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A Study Of The Growth Of Mutual Funds Investment Volume Among The Different Income Group Of People

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Abstract: Mutual funds have become a fundamental component of contemporary investment portfolios, offering individuals an accessible and professionally managed avenue for wealth creation. By pooling resources and diversifying investments across equities, bonds, and other securities, mutual funds enable investors to achieve an optimal balance between risk and return. Their rapid expansion in recent decades is largely driven by rising financial awareness, technological advancements in online investment platforms, and supportive regulatory frameworks. As participation in mutual funds grows across diverse economic segments, understanding how investment volumes vary among income groups becomes increasingly important. This study examines the growth of investment and engagement levels of mutual fund investors across different income categories.

Index Terms - Growth, mutual funds, investment, income group

I. Introduction

Mutual funds have emerged as a cornerstone of modern investment strategies, offering individuals a versatile and accessible avenue for growing their wealth. A mutual fund is an expertly regulated investment tool that invests in a diverse portfolio of stocks, bonds, and other securities by combining the money from multiple investors (Hayes, 2024). These pooled investment vehicles, managed by professional portfolio managers, allow investors to diversify their holdings across a range of assets such as stocks, bonds, and other securities. Even with a little investment, mutual funds give investors access to a diverse portfolio of securities and the advantage of professional management and experience (AMFI, 2017). Over the past few decades, mutual funds have experienced substantial growth in investment volume, driven by their ability to provide both novice and seasoned investors with a balanced mix of risk and return. This surge is fueled by increasing financial literacy, the proliferation of online investment platforms, and favorable regulatory environments. As mutual funds continue to attract a broader demographic, understanding the distribution of investment volumes among different income groups becomes crucial. This study delves into the patterns and motivations behind mutual fund investments across various economic strata, aiming to reveal how different income groups are engaging with and benefiting from this dynamic segment of the financial market.

II. OBJECTIVES OF THE STUDY

1. To examine the growth of mutual funds **as an investment avenue.**
2. To analyse the investment patterns **of individuals across different income groups in mutual funds.**

III. RESEARCH METHODOLOGY

The study follows a descriptive and analytical research design to understand investment behaviour and compare patterns across income groups. Primary data were collected through structured questionnaires from investors belonging to different income categories. The questionnaire includes sections on age, gender, investment and factors influencing mutual fund choices. Secondary Data were gathered from journals, reports, published articles, and financial websites. A sample of 186 respondents representing various income groups were selected through stratified random sampling from Dibrugarh District of Assam to ensure adequate representation of different economic strata.

IV. FINDINGS AND DISCUSSION

The descriptive statistics of the primary data of the study are discussed below:

Table 1: Gender of the respondents

Gender	No. of Respondents	Percentage
Male	132	71
Female	54	29
Total	186	100

Source: Field Survey

The table 1 shows that the majority of the survey respondents are male, with males comprising 71% and females comprising 29% of the total respondents.

Table 2: Marital Status of the respondents

Marital Status	No. of Respondents	Percentage
Unmarried	68	36.6
Married	117	62.9
Divorced	1	0.5
Total	186	100

Source: Field Survey

The table 2 shows the distribution of respondents based on their marital status. 68 respondents are unmarried, making up 36.6% of the total while 117 respondents are married, making up 62.9% of the total and 1 respondent is divorced, making up 0.5% of the total.

Table 3: Income level of the respondents

Income Level	No. of Respondents	Percentage
Up to 7 lakhs	170	91.4
More than 7 lakhs	16	8.6
Total	186	100

Source: Field Survey

Table 3 shows that the majority of the respondents (91.4%) have an income of up to 7 lakhs, while a smaller portion (8.6%) have an income of more than 7 lakhs.

Table 4: Respondents awareness of mutual funds

Respondents Awareness	No. of Respondents	Percentage
Yes	108	58.1
No	67	36.0
Non-Investors	11	5.9
Total	186	100

Source: Field Survey

The table 4 shows that majority of the respondents (58.1%) are aware about Mutual Funds, while 36.0% are not. Additionally, 11 respondents indicated they have not made any investments at all, constituting 5.9% of the total sample.

Table 5: Factor for Investment

Investment Factors	No. of Respondents	Percentage
High Rate of Return	163	87.7
Accessibility	6	3.2
Low Risk	6	3.2
Non-Investors	11	5.9
Total	186	100

Source: Field Survey

The table 5 depicts respondents' investment preferences. Among those who answered, a significant majority (87.6%) prioritize the high rate of return when making investment decisions, while a small percentage (3.2% each) prioritize accessibility and low risk. Additionally, 5.9% of the respondents are non-investors.

