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Ramneek Sharma

Research Scholar, Department
of commerce, H.P. University
Shimla, Himachal Pradesh,
India

Sunil Kumar

Research Scholar, HPKV
Business School, School of
Commerce and Management
Studies, Central University of
Himachal Pradesh,
Dharamshala, Himachal
Pradesh, India

Correspondence

Ramneek Sharma

Research Scholar, Department
of commerce, H.P. University
Shimla, Himachal Pradesh,
India

Investors' perception towards mutual fund: A study of Shimla city

Ramneek Sharma and Sunil Kumar

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Abstract

The mutual fund sector offers various investment structures with varying levels of risk, and it was anticipated to be the most profitable market for Indian investors. Although household investors (retail investors) contribute much of the investments in mutual funds around the world, the retail investors' contribution to mutual funds is rather limited in India. In India, there are more than 50 crore permanent account numbers for income taxes, but only 2.2 crore people participate in mutual funds. As a result, the Indian mutual fund industry has the potential to rise rapidly. This paper tried to evaluate the perception of mutual fund investors and examine the factors affecting their investment decisions. For this purpose, data has been collected from 110 respondents residing in Shimla city of Himachal Pradesh. The sample size was selected based on the convenience sampling technique method. The collected data has been analyzed using various statistical and mathematical tools. Based on the empirical investigation it is evident that investors considered higher returns as the most important factor while making an investment and they perceived mutual funds as a moderately risky investment option. Overall it is observed from the study that investors want to invest in mutual funds, especially in open-ended equity mutual funds and most of the respondents prefer to take moderate risk in the market. It is also inferred that most investors prefer to invest in SIPs. Evaluating the mutual funds' schemes based on SEBI classification 2017 could be a great topic for future research.

Keywords: Investment decision, investor's preferences, mutual fund, retail investors, risk perceptions

Introduction

The stock market plays a very important role in the development of any country, especially in developing countries like India. Investors usually perceive that investment in the stock market is risky. Investors select various investing options based on their goals and risk tolerance levels i.e share market, fixed deposits banks, post office savings, mutual funds, leasing companies, and insurance organizations. Out of these avenues in the current time, mutual funds are one of the best options for investors in countries like India where people perceive investment in the stock market as risky, having a lack of time and expertise to directly invest in the stock market. A mutual fund is a type of financial intermediary that was established to properly manage the money that many different investors had invested together (Tomer, 2012) ^[1]. Investors can gain access to a variety of advantages by pooling their funds in a mutual fund, including economies of scale, higher returns, wealth maximization, risk aversion, liquidity, and the ability to buy stocks or bonds at significantly lower trading costs than when doing so directly on the capital markets (Sadhak, 2009; Singh, 2006) ^[2, 3]. Mutual funds appear to be a viable option among the many investment options since they are seen to be a safer kind of investment for all types of investors (Krishna & Amarnath, 2016) ^[4]. It was anticipated that the mutual fund sector would be the most lucrative one for Indian investors as it offers varied investment structures with various levels of risk. In India, there has been a mutual fund industry for more than 50 years. It has its genesis in the year 1964 with the establishment of the Unit Trust of India (UTI) by the Government of India and the Reserve Bank of India (RBI) (AMFI, research & Information) ^[5]. The unit scheme was the first scheme launched by UTI in 1964 followed by the master share in 1986. As the mutual fund industry grew, the Indian market saw the establishment of various public sector mutual funds starting in 1987, such as those from the State Bank of India (SBI), Punjab National Bank (PNB), Bank of India (BOI), Life Insurance Corporation (LIC), and General Insurance Corporation of India (GIC), etc. In 1988, UTI recorded its

