

## An Empirical Analysis of Investment Behaviour towards Mutual Funds in India

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### Abstract

An investment tool known as a mutual fund enables investors to pool their money in order to buy a diverse portfolio of securities. The purpose of the current study is to comprehend the behaviour of individual investors in Chennai city of Tamil Nadu, India when they are making investments. The primary data used in the research study was collected from 394 different respondents using a structured questionnaire. For the purpose of the research study, convenience sampling, a nonprobability sampling, was used to select respondents. Various factors that affect people's investment decisions with regard to mutual fund investments have been identified using exploratory factor analysis. The current research study was successful in illuminating seven important factors that affect how individual investors behave when making mutual fund investments. Credibility of the fund and other characteristics of the fund are two important underlying factors that are extracted. It is determined how these elements relate to demographic variables. The past performance of the mutual fund issuer, tax-saving funds, and growth funds with capital gains have been found to be the most important considerations for mutual fund investors. It is surprising to learn from our study that more than 64 percent of investors want a higher return along with lower risk, tax benefits, and capital growth. Our findings are consistent with those of numerous researchers who have carried out studies over a variety of time periods, showing that past performance is a significant factor in investors investment decisions and that the majority of investors make their own investment decisions. As a result, fund managers make every effort to produce high returns in order to maintain a solid track record of performance and gain a competitive edge.

**Keywords:** Mutual funds, Investment behaviour, Factor analysis, Tax benefits

### 1. Introduction

The Indian Mutual Fund Industry, one of the fastest expanding segments of the Indian financial markets, has grown from its infancy to become a haven for the majority of individual investors who want to invest in the Indian Stock Market but lack the capital to withstand its volatility. To make it more diversified, the combined funds of numerous small investors are placed in a variety of investments. The assets under management of the Indian mutual fund industry increased by roughly five times in the ten years between 2013 and 2023, rising from 8.26 trillion to 39.62 trillion. Numerous elements, such as an extensive regulatory framework, beneficial tax laws, an increase in household savings, etc., can be blamed for the Indian mutual fund industry's

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explosive growth. Money market funds, index funds, gilt funds, sector-specific funds, tax benefit funds, etc. have all been introduced, in addition to the traditional products previously provided by the Indian mutual fund industry, such as equity, debt, and balanced funds, to give investors a wide range of options based on their preferred mode of investment to achieve their self-determined financial goals. Since the 1980s, the effect of macro-economic variables on the performance of mutual funds has been an area that has stimulated the interests of investors regulatory bodies and academicians. The effectiveness of mutual funds would depend on the stability of macroeconomic variables prevailing in a particular economy. According to Ramey and Ramey (1995), macroeconomic factors and uncertainty have negatively impacted private investment. The influence of inflation, exchange rates, and other macroeconomic variables on systematic risk and financial performance has recently been the focus of financial theory. As a result, numerous studies on the effects of macroeconomic factors on the various stock markets worldwide have been conducted (Belgacem & Hellara, 2011; Pal & Mittal, 2011; Gyamfi Gyimah, A., Addai, B., & Asamoah, G. K., 2021).

The most crucial factor for AMCs to take into account when enhancing the features of their scheme and customising it to investors' commonalities in order to maintain a win-win situation has been understanding the investment behaviour of investors. The mutual fund industry is becoming a preferred option for many investors over the other investment avenues available in the financial market because of its key characteristics, which have aided in increased investment and set it apart from other alternative options through the pooling of money from various demographic aspects (Elton, E. J., & Gruber, M. J., 2013). Investors have always prioritised the significant growth of their investments when making investment decisions, and this has shaped their behaviour primarily corporate professionals who can set aside a portion of their income for diversified financial market investments due to their fixed salaries. The corporate professionals market segment is beginning to attract the attention of many AMCs (Patel, M., Madhavan, V., Gupta, S. D., & Kumar, S. (2023). Contrary to conventional investment vehicles that are regarded as safe but do not offer adequate long-term returns, such as Fixed Deposits (FDs) and postal savings, mutual funds are becoming more and more popular in India. By utilising the eighth wonder of the world, compound interest, which keeps on accumulating the dividend earned and reinvesting it repeatedly with the principle amount being reinstated with the earned dividend, mutual funds have historically been a safe haven for investments and will continue to be so in the future. The main aim of this study is to understand how individual investors behave when making investments in Chennai, Tamil Nadu, India. Additionally, the study aims to investigate the elements that affect investors' investment choices, particularly those related to mutual funds.

