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A Study On Investor's Preferences Towards Investment In Mutual Funds With Reference To Cholamandalam Investment And Financial Services

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Abstract— This study analyses investor preferences towards collective fund investments at Cholamandalam Investment and Finance Company Limited (Chola). With a sample size of 217 repliers, the exploration aims to understand investor mindfulness, geste , and threat perception related to collective finances. Traditional investment opinions are told by multiple factors similar as fiscal pretensions, perceived safety, request knowledge, and digital availability. The study adopts a quantitative exploration approach using structured questionnaires and statistical tools like SPSS for data analysis. crucial ways include descriptive statistics and chance analysis to identify trends and preferences. The findings indicate that the maturity of investors are relatively apprehensive of collective finances, with a preference for open- concluded schemes, daily investments, and expert fiscal advice. Digital platforms significantly impact decision- timber, while safety, diversification, and ease of access remain top precedences. The study also reveals that utmost investors are moderate threat- takers and believe collective finances outperform traditional options like fixed deposits in the long run. Grounded on the perceptivity, the study suggests enhancing investor education, perfecting digital investment tools, and strengthening premonitory services to boost participation and confidence. Overall, collective finances are seen as a stable and effective investment vehicle, especially when supported by professional guidance and strategic investor engagement in moment's unpredictable request terrain.

Index Terms— Investor's Preferences, Mutual Funds, Risk Perception, Financial Awareness

I. INTRODUCTION :

Mutual Funds are a growing investment choice in India, driven by better fiscal mindfulness and digital access. Investor preferences are shaped by factors like returns, threat, fund performance, duty benefits, and ease of use. This study focuses on understanding these preferences among investors at Cholamandalam Investment and Finance Company Limited(CIFCL) to identify what influences their collective fund investment opinions.

II. NEED OF THE STUDY :

Mutual funds offer higher returns and diversification, yet many investors hesitate due to low awareness and perceived risks. Misconceptions and lack of financial literacy make mutual funds seem complex. Enhancing awareness can help investors make informed choices and boost participation, supporting financial market growth.

III. OBJECTIVES OF THE STUDY :

Primary Objective :

To analyze the investor's preferences towards investment in Mutual Funds.

Secondary Objectives :

1. To assess the level of awareness about mutual funds among different investor groups.
2. To identify the factors influencing investor's decisions to invest in mutual funds.
3. To evaluate the role of risk perception in mutual fund investment decisions.
4. To compare the mutual funds with other investment options based on investor's preferences.
5. To suggest measures to increase investment returns investing in mutual fund based on the study findings.

IV. SCOPE OF THE STUDY :

The study can focus on a specific region, city, or country (e.g., "Investors in Chennai" or "Indian investors"). Can target specific groups like young professionals, retirees, or middle-income earners. The study will cover: 1. Investors' awareness of mutual funds. 2. Factors influencing their investment decisions. 3. Perceived risks and benefits. 4. Comparison with other investment options (e.g., fixed deposits, stocks, gold). The study will focus on recent trends and data (e.g., from 2020 to 2023).

V. LIMITATIONS OF THE STUDY :

1. This study is limited to investors of Cholamandalam Investment and Financial Services, so the results may not apply to other institutions.
2. Data is self-reported and may carry personal bias. It doesn't cover all factors like media influence or economic shifts..

The sample size of 217 was constrained by time and cost which is limited to CIFCL mutual fund investors, affecting the generalizability of findings.

VI. REVIEW OF LITERATURE :

1. **Patel and Vyas (2023)** analyzed women investors' behavior towards mutual funds. They found that between 2022–2023, participation of women investors grew substantially, with a strong inclination towards SIPs, balanced advantage funds, and child education-focused mutual fund schemes
2. **Joshi, M., & Kulkarni, S. (2023)** This study analyzed the influence of digital platforms on mutual fund investment preferences among urban investors in Maharashtra. Primary data was collected from 275 respondents using a structured online questionnaire. The study found that ease of use, mobile accessibility, and personalized dashboards on apps influenced investment decisions positively. Young investors, especially in the 25–35 age group, showed a strong preference for app-based SIPs.
3. **Rao, P., & Gupta, S. (2021)** This study examined the impact of demographic factors on mutual fund investment decisions. Data was collected from 300 investors across India, and regression analysis was

used to analyze the data. The findings revealed that age, income, and education level significantly influenced investment decisions. Younger investors were more likely to take risks, while older investors

	NO. OF RESPONDENTS	PERCENTAGE (%)
Below 25	47	21.7
25-35	35	16
35-45	30	13.8
Above 45	61	28
TOTAL	217	100

preferred safer options. The study also found that investors with higher education levels were more aware of mutual funds and their benefits.

