

A Study On The Perception Of Indian Investors Towards Financial Instruments Reference To Jm Financial Mutual Fund Pvt Ltd

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ABSTRACT

The Indian financial market has witnessed significant transformation in recent years, with investors exploring a diverse range of financial instruments. This study aims to analyze the perception of Indian investors towards various financial instruments, including equities, mutual funds, fixed deposits, government bonds, cryptocurrencies, and emerging investment avenues. The research investigates key factors influencing investment decisions, such as risk appetite, returns, market awareness, and economic conditions. Through surveys and data analysis, the study provides insights into investor preferences, challenges, and the evolving trends in the Indian investment landscape. The findings will help financial institutions, policymakers, and investors make informed decisions and enhance financial literacy in the country.

INTRODUCTION

The Indian investment landscape has evolved dramatically over the past few decades, driven by economic reforms, technological advancements, and increasing awareness among investors. In the past, traditional investment instruments like savings accounts, fixed deposits, and gold dominated the market. However, with the rise of equity markets, mutual funds, and newer financial products like cryptocurrencies and real estate investments, Indian investors are now exposed to a wider array of investment options. This shift has led to a need for a deeper understanding of how investors perceive different financial instruments and what factors drive their investment choices. The perception of financial instruments is influenced by a multitude of factors, such as risk tolerance, financial literacy, past experiences, and market sentiment. Investors' preferences also vary across different demographic segments, including age, income level, education, and region. While some may prefer low-risk, stable returns, others are inclined toward higher-risk, potentially higher-reward investments. Moreover, the increasing penetration of digital platforms and information has created new challenges and opportunities for investors to make more informed decisions.

NEED FOR THE STUDY

The Indian investment market is at a pivotal point, with an increasing number of individuals turning to a variety of financial instruments for wealth creation and financial security. The rapid growth of financial markets, technological advancements, and an influx of global investment options have brought both opportunities and complexities. However, despite these advancements, many Indian investors still exhibit gaps in financial literacy, understanding of investment products, and decision-making processes. In this context, understanding the perception of investors towards different financial instruments becomes crucial.

OBJECTIVES OF THE STUDY

- 1) To analyze investor awareness and perception Examine the level of knowledge and perception of Indian investors regarding various financial instruments, with a specific focus on mutual funds.
- 2) To identify factors influencing investment decisions Investigate the key factors such as risk appetite, return expectations, financial literacy, and market trends that impact investors' choices.
- 3) To assess the role of JM Finance Mutual Fund Pvt. Ltd, Evaluate how JM Finance Mutual Fund influences investor behavior through its product offerings, marketing strategies, and investor education initiatives.
- 4) To compare mutual funds with other investment options Understand how mutual funds are perceived in comparison to traditional investment avenues like fixed deposits, gold, real estate, and stocks.
- 5) To provide recommendations for enhancing investor confidence Suggest strategies for financial institutions and policymakers to improve investor trust, promote mutual fund investments, and encourage informed decision-making.

SCOPE OF THE STUDY

The scope of this study is designed to comprehensively assess the perception of Indian investors toward a broad range of financial instruments available in the market. The research focuses on analyzing investor behavior, preferences, and attitudes towards different investment options, including traditional, modern, and emerging financial products. The study also examines the factors influencing investment decisions and the role of financial literacy in shaping these perceptions.

METHODOLOGY

The methodology adopted for this study involves a combination of qualitative and quantitative research methods to comprehensively analyze the perception of Indian investors towards different financial instruments. The study employs a structured approach to data collection and analysis, ensuring reliable and valid results.

Data Analysis Techniques

The analytical tools used are spss for testing the hypothesis, Chi Square test in spss tool and ANOVA in spss tool.

LIMITATIONS OF THE STUDY

- 1) The study is based on a specific group of investors, which may not fully represent the diverse investment behavior of all Indian investors.
- 2) The research may focus on a particular region, limiting its applicability to investors across different states with varying financial awareness and market conditions.
- 3) The study relies on surveys and questionnaires, which can be influenced by personal biases, recall errors, or respondents' reluctance to disclose financial information accurately.

REVIEW OF LITERATURE

1. **Ramesh, K. & Sharma, P. (2020)**

“Investor Awareness and Perception towards Mutual Funds in India”

This study revealed that although awareness levels of mutual funds have improved post-2015, many investors still lack confidence in equity-linked mutual funds due to fear of market volatility.

