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A STUDY ON THE AWARENESS AND PERCEPTION OF INVESTORS TOWARDS MUTUAL FUNDS

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ABSTRACT :

Mutual funds have become an increasingly popular investment option due to their professional management and diversification benefits. However, despite their growing presence, many investors remain either unaware or skeptical about mutual funds. This study aims to assess the level of awareness and perception among individual investors towards mutual funds and to identify the factors that influence their investment decisions.

Using a structured questionnaire and statistical analysis, the research explores how demographic variables such as age, income, education, and occupation impact investor attitudes. The findings suggest that while awareness is improving, many investors still lack sufficient knowledge or hold misconceptions about mutual funds. Risk aversion, lack of financial literacy, and limited trust in fund managers are key barriers.

The study concludes with recommendations to enhance investor education, improve transparency, and foster greater trust in mutual fund schemes to encourage broader participation in the financial markets.

INTRODUCTION:

In recent decades, the Indian financial landscape has witnessed significant transformations, with mutual funds becoming an integral part of individual investment portfolios. Mutual funds offer a convenient way for retail investors to participate in capital markets without requiring deep financial expertise. Managed by professionals, these funds pool money from multiple investors to invest in diversified asset classes, thereby spreading risk and enhancing potential returns.

Despite their growing prominence, the penetration of mutual funds among Indian investors remains relatively low compared to other financial instruments. This can largely be attributed to limited awareness, skepticism, and misconceptions surrounding mutual fund investments. While some investors perceive mutual funds as high-risk options, others lack adequate information about fund types, objectives, and performance.

This study aims to explore the current level of awareness and perception among individual investors toward mutual funds. It also examines demographic factors influencing investor attitudes, including age, education, income level, and investment experience. The findings are expected to help mutual fund companies, policymakers, and financial advisors design more effective outreach strategies.

LITERATURE REVIEW

Several studies have examined the behavior of mutual fund investors and the determinants of their investment choices.

According to Ansari (2012), investor behavior towards mutual funds is significantly influenced by psychological biases, perceived risks, and past experiences. Investors often prefer safe and familiar investment options over those with perceived volatility.

Bhushan and Medury (2013) emphasized the role of financial literacy in shaping mutual fund participation. They found that investors with higher education levels and financial awareness were more likely to consider mutual funds as a viable investment option.

Tripathi (2016) noted that brand trust and fund manager reputation played a critical role in mutual fund investments. Many investors were unfamiliar with fund ratings, risk-adjusted returns, or asset allocation strategies.

Despite numerous campaigns by SEBI and AMFI to promote mutual fund awareness (e.g., “Mutual Funds Sahi Hai”), the actual comprehension of mutual fund features remains moderate at best, especially in semi-urban and rural populations.

This review shows a clear gap between awareness and investment behavior, which this study aims to explore more deeply through empirical data.

OBJECTIVES:

- To assess the level of awareness of mutual funds among investors
- To examine the perception of investors towards the risks and returns of mutual funds
- To analyze the factors influencing investors' decision-making when choosing mutual funds
- To evaluate the impact of investor education and awareness campaigns on mutual fund investment behavior

FINDINGS AND OBSERVATION

1. Majority of interested individuals are aged 18–35 years (76.5%)
2. Male (55.9%) dominate mutual fund awareness, likely due to traditional roles in financial decisions.
3. Students (44.1%) form the largest group, indicating strong awareness among the younger generation—likely due to educational exposure and digital platforms.
4. It shows that lower and Students (44.1%) form the largest group, indicating strong awareness among the younger generation—likely due to educational exposure and digital platforms earners.
5. Yes (75%) – A strong majority of investors are aware of mutual funds, showing that outreach and education efforts are working

SIGNIFICANCE OF THE STUDY

Insights into investor awareness levels help AMCs tailor their product offerings and marketing strategies more effectively. They can identify segments with low awareness and design targeted campaigns to educate them. Understanding perceptions helps them address misconceptions and highlight the benefits that resonate with different investor groups.

ENHANCEMENT STRATEGIES

Develop educational content (videos, webinars, workshops, infographics) tailored to different investor segments based on their current awareness levels and preferred learning styles. Focus on simplifying complex concepts and addressing common misconceptions.

CONCLUSION

Understanding and improving investor awareness and perception of mutual funds is crucial for a healthier and more inclusive Indian financial market.

LIMITATIONS

A study on investor awareness and perception might face limitations due to geographical scope, sample bias, and the challenges of accurately measuring subjective opinions across a diverse population with varying access to information and technology.

