Emperor Journal of Finance

ISSN: 2583-4312 **©Mayas Publication** **www.mayas.info**

Volume-III **Issue-5** **May-2024**

A Study on Investors Perception Forwards Recent Market Fluctuation and Mutual Funds Investment with Special Reference to Chennai Region

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Abstract:

The Indian stock market has experienced significant volatility, impacting investor sentiment. This study aims to understand investors' perceptions of these fluctuations and their investment preferences, particularly in mutual funds in Chennai. The mixed-methods approach used a structured questionnaire and in-depth interviews to assess investors' awareness, attitudes, risk tolerance, and decision-making processes. The findings provide valuable insights for mutual fund companies, financial advisors, and policymakers, enabling them to tailor their products, services, and marketing strategies to meet investor needs effectively. The study also contributes to the existing knowledge in behavioral finance and investment management.

I.INTRODUCTION:

The study investigates investors' perceptions and attitudes towards recent market fluctuations and mutual fund investments in the Chennai region, a major financial and industrial hub in India. Understanding these investors is crucial for financial institutions, fund managers, and policymakers. Factors influencing investors' perceptions include financial literacy, investment experience, risk appetite, and information sources. Demographic variables like age, income level, and educational background also impact decision-making processes. Behavioural biases like overconfidence, loss aversion, and herd mentality also influence investors' actions during market fluctuations. The findings can help develop more effective investment strategies, risk management practices, and investor education programs tailored to the needs and preferences of investors in the Chennai region.

Objectives:

- To understand the perception of investors in the Chennai region towards recent market fluctuations and their impact on mutual fund investments.
- To analyze the factors influencing investors' decision-making process regarding mutual fund investments in the wake of market volatility.
- To assess the level of awareness and understanding among investors in the Chennai region about the risks and potential returns associated with mutual fund investments during market fluctuations.
- To identify the investment preferences and risk tolerance levels of investors in the Chennai region concerning mutual fund investments amid market volatility.
- To evaluate the investment strategies adopted by investors in the Chennai region to mitigate the impact of market fluctuations on their mutual fund portfolios.

Review of Literature:

Nielsn Mutual Fund Brand Health(2007) Monitor, which measures consumer perceptions of mutual funds, the typical investor profile has shifted much younger, with men now in their mid-30s rather than their early 40s. Their monthly income is Rs. 50,000 on average. Mutual funds were once thought of as a tax-saving solution, but investors are now purchasing them in the hopes of earning a higher return on investment.

Return, liquidity, safety, and capital appreciation were found to be the main factors influencing investors' preference for certain schemes by

SahaAsish and Rama Murthy Y Sree (1994).

Madhusudhan V. Jambodekar (1996) The study revealed that Income schemes and open-ended schemes are preferred overgrowth schemes and close-ended schemes during the prevailing market conditions.

Retail investors' fund/scheme selection is influenced by a variety of factors, which **Rajeshwari T.R. and Rama Moorthy V.E. (2001)** investigated. Bank savings are the most favored investment vehicle, according to the survey.

Jaspal Singh and SubhashChander (2003) identified that record and growth prospects influenced the choice of scheme. Investors in mutual funds expected repurchase facility, prompt service, and adequate information. Salaried and retired categories had priority for record and safety in their mutual fund investment decisions.

Investors from the Hyderabad and Secunderabad twin cities were studied by **Venkateshwarlu M. (2004),** who discovered that they favored open-end plans with growth goal.The factors used to select the program were reasonable returns and the long-term strategy that it employed.

Vyas (2012) assessed the types of investments and the ways in which investors favored making investments. Only the desire for profit caused investors to change their investments, and they favored equity plans over other types of investment schemes.

DhimenJagdishbhaiJani, BhautikAlpeshkumar Patel 8: Rajeev V. Jain (2012) conducted research on the impact of several demographic factors on consumers' perceptions.The majority of Consumers of the valid city have framed positive perception towards the mutual fund. Demographic factors (i.e. age, gender, income, education,etc.) have influence on investor perception.

Research Methodology:

Research Design: As the study aims to at observe and describe relationships between variables, determine how various demographic groups react to a certain service, gather information about sample's preferences for decision-making, we used this design on the research.

Data Collection:

DEPENDENT

- Perception towards market fluctuations and mutual funds investment

INDEPENDENT

- Risk Perception
- Knowledge and Information
- Investment Behavior
- Satisfaction

Statisticsl Tool

- Correlation
- Regression
- ANOVA

Data Analysis and Interpretation

Correlation

Interpretation:

The study found a strong positive correlation (0.712) between knowledge and information and investment behavior, a strong positive correlation (0.628) between investment behavior and satisfaction with investment performance, and a moderate positive correlation (0.602) between knowledge and information and satisfaction with investment performance.

