
A STUDY ON INVESTOR PREFERENCES AND PERCEPTIONS TOWARDS MUTUAL FUNDS IN INDIA

***Modi Jigar**

Parul University.

Article Received: 14 February 2026

*Corresponding Author: Modi Jigar

Article Revised: 05 March 2026

Parul University.

Published on: 25 March 2026

DOI: <https://doi-doi.org/101555/ijrpa.6411>

ABSTRACT

The mutual fund industry in India has experienced remarkable growth during the last two decades due to increasing financial awareness, digital investment platforms, and regulatory support from the Securities and Exchange Board of India (SEBI). Despite this growth, a significant portion of Indian household savings is still allocated to traditional investment avenues such as fixed deposits, gold, and real estate. Understanding investor perceptions and preferences toward mutual funds is therefore essential for improving participation in capital markets. This study aims to analyze investor preferences, perceptions, and investment behavior toward mutual funds in India. The research examines how demographic variables such as age, gender, income, and investment experience influence investor decisions. A descriptive research design was adopted, and both primary and secondary data were used in the study. Primary data was collected through a structured questionnaire distributed among 200 respondents across different demographic groups. Secondary data was collected from academic journals, research articles, AMFI reports, and industry publications. Statistical analysis was conducted using descriptive statistics and the Chi-square test of independence to examine relationships between demographic variables and investment behavior. The results indicate that age has a statistically significant relationship with mutual fund participation, while gender, income level, and investment experience show no significant association with investment behavior. The findings also reveal that most investors prefer small systematic investments through Systematic Investment Plans (SIPs), and many investors perceive mutual funds as providing higher long-term returns compared to traditional investment instruments. The study further highlights that factors such as brand reputation of fund houses, tax benefits through Equity Linked Savings Schemes (ELSS), and professional fund management play a significant role in influencing investor decisions. However, a lack of financial literacy and

limited awareness among certain demographic segments continue to act as barriers to mutual fund adoption. The research concludes that improving investor education, increasing transparency, and expanding digital investment platforms can significantly enhance investor participation in mutual funds. The findings of this study provide valuable insights for policymakers, asset management companies, and financial advisors to develop strategies aimed at strengthening investor confidence and promoting mutual fund investments in India.

2. INTRODUCTION

The financial sector plays a crucial role in economic growth by channelizing savings into productive investments. Mutual funds have emerged as one of the most important investment vehicles in modern financial markets as they allow individuals to participate in capital markets through professionally managed investment portfolios. Mutual funds provide investors with diversification, liquidity, professional management, and relatively lower investment risk compared to direct stock market investments.

In India, the mutual fund industry has witnessed significant expansion in recent years. According to the Association of Mutual Funds in India (AMFI), the Assets Under Management (AUM) of the industry crossed ₹60 lakh crore in 2025, reflecting increasing investor participation. The growth of digital investment platforms such as Groww, Zerodha Coin, and Paytm Money has further simplified the investment process, enabling retail investors to participate in mutual fund schemes with minimal investment amounts.

Despite this progress, the penetration of mutual funds in India remains relatively low when compared with developed economies such as the United States and European countries. Indian households traditionally prefer physical assets such as gold, real estate, and fixed deposits due to perceived safety and familiarity. Consequently, understanding investor perceptions and preferences toward mutual funds becomes essential for identifying factors that influence investment decisions.

Investor behavior in financial markets is influenced by several factors including risk perception, expected return, liquidity, tax benefits, financial literacy, and trust in financial institutions. Demographic characteristics such as age, income level, occupation, and education also play a significant role in shaping investment preferences.

The present study focuses on analyzing investor perceptions and preferences toward mutual fund investments in India. It aims to identify key factors influencing investor decisions and examine how demographic variables affect investment behavior. By conducting a survey-based empirical analysis, the study seeks to provide insights into investor attitudes and highlight opportunities for improving mutual fund participation in India.

3. Literature Review

The mutual fund industry has attracted considerable attention from researchers due to its importance in mobilizing household savings and channelizing them into capital markets. Several studies have examined investor perceptions, behavior, and factors influencing mutual fund investment decisions.

1. Boddupally Sai and M. Annapurna (2025) conducted a study to examine investor perception toward mutual fund companies in Hyderabad. The research was based on a survey of 180 respondents. The study revealed that approximately 73% of investors participate in mutual funds primarily because of higher return potential and portfolio diversification. The research also highlighted that balanced funds are the most preferred schemes among investors due to their moderate risk level. The authors concluded that mutual fund companies should design products that balance risk and return to attract retail investors.

2. Dr. Komal Rani and Neetu Jora (2022) analyzed customer perception toward mutual funds using descriptive statistical techniques. Their study found that transparency, professional management, and accessibility are the most influential factors affecting investor perception. The research emphasized that although investors are interested in mutual funds, many lack sufficient knowledge about how these financial instruments operate. The study suggested that increasing financial awareness programs can significantly enhance investor confidence.

