



A Study on The Awareness of Mutual Funds Investment in Arasikere.

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Abstract – Investment decisions are made with the objective of earning regular returns while minimizing risk. In India, investors have access to a wide range of investment channel such as insurance, shares, debentures, and mutual funds. Among these, mutual funds have emerged as an attractive investment option due to their diversification, professional management, and comparatively reduced risk. However, the level of awareness regarding mutual fund investments among retail investor remain inadequate. This study aims to examine the awareness of mutual fund investments in Arasikere, Hassan (district) with reference to age, income, education, and risk-taking ability. Primary data were collected from 50 respondents through a structured questionnaire. The findings reveal that although most respondents perceive mutual funds as a safe investment and exhibit moderate risk-taking behavior, awareness levels are still influenced by income, education, and informal sources such as friends and family. The study suggests that enhanced financial literacy programs and awareness initiatives can improve mutual fund participation among investors.

Keywords – Mutual Fund Awareness, Retail Investors, Investment Decisions, Risk-Taking Ability, Financial Literacy, Income Level, Educational Background, Age Factors, Investment Perception, Arasikere.

I. INTRODUCTION

Investment plays a vital role in the economic development of a country as well as in the financial well-being of individuals. Investors generally seek investment channel that provide regular returns with minimum risk. In India, a wide range of investment options are available, including insurance policies, fixed deposits, shares, debentures, and mutual funds. The choice of investment depends largely on factors such as income level, financial goals, risk-taking ability, and awareness of different financial instruments.

Among the various investment options, mutual funds have emerged as a popular and flexible mode of investment. Mutual funds pool savings from large number of investors and invest them in diversified portfolios of equity, debenture or a combination of both. This diversification helps in reducing risk while offering the potential for reasonable returns.

Professional fund management, affordability, liquidity, and systematic investment plans (SIPs) have further enhanced the attractiveness of mutual funds for retail investors. The awareness level of mutual fund investments among the general population remains relatively low, especially in semi-urban and rural areas. Many investors still prefer traditional investment avenues due to lack of financial literacy, fear of market-related risks, and inadequate understanding of mutual fund schemes. Misconceptions regarding safety, returns, and complexity often discourage investors from adopting mutual funds as a preferred investment option. In this context, the present study aims to examine the level of awareness of mutual fund investments among investors in Arasikere.

The study also seeks to analyze how demographic factors such as age, income, education, and risk-taking ability influence investment decisions. By identifying gaps in awareness and understanding, the study intends to suggest measures to improve financial literacy and promote mutual fund investments among the investing population.

Objectives

- To Investigate the awareness of mutual funds.
- To analyze the motivations behind investing in mutual funds.
- To Understand preferences for investing in mutual funds compared to other investment options.

II. LITERATURE REVIEW

Mr. Vignesh R (2024) study titled “A Study on Individual Investors’ Awareness on Mutual Funds with Special Reference to Inspire India Wealth Pvt. Ltd., Bengaluru City” The evolution and growth of the mutual fund industry and highlights the role of regulatory bodies such as SEBI, RBI, and the Ministry of Finance in safeguarding investor interests. It explains various types of mutual fund schemes, including equity funds, debt funds, hybrid funds, and systematic investment plans (SIP), and outlines the risks associated with mutual fund investments such as market risk, credit risk, inflation risk, and liquidity risk.

Ramya R (2021) study titled Ramya R (2021) study title “A Study on investor awareness about investment of mutual fund with reference to UTI mutual fund in Selam”. The studies have high-lighted the growing importance of mutual funds as a preferred investment avenue due to diversification, professional management, and relatively lower risk compared to direct equity investment. However,



research consistently indicates that investor awareness plays a crucial role in determining participation in mutual fund investments.

Shivam Tripathi and Dr. Gurudutta p. Japee(2020) “performance evaluation of selected equity mutual funds in India”found that most of the mutual funds are performing well. The researcher selected 15 different mutual fund schemes and separated them by large-cap, midcap, and small-cap. They used financial ratios for the study. The study was conducted at very crucial duration but still mutual funds are performing well.

