

## A Critical Study of Behavioural Factors Affecting Mutual Funds Investors with Special Reference to Pune District

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### Abstract

*The recently developed field of behavioural finance makes an effort to comprehend and clarify how investors are largely affected by emotions and perceptive errors in their decision-making process while investing. Psychological work suggests that investors do not behave in such a way in many scenarios. The capacity and ability of individuals to resolve complicated issues is limited, especially decision on financial investment. Behavioural factors play a pivotal role in determining the investment decisions. The study attempts to probe the mutual funds investment decision-making process of investors of Pune district so as to frame a model regarding investment decision-making.*

**Keywords:** Behavioural finance, volatility and fluctuations, behavioural factors, investment decision- making

### I Introduction

Investment, a crucial activity worldwide, and in India, where people typically are conservative, saving for the future is a common practice. As a developing country, India places significant importance on investment decisions. When selecting an investment mode, several factors come into play.

However, empirical observations often diverge from theoretical predictions. Asset pricing, to mention, does not always align with forecasts from financial models. This discrepancy challenges the fundamental assumption that investors act rationally. In reality, investors may exhibit non-rational behaviour, influenced by factors beyond pure logic. These include educational background, income levels, wealth, age, and family context.

### II Review of Literature

Das, Bhagaban, Mohanty, Sangeeta, Shil, Nikhil Chandra (2009) experienced that the Indian insurance and mutual fund industries have played a remarkable role in the financial market over the last ten years or more. Actually, these two have been emphasized as significant investment vehicles in the

Indian capital market environment in a number of research papers conducted since 1992.

Zoghalmi and Matoussi's (2009) research served as the inspiration for this paper. The goal is to pinpoint the primary psychological biases that could affect investors' decisions and create a momentum impact on the Amman Stock Exchange. Six psychological elements were chosen from contextual data sources and earlier theoretical and empirical behaviour finance research in order to accomplish this goal. The findings showed that investment behaviour appears to be influenced by self-attribution, opportunistic conduct, susceptibility to rumours, mimicking behavior, and, to a lesser extent, overconfidence.

Anitha R, Radhapriya C, Devasenathipathi T, (2011) explained that certain funds from the public and private sectors, LIC and Reliance, were selected. Utilizing statistical methods such as Mean, Standard Deviation, and Coefficient of Variation, the consistency of returns for each fund vulnerable to market risks was examined. To determine the extent of the relationship between fund flows and market returns, the correlation coefficient was employed.

Dr. Fayaz Ahmad Dar, Gull Mohammad Wani, Dr alka Awasthi (2019) demonstrated the importance of emotions in investment decisions and the need to make counter-emotional choices in order to develop long-term wealth, such as purchasing during periods of extreme pessimism or avoiding the euphoria around investments that have recently succeeded.

Bodla BS, Bishnoi S, (2008) 609 schemes with various features available to investors in India. Open-end schemes more popular than close-end schemes among investors. K Kasillingam, G Jayabal( 2009) conducted a study aimed to assess the awareness level of academicians in Tamil Nadu regarding small saving schemes. The research focused on the importance of financial awareness and inclusion, especially in developing countries like India, where small saving schemes play a crucial role in economic growth.

Prajapati K, Patel M,(2012) analysed the relative performance index, risk-return analysis, Treynor's ratio, Sharp's ratio, Sharp's measure, Jensen's measure, and Fama's measure are used in this study to evaluate the performance of Indian mutual funds. The trial runs from January 1, 2007, to December 31, 2011. According to performance measure findings, the majority of mutual funds had positive returns from 2007 to 2011. Rao and Daita (2013) sought to examine the impact of fundamental elements on mutual fund performance, including the economy, industry, and firm. Through the collection of monthly data pertaining to important macro-economic factors for a period of 228 months spanning over 19 years, an extensive examination of the economy was attempted. Granger's causality test, correlation matrix, and the impact of actual economic variables on statistics are all indirectly related. With the aid of percentage analysis, a number of factors, including investor type, product classification, and assets under management, were examined in order to evaluate the mutual fund business.

