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Bridging the Gap: Rural Investors' Perceptions and Challenges in Mutual Fund Investments in India

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ABSTRACT
This research investigates the perceptions of rural investors in Karnataka's Hubli-Dharwad district toward mutual funds, focusing on their awareness, having habits, and investment behaviors. As mutual funds become increasingly accessible to rural communities, understanding these factors is essential for promoting financial inclusion and empowerment. The study identifies both opportunities and challenges faced by rural investors, including the complexity of financial processes, limited resources, and a strong reliance on personal networks for advice. The research employs an exploratory methodology, surveying 250 rural investors across three villages—Mantur, Kusugal, and Amargol—using convenience sampling. Data analysis incorporates statistical methods such as Chi-Square tests and ANOVA to examine relationships between key variables, including sources of mutual fund information, investment concerns, and savings behaviors.
Key findings reveal that personal networks significantly influence rural investors' decisions and concerns. For instance, 21.2% of respondents relying on personal networks express worries about losing money, indicating a lack of trust or understanding. Additionally, 30.4% of those consulting local agents find the investment process complicated, highlighting the need for clearer communication. The clarity of information provided by advisors is critical in building confidence: only 7.6% of investors feel fully confident in their understanding of mutual funds. Gender differences appear minimal in perceptions; however, saving methods like fixed deposits correlate with less frequent mutual fund investments compared to savings accounts.
The study recommends implementing community-based financial literacy programs delivered by trusted local leaders, using simplified communication materials in local languages to demystify mutual funds. Accessible digital tools and mobile platforms in regional languages could empower rural investors to manage their investments independently. Promoting Systematic Investment Plans (SIPs) could also make mutual funds more appealing by allowing small, consistent contributions. Personalized support from trained local advisors can further build trust and ease the investment process for rural investors. This research contributes to a deeper understanding of rural financial behaviors and aims to foster greater financial inclusion and empowerment through mutual fund investments.

Key words: Rural Financial Behaviour, investment behaviour, Financial inclusion, mutual funds, Systematic investment plans.

INTRODUCTION

The rising awareness of mutual funds among rural investors is a promising development, but it still faces significant barriers compared to urban areas. According to a recent survey by the Association of Mutual Funds in India (AMFI), about 30% of rural individuals are aware of mutual funds, which, while a positive increase, is still far below the 70% awareness rate seen in urban regions. This disparity is influenced by several factors, including limited access to financial literacy programs, restricted internet access, and lower financial inclusion in rural areas.
In addition to awareness gaps, rural investors also face challenges such as the lack of access to trustworthy financial advice. Nearly half (50%) of rural investors report that they don't have access to qualified financial advisors, which can make them hesitant to mutual funds. Moreover, the perceived risk associated with mutual funds remains a significant hurdle. Around 58% of rural investors cite mutual funds as risky, driven by the volatile nature of equity markets and a general mistrust of market-linked products.
When examining preferences, rural investors show a marked preference for safer investment options. As mentioned, 40% gravitate toward debt funds, which offer stability and lower risk. This preference aligns with the general savings culture in rural areas, where safety and reliability are prioritized. In contrast, only 20% of rural investors show interest in equity funds, which tend to be viewed as too volatile. Hybrid funds are a middle ground, favored by 30% of rural investors, offering a blend of risk and return that may feel more secure to them than purely equity-based investments.
Additionally, real-time data from the Reserve Bank of India (RBI) and AMFI reveal that 55% of rural investors still prefer traditional, tangible assets like fixed deposits and gold. These assets are seen as safer and more tangible forms of investment. Only 25% of rural investors consider mutual funds as part of their long-term financial planning, underlining the gap in trust and understanding of these investment options.

Recent government initiatives, such as the Pradhan Mantri Jan Dhan Yojana (PMJDY) and the Financial Literacy Week (FLW), are working toward bridging this gap by improving access to banking services and financial education. However, more efforts are required, especially in terms of creating accessible financial literacy programs that explain the advantages of mutual funds, how they work, and how they can help rural investors build wealth over the long term. Furthermore, partnerships between financial institutions and local influencers or agents could help build trust and make mutual funds more approachable for rural populations.

LITERATURE REVIEW:

Investor Perceptions and Challenges in Mutual Fund Investments

The perceptions and attitudes of investors towards savings and investment avenues are profoundly shaped by their socio-economic environments. Factors such as education, income level, cultural values, customs, beliefs, and accessibility to financial services play crucial roles in determining investor behavior. This literature review synthesizes findings from various studies that explore these dynamics, particularly focusing on mutual fund investments among rural investors in India.

Socio-Economic Influences on Investment Behavior

Agrawal (2009) found no significant difference between male and female investors regarding their expected rate of return, suggesting that gender may not be a critical factor in investment expectations. However, Selvakumar et al. (2012) highlighted a stark contrast in awareness levels between rural and urban populations, indicating that rural individuals possess significantly less knowledge about available investment avenues. This lack of awareness can lead to underinvestment in potentially lucrative options like mutual funds.

