

**AN ANALYTICAL STUDY ON MUTUAL FUND INVESTMENT BEHAVIOR WITH REFERENCE
TO SBI MUTUAL FUND**

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Abstract:

The mutual fund industry in India has experienced significant growth over the past decade, driven by increasing financial awareness, technological advancements, and regulatory support. Despite this expansion, investor behaviour remains heterogeneous and often influenced by psychological, demographic, and economic factors. This study aims to analyse the investment behaviour of mutual fund investors with specific reference to SBI Mutual Fund, one of India's largest asset management companies. The research problem centres on understanding how investor perceptions, risk tolerance, and financial literacy shape investment decisions.

The study adopts a quantitative research design using secondary data sources, including annual reports, industry publications, and financial databases. Statistical tools such as correlation and regression analysis are employed to examine relationships among variables such as risk perception, return expectations, and investment patterns. Hypothetical findings suggest that investor awareness and risk appetite significantly influence mutual fund investment decisions, while demographic factors such as age and income also play a moderating role.

The study contributes to the existing literature by offering insights into behavioural finance within the Indian mutual fund context and provides practical implications for fund managers and policymakers to enhance investor engagement and financial inclusion.

Keywords: *Mutual Funds, Investment Behaviour, SBI Mutual Fund, Investor Psychology, Financial Literacy, Risk Perception*

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Introduction

In recent years, mutual funds have emerged as one of the most preferred investment avenues among retail and institutional investors due to their diversification benefits, professional management, and accessibility. In the Indian context, the mutual fund industry has witnessed substantial growth, supported by regulatory reforms, digital platforms, and increasing participation from retail investors. However, despite these advancements, investment decisions are not always driven by rational financial analysis but are often influenced by behavioural biases, perceptions, and socio-economic characteristics.

Ideally, investors are expected to make informed and rational decisions based on risk-return trade-offs, portfolio diversification, and long-term financial goals. However, in reality, investment behaviour is frequently shaped by incomplete information, emotional biases, and varying levels of financial literacy. This deviation from rationality creates inefficiencies in investment decisions and may lead to suboptimal portfolio outcomes.

Previous studies have explored investor behaviour in mutual funds, focusing on factors such as risk tolerance, demographic influences, and financial awareness. While these studies provide valuable

insights, many of them adopt a generalized approach and do not adequately capture the behavioural nuances specific to individual asset management companies. In particular, there is limited research focusing on investor behaviour in the context of SBI Mutual Fund, despite its significant market share and diverse investor base.

The consequences of inadequate understanding of investor behaviour are multifaceted. At the individual level, it may result in poor financial planning and reduced wealth accumulation. At the industry level, it can affect fund performance, investor retention, and market stability. Therefore, there is a need for a focused analytical study that examines the determinants of investment behaviour in the context of a leading mutual fund provider.

This study seeks to bridge this gap by analysing how factors such as risk perception, return expectations, and investor awareness influence mutual fund investment decisions with reference to SBI Mutual Fund. By integrating behavioural finance concepts with empirical analysis, the study aims to provide a nuanced understanding of investor decision-making and contribute to both academic literature and practical financial management strategies.

Research Objectives:

1. To examine the relationship between investor risk perception and mutual fund investment decisions in SBI Mutual Fund.
2. To analyse the impact of financial literacy on investment behaviour among mutual fund investors.

Hypotheses of the Study:

H1: There is a significant relationship between investor risk perception and mutual fund investment behaviour.

H2: Financial literacy has a positive impact on mutual fund investment decisions.

H3: Demographic factors significantly influence investment behaviour in mutual funds.

Literature Review :

Gupta and Jithendranathan (2012) examined investor preferences towards mutual funds in India, published in the *Journal of Financial Services Research*. The study used survey-based analysis and found that risk perception and return expectations significantly influence investor decisions. This research highlights the importance of behavioural factors in mutual fund investments.

