



A STUDY ON INVESTORS PERCEPTION TOWARDS SELECTED MUTUAL FUNDS

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ABSTRACT :

This study analyzes the perception of investors toward selected mutual funds in Coimbatore city. It highlights awareness levels, preferences, investment behavior, and key factors influencing decisions. Using a sample of 110 respondents, primary data was collected through structured questionnaires and analyzed via percentage methods. Findings show a mix of familiarity and uncertainty among investors, especially in areas like fund type knowledge, expected returns, and risk preferences. The study provides suggestions to bridge knowledge gaps and improve investor trust through better communication, education, and fund accessibility.

Key words: Mutual Funds, Investor Perception, Investment Awareness, Risk and Return, Coimbatore

INTRODUCTION

A mutual fund is an investment vehicle that enables multiple investors to pool their money to create a large capital base, which is then used to invest in a diversified portfolio of assets such as stocks, bonds, and other securities. This pooled structure allows individual investors, even with limited capital, to gain access to professional management and the benefits of diversification, without the need to directly manage the investments themselves. Investors collectively own a portion of the fund's total assets, proportionate to their investment, and receive shares that can be bought or sold at the fund's net asset value (NAV), which is calculated daily. Diversification is a key advantage, as mutual funds spread investments across various securities, helping to mitigate risk—losses in one area may be offset by gains in another. The fund is managed by professional portfolio managers who make strategic decisions aligned with the fund's investment objectives, whether focused on growth, income, or stability. This professional oversight is especially beneficial for those lacking the time or expertise to manage their own investments. Mutual funds also offer high liquidity, allowing investors to redeem their shares at NAV on any trading day. However, they come with costs such as management fees and, in some cases, sales loads. The expense ratio, representing annual fees as a percentage of average assets, affects overall returns and is typically higher in actively managed funds compared to passively managed ones like index funds. Returns are generated through capital appreciation, dividends, and interest income, which may be reinvested or distributed to investors based on their preferences.

OBJECTIVES OF THE STUDY

The study aims to:

1. Assess the level of awareness and understanding of mutual funds among investors.
2. Identify key factors that influence mutual fund investment decisions.
3. Evaluate the impact of risk perception and return expectations on investor preferences.
4. Understand the role of demographic factors such as age, income, education, and occupation.
5. Analyze the effectiveness of financial advisors and digital platforms in shaping investor decisions.

STATEMENT OF THE PROBLEM

Despite an increase in mutual fund schemes and investor-friendly reforms, many investors struggle to understand mutual fund options, risk levels, and associated fees. This confusion can lead to poor investment decisions, underperformance, and mistrust. Additionally, limited financial literacy and overwhelming product options create barriers to optimal investment behavior. This study seeks to identify the specific perception issues investors face and to offer solutions for improvement.

RESEARCH METHODOLOGY

The purpose of the study is to find out investors perception towards selected mutual fund by research.

Sample size

The sample size was limited to number of 110 respondents only.

SOURCE OF DATA

Primary data:

Primary data collected through questionnaires.

Secondary Source:

It has been collected from magazines, journals, websites, report, research studies, etc.

REVIEW OF LITERATURE

Several studies have examined investor behavior towards mutual funds.

Dr. Pooja Thorat (2023) highlighted that Indian investors prefer debt funds due to moderate risk appetite and emphasized the role of transparency.

Gaurav (2023) found younger investors favor diversified mutual funds while older ones prefer safer instruments.

Reshma (2023) observed a significant gap between awareness and actual investment, especially in rural regions.

Podile (2022) underlined the influence of education and income on investment behavior.

Malavika (2022) studied public sector mutual funds, indicating that user experience and customer service are vital for investor retention.

These studies show the need for financial education and user-friendly fund platforms to enhance investor engagement.

INDUSTRY OVERVIEW

The mutual fund industry in India has grown exponentially, particularly after liberalization. Major fund houses like HDFC, ICICI Prudential, and SBI Mutual Fund offer a variety of schemes ranging from equity and debt to hybrid and sectoral funds. Equity mutual funds dominate investor interest due to their growth potential, while debt funds attract risk-averse investors. Recent trends indicate a surge in SIPs (Systematic Investment Plans), as they allow small and disciplined investment. Despite this growth, a large portion of the Indian population remains underserved, mainly due to lack of awareness and access to advisory services. Government and AMFI-led awareness campaigns have been instrumental in bridging this gap.

DATA ANALYSIS HIGHLIGHTS

Table 1 How long have been investing in mutual fund

Particulars	No. of respondents	Percentage(%)
Less than 1 year	82	74.5
1 – 3 years	14	12.7
3 – 5 years	6	5.5
More than 5 years	8	7.3
Total	110	100

Interpretation :

Among the respondents, the most common source of mutual fund information is family and friends (63.6%), followed by online research (47.3%) and social media (43.6%). This indicates a strong reliance on personal networks and digital platforms for investment decisions.

Table 2 Primary source of information about mutual fund

Particulars	No. of respondents	Percentage(%)
Financial advisor	26	23.6
Online research	52	47.3
Banks or investment	34	30.9
Family and friends	70	63.6
Financial news	24	21.8
Social media	48	43.6
Total	110	100

Interpretation

The majority of respondents (63.6%) rely on family and friends for mutual fund information, followed by online research (47.3%) and social media (43.6%), highlighting a preference for personal and digital sources.

Table 3 Primary reason for investing in mutual fund

Particulars	No. of respondents	Percentage(%)
Wealth creation	38	29.1
Regular income	18	16.4
Retirement planning	22	20
Tax benefits	12	10.9
Short-term gains	20	18.2
Diversification of investment	6	5.5
Total	110	100

Interpretation :

The primary reason for investing among respondents is wealth creation (29.1%), followed by retirement planning (20%) and short-term gains (18.2%), highlighting a focus on long-term financial growth.

FINDINGS

- Most respondents are male, aged 25–35, salaried employees, and undergraduates, with annual incomes under ₹1 lakh.
- A majority (54.5%) have not invested in mutual funds before, and those who have are mostly new investors (74.5% under 1 year).
- Familiarity with mutual funds is moderate, and primary information sources are family and friends (63.6%).
- Equity funds are the top preference (54.4%), with wealth creation as the main investment motive (29.1%).
- Most invest less than ₹1 lakh, review investments monthly, prefer low-risk options, and expect 5%–10% returns.
- Fund manager performance, age, and income influence investment decisions, while formal financial education is largely lacking (58.2%).

SUGGESTIONS

1. Enhance investor education through community workshops and digital content.
2. Promote simple fund categorization and user-friendly platforms.
3. Develop tools to guide novice investors (risk profiler, return simulator).
4. Encourage SIP investments for financial discipline.
5. Fund houses should offer transparent disclosures on risk, returns, and fees.

CONCLUSION

This study offers a comprehensive view of how investors in Coimbatore perceive mutual funds. While awareness is growing, many still struggle with fund selection, risk assessment, and performance interpretation. Education, technology, and advisory support can bridge these gaps. Mutual funds, as democratic investment tools, can be more inclusive with better outreach and communication strategies.

The study reveals that while there is growing interest in mutual funds, many investors in Coimbatore remain cautious due to limited awareness and reliance on informal advice. Factors like age, income, and risk appetite significantly influence investment decisions. By enhancing financial literacy, offering tailored solutions, and improving transparency, investors can be empowered to make informed decisions. This will not only boost their confidence but also contribute to long-term wealth creation and financial stability.

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