Rathnamani V (2013) compared to other financial vehicles; mutual fund investment has become increasingly significant in India. Mutual funds are the best investment vehicle for the complicated and contemporary financial environment of today.

Mutual funds are thought to be the greatest avenues for small investors to mobilize their wealth and make a substantial contribution to the capital markets. This study provides a brief overview of the mutual fund sector and aids in understanding the function that investor preferences and investment patterns play in mutual fund investing. Shinde C, Zanvar P, (2015) explained the Investor behaviour during decision-making, which is influenced by various factors, including their demographic profile. This paper examines how demographics affect investors' risk tolerance in their investment choices. The results indicated that factors such as educational qualification, age and income level significantly impact investors' risk tolerance.

### III Research Methodology:

**Research Problem:** The researcher intends to conduct this study to determine the impact of mutual fund investors' psychology on anticipating future price fluctuations, as well as their pattern of analysis and investment behaviour in the Pune district.

#### Objectives of Research–

1. To determine the behavioural factors impacting mutual funds investment decisions by mutual funds investors in Pune district.
2. To investigate the amount of impact of behavioural characteristics on mutual fund investment by Pune district investors.

#### Research Design

A complete evaluation of the literature survey suggests many factors that tend to affect the opinions of an investor. The study aims to describe the investment in mutual fund through primary data by taking a sample size of 370 mutual funds investors from Pune district. The questionnaire drafted includes questions measured using close ended multiple-choice questions and Likert scale. Data analysis was done through Descriptive analysis, Standard Deviation, Mean, and Frequency tools were used for prediction.

In the research, the following factors were studied: Demographic factors and Behavioural Factor In this section, a study regarding the 'behavioural factors' of respondents has been made. This shows how respondents behave in a given situation. Behavioural

factors have been considered from their Financial Literacy point of view. Financial literacy indicates the knowledge respondents are having regarding the investment they are going to make. Financial learning of the respondents includes the following: Financial Literacy= Financial Behaviour + Financial Attitude + Financial Knowledge

#### IV. Data Analysis

The study considered a sample size of 370 respondents from diverse demographic backgrounds for the investigation. Demographic factors include

the following:

- a. Income
- b. Age
- c. Gender
- d. Marital status

##### 1. Gender wise classification of respondents:

The distribution of sample respondents according to their gender is shown in the following table

**Table.1 Table showing Gender status of respondents**

Sr No	Gender	Total
1	Male	293 (79%)
2	Female	77 (21%)
	Total	370

(Source: Primary Data/ Field Work)

**Interpretation:** In the given Table: 1, the respondents are classified into two sections: male and female. The sample consists 293 (79.2%) male respondents and the remaining 77 (20.8%) female respondents. The above table and graph depicts the gender-wise proportion of investors i.e. government employees from Pune district. It is revealed that the proportion of male government employees is higher as compared to the female government employees. The majority of the respondents, 79% are males while 21% respondents are females.

It is concluded that male category of respondents has maximum level in studying the investors' behaviour.

##### 2 Age of respondents:

Age of the respondents is one of the most critical factors in order to understand the viewpoints about the investment. Age displays the level of maturity of investors. Alternatively, looking at the reaction, age appears to be more potent. The average age of respondent is displayed in the table (Table 2) below:

**Table 2: Table showing Age of respondents**

Sr No	Age Category	Total
1	20 – 30 years	78 (21%)
2	31 – 40 years	134 (36%)
3	41 – 50 years	6 (2%)
4	51 years & above	152 (41%)
	Total	370

(Source: Primary Data)

**Interpretation:** As per the above table, it is clear that 41% of the respondents are having age above 51. The upper limit can be 58 to 60 as per the government rules for the retirement age. There are 36% respondents between 31 to 40 age category which is the most young and mature category. 21% of the respondents falls in the age group of 20 to 30 years who are quite young and newly joined

employees. The remaining 2% are represented by people having age from 41 to 50. In all, 43% respondents are belonging to mature and experienced age group.

