



Investor Awareness and Perspectives among Mutual Fund (MF) Investment

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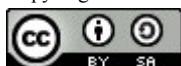
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Abstract

India's mutual fund market has seen record growth during last preceding decade and has grown as important part of the nation's financial landscape. As Assets-Under-Management (AUM) increased from ₹11.73 trillion in June 2015 to ₹74.40 trillion in June 2025, the sector has grown over six times, reflecting a stunning rise in investor involvement. The current empirical research aims to study the awareness, perception, investment habit, and choice of individual investors, specifically in the retail space, amid this tremendous growth. 175 respondents were surveyed through a structured questionnaire distributed through digital channels. The study indicates most investors are attracted to MF funds due to their higher returns and ease of operation, there is a wide gap in knowledge regarding differentiation among schemes, tax advantages, and investment modes. The research indicates urgent necessity of conducting literacy programs so that investors have the power to make sound investment choices.

Keywords: assets under management, retail investors, financial literacy, tax advantages

Introduction

Indian Mutual-Fund (MF) sector witnessed stellar growth in 2024 with collective AUM touching ₹68 lakh crore as of November. This is an impressive 34% rise from ₹50.78 lakh crore in December 2023. One of the core factors contributing this growth was equity MF, which touched ₹30.5 lakh crore representing about 45% of the overall AUM reflecting strong investor appetite for market-linked products. In the last ten years, AUM of equity funds has expanded aggressively, jumping from ₹1.9 lakh crore to more than ₹30 lakh crore, a mark first reached in August 2023.

Within the equity space, sector and thematic funds saw outstanding growth with their AUM growing by 79% in just a year from ₹2.58 lakh crore to ₹4.61 lakh crore. Small-cap and mid-cap funds too saw consistent rises, while low cost investments mode namely index funds and ETFs saw a 28% rise, which suggests a larger pattern towards diversified and strategy-based investing. Systematic Investment Plans (SIPs) were instrumental in such advancement, hitting an all-time high AUM of ₹13.54 lakh crore by November 2024. SIP inflows in a month increased by 48% year-on-year to ₹25,320 crore in November alone, with more than 10 crore SIP accounts operational. SIPs remain popular owing to their



systematic approach and long-term advantages, especially among retail investors.

This creates a need to look into how individual investors think and feel about MF investment to understand their knowledge levels, investment habits, and reasons for taking part in the always-changing money world.

Research problem

In the last decade, the fund industry has witnessed massive growth and sprinted ahead in becoming one of the most potent parts of the Indian financial system. The AUM of mutual funds in India stood at ₹74.40 trillion in June 2025, a huge leap from ₹11.73 trillion in June 2015, ten years earlier. It almost rose by a factor of six. In contrast to a big spike from June 2020 to June 2025 with the doubling of AUM, nearly equally good investor interest and smooth flow of money can be seen in the period. The average AUM in June 2025, standing at ₹74.79 trillion, also shows that continuous investment injection is ongoing in the industry. Past key points of surpassing ₹10 trillion in May 2014 and ₹30 trillion by November 2020 stand regard to the numbers standing as testament of growth for the industry. Rise in the number of investor folios is perhaps one of the clearest signs of this maturation, the folios having risen from just over 10 crores in May 2021 to 24.13 crores in June 2025. Interestingly, out of these, almost 19.07 crores are associated with equity, hybrid, and solution-oriented schemes largely in the hands of retail investors.

Despite this glorious record, discomforting concerns regarding awareness, choice, and confidence exist within individual investors, with particular reference to the retail segment that forms the largest mass of this business. As MF investment becomes more widespread in India, it's critical to determine whether investors are knowledgeable and capable of making prudent financial choices. The main issue is determining how well people are adapting to the shifting landscape of mutual fund investing.

Research Coverage

Grasping changes in how investors feel has become key as the count of individual investors in MF grows by 20% and has hit 54 million in 2025. This quick

growth also shows up in the big cash flows into mid-cap small-cap, and theme-based plans. This study also looks at how online investing platforms affect things, the growing role of retail investors from smaller towns, and the change in how investors think from taking risks and focusing on growth to being more careful. Given this, the research aims to spot the behavior trends that shape mutual fund investments in India's changing money world.