RESEARCH METHODOLOGY

The research methodology section outlines the approach and methods employed in studying study on investor awareness and perception of mutual funds would predominantly follow a quantitative approach. This involves collecting structured data from a sample of both current and potential investors through surveys, which could be administered online, offline, or a combination of both.

These surveys would aim to gauge the respondents' level of understanding of mutual fund concepts, their awareness of different types of schemes and related information, and their perceptions regarding the risks, returns, benefits, and overall suitability of mutual funds as an investment option.

DATA ANALYSIS AND INTERPRETATION

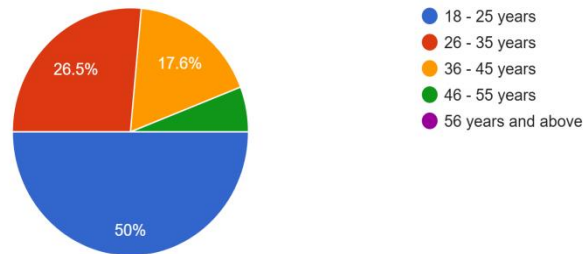
The indicates that study significant majority (70%) of the surveyed investors possess some level of awareness about mutual funds. However, the remaining 30% represent a substantial segment still unaware of this investment avenue, highlighting a need for broader outreach. This suggests that while awareness campaigns have had an impact, efforts must continue to educate the uninformed portion of the investor population.

FINDINGS:

Majority aware, but in-depth understanding of fund types is limited.
Most perceive moderate risk; better returns seen, but safety is a concern.
Younger investors favor equity; higher education boosts awareness/positive attitude

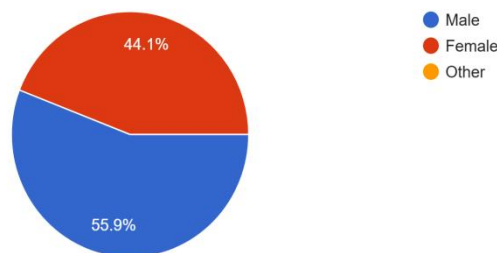
DEMOGRAPHIC PROFILE

Age Range
34 responses



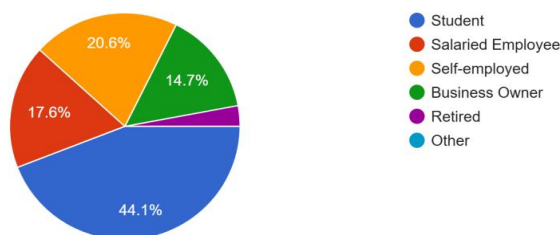
The figure 4.1 shows that the majority of interested individuals are aged 18–35 years (76.5%), with 50% from the 18–25 group alone. Interest decreases with age, dropping to 5.9% in the 46–55 range and 0% for 56+. The average age of interested respondents is approximately 29 years. This indicates stronger investment interest among younger individuals.

Gender
34 responses



Male (55.9%) dominate mutual fund awareness, likely due to traditional roles in financial decisions. Female (44.1%) participation is significant, showing growing financial involvement and awareness. The gap suggests a need for more women-focused financial education and inclusive investment strategies. Financial institutions should tailor products and campaigns to better engage female investors.

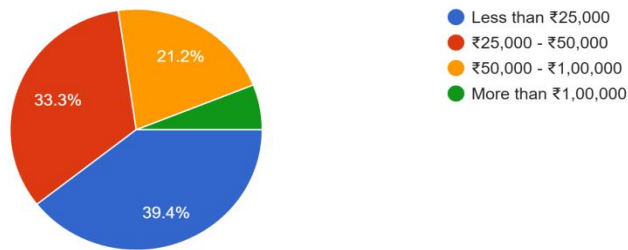
Occupation
34 responses



Students (44.1%) form the largest group, indicating strong awareness among the younger generation—likely due to educational exposure and digital platforms. Self-employed (20.6%) and Salaried Employees (17.6%) show moderate awareness, suggesting that while earning individuals are informed, there's room to increase engagement. Business Owners (14.7%) might prefer traditional investments or direct business reinvestment over mutual funds. Retired/Others (5.9%) show the least awareness, possibly due to limited exposure or risk aversion.

