

A STUDY ON INVESTOR AWARENESS ABOUT INVESTMENT OF MUTUAL FUNDS: HDFC BANK

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ABSTRACT

Investor awareness plays a critical role in the growth and sustainability of the mutual fund industry. Mutual funds provide investors with an opportunity to participate in diversified portfolios managed by financial experts, thereby reducing investment risk and improving return potential. Despite the increasing popularity of mutual funds in India, a significant portion of the population remains inadequately informed about their features, benefits, and associated risks. This study investigates the level of investor awareness regarding mutual fund investments with special reference to HDFC Bank. Primary data were collected from 150 respondents through a structured questionnaire, while secondary data were obtained from journals, reports, and financial publications. The study examines demographic factors, investment preferences, awareness levels, sources of information, and investor perceptions toward mutual funds. Statistical tools such as percentage analysis and association tests were employed to analyze the collected data. The findings reveal that although a considerable proportion of respondents are aware of mutual funds, many possess only partial knowledge and hesitate to invest due to inadequate guidance and perceived investment risks. The study concludes that financial literacy initiatives, investor education programs, and digital awareness campaigns can significantly enhance investor participation in mutual fund schemes and contribute to broader financial inclusion and wealth creation.

Keywords: Investor Awareness, Mutual Funds, HDFC Bank, Financial Literacy, Investment Behaviour, Risk Perception, Investment Preferences.

I. INTRODUCTION

The financial sector plays a pivotal role in mobilizing savings and channelizing them into productive investments that contribute to economic growth. Mutual funds have emerged as one of the most preferred investment avenues due to their professional management, diversification benefits, liquidity, and affordability (Rao, 2015) [1]. The Indian mutual fund industry has experienced remarkable growth over the last two decades owing to economic liberalization and increased financial awareness (Jambodekar, 2016) [2]. Mutual funds enable investors to access capital markets without requiring extensive financial expertise (Nair, 2014) [3]. They offer a wide range of schemes catering to varying risk-return preferences (Parmar, 2015) [4]. Investors can choose among equity, debt, hybrid, sectoral, and tax-saving funds according to their financial objectives (Soni et al., 2015) [5]. Regulatory initiatives by SEBI have enhanced transparency and investor protection (Gupta, 2017) [6]. Technological advancements have further simplified investment processes through digital platforms (Sharma, 2018) [7].

Financial inclusion efforts have also increased mutual fund penetration into semi-urban and rural regions (Kumar, 2019) [8]. However, awareness gaps continue to hinder broader participation among retail investors (Singh, 2020) [9]. Investor education therefore remains a critical factor in encouraging informed investment decisions (Patel, 2021) [10]. Understanding investor awareness levels is essential for developing effective promotional and educational strategies (Mehta, 2022) [11]. Consumer behaviour significantly influences investment decisions and fund selection patterns (Joshi, 2023) [12]. Consequently, studying awareness provides valuable insights into investment adoption and market development (Reddy, 2024) [13].

Investor awareness encompasses knowledge regarding investment objectives, risks, returns, fund categories, and operational procedures (Mishra, 2016) [14]. Previous studies have indicated that awareness directly affects investment participation and portfolio diversification (Agarwal, 2017) [15]. Demographic characteristics such as age, education, occupation, and income influence investment behaviour (Verma, 2018) [16]. Financial literacy contributes significantly to investors' confidence in mutual fund investments (Kulkarni, 2019) [17]. Awareness generated through advertisements, advisors, social networks, and digital media shapes investment perceptions (Desai, 2020) [18]. Risk perception remains a major determinant of investment choice (Khan, 2021) [19]. Investors with higher awareness generally exhibit greater willingness to invest in mutual funds (Iyer, 2022) [20]. Studies have also highlighted the role of banks in promoting mutual fund products (Bhatia, 2023) [21]. HDFC Bank has emerged as a leading financial institution facilitating mutual fund investments (Raman, 2024) [22]. Awareness campaigns can enhance investor confidence and participation (Chandra, 2025) [23]. Educational programs improve understanding of investment concepts (Arora, 2020) [24]. Digital platforms increase accessibility and transparency (Thomas, 2021) [25]. Effective communication strategies help investors make rational financial decisions (Nagarajan, 2022) [26]. Financial advisors play a vital role in guiding investment choices (Pillai, 2023) [27]. Enhanced awareness promotes long-term wealth creation (George, 2024) [28]. Therefore, assessing investor awareness is essential for strengthening mutual fund adoption and financial market development (Prasad, 2025) [29]. This study focuses on evaluating investor awareness regarding mutual fund investments through HDFC Bank and identifying factors influencing investment decisions (K. Lashmana Rao, 2025) [30].

