

A STUDY OF INVESTOR ATTITUDE TOWARDS MUTUAL FUND INVESTMENTS: HDFC BANK

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ABSTRACT

The mutual fund industry has emerged as one of the most preferred investment avenues among retail investors due to its diversified portfolio, professional management, liquidity, and risk-adjusted returns. This study investigates investor attitudes toward mutual fund investments with special reference to HDFC Mutual Fund. The primary objective is to understand the factors influencing investment decisions, risk perception, awareness levels, and demographic influences on investor preferences. A descriptive research design was adopted using both primary and secondary data sources. Primary data were collected through structured questionnaires from 240 respondents selected through simple random sampling. Statistical tools such as percentage analysis were employed to interpret investor behavior. The findings reveal that younger and educated investors exhibit a greater inclination toward mutual fund investments due to better awareness and higher risk tolerance. Factors such as expected returns, safety, liquidity, professional fund management, and tax benefits significantly influence investment decisions. The study also highlights that demographic variables such as age, income, education, and occupation play a crucial role in shaping investment attitudes. HDFC Mutual Fund has gained substantial investor confidence owing to its strong performance and diversified investment schemes. The research concludes that increasing financial literacy and investor awareness can further enhance participation in mutual fund investments and contribute to long-term wealth creation.

Keywords: Mutual Funds, Investor Attitude, HDFC Mutual Fund, Investment Behaviour, Risk Perception, Financial Literacy, Portfolio Diversification, Investment Decision.

I. INTRODUCTION

Investment decisions play a significant role in achieving financial security and wealth creation for individuals. Investment refers to the allocation of funds into financial assets with the expectation of generating future returns (Bansal, 2024) [1]. The growth of financial markets has provided investors with multiple investment opportunities including stocks, bonds, fixed deposits, insurance products, and mutual funds (Veeraiah & Kumar, 2023) [2]. Mutual funds have emerged as an attractive investment avenue because they provide diversification and professional fund management (Mehta, 2023) [3]. They enable small investors to participate in capital markets without requiring extensive financial expertise (Gupta & Bansal, 2023) [4]. Investor attitudes toward mutual funds are influenced by various factors including risk tolerance, expected returns, liquidity, tax benefits, and investment objectives (Vanaja & Karrupasamy, 2023) [5]. Financial awareness and market knowledge also significantly affect investment choices (Priyadarshini & Chandra Babu, 2023) [6]. The increasing participation of retail investors has

transformed the Indian mutual fund industry into a major component of the financial sector (Singh et al., 2023) [7]. Technological advancements and digital investment platforms have further enhanced accessibility and convenience for investors (Prajapati & Patel, 2022) [8]. Understanding investor behaviour is therefore essential for fund managers and policymakers to develop suitable investment products (Yadav & Hemanth, 2014) [9]. Investor perception is often shaped by demographic variables such as age, income, education, occupation, and investment experience (Sharma & Pandya, 2013) [10].

The Indian mutual fund industry has witnessed remarkable growth over the last decade due to rising disposable incomes and increasing financial literacy (Singal et al., 2013) [11]. Regulatory initiatives by SEBI have strengthened investor confidence and improved transparency (Jani & Jain, 2013) [12]. Mutual funds provide opportunities for risk diversification and long-term wealth accumulation (Narayanasamy & Rathnamani, 2022) [13]. HDFC Mutual Fund is one of India's leading asset management companies offering diverse investment schemes (Bodie et al., 2021) [14]. Investors often prefer reputed fund houses due to trust and consistent performance (Mishra, 2020) [15]. Behavioural finance theories suggest that investment decisions are influenced by psychological and emotional factors (Kahneman & Tversky, 1979) [16]. Risk-return trade-offs remain central to investment selection (Markowitz, 1952) [17]. Portfolio diversification helps reduce unsystematic risk (Sharpe, 1964) [18]. Financial planning encourages disciplined investments through systematic investment plans (SIPs) (Jensen, 1968) [19]. Investor awareness, financial literacy, and economic conditions significantly determine investment preferences (Treyner, 1965) [20]. Therefore, analyzing investor attitudes toward HDFC Mutual Fund provides valuable insights into investment behaviour and future market trends (Fama, 1970) [21]. Investment behaviour has also been explained through the Theory of Planned Behaviour, which states that attitudes, subjective norms, and perceived behavioural control influence investment intentions (Ajzen, 1991) [22]. Investor confidence in mutual funds is strengthened by transparent disclosure practices and consistent fund performance (Rao & Sharma, 2021) [23]. The availability of online investment platforms and mobile applications has simplified investment procedures and increased participation among younger investors (Kumar & Singh, 2022) [24]. Systematic Investment Plans (SIPs) have become a preferred investment method due to their affordability and disciplined investment approach (Patel & Shah, 2021) [25]. Studies indicate that investors prefer mutual funds offering stable returns with moderate risk exposure (Reddy & Prasad, 2020) [26]. Economic factors such as inflation, interest rates, and market volatility also influence investor decision-making processes (Madura, 2018) [27]. Investor satisfaction is often associated with fund performance, service quality, and ease of transaction (Subramanian & Krishnan, 2021) [28]. Trust in fund managers and brand reputation significantly affect investment preferences among retail investors (Agarwal & Gupta, 2022) [29]. Furthermore, investor education programmes conducted by financial institutions contribute to informed investment decisions and promote long-term participation in mutual fund schemes (SEBI, 2023) [30].

