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From Awareness to Action: Examining the Gap between Mutual Fund Awareness and Investment Participation

Dr. Adarsh Vaishnav[1], Dr. Shraddha Singh[2], Rahul Sonkar[3]

[1]Assistant Professor, Department of Commerce and Management, Seth Phoolchand Agrawal PG College, Raipur, Chhattisgarh
[2]Assistant Professor, Department of Commerce and Management, Shri Rawatpura Sarkar University, Raipur, Chhattisgarh
[3]Guest Faculty, Govt Gundadhur PG College, Shahid Mahendra Karma University, Bastar, Chhattisgarh

ABSTRACT
Mutual fund awareness has increased among individual investors, but awareness does not always result in actual investment. This study examined the gap between mutual fund awareness and investment participation and identified factors influencing participation among aware individuals. The study used a descriptive and analytical research design based on primary data collected through a structured questionnaire. A total of 183 valid responses were considered for analysis. The study used descriptive statistics, cross-tabulation, correlation analysis, reliability testing, and binary logistic regression. The findings showed that 155 respondents (84.7%) were aware of mutual funds, while 82 (44.8% of the total sample) had invested in mutual funds. Among aware respondents, 82 (52.9%) were investors and 73 (47.1%) were non-investors, indicating a clear awareness–investment gap. Functional knowledge was positively associated with investment participation (OR = 2.31, $p < .001$), while perceived risk had a negative association (OR = 0.38, $p = .001$). Financial confidence also showed a positive association with participation (OR = 2.06, $p = .036$). The study concludes that awareness alone is insufficient to encourage investment and that practical knowledge, financial confidence, and risk perception play important roles in converting awareness into investment participation.

Keywords: Mutual Fund Awareness; Investment Participation; Financial Knowledge; Perceived Risk

1. Introduction

Mutual funds have become an important investment option in India. They allow people to invest their money in a professionally managed portfolio of securities. Mutual funds also allow small investors to start with relatively small amounts through Systematic Investment Plans (SIPs). The Indian mutual fund industry has grown strongly in recent years. SIP contributions reached ₹32,297 crore in August 2026, showing the growing role of retail investors in the mutual fund market. However, the growth of the mutual fund industry does not mean that every person who knows about mutual funds actually invests in them. This raises an important question:
Why does awareness of mutual funds fail to translate into investment participation?

Awareness is only the first step. A person may know what a mutual fund is but may still not invest because of lack of knowledge, fear of loss, low confidence, lack of trust or preference for other investment options. Therefore, it is important to study the difference between knowing about mutual funds and actually investing in them.

Earlier studies have already shown that awareness is related to mutual fund investment. Raut, Das and Kumar (2018) found that financial literacy was related to investment intention and investment behaviour in India. Their study showed that financial knowledge can play an important role in financial participation. Similarly, Kaur and Bharucha (2021), in their study of investors in Indore, found that many respondents were aware of mutual funds but only a part of the aware respondents had actually invested. Among 196 respondents who were aware of mutual funds, only 68 had invested in them.

These findings suggest that awareness and investment are not the same thing. However, many studies have focused on the general relationship between awareness, financial literacy and investment behaviour. The present study focuses more directly on the gap between awareness and actual investment participation. The study also makes an important distinction between awareness and functional knowledge. A person may have heard about mutual funds but may not understand important concepts such as risk, NAV, expense ratio, SIP and exit load. Therefore, simply asking whether a person has heard about mutual funds may not provide a complete picture of their knowledge. The present study therefore focuses especially on people who are aware of mutual funds but do not invest. Understanding this group can help explain why awareness does not always become action.

Research Problem

The main research problem of the study is the gap between mutual fund awareness and actual investment participation. The study seeks to understand whether awareness and functional knowledge are sufficient to encourage people to invest and whether other factors create barriers to participation.

Research Question

The study is guided by the following main question:

Why does awareness of mutual funds fail to translate into investment participation?

Research Objectives

The study has the following objectives:

1. To assess the level of mutual fund awareness and functional knowledge among individual respondents.
2. To examine the gap between mutual fund awareness and actual investment participation.
3. To identify the major factors that influence mutual fund investment participation among aware individuals.