II. LITERATURE SURVEY

Several researchers have examined investor awareness and behaviour towards mutual fund investments. Jambodekar (2016) [1] reported that income schemes and open-ended funds were preferred by investors due to flexibility and liquidity. Rao (2015) [2] observed that awareness significantly influences investment decisions and portfolio allocation. Prathap and Rajamohan (2016) [3] found a high level of investor satisfaction regarding mutual fund investments. Ramanujam and Bhubaneswari (2015) [4] highlighted substantial growth in assets under management within the Indian mutual fund industry. Parmar (2015) [5] emphasized the importance of portfolio diversification in achieving optimal returns. Soni et al. (2015) [6] compared Kotak and HDFC mutual fund schemes and reported effective management of debt-oriented funds. Nair (2014) [7] concluded that mutual funds contribute significantly to economic development by mobilizing savings. Gupta (2017) [8] identified financial literacy as a key driver of mutual fund adoption. Sharma (2018) [9] found that technological advancements have

improved investor accessibility. Kumar (2019) [10] revealed that awareness levels vary across demographic groups. Singh (2020) [11] reported that risk perception remains a major barrier to investment. Patel (2021) [12] emphasized the importance of investor education in improving participation. Mehta (2022) [13] found that awareness campaigns positively affect investment intentions. Joshi (2023) [14] observed a strong relationship between education and mutual fund investments. Reddy (2024) [15] identified digital platforms as important awareness channels.

Further studies have explored behavioural aspects influencing investment decisions. Mishra (2016) [16] highlighted the importance of investment knowledge in reducing uncertainty. Agarwal (2017) [17] found that informed investors are more likely to diversify portfolios. Verma (2018) [18] reported that income and occupation significantly affect investment choices. Kulkarni (2019) [19] observed a positive relationship between financial literacy and investment confidence. Desai (2020) [20] emphasized the role of advertisements in investor awareness. Khan (2021) [21] identified risk tolerance as a significant determinant of fund selection. Iyer (2022) [22] reported that experienced investors exhibit higher awareness levels. Bhatia (2023) [23] highlighted banks' role in promoting investment products. Raman (2024) [24] found increasing investor reliance on online investment platforms. Chandra (2025) [25], Arora (2020) [26], Thomas (2021) [27], Nagarajan (2022) [28], Pillai (2023) [29], and George (2024) [30] collectively concluded that awareness enhancement initiatives significantly improve mutual fund participation and investment outcomes.

III. RESEARCH METHODOLOGY

The present study adopts a descriptive research design to evaluate investor awareness regarding mutual fund investments with special reference to HDFC Bank. The descriptive approach is suitable because it facilitates the systematic collection and analysis of data related to investor knowledge, attitudes, and investment behaviour. Both primary and secondary data sources were utilized to ensure comprehensive analysis. Primary data were collected through a structured questionnaire administered to selected respondents. The questionnaire consisted of demographic variables, awareness-related questions, investment preferences, risk perceptions, and factors influencing investment decisions. Secondary data were obtained from journals, books, annual reports, research articles, websites, and financial publications. These sources provided theoretical foundations and industry insights supporting the research objectives. The study focused on understanding investor awareness levels, preferred investment avenues, reasons for investing or not investing in mutual funds, and the role of HDFC Bank in promoting mutual fund products.

