Quest Journals
Journal of Research in Business and Management
Volume 13 ~ Issue 10 (October 2025) pp: 22-26
ISSN(Online):2347-3002
www.questjournals.org

Research Paper

A Study on Mutual Funds Investor Perception In "GHMC" Area

Dr K. Mahender Reddy
Associate Professor- MBA Dept.
Samskruti Institute of Business Management, Turkayamzal, Hyderabad, Telangana.

Abstract:
Mutual funds have come, as a much needed help to these investors. Thus the success of MFs is essentially the result of the combined efforts of competent fund managers and alert investors.. Therefore, in this current scenario it is very important to identify needs of mutual funds investors, their preference for mutual funds schemes and its performance evaluation. In this research paper, researcher has an objective to know perception of investors towards investment in mutual funds. An investment can be described as perfect if it satisfies all the needs of all investors. Therefore, the starting point in searching for the perfect investment would be to examine investor needs. If all those needs are met by the investment, then that investment can be termed the perfect investment. Most investors and advisors spend a great deal of time understanding the merits of thousands of investment available in India. Little time, however, is spent understanding the needs of the investor and ensuring that the most appropriate investment are selected for him. The diversified investment structure of mutual funds and diversified risk contributed tremendously in the growth of mutual funds. With the passage of time many new mutual funds emerged. Not only this, the methods and ways of selling these funds also changed with time.

Keywords: *Cost Effective, Persistence, Tax benefit, Long range plan*

R*eceived 08 Oct., 2025;* ***R****evised 17 Oct., 2025;* ***A****ccepted 19 Oct., 2025 © The author(s) 2025.*
P*ublished with open access at* ***www.questjournas.org***

I. Introduction:

From its inception the growth of mutual funds is very slow and it took really long years to evolve the modern day mutual funds. Mutual Funds emerged for the first time in Netherlands in the18th century and then got introduced to Switzerland, Scotland and then to United States in the 19th century. The main motive behind mutual fund investments is to deliver a form of diversified investment solution. Over the years the idea developed and people received more and more choices of diversified investment portfolio through the mutual funds. In India, the mutual fund concept emerged in 1960. The credit goes to UTI for introducing the first mutual fund in India. Monetary Fund's benefited a lot from the mutual funds. Earlier investors used to invest directly in the stock market and many times suffered from loss due to wrong speculation. But with the coming up of mutual funds, which were handled by efficient fund managers, the investment risks were lowered by a great extent. The diversified investment structure of mutual funds and diversified risk contributed tremendously in the growth of mutual funds. With the passage of time many new mutual funds emerged. Not only this, the methods and ways of selling these funds also changed with time. But, the growth of mutual funds has not stopped. It is continuing to evolve to a better future, where the investors will get newer opportunities. In this era of globalization and competition, the success of an industry is determined by the market performance of its stock.

The investors too like to invest only in the stock of those companies from which they can get maximum gains. In early years of growth of mutual fund industry, investors were available only with few investment avenues to invest their money. But with the passage of time a lot of opportunities are available to the investors for investing their money in different investment channels. One such channel is to invest in mutual funds along with effective financial management. Mutual funds have seen a tremendous growth in the last few years. This is the result of combined efforts of the brokerage houses and the fund managers who come to one's rescue by educating the investors and making them aware of the mutual fund schemes by different modes of promotion.

The Income Tax Act 1961, provides tax benefits on certain categories of mutual fund investments for investors in India. For example, Equity Linked Savings Schemes (ELSS) qualify for tax deductions under Section 80C of the Income Tax Act up to Rs. 1,50,000 in a financial year thereby reducing their taxable income and saving on taxes. Furthermore, investors can also claim the benefit of indexation on long-term investment in debt mutual funds and tax exemption from capital gains of up to Rs. 1,00,000 in case of long-term investment in equity mutual funds. This tax efficiency makes mutual funds, particularly tax-saving funds like ELSS, attractive for investors in India seeking to optimise their tax liabilities while building wealth over the long term.