Assets under Management (AUM) at Rs. 6,700 Crores which increases to Rs. 47,004 Crores during 1992 with the number of Asset Management Companies (AMCs) going up to 9 comprising Indian public sector funds (Bansal, 1997; Tomer, 2012; Sadhak, 2009; Krishna & Amarnath, 2016)^[7, 1, 2, 4]. Private sector players, both Indian and foreign, were allowed access to the mutual fund market starting in 1993. After the entry of private players, the mutual fund industry grew tremendously over the years and never looked back, developed in terms of AUM, the number of Schemes, and the number of mutual funds. We have seen the phenomenal growth of the Indian Mutual Fund industry over the past decade. From 2009 to 2019, the Indian Mutual Fund industry has risen from ₹6.28 trillion (as of 30 September 2009) to ₹24.51 trillion (as of 30 September 2019) four times over 10 years. As of August 31, 2020, the Indian Mutual Fund Industry's Assets under Management (AUM) stood at ₹ 27, 49,389 crores with more than 1900 schemes in operation (Association of Mutual Fund of India, 2019)^[6]. Despite the rapid growth, India's mutual fund AUM to GDP ratio is still very low at 15%, compared to a global average of 75 percent. Similar to that, the equity AUM to market cap ratio was 5% as compared to the world average ratio of 30 percent (Business Standard, 2021)^[8]. Although household investors (retail investors) contribute much of the investments in mutual funds around the world, the retail investors' contribution to mutual funds is rather limited in India. There are more than 50 billion income tax permanent account numbers in India, but only 2.2 billion people participate in mutual funds. As a result, there is potential for enormous growth in the Indian mutual fund industry. (Parekh, 2021)^[9]. Due to the fact it's become vital to know the perception of Indian investors regarding mutual funds, and also to know the factors affecting their investment decision. So in this regard aims of the present study are first; to study the investors' perception towards mutual funds, and secondly, to examine the factors affecting mutual funds investor's investment decision-making. The remainder of this paper is structured as follows: The next section provides reviews of literature, following that data and methodology and empirical results, findings and suggestions section, and finally, the last section concludes the results and suggests an area for future research.

Literature Review

A specific kind of financial intermediary called a mutual fund was created to effectively manage the money that several investors had pooled together and invested. Numerous studies have been undertaken in this area with the objectives to study the perceptions of investors and factors that derived investors' behaviour towards mutual funds in India. However, as the relevance and interest of investors in the field of growing mutual funds industry, there is a need to review the literature in order to comprehend how investors view investing in mutual funds. Viramgami (2009)^[10] attempts to analyse the mutual fund schemes, and discovered that Income, ELSS, and Growth funds were the most popular among investors and accounted for more than 70% of the available resources. Private sector mutual funds were the most well-known players in the mutual fund industry among the various sectors that operate in that area. Kumar & Arora (2011)^[11] tried to measure the perceptions of the mutual fund investors in Punjab by using sample of 200 respondents. They studied various aspects including

respondents' know-how about mutual funds, respondents' perceptions regarding most important attribute of a successful fund manager, their risk tolerance etc. after analyzing the data study revealed that majority if investors possessed good knowledge of mutual funds, investment track record and experience were perceived to be the most important attributes of a successful fund manager. Varadharajan and Vikkraman (2011)^[12] also worked on this area and revealed that male are dominating to the mutual fund industry, they also depicts that people who are into business category obtain higher returns from the equity market when compared with those in the other category like service, student. Similar to this, Singh (2012)^[13] explored that how demographic characteristics affected investors' perceptions of mutual funds in Ranchi and showed that investors' attitudes about mutual funds are significantly influenced by their gender, income, and level of education. Subramanya (2015)^[14] contradicts the results of the (Singh, 2012)^[13] and depicts that investors' perception is not depending on the socio-economic factors like education, age, gender, income, savings of investors etc. Vyas and Moonat (2012)^[15, 18] also tried to study the behavior of the investors towards mutual funds by using the sample of 263 respondents. They found that most of the investors prefer to invest in the equity oriented schemes for time span of one to three year through lump sum and SIPs mode of investment. Other studies like (Mehta and Shah, 2012; Prabhavathi and Kishore, 2013)^[16, 17] confirms these results of Vyas and Moonat (2012)^[15, 18]. On the other side Pandey (2011)^[19] analysed the perceptions of non-investors towards mutual funds and determine the obstacles faced in investing in this industry. The study shows that even if people have a high likelihood of investing, they do not regularly make investments because of a lack of information, a lack of experience, a high level of uncertainty, a highly volatile market, etc. Additionally, they discovered that investors' primary motivations for investing are minimal assured returns and low volatility of the investment, and these findings are supported by other research (Selva and Murgan, 2011; Prabhu and Vechaleekar 2014)^[20, 21]. More recently, Rangasamy *et al.* (2016) assessed the performance of mutual funds and helping individual investors in decisions making. This study is based on secondary data that was gathered from NSE, BSE, money control, and value research's official websites. The analysis employed the simple average approach, standard deviation, ranking method, and simple comparative analysis. The best performers have been the BNP Paribas overnight fund, Birla Sun Life Cash Plus, and Reliance liquid fund. Venkataramana *et al.* (2016)^[26] also analyzed the 100 respondents and found that half of the respondents have positive opinion regarding mutual fund investment. Sharma (2016)^[22] found that distribution channels have not been significantly used, and mutual funds are still not regarded as a preferred investment in investor communities in India. Khan and Agarwal (2017)^[23] looked into how investors behaved in the cities of Delhi and Meerut and found that, despite constant barrages of advertising from mutual fund houses, investors in tier two cities do not believe in private mutual funds, while those in metro areas like Delhi are more aware about and eager to invest in private and PSU mutual funds. Additionally, they found that due to low awareness and high perceived risk, investors are unwilling to invest in mutual funds. These results are further confirmed by the

