Mutual Fund Investment: A Study on Investors of Kolkata

Thesis submitted for

the Degree of

Doctor of Philosophy

In

COMMERCE

by

AMI JAIN

Post Graduate and Research Department of Commerce

St. Xavier's College (Autonomous)

Kolkata

Affiliated to the University of Calcutta

2021

ACKNOWLEDGEMENT

First and foremost, I sincerely bow down to the Almighty God for his blessings which helped me to finish my work within the stipulated time period. I convey my **Pranam** to the departed souls of my Dadaji and Dadiji, my Guardian angels without whose blessings, I would not have been able to pursue any endeavour in my life.

I also wish to express my gratitude to my principal supervisor and co-supervisor, Associate Professors in Commerce department in St. Xavier's College (Autonomous), Kolkata. Their continuous presence in every aspect in the form of support and guidance led to the completion of the thesis work. My heartfelt regards to my co-supervisor for being my mentor throughout the study. She has been very supportive all through the work and her words of encouragement helped me immensely to achieve success in the completion of my Ph.D. thesis.

Any work would be incomplete without the support of peers, colleagues, friends, relatives, supervisors and well-wishers. I would like to extend my gratitude and acknowledge everyone who helped me in one way or the other in carrying out this study.

I would like to thank the Principal of St. Xavier's College, Rev. Fr. Dr. Dominic Savio for his words of encouragement and support throughout the period of study. I would like to thank Dr. Tanupa Chakraborty and Dr. Soumyadip Chattopadhyay, my external experts, for providing valuable guidance since my enrolment as a Ph.D. scholar. I would like to thank Dr. Samrat Roy, Coordinator, Ph.D. Department and HOD and Assistant Professor of Economics in the Department of Commerce (Morning), St. Xavier's College, Kolkata for his guidance and support whenever it was sought for. I would like to thank the former Ph.D. Coordinator, Dr. Tapati Dutta, Associate Professor in Physics and Dean of Science, St. Xavier's College, Kolkata, for her support. Special thanks to everyone who in some or the other way has been a source of inspiration and motivation in my life.

I thank my husband, Mr. Vishal Ahmed Khan, from the core of my heart for always being there and showing a lot of patience whenever I felt low during my research work. My heartfelt thanks to my twin sister, Mrs Ani Jain, who always understood what words would

make me get rid of my fears, my younger brother, Dr. Arihant Jain, who always knew how to blow away the clouds of uncertainty whenever I felt dejected and my nephew, Aarav for always being my stress buster with his sweet words and gestures.

I dedicate this thesis to my parents, Mr. Suresh Kumar Jain and Mrs. Indu Jain, for their unconditional love and support and being my rock always. This thesis would not have come into existence without the push from my mummy, who has been an inspirational figure in my life. Both of them has instilled in me such life-values which has made me capable to face everything in life and take them at face value and come out as a survivor always. Their mantra of 'Never Bow Down' has taught me to overcome problems and thrive in life with a smiling face.

Ami Jain
Research Scholar in Commerce
St. Xavier's College (Autonomous), Kolkata

Table of Contents

Chapter III

An Overview of Mutual Fund Industry In India

Chapter IV

An Assessment of Socio-Economic Profile of the Individual Investors and their Investment Pattern

List of Tables

Glossary of Acronyms:

AAUM – Average Assets Under Management

ACE – AMFI Code of Ethics

AMC – Asset Management Company

AMFI – Association of Mutual Funds of India

AUM – Assets Under Management

BOB – Bank of Baroda

BOI – Bank of India

BSE – Bombay Stock Exchange

CAPM – Capital Asset Pricing Model

CFI – Composite Familiarity Index

CFSFI – Chit Fund Schemes Familiarity Index

EFA – Exploratory Factor Analysis

ELSS – Equity Linked Savings Scheme

ETF – Exchange Traded Fund

FD – Fixed Deposits

FDFI – Fixed Deposit Familiarity Index

GFI – Gold Familiarity Index

GICI – General Insurance Corporation of India

IDBI – Industrial Development Bank of India

ISFI – Insurance Schemes Familiarity Index

KMO – Kaiser-Meyer-Olkin test

LIC – Life Insurance Corporation policy

LICI – Life Insurance Corporation of India

MF – Mutual Fund

MF investors – Mutual Fund investors

MFFI – Mutual Fund Familiarity Index

MFI – Mutual Fund of India

NAV – Net Asset Value

NFO – New Fund Offer

NMF investors – Non-mutual fund investors

NSC – National Savings Certificate

PCA – Principal Component Analysis

PF schemes – Provident Fund schemes

PFSFI – Provident Fund Scheme Familiarity Index

PNB – Punjab National Bank

PPF – Public Provident Fund scheme

RBI – Reserve Bank of India

REFI – Real Estate Familiarity Index

RTA – Registrar & Transfer Agent

SBI – State Bank of India

SEBI – Securities Exchange Board of India

SFI – Shares Familiarity Index

SIP – Systematic Investment Plan

SIS – SEBI Investors Survey

STP – Systematic Transfer Plan

SUUTI – Specified Undertaking of Unit Trust of India

SWP – Systematic Withdrawal Plan

US-64 – Unit Scheme 1964

UTI – Unit Trust of India

Chapter – I
Introduction

1. Background of the Study:

Investment refers to the deployment of funds in certain assets with the intent of generating desired return or creation of wealth. Investment has predominantly two attributes viz. time and risk. Funds which are sacrificed from the current consumption in order to enjoy a return on it in future are considered to be an activity which can be termed as investment of funds. However, one cannot disregard the fact that the sacrifice of the funds that one has to bear is certain while on the other hand, the return expected to be generated from it in the future is totally uncertain. This gap between the certainty of sacrifice and uncertainty of return can be named as the risk factor, i.e. there exists risk in investment. The investors are ready to take the risk with a hope to enjoy certain benefits from the investment in the form of return on investment.

Investment may be defined as "a commitment of funds made in the expectation of some positive rate of return". The main objective behind making an investment is to earn expected return on investment. However, the desired return on investment is anticipated to be earned in future, where a probability lies that the actual return on investment realized may be higher or lower than the expected return on investment. As already stated this difference in return is known as risk in investment. So, it can be observed that every rupee invested involves a certain degree of risk and whereby the return to be earned on it is uncertain.

Investors are baffled with a wide range of investment avenues or instruments floating in the Indian financial market. They are awestruck at times while taking a financial decision. Technically, each and every individual has to make a decision in one's life in regards to making an investment. Investors are, however, not always able to choose the right investment avenue or combination of avenues thereof to make investment. This may be because of lack of financial literacy and awareness about the varied avenues available for investment.

The different investment avenues have varying risks and returns associated with them. An investor should be well aware about the risks and returns associated with the different

investment opportunities and select those which would help one in maximizing one's investment objectives. The expected return on investments should not only compensate the investor for the risk undertaken but must also provide an adequate cover for taxes to be paid as well as against inflation.

Behavioral finance is a branch of study which focuses on the psychological factors that influences an individual's decision-making process while making an investment. Investment decisions taken by investors are a result of their cognitive processes. Investment decisions are based on the expectation of return on investments and such expectations are, generally, influenced by perceptions.

Perception is a complex cognitive process of selection and organization of information that leads to unique interpretation of a situation by an individual. Perceptions of investors are shaped not only on the basis of the knowledge gathered by them about the financial system but are also influenced by the perceptions of other individuals with whom they interact within the course of taking an investment decision to choose an investment avenue for making an investment.

In addition to it, investors are often persuaded, or might be misguided, in choosing an investment avenue by persons like insurance agents, brokers, bankers, financial advisors, etc. who are mainly driven towards achieving their targets for meeting their job commitments and increasing their own income in the form of commissions. There are a large number of investment instruments in the Indian financial system, at present, which can broadly be classified as fixed deposits, insurances schemes, mutual funds, real estate, etc.

Investors have a notion that mutual fund is related to stock market which they perceive to be highly unpredictable and volatile and this is one of the reasons why investors have been averse of investing in it (Mane, 2016). However, a gradual shift of investors' perception towards mutual fund is being witnessed with increasing awareness of mutual funds (Murithi et al., 2012). Investors have also been realising that with their growing aspirations, they are finding it difficult to manage their financial goals through conventional form of investments (Agrawal et al., 2013). Therefore, they have been exploring newer and more efficient methods of investing (Agrawal et al., 2013). With this change in the investor's mindset, one

has been witnessing significant amount of growth in Mutual Fund participation as they offer solutions to varied groups of investors which enables them in turn to realise their financial needs and requirements (Mehta et al., 2012).

