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Awareness of Mutual Funds among Working Professionals (Conducted In Mumbai Region)

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Abstract:

This research study focuses on understanding the awareness of mutual funds among working professionals in the Mumbai region. In today's changing financial environment, the investment planning among working professionals have become a crucial part in the financial management. They mostly aim to savings and long-term financial stability. Among the working professionals, mutual funds are been preferred as the best options available due to their various benefits such as portfolio diversification, expert fund management and ease of access. Despite of many advantages involved with mutual funds, many investors even hesitate to invest in mutual funds due to lack of awareness and also being scared to invest as they think mutual funds are disadvantage tool to invest which leads to loss of their earned money that they will invest in it.

The results offer insightful information that financial institutions, legislators, and educators can use to develop focused initiatives that encourage working professionals to make well-informed investment decisions.

The research adopts a mixed methods analysis that combines both qualitative and quantitative data to present and overview of the awareness of mutual funds among working professionals in Mumbai and whether they are interested in attending the workshops or seminars to being aware about mutual funds.

Introduction

Mutual funds have become a popular and effective investment option for anyone looking to increase their wealth in the ever-changing personal finance scene.

Mumbai often being referred to as financial capital of India, it is a home to large and diverse working professionals having different financial awareness levels. There is still a lack of knowledge and use of mutual funds among working professionals, even with abundance of financial institutions and investing tools.

There are multiple aspects that affect investments, including income level, education, financial literacy and information availability. They are expected to make informed decisions regarding investment that coincide with a wise financial future under best circumstances. Hence it is important to know how much aware working people are with mutual funds concept so that policymakers, mutual funds companies and financial advisors can improve the financial inclusion and development of investment culture in the country.

This research study aims to understand the awareness levels of working professionals in Mumbai and what all factors influence them to invest in Mutual funds and why some investors do not invest in mutual funds and what are there factors. This research study also provides recommendations given by working professionals in order to increase the awareness levels of mutual funds among working professionals. To understand about the mutual funds, first we will understand the history of mutual funds.

The evolution of mutual funds has taken in many phases such as:

Phase 1: - (1963-1986)

- During this period the unit trust of India was introduced by government of India and Reserve bank of India.
- This is been used as monopoly for many years.
- In the year 1964, Unit scheme (the first mutual fund scheme) was introduced in India.

Phase 2: - (1987-1993)

- The UTI success has led to the entry of many public sector banks and financial institutions that has entered in the market.

- The new entrants were SBI mutual fund, Punjab national bank mutual fund and LIC mutual fund.

Phase 3: - (1993-2003)

- In this phase Liberalization was issued
- The SEBI (Securities exchange board of India) was issued with the mutual fund's regulations.
- Also, in this phase entry of private entrants was also seen HDFC mutual funds and ICICI prudential.

Phase 4: - (2003 – present)

- In this phase, the mutual funds got immense popularity by providing ads in the various sources such as newspapers, Television and other sources.
- We can see better regulation, transparency and investor awareness.
- Systematic investment plan was also introduced which made the investor's investing easier.
- The major players in the markets are SBI mutual funds, HDFC mutual funds and others.

Research Gap

The Research gap involved while research study:

- I. Despite the increasing popularity about mutual funds investment, the working professionals in the area of Mumbai lacks awareness and knowledge about the investing in the mutual funds.
- II. Even during the recent times, the working professionals opts for more traditional way of investing their money in fixed deposits, Golds over mutual funds.
- III. The working professionals lacks adequate skills and knowledge about investing in the mutual funds and not willing to invest due to risk involved with the mutual funds.
- IV. The research study is done to analyze what all are the factors that is preventing the working professionals to invest in mutual funds.
- V. This study aims to bridge the knowledge gap and promote financial literacy and also analyzing the awareness levels and influencing factors.

Objectives of the study

1. To analyze the awareness of mutual funds among working professionals in the area of Mumbai.
2. To identify key factors influencing mutual funds investment by the working professionals.
3. To analyze the factors that is preventing the working professionals to invest in the mutual funds.
4. To provide recommendations that can help in creating the awareness about the mutual fund's investment among working professionals.

