

A STUDY ON INVESTMENT BEHAVIOUR AND PERSPECTIVE OF YOUNG INVESTORS TOWARDS MUTUAL FUNDS WITH SPECIAL REFERENCE TO KALYAN REGION”.

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ABSTRACT

This study looks at the investment habits, inclinations, and attitudes of young investors in India's mutual fund market, particularly Millennials and Generation Z. Understanding this demography is crucial since young investors are a significant portion of the investor industry and mutual fund Assets Under Management (AUM) are expected to exceed ₹75 lakh crore in 2025. The study looks at peer pressure, digital accessibility, risk tolerance, financial literacy, and behavioral biases. The confidence-knowledge gap and the inclination to make high-risk investments even when one has conservative intentions are two significant concerns that it highlights. The findings indicate that Systematic Investment Plans (SIPs) are preferred by millennial investors due to their accessibility to technology. In order to increase participation and enhance financial results, the report ends with suggestions for asset management firms, legislators, and financial educators.

Keywords *Young Investors (Millennials & Gen Z), Mutual Fund Investment Behaviour, Behavioral Biases*

INTRODUCTION

A young population, greater awareness, and digitalization are driving a generational shift in India's financial environment. Once thought of as complicated tools for seasoned investors, mutual funds are now extensively used by younger people.

India's mutual fund AUM nearly tripled in just five years, reaching ₹75.35 lakh crore by 2025. SIP inflows exceeded ₹29,500 crore each month, indicating consistent retail involvement. Interestingly, roughly 69% of investors are between the ages of 18 and 40, suggesting a structural shift in investment behavior.

Notwithstanding this expansion, serious issues still exist. Particularly in Tier-2 and Tier-3 cities, financial literacy is still inconsistent. Formal knowledge is frequently replaced by social media and peer-driven investment decisions, leading to a paradox: young investors are very engaged but not always knowledgeable. The purpose of this study is to examine these behavioral trends and pinpoint the main motivators and obstacles to mutual fund adoption.

OBJECTIVE OF THE STUDY

The following goals serve as the study's compass:

- (i) To evaluate young investors' (18–35 years old) financial literacy and investing knowledge.
- (ii) To determine the elements that affect investing choices for mutual funds.
- (iii) To examine popular investment strategies like ETFs, lump sum investments, and SIPs.
- (iv) To assess behavioral prejudices and risk tolerance.
- (v) To determine obstacles to mutual fund involvement.
- (vi) To advise stakeholders on tactics.

REVIEW OF LITERATURE

Investment behaviour in mutual funds has been a widely researched area, particularly in the context of emerging economies like India. Various studies have emphasized the role of

financial literacy, demographic factors, technological advancements, and psychological influences in shaping investor decisions.

1) **Kaur and Kaushik (2016)** examined the behavioural aspects influencing mutual fund investments using the Theory of Planned Behaviour. Their study revealed that investor awareness, attitude, and perceived behavioural control significantly affect investment intentions. The findings suggested that individuals with better financial awareness and positive attitudes towards mutual funds are more likely to invest. The study also highlighted that socio-economic factors such as income, occupation, and education level play a crucial role in determining investment behaviour.

2) **Roy (2024)** conducted a study on investor behaviour and identified that demographic variables, including age, income, gender, and educational background, have a strong influence on investment decisions. The research pointed out that younger investors tend to show higher risk tolerance and are more open to exploring diverse financial instruments compared to older investors. Additionally, the study emphasized the growing importance of mutual funds as a preferred investment avenue due to their potential for diversification and professional management.

3) **Nandhini and Saranraj (2025)** explored the impact of digitalization on investment behaviour and found that the rapid growth of online investment platforms and mobile applications has significantly increased participation in mutual funds, especially among Millennials and Generation Z. The study highlighted that ease of access, convenience, and availability of real-time information have made mutual fund investments more attractive. However, despite increased accessibility, a lack of adequate financial knowledge continues to hinder effective decision-making among young investors.

4) **Kumar and Singh (2024)** focused on investment preferences and found that Systematic Investment Plans (SIPs) are widely preferred among retail investors. The study concluded that SIPs promote disciplined investing habits and reduce the impact of market volatility. Investors perceive SIPs as a safer and more convenient method of investing compared to lump-sum investments, particularly for individuals with moderate income levels.

5) **Tiwari et al. (2024)** examined the role of behavioural finance in investment decision-making and identified several psychological biases that affect investors. The study found that overconfidence, herd behaviour, and loss aversion often lead investors to make irrational

financial decisions. These biases can result in either excessive risk-taking or overly conservative investment strategies, thereby impacting overall portfolio performance.

