# Evaluating the Level of Mutual Fund Awareness among Investors

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**ABSTRACT**

This study investigates the level of awareness and investment behaviour of retail investors toward mutual funds, with a focus on the Noida region. Mutual funds, known for their diversification, professional management, and liquidity, are becoming an increasingly important investment vehicle in India. The research aims to assess investor awareness, explore investment preferences, and identify demographic factors influencing mutual fund choices.

The methodology includes both primary and secondary data collection, with structured questionnaires administered to 100 respondents. Findings reveal that although a significant majority (98%) are aware of mutual funds, many investors lack a deep understanding of fund types, risk factors, and performance metrics. Investment decisions are often driven by brand recognition rather than analytical evaluation.

Demographic factors such as age and income significantly influence investment choices, with younger investors showing a greater inclination toward equity-based mutual funds and Systematic Investment Plans (SIPs). Older investors tend to favour traditional instruments like fixed deposits and insurance due to perceived safety.

The study concludes that mutual funds have strong growth potential, particularly among younger and semi-urban investors. However, widespread gaps in financial literacy and over-reliance on brand image hinder optimal investment decisions. The report recommends targeted investor education, promotion of SIPs, enhanced transparency by Asset Management Companies (AMCs), and rural outreach programs to broaden mutual fund participation.

# CHAPTER 1: INTRODUCTION

## 1.1 OVERVIEW

This chapter introduces the concept of mutual funds and explains their relevance in modern financial systems. It details the history, emergence, types, and structure of mutual funds in India. The advantages and limitations of mutual fund investment are clearly laid out. It discusses the different schemes available and their categorization. The chapter establishes the foundation for understanding mutual fund awareness among investors.

## 1.1 Mutual Funds

"A Mutual fund is a company that brings together money from many people and invests it in stocks, bonds or other assets. The combined holding of stocks, bonds or other assets the fund owns are known as it portfolio. Each investor in the fund owns shares, which represents apart of these holding."
**(U.S. securities exchange commission)**

A mutual fund is a trust that pools the saving of a number of investors who shares a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debenture and other securities.
The income earned through these investments and the capital appreciations realized are shared by its unit holders in proportion to the number of units owned by them. Thus mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost.
Mutual funds are financial intermediaries, which collect the savings of small investors and invest them in a diversified portfolio of securities to minimise risk and maximise returns for their participants.
Mutual funds have given a major fillip to the capital market - both primary as well as secondary. The units of mutual funds, in turn, are also tradable securities. Their price is determined by their net asset value (NAV) which is declared periodically.
The operations of the private mutual funds are regulated by SEBI with regard to their registration, operations, administration and issue as well as trading. There are various types of mutual funds, depending on whether they are open ended or close ended and what their end use of funds is an open-ended fund provides for easy liquidity and is a perennial fund, as its very name suggests.
A closed-ended fund has a stipulated maturity period, generally five years.
A growth fund has a higher percentage of its corpus invested in equity than in fixed income securities, hence the chances of capital appreciation (growth) are higher. In growth funds, the dividend accrued, if any, is reinvested in the fund for the capital appreciation of investments made by the investor.
An Income fund on the other hand invests a larger portion of its corpus in fixed income securities in order to pay out a portion of its earnings to the investor at regular intervals.
A balanced fund invests equally in fixed income and equity in order to earn a minimum return to the investors.

**CONCEPT OF MUTUAL FUNDS**

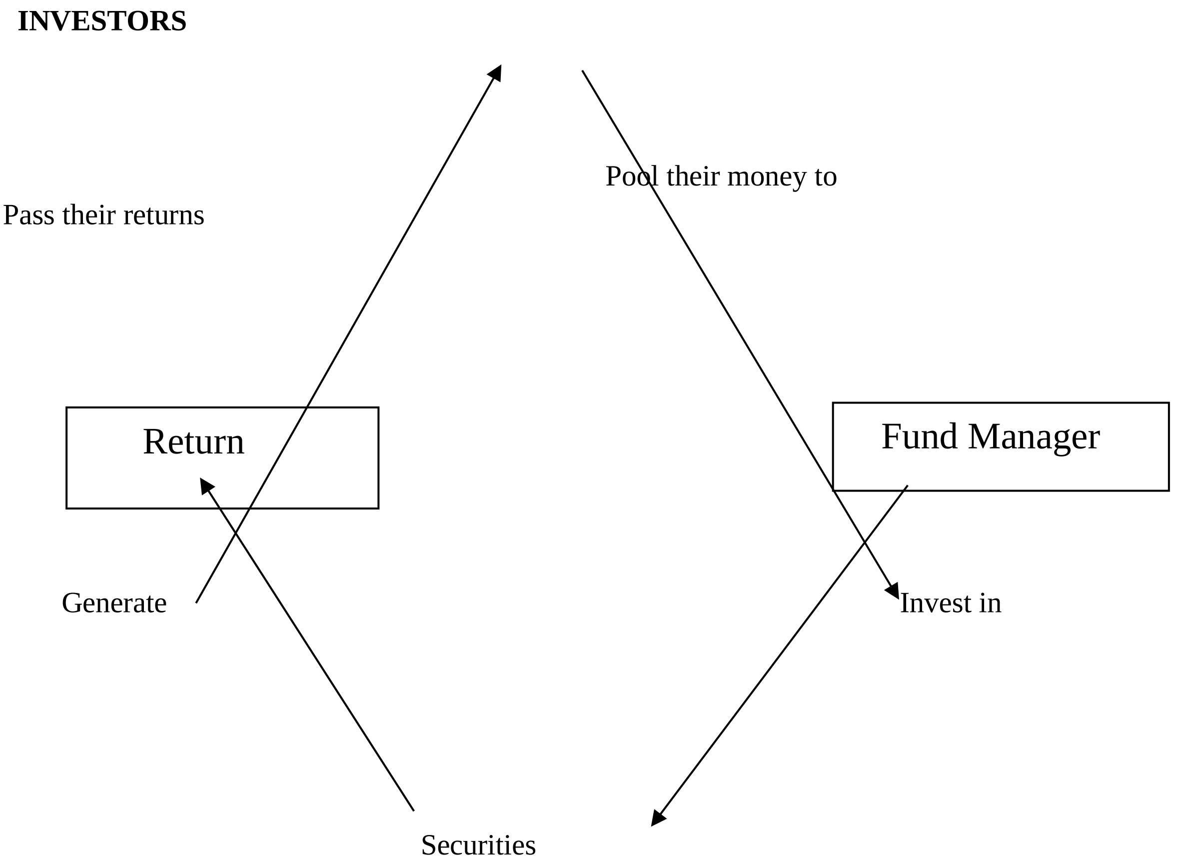
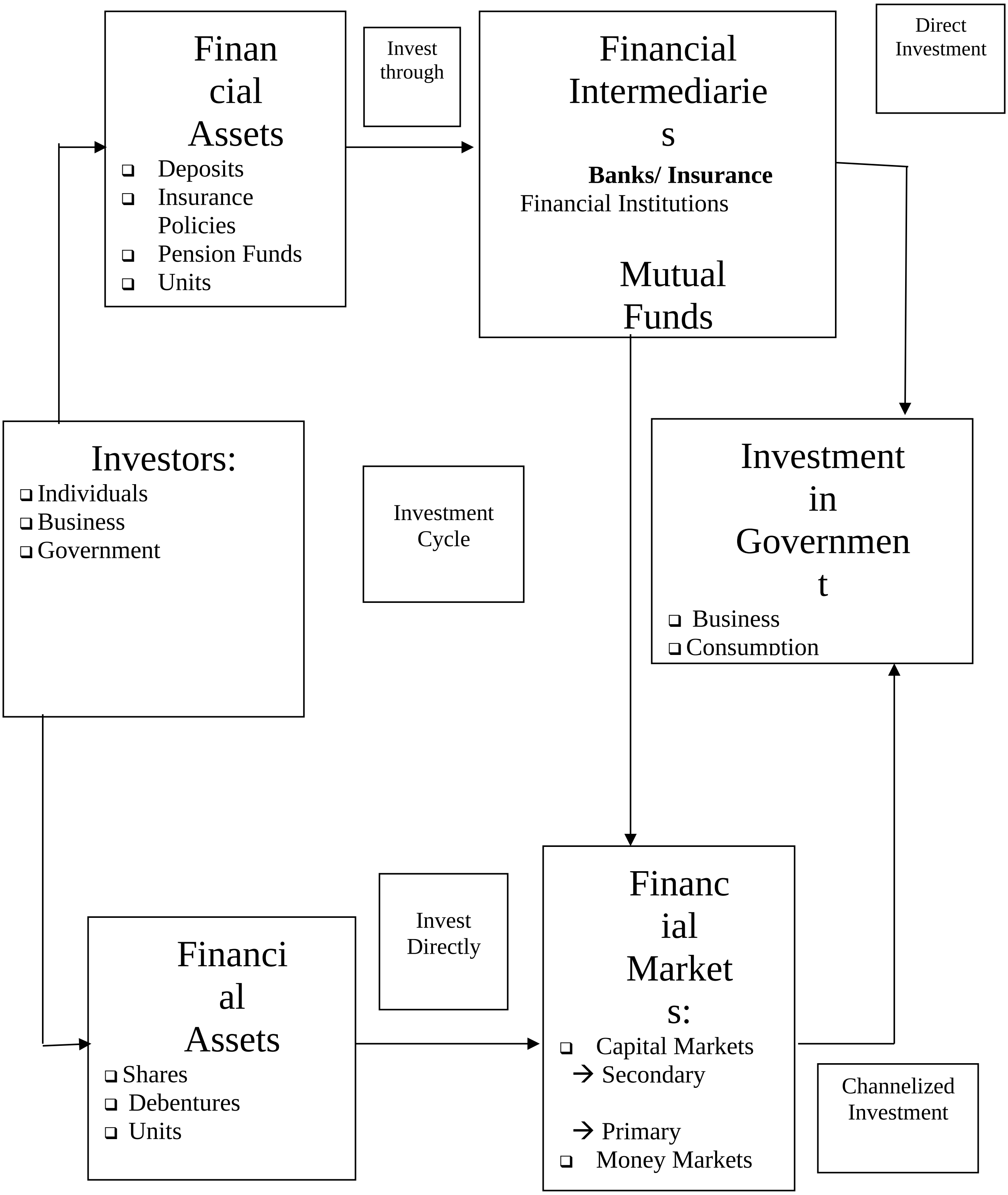



**Figure 1.1**

### 1.2 FINANCIAL SYSTEM



### 1.3 EMERGENCE OF MUTUAL FUNDS

The history of Mutual Funds dates back to 1830 when William I established first such fund in Belgium. Almost 40 years later, foreign and colonial government trust was established in England in 1868 followed by Massachusetts Investor's Trust, Boston, USA in 1924 (which is working till today).

