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A Study on Investor Perception Towards Mutual Funds and Stock Market Investments in Delhi ncr

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ABSTRACT :

The research seeks to examine how investors view mutual funds and stock market investments, concentrating on elements that affect their decision-making regarding investments. In today's changing financial landscape, investors are progressively considering different investment options to enhance their returns. This study investigates the degree of awareness, risk tolerance, return expectations, and decision-making patterns of an individual investor. Data was gathered using a structured questionnaire from a sample of retail investors. The results indicate that a significant number of investors favour mutual funds for their diversification benefits, while the stock market draws aggressive investors aiming for greater returns despite the accompanying risks. The research emphasizes the influence of financial literacy, demographic variables, and information sources in forming investor perspectives

Keywords: Investor perception, mutual funds, stock market, investment behaviour, financial literacy, risk and return.

Introduction

Investment involves the allocation of capital into different financial assets with the anticipation of achieving future gains. Within the Indian scenario, mutual funds and direct equity market investments are two well-known options for investment.

Investors' views on these options significantly influence their investment choices. Awareness, financial literacy, risk tolerance, prior experiences, and information provided by media and social networks shape perception.

Mutual funds aggregate capital from investors and are overseen by professionals, providing diversification and a moderate level of risk. In contrast, investing in the stock market means owning shares directly, offering greater potential returns but also increased volatility and risk.

In the post-COVID period, the rise of technology, mobile trading applications, and online mutual fund platforms have greatly boosted involvement in both avenues. Still, investors' views remain significantly diverse due to differences in risk appetites and levels of understanding.

Review of Literature

According to Kumar and Arora (2013), the perception of investors regarding mutual funds is primarily influenced by their awareness and sense of safety.

• According to Swain and Dash (2017), the perceptions of mutual funds are influenced by performance and trust in fund managers.
• Hassan (2020) noted that Indian investors favour mutual funds instead of direct stocks because of expert management.
• Singh et al. (2024) noted that systematic investment plans (SIPs) are regarded as more disciplined and less hazardous than stock trading.
• Thakkar (2023) noted that psychological biases like overconfidence and herd mentality influence investors' decisions in stock markets.

The literature indicates a common tendency for moderate-risk investors to favour mutual funds, whereas aggressive investors opt for direct equity investments. Nonetheless, there are few comparative studies on attitudes toward both investment choices.

Objectives of the Study

1.To examine how investors view mutual funds and investments in the stock market.
2.To determine the elements affecting how investors perceive.
3.To evaluate views on risk, return, and ease of both investments.

4. Research Methodology

- **Research Design:** Descriptive and analytical.
- **Data Source:**
  - *Primary Data*: Collected through a structured questionnaire.

- *Secondary Data*: Obtained from journals, websites, and reports
- **Sample Size:** 100 investors.
- **Sampling Technique:** Convenience sampling.
- **Data Analysis Tools:** chi-square test using MS Excel/SPSS.
- **Study Area:** Ghaziabad, Uttar Pradesh, India.

Data Analysis and Interpretation

DATA ANALYSIS AND INTERPRETATION

PERCENTAGEANALYSIS

Table: 5.1.1 Age group of the Respondents

Age Group	No. of Respondents	Percentage
Lessthan20	0	0
20-30	30	30%
30-40	48	48%
50andabove	22	22%
Total	100	100

Source: Primary data.