Furthermore, several studies have highlighted the existence of a gap between perceived knowledge and actual financial literacy among investors. Many young investors tend to overestimate their understanding of financial products, which can lead to poor investment choices. This “confidence-knowledge gap” is a significant concern in the mutual fund industry, as it affects long-term financial outcomes.

Overall, the literature indicates that mutual funds are increasingly becoming a popular investment option among young investors due to factors such as digital accessibility, convenience, and potential returns. However, issues such as limited financial literacy, behavioural biases, and lack of region-specific awareness continue to influence investment behaviour. Most existing studies focus on broader populations, with limited emphasis on specific regions. Therefore, there is a need for a focused study on the investment behaviour and perspectives of young investors in the Kalyan region to better understand local dynamics and preferences.

RESEARCH HYPOTHESIS

H₀₁: There is no significant relationship between risk appetite of young investors and their investment behaviour.

H₁₁: There is a significant relationship between risk appetite of young investors and their investment behaviour.

H₀₂: Awareness of mutual funds has no significant impact on the likelihood of young investors investing in mutual funds.

H₁₂: Awareness of mutual funds has a significant impact on the likelihood of young investors investing in mutual funds.

H₀₃: There is no significant relationship between preferred mode of investment (SIP or Lump Sum) and investment discipline among young investors.

H₁₃: There is a significant relationship between preferred mode of investment (SIP or Lump Sum) and investment discipline among young investors.

H₀₄: Market fluctuations do not significantly influence the investment decisions of young investors towards mutual funds.

H₁₄: Market fluctuations significantly influence the investment decisions of young investors towards mutual funds.

RESEARCH METHODOLOGY

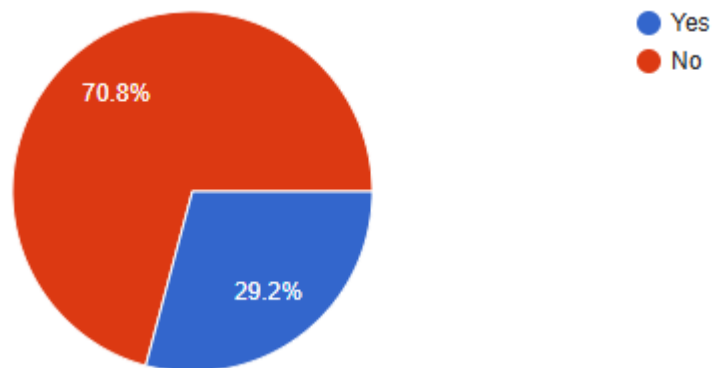
- Type of Research: Descriptive
- Research Area: Kalyan Region
- Sampling Method: Convenience Sampling
- Sample Size: 30 respondents, selected from young investors in the Kalyan region, to analyse their investment behaviour and perception towards mutual funds.
- Data Collection Tool: Structured questionnaire
- Data Analysis Techniques: Percentages, graphical representation (bar charts, pie charts)

HYPOTHESIS TESTING

(Table:- Sample received from 30 respondents in the Kalyan vicinity)

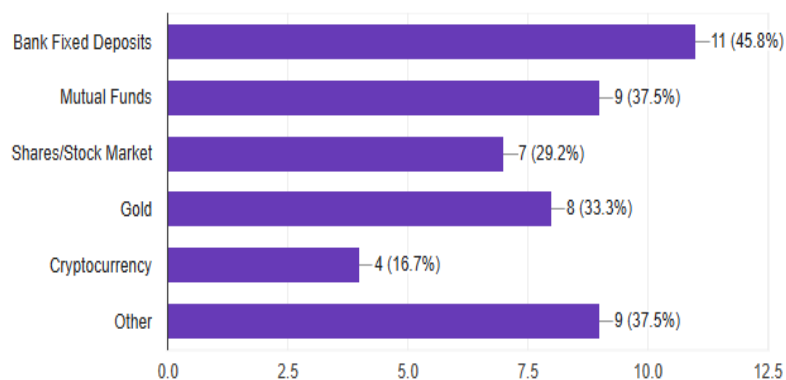
DATA	OBSERVATION
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Do you invest your money ?



More than 70% of respondents invest their money, compared to the remaining 30% who do not invest.

