ABSTRACT

In India, Over 50 per cent of the total population is less than 30 years of age, with the ratio of working population likely to increase significantly over the next decade. The trend of rising personal income has been perceived not only amongst the young population, but also among the High Net worth Individual (HNI) segment, with an investable surplus of Rs.250 million which rose from 16 percent to 1.17 lakhs in the last fiscal year and expected to triple in the next three years.

With the plethora of schemes available in the Indian markets, an investors needs to evaluate and consider various factors before making an investment decision. Since not everyone has the time or inclination to invest and do the analysis himself, the job is best left to a professional. It is not possible for an individual investor to understand Indian companies and investing in such an environment, the process can become fairly time consuming. Therefore, Investors started opting for Portfolio managers with proficiency in Stock markets who would invest on their behalf. Thus, there is an option of professionally managed portfolio services called Mutual Fund. Most importantly, mutual funds provide risk diversification: diversification of a portfolio is amongst the primary tenets of portfolio structuring, and necessary one to reduce the level of risk assumed by the portfolio holder. Most of the investors are not necessarily well qualified to apply the theories of portfolio structuring to their holdings and hence would be better off leaving that to a professional. Mutual funds represent one such option. Mutual fund is a vital investment means to yield the result of investing in shares by pleasing the benefit of Professional Management for both small and medium investors (Krishnamurthi S, 1997).

Mutual fund companies are taking vital part in promoting investment practices. Mutual fund provides liquidity of capital market and brings constancy in financial market. In India, there are 46 Asset Management Companies (AMC); all strives hard to analyze the investor's attitudes and their buying decisions in mutual fund investments. In this context, it is important to check the psychological comfort of the investors which would have great impact on their decisions. Thus, the study examines Psychological Well-Being of the investors, based on their attitude, investment decision, perceived risk, investment awareness and satisfaction of the mutual fund investors. A Structural Equation Model is employed to compare the attitude of the investors with the perceived risk, to examine how investment decision-making and Psychological Well-Being of the investors are related, and to compare the relative differences of psychological well-being of the investors. The paper also analyses the scales of investor's attitude associated with Psychological Well-Being in providing satisfaction towards investments. The psychological impact of investment decision-making among investors is studied on the basis of Structure Equation Modeling [SEM], path analysis is performed on how Psychological Well-Being of the investors and investment attitude, perceived risk, awareness, decisional factors and satisfaction are related. Analytical results indicate that the Structural Path Model closely fits the sample data, implying the role of Psychological Well-Being in investment decision-making and investment attitude among individuals. A new attempt is made in this study by analyzing the Psychological Well-Being of the investors with their financial behaviour.