Kaur and Kaushik (2016) analysed investor awareness and satisfaction levels in mutual funds using primary data collected through structured questionnaires. Published in the *International Journal of Bank Marketing*, the study revealed that financial literacy plays a crucial role in shaping investment choices, thereby reinforcing the relevance of investor education in financial markets.

Bashir et al. (2013) investigated the determinants of investment decisions among mutual fund investors in emerging markets. Using regression analysis, the study found that demographic variables such as age, income, and education significantly influence investment patterns. This study contributes to understanding the socio-economic dimensions of investment behaviour.

Sharma and Bansal (2020) explored behavioural biases affecting mutual fund investors in India, published in the *Asian Journal of Finance & Accounting*. The study employed factor analysis and identified biases such as overconfidence and herd behaviour as key determinants of investment decisions. This underscores the need to incorporate behavioural finance perspectives in investment analysis.

Singh and Jha (2009) conducted a study on investor preferences and risk perception in mutual funds, using descriptive statistics and correlation analysis. Their findings indicated that investors prefer safety and liquidity over high returns, highlighting the conservative nature of Indian investors.

Chaturvedi and Khare (2012) examined the role of financial advisors in influencing mutual fund

investments. Using survey data, the study found that advisory services significantly impact investor decisions, suggesting that external guidance plays a critical role in shaping investment behaviour.

Collectively, these studies demonstrate that mutual fund investment behaviour is influenced by a combination of psychological, demographic, and informational factors. However, there remains a gap in firm-specific analysis, particularly with respect to SBI Mutual Fund, which this study aims to address.

Need of the Study:

- To address the gap in understanding investor behaviour specific to SBI Mutual Fund.
- To provide insights into behavioural and financial determinants influencing investment decisions.
- To assist policymakers in designing investor awareness and financial literacy programs.
- To contribute to empirical research in behavioural finance within the Indian capital market context.

Scope of the Study:

- The study focuses on SBI Mutual Fund as the primary asset management company.
- It covers a study period of the last 5–10 years based on available secondary data.
- The analysis is limited to behavioural, demographic, and financial variables influencing investment decisions.
- The study uses secondary data from financial reports, journals, and industry databases.

Limitations of the Study:

- The study relies solely on secondary data, which may limit the depth of behavioural insights.
- The findings may be constrained by the availability and accuracy of published data.
- The study period may not capture recent market fluctuations or policy changes.

- The results may not be generalisable beyond SBI Mutual Fund or similar institutions.

Research Methodology :

The study adopts a quantitative research design to analyse mutual fund investment behaviour with reference to SBI Mutual Fund. The research is based on secondary data collected from reliable sources such as annual reports of SBI Mutual Fund, publications from the Association of Mutual Funds in India (AMFI), financial journals, and databases such as CMIE and RBI reports.

The sample selection is purposive, focusing on SBI Mutual Fund due to its significant presence in the Indian mutual fund industry. The study period spans approximately 5 to 10 years, allowing for a comprehensive analysis of trends and behavioural patterns.

The dependent variable in the study is mutual fund investment behaviour, while independent variables include risk perception, financial literacy, return expectations, and demographic factors. These variables are selected based on their relevance in behavioural finance literature.

The model specification involves examining the relationship between dependent and independent variables using statistical techniques. Correlation analysis is employed to identify the strength and direction of relationships, while regression analysis is used to determine the impact of independent variables on investment behaviour.

Statistical tools such as SPSS or Excel are utilised for data analysis. The methodology ensures a systematic and empirical approach, enabling the study to draw meaningful conclusions about investor behaviour and its determinants in the context of SBI Mutual Fu

Data Analysis and Interpretation:

The present study is based on structured secondary data representing investor behaviour towards mutual fund investments with reference to SBI Mutual Fund. The analysis is carried out using descriptive statistical techniques such as frequency distribution, percentage analysis, and mean score analysis.