Literatures Review

Memon (2023) saw that MF plans have turned into a popular way to invest giving two main plus points: expert money handling and varied portfolios. He noted that more investors now like stock-based funds showing they're okay with some risks. Plus, the big jump in SIP account numbers points to growing excitement among investors. The study emphasizes the need to enhance financial literacy, especially among youth and middle-income households, in an effort to bridge the current knowledge gap.

Deepan et al. (2019), using insights from research into 60 retail investors in the city of Coimbatore, discovered that MF fund type and investment goal preferences were highly influenced by the professional background of the investor. Their findings show that return expectation was generally in line with the investor's individual tolerance for risk.

Mishra (2022) pinpointed MF as strong tools that pool money and strategically allocate it across different asset classes to achieve financial goals. The research identifies a steady shift from traditional investment options towards more modern ones, especially among women and the younger population. Creating greater awareness and developing investor confidence are necessary steps to enhancing MF participation and realizing the full potential of capital markets.

Methodology

The current research is empirical in nature and depends on primary data to study investor perception towards the MF. Well-structured questionnaire prepared through Google Forms, making it convenient and easy to share with potential respondents through electronic mediums like email and social media to



gather data. The survey questionnaire on different dimensions like investor awareness, perception, investment choice, usage of online platforms, and decision-making pattern towards mutual fund investments. The collected data was tabulated, compiled, and analyzed to derive significant insights important for the objectives of the study. The convenient sampling is used, to gather information from informants who were easily accessible and willing to participate. 175 individual investors took part in the survey that had various demographic and occupational backgrounds.

Objectives

1. To ascertain how well investors know about MF funds, both their basic principles, benefits, and the risks associated.
2. To analyze sentiment and attitude of investors in choosing MF investments.
3. To identify the drivers of investment selection in MF.
4. For analysis of investor behavior while investing in mutual funds.
5. To provide reasonable suggestions with the aim of promoting financial literacy and encouraging intelligent participation in MF plans.

Result and discussion

Demographic profile

Demographic aspects have a crucial influence on an investor's choice and decision-making process. It is determined from the survey that the majority of MF participants are male (63%), which pinpointed that men are engaged in investing compared to women. Approximately 44% respondents fall within the 30 to 35 years age bracket. 43.25% of the informants earn in the range of ₹25,000 to ₹30,000, it displays that MF are being opted for by the middle-income group. 47.25% of the respondents are married, which indicates that familial obligations might cause more financial planning. Educationally, 33.75% are undergraduate, indicating that those with general college education are also investing. Last but not least, 42% of the respondents have invested for 2 to 4 years,

which implies they have experience and confidence in MF investments.

Source of Awareness

Among of 175 individuals surveyed, Ninety-two (52.57%) respondents learned about MF funds from advertisements. 26 respondents (14.86%) cited the internet and social media as sources of information. 22 respondents (12.57%) learned about MF by awareness campaigns. 19 respondents (10.86%) were influenced by friends and family, whereas 16 respondents (9.14%) obtained information from a financial advisor or their bank.

Motivation behind MF investment

To arrive at such an understanding of investor behavior, it was observed that knowing the reasons why people choose to invest in mutual funds is essential. The Garrett Ranking Technique was employed to investigate the reasons. This method permits the ranking of investor motives by translating investor preference into a numerical score so that the most influential factors may be determined.

The highest mean score of 72.56 was assigned to higher potential return than any other saving avenues, indicating strongly that most investors are attracted to MFs based on their potential for earning higher returns.

Long-term wealth building was ranked second, scoring 65.42, showing that many investors generally considered MF as a medium for wealth building in the long term. Third came diversification for investment, with a score of 59.38, emphasizing its popularity among investors who want to share their risk by diversifying investments into more than one asset class.

Liquidity and flexibility features ranked next, gathering 51.74, which means it is in the moderate rank with respect to importance for investors. Finally, tax benefits ranked last with a 47.26 average score.