It is concluded that majority of respondents are aged above 30 which shows a maturity level in investing.

##### 3. Annual Income of respondents:

Income is also an important factor in determining the investment avenue. Investor's annual income is the factor which determines the saving, standard of living the position in society, their dreams and

wishes and the like.

The following Table and graph reflects the data set income groups.

**Table 3: Table showing Annual incomes of respondents**

Sr No	Annual Income (Rs.)	Total
1	0 - 2,50,000	71 (19%)
2	2,50,001 - 5,00,000	127 (34%)
3	5,00,001 - 7,50,000	102 (28%)
4	7,50,001 - 10,00,000	70 (19%)
	<b>Total</b>	<b>370</b>

(Source: Primary Data)

**Interpretation:** It can be seen from the above graph that 34% of respondents have an income ranging from Rs. 2, 50,001 to Rs.5, 00,000. There are 28% investors with an annual income between Rs.5, 00,000 to Rs.7, 00,000. The same proportion i.e. 19% is represented by respondents with an annual income less than Rs. 2, 50,000 as well as those with an annual income above Rs. 7, 50,000 up to Rs. 10, 00,000.

It is concluded that majority of respondents have an

annual income more than Rs. 2, 50,001. This analysis is very important for further study related to investment pattern and investment behaviour of respondents.

#### 4 Marital Status

According to Graziella Bertocchi (2009), married male individuals are more likely to invest in risky assets than female and unmarried individuals.

**Table 4: Table showing marital Status of respondents**

Sr No	Marital status	Total
1	Married	274 (74%)
2	Unmarried	93 (25%)
3	Divorced	3 (1%)
	<b>Total</b>	<b>370</b>

(Source: Primary Data)

**Interpretation:** The above table and chart indicates that 74 % of the respondents are married; while 25 % are unmarried and only 1% are divorcees.

It can be concluded that since 25 % respondents, whether male or female, are unmarried and are independent in the investment decision making, while 74 % respondents who are married are depending on their spouse for the investment decision making.

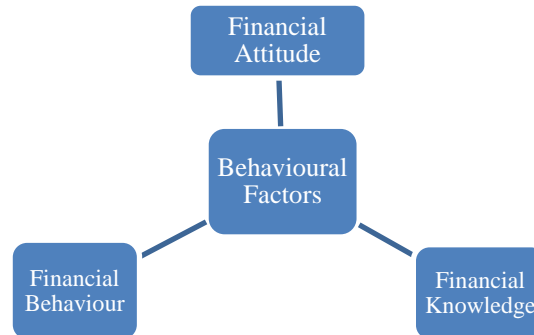
#### BEHAVIOURAL FACTORS

In this paper, a study regarding the 'behavioural

factors' of respondents has been made. This shows how respondents behave in a given situation. Behavioural factors have been studied from Financial Literacy. Financial literacy indicates the knowledge respondents are having regarding the investment they are going to make. Financial literacy of the respondents includes the following:

#### Factors encompassing behavioural factors

The responses collected from 370 respondents were analysed using Mean, Weighted Mean and standard deviation to study these behavioural factors.



