

A Study on Student's Behaviour towards Mutual Funds

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Abstract—This research paper examines the attitudes, behaviors, and perceptions of Indian students towards mutual fund investments. As the Indian financial market grows, mutual funds have become an increasingly popular investment option. However, there is a lack of understanding, especially among students in the formative years of financial independence, about participating in and viewing these financial products. The aim of this study is to assess the knowledge, experience, and interest levels of Indian students in the field of integration, identify the factors affecting their capacities, and explore the challenges facing their participation in mutual investment. Based on a survey conducted among university students across India, the paper highlights the need for improving financial literacy and education levels to increase participation among the youth.

Keywords—Mutual Funds, student behaviour, investment, financial literacy, India, investment behaviour, financial education.

I. INTRODUCTION

The business culture in India is changing, especially with the rise of the middle class and the youth looking for ways to increase their wealth. Mutual funds are a good investment option for young investors as they offer diversification, professional management and lower risk compared to direct investments. However, despite the growing market share, students, who constitute a significant portion of the Indian population, are not being fully utilized. The purpose of this paper is to examine the perceptions, attitudes and behaviors of Indian students towards sharing money. The study examines the impact of factors such as financial literacy, risk aversion, income level and educational background on students' willingness to invest together in mutual funds.

II. LITERATURE REVIEW

Although the return on investment in funds is good, many students hesitate to invest due to misconceptions and lack of trust in financial institutions. The study by Reddy and Reddy (2014) suggests that financial

education can bridge these gaps, leading to better understanding and greater participation.

Financial literacy plays a significant role in shaping investment behavior. According to Prabhakaran and Suresh (2013), lack of financial literacy in India is the biggest barrier to investing in mutual funds. Students who are in the initial stages of their financial journey often lack the knowledge required to understand financial products like mutual funds (Sivanandan & Mani, 2018).

Importance of increasing mutual aid and cooperation. However, risk aversion continues to be a challenge for this demographic group as students tend to prioritize saving more due to their low income (Garg, 2019).

Agarwal & Singh (2021) examined how a student's family background affects their investment behaviours, especially regarding mutual funds in India. They highlighted the importance of family financial literacy and socioeconomic status in influencing investment choices.

Bhat & Singh (2019) highlighted the demographic factors that contribute to mutual fund investments among Indian students, focusing on familial and educational backgrounds.

Chand & Bhattacharya (2018) examined gender differences in investment behavior among students, showing that males tend to be more confident and active investors in mutual funds than females. The study suggests cultural and social influences play a significant role in shaping these gender disparities in the investment market.

Financial literacy is frequently mentioned as a key factor influencing student investment behaviour. Chopra & Gupta (2020) discussed the connection between financial literacy and investment patterns in mutual funds, showing that better financial understanding leads to more informed and cautious investment choices.

Kumar & Joshi (2021) further supported this by examining how financial literacy directly impacts university students' decision-making in mutual fund investments. They found that students with higher

financial literacy were more likely to engage in informed investing behaviour.

The role of psychological factors and risk perception is crucial in understanding investment behaviour. Ghosh & Bandyopadhyay (2019) explored the relationship between students' risk perceptions and their investment choices, demonstrating that risk-averse students are less likely to invest in mutual funds.

Joshi & Reddy (2020) also delved into the psychological aspects, suggesting that emotional factors and perceptions of financial security drive Indian students' investment decisions more than rational analysis.

Both Chand & Bhattacharya (2018) and Ghosh & Bandyopadhyay (2019) explored how students assess the risk and return of mutual funds before making investment decisions. These studies highlighted the varying levels of risk tolerance among students, with some willing to take higher risks for higher returns, while others preferred safer, more stable investments.

The influence of behavioural economics in student investment choices is another critical area. Bhat & Singh (2019) and Nagarajan & Kumar (2017) provided insights into how cognitive biases and heuristics shape investment behaviours, often leading to suboptimal investment decisions.

III. RESEARCH METHODOLOGY

This research uses a survey-based approach to study student's behaviour towards mutual fund investments in India. The primary objective is to assess their knowledge, attitudes, and investment behaviour regarding mutual funds. The study involved distributing a structured questionnaire to students across various universities in India, representing diverse socio-economic backgrounds. A total of 116 responses were collected, yielding a response rate of 71.4%.

The questionnaire covered:

- Awareness and Knowledge: Student's understanding of mutual funds, types of funds, and their benefits.
- Investment Behaviour: Whether students have invested in mutual funds, and if not, reasons for their lack of investment.
- Demographic Information: Age, gender, academic discipline, and monthly income (if any).
- Risk Tolerance: Student's preference for low, moderate, or high-risk investments.

