

# A Study of Mutual Fund Investment Behaviour of Retail Investor

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**Abstract:** *The Indian financial market has seen a lot of growth and change in years. This has given investors many options to put their money into. More and more people are getting interested in managing their money. They have better access to digital tools. They are also earning money. So retail investors are slowly moving away from ways of saving money to investments that are linked to the market.*

*Among the options available mutual funds have become very popular and convenient for retail investors. They offer management, diversification, liquidity and affordability. This makes them a good choice for people who do not know much about the stock market. In the past Indian investors liked to put their money into options like bank fixed deposits, savings accounts, gold and insurance policies.. These options usually give lower returns compared to investments that are linked to the market*

**Keywords:** Indian financial

## I. INTRODUCTION

The Indian financial market has seen a lot of growth and change in years. This has given investors many options to put their money into. More and more people are getting interested in managing their money. They have better access to digital tools. They are also earning money. So retail investors are slowly moving away from ways of saving money to investments that are linked to the market.

Among the options available mutual funds have become very popular and convenient for retail investors. They offer management, diversification, liquidity and affordability. This makes them a good choice for people who do not know much about the stock market. In the past Indian investors liked to put their money into options like bank fixed deposits, savings accounts, gold and insurance policies.. These options usually give lower returns compared to investments that are linked to the market.

Because of inflation and the need to create wealth over a time retail investors are looking more into mutual funds. The introduction of Systematic Investment Plans, user-friendly mobile apps and campaigns to make investors more aware has also helped the mutual fund industry grow quickly in India. A mutual fund is like a vehicle that collects money from investors and puts it into a mix of securities like stocks, bonds and money market instruments. Professional fund managers manage these funds. Try to get the best returns based on the funds goals.

Mutual funds allow small investors to invest in the capital market with lower risk. This is because of diversification and expert management. However retail investors behave differently based on factors like how much money they make how much risk they can take, what they know about finance how long they want to invest for and what they think about the market.

Retail investors are very important for the growth of the mutual fund industry.. Their decisions are often influenced by psychological, social and economic factors. Many investors are hesitant to put their money into funds because they do not know much about them they are scared of changes in the market or they prefer traditional ways of investing. So it is very important to understand how retail investors behave. This is important for companies that manage assets, financial advisors and policymakers.



This study wants to look at how retail investors behave when it comes to funds. It wants to find out what factors influence their decisions and what they like and do not like about mutual fund investments. The study is about funds and how retail investors invest in mutual funds. It will help us understand more, about funds and retail investors.

## **II. RESEARCH METHODOLOGY**

Research methodology is a way to collect, analyze and interpret data to reach research goals.

It gives a framework that guides the study ensuring findings are reliable, valid and meaningful.

In this study on mutual fund investment behavior among investors we used a clear methodology to understand what retail investors prefer how aware they are and what factors influence their investment choices.

The research design for this study is descriptive.

Descriptive research is suitable because it describes and analyzes

the behavior, attitudes and perceptions of investors regarding mutual fund investments.

- This design helps present a view of current conditions without changing any variables.
- The study collects information from respondents and interprets their responses systematically.

We used both secondary data in this study.

Primary data was gathered directly from investors through a structured questionnaire.

The questionnaire collected information about:

- demographics
- awareness levels
- investment preferences
- risk perceptions
- satisfaction with mutual fund investments

Secondary data came from sources like:

- research articles
- journals
- financial websites
- mutual fund reports
- published books

These sources supported the study's theoretical framework on mutual fund investments.

The sampling method used is convenience sampling.

This method allows data collection from available respondents within a limited time and resources.

The sample consists of investors who know about or have experience with mutual fund investments.

A structured questionnaire was shared with respondents through platforms and personal contacts.

The collected data was organized, tabulated and analyzed using statistical tools like:

- percentages
- tables
- charts

These tools helped draw meaningful conclusions about retail investors and mutual fund investments.

The study focuses on investors and examines their behavior toward mutual fund investments.

Like any research this study has limitations, such as:

a sample size

time constraints

potential bias in participant responses

However efforts were made to ensure the accuracy and reliability of the data collected on mutual fund investments.



