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Investor's attitude towards Mutual Fund: An analytical Study of Tinsukia Town, Assam

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Abstract: **Mutual Fund is an investment mode through which the investment companies pool off the savings from the common people and invest in a diversified portfolio of securities including equity, bonds, debentures and other instruments, thus spreading and reducing the risk. . The object is to maximize return to the investor who participates in equity or any other type of securities indirectly through mutual funds. We see almost all the leading institutions have different types of mutual funds in the market. There are several types of investments operating by different types of institutions where people can invest. Mutual fund investment is gaining popularity in present era. However, the investors have different values and perceptions on different institutions offering mutual fund schemes. In the mind of every common man, investing in mutual funds is riskier. This sentiment of investors will collapse the investments in secondary market. For wiping off the wrong feeling from general customers mind, there is a need to create awareness among the general public. So, an attempt has been made in this paper to study about investor's attitude and opinion towards Mutual Fund of Tinsukia Town.**

Keywords: **Mutual Fund, Investment, Attitude, Investors, Return.**

I. INTRODUCTION

In the present era of globalization, the financial position of an industry depends upon the prevailing market condition. Every investor wants to invest in an institution which maximizes their return with lower risk. At present there are **2**various opportunities available for the investors where they can invest and can earn better return. The capital market in India is playing a vital role in mobilization of savings and allocation of capital. The investment management companies are acting as a broker helping the investors to contribute money to the capital market. In this context, it can be seen that Mutual funds have become a preferred choice among the investors and becoming popular across the world. Earlier people were not aware ab2out Mutual fund and they used to invest directly in the stock market without any analysis and suffered losses. Mutual fund took long years to capture the market. In India Mutual Fund emerged in 1963, introduced by Unit Trust of India (UTI). The Mutual fund industry till 1993 consisted only of those sponsored by Government owned commercial banks and financial institutions. The industry now been opened up for the Private Sector and several Private Financial companies have been permitted to start Mutual Funds, some of them were already functioning efficiently with good return.

II. OBJECTIVES

- To know the customers awareness about Mutual fund.
- To study investor willingness to take market risk.
- To analyse the factors influencing investors to invest in Mutual fund.
- To assess the problems faced by Mutual fund investors.

III. RESEARCH QUERIES

- Whether investment in Mutual fund provides good return as compared to other type of investments?
- Whether investors are aware of Stock market?

IV. METHODOLOGY

The methodology of the research is based on explorative and analytical in nature. A qualitative as well as quantitative method is used to explain the attitude of investors towards Mutual fund of Tinsukia Town. The present study is based on both primary and secondary data. The primary data are collected through the questionnaire and personal observation from 100 respondents chosen randomly. The secondary data are collected from related books, journals, articles, other national and international reports.

V. CONCEPT OF MUTUAL FUND: A REVIEW

Mutual funds are financial intermediaries which pool the savings of individuals and invest the money in a diversified portfolio of securities, including equity, bonds, debentures, and other instruments, thus spreading and reducing the risk. In India, the industry dealing with Mutual fund was established in the year 1963 with the development of Unit Trust of India (UTI) which was an initiative of Indian Government & Reserve Bank of India. There are around 44 Association of Mutual funds in India (AMFI) registered fund houses which together offer more than 2500 Mutual fund schemes. Indian Mutual fund industry, Average Assets under Management (AAUM) stood at 23.53 lakh crore. In the month of April 2020, Average Assets Under Management (AAUM) of Indian Mutual fund stood at 23,52,878 crore. In India, Prudential ICICI Asset Management Company Pvt ltd. is the largest Asset Management Company. The State Bank of India (SBI)

Mutual fund became the first Non-UTI Mutual in India, in the year 1987. The Securities Exchange board of India (SEBI) Mutual fund regulations came into being in 1996 after passing of SEBI act 1992. Since then Mutual fund institutions are expanded and guided by SEBI which succeeded in attracting more investors to invest. As per SEBI Regulations, Mutual fund means a fund established in the form of trust to raise money through the sale of units to the public or a section of the public under the one or more schemes for investing in securities, including money market instruments.

Types of Mutual Fund schemes

Wide variety of Mutual Fund Schemes exists to cater to the needs such as financial position, risk tolerance and return expectations etc.

Based on Asset Class:

Equity Schemes- In equity funds, money are invested in shares of different companies and their profits or losses depend upon the financial position of a company. So, risk is higher in this type of funds.

Debt Schemes- Investors invest in fixed income securities such as bonds, treasury bills etc. which have fixed maturity date and interest rates.

Money market Schemes- They are for the investors who want to trade in money market also known as capital market. Usually they are run by Government, Corporations or Banks by issuing securities.

Hybrid Schemes- This scheme also known as Balanced Fund which comprised of bonds and stocks. They are good for the investors who are ready to take high risk.