Mutual fund performance can be subject to challenges related to performance persistence. Past performance is often used as a benchmark for fund selection, but it does not guarantee future success. Mutual funds that outperform their benchmarks or peers in one period may not consistently maintain that level of performance. Factors such as changing market dynamics, economic conditions, fund manager changes, and fund size can influence performance persistence.

II. Literature Review:

Bhuvan Pandey (2025) Traditional savings methods like bank deposits still hold value but are now seen as low-yield options. Investors are now focusing on long-term wealth creation, and mutual funds are well-positioned to serve this need. However, many potential investors are held back by limited knowledge, fear of risk, and lack of financial guidance. The study also reveals that advertising and digital awareness campaigns are playing a big role in changing perception. Trust, liquidity, and performance transparency have emerged as key factors influencing investor behavior. Mutual funds have outperformed traditional savings in the long run when chosen wisely. Therefore, mutual funds are not just alternatives but are becoming essential tools for financial planning.

Das & Jain (2022) reported that fintech platforms such as Zerodha Coin and Groww gained popularity, with investors appreciating low-cost, transparent services. Many investors hesitate to invest due to lack of basic financial understanding. Government and SEBI should initiate community-level campaigns, especially in Tier 2 and Tier 3 cities. Schools and colleges can integrate basic financial education to build early awareness. Financial literacy programs must include topics like risk, compounding, SIPs, and types of mutual funds.

SEBI Reports (2017–2019) indicated a rise in SIPs, especially from Tier-2 and Tier-3 cities, attributing this growth to regulatory improvements and awareness campaigns like "Mutual Funds Sahi Hai." Mutual funds often appear complicated due to jargon and multiple categories. Asset Management Companies (AMCs) should design investor-friendly brochures using visuals and real-life examples. Use of mobile-friendly apps and dashboards showing past performance, risk level, and expected returns can build clarity

Bansal & Kumari (2016) observed that the rise of digital platforms changed how investors accessed mutual funds, with young investors preferring paperless SIPs and direct plans. Encouraging youth to invest early is key to long-term wealth. Colleges and first-time job orientations should include sessions on SIPs, power of compounding, and financial discipline. Mutual fund houses can offer student-focused starter SIPs.

Shunmugham (2000) conducted a survey of 201 individual investors to study the information sourcing by investors, their perceptions of various investment strategy dimensions and the factors motivating share investment decisions and reports that among the various factors, psychological and sociological factors dominated the economic factors in share investment decisions.

Objectives:

1. To study the growth of mutual fund industry in India.
2. To analyze the investors awareness and perception regarding investing in mutual funds.
3. To identify the Scheme Preference, Investment Objectives among MF Investors.
4. To understand the perception of Investors towards MF Investment.

Sample:

A 100 mutual fund investors perception in Greater Hyderabad Municipal corporation (GHMC) Hyderabad area was considered by using small structured questionnaire with likert scale. To check the level of awareness among individual investors on Mutual funds.

Level of Awareness on the terms in mutual fund

S. No.	The terms in mutual fund market	N	Mean Score	Std Deviation	Kolmogrov-Smirnov Z	Asymp. Sig. (2-tailed)
1	New Fund Offer(NFO)	400	1.79	.748	.260	.000**
2	Systematic Investment Plan (SIP)	400	2.21	.751	.391	.000**
3	Systematic Withdrawal Plan (SWP)	400	2.20	.750	.303	.000**
4	Asset Management Company	400	1.99	.894	.260	.000**
5	AMFI	400	2.18	.747	.269	.000**
6	Exchange Traded Fund	400	1.60	.491	.256	.000**
7	Key Documents	400	1.41	.896	.261	.000**
8	Systematic Transfer Plan (STP)	400	1.89	.894	.269	.000**
9	SEBI	400	1.99	.894	.259	.000**
10	ELSS	400	1.80	.748	.256	.000**

Source: Primary Data *Significant at five percent level.

