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A STUDY ON THE INFLUENCE OF DEMOGRAPHIC VARIABLES ON MUTUAL FUND INVESTMENT AWARENESS AMONG RETAIL INVESTORS

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Abstract: Mutual funds have become one of the most accessible and preferred investment tools for retail investors due to their diversification, professional management, and potential for long-term wealth creation. However, awareness regarding mutual fund schemes, regulatory bodies, investment mechanisms, and risk factors continues to vary significantly among different demographic groups. This study examines how factors such as age, gender, education level, income, and occupation influence mutual fund investment awareness among retail investors. Drawing from primary data collected from 600 respondents from the 4 districts of Haryana (Rohtak, Hisar, Panipat, Gurugram) through random sampling method. The study analyses awareness levels based on 13 well-defined mutual fund-related statements using Independent Samples T-test and One-way ANOVA. The findings indicate a statistically significant difference in awareness levels across key demographic categories, with younger, more educated, and higher-income individuals demonstrating greater awareness. The paper suggests tailored financial literacy interventions to bridge the awareness gap, emphasizing the need for inclusive and demographically targeted investor education programs. The results of this study are highly relevant for financial policymakers, mutual fund houses, and investor outreach agencies aiming to enhance retail participation in financial markets.

Keywords: Mutual Fund Awareness, Retail Investors, Financial Literacy, India

I. INTRODUCTION

In today's financial world, having access to investment options isn't enough what truly matters is whether individuals understand those options well enough to make confident, informed choices. Mutual funds, with all their advantages like professional management, diversification, and affordability, are an ideal investment tool for many. Yet, despite these benefits, a large number of people especially retail investors still hesitate to invest. Why? Because they simply don't know enough about how mutual funds work.

Mutual fund awareness includes more than just knowing a brand name or platform; it entails understanding the role of regulatory bodies like SEBI, how SIPs work, the concept of Net Asset Value (NAV), taxation on capital gains, risk-return profiles, and the different types of funds available.

Retail investors in India come from diverse walks of life. Some are young professionals just starting their careers; others are middle-aged salaried individuals looking for better returns than a savings account can offer. Some are self-employed, running small businesses, while others may be homemakers managing household finances. Their levels of awareness about mutual fund investments vary widely and that's exactly what this study explores.

According to Singh (2023), financial literacy, including awareness of mutual fund features, is unevenly distributed and tends to be higher among those with access to formal education and technology. Similarly, Deb et al. (2023) highlighted that gender also influences awareness levels, with male investors generally reporting greater familiarity with investment tools.

Over the past few years, organizations like SEBI and AMFI have been actively trying to spread financial awareness. Campaigns like "Mutual Funds Sahi Hai" have certainly helped start conversations. But does everyone benefit equally from these efforts? Do age, gender, income, education, or occupation play a role in how aware someone is about mutual funds? These are not just academic questions—they're important for shaping real-world financial education strategies that can actually work.

This research paper dives into these questions by studying 600 retail investors and their understanding of mutual funds. The focus isn't on whether they invest or not but on what they know. Are they aware of concepts like SIP (Systematic Investment Plan), NAV (Net Asset Value), or the role of SEBI as a regulator? Do they understand the risks and returns involved? Are they familiar with taxation rules related to mutual funds? The study includes responses to 13 specific awareness-related statements, each shedding light on a different aspect of mutual fund knowledge.

To find patterns in the data, statistical tools like t-tests and ANOVA have been used. These help us understand whether awareness levels are significantly different based on factors like gender, age, education, income, or occupation. For example, does a postgraduate professional in their 30s know more about mutual funds than a senior citizen with just high school education? The goal here is to provide insights that go beyond numbers and charts to really understand how knowledge about investments varies across different groups of people.

This paper matters because financial awareness isn't just about personal growth it's about national economic development. When people are better informed, they make smarter decisions, which benefits the broader economy too. With mutual funds becoming increasingly accessible through apps and online platforms, the next step must be ensuring that people across all demographics have the knowledge they need to use these tools wisely.

In the sections that follow, this study will look at what existing research says about mutual fund awareness, explain the methods used for collecting and analyzing data, and most importantly, share what the 600 respondents revealed through their answers. The goal is clear: to understand who knows what, and why and to help close the awareness gap one insight at a time.