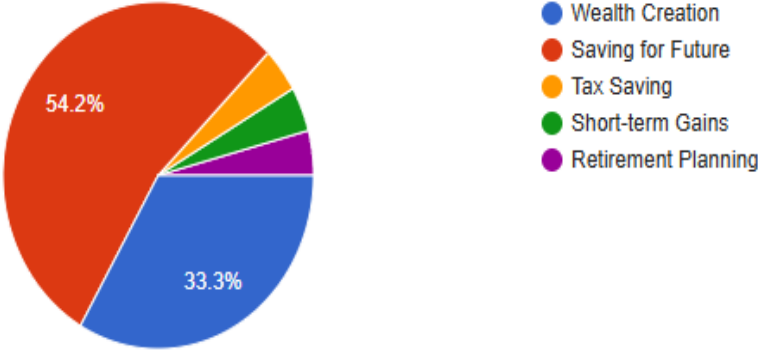
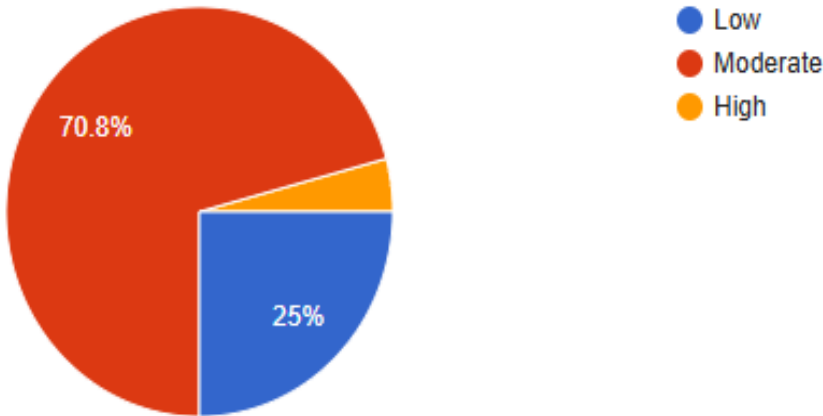
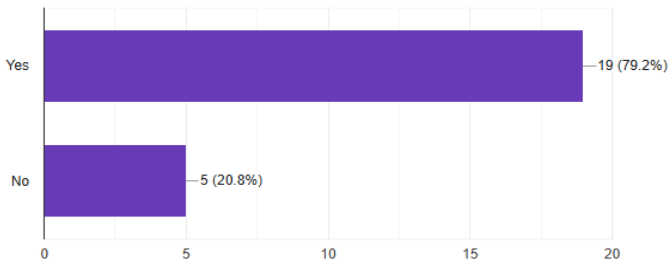
Where do you usually invest?

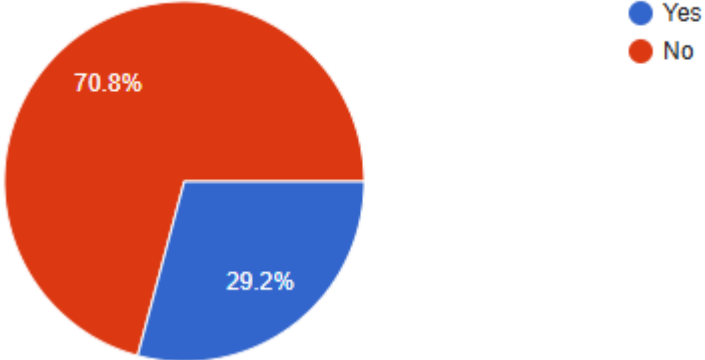
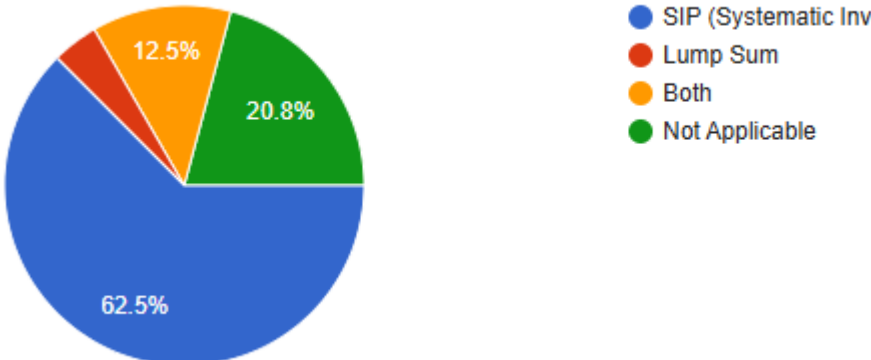


