IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

A STUDY ON THE PERCEPTION OF INVESTORS TOWARDS MUTUAL FUND INVESTMENTS

[1]Dr. V. Rengarajan, [2]S. Prema,

[1]Senior Assistant Professor, [2]MBA,

[1] School of Management,

[1]SASTRA Deemed University, Thanjavur, India

Abstract: This study aims to identify how investors view mutual funds considering different aspects of investment decisions. For this descriptive research, the primary data was collected through a structured questionnaire and tested with the hypothesis. The variables like Risk Tolerance, Return Expectation, Financial Knowledge, Investment experience, Information source, Fee and Expenses, Market Conditions, Investment Goals, and Reputation of Fund Manager are used to identify the factors influencing the perception of investors toward mutual fund investments. The collected data is analyzed through Correlation analysis and the Chi-square analysis. The study concludes that risk, return, market condition, investment goals, investment experience, and reputation of fund managers have a positive outlook on mutual funds.

***Keywords* – Mutual funds, Perception, Correlation, Chi-Square.**

1. INTRODUCTION

Mutual funds are one of the booming Industries in the current market. The concept of mutual funds was first introduced in the Netherlands in the 18th century and slowly it was introduced in India in the year 1960 by the Unit Trust of India. The ignorance of the concept of stock markets made investors find it difficult and risky to invest in stock markets. Thus, the concept of mutual funds helps to change the opinion of investors by ensuring expert management, portfolio diversification, and flexibility through mutual fund investment. Mutual Funds collect individual savings as a pool and invest in various capital market instruments. These funds mobilize as an investment for large investors. Thus, mutual funds increase the growth of the economy.

At present mutual funds have become popular means of investment due to their advantages like risk concern, professional management, and secured return. Risk, management approach is the primary source of attraction for mutual fund investors. The other growing area like social factors, and digital platforms also plays a vital role in investor perception and investment behavior toward Mutual funds. Every individual has different factors with different proportions for analyzing and evaluating various investment options. In such a way, mutual funds also consist of various factors influencing the informed decisions of mutual fund investors.

Though India has a huge population and a fast-developing economy, the growth of mutual funds is not parallel to the development of the nation. Thus, the present study aims to identify various aspects and their impact on the perception of investors toward mutual fund investments. This helps mutual fund organizations to enhance the growth of investors and the organization.

2. Objectives of the study

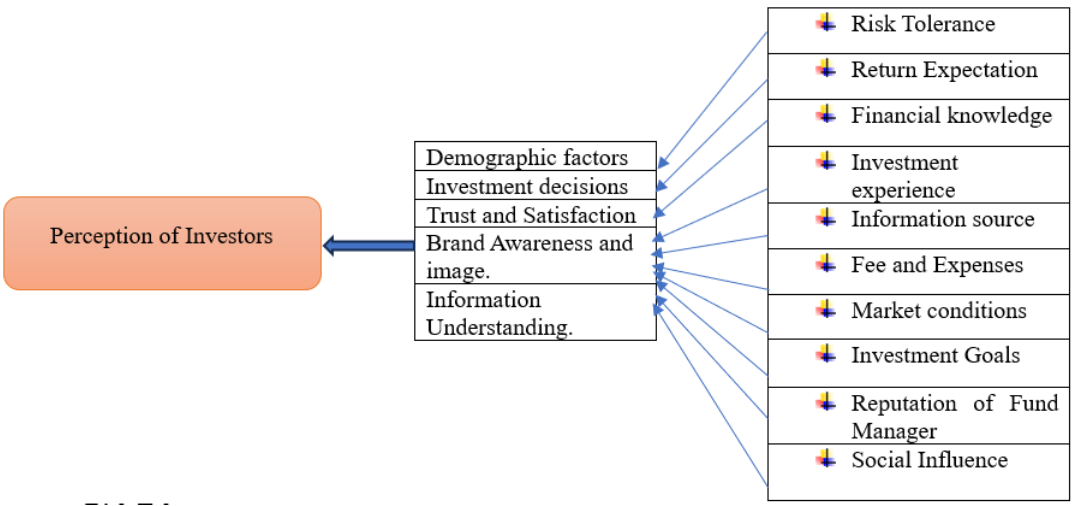
- To find out the impact of an investor's demographic profile on mutual fund investment.
- To investigate the factors influencing investors' behavior while selecting mutual funds.
- To evaluate the perception of individual investors toward mutual funds.

