



# International Journal of Innovative Research in Science Engineering and Technology (IJIRSET)

*(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)*



**Impact Factor: 8.699**

**Volume 15, Issue 3, March 2026**

# **A Study on Impact of Mutual Fund on Wealth Creation**

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**ABSTRACT:** Mutual funds have become one of the most popular ways for people to invest their money and build long-term wealth. They allow investors to pool their savings, which are then professionally managed and invested across different financial instruments such as equities, bonds, and other assets. This study focuses on understanding how mutual funds help individuals create wealth over time and what factors influence their effectiveness. The research explores the role of different types of mutual funds—like equity funds, debt funds, hybrid funds, and SIPs (Systematic Investment Plans)—in generating returns while balancing risk. It also looks at how investor awareness, investment duration, and market conditions impact the wealth creation process. By studying the performance of selected mutual fund schemes from various asset management companies, the project aims to highlight trends in returns, risk management, and investor satisfaction. Findings from the study suggest that consistent and disciplined investing through mutual funds, especially SIPs, can lead to significant wealth creation in the long run. However, short-term market fluctuations, inflation, and a lack of financial knowledge often prevent investors from realizing the full potential of their investments. Overall, the study emphasizes that mutual funds are not just an investment option but an important tool for achieving financial goals and long-term security. With proper guidance, patience, and awareness, mutual funds can truly help investors grow their wealth and achieve financial independence.

**KEYWORDS:** Mutual Funds, Wealth Creation, Systematic Investment Plan (SIP), Financial Growth.

## **I. INTRODUCTION**

Understanding how mutual funds contribute to wealth creation is essential in today's fast-changing financial world. Mutual funds have become one of the most convenient and trusted ways for people to invest their money, offering a balance between safety, growth, and diversification. They allow individuals to pool their savings, which are then managed by professional fund managers who invest across various financial instruments such as equities, bonds, and other assets. This process not only helps investors grow their wealth but also supports the overall economy by channelizing funds into productive sectors. This study aims to explore how mutual funds help investors create wealth over time and what factors influence their performance. The topic has been chosen because mutual funds have transformed personal finance in India, encouraging people from all income levels to participate in market-based investments. They have made investing more systematic, transparent, and accessible even for those with limited financial knowledge.

The research examines how different types of mutual funds—such as equity funds, debt funds, hybrid funds, and SIPs (Systematic Investment Plans)—impact wealth creation. It also studies how investor behavior, risk tolerance, and market conditions affect investment outcomes. By analyzing performance data from leading Asset Management Companies (AMCs), this project aims to provide a clear picture of how mutual funds perform over time and how they can be used effectively to meet various financial goals. In addition, the study sheds light on the challenges that investors commonly face—such as market fluctuations, limited awareness, and emotional decision-making—that often prevent them from achieving consistent returns. By understanding these challenges, investors can make better financial decisions and develop more disciplined investment habits.

## **OBJECTIVES OF THE STUDY**

- To analyze the effectiveness of mutual funds in building wealth for individual investors.

- To study the risk-return relationship in various mutual fund schemes.
- To evaluate investor awareness and preferences toward mutual fund investments.
- To examine the role of Systematic Investment Plans (SIPs) in promoting disciplined investing.
- To assess the overall contribution of mutual funds to financial growth and economic development.

## II. REVIEW OF LITERATURE

**ManishGupta(2025)** Over the past few years, India’s financial landscape has changed dramatically, with mutual funds becoming an increasingly popular choice among retail investors. This study explores how mutual funds affect Indian investors, looking at aspects like financial inclusion, wealth creation, investment habits, and risk perception. It seeks to understand whether mutual funds truly help people achieve their financial goals and guide their investment decisions.