Based on Structure:

Open-Ended Schemes- These type of funds do not have any issue regarding the time period. Any investor can trade at any time whenever they want to invest or exit. Open-ended schemes are available for subscription all-round the year. They may or may not have a specified redemption period.

Close-Ended Schemes- These schemes are opened for subscription only during a specified period. Generally the redemption is also specified, which means that on a certain specified date the investors can redeem their units. The duration of the scheme varies; normally it is five to seven years.

Interval Schemes- These schemes comprise of both open-ended and close-ended funds. They have a specific time to purchase and exit the scheme and it can be done at intervals only.

Other Schemes:

Equity linked Saving Schemes- These schemes also known as tax saving schemes is gaining popularity these days as it serves to save taxes which is best suited for salaried investors. These are open for subscription only during a specified period. Generally the redemption is also specified, which means that the investors can redeem their units at a specific date.

Growth Schemes- These type of schemes are usually closed-ended. The aim of such schemes is to provide capital appreciation to their investors and accordingly a substantial part is invested in equities and convertible debentures.

Pension Schemes- These scheme is suitable for those salaried people who want to sacrifice their part of income to secure their financial needs after retirement.

VI. ANALYSIS AND INTERPRETATION

1) Age of respondents

Age	No. of respondents	Percentage
18-25	11	11
26-35	23	23
36-45	49	49
46-55	10	10
56 & above	07	07
Total	100	100

Table 1 indicates that 11 percent of the respondents belong to age group of 18-25 years, 23 percent of them belong to age group of 26-35 years, 49 percent belongs in the age group of 36-45 years, 10 percent respondent's age is between 46-55and 7 percent respondents age is 56 & above. Thus table shows that majority of investors age who invest in Mutual fund is 36-45.

2) Gender Classification

Gender	No. of respondents	Percentage
Male	78	78
Female	22	22
Total	100	100

Table 2 indicates that about 78 percent of respondents belong to male category and only 22 percent belongs to female category. Thus table shows that majority of respondents are male who are interested in investing Mutual fund.

3) Occupation profile of respondents

Occupation	No. of respondents	Percentage
Business	19	19
Profession	29	29
Service	38	38
Housewife	06	06
Others	08	08
Total	100	100

Table 3 shows that 19 percent respondents are engaged in business, 29 percent in profession, 38 percent in service, 6 percent includes housewife and 8 percent are engaged in other occupation. Thus it depicts that majority of respondents who are engaged in service invest in Mutual fund.

4) Income profile of respondents

Income	No. of respondents	Percentage
Below 5000	00	00
6000-15000	08	08
16000-25000	25	25
26000-36000	28	28
37000 & above	39	39
Total	100	100

Table 4 shows that 39 percent respondents income is above Rs 37000, 28 percent respondents income is between Rs 26000-36000, 25 percent respondents income is between Rs16000-25000, 8 percent respondents income is between Rs 6000-15000 and there is no respondents whose income is below Rs 5000. This indicates that investment in Mutual fund depends upon the level of income. The respondents whose income are high or have surplus funds are interested to invest in Mutual fund.

5) Size of Investment of respondents

Size of Investment	No. of respondents	Percentage
Below 10,000	31	31
11,000-20,000	44	44
21,000-30,000	17	17
31,000 & above	08	08
Total	100	100

Table 5 shows that 31 percent respondents invest below Rs 10000, 44 percent respondents invest between Rs 11000-20000; 17 percent respondents invest between Rs 21000-30,000 and 8 percent respondents invest above Rs 31000. Therefore, it is evident that the size of investment of the maximum respondents lies in the category of Rs 11000-20000. This shows that still investors are not very confident about mutual fund investments and they invest very small amount in mutual funds.

6) Investment Profile

Investment institutions	No. of respondents	Percentage
Prudential ICICI	23	23
State Bank of India	46	46
HDFC	16	16
Aditya Birla Sun life	09	09
Others	06	06
Total	100	100

Table 6 indicates 46 percent respondents invest in SBI mutual fund followed by Prudential ICICI mutual fund i.e. 23 percent. 16 percent respondents invest in HDFC mutual fund, 9 percent at Aditya Birla Sun life mutual fund and 6 percent invest in other institutions. It has been noted that maximum respondents invest in SBI mutual fund as it is a largest public sector bank.

7) Reason for investment in Mutual Funds

Reason	No. of respondents	Percentage
Higher returns	11	11
Tax exemption	24	24
Liquidity	16	16
Capital appreciation	45	45
Other reason	04	04
Total	100	100

Table 7 shows that 11 percent respondents invest in mutual fund due to higher returns, 24 percent respondents invest due to tax exemption, 16 percent respondents invest due to liquidity, 45 percent invest due to capital appreciation and 4 percent respondents invest due to some other reason. This depicts that maximum respondents invest in mutual fund due to capital appreciation.

