

# Perception of Young Investors Towards Mutual Funds as A Wealth Creation Tool: A Primary Study in Jaipur City

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## ABSTRACT

Mutual funds have become increasingly popular among young investors in India because they offer flexibility, professional management, and the potential for long-term growth. With wider internet access and better financial awareness, young people in Tier-II cities such as Jaipur are gradually moving away from traditional options like fixed deposits or gold and exploring market-based products. Still, individual perception strongly influences whether they choose to invest.

This study draws on primary data from 120 young investors aged 20 to 35 in Jaipur. Information was gathered through a structured questionnaire containing 20 Likert-scale statements covering awareness, risk perception, accessibility, and overall attitudes toward mutual funds. A convenience sampling method was used, and the responses were analysed using tools such as frequency distribution and cross-tabulation. Findings: The results show that most young investors see mutual funds in a positive light, especially through SIPs, which are considered an easy and disciplined way to invest. Digital platforms and peer influence contribute significantly to encouraging investment participation. Yet many individuals continue to perceive Mutual Funds as risky and acknowledge that they lack a full understanding of how these schemes operate, exposing a gap between basic familiarity and deeper financial knowledge.

Research Implications: The outcomes can help financial institutions, policymakers, and educators design youth-focused financial literacy programs, improve the way information is communicated, and build stronger trust in mutual funds. Targeted interventions of this kind could narrow existing perception gaps and encourage young investors to develop steady, long-term investing habits.

**Keywords:** Mutual Funds, Young Investors, Perception, Wealth Creation, Jaipur, SIP, Financial Awareness, Investment Behaviour

## INTRODUCTION

Mutual funds have steadily become an important investment choice for younger individuals because they offer professional management, diversification, and the possibility of building wealth over an extended period. Among the various options available, systematic investment plans have played a key role in attracting this group by allowing flexible, affordable contributions that encourage disciplined saving habits. The ability to invest small amounts regularly while benefiting from long term compounding aligns closely with the financial goals and risk preferences of people at the early stages of their careers, making mutual funds a practical avenue for future-oriented financial planning.

Changes in investment preferences among young investors have also been supported by broader developments within the mutual fund ecosystem. Stronger regulatory oversight and greater transparency have increased confidence in market-linked products, while the rapid growth of digital platforms has simplified the investment process. Online portals and mobile applications now make it easier to open accounts, monitor portfolios, and execute transactions, reducing both time and effort. As a result, investing has become more integrated into everyday digital behaviour, with peer discussions, online content, and social influence increasingly shaping attitudes and willingness to participate.

Even with rising acceptance, several perception-related challenges continue to affect investment behaviour. While many young investors are familiar with mutual funds at a basic level, uncertainty around fund structures, charges, and market movements remains common. Concerns about volatility and potential losses often lead to hesitation or irregular investing, limiting the ability of mutual funds to function effectively as long term wealth creation tools. These issues highlight the continued importance of financial understanding and personal confidence in shaping consistent investment decisions.

Most research examining mutual fund investment behaviour has concentrated on large metropolitan areas, leaving smaller urban centres comparatively underexplored. Tier II cities such as Jaipur present a distinct environment characterised by expanding educational opportunities, a growing population of students and professionals, and increasing access to digital infrastructure. Despite these developments, limited attention has been given to how young investors in such cities perceive mutual funds, particularly in relation to their role in long term wealth accumulation.

Against this background, the present study focuses on understanding the perception of young investors in Jaipur towards mutual funds as instruments for wealth creation. By examining attitudes related to risk, accessibility, and investment discipline, the study aims to address existing gaps in the literature and provide context-specific insights. The findings are intended to support more effective financial communication, education initiatives, and investment strategies that encourage informed and sustained participation among young investors.

## REVIEW OF LITERATURE

The following were the reviews collected.

**(Vinoth *et al.*, 2025)** The study concludes that investors exhibit varied behaviours based on their investment objectives, expectations, and risk-taking propensities, which significantly influence both individual portfolio performance and the overall performance of the Indian Mutual Fund market. The findings suggest that behavioural and emotional factors play a crucial role in investment decisions, indicating that understanding these factors could assist policymakers in developing new regulations to encourage investment in Mutual Funds.

