**Introduction:**

The money that we earn as an individual is partly spent and the rest is saved for meeting future requirements. Instead of keeping the savings idle or in investments that do not give a satisfactory return, we should invest the savings in such a manner that the returns are healthy while the risk is kept at the minimal levels. The two key aspects of investments are time and risk. Sacrifice takes place now and is certain. Benefit is expected in the future and tends to be uncertain. In some investments risk element is dominant attribute and in some investments time is a dominant attribute.

Globalization of the financial market has led to a manifold increase in investments. New markets have been opened; new instruments have been developed; new services have been launched. Mutual funds have become the primary vehicle of investments in capital markets for most individuals and households. A fresh look at the ever changing world of mutual fund like all investment instruments, mutual fund continue to rule. In the last decade, however there has been plenty of changes including market capitalization, the introduction of new types of funds, and the expansion of the mutual fund model to include investments in commodities.

When investing in mutual funds, an individual believe that recent performance is overly representative of a funds future prospects. While investing they act as though past return predicts future performances and vice-versa. While an individual overestimate their ability to identify superior funds based on past performance. Hence this leads to wrong investment. Many a times mutual fund investors sells winning funds and holds a loser, which is also termed as a mistake. It may lead to unnecessary recognition of capital gains, thus imposing a tax penalty when done in a taxable account.

The Middle Income Group of our society has an important role which acts as a glue that holds the upper and lower classes together. Middle Income Group families generally carry the aspirations of the High Income Families and prefer avoiding the agony and difficulties of the Lower Income Groups. Some of the commonly carried aspirations include a regular job with a good pay, a home to live, access to good healthcare, good education for the family and a
dignified retired life. While these aspirations are not much, they do require planning during one’s lifetime.

When one explores the investment avenues the commonly identified options include Equity, Bonds, Insurances, Bank Deposits, Gold, Real Estate, etc. A combination of these referred to as “portfolio” are generally held by individuals.

Rationale of the Study:
The study of being undertaken to understand the investment habits of MIG and HIG in Mutual Funds in India. While the investors evaluate the fund on the basis of risk and return, the increasing competition among mutual funds has made things look very different. Each mutual fund tries to understand the investment objectives of the investors and comes up with schemes that suit the investors. Also it is seen that the buying habits of the two group of investor’s viz. MIG and HIG differ in many respects. The study aims at understanding these differences and makes an attempt to ascertain if the investment habits show a certain trend.

Need for the Study:
The study is being undertaken to:
- To understand the investor behaviour
- To study the profile of the investor and the schemes they prefer
- To understand whether the investment patterns change with the income levels of the investors.
- To draw inferences from investor behaviour so that the mutual fund industry can benefit from these and understand investor preferences better.
- The study also tries to unravel the influence of demographic factors like age on risk tolerance level of the investor.

Scope of the Study:
In India, there are a number of investment avenues available for the investors. Some of them are marketable and liquid while others are illiquid. Some others are highly risky while others are
The investor has to choose the right avenues among these, depending upon their individual needs, risk appetite and return expected. This obviously limits the scope of investment.

The study aims at understanding investor behavior when it comes to making investments in mutual fund. The focus of the study is on different mutual fund schemes in operation in India and is restricted to MIG and HIG Individuals. In order to understand the investor behaviour we shall use primary data (questionnaire) and secondary data (research articles, books, journals, etc.). This would be supplemented by the analysis done by Fund Managers for a few popular funds like equity fund, balance fund, sectoral funds, index funds, etc. The analysis would also focus on the risk–returns parameters and the analysis done by credit rating like CRISIL, ICRA, CARE, and Fitch.