*Figure.1: Factors encompassing behavioural factors*

**Table 5: Table showing frequency calculations regarding investors Financial Attitude**

Financial Attitude	Mean	Weighted Mean	S.D
I find it more satisfying to spend money rather to save it for the long run.	2.73	9.00	2.50
I tend to live for the present and let tomorrow take care of itself.	3.11	11.38	2.88
Money is there to be spent	3.05	10.69	2.76

Source: Primary Data

### 1 Investors' Financial Attitude

In this section, three questions were posed to the respondents in order to know their behaviour towards their spending habits and their inclination towards savings on the time horizon. The frequency of the data collected and data analysis is shown as follows:

For calculating Mean 2 i.e. weighted mean the following formula has been used:

$$\text{Weighted Mean} = \frac{\text{SUM} (B2*25, C2*16, D2*9, E2*4, F2*1)}{G2}$$

The Five point Liker Scale is regarded as an important interval scale in which Mean is very much significant. The following criteria are considered for determining its status:

**Interpretation:** In order to test Investors' Financial Attitude, three questions were posed to them and the responses were analysed to find out the Mean, weighted Mean and standard deviation and exhibit in Table 5.

It is concluded from the above table that the Mean

values for the three variables are 2.73, 3.11 and 3.05 which lie in the Neutral category, indicating that the respondents neither agree nor strongly agree, nor do they disagree or strongly disagree with the statements. The respondents' neutrality is exhibited in their spending habits than saving, living in Today than Tomorrow and their spending attitude towards money is neutral with standard deviations of 2.50, 2.88 and 2.76.

It can be concluded that the respondents are neither agreeing nor disagreeing over the spending habits. Living for the present and let tomorrow take care of itself is not important for them. This shows that they give equal weightage to their present earnings as well as their future savings.

### 2 Financial Behaviour

In this section, three questions were posed to the respondents in order to know their buying attitude, punctuality in time, watch on the financial affairs, setting up of long-term financial goals and striving to achieve them. The frequency of the data collected and data analysis is shown as follows:

**Table 6: Table showing frequency calculations regarding investors Financial Behaviour**

Financial Behaviour	Mean	Weighted Mean	S.D.
Before purchasing something, I carefully examine whether I can afford it.	1.51	2.62	1.06
I pay my bills timely	1.31	1.98	0.82
I maintain a careful personal check on my finances.	1.48	2.56	1.04
I create long-term financial goals and attempt to accomplish them.	1.64	3.39	1.33

Source: Primary Data

**Interpretation:** In order to test Investors' Financial Behaviour, four questions were posed to them and the responses were analysed to find out the Mean, weighted Mean and standard deviation and exhibit in Table 6.

For the variable 'careful examining before purchasing something', the mean value is found to be 1.51, indicating that the respondents strongly disagree with the statement. The Mean value indicates that the respondents do not at all agree that they do not consider the affordability of the thing they want to purchase and the same can be true with the investment pattern they hold.

The Mean value for the variable 'I pay my bills timely' is found to be 1.31 which shows that the respondents do not at all agree that they the payment made by them is in time.

For the variable 'I maintain a careful personal check on my finances.', the mean value is found to be 1.48 which indicates that the respondents strongly disagree with the fact that they keep a track of all financial activities carried out by them.

The Mean value for the variable 'I create long-term financial goals and attempt to accomplish them' is found to be 1.64 which, indicating that the

respondents strongly disagree with the statement. This shows that the respondents do not at all agree that they are capable of setting long term financial goals and and attempt to accomplish them.

Hence, it can be concluded from the above table that the Mean 1.51, 1.31, 1.48 and 1.64 which indicates that the respondents are indifferent to their buying behaviour and they hardly look after their personal financial affairs and they hardly pursue the long-term goals.

It can be concluded that the respondents are hardly inclined to believe in their affordability while buying. This behavioural attitude is heading towards their non-agreeableness towards their investment activities.