Many individuals find investment to be fascinating because they can participate in the decision making process and see the results of their choices. However, investors might make such investments which may not be profitable**.** Hence, investing is not a game, but a serious subject that can have a major impact on investor's future well being. Virtually everyone makes investment. Even if the individual does not select a specific asset such as stock, mutual funds, etc., investments are still made through participation in pension plan, employee saving programme or through purchase of life insurance policy or a home. Each of these investments has some common characteristics such as potential return and the risk that one has to bear. The future is uncertain and one must determine how much risk one is willing to bear since higher return is associated with higher risk.

2. Significance of the Study:

With a savings rate of 31 percent of GDP, the 2014 World Bank data[1] positions India among the top-20 saving-oriented nations in the world. However, most of these savings accumulate in bank deposits, physical assets and currency. According to the "Changes in Financial Assets/Liabilities of the Household Sector" data from the Handbook of Statistics on Indian Economy 2014-15 of the Reserve Bank of India (RBI)[2], investments in shares (including mutual funds) and debentures is ₹57,000 crores for that year, which is 4.6 percent of all household asset growth.

[1]World Bank, Data: Gross Savings (% of GDP), Washington DC: World Bank, http://data.worldbank.org/indicator/NY.GNS.ICTR.ZS

[2] Reserve Bank of India, Table 12: Changes in Financial Assets/ Liabilities of the Household Sector (At Current Prices), New Delhi: Reserve Bank of India, 16 September, 2015, https://www.rbi.org.in/scripts/PublicationsView.aspx?id=16453

Supporting this RBI finding, the SEBI Investor Survey data also discovers that even though just 15 percent of the survey respondents are investors, household awareness of savings schemes is significantly higher than a cognizance of investment instruments[3].

It is inferred from the SEBI Investor Survey report 2015 (SIS 2015) that out of total 5356 urban investor respondents, about 85.4% are non-investors and 14.6% are investors, where investors are segregated on the basis of occupation. Investors refer to respondents investing in financial instruments while, non-investors refer to otherwise.

It is also apparent, in generalization, non-market related instruments like precious metals, real estate, etc. are more popular instruments for investment. It is also inferred from the survey reports that about 95% of urban respondents across India prefer to invest in Bank Deposits, 61% in Life Insurance schemes, 30% in precious metals, post office savings scheme, real estate etc. and a very minimal percent of about 9.7% prefer to invest in Mutual funds and other financial market instruments.

It is also observed that there exists a large pool of household investors from high to mid-income group who are educated and saves in conventional instruments like Fixed Deposits (FDs), Post office savings, etc. and not in financial market instruments.

There is definitely a lack of awareness about the investment instruments and a sharp distinction can be seen in awareness levels between savings schemes and investment instruments. Almost 100% of the survey participants (urban respondents) are aware of Bank Deposits, Life insurance schemes and Post office savings; however, familiarity with mutual funds and equities is just 28%.

According to the SIS 2015 data, the awareness level for savings instruments are almost identical amongst the investors and non-investors, whereas a familiarity with investment instruments is extremely low (18%) amongst non- investors.

[3] SEBI Investor Survey, 2015 https://www.sebi.gov.in/reports-and-statistics/research/apr-2017/sebi-investor-survey-2015_34539.html

This data shows that there is a need to reach out and educate a wider populace about options available in the securities market and additionally expound the effectiveness of probing more deeply into the benefits of diversification, risk management and return optimization to create a more efficient household financial portfolio.

The SIS 2015 data finds that a variety of underlying factors like income, education and occupation affect investment behaviour and investment instrument choices. However, the distribution of investors across geographical zones illustrates that cultural influences are one of the most important considerations affecting the investment decision process. Only 9% of the urban respondents from the East zone (Kolkata having the largest number of respondents) are investors, even though they have more than 10 years of formal education.