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8) Duration of Investment

Duration	No. of respondents	Percentage
Long term	24	24
Short term	76	76
Total	100	100

Table 8 indicates that 24 percent respondents invest in Mutual fund for longer time period and 76 percent respondents invest for shorter period. This shows that investors are not confident enough to invest in Mutual fund for longer duration.

9) Information Source influencing

Attributes	No. of respondents	Percentage
Advertisement	26	26
Broker/Agent	36	36
Friend suggestion	23	23
Self-decision	15	15
Total	100	100

Table 9 shows that 26 percent respondents are influenced by advertisement to invest in Mutual fund, 36 percent respondents are influenced by broker/agent, 23 percent are influenced by friend suggestion and 15 percent respondents invest in mutual fund by taking self-decision. This indicates that most of the respondents are influenced by brokers or agents to participate in Mutual fund investment.

10) Investors opinion in Mutual Fund Investment

Opinion	No. of respondents	Percentage
Good	35	35
Bad	20	20
Normal	45	45
Total	100	100

Table 10 depicts that 35 percent investor's opinion regarding investment in Mutual fund is good, 20 percent respondents is bad and 45 percent respondents is normal. This reveals that most of the respondents are normally satisfied with their investment.

11) Problems faced by Mutual Fund Investors

Problems	No. of respondents	Percentage
High risk	22	22
Not aware of Mutual Fund Market	39	39
Low Income	28	28
Other reason	11	11
Total	100	100

Table 11 indicates that 22 percent of respondents face problems due to high risk, 39 percent were not aware of Mutual fund market, 28 percent face some issues as regard to low income and 11 percent respondents face other problems. This shows that most of the investors are not aware of Mutual fund market.

VII. CONCLUSION

Findings

- Majority of the respondent's age group is between 36-45 years who invest in Mutual fund. This shows that they are interested in investment when they attain a maturity age and earn a level of income. It has also been seen that most of the investors belong to male category which indicates that female are still lagging behind with regard to modern investment.
- Most of the respondents who are engaged in service sector are interested to invest in Mutual fund as they used to get monthly salary and can invest according to their budget. Other occupation investors also used to invest but at a low percent rate.

- This study shows that the investors whose income is above Rs 37000 invest more in Mutual fund which indicates that if the income is more, investment can be done without any hesitation. The investors in this study mostly invest Rs 11000-20000 which reveals that they still lack confidence to take high risk.

- Most of the respondents used to invest in SBI Mutual fund as it is the largest public sector bank and they feel safe to invest, followed by ICICI Mutual fund which is one of the most leading private Company.

- Maximum respondents used to invest in Mutual fund due to Capital appreciation. They want increase their capital amount. Also there are some investors who want to get exempt from tax. Most investors have positive attitude that Mutual fund return is higher as compared to other investments.

- Most of the respondents used to invest for shorter time period because they lack assurance that if the market declines then they will suffer losses or they will get less return.

- Respondents are mostly influenced by Broker or Agent to invest in Mutual fund. There are very less respondents who self-invest in Mutual fund as they are not at all aware of Mutual fund market.

- Most respondents opinion towards Mutual fund investment is normal i.e. neither too good nor too bad. But some respondents are not at all satisfied with this investment because they use to get less return during depression period. Moreover, sometimes broker use to charge high commission or other charges for which their interest of investment decreases.

- This study shows that most investors face problems due to lack of awareness with regard to Mutual fund market because many people have no idea about the trend of stock market.

Suggestion

- There is a perception of investors that Mutual fund will not give any surety of returns. This perception should be removed from their mind and for removing negative thoughts the Mutual fund companies should formulate some marketing strategies.

- The study also shows that Mutual fund returns are better than directly investing in shares, debentures or other securities. So, Mutual fund companies should make more effort to retain existing investors and more new schemes should be introduced to attract the investors.

- Investors are worried and confused about the legal formalities of Mutual fund as it is complicated to other investment avenues like bank deposits. Thus legal formalities should be minimized to an extent.

- There are some brokers who use to charge higher commission and fees from investors. This will discourage them to invest. So the brokers/agents should provide right and timely information to the investors.

Conclusion

From the analysis of investor’s attitude towards Mutual fund in the area of Tinsukia town it has been observed that there is a successive growth in Mutual fund investment as compared to earlier. Nowadays people are aware of investment in various types of securities. They are not only confined to invest in banks alone; they realized that it will be foolish to put all the eggs in one basket. So they try to diversify their risk by investing in various securities in different financial institutions. The financial institutions, agents, brokers should motivate them and provide up to date information and encourage them to invest in Mutual fund. Securities Exchange Board of India (SEBI) should guide and protect the interest of investors so that they do not lack confidence and exit from the market. This will ultimately lead to benefits of investors, growth of financial institutions and economy will be developed.

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