

# Investor Challenges Towards Mutual Fund Schemes With Special Reference To Coimbatore City

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## ABSTRACT:

This research aims to identify the investor's challenges through surveys with local investors, providing insights that could inform strategies to enhance investor education and improve the overall mutual fund experience in Coimbatore. The findings will contribute to a better understanding of regional investment behavior and may help stakeholders tailor their offerings to meet the needs of the local market better.

Keywords: **Investor Challenges, Mutual Funds, Survey Research, Coimbatore.**

## INTRODUCTION OF THE STUDY:

In recent years, mutual funds have gained significant popularity as a preferred investment vehicle among individuals seeking to grow their wealth. However, despite their advantages, many investors encounter challenges that restrict their ability to make informed decisions. This study seeks to explore the challenges faced by investors in the stock market, with a particular focus on mutual fund investments. By examining the experiences of investors in Coimbatore, the study aims to uncover the factors that influence their investment choices, the difficulties they encounter in understanding and managing their mutual fund portfolios, and the effectiveness of the resources and support available to them. The findings of this study will contribute to the development of strategies and recommendations aimed at mitigating the challenges faced by investors and promoting more informed and confident investment decisions.

## OBJECTIVES OF THE STUDY:

- To analyse the demographic profile of the stakeholders.
- To explore the specific challenges faced by investors in mutual funds.
- To identify their perceptions of the transparency and effectiveness of financial advice from mutual fund companies.

- To identify which types of mutual funds are preferred by investors.
- To measure the confidence level of the respondents in knowledge about mutual fund investment.

## SCOPE OF THE STUDY:

The study focuses on understanding the challenges faced by investors in areas like understanding mutual fund options, managing their investment portfolios, dealing with fees, and handling market ups and downs. It also looks at how investors view the transparency of the information provided by mutual fund companies and how effective they find the financial advice available to them.

## STATEMENT OF PROBLEM:

Mutual fund investors face various challenges. This study aims to identify the problems and provide insights. The mutual fund industry can better support its investors and enhance the investment experience.

## LIMITATIONS OF THE STUDY:

The study focuses primarily on mutual fund investments, potentially overlooking challenges faced by investors in other types of financial instruments like stocks, bonds, or alternative investments. It is conducted within a specific time frame, which may not capture changes in

investor behaviours or challenges arising from long-term market trends or economic shifts.

**REVIEW OF LITERATURE:**

**Patel M & Joshi N. (2024)** Title: Investor Education and Technology in Mutual Fund Investments: This study shows the importance of combining technology with investor education to address the challenges faced by mutual fund investors. Effective education is crucial for ensuring that investors can utilize these tools effectively.

**Ravi K & Nair M (2022)** Title: Understanding the Investor’s Mind: Challenges in Mutual Fund Selection. Ravi and Nair explore the psychological factors that affect investor decisions in mutual funds. Their findings indicate that cognitive biases and emotional responses play a critical role in the challenges faced by investors.

**Sharma P & Gupta R (2021)** Title: Challenges in Mutual Fund Investments: Perspectives from Indian Investors. Sharma and Gupta identify several challenges faced by investors, including market volatility, the redemption process, and difficulties in selecting suitable funds.

**RESEARCH METHODOLOGY:**

The present study aims to understand and analyze the challenges of investors in mutual funds and aims to analyse the behaviour and preferences towards mutual fund schemes.

**A. RESEARCH DESIGN:**

The research is exploratory. The report was conducted through an online survey with the help of Google Forms as questionnaires with 70 respondents.

**B. AREA OF STUDY:**

This study has been considered only in Coimbatore.

**C. SAMPLE SIZE:** The sample size is 70.

**D. TOOLS AND TECHNIQUES USED:**

Data analysing tools are Simple Percentage Analysis and Chi-Square tests.

**E. Simple Percentage:**

Percentage is the base for determining which factor is significant among several factors.