Slow growth had been the result of 1926 great depression which shock the world economy negatively affecting the public interest in stocks, and therefore in funds. Moreover, to revive the same a formal attempt was made by forming Investment Company Act, 1940 to regulate the functioning of mutual funds.

In 1960s, the industry finally grabbed the investor's attention due to Jack Dreyfus's Fund's good performance and clever advertising. Market collapse of 1969-90 finally crossed $2000 billion mark in 1994. By the same time total assets managed by the mutual funds the world over had crossed a startling figure by 2000 A.D. Americans also believe that by the turn of the century they can expect to have more money in mutual funds than in saving bank accounts.

Emergence of mutual funds in India, Unit Trust of India **(UTI)** established the first mutual fund in 1964. In 1987, public sector banks like SBI and **CANARA BANK** made an entry by floating different schemes. In 1989, Life Insurance Corporation of India floated LIC Mutual Fund.

Mutual Fund industry in India received a boost when it was thrown open to private sector in 1993 and foreign mutual funds making an opening in 1994. In February 2003, following the repeal of the Unit Trust of India Act 1963 UTI was bifurcated into two separate entities. One is the Specified Undertaking of the Unit Trust of India with assets under management of Rs. 29,835 crores as at the end of January 2003, representing broadly, the assets of US 64 scheme, assured return and certain other schemes. The Specified Undertaking of Unit Trust of India, functioning under an administrator and under the rules framed by Government of India and does not come under the purview of the Mutual Fund Regulations.
The second is the UTI Mutual Fund, sponsored by SBI, PNB, BOB and LIC. It is registered with SEBI and functions under the Mutual Fund Regulations. With the bifurcation of the erstwhile UTI which had in March 2000 more than Rs. 76,000 crores of assets under management and with the setting up of a UTI Mutual Fund, conforming to the SEBI Mutual Fund Regulations, and with recent mergers taking place among different private sector funds, the mutual fund industry has entered its current phase of consolidation and growth.

### 1.4 Why to do investment in Mutual Funds?

A proven principle of sound investment is – do not put all eggs in one basket. Investment in mutual funds is beneficial as: -

→**Firstly**, they help in pooling of funds and investing in large basket of shares of different companies. Thus by investing in diverse companies, mutual funds can protect against unexpected fall in value of investment.

→ **Secondly**, an average investor does not have enough time and resources to develop professional attitude towards their investment. Here, professional fund managers engaged by mutual funds take desirable investment decisions on behalf of investors so as to make better utilization of resources.

→ **Thirdly**, investment in mutual funds is comparatively more liquid because investor can sell units in open market and can approach mutual fund to repurchase the units at declared Net Asset Value depending upon different type of scheme.

→ **Fourthly**, investors can avail tax – rebates by investing in different tax-savings schemes floated by these funds, approved by the Government.

→ **Lastly**, operating cost is minimized per head because of large size of investible funds, thereby releasing more net income for investors.

## 1.5 ADVANTAGES OF MUTUAL FUNDS

- **Professional Management**

Most mutual funds pay topflight professionals to manage their investments. These managers decide what securities the fund will buy and sell.

- **Diversification**

The best mutual funds design their portfolios so individual investments will react differently to the same economic conditions. For example, economic conditions like a rise in interest rates may cause certain securities in a diversified portfolio to decrease in value. Other securities in the portfolio will respond to the same economic conditions by increasing in value. When a portfolio is balanced in this way, the value of the overall portfolio should gradually increase over time, even if some securities lose value.

- **Liquidity**

It's easy to get your money out of a mutual fund.

- **Low cost**

Mutual fund expenses are often no more than 1.5 percent of your investment. Expenses for Index Funds are less than that, because index funds are not actively managed. Instead, they automatically buy stock in companies that are listed on a specific index.

- **Regulatory oversight**

Mutual funds are subject to many government regulations that protect investors from fraud.
The mutual funds have various benefits over and above what are mentioned like transparency, flexibility, choice of schemes, tax benefits and also well regulated.

## 1.6 LIMITATION OF MUTUAL FUNDS

✓ **Fees and commissions**

All funds charge administrative fees to cover their day-to-day expenses. Some funds also charge sales commissions or "loads" to compensate brokers, financial consultants, or financial planners.

✓ **Management risk**

When you invest in a mutual fund, you depend on the fund's manager to make the right decisions regarding the fund's portfolio. If the manager does not perform as well as you had hoped, you might not make as much money on your investment as you expected. Of course, if you invest in Index Funds, you forego management risk, because these funds do not employ managers.

✓ **No Guarantees**

No investment is risk free. If the entire stock market declines in value, the value of mutual fund shares will go down as well, no matter how balanced the portfolio. Investors encounter fewer risks when they invest in mutual funds than when they buy and sell stocks on their own. However, anyone who invests through a mutual fund runs the risk of losing money.

✓ **Taxes**

During a typical year, most actively managed mutual funds sell anywhere from 20 to 70 percent of the securities in their portfolios. If your fund makes a profit on its sales, you will pay taxes on the income you receive, even if you reinvest the money you made.

## 1.7 WHICH PARTIES ARE INVOLVED?

### 1. Investors

Every investor, given the financial position and personal disposition, has a certain inclination to take risk (risk profile). The hypothesis is that by taking an incremental risk (of losing capital, wholly or partly), it would be possible for the investor to earn an incremental return.

Mutual fund is a solution for investors who lack time, the inclination or the skills to actively manage their investment risk in individual securities. They can delegate his role to mutual fund, while retaining the right and the obligation to monitor their investments in the scheme (which, in turn, invests in individual securities).

In the absence of a mutual fund option, the moneys of such “passive” investors would lie either in bank deposits or other “safe” investment options, thus depriving them of the possibility of earning a better return.

### 2. Trustees

Trustees are the people within a mutual fund organization who are responsible for ensuring that investors’ interest in a scheme are properly taken care of.

In return for their services, they are paid trustee fees, which are normally charged to the scheme.

### 3. Asset Management Company (AMC)

AMCs manage the investment portfolios of schemes. An AMC’s income comes from management fees it charges the schemes it manages. Some countries provide for performance based management fees as well.

In order to management fee, an AMC has naturally to employ people and bear all the establishment costs that are related to its activity, such as for premises, furniture, etc. These are to be met out of the management fee earned.

So long as the income through management fees more than covers it expenses, an AMC is economically viable.

Given the nature of its activity, a certain minimum establishment and infrastructure is necessary for an AMC's functioning. Since costs cannot be reduced below a base level, every AMC needs to have a reasonable corpus of assets under management (AUM), below which it is not viable.

The break even level of AUM is a function of cost structure of the AMC and distribution of assets between its different types of schemes since debt schemes and index schemes generally yield a lower management fees.

**4. Distributors**

Distributors earn a commission for bringing investors into the schemes of a mutual fund. This commission is an expense for the scheme, although there are occasions when an AMC may choose to bear cost, wholly or partly.

Depending on the financial and physical resources at their disposal, the distributors could be:

- Tier I distribution who have their own or franchised network reaching out to investors all across the country; or
- Tier II distributors who are generally regional players with some reach within their region; or
- Tier III distributors who are small and marginal players with limited reach.

**5. Registrars**

An investor holding in mutual fund schemes is typically tracked by the schemes Registrar and Transfer agent (R&T).

Some AMCs prefer to handle this role in house, i.e. on their own instead of appointing an R&T. The Registrar or AMC as the case may be maintains an account of the investor's investments in and disinvestments from the schemes. Requests to invest more money into a scheme or to redeem money against existing investments in a scheme are processed by the R&T.

**6. Custodian / Depository**

The custodian maintains custody of the securities in which the scheme invests – as distinct from the registrar who tracks the investment by investors in the scheme. This ensures an ongoing independent record of the investments of the scheme. The custodian follows up on various corporate actions, such as rights, bonus and dividends declared by investee companies.

**1.8 4 PHASES OF MUTUAL FUNDS**

**FIRST PHASE: 1964 – 1987**

UTI was established on 1963 by an act of parliament. It was setup by RBI and functioned under the regulatory and administrative control of the RBI.
In 1978 UTI was de-linked from the RBI and industrial development bank of India (IDBI) took over the regulatory and administrative control in place of RBI. The first schemed launched by UTI was unit scheme 1964. At the end of the 1988 UTI had Rs.6700 cr. of assets under management.

**SECOND PHASE: 1987 – 1993 (entry of public sector funds**)
The year 1987 marked the entry of non UTI, public sector mutual funds setup by public sector banks and life insurance Corporation of India and general Insurance Corporation of India. SBI mutual fund was the first Non and UTI mutual fund established in June 1987 followed by Can bank mutual fund (Dec 87), PNB mutual fund (august 89), Indian bank mutual fund (Nov 89), Bank of India (June 90), Bank of Baroda mutual fund (Oct 92). LIC established its mutual fund in June 1989 while GIC had setup its mutual **funds in Dec 1990.**
At the end of 1993, the mutual fund industry had assets under management of Rs. 47,004 cr.

**THIRD PHASE: 1993 – 2003 (entry of private sector funds)**
With the entry of private sector funds in 1993 a new era started in the Indian mutual fund, except UTI were to be registered and governed. The erstwhile KOTHARI PIONEER (now merged in FRANKLIN TEMPLETON) was a first private sector mutual fund registered in July 1993. The 1993 SEBI regulations were substituted by a more comprehensive and revised mutual fund a regulation in 1996. The industry now functions under the same SEBI regulation 1996.

**FOURTH PHASE: since Feb 2003**
In Feb 2003, following the repeal of the UTI act 1963 UTI was bifurcated into two separate entities. One is the specified undertaking of the UTI of India with assets under management of Rs. 29,835 cr. As, the end of Jan 2003, representing broadly, the assets of US 64 scheme, assured return and certain other schemes. The specified undertaking of UTI, functioning under an administrator and under the rules framed by the govt. of India and does not come under the preview of the mutual fund regulations. The second is the UTI mutual fund Ltd, sponsored by SBI, PNB, BOB and LIC. It is registered with SEBI and functions

**1.9 PERFORMANCE OF MUTUAL FUNDS IN INDIA**

The year was 1963. Unit Trust of India invited investors or rather to those who believed in savings, to park their money in UTI Mutual Fund.