### 3 Financial Knowledge

In order to test the financial knowledge of respondents, being one of the behavioural factors, the following questions were posed to them:

**3.1. Numeracy (Interest): Suppose Investor needs to borrow Rs. 100. Which is the lowest sum to repay: 105 rupees or 100 rupees plus 3% annually?**

The responses to the above question are tabulated and analysed as follows:

**Table 7 Table showing frequency calculations regarding investors' Numerical ability of calculating Interest**

Responses	Frequency	per cent	Valid per cent	Cumulative per cent
Rs.105	125	33.8	33.8	33.8
Rs.100 + 3 %	207	55.9	55.9	89.7
Don't Know	38	10.3	10.3	100
Total	370	100	100	

Source: Primary Data

**Interpretation:** In order to test the numeric ability

of respondents, the said question was posed to know Investors' behaviour and exhibit in Table 7. If

investor invests Rs. 100, and would get Rs.  $100 + 3\%$  interest (given interest rate) at the end of one year. 33.8% respondents feel that to get Rs. 105 which shows over-confidence or more optimistic approach towards the question. Out of the total respondents, 55.9 % think that pay back amount should be Rs, 100 + 3 %.

At the same time, 10.3% respondents don't know the exact answer to the question which shows **neutrality over the numeric thinking**. This might be because of behaviour that least concerned about the calculations and responded. Majority of the respondents are logical in their thinking and are justified with financial knowledge.

It can be concluded that majority of the respondents are logical thinking with mathematical and logical reasoning and expect a fair return on the investment.

**3.2. Compound Interest:** Suppose an Investor deposits money in the bank and bank offers to give 15 percent annually for two years. Will the bank credit the account with the same amount of money each year, or will credit it with more in the second year than the first?

The responses to the above question are tabulated and analysed as follows:

**Table 8 Table showing frequency calculations regarding investors' Numerical ability of calculating Compound Interest**

Responses	Frequency	per cent	Valid cent	per Cumulative per cent
Bank will add more amount in second year than the first one	251	67.8	67.8	67.8
Equal amount to be added in 2 years	47	12.7	12.7	80.5
Don't know	72	19.5	19.5	100
	370	100	100	

Source: Primary Data

**Interpretation:** In order to test the numeric ability of calculating Compound Interest of respondents, the said question was posed to know respondents' behaviour and exhibit in Table 8. If one invests a certain amount, while calculating the compound interest at the end of one year, the bank will add more amount (Principal Amount + Interest) in second year than the first one. 67.8% respondents feel that bank will add more amounts in second year than the first one which shows confidence or optimistic and logical approach of the investors towards the question.

Out of the total respondents, 12.7% think that Equal amount to be added in 2 years. At the same time, 19.5% respondents don't know the exact answer to the question which shows neutrality over the numeric thinking. This might be because of behaviour for least concerned about the analytical analysis. Majority of the respondents are having logical thinking and justified financial knowledge.

It is reasonable to conclude that the majority of responses are logical in their mathematical and logical reasoning and possess exact financial knowledge.

**Table 9 Table showing frequency calculations regarding investors' financial logical ability**

Responses	Frequency	%	Valid %	Cumulative %
Will you be able to purchase less than you can today?	119	32.2	32.2	32.2
The same as you can buy today,	151	40.8	40.8	73
More than you can buy today	58	15.7	15.7	88.6
Don't know	42	11.4	11.4	100
	370	100	100	

Source: Primary Data

### 3.3. Assume over the next 10 years the cost of items will be double. If income also double

The responses to the above question are tabulated and analysed as follows:

**Interpretation:** In order to test the financial logical ability of respondents, the said question was posed to know investors behaviour and exhibit in Table 9. The researcher wants to know whether the respondents are aware of the inflation factor. 32.2% respondents responded positively that buying less than what could be buy today which shows awareness towards inflation, since it is quite possible to purchase few amounts of goods due to inflated value of money and are justified with financial logical ability. Out of the total

respondents, 40.8% respondents think that, in the given situation, respondents would be able to buy same amount of goods. At the same time, 15.7 % respondents think that, in the given situation, would be able to buy more amounts of goods, which is not logically justified due to inflation.

At the same time, 11.4 % respondents don't know the exact answer to the question which shows neutrality over the numeric thinking. This might be because of behaviour that they are least concerned about the analytical concern. Majority of the respondents are logical in their thinking and are justified financial logical ability. It is reasonable to conclude that the majority of responses are logical in their financial logical ability and possess exact financial knowledge.