So, in this context, the city of Kolkata has been selected for a more specific study. An analysis of the investors residing in this area is intended to be attempted for understanding their investment pattern as well as to find out the perception and familiarity level about the various investment instruments specifically mutual funds which are available in the market.

3. Research Gap:

It may be noted that the "expectations" of the investors play a vital role in the financial markets. They influence the price of the securities, the volume traded and various other financial operations in actual practice. These "expectations" of investors are influenced by their "perception" and humans generally relate perception to action. **Mutual Fund Investment – A study on investors of Kolkata** is an attempt to evaluate the behavioural aspects of fund selection techniques of individual investors and to assess the conceptual awareness of mutual funds during the period of study.

The exercise of reviewing the various literatures including both doctoral theses and research articles (details available in Chapter II) pointed out that although researches has been carried out in studying the perception level of the investors towards mutual funds, however, the focus was on either understanding the influence of socio-economic factors on their

perception towards mutual funds or the various factors which are considered for mutual fund investment.

It is also observed that no major research has been carried out where a comprehensive study is conducted in regard to the investment pattern as well as degree of familiarity of the individual investors towards various investment avenues. Therefore, the research gap identified is determination of familiarity level of individual investors towards various investment avenues as well as understanding the perception of both mutual fund investors and non-mutual fund investors towards mutual funds as an investment avenue.

In India, though the mutual fund industry has been in existence since 1964, (with the establishment of UTI), no major study has been done regarding the investor's perception related aspect with special reference to mutual funds in the study area. In Kolkata, the awareness and knowledge regarding mutual funds is good, hence, through this study, an attempt is made to examine the "Perception of Individual Investors towards Mutual Funds" to fill in this research gap.

4. Objectives of the Study:

The following objectives are taken up for this study:

i) To study the investment pattern of individual investors

ii) To measure the level of familiarity of individual investors about Mutual Funds.

iii) To analyse the perception of individual investors and their preference towards Mutual Fund investments.

iv) To determine the factors which influence the individuals' investments in Mutual Funds.

5. Research Methodology:

5.1. Research Area

This study focuses on the individual investors of the urban agglomeration of the city of Kolkata in the Indian state of West Bengal. It includes the region of the Kolkata Metropolitan Development Area. The region for the purpose of data collection is divided into four zones, i.e. East, West, North and South from where approximately an equal number of respondents have been selected using convenience sampling method and snow-balling technique.

5.2. Research Questions

A research study is carried out with some pre-determined objectives which are based on certain questions for which the answers are sought for through the study. For this study, the objectives are framed to find answers to the various questions enumerated below.

A critical examination of the working of mutual fund industry would involve a number of important issues such as:

- Whether the individual investors are aware about the mutual fund industry existing in the country?
- Whether they are aware about the mutual fund players in the market?
- Whether the present organisational structure of the mutual fund industry is a reason for creating misunderstanding amongst the investors?

In this context, there is a need –

1. To find out the strategies that can be adopted for removing the myths in regard to investment in mutual funds.
2. To study the factors which significantly influence the investors to invest in mutual funds.

5.3. Research Design

5.3.1. Sampling

Determination of Sample Size:

Determination of sample size aims at ascertaining an adequate sample size which can estimate results for the whole population with a good precision. And if the inference about the population is to be drawn on the basis of the sample, the sample must conform to certain criteria and the sample must be representative of the whole population.[4]

For this study, Cochran's formula is used to determine the appropriate sample size. Here, the basic factors to be considered are the level of precision required by users, the confidence level desired and degree of variability.

The level or degree of precision is the margin of permissible error between the estimated value and the population value which in our study is taken at 5%. The confidence or the risk level indicates the probability, with which the estimation of the location of a statistical parameter in a sample survey is also true for the population which in this study is taken at 95%.[5]

Cochran's formula used for the determination of the minimum sample size is:

$$n = \frac{Z^2 p(1-p)}{e^2}$$

[4] https://www.researchgate.net/profile/Subhash-Basu-3/post/What-is-the-minimum-sample-size-for-online-survey/attachment/5ec412955b40580001002983/AS%3A892953518170116%401589908117600/download/07_chapter+2.pdf

[5] https://www.researchgate.net/profile/Subhash-Basu-3/post/What-is-the-minimum-sample-size-for-online-survey/attachment/5ec412955b40580001002983/AS%3A892953518170116%401589908117600/download/07_chapter+2.pdf

So, at 5% precision level and 95% confidence level, the minimum sample size obtained as per Cochran's formula is 384.