VII. RESEARCH METHODOLOGY :

The research design applied for the study is described as ‘descriptive research’ This study involves primary sources of data. The primary source of data has been collected through questionnaire. The sample size chosen for the study is 217. Convenience sampling is used as a sample method for the study. The research study was conducted for 3 months. Statistical tools were used for the study using SPSS Software.

VIII. DATA ANALYSIS AND INTERPRETATION :

A. Percentage Analysis :

Table 1 : The Age Group Of The Respondents :

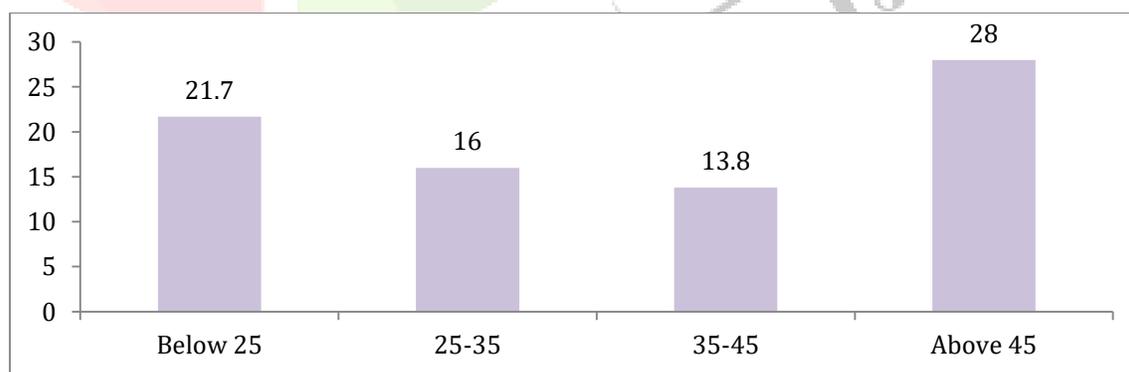


Fig. 1

INFERENCE: The above table, it is observed that the majority of respondents (28%) are above 45 years of age. This is followed by 21.7% of respondents who are below 25 years, 16% in the 25–35 age group, and 13.8% in the 35–45 age group. It is inferred that most of the respondents are Above 45 (28%).

Table 2 : Gender of the Respondents :

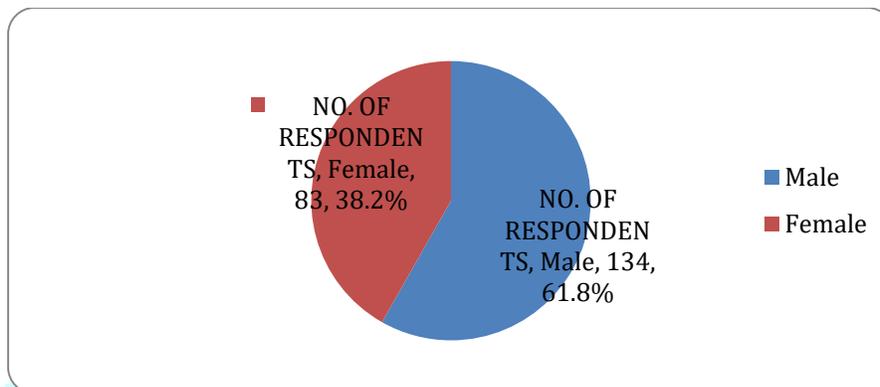


Fig. 2

INFERENCE : The above table shows that 61.8% of respondents are Male and 38.2% of respondents are Female.

GENDER	NO. OF RESPONDENTS	PERCENTAGE (%)
Male	134	61.8
Female	83	38.2
TOTAL	217	100

Table

3 :

The Household Income (in Rs.P.a) Of The Respondents :

HOUSEHOLD INCOME (in Rs p.a)	NO. OF RESPONDENTS	PERCENTAGE (%)
Less than ₹ 2,00,000	30	13.8
₹ 2,00,000 - ₹ 4,00,000	54	24.9
₹ 4,00,001 - ₹ 6,00,000	85	39.2
Above ₹ 6,00,000	48	22.1
TOTAL	217	100