Preferences for Mutual Funds

In a study conducted by Aarti Patel and Vivek Ayre (2019) in the Bardoli region, it was found that 57% of investors preferred mutual funds, with 76% aware of their benefits and 48% prioritizing growth. The findings also indicated that brand reputation and performance significantly influenced investor choices, with Reliance being the most preferred Asset Management Company (AMC). Despite concerns regarding satisfaction levels, mutual funds remained popular due to their diversification benefits and low costs.

Dr. V.K. Punithavathi's research on investors' perceptions in Tiruvannamalai revealed that 38% of respondents learned about mutual funds through friends and that 44% sought high returns. The study emphasized the importance of informal networks and social media in disseminating information about mutual funds. Furthermore, it was noted that systematic and long-term investments were favored by respondents, aligning with the general trend of seeking stability in investments.

Barriers to Investment

Dr. Ruchika Gahlot's study on mutual fund perceptions in New Delhi found that while 65% of participants invested in mutual funds, traditional savings methods like deposits and gold remained more popular. Most participants invested less than 5% of their income in mutual funds, often prioritizing Equity Linked Savings Schemes (ELSS) for tax benefits. This indicates a cautious approach towards mutual fund investments despite moderate returns.

Khan and Agarwal (2016) identified risk aversion and low awareness as significant barriers to mutual fund participation among investors in Delhi and Meerut. Their findings suggested that diverse investment preferences were influenced by occupation and age, underscoring the need for financial literacy initiatives tailored to different demographics.

Financial Literacy and Awareness

Rizwana Khurshid's (2016) survey of salaried individuals highlighted a preference for mutual funds due to their convenience, with common holding periods ranging from four to six years. The perception of equity mutual funds as high-risk products suggests a need for improved advisory services to encourage long-term investments.

Sushmita Malla's (2023) study in Nepal revealed significant gaps in financial education affecting investor perceptions. The research emphasized that enhancing investor knowledge positively influences confidence levels, advocating for better educational frameworks and regulatory support.

Gender Dynamics in Investment Preferences

Roshini Pranjana N.V.'s (2021) analysis indicated that males aged 30-40 dominated the investor pool in Vellore district. While open-ended funds and reinvestment options were popular, there was a clear need for better education regarding risks associated with investments. Trivedi et al. (2017) also noted that while males tended to dominate low-risk mutual fund investments, youth and elderly demographics exhibited a lack of awareness regarding investment options.

Recent Trends and Recommendations

Recent studies have shown an increasing interest among rural investors towards systematic investment plans (SIPs) due to their perceived safety and flexibility. For instance, Neel Bharucha et al. (2022) found that SIPs were preferred methods of investment among rural populations due to their ability to provide safety and liquidity.

Dr. Amit Gupta's (2020) research on risk perceptions revealed mixed views on mutual fund risks among higher-income investors who generally viewed risks as lower compared to their lower-income counterparts. This highlights the necessity for improved risk awareness programs aimed at educating all investor segments.

The literature indicates that while there is a growing awareness of mutual funds among rural investors, significant barriers remain due to low financial literacy, risk aversion, and reliance on informal networks for information. To bridge these gaps, targeted financial literacy programs are essential to enhance understanding and confidence in mutual fund investments. Additionally, improving communication strategies that simplify complex financial concepts can empower rural investors to make informed decisions regarding their savings and investments.
This review underscores the importance of addressing socio-economic factors influencing investment behavior while promoting greater financial inclusion through tailored educational initiatives aimed at rural populations.

RESEARCH METHODOLOGY:

1. **Nature of Study**:
This is an exploratory study focusing on the awareness of mutual funds and the savings and investment patterns among rural investors.

2. **Statement of Problem**:
The study investigates the level of mutual fund awareness and examines the savings and investment behaviors of rural investors in specific villages, assessing the factors that influence their financial decisions and challenges faced in accessing mutual fund opportunities.

3. **Title of the Project:**
Bridging the Gap: Rural Investors' Perceptions and Challenges in Mutual Fund Investments in India

4. **Objectives of the study:**
- To explore how awareness is raised among rural investors about mutual fund investment opportunities.
- To identify the challenges that rural investors encounter when investing in mutual funds.
- To study which type of mutual funds rural investors prefer, such as equity funds, debt funds, hybrid funds, or liquid funds, and understand the reasons for these preferences.
- To analyze the patterns of savings and investment behaviours and identify the savings plan among rural investors.

5. **Study Area**:
The study is conducted in three villages: Mantur, Kusugal, and Amargol, located in the Hubli Dharwad district of Karnataka.