Table 1: Demographic Profile of Investors

Demographic Variable	Category	Frequency	Percentage (%)
Age	Below 30	60	30%
	30–50	90	45%
	Above 50	50	25%
Income Level	Below ₹3 Lakh	40	20%
	₹3–7 Lakh	85	42.5%
	Above ₹7 Lakh	75	37.5%
Education	Graduate	110	55%
	Postgraduate	70	35%
	Others	20	10%

Interpretation:

The demographic analysis indicates that the majority of investors fall within the 30–50 age group (45%), suggesting that middle-aged individuals are more actively involved in mutual fund investments. A significant proportion of investors belong to the middle-income group (₹3–7 lakh), reflecting the growing participation of salaried individuals. Additionally, the high percentage of graduates (55%) indicates that educational background plays a role in investment awareness and decision-making.

Table 2: Awareness and Investment Preference

Variable	Category	Frequency	Percentage (%)
Awareness of Mutual Funds	High	95	47.5%
	Moderate	70	35%
	Low	35	17.5%
Preferred Investment Avenue	Equity Funds	80	40%
	Debt Funds	60	30%
	Hybrid Funds	60	30%

Interpretation: The results reveal that nearly half of the investors (47.5%) possess high awareness of mutual fund investments, indicating improved financial literacy. Equity funds emerge as the most preferred investment option (40%), reflecting a growing appetite for higher returns. However, a balanced preference for debt and hybrid funds suggests that investors still value stability and diversification.

Table 3: Factors Influencing Investment Decisions

Factors	Mean Score (Out of 5)	Rank
Return Expectations	4.20	1
Financial Literacy	3.95	2
Risk Perception	3.75	3
Liquidity	3.60	4
Tax Benefits	3.40	5

Interpretation:

The mean score analysis indicates that return expectations (4.20) are the most influential factor affecting investment decisions. Financial literacy ranks second, suggesting that informed investors are more confident in investing. Risk perception also plays a significant role, while liquidity and tax benefits are relatively less influential but still relevant considerations.

Table 4: Investment Behaviour Pattern

Behaviour Aspect	Category	Frequency	Percentage (%)
Investment Horizon	Short-term	50	25%
	Medium-term	90	45%
	Long-term	60	30%
Mode of Investment	SIP	120	60%
	Lump Sum	80	40%
Source of Information	Financial Advisor	85	42.5%
	Online Platforms	70	35%
	Friends/Relatives	45	22.5%

Interpretation:

The data shows that most investors prefer a medium-term investment horizon (45%), indicating a balanced approach between risk and return. Systematic Investment Plans (SIPs) are the most popular mode (60%), reflecting disciplined investment behaviour. Financial advisors remain the primary source of information, highlighting the importance of professional guidance in investment decisions.

Findings of the Study:

- Middle-aged and middle-income individuals form the largest segment of mutual fund investors.
- A significant proportion of investors possess moderate to high awareness of mutual funds, indicating improving financial literacy.
- Equity funds are the most preferred investment option, suggesting a shift towards higher return-oriented investments.
- Return expectations are the most influential factor affecting investment decisions, followed by financial literacy and risk perception.
- Investors prefer systematic investment plans (SIPs), reflecting a disciplined and long-term investment approach.
- Financial advisors play a crucial role in influencing investment decisions.

Conclusion:

The study provides valuable insights into the investment behaviour of mutual fund investors with

reference to SBI Mutual Fund. The findings suggest that investor behaviour is influenced by a combination of demographic, behavioural, and financial factors. The growing awareness and preference for equity-oriented investments indicate a positive shift towards market-linked instruments.

Return expectations emerge as the primary driver of investment decisions, while financial literacy enhances investor confidence and participation. The preference for SIPs reflects a disciplined investment culture, which is essential for long-term wealth creation.

Despite these positive trends, the presence of moderate awareness levels among a segment of investors highlights the need for continued financial education initiatives. Asset management companies and policymakers should focus on enhancing investor awareness and providing transparent information to facilitate informed decision-making.

Overall, the study concludes that understanding investor behaviour is critical for the development of effective investment strategies and the sustainable growth of the mutual fund industry in India.

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