CA Jyoti J Patel (2020)study titled“A study on mutual fund awareness in Gandhinagar city”. The researcher selected 60 respondents for the study using the convenient sampling method. Primary data was collected through a questionnaire. The study found that most of the people are aware of mutual funds and many respondents are also

investing in mutual funds. It was also observed that a majority of investors consider mutual funds as a risk-free investment instrument. The researcher concluded that increasing awareness programs would help in improving mutual fund investments among people in Gandhinagar city

Research Design

- Sample size: 50 respondents
- Tools for data collection:Primary data were collected through a questionnaire and complemented with secondary data sourced from publications, journals, and reports.
- Data analysis, interpretation and suggestion:

Analysis and Interpretation

Table 01: Table showing Age, Income and Employment status.

Age Factor	Respondent	Income Factor	Respondent	Employment	Respondent
Below 20	7	Less than 10000	23	Salaried	9
20-30	27	10000-20000	6	Self-Employment	9
30-40	7	20000-30000	9	Student	27
40-50	6	Above 30000	12	Retired	05
50 Above	3	-	-	-	-
Total	50	Total	50	Total	50

Analysis

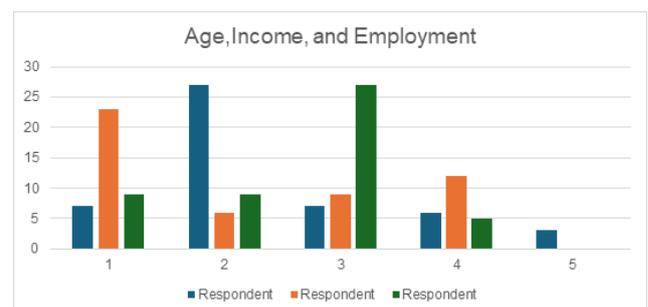
The table showing based on the age, employment status and income. Among the 50 respondents, the largest age group is between 20-30 years, comprising 27 individuals, followed by 7 respondents aged below 20 and 30-40, 6 aged 40-50, and only 3 respondents above 50.

In terms of revenue, the majority (23 respondents) earn less than ₹10,000, indicating a lower-income demographic, possibly students or early carrier started people. 12 respondents areabove 30000income, 9respondent are earn between ₹20000-30000, and 6respondents earnbetween ₹20,000–₹30,000 income.

Employment wise except students there are 9 salaried individual and self-employed, and 5 retried respondents. The data shows that youth and students- large population,

they demonstrate greater interest in making investment compared to self-employed, salaried and retried individuals.

Graph 01: shows the age, income, and employment status of the respondents.





Interpretation

The Graph presents a comparative visual of data based on three factors: age, income, and employment, each grouped into four categories.

Category 1, shows a high count in both age and income, with income being the most significant, indicating that most respondents fall into the youngest age group (20–30 years) and the lowest income group (less than ₹10,000). Employment in this category is relatively less, most of the respondents are students.

In Category 2, there is a moderate representation across age, income, and employment, possibly reflecting

respondents aged 31-40 and below 20 with moderate income (above 30000) and salaried and varied self-employment types.

Category 3, highlights employment as the dominant factor, the large number of student respondents (27), while income and age are low.

Category 4, has the lowest values in all three dimensions, corresponding to respondents above 50 years, with higher income but low representation in both age and employment. Overall, the chart represent that the majority of respondents are young, low-income students.

Table 02: Showing objectives of investment and factor affecting investment.

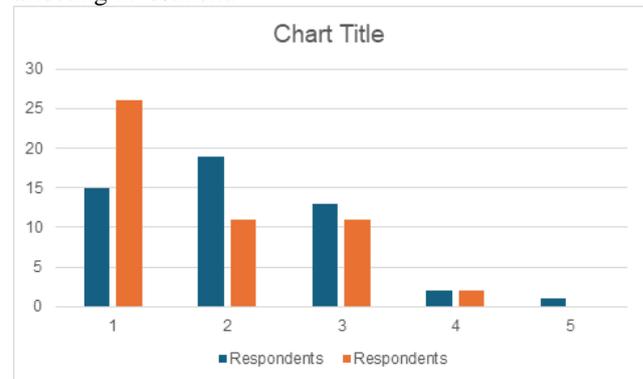
Objective	Respondents	Factors	Respondents
Wealth Creation	15	Friends / Family	26
Savings for Retirement	19	Financial advisors	11
Generating Regular Income	13	Social media	11
Tax benefits	2	Others	2
Others	1	-	-
Total	50	Total	50

Analysis:

The table showing the investment objectives and the influential factors guiding respondents' financial decisions. Among the 50 participants, the most common objective is Savings for Retirement, chosen by 19 respondents, followed by wealth creation 15 respondents, and generating regular income 13 respondents. A smaller segment 2 respondents has tax benefits and the 1 respondent other financial-goals.

