

The study on consumer's performance towards Mutual funds investment with special reference to Coimbatore district

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Abstract: Mutual funds have emerged as a popular investment avenue among individuals due to their potential for higher returns and professional fund management. This study examines the consumer preference towards mutual fund investments in Coimbatore.

The research focuses on key factors such as risk perception, return expectations, liquidity, safety, and level of awareness influencing investment decisions. A descriptive research design was adopted, and primary data was collected from 120 respondents using a structured questionnaire. Statistical tools such as percentage analysis and chi-square test were applied for data analysis. The findings indicate that safety, returns, and liquidity are the most significant factors influencing investor preference, while lack of awareness and perceived risk act as major constraints. The study concludes that mutual funds are gaining acceptance among investors; however, improving financial literacy and awareness can further enhance investment participation. The results provide useful insights for financial institutions to design effective strategies to attract and retain investor

Keywords: Mutual Fund, Consumer Preference, Investment, Risk and Return, Investor Awareness, Portfolio Diversification, Financial Investment.

Introduction

Mutual funds have emerged as one of the most popular investment avenues among individuals due to their ability to offer diversified portfolios and professional fund management. In recent years, increasing financial awareness and accessibility have encouraged investors to shift from traditional savings options to market-linked instruments like mutual Funds. These funds provide opportunities for both small and large investors to participate in capital markets with relatively lower risk.

.However, investment decisions are influenced by several factors such as risk perception, return expectations, liquidity, tax benefits, and level of awareness. Understanding consumer preference is essential for financial institutions to design suitable investment products and strategies. This study focuses on analysing the preferences of investors towards mutual funds in Coimbatore city. It aims to identify the key factors influencing their investment behaviour and evaluate the level of awareness among investors, thereby providing insights into improving participation in mutual fund investments.

I. STATEMENT OF PROBLEM

Mutual funds have become a primary investment vehicle for many, yet there is a significant gap in understanding the specific factors that drive individual investor behaviour and awareness. Many small investors lack the specialized Knowledge and time required to access capital markets directly, making them dependent on intermediaries. Despite their Popularity, it remains unclear how demographic variables, risk tolerance, and information sources influence the decision-Making process for these investors. This study addresses the critical need to analyse current awareness levels and the Motivations behind mutual fund preferences. By examining the impact of various investment advantages, such as tax Benefits and liquidity, against perceived risks and returns, the research seeks to uncover the underlying challenges in financial decision-making. Ultimately, this analysis will clarify the position of mutual funds relative to other investment Avenues and provide actionable insights to help investors and advisors align portfolios with personal financial goals.

III . OBJECTIVES

1. To analyse the awareness level to assess the level of knowledge and understanding that investors possess regarding different types of mutual fund schemes.
2. To identify influencing factors to pinpoint the critical elements such as risk appetite, expected returns, liquidity, tax benefits, and transparency that significantly influence an investor's decision to select a particular mutual fund.
3. To conduct a comprehensive study on the investment preferences of retail investors towards mutual fund schemes and to understand the behavioural patterns driving these choices.

II. SCOPE OF STUDY

The scope of this research is intentionally focused on analysing consumer preferences towards mutual fund investments within the Coimbatore District. By confining the study to this specific geographical region, the research captures a concentrated view of local investor sentiment, financial literacy, and saving behaviours. The study is conceptually limited to retail individual investors, intentionally excluding institutional or corporate entities, to provide a clearer understanding of how personal financial goals, risk appetite, and liquidity needs shape investment decisions. Furthermore, the analysis investigates critical drivers, including the impact of various information sources such as brokers, internet platforms, and newspapers on the decision-making process. By evaluating these specific variables against the backdrop of current market conditions, the study provides a comprehensive snapshot of how individual investors navigate mutual fund schemes. This focused approach ensures that the findings are both statistically manageable and highly relevant to the financial dynamics of the region.

V. RESEARCH METHODOLOGY

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VI. LIMITATIONS

1. Limited sample size, Restricted to Coimbatore region.
2. Time constraints, Responses may be biased.

VII. REVIEW OF LITERATURE

Recent Industry Trend (2025) - Recent reports show that participation in mutual funds is steadily increasing in India, with retail participation rising from 26% in FY2019 to around 28% in FY2025. This growth indicates increasing trust and preference among investors toward mutual fund investment as a financial instrument.