II. LITERATURE SURVEY

Several researchers have examined the performance and investor perception of mutual funds. Sharma and Pandya (2013) [1] reported that demographic factors such as age, income, and education significantly influence mutual fund investment preferences. Singal et al. (2013) [2] evaluated growth-oriented mutual fund schemes and

highlighted the importance of risk-adjusted return measures in performance assessment. Jani and Jain (2013) [3] established a positive relationship between mutual fund asset growth and overall economic development. Yadav and Hemanth (2014) [4] observed that investors generally prefer equity-oriented mutual funds due to their higher growth potential and wealth creation opportunities. Behavioural finance theories have provided valuable insights into investor decision-making. Kahneman and Tversky (1979) [5] proposed Prospect Theory, explaining that investors often make decisions based on perceived gains and losses rather than rational evaluation. Markowitz (1952) [6] introduced Modern Portfolio Theory, emphasizing diversification as a tool for minimizing investment risk. Sharpe (1964) [7] developed the Capital Asset Pricing Model and the Sharpe Ratio, which are widely used for evaluating mutual fund performance. Jensen (1968) [8] proposed Jensen's Alpha to measure portfolio managers' ability to generate abnormal returns. Treynor (1965) [9] introduced the Treynor Ratio as a risk-adjusted performance measure, while Fama (1970) [10] presented the Efficient Market Hypothesis, which explains the relationship between information availability and market prices. Bodie et al. (2021) [11] emphasized the role of mutual funds in achieving long-term financial goals through diversified investment strategies. Mishra (2020) [12] found that investors tend to prefer reputed fund houses due to trust and consistent historical performance. Narayanasamy and Rathnamani (2022) [13] highlighted the significance of risk-return analysis in evaluating large-cap equity mutual fund schemes. Prajapati and Patel (2022) [14] applied various performance evaluation techniques and reported positive returns across most selected mutual fund schemes. Singh et al. (2023) [15] investigated mutual fund adoption among small-town investors and identified awareness as a key determinant of investment decisions.

Priyadarshini and Chandra Babu (2023) [16] used ARIMA models to forecast mutual fund Net Asset Values (NAVs) and demonstrated reliable predictive capabilities. Vanaja and Karrupasamy (2023) [17] emphasized that systematic performance evaluation assists investors in selecting suitable investment schemes. Gupta and Bansal (2023) [18] studied debt mutual fund schemes and found that their returns closely tracked benchmark indices. Mehta (2023) [19] analyzed tax-saving mutual funds and observed increasing investor participation due to fiscal incentives and tax benefits. Veeraiah and Kumar (2023) [20] compared Indian mutual fund schemes and concluded that professionally managed funds generally outperform naïve investment approaches. Bansal et al. (2024) [21] evaluated mutual fund schemes using Sharpe and Treynor ratios and reported that risk-adjusted performance measures effectively indicate fund efficiency. Rao and Sharma (2021) [22] found that investor perception is strongly influenced by fund performance, transparency, and service quality. Kumar and Singh (2022) [23] observed that digital investment platforms have increased accessibility and participation among retail investors. Patel and Shah (2021) [24] highlighted the growing popularity of Systematic Investment Plans (SIPs) as a disciplined investment strategy. Reddy and Prasad (2020) [25] reported that investors generally prefer mutual funds offering stable returns with moderate levels of risk. Madura (2018) [26] emphasized that macroeconomic variables such as inflation, interest rates, and market volatility significantly influence investment decisions. Subramanian and Krishnan (2021) [27] concluded that service quality and customer satisfaction play an important role in investor retention. Agarwal and Gupta (2022) [28] found that brand trust and fund house reputation significantly affect retail investors' preferences. Ajzen (1991) [29] proposed the Theory of Planned Behaviour, explaining how attitudes and perceived behavioural control influence investment intentions. Finally, the Securities