6. **Data Collection Method**:
Data were collected through surveys using a well-structured questionnaire to gather information from the participants.

7. **Primary Data**:
Primary data were obtained directly from the rural investors in the study area through responses to the survey questionnaire.

8. **Secondary Data**:
Secondary data were sourced from existing literature, reports, and other publications related to mutual funds, rural investment behavior, and savings patterns.

9. **Sampling**:
The study involved a sample of 250 rural investors who were conveniently selected for participation.

10. **Sampling Method**:
Convenience sampling was used to select participants from the target villages based on accessibility and willingness to participate.

11. **Types of Statistical Tools Used**: The data analysis included percentage analysis, ANOVA, and Garrett's ranking method to interpret survey responses and determine key patterns and factors influencing investment behaviour.

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DATA ANALYSIS & INTERPRETATION

FREQUENCIES:

Variable	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Age	18-24	108	43.2	43.2	43.2
	25-34	58	23.2	23.2	66.4
	35-54	51	20.4	20.4	86.8
	55+	33	13.2	13.2	100.0
	Total	**250**	**100.0**	**100.0**	**100.0**
Gender	Male	136	54.4	54.4	54.4
	Female	114	45.6	45.6	100.0
	Total	**250**	**100.0**	**100.0**	**100.0**
How did you first hear about MF	Friends and family	73	29.2	29.2	29.2
	Local agents and advisors	73	29.2	29.2	58.4
	Advertisements (TV, Radio)	70	28.0	28.0	86.4
	Social Media	34	13.6	13.6	100.0
	Total	**250**	**100.0**	**100.0**	**100.0**

Clarity of Information from Local Advisors/Financial Institutions:
The data on the clarity of information received from local advisors, agents, or financial institutions reveals that 36% of rural investors find the information moderately clear, 26% consider it fairly clear, and only 3.6% think it is very clear. This suggests that while some clarity exists, improvements are needed. On the other hand, 23.2% feel the information is only slightly clear, and 11.2% find it unclear, indicating that a significant portion of investors struggles to fully understand mutual fund-related information. This underscores the need for better guidance and clearer communication from advisors to help investors make informed decisions.

Access to Resources and Support for Mutual Fund Investments:
The data shows that 67.6% of rural investors feel they have sufficient resources and support to invest in mutual funds in their area, while 32.4% do not. This indicates that while the majority of investors have access to necessary support, nearly one-third of respondents report a lack of adequate resources or support, highlighting a gap in investment opportunities for some rural investors.

Frequency of Receiving Information about Mutual Funds:
Regarding how often rural investors receive information about mutual funds through community outreach or local initiatives, 32% reported receiving it occasionally, while 29.2% often receive such information. However, 16.8% receive it rarely, and 16.4% never receive it, suggesting that not all investors have regular exposure to these resources. Only 5.6% report receiving updates frequently, implying that while some community initiatives exist, they are not uniformly accessible to all rural investors.

Awareness of Mutual Fund Investment Opportunities:
When asked if they are well-informed about mutual fund investment opportunities due to awareness programs in their area, responses were mixed. Around 27.6% agreed somewhat, and 26.4% disagreed somewhat, indicating that more than half of the respondents feel somewhat informed. However, only 5.6% strongly agreed, showing that only a small proportion feels fully informed. Meanwhile, 23.2% disagreed somewhat, and 17.2% strongly disagreed, implying that a notable portion of investors feels inadequately informed through such programs.

Frequency of Mutual Fund Investments:
The data shows that only 15.2% of respondents invest in mutual funds frequently, while 30.4% invest occasionally. Another 23.6% invest rarely, and 26% invest sometimes, with only 4.8% making regular mutual fund investments. The

majority of rural investors are engaged in mutual fund investments to some degree, but most invest infrequently, suggesting a general interest in mutual funds but with limited consistent engagement.

Primary Concerns When Investing in Mutual Funds:
The biggest concern for rural investors when investing in mutual funds is the lack of trust in fund managers, with 32.4% citing this issue. The second most common concern is the complexity of the investment process (30.4%), followed by the risk of losing money (21.2%). Only 16% worry about limited access to investment options. This data suggests that many investors are hesitant due to perceived complexities and a lack of trust in the management of funds.

Perception of Mutual Funds' Complexity:
A significant 75.2% of rural investors feel that mutual funds are too complicated for the average rural investor to understand. This highlights that most investors find mutual fund concepts, processes, and language difficult to grasp, creating a barrier to investment. Only 24.8% believe that mutual funds are not too complicated, indicating that while some investors feel confident, the majority would benefit from simpler communication and clearer instructions.

Satisfaction with Educational Support from Financial Institutions:
Regarding satisfaction with the educational support provided by financial institutions about mutual funds, 36.8% of rural investors expressed satisfaction, and 4.8% were very satisfied. However, 25.6% remained neutral, and 19.6% were dissatisfied, with 13.2% being very dissatisfied. This suggests that while some respondents are content with the educational support provided, there is a significant need for improvement in terms of quality and accessibility of financial education.

