



## A Comprehensive Study on Mutual Fund Awareness with Special Reference to Tumkur

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### ABSTRACT :

This study explores individuals' awareness and understanding of mutual fund investments through surveys and interviews across diverse demographics. The findings indicate a widespread recognition of mutual funds, but a limited grasp of their various types, risks, fees, and benefits. Higher awareness is observed among younger, more educated individuals, while older, less educated individuals show lower levels of understanding. Primary information sources include digital media, financial advisors, and peer recommendations, with barriers to awareness identified as financial literacy, information complexity, and perceived risks. The study emphasizes the need for improved financial education and clearer communication from financial institutions to bridge the awareness gap, offering actionable insights to enhance mutual fund literacy and support informed investment decisions.

**Key words:** Investment, Risk, Return, Awareness.

### Introduction

In the ever-evolving landscape of personal finance, mutual funds have emerged as a vital investment vehicle, offering individuals a more accessible and diversified gateway into financial markets. By pooling money from numerous investors, these funds allow for investment in a wide array of stocks, bonds, and other securities, managed by professional fund managers. This approach not only mitigates risk through diversification but also enables individuals to invest smaller amounts of capital than would be needed to construct a similar portfolio on their own. Despite these benefits, public awareness and understanding of mutual funds vary greatly, influenced by factors such as financial literacy, access to financial advice, and cultural attitudes toward investing. In many regions, mutual funds are less favoured compared to traditional savings instruments like fixed deposits, real estate, and gold, especially among conservative investors who focus on capital preservation. The significance of awareness in mutual fund investments cannot be overstated, as informed investors are more likely to make prudent decisions, align their investments with financial goals, and adeptly navigate market complexities. Conversely, a lack of awareness can lead to misconceptions, suboptimal investment choices, and missed opportunities for wealth creation. This study aims to evaluate the current level of awareness regarding mutual fund investments among different demographic groups, examining variables such as age, income, education, and geographic location to identify trends and gaps in knowledge that may influence investment behaviour. Furthermore, it will explore the sources of information that investors depend on, including financial advisors, media, and digital platforms, to understand how these channels impact awareness and decision-making. Understanding the degree of awareness and the contributing factors is crucial for policymakers, financial institutions, and educators, as increased awareness can empower individuals to effectively utilize mutual funds for their financial well-being, thereby promoting broader economic growth and stability. As the financial ecosystem continues to change, fostering a well-informed investor base will be key to ensuring that mutual funds remain a robust and advantageous investment option for a diverse population.

### METHODOLOGY

#### STATEMENT OF THE PROBLEM

A Mutual Fund operates as an investment vehicle where funds from multiple investors are combined to invest in stocks, bonds, money market instruments, or similar assets. This structure aims to balance the preservation of principal with the potential for ongoing returns and growth, offering a diverse range of financial instruments tailored to meet investor preferences and market conditions. Despite their potential benefits, mutual funds are a relatively recent innovation, resulting in varying levels of familiarity among investors. While some have successfully utilized mutual funds to their advantage, others remain unaware of this investment opportunity. Occasionally, misunderstandings arise, with some investors anticipating returns akin to those from bank time deposits. Disappointment when these expectations are not met may prompt investors to withdraw from mutual funds, thereby discouraging new participants. This study aims to evaluate investor awareness of mutual funds and to propose effective strategies for educating and engaging potential investors.

## OBJECTIVES

- To Investigate the awareness of mutual funds relative to age, income, and education levels.
- To Analyze the motivations behind investing in mutual funds.
- To Understand preferences for investing in mutual funds compared to other investment options.

## SCOPE OF THE STUDY

- **Demographic Focus:** Examining awareness differences across ages, economic levels, education.
- **Awareness Levels:** Assessing potential investors' current awareness of mutual funds, including their types, benefits, risks, and returns.
- **Factors Influencing Awareness:** Identifying the factors that influence awareness, such as education, financial literacy, professional guidance, media, and cultural attitudes.
- **Comparison with Other Investments:** Comparing mutual fund awareness to that of other investment options such as equities, bonds, and real estate.

## LIMITATIONS

- The study is limited to the Tumkur area. The research is only being undertaken in Tumkur.
- Time constraints remained a limitation.
- Respondents were resistant to disclosing information.

## LITERATURE REVIEW

### *Shivam Tripathi (2020)*

Although the mutual fund business in India is growing and offers benefits including as diversification and expert management, a survey performed in Ahmedabad found that, despite some awareness, a sizable section of the population is still unwilling to engage in mutual funds. This highlights the significance of undertaking more study on investor behavior and adopting measures to improve financial literacy and encourage increased involvement in mutual fund investing.

### *Dr. M Sumathy (2022)*

Mutual fund awareness study uses surveys and interviews to investigate how investors perceive, behave towards, and understand mutual funds. These studies investigate how demographic variables such as income, education, age, and risk tolerance influence investment decisions. The findings underline the need of financial literacy initiatives in raising awareness, particularly among underrepresented groups like women and rural people.