This research methodology provides a foundation for analyzing the investment behavior of retail investors in mutual funds helping to effectively achieve the study objectives, on mutual fund investments.

### III. LITERATURE REVIEW

**Rao did a study in 2018** about how people invest in funds in India. He found out that people who know more about money and have an education are more likely to put their money in mutual funds. They do not just stick to the ways of investing. The study also said that teaching people about investing can really help them understand funds better.

**Sharma and Gupta** looked at what makes people decide to invest in funds in **2019**. They saw that people think about how risk they can take, what they hope to get back how the funds did in the past and what their financial advisors say. The study said that people need to trust the people who manage the funds and the companies that offer them. This helps people feel more confident about investing in funds.

**Patel did some research in 2020** about how different things like age and income affect what kind of funds people like to invest in. He found out that younger people who have an income like to invest in mutual funds that are more about stocks. This is because they can take risks and are thinking about the long term. On the hand older people like to invest in mutual funds that are more about loans. This is because they want to keep their money safe and get an income.

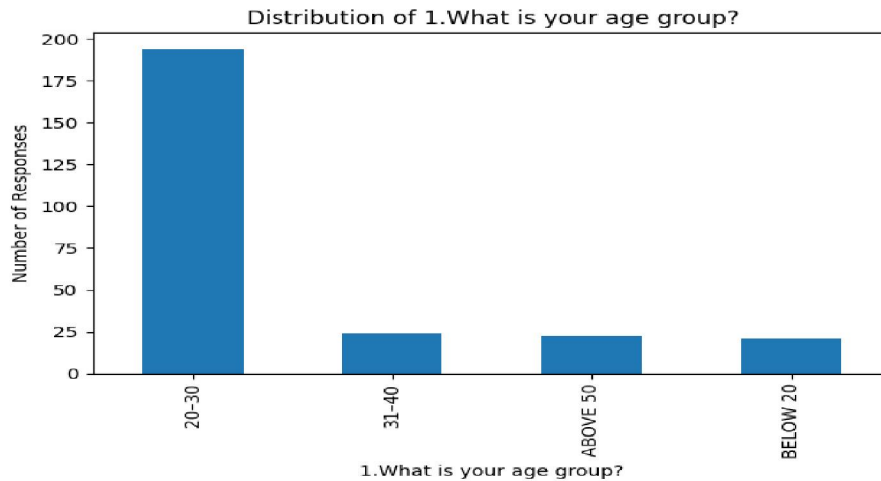
**Kumar and Singh** studied something called Systematic Investment Plans in **2021**. These plans help people invest in funds by letting them pay a little money at a time. The study found that this way of investing has really helped more people invest in funds. It makes investing easier and more disciplined. The researchers said that this way of investing is especially good for people who get a salary and for those who are investing for the time.

**Mehta did a study in 2022** about what investors think about funds in India. He found out that many investors are happy with the returns they get from funds in the long term. However they are still worried about the market going down and they do not fully understand how mutual funds work. The study said that the companies that offer funds should be more open, about what they do and teach people more about investing. They should also make it easier for people to understand the products they offer. This will help people trust these companies more.

### IV. DATA ANALYSIS AND INTERPRETATION

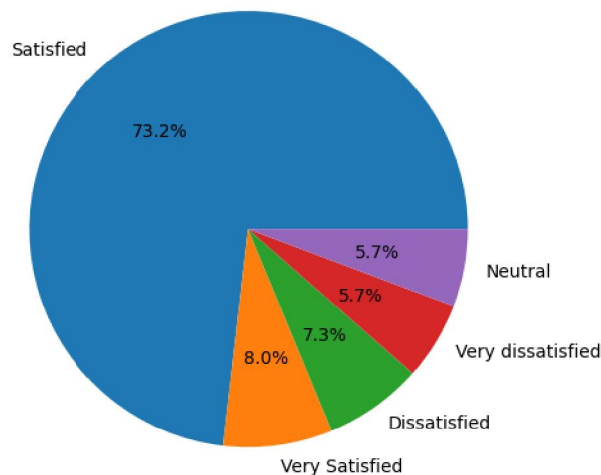
The data from respondents was carefully looked at to see how regular investors act with funds. Responses were checked using basic statistical methods like counting and percentages. It was found that regular investors have varying levels of knowledge likes and risk views about investing in funds. A large number of respondents had views showing a clear pattern in how investors behave and a growing acceptance of mutual funds as a way to invest. The investors have awareness levels about mutual funds. Their preferences for funds also vary. Risk perception about mutual fund investments differs among them. Mutual funds are being accepted more by investors as an investment option. The investors are behaving in a way, towards mutual funds.





