A Study on Marketing perception towards Debt mutual fund investments.

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Abstract: Mutual Funds provide a platform for a common investor to participate in the Indian capital market with professional fund management irrespective of the amount invested. The Indian mutual fund industry is growing rapidly and this is reflected in the increase in Assets under management of various fund houses. Mutual fund investment is less risky than directly investing in stocks and is therefore a safer option for risk averse investors. However it has been observed that most of the investors are not aware of the benefits of investment in Equity based mutual funds. This is reflected from the study conducted in this research paper. This paper makes an attempt to identify various factors affecting perception of investors regarding investment in Debt Mutual funds.

Introduction

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money, thus collected, is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them. Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost.

The generations of adequate saving by individual investors and the Judicious and fair allocation of the surplus financial resources to productive sectors of the economy through financial and physical assets largely determine the direction and trend in the growth of financial system and its prospects. Similarly, the dynamism, vibrancy, sustainability and its capacity to remain in the society   of high growth rate to a great extent depends on sensible and appropriate portfolio decision of individual investors and their active participation in the financial market

There is considerable amount of research being done regarding investment in mutual funds. However very little research has been done to study the perception of marketing regarding investment in mutual funds especially in Debt oriented funds.

Objectives of Study

1)To study the investment pattern of Indian Investors in mutual funds

2)To Identify the Risk Tolerance level of Debt investors regarding mutual funds.

3)To find the frequency of Mutual fund Investments and types of scheme of mutual funds preferred by investors.

4)To find out the importance of factors like liquidity, higher return, and other factors that influence investment decision of mutual fund investors

**5)**To find out the Preference of Mutual fund investors.

Research Methodology

Investor's main objective is to earn higher returns keeping in mind the risk and liquidity factor. With this objective in mind, an investor is looking out for various investment avenues. Mutual funds offer comparatively better returns and have less risk as compared to direct investment in stock market. In this research paper, an attempt has been made to evaluate the perception of investors regarding mutual fund investment with special emphasis on Equity and Equity related Mutual funds.

Samples of 100 individual mutual fund investors were surveyed through a pre-tested questionnaire in Madurai region. The investors were selected on the basis of those who have made prior investment in mutual funds and have some knowledge about the basic terminologies involved with mutual funds. An attempt has been made to find out the perception of investors regarding mutual fund investments .

The data collected through the questionnaire and data coded and data analyzed considering each factor and the analysis is presented below using graphical analysis and Statistical Interpretation.

I)   Factors Influencing Investment Pattern of Investors.
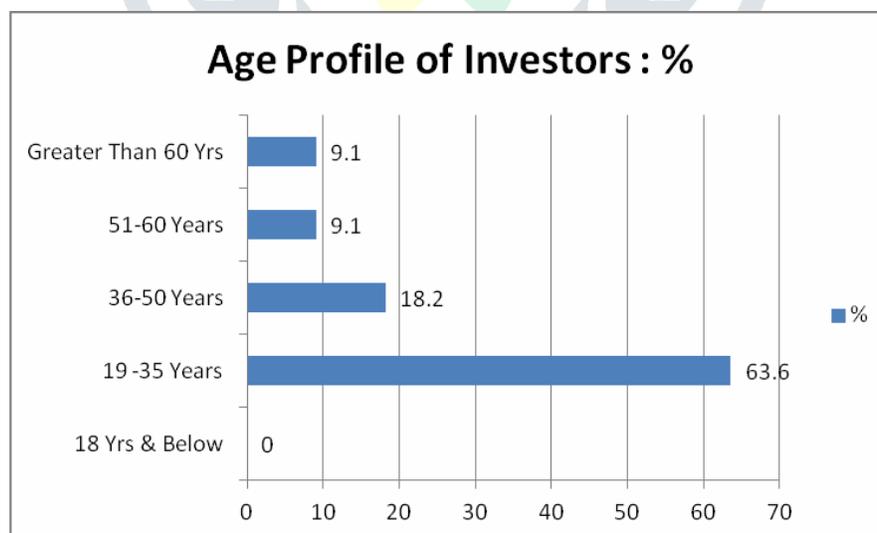
From the above graph, we see that most of the investors belong to the age group of 19 to 35 years followed by those belonging to the age group of 36 to 50 years.

Table- 1 Equity Investors Risk Tolerance Test - Demographic and Behaviourist Categories

Individual investors in Different Age Group

Age group	Sample Size	Risk tolerance (Mean score)	Standard error	95% confidential interval
20-35	34	14.4	0.419	13.143
35-50	21	12.3	0.292	11.42
50-65	25	8.4	0.372	11.424
65 and above	20	6.9	0.524	.328

Individual Investors in Different Gender Group

Male	65	15.3	0.217	15.951, 14.649
Female	35	6.4	0.312	7.336, 5.464

Individual Investors Investors in Different Social Classes

Upper class	51	13.9	0.342	14.926, 12.874
Upper middle class	56	12.8	0.312	13.736, 11.864
Lower middle class	24	9.5	0.513	11.039, 7.961
Lower class	18	7.2	0.549	8.847, 5.553

Source: Primary data

Results of the multivariable analysis in respect of risk tolerance suggest the risk appetite of various categories of individual investors. In the age group, individual investors within the age group of 20-34 are more comfortable with risk, which is clear from the higher risk tolerance mean score. This age group generally invests more than 60percent of savings in growth oriented securities and financial assets with high equity components and naturally they have the capacity to assume higher risk. Individual belonging to higher age group do not follow an aggressive investment strategy because their main financial goal is to have a regular and consistent income and adequate liquid fund. Consequently, they prefer risk free financial securities and as far as possible, they avoid any form of risk in portfolio decisions and it is clearly reflected in the low risk tolerance score of higher age group segment.