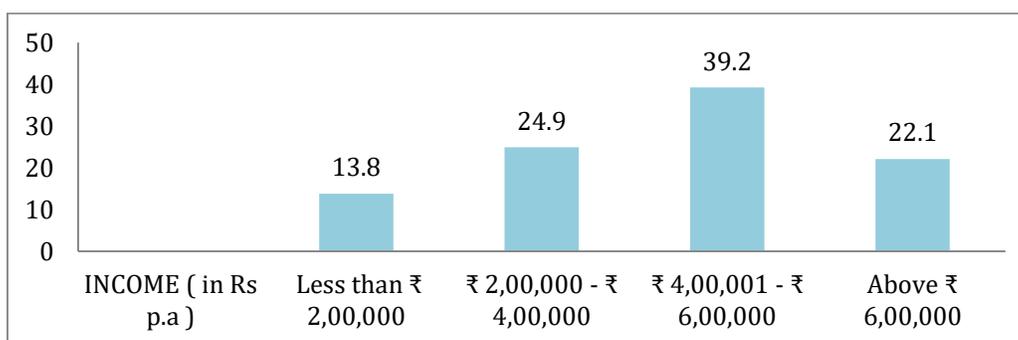


Fig. 3

INFERENCE : The above table, found that 13.8% of the respondents earn below 2 lakhs annually, 24.9% earn between 2–4 lakhs, 39.2% earn between 4–6 lakhs, and 22.1% earn above 6 lakhs. It is inferred that the most of the respondents have an annual income between 4–6 lakhs (39.2%).

Table 4 : level of awareness about mutual funds among the respondents :

OPINION	NO. OF RESPONDENTS	PERCENTAGE (%)
Aware	57	26.3
Partially Aware	138	63.6
Not Aware	22	10.1
TOTAL	217	100

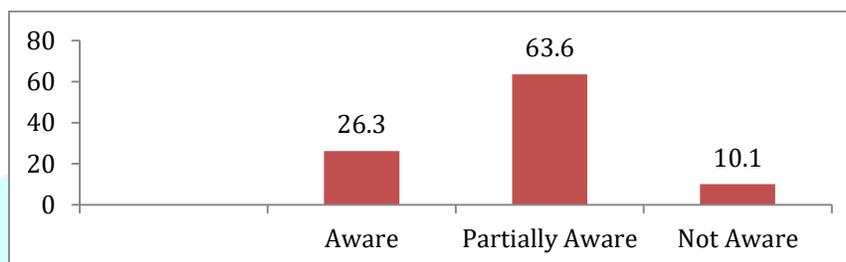


Fig. 4

INFERENCE : The above table, found that 26.3% of the respondents are aware, 63.6% are partially aware, and 10.1% are not aware. It is inferred that the majority of the respondents are only partially aware about mutual funds (63.6%).

Table 5 : General risk tolerance for investments among respondents :

RISK TOLERANCE	NO. OF RESPONDENTS	PERCENTAGE (%)
Very Low	6	2.8
Low	8	3.7
Moderate	58	26.7
High	111	51.2
Very High	34	15.6
TOTAL	217	100

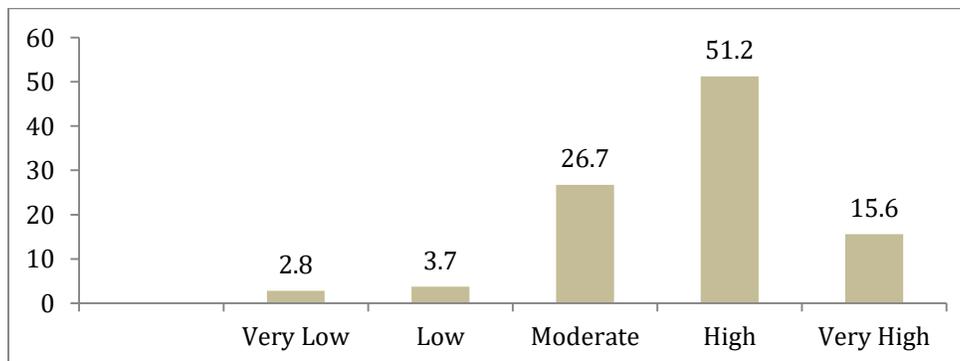


Fig. 5

INFERENCE : The above table, found that 2.8% of the respondents have a low risk tolerance, 3.7% have moderately low risk tolerance, 26.7% have moderate risk tolerance, 51.2% have moderately high risk tolerance, and 15.7% have high risk tolerance for investments. It is inferred that the majority of the respondents have a moderately high risk tolerance for their investments.