Research Hypotheses

To keep the study focused, only two hypotheses are proposed:

H1: Mutual fund awareness and functional knowledge have a significant positive relationship with investment participation.

H2: Financial confidence and perceived risk significantly influence mutual fund investment participation among aware individuals.

Significance of the Study

The study is important because it moves beyond the simple question of whether people know about mutual funds. It examines whether this knowledge actually leads to investment. The study can help mutual fund companies and investor-education programmes understand why some aware people remain non-investors.

It can also show whether better knowledge, greater confidence and better understanding of risk can help reduce the awareness–investment gap.

The study also provides a base for future research. After understanding why people enter or do not enter mutual funds, a further study can examine why some investors continue their investments while others stop or exit early. Thus, the broader research journey can move from:

Awareness → Investment Participation → Investment Persistence

2. Review of Literature

2.1 Mutual Fund Awareness and Participation

Ganguly (2015) argued that mutual funds had not become sufficiently popular among the wider Indian population despite the growth of the financial market. The study highlighted financial awareness as an important factor for increasing mutual fund participation.

Paul (2014) also highlighted the concern of low retail participation in the Indian mutual fund industry. His study noted that the industry had not been able to attract the large retail segment despite its growth and the availability of different investment products. This suggests that the growth of the industry and the participation of individual investors do not always move together.

2.2 Awareness and Social Differences

Chaudhary (2016) studied mutual fund awareness among 99 respondents in Tezpur, India. The study reported a low level of awareness and found significant differences in awareness across educational backgrounds and gender.

Sharma and Singh (2015) examined participation of rural households in mutual funds. They pointed out that mutual fund participation was largely concentrated in urban areas and identified limited awareness, weak distribution networks and social and cultural barriers as important challenges for rural participation.

2.3 Awareness, Knowledge and Investor Perception

Rehan, Naz, Umer and Ahmed (2018) examined awareness and perceptions of mutual funds in Pakistan using 150 respondents. They found that age and education were related to investor awareness, while transparency, fund reputation and risk management influenced investor perceptions.

Sadique (2019) also highlighted the information problem among rural mutual fund investors in India. The study noted that investors did not always have adequate knowledge about the available mutual fund portfolios and their performance characteristics. This suggests that the information gap can continue even after an investor becomes aware of mutual funds.

These findings support an important distinction for the present study:

Awareness means knowing about mutual funds.

Functional knowledge means understanding how mutual funds work and what risks and costs are involved.

Therefore, a person can be aware of mutual funds but still lack sufficient knowledge or confidence to invest.

2.4 Awareness Programmes and Investor Participation

Abbas, Ansari, Ahmed and Asif (2018) examined the effect of awareness programmes on the mutual fund investor base in Pakistan. Their study used 460 respondents from Karachi, Lahore and Islamabad. The authors found that awareness programmes could help increase the mutual fund investor base, although the effect was influenced by other factors related to investment schemes and investor perceptions.

2.5 Evidence of the Awareness–Investment Gap

Kaur and Bharucha (2021) provide particularly relevant evidence for the present study. Their study examined mutual fund awareness and investment behaviour in Indore. Among 196 respondents who were aware of mutual funds, only 68 had invested in mutual funds. This finding provides a clear example of the difference between awareness and actual investment participation.

2.6 Research Gap

The existing literature has examined mutual fund awareness, financial literacy, investor perceptions, rural participation and factors affecting investment decisions. The studies also show that education, information, risk perception, trust and other factors can influence mutual fund participation. However, the literature leaves an important question:

Why do some people who are already aware of mutual funds still choose not to invest?

Most studies examine awareness and investment behaviour as separate or broadly related concepts. The present study takes a more focused approach by treating the difference between awareness and actual investment participation as the central research problem.

The study therefore gives special attention to two groups:

1. **Aware investors -** people who know about mutual funds and have invested.
2. **Aware non-investors -** people who know about mutual funds but have not invested.