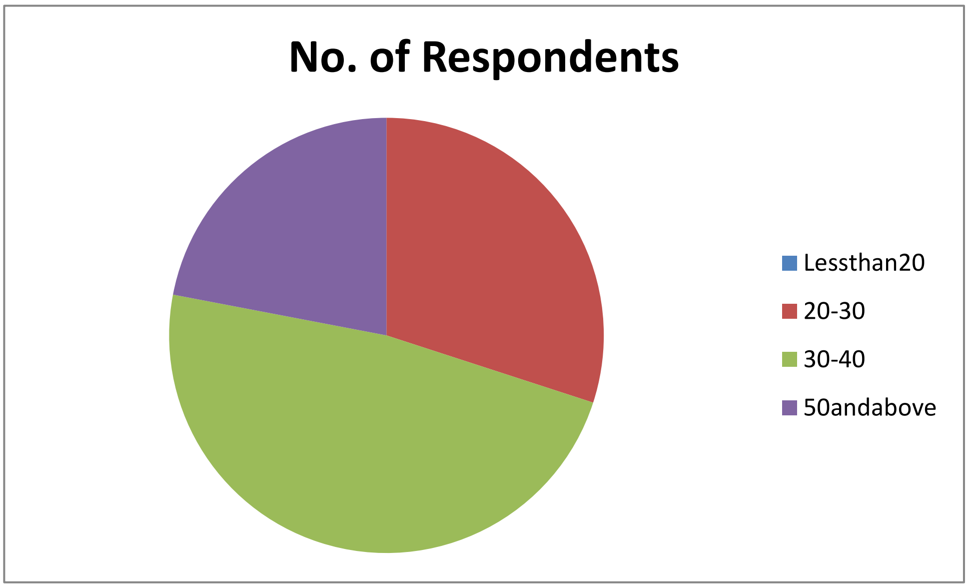

Chart: Age group of the Respondents Interpretation

According to the table above, it can be understood that 48% of respondents belong to the age group of 30-40 years, 30% fall into the 20-30 years category, and 22% are aged 50 and above.

Table:5.1.2 Gender of the Respondent

Gender	No. of Respondents	Percentage
Male	68	68%
Female	32	32%
Total	100	100

Source: Primary data.

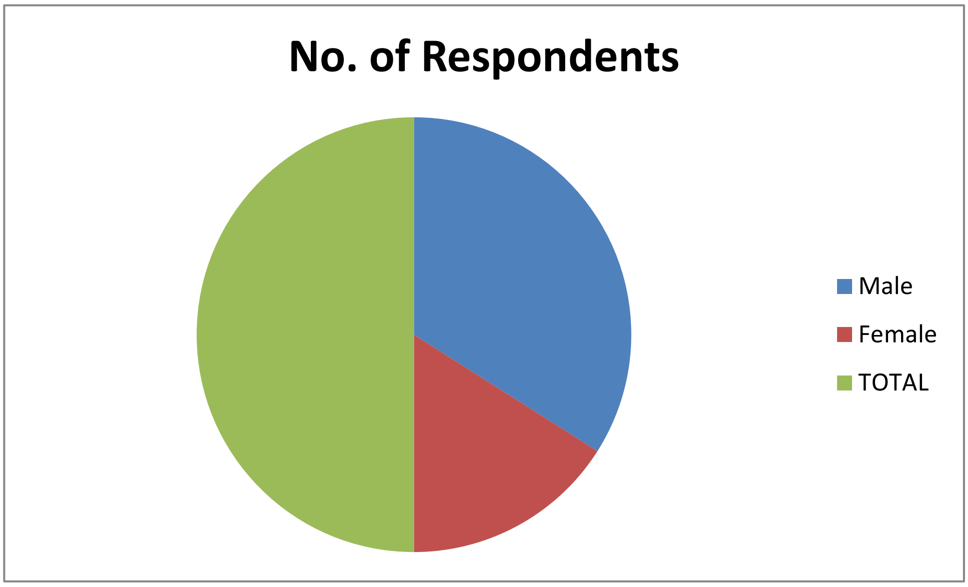

Chart:5.1.2Gender of the Respondents Interpretation

The table above indicates that 68% of the respondents are male while 32% are female.

Table:5.1.3 Occupation of the Respondents

Occupation	No. of Respondents	Percentage
Government employee	10	10%
Private employee	30	30%
Business	50	50%
Other(retired ,agriculture etc.)	10	10%
Total	100	100

Source: Primary data.