(Radhika, 2017; Sineni & Reddy 2017) [24, 25]. According to Saini and Mittal (2018) [27], the majority of people are aware of mutual funds and consider return to be the most crucial factor when making investments, followed by credit rating and inflation, further Udhayasankar and Maran (2018) [28] depicts that Investors believe that before investing in a certain fund, a corporation should thoroughly study all the relevant elements and features. The survey also showed that investors in present time are more knowledgeable and demanding than ever before, thus it is crucial for the business to comprehend client needs in order to thrive in the market over the long term. Another study by Bhutada and Pingale (2019) [29] discovered that consumers believe mutual funds to be the best investment option among the alternatives since it is related to a variety of benefits.

Research gap

From the related literature, it has been found that a number of researches have been conducted in India with respect to the investors' perception towards mutual funds but a scarcity of research has been found in the northern region of India, particularly in Himachal Pradesh. Limited publications in a field that is a major catalyst for understanding individual investors, and risk perception have triggered the researcher's interest to contribute a little more on this topic with specific reference to mutual funds at the Shimla City of Himachal Pradesh. This study tried to fill this gap by analysing the perception of investors towards mutual funds and also to know the factors that affect decisions taking ability of investors in the selected study area.

Data and Methodology

Sampling and Data collection

For studying investors' perception towards mutual funds, the present study collected data from a sample of 110 investors of Shimla city. Based on convenient sampling techniques only those individual investors are taken in the sample who have presently invested their money in a mutual fund. The main reason for choosing Shimla city for the study is because Shimla is not only the capital of Himachal Pradesh but also the largest city of the state where people across H.P. reside of different ages, incomes, occupations groups, etc. Increasing investor awareness and expanding to semi-urban and rural areas are now the mutual fund industry's biggest challenges. These steps would contribute to a more thriving and competitive mutual fund industry. The required data for the present study were gathered from both primary and secondary sources, however, the primary data are given more emphasis. For the collection of the primary data, various tools like questionnaires, informal discussion and observations have been used. The primary data has been undertaken during the period of October-November 2019. The Secondary data has been used mainly for reference purposes. It has also been used as the supporting factor to the primary data for making the study more relevant. A bunch of secondary data has been

mobilized from official websites of AMFI, SEBI, RBI, Standard textbooks, journals, and other officials' websites of trusted sources.

Objectives of the study

1. To evaluate the perception of investors towards mutual funds.
2. To examined the factors affecting investment decision of mutual funds investors.

Scope of the study

The scope of the present research work has been kept limited to studying the investors' perception of mutual funds particularly in Shimla city of Himachal Pradesh. The present study tried to investigate the perception of mutual fund investors regarding factors considered by investors while choosing a mutual fund scheme, investors' opinion regarding the most alluring feature of the mutual fund, and investors' opinion regarding preventive factors responsible because of which the investors remain away from mutual fund industry. In this study, various other aspects were also studied including factors considered by investors while investing their money, risk perception of investors regarding mutual funds, information sources influencing investors to make purchase decisions regarding mutual funds, mutual fund scheme preference among investors, the preference among investors regarding investment mode of mutual funds preference among investors regarding mutual fund purchase source, investors' investment experience with mutual funds.

Tools of analysis

According to the requirements of the analysis, the collected data have been organized and classified in the table. For the analysis of data mathematical tools i.e. percentage and as well as statistical tools i.e. Arithmetic mean and standard deviation were used.

Empirical results

This section includes data analysis regarding investors' perceptions of various aspects of investment in mutual funds. These include factors considered by investors while investing their money, risk perception of investors regarding mutual funds, purchase influencing source of information, mutual funds scheme preference, mode of investment in mutual funds, mutual fund purchase source, factors considered by investors while choosing particular mutual fund scheme, investors' perception about a most alluring feature of the mutual fund, level of satisfaction associated with mutual fund investment and factors responsible because of which people remain away from mutual funds.