3. Literature review

The research on mutual funds has been proved by various researchers and academicians. The related articles are as follows:

(N.Lenin Kumar, 2010) has evaluated the performance of selected funds based on the Average Rate of Returns of the Fund, Standard Deviation, and Risk/Returns. (Trivedi, (2017)) The study focuses on how variables like liquidity, financial literacy, and demography relate to investment decisions. Low-risk funds and fund scheme liquidity were found to affect investors' perceptions of investing in Mutual Funds. (Sharma P. C., 2019) The goal of this research project is to examine how investors view mutual funds as a potential investment option based on sources to align with investment goals. (Suneetha, (2018)) The study determines how investor's view risk, return, and important gaps in the current mutual fund service framework. It also aims to investigate how investors view the risk and volatility associated with mutual funds. (Gaurav, (2023)) The current study was successful in clarifying seven important variables like market conditions, investors' convenience for fund management, etc. that affect corporate professionals' investing decisions towards mutual fund investments. (DR. Pooja Thorat, 2023) The findings demonstrate the significance of risk and return, fund safety, asset liquidity, speed, low transaction costs, tax benefits, transparency, and low transaction costs when deciding whether to invest in mutual funds. (Malavika, 2022) This study is focused on the various customer perceptions, expectations, and experiences toward services provided by public sector mutual funds. (Yevgeny Mugerman, 2023): This study examines the causal link between shifts in mutual fund flows and management charge adjustments, utilizes instrumental variables to account for fee changes, and also differentiates between expected and unexpected fee changes.

Figure :1 Research framework



4. RESEARCH METHODOLOGY

In this research, the primary data are collected through structured questionnaires. The study used a purposive sampling method. The population of the study is from a selected area of Karur district, Tamil Nadu. By considering time as a main constraint only 142 responses as mutual fund investors are considered for the study. The questionnaire consists of three sections, the first section is demographic factors, the second section is general questions for the perception of mutual funds, and the third section with various questions for each selected variable.

5. DATA ANALYSIS AND FINDINGS

5.1 Percentage Analysis

The demographic details are analyzed by percentage analysis.

Table 5.1 Results of Percentage analysis

Table 5.1			
Characteristics	**Values**	**Frequency**	**Percentage (%)**
Age	20-30	67	47.1
	31-40	41	29.1
	41-50	19	12.9
	Above 45	15	10.9
Gender	Male	81	56.9
	Female	61	43.1
Highest Educational Qualification	Schooling	31	21.4
	UG	53	37.1
	PG	34	24.3
	Others	24	17.1
Occupation	Employed	58	40.3
	Owner	42	29.4
	Student	17	12.3
	Worker	25	18
Monthly Family Income (Rs.)	Less than 20000	34	24
	Rs.20001- 50000	49	34.9
	Rs.50001-100000	39	26.9
	Above Rs.100000	20	14.3
Place	Rural	21	14.6
	Semi-Rural	25	18.3
	Urban	56	39.4
	Semi-Urban	40	27.7

Source: Primary data processed by SPSS 16

From Table 5.1 out of 142 respondents, most of the respondents are between the ages 20-30 with a frequency of 67, (47.1%). 56.9% of the male respondents, 37.1% with the frequency of 53 respondents. It was also found that 40.3% with a frequency of 58 respondents are employed. Almost 35% of respondents with 49 frequency lies between the income level of 20001- 50000. And 39.4% of respondents with 56 frequencies are from Urban.