**TABLE 1**  
**DEMOGRAPHIC PROFILE**

Table 1 shows the demographic profiles of the respondents.

s.no	Demographic	Particulars	No.of.Respondents	percentage
1	Age	18-25 years	46	65.7%
		26-30 years	15	21.4%
		31-35 years	6	8.6%
		Above 35 years	3	4.3%
2.	Gender	Male	44	62.9%
		Female	26	37.1%
3.	Education	School	8	11.4%
		Ug	41	58.6%
		Pg	21	30%
		Diploma	0	0%
4.	Occupation	Student	19	27.1%
		Employee	36	51.4%
		Self-Employee	9	12.9%
		Retired	2	2.9%
		Others	4	5.7%

**INTERPRETATION:**

Table 1 shows the demographic profile of the Sample respondents. The majority of respondents are young adults aged between 18-25 years (65.7%), with males being the predominant gender (62.9%). Most participants have an undergraduate degree (58.6%), indicating a well-educated group. The largest occupational category is employees (51.4%), followed by students (27.1%).

**CHI-SQUARE ANALYSIS:**

It is a statistical method used to determine if there is a significant relationship between two categorical variables. The formula for the chi-square statistic is  $\chi^2 = \sum (O-E)^2/E$  Where: O Observed the frequency of the actual count in each category. E = Expected frequency the count we would expect if there were no relationship between the variables.

**TABLE 2.1**

**SIP:** Systematic Investment Payment, **Hybrid:** Stocks and bonds, **RF:** Retirement Fund, **CS:** Child Scheme, and **T:** Total.

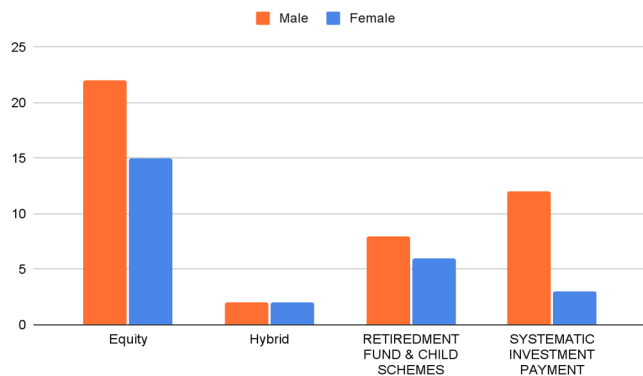
Row Label	Equity	Hybrid	RF and CS	SIP	T
Male	22	2	8	12	44

Female	15	2	6	3	26
T	37	4	14	15	70

**INTERPRETATION:** The two variables are gender and the preferred types of mutual funds by investors.

**Degree of Freedom = (r-1)\*(c-1).** H1=H1 is the alternative hypothesis. There is a relationship between the independent variable and the dependent variable.

**CHART 1**



The above chart 1 shows gender and the preferred types of mutual funds by investors

**Table 2.2**

Variable	Degree of freedom	Table value	Calculated value	Accepted/Rejected
Gender & the preferred types of mutual funds by investors	3	3.182	0.2599	Accepted

The level of significance is 5%

**RESULT:** The calculated value is 0.25991837 is less than the table value of 2.776. (**H1 hypothesis**)

There is a significant relationship between the respondents' gender and the preferred types of mutual funds by investors.

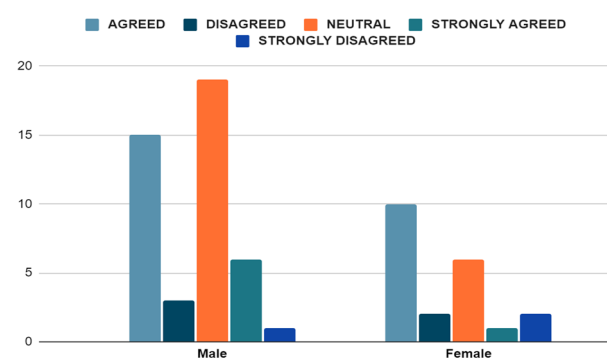
**Table 3.1**

**A:** Agree, **DA:** Dis-Agree, **N:** Neutral, **SA:** Strongly Agree, **SD:** Strongly Disagree, and **GT:** Grand Total.