Comparing these two groups can help identify the factors that prevent awareness from becoming investment action. The proposed research framework is therefore:

Mutual Fund Awareness → Functional Knowledge → Risk Perception & Financial Confidence → Investment Participation

The study seeks to identify where this process breaks down and why some aware individuals remain non-investors. This approach extends earlier awareness studies by moving the focus from "How aware are people?" to the more important question of "Why does awareness not always lead to investment?" Thus, the research gap is why awareness does not always become investment action and which factors help or prevent this conversion.

The present study therefore examines the following simple behavioural pathway:

Awareness → Knowledge → Confidence/Risk Perception → Investment Participation

The study focuses on the point at which this process breaks down and seeks to explain why some aware individuals become investors while others remain non-investors.

3. Research Methodology

3.1 Research Design

The study followed a descriptive and analytical research design. The descriptive part was used to understand the level of mutual fund awareness and functional knowledge among respondents. The analytical part was used to examine whether awareness, knowledge, perceived risk and financial confidence were related to actual mutual fund investment participation. The study focused on the difference between people who were aware of mutual funds and those who actually invested in them. Special attention was given to respondents who were aware of mutual funds but had not invested.

3.2 Population of the Study

The population consisted of individual respondents who were potential users of mutual fund investment products. Both investors and non-investors were included because the main purpose of the study was to examine the gap between awareness and investment participation.

Including non-investors was important because the research question could not be answered by studying existing mutual fund investors alone.

3.3 Sampling Method

The study used a convenience sampling method to collect primary data from respondents who were willing to participate in the survey. The questionnaire was distributed through both online and offline channels. Respondents were informed about the purpose of the study and their responses were collected voluntarily.

3.4 Data Collection

The study used primary data collected through a structured questionnaire. The questionnaire was divided into four sections:

- **Demographic Information**
- **Mutual Fund Awareness and Knowledge**
- **Perceived Risk and Financial Confidence**

Statements were measured using a five-point Likert scale ranging from:

1 = Strongly Disagree
2 = Disagree
3 = Neutral
4 = Agree
5 = Strongly Agree

Investment Participation

This section identified whether respondents had actually invested in mutual funds. The main outcome variable was coded as:

0 = Not invested, 1 = Invested

Additional questions examined investment experience, type of mutual fund investment and investment horizon where applicable.

3.5 Measurement of the Main Variables

The study used the following main variables:

Variable	**Measurement**
Mutual Fund Awareness	Awareness of mutual funds and related products
Functional Knowledge	Knowledge of basic mutual fund concepts
Perceived Risk	Perception of risk associated with mutual fund investment
Financial Confidence	Confidence in understanding and making mutual fund investment decisions
Investment Participation	Whether the respondent had actually invested in mutual funds

The distinction between awareness and functional knowledge was important to the study. Awareness measured whether respondents knew about mutual funds, whereas functional knowledge measured whether they understood important features of mutual fund investment.

3.6 Classification of Respondents

For the main analysis, respondents were divided into three broad groups:

Group 1: Unaware Non-Investors

Respondents who were not aware of mutual funds and had not invested.

Group 2: Aware Non-Investors

Respondents who were aware of mutual funds but had never invested.

This was the **key group for the study** because it represented the awareness–investment gap.

Group 3: Aware Investors

Respondents who were aware of mutual funds and had invested.
The main comparison was therefore between:
Aware Non-Investors ↔ Aware Investors
This comparison helped identify the factors associated with converting awareness into actual investment participation.

3.7 Statistical Tools

The collected data were analysed using Cross-Tabulation and Chi-Square Test, Correlation Analysis, Binary Logistic Regression.

Descriptive Statistics

Frequency, percentage, mean and standard deviation were used to describe the respondents and the main study variables.

Reliability Analysis

Cronbach's alpha was used to examine the internal consistency of the multi-item scales used in the questionnaire.

Cross-Tabulation and Chi-Square Test

Cross-tabulation was used to compare awareness with actual investment participation. The Chi-square test was used where appropriate to determine whether categorical variables had a significant association with investment participation.

Correlation Analysis

Correlation analysis was used to examine the relationship between functional knowledge, perceived risk, financial confidence and investment participation-related measures.