## **2. Indian Mutual Fund Industry Review**

According to a study released on Wednesday by financial services company Morning Star, the Indian market is resilient despite the subpar performance of domestic mutual funds, with the exception of sectoral and thematic plans that saw the highest inflows in the fourth quarter of FY2022-23. In the final three months of the fiscal year, open-end mutual funds experienced net outflows totalling Rs. 1,839 crores. According to the report, the sector experienced some difficult times in the first nine months of 2022. The assets under management (AUM) of the MF Industry increased roughly twofold in just 5 years, from 22.60 trillion as of May 31, 2018, to 43.20 trillion as of May 31, 2023. In May 2014, the industry's AUM reached the landmark of ten trillion rupees (ten lakh crore), and in just three years, it had increased more than twofold and first crossed twenty trillion rupees (twenty lakh crore) in August 2017. In November 2020, the amount of AUM for the first time exceeded Rs. 30 trillion (30 Lakh Crore). As of May 31, 2023, the industry AUM was 43.20 trillion rupees (43.20 lakh crore). In May 2021, the mutual fund industry reached the landmark of 10 crore folios. As of May 31, 2023, there were 14.74 crore (147.4 million) total accounts, while there were approximately 11.76 crore

(117.6 million) folios under Equity, Hybrid, and Solution Oriented Schemes, where the majority of investments come from the retail sector.



**Fig. 1** Assets managed by the Indian mutual fund

Developing nations like India have recently focused on the promotion of capital markets in order to mobilise resources domestically effectively, provide long- and short-term capital, and allocate resources effectively. Finding out what influences mutual fund performance is crucial given the financial world's rapid evolution in terms of market development, of which mutual fund development is a subset. A mutual fund is a type of trust that combines the savings of many investors who have similar financial objectives. As a result, a mutual fund is the most suitable investment for the average person because it gives them the chance to make relatively inexpensive investments in a diversified, expertly managed basket of securities. It has become essential to examine mutual funds from a different perspective, i.e., to concentrate on investors' expectations and identify the hidden factors that contribute to their dissatisfaction. Mutual funds have already stepped into an exciting, cutting-edge product world. These products are now made to order to meet the individual requirements of investors. Professional managers have been compelled to innovate in mutual funds due to increased competition and the participation of private players. As a result, the mutual fund sector has evolved from offering a small number of schemes, such as equity, debt, or balanced funds, to offering liquid, money market, sector-specific, index, and gilt-edged funds. Along with this, exchange-traded funds, children's plans, education plans, insurance-linked plans, and other special funds have recently been added by mutual funds. As a result, Indian investors have gradually begun to favour mutual funds over conventional financial channels. The mutual fund industry in India has been growing incredibly well as a result of the nation's booming economy because mutual fund diversification is bringing in many new faces. But in order to meet investors' expectations, mutual funds also need to develop more profitable solutions. The dominance of mutual funds in the global capital and money markets is evidence of their active involvement in economic development. Although the mutual fund industry is responding to changes in investor perceptions of rewards very quickly, it is still trying to differentiate its products in response to unexpected changes in the economy. These innovations, which continue to address information asymmetries, include both invention and diffusion.