Study Area

This research concentrates on Mumbai, known as India's financial hub, which has a significant number of working professionals from various industries including finance, IT, healthcare, education, media, and manufacturing. As a bustling urban centre with elevated literacy levels, a rapid lifestyle, and a large population of salaried workers, Mumbai presents an excellent environment to investigate the awareness and comprehension of mutual funds.

Sample Size

The proposed sample size for collection of data has been set as 200 participants from various industries across Mumbai region. The sample was chosen in order to maintain the study's manageability and statistical relevance while capturing a range of investment patterns, income categories, and financial literacy levels. Meaningful analysis, comparisons between professional groups, and general insights into the degree of mutual fund awareness among working professionals in an urban setting are made possible by the 200 respondents in total.

Data Collection Method

A systematic survey questionnaire was used to gather data for this study in order to gauge Mumbai's working professionals' awareness, comprehension, and perception of mutual funds. To reach a large number of respondents from a variety of industries, including government services, healthcare, education, IT, and finance, the survey form was distributed online. social media and professional networks like LinkedIn were used for online survey. The survey asked both multiple-choice and closed-ended questions about participants' investment behaviour, information sources, mutual fund knowledge, and influencing variables. The study's quantitative analysis and interpretation were based on the 200 participants' responses.

Literature Review

1. **Understanding Mutual Funds:** (Gohil, Rathwa, Yadav, 2022) suggested that “even with a modest investment, the investor can access wider range of investment options, especially for investor with limited wealth and the capacity to do extensive research and market monitoring that Mutual funds provide investors.”
2. **Awareness of Mutual funds among investors:** (Singh, Jha, 2015) As per the author 80 percent investors don't have awareness of SIP (a type of mutual funds) and 38 percent investors have the awareness of SIP. The author also described that the investor invest in mutual fund due to security, some consider the liquidity of mutual fund and other investors invested due to high return earned from the investment. The investors get aware of the mutual funds from self-directed, through CA, through broker and through friends
3. **Investment Preferences of the Investors:** (Prathap & Balaraju, 2024) suggested that the majority of the investors invest for higher returns when choosing mutual funds. Lower fees and improved customer service are also significant factors for investment. Most of the investors prefer stocks (56%) for potential higher returns despite of the high risk involved with it. Bonds are also preferred (14%) that offer steady income with lower risk, while saving accounts (12%) are preferred for safety and liquidity.
4. **Importance of mutual funds:** (Anjanaiah, Talamala, Mary, Kumar and Rao Nune, 2024) suggested that “by purchasing mutual funds, you are provided with immediate benefit of instant diversification and asset allocation without the large amounts of cash needed to create individuals' portfolios.”

Results and discussions

Table shows that demographic features of respondents

Gender		No of respondents	percentage
	Male	69	67%
	Female	34	33%
	Total	103	100

Age		No of respondents	percentage
	18-25	6	5.8%
	26-35	18	17.5%
	36-45	22	21.4%
	46-55	39	37.9%
	56 & above	18	17.5%
	Total	103	100

Occupation		No of respondents	Percentage
	Salaried private sector	83	80.6%
	Salaried government sector	4	3.9%
	Business Owner	7	6.8%
	Self-employed/ Freelance	9	8.7%
	Total	103	100%

Income levels (Monthly)		No of respondents	Percentage
	Below 25000	11	10.7%
	25000-50000	13	12.6%
	50000-100000	20	19.4%
	100000-200000	36	35%
	Above 200000	23	22.3%
	Total	103	100%

Table 1. shows the demographic of the respondent responses. The figures shows that around 67% of respondent are male and 33% are female. This study indicates the larger participation of male respondents compared to the female respondents.