Table 1: Risk Perception of investors towards Mutual Funds

Risk Perception	No. of Respondents	Percentage
Low	12	10.9
Moderate	89	80.9
High	9	8.2
Total	110	100.0

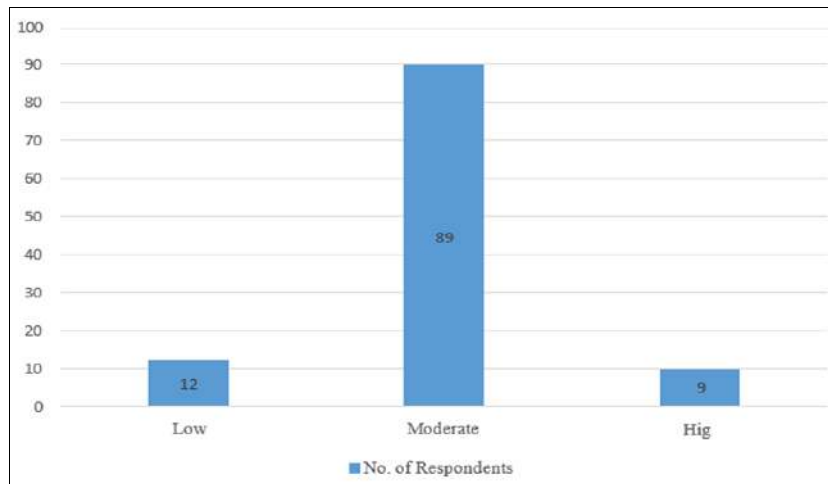


Fig 1: Risk Perception of Mutual funds Investors

Table 1 and figure 1 depicts the risk perception among investors regarding mutual funds. Respondents had to choose, to what extent they consider mutual funds as risky investment option among low, moderate and high risk options. Above table and figure, indicate that more than 80% of the investors perceived mutual funds as moderate risk option. There were very few respondents, who consider mutual funds as high and low risky investment option.

Table 2: Preference of Mutual Fund Investors towards Particular Schemes

MF Scheme	No. of Respondents	Percentage
Equity Fund	60	54.5
Debt Fund	8	7.3
Hybrid Fund	42	38.2
Total	110	100.0

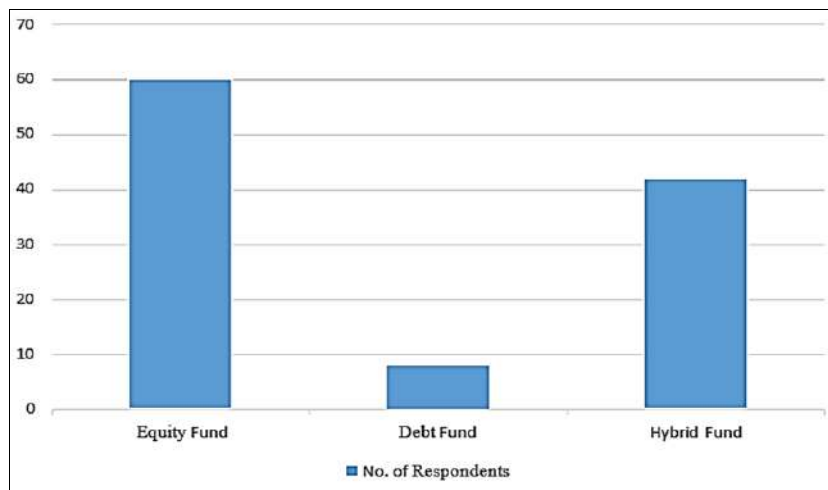


Fig 2: Schemes Preferences of Mutual funds Investors

Table 2 and figure 2 depict the investors’ preferences regarding mutual fund schemes. The above table clearly shows that 54.5% of the investors had invested their money in an equity fund followed by a hybrid fund where 36.4% of investors had invested. A debt fund was the least preferred mutual fund scheme among investors. The majority of investments in equity funds indicate that investors are concerned with high returns, for they were even willing to take higher risks by putting their money in an equity fund. Also, 36% of investors had invested their money in hybrid funds which indicates that hybrid fund schemes were also

popular among investors. Debt fund schemes were the least preferred scheme among investors.