The target number of respondents for the study was to at least have a minimum number of 100 respondents from each zone. However, during the process of data collection, more respondents had participated in the procedure of answering the questionnaire willingly and hence the minimum number of 100 respondents from each zone had exceeded out resulting in the total number of respondents to be 450 respondents from the urban agglomeration of Kolkata region for this research work. The total number of respondents from East zone was 112 respondents, respondents belonging to West zone 116 respondents. 104 respondents belonged to North zone and 118 respondents belonged to South zone.

5.3.2. Techniques of Data Collection

The primary data is collected using a structured questionnaire. Before the work of formal data collection began, in order to test the validity and reliability of the questionnaire the Cronbach's Alpha test has been conducted. The test score obtained is 0.873 which indicates that the questionnaire is reliable and consistent to carry out further work.

Initially, a pilot survey exercise has been carried out before the actual work data collection was carried out. The pilot survey was conducted with a sample size of 107 respondents which enables in reframing the questionnaire for carrying out the actual work more effectively. This exercise helped in omitting irrelevant questions and including some more questions. All the questions in the questionnaire were close-ended questions, whereby, the responses were collected from the respondents through one to one interaction i.e., personal interview mode to ensure reliability and accuracy of the data.

The questionnaire was framed in five sections to substantiate the objectives. A final questionnaire consisting of total of 39 questions was framed to collect data from the individual investors for the final exercise of data collection for the purposes of the research work. The questions included were to collect information about the socio-economic profile of the respondents, their investment pattern, conceptual awareness about mutual funds and

perception of both mutual fund investor respondents and non-mutual fund investor respondents about mutual funds.

For the purposes of data collection, the urban agglomeration of Kolkata region was divided into four zones, whereby the data was collected between the months of February 2019 to January 2020.

The data was collected from the four zones of Kolkata as:
East zone – Salt Lake, New Town, Topsia, Anandapur, Santoshpur, Tangra, Park Circus.
West zone – Howrah, B.B.D. Bag.
North zone – Shyam Bazar, Bag Bazar, Belgachia, Maniktala, Jorasanko, College Street, Shova Bazar.
South zone – Alipore, Ballygunge, Kalighat, Kasba, Garia, Camac Street, Minto Park, Bhowanipore.

The 450 responses were collected accordingly from the four zones as:

East zone – 112 respondents
West zone – 116 respondents
North zone – 104 respondents
South zone – 118 respondents
Total – 450 respondents

5.3.3. Data Processing Tools

To analyse the numerical data, statistical tests has been performed. We went further and constructed a Familiarity index and used Probit Regression Analysis and Principal Component Analysis in the process. The software used is SPSS software (version 23) and STATA 15.

Although the result of research is highly dependent upon the primary sources which has been collected through descriptive research, yet there was a need felt to understand the concepts, definitions, theories and other numerical data for which several books, research literature articles, journals, theses and data from Association of Mutual Funds in India (AMFI) has been consulted.

6. Chapter Presentation of the Study:

This study is an attempt to explore the investment pattern and level of familiarity towards various investment avenues of individual investors belonging to the urban agglomeration of Kolkata region. Coupled with this, an attempt is also made in the determination of the perception of the individual investors towards mutual funds as an investment avenue. This study focuses on a number of factors like the socio-economic profile of the individual investors, their investment pattern, their familiarity with various investment avenues based on certain factors of the investment avenues, insight about mutual funds as an investment avenue, reasons for non-investment in mutual fund and their remedial measures, reasons for investment in mutual funds, problems faced while investing in mutual fund, etc. All these areas of the research study are organised into seven chapters.

The study is developed by dividing it into seven chapters:

Chapter I : Introduction

Chapter II : Review of Literature

Chapter III : An Overview of Mutual Fund industry in India

Chapter IV : An Assessment of Socio-economic Profile of the Individual Investors and their investment pattern.

Chapter V : An Analysis of the Perception of Individual Investors towards Mutual Funds.