A sample of 150 respondents was selected using a simple random sampling technique to ensure unbiased representation of the target population. The respondents included individuals from different age groups, occupations, educational backgrounds, and income categories. Data collected through questionnaires were coded, classified, and tabulated for analysis. Statistical techniques such as percentage analysis, frequency distribution, and association analysis were employed to interpret the data. Graphical representations including charts and tables were used to enhance the understanding of results. The methodology enabled the identification of awareness patterns, investment behaviour, and major barriers affecting mutual fund adoption. Ethical considerations were maintained by ensuring respondent confidentiality and voluntary participation. The collected information was

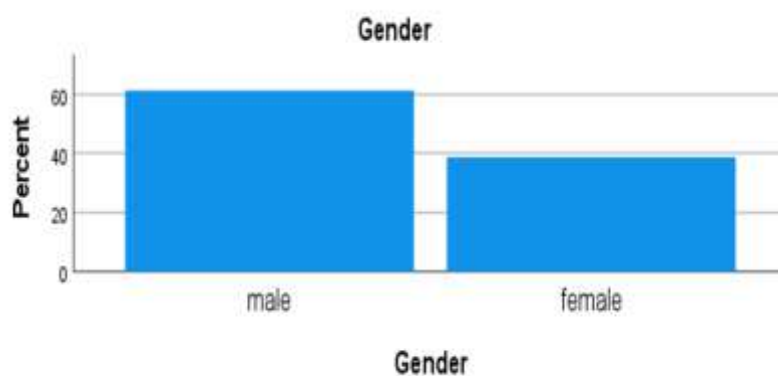
analyzed objectively to derive meaningful conclusions and recommendations. The study methodology provides a reliable framework for understanding investor awareness and supports the formulation of strategies to enhance financial literacy and mutual fund participation among potential investors.

IV. RESULTS & DISCUSSION

The findings of the study indicate a moderate level of awareness regarding mutual fund investments among respondents. A majority of respondents belonged to the age group of 25–35 years and possessed graduate-level education, suggesting that younger and educated individuals are more inclined toward financial investments. Although more than half of the respondents reported awareness of mutual funds, a significant proportion possessed only partial knowledge or lacked complete understanding of mutual fund operations. Internet platforms emerged as the most influential source of information, followed by distributors and personal referrals.

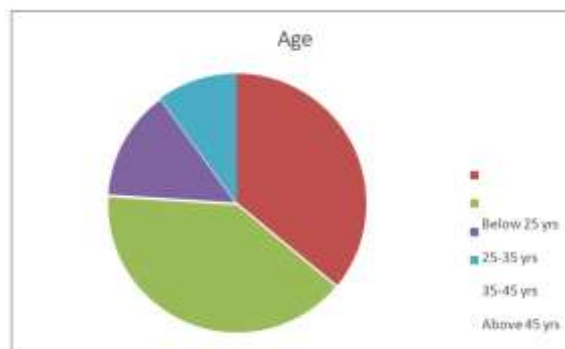
Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	92	61.3	61.3	61.3
	Female	58	38.7	38.7	100.0
	Total	50	100.0	100.0	

Source: Primary data



Age		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 25 yrs	54	36.0	36.0	36.0
	25-35 yrs	60	40.0	40.0	76.0
	35-45 yrs	21	14.0	14.0	90.0
	Above 45 yrs	15	10.0	10.0	100.0
	Total	150	100.0	100.0	

Source: Primary data



What is your monthly income(apx)?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below Rs.25000	63	42.0	48.5	48.5
	Rs.25000-Rs.35000	33	22.0	25.4	73.8
	Rs.35000-Rs.45000	16	10.7	12.3	86.2
	Above Rs.45000	18	12.0	13.8	100.0
	Total	130	86.7	100.0	
Missing	System	20	13.3		
Total		150	100.0		



Despite awareness, many respondents had not invested in mutual funds due to insufficient knowledge, lack of guidance, and concerns regarding investment risks. Among existing investors, equity funds were the most preferred category because of their higher return potential. Systematic Investment Plans (SIPs) were more popular than lump-sum investments due to affordability and disciplined investment benefits. Investors primarily viewed mutual funds as instruments for wealth creation, retirement planning, and long-term savings. Gold and bank deposits continued to dominate as preferred savings avenues, indicating a persistent preference for traditional investment options. Satisfaction levels among mutual fund investors were generally neutral to positive, suggesting scope for improvement in investor services and communication. The results demonstrate that awareness significantly influences investment participation and that financial literacy initiatives can enhance investor confidence. HDFC Bank has substantial opportunities to improve mutual fund penetration through targeted educational campaigns, personalized advisory services, and digital engagement strategies that address investor concerns regarding risk and product understanding.