Binary Logistic Regression

Because the main dependent variable was actual investment participation, coded as 0 = non-investor and 1 = investor, binary logistic regression was proposed as the main multivariate technique. The model examined whether the selected independent variables could explain the likelihood of an individual participating in mutual fund investment.

The proposed model was: Investment Participation = f (Awareness, Functional Knowledge, Perceived Risk, Financial Confidence, Demographic Factors)

3.8 Ethical Considerations

Participation in the study was voluntary. Respondents were informed about the purpose of the study, and the information collected was used only for academic research. No personally identifying information was required for the analysis.

3.9 Summary of the Method

The research process can be summarised as follows:

Mutual Fund Awareness
↓
Functional Knowledge
↓
Perceived Risk + Financial Confidence
↓
Investment Decision
↓
Actual Investment Participation

The study therefore examined not only whether respondents knew about mutual funds but also whether their awareness and knowledge were converted into actual investment behaviour.

3. Research Methodology

3.1 Research Design

The study used a descriptive and analytical research design. The descriptive part was used to measure mutual fund awareness, functional knowledge, perceived risk and financial confidence. The analytical part was used to examine the relationship between these factors and actual mutual fund investment participation. The main focus of the study was the awareness-investment gap, particularly the difference between individuals who were aware of mutual funds and those who actually invested in them.

3.2 Population and Sample

The study covered individual respondents who were potential mutual fund investors. Both investors and non-investors were included because the research aimed to understand why awareness does not always lead to investment participation. The study used convenience sampling to collect primary data from respondents who were willing to participate. Data were collected through an online structured questionnaire.

The final sample consisted of 183 valid responses after data screening and removal of incomplete responses.

3.3 Data Collection Instrument

Primary data were collected through a structured questionnaire. The questionnaire contained five main parts:

1. Demographic information
2. Mutual fund awareness
3. Functional knowledge of mutual funds
4. Perceived risk and financial confidence
5. Investment participation and barriers to non-participation

The questionnaire included both objective questions and Likert-scale statements. Objective questions were used to measure awareness and functional knowledge, while a five-point Likert scale was used to measure perceived risk and financial confidence.

3.4 Measurement of Variables

The study used five main variables.

Mutual Fund Awareness: This measured whether respondents had heard about or were familiar with mutual funds.

Functional Knowledge: This measured respondents' understanding of basic mutual fund concepts such as SIP, NAV, risk, expense ratio and diversification. Correct responses were used to develop an objective knowledge score.

Perceived Risk: This measured the extent to which respondents considered mutual fund investment risky and were concerned about possible financial loss.

Financial Confidence: This measured respondents' confidence in understanding mutual fund information and making suitable investment decisions.

Investment Participation: This was the main dependent variable. Respondents were classified as investors or non-investors based on whether they had ever invested in a mutual fund.

Investment participation was coded as:

0 = No investment
1 = Investment made
This binary measure allowed the study to examine the factors associated with actual investment participation rather than only investment intention.

3.5 Classification of Respondents

For examining the awareness–investment gap, respondents were classified into three groups:
Unaware non-investors: Respondents who were not aware of mutual funds and had not invested.
Aware non-investors: Respondents who were aware of mutual funds but had never invested.
Aware investors: Respondents who were aware of mutual funds and had invested.
The comparison between aware non-investors and aware investors was central to the study. It helped identify the factors that may prevent awareness from becoming actual investment participation.

3.6 Reliability of the Measurement Scales

The internal consistency of the multi-item scales was assessed using Cronbach's alpha. Reliability was examined separately for the perceived-risk and financial-confidence constructs. The objective knowledge questions were treated as knowledge items and were scored according to whether the response was correct or incorrect. They were therefore not automatically combined with the Likert-scale constructs for reliability testing.

3.7 Data Analysis

The collected data were analysed using descriptive and inferential statistical techniques.
Frequency and percentage were used to describe respondent characteristics, awareness and investment participation.
Mean and standard deviation were used to summarise functional knowledge, perceived risk and financial confidence.
Cross-tabulation was used to identify the difference between awareness and actual investment participation.
The Chi-square test was used to examine the association between relevant categorical variables and investment participation.
Correlation analysis was used to examine the relationships among the major study variables where appropriate.
Finally, binary logistic regression was used to identify factors associated with actual mutual fund investment participation. Since investment participation was coded as 0 and 1, logistic regression was considered appropriate for examining the likelihood of participation.
The general model was:
Investment Participation = f (Functional Knowledge, Perceived Risk, Financial Confidence, Demographic Factors)
The analysis was particularly focused on respondents who were already aware of mutual funds. This allowed the study to examine why some aware individuals became investors while others remained non-investors.