### *Dr. Neelam Dhall (2021)*

The study delves into the growth of India's mutual fund industry and its critical role in channelling savings. It emphasizes the importance of investor awareness and perception on the industry's overall viability. According to research, investors are lured to mutual funds primarily for tax advantages, security, liquidity, and prospective rewards. Furthermore, studies indicate a link between investor demographics and attitudes toward mutual funds, shedding light on differing perceptions among demographic groups.

## RESEARCH DESIGN

- **Sample size:** 50 respondents
- **Tools for data collection:** Gathered primary data through a questionnaire and complemented it with secondary data sourced from scientific publications, journals, and reports.
- **Data analysis, interpretation and suggestion:**

## ANALYSIS AND INTERPRETATION

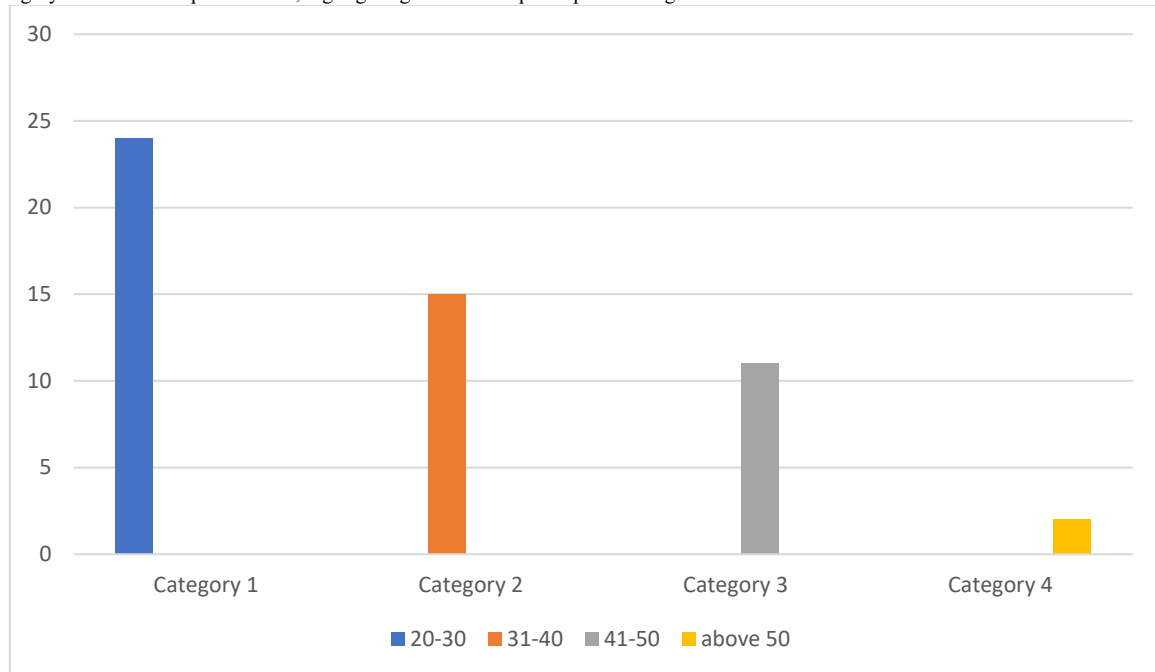
**Table NO 1 : Table showing the age group of the respondents**

SL NO	Age factor ( years)	No of Respondents	Percentage
1	20-30	24	46
2	31-40	15	29

3	41-50	11	21
4	Above 50	2	4
	Total	52	100

### Analysis

From the above table, The analysis of the age group distribution of respondents reveals that the majority fall within the 20-30 years category, a This suggests that younger adults form the dominant segment of the surveyed population. The middle-aged groups, consisting of individuals aged 31-40 and 41-50, collectively representing half of the total respondents. This indicates a significant presence of individuals within this age range. the above 50 years category has the least representation, highlighting a decline in participation as age increases.



### Interpretation

The 20-30 years category, indicates that this group has the highest number of respondents, aligning with the previously The 31-40 years group follows, showing a notable presence but with a smaller number compared to the younger group. The 41-50 years category has an even lower representation, while the above 50 years category is the least represented. This declining trend across age groups reinforces the idea that participation decreases as age increases.