### 3. Previous Studies

The following reviews both theoretical and empirical discuss the variables that affect the performance of mutual funds investments. According to the variations in mutual fund schemes, investors' perceptions of mutual funds vary. Investors in mutual funds use a variety of sales and purchase techniques for various schemes (Cashman, 2012). Many investors view mutual funds as long-term wealth generators (Poterba, Venti & Wise, 2011). Investors use SIPs (systematic investment plans) to achieve the goals of rupee cost averaging

and high market volatility minimization. In their 2012 article, Karthikeyan et al. investigate how investors view mutual fund products offered by banks. Some significant conclusions that can be applied to the current situation for the marketing of mutual fund products through banks in the Tiruchirappalli zone of Tamil Nadu, India, were made. In the context of Taiwanese mutual fund investors, Lee, J. S., Yen, P. H., & Chan, K. C. (2013) investigate the disposition effect across market states. Using mutual fund data from July 2001 to October 2008 at the fund and individual level, we discover that the disposition effect varies across market states. Our findings imply that when investors experience severe capital losses, they are more likely to redeem their mutual fund units during a bear market than during a bull market. Investors are less active in redeeming their mutual fund units in a bull market than they are in a bear market when they have moderate capital gains. Investors actively redeem mutual fund units in both winners and losers mutual funds in a neutral market, barring extremely large capital losses. As a result, the disposition effect varies depending on the state of the market. The disposition effect phenomenon also affects Taiwanese investors in mutual funds. Our findings hold up well at the aggregate and individual investor levels. Research on decision-making under uncertainty by Niehaus, G., & Shriver, D. (2014) has shown that people frequently use basic heuristics and/or display behavioural biases. Research has shown that investors are susceptible to the disposition effect when making portfolio decisions, specifically that they are hesitant to sell assets that have performed poorly (losers) and inclined to sell assets that have performed well (winners). When the redemption proceeds are withdrawn from the accounts of the mutual fund investors in our sample, the disposition effect is present; however, when the redemption proceeds are reallocated within the account, it is not. The evidence supports Shefrin & Statman's theory that the disposition effect is lessened when a transaction is framed as a transfer rather than a sale.

In their 2016 study, Gupta, N., & Sharma, A., looked at how satisfied mutual fund investors were with their jobs and how they perceived risk minimization when using MFs. Financial professionals are increasingly turning to mutual funds as an investment option not only because they understand them, but also because they lack time and prefer them because they offer a higher return than fixed income securities. They consider mutual funds to be a better investment option for a number of reasons, including the ability to reduce risk, the ability to choose mutual funds based on past performance, the availability of switching options, the ability to earn higher returns with smaller initial investments, and the convenience of handling them. However, despite these amenities, there are some issues that prevent them from being satisfied. Ahmad, Ibrahim & Tuyon (2017) discovered behavioural finance evidence and involvement among fund managers and discovered that even though the fund managers are surrounded by rationality in the form of knowledge, tools, techniques, software, and models, they are also human beings, so their decision-making is also influenced by bounded rationality. The forces of individual, organisational, and social nature make up bounded rationality. Even in the case of large and expertly managed funds, behavioural risks cannot be discounted. In addition to the fact that behavioural risks exist, it's important to note that fund management practises for reducing behavioural risks are still sparse. The purpose of Nguyen, Sadiq & Kernohan's (2018) paper is to examine how investor confidence affects mutual fund performance in India and Pakistan, two leading but relatively vulnerable emerging markets. The study concludes that investor confidence is positively correlated with mutual fund returns and that investor confidence and performance persistence have an interaction effect. The study supports the notion that returns from mutual funds are related to a variety of fund attributes, including fund size, turnover, expense, liquidity, performance persistence, and age. Alternative model specifications and investor confidence measures have no effect on these findings. Ul-Hameed et al. (2019) conducted a prospective study of the various factors that influence an investor's choice of mutual funds and their perception of mutual funds. After data analysis, it was discovered that risk, asset liquidity, and return all increased the investment in mutual funds, but the respondents believed that the level

of risk was low, along with the returns and liquidity of their mutual fund investments. Additionally, it was discovered that the investor's perception of investing in mutual funds plays a mediating role between all of these factors and mutual fund investing. A thorough examination of the performance and capital inflows of U.S. actively managed equity mutual funds during the COVID-19 crisis is provided by Pástor & Vorsatz, M. B. (2020).