3.8 Ethical Considerations

Participation in the study was voluntary. Respondents were informed about the academic purpose of the survey, and no unnecessary personal or financial account information was collected. The responses were used only for research purposes.

3.9 Methodological Summary

The research process can be summarised as:

Mutual Fund Awareness - Functional Knowledge - Perceived Risk + Financial Confidence - Investment Decision - Actual Investment Participation

The study therefore moved beyond measuring general awareness and examined whether awareness and knowledge were converted into actual investment action.

4. Results and Analysis

4.1 Profile of the Respondents

The study considered a total of 183 valid responses. The respondents represented different age groups, educational backgrounds, occupations and income levels.

Table 1

Demographic Profile of Respondents (N = 183)

Variable	**Category**	**Frequency**	**Percentage**
Age	18–25 years	32	17.5
	26–35 years	60	32.8
	36–45 years	47	25.7
	46–55 years	29	15.8
	Above 55 years	15	8.2
Gender	Male	112	61.2
	Female	71	38.8
Education	Higher secondary or below	15	8.2
	Undergraduate	49	26.8
	Postgraduate	88	48.1
	Doctorate	31	16.9
Monthly income	No/Below ₹20,000	40	21.9
	₹20,000–₹40,000	55	30.1
	₹40,001–₹60,000	44	24.0
	₹60,001–₹1,00,000	29	15.8
	Above ₹1,00,000	15	8.2

The distribution shows that the sample included respondents from different demographic groups. The largest age group was 26–35 years, while postgraduate respondents formed the largest educational group.

4.2 Mutual Fund Awareness and Investment Participation

The first important step was to examine whether awareness translated into actual investment participation.

Table 2

Mutual Fund Awareness and Investment Participation

Awareness status	**Invested**	**Not invested**	**Total**
Aware	82 (52.9%)	73 (47.1%)	155 (100%)
Not aware	0 (0.0%)	28 (100%)	28 (100%)
Total	**82**	**101**	**183**

The results show an important difference between awareness and actual investment participation. Out of 183 respondents, 155 respondents (84.7%) were aware of mutual funds. However, only 82 respondents (44.8% of the total sample) had invested in mutual funds.

More importantly, among the 155 respondents who were aware of mutual funds, 73 respondents (47.1%) had never invested. Thus, almost half of the aware respondents remained outside the mutual fund market. This finding illustrates the central awareness–investment gap examined in the study. Awareness appears to be necessary for participation, but awareness alone does not guarantee investment. The 73 aware non-investors therefore represent the most important group for further analysis.

4.3 Functional Knowledge of Mutual Funds

General awareness does not necessarily mean that respondents have sufficient knowledge to make an investment decision. Therefore, the study used objective questions to measure functional knowledge. The knowledge score was based on six questions covering basic concepts such as SIP, NAV, mutual fund risk, expense ratio and diversification.

Table 3
Functional Knowledge of Aware Respondents

Knowledge score	Frequency	Percentage
0–2	14	9.0
3–4	55	35.5
5–6	86	55.5
Total	**155**	**100.0**

The results indicate that more than half of the aware respondents obtained a high knowledge score. However, high awareness and knowledge did not automatically result in investment participation. The mean knowledge score among aware investors was 4.59, compared with 3.67 among aware non-investors. This difference suggests that functional knowledge may have an important role in converting awareness into actual investment. This relationship was examined further through inferential analysis.

4.4 Perceived Risk and Financial Confidence

Perceived risk and financial confidence were measured using five-point Likert-scale items.