2. Agarwal, S. & Mehta, R. (2020)

“Impact of Demographic Factors on Investment Preferences”

The authors found that age, income, and occupation significantly influence investment decisions, with younger investors showing more interest in mutual funds than older generations.

3. Nayak, R. (2020)

“Behavioral Biases Affecting Investment Decisions in Mutual Funds”

This research identified common investor biases such as herd mentality, overconfidence, and anchoring, which affect mutual fund investment behavior.

DATA ANALYSIS AND INTERPRETATION

Table: 4.1.17 The respondents think good options to invest in Mutual Fund

Good Option to Invest	No. of Respondents	Percentage
Strongly agree	23	22%
Agree	37	35%
Neutral	41	39%
Disagree	04	4%
Strongly disagree	0	0%
Total	105	100

Source: Primary data.

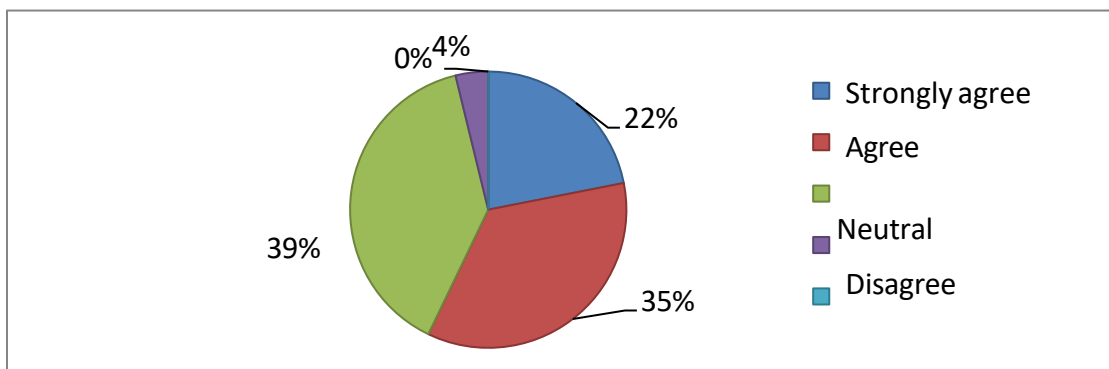


Chart: 4.1.17 The respondents think good options to invest in Mutual Fund

Interpretation

From the above table it is interpreted that the 39% of the respondents are says neutral good option to invest mutual fund is, 35% in agree, 22% in strongly agree and 4% in disagree.

Inference

Majority (39%) of the respondents are says good option to invest mutual fund.

Table: 4.1.18 Prefer friend and relatives to invest in Mutual Fund

Prefer anyone to Invest	No. of Respondents	Percentage
Yes	85	81%
No	20	19%
Total	105	100

Source: Primary data.

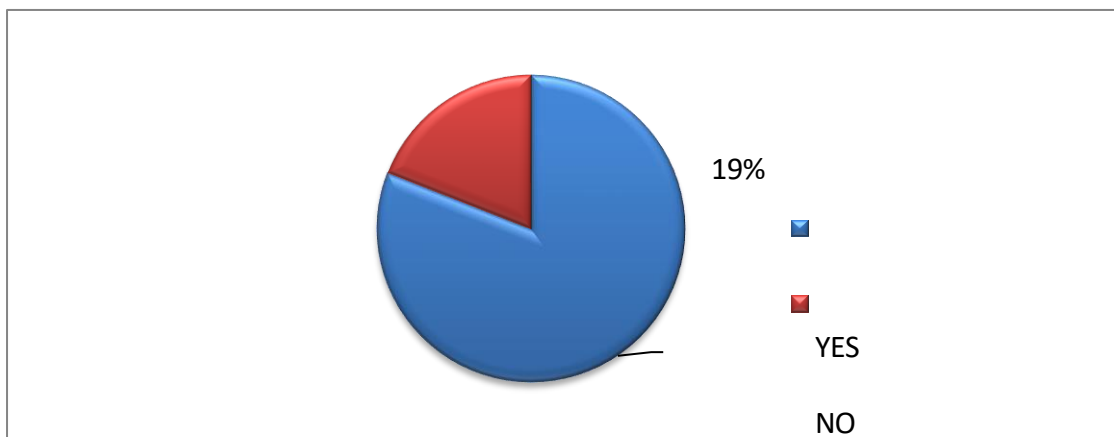


Chart: 4.1.18 Prefer friend and relatives to invest in Mutual Fund Interpretation

From the above table it is interpreted that the 81% of the respondents are prefer friend and relatives to invest in mutual fund, and remaining 19% of the respondents are not prefer friend and relatives to invest in mutual fund.