3. Dr. M. Sumathy and Mr. Shaneeb P (2018) conducted a study among households in Coimbatore to analyze the perception of mutual fund investors. Using statistical tools such as ANOVA and Chi-square tests, the study revealed that socio-economic factors such as income and occupation significantly influence investor satisfaction levels. The research concluded that mutual funds provide a protective investment option for small investors by offering diversification and professional fund management.

4. Dr. K. Karthikeyan and S. Sakthivelu (2020) examined investor perceptions toward Systematic Investment Plans (SIPs) in Puducherry. The study found that flexibility and

affordability are the primary reasons investors prefer SIP investments. Investors appreciate the ability to invest small amounts regularly, which reduces financial pressure while enabling long-term wealth creation.

5. Lavanya V and Dr. Vinoth S (2024) analyzed investor perceptions toward mutual funds in Bangalore. Their research focused on gender-based differences in investment behavior. The findings indicated that male investors generally demonstrate a higher risk tolerance compared to female investors. However, both genders consider factors such as safety, liquidity, and return potential before making investment decisions.

6. Dr. S.M. Tariq Zafar, Dr. Adeel Maqbool, and S.M. Khalid conducted a strategic study on investor preferences in Lucknow city. The research revealed that investors prioritize fund performance and long-term growth while selecting mutual funds. Tax-saving benefits and liquidity were also identified as significant motivating factors influencing investment decisions.

7. Dr. D. Mythili and Janasanarn K G (2024) investigated investor satisfaction toward mutual funds in Coimbatore city. The study found that investors invest primarily to secure their family's financial future. The authors suggested that asset management companies should improve communication with investors and provide better transparency regarding fund performance.

8. Dr. Kavita Patil and Dr. Sujata Chincholkar (2020) explored investor experiences in Mumbai and Navi Mumbai. Their study revealed that mutual funds are widely perceived as a convenient and diversified investment option compared to direct stock market investments. However, some investors expressed dissatisfaction due to fluctuations in market returns.

9. Kunal Gaurav, Aishwarya Suraj Ray, and Aditya Pradhan (2023) analyzed investment behavior among corporate professionals. The study identified several important factors influencing investment decisions, including security of investment, reliability of fund management companies, and convenience of investment platforms.

10. Savita (2024) conducted a conceptual study on investor attitudes toward mutual funds. The research emphasized that high return potential and tax benefits are key motivators for investors. The study also highlighted the importance of improving financial literacy among retail investors.

11. Rajdeep Nag, Sudip Chakraborty, and Nikhil Bhusan Dey (2022) conducted an empirical study on investor preferences in Guwahati city. The findings indicated that equity mutual funds are the most preferred schemes among investors due to their higher long-term growth potential.

12. Nidhi Walia and Ravi Kiran (2009) analyzed investor risk perception toward mutual funds. Their research concluded that investor confidence depends largely on transparency and proper disclosure of risks associated with mutual fund investments. D. Kandavel (2011) examined factors influencing retail investors in Puducherry. The study identified low initial investment requirements, diversification benefits, and professional management as key factors encouraging mutual fund investment.

13. Shohom Pal (2021) analyzed the growth trends of the mutual fund industry in India. The study highlighted the rapid expansion of assets under management (AUM) and the increasing participation of retail investors in financial markets.

14. Amandeep Singh Manku (2025) explored factors influencing investor reluctance toward mutual funds. The study found that trust in financial institutions and financial literacy significantly influence investor participation. The author emphasized that improving investor education and transparency can reduce hesitation among potential investors.

Overall, the literature suggests that investor behavior toward mutual funds is influenced by several factors including return expectations, risk perception, financial literacy, tax benefits, and demographic characteristics. However, further empirical research is needed to analyze these relationships using statistical methods and primary survey data.

4. Research Gap

Although numerous studies have examined investor perception toward mutual funds, several research gaps still exist:

Many studies focus only on secondary data and industry trends.

Limited research examines the relationship between demographic variables and investment behavior using statistical methods.

Few studies analyze investor perceptions in emerging financial markets with empirical survey data.

This study attempts to fill these gaps by using primary data and statistical analysis to understand investor behavior in India.

5. Research Objective

1. To find out investor preferences for different mutual fund products (equity, debt, Hybrid, SIPs, ELSS, etc.) Based on primary survey answers.
2. To find out investor attitudes towards safety, returns, transparency, and risk Involved in mutual funds versus conventional investments.
3. To research the impact of demographic and socio-economic variables (age, Gender, income, occupation, education, etc.) on investor preferences and attitudes.
4. To determine major challenges, hindrances, and drivers affecting investor Participation in mutual funds and propose measures to enhance retail investor Participation.