The bar chart visually represents the distribution of respondents across different response categories. It clearly shows which segment has the highest participation and which segments are lower. This helps identify the main behavioral tendencies of retail investors.

Investor Satisfaction with Mutual Fund Returns



The pie chart shows what part of the group likes each thing and it shows what percentage of people said each thing. The big part of the pie chart is the thing that most people like which means that people really like that thing while the small parts are things that people do not like much.

The main thing we learned is that people who buy and sell things are starting to like funds more and more. They are getting to know more about funds and they like them. But we also saw that some people do not know much about funds so they need to learn more, about money and how to make good choices. The people who help others with money can use this information to teach people about funds and help them make good choices about their money. Mutual funds are what we are talking about and mutual funds are important for people to know about.



## V. CONCLUSION AND SUGGESTIONS

### 5.1 Conclusion

This study looked at how regular people invest in funds. The findings show that mutual funds are becoming popular among investors because of benefits like professional management, diversification, liquidity and the ease of investing regularly through Systematic Investment Plans (SIPs) and mutual funds.

Many investors know about mutual fund opportunities and a significant number have already invested in funds, which shows that the mutual fund industry is growing in India. The study found that several factors influence how investors behave with funds. These include expected returns from funds, risk perception, income level and advice from financial advisors or peers about mutual funds. Regular investors choose mutual funds mainly for creating wealth and achieving long-term financial goals with mutual funds. Younger investors with a risk tolerance tend to favor equity-oriented mutual fund schemes while more conservative investors prefer debt mutual funds for stability and regular income from mutual funds. The findings also show that digital platforms and online investment options are becoming popular due to their ease of use and accessibility for investing in funds. However the study points out some gaps in mutual fund investments. Some regular investors still hesitate to invest in funds because they lack complete knowledge about mutual funds fear market volatility and prefer traditional investment options over mutual funds. While investor satisfaction with mutual fund returns is generally positive worries about market fluctuations and short-term performance of funds persist. This suggests that despite the growth of the mutual fund industry there is still room to improve investor confidence and financial literacy about funds.

Overall the study concludes that retail investors are slowly turning to funds as their preferred investment choice but awareness levels, risk appetite and trust in the financial system still influence their behavior with mutual funds. Improving investor education and providing information, about mutual funds could further encourage mutual fund adoption among retail investors.

### 5.2 Suggestions

Mutual fund investments can be an option for people who want to invest their money. To get more people to invest in funds we need to do a few things. First companies that manage assets and the people who make rules should help investors understand what mutual funds are and how they work. Many people do not know much about funds so they need to be taught about the benefits and risks. We can do this by having workshops using the internet to spread information and making sure the information is easy to understand.

Second mutual fund companies should be honest with investors. Tell them what is going on. They should give information about how the fund is doing what the risks are and how much it costs. This will help investors trust the companies. If the companies keep investors updated and talk to them personally investors will feel more confident and happy.

Third people who give advice on investments should help investors make choices. They should think about the investors risk level how money they make and what they want to achieve. This way investors can make decisions that are right for them.

Fourth we should keep telling people about Systematic Investment Plans because they help people invest regularly and make mutual funds available to people who do not have a lot of money. We should try to get investors by offering low-cost options and making it easy to use digital platforms.

Finally the people who make rules should keep making sure that investors are protected. If investors feel safe they will be more likely to invest in funds.

In the end if we can teach people about mutual funds give them better advice be more honest and keep improving digital platforms mutual funds can be a great way for people in India to invest their money. Mutual funds have a lot of potential to become the investment option for people, in India.