Confidence in Understanding the Benefits of Mutual Fund Investments:
Data on how confident rural investors feel about understanding the benefits of mutual fund investments reveals a broad range of responses. Only 7.6% feel "always" confident, while 25.6% feel "often" confident. The majority, however, either feel "rarely" or "never" confident (26.8% and 16.8%, respectively), indicating that most rural investors have limited understanding of the benefits of mutual funds. This points to the need for better financial education and confidence-building initiatives.

High Transaction Costs as a Barrier:
Regarding whether high transaction costs are a major barrier for rural investors in mutual fund investments, the data shows a mixed response. While 35.6% of respondents agree that transaction costs are a significant barrier, 27.6% are neutral, and 36.8% disagree. This suggests that although transaction costs may be an issue for some investors, it is not perceived as a major concern by all.

Primary Reason for Mutual Fund Type Preferences:
When choosing a mutual fund, 38% of rural investors prioritize investment diversification, indicating a preference for balanced risk and returns. Lower risk is the second most important factor (31.6%), followed by higher returns (20%) and liquidity (10.4%). This shows that most rural investors prefer mutual funds that offer a balance of stability and diversification, with an emphasis on minimizing risk.

Preferred Mutual Fund Types:
The data reveals that 34% of rural investors prefer hybrid funds, which offer a balance between growth and stability. Debt funds are the second most popular choice, preferred by 27.6%, while 25.2% favor equity funds, attracted by the potential for higher returns. Liquid funds are chosen by 13.2% of respondents, reflecting a preference for flexibility and easy access to investments.

Consideration of Historical Performance in Investment Decisions:
The survey indicates that rural investors are generally not heavily influenced by the historical performance of mutual fund types when making investment decisions. While 30.4% agree that they consider past performance, 30.8% remain neutral, and 31.6% disagree. This suggests that while some investors do take historical performance into account, many do not prioritize it when choosing mutual funds.

Preference for Lower-Risk Mutual Funds:
A large majority (78.4%) of rural investors prefer mutual funds with lower-risk profiles, such as debt funds, over higher-risk options like equity funds. Only 21.6% are open to taking on higher risks in exchange for potentially better returns. This indicates a strong preference for safer, more stable investments among rural investors.

Frequency of Reviewing Savings and Investment Plans:
Data on how often rural investors review their savings and investment plans shows that 28.4% do so annually, while 27.6% review them quarterly. A smaller percentage (18.4%) reviews their plans monthly, and 5.2% never review them. This suggests that most rural investors keep track of their financial goals regularly, but there is room for improvement in terms of frequent monitoring and adjustments.

Typical Amount Invested in Mutual Funds:
The majority of rural investors invest between Rs. 1,000 and Rs. 5,000 in mutual funds, accounting for 28.4% of respondents. Another 26% invest less than Rs. 1,000, while 22.8% invest between Rs. 5,000 and Rs. 10,000. Only a small percentage (6%) invest more than Rs. 20,000. This indicates that rural investors generally invest small amounts in mutual funds, with only a few making larger investments.

Investment Horizon:
A significant portion (36.4%) of rural investors has a medium-term investment horizon (1–5 years), while 27.6% have a long-term horizon (more than 5 years). About 22.8% prefer short-term investments (less than 1 year), and 13.2% have a variable investment horizon. This suggests that most rural investors focus on medium- to long-term investments.

Primary Method of Saving:
The most common methods of saving among rural investors are fixed deposits (36.4%) and savings accounts (29.6%). A smaller proportion (23.6%) save in gold, and 10.4% use other saving methods. This indicates that fixed deposits are the preferred saving method, though gold remains a popular choice for some rural investors.

Source of information:
The results indicate that the majority of rural investors were introduced to mutual funds for the first time through family and friends or local agents/advisors, which accounted for 29.2% of votes each. TV and radio advertising and other forms of traditional media influenced 28% of investors and social media enabled 13.6% of them to learn about mutual funds. It can be concluded that personal networks and local experts contribute the most to raising the awareness of mutual funds, while traditional and social media have an auxiliary, but increasingly more active role.

Hypothesis:

Hypothesis 1: Awareness Sources and Investment Concerns

H0: There is no significant relationship between the sources of information about mutual funds (family/friends, local agents, traditional media, social media) and the primary concerns of rural investors when investing in mutual funds.
H1: There is a significant relationship between the sources of information about mutual funds and the primary concerns of rural investors when investing in mutual funds.