From the analysis of above table it is observed that the investors are much aware of Systematic Investment Plan (SIP), Systematic withdrawal plan (SWP) and AMFI since its means scores were 2.21, 2.20 and 2.18 respectively.

Regarding the level of awareness, the significance difference among the individual investors have been identified by using Kolmogrov- Smirnov Z-test in the case of New fund offer (NFO), Systematic Investment Plan (SIP), Systematic Withdrawal Plan (SWP), Asset Management Company, AMFI, Exchange Traded Fund, Key Documents, Systematic Transfer Plan (STP), SEBI, and ELSS since the calculated value Z is greater than table value at five per cent significance level. It can be concluded that there is relationship between awareness level on mutual fund terms and investment decision making.

Factor analysis -level of awareness on terms in mutual funds

Bartlett's test of sphericity and Kaiser-Meyer Olkin (KMO) measure of sampling adequacy were used to examine the appropriateness of factor analysis. The approximate chi-square statistic is 870.819 with 21 degrees of freedom which is significant at 0.05 levels. The KMO statistic (.812) is also large (>0.5). Hence factor analysis is considered as an appropriate technique for further analysis of data.

Table . Total variance Explained

Components	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.111	41.106	41.106	4.111	41.106	41.106	4.100	41.001	41.001
2	2.797	27.966	69.072	2.797	27.966	69.072	2.782	27.820	68.821
3	2.108	21.078	90.151	2.108	21.078	90.151	2.133	21.330	90.151
4	.985	9.849	100.000						
5	7.235E-15	7.235E-14	100.000						
6	1.558E-15	1.558E-14	100.000						
7	-1.793E-17	-1.793E-16	100.000						
8	-2.441E-16	-2.441E-15	100.000						
9	-8.587E-16	-8.587E-15	100.000						
10	-5.063E-15	-5.063E-14	100.000						
Extraction Method: Principal Component Analysis									

Source: Primary Data

From the analysis of above total variance table indicates that cumulative the variance of total considered 10 variables with the tested factors, which constitutes 0.90. It revealed that 90 % of the variables supporting for the study remaining 10% of external factors influences the considered variable. However, greater than 60 % of variance is considered as statistically good. The above table also shows extracted 3 variables with more than 1 eigen value, which are considered as extracted variables from all the tested 10 factors. It can be concluded that Majority of investors have more awareness on four factors such as systematic investment plan, new fund offer and followed by systematic withdrawal plan.

Rotated Component Matrix for awareness on terms in mutual funds

Components	Factor loadings		
	F1	F2	F3
New Fund Offer(NFO)	.017	**.878**	-.084
Systematic Investment Plan (SIP)	.098	-.343	**.916**
Systematic Withdrawal Plan (SWP)	**.953**	.292	.074
Asset Management Company	-.977	.087	.161
AMFI	.432	-.228	-.864
Exchange Traded Fund	.639	.455	.524
Key Documents	.784	-.489	.132
Systematic Transfer Plan (STP)	-.977	.087	.161
SEBI	.133	.935	.314
ELSS	.215	-.649	.306
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 6 iterations.			

Source: Primary Data

From the above analysis of rotated component matrix, it can be revealed that three extremely aware factors are extracted out of 10 factors on level of awareness in mutual funds. Majority of the investors opined that extremely aware on Systematic Withdrawal Plan, Systematic Investment Plan and followed by New Fund

Offer where, ultimately the investor thinking more on how to with draw money whenever they required followed by ready in investing new offer.

Regarding the opinion on statements related to mutual fund variables, the significant difference among the individual investors have been identified by using Kolmogrov- Smirnov Z-test in the case of i.e. Mutual Funds give higher return than other investments, Mutual Funds are healthy for Indian financial environment, ELSS schemes are good for tax saving, Mutual funds with large corpus perform better, Mutual funds having diversified portfolio gives better returns, Mutual Funds with high NAV is good for investment, Public sector mutual funds are safe, Mutual fund investments are the substitutes for share investment, Growth option is good for long term, Dividend payout option is good in tax saving schemes, Bearish market is good for investment and Bulky investment is not advisable in bullish market since the calculated value Z is greater than table value at five per cent significance level.