Inference

Majority (81%) of the respondents are preferred friend and relatives to invest in mutual fund.

4.1 CHI-SQUARE

Table 4.2.1: Table showing the association between the problems faced by investor in mutual fund and good opinion to invest in mutual fund

Null hypothesis (H0) -There is no association between the problems faced by investor in mutual fund and good opinion to invest in mutual fund

Alternative hypothesis (H1) - There is association between the problems faced by investor in mutual fund and good opinion to invest in mutual fund.

Cross Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
problem faced by investor * good opinion to invest in mutual fund	105	100.0%	0	0.0%	105	100.0%

	Value	df	Asymp. Sig.(2-sided)
Pearson Chi-Square Likelihood	16.308 ^a	18	.571
Ratio	19.275	18	.375
N of Valid Cases	105		

a. 20 cells (71.4%) have expected count less than 5. The minimum expected count is .14.

Source: Primary data.

Since p value is higher than 0.05, we accept null hypothesis and reject the alternative. There is no significance difference between the problem faced by investor in mutual fund and good opinion to invest in mutual fund

4.2 ANOVA ANALYSIS

Table 4.3.1: Table showing the association between the age and monthly income

Null hypothesis (H0) - There is no association between Age Group and Monthly Income.

Alternative hypothesis (H1) - There is association between Age Group and Monthly Income.

	Sum of squares	df	Mean square	F	Sig.
Between groups	.793	3	.397	.499	.609
Within groups	81.168	102	.769		
Total	81.962	105			

Source: Primary data.

Since p value is higher than 0.05, we accept null hypothesis and reject the alternative. There is no significance difference between age group and Monthly income

FINDINGS

- 63% of the respondents are fall in the age category of 30- 40 years.
- 70% of the respondents are male.
- 41% of the respondents say business.
- 49% of the respondents are falls in monthly income category of less than rs.50000.
- 55% of the respondents are says annual saving is less than 50000.
- 43% of the respondents are aware of the mutual fund investment through internet.
- 61% of the respondents are purchase the mutual fund unit directly.
- 88% of the respondents are aware of the risk involved in the mutual fund investment.
- 22% of the respondent's problem is delay on selling unit.
- 56% of the respondents are investing in mutual fund systematically.
- 52% of the respondents are less than 2 years experience.
- 43% of the respondents are duration of investment is up to 1 year to 2 years.
- 55% of the respondents are preferred to invest in open ended investment.
- 72% of the respondents are preferred reinvest in mutual funds.
- 39% of the respondents are says good option to invest mutual fund.
- 81% of the respondents are preferred friend and relatives to invest in mutual fund.

- Findings of Chi-Square:

- There is no significance difference between the problem faced by investor in mutual fund and good opinion to invest in mutual fund.

- Findings of Anova:

- There is no significance difference between age group and monthly income.

SUGGESTIONS

- The investor should keep an eye on the performance of scheme and other good schemes which are available in the market.
- Efforts should be made to encourage or enhance online dealing of mutual funds. This will save time and cost. They can effortlessly sell or purchase any number of funds whenever they want.
- The mutual fund industry must also help people in mobilizing their savings in such a way that they can get maximum benefits out of them.
- Once they invested in mutual fund, they need returns and if it is not giving proper returns to then again it is affecting the interest of the investors to invest in mutual fund.
- They should provide more information about their investment product and services mean they should also concentrate on promotion of their schemes.
- Some investors suggested that the fund values of the mutual fund investment should be informed to the investors through sms on fortnightly basis. This will help the investors in keeping themselves up to date with the latest information of different funds.

CONCLUSION

The minds of the investing public look for investments are safe and that it will earn good returns. This study conducted was regarding the factors influencing the investor's perception towards mutual fund investment. It is highlighted that investors of middle-income level agrees that regular income and liquidity of the investment plays a vital role. It can be perceived that high risk leads to high returns in the investment. The flexibility in the investment would lead to good performance of the funds. There's a scope where investors belonging to different age groups seek for many other factors that can attract them to invest in the mutual fund industry than just the ones considered for the study. Measures should be taken to increase the confidence and morale of the investors. This can be done through proper communication and by educating investors to invest in mutual funds. Sensible and right information should be given to them by various communication modes so that they get to know about the latest trends in the market. Mutual funds are still and would carry on to be the unique financial instrument in the country.

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