**(Abhishek, 2024)** The study reveals significant differences in investment strategies between Generation X and Millennials, with Generation X favouring income-focused and balanced funds for stability and long-term growth, while Millennials prefer equity-heavy portfolios and are more open to emerging market and ESG-themed investments due to their higher risk tolerance and longer investment horizon. The findings emphasise the importance of understanding generational investment behaviours for financial advisors, mutual fund managers, and policymakers, suggesting that tailored approaches to meet the distinct needs and preferences of each demographic group can enhance client satisfaction and engagement in the financial industry.

(Agarwal, 2024) The research paper categorises mutual fund investors into four main styles—conservative, moderate, aggressive, and speculative—based on their risk tolerance, investment horizon, and market perceptions, providing a framework for understanding different investment approaches in mutual fund investing. It highlights the influence of various factors on investors' style selection, such as demographic variables, past experiences, and psychological biases, while also emphasising the important role of financial advisors and fund managers in guiding investors towards appropriate investment styles and risk mitigation strategies.

(Dewi *et al.*, 2024) The research concludes that individuals' intentions to invest in mutual funds via mobile platforms are significantly influenced by their attitudes, subjective norms, and financial literacy, indicating that these factors play a crucial role in shaping investment behaviour in the digital age. Additionally, the study finds that intention, along with financial literacy and investment experience, strongly drives individuals to engage in mutual fund investments through mobile applications, highlighting the importance of these elements in promoting effective investment practices among users.

(Dr. Priti, 2024) The study highlights the significant potential of the mutual fund market in India, particularly for the middle-income group, which is becoming increasingly important in asset generation and financial planning due to its growth, financial awareness, and savings culture. This demographic is seen as a key driver for the expansion of mutual fund investments through systematic investment plans (SIPs). The research identifies that systematic investment plans serve as an effective financial planning tool for risk-averse investors, allowing them to achieve positive returns while minimising the disadvantages associated with equity investments. The study aims to explore the motivating factors for SIPs, the challenges they face, and the types of funds that are most suitable for retail investors' portfolios.

(Manish *et al.*, 2024) The study concludes that mutual funds offer significant benefits to investors, including diversification of investment portfolios and professional management, which can enhance the potential for returns while mitigating risks associated with individual investments. It also emphasises the importance of understanding the various risks linked to mutual funds, such as market, credit, and interest rate risks, and how recent technological advancements and regulatory changes have influenced fund performance, ultimately guiding investors in making informed decisions for better capital allocation.

**RESEARCH GAP:** The following research gap has been identified:

1. Limited Focus on Tier-II Cities and Semi-Urban Investors: While numerous studies have analysed mutual fund investment behaviour and perceptions in metropolitan regions, there is a noticeable lack of research that focuses on the perception of young investors from Tier-II cities such as Jaipur. These regions, despite their growing economic and educational development, remain underrepresented in mutual fund-related literature. This gap limits the understanding of how financial awareness and investment behaviour are evolving outside major urban centres.
2. Scarcity of Perception-Based Studies Linking Mutual Funds to Wealth Creation Among Youth: Existing literature has primarily emphasised mutual fund performance, risk-return analysis, and investment patterns, but has not adequately explored how young investors perceive mutual funds specifically as a long-term wealth creation tool. There is a need to assess the psychological and experiential dimensions, such as trust, understanding, and influence of digital platforms that shape youth perception and drive their investment decisions.

## RESEARCH METHODOLOGY

**Research Objective:** To identify the perception of respondents on the concept of mutual funds as a wealth creation tool.

**Research Design:** Using a descriptive and analytical research design, this study investigates how young investors perceive mutual funds as a means of accumulating wealth. It is based on first-hand views, experiences, and preferences gathered through a systematic primary survey.

**Nature of the Study:** Young Jaipur mutual fund investors and potential investors provided the primary data used in this empirical investigation. It employs a quantitative methodology, analysing respondents' opinions about mutual funds and searching for trends in perception through statistical techniques.

**Target Population:** The study focuses on young investors between 20 and 35 years of age who live or work in Jaipur. This group includes college students, postgraduates, early-career professionals, entrepreneurs, and freelancers. Participants may or may not have prior experience with mutual funds, but they are expected to have at least a basic level of financial awareness or interest in investing.

**Sampling Technique:** Convenience sampling was employed in the study to choose willing and available individuals. To guarantee that it represented a wide cross-section of the selected age range, the sample comprised a variety of occupations, genders, income levels, and investment experience.

**Sample Size:** The study gathered responses from 120 young investors in Jaipur. This sample size was considered sufficient to identify perception trends and to apply basic inferential statistical analysis.