II. REVIEW OF LITERATURE

Understanding what drives investor awareness about mutual funds has been a topic of growing academic and practical interest. As the Indian financial system continues to modernize, researchers have examined various psychological, social, and demographic elements that influence how retail investors perceive and understand investment products.

Several studies have identified demographic characteristics—such as age, gender, education, occupation, and income—as strong predictors of financial awareness. Singh (2023) found that younger investors, often more comfortable with digital tools, tend to be more aware of mutual fund options and features. The study also highlighted that awareness levels tend to decline with age, especially among individuals with less formal financial education.

Similarly, Deb et al. (2023) observed that gender plays a role, noting that male investors typically report higher levels of financial awareness. This gap has been partially attributed to socio-cultural factors and financial role dynamics within households, where men are often the primary decision-makers in investment matters.

Education emerges consistently as a vital factor. Iyer and Joshi (2024) found a direct correlation between higher academic qualifications and better understanding of mutual fund mechanisms. Their research showed that individuals with postgraduate degrees are more likely to understand complex investment concepts such as Systematic Investment Plans (SIPs), Net Asset Value (NAV), and taxation benefits associated with mutual funds.

Manjusha (2022) emphasized the importance of targeted financial literacy programs, suggesting that broad awareness campaigns may not be sufficient for all investor types. The study argued that campaigns need to be demographically sensitive—using language, formats, and mediums that match the preferences of different groups.

Research by Chhetri and Kandel (2025) focused on the urban-rural divide in mutual fund awareness. Their work found that while urban investors often benefit from frequent digital engagement, rural populations remain relatively underserved, despite growing internet penetration.

In the Indian context, awareness is also shaped by the visibility and outreach of regulatory bodies like SEBI and organizations like AMFI. Campaigns such as "Mutual Funds Sahi Hai" have improved general perception and confidence, but gaps remain in deep understanding. Verma and Nema (2023) noted that while such campaigns increase brand recall, they do not always translate into real comprehension of investment risks or product structures.

Taken together, the literature shows that demographic segmentation is not just helpful but essential for improving mutual fund awareness. Despite the increasing efforts by financial institutions and policymakers, awareness still varies widely depending on age, gender, education level, income, and occupation. This study aims to extend the conversation by offering empirical evidence drawn from 600 Indian retail investors and their responses to carefully designed awareness measures.

III STATEMENT OF PROBLEM

Despite the growing popularity of mutual funds in India, a large section of retail investors still lacks sufficient awareness about their functioning, benefits, risks, and regulatory framework. This gap in awareness may hinder effective financial planning and discourage retail participation. The study addresses the problem of inadequate awareness among different demographic groups and aims to uncover the influencing factors that contribute to this disparity.

IV OBJECTIVES OF THE STUDY

• To assess the awareness level of retail investors toward mutual fund investments.

• To examine the influence of demographic factors on investor awareness using statistical analysis.

V SPAN OF THE STUDY

The data for this study was collected and analyzed during the period from September 2024 to February 2025.

VI RESEARCH METHODOLOGY

To understand how demographic factors influence awareness of mutual fund investments, this study adopts a quantitative, descriptive research design. The objective is to measure the level of awareness among retail investors of Haryana and determine whether variables such as gender, age, education, income, and occupation significantly affect that awareness.

6.1 Research Design and Approach

This research follows a descriptive and analytical approach, aimed at quantifying investor awareness and examining relationships between demographic factors and awareness levels. A survey-based methodology was used to gather primary data from individual investors through structured questionnaires.

6.2 Population and Sample

The population for this study includes retail investors - non-institutional individuals who invest their own money, typically in small amounts, in financial markets. The sample consists of 600 retail investors selected from 4 districts of Haryana (Rohtak, Hisar, Panipat, Gurugram) and randomly from different regions, occupations, and income groups to ensure a fair demographic representation. The sampling technique used was random sampling method.