Contrary to common belief, we find that the majority of active funds underperformed passive benchmarks during the crisis. Both funds with high star ratings and funds with high sustainability ratings exhibit strong performance. Fund outflows slightly outpace pre-crisis trends. Investors prefer investments with strict exclusion criteria and high sustainability ratings, particularly in the environmental sector. Our research indicates that investors are still interested in sustainability despite the current severe economic crisis, indicating that they see it as a necessity rather than a luxury item. Ji, X., Zhang, Y., Mirza, N., Umar, M & Rizvi, S. K. A. (2021) studied 6519 actively managed BRICS mutual funds after classifying them into black and green categories based on their investment holdings using monthly data between 2011 and 2019. Green funds outperform their counterparts for the entire sample and the within-country analysis, according to their comparative performance. They also show that green funds are more volatile and have better market timing skills than high emission funds, which are mainly lacking. Regardless of the performance definition used, the results remained solid. Additionally, findings show that Chinese green funds outperform those of other nations. This is a result of the numerous environmentally friendly economic policies China has implemented over time. Based on the findings, we suggest various interventions that could promote the adaptability of a carbon-neutral investment landscape. The research paper by Deepak Pandey, Amit Kakkar & Mohd Farhan (2022) focuses on a variety of variables that highlight investors' actual purchasing behaviour for mutual funds. Experienced mutual fund investors from all over India participated in this study, which used a survey method to gather data. The data were analysed using structural equation modelling (SEM) in SPSS Amos 20. The results show that the investor's subjective norms and perceived purchase risk have an impact on purchase decision involvement. Additionally, it was discovered that an investor's actual purchasing behaviour is significantly influenced by the role of information search and information processing in mutual funds. The current research study by Gaurav, K., Ray and Pradhan (2023) aims to comprehend corporate professionals' investment behaviour as well as investigate the various factors that affect their investment behaviour with regard to mutual funds. The primary data used in the research study was collected from 175 different respondents using a structured questionnaire. For the research study, convenience sampling, a non-probability sampling, was used to select respondents. Exploratory factor analysis, also known as EFA, was used to determine the various factors that affect how corporate professionals invest in mutual funds. The current research study was successful in illuminating seven key factors that have a significant impact on how corporate professionals invest in mutual funds.

Mutual funds have disadvantages and might not be appropriate for everyone. Risk exists in every investment. Mutual funds have created a variety of financial instruments based on investor preferences, changes in their profiles, and even changes in the stock market to ensure the safety of the principal amount, continuous returns, and growth potential. No matter how well-balanced the portfolio is, if the value of the stock market as a whole declines, so will the value of mutual fund shares. When investing in mutual funds as opposed to buying and selling stocks individually, investors are exposed to fewer risks. Any investor who uses a mutual fund, however, runs the risk of losing money. All funds levy administrative fees to cover operating expenses. In addition, some funds charge loads, or sales commissions, to pay brokers, financial advisors, or financial planners. He relies on the mutual fund manager to select the appropriate investments for the fund's portfolio when he invests in one. Even though there are issues with mutual fund investments, most investors recently chose to put their money in mutual funds. The existence of these organisations completely depends

on how creatively they are able to provide their investment avenues in order to attract people and retain their investment in this cutthroat environment where many private and public financial organisations are offering a wide variety of investment opportunities for people to invest. In light of this context, a study of individual investors behaves of mutual fund investments in Chennai, Tamil Nadu, India has been conducted.

#### 4. Objectives

In the sense that no attempt is made to extract the significant underlying factors of investment, their relative importance, and their relationship with demographic variables, the literature cited above does not address the investment behaviour of investors in mutual funds. These limitations are addressed in the current work. Specifically, the objectives of this study are the following:

1. To understand the mutual fund buying behaviour of individual investors.
2. To list the various attributes which investors think consider important while investing mutual funds.
3. To identify the fundamental elements that are significant for investors and their corresponding factors.
4. To investigate whether these extracted factors differ depending on demographic factors