**Table 10 Table showing Mean and standard deviations regarding Individual Risk Tolerance of respondents**

Individual Risk Tolerance	Mean	Mean 2	S.D.
In terms of investment, safety is more important than return	1.75	3.56	1.35
I'm more comfortable putting money in a bank account than in the stock market.	2.56	8.04	2.34
When I hear the word "risk" the term "loss" comes to mind instantly.	2.36	6.86	2.12
Making money through stocks and bonds depends on luck.	3.06	10.93	2.81
I lack the knowledge required to be a good investor.	2.46	7.46	2.24

Source: Primary Data

### 3.5 Individual Risk Tolerance

This section covers the respondents' attitude toward their risk-bearing capacity (tolerance) or behaviour. Five scale Likert scale questions were posed in order

to know tolerance attitude. The responses are tabulated and analysed as per the frequency calculations, Mean and standard deviations. The analysis is as follows:

**Interpretation:**

Table 10 exhibits, the mean value i.e. 1.75 stated that majority of respondents, 46% and 40% respectively, 'safety' is not important while investing. Alternatively, it shows that respondents are more concerned about the returns from investment. About 1% respondents give a preference to 'risk' factor.

In terms of severity of risk factor, the mean value i.e. 2.56 confirms only 25% respondents agree to the fact that safety is important in investing the funds hence banks are good options rather than in share markets, while majority of responders either disagree or strongly disagree with the assertion which shows that not prefer investments in bank deposits and feel safe in share market investment which is indirectly exhibited in mutual funds investment.

The mean value i.e. 2.36 suggests that majority of the respondents deny the fact and can understand the difference between "risk" and "loss".

The mean value 3.06 states the neutrality of majority of respondents. This also indicates that majority of investors are rational and do not believe in the fear.

The mean value 2.46 indicates the disagreeableness of majority of respondents deny the fact that with the "lack the knowledge

It may be concluded that majority of responders are concerned about the returns from investment and not afraid of the risk factor. Investors are ready to take risk by investing money in share markets than bank deposits. The majority of respondents are able to know the difference between 'loss' and 'risk' and also free from the baseless concept of 'luck' while investing and also possess proper knowledge about investment

## V. Major Findings

### Findings relating to Objective 1

#### Demographic Factors

- Majority 79% are males while 21% respondents are females.
- 50% of investors belong to Class III position of government employees.

- Majority 47% investors belong to an age group of 41 and above.
- Majority of respondents have an annual income more than Rs. 2, 50,001.
- Majority of respondents hold graduation, post-graduation as well as professionally educated.
- 74 % of the respondents are married; while 25 % are unmarried and only 1% are divorcees
- 71% respondents belong to urban area while 18% respondents live in semi-urban areas. Only 11% investors live in rural areas.

### Behavioral factors

#### 1 Financial attitude:

The Financial Attitude of respondents show neutrality for the variables like spending habits than saving, living in Today than Tomorrow and spending attitude towards money with mean values 2.73, 3.11 and 3.05 shows that most of the respondents are satisfied to spend money than to save it for the long run. Similarly, most of the respondents live for present and let future take care of itself, i.e. are cautious about future planning and savings. Investors also remain neutral for the statement 'Money is there to be spent' indicating the importance of money for saving rather than spending it hurriedly.

#### 2 Financial Behaviour

- The respondents strongly disagree with the statement 'Before purchasing something, I carefully examine whether I can afford it', with the mean value is found to be 1.51. This indicates that they are much more cautious about their spending as well as investing habits.
- The respondents strongly disagree with the statement 'I pay my bills timely' with a mean value of 1.31. This indicates that the respondents are not firm with their payment's habits.
- The respondents strongly disagree with the statement 'I maintain a careful personal check on my finances' with a mean value of 1.48. This indicates that the respondents strongly disagree

with the fact that keeping track of all financial activities.

