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# Rural and Urban Investors in Mutual Fund– A Trend Study on Washim City

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**ABSTRACT:** The mutual fund industry in India began in 1963 with the establishment of the Unit Trust of India (UTI), a joint initiative by the Government of India and the Reserve Bank of India. Its development can be divided into four phases. The first phase (1964–1987) was dominated by UTI, which launched its initial scheme in 1964. In the second phase (1987–1993), public sector entities such as SBI, LIC, and GIC introduced their own mutual funds, expanding the industry. The third phase (1993–2003) marked the entry of private players and the implementation of SEBI regulations, leading to greater competition and investor options. The fourth phase, from 2003 onwards, saw UTI's restructuring and further consolidation within the industry, supported by regulatory enhancements and market growth.Mutual funds involve various participants including investors, asset management companies (AMCs), distributors, registrars, custodians, and trustees. These funds pool capital from numerous investors to invest in diversified portfolios managed by professionals. The key advantages of mutual funds include risk diversification, expert management, and a passive investment approach. Based on maturity, mutual funds are categorized into open-ended, close-ended, exchange-traded funds (ETFs), and unit investment trusts, each offering distinct investment options and liquidity features.

## I. INTRODUCTION

The mutual fund industry in India has evolved into one of the most vibrant and accessible segments of the country's financial system. It offers a structured investment avenue for a wide range of investors, from first-time participants to seasoned professionals. The journey of mutual funds in India began in 1963 with the formation of the Unit Trust of India (UTI), a joint initiative by the Government of India and the Reserve Bank of India. At that time, the concept of mutual funds was new to Indian investors, and UTI played a pioneering role in introducing and popularizing collective investment schemes.

Over the years, the industry has witnessed significant transformation through multiple phases. Initially dominated by UTI, the sector opened up to public sector banks and insurance companies in the late 1980s, bringing increased participation and investor options. The 1990s marked a major turning point with the entry of private domestic and foreign players and the establishment of the Securities and Exchange Board of India (SEBI) as the industry regulator. SEBI's regulatory framework introduced transparency, standardization, and better investor protection, boosting investor confidence.

From 2003 onward, the industry has embraced technological advancements, digital platforms, and online investing tools, making mutual funds more accessible and convenient. The rise of Systematic Investment Plans (SIPs), better governance, and ongoing investor education have contributed to the growing popularity of mutual funds, especially among younger investors.

Today, mutual funds offer diversification, professional fund management, liquidity, and transparency, making them a preferred investment choice. With rising financial literacy, growing disposable incomes, and enhanced digital reach, the mutual fund industry is poised for sustained growth. It continues to play a key role in channeling household savings into productive investments, thereby contributing significantly to the overall economic development of the country.

## II. LITERATURE REVIEW

The literature on mutual funds extensively covers their performance, risk-return dynamics, and investor behavior. Several researchers have employed analytical tools like Sharpe Ratio, Beta, Alpha, and standard deviation to evaluate various fund schemes over different periods. Dr. K.M. Sudha (2020) and Tripathi & Japee (2020) emphasized the volatility and mixed performance of equity mutual funds, while Anuja Magdum (2019) highlighted the superior performance of private sector AMCs. Studies by Dr. Nidhi Sharma (2019) and Renuka (2017) focused on hybrid funds and regulatory performance, respectively.

Comparative analyses by Manisha Raj (2018) and Goyal (2018) offered insights into the performance differences between SBI and HDFC funds. Other studies, such as those by Rani (2018), Anand (2017), and Ravichandran (2017), explored different fund types—balanced, sectoral, and open-ended—revealing the value of professional fund management.

Behavioral studies, including those by Nandhini Devi & Joseph (2017) and Badrivishal (2013), examined investor preferences and influences, such as media and tax benefits. Research by Sahil Jain (2012) and Subrata Roy (2012) compared public vs. private funds and fund performance during recessions.

