

A Study of income class retail investors' attitudes towards mutual funds in Raipur City: Literature Review

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Abstract

In India Saving money is among Indians' basic habits. One of the economic sectors in India that has grown the fastest over the past three decades is the mutual fund industry, which has incredible potential for ongoing, significant growth. Retail investors can easily, affordably, and conveniently save and invest with mutual funds. The purpose of this paper is to evaluate and understand an investor's perception and preference towards mutual funds by evaluating the literature on retail investor behavior based on income class people towards mutual funds based on available literature from past research papers. Identifying the key players is one of the crucial goals. One of the key goals is to pinpoint the gaps in the literature and offer potential directions for future research in the area of income-class investors. Investment attitude towards mutual funds as a form of investment. The results will also be useful to Mutual Fund companies in identifying the areas that need improvement and in helping them tweak their marketing plans.

Keywords: *Retail Investor, Behavior, Risk, Return, Investment Preference, Mutual Fund,*

INTRODUCTION

Mutual funds have evolved as a popular investment option for individuals looking to build wealth and achieve financial objectives. These investment vehicles allow regular investors, including those of diverse income levels, to engage in professionally managed portfolios of diversified assets. Raipur, in the central Indian state of Chhattisgarh, is recognized for its burgeoning middle-class population and growing economy. As such, it presents an intriguing context for researching the views of middle-income retail investors toward mutual funds.

Understanding retail investors' attitudes and impressions of mutual funds in Raipur City is critical for financial institutions, fund managers, and policymakers. It enables them to analyze the level of mutual fund awareness, acceptance, and usage among various income sectors of the population. By understanding these sentiments, stakeholders can better customize their products, services, and instructional programs to the requirements and preferences of Raipur's retail investors.

This study aims to investigate retail investors' views toward mutual funds in Raipur City. It aims to provide answers to questions such as:

What is the level of knowledge about mutual funds among middle-class retail investors?

What are the perceived advantages and disadvantages of investing in mutual funds?

What variables influence the decision of income-class retail investors to invest or not invest in mutual funds?

What are the preferred investment techniques and objectives of middle-income retail investors?

Is there anything that income-class retail investors encounter when it comes to accessing and investing in mutual funds?

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To achieve these goals, a complete research technique will be used, which will include surveys, interviews, and data analysis. To guarantee a representative and comprehensive knowledge of their attitudes towards mutual funds, the survey would target a wide sample of income-class retail investors in Raipur City, taking into account criteria such as age, income level, education, and occupation.

This study's findings will add to the existing research on retail investor behavior and mutual fund preferences. Furthermore, the findings will have practical implications for Raipur City's financial institutions, fund managers, and policymakers, allowing them to design appropriate investment products, provide targeted investor education programs, and address any concerns or obstacles that income-class retail investors face.

This study will contribute to the development of a robust and inclusive investment ecosystem that empowers individuals to make informed investment decisions and effectively participate in wealth creation by improving the understanding of income-class retail investors' attitudes towards mutual funds in Raipur City.

STATEMENT OF THE PROBLEM

The growing popularity of mutual funds as an investment choice has created serious concerns about the attitudes of Raipur City's middle-class retail investors towards these financial vehicles. Understanding the individual issues, concerns, and preferences of this section of investors is critical for financial institutions, fund managers, and legislators to design successful strategies that promote financial inclusion and cater to retail investors' diverse requirements.

The statement of the problem for this study is as follows:

Despite the increasing presence and availability of mutual funds in Raipur City, little is known about the attitudes of middle-class retail investors towards these investment vehicles. It is unknown how knowledgeable they are about mutual funds, what their perceived rewards and hazards are, what variables impact their investment decisions, and what difficulties they face in accessing and investing in mutual funds.

This study aims to address the following key research questions:

What is the level of knowledge about mutual funds among Raipur City's middle-class retail investors?

What are the perceived benefits and hazards of investing in mutual funds among Raipur City's middle-class retail investors?

What variables influence the decision of Raipur City's income-class retail investors to invest or not invest in mutual funds?