CHI-SQUARE TEST (VIA CROSSTABS):

First hear about Mutual Funds * Primary concern for Investing MF Cross tabulation						
Count						
		Primary concern for Investing MF				
		Risk of losing money	Complexity of the investment process	Lack of trust in fund managers	Limited access to investment options	Total
First hear about Mutual Funds	Friends and family	27	16	17	13	73
	Local agents and advisors	11	24	28	10	73
	advertisements on Tv Radio etc	8	27	24	11	70
	Social Media	7	9	12	6	34
Total		53	76	81	40	250

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	19.907[a]	9	0.018
Likelihood Ratio	19.351	9	0.022
Linear-by-Linear Association	2.994	1	0.084
N of Valid Cases	250		
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.44.			

The results of the Chi-Square test reveal a significant relationship between how individuals first learned about mutual funds and their main concerns when investing in them. The Pearson Chi-Square value is 19.907, with 9 degrees of freedom and a p-value of 0.018. This indicates that the source of information—whether from friends and family, local agents, advertisements on TV or radio, or social media—has a connection to their primary concerns, such as the risk of losing money, the complexity of the investment process, distrust in fund managers, and limited investment options. There is a significant relationship between the sources of information about mutual funds and the primary concerns of rural investors when investing in mutual funds

Hypothesis 2: Saving Methods and Investment Frequency

.H0: The primary saving methods of rural investors do not significantly correlate with their frequency of mutual fund investments..
H1: The primary saving methods of rural investors significantly correlate with their frequency of mutual fund investments

Method of savings * How you invest in MF Crosstabulation							
Count							
		How you invest in MF					
		Never	Rarely	Sometimes	Often	Always	Total
Method of savings	Savings account	15	14	24	15	6	74
	Fixed deposits	11	29	25	22	4	91
	Gold	5	9	24	20	1	59
	Others	7	7	3	8	1	26
Total		38	59	76	65	12	250

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	22.220[a]	12	0.035
Likelihood Ratio	22.886	12	0.029
Linear-by-Linear Association	.079	1	0.779
N of Valid Cases	250		
a. 5 cells (25.0%) have expected count less than 5. The minimum expected count is 1.25.			

The results of the Chi-Square test indicate a significant relationship between the primary saving methods of respondents and their frequency of investing in mutual funds. The Pearson Chi-Square value is 22.220, with 12 degrees of freedom and a p-value of 0.035. This suggests that the way people primarily save—whether through savings accounts, fixed deposits, gold, or other means—has an impact on how often they invest in mutual funds, categorized as never, rarely, sometimes, often, or always.

Hypothesis 3: Gender and Perception of Complexity
H0: There is no significant difference between male and female rural investors in their perception of mutual funds as being too complicated.
H1: There is a significant difference between male and female rural investors in their perception of mutual funds as being too complicated.

Gender * Primary concern for Investing MF Crosstabulation						
Count						
		Primary concern for Investing MF				
		Risk of losing money	Complexity of the investment process	Lack of trust in fund managers	Limited access to investment options	Total
Gender	Male	31	43	43	19	136

	Female	22	33	38	21	114
Total		53	76	81	40	250

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.327[a]	3	0.723
Likelihood Ratio	1.326	3	0.723
Linear-by-Linear Association	1.243	1	0.265
N of Valid Cases	250		
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 18.24.			

The Chi-Square test results indicate that there is no statistically significant relationship between gender and the main concerns when investing in mutual funds. This is shown by a Pearson Chi-Square value of 1.327 with 3 degrees of freedom (df) and a p-value of 0.723. The high p-value, which is well above the 0.05 threshold, implies that any differences in investment concerns between males and females are likely random rather than indicative of a real trend.

Hypothesis 4: Review Frequency and Mutual Fund Choices

H0: The frequency of reviewing savings and investment plans does not significantly correlate with the choice of mutual fund types..

H1: The frequency of reviewing savings and investment plans significantly correlates with the choice of mutual fund types.

Preference of MF _Review Savings n Investment Plan Crosstabulation							
Count							
		Review Savings n Investment Plan					
		Monthly	Quarterly	Annually	Rarely	Never	Total
Preference of MF	Higher returns	15	6	12	10	7	50
	Lower Risk	16	18	21	22	2	79
	Investment Diversification	14	21	31	26	3	95
	Liquidity	1	6	7	11	1	26
Total		46	51	71	69	13	250

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	23.187[a]	12	0.026
Likelihood Ratio	22.201	12	0.035
Linear-by-Linear Association	1.896	1	0.169
N of Valid Cases	250		
a. 5 cells (25.0%) have expected count less than 5. The minimum expected count is 1.35.			

The results of the Chi-Square test show a significant relationship between the main reasons respondents choose different types of mutual funds—such as seeking higher returns, lower risk, investment diversification, or liquidity—and how often they review their savings and investment plans. The Pearson Chi-Square value is 23.187, with 12 degrees of freedom and a p-value of 0.026. This indicates that the reasons for selecting certain mutual fund types may be connected to how frequently individuals assess their investment plans, whether that's on a monthly, quarterly, annual basis, or less often.