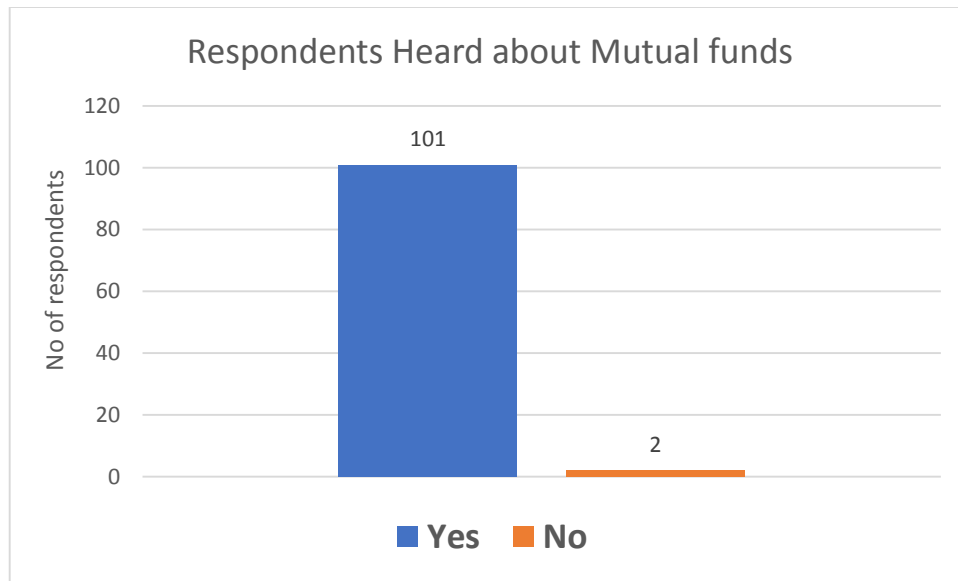
Table 2 shows the age-wise distribution of respondents. The majority of participants were from the age group of 46-55 (37.9%), followed by the age group of 36-45 (21.4%). Whereas it includes 26-35 (17.5%) and 18-25 (5.8%).

Table 3 shows the occupation of the respondents, where the larger respondents are from salaried private sector which compose around 80.6%. the other occupation composed self-employed/ freelancer (8.7%), Business owner (6.8%) and Salaried government (3.9%).

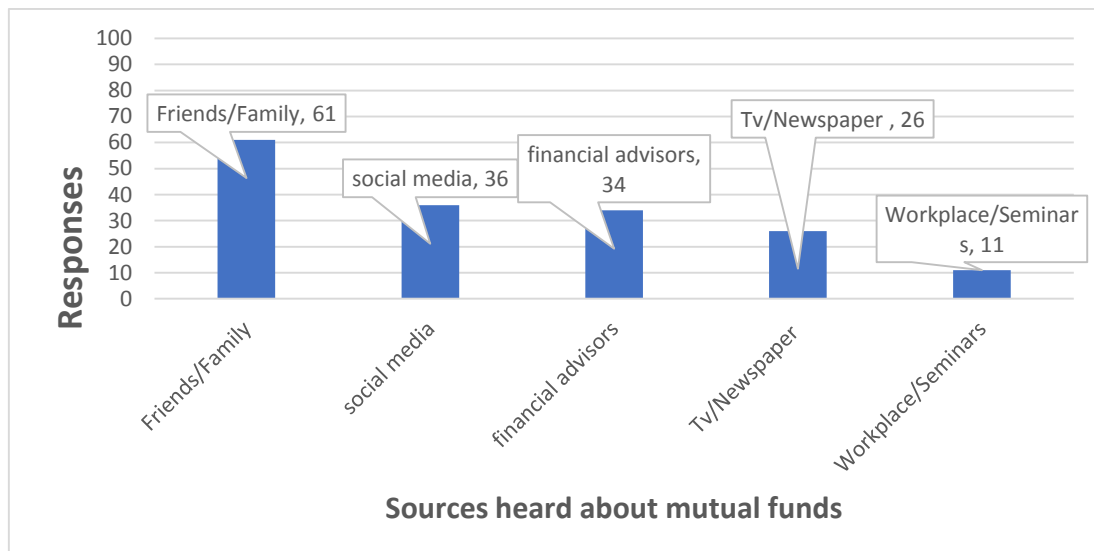
Table 4 shows the income levels of the respondents, where majority of respondents from 1 lac to 2 lac group which composed around 35%. Whereas the respondents are from 2 lac composed of 22.3%, others such as 50000 to 1 lac (19.4%), 25000 to 50000 (12.6%) and below 25000 (10.7%).