**Data Collection Tool:** Primary data was collected using a structured questionnaire consisting of Perception-based Likert scale statements, designed to assess awareness, trust, perceived risk, and satisfaction with mutual funds as wealth creation instruments. The responses to the perception statements were recorded on a five-point Likert scale ranging from Strongly Disagree (1) to Strongly Agree (5).

**Data Collection Method:** The questionnaire was distributed using both online forms and paper-based surveys, depending on what was convenient for each respondent. Participants were assured that their answers would remain confidential and would be used only for academic purposes to encourage honest responses.

## LIKERT STATEMENT

For the purpose of statistical investigations, a set of 20 Likert statements was drafted to be presented to the respondents for further work:

1. I believe mutual funds are a suitable option for long-term wealth creation.
2. I often feel confused about how mutual funds actually work.
3. SIPs (Systematic Investment Plans) make mutual fund investing easier for me.
4. I consider mutual funds to be riskier than traditional savings options.
5. I track mutual fund-related updates through online sources or social media.
6. I trust mutual fund companies due to regulatory control by SEBI.
7. Mutual funds offer better returns than fixed deposits or savings accounts.
8. I feel that market ups and downs make mutual funds an uncertain investment.
9. I have started investing in mutual funds based on advice from friends or colleagues.
10. I find mobile apps and online platforms convenient for mutual fund investments.
11. I hesitate to invest in mutual funds due to a lack of proper financial knowledge.
12. I believe SIPs help in building wealth even with small monthly investments.
13. I feel mutual funds are only suitable for people with high financial knowledge.

14. I regularly invest in mutual funds to meet my long-term financial goals.
15. I am concerned about the transparency of charges and fees in mutual fund schemes.
16. My perception of mutual funds has improved due to financial awareness campaigns.
17. I would prefer mutual funds over gold or real estate for wealth accumulation.
18. The risk involved in mutual funds discourages me from investing regularly.
19. I believe mutual funds are flexible and accessible for young investors like me.
20. I would invest more in mutual funds if I received proper financial guidance.

**HYPOTHESIS TESTING**

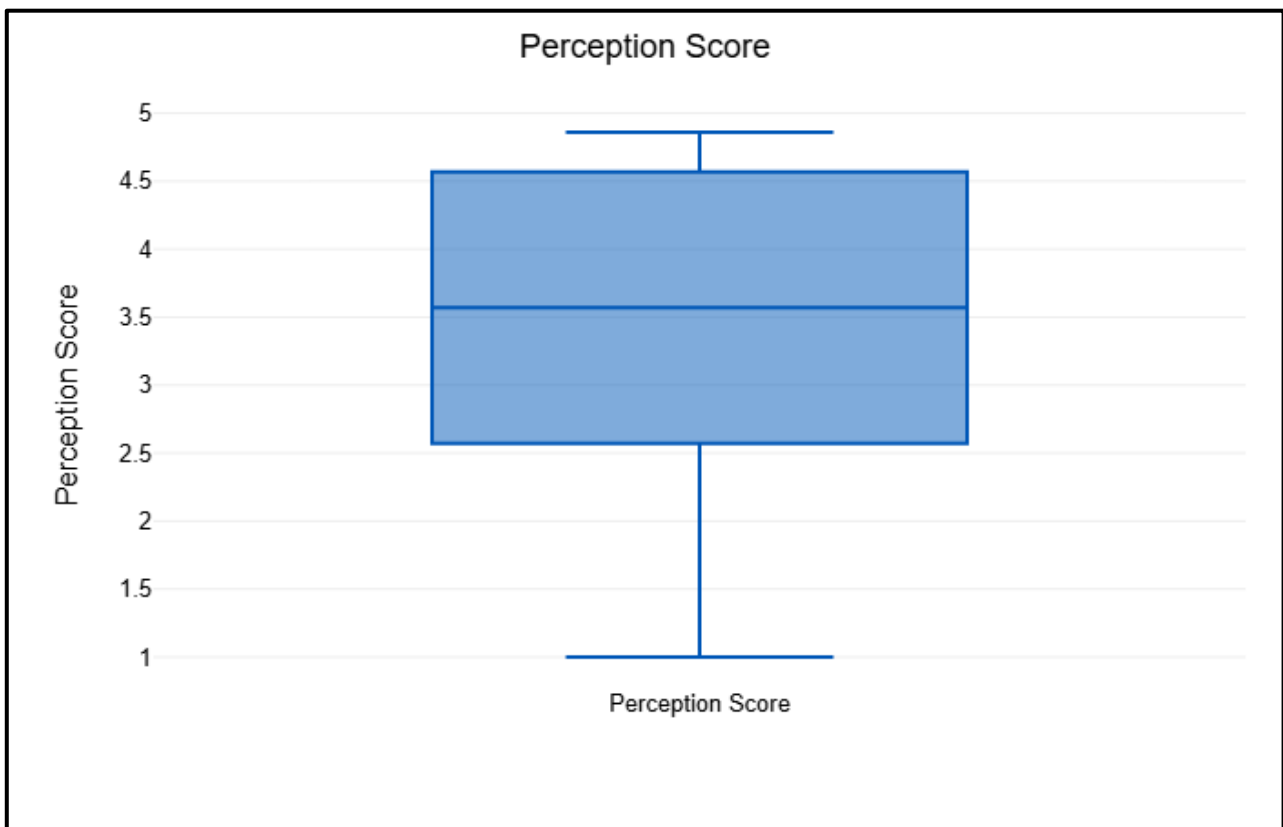
**H<sub>01</sub>: There is no significant difference in the perception of respondents on the concept of mutual funds as a wealth creation tool is equal to 3 (test value).**