For 30 years it existed without a single second player. Though the 1988-year saw some new mutual fund companies, but UTI remained in a monopoly position.

The performance of mutual funds in India in the initial phase was not even closer to satisfactory level. People rarely understood, and of course investing was out of question. But yes, some 24 million shareholders were accustomed with guaranteed high returns by the beginning of liberalization of the industry in 1992. This good record of UTI became marketing tool for new entrants. The expectations of investors touched the sky in profitability factor. However, people were miles away from the preparedness of risks factor after the liberalization.

The Assets under Management of UTI was Rs. 67bn. by the end of 1987. Let me concentrate about the performance of mutual funds in India through figures. From Rs. 67bn. the Assets under Management rose to Rs. 470 bn. in March 1993 and the figure had a three times higher performance by April 2004. It rose as high as Rs. 1,540bn.

The net asset value (NAV) of mutual funds in India declined when stock prices started falling in the year 1992. Those days, the market regulations did not allow portfolio shifts into alternative investments. There was rather no choice apart from holding the cash or to further continue investing in shares. One more thing to be noted, since only closed-end funds were floated in the market, the investors disinvested by selling at a loss in the secondary market.

The performance of mutual funds in India suffered qualitatively. The 1992 stock market scandal, the losses by disinvestments and of courses the lack of transparent rules in the where about rocked confidence among the investors. Partly owing to a relatively weak stock market performance, mutual funds have not yet recovered, with funds trading at an average discount of 1020 percent of their net asset value.

The supervisory authority adopted a set of measures to create a transparent and competitive environment in mutual funds. Some of them were like relaxing investment restrictions into the market, introduction of open-ended funds, and paving the gateway for mutual funds to launch pension schemes.

The measure was taken to make mutual funds the key instrument for long-term saving. The more the variety offered, the quantitative would be investors.

## IMPLICATIONS FOR THE MUTUAL FUNDS INDUSTRY

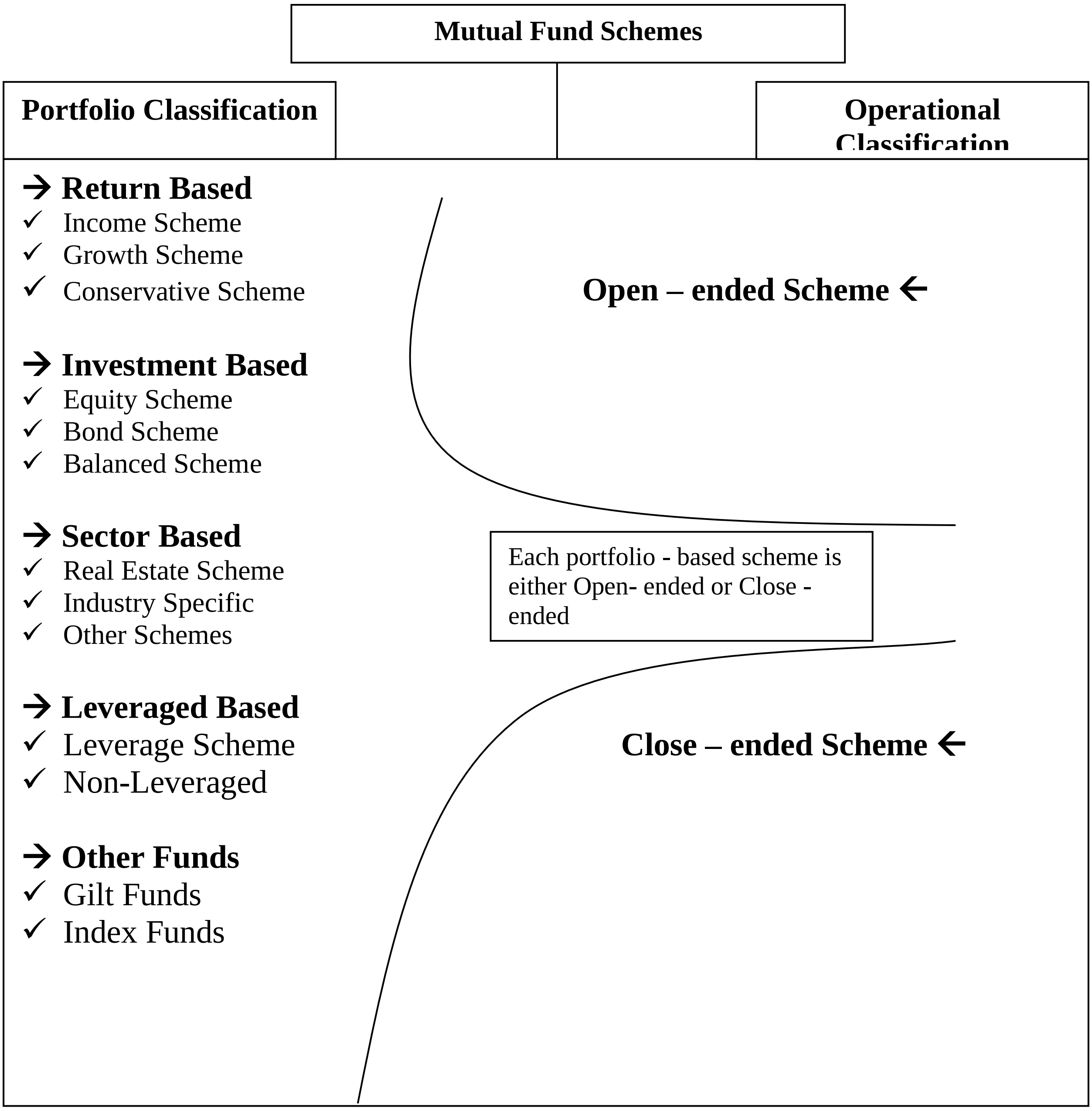
The Union Budget 06 moved on predictable and there were some sops for the mutual fund industry as well. The dividends from MF units' continue to be tax-free for its investors. Debt-oriented Mutual Funds schemes continue to pay distribution tax amounting to 12.5 percent on the dividends declared, while equity-oriented mutual funds schemes will not be required to pay distribution tax. Long-term capital gains tax on equity funds remains nil while for debt Funds it would be taxed at the prevailing rates- 10% without indexation or 20% with indexation.

The limit on FII investment in corporate debt would be raised from $0.5bn to $1.5bn, which is expected to encourage the investments in debt market. Open-ended equity-oriented schemes and close-ended equity oriented schemes would now be treated on par for exemption from dividend distribution tax.

The ceiling on aggregate investment by mutual funds in overseas instruments would be raised from $1billion to $2billion and the requirement of 10% reciprocal share holding would be removed and a limited number of qualified Indian mutual funds to invest, cumulatively up to $1 billion, in overseas exchange traded funds would be allowed. Mutual Fund investment abroad is currently restricted in companies that have a holding of at least 10% in a listed Indian company.

### 1.10 DIFFERENT TYPES OF MUTUAL FUNDS SCHEMES

Before having a glimpse of total number of market players of mutual funds industry in India, knowledge about classification of mutual fund schemes is necessary.



***As per Operational Classification: -***

**A. Open – ended Scheme**

In this scheme the size of the fund is not predetermined as entry to or exit from the fund is open to investor who can buy or sell its securities to the fund at any time. This characteristic imparts greater liquidity to the units of these funds along with the pre-determined repurchase price based on declared Net Asset Value. Portfolio mix of such schemes consists of actively traded securities in the market, preferably equity shares. As investors can anytime withdraw from the fund, therefore, the management of such funds is quite tedious.

**B. Close – ended Scheme**

This scheme has deposit redemption date unlike open-ended scheme. These funds have fixed capital base and traded among the investors in secondary market. The forces of demand and supply, hence determine their price. Price is free to deviate from its net asset value. Management of such funds is comparatively easier because manager can evolve long – term investment plans depending upon the life of the scheme.

***As per portfolio classification: -***

**(a)Return – Based Classification**

**1) Income Funds**

These are for investors who are more concerned about regular returns from investments.

**2) Growth Fund**

Here the objective is to achieve an increase in value of investment through capital appreciation and not regular income.

**3) Conservative Funds**

These funds aim at giving reasonable rate of return in addition to capital appreciation.

**(b)Investment – based Classification**

**1) Equity funds**

These funds invest in the equity shares of companies and undertake greater risk associated with it. This gives good rate of return in rising market.

**2) Bond funds**

These funds provide greater security to investors by investing in bonds, debentures, etc. Investment here has no chance of appreciation.

**3) Balanced funds**

These funds work out a balance in the mix of equity shares and bonds. Trends in the market will determine which proportion of the mix is to be increased.

**(c) Sector – based Classification**

These are the funds / schemes that invest in the securities of only those sectors or industries as specified in the offer documents. E.g. Pharmaceuticals, Software, Fast Moving Consumer Goods (FMCG), Petroleum stocks, etc. The returns in these funds are dependent on the performance of the respective sectors / industries. Investors need to keep a watch on the performance of those sectors / industries and must exit at an appropriate time. They may also seek advice of an expert.

**(d) Leverage – based Classification**

Here concept of leverage is made use of by borrowings funds from market as well as investing along with fund investments thereby making leverage benefits available to mutual fund investor, i.e. giving good return to investors from the income earned by investing borrowed funds.

**(e) Index – based Classification**

Index funds replicate the portfolio of a particular index such as the BSE Sensitive index, S&P NSE 50 index (Nifty). These schemes invest in the securities in the same weightage comprising of an index. NAVs of such schemes would rise or fall in accordance with the rise or fall in the index, though not exactly by the same percentage due to some factors. Necessary disclosure in this regard is made in the offer document of the mutual fund scheme. There are also exchange traded index funds launched by the mutual funds that are traded on the stock exchanges.

**(f) Gilt Fund**

These funds invest exclusively in government securities. Government securities have no default risk. NAVs of these schemes also fluctuate due to change in interest rates and other economic factors as are the case with income or debt – oriented schemes.

***Apart from this generalized kind of classifications there are types of mutual funds that are having focus on particular strategy while investing.***

**→ Value stocks**
Stocks from firms with relative low Price to Earning (P/E) Ratio, usually pay good dividends. The investor is looking for income rather than capital gains.