and Exchange Board of India (2023) [30] highlighted the importance of investor awareness programmes and financial literacy initiatives in promoting informed investment decisions.

III. RESEARCH METHODOLOGY

This study adopts a descriptive research design to analyze investor attitudes toward mutual fund investments with special reference to HDFC Mutual Fund. Both primary and secondary sources of data were utilized to ensure comprehensive analysis. Primary data were collected through a structured questionnaire distributed among investors. The questionnaire was designed to capture demographic information, investment preferences, awareness levels, risk tolerance, investment objectives, and perceptions regarding mutual funds. Secondary data were gathered from books, journals, research articles, annual reports, mutual fund publications, and official financial databases. The study focused on understanding how various demographic factors influence investment behaviour and the extent to which investors prefer mutual funds over other investment alternatives.

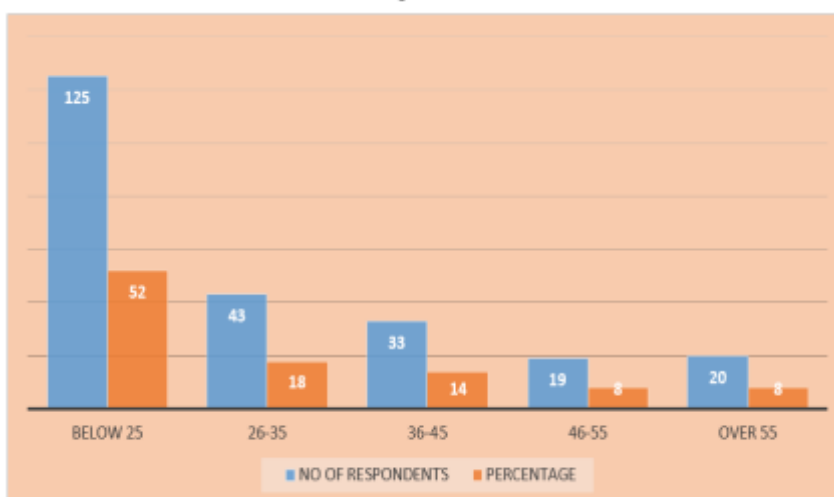
A sample size of 240 respondents was selected using the simple random sampling technique. Percentage analysis and descriptive statistical methods were employed to analyze the collected data. Variables such as age, education, occupation, annual income, investment experience, and awareness levels were examined to identify their influence on investor attitudes. The research framework considered independent variables including demographic characteristics and financial literacy, while investor attitude and investment preference served as dependent variables. Data interpretation was carried out through tables and graphical representations to facilitate meaningful insights. Reliability and validity were maintained by ensuring clarity in questionnaire design and consistency in data collection procedures. The methodology enabled a systematic assessment of investor behaviour and provided valuable information regarding the factors influencing mutual fund investment decisions. The findings derived from the methodology contribute to understanding investor perceptions and offer practical implications for mutual fund companies, financial advisors, and policymakers seeking to improve investor participation and financial inclusion.