IV. RESULTS

- Awareness and Knowledge:

According to the survey, 68% of students have heard about mutual funds, and most (55%) got the information from friends, family, or social media. However, only 30% of students had a basic understanding of how mutual funds work. Most respondents were unaware of key concepts such as net asset value (NAV), expense ratios, and systematic investment plans (SIPs).

- Investment Behaviour:

Only 18% of the respondents have invested in mutual funds. Among investors, most people prefer mutual funds, followed by hybrid funds. The most common reason for not investing in mutual funds, which accounts for 42% of students who do not invest, is lack of knowledge. Other issues include difficulty with vision (35%), concerns about business risk (30%), and the feeling that mutual funds require a lot of money to start investing (28%).

- Risk Tolerance:

Most students are in the low-risk group. 58% of students prefer low-risk investments, while only 5.8% accept high-risk investments. This coincides with the economic insecurity that most students experience due to being financially dependent on their families or having low income.

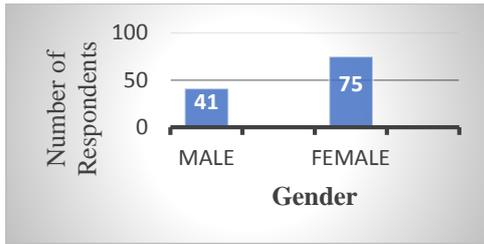
- Demographics and Investment Behaviour:

College students pursuing trade and finance-associated stages confirmed better levels of attention approximately mutual finances (46.2%) in comparison to students from other disciplines, along with arts and engineering. In terms of earnings, college students with component-time jobs or pocket cash had been much more likely to invest in mutual price range than those without any private profits.

V. DATA ANALYSIS & INTERPRETATION

Sr. No	Gender	No. of respondents	Percentage
1	Male	41	47.56
2	Female	75	87
Total		116	100

Table No.1

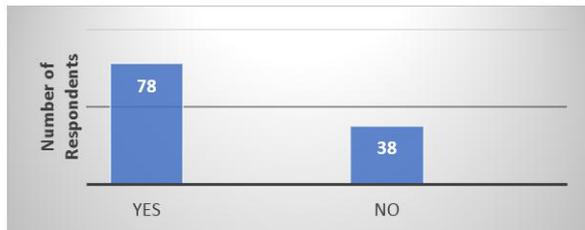


INTERPRETATION: In the above the graph as you can that there is total 116 respondents where there are 41 males with 47.56% and 75 females with 87%.

Do you make Investment?

Sr. No	Options	No. of respondents	Percentage
1	Yes	78	90.48
2	No	38	44.08
Total		116	100

Table No.2

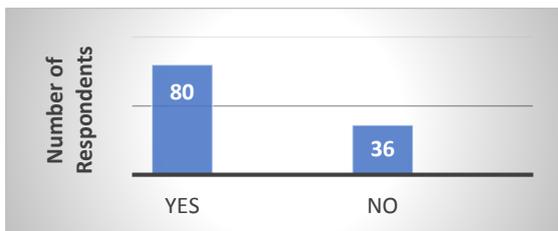


INTERPRETATION: In the above graph you can see that there is total 116 respondents who makes investment. In that 116, 78 are those who make investment with 90.48% and 38 are those who don't make investment with 44.08%.

Are you college going student

Sr. No	Options	No. of respondents	Percentage
1	Yes	80	92.8
2	No	36	41.76
Total		116	100

Table No.3

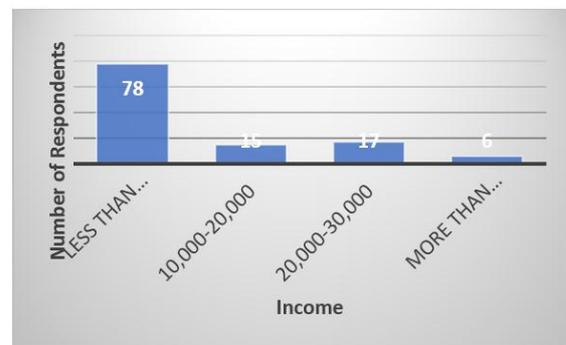


INTERPRETATION: In the above graph you can see that there is total 116 respondents who are college going students. In that 116, 80 are those who are going to college with 92.8% and 36 are those who are going college with 41.76%.

