

# **A STUDY OF CONSUMER'S PERCEPTION TOWARDS MUTUAL FUNDS IN DELHI NCR**

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## **ABSTRACT**

The study on consumer perception towards mutual funds aims to understand the attitudes and opinions of consumers towards investing in mutual funds. The research paper reviews existing literature on mutual funds and consumer behavior to develop a comprehensive framework for analyzing consumer perceptions. A survey questionnaire was administered to a sample of mutual fund investors to collect data on their perceptions towards various aspects of mutual funds, including risk, return, fees, investment objectives, and past performance. The results of the study suggest that consumer perceptions towards mutual funds are influenced by several factors, including their risk appetite, investment objectives, past experiences with mutual funds, and level of financial literacy. The study provides insights that can help mutual fund companies design effective marketing strategies to target different segments of investors and enhance their understanding of mutual funds.

**KEY WORDS :** Mutual Funds, Consumer perception, Risk appetite, Investors, Marketing strategies

## **INTRODUCTION**

Mutual funds have emerged as one of the most popular investment options among retail investors in recent years. However, despite the growing popularity of mutual funds, there is limited understanding of the factors that influence consumer perceptions towards mutual funds. The study on consumer perception towards mutual funds aims to bridge this gap by analyzing the attitudes and opinions of consumers towards mutual funds.

This research paper reviews existing literature on mutual funds and consumer behavior to develop a comprehensive framework for analyzing consumer perceptions towards mutual funds. The framework incorporates various factors that can influence consumer perceptions, including risk, return, fees,

investment objectives, and past performance. By analyzing these factors, the study aims to provide insights into the factors that drive consumer behavior towards mutual funds.

To collect data on consumer perceptions towards mutual funds, a survey questionnaire was administered to a sample of mutual fund investors. The survey questionnaire was designed to capture information on various aspects of mutual funds that can influence consumer perceptions. The responses obtained from the survey were analyzed using statistical techniques to identify patterns and trends in consumer perceptions.

The results of this study are expected to have implications for mutual fund companies, financial advisors, and policymakers. By gaining insights into consumer perceptions towards mutual funds, mutual fund companies can design effective marketing strategies to target different segments of investors and enhance their understanding of mutual funds. Financial advisors can also use these insights to provide tailored advice to investors based on their risk appetite, investment objectives, and past experiences. Policymakers can leverage these insights to design regulations that promote transparency, accountability, and consumer protection in the mutual fund industry.

Overall, this study is expected to contribute to the literature on mutual funds and consumer behavior by providing a comprehensive framework for analyzing consumer perceptions towards mutual funds and identifying the factors that drive consumer behavior.

## **Objectives of study**

The broader objective is to study the relationship amongst various demographic variables and the perception of the investors towards the mutual funds which is subdivided and extended to the following individual objectives.

1. To study the evolution and growth of the MF industry in India.
2. To study the underlying reasons for investor's preference towards mutual funds over other investment instruments.
3. To study the relationship of various demographic variables on investors' perception towards mutual funds.
4. To study and rank the factors responsible for the selection of mutual funds as an investment option.
5. To know the experience of the people who have invested in Mutual Funds.
6. To know the preferred source of information used by investors for analyzing performance of investment.

## LITERATURE REVIEW

**Abey (2017)** –The study demonstrates that investing for the near term is preferable to waiting for a high return at the expense of a high level of risk. Investments in mutual funds were encouraged in the report for increased diversification.

**Afshan (2013)** -The performance of the balanced mutual fund dividend and growth plan was examined by the researcher from 2009 to 2012. The investigation discovered that some of the schemes had reached their maximum efficiency and that some funds had overperformed.

**Agapova (2011)** -The study provides evidence of a diametrically opposed link between the flow of family schemes of money market mutual funds and non-money market mutual funds.

**Agarwal and Mirza (2017)** –Their research showed that 90% of the schemes outperformed the market, particularly ELSS, mid/small cap funds, long, short, and ultrashort debt funds. Additionally, it has been discovered that equity-based mutual funds have higher Valued at Risk than debt funds.