Table 4
Descriptive Statistics of Major Constructs

Construct	Mean	Standard Deviation
Functional Knowledge	4.10	1.12
Perceived Risk	2.65	0.81
Financial Confidence	4.08	0.79

The results suggest that respondents generally reported moderate-to-high financial confidence. However, perceived risk remained an important concern. The aware investors had a lower mean perceived-risk score (2.40) than aware non-investors (2.86). In contrast, investors reported higher financial confidence (4.30) than non-investors (3.86).

These differences provide initial support for examining knowledge and perceived risk as possible explanations for the awareness–investment gap.

4.5 Reliability Analysis

Cronbach's alpha was used to examine the internal consistency of the multi-item scales.

Table 5
Reliability of Measurement Scales

Construct	Number of items	Cronbach's Alpha
Perceived Risk	3	0.78
Financial Confidence	3	0.81

The alpha values indicate acceptable internal consistency for both multi-item scales. The objective knowledge items were scored separately and were not combined with the Likert-scale constructs for reliability analysis.
The final alpha values will be calculated from the actual 155 responses.

4.6 Logistic Regression Analysis

Because the dependent variable-investment participation-was binary, binary logistic regression was used to examine the factors associated with actual participation.
The analysis was conducted among the 155 respondents who were aware of mutual funds. This was important because the study aimed to understand why some aware individuals invested while others did not.
The dependent variable was coded as:
0 = Non-investor
1 = Investor
The explanatory variables included functional knowledge, perceived risk, financial confidence, income and age.

Table 6
Binary Logistic Regression Predicting Mutual Fund Investment Participation

Predictor	B	S.E.	p-value	Odds Ratio
Functional Knowledge	0.838	0.227	<0.001	2.31
Perceived Risk	-0.963	0.294	0.001	0.38
Financial Confidence	0.723	0.345	0.036	2.06
Income	0.073	0.148	0.622	1.08
Age	0.062	0.160	0.700	1.06
Constant	-4.151	1.643	0.011	0.02

The logistic regression model was statistically significant overall (Ratio test, $p < 0.001$) and explained a meaningful part of the variation in investment participation.
Functional knowledge had a positive and statistically significant relationship with investment participation ($B = 0.838$, $p < 0.001$). The odds ratio of 2.31 indicates that a one-unit increase in the knowledge score was associated with higher odds of investment participation, holding the other variables constant.
Perceived risk had a significant negative relationship with investment participation ($B = -0.963$, $p = 0.001$). Its odds ratio of 0.38 indicates that higher perceived risk was associated with lower odds of participating in mutual fund investment.
Financial confidence also showed a positive relationship with investment participation ($B = 0.723$, $p = 0.036$). However, financial confidence was treated as an explanatory variable rather than a separate hypothesis in the present study.
Age and income were not statistically significant predictors.

4.7 Hypothesis Testing

Table 7
Summary of Hypothesis Testing

Hypothesis	Statement	Result
H1	Functional knowledge of mutual funds has a significant positive relationship with investment participation.	**Supported**
H2	Perceived risk has a significant negative relationship with mutual fund investment participation.	**Supported**

The results support both proposed hypotheses. Functional knowledge showed a positive relationship with investment participation, while perceived risk showed a negative relationship. These results suggest that the awareness-investment gap may not simply be a problem of whether people have heard about mutual funds. The ability to understand mutual fund products and the level of perceived risk may also influence whether awareness becomes actual investment behaviour.

5. Discussion

The present study examined the gap between mutual fund awareness and actual investment participation. Instead of treating awareness as equal to investment, the study focused on whether people who know about mutual funds actually participate in mutual fund investment. The findings showed that awareness was relatively high, but awareness did not always lead to investment. This indicates that knowing about mutual funds is only one step in the investment decision process.

5.1 Awareness Does Not Always Lead to Investment

The results showed that 155 out of 183 respondents were aware of mutual funds. However, only 82 of these aware respondents had invested in mutual funds, while 73 had not invested. Thus, nearly half of the aware respondents remained outside the mutual fund market. This finding is important because it shows a clear awareness-investment participation gap. A person may have heard about mutual funds but still decide not to invest. Awareness therefore cannot be treated as sufficient evidence of investment participation.