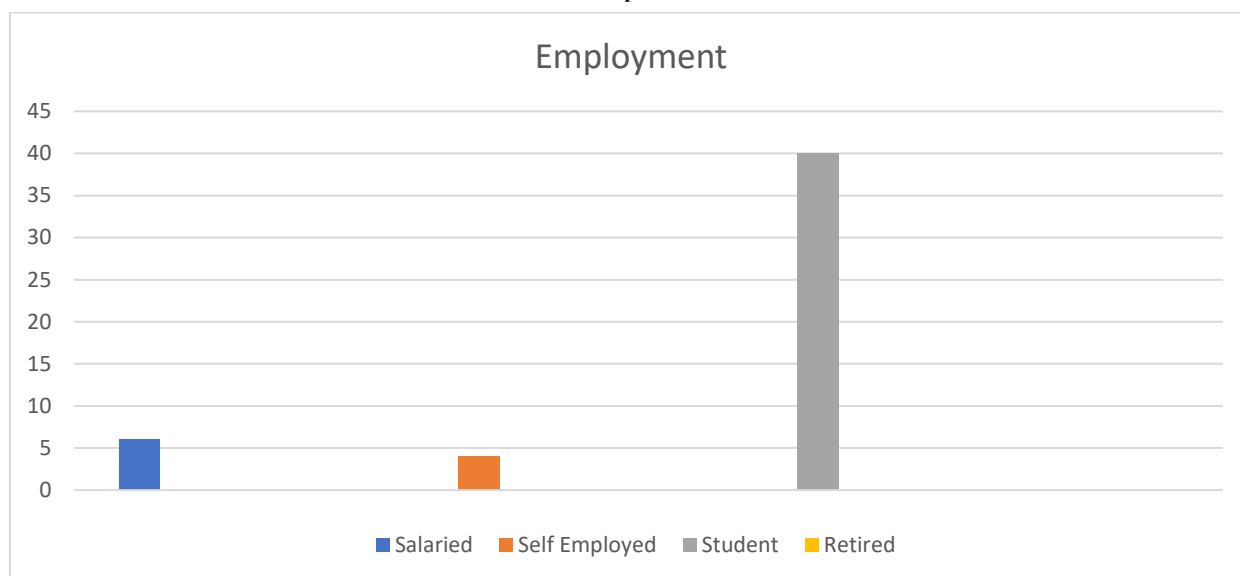
**Table 2 : Employment status-**

SL NO	Employment	No of Respondents	Percentage
1	Salaried	6	12
2	Self Employment	4	8
3	Student	40	80
4	Retired	0	0
	Total	52	100

### Analysis

The data illustrates that the majority of respondents, 40 individuals ( 80%) while only a small portion is salaried (12%) or self-employed (8%). There are no retired individuals in the sample, indicating that the study primarily reflects the views of younger individuals who are still in their academic phase. A more diverse sample, including working professionals and retirees, could provide a broader perspective on investment awareness.

Graph 02



### Interpretation

The study primarily captures the perspectives of younger, non-earning individuals. Since students dominate the survey. The limited representation of salaried and self-employed individuals means the study may not fully reflect the investment behavior of working professionals. A more balanced sample including diverse employment categories would provide a broader understanding of mutual fund awareness.

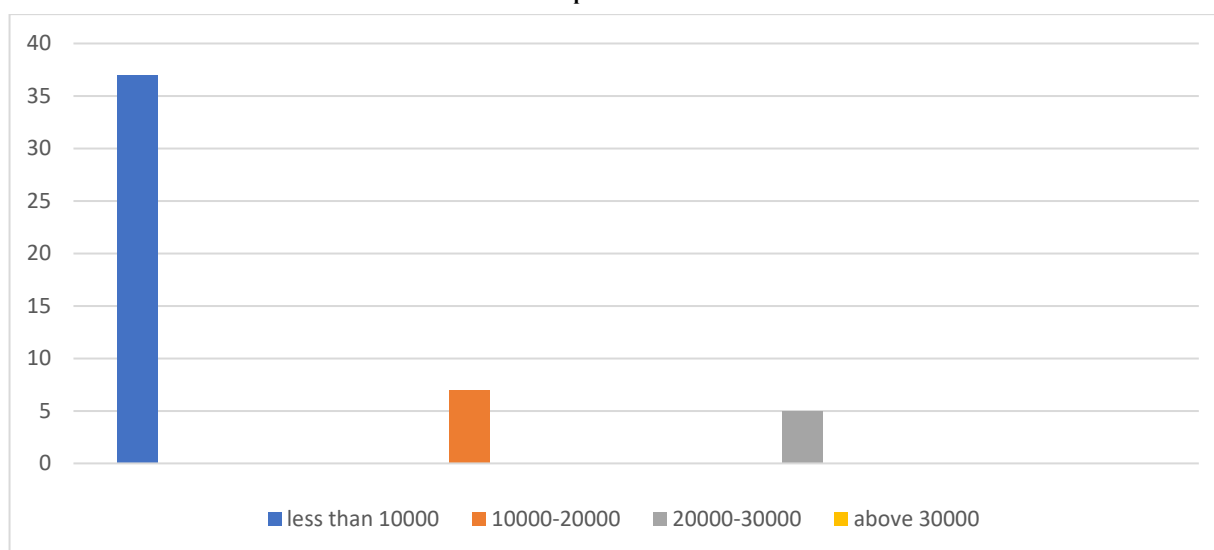
Table 3 : Monthly Income range

SL NO	Income Range	No of respondents	Percentage
1	Less than 10,000	37	72
2	10,000 – 20000	7	9
3	20,000 – 30,000	5	0
4	Above 30,000	3	19
	Total	52	100

### Analysis

The data shows that 72% of respondents earn less than ₹10,000 per month, indicating a majority with low income, likely consisting of students or entry-level employees. Only 9% fall within the ₹10,000-₹20,000 range, while 19% earn above ₹30,000, suggesting a small portion of financially stable individuals. Interestingly, The predominance of low-income respondents could impact their awareness and willingness to invest in mutual funds due to limited disposable income. A more diverse income distribution in the sample could provide a clearer understanding of investment behavior across different financial backgrounds.