IV. RESULTS & DISCUSSION

The results indicate that investor attitudes toward mutual fund investments are largely influenced by demographic characteristics and financial awareness. A majority of respondents belonged to the age group below 25 years, suggesting that younger investors are more willing to participate in financial markets and undertake moderate levels of risk. Graduates constituted the largest proportion of respondents, highlighting the importance of education in investment decision-making. The findings further reveal that private employees, self-employed individuals, and middle-income earners are actively involved in mutual fund investments. Most respondents had less than five years of investment experience, indicating the growing participation of new investors in the mutual fund industry. Awareness and knowledge were found to be significant factors influencing investment behaviour, as a large proportion of respondents had attended financial education programs or stock market courses. Investors

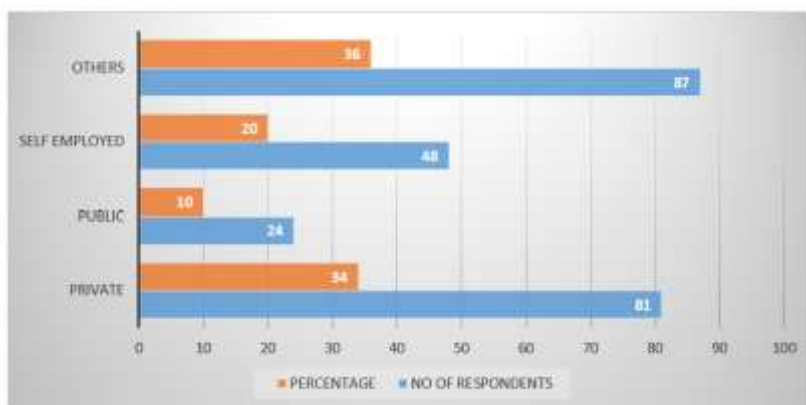
identified returns, safety, liquidity, diversification, and professional fund management as major reasons for preferring mutual funds.

AGE	NO OF RESPONDENTS	PERCENTAGE
Below 25	125	52
26-35	43	18
36-45	33	14
46-55	19	8
OVER 55	20	8
TOTAL	240	100



EDUCATION	NO OF RESPONDENTS	PERCENTAGE
HSC	14	6
GRADUATE	187	78
OTHERS	39	16
TOTAL	240	100

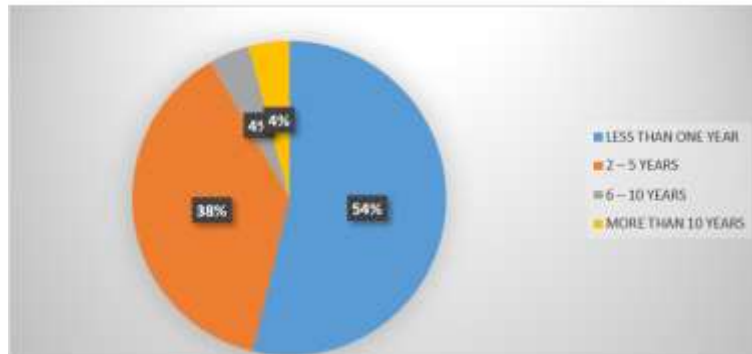
OCCUPATION	NO OF RESPONDENTS	PERCENTAGE
PRIVATE	81	34
PUBLIC	24	10
SELF EMPLOYED	48	20
OTHERS	87	36
TOTAL	240	100



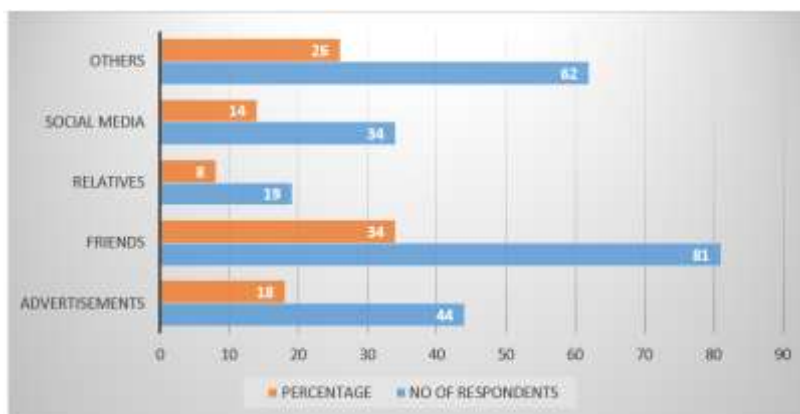
YEARLY INCOME	NO OF RESPONDENTS	PERCENTAGE
BELOW 150,000	62	26
150,000 – 300,000	87	36
300,000 – 450,000	38	16
450,000 – 600,000	29	12
ABOVE 600,000	24	10
TOTAL	240	100

