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Mutual Fund Awareness and Investment Behaviour among Young Investors: An Empirical Study in Maharashtra

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Abstract

Mutual funds have emerged as one of the most accessible investment instruments for retail investors in India. They provide diversification, professional management, and relatively lower investment risk compared to direct equity investments. In recent years, mutual fund participation among young investors has increased significantly due to digital investment platforms and systematic investment plans (SIPs). However, awareness regarding mutual fund schemes, risk factors, and investment strategies remains uneven among young individuals. This study examines the level of mutual fund awareness and its influence on investment behaviour among young investors in Maharashtra. Primary data were collected from 370 respondents aged between 20 and 35 years using structured questionnaires. Statistical tools including descriptive statistics, correlation analysis, regression analysis, and ANOVA were applied to analyse the data. The results reveal that financial literacy, investment awareness, and income level significantly influence mutual fund investment decisions. The findings suggest that financial education initiatives can improve mutual fund participation and promote long-term investment habits among young investors.

Keywords: *Mutual Funds, Investment Awareness, Retail Investors, Financial Literacy, Systematic Investment Plan, Investor Behaviour*

Introduction

Investment planning plays an important role in achieving financial stability and wealth creation. Individuals are increasingly seeking investment options that offer diversification, professional management, and potential long-term returns.

Mutual funds have become one of the most popular investment instruments for retail investors. They allow investors to pool their money together and invest in diversified portfolios managed by professional fund managers. This reduces the risks associated with investing in individual securities.In India, the mutual fund industry has experienced rapid growth over the past decade. Initiatives such as the “Mutual Funds Sahi Hai” campaign have increased public awareness about mutual fund investments. Additionally, digital investment platforms and mobile applications have made it easier for investors to invest in mutual funds.Young investors represent an important segment of the mutual fund market. Their early participation in investment activities can significantly contribute to long-term financial stability. However, many young individuals lack adequate knowledge about mutual fund schemes, risk-return trade-offs, and investment strategies.

Understanding the level of mutual fund awareness among young investors is therefore essential for improving financial participation and promoting long-term investment behaviour. This study aims to analyse the relationship between mutual fund awareness and investment behaviour among young investors in Maharashtra.

Literature Review

Mutual funds have been widely studied as an important investment vehicle for retail investors.Khorana et al. (2005) examined the global mutual fund industry and found that investor awareness plays a critical role in mutual fund participation.Barber and Odean (2018) highlighted that retail investors often lack the expertise required to analyse individual securities, making mutual funds a suitable investment option.A study by Agarwal and Gupta (2022)

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found that financial literacy significantly improves mutual fund participation among retail investors in emerging economies.Research conducted by Sharma and Mehta (2023) found that awareness campaigns and investor education programs significantly increase mutual fund investments among young investors in India.Another study by Singh and Patel (2024) found that systematic investment plans (SIPs) are particularly popular among young investors due to their affordability and long-term wealth creation potential.Despite the growing popularity of mutual funds, awareness levels remain uneven among young individuals, particularly in semi-urban and rural areas.

Research Gap

Although several studies have examined mutual fund performance and investor behaviour, limited research has focused specifically on awareness levels among young investors in emerging markets.

With increasing digital access to investment platforms, young investors are becoming active participants in financial markets. However, their understanding of mutual fund investments remains relatively unexplored.

This study addresses this research gap by analysing mutual fund awareness and its influence on investment behaviour among young investors in Maharashtra.

Objectives of the Study

1. To assess the level of mutual fund awareness among young investors.
2. To analyse the relationship between financial literacy and mutual fund investment.
3. To examine the factors influencing mutual fund investment decisions.
4. To evaluate the role of systematic investment plans (SIPs) in investment behaviour.

Hypotheses

H1: Mutual fund awareness positively influences investment participation.

H2: Financial literacy significantly affects mutual fund investment decisions.

H3: Income level positively influences systematic investment plan (SIP) adoption.

Research Methodology

The study follows a **descriptive and analytical research design**.

Data Source: Primary data collected through structured questionnaires.

Sample Size: 370 respondents.

Population: Young investors aged 20–35 years.

Sampling Technique: Random sampling.

Statistical Tools Used

- Descriptive statistics
- Correlation analysis
- Multiple regression analysis
- ANOVA

Reliability analysis using Cronbach's Alpha produced a value of **0.84**, indicating good reliability of the questionnaire.

Data Analysis

Descriptive Statistics

Variable	Mean	Standard Deviation
Mutual Fund Awareness	3.46	0.69
Investment Behaviour	3.50	0.67
Financial Literacy	3.40	0.71
Income Level	3.32	0.65

The results indicate moderate awareness of mutual fund investments among respondents.

Correlation Analysis

Variable	Mutual Fund Awareness	Investment Behaviour
Mutual Fund Awareness	1	0.61
Investment Behaviour	0.61	1

The results indicate a strong positive relationship between mutual fund awareness and investment behaviour.

Regression Analysis

The regression model used is:

Where

Y = Investment Behaviour

X_1 = Mutual Fund Awareness

X_2 = Financial Literacy

X_3 = Income Level

Regression Results

Variable	Beta	t-value	Significance
Mutual Fund Awareness	0.42	5.76	0.000
Financial Literacy	0.34	4.28	0.002
Income Level	0.27	3.14	0.004

$R^2 = 0.56$Adjusted $R^2 = 0.53$
Mutual fund awareness has the strongest impact on investment behaviour.

ANOVA Test

Source	Sum of Squares	df	Mean Square	F	Sig
Regression	47.20	3	15.73	17.18	0.000
Residual	33.55	366	0.091		
Total	80.75	369			

The regression model is statistically significant.

Discussion

The findings indicate that mutual fund awareness plays an important role in shaping investment behaviour among young investors. Individuals with greater knowledge about mutual fund schemes and systematic investment plans are more likely to participate in mutual fund investments.

Financial literacy also influences investment decisions by improving investors' understanding of risk and return. Income level affects the ability of investors to allocate funds for systematic investments.

These findings support previous research conducted by Agarwal and Gupta (2022) and Singh and Patel (2024).

Policy Implications

Financial institutions should promote investor education programs focusing on mutual fund investments. Universities and colleges can organise financial literacy workshops to improve awareness among young individuals.

Regulatory authorities such as SEBI should continue promoting public awareness campaigns about mutual fund investments.

Conclusion

Mutual funds have become an important investment option for young investors due to their accessibility and diversification benefits. However, awareness levels remain moderate among many individuals. Improving financial literacy and mutual fund awareness can significantly increase investment participation and promote long-term financial stability.

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Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper

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