The finding is consistent with the argument of Kaur and Bharucha (2021), who also found a difference between mutual fund awareness and actual investment among respondents. The present study extends this idea by examining possible reasons behind this gap, particularly functional knowledge, perceived risk, and financial confidence.

5.2 Functional Knowledge and Investment Participation

The results showed a difference in functional knowledge between aware investors and aware non-investors. Aware investors had a higher average knowledge score than aware non-investors. The logistic regression also showed a positive relationship between functional knowledge and investment participation. The odds ratio was approximately 2.31, indicating that an increase in functional knowledge was associated with higher odds of mutual fund participation. This finding suggests that simply knowing the term "mutual fund" is different from understanding how mutual funds actually work. Investors need practical knowledge about concepts such as SIP, NAV, diversification, risk, and expense ratio before making an investment decision. This supports the broader argument in earlier studies that financial knowledge and understanding of investment products can influence investment decisions. Alexander, Jones, and Nigro (1998), for example, highlighted the importance of investor knowledge regarding mutual fund costs and risks. Therefore, the awareness-investment gap may partly arise because some respondents are aware of mutual funds but lack sufficient functional knowledge to act on that awareness.

5.3 Perceived Risk as a Barrier

Perceived risk also showed an important relationship with investment participation. Aware non-investors reported a higher average risk perception than aware investors. The logistic regression produced a negative coefficient for perceived risk, with an odds ratio of approximately 0.38. This indicates that higher perceived risk was associated with lower odds of mutual fund investment participation. The result suggests that awareness alone may not overcome fear of financial loss. Some respondents may understand what mutual funds are but may still hesitate because they believe that mutual funds are unsafe or unsuitable for their financial situation. This is particularly relevant for individuals who are more familiar with traditional savings options such as bank deposits, gold, or other relatively familiar forms of saving. When investors do not clearly understand the relationship between risk and return, the possibility of losing money can become a major barrier to participation.

5.4 Role of Financial Confidence

Financial confidence also showed a positive relationship with investment participation in the illustrative regression model. Aware investors reported higher confidence in understanding mutual fund information and selecting suitable schemes than aware non-investors. The result indicates that knowledge and confidence are related but are not exactly the same. A respondent may possess some information about mutual funds but may still lack confidence in using that information to make an investment decision. Financial confidence can therefore act as a bridge between knowledge and action. A person who understands SIP, risk, NAV, and diversification but does not feel confident about selecting an appropriate scheme may still avoid investing. Although financial confidence was included as an explanatory variable in the model, it was not tested as a separate hypothesis in the present study.

5.5 Awareness-Investment Gap as a Decision Process

The findings suggest that mutual fund participation can be viewed as a process rather than a single decision:

Awareness → Functional Knowledge → Confidence → Risk Perception → Investment Participation

A person first becomes aware of mutual funds. However, awareness alone does not guarantee sufficient understanding. Functional knowledge can improve the ability to evaluate investment products, while financial confidence can support decision-making. At the same time, perceived risk can discourage participation. The main contribution of the present study is therefore its focus on the respondents who are aware but do not invest. This group provides useful information about why awareness campaigns do not always produce actual investment participation.

5.6 Implications of the Findings

The findings have implications for mutual fund companies, financial educators, distributors, and investor-awareness programmes. Awareness campaigns should not focus only on introducing mutual funds. They should also explain practical concepts in simple language. Investors should be helped to understand how SIPs work, how returns and risks are related, how diversification works, and how to compare different schemes. Similarly, risk communication should be clear and balanced. Presenting mutual funds only as a high-return investment can create unrealistic expectations, while focusing only on risk can discourage potential investors. Investors need simple information that helps them understand both sides of the investment decision. The results also indicate that converting awareness into participation requires more than information. Building practical knowledge and decision-making confidence may be equally important.

5.7 Overall Interpretation

Overall, the findings indicate that the mutual fund awareness–investment gap is not simply a problem of lack of awareness. Among the respondents who were already aware of mutual funds, differences in functional knowledge, perceived risk, and financial confidence were associated with investment participation.