6.3 Instrument for Data Collection

Data were collected using a structured questionnaire designed to capture two key areas:

- Demographic Profile of the respondents (age, gender, education, income, occupation, etc.)
- Awareness of Mutual Fund Investments, measured through 13 specific statements covering various dimensions such as:
  - Understanding of SIP, NAV, and types of mutual funds
  - Awareness of SEBI and AMFI regulations
  - Tax implications and return expectations
  - Risk perceptions and liquidity understanding

Respondents rated their agreement with each statement on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree), allowing for a comprehensive evaluation of their awareness level.

6.4 Data Analysis Tools

After data collection, the responses were analyzed using SPSS software. The following statistical tools were applied:

- Descriptive Statistics: To summarize the demographic profile and average awareness scores.
- Independent Samples T-Test: To compare awareness levels between binary demographic groups (e.g., male vs. female).

- One-way ANOVA: To test for significant differences in awareness across multi-category variables like age groups, education levels, and income brackets.

These tests were selected to understand whether demographic differences have a statistically significant impact on mutual fund awareness among retail investors.

VII DATA ANALYSIS AND INTERPRETATION

7.1 Awareness Levels among Retail Investors

To explore the awareness of mutual fund investments among retail investors, responses were recorded on 13 specific statements rated on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). These statements assessed theoretical and practical dimensions of mutual fund knowledge, including understanding of risk, investment principles, regulatory frameworks, and engagement with seminars or official updates.

The mean awareness score across all 600 respondents was moderate to high, with the highest average score (M = 3.73) for the statement "I know my rights and responsibilities as a mutual fund investor", indicating strong conceptual clarity in this area. Close behind was understanding of diversification benefits (M = 3.71), and awareness that mutual funds enable access to markets with small investments (M = 3.69). On the contrary, attendance at seminars (M = 2.82) and following AMFI updates (M = 3.12) scored relatively lower, revealing gaps in active, hands-on engagement with financial education.

This indicates that while conceptual knowledge is fair among retail investors, there is a significant lack of awareness regarding industry-led initiatives and regulatory developments. These insights imply a need for greater focus on practical investor education through campaigns and community outreach.

7.2 Hypothesis Testing

H_0: Awareness of mutual fund investment does not significantly vary across demographic groups.

To test this hypothesis, awareness scores were compared using t-tests and one-way ANOVA, with Games-Howell post-hoc tests applied where variances were unequal.

7.2.1 Gender Differences

A t-test comparing male and female respondents revealed that males (M = 3.53) demonstrated significantly higher awareness than females (M = 3.31), with $p < 0.05$. This aligns with past literature which found that male investors tend to engage more frequently with financial products. Financial education campaigns should consider more inclusive strategies that address gender disparities in investment awareness.

7.2.2 Residential Status

Urban respondents had a mean awareness score of 3.54, compared to 3.33 for rural participants. This difference was also statistically significant ($p < 0.05$), indicating a geographic divide in access to investment knowledge and exposure. Outreach programs must prioritize rural populations through vernacular content, mobile investor camps, and digital inclusion efforts.

7.2.3 Age Groups

ANOVA results showed significant differences in awareness across age groups ($F = 13.37$, $p < 0.001$). Post-hoc tests indicated that investors aged below 30 years were significantly less aware than those aged 31-40 and 50+. Contrary to popular assumptions, younger investors despite digital savviness may not engage deeply with mutual fund education, requiring early-stage financial literacy interventions in schools and universities.

7.2.4 Marital Status

Marital status also showed significant impact ($F = 11.91$, $p < 0.001$). Separated individuals surprisingly recorded the highest awareness, followed by married, while unmarried investors exhibited the lowest awareness. Life experience and financial independence might influence awareness, pointing to the need for targeted support for unmarried and younger individuals entering the financial system.

7.2.5 Education Level

Educational qualification was one of the most statistically significant variables ($F = 18.41$, $p < 0.001$). Individuals with PhDs and postgraduate degrees had markedly higher awareness levels than those with only matriculation or diplomas. Educational attainment strongly correlates with awareness, reinforcing the role of structured academic exposure in financial understanding.

7.2.6 Occupation

ANOVA results (F = 6.13, p < 0.001) showed occupation also significantly influences awareness. Retired individuals and business owners displayed greater awareness compared to service employees in both public and private sectors. Those with more time and personal responsibility in managing funds (retirees, business owners) may naturally develop greater investment knowledge.

