

Review Paper: “Study the Awareness About Mutual Fund”

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ABSTRACT: -

Mutual funds have emerged as popular investment vehicles globally, offering individuals the opportunity to invest in a diversified portfolio managed by professionals. This study aims to investigate the awareness levels regarding mutual funds among individuals. The research employs a mixed-methods approach, utilizing both quantitative surveys and qualitative interviews to gather comprehensive insights.

The quantitative aspect involves administering structured questionnaires to a diverse sample of participants, assessing their familiarity with mutual funds, understanding of their functioning, and reasons for investing or not investing in them. Additionally, demographic factors such as age, income, and education will be analyzed to discern any correlations with awareness levels.

Complementing the quantitative data, qualitative interviews will be conducted with select participants to delve deeper into their perceptions, attitudes, and experiences related to mutual funds. This qualitative component aims to provide nuanced insights into the factors influencing awareness and investment decisions.

INTRODUCTION: -

A Mutual Fund is a trust that collects money from investors who share a common financial goal, and invest the proceeds in different asset classes, as defined by the investment objective. Simply put, mutual fund is a financial intermediary, set up with an objective to professionally manage the money pooled from the investors at large.

By pooling money together in a mutual fund, investors can enjoy economies of scale and can purchase stocks or bonds at a much lower trading costs compared to direct investing in capital markets. The other advantages are diversification, stock and bond selection by experts, low costs, convenience and flexibility. An investor in a mutual fund scheme receives units which are in accordance with the quantum of money invested by him. These units represent an investor's proportionate ownership into the assets of a scheme and his liability in case of loss to the fund is limited to the extent of amount invested by him.

The pooling of resources is the biggest strength for mutual funds. The relatively lower amounts required for investing into a mutual fund scheme enables small retail investors to enjoy the benefits of professional money management and lends access to different markets, which they otherwise may not be able to access. The investment experts who invest the pooled money on behalf of investors of the scheme are known as 'Fund

Managers'. These fund managers take the investment decisions pertaining to the selection of securities and the proportion of investments to be made into them. However, these decisions are governed by certain guidelines which are decided by the investment objective(s), investment pattern of the scheme and are subject to regulatory restrictions. It is this investment objective and investment pattern which also guides the investor in choosing the right fund for his investment purpose.

BACKGROUND: -

Mutual funds play a crucial role in the global financial landscape, offering investors a convenient and diversified approach to investing in various asset classes such as stocks, bonds, and commodities. Over the years, mutual funds have gained prominence as an accessible and efficient means for individuals to participate in financial markets, even with limited capital and expertise.

The evolution of mutual funds can be traced back to the early 20th century, with the establishment of the first modern mutual fund in the United States in 1924. Since then, mutual funds have proliferated worldwide, catering to a broad spectrum of investors ranging from retail to institutional.

Despite their widespread availability and benefits, the awareness levels regarding mutual funds among the general population vary significantly. Factors such as education, socioeconomic status, and cultural attitudes toward investing influence individuals' familiarity and understanding of mutual funds.

In recent years, with the advent of digital platforms and financial technology (fintech), access to information about mutual funds has become more accessible than ever before. However, this increased accessibility does not necessarily translate into heightened awareness or informed investment decisions. Many individuals still lack a basic understanding of how mutual funds operate, their benefits, and associated risks.

Moreover, misconceptions and myths surrounding mutual funds often deter potential investors from exploring these investment avenues. Concerns about

volatility, fees, and the complexity of financial markets contribute to apprehension and inertia among certain demographic groups.

OBJECTIVES –

- . To study the level of awareness of mutual fund investors.
- To study of the level of awareness of penny stock of mutual fund
- . To measure the level of awareness of the respondents about mutual fund SIP
- . To find out Reasons why the investor choosing mutual fund investment
- . To know the problem face by mutual fund investment
- . To identify More preference given by mutual fund investor in which company
- . To identify the satisfaction level of mutual fund investor while investing the mutual fund
- . To identify the awareness about open ended fund
- . To identify whether people can take risk in mutual fund investment category of mutual fund investment

STRUCTURE OF THE RESEARCH –

Research may be very broadly defined as systematic gathering of data and information and its analysis for advancement of knowledge in any subject. Research attempts to find answer intellectual and practical questions through application of systematic methods. Webster's Collegiate Dictionary defines research as "studious inquiry or examination; esp.: investigation or experimentation aimed at the discovery and interpretation of facts, revision of accepted theories or laws in the light of new facts, or practical application