In terms of influencing factors, the majority rely on friends and family 26 respondents, indicating the strong role of personal networks in financial decision-making. Financial advisors and social media each influence 11 respondents, showing a balanced reliance on both professional guidance and online platforms. A lesser portion 2 respondents is influenced by other unspecified sources. Overall, the data suggests that personal relationships are the most trusted source of financial advice, while wealth creation remains the top financial goal for most individuals.

Graph 02: Showing objectives of investment and factor affecting investment.



Interpretation

The Graph showing the relationship between investment objectives and the sources influencing financial decisions.

Category 1, representing that both the objective and its influencer show the highest values, with influencers slightly beyond expectations—indicating that a significant number of individuals pursue savings for retirement, largely driven by influence from friends and family.

Category 2, corresponding to wealth creation, reflects a moderate number of respondents for both objectives and influence with financial advisors and as well as social media playing a key role.



In Category 3, related to generating regular income, the people are investing there revenue because they are generating regular income in feature.

In Category 4, related to savings the tax amount, the people are investing there money because of reduction in

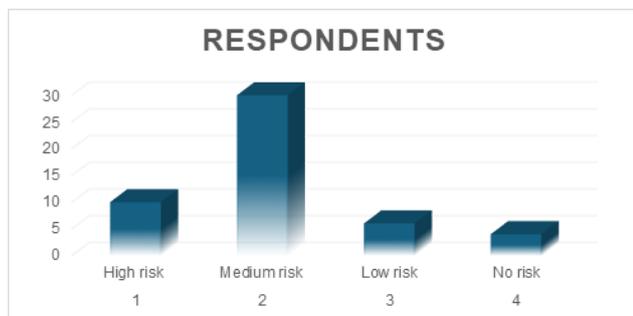
tax payment and the ‘Others’ shows the least participation but still maintains balance between objective and influencer counts. Overall, the chart suggests that investment decisions are primarily influenced by personal relationships and respondents' financial goals.

Table 03: What level of risk are you willing to take in your investments?

SI No	Factors	Respondents
1	High risk	10
2	Medium risk	30
3	Low risk	6
4	No risk	4
	Total	50

Analysis

The table represent the risk-taking ability of the individual person. Among the 50 participants,30 respondents are moderate for risk-taking, 10 respondents are willing to take the high risk, the 6 respondents prefer low-risk and the 4 respondents are not willing to take the risk.



Interpretation The Graph indicates that a significant majority (30) of respondents moderate for risk taking, this suggests that most individuals prefer a balanced approach to investment, A smaller proportion of (10) respondents are willing to take high risk, among a limited (small) group, 6 respondents prefer low-risk options, reflecting a cautious investment attitude. and 4 respondents are not willing to take any risk, Overall, the chart suggests that risk taking ability are moderate.

Hypothesis:

HO: Mutual fund is not preferred Investment

H1: Mutual fund is a preferred Investment

SI. NO	Factors	No of Respondents	O-E	(O-E) ²	(O-E) ² /E
1	Fixed Deposit	4	-4.33	18.74	2.25
2	Mutual Fund	21	12.67	160.52	19.27
3	Stocks	11	2.67	7.12	0.85
4	Gold	5	-3.33	11.08	1.33
5	Real Estate/ Land	7	-1.33	1.76	0.21
6	Other	2	-6.33	40.06	4.80
	Total	50			28.71

$E=50/6=8.33$

Degree of freedom = [n-1]

[6-1]=5

For 5% degree of freedom, the value from the table at the degree of 5 is 11.070 and the value calculated value is 28.71. here calculated value is greater than the table value. hence the null hypothesis formulated is rejected.

III. CONCLUSION

The study concludes that mutual funds are gradually gaining acceptance as a preferred investment option among investors in Arasikere, particularly among youth and students. The majority of respondents demonstrate



moderate risk-taking ability and view mutual funds as a safe investment avenue. However, awareness and understanding of mutual fund products are still limited and largely influenced by informal sources such as friends and family rather than Professional financial advisor. Income level, age, and education significantly affect investment awareness and preferences. Despite the potential benefits of mutual funds, misconceptions and lack of proper financial knowledge discourage wider adoption. Therefore, there is a strong need for systematic investor education programs, increased involvement of financial advisors, and effective use of digital and media platforms to enhance awareness. Strengthening financial literacy will help investors make informed decisions and increase mutual fund participation in the long run.

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