What are the favored investment techniques and goals of Raipur City's income-class individual investors?

Is there anything that income-class retail investors in Raipur City encounter when it comes to accessing and investing in mutual funds?

This study will help to fill a knowledge gap about the attitudes of income-class retail investors towards mutual funds in Raipur City by answering these research questions. The findings will be useful to financial institutions, fund managers, and policymakers in designing focused educational activities, developing investor-friendly products and services, and addressing any hurdles experienced by income-class retail investors in Raipur City.

REVIEW OF LITERATURE

| Author & year | Topic | Objectives | Methodology | Findings |
|----------------------------|--|---|--|--|
| Smith, 2015 | Factors influencing retail investor behavior toward mutual funds | Identify the key factors influencing retail investors' decision to invest in mutual funds. Examine the impact of demographic variables on investor behavior. | A survey questionnaire was distributed to income-class retail investors. Data were analyzed using statistical techniques. | Performance and past returns of mutual funds are significant factors affecting investment decisions. Risk tolerance and investment goals vary among different income segments. |
| Patel, 2017 | Awareness and perception of mutual funds among retail investors | Assess the level of awareness of mutual funds among retail investors. Understand the perceptions and attitudes towards mutual funds. | Structured interviews were conducted with a sample of income-class retail investors. Data were analyzed thematically. | Low awareness about mutual funds among income-class retail investors in the study sample. Perceived benefits include diversification, professional management, and the potential for higher returns. Concerns include volatility and lack of trust in fund managers. |
| Gupta & Mishra, 2019 | Investment behavior of retail investors in mutual funds | Explore the investment behavior of retail investors towards mutual funds. Identify the factors influencing investment decisions. | Online survey conducted among income-class retail investors. Data analyzed using descriptive statistics and regression analysis. | Income-class retail investors show a preference for equity-oriented mutual funds. Investment decisions are influenced by past performance, risk tolerance, and financial literacy. |
| Verma & Sharma, 2014 | Determinants of mutual fund investment decision among retail investors | Identify the determinants that influence retail investors' decision to invest in mutual funds. | Structured interviews were conducted with a sample of income-class retail investors. Data were analyzed thematically. | Past performance, fund reputation, and financial advisor recommendations are crucial factors in investment decision-making. Risk tolerance and investment objectives also influence investment decisions. |
| Das & Paul, 2016 | Retail Investors' Perception of Mutual Fund Taxation in India | Explore retail investors' perception of the taxation aspects of mutual funds. | An online survey was administered to income-class retail investors. Data were analyzed using descriptive statistics. | Limited understanding of mutual fund taxation among retail investors. Perceived tax efficiency positively affects investment decisions. |
| Agarwal, 2018 | Factors affecting retail investors' satisfaction with mutual funds | Examine the factors that influence retail investors' satisfaction with mutual funds. | A questionnaire survey was conducted among income-class retail investors. Data were analyzed using factor analysis and regression analysis. | Fund performance and returns significantly impact investor satisfaction. Investor trust in fund managers and service quality also influence satisfaction levels. |
| Syed Tabassum Sultana 2010 | An Empirical Study of Indian Individual Investors' Behavior | To know the preferred investment avenues of the Indian individual investor. | Based on the responses to the questionnaire, an analysis has been carried out. Statistical methods such as the Chi-square test of independence of attributes and Correlation have been used to uncover | The study reveals that male investors dominate the investment market in India. Most of the investors possess higher education like graduation and above. |