Table 6 : **Self-assessment as risk-taker or risk- averse in investments**

:

ATTRIBUTES	NO. OF RESPONDENTS	PERCENTAGE (%)
High-risk taker	30	13.8
Moderate Risk-taker	140	64.5
Risk Averse	39	18
Very Risk-Averse	8	3.7
TOTAL	217	100

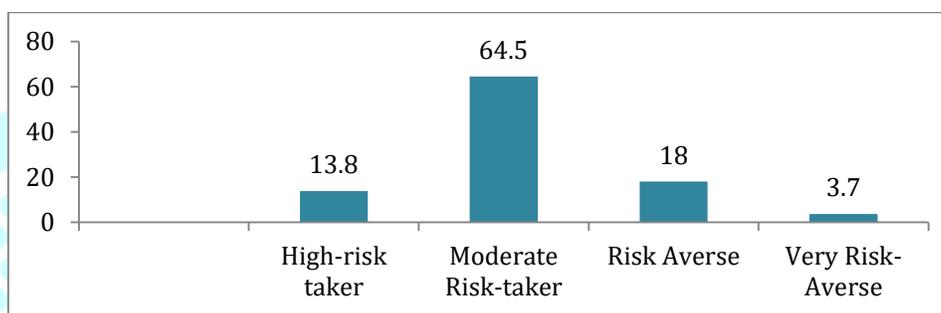
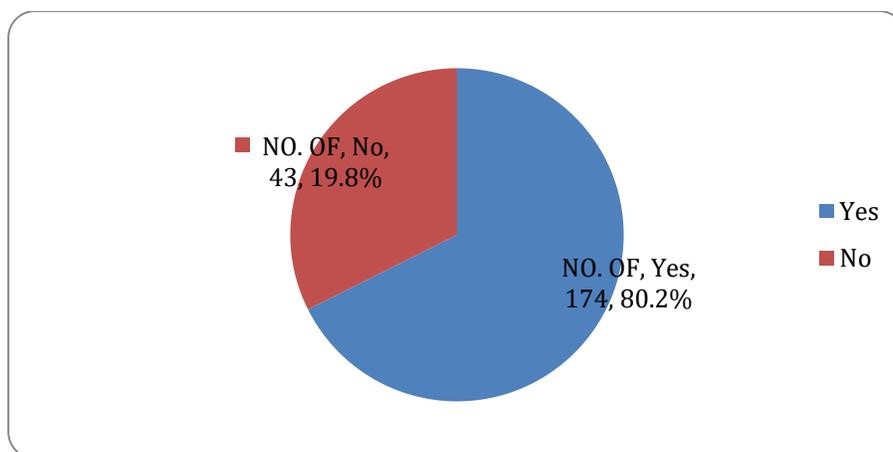


Fig. 6

INFERENCE : the above table, it is found that 13.8% of the respondents consider themselves high-risk takers, 64.5% consider themselves moderate risk-takers, 18% are risk averse, and 3.7% are very risk-averse. It is inferred that the Majority of the respondents are **moderate risk-takers** in their investment decisions (64.5%).

Table 7 : Respondents' belief on the impact of political instability on mutual fund investment risk:

OPTION	NO. OF RESPONDENTS	PERCENTAGE (%)
Yes	174	80.2
No	43	19.8
TOTAL	217	100



Fig, 7

INFERENCE : The above table, found that 80.2% of the respondents believe that political instability impacts mutual fund investment risk, while 19.8% do not believe so. It is inferred that the majority of the respondents believe that **political instability increases the risk** of mutual fund investments (80.2%).

B. MANN WHITNEY U TEST :

Null Hypothesis (H₀): There is no significant difference in the level of awareness about mutual funds between male and female respondents.

Alternative Hypothesis (H₁): There is a significant difference in the level of awareness about mutual funds between male and female respondents.

Test Statistics ^a	
	level of awareness about Mutual funds
Mann-Whitney U	5533.500
Wilcoxon W	14578.500
Z	-.072
Asymp. Sig. (2-tailed)	.943
a. Grouping Variable: Gender of the respondents	

CONCLUSION : Since the significance value ($P = 0.943$) is greater than 0.05, **there is no statistically significant difference in mutual fund awareness** between male and female respondents. Hence, the null hypothesis is accepted.

C. CORRELATION :

Null Hypothesis (H₀): There is no significant correlation between different investor group and factors influencing investor's decision to invest in mutual funds.