Mutual Fund Duration

People's commitment and investing style can be inferred by looking at how long they stay invested in mutual funds. 6.86% of the 175 participants are



investing below one year, indicating a short-term strategy. Growing interest in the MF over the short to medium term is reflected in the larger group, 44.57%, who reported investing for one to three years. A sizable portion of respondents are long-term investors, as evidenced by the 24.57% who have kept their investments for three to five years, the balancing 24% who have done investment with over five years. This suggests a well-balanced mix of novice and seasoned mutual fund investors.

Investment pattern

Gaining knowledge of the preferred investment pattern helps the investors to understanding their financial planning practices. 49.14% of the 175 respondents choose the SIPs, demonstrating a strong preference for consistent and disciplined investing. A one-time investment approach is indicated by the 16.57% preference for lump sum investments. The remaining 34.29% have opted for both lump sum and SIP investing, indicating a diversified approach to risk and return management.

Mode of Mutual Fund Investment Platforms

Understanding the platforms that investors favor for mutual fund investments aids in determining their preferences for ease of use and accessibility. 8.57% of the 175 respondents use mutual fund distributors or agents, whereas 4.57% invest directly through the AMC website or app. Approximately 14.86% of investors use banks or online banking. The prevalence of digital platforms is demonstrated by the fact that 46.29% of people rely on investment apps like Groww, Zerodha Coin, or Paytm Money. A sizable percentage of investors favor integrated trading and investment platforms, as evidenced by the remaining 25.71% who prefer using demat accounts or stock brokers like Zerodha and Upstox.

Awareness level of respondents towards MF

To gauge how well the investors know MF, a 5-point scale was utilized on different aspects like types of investments, risks, tax burden, and redemption procedures. The same is illustrated in the below table.

Table 1.7.1 Awareness level of respondents

Awareness Indicator	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	No.	%	No.	%	No.	%	No.	%	No.	%
I am familiar with the fundamental idea of MF.	76	43.43	47	26.86	31	17.71	18	10.29	3	1.71
I am aware of the various types of MF fund schemes availing in the marketplace.	63	36.00	47	26.86	42	24.00	19	10.86	4	2.29
I am familiar with the risk and return involved in mutual fund investment.	21	12.00	23	13.14	49	28.00	68	38.86	14	8.00
I can distinguish between SIP and lump sum mode of investment.	67	38.29	51	29.14	49	28.00	8	4.57		0.00
I am familiar with the tax implications &	81	46.29	56	32.00	19	10.86	12	6.86	7	4.00



benefits of MF investments.										
I keep track of updates and news on mutual fund performance regularly.	76	43.43	47	26.86	31	17.71	18	10.29	3	1.71
I am aware of the process to redeem or switch mutual fund investments.	63	36.00	47	26.86	42	24.00	19	10.86	4	2.29

Source: Primary Data

Analysis reflects that grater parts of the informants are not aware of matters related to MF. High (43.43%) strongly disagreed with knowing the fundamental concept of MF. In a similar vein, 46.29% did not know about tax benefits related with investment in MF. Information regarding various fund schemes was also fairly low, with 62.86% disagreeing or strongly disagreeing. Recognition of the difference between SIP and lump sum investments was specifically low, with 67.43% of the respondents acknowledging they did not know this. Nevertheless, some of the respondents (38.86%) confirmed they knew the risks and returns involved with MF. The responses were neutral in topics such as mutual fund

performance reports and redemption processes, reflecting uncertainty or partial knowledge.

Perception towards investment in MF

To examine investors' view of mutual fund investment opportunities, five-point Likert scale analysis was undertaken. The perceptions were recorded on various aspects like safety, returns, achievement of goals, market impact, suitability for investors, professional management, and ease. The analysis offers information on the investors concerning and the drivers of their trust and adoption of MF.