5.2 Chi-Square

Table 5.2.1 Chi-Square for Gender with Return.			
Return	**Value**	**Sig. value**	**Result**
Mutual funds can help me achieve my desired return on investment	8.306	0.081	Accepted
I am comfortable with the potential volatility of mutual funds in exchange for higher returns.	2.699	0.615	Accepted

Interpretation: Table 5.2.1 shows that there is a significant association between gender towards mutual funds' ability to achieve desired returns (p-value = 0.081) with how men and women view mutual funds' ability to achieve desired returns. For the second statement regarding comfort with volatility for higher returns, there's no evidence of a significant association with gender (p-value = 0.615). So, while there might be a slight difference in how men and women view the return potential of mutual funds, their comfort with volatility for those returns seems to be similar.

Table 5.2.2 Chi-Square for Age with Investment Goals.			
Investment Goals	**Value**	**Sig. value**	**Result**
Mutual funds offer a variety of options suitable for achieving different time-horizon goals.	63.029	0	Rejected
The ability to diversify through mutual funds aligns well with my long-term wealth accumulation goals.	61.483	0	Rejected

Interpretation: From the above table 5.2.2 reveals that there is a significant relationship (p-value = 0) between age and investment goals in both statements. This suggests that there's a strong association between an individual's age and their investment goals. People of different age groups likely prioritize different goals when investing, such as focusing on wealth accumulation in younger years and income generation or wealth preservation closer to retirement.

5.3 Correlation Analysis:

5.3.1 Age with Risk, Return, Financial Knowledge, Investment Goals.

H0: There is no relationship between Age and financial aspects.

Table: 5.3.1						
Correlations for Perception with Risk, Return, Financial Knowledge, Investment Goals.						
		Age of the Respondent	**Return**	**Risk**	**Financial Knowledge**	**Investment Goals**
Age of the Respondent	Pearson Correlation	1	.437**	.323**	.364**	.374**
Return	Pearson Correlation	.437**	1	.538**	.347**	.521**
Risk	Pearson Correlation	.323**	.538**	1	.402**	.535**
Financial Knowledge	Pearson Correlation	.364**	.347**	.402**	1	.356**
Investment Goals	Pearson Correlation	.374**	.521**	.535**	.356**	1
**. Correlation is significant at the 0.01 level (2-tailed).						
Source: Primary data processed by SPSS 16						

Interpretation: From the above table 5.3.1 shows the correlations between age and various financial aspects for 142 respondents. There are positive correlations between age and both investment return (0.437) and risk tolerance (0.323), suggesting older respondents tend to invest in potentially higher-returning but also risky strategies. Age also has a moderate positive correlation with financial knowledge (0.364) and investment goals (0.374), indicating that older respondents on average score higher on financial knowledge tests and may have different investment goals than younger ones.

5.3.2 Income with Fee & Expenses and Investment experience

H0: There is no relationship between the Income and Investment aspects.

Table: 5.3.2

Correlations for Income with Fee & Expenses, Investment experience

		Income of the Respondent	Fee & Expenses	Investment experience
Income of the Respondent	Pearson Correlation	1	0.092	.109*
Fee & Expense	Pearson Correlation	0.092	1	.336**
Investment Experience	Pearson Correlation	.109*	.336**	1
*. Correlation is significant at the 0.05 level (2-tailed).				
**. Correlation is significant at the 0.01 level (2-tailed).				
Source: Primary data processed by SPSS 16				

Interpretation: The above table 5.3.2 states the correlations between income and two Investment aspects for 142 respondents. There is a very weak positive correlation between income and fees & expenses (0.092), indicating almost no connection between the two. However, there is a positive correlation (0.109) between income and investment experience. Thus, the null hypothesis is accepted by stating that there is no relationship between the income and investment aspects. This suggests that respondents with higher incomes tend to have slightly more investment experience on average. It's worth noting that the correlation for investment experience is also quite weak, so other factors likely play a larger role in shaping investment knowledge.