- The respondents strongly disagree with the statement 'I create long-term financial goals and attempt to accomplish them' with a mean value of 1.64. This shows that the respondents do not have a firm financial strategy including the long-term investments.

### 3 Financial Knowledge

#### 3.1 Numeracy (Calculation of Interest):

- Majority of the respondents are logical in mathematical and logical reasoning and do expect a fair return on their investment.
- Majority of the respondents are logical in mathematical and logical reasoning and possess exact financial knowledge.

#### 3.2 Investors' financial logical ability

Majority of the respondents are logical in financial logical ability and possess exact financial knowledge.

#### 3.4 Individual Risk Tolerance of respondents

Majority of respondents are concerned about the returns from investment and are not afraid of the risk factor. Investors are ready to take risk by investing money in share markets than bank deposits. The majority of respondents are able to know the difference between 'loss' and 'risk' and are also not believe in the concept of 'luck' while investing and believe to have proper knowledge about investment while investing.

#### Findings

- The majority of the respondents, 79% are males while 21% respondents are females.
- Majority of respondents are aged above 30 which show a maturity level in investing.
- Majority of respondents have an annual income more than 2, 50,001. This analysis is very important for supplementary study related to investment pattern and investment behavior of respondents.

- There is a significant relationship between financial attitude and investment made by respondents for the second and fourth independent variables i.e. paying bills on time and Setting up of long term goals and striving to achieve them, but not for the first and third independent variable i.e. carefully considering affordability of buying by respondents and Personal watch on personal affairs.
- There is a significant relationship between the investment made and the financial knowledge of respondents i.e. Interest related numerical question, Price increase related purchase decisions and Diversification of investment. At the same time, there is no significant relationship between Compound Interest related numerical questions and investment made by them.
- There is a significant relationship between individual risk tolerance factors like respondents' opinions on Safety more important than returns, Luck factor in investing, Lack of knowledge to be successful investor, Difficulty in understanding investment and the investment in mutual funds made by them. However, there is no relationship between risk tolerance factors like Bank account safer than stock market, 'Risk' is similar to 'Loss' and the investment in mutual funds made by them.
- Majority 61.1% investors of mutual funds take the decisions regarding the mutual fund's selection on their own while 26.2% investors seek the advice from their mutual funds advisor when they go for selection of a particular mutual fund. While 6.5% are helped by their Mutual Fund Sales executive and friends for decision making regarding investment in mutual funds. The rest 6.5% investors rely upon others while taking such type of decisions.
- Majority 75.7% of the investors make an annual investment in between Rs. 1, 00,001 to more than Rs. 2, 50,000, while 45.1% investors make an investment of less than Rs. 50,000 and the rest of investors fall in the category of Rs. 50,001 to Rs. 100,000.

- The alternative hypothesis indicates that there is a significant relationship between gender of investors and the investment made by them.
- 40.8 per cent investors made no changes in their present investment pattern, while 43.5 per cent investors reduced their investment in mutual funds and the rest 15.7 per cent investors were able to increase their mutual funds investment activity.
- Majority 57.6% of the investors are having expectations for medium returns and 37% expect higher level returns from the investment in mutual funds and only 5.4% expect lower returns from their investments.
- Mutual fund schemes do have a significant effect on average knowledge possessed.

### 5. Conclusion

In short, it can be established that the observations of the study are in line with the behavioural finance study and they are just the opposite of traditional finance which assumes market to be perfect and that investors behave rationally. It can be established that investors are highly influenced by the behavioural factors.

### 6. Limitations

The area covered in the study i.e. Pune district of Maharashtra is itself a limiting factor as compared to the vastness of a country like India. As a result, a similar type of study can be extended to other sections of the country Secondly; it simply evaluates the investors' behavioural aspects through a questionnaire.

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