Table 6: Year of Investments

Years	No. of respondents	Percent
2015	1	.5
2016	2	1.1
2017	2	1.1
2018	7	3.8
2019	9	4.8
2020	4	2.2
2021	31	16.7
2022	30	16.1
2023	14	7.5
2024	8	4.3
Total	108	58.1
Do not invest in MF	78	41.9
Total	186	100

Source: Field Survey

The table 6 present the number of respondents who began investing in mutual funds. The respondents of in this study started investing from 2015 onwards. The data shows a gradual increase in mutual fund investors over the years. Specifically, 1 respondent (0.5%) started in 2015, 2 each (1.1%) in 2016 and 2017, 7 (3.8%) in 2018, 9 (4.8%) in 2019, 4 (2.2%) during COVID-19 in 2020.

This table indicates a notable increase in mutual fund investments following the COVID-19 pandemic. The number of investors significantly rose in the subsequent years, 31 respondents (16.7%) in 2021 and 30 respondents (16.1%) in 2022, suggesting a surge in investment activity post-COVID-19. This trend reflects a growing interest in mutual funds, potentially driven by heightened financial awareness or shifts in investment strategies following the pandemic.

Table 7: Total amount of investment in a month

Amount of investment (INR)	No. of respondents	Percent
1000 – 5000	58	31.2
5000 – 10000	105	56.5
More than 10000	12	6.5
Total	175	94.1
Who don't invest	11	5.9
Gross Total	186	100.0

Source: Field Survey

The table 7 illustrate the distribution of investment amounts among respondents who invest. The majority, 105 respondents (56.5%), invest between Rs. 5000 and Rs. 10000. Another significant portion, 58 respondents (31.2%), invest between Rs. 1000 and Rs. 5000, while a smaller group of 12 respondents (6.5%) invest more than Rs. 10000. Additionally, 11 respondents (5.9% of the total sample) do not invest at all. The table showing that most investors prefer moderate investment amounts, with fewer committing to larger sums.

Table 8: Channel used by the respondents for Investment in Mutual Fund

Channels	No. of respondents	Percent
Banks	16	8.6
Apps	92	49.5
Total	108	58.1
Non-Investors	78	41.9
Gross Total	186	100

Source: Field Survey

The table 8 shows through which channels the investors invest in Mutual Funds. According to the table, most of the people, about 49.5 %, invest through Apps and rest 8.6% people invest through Banks. It highlights the impact of digitalization. It has become easy for the people to invest in Mutual Fund with the ease of home through applications.

Table 9: Relationship between level of income and investment of the people

Descriptive								
Income Level (in Rs.)	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Up to 7 lakhs	165	1.19	.397	.031	1.13	1.25	1	2
More than 7 lakhs	21	1.00	.000	.000	1.00	1.00	1	1
Total	186	1.17	.378	.028	1.12	1.23	1	2

ANOVA					
Do the respondent invest?					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.701	1	.701	4.998	.027
Within Groups	25.794	184	.140		

Total	26.495	185			

Interpretation

The ANOVA result indicates that there is a statistically significant relationship between income level and investment status, with a p-value of 0.027. This means that the difference in investment behaviour between different income groups is unlikely to have occurred by chance, leading us to reject the null hypothesis which states there is no significant relationship between income and investment.

From the descriptive statistics revealed that individuals with an income of up to 7 lakhs have a mean investment status of 1.19, while those with an income of more than 7 lakhs have a mean investment status of 1.00. Since the investment status is likely coded such that '1' indicates non-investors and '2' indicates investors, the higher mean value for the group earning up to 7 lakhs suggests that a higher proportion of individuals in this income bracket are likely to invest compared to those earning more than 7 lakhs.

V. CONCLUSION

The study highlights the growing relevance of mutual funds as a preferred investment avenue among individuals across different income groups in Dibrugarh District of Assam. The findings reaffirm that mutual funds have gained substantial acceptance due to their accessibility, professional management, and potential for higher returns. The demographic profile of respondents shows that the majority of investors are male and married, with most falling within the income bracket of up to 7 lakhs annually. Awareness levels about mutual funds remain moderate, with 58.1% of respondents demonstrating familiarity with the instrument, though a sizeable portion still lacks adequate knowledge. Investment behaviour among respondents indicates a strong inclination toward high returns, which emerged as the dominant factor influencing investment decisions. The trend of increasing participation in mutual funds after the COVID-19 pandemic further reflects shifting financial mind-sets, as individuals increasingly seek diversified and resilient investment options. The preference for app-based investment channels highlights the growing impact of digitalisation and the convenience it offers to investors. The analysis of monthly investment amounts shows that most respondents prefer moderate contributions between ₹5,000 and ₹10,000, suggesting cautious yet consistent investment behaviour. Importantly, the ANOVA findings reveal a statistically significant relationship between income levels and investment status, indicating that income continues to play a crucial role in determining an individual's likelihood to invest. Interestingly, individuals earning up to 7 lakhs annually demonstrated higher participation in mutual funds compared to those earning above 7 lakhs.

Overall, the study concludes that mutual funds are increasingly becoming an integral part of personal financial planning, especially among middle-income groups. However, enhancing financial literacy and awareness remains essential to broaden participation and ensure that investors make informed and confident investment choices.

REFERENCES

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