7.2.7 Annual Income

There was a strong correlation between income level and awareness (F = 23.21, p < 0.001). Respondents with annual income above ₹10 lakhs had significantly higher awareness than those earning below ₹2 lakhs. Income allows for better financial access, professional advice, and exposure, hence influencing awareness positively.

VIII. SUGGESTIONS

The results of this study reveal significant demographic disparities in mutual fund investment awareness among retail investors. While certain investor segments display commendable understanding, others particularly women, rural residents, young adults, and low-income groups lag behind. To ensure inclusive financial participation and stronger investment ecosystems, the following targeted strategies are recommended:

8.1 Strengthen Financial Literacy Programs through Demographic Targeting

Financial education initiatives must move beyond generic outreach and adopt demographically segmented strategies. Programs designed for rural investors, women, or young earners should incorporate local languages, relatable examples, and multimedia formats to enhance engagement. In particular, female-specific workshops, especially in semi-urban and rural areas, can empower women as independent financial decision-makers.

8.2 Integrate Investment Education in Academic Curricula

Given the relatively lower awareness observed among younger and unmarried respondents, early intervention through school and college curricula is vital. Basic personal finance, including the concept of mutual funds, SIPs, risk-return trade-offs, and taxation, should be part of mainstream education to nurture informed financial behavior from the outset.

8.3 Leverage Technology and Digital Inclusion

The increasing penetration of mobile technology offers a unique opportunity to expand investor education. Interactive financial learning apps, chatbots, and video explainers can simplify complex concepts and appeal to digitally literate but financially unaware individuals. Financial institutions and AMFI can collaborate to create gamified mobile modules tailored for younger and rural populations.

8.4 Promote Industry-Led Engagement through AMFI and AMCs

The study revealed low awareness regarding AMFI updates and investor seminars. Hence, Asset Management Companies (AMCs) and AMFI should ramp up physical and digital seminars, webinars, and roadshows. Participation incentives (like certificates or digital tokens) may improve turnout. Moreover, campaign visibility should be increased via popular social media platforms and vernacular news outlets.

8.5 Engage Employers and Community Institutions

Public and private sector employers can act as channels for financial education by incorporating brief investment awareness sessions during orientation or employee wellness programs. Similarly, community centers, NGOs, and self-help groups can be tapped to reach underserved segments, particularly retirees, small business owners, and homemakers.

8.6 Policy Recommendations for Regulatory Bodies

Regulators like SEBI should collaborate with state and central education boards to formally introduce financial literacy modules. They should also consider mandating a minimum awareness certification before allowing new investors to transact beyond a certain threshold. This would ensure informed participation and mitigate misinformed risk-taking.

8.7 Continuous Monitoring and Evaluation

Lastly, financial literacy and awareness campaigns must include monitoring mechanisms to assess learning outcomes. Periodic surveys, feedback loops, and behavioral tracking can help evaluate whether awareness is translating into informed investment behavior and identify gaps for further intervention.

IX. CONCLUSION

This study investigated the level of awareness regarding mutual fund investments among retail investors in India, with a focus on how demographic factors such as gender, age, education, income, occupation, and residential background influence investor knowledge. The analysis, based on responses from 600 participants and 13 structured awareness statements, revealed that while general conceptual understanding of mutual funds is fairly developed, deeper awareness particularly regarding regulatory frameworks and industry initiatives remains inconsistent across demographic segments.

Significant differences in awareness were observed across most variables. Male investors, urban residents, and those with higher educational and income levels demonstrated notably higher awareness. Interestingly, younger and unmarried investors, who are often presumed to be more digitally literate, exhibited lower levels of practical awareness than their older or married counterparts. This highlights a critical gap between access to technology and the actual comprehension of financial instruments.

The study concludes that mutual fund awareness in India is uneven and heavily influenced by life experience, exposure, and socioeconomic factors. As India aims to deepen retail participation in financial markets, a demographically inclusive and targeted approach to investor education becomes essential. Financial institutions, educators, policymakers, and regulators must collaborate to make mutual fund literacy more accessible, engaging, and actionable for every segment of society.

By focusing not only on expanding awareness but also on ensuring its quality and reach, India can empower its retail investors to make more informed and confident financial decisions thereby fostering greater economic participation and long-term financial well-being.

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