What is your monthly income

Sr. No	Options	No. of respondents	Percentage
1	Less than 10,000	78	90.48
2	10,000-20000	15	17.4
3	20000-30000	17	19.72
4	More than 30000	6	6.96
Total		116	100

Table No. 4

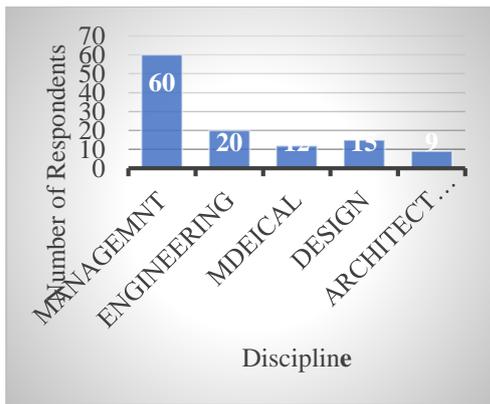


INTERPRETATION: In the above graph you can see that there is total 116 respondents whose income is given. In that 116 respondents 78 are those whose income is less than 10,000 with 90.48%, the income between 10,000-20,000 there are 15 with 17.4%, the income between 20,000-30,000 are 17 with 19.72% and income with more than 30,000 are only 6 with 6.96%.

What is your discipline

Sr. No	Options	No. of respondents	Percentage
1	Management	60	69.6
2	Engineering	20	23.2
3	Medical	12	13.96
4	Design	15	17.4
5	Architecture	9	10.44
Total		116	100

Table No. 5

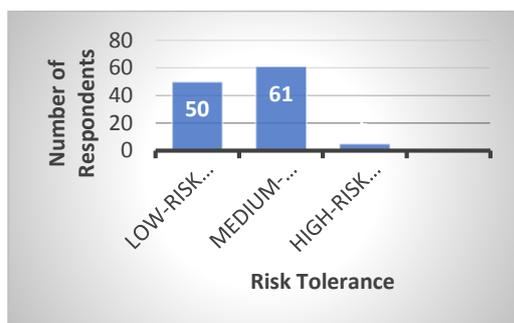


INTERPRETATION: In the above graph we can see that there are various disciplines. In that there 116 total respondents where 60 is from Management, 20 are from Engineering, 12 are from Medical 15 are those who belongs to Design, and there are 6 those who belongs to Architecture.

What type of Risk do you prefer

Sr. No	Options	No. of respondents	Percentage
1	Low-Risk Tolerance	50	58
2	Medium-Risk Tolerance	61	70.76
3	High-Risk Tolerance	5	5.8
Total		116	100

Table No.6



INTERPRETATION: In the above graph as we can see that there is bifurcation of risk tolerance. There was total 116 respondents, from that 50 are considering themselves in low-risk tolerance with 58%, there are 61 those how are considering themselves medium-risk tolerance with 70.76% and there are 5 respondents who consider themselves in high-risk tolerance with 5.8%

What type of Investment do you prefer

Sr. No	Options	No. of respondents	Percentage
1	SIPs	42	48.72

2	Mutual Funds	22	25.52
3	Shares	27	31.32
4	Other	25	29
Total		116	100

Table No.7



INTERPRETATION: In the above graph we can see that there are so much of investment options which are preferred by the respondents. There were total of 116 respondents have given their responses, in that there were 42 respondents who preferred Systematic Investment (SIPs) with 48.72%, there were 22 respondents who prefer to Mutual Funds with 25.52%, there were 27 such respondents who preferred Shares as there investment with 31.32% and there are 25 such respondents who prefers others as there investment options.

VI. FINDINGS

The findings of this study suggest that while there is a basic level of awareness about mutual funds among Indian students, their knowledge of the subject is limited. This lack of understanding is one of the primary factors hindering their participation in mutual fund investments. Additionally, student's risk version, limited disposable income, and perceived complicity of mutual funds play signify roles in shining their investment behaviours.

There is also a notable difference in investment behaviour based on academic disciplines. Students in finance-related courses tend to be more engaged with mutual funds, possibly due to greater exposure to financial concepts during their studies. However, for the general student population, mutual funds are not seen as an accessible investment option, due to misconceptions regarding minimum investment amounts and the complicity of financial markets.

VII. RECOMMENDATIONS

To encourage greater participation in mutual funds among students in India, the following steps are recommended:

- Financial Education Programs:

Universities should include financial literacy courses that address mutual funds and other investment options in their curriculum. This will facilitate understanding of financial concepts and encourage informed decision-making.

- Promoting SIPs:

Systematic Investment Plans (SIPs) can be highlighted as an affordable and accessible way for students to start investing. Financial advisors and institutions can offer student-specific SIP plans with low initial investment amounts to cater to this audience.

- Digital Platform:

Leveraging digital platforms to provide students with easy access to mutual fund investments and education content can help bridge the gap between awareness and action. App and websites should offer simplified interface and easy onboarding processes to encourage first-time investor.

VIII. CONCLUSION

This take a look at highlights that whilst there is consciousness approximately mutual price range among Indian college students, the extent of knowledge remains inadequate, and barriers like threat aversion, perceived complexity, and absence of monetary know-how prevent big funding. by means of addressing those boundaries through cantered financial schooling, universities, economic institutions, and policymakers can inspire greater students to recollect mutual price range as a viable investment option. this can in the end foster a way of life of investment among India's younger population, making sure lengthy-time period economic increase.

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