Abhonkar and Kude (2025) - Abhonkar and Kude compared the perception of mutual fund investments between Generation X and Generation Y investors. The research found that younger investors show greater interest in mutual funds due to technological adoption, online platforms, and higher financial awareness. However, investment decisions still depend on factors like risk tolerance, expected returns, and market knowledge International.

Shilpa and Sharma (2024) - Shilpa and Sharma examined investors' views regarding mutual fund investments in Ahmedabad. The study identified that factors such as expected returns, safety, SEBI regulations, and past performance significantly influence investor perception. Demographic variables like age, income, education, and occupation also affect investor attitudes toward mutual fund investments. Edu Research Journal

VII . OVERVIEW OF THE STUDY

This study focuses on analyzing consumer preferences towards mutual fund investments, with special reference to a selected region. The primary objective is to understand the factors influencing investors’ decisions, such as risk perception, return expectations, liquidity, tax benefits, and awareness levels. It also examines the role of demographic variables like age, income, occupation, and education in shaping investment behavior. The study highlights how increasing financial literacy and market accessibility have encouraged individuals to shift from traditional investment avenues to mutual funds. Data is collected through primary and secondary sources to evaluate investor attitudes and satisfaction levels. The findings of the study aim to provide insights into investor behavior and help financial institutions design suitable products and strategies. Overall, the research emphasizes the importance of awareness and proper guidance in enhancing mutual fund participation among investors

IX . ANALYSIS AND INTERPRETATION

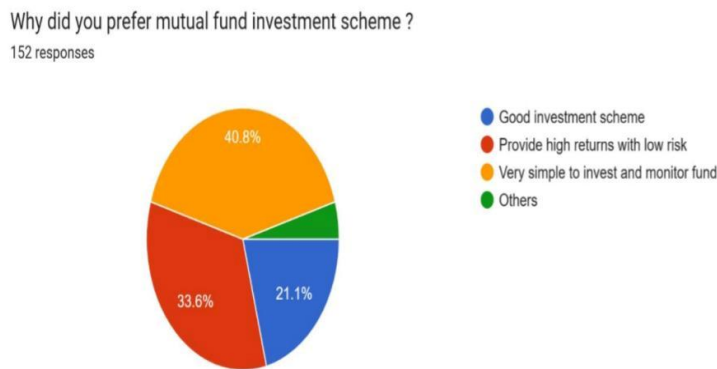


Fig. 1 Graph showing the prefer mutual fund investment

TABLE 1 EXHIBIT THE PREFER MUTUAL FUND INVESTMENT

S.NO	PARTICULARS	NO.OF.RESPONDENT	PERCENTAGE
1	Good investment scheme	32	21.1%
2	Provide high return with low risk	51	33.6%
3	Very simple to invest and monitory fund	62	40.8%
4	Others	7	4.5%
	Total	152	100%

INTERPRETATION:

The above table it indicates that **152** respondents (21.1%) of them choose good investment scheme(33.6%) choose provide high return with low risk (40.8%)choose very simple to invest fund (4.5%) others

Majority of **40.8%** of the respondent where prefer mutual fund investment

What advantage do you find when you invest in mutual fund?
 152 responses

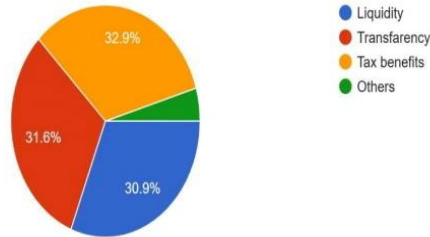


Fig 2 Chart Showing the Advantage in Investment in Mutual Fund

TABLE II THE ADVANTAGE OF INVESTMENT IN MUTUAL FUND

S.NO	PARTICULAR	NO.OF. RESPONDENT	PERCRNTAGE
1	Liquidity	47	30.9%
2	Transparency	48	31.6%
3	Tax benefits	50	32.9%
4	Others	7	4.6%
	Total	152	100%

INTERPRETATION:

Out of **152** respondents in the table indicates that(30.9%) liquidity for investment in mutual fund (32.6%)of them choose the transparency for investment in mutual fund (32.9%)of them choose tax benefits for investment in mutual fund (4.6%) of others