**Dr.R.Sathya, R.Poornima (2024)** , in his study “ A Study on Investors Inclination Towards Utilizing Mutual Funds as a Preferred Investment Choice in the city of Coimbatore” The mutual fund industry in India has experienced significant growth and increasing popularity over the past few decades, particularly after the establishment of the Unit Trust of India (UTI) in 1964. As a result, a wide range of academic studies has developed, focusing on different aspects of mutual funds. Many of these studies emphasize investor perception and preferences toward various mutual fund schemes, along with the factors that influence different groups of investors to invest in them.

**Dr.PramodKumar,Dr.PushDeepDagar(2023)**, in his research “Mutual Funds Performance in India- An Analytical Review of Literature” According to AMFI, a mutual fund is a pool of money managed by a professional Fund Manager. It operates as a trust that collects small savings from numerous investors who share a common investment objective and invests these funds in various types of securities such as equity, debt, and money market instruments. Individual investors often struggle to earn substantial returns from the stock market due to a lack of professional expertise and insufficient funds to properly diversify their portfolios. Mutual fund companies address these challenges by pooling small investments from many individuals and investing them in a well- diversified portfolio of securities.

## III. RESEARCH METHODOLOGY

This study adopts a descriptive research design. Convenience sampling is adopted in this study. Both primary data and secondary data are applied to the study. The size of the sample to be used in this study is 210 respondents. Simple percentage analysis and chi square analysis have been applied in this study.

### Data analysis and interpretation

Table No. 1 AGE OF THE RESPONDENTS

Age Group	Frequency	Percentage
Below 25	35	16.70%
25–35	79	37.60%
36–45	53	25.20%
46–55	26	12.40%
Above 55	17	8.10%
<b>Total</b>	<b>210</b>	<b>100%</b>

Source: Primary data

### Interpretation

Respondents reveal that the largest group, 37.6%, falls within the 25–35 age range, followed by 25.2% in the 36–45 brackets. Respondents below 25 years constitute 16.7%, while 12.4% are aged 46–55, and 8.1% are above 55 years. This indicates that the majority of investors surveyed are in the early to mid-career stage, which may influence their investment patterns, risk appetite, and approach toward wealth creation through mutual funds.

**Table No. 2 OCCUPATION OF THE RESPONDENTS**

Occupation	Frequency	Percentage
Fresher	40	19.00%
Business Owner	35	16.70%
Salaried Employee	95	45.20%
Professional	40	19.00%
<b>Total</b>	<b>210</b>	<b>100%</b>

Source: Primary data

**Interpretation**

The majority of respondents, 45.2%, are salaried employees, followed by 19.0% each for fresher and professionals. Business owners make up 16.7% of the sample. This suggests that most respondents have a regular source of income, which may influence their investment behavior and preferences toward mutual funds as a tool for wealth creation, while fresher and professionals may have different risk appetites and investment horizons.

**Table No. 3 MUTAUL FUNDS PREFERENCE**

Mutual Fund Type	Frequency	Percentage
Equity Funds	70	33.30%
Debt Funds	45	21.40%
Hybrid Funds	40	19.00%
SIPs	25	11.90%
ELSS (Tax Saving)	20	9.50%
Others	10	4.80%
<b>Total</b>	<b>210</b>	<b>100%</b>

Source: Primary data

**Interpretation**

33.3% of respondents prefer equity funds, making it the most popular type of mutual fund, followed by debt funds (21.4%) and hybrid funds (19.0%). SIPs as a separate category are preferred by 11.9%, ELSS (tax-saving) funds by 9.5%, and other types by 4.8%. This suggests that investors are largely inclined toward growth-oriented investments like equity funds while also showing some preference for balanced and tax-efficient options, reflecting a mix of risk appetite and long-term wealth creation goals.