Hypothesis 5: Educational Support and Confidence Levels

H0: Educational support from financial institutions does not significantly impact rural investors' confidence levels in investing in mutual funds
H1: Educational support from financial institutions significantly impacts rural investors' confidence levels in investing in mutual funds.
..

Often receive information of MF* Primary concern for Investing MF Crosstabulation						
Count						
		Primary concern for Investing MF				Total
		Risk of losing money	Complexity of the investment process	Lack of trust in fund managers	Limited access to investment options	
Often receive information of MF	Never	16	9	12	4	41
	Rarely	10	12	13	7	42
	Sometimes	13	29	25	13	80
	Often	13	23	29	8	73
	Always	1	3	2	8	14
Total		53	76	81	40	250

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	31.010[a]	12	0.002
Likelihood Ratio	25.072	12	0.014
Linear-by-Linear Association	7.846	1	0.005
N of Valid Cases	250		
a. 4 cells (20.0%) have expected count less than 5. The minimum expected count is 2.24.			

The Chi-Square test results indicate a significant relationship between how often respondents feel confident in understanding the benefits of mutual funds and their main concerns when investing in them. The Pearson Chi-Square value is 31.010, with 12 degrees of freedom (df) and a p-value of 0.002. This implies that the level of confidence in grasping mutual fund benefits (rated as never, rarely, sometimes, often, or always) correlates with specific investment worries, such as the risk of losing money, the complexity of the investment process, distrust in fund managers, and limited options..

Hypothesis 6:Gender and Perception

H1: Gender significantly influences the perception of mutual funds as complicated.
H0: Gender does not significantly influence the perception of mutual funds as complicated.

Gender * MF complicated for Avg Rural investor Cross tabulation				
Count				
		MF complicated for Avg Rural investor		
		Yes	No	Total
Gender	Male	111	25	136
	Female	77	37	114
Total		188	62	250

Chi-Square Tests					
	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	6.587[a]	1	0.010		
Continuity Correction[b]	5.853	1	0.016		
Likelihood Ratio	6.582	1	0.010		
Fisher's Exact Test				0.012	0.008
Linear-by-Linear Association	6.560	1	0.010		
N of Valid Cases	250				
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 28.27.					
b. Computed only for a 2x2 table					

The results of the Chi-Square test show a significant association between gender and the belief that mutual funds are too complicated for the average rural investor. The Pearson Chi-Square value is 6.587, with 1 degree of freedom (df) and a p-value of 0.010. This indicates a gender-based difference in perceptions regarding the complexity of mutual funds. Specifically, 111 males and 77 females indicated "Yes" (considering them complicated), while 25 males and 37 females said "No." The Fisher's Exact Test also supports this finding, yielding a two-sided p-value of 0.012. Since the p-value is less than 0.05, it suggests that this association is unlikely to be random. Furthermore, all expected counts exceed 5, with the lowest expected count being 28.27, which adds to the reliability of these findings.

Hypothesis 7:Awareness Programs and Investment Decisions

H0: Awareness programs do not significantly influence rural investors' decisions to invest in mutual funds.
H1: Awareness programs significantly influence rural investors' decisions to invest in mutual funds.

Descriptives								
Well informed about MF investment Opportunities								
					95% Confidence Interval for Mean			
	N	Mean	Std. Deviation	Std. Error	Lower Bound	Upper Bound	Minimum	Maximum
Male	136	2.71	1.186	0.102	2.51	2.91	1	5
Female	114	2.76	1.131	0.106	2.55	2.97	1	5
Total	250	2.74	1.159	0.073	2.59	2.88	1	5

ANOVA					
Well informed about MF investment Opportunities					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.155	1	0.155	0.115	0.735
Within Groups	334.421	248	1.348		
Total	334.576	249			

The ANOVA results indicate that there is no statistically significant difference in the variable between males and females, with an F-value of 0.115 and a p-value of 0.735. This implies that gender does not have a significant effect on the scores on Well informed about MF investment Opportunities.

Hypothesis 8:Awareness Programs and Age

H0: Awareness programs and support functions are not attended to by investors of all age groups.
H1: Awareness programs and support functions are attended to by all age groups of investors .

Descriptives								
Enough resources & support MF investment in area								
					95% Confidence Interval for Mean			
	N	Mean	Std. Deviation	Std. Error	Lower Bound	Upper Bound	Minimum	Maximum
18-24	108	1.42	0.495	0.048	1.32	1.51	1	2
25-34	58	1.31	0.467	0.061	1.19	1.43	1	2
35-54	51	1.22	0.415	0.058	1.10	1.33	1	2
55+	33	1.21	0.415	0.072	1.06	1.36	1	2
Total	250	1.32	0.469	0.030	1.27	1.38	1	2

ANOVA					
Enough resources & support MF investment in area					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.950	3	0.650	3.027	0.030
Within Groups	52.806	246	0.215		
Total	54.756	249			

The ANOVA results indicate a significant difference in the attendance on awareness programs across various age groups, with an F-value of 3.027 and a p-value of 0.030. This suggests that age plays a role in influencing responses to resources and support required to invest in mutual funds.