Table 3: Investors’ preference about Mode of Investment in Mutual fund

Mode of Investment	No. of Respondents	Percentage
One Time Investment	6	5.5
SIP	81	73.6
Both	23	20.9
Total	110	100.0

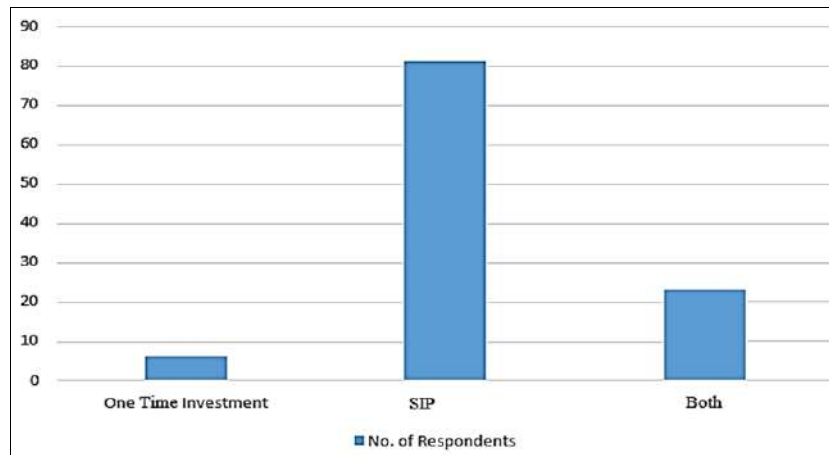


Fig 3: Investors’ preferences about mode of investment in mutual funds

Table 3 and figure3 depict the investors’ preferences regarding the mode of investment in mutual funds. The above table and graph indicate that nearly 74 percent of the investors had invested their money in systematic investment

plans and 21 percent of investors invested in both SIP and one-time investment plans. Only Less than six percent of investors preferred one time investment plan of mutual funds.

Table 4: Mutual Fund Scheme Preferences based on Structure of Mutual Fund

MF Scheme	No. of Respondents	Percentage
Open Ended	96	87.3
Close Ended	14	12.7
Total	110	100.0

Source: Primary Data

Table 4 depicts the investors’ preferences regarding mutual fund schemes. The above chart depicts more than 87 percent of investors had invested their money in open-ended schemes and only 13.7 percent of investors had invested their money in closed-ended mutual fund schemes. The

reason behind the popularity of open-ended mutual fund schemes over close-ended schemes may be that open-ended schemes provide greater flexibility and liquidity to the investors which is not available in close-ended mutual fund schemes.

Table 5: Investors’ opinion regarding most Alluring Feature of Mutual Fund

Selection criteria	No. of Respondents					Total	Total Score	Mean Score	Rank
	NI W=1	LI W=2	MI W=3	IN W=4	EI W=5				
Diversification	0	4	22	54	30	110	440	4.00	4
Return Potential	0	0	15	49	46	110	471	4.28	1
Tax Benefit	2	13	33	30	32	110	407	3.70	6
Professional Management	0	3	17	54	36	110	453	4.12	2
Flexibility	0	3	24	49	34	110	444	4.04	3
Liquidity	0	7	25	41	37	110	438	3.98	5

EI: Extremely Influential, IN: Influential, MI: Moderately Influential, LI: Less Influential, NI: Not at all Influential.

Table 5 shows the investors’ opinions regarding the most alluring feature of the mutual fund. In order to rank the five features mean is calculated for every feature and ranks are given in descending order according to their mean. On that basis, Return Potential with the highest mean score of 4.28 was considered the most attractive feature of mutual funds that attract investors to invest in mutual funds. Professional management with a mean score of 4.12, was considered the second most alluring feature of mutual funds by the respondents. Flexibility (switching one scheme from another) with a mean score of 4.04 was considered the third most alluring feature of mutual funds. These are followed by diversification and liquidity. Tax benefits are considered the least alluring feature of mutual funds.

Table 6: Mutual Fund Purchase Source

Purchases from	No. of Respondents	Percentage
Directly from AMC	37	33.6
Brokers only	10	9.1
Sub Brokers/Agents	20	18.2
Through Banks	43	39.1
Total	110	100.0

Table 6 and figure 4 depict the investors’ preferences regarding mutual fund purchase sources. The above chart clearly shows that when it comes to mutual fund purchases, investors preferred banks the most. Secondly, investors preferred to purchase mutual fund schemes directly through Assets Management Company (AMC) followed by sub-brokers and brokers.