Results of Awareness of mutual funds among working professionals in Mumbai

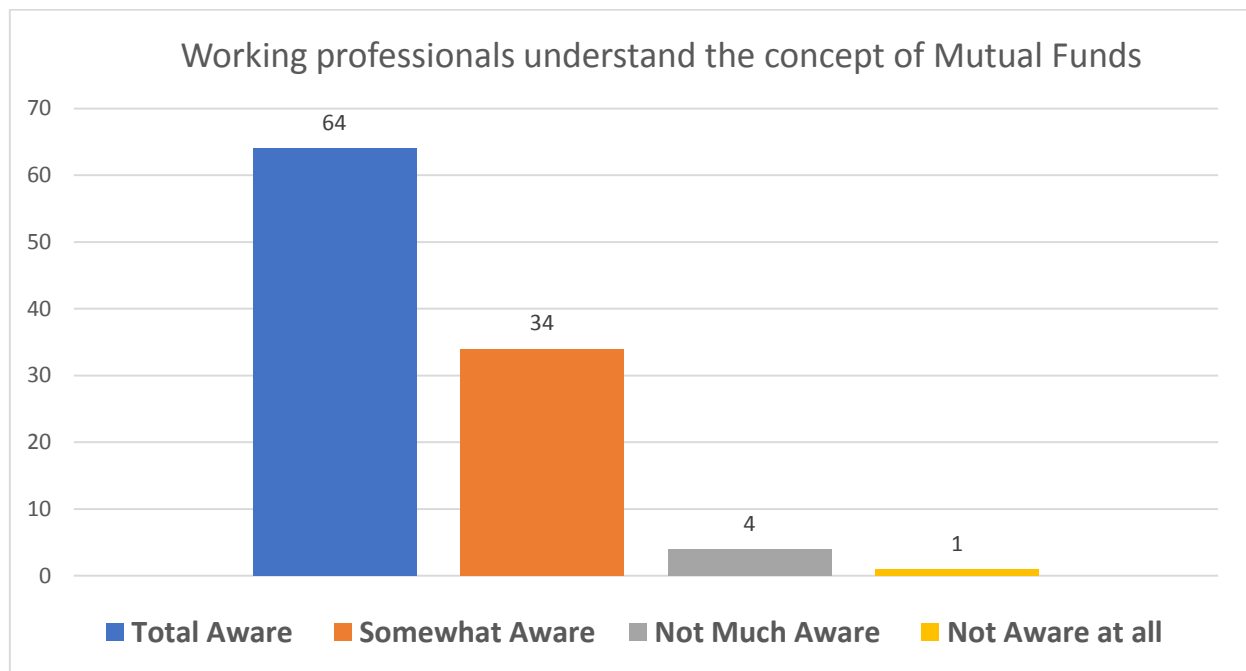
1. Does the respondent heard about the mutual funds before



The figure shows that out of 103 respondents, the majority of the respondents have heard about mutual funds which comprise of 101 respondents (99%) and only 1 respondent (1%) haven't heard about mutual funds before. The Majority of respondents have heard about mutual funds before from the various sources, wherein majority have heard about mutual funds from friends and family and from social media. (The figure includes multiple responses)