#### 5. Methodology

Exploratory research was conducted by reviewing the literature on the subject, followed by unstructured interviews with investors and investment consultants dealing with mutual funds. All of this was helpful in determining the variables related to the topic. Utilising these variables, a structured questionnaire was created. The research study is based on the primary data gathered from 394 different respondents through the use of a structured questionnaire. Convenience sampling, a nonprobability sampling was used to identify respondents for the research study. When choosing a mutual fund to invest in, investors are guided by eleven characteristics. On a scale of 1 to 5, where 1 is very unimportant, 2 is unimportant, 3 is neither important nor unimportant, 4 is important, and 5 is very important, these were evaluated. In addition to the demographic inquiries, there were inquiries regarding investment practises. The questionnaire was revised in light of the feedback received after the survey instrument was pretested with 20 respondents. The responses were gathered via an online survey. To complete the survey, some of the respondents were personally contacted. 394 usable responses were collected as a sample. It was discovered that the respondents left some questions blank. Such questions were left out of the analysis, which also resulted in a smaller sample size. The reliability of 15 attributes measured on an interval scale was tested using Cronbach's alpha. Cronbach's alpha was discovered to be 0.722, which is a very high value. On these items, a factor analysis was carried out. By calculating the average factor score for each factor, the significance of each factor was determined. One-way ANOVA is used to compare the factor scores for each of the demographic variables.

#### 6. Reliability Statistics

Through the use of reliability tests, it was determined whether or not random error, which can lead to inconsistent results and lower reliability, is at a level that can be controlled. It is evident from Table 1 that values of Cronbach's alpha (coefficient alpha) have been obtained; the lowest value was 0.722. This demonstrates that the data has reliable internal consistency.

**Table 1** Reliability Statistics

Cronbach's Alpha	No. of Items
0.722	15

*Source:* Primary data

## 7. Demographic Profile of the Respondent

Table 2 provides the respondent's demographic profile. Table 2 shows that 76.4 percent of respondents are between the ages of 31 and 50, 77.16 percent are men, 72.34 percent are married, 72.34 percent have a bachelor's degree, 62.94 percent work in the private sector, 60.41 percent have an annual family income of at least Rs. 10 lakh, and 70.30 percent reside in major cities.

**Table 2** Demographic Profile of the Respondents

Variable	Type	Frequency	Percentage
Age (Years)	< 30	42	10.66
	31-40	170	43.15
	41-50	131	33.25
	> 50	51	12.94
Sex	Male	304	77.16
	Female	90	22.84
Marital Status	Single	87	22.08
	Married	285	72.34
	Divorced / Separated	22	5.58
Education	Graduation	285	72.34
	Post Graduation and above	109	27.66
Profession	Private Sector	248	62.94
	Public Sector & Government	82	20.81
	Business	36	9.14
	Self-employed	24	6.09
	Any other	4	1.02
Annual family income	Up to Rs. 250,000	11	2.79
	Rs. 250,000 to Rs. 500,000	13	3.30
	Rs. 500,000 to Rs. 750,000	52	13.20
	Rs. 750,000 to Rs. 1,000,000	80	20.30
	Above Rs. 1,000,000	238	60.41
Place of current residence	Metropolitan city / Urban	277	70.30
	Sub Urban	85	21.57
	Non-Metropolitan city	32	8.12

**Source:** Primary data

## 8. Information for Purchase and Investment in Mutual Funds

Table 3 lists the informational resources for buying mutual funds. The performance history of the issuing company (43.15 percent), the broker (17.01 percent), the news media (14.47 percent), and friends and family (11.17 percent) are the four most significant sources of information for buying mutual funds. Our study reveals that past performance is more significant than other factors. The findings of the studies by Wilcox (2003), Barreda Tarrazona (2011), Bajracharya & Mathema (2017) and Gaurav et al. (2023) are in line with this. In terms of consumer investment behaviour, it can be seen that 80.71 percent of respondents make their own decisions. About 28% of the respondents save more than Rs. 200,000 each year, while 48% save between Rs. 50,000 and Rs. 100,000. More than 40 percent of respondents reported spending no more than 25 percent of their income, while 38% reported investing 26–40 percent of their savings in mutual funds. The performance of the mutual funds that respondents have invested in is monitored by about 62 percent of respondents less than once a month and by 18 percent of respondents once to three times a month. The two most crucial funds for investing in mutual funds were listed by the respondents in Table 4 (see below). Tax-

saving funds are the most popular type of fund (48.4 percent), followed by growth funds (32.4 percent). When asked why they invested in mutual funds, respondents indicated that tax savings (42.89 percent), higher returns (27.41 percent), capital appreciation (11.93 percent), and regular income (10.91 percent) were the main drivers. In the study by Shoven & Sialm (2004), Arora & Raman, T. V. (2020) tax savings was also discovered to be a significant factor.