Income Range (Monthly)

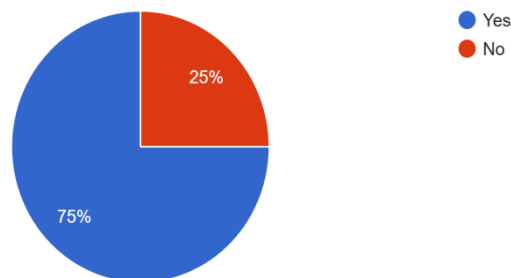
33 responses



Less than ₹25,000 (39.4%) and ₹25,000–₹50,000 (33.3%) make up the majority. This shows that lower and Students (44.1%) form the largest group, indicating strong awareness among the younger generation—likely due to educational exposure and digital platforms. More than ₹1,00,000 (6.1%) have the least representation, suggesting that higher earners may either prefer other investment avenues (e.g., stocks, real estate) or are less engaged in mutual fund education effort.

Have you heard about Mutual Funds before?

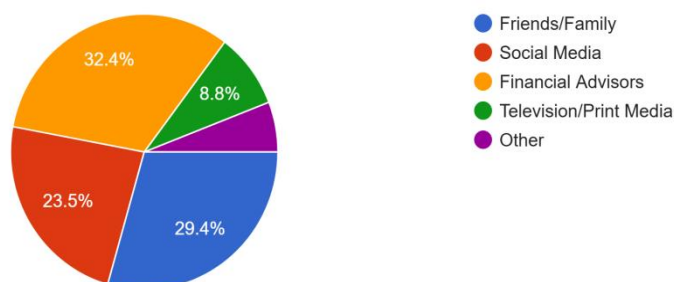
32 responses



Yes (75%) – A strong majority of investors are aware of mutual funds, showing that outreach and education efforts are working. No (25%) – A significant minority still lacks awareness, highlighting the need for continued financial literacy campaigns.

How did you first learn about Mutual Funds?

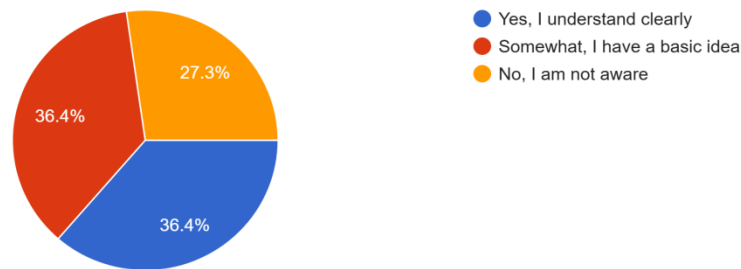
34 responses



Financial Advisor (32.4%) are the most trusted source, showing that professional guidance plays a key role in shaping investor perception. Friends/Family (29.4%) and Social Media (23.5%) also contribute significantly, indicating that personal networks and digital platforms influence awareness strongly. Television/Print Media (8.8%) have a limited impact, possibly due to shifting media consumption habits. Other sources (5.9%) suggest niche or alternative awareness channels.

Do you know the difference between mutual funds and other investment options like Fixed Deposits, Stocks, etc.?

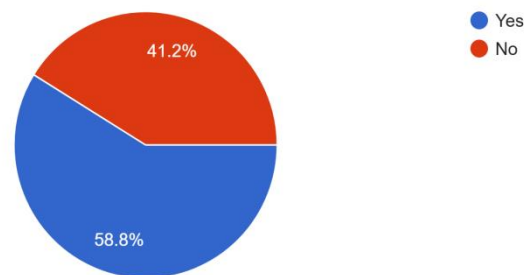
33 responses



(36.4%) – Over a third of investors have a solid understanding, indicating good progress in financial education. "Somewhat, I have a basic idea" (36.4%) – An equal share has partial awareness, showing curiosity but a need for deeper knowledge. "No, I am not aware" (27.3%) – Over a quarter of respondents lack understanding, highlighting a gap in financial literacy

Do you currently invest in Mutual Funds?

