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FACTORS INFLUENCING MUTUAL FUND INVESTMENT DECISIONS AMONG INDIVIDUAL INVESTORS: A STUDY ON CHHATTISGARH

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Abstract:
Mutual funds have become an important investment option for individual investors in India. However, several financial and behavioural factors influence investment decisions. The present study aims to identify the factors influencing mutual fund investment decisions among individual investors in the Durg-Bhilai region of Chhattisgarh. The study is descriptive in nature and is based on both primary and secondary data. Primary data were collected from 80 individual investors using a structured questionnaire through convenience sampling. The collected data were analysed using frequency, percentage, mean, standard deviation, and a one-sample t-test. The findings revealed that expected return, professional fund management, and past performance were the major factors influencing mutual fund investment decisions. The statistical analysis indicated that the selected factors had a significant influence on investment decisions. The study concludes that investor education and transparent financial information can improve investment decisions and encourage greater participation in mutual fund investments. The findings may be useful for mutual fund companies, financial institutions, and policymakers in developing effective investor education strategies.

Keywords: Mutual Funds, Investment Decision, Individual Investors, Expected Return, Durg-Bhilai, Chhattisgarh.

Introduction

Mutual funds have become one of the fastest-growing investment options in India. They provide an opportunity for individual investors to invest in a diversified portfolio managed by professional fund managers. Mutual funds are suitable for investors who want to participate in financial markets but do not have sufficient knowledge or time to manage their investments directly. The Indian mutual fund industry has witnessed significant growth during the last decade. Increasing financial literacy, digital investment platforms, easy online transactions, and investor awareness campaigns have encouraged more people to invest in mutual funds. The Association of Mutual Funds in India (AMFI) and the Securities and Exchange Board of India (SEBI) have also taken several initiatives to educate investors and promote mutual fund investments.

Although awareness regarding mutual funds has improved, investors do not make investment decisions based on awareness alone. Their decisions are influenced by several factors such as expected return, level of risk, liquidity, tax benefits, professional fund management, investment objectives, and recommendations from financial advisors. Personal characteristics such as age, education, income, and investment experience also influence investment decisions. The Durg-Bhilai region is one of the major industrial and commercial centres of Chhattisgarh. The region has a large number of salaried employees, business owners, professionals, and young investors who have access to modern banking and investment facilities. However, there is limited research examining the factors that influence mutual fund investment decisions among individual investors in this region. Therefore, the present study attempts to identify the major factors influencing mutual fund investment decisions among individual investors in the Durg-Bhilai region of Chhattisgarh. The findings may help financial institutions, mutual fund companies, and policymakers understand investor preferences and develop suitable investment awareness programmes.

2. Literature Review

1. **Capon, Fitzsimons, and Prince (1996)** found that investment decisions are influenced by expected returns, financial goals, and the amount of information available to investors. The study suggested that investors evaluate different factors before selecting an investment option.
2. **Barber and Odean (2001)** reported that individual investors often make investment decisions based on their confidence, past experiences, and available information. The study highlighted the importance of investor behaviour in financial decision-making.
3. **Kumar and Goyal (2015)** reviewed studies on investment behaviour and concluded that demographic characteristics, financial knowledge, risk perception, and expected returns influence investment decisions.
4. **Jain and Kothari (2018)** observed that expected return, professional fund management, and diversification were important reasons for investing in mutual funds. The study also reported that investors preferred schemes that matched their financial goals.
5. **Raut (2020)** found that financial literacy, digital investment platforms, and ease of investment positively influenced mutual fund investment decisions among retail investors.
6. **Bhuvana and Vasantha (2021)** reported that risk perception, investment objectives, and tax-saving benefits significantly influenced mutual fund investment decisions. The study recommended improving investor education to support better financial decisions.
7. **Sharma and Gupta (2022)** concluded that financial literacy and awareness programmes improve investor confidence and encourage participation in mutual fund investments. The study suggested that informed investors make better investment decisions.
8. **Association of Mutual Funds in India (2024)** reported continuous growth in the mutual fund industry due to increasing investor participation, digital accessibility, and awareness campaigns. The report also highlighted the growing popularity of Systematic Investment Plans (SIPs).

3. Research Gap

Earlier studies have examined investor behaviour and mutual fund investment decisions in different parts of India. Most of these studies focused on metropolitan cities or specific states. Very few studies have examined the factors influencing mutual fund investment decisions among individual investors in the Durg-Bhilai region of Chhattisgarh. Therefore, the present study attempts to identify the major factors that influence mutual fund investment decisions in this region.

4. Objectives of the Study

1. To identify the major factors influencing mutual fund investment decisions among individual investors in the Durg-Bhilai region of Chhattisgarh.
2. To examine the influence of selected demographic variables on mutual fund investment decisions.

5. Hypotheses

H01: The selected factors do not significantly influence mutual fund investment decisions among individual investors.

H02: There is no significant association between selected demographic variables and mutual fund investment decisions.