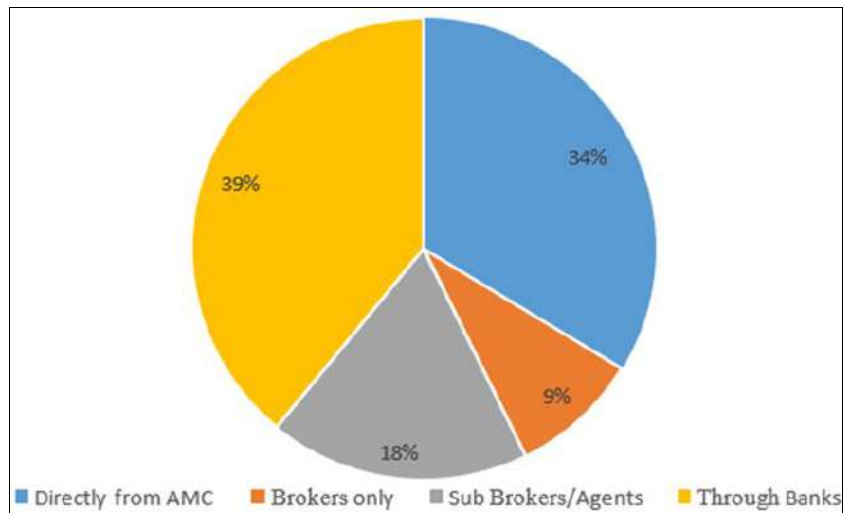


Fig 4: Mutual funds purchase source

Table 7: Factor Considered by Investors while Investing their Money

Factors	No. of Respondents	Percentage
Liquidity	26	23.6
Safety/low risk	29	26.4
High Return	49	44.5
Marketability	06	5.5
Total	110	100.0

Source: Primary Data

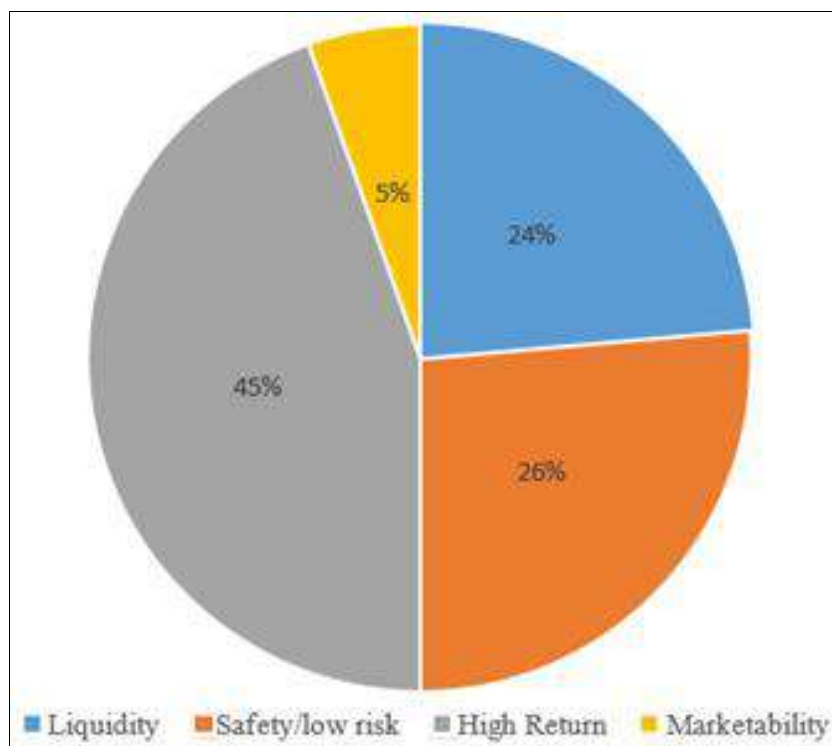


Fig 5: Factor considered by investors while investing their money

Table 7 figure 5 indicates investors’ preferences about investment factors, they consider most while investing their money in any investment option. Respondents had given four options, i.e. Liquidity, Safety, High returns, and Marketability. The above table clearly shows that the

majority of investors considered high returns as the most preferred factor while investing their money followed by the safety of their investment and liquidity. Marketability of their investment was the least preferred factor considered by investors while investing.