Row Label	A	DA	N	SA	SD	GT
Male	15	3	19	6	1	44
Female	10	2	6	1	2	26
GT	25	4	31	7	3	70

**INTERPRETATION:** The two variables are gender and the Count of Respondents that there is sufficient information available to investors regarding mutual funds Schemes.

**CHART 2**



The above chart 2 shows gender and the Count of Respondents that there is sufficient information available to investors regarding mutual funds Schemes.

**Table 3.2**

Variable	Degree of freedom	Table value	Calculated value	Accepted / Rejected
Gender & the Count Of respondents that there is sufficient information available to	4	2.776	0.123615	Accepted

investors regarding mutual fund Schemes.				
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The level of significance is 5%

**RESULT:** The calculated value is 0.123615 less than the table value of 2.776 (**H1 hypothesis**). There is a significant relationship between the gender of the respondents and the Schemes Preferred.

**FINDINGS:**

**SIMPLE PERCENTAGE ANALYSIS:**

1. The majority of respondents (65.7%) are aged between 18-25 years.
2. Most respondents are male, comprising 62.9% of the sample.
3. A majority (51.4%) are employed.
4. The largest group of respondents (58.6%) have an undergraduate degree.
5. The majority (48%) of respondents classify themselves as moderate investors.
6. The majority of respondents (48.6%) invest in the amount between 10-20% of their income in mutual funds.
7. The majority of respondents (47.1%) learned about investing in mutual funds through online portals.
8. The majority of respondents (57.1%) have been investing in mutual funds for 1-3 years.
9. Most respondents (52.9%) invest in equity mutual funds.
10. The majority of respondents 54.3% invest for wealth creation and retirement plans.
11. Confidence Level: The majority of respondents 42.8% feel very confident to make Investment Decisions. The majority of respondents are Knowledge about Mutual Funds (45.7%) and feel neutral.
12. The majority of respondents 45.7% review their mutual fund portfolio monthly.
13. The majority of respondents (61.2%) are discouraged by inadequate information and market risk.
14. The majority of the respondents feel neutral about the transparency of Information provided by mutual fund companies 30% and 28.6% of the respondents feel the information provided by mutual fund companies is not transparent.

15. 52.9% of the respondents believe market fluctuations moderately impact mutual fund returns.
16. 51.4% of the respondents find the financial advice provided by mutual fund companies effective.
17. The majority of the respondents (75.7%) preferred improvements in education about mutual fund schemes, better transparency, and improved customer services from the mutual fund industry.
18. The majority of the respondents are (90%) using online resources or apps to track and manage their mutual fund investments.
19. The majority of the respondents are neutral regarding the sufficiency of available information on mutual fund schemes is 44.3%.
20. The majority of the respondents 72.9% would like to recommend investing in mutual fund schemes.

**SUGGESTIONS:**

Mutual fund companies should provide more education through workshops, seminars, and online tutorials, covering risk management and long-term benefits. Improve transparency by offering clear, easy-to-understand information on fund performance, risks, and portfolio details. Invest in better customer support with faster response times and multiple support channels like phone, email, and chat. Provide more information on mutual fund options for moderate risk profiles and emphasize diversification benefits to enhance investor engagement.

**CONCLUSION:**

The survey on "Investors' Challenges Towards Mutual Fund Schemes with Special Reference to Coimbatore City" reveals several critical insights into the investor experience. The findings indicate that the majority of investors are young adults, well-educated, and have moderate risk tolerance, with a significant portion investing primarily in equity mutual funds for wealth creation and retirement planning.

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