**→ Growth stock**
Stocks from firms with higher low Price to Earning (P/E) Ratio, usually pay small dividends. The investor is looking for capital gains rather than income.

**→ Based on company size, large, mid, and small cap**

Stocks from firms with various asset levels such as over $2 Billion for large; in between $2 and $1 Billion for mid and below $1 Billion for small.

**→ Income stock**

The investor is looking for income, which usually come from dividends or interest. These stocks are from firms that pay relative high dividends. This fund may include bonds that pay high dividends. This fund is much like the value stock fund, but accepts a little more risk and is not limited to stocks.

**→ Index funds**

The securities in this fund are the same as in an Index fund such as the Dow Jones Average or Standard and Poor's. The number and ratios or securities are maintained by the fund manager to mimic the Index fund it is following.

**→ Enhanced index**

This is an index fund, which has been modified by either adding value or reducing volatility through selective stock-picking.

**→ Stock market sector**

The securities in this fund are chosen from a particular marked sector such as Aerospace, retail, utilities, etc.

**→ Defensive stock**

The securities in this fund are chosen from a stock, which usually is not impacted by economic down turns.

**→ International**

Stocks from international firms.

**→ Real estate**

Stocks from firms involved in real estate such as builder, supplier, architects and engineers, financial lenders, etc.

**→ Socially responsible**

This fund would invest according to non-economic guidelines. Funds may make investments based on such issues as environmental responsibility, human rights, or religious views. For example, socially responsible funds may take a proactive stance by selectively investing in environment-friendly companies or firms with good employee relations. Therefore the fund would avoid securities from firms who profit from alcohol, tobacco, gambling, etc.

**→ Balanced funds**

The investor may wish to balance his risk between various sectors such as asset size, income or growth. Therefore the fund is a balance between various attributes desired.

**→ Tax efficient**

Aims to minimize tax bills, such as keeping turnover levels low or shying away from companies that provide dividends, which are regular payouts in cash or stock that are taxable in the year that they are received. These funds still shoot for solid returns; they just want less of them showing up on the tax returns.

**→ Convertible**

Bonds or Preferred stock, which may be converted into common stock.

**→ Mutual funds of mutual funds (Fund of Funds)**

This funds that specializes in buying shares in other mutual funds rather than individual securities.

## 1.11 CAPITAL PROTECTED SCHEMES

A capital protected scheme is a kind of balanced scheme, where a part of the initial issue proceeds is invested in gilts that would mature to a value equivalent to the unit capital of the scheme. Thus, the investor's capital is protected. The remaining issue proceeds (excess over what is required to be invested in gilts for capital protection) are invested in risky investments.

In the worst-case scenario, it may happen that an investment does not grow. But the principal amount invested is covered by maturity proceeds from the investment in gilt securities.

## ENHANCED INDEX FUNDS

The enhanced index fund is a managed index fund that seeks to beat the performance of its benchmark index by at least 0.1 %, but not more than 2%. If the index fund's performance were to exceed this 2% cap, it would then be considered an equity mutual fund.

***Some Key Obligations of Trustees***

- The trustees shall enter into an investment management agreement with the AMC.
- Before the launch of any scheme they shall ensure that the AMC has:

➢ Systems in place for its back office, dealing room and accounting;

➢ Appointed all key personnel including fund managers;

➢ Appointed a compliance officer to comply with regulatory requirements and to redress investor grievances;

➢ Appointed auditors and registrars;

➢ Prepared a compliance manual and designed internal control mechanisms including internal audit; and

➢ Specified norms for empanelment of brokers and marketing agents.

- They shall be accountable for, and be custodian of, the funds and property of the respective schemes and shall hold the same in trust for the benefit of the unit holders.
- Trustees shall ensure that all activities of the AMC are in accordance with the provisions of the SEBI regulations.
- They shall call for details of transactions in securities by the key personnel of the AMC.
- They shall abide by the prescribed code of conduct.
- The trustees shall be discerning in the appointment of directors on the board of the AMC.

**DEBT SCHEMES**

Debt fund invest only in debt instrument such as corporate bonds government securities and money market instrument either completely avoiding any investment in stock market as in income fund or gilt funds or having a small exposure to equities as in monthly income plans or children plan. Hence, they are safer than equity funds. At the same time the expected return from debt funds would be lower. Such investment are advisable for the risk averse investor and as a part of the investment portfolio for other investors.

- Magnum children benefit plan
- Magnum income fund
- Magnum gilt fund
- Magnum monthly income plan

## CHAPTER 2: LITERATURE REVIEW

### 2.1 OVERVIEW

This chapter compiles and analyses past research on investor behaviour toward mutual funds. It highlights gaps in awareness and identifies key demographic influences such as gender, income, and education. Various studies suggest the need for better communication and education regarding mutual funds. The literature review includes comparative findings on fund performance. A summary table consolidates all major studies and their conclusions.

1. **Dr. Binod Kumar Singh (2015),** in his paper A Study on Investor's Attitude Towards Mutual Fund as an Investment Option, examined investor attitudes and awareness. The study found that a majority of respondents were still confused about mutual funds and lacked sufficient awareness regarding their functions. It also noted that demographic factors such as gender, income, and education significantly influenced investor attitudes, whereas age and occupation had no notable impact. Investors perceived return potential and liquidity as the most attractive features of mutual funds.

2. **Mr. Satish (2013)** authored A Study of Opportunities and Challenges for Mutual Fund in India Vision 2020, highlighting that mutual funds are among the most preferred investment options for middle-income individuals. The study emphasized the safety, professional management, and optimized returns of mutual funds. However, it also cautioned that many investors could be misled by marketing tactics from financial institutions, and thus, a thorough understanding of mutual fund mechanisms is crucial.

3. **Dr. Shanta Mehta and Charmi Shahf (2015),** in their paper Preference of Investors for Indian Mutual Fund and Its Performance Evaluation, observed that mutual funds have democratized investment by reaching small investors. They noted that mutual funds offer an effective hedge against inflation and help overcome low real returns. The authors emphasized the role of competent fund managers and well-informed investors in ensuring the success of mutual fund schemes.

4. **Dr. Sahil Jain (2013),** in his study Analysis of Equity-Based Mutual Funds in India, analyzed the performance of 45 equity mutual fund schemes from both public and private sectors between April 1997 and April 2012. Using the Capital Asset Pricing Model (CAPM) and risk-return analysis, he found that schemes from HDFC and ICICI outperformed others, while UTI funds were average performers with below-expected returns.

5. **Meenakshi Garg (2016)** presented A Study of Performance of Mutual Fund Schemes, evaluating mutual fund performance using Sharpe Ratio, CAGR, Beta, and Standard Deviation. The study revealed that HDFC Top 200 and Tata Dividend schemes had better performance metrics, making them top investment choices. In contrast, Reliance Diversified and Sundaram schemes were found to be riskier and underperformed their peers. The study also explored sector and large-cap funds, recommending options based on risk appetite.

6. **Dr. M. Sumathy and Akshaya S. Das (2022)** conducted A Study on Mutual Fund Investors' Awareness, focusing on how demographic variables like income, age, education, and risk tolerance influence investor awareness. The study found that although many investors are aware of mutual funds as a concept, their depth of understanding is limited. It suggested the need for educational initiatives to enhance investor knowledge.

7. **Dr. Arul Mary Rexy et al. (2022),** in An Empirical Study of Investors' Attitudes and Awareness Towards Mutual Fund, discovered that despite a growing awareness of mutual funds, actual investment remains low. The study recommended stronger promotional strategies and investor education campaigns to convert awareness into active investment behavior.

8. **Ms. Komal Bansidhar Sharma and Dr. Prashant Joshi (2022)** examined the Awareness Level of Investment Through Systematic Plans in Mutual Funds Amongst People Residing in North Ahmedabad. The study revealed that many investors had limited knowledge about SIPs (Systematic Investment Plans). It called for focused awareness drives, especially targeting urban middle-class households, to encourage regular and disciplined investment.

9. **Susan Bincy Andrews and Dr. Rafeekamol C. A (2024)** published A Study on Awareness of Mutual Fund Investment (With Special Reference to Kottayam District). The findings showed that most investors lacked knowledge about mutual fund products and investment procedures. The study stressed the importance of financial literacy programs to bridge this knowledge gap and build investor confidence.

10. **Indra Bishnoi and V. K. Bishnoi (2024),** in their study Measuring the Level of Awareness of Mutual Fund Investors, highlighted that investor awareness is uneven and strongly influenced by factors like annual income and age. The study concluded that these factors significantly affect the type of mutual fund schemes preferred by different investor segments.

11. **Jajodia Laxman and Mansuri A.K. (2021),** in their work Mutual Fund Awareness Amongst People in Wardha City, India, found that awareness levels in small cities were particularly low. The study identified a serious need for awareness campaigns to educate residents about mutual funds and reduce dependency on traditional investment instruments like fixed deposits.

12**. Dr. Shikha Singh (2025)** authored A Study on Consumer Awareness and Perception Towards Mutual Funds Investment, which explored how financial literacy, income levels, risk tolerance, and trust in fund managers shape consumer perception. The study concluded that enhancing financial literacy is key to increasing mutual fund participation, especially among new and cautious investors.