Table 8: Information Source Influencing Purchase Decision

Information Source	No. of Respondents	Percentage
Advertisement	14	12.7

Peer Group	8	7.3
Banks	41	37.3
Financial Adviser	33	30.0
Self	14	12.7
Total	110	100.0

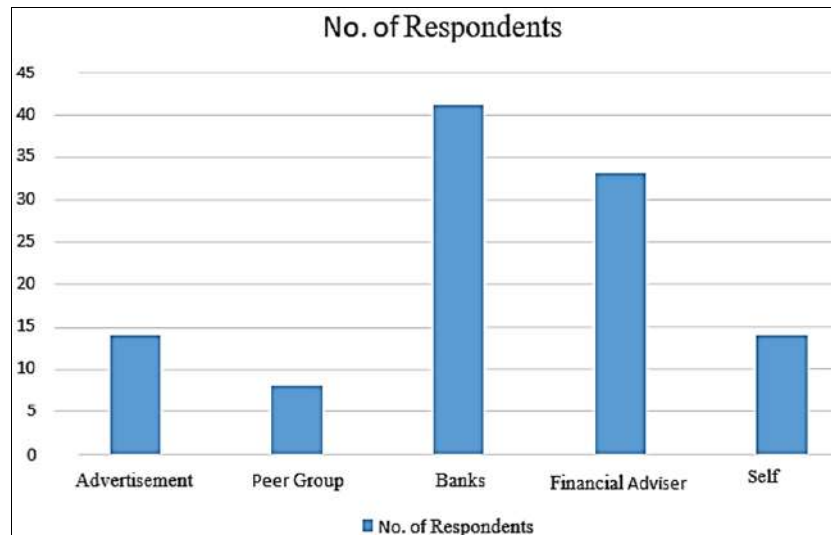


Fig 6: Information source influencing purchase decision of MF investors

Table 8 and Figure 6 depict investors’ opinions regarding the information sources that influenced them most, to make a purchase decision about investment in the mutual fund. It is clear from the above graph that banks were the most influential information source that peruses the investors to

make an investment decision in mutual funds. After that financial advisors were considered the second most influential information source, followed by advertisement, self-decision, and peer groups.

Table 9: Mutual Fund Scheme Selection Criteria

Selection criteria	No. of Respondents					Total	Total Score	Mean Score	Rank
	NI W=1	LM W=2	MI W=3	IM W=4	HI W=5				
NAV (Past Performance)	3	4	14	55	34	110	443	4.03	2
Rating by Rating Agencies	7	7	31	42	23	110	397	3.61	5
Fund Reputation (Brand)	3	5	31	50	21	110	411	3.74	3
Scheme's Expense Ratio	5	2	46	32	25	110	400	3.64	4
Entry-Exit Load	8	13	29	41	16	110	380	3.45	8
Scheme's Portfolio	1	0	34	33	42	110	445	4.05	1
Expert Advice	7	16	27	29	31	110	391	3.55	6
Product with Tax Benefit	6	11	34	35	24	110	390	3.55	7

HI: Highly Important, IM: Important, MI: Moderately Important, LI: Less Important, NI: Not at all important.

Source: Primary Data

Table 9 shows the perception of the investors regarding factors considered by them while choosing any mutual fund scheme or assets management company. Investors are asked to indicate the importance of the above 8 factors on the Point 5 Likert scale. The ranking is given to these 8 factors based on the Mean. It is clear from the above table that with the highest mean score of 4.05 and 4.03, the scheme’s

portfolio and past track record of the performance of a particular mutual fund scheme were considered as most important factors by investors when it comes to purchasing mutual fund scheme. These were followed by fund reputation, scheme’s expense ratio, expert advice, tax benefit, and entry and exit load of the fund.

Table 10: Factors Preventing People to invest in Mutual Funds

Selection criteria	No. of Respondents					Total	Total Score	Weighted Mean	Rank
	NI W=1	LI W=2	MI W=3	IN W=4	EI W=5				
Lack of Knowledge	0	2	4	33	60	110	492	4.47	1
High Risk	1	18	26	33	32	110	407	3.70	2
Not Satisfactory Returns	12	30	32	28	8	110	320	2.91	4
Inefficient Investment Advisors	5	11	23	47	24	110	404	3.67	3

EI: Extremely Influential, IN: Influential, MI: Moderately Influential, LI: Less Influential, NI: Not at all Influential. **Source:** Primary Data

Table 10 shows the respondents’ opinions regarding the factors preventing people to invest in mutual funds. It is

clear from the above table that investors perceived that lack of knowledge is the most significant reason responsible for the lack of popularity of mutual funds among people. Secondly, due to people associating mutual funds with a high-risk financial instrument they fear putting their money in mutual funds. Inefficient financial advisers were considered the third major by respondents. Not satisfactory returns generated by mutual funds were considered the most little influential reason for investors that is responsible for the lack of popularity of mutual funds among people.