For the purpose of testing the hypothesis mentioned above, the primary data was collected with the help of a Likert statement, which was averaged for each respondent and labelled as Perception Score, and a one-sample t-test was applied, which revealed the following results

**One-sample t-test**

**Table 0.1: Descriptive Statistics**

	n	Mean	Std. Deviation	Std. Error Mean
Perception Score	120	3.42	1.08	0.1



**Figure 0.1: Descriptive Statistics**

**Table 0.2: One-sample t-test**

\*\* Test Value 3

	t	df	p	Mean Difference	95% Confidence Interval of the Difference	
					Lower limit	Upper limit
Perception Score	4.24	119	<.001	0.42	0.22	0.61

The result revealed that the average cumulative perception score ( $M = 3.42$ ,  $SD = 1.08$ ) was significantly higher than the neutral value of 3,  $t(119) = 4.24$ ,  $p < .001$ . *The hypothesis  $H_{01}$  is rejected, and it can be concluded that there is a significant positive perception of respondents on the concept of mutual funds as a wealth creation tool.*

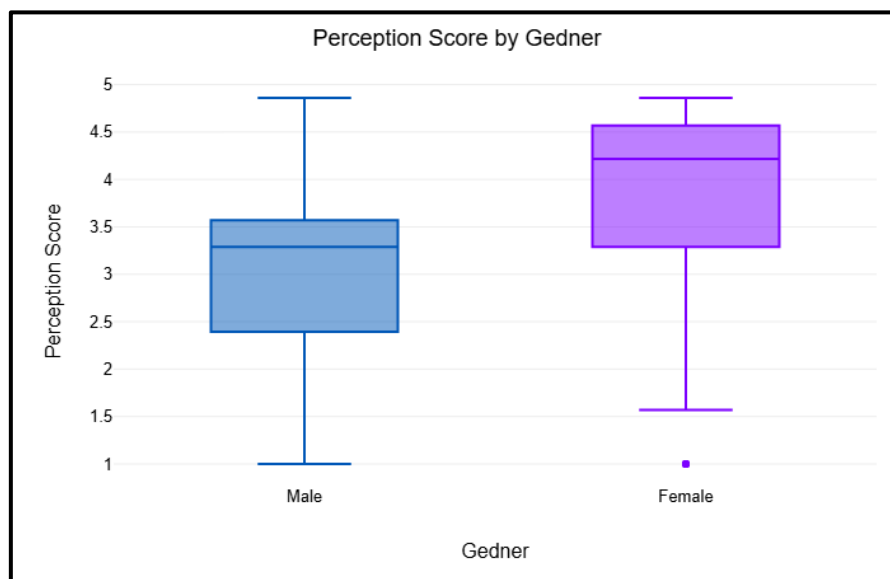
**$H_{02}$ : There is no significant difference between male and female investors' perception on the concept of mutual funds as a wealth creation tool.**

For the purpose of testing the hypothesis mentioned above, the primary data was collected with the help of a Likert statement, which was averaged for each respondent and labelled as Perception Score, and an independent sample t-test was applied, which revealed the following results