**Ahmad and Samajpati (2010)** -According to fund managers, performance outcomes related to market timing are more favourable than is shown by earlier empirical research. From a study perspective, using high-frequency data (daily) improves the same performance result.

**Ayalur (2016)** - Reliance Bank Fund was determined to be at high risk with high return, while Reliance Small-Cap Fund was found to be at moderate risk with moderate return. The article comes to the conclusion that an investor can select any fund pattern based on risk-return performance.

**Akhtar and Ansari (2016)** –The study concluded that fund managers lacked the ability to predict market movements. Managers in the public sector even performed worse than those in the private sector. Growth plans performed worse than balanced schemes, proving that market timing benefits balanced strategies. The study indicated that diversification was sufficient.

**Anis and Bajpai (2016)** - Employees in the private sector and businesspeople generally show a greater interest in mutual fund operations. Even those with good incomes like mutual fund plans. Investors favour large-cap companies and equity mutual funds the most.

## RESEARCH METHODOLOGY

### **Data collection**

Data collection for research on mutual funds as per consumer perception can involve various methods. Here are some methods that can be used: Data can be used to collect from the primary method that is survey questionnaire and from the secondary method that are various websites, lots of research paper, journals.

Basically here, a set of 11 questions are formed and sent to the respondents online to answer those questions for further analysis.

### **Sample size**

In this research study stratified random sampling was used. Some experts and 100 respondents are selected from the students and jobs for this study.

### **Limitation of study**

**1.Sample size and representativeness:** The results might not be generalizable to a larger group of mutual fund investors if the sample size is too small. Furthermore, the results might not correctly reflect the attitudes and actions of mutual fund investors if the sample is not representative of the general community in terms of demographics, investment experience, or other characteristics.

**2.Self-reported data:** The study may rely on participant self-reported data, which may be biased and inaccurate.

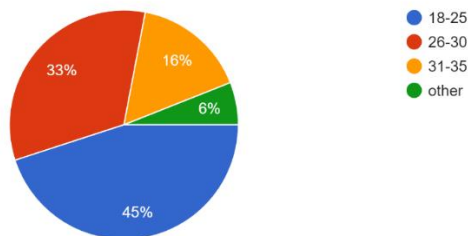
**3.Limited scope of research questions:** The breadth of the study may be constrained by the research questions posed, which could leave out crucial elements that affect how consumers see mutual funds and the investments they make.

**4.Limited generalizability:** if the study is carried out during a time of market volatility, the conclusions might not be valid in a time of greater market stability.

## DATA ANALYSIS AND INTERPRETATION

### What is your age ?

What is your Age?  
100 responses



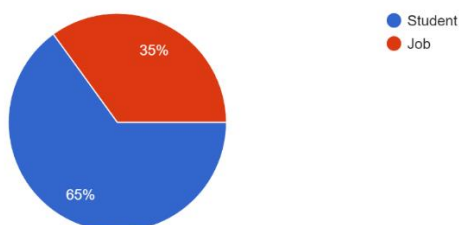
#### RESULT

Option	Per%	Count
18-25	45%	45
26-30	33%	33
31-35	16%	16
Other	6%	6
Total	100%	100

From the above chart and table, we can see that 100 respondents are divided into the age group of 18-25 that are 45% , 26-30 are 33%, 31-35 are 16% and rest 6% are others.

### What is your occupation ?

What is your Occupation?  
100 responses

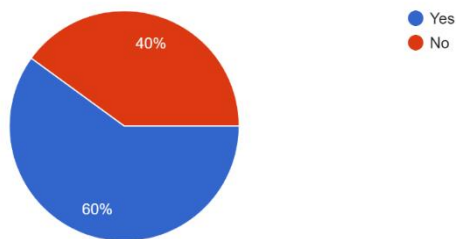


RESULT		
Option	Per%	Count
Students	65%	65
Job	35%	35
Total	100%	100

From the above chart and table, we can see that responses come from students are 65% which are more than the responses come from job (35%) .