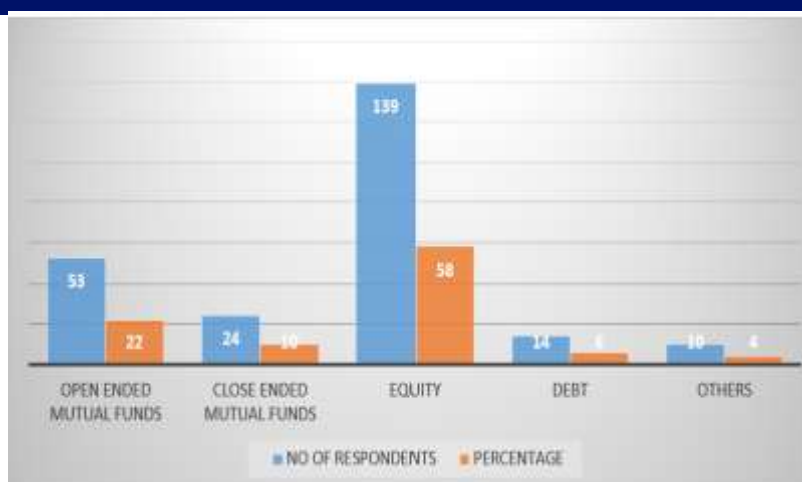
HDFC Mutual Fund was perceived positively due to its brand reputation, consistent performance, and variety of investment schemes. The analysis confirms that age, income, education, and occupation significantly affect investment attitudes and risk perception. Investors with higher education and income levels demonstrated greater confidence in mutual fund investments. Overall, the study highlights a positive attitude toward mutual funds among retail investors and emphasizes the need for enhanced financial literacy programs to further improve investment participation and informed decision-making.

ASSOCIATION	NO OF RESPONDENTS	PERCENTAGE
LESS THAN ONE YEAR	129	54
2 – 5 YEARS	91	38
6 – 10 YEARS	10	4
MORE THAN 10 YEARS	10	4
TOTAL	240	100



SOURCE OF MOTIVATON	NO OF RESPONDENTS	PERCENTAGE
ADVERTISEMENTS	44	18
FRIENDS	81	34
RELATIVES	19	8
SOCIAL MEDIA	34	14
OTHERS	62	26
TOTAL	240	100





RATING OF CURRENT PLAN	NO OF RESPONDENTS	PERCENTAGE
HIGHLY SATISFIED- 1	36	15
SATISFIED -2	91	38
NEUTRAL- 3	96	40
DISSATISFIED- 4	14	6
HIGHLY DISSATISFIED- 5	3	1
TOTAL	240	100

Table 4.26 Investor Analysis

Investment preferences and knowledge	f test	Significant
Investors investment tools	.007	.993
Investors bank preference	1.942	.153
Investors preference	1.432	.247
Gold attention of investors	.221	.803

V. CONCLUSION

The study concludes that mutual funds have become a preferred investment avenue among retail investors due to their ability to offer diversification, professional management, liquidity, and comparatively lower risk. Investor attitudes toward mutual fund investments are significantly influenced by demographic factors such as age, education, occupation, income level, and investment experience. The findings reveal that younger and educated

investors exhibit greater awareness and willingness to invest in mutual fund schemes. Financial literacy plays a crucial role in shaping investment behaviour, and investors with higher levels of knowledge tend to make more informed investment decisions. HDFC Mutual Fund has established a strong market position by providing diversified investment options and maintaining investor confidence through consistent performance and transparent operations. The study also indicates that factors such as expected returns, risk management, tax benefits, and convenience are major determinants of mutual fund preference. As financial markets continue to evolve, mutual fund companies must focus on investor education, digital accessibility, and customer-centric investment solutions. Policymakers and financial institutions should encourage awareness programs to improve participation among rural and underserved populations. The research highlights the growing importance of mutual funds in wealth creation and financial planning. Overall, mutual funds represent an effective investment vehicle for individuals seeking long-term financial growth, and continued efforts toward investor awareness and financial inclusion will further strengthen the mutual fund industry in India.

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