Overall, the literature concludes that mutual fund performance varies significantly based on fund type, management strategy, and market conditions. Analytical tools remain vital in evaluating returns and risks, helping investors make informed decisions.

## III. RESEARCH METHODOLOGY

This study focuses on evaluating the performance and investor behavior associated with mutual fund investments, particularly among rural and urban populations in the Washim district. The research is designed to assess which mutual fund schemes offer better returns with lower risk, while also comparing their performance against benchmark indices. Additional objectives include analyzing investment patterns, understanding investor goals, and identifying key challenges and limitations faced by different investor segments.

A descriptive research approach has been adopted, utilizing both primary and secondary data sources. Primary data has been collected through surveys, interviews, focus group discussions, field visits, and interactions with local financial institutions. Secondary data has been sourced from online platforms such as NSE, BSE, Moneycontrol, ET Money, Fincash, and Morningstar, along with official reports, government publications, and financial journals.

The research acknowledges several constraints, including biases in self-reported data, difficulties in accessing accurate historical information, and challenges in data collection in rural areas due to limited infrastructure. There is also a limitation in terms of generalizing findings beyond the Washim district due to cultural, economic, and geographical differences. Furthermore, investment behavior is inherently complex and subjective, which adds to the difficulty in accurate measurement.

Despite these limitations, the mixed-method data collection strategy ensures a holistic view of mutual fund investments and investor behavior, offering valuable insights into how financial decisions are shaped in different socio-economic settings.

**0bjectives of study**

1. Compare the investment behavior, preferences, and decision-making processes of rural and urban investors in mutual funds.
2. Assess the level of awareness and understanding of mutual funds among rural and urban investors.
3. Investigate the motivations and goals behind investing in mutual funds among rural and urban populations.
4. Evaluate the accessibility of mutual fund products and services to rural versus urban investors.
5. Examine how socio-economic factors like income, education, and occupation influence mutual fund investment in rural and urban areas.

**Scope of Research**
This study focuses on alyzing the differences in investment behavior, awareness, and accessibility of mutual funds among rural and urban investors. It also examines how demographic and socioeconomic factors influence their investment decisions.

**Research Design**- Descriptive Research

**Data Sources & Methods**
The sources of data are collected from the based on the secondary data. Data are collected through online sources like NSE, BSE, and Money control, ET Money, Fincash and Morning Star etc.

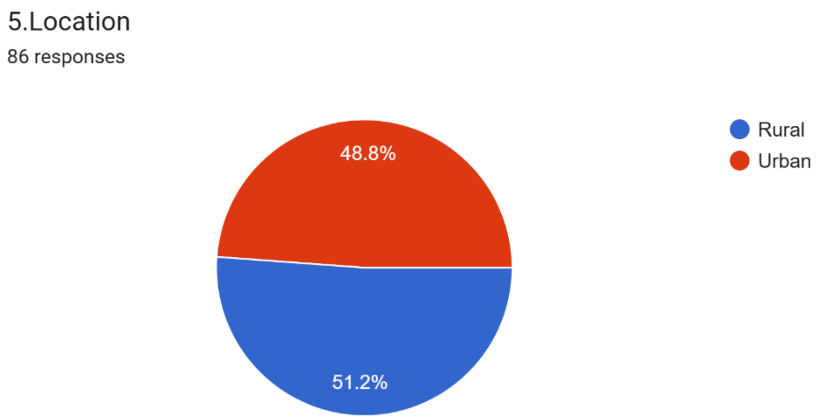
**Primary source of data :**
1. Surveys and Questionnaires
2. Interview
3. Focus groups
4. Field observations
5. Local financial institution

**Secondary source of data:**
1. Government reports
2. Academic research
3. Official report
4. Financial news and journals
5. Local government and NGO's

By combining data from both primary and secondary sources you can ensure a comprehensive and well in formed study on investment planning by rural and urban investors in washim district.
**Sampling Size** : For the research the sample is of 100 peoples .
**The Sampling Techniques :-** Random sampling techniques .