### Have you ever invested in mutual funds ?

Have you ever invested in mutual funds?  
100 responses



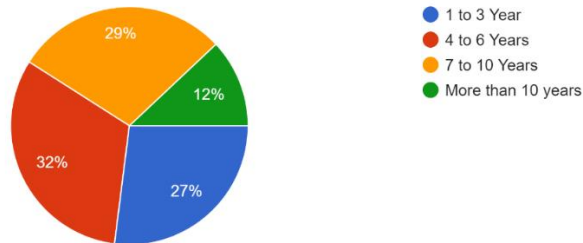
RESULT		
Option	Per%	Count
YES	60%	60
NO	40%	40
Total	100%	100

As can be seen from the table and chart above, 60% of respondents to this survey said they were investing in mutual funds, while 40% said they were not.

## How long would you like to hold your Mutual Funds' Investments?

How long would you like to hold your Mutual Funds' Investments?

100 responses



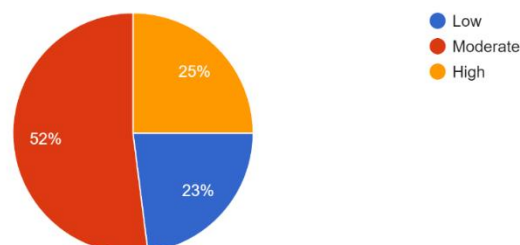
RESULT		
Option	Per%	Count
1 to 3 Years	27%	27
4 to 6 Years	32%	32
7 to 10 Years	29%	29
More than 10 Years	12%	12
Total	100%	100

From the aforementioned table and chart, we can see that, according to this study, 27% of the Them have invested for 1 to 3 years , 32% them have invest for 4 to 6 years , 29% of them have invest for 7 to 10 years , and 12% of them have invested for more then 10 years .

## How do you rate the risks associated with mutual funds?

How do you rate the risks associated with Mutual Funds?

100 responses

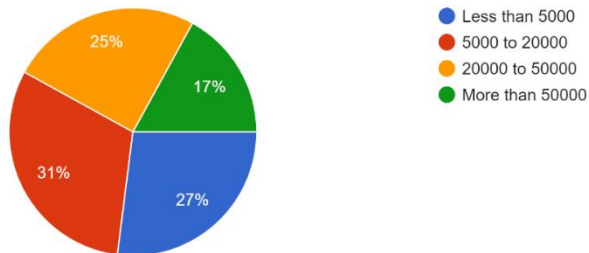


RESULT		
Option	Per%	Count
Low	23%	23
Moderate	52%	52
High	25%	25
Total	100%	100

From the above chart and table, we can see that respondents give rate to the risk that associated with mutual funds . Out of 100 respondents 23% feel low risk , 52% feels moderate risk and 25% feel high risk. Number of the respondent feels moderate risk.

### How much do you typically invest in mutual funds?

How much do you typically invest in mutual funds?  
100 responses



RESULT		
Option	Per%	Count
Less than 5000	27%	27
5000 to 20000	31%	32
20000 to 50000	25%	25
More than 50000	17%	17
Total	100%	100

From the above chart and table, we can conclude that 27% of people are invested in mutual funds less than Rs 5000 ,31% of people are invested in mutual funds more than Rs5000 but less than Rs 20000 , 25% of

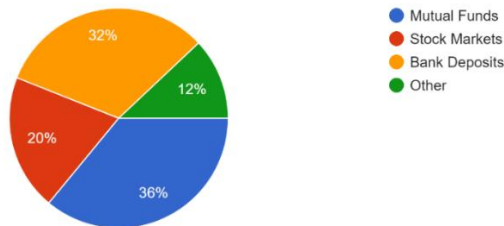


people are invested in mutual funds more than Rs 20000 but less than Rs 50000 and only 17% of people only invested more than Rs 50000 in mutual fund respectively.

## Which among the following is the safest Investment option?

Which among the following is the safest Investment option?

100 responses



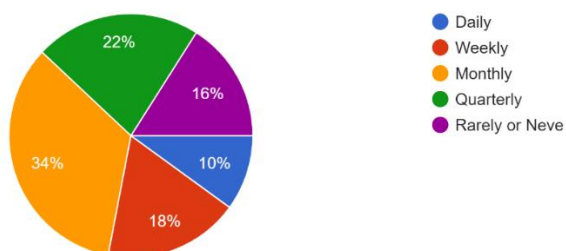
RESULT		
Option	Per%	Count
Mutual Funds	36%	36
Stock Markets	20%	20
Bank Deposits	32%	32
Other	12%	12
Total	100%	100

From the above chart and table, we can see that 36% of people have invested in mutual funds , 20% of them have invested in stock market , 32% of them have invested in bank deposits and 12% of them have invested in others .