Correlations

		KNOWLEDGEANDINFORMATION	INVESTMENTBEHAVIOUR	SATISFACTIONWITHINVESTMENTPERFORMANCE
KNOWLEDGEANDINFORMATION	Pearson Correlation	1	.712**	.602**
	Sig. (2-tailed)		.000	.000
	N	53	53	53
INVESTMENTBEHAVIOUR	Pearson Correlation	.712**	1	.628**
	Sig. (2-tailed)	.000		.000
	N	53	53	53
SATISFACTIONWITHINVESTMENTPERFORMANCE	Pearson Correlation	.602**	.628**	1
	Sig. (2-tailed)	.000	.000	
	N	53	53	53

**. Correlation is significant at the 0.01 level (2-tailed).

Null Hypothesis (H0):

There is no significant correlation between the variables.

Alternate Hypothesis (H1):

There is a significant correlation between the variables. Based on the provided table, the alternate hypothesis (H1) would be accepted for all three correlations since the correlations are statistically significant at the 0.01 level. This suggests that there is sufficient evidence to conclude that the variables are significantly correlated with each other.

Regression

Interpretation:

The study explores the correlation between market perception, knowledge and information, investment behavior, and satisfaction with investment performance. The results show that 51.3% of the dependent variable's variation can be explained by the independent variables. Knowledge and information positively influences perception towards market fluctuations and mutual funds, while investment behavior and satisfaction with investment performance are not statistically significant.

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	SATISFACTION WITH INVESTMENT PERFORMANCE, KNOWLEDGE ANDINFORMATION, INVESTMENT BEHAVIOUR[b]	.	Enter

a. Dependent Variable: PERCEPTIONTOWARDSMARKETFLUCTUATIONANDMUTUALFUND

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.716[a]	.513	.483	2.14026

a. Predictors: (Constant), SATISFACTIONWITHINVESTMENTPERFORMANCE, KNOWLEDGEANDINFORMATION, INVESTMENTBEHAVIOUR

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	236.223	3	78.741	17.190	.000[b]
	Residual	224.456	49	4.581		
	Total	460.679	52			

a. Dependent Variable: PERCEPTIONTOWARDSMARKETFLUCTUATIONANDMUTUALFUND
b. Predictors: (Constant), SATISFACTIONWITHINVESTMENTPERFORMANCE, KNOWLEDGEANDINFORMATION, INVESTMENTBEHAVIOUR

Null Hypothesis (H0):

The study found no significant correlation between the independent variables of knowledge and information, investment behavior, and satisfaction with investment performance, and the dependent variable of perception towards market volatility and mutual fund.

Alternate Hypothesis (H1):

The independent variables of knowledge and information, investment behavior, and satisfaction with investment performance significantly influence the dependent variable of perception towards market volatility and mutual fund.

One-Way Anova:

Inyerpretation

The ANOVA results show that for all three variables—Knowledge and Information, Investment Behavior, and Satisfaction with Investment Performance—there are no statistically significant differences between the groups. All three variables' p-values are higher than the usually accepted significance level of 0.05, indicating that chance variation rather than true group differences may be the cause of the observed differences between the groups.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
KNOWLEDGEANDINFORMATION	Between Groups	.778	2	.389	.123	.884
	Within Groups	157.675	50	3.153		
	Total	158.453	52			
INVESTMENTBEHAVIOUR	Between Groups	4.223	2	2.111	1.030	.365
	Within Groups	102.532	50	2.051		
	Total	106.755	52			
SATISFACTIONWITHINVESTMENTPERFORMANCE	Between Groups	9.657	2	4.828	1.970	.150
	Within Groups	122.532	50	2.451		
	Total	132.189	52			

Null Hypothesis (H0): There is no significant difference among the groups in terms of Knowledge and information, Investment behaviour, and Satisfaction with investment performance.

Alternate Hypothesis (H1): At Least One Group Differs Significantly From The Others In Terms Of Knowledge and information, Investment behaviour, Or Satisfaction with investment performance.

DISCUSSION:

The study examines market swings, investor perception, investing patterns, and preferences in India's mutual fund market, focusing on the Chennai region. It considers factors like geopolitical events, regulatory changes, and economic conditions, as well as demographic variables like age, income, and education.

The study also examines trending mutual fund categories, entry and exit timing, and portfolio rebalancing. It also examines the awareness and education of investors in the Chennai region about mutual funds and market volatility, and the role of regulatory agencies, investment businesses, and financial advisors in promoting investor education.

II.CONCLUSION:

The study aims to provide a comprehensive understanding of investors' perceptions of market fluctuations and mutual fund investments in the Chennai region. It identifies factors influencing investor perception

and decision-making, suggests investment firms, regulators, and policymakers to enhance investor education and awareness programs, and encourages investors to develop a more informed approach to mutual fund investments during market fluctuations. The conclusion also highlights limitations of the study and potential areas for future research.

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