Chapter VI : Factors Influencing Individuals' Investments in Mutual Funds.

Chapter VII : Summarized Findings, Conclusion and Recommendations

The first chapter is the introductory chapter that gives the overall view of the whole research work. This chapter includes background of the study, significance of the study and

identification of the research gap to be fulfilled by setting up the objectives for the study. The research work is carried out by establishing a framework of the research by identifying the research area, determining the research questions and formulating a research design comprising of the process of sampling, techniques of data collection and data processing tools for data analysis. The chapter concludes with the structuring of the research study.

The second chapter deals with the review of literature. This chapter explores the works and inferences of various doctoral theses and scholarly articles published in various national and international journals and survey reports for bringing out the perception of investors towards mutual fund, performances of mutual fund industry, significance of a financial advisor, etc.

The third chapter gives a brief exhibition of the overall view of the mutual fund industry in India. It encompasses the conceptual framework of mutual funds highlighting the meaning of mutual fund, its features, the advantages and disadvantages about mutual fund, the components of mutual fund industry. It also includes a roadmap of the mutual fund industry in India since its inception and its performance over the decades.

The fourth chapter presents the picture of the socio-economic profile of the individual investors belonging to the urban agglomeration of Kolkata region. In this chapter, the focus is on understanding the socio-economic profile of the respondents, whereby, specific emphasis is laid upon the respondents' age, gender, marital status, educational qualifications, monthly income and annual household income. Their economic profile is further introspected by focusing on their annual savings; purpose of savings, average investment period and also their investment pattern are highlighted. Accordingly, their preferences for investment out of the available investment avenue alternatives has been studied to find out the degree of familiarity towards various investment avenues by constructing a Composite Familiarity Index (CFI). Familiarity index has been calculated individually for each and every investment avenue that has been taken up for the study. The various indices calculated are fixed deposit familiarity index (FDFI), provident fund schemes familiarity index (PFSFI), insurance schemes familiarity index (ISFI), shares familiarity index (SFI), mutual fund familiarity index (MFFI), gold familiarity index (GFI), real estate familiarity index (REFI)

and chit fund schemes familiarity index (CFSFI). Furthermore, a probit regression analysis of determinants of familiarity index is conducted by taking few variables for calculation which are age, gender, educational qualifications and annual household income of the respondents.

The fifth chapter is an exploration of the level of understanding of the individual investor respondents about mutual funds, in particular, as an investment avenue. This chapter focuses on analysis of the awareness of the respondents about the presence of mutual fund as an investment avenue in the market. Along with it, the chapter also deals in finding out perception of mutual fund investor respondents about various aspects like offer document, age of entry in mutual fund investment, reason for selecting mutual fund as an investment avenue over other available avenues, longevity of mutual fund investment, purpose of mutual fund investment, preferred type of mutual fund scheme, significance of objectives of mutual fund investment and various problems faced by the respondents in mutual fund investment.

The sixth chapter gives an in depth analysis of the factors considered by the respondents for making an investment in mutual fund or otherwise. The respondents, for the purposes of the study, has been categorised as mutual fund investor respondents and non-mutual fund investor respondents on the basis of whether they ever made an investment in mutual funds or not. In case of non-mutual fund investor respondents, exploratory factor analysis has been conducted to determine the significance of the factors considered by them which leads to non-investment in mutual fund. This chapter also focuses on understanding the relevance of the remedial measures, which if undertaken, might make them to consider mutual fund for making investment. On the other hand, an exploratory factor analysis has been conducted to ascertain the significance of the factors which are considered by mutual fund investor respondents when they choose to invest in mutual funds. Furthermore, this chapter also explains the relevance of various product qualities sought by investors in mutual fund investment and varied investor services expected by them when they choose mutual fund for making an investment.

The seventh chapter is the concluding chapter. In this chapter, the summarized findings of the research work are presented in a summarized form. Conclusion of the work is drawn which is

followed up by stating out certain recommendations derived from the analysis of the research work. These suggestions are purely based upon the findings of the work. Further scope of the study has also been enumerated in this chapter.