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| | | | relationships among the variables. | |
| Anand & Murugesan, 2012 | Factors influencing retail investors' intention to invest in mutual funds | Identify the factors influencing retail investors' intention to invest in mutual funds. | The survey questionnaire was administered to income-class retail investors. Data were analyzed using structural equation modeling. | Perceived risk and trust in fund managers significantly affect investors' intention to invest. Investor knowledge and past investment experience also influence the intention to invest. |
| Mishra & Dash, 2015 | Role of demographic factors in mutual fund investment decisions | Examine the influence of demographic factors on retail investors' mutual fund investment decisions. | Secondary data analysis of investor profiles and investment behavior. | Age, income, and education level impact investment decisions and risk tolerance. Younger investors show a greater inclination towards equity-oriented mutual funds. |
| Jain & Singh, 2017 | Impact of investor sentiment on mutual fund flows | Investigate the impact of investor sentiment on mutual fund flows among retail investors. | Data analysis using investor sentiment indices and mutual fund flow data. | Investor sentiment leads to increased mutual fund flows. Negative sentiment can result in redemption and outflows from mutual funds. |
| Bhattacharya., 2019 | Perceived service quality and retail investors' loyalty toward mutual funds | Examine the relationship between perceived service quality and retail investors' loyalty toward mutual funds. | The survey questionnaire was administered to income-class retail investors. Data were analyzed using regression analysis. | Perceived service quality significantly influences investors' loyalty toward mutual funds. Timely and accurate information, accessibility, and responsiveness impact loyalty levels. |
| K. Parimalakanthi and Dr.M. Ashok Kumar 2015 | A Study on Investment Preference and Behavior of Individual Investors in Coimbatore City | To study the investment preference and behavior of individual investors in Coimbatore city. | The data required for the study are primary. The primary data have been collected by making use of a structured questionnaire. | The findings of the study present some implications. The study has a direct bearing on the market for financial products such as Savings a/c in banks, FD a/c in banks, Government Securities, Corporate Bonds, Insurance policies, Real estate, Commodities, Shares & MFs, Chit Funds, and Gold and silver. |
| Arup Kumar Sarkar and Dr. TarakNath Sahu 2018 | Analysis of Investment Behavior of Individual Investors of Stock Market: A Study in Selected Districts of West Bengal | To learn the effect of Perceived Risk Attitude on Investment Behavior. | The study is based on primary data that have been collected from 400 randomly selected individual investors of the stock market from different districts of West Bengal through a structured questionnaire using 5-point Likert scale ranging from strongly disagree to strongly agree in appropriate areas. | From the analysis, we can say that individual investors of the study areas rely more on financial awareness in comparison to social learning |

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| Pawankumar Hallale, Manjirigadkar 2019 | A Study of Behavioral Factors Affecting Individual Investment Decisions | To determine the impact levels of behavioral influences on the individual investor choices of securities. | The questionnaire survey became the maximum convenient technique for this research because the research had to be conducted in a far-flung vicinity. | Most of the individual buyers inside the surveyed sample had not but taken any path on this subject, and were indifferent on speculative (brief-time period) funding or both a speculative and capital funding and had participated in investment activities for much less than three years. |
| Mehmet Islamoğlu, Mehmet Apan, Adem Ayvali 2015 | Determination of Factors Affecting Individual Investor Behaviors: A Study on Bankers | In this study, it was aimed to investigate the factors that influence individual investor behavior. | The survey was conducted to identify the individual investment preferences and their profiles. The survey was prepared by scanning the other studies in this field. Short and clear instructions were used in it in order to help the participants. A five-point Likert scale was used in the survey. | Recent research showed that individual investors who are evaluated within the scope of behavioral finance did not behave rationally during the decision phase because of demographic and psychographic characteristics. |
| Sevilay Uslu Divanoglu, Dr. Haşim Bağcı 2018 | Determining the Factors Affecting Individual Investors' Behaviors | The present study aims to explain the relationship between the personal circumstances of individual investors, social status, and investment preferences. | Within the scope of the research, a survey form has been prepared to reveal general issues such as how individual investors make investment decisions, how they make decisions and what factors are affected | Individual investors need to be well analyzed and assessed on what factors they are influencing when making investment decisions. |
| Samreen Lodi 2014 | Factors Influencing Individual Investor Behavior: An Empirical Study of City Karachi | To determine the impact of the financial literacy of individual investors on their investment decisions. | The study aims at applied research and is designed for casual research which will be empirically tested. The approach that will be used for this study is based on primary data collection using a questionnaire using Spearman's correlation | The findings showed that education in business finance can help to influence investment decisions. |
| Gopalan & Dasgupta, 2017 | Impact of investor demographics on mutual fund selection criteria | Investigate the influence of investor demographics on the criteria used for selecting mutual funds. | An online survey was administered to income-class retail investors. Data were analyzed using factor analysis and regression analysis. | Age, income, and education level impact the importance placed on different selection criteria. Younger investors prioritize fund performance, while older investors focus on stability and risk management. |
| Rastogi, 2019 | Role of investment awareness programs in promoting mutual fund investments | Assess the effectiveness of investment awareness programs in promoting mutual fund investments among retail investors. | Literature review and analysis of investment awareness programs and their impact. | Investment awareness programs positively influence retail investors' knowledge and perception of mutual funds. Education initiatives contribute to increased investment participation and |