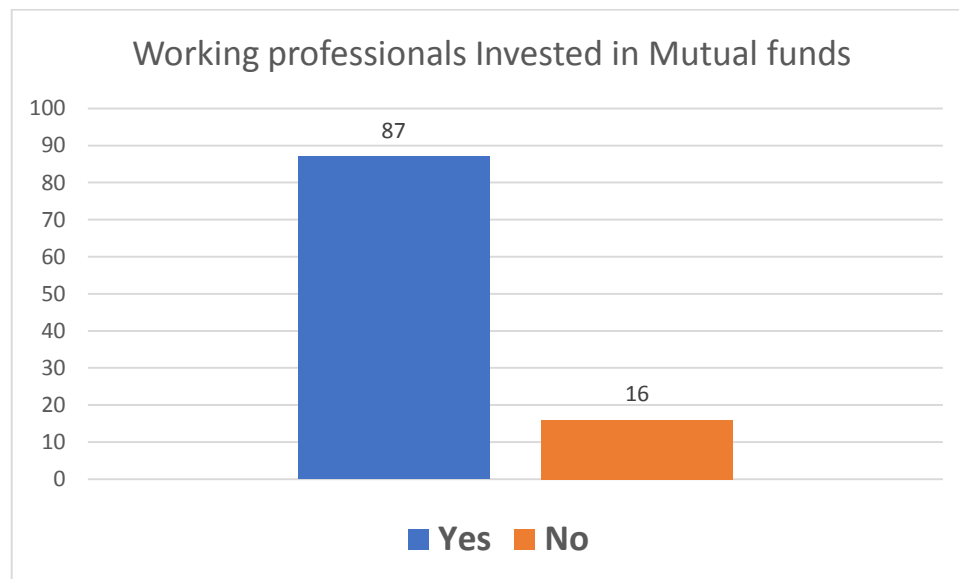


2. Does the respondents understand the concept of Mutual funds



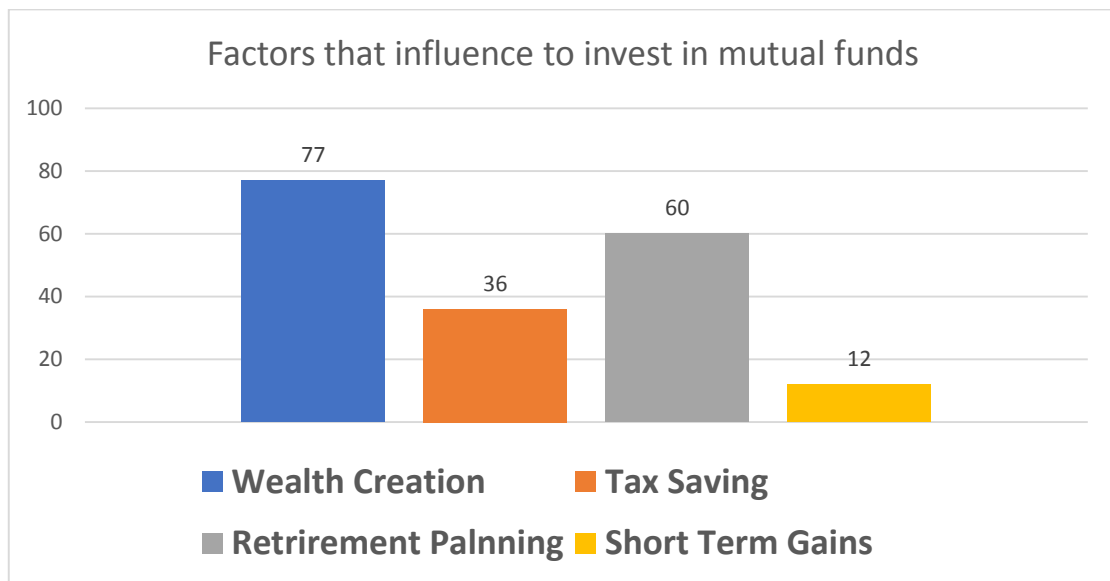
This figure shows that out of 103 respondents, larger respondents are totally aware with the mutual funds and also understand the concept of mutual funds very well (62.1%). Whereas the other respondents are Somewhat aware (33%), Not Much aware (3.9%) and only 1 respondent is not at all aware with the concept of mutual funds (1%).