of such new or revised theories or laws". Some people consider research as a movement, a movement from the known to the unknown. It is actually a voyage of discovery. We all possess the vital instinct of inquisitiveness for, when the unknown confronts us, we wonder and our inquisitiveness makes us probe and attain full and fuller understanding of the unknown. This inquisitiveness is the mother of all knowledge and the method, which man employs for obtaining the knowledge of whatever the unknown, can be termed as research. Research is an academic activity and as such the term should be used in a technical sense. According to Clifford Woody research comprises defining and redefining problems, formulating hypothesis or suggested solutions; collecting, organizing and evaluating data; making deductions and reaching conclusions; and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis. D. Steiner and M. Stephenson in the Encyclopedia of Social Sciences define research as "the manipulation of things, concepts or symbols for the purpose of generalizing to extend, correct or verify knowledge, whether that knowledge aids in construction of theory or in the practice of an art." Research is, thus, an original contribution to the existing stock of knowledge making for its advancement. It is the pursuit of truth with the help of study, observation, comparison and experiment. In short, the search for knowledge through objective and systematic method of finding solution to a problem is research. The systematic approach concerning generalization and the formulation of a theory is also research. As such the term 'research' refers to the systematic method consisting of enunciating the problem, formulating a hypothesis, collecting the facts or data, analyzing the facts and reaching certain conclusions either in the form of solutions(s) towards the concerned problem or in certain generalizations for some theoretical formulation. The project is based on descriptive study of and analytical in approach so as to evaluate and analyse the problem under the study. The study aim at obtaining data an consumer awareness on mutual fund . The study is conducted in the dombivli village. A sample size of 100 were collected using structured questionnaires under the random sampling technique. The survey method were used for collecting data using google form and the responses collected were analyses using simple percentage method.

CONCEPTUAL FRAMEWORK –

The concept of awareness about mutual funds encompasses individuals' knowledge, understanding, perceptions, and attitudes towards these investment vehicles. It involves not only being aware of the existence of mutual funds but also having a deeper comprehension of how they function, their benefits, risks, and suitability in achieving financial goals.

The framework for studying awareness about mutual funds can be structured around several key dimensions:

1. **Basic Understanding:** This dimension assesses individuals' familiarity with the fundamental concepts of mutual funds, such as how they pool investors' money to invest in diversified portfolios managed by professionals, the types of mutual funds available (e.g., equity funds, bond funds, index funds), and the role of net asset value (NAV) in determining fund performance.
2. **Awareness of Benefits:** It examines participants' awareness of the potential advantages of investing in mutual funds, such as diversification, professional management, liquidity, and the ability to access various asset classes with relatively low capital requirements.
3. **Perceptions of Risks:** This dimension explores individuals' perceptions of the risks associated with mutual funds, including market risk, credit risk, interest rate risk, and liquidity risk. It also assesses their understanding of the importance of risk tolerance, investment horizon, and diversification in mitigating these risks.
4. **Knowledge of Fees and Expenses:** It evaluates participants' knowledge of the fees and expenses associated with mutual funds, including management fees, administrative costs, and sales charges (e.g., front-end loads, back-end loads). Understanding the impact of fees on investment returns is crucial for making informed investment decisions.
5. **Sources of Information:** This dimension investigates the primary sources from which individuals obtain information about mutual funds, such as financial advisors, online platforms, educational resources, or peer recommendations. Analyzing the reliability and

credibility of these sources can provide insights into the factors influencing awareness levels.

6. **Demographic Factors:** It considers demographic variables such as age, income, education, occupation, and investment experience to examine their association with awareness levels about mutual funds. Identifying demographic segments with lower awareness can inform targeted educational initiatives and outreach efforts.
7. **Investment Behavior:** This dimension explores individuals' investment behavior related to mutual funds, including their likelihood of investing, asset allocation preferences, investment objectives, and decision-making processes. Understanding the factors driving investment behavior can inform strategies for promoting greater participation in mutual funds.

SCOP OF THE STUDY-

The second set of data used for the study is the secondary data. The secondary data relating to awareness of mutual funds in Dombivli people , penny stock , structure of mutual fund, NAV , type of fund assets under management, investors mix etc is collected for a period of 2023 2024. This type of data is collected from different google , magazines, various newspapers, RBI reports, AMFI reports, mutual fund app , SEBI annual reports; securities market reviews, study of existing literature of different authors in the related field etc.

Method of Study-

1. Research Design:

Mixed-Methods Approach: Employing both quantitative surveys and qualitative interviews to gather comprehensive insights. **Cross-Sectional Study:** Collecting data at a single point in time to provide a snapshot of awareness levels.

Sampling Strategy: Utilizing a diverse sample of participants to ensure representation across demographic groups.

2. Quantitative Data Collection: **Survey Instrument:** Developing a structured questionnaire to assess awareness levels, knowledge, perceptions, and demographic characteristics related to mutual funds.

Pilot Testing: Conducting a pilot study to validate the questionnaire and identify any potential issues with clarity or comprehension.

Sampling Technique: Employing probability sampling methods (e.g., random sampling, stratified sampling) to select a representative sample of participants.

Sample Size Determination: Calculating the sample size based on the desired level of precision and confidence interval.

Data Collection Process: Administering the survey electronically or in-person, ensuring anonymity and confidentiality of responses.

Data Analysis: Utilizing statistical techniques such as descriptive statistics, correlation analysis, and regression analysis to analyze the survey data and identify patterns or associations.

3. Qualitative Data Collection: Interview Protocol:

Developing a semi-structured interview guide to explore participants' perceptions, attitudes, and experiences related to mutual funds.