**Table No. 4 PRIMARY INVESTMENT GOAL**

Investment Goal	Frequency	Percentage
Wealth Creation	95	45.20%
Tax Saving	40	19.00%
Retirement Planning	35	16.70%
Children's Education	25	11.90%
Short-term Gains	15	7.10%
<b>Total</b>	<b>210</b>	<b>100%</b>

Source: Primary data

**Interpretation**

45.2%, is wealth creation, making it the dominant motive for investing in mutual funds. Tax saving is the goal for 19.0%, retirement planning for 16.7%, children's education for 11.9%, and short-term gains for 7.1% of investors. This indicates that respondents are mainly focused on long-term financial growth and wealth accumulation, while secondary

goals such as tax benefits, retirement security, and education planning also influence investment decisions.

#### IV. CHI-SQUARE ANALYSIS: RELATIONSHIP BETWEEN AGE OF THE RESPONDENTS AND MUTAUL FUNDS PREFERENCE

**Null Hypothesis (H0) :** There is no association between age and mutual fund preference.

**Alternative Hypothesis (H1):** There is association between age and mutual fund preference.

##### Chi-square test

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.871a	20	0.883
Likelihood Ratio	16.861	20	0.662
N of Valid Cases	210		

21 cells (70.0%) have expected count less than 5. The minimum expected count is .08.

##### Interpretation

Since p value (0.883) is greater than 0.05 at 5% level of significance we accept the null hypothesis (H0) & reject alternative hypothesis (H1). Hence there is no association between age and mutual fund preference.

#### V. CHI-SQUARE ANALYSIS: RELATIONSHIP BETWEEN OCCUPATION OF THE RESPONDENTS AND PRIMARY INVESTMENT GOAL

**Null Hypothesis (H0) :** There is no association between occupation and primary investment goal.

**Alternative Hypothesis (H1) :** There is association between occupation and primary investment goal.

##### Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.280a	12	0.839
Likelihood Ratio	8.962	12	0.706
N of Valid Cases	210		

a. 11 cells (55.0%) have expected count less than 5. The minimum expected count is .17.

##### Interpretation

Since p value (0.839) is greater than 0.05 at 5% level of significance we accept the null hypothesis (H0) & reject alternative hypothesis (H1). Hence there is no association between occupation and primary investment goal.

#### VI. SUGGESTIONS

- After seeing the whole Data analysis and findings my suggestions for the industry.
- Mutual fund companies should focus on investor education programs, as a large number of respondents still face lack of knowledge about investment options.
- Awareness campaigns should be increased through digital platforms, social media, and seminars to reach young investors effectively.
- Since most respondents rely on friends and family for information, companies should encourage referral programs and word-of-mouth marketing.
- Financial institutions should provide simple and easy-to-understand information about mutual funds, especially for beginners.
- More guidance should be given on selecting the right mutual fund, as many respondents find it difficult to choose suitable schemes.
- Since most investors prefer mobile apps, companies should improve app features with user-friendly interfaces,

tracking tools, and personalized suggestions.

- Mutual fund providers should design low-risk and balanced schemes to attract investors who are concerned about risk.
- There should be more focus on promoting Systematic Investment Plans (SIP) as it is already preferred and suitable for regular income groups.
- Companies should clearly communicate expected returns and associated risks to build trust and confidence among investors.
- Financial advisors and banks should play an active role in guiding new investors, especially those who are investing for the first time.
- Efforts should be made to build long-term trust, as many respondents are still new and have less investment experience.
- Government and financial institutions should collaborate to conduct financial literacy programs in colleges and workplaces.

## VII. CONCLUSION

The study reveals that mutual funds have gained significant popularity among investors, especially among young individuals and beginners. A majority of the respondents are aware of mutual funds, and a large proportion have already started investing, which indicates a positive shift towards financial awareness and modern investment avenues. The analysis shows that most investors prefer Systematic Investment Plans (SIP) due to their convenience and suitability for regular income groups. Digital platforms and mobile applications play a crucial role in influencing investment decisions, as many respondents prefer investing and tracking their portfolios through apps. However, despite high awareness and participation, there are still certain challenges. Lack of in-depth knowledge and difficulty in selecting appropriate mutual fund schemes remain major concerns among investors. This indicates a need for better guidance and financial education.

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