Graph 3:



### Interpretation

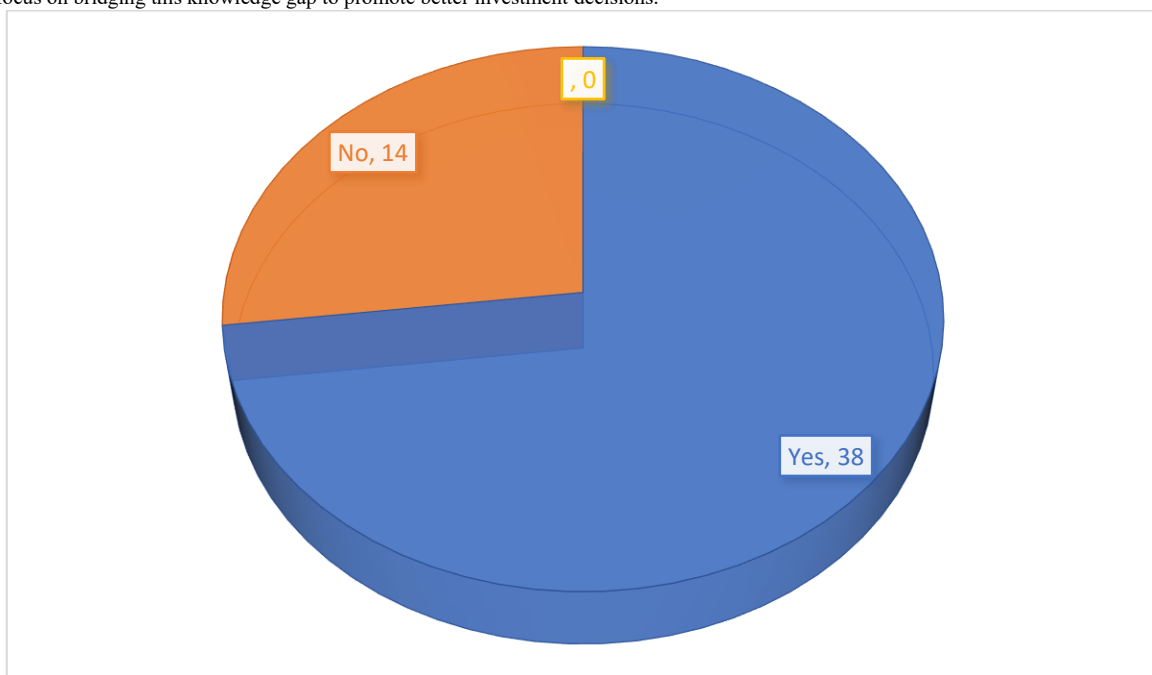
The graph showing that 72% of respondents earn less than ₹10,000 per month, A smaller percentage, 9%, falls within the ₹10,000-₹20,000 range, while 19% have incomes above ₹30,000, only 5 respondents fall in the ₹20,000-₹30,000 range, showing a gap in middle-income representation. This income distribution suggests that most respondents may have limited disposable income, potentially affecting their ability or willingness to invest in mutual funds. A more diverse income sample could provide a broader understanding of investment behavior.

**Table 4: Table showing awareness of investment in mutual funds**

SL NO	Yes/No	No of respondents	Percentage
1	Yes	38	73
2	No	14	27
	Total	52	100

### Analysis

The table shows that 73% of respondents are aware of how to invest in mutual funds, indicating a relatively high level of financial literacy. However, 27% of respondents lack this knowledge, suggesting a need for financial education and awareness programs. Overall, financial institutions and educators should focus on bridging this knowledge gap to promote better investment decisions.



### Interpretation

The graph shows that 73% of respondents are aware of how to invest in mutual funds, indicating a relatively high level of financial literacy. However, 27% of respondents lack this knowledge, suggesting a need for financial education and awareness programs. This gap highlights the importance of initiatives to educate individuals on investment opportunities and risk management.