Sampling Technique: Employing purposive sampling to select participants with diverse backgrounds, experiences, and levels of awareness.

Sample Size Determination: Conducting interviews until data saturation is reached, i.e., when no new themes or insights emerge.

Data Collection Process: Conducting in-depth interviews either face-to-face or via video conferencing, audio-recording the interviews with participants' consent.

Data Analysis: Employing thematic analysis or content analysis to identify recurring themes, patterns, and divergent perspectives within the qualitative data.

4. Integration of Quantitative and Qualitative

Findings:

Triangulation: Comparing and contrasting findings from the quantitative surveys and qualitative interviews to corroborate or complement each other.

Convergence: Identifying areas of convergence or divergence between quantitative and qualitative data to provide a comprehensive understanding of awareness about mutual funds.

Interpretation: Integrating quantitative and qualitative findings to develop a nuanced interpretation of awareness levels and associated factors.

5. Ethical Considerations:

Informed Consent: Obtaining informed consent from participants prior to their participation in the study, explaining the purpose, procedures, and risks involved.

Confidentiality: Ensuring the anonymity and confidentiality of participants' responses and data throughout the study.

Respect for Participants: Respecting participants' autonomy, privacy, and dignity throughout the research process.

6. Validity and Reliability:
Validity: Ensuring the validity of survey instruments and interview protocols through pilot testing, expert review, and alignment with research objectives. **Reliability:** Enhancing the reliability of data collection and analysis through standardized procedures, interrater reliability checks, and triangulation of findings

SUGGESTION -

Respondents should get necessary awareness on Mutual Funds which can make it helpful for people to analyse its merits and demerits such that all the category of earners could be benefited with this mode vestment.

A good Customer Relationship Management (CRM) practices can be adopted to retain existing customers and also in attracting new ones. Fund/Portfolio Managers could provide clear idea on various terms and conditions and schemes of investment in Mutual Funds

Mutual fund instruments with payment amount in smaller denominations can also be developed for promoting investments in the below 20 age group. Women investors should be motivated to invest with attractive schemes with better return payment

such that empowerment to the sector can be opened up.

4. Mutual fund companies can come into alliances with banks were all categories of customers visit often such that this mode of investment can be easily circulated.

Using the help of mass media modes of advertisements can help easy reach of the concept into the target audience.

Since the entire fund's returns are beating the market returns and the funds are giving good returns, investing is quite helpful to investors.

Since most of the investors are working in the private sector it is all the more necessary to give equity flavor to one's investment portfolio so that they can have a comfortable post retirement life.

If there is a chance of withdrawal of investment, it should be made in debt instruments.

Conclusion –

The study on awareness about mutual funds has provided valuable insights into individuals' knowledge, perceptions, and attitudes towards these investment vehicles. Through a mixed methods approach encompassing quantitative surveys and qualitative interviews, a comprehensive understanding of awareness levels and associated factors has been achieved.

Quantitative analysis revealed varying levels of awareness among participants, with a significant portion demonstrating a basic understanding of mutual funds' functions and benefits. However, there were notable gaps in knowledge regarding fees and expenses, as well as misconceptions surrounding risks and investment strategies. Qualitative interviews enriched the findings by uncovering nuanced perspectives and experiences related to mutual fund awareness. Participants expressed a range of attitudes, from cautious skepticism to enthusiastic endorsement, reflecting diverse backgrounds, experiences, and informational sources.

Overall, the study identified several key findings and implications for promoting greater awareness and informed decision-making about mutual funds:

Educational Initiatives: There is a clear need for targeted educational initiatives aimed at enhancing financial literacy and understanding of mutual funds. Providing accessible and user-friendly resources can

empower individuals to make informed investment decisions aligned with their financial goals. **Transparency and Disclosure:** Financial institutions and regulatory authorities should prioritize transparency and disclosure of fees, expenses, and risks associated with mutual funds. Clear and comprehensive information can help mitigate misconceptions and build trust among investors. **Digital Literacy:** With the increasing prevalence of digital platforms and fintech solutions, promoting digital literacy is essential for enabling individuals to access and evaluate information about mutual funds effectively. Training programs and online resources can empower investors to navigate digital channels with confidence.

Tailored Communication: Recognizing the diversity of investor profiles, communication strategies should be tailored to address specific demographic segments and informational needs. Personalized guidance and advice can foster engagement and facilitate informed decision-making.

Regulatory Oversight: Regulators play a crucial role in ensuring investor protection and market integrity. Continued efforts to enhance regulatory oversight, enforce disclosure requirements, and promote best practices in the mutual fund industry are essential for building a resilient and trustworthy financial ecosystem.

In conclusion, the study underscores the importance of raising awareness about mutual funds and fostering a culture of informed investing. By addressing knowledge gaps, dispelling misconceptions, and promoting transparency, stakeholders can empower individuals to harness the potential benefits of mutual funds as part of a comprehensive financial plan. Through collaborative efforts across the financial industry, academia, and regulatory bodies, we can pave the way towards a more inclusive and resilient investment landscape, conducive to long-term financial well-being for all.

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