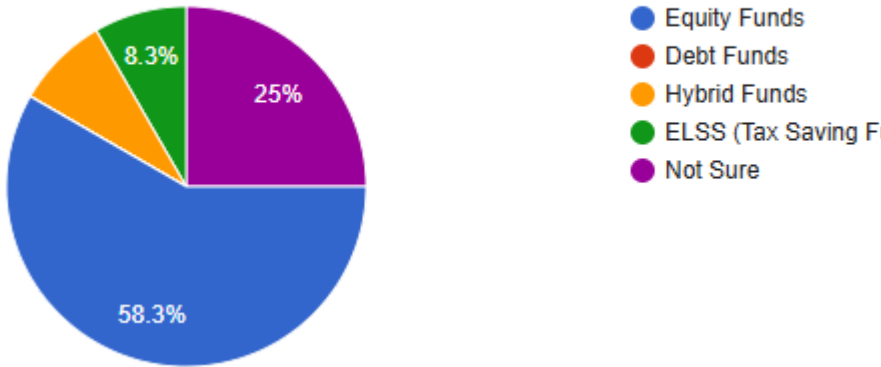
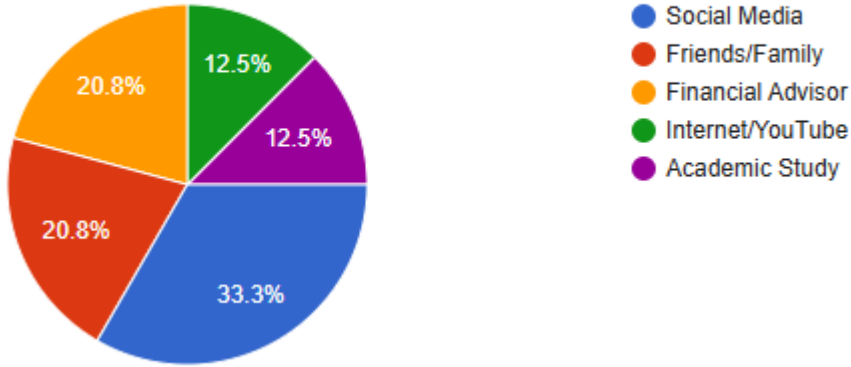
More than 11% of respondents typically invest in bank fixed deposits, followed by mutual funds and gold as other preferred investment options.

What is your main objective of investment?

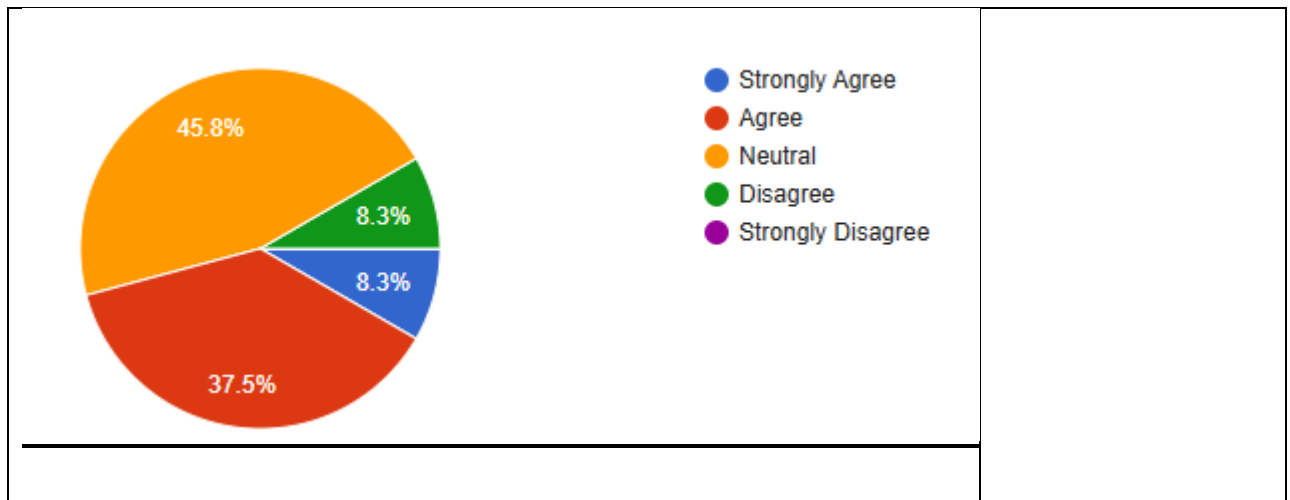
More than 54% of respondents invest primarily with the objective of saving for the future, while the next most common goal is wealth creation.