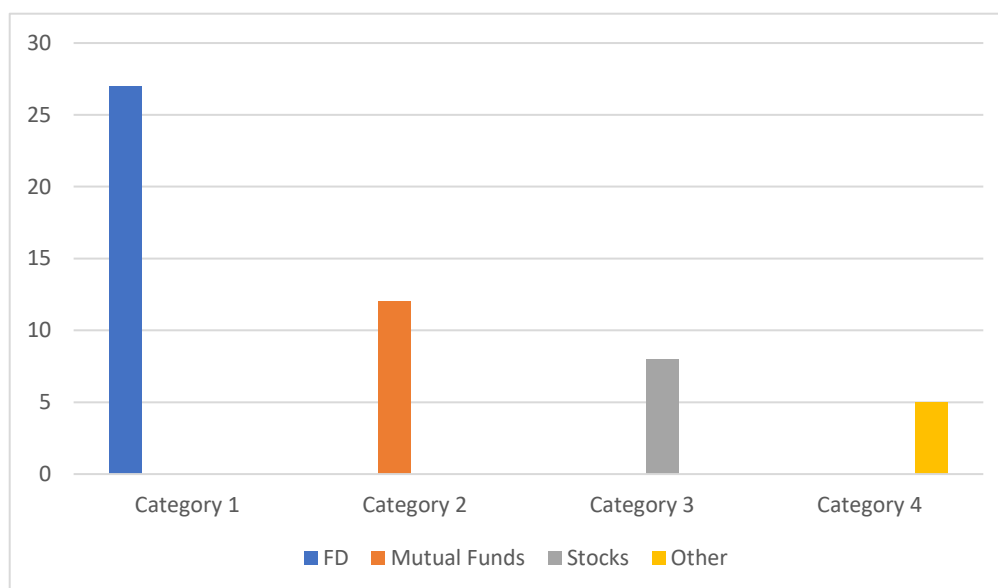
**Table 5 : type of Investment, respondents prefer the most**

SI No	Type of Investment	No of Respondents	Percentage
1	Fixed Deposit	27	23.1
2	Mutual Funds	12	51.9
3	Stocks	8	15.4
4	Other	5	9.6
	Total	52	100

### Analysis

Fixed Deposits are the most preferred investment option, with 51.9% of respondents choosing them. the majority prioritize security and stable returns over higher-risk investments. Mutual Funds with the 23.1% of respondents opting for them, indicating some willingness to take on moderate risk for potentially better returns. Stocks, chosen by 15.4%, reflect a moderate level of risk appetite among investors. Meanwhile, Other investments, such as real estate, gold, or bonds, are the least preferred, with only 9.6% of respondents selecting them.

Graph 5



### Interpretation

The Fixed Deposit (FD) category has the highest number of respondents, indicating that most people prefer secure and stable investment options. Mutual Funds are the second most popular, though they have significantly fewer respondents than Fixed Deposits. Stocks have an even lower preference, suggesting that fewer people are willing to take high risks for potential returns. Other investments have the lowest number of respondents, indicating minimal interest in alternative investment options like gold, real estate, or bonds. The chart confirms a trend of risk-averse investment behavior, with most respondents opting for low-risk, fixed-income investments over volatile market-based options.

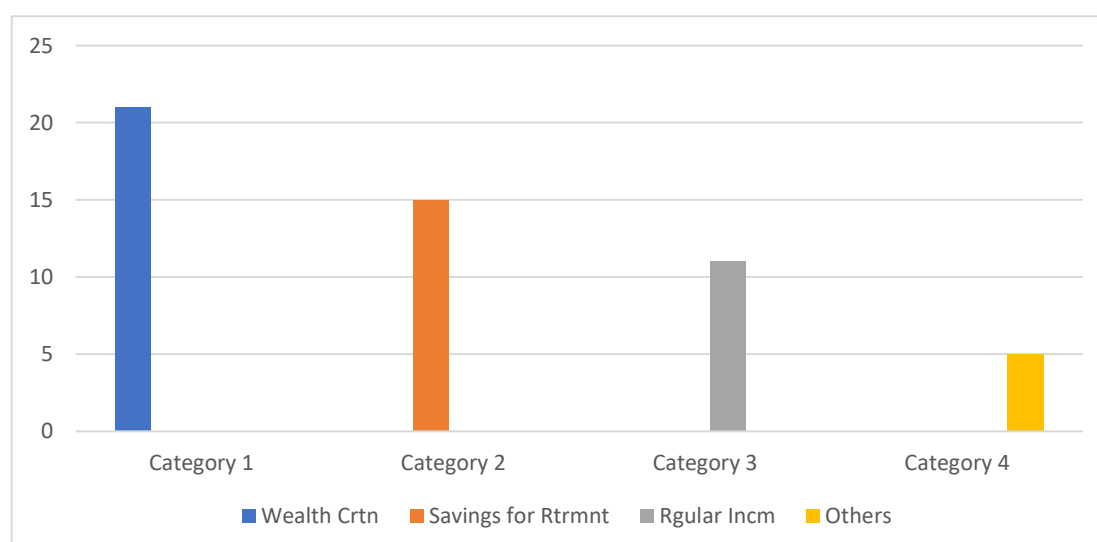
Table 6 : Primary Objective for Investment

SI No	Objective	No of Respondents	Percentage
1	Wealth Creation	21	21.2
2	Savings for Retirement	15	40.4
3	Generating regular Income	11	28.8
4	Others	5	9.6
	Total	52	100

### Analysis

The analysis of investment objectives among 52 respondents shows that the majority, 40.4%, prioritize savings for retirement, indicating a strong focus on long-term financial security. The second most common objective, chosen by 28.8%, is generating regular income, suggesting that many individuals seek steady returns to support their daily expenses or supplement their earnings. Wealth creation, selected by 21.2%, reflecting a smaller but notable group focused on capital appreciation and financial growth through higher-risk investments. Lastly, 9.6% of respondents have other investment objectives, which could include funding education, purchasing property, or emergency savings.