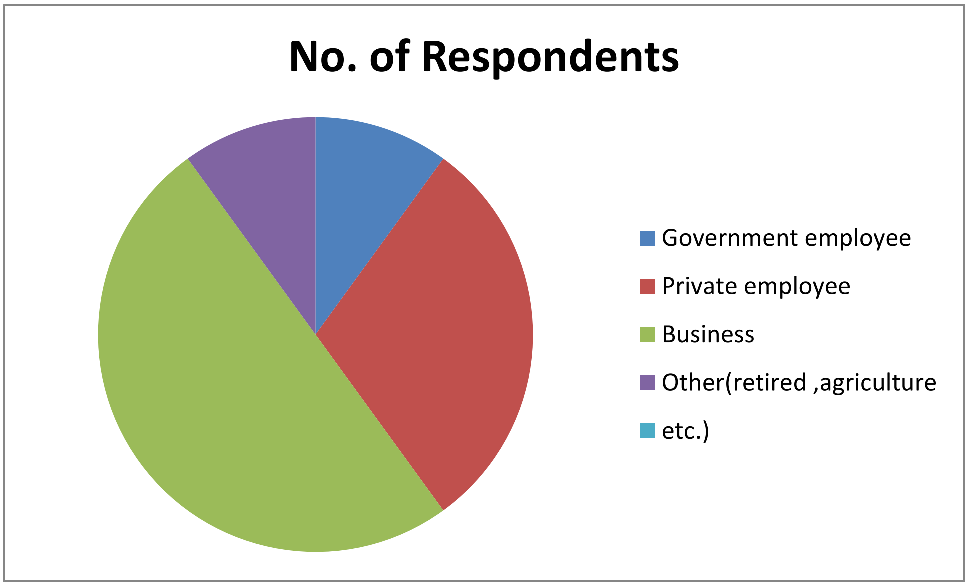

Chart:5.1.3 Occupation of the Respondents Interpretation

From the table above, it can be understood that 50% of respondents are in business, 30% are private employees, 10% are government employees, and 10% fall into other categories (retired, agriculture, etc.).

Table:4.1.4 Monthly income of the Respondents

Monthly Income	No. of Respondents	Percentage
LessthanRs.50000	48	48%
Rs.50000-Rs.100000	42	42%
MorethanRs.1lakh	10	10%
Total	100	100

Source: Primary data.

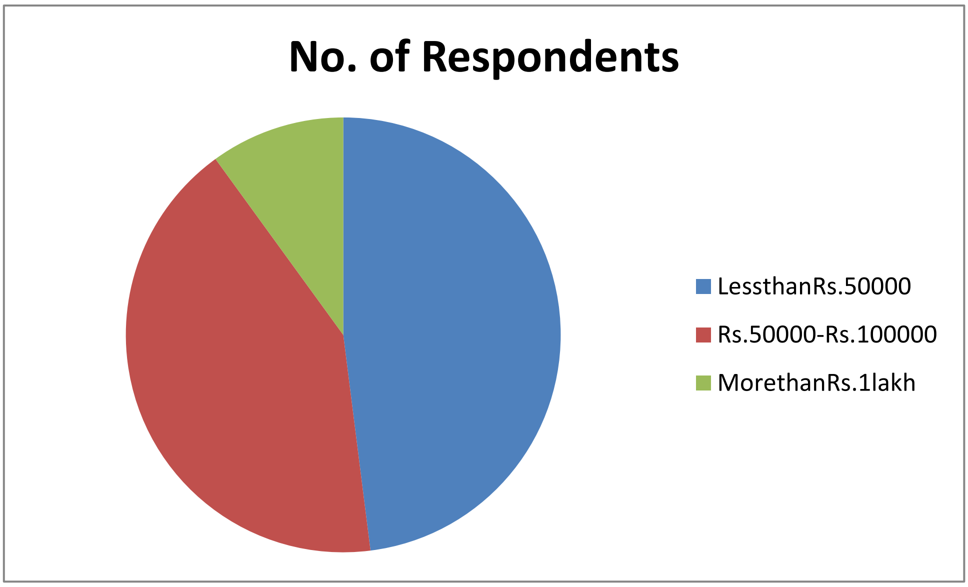

Chart:5.1.4 Monthly income of the Respondents Interpretation

The table indicates that 48% of respondents have a monthly income of less than Rs.50,000, 42% earn between Rs.50,000 and Rs.100,000, and 10% make over Rs.1 lakh.

Table:5.1.5Annual savings of the Respondents

Annual Savings	No. of Respondents	Percentage
LessthanRs.50000	65	65%
Rs.50000-Rs.100000	25	25%
MorethanRs.1lakh	10	10%
Total	100	100

Source: Primary data.