III. Conclusion

There are some suggestions based on our study for batter investing for investors that they should keep their investment for long time keeping in mind the level of risk involves and saving pattern investors first look over the risk factor because they are investing for the maximum returns . Once they invested in mutual fund they need returns and if it is not giving proper returns to them again it is affecting the interest of the investors to invest in MF. There is need to work on ground level in tier two cities because there is huge potential but is still untapped. Expert people go for make people aware about financial product hold small gathering and show the documentary and return back to their home this is merely not possible. We should go and talk to them after knowing their future financial need things will surely improve like metro . In my study I have taken three hypothesis and fund that on the bases of empirical studies found true

From the analysis of rotated component matrix, it revealed that three extremely aware factors are extracted out of 10 factors on level of awareness in mutual funds. Majority of the investors opined that extremely aware on Systematic Withdrawal Plan, Systematic Investment Plan and followed by New Fund Offer where, ultimately the investor thinking more on how to with draw money whenever they required followed by ready in investing new offer.

From the analysis of the Perception on Variables related to mutual funds , it could be observed that majority of the respondents accepted the perception, Mutual Funds are useful for small investors, Mutual Funds are healthy for Indian financial environment and followed by Public sector mutual funds are safe since their respective means were score 3.07, 3.04 and 2.68.

It is concluded that investors opined positive opinion on all statements related to mutual funds and investment decision making except on the Private sector mutual funds are not good, Close ended mutual funds are not good and New Fund offers are good than existing fund.

Investors often have specific financial goals, such as buying a house, funding their children's education, or planning for retirement. Mutual funds facilitate goal-based investing by offering a variety of schemes tailored to different objectives and risk profiles. For instance, investors with a long-term horizon and a higher risk tolerance may opt for equity mutual funds to achieve capital appreciation, while those with a more conservative approach may choose debt funds for stability and income generation.

References:

[1]. Dr.S.Hariharan's "Indian Mutual Fund Industry"-The present Scenario", Southern Economist, 41(21), March 2003, pp5-7. *Preeti Singh, Investment Management Security Analysis and Portfolio Management, Himalaya Publishing House, Eleventh Edition, 2003.

[2]. Ms.T.R.Rajeshwari and V.E.Ramamoorthy "Mutual's know they investors" Southern economist 39 (23&24) April 2001, pp 10&11.

[3]. SHANMUGAM R AND MUTHUSWAMY Decision process of individual investors in Indian capital market UTI institute of capital market pp.62-71.

[4]. Devakumar, V.K. Indian Stock Market, Institute for Finance Management and Research, Madras. FACT Monograph, FACT, Cochin.

[5]. Panda, T.K and Tripathy, N.P (2001),"Customers Orientation In Designing Mutual Fund Products",The ICFAI Journal Of Applied Finance, Vol.7, No.4, pp.20-28.

[6]. Pasricha, J.S and Jain, S (2005) "Performance Evaluation of Mutual Funds", Punjab Journal of Business Studies, Vol.1, No.1, pp.102-110.

[7]. Singh, Y.P and Vanita (2002), "Mutual Funds Investors Perceptions and Prefrences: A Survey", The Indian Journal Of Commerce", Vo55, P-8.

[8]. Sudalaimuthu, S and Kumar, P S (2008), "A Study On Investors Perceptions Towards Mutual Fund Investments", Management Trends, Vol.5, No.1, p-106.

[9]. SEBI (2023). Investor Awareness and Mutual Fund Investment Patterns in India. Securities and Exchange Board of India. https://www.sebi.gov.in

[10]. Bhuvan Pandey (2025) "INVESTOR PERCEPTION TOWARDS MUTUAL FUNDS" IJRAR May 2025, Volume 12, Issue 2.

[11]. . Das, S. & Jain, R. (2022). A Study on Investor's Behavior towards Mutual Funds with Reference to SIPs in Urban India. International Journal of Management Studies, 9(1), pp. 34–42.