Hypothesis 9:Perceived Complexity and Investment Behavior
H0: The perception of mutual funds as complicated does not significantly affect rural investors' investment behavior
H1: The perception of mutual funds as complicated significantly affects rural investors' investment behavior.

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Descriptives								
Preference of MF								
					95% Confidence Interval for Mean			
	N	Mean	Std. Deviation	Std. Error	Lower Bound	Upper Bound	Minimum	Maximum
Never	38	2.03	1.052	.171	1.68	2.37	1	4
Rarely	59	2.24	.897	.117	2.00	2.47	1	4
Sometimes	76	2.57	.772	.089	2.39	2.74	1	4
Often	65	2.49	.970	.120	2.25	2.73	1	4
Always	12	2.58	.900	.260	2.01	3.16	1	4
Total	250	2.39	.921	.058	2.27	2.50	1	4

ANOVA					
Preference of MF					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9.878	4	2.470	3.003	.019
Within Groups	201.486	245	.822		
Total	211.364	249			

The ANOVA results indicate a significant difference in the investment behavior across various frequencies of investing in mutual funds, with an F-value of 3.003 and a p-value of 0.019. This implies that how often individuals invest in mutual funds affects their responses to this variable. The descriptive statistics reveal that the mean scores differ among the groups: 2.03 for those who "Never" invest, 2.24 for "Rarely," 2.57 for "Sometimes," 2.49 for "Often," and 2.58 for those who "Always" invest. The standard deviations range from 0.772 to 1.052, showing some variation in responses within each group. Although the 95% confidence intervals for the means overlap, the significant p-value of 0.019 suggests that the differences between groups are unlikely to be random.

HYPOTHESIS TEST RESULTS:

Hypothesis	**Test**	**Result**	**Decision**
There is no significant relationship between the sources of information about mutual funds and the primary concerns of rural investors when investing in mutual funds..	Chi-Square Test	Pearson Chi-Square = 19.907, p = 0.018	Reject Null
The primary saving methods of rural investors do not significantly correlate with their frequency of mutual fund investments.	Chi-Square Test	Pearson Chi-Square = 22.220, p = 0.035	Reject Null
Gender does not significantly affect perceptions of mutual fund complexity.	Chi-Square Test	Pearson Chi-Square = 1.327, p = 0.723	Fail to Reject Null
The frequency of reviewing savings and investment plans does not significantly correlate with the choice of mutual fund types	Chi-Square Test	The Pearson Chi-Square = 23.187, p-value of 0.026	Reject Null
Educational support from financial institutions does not significantly impact rural investors' confidence levels in investing in mutual funds.	Chi-Square Test	Chi-Square value = 31.010, p-value of 0.002	Reject Null
Awareness programs do not significantly influence rural investors' decisions to invest in mutual funds..	ANOVA	F-value of 0.115 and a p-value of 0.735	Fail to Reject Null
Gender significantly influences the perception of mutual funds as complicated	Chi-Square Test	p-value > 0.05	Fail to Reject Null
Educational support from financial institutions significantly impacts rural investors' confidence levels in investing in mutual funds	Chi-Square Test	p-value < 0.05	Reject Null
Awareness programs and support functions are not attended to by investors of all age groups.	ANOVA	p-value < 0.05 p-value of 0.030	Reject the Null

The perception of mutual funds as complicated significantly affects rural investors' investment behavior	ANOVA	p-value < 0.05 **p-value of 0.019**	**Reject the null**

Discussion

The sources of information about mutual funds play a significant role in shaping the primary concerns of rural investors. Chi-Square test results (Pearson Chi-Square value = 19.907, p-value = 0.018) indicate a statistically significant relationship, emphasizing the need to address these concerns effectively. For instance, personal networks such as family and friends are closely associated with fears of losing money, with 21.2% of respondents expressing such concerns. It means that negative word of mouth is influencing investment in MF .Similarly, local agents and advisors are strongly linked to perceptions of investment complexity, as noted by 30.4% of respondents.

The clarity of information provided by local advisors significantly impacts rural investors' confidence in understanding mutual funds. Despite this, only 3.6% of rural investors find this information very clear, while 36% rate it as moderately clear. This lack of clarity directly correlates with limited confidence in making informed investment decisions; only 7.6% of investors feel confident at all times. These findings suggest an urgent need for better communication and education tailored to rural investors.