Table: 5.3.3

Correlations for Education with Market condition, Fund Manager, Financial Knowledge, Information Source

		Highest Qualification	Market Condition	Reputation of Fund Manager	Financial Knowledge	Information Source
Highest Qualification	Pearson Correlation	1	.349**	0.043	.333**	.196**
Market Condition	Pearson Correlation	.349**	1	.439**	.358**	.656**
Reputation of Fund Manager	Pearson Correlation	0.043	.439**	1	.270**	.427**
Financial knowledge	Pearson Correlation	.333**	.358**	.270**	1	.442**
Information Source	Pearson Correlation	.196**	.656**	.427**	.442**	1
**. Correlation is significant at the 0.01 level (2-tailed).						
Source: Primary data processed by SPSS 16						

H0: There is no relationship between Education and environmental aspects of Mutual Fund investment.

Interpretation: From the above table 5.3.3 shows that higher education has a positive impact on a better understanding of financial markets (0.349) and financial knowledge (0.333). However, education has significantly less impact on the reputation of fund managers (0.043) but may have a moderate influence on investment information (0.196). With the overall analysis, the null hypothesis is rejected, where there is a relationship between the Education with Environment aspect. Thus, market conditions strongly influence both perceptions of fund managers (0.439) and information sources (0.656). This suggests education improves financial literacy but market conditions may play a bigger role in specific investment decisions.

6. DISCUSSION

This research highlights that young professionals with moderate income are primarily investing in mutual funds. And also proves that gender has no impact on mutual fund investment. A significant portion of respondents have a good understanding of mutual funds as social media is a leading information source. However, the knowledge gap also exists between the respondents. This reveals that there is a need for education initiatives for investors.

Investors understand that high return consists of inherent risk. And value investments with long-term goals as diversification through mutual funds. Investors feel the role of fund manager is essential for effective return on investment. Thus, continuous improvement in performance and maintaining transparency are crucial for investors' decision-making.

7. CONCLUSION

This study reveals a positive outlook on mutual funds, attracting young, educated professionals to save for their future. Despite some complexity, investors prioritize potential returns, calculated risk management, and a fund manager's proven track record. They understand expense ratios and actively seek unbiased information to make informed decisions. The study also found that age is a factor, with younger investors more comfortable with risk in pursuit of higher returns. While financial knowledge and information sources are important, they have a lesser impact on investment decisions compared to factors like risk, return, and reputation.

REFERENCES

N.Lenin Kumar, V. D. (January-June 2010). Risk-Return Analysis of Private and Public Mutual Funds. *SMART Journal of Business Management Studies January-June 2010*, 6(1)35-41.

Trivedi, R. S. ((2017)). A study of investor's perception towards mutual fund decision: an indian perspective. . *International Journal of Economic Research*, 14(9), 209-219.

Sharma, P. C. (2019). Factors inflencing investors' perception towards investment in Mutual fund. *Journal of Commerce & Accounting Research 8(3)*, 8(3) 18-24.

Suneetha, C. N. ((2018)). A study on investor’s perceptions towards mutual funds in Andhra Pradesh. . *International Journal of advanced educational research*, 3(1), 90-93.

Gaurav, K. R. ((2023)).Investment behavior of corporate professionals towards mutual funds in India.. *International Journal of Accounting & Finance Review*, 14(1), 30-39.

DR. Pooja Thorat, L. P. (2023). A Study of investors perception towards debt mutual fund in India. *Madhya Pradesh Journal of Social Science*, vol 28.

Malavika, S. A. (2022). *Customer Perception, Expectation, and Experience Toward Services Provided by Public Sector Mutual Funds.*

Yevgeny Mugerman, N. S. (2023). *How Do Mutual Fund Management fee changes impact Mutual Fund flows?*