**2.2 LITREATURE REVIEW TABLE**

| **S. No.** | **Author(s)** | **Title of the Paper** | **Publication Date** | **Key Findings** |
|---|---|---|---|---|
| | | | | |
| 1 | Dr Binod Kumar Singh | *A Study on Investor's Attitude Towards Mutual Fund as an Investment Option* | August 2015 | Many respondents lack awareness and have not formed attitudes toward mutual funds. Gender, income, and education influence attitudes, while age and occupation do not. Investors favor return potential and liquidity. |
| 2 | Mr. Satish | *A Study of Opportunities and Challenges for Mutual Fund in India Vision 2020* | November 2013 | Mutual funds are preferred by middle-income individuals due to high returns and low risk. Investors must be cautious of misleading ads. Professionally managed funds diversify across asset classes. |
| 3 | Dr Shanta Mehta, Charmi Shahf | *Preference of Investors for Indian Mutual Fund and Its Performance Evaluation* | September 2015 | Mutual funds provide small investors access to diverse investments. Success depends |

| | | | | |
|---|---|---|---|---|
| | | | | on both competent fund managers and informed investors. Evaluation of schemes and investor preferences is essential. |
| 4 | Dr Sahil Jain | *Analysis of Equity-Based Mutual Funds in India* | April 2013 | Over 1000 schemes exist; equity mutual funds were analyzed using risk-return models. HDFC and ICICI funds performed best, while UTI underperformed. Analysis used CAPM and risk-return metrics. |
| 5 | Meenakshi Garg | *A Study of Performance of Mutual Fund Schemes* | August 2016 | HDFC Top 200 and Tata Dividend schemes outperformed peers with high Sharpe Ratio and CAGR. Reliance Diversified and Sundaram underperformed. Reliance Banking is high-risk/high-return, while Franklin is safer. |
| 6 | Dr M. Sumathy & Akshaya S. Das | *A Study on Mutual Fund Investors' Awareness* | March 2022 | The study assessed investors' knowledge and comprehension of mutual funds, examining factors like income, |

| | | | | |
|---|---|---|---|---|
| | | | | education, age, and risk tolerance that affect investment decisions. |
| 7 | Dr Arul Mary Rexy et al. | *An Empirical Study of Investors' Attitudes and Awareness Towards Mutual Fund* | December 2022 | While people are aware of mutual funds, they do not invest in them. The study suggests strategies for increasing mutual fund investment and raising awareness. |
| 8 | Ms. Komal Bansidhar Sharma & Dr. Prashant Joshi | *A Study on Awareness Level of Investment Through Systematic Plans in Mutual Funds Amongst People Residing in North Ahmedabad* | 2022 | The study investigates the awareness level of SIP investments among residents of North Ahmedabad, highlighting the need for targeted educational initiatives to boost familiarity with investment preferences. |
| 9 | Susan Bincy Andrews & Dr Rafeekamol C. A | *A Study on Awareness of Mutual Fund Investment (With Special Reference to Kottayam District)* | 2024 | The study reveals that awareness about different aspects of mutual fund investment is insufficient among investors in Kottayam, suggesting the need for financial literacy programs to improve knowledge. |
| 10 | Indra Bishnoi & V. K. Bishnoi | *Measuring the Level of Awareness of* | 2024 | The study examines the awareness level |

| | | | | |
|---|---|---|---|---|
| | | *Mutual Fund Investors* | | of Indian investors in mutual funds, finding that annual income impacts the choice of mutual fund investment and age plays a significant role in preferred schemes. |
| 11 | Jajodia Laxman & Mansuri A.K. | *Mutual Fund Awareness Amongst People in Wardha City, India* | September 2021 | The study finds a lack of knowledge and information about mutual funds among people in Wardha City, emphasizing the need for creating more awareness about mutual funds. |
| 12 | Dr Shikha Singh | *A Study on Consumer Awareness and Perception Towards Mutual Funds Investment* | February 2025 | The study explores consumer awareness and perception towards mutual funds, highlighting the influence of financial literacy, risk tolerance, income levels, and trust in fund managers on investment decisions. |

**2.3 Research Gap**

While numerous studies have explored various dimensions of mutual fund investments—such as investor attitudes, scheme performance, demographic influences, and awareness levels—it is evident that a significant gap still exists in translating awareness into actual investment behavior. Although many investors are aware of mutual funds, multiple studies (e.g., Dr. Arul Mary Rexy et al., Susan Bincy Andrews et al.) consistently show a lack of in-depth understanding, practical knowledge, and trust, especially in semi-urban and rural areas. Furthermore, most existing studies are geographically limited or focus primarily on urban populations, leaving out large investor segments across Tier 2 and Tier 3 cities.

Another critical observation is that while demographic factors like income, education, and age are widely studied, behavioral aspects such as risk perception, source of financial advice, and the impact of digital platforms on investor decision-making are underexplored. Additionally, few studies have addressed the effectiveness of financial literacy campaigns or evaluated the role of technology-enabled investment platforms in enhancing mutual fund penetration.

Therefore, future research should aim to:

- Bridge the gap between awareness and investment action, especially in underrepresented regions;
- Incorporate behavioral and psychological factors influencing mutual fund investments;
- Evaluate the impact of digital platforms and influencer-driven finance content on young investors;
- And assess the real-world outcomes of financial education initiatives aimed at boosting mutual fund adoption.

## CHAPTER 3: RESEARCH METHODOLOGY

### 3.1 OVERVIEW

The methodology outlines the structured approach adopted for the study, including descriptive and exploratory designs. Primary data was collected using surveys and interviews in Noida's investment-heavy areas. The tools used include questionnaires targeting investor awareness and behaviour. Both primary and secondary data sources were utilized. Limitations like time constraints and respondent bias are acknowledged.

The project consisted of visiting different distributors in rich localities of Noida region for the survey. The reason for choosing these particular areas has to be that the region has a lot of potential for investors. It consisted of

Three stages:
Stage 1: Gathering data from the company and plan schedule to meet
The Concerned Person
Stage2: Collecting data by survey method, on the basis of
Questionnaires.
Stage 3: Analyzing and interpreting the primary data collected

### 3.2 RESEARCH DESIGN

It is a framework or blueprint for conducting the marketing research project. The research design used here is Descriptive Research Design which is used for description of something. Here it is used to describe the characteristics of Relationship Managers with respect to the services expected from SBI MUTUAL FUND. For this purpose **Primary Data** has to be collected through Personal Interviews and Questionnaires filled by the Distributors. Questionnaires filled through e -mails. Inputs from the employees of the company. It also consists of Secondary **Data** analysis through: Internet and Web Search. Fact Sheets and annexure collected from different Mutual Fund companies. Details of distributors from the Relationship Managers of SBI Mutual fund.

**3.3 TYPE OF RESEARCH**

**EXPLORATORY:**

Type of research carried out was EXPLORATORY in nature; the objective of such research is to determine the approximate area where the drawback of the company lies and also to identify the course of action to solve it. For this purpose the information proved useful for giving right suggestion to the company.

**Data Collection:**

- Primary data
- Secondary data

Data used for the research work was primary in nature and also in secondary in nature.

**PRIMARY DATA**

The research process was done by interacting with number of customers during the activities performed, which included, markets, cold calling, canopies, etc. Sample Design consists of Random Sampling.

**Method of collection: -**

Field procedure for gathering primary data included observation and interview schedule in which the questionnaires were filed by the interviewer.

Personal interviews through self-administered survey was done to collect the data, market research was undertaken, that was accomplished by performing various activities designed.

**Research Instrument:**

- Questionnaire

**The questionnaire was formulated by keep in mind the following Points: -**

- Giving the respondents clear comprehension of the question.
- Inducing the respondents to co-operate.
- Giving instructions as to what is wanted.
- Identifying the needs to be known.

**Limitations:**

The following were the limitations that were there during the course of the study:

1. Limited time period.
2. Less number of respondents.
3. Biasness of the respondents.

**SECONDARY DATA**

**Method of collection data:**

Secondary data was collected from the various secondhand data collection sources like, Magazines provided by Mahindra Finance, Secondary data was also provided by company executives, from Internet, Companies annual report etc.

**Research Instruments:**

Magazines, Newspapers, Internet Search Engines (Google.com), other websites like:

www.rbi.org.in
www.irdaindia.org
www.banknetindia.com
www.businessworldonline.com
www.google.com (search engine)

**3.4 RESEARCH HYPOTHESES**

**Primary Hypothesis ($H_1$):**

**$H_1$**: There is a significant relationship between investor awareness and their decision to invest in mutual funds.

**Null Hypothesis ($H_0$)**: There is no significant relationship between investor awareness and their decision to invest in mutual funds.

**Supporting Hypotheses:**

1. **$H_1$a**: Investors with higher educational qualifications have a higher level of awareness about mutual fund schemes.

**$H_0$a**: Educational qualification has no effect on mutual fund awareness.

2. **$H_1$b**: Younger investors (below 35 years) are more likely to prefer mutual fund investments, especially SIPs, compared to older age groups.

**$H_0$b**: Age does not influence the preference for SIPs or mutual fund investment.

3. **$H_1$c**: Income level significantly influences the type of mutual fund schemes preferred by investors.

**$H_0$c**: Income level has no significant effect on mutual fund scheme preferences.

4. **$H_1$d**: Mutual fund investment decisions are more influenced by brand awareness than by risk-return performance metrics.

**$H_0$d**: Brand awareness has no more influence than risk-return analysis on investment decisions.

5. **$H_1$e**: Investors with prior financial literacy are more likely to diversify their mutual fund portfolios.

**$H_0$e**: Financial literacy does not affect diversification behaviour among mutual fund investors.

**CHAPTER 4: DATA COLLECTION AND DATA ANANLYSIS**

**4.1 OVERVIEW**

This chapter presents the data collected through surveys and its subsequent analysis. It shows demographic breakdowns, investment preferences, and levels of awareness. Most respondents were aware of mutual funds but lacked deep understanding. Younger investors leaned toward mutual funds, while older ones preferred traditional instruments. The data is supported by visual graphs and interpretation of patterns.

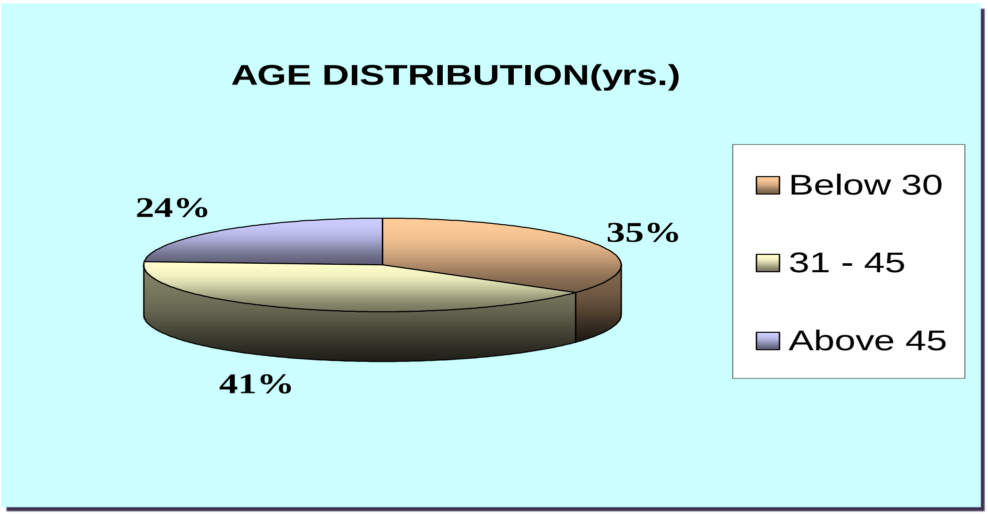
**4.2 DATA COLLECTION- SURVEY METHOD**

The survey method of collecting data is based on the questioning of respondents. They are asked variety of quest ions regarding their behavior intentions, attitude, awareness and motivations. In structured data collection, a formal questionnaire is prepared thus the process is direct.