Alternative Hypothesis (H₁): There is a significant correlation between different investor group and factors influencing investor's decision to invest in mutual funds.

Correlations				
			Different investor group	Factors influencing investor's decision to invest in mutual funds.
Spearman's rho	Different investor group	Correlation Coefficient	1.000	.272
		Sig. (2-tailed)	.	.000
		N	217	217
	Factors influencing investors' decision to invest in mutual funds.	Correlation Coefficient	.272	1.000
		Sig. (2-tailed)	.000	.
		N	217	217
**. Correlation is significant at the 0.01 level (2-tailed).				

CONCLUSION : The Spearman's Correlation test result showed a positive correlation ($\rho = 0.272$) between investor groups and factors influencing mutual fund decisions. The significance value ($P < 0.01$) is less than the standard threshold of 0.05 ($P < 0.05$). Therefore, this indicates a statistically significant correlation. Hence, the null hypothesis is rejected.

D. KRUSKAL WALLIS – H TEST :

Null Hypothesis (H_0): There is no significant difference in general risk tolerance levels across different categories of investment experience.

Alternative Hypothesis (H_1): There is a significant difference in general risk tolerance levels across different categories of investment experience.

Test Statistics ^{a,b}	
	Risk Tolerance Based On Level Of Investment Experience Of Respondents
Chi-Square	1.718
df	2
Asymp. Sig.	.424
a. Kruskal Wallis Test	
b. Grouping Variable: Risk Tolerance Based On Level Of Investment Experience Of Respondents	

CONCLUSION : Since the significance value ($P = 0.424$) is greater than the standard threshold of 0.05 ($P > 0.05$), there is no statistically significant difference in risk tolerance based on investment experience. Hence, the null hypothesis is accepted.

E. CHI – SQUARE TEST :

Null Hypothesis (H₀): There is no significant association between the age group of respondents and their level of risk tolerance in mutual fund investment.

Alternative Hypothesis (H₁): There is a significant association between the age group of respondents and their level of risk tolerance in mutual fund investment

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21.931 ^a	12	.038
Likelihood Ratio	21.339	12	.046
Linear-by-Linear Association	.200	1	.655
N of Valid Cases	217		
a. 4 cells (20.0%) have expected count less than 5. The minimum expected count is 2.76.			

CONCLUSION : Since the significance value ($P = 0.038$) is less than the standard threshold of 0.05 ($P < 0.05$), there is a statistically significant association between age group and risk tolerance. Hence, the null hypothesis is rejected.

FINDINGS :

- It is found that the Most of the respondents (28%) belongs to the Age group above 45 years.
- It is found that the Majority of the respondents (61.8%) are Male.
- It is found that the Majority of the respondents (31.8%) are Salaried.
- It can be that the most of the respondents (39.2%) have a Household income between ₹4,00,000 to ₹6,00,000.
- It is found that the most of the investors (39.6%) rely on advertisements as their primary source of information.
- It is found that the majority of the investors (64.1%) open-ended mutual funds for their investment.
- It is found that most of the investors (25.3%) are interested in diversification as the key benefit of investing in mutual funds.
- It is found that the majority of investors (64.5%) moderate risk-takers in their investment decisions.
- It is found that most of the investors (31.3%) book profits by selling once the target is achieved.

IX. SUGGESTIONS :

- ❖ Develop customized offerings for self-employed individuals (31.8%) with flexible investment options. Promote the benefits of diversification, as 25.3% of respondents value it as a key mutual fund advantage..
- ❖ Continue enhancing customer perception and satisfaction, especially in areas with low-to- moderate satisfaction levels (36%–39%), by improving service delivery and investor communication.
- ❖ Due to the recent **stock market volatility and downturn**, many investors are showing hesitation towards mutual fund investments. Companies must address these fears through transparent communication and educational webinars.
- ❖ In the current uncertain market environment, it is crucial to **strengthen financial advisory services** to guide investors towards the right mutual fund options based on their risk profile and investment horizon.

- ❖ Providing regular market updates and performance insights will help investors make more informed decisions and reduce panic selling during market corrections.

X. CONCLUSION :

The study concludes that mutual funds are a preferred investment choice due to their safety, diversification, and ease of management, especially among moderately aware investors. Digital platforms, expert advice, and advertisements play a key role in influencing decisions. While investor preferences are broadly similar across demographics, the study highlights the need for improved financial awareness and advisory services. In light of current market volatility and economic uncertainty, continuous engagement and education are crucial to maintaining investor trust and participation.

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