5. Collection of Data

The present study is based on both primary and secondary sources of data in order to obtain comprehensive information about investor perceptions and preferences toward mutual fund investments in India.

Primary Data

Primary data was collected directly from respondents through a **structured questionnaire** survey. The questionnaire was designed to gather information regarding investors' demographic profile, investment behavior, awareness of mutual funds, and factors influencing their investment decisions. A **total of 200 respondents** participated in the survey.

The respondents included individuals from different age groups, income levels, occupations, and investment experience. The use of primary data helped in understanding the actual perceptions and attitudes of investors toward mutual fund investments.

Secondary Data

Secondary data was collected from various reliable and published sources to support the primary research findings. These sources include **research journals, academic articles, AMFI (Association of Mutual Funds in India) reports, SEBI publications, financial websites, and other industry reports. Secondary data provided background information on the mutual fund industry, growth trends, investor participation,** and previous research conducted in this area. This information helped in strengthening the theoretical framework of the study and comparing the results with existing literature.

6. Research Methods

Research Design:

Descriptive Research Design

Sampling Method: Convenience Sampling Sample Size: 200 respondents

Statistical Tools Used: **Percentage analysis Pie charts Chi-square test Descriptive statistics**

7. Analysis of Data

This section presents the analysis of survey responses collected from 200 respondents regarding their mutual fund investment behavior. Descriptive statistics and graphical representations were used to interpret the data.

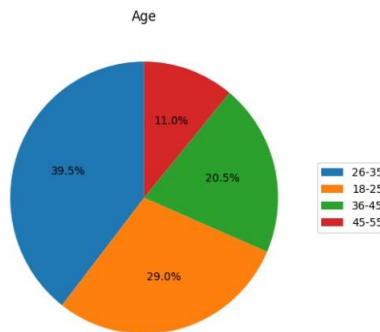


Chart 1: Age Distribution of Respondents.

Interpretation

The age distribution indicates that the majority of respondents belong to the 26–35 years age group (39.5%), followed by the 18–25 age group (29%). These results suggest that younger investors show greater interest in mutual fund investments as they are typically in the early stages of their careers and aim to build long-term wealth.

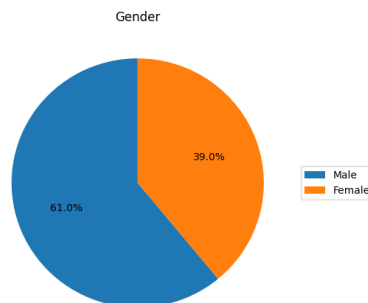


Chart 2: Gender Distribution.

Interpretation

The results show that 61% of respondents are male, while 39% are female. This indicates that

male participation in mutual fund investment is relatively higher. However, the significant proportion of female respondents reflects growing financial awareness and increasing participation of women in financial decision-making.

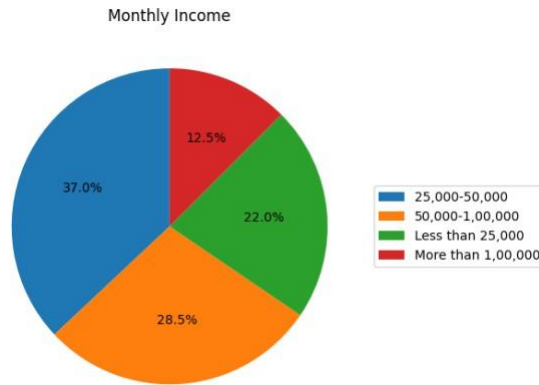


Chart 3: Monthly Income Distribution.

Interpretation

The majority of respondents (37%) belong to the ₹25,000–₹50,000 income group, indicating that middle-income individuals form the core segment of retail mutual fund investors. These investors often seek investment options that provide a balance between safety and returns.

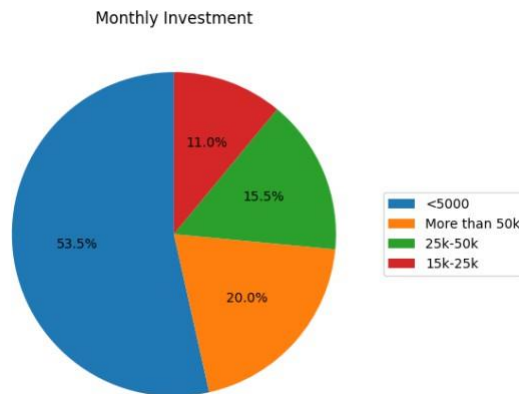


Chart 4: Monthly Investment Amount.

Interpretation

More than 53.5% of investors invest less than ₹5000 per month, indicating the popularity of Systematic Investment Plans (SIPs). SIPs allow investors to invest small amounts regularly, making mutual funds accessible even for individuals with moderate income levels.

