

## TO STUDY THE SUBSTANTIAL INFLUENCE OF INVESTOR'S PERCEPTION AND BEHAVIOUR ON MUTUAL FUND INVESTMENT- REVIEW OF LITERATURE

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### ABSTRACT

A mutual fund is a particular kind of expertly managed collective investment scheme that generates revenue from numerous people to buy securities. Investors' perceptions of the key measures swings, stock market declines, mutual fund issues, reasons for choosing a certain firm, considerations when choosing a mutual fund, and satisfaction with mutual funds are on the middle side. The study is based on secondary data from a review of the literature and investigates how well-informed, how they feel about mutual funds, what they like, and how satisfied they are with them. The findings of the research will be used to analyse mutual funds further extensively and to select the best mutual funds possible in order to maximize returns.

**Keywords:** Mutual Fund, Investor, Perception, behaviour, emotional appeal

### Introduction

A mutual fund is a specialized or efficiently administered communal investment product that raises funds by multiple people to buy securities. Investing in mutual funds is interesting to small investors due to their versatile investment alternatives. In order to expand knowledge about investing in mutual funds among women investors, mutual fund companies must first determine what needs to be improved. With respect to investment behaviour, the current study examines mutual fund investments. The perceptions and understandings of investors have been studied in relation to a variety of subjects, including the type of mutual fund, the primary reason for making an investment in mutual fund product lines, the mechanism of financial professionals and brokers, the factors that investors believe encourage them to invest in mutual funds, the sources of information etc.

### Review of Literature

Sing, (2019) says that professionals demand a better return for less investment since they have limited time and resources. The lack of conceptual knowledge and insufficient time for problem-solving has been the important challenges that most investors encountered. Experts nowadays recognize mutual funds as a solid complement to fixed-income securities for investments. Keerthana, Nidheesh & Balasubramanian (2019) says that well-informed investors are about mutual funds, whether considerations they keep in mind when making an investment, and which asset management firms and fund strategies are most popular. Muthalif & Munivel (2019) says that an investment portfolio is a trust that pools the savings of many investors who have similar financial objectives. These are mutual funds that can be used to invest across several asset classes, including fixed income and shares.

Ainapur (2018) says that it might be difficult for stock brokers to educate the general public about mutual funds and demonstrate to them how their money is best managed by an asset manager depending on their capacity for risk. Pallavi & Sharma (2018) says that how mutual funds marketing communications, such as logical and emotional requests, influence consumer's attitude and product purchase behaviour. Among opposition to the inspiring, psychologically motivating advertisement, the rational advertisement breeds uncertainty and uneasiness in viewers.

Udhayasankar and Maran (2018) says that investigators attempt to comprehend how investors feel about particular mutual funds in this study. Additionally, researchers look for several elements influencing how investors see investing in mutual funds. The research will be useful in identifying the investors' enthusiasm

grounds and motivating factors. It demonstrates that contributors see mutual funds as a flexible asset allocation that generates interest in shareholders.

Punithavathi (2018) says that the study's primary goal is to examine how investors see mutual funds, why they favour them, and how long they plan to invest in one. Friends and family, Social media & advertising both play significant roles in raising awareness of mutual funds. Financial advisors and mutual fund agents play a smaller influence in this subject area than informal networks. When compared to investing in shares, people prefer investments in this country for their high returns and safety. Since they are low-income, these individuals also like mutual funds for their ability to save money over tax advantages. They favour a long-term investing strategy and prefer a systematic investment plan over a one-time investment strategy based on their monthly income.

Anjaneyulu & Rao (2017) reveals that the purpose of this research are on the variables that motivate individual consumers to invest in MF schemes. It discusses a variety of topics, including the type of fund one prefers to invest in, issues faced by mutual fund investors, investor awareness of lifestyle factors, and a statistical analysis was used to determine a relationship between variables influencing mutual fund investment and investor motivational factors that raise satisfaction levels. Based on the results, it is abundantly obvious that financial institutions must take such factors into consideration when creating mutual fund products to draw investors from underdeveloped locations like Mahabubnagar town.