3. Have respondents invested in mutual funds

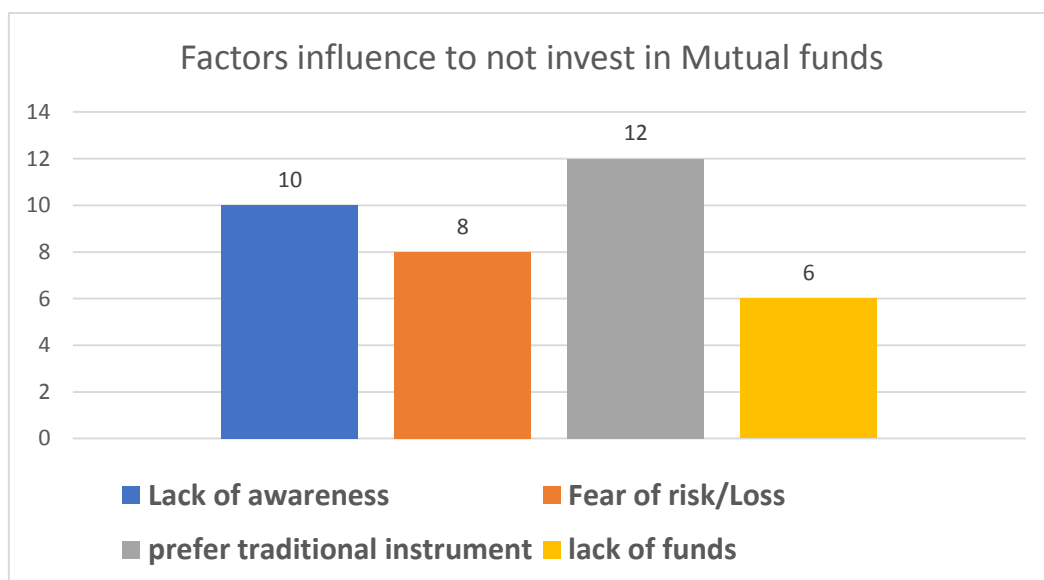


The figure show that out of 103 respondents, majority of the respondents have invested in mutual funds which comprise of 87 respondents, whereas only 16 respondents haven't invested in mutual funds. This figure shows that majority of the working professionals are aware of the mutual funds and have also invested in mutual funds. We will now learn about the factors that influence the respondents to invest and not invest in mutual funds (shown in below figure)

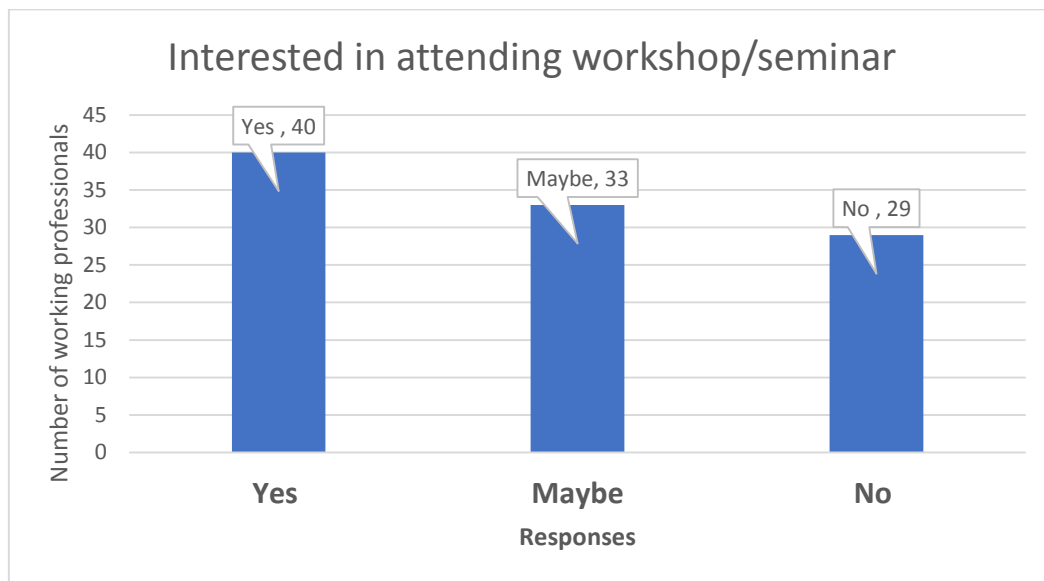
4. What factors influence the working professionals to invest in mutual funds



5. What factors that prevent the working professionals to invest in mutual funds



6. Working professionals interested to attend workshop/Seminars to understand and being aware about Mutual funds



Recommendations

Recommendations that would help in increasing the awareness of mutual funds among working professionals are as follows:

1. Workplace financial literacy programs should be organized in companies.
2. A platform should be created where even people from non-finance can also understand the mutual fund policies and be a part of that.
3. Boost awareness through workshops, digital campaigns, tax-saving insights, and simplified investment processes.
4. Collaborate with educational institutions to include financial literacy in their curriculum. Partner with financial institutions for joint events and campaigns.

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