The questionnaire designed for this project consists of questions based on various parameters which a relationship manager would consider before selling a mutual fund. Each question is based on different variables like investment decisions, selling decisions, company policies, servicing issues etc.

**4.3 DATA ANALYSIS**

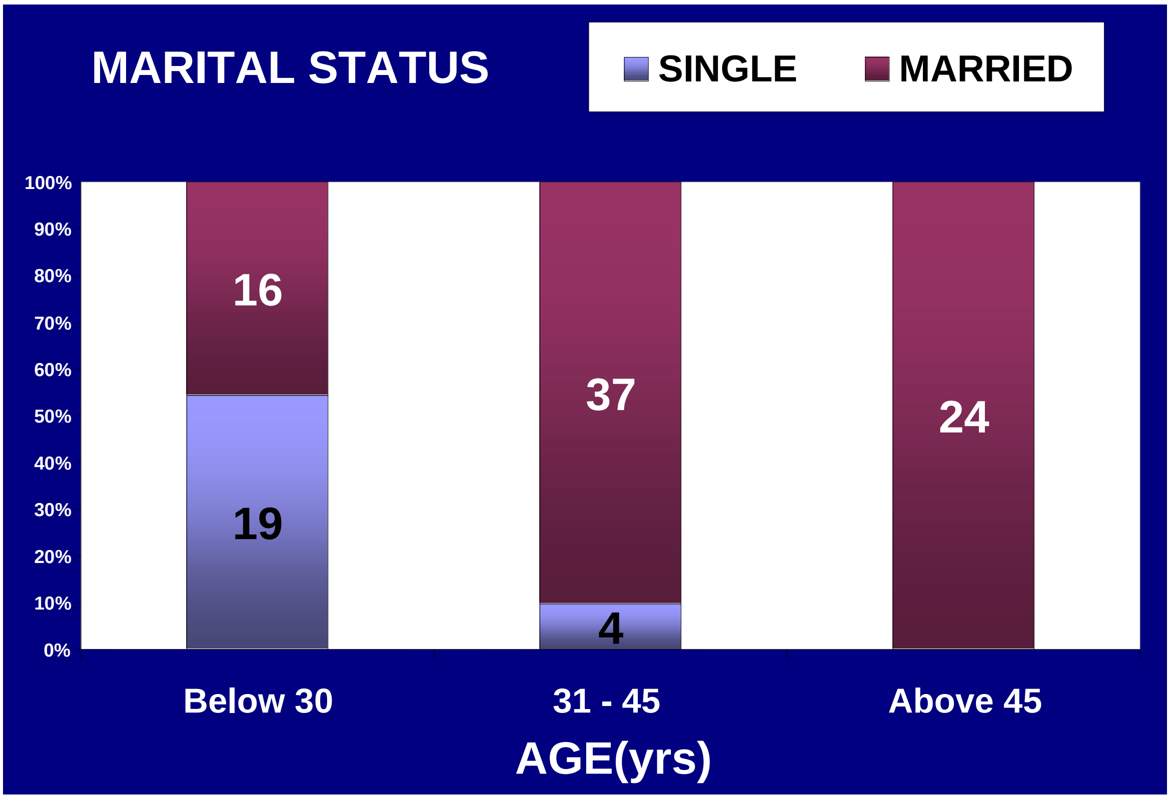
**AGE DISTRIBUTION**




**GRAPH 1: AGE DISTRIBUTION OF RESPONDENTS**

- Highest number of Respondents (41%) from Age group 31 to 45 yrs.
- 35% respondents are of age below 30 yrs, small percentage of which is unemployed.

MARITAL STATUS




GRAPH 2: MARITAL STATUS

- Total number of single respondents – 23
- Total number of married respondents – 77

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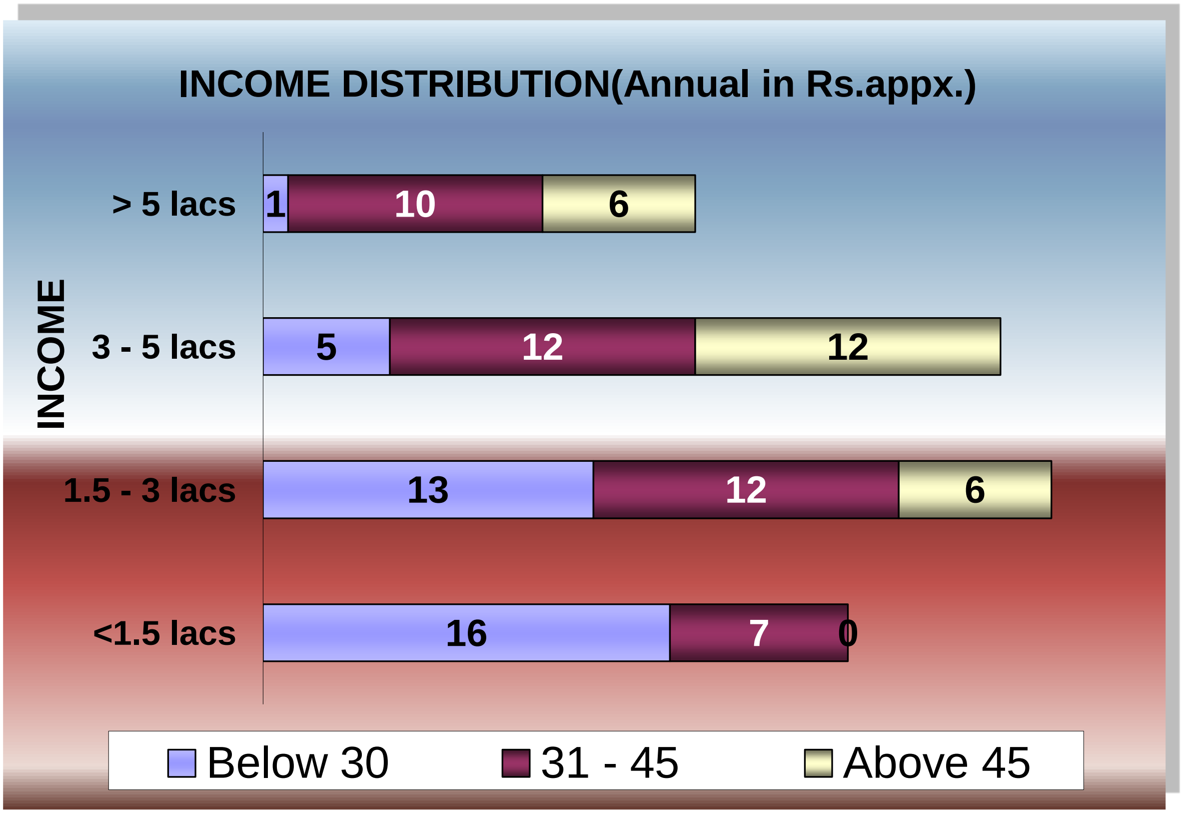
**INCOME DISTRIBUTION**



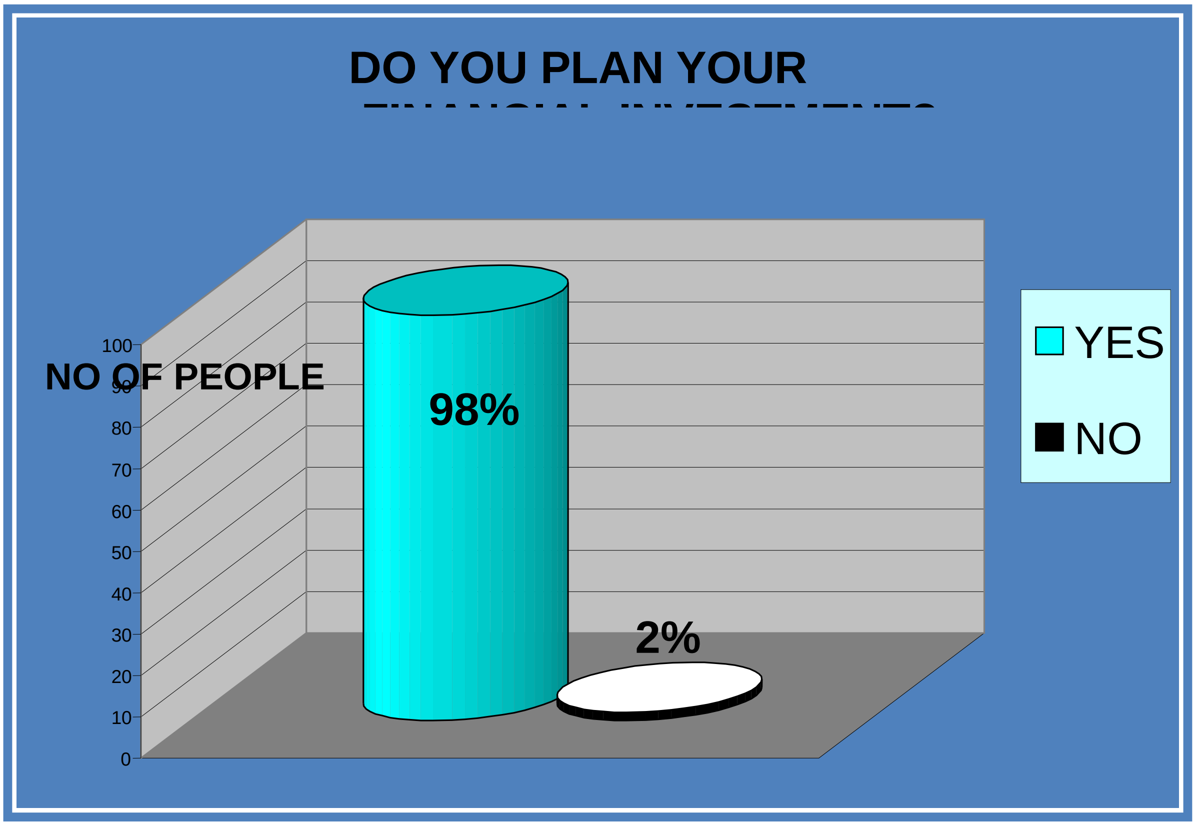

**GRAPH 3: INCOME DISTRIBUTION**

➢ Highest, 16 respondents in income bracket below 1.5 lacs, which mainly comprises of age group below 30 years.