## How often do you review your mutual funds investments?

How often do you review your mutual funds investments?

100 responses



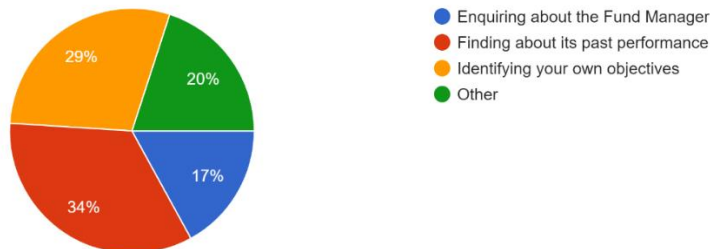
RESULT		
Option	Per%	Count
Daily	10%	10
Weekly	18%	18
Monthly	34%	34
Quarterly	22%	22
Rarely or never	16%	15
Total	100%	100

From the above chart and table , we can see that for 10% of people invest daily ,18% of the people invest weekly , 34% of them invest monthly ,22% of them invest quarterly , and 16 % of them invest rarely or never.

### Which among the following principles do you consider while selecting a mutual fund?

Which among the following principles do you consider while selecting a Mutual Fund?

100 responses



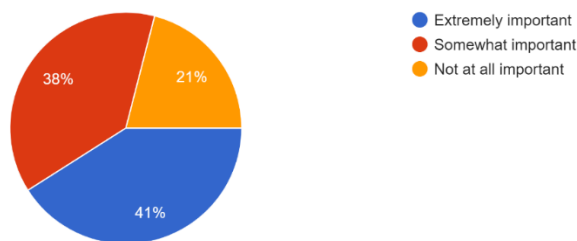
RESULT		
Option	Per%	Count
Enquiry about the fund manager	17%	17
Finding about its past performance	34%	34
Identifying your own objectives	29%	29
Other	20%	20
Total	100%	100

The above chart and table show that, according to this survey we get to know that 17% people considered the principal of enquiry about the manager before investing in mutual funds, 34% are considered the finding about its past performance, 29% are considered identifying your own objectives and rest 20% considered other principles.

### How important is it for you to understand the fees and expenses associated with a mutual fund before investing in it?

How important is it for you to understand the fees and expenses associated with a mutual fund before investing in it?

100 responses



RESULT		
Option	Per%	Count
Extremely important	41%	41
Somewhat important	38%	38
Not at all important	21%	21
Total	100%	100

The above chart and table show that, according to this survey, understanding the fees and expenses associated with mutual funds before investing is crucial for 41% of respondents, somewhat important for 38% respondents, and not at all important for 21% respondents.

## CONCLUSION

Mutual funds are perceived by some customers as a practical and generally secure option to engage in the stock market without having to conduct in-depth research on specific stocks. Others might think mutual funds are overpriced or not worth the fees that fund managers charge.

Overall, a number of variables, including investing objectives, risk tolerance, investment experience, and financial literacy, may influence how consumers perceive mutual funds. Before making any selections, it's crucial for customers to conduct their own research and carefully analyse their investment possibilities.

## SUGGESTION

- Consumers should carefully analyse the prospectus of a mutual fund, which details its investing strategy, objectives, risks, and fees. Do your homework and comprehend the fund's investment goals.
- Think about the fund's performance history: Investors can look at a mutual fund's past results to see if it has a solid track record of accomplishing its investment goals.
- Consult a professional: Investors who have sophisticated demands or questions concerning mutual funds may think about speaking with a financial counsellor, who can offer tailored investment advice.
- Invest in many mutual funds or a combination of mutual funds and other investment vehicles to diversify your portfolio. which can assist to lower risk and volatility.
- While mutual funds are intended to be held for the long term, investors should nevertheless keep an eye on the performance of their investments and alter them as necessary.

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