Majority of **32.9%** of the respondents are choose the tax benefit for the investment in mutual fund

X. CHI SQYARE ANALYSIS

O	E	O-E	O-E ²	O-E ² /E
126	89.4	36.6	1339.6	14.98389
9	35.8	-26.8	718.2	20.06257
14	21.4	-7.4	54.8	2.558879
2	7.4	-5.4	29.2	3.940541
1	3.2	-2.2	4.8	1.5125
14	89.4	-75.4	5685.2	63.59239
73	35.8	37.2	1383.8	38.65475
50	21.4	28.6	818.0	38.22243
11	7.4	3.6	13.0	1.751351
4	3.2	0.8	0.6	0.2
100	89.4	10.6	112.4	1.256823
23	35.8	-12.8	163.8	4.576536
18	21.4	-3.4	116	0.540187
8	7.4	0.6	0.4	0.048649
3	3.2	-0.2	0.0	0.0125
100	89.4	10.6	112.4	1.256823
51	35.8	15.2	231.0	6.453631
11	21.4	-10.4	108.2	5.054206
12	7.4	4.6	21.2	2.859459
4	3.2	0.8	0.6	2.859459
107	89.4	17.6	309.8	0.2
23	35.8	-12.8	163.8	3.464877
14	21.4	-7.4	54.8	4.576536
4	7.4	-3.4	11.6	2.558879



4	3.2	0.8	0.6	1.562162
				220.1006
TOTAL				440.2011

Degree of Freedom

$df=(r-1)(c-1)$

$= (5-1)(5-1)$

$df=16$

Significance Level =0.05

Table Value =26.3

Chi-Square test Result

The calculated Chi- square Value (X2) is 440.2011 and the table value 5% level significance with 12degrees of freedom is 21.03

Decision

Since the calculated value (440.2011) is greater than the table value (21.03) the null hypothesis (Ho) is rejected

Conclusion

As per the rule the result that we have received is that the calculated value is higher than the table value and thus we are rejecting null hypothesis and accepting alternative hypothesis which means there is relationship between the two variables

XI. FINDINGS

1. It is observed that 50.7% of respondents are male.
2. 34.9% respondents are in the Age group of 20-30.
3. It is observed that 44.8% respondents are self-employee.
4. 36.8% of respondents annual income is 1,00,000-2,00,000.
5. It is observed that 84.2% respondents are spend money in investments.
6. Majority of the respondents 54.6% consider safety Reliability selecting investment option.
7. 40% respondents are belong to bank deposit.
8. Majority of the respondents 90% were knowledge about mutual fund.
9. It is observed that 75.7% the respondent are invest in mutual fund

XII. SUGGESTIONS

1. The most vital problem spotted if of ignorance. Investors should be made aware of the benefit. Nobody will until and unless he is fully convinced investors should be made to realize that ignorance is no longer bliss and what they losing by not investing.
2. Mutual funds offer a lot of benefits which no other single option cloud offer. But most of the people are not even of what actually a mutual fund is? They only see it as just another investment option. So the advisors should target for more and more young investors. Young investors as well as persons at the height of their career would like to go for advisors due to lack expertise and time.
3. Mutual fund company needs it give the training of the individual financial advisors about the fund/scheme and its objectives, because they are the main source to influence the investors.
4. Before making any investment financial advisors should first enquire about the risk tolerance of the investors/customers, their need and time. By considering these three things they can take the consumers into consideration.
5. Young people aged under 35 will be a key new customer group into the future, so making greater efforts with younger customers who show some interest in investing should pay off.

**XIII. CONCLUSION**

This study concludes that the respondents are preferring the mutual fund investment scheme to others because of its advantage majority of the respondents are invested their money in mutual fund investment scheme. The age group of 20-30 are more interested in mutual fund investment. Hence, the mutual fund investment scheme have an high preferring in the generation due to its advantage and low level of risk. The study on mutual fund investments in Coimbatore provides a comprehensive understanding of investor perceptions, preferences, and the critical factors driving this financial avenue. As analyzed throughout this project, mutual funds serve as an essential intermediary for small investors, offering a pooled, professionally managed, and diversified portfolio that mitigates individual risk

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