

# A Study On Mutual Funds At India Infoline Finance Limited

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## ABSTRACT

Mutual funds have emerged as one of the most popular investment instruments in India, offering a professionally managed avenue for both individual and institutional investors. This study aims to explore the dynamics of mutual fund investments, including investor behavior, risk-return analysis, and performance evaluation of various mutual fund schemes. The primary objective of the study is to analyze investor preferences and awareness regarding mutual funds and to evaluate the performance of selected mutual fund schemes across different categories such as equity, debt, and hybrid funds.Findings reveal that most investors prioritize safety and return while investing, with awareness and financial literacy significantly influencing their choices. Equity mutual funds are found to be more attractive to younger investors due to higher return potential, whereas older investors prefer debt-oriented schemes for stability. The study concludes with suggestions to enhance investor awareness, transparency in fund management, and the need for continuous monitoring of mutual fund performance.

#### INTRODUCTION

In the rapidly evolving financial landscape, mutual funds have emerged as one of the most efficient and popular investment vehicles for both retail and institutional investors. A mutual fund is a pool of money collected from a large number of investors and invested in a diversified portfolio of securities such as stocks, bonds, money market instruments, and other assets. The funds are professionally managed by asset management companies (AMCs), which aim to provide capital appreciation and/or income to investors.

#### **NEED FOR THE STUDY**

In today's complex financial environment, making informed investment decisions is essential for achieving longterm financial goals. Mutual funds, as a collective investment tool, offer an accessible and diversified investment option for both seasoned and novice investors. Despite the growing popularity of mutual funds in India, many investors still lack adequate awareness about the different types of funds, associated risks, expected returns, and the factors that influence fund performance. The mutual fund industry in India has witnessed significant growth, especially after the liberalization of the financial sector and the increased participation of the middle class in capital markets. However, investor participation in mutual funds remains relatively low compared to developed economies. This gap highlights the need to understand investor behavior, preferences, risk tolerance, and decisionmaking patterns.

#### **OBJECTIVES OF THE STUDY**

- 1. To assess the awareness level and investment behavior of individuals towards mutual funds.
- 2. To evaluate the performance of selected mutual fund schemes using key financial metrics.
- 3. To identify the key factors influencing investors' preference for mutual funds over other investment options.



- **4.** To analyze the impact of demographic factors (age, income, education, occupation) on mutual fund investment decisions.
- 5. To offer suggestions to improve investor participation, awareness, and satisfaction in mutual fund investments.

# SCOPE OF THE STUDY

The study on mutual funds provides an in-depth understanding of investor preferences, awareness levels, and performance evaluation of mutual fund schemes in the current financial landscape. The scope of this study encompasses both qualitative and quantitative aspects of mutual fund investments, with a focus on understanding the factors that influence investor behavior and the effectiveness of mutual fund performance. The research is primarily based on data collected from individual investors through structured questionnaires and includes analysis of selected mutual fund schemes from reputed Asset Management Companies (AMCs). The study covers various categories of mutual funds such as equity funds, debt funds, hybrid funds, ELSS, and SIPs. It aims to assess how different demographic factors—like age, income, education, occupation, and risk appetite—influence mutual fund investment decisions.

# METHODOLOGY

# RESEARCH METHODOLOGY

## • Sampling Technique:

The study uses **convenience sampling** to collect responses from individuals who are easily accessible and willing to participate in the research.

• Sample Size:

A total of **100 respondents** were selected for the study, comprising a diverse group in terms of age, income, profession, and education level.

# 4. Tools for Analysis:

To analyze the data, the following tools and techniques are used:

- **Descriptive Statistics:** Mean, percentage, and frequency analysis to summarize demographic data and responses.
- Likert Scale Analysis: To measure attitudes and opinions toward mutual fund investments.
- **Chi-Square Test:** To examine the relationship between demographic factors and mutual fund investment decisions.
- Correlation Analysis: To evaluate the strength of association between performance indicators and investor satisfaction.
- **Performance Metrics:** Sharpe Ratio, Alpha, Beta, and Standard Deviation to assess mutual fund scheme performance.

# LIMITATIONS OF THE STUDY

- 1. The study is confined to a specific region or city, which may not reflect mutual fund investment behavior across other parts of the country.
- 2. The sample size is limited to 100 respondents, which may not fully represent the diversity of mutual fund investors in India.



3. Data collected through questionnaires may be influenced by the respondent's personal biases, lack of financial knowledge, or misunderstanding of mutual fund concepts.

## **REVIEW OF LITERATURE**

#### 1. Sharma, R. & Mehta, A. (2020)

**Title:** Investor Awareness and Mutual Fund Investment Behavior in India**Summary:** 

This study investigates the level of awareness among retail investors and its impact on mutual fund investment. It finds that while awareness of SIPs and tax-saving funds is growing, detailed knowledge about fund types and risk-return metrics remains low. Financial literacy programs are recommended.

2. Kumar, S. (2020)

**Title:** *Performance Analysis of Equity Mutual Funds in India Using Sharpe and Treynor Ratio* **Summary:** 

Analyzed 25 equity mutual fund schemes using Sharpe and Treynor ratios. Results indicate that most actively managed funds slightly outperformed benchmarks. However, performance was highly sensitive to market volatility.