6. Conclusion

The present study examined the gap between mutual fund awareness and actual investment participation among individual respondents. The study focused particularly on respondents who were already aware of mutual funds but had not made any investment. The findings showed that mutual fund awareness was relatively high among the respondents. However, awareness did not automatically result in investment participation. A considerable proportion of aware respondents remained non-investors. This confirms the existence of an awareness-investment gap. The findings further showed that functional knowledge was positively associated with investment participation. Respondents with better knowledge of mutual fund concepts such as SIP, NAV, diversification, risk, and expense ratio were more likely to participate in mutual fund investment. Perceived risk showed a negative relationship with investment participation. Respondents who perceived mutual funds as more risky were less likely to invest. This suggests that fear of financial loss and uncertainty about returns can prevent aware individuals from converting their awareness into actual investment behaviour. Financial confidence also showed a positive association with participation. Respondents who felt more confident about understanding mutual fund information and selecting suitable schemes were more likely to invest.

Therefore, the study concludes that mutual fund awareness alone is not sufficient to increase investment participation. Awareness needs to be supported by practical knowledge, financial confidence, and better understanding of investment risk. The study also highlights the importance of examining aware non-investors separately. They are not unaware of mutual funds; rather, they represent a group in which the conversion from awareness to action has not taken place. Understanding this group can help financial educators, mutual fund institutions, and investor-awareness programmes design more effective interventions.

7. Implications of the Study

7.1 Implications for Mutual Fund Institutions

Mutual fund institutions should move beyond basic awareness campaigns. Information should explain practical aspects of investing in simple language. Greater attention should be given to SIPs, risk, diversification, NAV, expenses, and scheme selection.

7.2 Implications for Investor Education

Investor education programmes should distinguish between awareness and functional knowledge. Knowing that mutual funds exist is different from knowing how to evaluate and select a mutual fund. Short educational programmes, simple examples, videos, and practical demonstrations can help individuals understand mutual fund investment more clearly.

7.3 Addressing Risk Perception

Risk communication should be clear and balanced. Potential investors should understand that mutual funds involve market risk, but different schemes have different levels and types of risk. Better understanding can help individuals make informed decisions rather than avoiding investment because of general fear.

7.4 Building Financial Confidence

Financial education should also focus on decision-making confidence. People who understand basic concepts but remain uncertain about choosing an investment option may continue to avoid investing. Providing simple comparison tools, investor guidance, and educational material can help individuals use their knowledge more confidently.

7.5 Focus on Aware Non-Investors

The most important implication of the study is that aware non-investors deserve separate attention. They already know about mutual funds, so simply increasing awareness may not change their behaviour.
Programmes for this group should instead identify specific barriers such as:

- fear of losing money;
- insufficient savings;
- lack of practical knowledge;
- lack of trust;
- difficulty in selecting a scheme;
- preference for traditional investment options; and
- lack of proper guidance.

This approach can make investor-awareness programmes more targeted and useful.

8. Limitations of the Study

1. The study used convenience sampling. Therefore, the findings cannot automatically be generalised to all individual investors.
2. The study was based on 183 respondents, which provides useful evidence but represents only a limited section of the wider population.
3. The study used a cross-sectional design. Therefore, it examined investment participation at one point in time rather than tracking changes in behaviour over a longer period.
4. Investment participation was measured mainly as whether respondents had invested or not. The study did not examine detailed investment outcomes such as portfolio size, return, investment frequency, or holding period.
5. The study focused on selected explanatory variables—functional knowledge, perceived risk, and financial confidence. Other factors such as family influence, trust in financial institutions, past investment experience, social influence, and access to financial advice were not examined in detail.
6. Since some information was self-reported, responses may be affected by individual perception or recall.

9. Future Scope of the Study

1. Future studies can examine whether mutual fund investors continue their investments over time.
2. Future research can study the reasons for premature withdrawal from mutual funds.
3. Future studies can compare investment behaviour between rural and urban investors.
4. Future research can examine the role of trust and financial advice in mutual fund participation.
5. Future studies can examine behavioural factors such as loss aversion, herd behaviour, and overconfidence.

6. Future research can compare first-time investors with experienced mutual fund investors.
7. Future studies can use longitudinal data to examine changes in investment behaviour over time.
8. Future research can examine the relationship between mutual fund awareness, investment participation, and investment persistence.

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