**Table 3** Source of Information for Purchase of Mutual Funds

Variable	Frequency	Percentage
Friends and family members	44	11.17
Broker	67	17.01
Performance record of the issuing company	170	43.15
Television	39	9.90
Radio	6	1.52
Newspaper	57	14.47
Others	11	2.79

**Source:** Primary data

**Table 4** Motive for Investment in Mutual Funds

Variable	Frequency	Percentage
Regular income	43	10.91
High returns	108	27.41
Capital appreciation	47	11.93
Tax saving	169	42.89
Safety	15	3.81
Others	12	3.05

**Source:** Primary data

## 9. Factor Analysis

A factor analysis was conducted on the 15 attributes. Bartlett's test of sphericity was found to be significant, and the Kaiser-Meyer-Olkin (KMO) statistic was found to be 0.82 ( $> 0.5$ ). These demonstrated that the prerequisites for factor analysis's applicability were met. Using the principal component method, two factors were identified that accounted for 48.252 percent of the total variations. After rotating the principal component matrix, two factors with factor loadings greater than 0.5 were identified. Table 5 displays the matrix of rotated components. The portfolio of investments, historical performance data, portfolio manager performance, fund manager transparency, and brand name made up the first factor (Table 5). The 'credibility of the fund' factor accounted for 26.42 percent of the variations. The second contained the variables Entry and exit load, Personal relationship with the fund manager, Tax benefits available on the MF, and lock-in period of the closed-ended fund. The miscellaneous features of the fund' factor, which accounted for 16.32 percent of the variations, was identified as the cause. For the factors "credibility of funds" and "other features of funds," the average factor scores were calculated as 4.12 and 3.68, respectively. This demonstrates that the most crucial consideration when investing in a mutual fund is the credibility of the fund.

As previously mentioned, a one-way ANOVA is conducted with factor score as the dependent variable and each of the demographic variables as the factor to ascertain whether the two factors vary across demographic variables such as age, sex, educational attainment, marital status, profession, and income. It is discovered that there is a significant relationship between gender, profession, and the fund's credibility (p value of 0.05). When compared to female investors, this is noticeably higher for male investors.

**Table 5** Rotated Component Matrix

Attribute	Component 1	Component 2
Past performance record	0.773	0.123
Entry and exit load	0.125	0.527
Performance of the portfolio manager	0.648	0.124
Reputation of the company issuing the fund	0.528	0.324
Portfolio of the investment	0.781	0.128
Favourable rating by rating agency	0.612	0.092
Transparency of fund manager	0.645	0.138
Add-ons provided by the funds	-0.125	0.123
Declaration of NAV on daily basis	0.354	0.428
Tax benefits available on MF	0.314	0.586
Good financial term	0.548	0.312
Personal relationship with fund manager	0.246	0.621
Brand Name	0.612	0.242
Safety of funds	0.562	0.284
Lock in period of the closed-ended fund	0.102	0.682

**Source:** Authors' findings from primary data

The findings support the claims made by Barker and Odean (2001) and Martenson (2008) that women are less capable decision-makers. When it comes to profession, it is evident that businessmen, followed by those working in the public sector and the government, are most concerned about the legitimacy of a fund. Self-employed people are the least concerned about it. The remaining demographic factors showed no statistically significant difference. Age, educational attainment, and marital status are found to have a significant impact on the second factor, known as miscellaneous features of the fund. Single people place a significantly higher value on the second factor, the fund's other characteristics, than married people do. This is understandable because married people would have already invested elsewhere in the fund's various features due to their increased family responsibilities. They might not be interested in this factor for this reason, according to them. Additionally, it has been found that graduates are more interested in the extra features than postgraduates. The interest in this factor is highest among younger investors (31 to 40), and it declines with age. One plausible explanation for this might be that as people get older, new responsibilities begin to pile up, and as a result, they start investing in these features rather than waiting for mutual funds to develop them.