Graph 6



### Interpretation

The bar chart illustrates the most common objective is Wealth Creation, with the highest number of respondents prioritizing capital appreciation and financial growth. This is followed by Savings for Retirement, indicating that long-term financial security is also a major concern. Regular Income, showing that some individuals aim to generate consistent returns from their investments. Lastly, a smaller proportion of respondents focus on Other investment goals, which may include funding education, purchasing property, or maintaining emergency savings. This distribution highlights a strong preference for growth and retirement-focused strategies among the surveyed group.

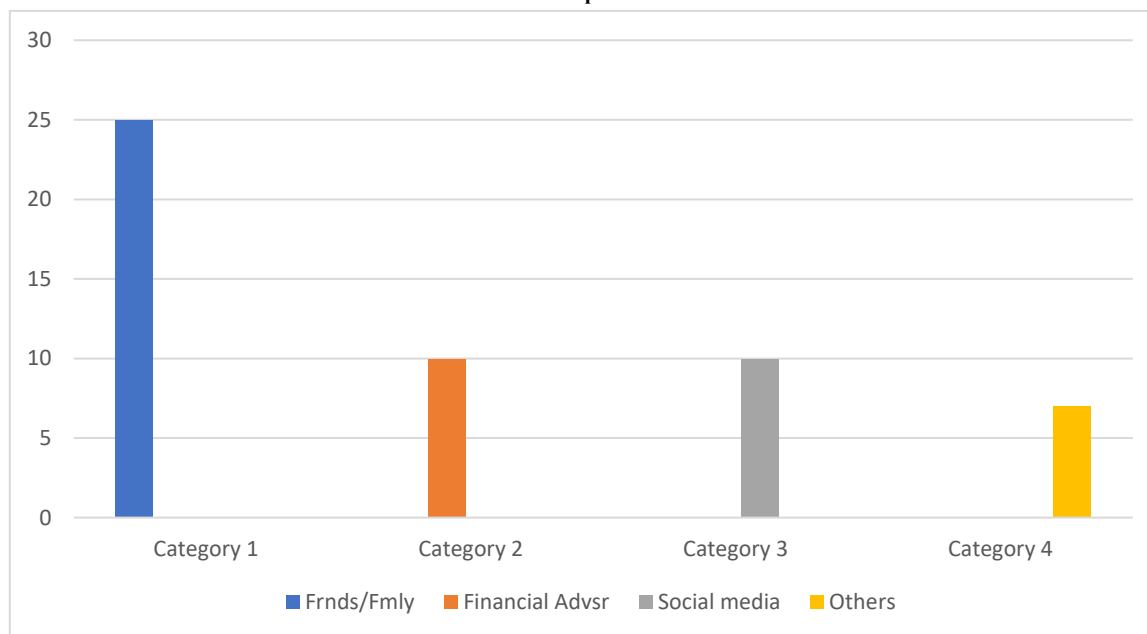
**Table 7 : Mode of knowing about Mutual Funds**

SI No	Factors	No of respondents	Percentage
1	Friends/Family	25	48.1
2	Financial advisor	10	19.2
3	Social media	10	19.2
4	Others	7	13.5
	Total	52	100

### Analysis

The most common source of information about mutual funds is through friends and family, with 25 respondents. This highlights the strong influence of personal networks in shaping investment awareness and decisions. Both financial advisors and social media were reported as sources by 10 respondents each, suggesting a growing reliance on professional guidance and digital platforms for financial information. Meanwhile 7 participants learned about mutual funds through other sources, which may include seminars, advertisements, or educational institutions. Overall, the data emphasizes the importance of word-of-mouth and trusted relationships in financial education, while also reflecting the emerging role of online and professional sources.

**Graph 7**



### Interpretation

A significant majority, 48.1%, reported that they learned about mutual funds through friends and family, indicating the strong influence of personal relationships in financial decision-making. Financial advisors and social media were equally influential, each accounting for 19.2% of responses, reflecting a balance between professional guidance and digital engagement. A smaller portion, 13.5%, became aware through other sources, which could include advertisements, workshops, or educational content. This distribution suggests that while traditional word-of-mouth remains dominant, modern channels like social media and professional advice are also playing an important role in spreading awareness about mutual funds.

