature. It is descriptive with regard to the theoretical concepts of mutual funds and socio economic background of NRI investors. It is analytical in the sense that it interprets and analyses the primary data to arrive at conclusions.

### Data collection

An extensive literature review of primary and secondary data sources were undertaken as relevant to the stated objectives of the study. The sample size of the study is 90 persons. The primary data for the study has been collected by conducting multi- stage stratified random sampling and information is collected through a structured questionnaire, which was given to the respondent in person and by e-mail. For the purpose of data collection Tamil Nadu is divided in to three Districts wise strata's and information is collected from such specific Districts via Coimbatore, Udumalpet, and Erode.

In order to fill in secondary data has been collected from economic review, economic and political weekly, Hindu news daily.

**Techniques of Analysis**

Data has been collected and analyzed with the help of statistical tools like, chi-square analysis, rank correlation.

**Analysis of Primary Data**

Table 1 : Age wise classification of the Sample Size

Group	Particulars	Frequency	Percent
G1	Below 35 years	16	17.8
G2	35 to 50 years	46	51.1
G3	Above 50 years	28	31.1
<b>TOTAL</b>		<b>90</b>	<b>100</b>

Source: primary data

From the table is learned that out of 90 respondents, 17.8% belong to G1 and 51% of the G2. The rest of the sample respondents are coming under above 50 years old category. Hence it is concluded that majority of the NRI sample population are coming under 35 to 50 age group.

Table 2 : Education Wise Classifications of Respondents

Sl. No	Education	Frequency	Percent
1	Up to UG level	21	23.2
2	PG level	26	28.8
3	Professional Education	43	48
<b>TOTAL</b>		<b>90</b>	<b>100</b>

Source: primary data

From the sample respondents 23.2% respondents those having UG level and 28.8% constitute PG level. The rest of the portion occupies the professional education which includes business, engineering, doctors, teachers etc.

Table 3 : Level of Awareness about Investment Schemes

Investment Alternatives	Good Idea		Average Idea		No Idea	
	Total	%	Total	%	Total	%
Bank Deposits	80	97.78	10	2.22	-	-
Provident Fund	32	35.56	48	53.33	10	11.11
LIC Investment	38	42.22	46	51.11	6	6.67
Post office Schemes	42	46.67	39	43.33	9	10
Mutual Funds	22	24.44	33	36.67	35	38.89
Share and Debentures	21	23.33	39	43.33	30	33.33
Real Estate	55	61.11	24	26.67	11	12.22

Source: primary data

Table 4 : Inter relationship between Education and level of Awareness

Education	1	2	3	4	5	6
Up to UG	13	11	12	11	5	12
PG	24	11	10	10	7	6
Professional	43	10	16	21	10	10
<b>TOTAL</b>	<b>80</b>	<b>32</b>	<b>38</b>	<b>42</b>	<b>22</b>	<b>28</b>

Source: primary data

Note: 1) Bank Deposits 2) Provident Fund 3) LIC 4) Post office Schemes 5) Shares and Debentures 6) Real Estate

The cross tabulation presented in the above table shows the relationship between education and those who are well aware about investment alternatives. Professional are more aware about the investment schemes particularly mutual funds among the respondents.

**7.1 Chi-Square Test**

To test whether there exist a relationship between education and those who are well aware about investment alternatives.

Ho: There is no significant difference between education and those who are well aware of the investment alternatives

Table 5 : Relationship between Age and Investment Alternatives

Frequency	Degree of Freedom	Calculated Value	Table Value at 5% level	Ho: Accepted/ Rejected
Education	14	17.41	23.685	Accepted

The calculated value of chi-square is 17.41. From the table value of chi-square at 5% level of significance for 14 degree

of freedom is 23.685. The calculated value lesser than the table value. So the hypothesis can be accepted.

Table 6 : Occupation and those who are well aware about investment alternatives

Occupation	1	2	3	4	5	6
Managerial	34	10	11	13	9	7
Technical	20	9	17	14	5	12
Clerical	18	13	10	15	8	9
<b>TOTAL</b>	<b>80</b>	<b>32</b>	<b>38</b>	<b>42</b>	<b>22</b>	<b>21</b>

Source: primary data. Note: 1) Bank Deposits 2) Provident Fund 3) LIC 4) Post office Schemes 5) Shares and Debentures 6) Real Estate

To test whether there exist any relationship between occupation and those who well aware about the investment alternatives, Chi-square can be used.

Ho: There is no significant difference between occupation and those who are well aware about investment alternatives.

Table 7 : Relationship between Occupation and Investment Alternatives

Frequency	Degree of Freedom	Calculated Value	Table Value at 5% level	Ho: Accepted/ Rejected
Occupation	14	22.23	23.685	Accepted

The calculated value of chi-square is 22.23. From the table value of chi-square at 5% level of significance for 14 degree of freedom is 23.685. Since the calculated value less than the table value so hypothesis can be accepted.

Table 8 : Impact of occupational status on sources of information

Sl.No	Items	Rank		
		Managerial	Technical	Clerical
1	Agents	3	4	3
2	Friends and Relatives	2	2	1
3	Advertisement	4	1	2
4	Investment Magazines	1	3	5
5	Investment companies	5	5	4
6	Government Publications	7	6	6
7	Others	6	7	7

Source: primary data

Table 9 : Rank Correlation of source of Mutual Fund Information Based on Occupational Status

Occupational Status	Mechanical	Technical	Clerical
Mechanical	1	-	-
Technical	0.78	1	-
Clerical	0.74	0.88	1

The rank correlation matrix shows that there is high positive correlation among all occupational groups regarding the sources of mutual fund information. The highest correlation is between technical and clerical occupational groups. The lowest correlation is in between respondents having the occupational status of managerial and clerical. The co-effective of correlation is statistically significant. This means that sources of mutual fund information are almost same in all groups of occupational status.

**Conclusion**

From the findings of the study, it is quite evident that the NRI, are doing well. Financially they have surplus resources to spend and also have a deep and very strong desire to build assets in India is preferably invest in mutual funds. Moreover, they are different investment avenues available with varying degrees of risk and return. Mutual fund schemes give better returns than bank deposits. The much expected boom in the mutual fund industry may be realized shortly because of financial and capital market reforms and the Indian middle class investors have been showing keen interest in investing mutual funds and capital market in recent years.

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