Conclusion:

This chapter frames out the background of the study as well as the significance of the research study being conducted. The research gap which is identified after reviewing the various literatures assisted in the formulation of the objectives for the research study. The research methodology adopted for this study includes defining of the research area in which the study is carried out, the research questions for which the answers are sought for; it also includes the research design which lays down the sampling design and the techniques used for data collection and its analysis. The chapter presentation lays down the framework in which the research study is presented in various chapters.

Chapter – II

Review of Literature

Introduction:

With reference to the research study area, an attempt is made to review the research works conducted by researchers with intent to identify research gaps and an attempt can be made to fulfill those identified gaps through this study. Numerous studies have been carried out with regard to mutual fund investment and perception of investors towards mutual fund investment. In order to frame the research objectives, an extensive review of literatures have been conducted which comprised of empirical researches on individuals' perception, awareness, preferences, influencing factors and performance of mutual fund schemes. The reviews of the various works of literature are grouped as review of Doctoral theses and Research articles published in various journals.

A. Doctoral Theses:

Govindswamy (2017): In this study, it was intended to analyse the investment pattern of the respondents with respect to different investment avenues as well as to identify the factors that influence the pre and post investment behaviour by using various statistical tools such as chi-square test, K-means Cluster test, F-test, etc. It was inferred that young investors belonging to a particular age group chose to invest in capital market, while others preferred to invest in traditional avenues like bank deposits, postal savings, etc. The respondents chose to invest their funds in various avenues for good returns, reasonable appreciation of capital, liquidity, etc. Majority of the respondents monitored their investment on a regular basis.

Asthana (2017): In this study, it was intended to examine the impact of few socio-economic variables, i.e. gender, age and marital status on the investment decisions of the investors that they take as well as the factors that they consider before choosing an investment instrument by using the hierarchical multiple linear regression technique and descriptive statistics. It was inferred from the study that in regard to all the socio-economic variables, the motive for

choosing an investment avenue was primarily for children's education and marriage and tax benefits. It was also observed that the various factors taken into consideration before making an investment in regard to all the socio-economic variables were primarily rate of return and risk factors attached with the respective investment avenues. The respondents preferred to invest in real estate and bank deposits.

Mary (2016): In this study, it was intended to examine the level of awareness of working women about the various investment avenues available in the market as well as to identify the factors which motivate them to choose an investment avenue for making an investment by using various statistical tools like confirmatory factor analysis, exploratory factor analysis, linear multiple regression analysis, etc. It was inferred from the study that in case of working women respondents, the awareness about various investment avenues depended to a great extent on the amount of annual income they earned. It was observed that higher the income, higher is the awareness about various different types of investment avenues like equity, mutual fund, etc. However, respondents belonging to all income groups were aware about the investment avenues like bank deposits, NSCs, gold, etc. The investors considered factors like risk, returns and tax benefits before making an investment in any avenue.

Nandini (2016): In this study, it was intended to identify the factors which influence the investment decisions of the individual investors residing in a rural area as well as to identify the factors which attract the investors to invest in the securities market through the usage of statistical tools and techniques like t-test, factor analysis, etc. It was inferred from the study that monthly income is a prominent factor which had a significant impact on the investment decision of the investors in the securities market. Depending on one's monthly income, the investors decided the duration of their investment, their portfolio so that they do not suffer losses in their investment in the securities market. It was also observed that the investors had a positive approach towards the securities market and factors like SEBI's regulatory framework of securities market, transparency in transactions kept the trust intact of the investors in the securities market and encouraged them to invest in securities market.

Talwar (2016): In this study, it was intended to understand the investment pattern of the mutual fund investors by using various statistical tools like Chi-square test, Garrett's ranking technique, etc. It was inferred from the study that the investors were more interested in high returns on their investment and at the same time they wanted safety for their investments.

Geetha (2016): In this study, it was intended to find out the attitude of the investors towards mutual funds and understand their investment pattern through descriptive statistics and factor analysis. It was observed that the attitude of the investors was highly influenced by their socio-economic profile and their investment requirements like return on investment, safety, transparency, tax benefits, liquidity, etc. and it was seen that the investors have a positive approach or attitude towards mutual fund as an investment avenue. It was also observed that the investors preferred to invest in private sector mutual fund schemes when they considered safety factor, however in regards to return on investment and tax benefits factors, the investors preferred to invest in public sector mutual fund schemes.