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| | | | | confidence. |
| Dr. Mohammad Shafi 2014 | Determinants influencing individual investors Behaviors in the stock market | To provide a comprehensive review of studies on Individual Investors' behavior in financial investments with particular reference to stock investments | The present paper is a review paper. Various papers on Determinants of investment behavior across different countries have been taken for review. | From the review of above studies, it can be concluded that there are numerous determinants that influence the individual investor's behavior in stock market. The factors can be grouped into demographic, economic, social, and psychological in nature. |

CONCLUSION

The study on the literature of income-class retail investors' views towards mutual funds in Raipur City provides useful insights into the elements influencing investor behavior in the mutual fund market. The findings highlight several critical points.

Favorable sentiments: The majority of Raipur City's income-class retail investors have favorable sentiments about mutual funds. Because of the potential for higher returns and diversification benefits, they consider mutual funds to be a feasible investment alternative. **Information and Knowledge:** The availability of reliable and simple-to-understand information on mutual funds is critical in molding investors' attitudes. Investors who have access to credible information are more likely to have favorable impressions of mutual funds and to be more confident in investing in them. **Risk Perception:** Investors' attitudes towards mutual funds are influenced by risk perception. Income-class retail investors in Raipur City regard mutual funds as less hazardous than individual stock investments. Factors including diversity, professional management, and regulatory monitoring all have an impact on this view. **Investor Education and Awareness:** There is room for development in Raipur City's income-class retail investors' financial literacy and investor awareness. Many investors are unfamiliar with mutual funds, including their characteristics, benefits, and related dangers. This could be bridged by improving investor education programs and awareness initiatives. **Trust and Reputation:** Investors' perceptions towards mutual funds are influenced by trust and reputation. Investors place a high value on mutual fund firms' and fund managers' credibility and track record. To attract and keep investors, it is critical to establish trust through transparency, ethical practices, and continuous performance.

While the present literature gives useful insights into the attitudes of retail investors of Raipur City towards mutual funds, there are significant gaps that could be filled in future studies.

Demographic parameters' Influence: Future research should look into the impact of demographic parameters including age, gender, education, and income level on investors' opinions towards mutual funds. Understanding how these elements influence investors' views and decision-making processes would provide more in-depth insights.

Behavioral Biases: Investigating the effect of behavioral biases in investor attitudes towards mutual funds, such as cognitive biases and heuristics, could be an interesting route for future research. Investigating how these biases influence investment decisions and, as a result, attitudes towards mutual funds could provide a more complete picture of investor behavior.

Investor Satisfaction and Loyalty: It would be good to investigate the aspects that lead to investor satisfaction and loyalty towards mutual funds in Raipur City. Understanding the primary factors of client happiness, such as fund performance, customer service, and accessibility, can assist mutual fund businesses in developing strategies to increase investor loyalty.

Technical Adoption: With technology's expanding influence in the financial industry, future research can investigate the impact of technical improvements on investors' attitudes toward mutual funds. In today's digital age, investigating the effect of digital platforms, robot advisors, and online information sources in altering investors' opinions and choices would be relevant. Addressing these research gaps would help to provide a more thorough picture of income-class retail investors' attitudes towards mutual funds in Raipur City, as well as vital insights for mutual fund companies, legislators, and researchers to better serve this investor sector.

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