Goel and Khatik (2017) indicates that the major goal of this study is to determine how investors feel about and choose mutual funds as an investment alternative. Most investors, the study finds, have heard of mutual funds, but a sizable portion of them have not started investing because they lack complete knowledge of mutual funds.

Sagarmatha & Roa (2017) reveals that this study concentrated on a variety of variables that illustrate how participants invest in mutual funds. Furthermore, researchers try to comprehend how investors in the future are toward mutual funds. This study has a descriptive focus. Combining primary and secondary sources were used to support this research. According to the study's researcher, social networks and advertising have boosted people's awareness of mutual funds. In comparison to other financial sectors, this research revealed that mutual funds got engaged much more frequently.

Swain and Dash (2017) says that the study sheds light on the many kinds of risks included in a mutual fund scheme. Investors in this industry who invest in mutual funds and non-mutual funds provided the data. The study is concerned with how liquidity, financial literacy, and demographics relate to investing decisions. Low-risk investments and fund liquidity were found to influence investors' perceptions of mutual fund investing.

Pandian (2017) reveals that in the study area of Virudhunagar district, the researcher made an effort to analyse the socioeconomic factors impacting investors' perceptions about mutual funds as investments. This study is crucial for assessing investors' perceptions in a market like the Virudhunagar area, where competition is escalating daily as more competitors enter the market with varying financial capabilities and business models. This paper investigated the demographic circumstances of mutual fund investors and how they see the funds in six different ways.

#### **Objectives Of The Study:**

1. To study the overview of the Mutual fund industry in India.
2. To identify and analyse the factors influencing investors to invest in mutual funds as an investment tool.  
To examine the investor's attitude towards mutual funds as an investment tool.
3. To examine the perception of mutual fund investors towards mutual fund investment.

#### **Scope Of The Study**

As the aim of the study is to find out the perception of different investors towards the mutual fund, we have taken in India to find out the investment pattern, perception, attitude, and reasons for investing in a mutual fund. The Scope of the study is that this report can be used in further studies by the researchers. This study is a cross-sectional study, if it is conducted in a longitudinal way then results may differ, then further researchers can consider this study with different regions and variables in the study.

#### **Key Findings:**

1. Insufficient theoretical knowledge and insufficient time for dilemma were the key issues that most investors experienced.

2. The sum of cash saved by individuals that invest in financial assets like shares or bond funds with a similar economic objective.
3. Risk segmentation is made possible. Primary prevention, cash flow, accessibility, efficiency, versatility, and novelty are all positives of investing in MF.
4. Among the various Schemes launched by the MFs, the customer must select the best MF management companies as well as the appropriate schemes.
5. The asset manager best manages their funds based on their ability for risk-taking.
6. Whether investment decisions are influenced by variables including cash flow, financial education, and population.
7. It has been observed that investors' perceptions of mutual fund investment are influenced by relatively safe funds and the liquidity of investment products.
8. Risk segmentation is provided. The advantages of investing in MF include primary prevention, transparency, cost, accessibility, customization, and novelty.
9. Among the different schemes that the MFs have launched, the customer must select the greatest MF management organizations and the best programmes.
10. The emotional and logical arguments in mutual fund advertisements influence consumer attitudes and product purchases.

### Conclusion & Suggestions

Inside this research, several characteristics are emphasized that demonstrate what investors perceive and act when buying mutual funds. Stock markets are increasing in the current business environment; consequently, investors should keep onto their assets for a long time while taking into account the risk level and their saving habits. To reduce business risk, investors should seek the guidance of private financial advisers and keep clear from volatile elevated products. Before making any kind of investment, they should take the time to gather all the necessary information that is available. The investor should conduct an adequate risk analysis and routine reviews. For each and every transaction, investors should keep precise records. In order to adequately cover their bases in case of unforeseen circumstances, buyers should also attempt to invest a reasonable portion of their capital in liquid securities. In order to increase investor trust and encourage people to take the initiative to engage in mutual funds, the researcher recommends businesses and the government to take steps to improve investor literacy and train advisors in this area. The results of this research revealed a substantial influence of investor perception and behaviour on mutual fund investment preferences. Thus, in addition to just providing their customers with the maximum possible return, the other companies must enhance their mutual fund offerings by integrating numerous investment channels.

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