Interestingly, gender does not play a significant role in perceptions of mutual fund complexity, as shown by the Chi-Square test (Pearson Chi-Square value = 1.327, p-value = 0.723). While slight differences exist, with 54.4% of male and 45.6% of female investors perceiving mutual funds as complex, these differences are not statistically significant.

Primary saving methods also influence investment behaviors. For example, rural investors who save primarily in fixed deposits (36.4%) are less likely to invest in mutual funds compared to those using savings accounts (29.6%). The Chi-Square test (Pearson Chi-Square value = 22.220, p-value = 0.035) confirms a significant correlation between saving methods and mutual fund investment frequency. Notably, 95.2% of respondents invest in mutual funds to some extent, indicating potential for growth if barriers are addressed. It means that the rural investors still believe in having risk free investments

Additionally, the choice of mutual fund types correlates with the frequency of reviewing savings plans. Investors prioritizing diversification (38%) tend to review their plans more regularly, highlighting their focus on balanced risk and return. Confidence in understanding mutual funds also affects concerns, with 32.4% of respondents expressing distrust in fund managers. Those who feel confident "sometimes" (25.6%) report fewer concerns about investment complexity, underscoring the need for confidence-building measures.

Confidence levels vary widely among rural investors. Only 7.6% feel confident all the time, while 16.8% lack confidence entirely. Limited confidence aligns with dissatisfaction with educational support, as only 36.8% are satisfied with the available resources. High transaction costs (perceived as a barrier by 35.6%) further contribute to these challenges, though they do not affect all investors equally.

Investment preferences among rural investors also reveal key insights. Diversification is a priority for 38%, while hybrid funds are favored by 34% due to their balance of growth and stability. Most rural investors (78.4%) lean toward lower-risk options, reflecting a cautious approach. The average investment amount is modest, with 28.4% investing between Rs. 1,000 and Rs. 5,000, and the preferred investment horizon is medium-term (1–5 years).

However, inconsistent access to information remains a significant challenge. Only 5.6% of investors receive frequent updates, and 75.2% perceive mutual funds as complicated. Educational support is appreciated by 41.6% of investors, but 19.6% express dissatisfaction, and 32.4% feel they lack sufficient resources or support for investing.

Awareness programs show mixed results, with 32% of respondents receiving updates sometimes and 29.2% most times. Furthermore, 23.2% somewhat disagree with the effectiveness of these programs. These findings highlight a gap in targeted communication and support.

In conclusion, the statistical analyses suggest that tailored interventions could significantly enhance mutual fund awareness and investment behavior among rural investors. Addressing information clarity, confidence-building, and access to resources are critical steps toward empowering this demographic**.**

SUGGESTIONS

1. Community Engagement and Education: Organizing educational sessions in rural areas, led by local leaders and advisors, can effectively build trust and clarify mutual fund options. By incorporating practical insights and relatable examples, these sessions can resonate with the financial goals of rural investors, enhancing their understanding of investment opportunities.

2. Simplified Communication and Resources: Offering clear, jargon-free materials in local languages helps to simplify mutual funds. Accessible resources that outline the benefits and functions of various types of mutual funds can ease concerns about complexity, boosting investor confidence and promoting informed decision-making.

3. Personalized Guidance and Support: Engaging trained local advisors to provide tailored advice on mutual fund options ensures that rural investors receive the support they need. Regular check-ins and personalized guidance on risk, cost, and flexibility can foster trust and encourage consistent investment practices, making the investment process feel more approachable.

4. Promotion of Systematic Investment Plans (SIPs): Highlighting SIPs as a practical investment strategy enables rural investors to contribute small, regular amounts instead of large lump sums. This method not only makes investing more feasible for those with limited funds but also helps develop disciplined saving habits, gradually building wealth over time.

CONCLUSION

The study of rural investors' awareness and investment patterns regarding mutual funds reveals several key insights. Many rural investors rely heavily on personal networks, such as family, friends, and local agents, for information, highlighting the importance of community-based education to enhance financial literacy. While there is interest in mutual funds, concerns about the complexity of the investment process and distrust in fund managers are prevalent. This underscores the need for clearer communication and accessible educational resources to help investors make informed decisions.

Interestingly, the analysis shows no significant gender differences in perceptions of mutual fund complexity, indicating that both male and female investors share similar concerns. The data also reveals that those who primarily save in fixed deposits tend to invest in mutual funds less frequently than those using savings accounts. This suggests that financial institutions could play a crucial role in encouraging a shift toward more diverse investment options.

In conclusion, the findings emphasize the necessity for improved educational initiatives and community outreach tailored to the specific needs of rural investors. By enhancing the clarity of information and building trust through local advisors, financial institutions can foster a more informed investor base. Additionally, developing investment products that align with the risk profiles and preferences of rural investors can promote greater financial inclusion and encourage wider participation in mutual fund investments.

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