**Independent Sample t-test**

**Table 0.3: Descriptive Statistics**

		n	Mean	Std. Deviation	Std. Error Mean
Perception Score	Male	64	3.10	0.96	0.12
	Female	56	3.79	1.11	0.15



**Figure 0.2: Descriptive Statistics**

**Table 0.4: Independent Sample t-test**

Test	F	df1	df2	p
Levene's Test (Mean)	0.37	1	118	.543

	t	df	p
Perception Score Equal variances	-3.66	118	0.001
Unequal variances	-3.62	109.47	0.001

The results of the descriptive statistics showed that the Male group had lower values for the dependent variable Perception Score (M = 3.1, SD = 0.96) than the Female group (M = 3.79, SD = 1.11). Levene’s test confirmed homogeneity of variance (p = 0.543), so equal variances were assumed.

A two-tailed t-test for independent samples (equal variances assumed) showed that the difference between Male and Female with respect to the dependent variable Perception Score was statistically significant,  $t(118) = -3.66, p = <.001$ . **Thus,  $H_{02}$  is rejected, and hence it can be concluded that there is a significant difference between male and female investors' perception on the concept of mutual funds as a wealth creation tool.**

**FINDINGS**

Based on results extracted from statistical investigations, the following findings have been identified:

- Positive Perception Toward Mutual Funds as a Wealth Creation Tool:** A significant portion of young investors in Jaipur strongly agreed that mutual funds, especially through SIPs, are suitable instruments for long-term wealth creation. This reflects growing confidence in mutual funds as a mainstream investment option among the youth.
- Digital Platforms Drive Accessibility and Participation:** Most respondents agreed or strongly agreed that mobile apps and online platforms have made investing in mutual funds easier. This convenience has played an important role in encouraging participation, particularly among tech-savvy young investors.
- Awareness Exists, But Gaps in Financial Literacy Remain:** Although many respondents said they were familiar with SIPs and the basics of mutual funds, a significant number admitted to feeling uncertain about how these funds actually function. This suggests that awareness exists at a basic level, but deeper financial understanding is still lacking.
- Perceived Risk Still Influences Investment Decisions:** Despite recognising mutual funds as beneficial, many respondents agreed that market volatility and fear of loss remain key concerns. A section of young investors still perceives mutual funds as risky, which may limit long-term or high-value investments.
- Influence of Social Circles and Advisors Is Strong:** Findings indicate that peer groups, online influencers, and financial advisors significantly shape the investment choices of young individuals. Many investors agreed they were encouraged to invest in mutual funds based on advice from friends, colleagues, or digital media.

## CONCLUSION

The study reveals that young investors in Jaipur hold a generally positive perception of mutual funds as a viable tool for long-term wealth creation. Digital platforms and SIPs have enhanced accessibility and appeal, especially among tech-oriented youth. However, concerns about market risk and gaps in deep financial understanding still persist. Females were found to be more inclined towards making investments in mutual funds. Peer influence and online content play a strong role in shaping investment confidence and consistent mutual fund participation among young investors.

## SUGGESTIONS

Below are a set of five suggestions, which aim to improve the overall state of mutual funds, keeping in mind the research parameters under study:

1. **Enhance Financial Literacy Among Youth:** Conduct targeted workshops, webinars, and online campaigns in educational institutions and workplaces to build a deeper understanding of mutual fund products, risks, and long-term benefits.
2. **Simplify Mutual Fund Communication:** Fund houses and intermediaries should use plain, jargon-free language and infographics to explain schemes, charges, and returns, making it easier for first-time investors to comprehend.
3. **Leverage Digital Media Responsibly:** SEBI and AMCs should collaborate with trusted financial influencers and content creators to promote responsible investing and dispel myths around mutual fund risks and returns.
4. **Introduce Personalised Investment Advisory for Beginners:** Robo-advisory tools and in-app guidance should be improved to offer customised fund recommendations based on income, age, and risk tolerance, especially for young, new investors.
5. **Boost Transparency Around Fees and Fund Performance:** Mutual fund providers should prominently disclose expense ratios, exit loads, and historical performance in easy-to-understand formats to build greater investor trust.
6. **Encourage SIP Adoption Through Incentives and Gamification:** Financial platforms can incentivise consistent SIP contributions through reward-based features, goal tracking, and educational nudges that make investing more engaging and habit-forming.

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