Table 11: Satisfaction Level of Mutual Fund Investors

Satisfaction Level	No. of Respondents	Percentage
Highly Satisfied	31	27.3
Satisfied	67	60.6
Average	10	10.6
Dissatisfied	0	0
Highly Dissatisfied	2	1.5

Source: Primary Data

Table 11 shows the satisfaction level of the mutual fund investors with their investment in mutual funds. As above table and figure indicate that a large majority of investors were satisfied with their investment in mutual funds which is a very good sign for the mutual fund industry. Nearly 60% of investors were satisfied with their investment in the mutual fund. 27 percent of investors are highly satisfied. And nearly 10 percent of investors had average investment experience with a mutual fund. Less than 2 percent of investors had a bad experience with mutual funds.

Findings and Suggestions

Based on the empirical investigation the following evidence is found;

- i) Majority of investors considered higher returns as the most important factor while making an investment followed by the safety of the investment and liquidity, while marketability was not given much importance by investors.
- ii) Majority of the investors perceived mutual funds as moderately risky investment option.
- iii) Banks were found the most influential information source that peruses the investors to make the investment in mutual funds followed by financial advisers.
- iv) Investors prefer to invest their money in open-ended equity funds as compared to hybrid and debt funds.
- v) Nearly all the investors have invested their money in mutual funds through a systematic investment plan (SIP).
- vi) Scheme's portfolio and investment track record were found key decider for choosing mutual fund scheme.
- vii) Return potential and professional management were perceived as the most alluring features of mutual funds.
- viii) Nearly all the investors were found satisfied with their investment in mutual funds, finally, while considering the popularity of mutual funds then it is found that lack of knowledge is the most significant reason behind less popularity of mutual funds amongst people.

Based on the analysis and findings of the study following suggestions would help the mutual fund industry and as well as mutual fund investors;

- (i) Proper information should be provided by mutual fund

companies and brokers to the investors so that they get to know clearly about the functioning of the mutual funds.

- (ii) Because of safety need of the investors and dominance of equity schemes in the market there is a vast possibility for deb oriented schemes in the future, so more emphasis should be given to debt schemes.
- (iii) It is very important for the fund houses to keep track on changing investors' behavior so that mutual fund companies also adopt those changes in their schemes
- (iv) It is found in the study that the most important reason due to that people stay away from mutual funds is lack of awareness. So mutual fund companies, SEBI, and AMFI should organize more investors' awareness programs, and finally, feedback should be taken from existing investors at regular intervals. Investors' complaints should be given priority.

Conclusion, research implications and scope for further research

In this paper an attempt is made to study the perception of mutual fund investors regarding factors considered by investors while choosing a mutual fund scheme, investors' opinion regarding the most alluring feature of the mutual fund, and investors' opinion regarding preventive factors responsible because of which the investors remain away from mutual fund industry. In this study, various other aspects were also studied including factors considered by investors while investing their money, risk perception of investors regarding mutual funds, information sources influencing investors to make purchase decisions regarding mutual funds, mutual fund scheme preference among investors, the preference among investors regarding investment mode of mutual funds preference among investors regarding mutual fund purchase source, investors' investment experience with mutual funds. Primary data from a sample of 110 investors in Shimla town has been gathered to analyze the opinions of investors about mutual funds. Only those individual investors are taken in the sample who have presently invested their money in the mutual fund. Overall it is observed from the study that investors want to invest in mutual funds, especially in open-ended equity mutual funds but, are also afraid of risk as most of the investors prefer to take moderate risks. It is also inferred that most investors prefer to invest in SIPs.

Research implications

Since then, research has been necessary to examine how investors in Shimla perceive mutual funds. It will assist the mutual fund providers in determining the perspective and level of investor awareness, and it will enhance mutual fund marketing in Shimla town. This study will be helpful for mutual fund companies in planning, introducing new types of plans, and to add new customers by focusing on the various reasons, identified in the study, responsible for the low investment in mutual funds.

Scope for future research

Examining the performance of various mutual fund schemes is the key area for future research in this region. The data for this study is collected between the months of October-November 2019, covid-19 pandemic period isn't taken into consideration which can be also a significant area of research. This study collected data from only those people

who have invested in mutual funds and living in Shimla city of Himachal Pradesh. So any further extension beyond these limitations could be an area for research for future researchers. SEBI categorized mutual fund schemes in 2017 based on risk, evaluating the mutual funds' schemes based on these categorizations could be a topic of great interest for future research.

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