II)   Risk Tolerance level of equity investors regarding mutual funds.

Level Risk tolerance	Group	Sample size	Mean score	Standard error	95% confidential interval
1-7	Risk averse (Low risk)	53	4.31	0.263	(5.101, 3.52)
8-14	Moderate Risk loving (High risk)	79	10.2	0.284	(1.106. 9.402)
15-21	Risk loving Substantial Risk	18	16.2	0.319	(17.224, 15.310)
	Sample size	150			

Source: Primary Data

Risk tolerance analysis suggests that general attitude of individual investors towards risk is not very positive because number of investors coming under the risk loving segments is about 10percent of the sample size and also the mean score of different categories are near to the lowest range of risk tolerance. Similarly, the majority of individuals belong to the risk averse category, which is also a clear indication of a lack of appetite of individual investors towards risk and their risk avoiding characteristic. Multivariable analysis of this variable in combination with some demographic variable may also be useful to reveal other clues on risk appetite and financial behavior of individual investors.

Type of Mutual Fund scheme invested

i)   Investors prefer Open ended Equity funds and Diversified Equity funds in Mutual funds to buy.

ii)   Diversification of portfolio and tax benefit are the main factors of mutual fund that made investors to buy Open ended funds and ELSS funds .

III) Factors influencing Preference of Mutual Fund Investments

Table:2 Multiple Correlation- Risk Tolerance and Other Demographic Variables

Predictors (constant)	Dependant variable	Correlation	Standard error	Significance (5 percent)
Income Age Education	Risk Tolerance of Debt Investors	0.573	9.238	0.025
Income Age Education	Saving propensity of Debt Investors	0.546	8.8594	0.015

Source Primary Data

As per the results derived from the table, multiple correlations among demographic variables income, age, education and risk tolerance and saving propensity is significant.

As per the risk tolerance analysis, there are three categories of individual investors in term of their attitude towards risk. Categorization of majority of the investors in the risk averse and the moderate risk-loving is an insightful finding. The findings is especially important for mutual fund, which develops various products mainly on the basis of risk tolerance of individual investors. Similarly, this findings also confirms the finding on the degree of influence of safety consideration of investors because the high safety consciousness of individual investors shows the low risk tolerance and vice versa. This finding is in consistent with the result of the study by Sug.J.et.al. Investors within the age group of 20-35 exhibit more risk tolerance and those belonging to the age group of 65 years and above exhibit a low risk tolerance. It is a fact that individuals in the lower age groups are comparatively more adventurous compared to old and it will be naturally reflected in their financial behaviour portfolio decisions.

RESULTS OF THE STUDY: PERCEPTION LEVEL IN GRAPH:
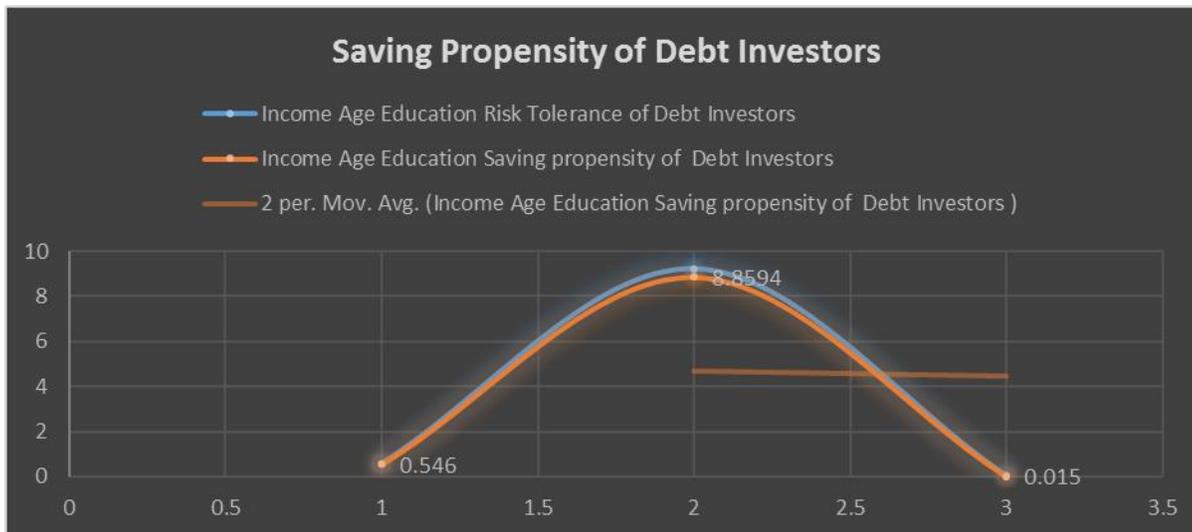
Conclusion

The study conducted shows that most of the investors are aware of various schemes of mutual funds. The Mutual Fund investors mainly belong to the age group from 19 years to 65 years and fall in the income group of Rs 30,000 to Rs 70,000 and above. Diversification of portfolio and tax benefits are the main factors of mutual fund that allure the investors.

The findings of the study   reveals that the risk tolerance of individual equity investors in mutual funds strongly influence the portfolio decision and certain demographic characteristics of individual investors, make remarkable variations in the level of risk tolerance, portfolio selection and financial preference by individual investors.

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