**Table 6** Model Summary

Model	R	R-Square	Adjusted R-Square	Std. Error of estimate
I	0.762 (a)	0.628	0.542	0.218

**Source:** Primary data

The model summary Table 6 shows R-square for this model is 0.628. This indicates that the 25 distinct statements (independent variables) can account for 62.8 percent of the variation in the overall satisfaction of mutual fund products offered by banks (dependent variable). Additionally, Table 6 displays the model's adjusted R-square as 0.542. The R-square will always rise (even if only slightly) whenever an additional independent variable is included in a multiple regression model. As a result, it is challenging to determine the variable. The adjusted R-square performs precisely as its name suggests. The number of predictor variables in the model influences the R-square. This modification makes it simple to compare the explanatory power of

models with various numbers of predictor variables. Additionally, it assists us in determining the number of variables to include in our regression model (see Table 7).

**Table 7** Regression ANOVA

Model		Sum of Squares	Mean Square	F	Sig.
I	Regression	7.448	0.512	11.334	0.000(a)
	Residual	3.366	0.042		
Total		10.814			

*Source:* Primary data

The F ratio for the regression model, as shown in the ANOVA table in Table 7, shows the statistical significance of the overall regression model. The dependent variable's variance will increase as the F ratio rises because it is related to the independent variable. F ratio equals 11.334. The 'Sig' value for statistical significance is 0.000. Between independent and dependent variables, there is a relationship.

## 10. Implications

The Indian economy has historically excelled with a positive note thanks to structural liberalisation policies and balanced freedom for private financial players. It is anticipated that it will continue to excel in comparison to global standards. With a large population, rising income, and a strong focus on saving, the nation had a bright economic future. The existence of the world's largest mutual fund company illustrates the strategic financial potential that they cannot afford to ignore if they want to keep their positions on the global stage. International companies that wanted to establish a presence in the untapped Indian market no longer faced obstacles thanks to a loosening of general regulations and norms. Mutual fund industry needed to upgrade their technology, skills, and awareness network in order to become a global market and for better growth. On the other hand, investors must evaluate their abilities for profitable investing, particularly in timing and investment discipline. The study has implications for regulatory agencies as well as mutual funds. According to this investigation, one of the main causes of mutual funds' failure in some societal segments is a lack of adequate awareness of them. Therefore, to increase their understanding of mutual funds, the well-known funds and regulators must concentrate their efforts on women, elderly groups, and middle-class groups.

## 11. Conclusion

It has been found that for investors in a mutual fund, past performance of the issuing company, tax-saving funds, and growth funds with capital appreciation are the key factors to take into account. It is surprising to learn from our study that more than 64 percent of investors want low risk, tax savings, and capital appreciation along with a higher return. This demonstrates that investors have very high expectations of fund managers, expecting them to produce a high return with the least amount of risk. This runs counter to the well-known financial axiom that "high return is associated with high risk." Since there is constant pressure on mutual funds to invest in securities that will likely generate higher returns than risk-free instruments. The return from a mutual fund is the risk-free rate plus the risk premium because the cost of capital to the investor is significantly lower in risk-free investments, which is just the risk-free rate. If mutual fund companies can give investors a premium, they will be successful. They won't be able to compete with risk-free instruments if they don't. Growth and equity schemes are more typical examples of this. Our findings are consistent with those of numerous researchers who have carried out studies over a variety of time periods, showing that past performance is a significant factor in investors investment decisions and that the majority of investors make their own investment decisions. As a result, fund managers make every effort to produce

high returns in order to maintain a solid track record of performance and gain a competitive edge. It might be important to remember that mutual fund investments are tax-free if redeemed within a year of purchase. When marketing mutual funds, this aspect might be emphasised.

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### Declaration of Conflict

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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