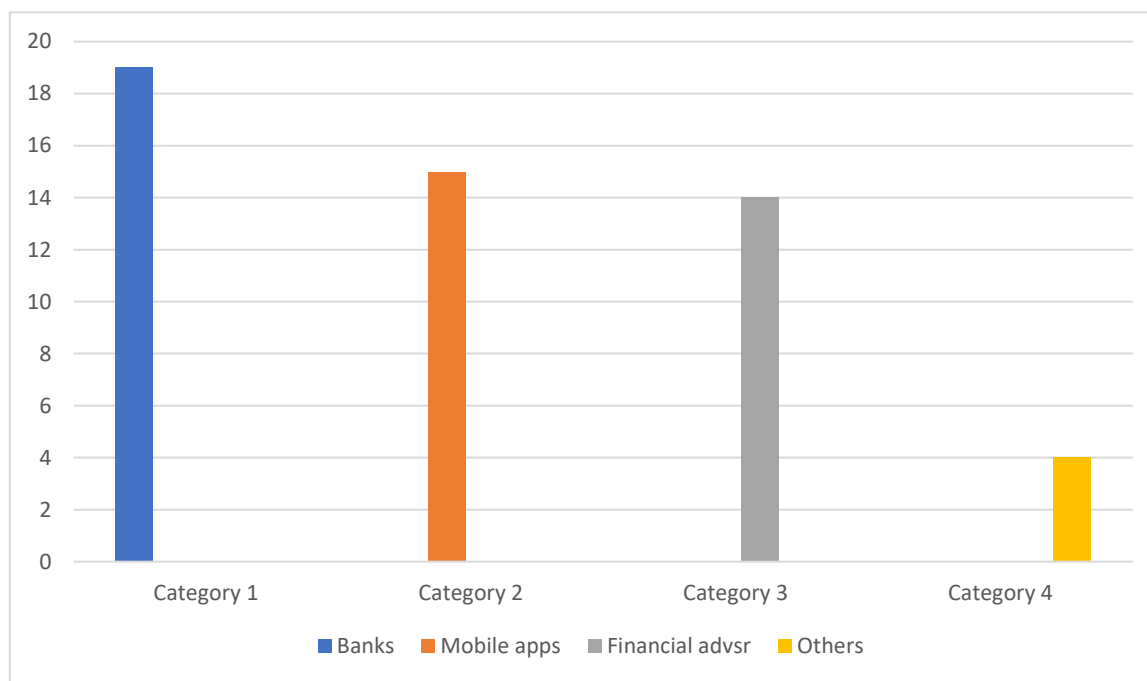
**Table 8 :Are you aware of Platforms where they can Invest in Mutual funds**

SI No	Factors	No of Respondents	Percentage
1	Banks	19	36.5
2	Mobile apps	15	28.8
3	Financial Advisor	14	26.9
4	Others	4	7.6
	Total	52	100

### Analysis

From the above table 19 respondents, identified banks as a known platform, indicating that traditional financial institutions still play a dominant role in investment-related awareness. Mobile apps with 15 respondents acknowledging them, reflecting the rising popularity and convenience of digital investment platforms. The 14 respondents suggesting that personalized guidance remains a relevant and trusted source. 4 respondents were aware of other platforms, which may include company websites, online brokers, or investment portals. Overall, the data highlights a balanced awareness across traditional, digital, and advisory platforms, with a noticeable shift toward technology-driven investment options.

**Graph 8**



### Interpretation

The graph clearly shows that banks are the most recognized platform, with the highest number of respondents indicating awareness. Mobile apps follow as the second most acknowledged platform, reflecting the growing impact of digital technology on investment habits. Financial advisors, showing that personalized guidance is still considered important among a significant portion of respondents. Others category has the lowest representation, suggesting limited awareness of alternative or lesser-known investment platforms. Overall, the graph highlights a strong leaning towards traditional and digital investment channels, with a noticeable trend toward the increasing role of technology in mutual fund investments.

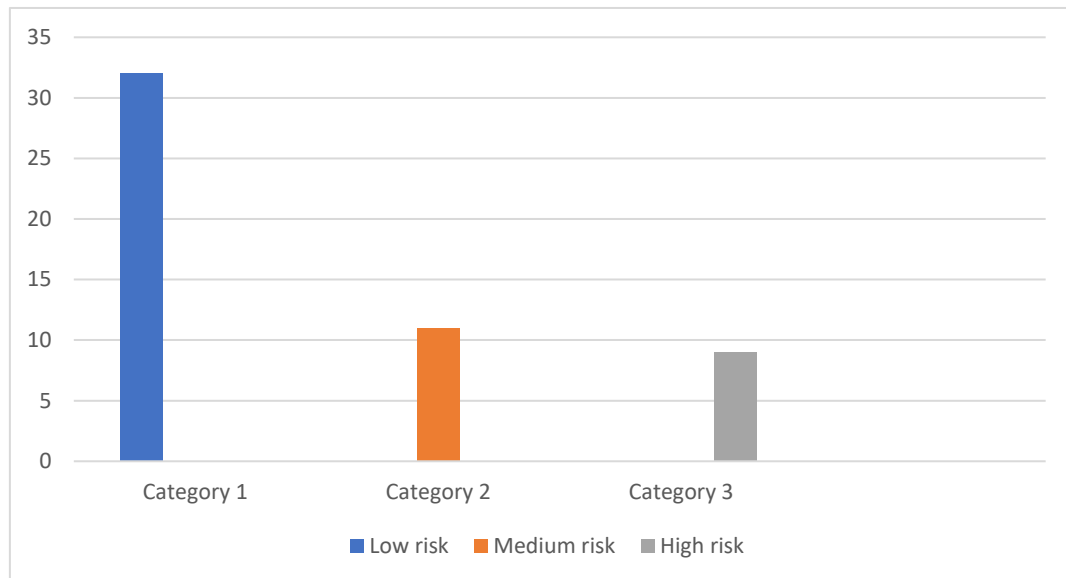
**Table 9 : willing to take risks with your Investment**