Chi-Square Test Analysis

The Chi-square test was used to examine whether there is a statistically significant relationship between demographic variables and mutual fund investment behavior.

Hypothesis

H₀: There is no significant association between variables. H₁: There is a significant association between variables. Significance Level = 0.05

Overall Chi-Square Test Results Summary

Sr. No.	Variables Tested	χ^2 Value	df	p-value	Significance	Decision
1	Age × Mutual Fund Investment	24.892	6	0	Significant	Reject H ₀
2	Gender × Risk Understanding	6.266	4	0.179	Not Significant	Accept H ₀
3	Monthly Income × Monthly Investment Amount	3.625	9	0.934	Not Significant	Accept H ₀
4	Investment Experience × Holding During Market Downturns	11.949		0.447	Not Significant	Accept H ₀
5	Age × Plan to Increase Mutual Fund Investment	5.285	12	0.948	Not Significant	Accept H ₀

Interpretation of Chi-Square Results

The results indicate that Age has a statistically significant relationship with mutual fund investment participation. Younger investors demonstrate higher participation in mutual fund investments compared to older individuals.

However, other variables such as gender, income level, and investment experience do not show significant relationships with investment behavior. This suggests that mutual fund investments are accessible across different income groups and demographic categories.

8. FINDINGS

- Age & Demographics:** Most investors are aged 26–35, seeking long-term wealth; notably, **age** is the only demographic factor significantly impacting investment behavior.
- Gender Trends:** While male participation remains higher, there is a visible upward trend in financial awareness and investment decision-making among **women**.
- SIP Preference:** A majority prefer monthly SIPs **below ₹5,000**, highlighting a shift toward disciplined, small-scale investing over large lump-sum commitments.
- Perception of Returns:** Investors increasingly view mutual funds as superior to **fixed deposits**, favoring them for their potential to deliver higher long-term yields.
- Brand Influence:** Decisions are heavily swayed by **brand reputation**, as investors equate established fund houses with professional management and lower risk.

6. Suggestions

- 1. Enhancing Financial Literacy:** Implement educational workshops and programs to help beginners understand market products and make informed, data-driven investment decisions.
- 2. Targeted Awareness Campaigns:** Fund houses should launch initiatives that clarify the risk-return trade-off, reducing common misconceptions to build broader investor confidence.
- 3. Digital Platform Optimization:** Service providers should simplify user interfaces and streamline transaction procedures to cater to the growing number of tech-savvy, mobile-first investors.
- 4. Government & Policy Support:** Authorities should further incentivize participation through tax-saving schemes like ELSS and integrate mutual funds into broader national financial inclusion goals.
- 5. Proactive Advisory Roles:** Financial professionals must focus on personalized guidance regarding portfolio diversification and risk management to align investments with specific long-term goals.

6. CONCLUSION

The mutual fund industry in India has demonstrated significant growth in recent years due to increasing financial awareness, technological advancements, and regulatory support. However, despite these positive developments, a large portion of Indian investors still prefer traditional investment avenues such as fixed deposits, gold, and real estate. This highlights the need to better understand investor behavior and perceptions toward mutual fund investments.

The findings of this study indicate that investor participation in mutual funds is influenced primarily by age-related financial priorities rather than gender, income, or investment experience. Younger investors in the 18–35 age group show higher participation due to their willingness to take calculated risks and focus on long-term wealth creation.

The study also reveals that systematic investment plans (SIPs) are widely preferred by investors because they allow small and disciplined investments. Additionally, factors such as brand reputation, tax benefits, and professional fund management significantly influence investor decisions.

Overall, the study emphasizes the importance of increasing financial literacy and awareness to expand mutual fund participation in India. By improving transparency, investor education, and accessibility through digital platforms, the mutual fund industry can attract a broader investor

base and contribute to the growth of the Indian financial market.

7. REFERENCES:

1. Boddupally, S., & Annapurna, M. (2025). Investor perception towards mutual funds in India. Komal, R., & Jora, N. (2022). Study of customer perception towards mutual funds.
2. Sumathy, M., & Shaneeb, P. (2018). Investors perception towards mutual funds. Karthikeyan, K., & Sakthivelu, S. (2020). Investment in mutual funds under SIP. Lavanya, V., & Vinoth, S. (2024). Mutual fund investor perception.
3. Kavita, P., & Chincholkar, S. (2020). Investor experiences in mutual fund investment.
4. Rajdeep, N., Chakraborty, S., & Dey, N. (2022). Investor preference for mutual fund investment.
5. Savita. (2024). Investor attitude toward mutual funds.
6. Kandavel, D. (2011). Factors influencing retail investors to invest in mutual funds. Walia, N., & Kiran, R. (2009). Investor risk perception toward mutual fund services