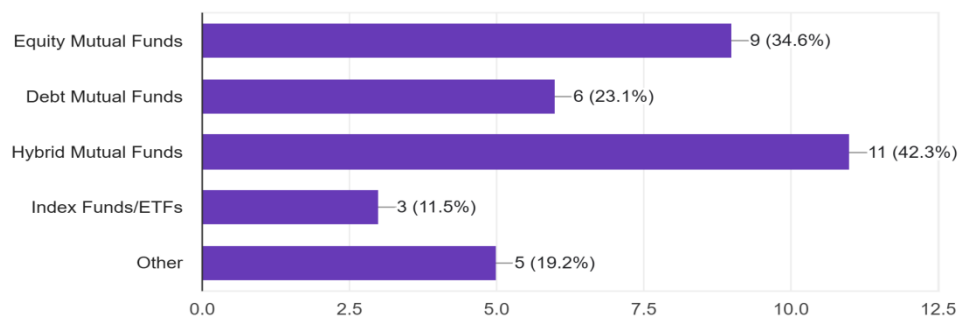
34 responses



(58.2%) – A majority of respondents actively invest in mutual funds, showing that awareness is successfully translating into action. No (41.2%) – A significant portion still does not invest, despite possible awareness. This may be due to lack of confidence, understanding, or trust.

If yes, what type of Mutual Funds have you invested in? (Multiple selections allowed)

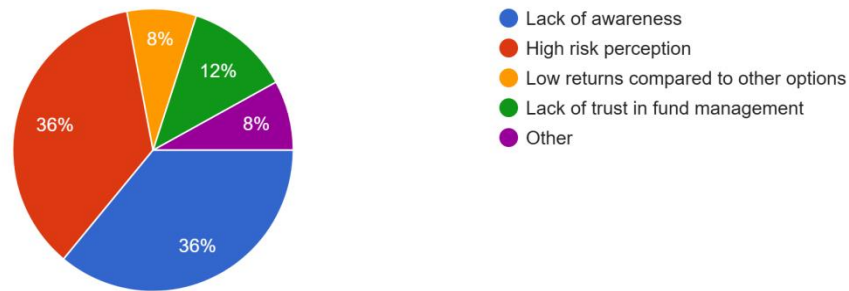
26 responses



Hybrid Mutual Funds (42.3%) – The most popular choice, indicating that investors are looking for a balanced mix of equity and debt, providing both growth potential and stability. Equity Mutual Funds (34.6%) – A significant portion still prefers equity-based funds, suggesting confidence in higher returns despite the associated risks. Debt Mutual Funds (23.1%) – Reflects interest in stable returns with lower risk, favored by risk-averse investors or those seeking regular income. Index Funds/ETF (11.5%) – A smaller but growing segment, showing that passive investment options are gaining traction due to lower fees and market-matching performance. Other (19.2%) – Represents alternative fund choices, which may include sector funds, international funds, or thematic investments.

If no, what is the main reason for not investing in Mutual Funds?

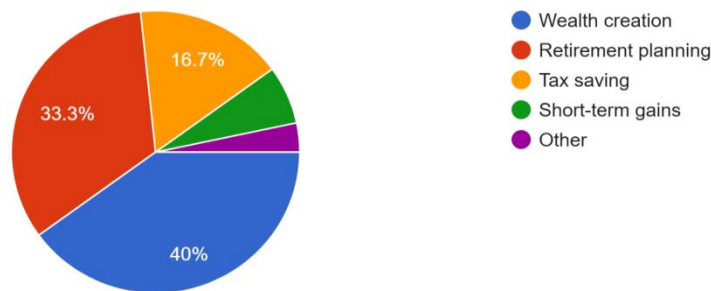
25 responses



Lack of Awareness (36%) – The biggest barrier to investment, indicating that many potential investors are not aware of mutual funds or how they work. **High Risk Perception (36%)** – Many perceive mutual funds as too risky, reflecting a need for better risk communication and education about diversification. **Lack of Trust in Fund Management (12%)** – A smaller group distrusts fund managers, suggesting a need for increased transparency and credible performance data from funds. **Low Returns Compared to Other Options (8%)** – Some believe mutual funds offer lower returns compared to stocks or other investments, highlighting the need to show their long-term potential. **Other (8%)** – Other reasons could include complexity or preference for direct investments.

What is your primary goal for investing in Mutual Funds?