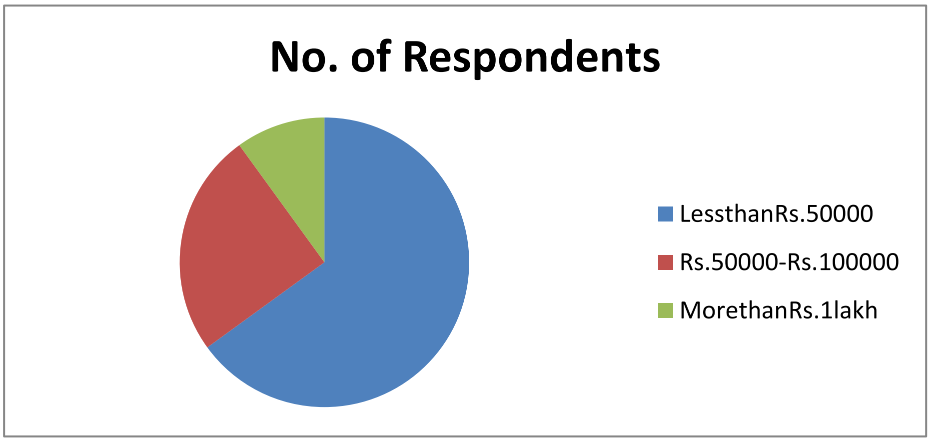

Chart:5.1.5Annual savings of the Respondents Interpretation

The above table indicates that 65% of the respondents report annual savings below Rs. 50,000, 25% save between Rs. 50,000 and Rs. 100,000, and 10% have savings exceeding Rs 1 lakh.

Table:5.1.6 Source of awareness of the Respondents

Source of Awareness	No. of Respondents	Percentage
News paper &magazine	10	10%
Internet	55	55%
Television	15	15%
Relatives and friend	20	20%
Total	100	100

Source: Primary data.

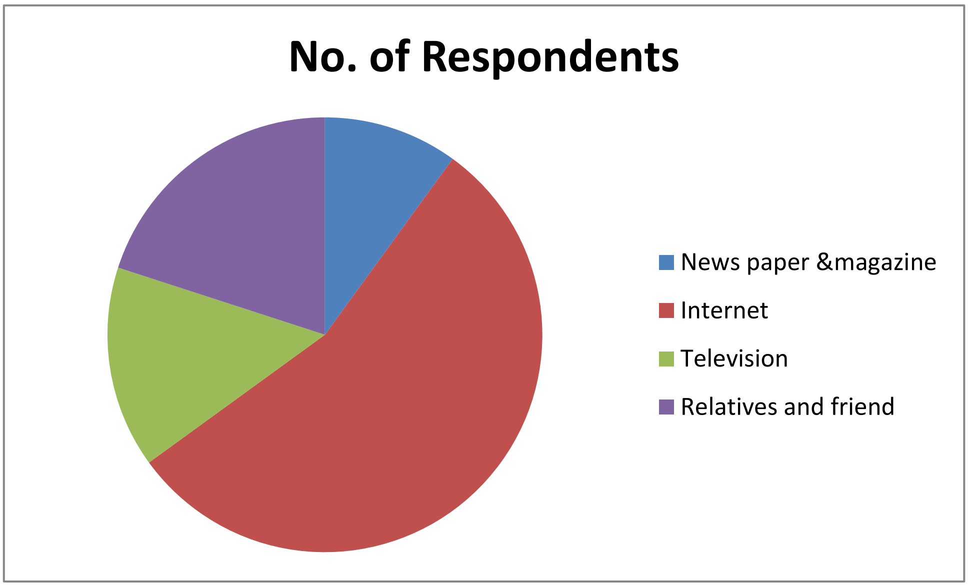

Chart:5.1.6 Source of awareness of Mutual Funds

Interpretation

From the above table it is interpreted that the 55% of the respondents are aware of the mutual fund investment through internet, 20% in relatives and friends, 10% in newspaper& magazine and 15% in television.

Table:5.1.7 Factors influencing investment in Mutual Fund

Influence Factor	Most Important	Important	Neutral	Less Important	Not at all Important	Total
High risk	42	32	12	14	0	100
Tax saving	55	15	20	10	0	100
Liquidity of fund	32	40	20	4	4	100
Safety and security	26	44	20	4	6	100
Regular income	26	44	20	5	5	100
Regular saving	25	45	20	6	4	100
Risk involved	20	50	22	3	5	100
Diversification	20	45	25	5	5	100
Easy payment	20	45	25	6	4	100

Source: Primary data.