6. Research Methodology

The present study is descriptive in nature and aims to identify the factors influencing mutual fund investment decisions among individual investors in the Durg-Bhilai region of Chhattisgarh. The study is based on both primary and secondary data. Primary data were collected through a structured questionnaire consisting of demographic questions and statements related to factors affecting mutual fund investment decisions. Secondary data were collected from books, research articles, reports of the Securities and Exchange Board of India (SEBI), the Association of Mutual Funds in India (AMFI), and other published sources. Convenience sampling was used to select the respondents because of its simplicity and accessibility. A total of 80 individual investors from the Durg-Bhilai region participated in the study. The collected data were coded and analysed using Microsoft Excel. Simple statistical tools such as frequency, percentage, mean, standard deviation, and a one-sample t-test were used to analyse the data. The findings are presented in tabular form for easy interpretation.

Area of the Study

Durg-Bhilai Region, Chhattisgarh.

Sample Size

80 Individual Investors.

Sampling Technique

Convenience Sampling.

Sources of Data

- Primary Data: Structured Questionnaire.
- Secondary Data: Books, Journals, SEBI Reports, AMFI Reports and published literature.

Statistical Tools

- Frequency
- Percentage
- Mean
- Standard Deviation
- One-Sample t-test

Limitation of the Study

The study is limited to 80 individual investors from the Durg-Bhilai region of Chhattisgarh. Therefore, the findings cannot be generalised to all mutual fund investors in India.

7. Results and Discussion

Table 1 Demographic Profile of the Respondents (N = 80)

Variables	Categories	Frequency	Percentage
Gender	Male	46	57.5
	Female	34	42.5
	Total	**80**	**100**
Age	Below 30 Years	22	27.5

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	30–45 Years	39	48.8
	Above 45 Years	19	23.7
	Total	**80**	**100**
Occupation	Salaried	41	51.3
	Business	24	30
	Others	15	18.7
	Total	**80**	**100**

Interpretation

The majority of respondents were male (57.5%). Nearly half of the respondents belonged to the age group of 30–45 years. Most respondents were salaried employees, indicating that regular income may encourage investment in mutual funds.

Table 2 Factors Influencing Mutual Fund Investment Decisions

Factors	Mean Score	Rank
Expected Return	4.18	I
Professional Fund Management	4.02	II
Past Performance	3.95	III
Risk Level	3.84	IV
Tax Benefits	3.72	V
Liquidity	3.58	VI

Interpretation

Expected return was the most important factor influencing mutual fund investment decisions, followed by professional fund management and past performance. Liquidity received the lowest mean score, indicating that it was comparatively less important than other factors.

Table 3 One-Sample t-test

Test Value	Mean	t-value	p-value	Decision
3	3.88	9.27	<0.001	Reject H_0

Interpretation

Since the p-value is less than 0.05, the null hypothesis is rejected. The findings indicate that the selected factors have a significant influence on mutual fund investment decisions among individual investors in the Durg-Bhilai region.

8. Discussion

The present study examined the factors influencing mutual fund investment decisions among individual investors in the Durg-Bhilai region of Chhattisgarh. The findings revealed that expected return was the most important factor influencing investment decisions. Professional fund management and past performance of mutual fund schemes were also important considerations for investors. Risk level, tax benefits, and liquidity also influenced investment decisions, although to a comparatively lesser extent.

The results are similar to earlier studies, which reported that expected return, risk, and professional management play an important role in mutual fund investment decisions (Kumar & Goyal, 2015; Jain & Kothari, 2018). The findings also indicate that investors prefer mutual fund schemes that offer stable returns and are managed by experienced fund managers.

The statistical analysis showed that the selected factors significantly influenced mutual fund investment decisions. Therefore, financial institutions and mutual fund companies should provide clear and reliable information about investment returns, risks, and fund performance. Investor education programmes can further improve investment decisions and encourage long-term participation in mutual fund investments.

9. Conclusion

The study identified the major factors influencing mutual fund investment decisions among individual investors in the Durg-Bhilai region of Chhattisgarh. The findings revealed that expected return, professional fund management, and past performance were the most important factors considered by investors while selecting mutual fund schemes.

The study concludes that investment decisions are influenced by both financial and behavioural factors. Mutual fund companies should provide transparent information and strengthen investor education programmes to improve confidence among investors. Better financial knowledge and easy access to investment information may encourage more people to participate in mutual fund investments.

10. Limitations of the Study

1. The study is limited to the Durg-Bhilai region of Chhattisgarh.
2. The sample size was limited to 80 respondents.
3. Convenience sampling was used for data collection.
4. The study considered only selected factors influencing mutual fund investment decisions.

11. Future Scope of the Study

Future studies may include larger sample sizes and cover different districts or states for comparison. Researchers may also examine the impact of financial literacy, digital investment platforms, and behavioural biases on mutual fund investment decisions. Advanced statistical techniques may also be used to obtain more detailed findings.

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