➢ Respondents of the age group 31-45 yrs, lie in all the income slabs.

➢ Minimum, 6 respondents in income bracket of above 5 lacs, which are in age group of above 45 years.

**DO YOU PLAN YOUR MUTUAL FUNDS INVESTMENT?**




- ➢ 98% of the respondents were aware of mutual funds investment

**GRAPH 4: AWARENESS OF FINANCIAL PLANNING**

- Here it is clearly shown that only two percent people aware about mutual funds.

International Journal of Scientific Research in Engineering and Management (IJSREM)
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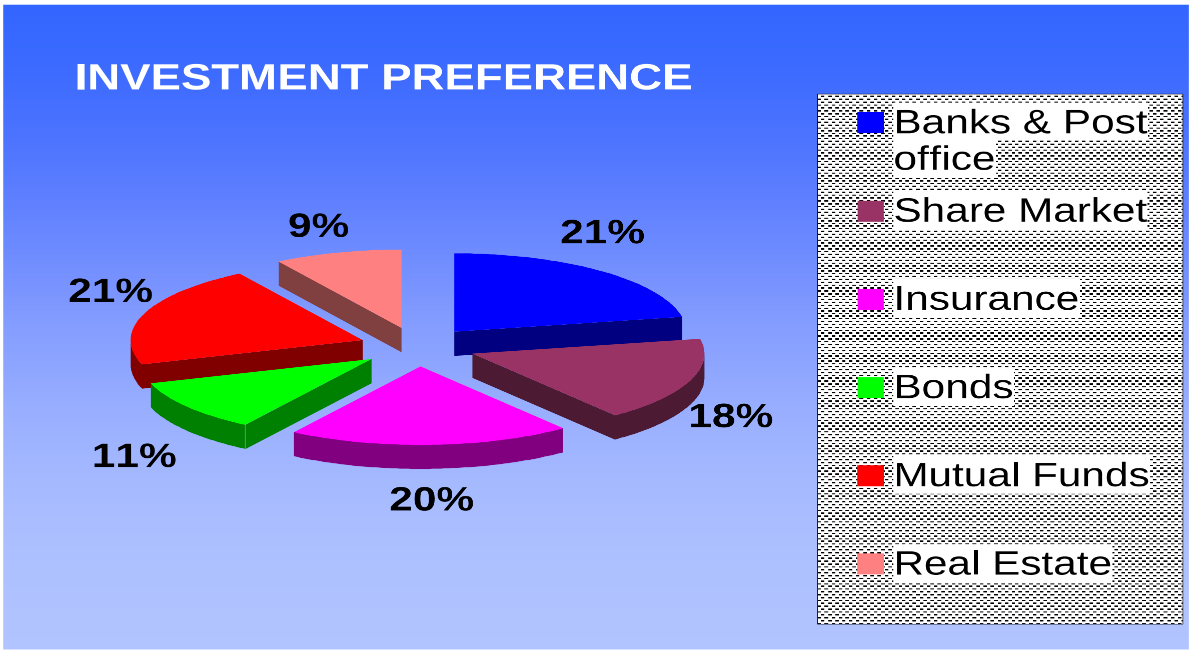
**INVESTMENT PREFERENCE**




**GRAPH 5: INVESTMENT PREFERENCE**

- 21% respondents prefer banks and post office schemes as an investment tool preference.
- Respondents of age group below 30 years prefer Mutual Funds, as they provide higher returns than banking investment tools.
- Insurance ranks 2nd as an investment tool choice, which itself includes various protection, saving and pension plans.
- Govt. Bonds & securities are mostly preferred by people of higher age group rather than young generation.
- Property as an investment option is most lucrative choice. However it is important to mention that majority of respondents are in age group of above 30 years and people with high income bracket prefers to invest in Real Estate.

## CHAPTER 5: FINDINGS

### OVERVIEW

The findings reveal that while awareness of mutual funds is high, understanding is shallow. Many investors rely on brand names rather than performance data. Younger respondents show more interest in equity-based mutual funds. Risk aversion and preference for short- to medium-term investments dominate investor behavior. There is a clear need for better financial education and guidance.

There is great opportunity for Mutual Fund companies as there is a rise in a number of people who want to invest in share market but do not have time and knowledge to do so, also these people wants to take less risk.
The survey shows that significant part of the investment portfolio of the retail investors consists of Mutual Fund Scheme. But still, Insurance and Post Office Scheme have a significant share because of the safety factor associated with them.
With booming market and falling interest rate of bank deposits, people see mutual funds as an attractive financial tool which provide a high return rate at lower risk as compared to equity market. Most of the investors prefer Mutual Fund route for equity investment than direct stock market investment.
Young people these days are particularly more interested in mutual funds because they see mutual fund as safe bet. Also these people have large disposable incomes and risk taking capability too. According to the study of major part of the investors are showing interest in the Equity Based Schemes to meet out their need for capital appreciation.
The bad part is people are still ignorant about mutual funds and different schemes about mutual funds. Hence it is very necessary to educate them about mutual funds.
Another significant finding of the study is that investors are lured by the returns Mutual Funds are showing. However at the same time they want to minimize their risk. The investment horizon, which is most liked by the investors, is 2 to3 years. An investor equity fund portfolio largely depends on his/income level and age.

## CHAPTER 6: CONCLUSION

### OVERVIEW

This chapter summarizes the key insights gained during the project. It concludes that mutual funds are often confused with stock market investments. Investors prefer SIPs for their affordability and convenience. Many prefer reputed AMCs due to lack of understanding. A shift in investor mindset from short-term returns to informed decisions is needed. The project also highlights the importance of financial literacy.

In my project I have taken a good experience by how a company, survive in the market. It was really wonderful working with a brand known as the Mahindra group.
I was guided by this group in an excellent way to get know how about the corporate world and how to tackle with the clients, how to interact with them.
With their full support and help I completed my project with a great success. I am concluding my project with my best understanding and finding which I found during this project.

- ❖ People generally not aware of mutual funds the relate mutual fund with stock market.
- ❖ In this way they expect high return like stock market.
- ❖ Mostly people want to invest for resourceful life.
- ❖ People wise to for short term to medium term time horizon.

- ❖ People invest in mutual fund on the basis of return and mostly prefer
- ❖ To go with some brand names of AMC's.
- ❖ People mind set is to earn maximum return in short term while it should be minimized.
- ❖ People generally prefer SIP. Because of it's services as amount deducted from account automatically.
- ❖ SIP also easy to manage because it is a low amount which is not heavy to investor pocket.

## CHAPTER 7: RECOMMENDATIONS

### OVERVIEW

Recommendations include launching awareness campaigns and financial literacy programs. There's a call to tap into rural and semi-urban markets. AMC branding and SIP promotion should be emphasized. Professional fund management should be better marketed to attract retail investors. New flexible investment options should be introduced to build investor confidence.

The retail investor base is increasing at a faster pace but there is a lack of information about the suitable investment modes among the investors. There is a need of proper awareness programs to keep the investors updates about the latest investment opportunities.
India is passing through a tremendous growth phase with an average growth rate of 7-8% per annum. With this growth in each and every funds but are apprehensive towards the risks associated with them. Well diversified equity schemes should be introduced to minimize the volatility of the funds.
It has been seen that there is a major increase in the percentage of young investors who have large amount of disposable income with them and want to invest, these types off prospective clients should be tapped at an early stage.
Small town, villages are still untapped and can also act as a business area of very huge potential. Now, even co-operative society can invest up to 10% of their capital in mutual funds which open the door to new and very important client base. More flexible option can be provided to investor like Systematic Investment Plan (SIP) and switching options. Hedging options are also prevailing these days.
Professional management of Mutual Fund is a value added feature of Mutual Fund schemes. AMCs should utilize this feature to attract retail investment.

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### Tools and Software Referenced

- **Google Forms** – Used for collecting survey data
- **SPSS / Microsoft Excel** – Used for statistical and quantitative data analysis
- **Canva / Microsoft PowerPoint** – Used for preparing charts, graphs, and presentations.

## APPENDICES

### Appendix A – Survey Questionnaire

*(Already included in Annexures)*
This appendix contains the detailed questionnaire used to collect primary data from individual investors. It includes demographic details, awareness level questions, and attitude scales related to mutual fund investment.

### Appendix B – Data Collection Sites

- Residential Areas in Noida Sector 62, 63, 15
- Office Clusters: Noida Electronic City, Sector 16
- Financial Institutions: Local bank branches, mutual fund distributors
- Public Survey Points: Malls and educational institutes (Galgotias University)

### Appendix C – Sample Survey Responses (Extract)

| Respondent ID | Age | Income (₹) | Awareness Level | Invested in MF | Preferred Type |
|---|---|---|---|---|---|
| 01 | 28 | 4,50,000 | High | Yes | SIP – Equity Fund |
| 02 | 35 | 6,00,000 | Moderate | Yes | Debt Fund |
| 03 | 22 | 1,80,000 | Low | No | Not Applicable |
| 04 | 41 | 7,50,000 | High | Yes | Balanced Fund |
| 05 | 29 | 3,00,000 | Moderate | Yes | ELSS (Tax Saving) |

### Appendix D – Graphical Data Representations

Figures and charts representing:

- Age and income distribution
- Awareness level vs investment status
- Platform preferences (SIP vs Lump sum)
- Sources of information (Social media, advisors, etc.)

### Appendix E – Consent Form Template

**Title: Consent Form for Participation in Survey**

I hereby give my consent to participate in the research study titled *"Evaluating the Level of Mutual Fund Awareness Among Investors"*. I understand that my responses will remain confidential and be used solely for academic purposes.

Name: ________________________
Signature: ___________________
Date: ________________________

**Appendix F – Glossary of Terms**

| Term | Definition |
|---|---|
| **NAV** | Net Asset Value – the per unit market value of mutual fund holdings |
| **SIP** | Systematic Investment Plan – periodic investments in a mutual fund |
| **AMC** | Asset Management Company – manages and operates the mutual fund |
| **ELSS** | Equity Linked Savings Scheme – mutual funds with tax benefits |
| **Expense Ratio** | Annual fee charged by a fund as a percentage of assets under management |

**Appendix G – Tools Used**

- **Google Forms** – For survey distribution
- **Microsoft Excel** – For data tabulation and charts
- **SPSS** – Used for cross-tabulation and hypothesis testing
- **Canva / PowerPoint** – For designing visual representations

**ANNEXURES**

**Survey Questionnaire**

**Title:** Evaluating the Level of Mutual Fund Awareness Among Investors

**Dear Respondent,**

This questionnaire is designed to collect data for academic purposes as part of a BBA Industrial Project. The information you provide will be kept confidential and will be used solely for research purposes. Your honest responses will be highly appreciated.