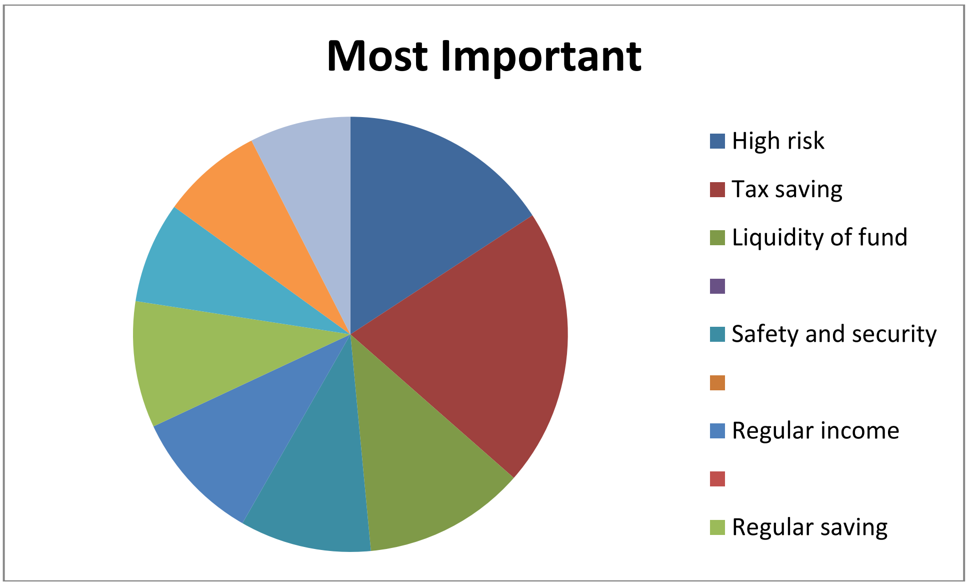

Chart:5.1.7 Factors influencing investment in Mutual Fund Interpretation

From the above table it is interpreted that the 42% of the respondents are influencing for high risk, 55% in Tax saving, 32% in liquidity of fund, 26% in safety and security, 26% regular income, 25% in regular saving,20% in regular income risk, 20% easy payment and 20% in diversification.

Inference

Majority(42%)of the respondents are influencing for high risk

5.2 Awareness and Investment Pattern

- 85% of respondents are aware of mutual funds.
- 80% invest through SIPs.
- 56% have traded in the stock market at least once.
- 55% consider mutual funds less risky than direct stocks.
- 68% believe the stock market offers higher returns but with greater volatility.

5.3 Factors Influencing Investment Decision

Factor	Mutual Funds	Stock Market
Risk Level	Low to Moderate	High
Expected Return	Moderate	High
Liquidity	High	Very High
Knowledge Requirement	Moderate	High
Professional Management	Yes	No
Volatility	Low	High

Interpretation:

Most investors associate mutual funds with professional management and diversification benefits, while they perceive stock markets as complex and speculative. The main deterrent to direct stock investment is lack of expertise and fear of loss.

6. Hypothesis Testing

H_0: There is no significant relationship between investor income level and preference for mutual funds.
H_1: There is a significant relationship.
Using chi-square test ($p = 0.032 < 0.05$), the null hypothesis is rejected.
Conclusion: Income level significantly influences preference for mutual fund investment.

7. Findings

1. Investors perceive mutual funds as a safe and systematic investment option.

2. The stock market is perceived as risky but attractive for high-return seekers.
3. Awareness level and income significantly influence perception and investment choice.
4. Majority of respondents rely on financial advisors or digital platforms for investment decisions.
5. Young investors (below 30) show higher willingness to invest in stocks compared to older investors.
6. Women investors prefer mutual funds due to lower risk and easier management.
7. Investors with higher financial literacy are more likely to diversify across both mutual funds and direct equities.

8. Suggestions

- Conduct investor awareness programs to educate about risk-return trade-offs.
- Financial institutions should simplify communication regarding stock market investments.
- Encourage long-term investing through SIPs and diversified portfolios.
- Promote digital literacy and easy-to-use investment apps.
- Regulatory bodies like SEBI and AMFI should ensure transparent disclosures and protect investors.

9. Conclusion

Investor perception plays a vital role in determining investment behaviour. This study reveals that most investors perceive **mutual funds** as safer and professionally managed avenues, while **stock market investments** are viewed as high-risk but high-reward opportunities. The choice between the two depends largely on income, awareness, and risk tolerance. Enhancing financial literacy can help investors make balanced and informed investment decisions, contributing to greater participation in India's capital markets.

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