Table 1.7.2 Investors Perception

Awareness Indicator	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
	No.	%	No.	%	No.	%	No.	%	No.	%	
Mutual funds are a secure investment.	61	34.86	78	44.57	34	19.43	2	1.14			4.13
Investment in mutual funds assists in the attainment of long-term financial objectives.	57	32.90	63	36.36	46	26.55	6	3.43	3	1.73	3.94
Mutual funds provide more returns than conventional savings techniques.	89	51.87	67	39.05	19	11.07					4.40
Effectiveness of MF is determined by market trends.	42	24.72	56	32.96	43	25.31	24	13.71	10	5.89	3.55



I think mutual funds are appropriate for every kind of investor.	26	15.45	38	22.58	49	29.12	36	20.57	26	15.45	3.01
Mutual funds are managed professionally, which increases investor confidence.	39	23.40	47	28.20	55	33.00	32	18.29	2	1.20	3.51
It is easier to allot money in MF funds than in direct stock investments.	68	41.19	61	36.95	46	27.86					4.13

Source: Primary Data

The results outlined that investors perceive that MF offer more returns than other savings methods, with a highest mean of 4.40, thus reflecting highly positive perception in this respect. Equally, the affirmation "Mutual funds are a secure investment vehicle" and "Investing in mutual funds is easier than working with direct stock investments" both scored a mean of 4.13, which indicates strong faith in the ease and security in MF investment.

Likewise, investors agreed that MF would assist in the fulfillment of long-term financial objectives. A reflective average score of 3.94 insinuates an adequate trust level in mutual funds as vehicles of long-term wealth accumulation. Whenever asked to consider the effects of market trends on the performance of funds, the respondents gave the impact a mean rating of 3.55, which showed that participants recognize the concept, where returns of MF are in sync with market conditions. Meanwhile, professional management would positively influence MF was given an even lower mean rating of just 3.51. Yet surprisingly, the statement that mutual funds are suitable for any kind of investor was given the lowest rating at a mean of 3.01. This would mean that the respondents were split; some felt mutual funds should not be suitable for all persons given varying risks and investment objectives.

Suggestions

1. There has to be increased awareness about MF, especially among people who have little or no idea about how MF work, e.g., SIPs, lump sum investment, and tax relief.
2. Investors would like to use platforms like Groww, Zerodha, and Paytm Money, for investment.
3. MF companies can come up with plain-vanilla apps with simple tutorials and features to help users know their risk profiles and invest in the right investments.
4. People need to be shown how MF funds can help create wealth over a time span by means of real-life examples and stories of successful investors.
5. The majority are still of the opinion that MF are unsafe or risky, and therefore meet-ups, webinars, and media campaigns would be sufficient to eliminate such concerns.
6. Banks, schools, and the government should increase financial literacy since a huge number of investors do not have an idea of how mutual funds work.
7. MF investors can be helped by offering them easy options and tools that allow them to connect their investments with their personal financial goals.
8. More people need to be encouraged to invest on a regular basis through SIPs by explaining how it



builds good saving habit and minimizes the impact of market fluctuations.

Conclusion

The study clearly shows how important mutual funds (MFs) are as a preferred investment option for Indian individual investors. The MF industry has expanded significantly over the past ten years, as evidenced by the six-fold increase in AUM and the noticeable growth in investor accounts, especially from retail investors. Given the increase, it has become increasingly important to understand how investors view and understand MF. According to analysis, there are still knowledge gaps even though MFs are popular because of their capacity to generate long-term wealth, offer diversification, and produce superior returns. The majority of investors are ignorant of basic concepts like scheme types, lump sum vs. SIP investments, and the tax benefits of ELSS. Additionally, a lot of respondents seemed unsure about how mutual funds operated, how investments were redeemed, or how market fluctuations might affect their profits. This highlights the necessity of improving investor education. Most people are still hopeful about MF funds, despite some ignorance. They enjoy the ease of investing, the potential for profits, and the way MF helps them plan for specific objectives. The growing popularity of apps and websites suggests that people are using technology more and more when they invest. This makes it even more crucial that these websites have helpful educational content to guide investors. Due in large part to SIPs and internet platforms, MF has grown in popularity. Increasing financial literacy is the real way to spur growth and guarantee its continuation. Giving investors the correct information will boost their self-assurance and help them make wiser decisions, which will ultimately result in a more equitable and well-rounded investing environment.

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