## IV. DATA ANALYSIS AND INTERPRETATION

1. Location




The rural and urban respondents are almost evenly split, with a slight edge for rural participation.
This near balance ensures that the survey results are not heavily skewed by one demographic and can reflect perspectives from both rural and urban areas.

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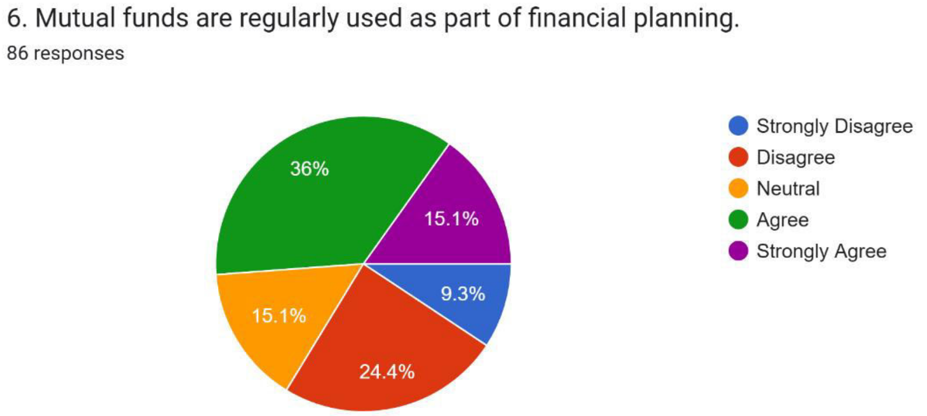
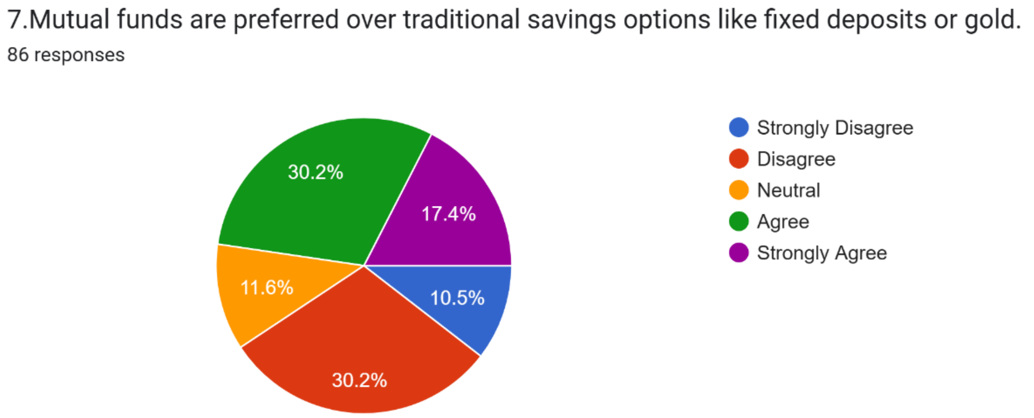
Such a distribution is valuable when analyzing trends or preferences that may differ based on geographic location, like financial habits or investment awareness.

**1. Mutual funds are regularly used as part of financial planning.**




A majority (51.1%) of the respondents (Agree + Strongly Agree) consider mutual funds an active part of financial planning, indicating a positive perception.
33.7% (Disagree + Strongly Disagree) don't view mutual funds as a regular financial planning tool, showing some resistance or lack of adoption.
The 15.1% Neutral reflects a segment that may be either uninformed or indifferent about mutual funds.
**Conclusion:**
While mutual funds have a relatively strong foothold in financial planning among the respondents, there is still a significant portion of the population that either disagrees or remains neutral, suggesting room for increased awareness and education.

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## V. CONCLUSION

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## VI. AKNOWLEDGEMENT

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