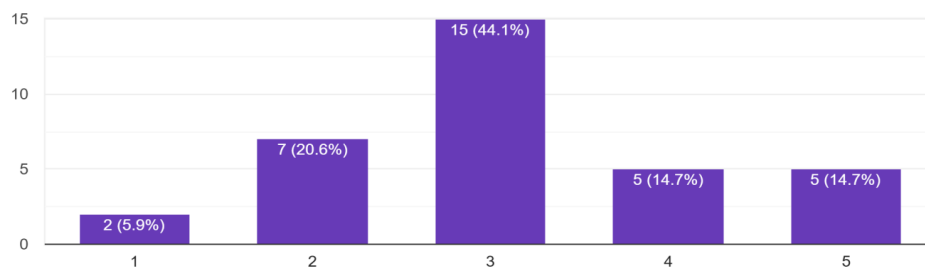
30 responses



Wealth Creation (40%) – The majority invest in mutual funds with the goal of building long-term wealth, indicating a focus on capital appreciation over time. **Retirement Planning (33.3%)** – A significant portion of investors view mutual funds as a tool for retirement savings, showing awareness of their long-term benefits. **Tax Saving (16.7%)** – A smaller group uses mutual funds for tax-saving purposes, indicating interest in ELSS (Equity Linked Savings Schemes) for tax deductions. **Short-term Gains (6.7%)** – A minority seeks quick returns, likely through equity funds or sectoral funds. **Other (3.3%)** – Other reasons may include specific financial goals or risk diversification.

On a scale of 1 to 5, how risky do you perceive Mutual Funds to be?

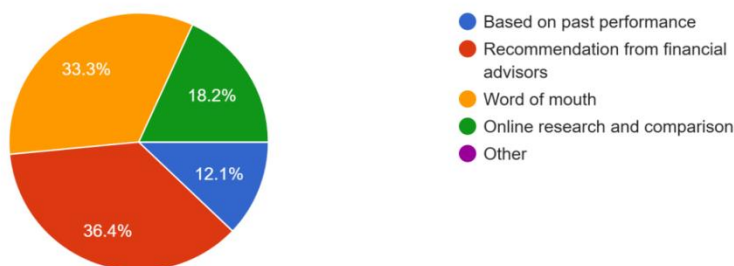
34 responses



(5.9%) – A small percentage of investors perceive mutual funds as very low-risk, showing some individuals have a high level of comfort with these investments. 2 (20.6%) – A larger group views them as slightly low-risk, indicating some level of caution but still a general acceptance of mutual funds. 3 (44.1%) – The majority consider mutual funds to have a moderate risk, which is the typical perception of mutual funds due to diversification and professional management. 4 (14.7%) – A notable portion views mutual funds as moderately high-risk, suggesting they might still associate them with market volatility. 5 (14.7%) – Some investors perceive mutual funds as very high-risk, possibly due to a lack of understanding or negative experiences with equity-based funds.

How do you select a Mutual Fund for investment?

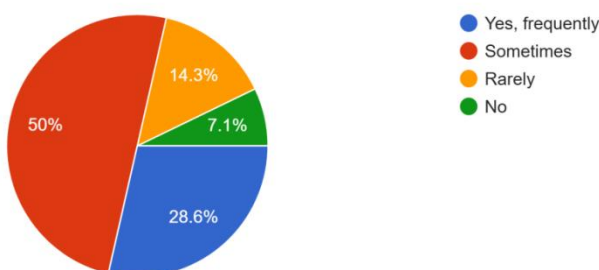
33 responses



Based on Past Performance (36.4%) – The largest group chooses mutual funds based on their historical performance, showing that many investors rely on track records when making decisions. Recommendation from Financial Advisor . (33.3%) – A significant number trust professional advice, highlighting the importance of financial advisor in guiding investment choices. Word of Mouth (18.2%) – Recommendations from friends and family play a key role, reflecting the influence of peer advice in investment decisions. Online Research and Comparison (12.1%) – A smaller portion prefers to conduct independent research, comparing different funds based on performance metrics and fees. Other – Additional factors could include brand reputation, fund manager experience, or personal preferences

Do you regularly track the performance of your Mutual Fund investments?

28 responses



(28.6%) – A moderate portion of investors actively track their mutual fund performance, indicating a level of engagement and monitoring of their investments. Sometimes (50%) – Half of the investors track their investments occasionally, showing that there is some level of interest but not consistent monitoring. Rarely (14.3%) – A smaller group checks performance only rarely, possibly indicating lower involvement or confidence in their investment. No (7.1%) – A small percentage do not track their investments at all, which could reflect either long-term holding strategies or a lack of interest in the market's fluctuations

RECOMMENDATION

- Targeted vernacular education programs.
- Simplify product communication.
- Build trust via transparency and support.
- Enhance digital accessibility and education.
- Expand rural/semi-urban outreach.

CONCLUSION

Mutual funds is growing, a significant gap remains in investor understanding and positive perception. Targeted education, simplified communication, and trust-building initiatives from all stakeholders are crucial to enhance informed participation and unlock the full potential of mutual funds for financial inclusion in India.

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3 program :<https://www.nseindia.com/invest/investors-awareness-programs>