**Section A: Demographics**

1. **Age:**
☐ 18–24 ☐ 25–30 ☐ 31–40 ☐ Above 40
2. **Gender:**
☐ Male ☐ Female ☐ Other
3. **Occupation:**
☐ Student ☐ Salaried Professional ☐ Business Owner ☐ Retired ☐ Other
4. **Educational Qualification:**
☐ Undergraduate ☐ Postgraduate ☐ Professional Degree ☐ Other
5. **Monthly Income:**
☐ Less than ₹25,000 ☐ ₹25,000–₹50,000 ☐ ₹50,000–₹1,00,000 ☐ Above ₹1,00,000

**Section B: Awareness and Understanding of Mutual Funds**

6. **Have you heard of mutual funds before?**
☐ Yes ☐ No
7. **How did you first come to know about mutual funds?**
☐ Friends/Family ☐ Financial Advisors ☐ Social Media ☐ Advertisements ☐ Other
8. **Do you currently invest in mutual funds?**
☐ Yes ☐ No
9. **What type of mutual funds are you aware of?** *(Select all that apply)*
☐ Equity Funds ☐ Debt Funds ☐ Hybrid Funds ☐ SIP (Systematic Investment Plan) ☐ ELSS ☐ Not Sure
10. **Which factor influences your investment decision the most?**
☐ Risk Level ☐ Returns ☐ Tax Benefits ☐ Peer Recommendation ☐ Fund Manager Performance
11. **Do you understand key mutual fund terms like NAV, SIP, and expense ratio?**
☐ Fully Understand ☐ Somewhat Understand ☐ Have Heard, but Don't Understand ☐ Not at All
12. **Where do you usually get information about mutual funds?** *(Select all that apply)*
☐ Financial News/Apps ☐ Mutual Fund Companies ☐ YouTube/Influencers ☐ Bank/Advisors ☐ Other

**Section C: Perception and Attitude**

13. **Do you believe mutual funds are a good investment option?**
☐ Strongly Agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree
14. **Have you ever attended a seminar/webinar or read a guide related to mutual fund investments?**
☐ Yes ☐ No
15. **Would you be interested in learning more about mutual funds?**
☐ Yes ☐ Maybe ☐ No
16. **Rate the following statements on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree):**

| **Statement** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|
| I feel confident in making decisions about mutual fund investments. | ☐ | ☐ | ☐ | ☐ | ☐ |
| There is enough awareness about mutual funds among the general public. | ☐ | ☐ | ☐ | ☐ | ☐ |
| Financial literacy is important for better investment decisions. | ☐ | ☐ | ☐ | ☐ | ☐ |
| I prefer SIPs over lump-sum investments. | ☐ | ☐ | ☐ | ☐ | ☐ |
| I compare different mutual funds before investing. | ☐ | ☐ | ☐ | ☐ | ☐ |

**SYNOPSIS**

**"Evaluating the Level of Mutual Fund Awareness Among Investors"**

## 1. Introduction

This chapter introduces mutual funds as financial instruments that pool investor money to create a diversified portfolio. It details their evolution globally and in India, including UTI's role and SEBI's regulatory oversight. The chapter explains types of mutual funds (equity, income, balanced, sectoral) and categorizes them as open-ended or closed-ended. Mutual funds' advantages include professional management, diversification, liquidity, and tax benefits. Limitations such as management risk, fees, and lack of guarantees are also acknowledged. The discussion highlights mutual funds as ideal for average investors seeking moderate risk with better returns.

## 2. Literature Review

The literature review provides academic and empirical evidence on investor attitudes and behaviour toward mutual funds. Several studies confirm that awareness levels are high, but detailed understanding is limited. Key influences on mutual fund choices include income, education, and age. Gender also shows moderate impact. Studies suggest that SIPs and branded AMCs are preferred, though this is not always based on fund performance. Research by Sahil Jain and Meenakshi Garg highlight risk-return performance using models like Sharpe ratio and CAPM. Overall, the literature supports the need for financial literacy and transparent fund comparisons.

## 3. Research Methodology

The study employs both descriptive and exploratory research designs. Primary data was gathered using structured questionnaires distributed to 100 respondents in Noida. Respondents included a wide range of investors from various age groups and income levels. Random sampling was used, and data collection included personal interviews and surveys. Secondary data was obtained from SEBI, RBI, mutual fund websites, and academic articles. Research tools included Google Forms, Excel, and online resources. Key challenges included time constraints, potential response bias, and limited access to institutional investors.

## 4. Data Collection and Analysis

Quantitative data was collected primarily via structured surveys and analyzed statistically. Graphs illustrated demographic variables, awareness levels, and investment preferences.

**Key findings:**

- **Age**: 41% of respondents were aged 31–45; 35% were under 30.
- **Marital Status**: 77% were married.
- **Income**: Majority earned below ₹3 lakhs annually.
- **Awareness**: 98% had heard of mutual funds; however, only a fraction fully understood their structure or types.

- **Investment Preferences**: Younger respondents leaned towards mutual funds and SIPs; older groups preferred FDs and insurance. Real estate remained popular among higher-income respondents. The data demonstrated a high preference for safety and liquidity, along with a desire for convenience in investment mechanisms.

## 5. Findings

The project uncovered several key insights:

- **Superficial Awareness**: While investors knew of mutual funds, few could differentiate between fund types or understand NAV.
- **Preference for Brands**: Investors often chose based on brand reputation rather than return data.
- **SIP Popularity**: SIPs were highly favored due to automation, low entry cost, and perceived safety.
- **Short-Term Orientation**: Most investors held funds for 2–3 years, expecting quick returns.
- **Risk Aversion**: Many sought better returns than FDs but still preferred conservative options.
- **Limited Performance Evaluation**: Few investors checked Sharpe ratios, Beta, or CAGR before investing.

## 6. Conclusion

The mutual fund market in India is growing but is hindered by lack of deep investor education. Most retail investors equate mutual funds with equity investments, ignoring options like debt or hybrid funds. SIPs are an attractive entry point, especially for young investors. There is significant reliance on AMCs and distributors to make decisions. The study suggests that while mutual funds are becoming popular, they are not yet being used optimally. The overall conclusion is that awareness campaigns must shift from product promotion to investor education.

## 7. Recommendations

The study proposes the following:

- **Education Campaigns**: Regular investor awareness programs in urban and rural areas.
- **AMC Communication**: Simplify product disclosures and performance comparisons.
- **SIP Promotion**: Position SIPs as gateway tools for long-term investment.
- **Diversification Advice**: Encourage investors to consider hybrid and sector-specific funds.
- **Financial Literacy**: Introduce personal finance education in schools and colleges.
- **Rural Market Penetration**: Use mobile-based apps and vernacular content to engage non-metro investors.
- **Investor Profiling Tools**: Help investors select funds based on risk appetite, goals, and time horizon.

## 8. Abstract

The study evaluates investor awareness about mutual funds in Noida. Using surveys, it concludes that awareness is broad but shallow. Most investors prefer short-term investments, brand-driven selections, and

SIPs. Younger investors show more interest in equity funds, while older participants favour safe options. Lack of financial literacy remains the biggest barrier. Recommendations include awareness drives, SIP promotion, and enhanced AMC transparency.

**9. Objectives**

- Assess the general awareness of mutual funds among investors.
- Analyse preferences related to fund types and returns.
- Identify demographic patterns affecting fund choices.
- Provide practical recommendations for expanding mutual fund adoption.

**10. Key Terms Defined**

- **NAV**: Net Asset Value, calculated as fund assets minus liabilities per unit.
- **SIP**: Systematic Investment Plan, where fixed investments are made regularly.
- **AMC**: Asset Management Company, responsible for fund management.
- **Risk Profile**: An investor's capacity and willingness to take financial risks.

**11. Scope of Study**

The project focused on investors in Noida and surrounding areas. It did not consider institutional investors or ultra-high-net-worth individuals. The study was time-bound and primarily survey-based, which may limit generalization. However, its insights apply to a large segment of urban Indian retail investors.

**12. Tools Used**

- **Google Forms** for survey distribution
- **MS Excel / SPSS** for basic statistical analysis
- **Graphs** to represent investment preferences and demographic data
- **Online Databases** like SEBI, AMFI, and RBI reports

**13. Questionnaire Design**

The survey included:

- Demographics (age, income, marital status)
- Awareness of mutual funds
- Preference among schemes (equity, debt, hybrid)
- Risk tolerance and investment horizon
- Criteria for fund selection (returns, brand, past performance)

## 14. Limitations

- Time-bound study (limited to a few weeks)
- Geographically constrained (Noida only)
- Possible respondent bias
- Smaller sample size (100 investors)

## 15. Real-World Implications

The study indicates that as India moves toward a more financially inclusive economy, mutual funds have the potential to replace traditional instruments. SIPs can become a default savings method for millennials. Educating first-time investors can reduce dependency on middlemen and empower better decision-making.

## 16. Impacts of SEBI Regulation

The study notes how SEBI's role has made mutual funds safer and more transparent. Changes in expense ratio caps, distributor commissions, and disclosure norms have made the industry more investor-friendly. However, many investors are unaware of these protections, indicating a communication gap.

## 17. Sector-Specific Schemes

Investors showed interest in sector funds like banking, FMCG, and pharma, though few understood the associated volatility. AMCs should provide sectoral insights and invest in investor-friendly reporting.

## 18. Trends in Investor Behavior

- **Tech Adoption**: Mobile apps are increasingly used for investing.
- **Women Investors**: A growing segment, but still underrepresented.
- **Influence of Peers**: Investment decisions are often shaped by colleagues or social groups.

## 19. Investment Behavior Insights

- Investors with ₹3–5 lakh annual income showed highest mutual fund participation.
- Short-term capital appreciation was a common goal.
- SIPs were preferred over lump sum investments due to lower financial burden.

## 20. Final Thought

Mutual fund investments in India are at an inflection point. Increased financial inclusion and regulatory support provide an opportunity to grow this sector exponentially. But for that to happen, the gap between *awareness* and *understanding* must be bridged.