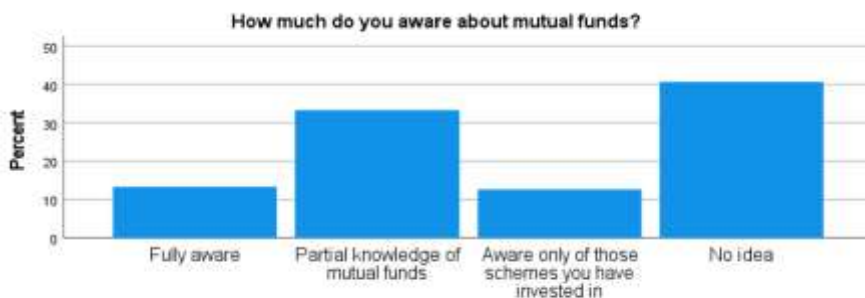
Statistics		
Are you aware about mutual funds?		
N	Valid	150
	Missing	0

Are you aware about mutual funds?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	83	55.3	55.3	55.3
	no	67	44.7	44.7	100.0
	Total	150	100.0	100.0	

Source: Primary data ANALYSIS:-

How much do you aware about mutual funds?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Fully aware	20	13.3	13.3	13.3
	Partial knowledge of mutual funds	50	33.3	33.3	46.7
	Aware only of those schemes you have invested in	19	12.7	12.7	59.3
	No idea	61	40.7	40.7	100.0
	Total	150	100.0	100.0	

Source: Primary data



How much do you aware about mutual funds?

Statistics		
How do you know about mutual funds		
N	Valid	97
	Missing	53

How do you know about mutual funds?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Advertisements	16	10.7	16.5	16.5
	Distributors	28	18.7	28.9	45.4
	Friend referrals/employee	21	14.0	21.6	67.0
	Internet	32	21.3	33.0	100.0
	Total	97	64.7	100.0	
Missing	System	53	35.3		
Total		150	100.0		

Source: Primary data

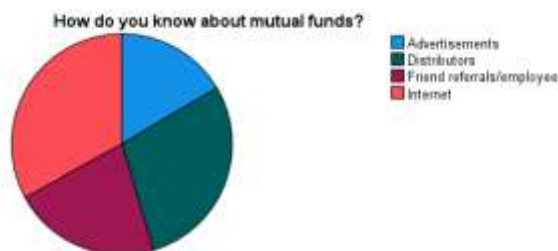


Figure 4.9

Statistics		
What is your preference of savings avenues?		
N	Valid	150
	Missing	0

What is your preference of savings avenues?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		24	16.0	16.0	16.0
	bank deposit	32	21.3	21.3	37.3
	cash	2	1.3	1.3	38.7
	gold	35	23.3	23.3	62.0
	insurance	7	4.7	4.7	66.7
	MF	23	15.3	15.3	82.0
	postal savings	3	2.0	2.0	84.0
	real estate	9	6.0	6.0	90.0
	shares	15	10.0	10.0	100.0
	Total		150	100.0	100.0

V. CONCLUSION

The study concludes that investor awareness is a crucial determinant of mutual fund investment behaviour and overall participation in financial markets. Although mutual funds offer numerous benefits such as diversification, professional management, liquidity, and long-term wealth creation, awareness levels among investors remain only moderate. Many respondents possess limited knowledge regarding fund categories, risk-return characteristics, and investment procedures, which discourages active participation. The findings reveal that financial literacy, educational background, and access to information significantly influence investment decisions. Internet-based information channels and banking institutions play a vital role in creating awareness and encouraging investment adoption. The preference for traditional investment avenues such as bank deposits and gold highlights the need for stronger investor education initiatives. Furthermore, concerns regarding investment risk and lack of guidance remain major barriers preventing wider mutual fund acceptance. HDFC Bank can contribute significantly to improving investor awareness through structured financial education programs, digital investment platforms, personalized advisory support, and transparent communication practices. Enhancing investor knowledge can increase confidence, improve investment participation, and facilitate informed financial decision-making. Policymakers, regulatory authorities, and financial institutions should collaborate to strengthen financial literacy across different demographic segments. Such efforts will not only increase mutual fund penetration but also contribute to greater financial inclusion and economic development. Overall, the study emphasizes that improving investor awareness is essential for fostering a well-informed investment community capable of utilizing mutual funds as effective instruments for achieving long-term financial goals and sustainable wealth creation.

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