SI No	Factors	No of Respondents	Percentage
1	Low risk	32	21.2
2	Medium risk	11	61.5
3	High risk	9	17.3
		52	100

### Analysis

The 32 respondents prefer to take a medium level of risk with their investments, indicating a balanced approach that seeks moderate returns while still maintaining some level of security. 11 respondents are only willing to take low risks, suggesting they prioritize capital preservation over high returns. Interestingly, 9 respondents are open to taking high risks, which implies a willingness to pursue potentially higher returns despite the increased chance of loss. This distribution reveals that while most investors lean toward cautious or moderate strategies, a notable segment is comfortable with aggressive investment approaches.



**Graph 9 :****Interpretation**

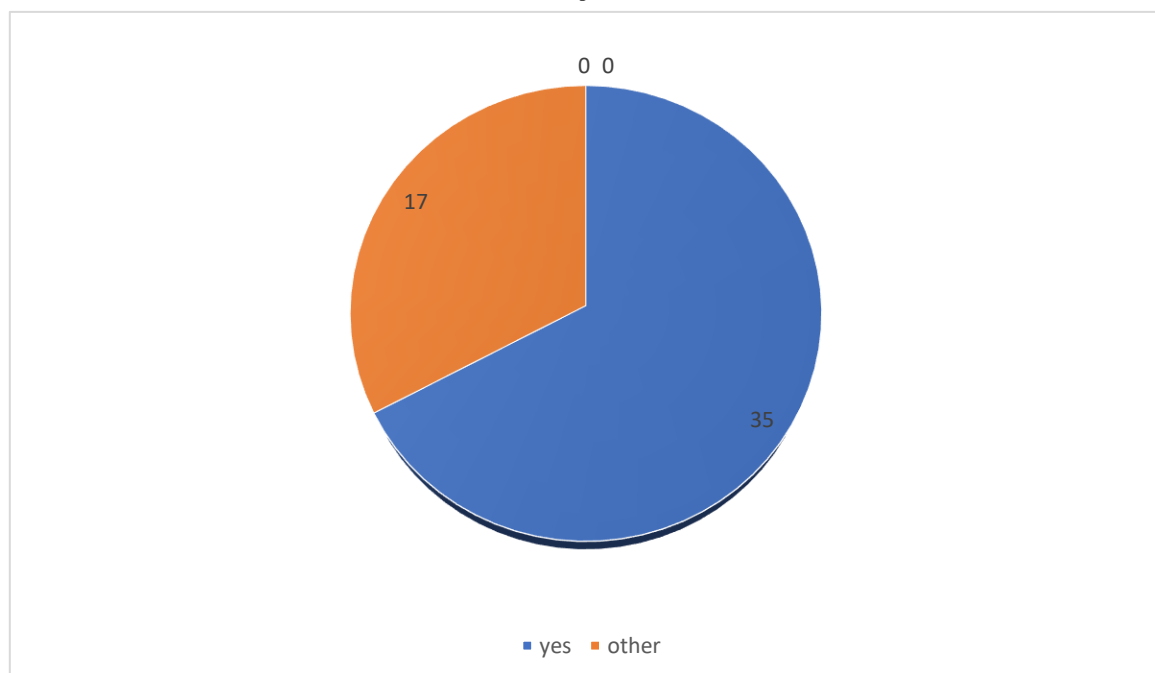
The bar chart shows the highest number of 61.5% respondents, indicating that a significant portion of individuals prefer safer investment options with minimal potential loss. 21.2% respondents suggesting a moderate appetite for risk where individuals seek a balance between security and returns. The 17.3% of respondents, reflecting that only a small portion of the sample is willing to take high risks for potentially higher returns. This pattern highlights a general preference for low to moderate risk levels among the surveyed investors.

**Table 10 : Believe Mutual Funds are safe Investment**

SI No	Factors	No of respondents	Percentage
1	Yes	35	67.3
2	Other	17	32.7

**Analysis**

The majority of 35 respondents believe that mutual funds are a safe investment option. This indicates a high level of trust and confidence in mutual funds among investors, likely due to factors such as diversification, professional management, and regulatory oversight. On the other hand, 17 respondents have either reservations or alternative views, which could stem from concerns about market volatility, lack of awareness, or previous negative experiences. Overall, the findings suggest that while mutual funds are generally perceived as a secure investment by most, there is still a notable portion of the population that remains cautious or uncertain.

**Graph 10**

**Interpretation**

A substantial portion of the chart is occupied by the “Yes” category, with 35 respondents, signifying that 67.3% believe mutual funds are a secure way to invest. In contrast, the “Other” category, with 17 respondents (32.7%), indicates a segment that is either unsure or holds different views. This visual representation clearly shows that the majority of individuals have confidence in mutual funds, highlighting the importance of investor education and awareness about mutual fund benefits and risks.