# 3. Gupta, R. & Bansal, T. (2021)

**Title:** Impact of Demographic Variables on Mutual Fund Investment Decisions**Summary:** 

This empirical study shows that income, age, and education significantly affect mutual fund investment choices. Younger investors preferred aggressive equity funds, while older individuals leaned toward hybrid or debt funds. DATA ANALYSIS AND INTERPRETATION

Question 19: Do you consider mutual funds suitable for achieving long-term financial goals (like retirement or education)?

Scale	No. of Respondents	Percentage (%)
Strongly Disagree	3	3%
Disagree	7	7%
Neutral	14	14%
Agree	45	45%
Strongly Agree	31	31%
Total	100	100%



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## Interpretation:

76% of respondents view mutual funds as a tool for long-term goal planning. This reinforces the role of mutual funds in retirement and education portfolios.

Question 20: Do advertisements and campaigns by AMCs influence your investment decisions?

Scale	No. of Respondents	Percentage (%)	
Strongly Disagree	9	9%	
Disagree	14	14%	
Neutral	19	19%	
Agree	37	37%	
Strongly Agree	21	21%	
Total	100	100%	



#### Interpretation:

58% of respondents are influenced by advertisements and AMC campaigns, showing the effectiveness of marketing in driving investor behavior. However, 23% remain uninfluenced.

## TEST OF HYPOTHESIS

## H<sub>0</sub> (Null Hypothesis):

There is no significant relationship between investor demographic factors (such as age, income, education) and their investment preferences in mutual funds.



# H1 (Alternative Hypothesis):

There is a significant relationship between investor demographic factors (such as age, income, education) and their investment preferences in mutual funds.

Example Using Age and Investment Preference:

Scale	Investor Age (%)	Investment Preference (%)
Strongly Disagree (1)	5	6
Disagree (2)	10	12
Neutral (3)	20	18
Agree (4)	40	42
Strongly Agree (5)	25	22
Total	100	100



# **Result Interpretation**

Since the average values for **Age** (3.7) and **Investment Preference** (3.62) are closely aligned and both lie above the neutral point (3), there appears to be a **positive association** between investor age and mutual fund preference. Test Result:

As the weighted averages indicate a **trend**, and the data suggests that demographic factors **do influence** investment preferences,

# Conclusion:

We reject the null hypothesis (H<sub>0</sub>) and accept the alternative hypothesis (H<sub>1</sub>).

There is a significant relationship between investor demographic factors (e.g., age) and their investment preferences in mutual funds.



## FINDINGS

## 1. Mutual Fund Awareness is High:

A large number of respondents (78%) are aware of mutual fund investment options, indicating effective penetration and outreach by AMCs and financial advisors.

## 2. Majority Believe in Wealth Creation through Mutual Funds:

About 80% of respondents agree that mutual funds help in long-term wealth creation, reflecting positive sentiment and trust in the mutual fund market.

## 3. Risk Awareness is Moderate:

While 64% understand the risks involved in mutual funds, 30% of respondents were either unaware or neutral, indicating the need for enhanced investor education on risk-return dynamics.

## 4. Satisfaction with Returns:

58% of investors are satisfied with mutual fund returns, suggesting that funds have largely met or exceeded expectations in performance.

## 5. Digital Platforms are Widely Used:

Approximately 73% of respondents find the online investment process (through apps/websites) convenient and user-friendly, showing the impact of digitization in mutual fund accessibility.

## 6. Advisor and Platform Influence is Strong:

67% of investors rely on financial advisors or platforms to make investment decisions, indicating that intermediaries still play a crucial role in mutual fund selection.

## 7. ELSS and Tax Benefits Matter:

62% of respondents actively consider ELSS schemes while investing, reflecting awareness of tax-saving benefits under Section 80C.

#### 8. Past Performance is a Key Factor:

75% of investors check the historical performance of mutual funds before investing, highlighting performance tracking as a major selection criterion.

# 9. Fund Manager's Role is Valued:

71% believe that the experience and track record of the fund manager significantly influence fund performance, showing the importance of active management.

#### 10. Monitoring is Common but Not Universal:

64% of respondents monitor their investments regularly, while 36% either don't or are unsure, revealing a gap in active portfolio tracking.

# SUGESSTION

# □ Enhance Investor Education and Financial Literacy:

A significant portion of investors still lack understanding of charges (like expense ratio, exit load) and risk-return principles. AMCs, financial institutions, and SEBI should increase awareness programs through seminars, webinars, and simplified content in regional languages.

## □ Promote Regular Monitoring and Review Habits:

While many investors invest in mutual funds, not all track their investments regularly. Mobile alerts, automated



reports, and dashboard tools should be further enhanced to promote periodic review and informed decisionmaking.

## □ Improve Transparency in Cost Structures:

Investors should be clearly informed about all associated costs during onboarding itself. AMCs must present fee structures in a more transparent and easy-to-understand format to avoid confusion or hidden charges.

## **CONCLUSION:**

The study on mutual funds reveals that mutual funds have emerged as one of the most preferred investment options among modern investors in India. Their ability to offer diversification, professional management, tax benefits, and long-term wealth creation has made them attractive to both experienced and first-time investors. The research highlights that awareness levels regarding mutual funds are reasonably high, and a majority of respondents perceive them as better investment vehicles compared to traditional instruments such as fixed deposits. Findings indicate that factors such as age, income, education, and technological accessibility significantly influence investment preferences. The hypothesis testing further confirms that there is a statistically significant relationship between investor demographics and their choices related to mutual funds. This underscores the importance of tailoring investment products and awareness campaigns to different demographic groups.

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