 A pie chart illustrating the primary investment goals of respondents. The largest segment is 'Saving for Future' at 54.2%, followed by 'Wealth Creation' at 33.3%. Smaller segments include 'Tax Saving', 'Short-term Gains', and 'Retirement Planning'.	
What is your risk appetite?  A pie chart showing the distribution of risk appetite among respondents. The majority, 70.8%, have a 'Moderate' risk appetite, while 25% have a 'Low' risk appetite and a small portion has a 'High' risk appetite.	More than 70% of respondents demonstrate a moderate willingness to take risks.
Are you aware of Mutual Funds?  A horizontal bar chart showing awareness of mutual funds. 19 respondents (79.2%) answered 'Yes', while 5 respondents (20.8%) answered 'No'.	79.2 % respondents are aware of Mutual funds.

Do you invest in Mutual Funds?  A pie chart illustrating the responses to the question 'Do you invest in Mutual Funds?'. The chart is divided into two segments: a blue segment representing 'Yes' at 29.2% and a red segment representing 'No' at 70.8%. A legend to the right of the chart identifies the colors: blue for 'Yes' and red for 'No'.	70 % repondents invests in Mutual funds.
Which is your preferred mode of Mutual Fund investment?  A pie chart showing the preferred mode of Mutual Fund investment. The chart is divided into four segments: a large blue segment for 'SIP (Systematic Inv)' at 62.5%, a green segment for 'Not Applicable' at 20.8%, an orange segment for 'Both' at 12.5%, and a small red segment for 'Lump Sum'. A legend to the right identifies the colors: blue for 'SIP (Systematic Inv)', red for 'Lump Sum', orange for 'Both', and green for 'Not Applicable'.	62.5% respondents prefers SIP's
Which type of Mutual Fund do you prefer?	58.3 % respondents prefer investing in Equity funds over Debt funds.

 A pie chart illustrating the distribution of mutual fund types. The largest segment is Equity Funds at 58.3%, followed by Debt Funds at 25%, Hybrid Funds at 8.3%, ELSS (Tax Saving F at 12.5%, and Not Sure at 12.5%.	
What is the source of information about Mutual Funds  A pie chart showing the sources of information about mutual funds. Social Media is the most common source at 33.3%, followed by Friends/Family and Financial Advisor both at 20.8%, Internet/YouTube at 12.5%, and Academic Study at 12.5%.	33.33 % respondents agree that Social Media is the major source of information about Mutual Funds compared to other sources of information.
Are Mutual Funds are suitable for young investors?	37.5 % respondents agree that Mutual Funds are suitable for young investors

A pie chart with five segments. The segments are labeled with their respective percentages: 25% (blue, Strongly Agree), 37.5% (red, Agree), 29.2% (orange, Neutral), 8.3% (green, Disagree), and 0% (purple, Strongly Disagree). A legend to the right of the chart identifies the colors: blue for Strongly Agree, red for Agree, orange for Neutral, green for Disagree, and purple for Strongly Disagree.	
Is SIP convenient and disciplined way of investing? A pie chart with five segments. The segments are labeled with their respective percentages: 33.3% (blue, Strongly Agree), 20.8% (red, Agree), 33.3% (orange, Neutral), 8.3% (green, Disagree), and 4.3% (purple, Strongly Disagree). A legend to the right of the chart identifies the colors: blue for Strongly Agree, red for Agree, orange for Neutral, green for Disagree, and purple for Strongly Disagree.	33.33% respondents agree that SIP's are convenient and disciplined way of investing
Does Market fluctuations discourage you from investing in Mutual Funds?	37.5% respondents agree that market fluctuations discourage from investing in Mututal funds.



FINDINGS

The survey indicates that a majority of respondents (over 70%) actively invest, with fixed deposits, mutual funds, and gold being the most common investment choices. The primary investment goal is saving for the future, followed by wealth creation, and most respondents show a moderate risk appetite. Awareness and participation in mutual funds are relatively high, with SIPs and equity funds being the preferred modes and types of investment. However, factors like market fluctuations and limited perception of mutual funds' suitability for young investors still influence investment behaviour.

SUGGESTIONS

- Financial awareness programs should be increased, especially focusing on young investors, to improve understanding of mutual funds and investment options.
- Since many respondents prefer moderate risk and saving for the future, safer and balanced investment products like hybrid mutual funds and SIP-based plans should be promoted.
- Efforts should be made to reduce fear caused by market fluctuations through investor education and long-term investment awareness.
- Social media, being a major source of information, should be used more effectively by financial institutions for spreading accurate investment knowledge.

CONCLUSION

The study shows that most respondents in the Kalyan vicinity are active investors with a moderate risk appetite and a strong focus on future savings. Mutual funds are widely known and increasingly used, especially through SIPs, indicating a shift towards disciplined investing. However, concerns about market volatility and limited awareness among some groups highlight the need for better financial education. Overall, mutual funds have strong growth potential if awareness and investor confidence are improved.

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