Saravana Devi (2015): In this study, it was inferred that the level of perception towards mutual fund is comparatively high among female respondents as to male respondents. Socio-economic variables like age, marital status, educational qualifications, occupational status, family size, monthly income, residential status, etc. were analyzed with various methods like chi-square test, factor analysis, Henry Garrett ranking test, etc and it was observed that these attributes play a significant role in forming the perception of investors towards mutual fund.

Paul (2015): In this study, it was intended to evaluate in regard to mental accounting, the influence of marketing mix on the retail investors of mutual fund from the perspective of four C's of the marketing mix, i.e. customer solution, customer cost, customer communication and customer convenience. It was inferred from the analysis that the mutual fund houses were required to adopt customer centric approach while designing mutual fund products on order to make the trust of the investors being generated into the mutual fund products.

Bhaduri (2015): In this study, it was intended to understand the investment behaviour of the professional accountants by using various statistical tools like Mann-Whitney U test, factor

analysis, Kruskal-Wallis H test, etc. It was inferred from the analysis that the respondents looked for five factors before making an investment in mutual fund which were fund management, fund's special features, fund's investment and withdrawal features, fund's reputation and fund's performance. It was also observed that the cost accountants preferred investment in mutual funds for capital appreciation and also for purchasing assets while chartered accountants preferred investment in the same for providing for retirement and to meet contingencies.

Prakash (2015): In this study, it was intended to examine the perception of investors towards awareness on mutual fund products, risks associated with mutual fund products, quality of investment advisors and reputation of Asset Management Companies by using various statistical tools like chi-square tests, trend analysis, etc. It was inferred from the study that the awareness level of the investors about the various products of mutual fund was high as they considered mutual fund to be an investment avenue which yields better return with good capital appreciation at risks of very low degree associated to it. It was also observed that the reputation of the Asset Management Companies and quality of investment advisors played a significant role in forming their perception about mutual fund as a better investment avenue as compared to other investment avenues.

Rajkumar (2015): In this study, it was intended to infer the behaviour of the investors towards mutual funds and to find out the impact of socio-economic variables on the investors in regard to mutual fund investment by using various statistical tools like t-test, factor analysis, Karl Pearson's Coefficient of Correlation, etc. It was inferred from the study that various socio-economic variables like age, occupation, education, marital status, etc. have a very high level of significance on the investment attitude and behaviour of the investors which in turn lead to the formation of a perception in the minds of the investors towards mutual funds as an investment avenue. It was also observed that features like ease in conversion to liquidity, prompt services from the mutual fund agents, convenient payment options, etc. attracted investors to invest in mutual fund and factors like high returns at low level of risk, safety and liquidity prompted the investors invest in mutual funds.

Sood (2014): In this study, it was intended to understand and make a comparison of the perception of investors in the cities of Shimla and Chandigarh through descriptive statistics. It was inferred from the study that the respondents of Shimla aspired for return and safety followed by tax benefits and liquidity from their investments in mutual fund, while on the other hand, respondents from Chandigarh aspired for tax benefits and safety followed by return and liquidity.

Vanipriya (2014): In this study, it was intended to understand the perception of the investors of Chennai city towards mutual fund and to identify the factors which influence them to invest in mutual fund by using various statistical tools and techniques like t-Test, Factor analysis, Karl Pearson's Coefficient of Correlation test, etc. It was inferred from the study that many of the investors preferred to invest in mutual fund in order to have higher returns at lower level of risk, safety and liquidity and their perception was influenced by various sources of information, objective behind investing in it, type of mutual fund and services provided by mutual fund managers.

Dave (2014): In this study, it was intended to examine the influence of demographic variables on investor's perceptions towards mutual fund through cross tabulation technique, chi-square test and factor analysis. It was inferred from the study that various demographic variables like age, sex, marital status, annual income, occupation, etc. of the respondents were having a major impact on the expectations of the investors of mutual fund, thereby forming up their perception towards mutual fund. It was also observed that the respondents chose to invest in this investment avenue only after a thorough examination of the performance of the fund through various sources as they sought mutual fund as an avenue which is a good investment instrument that offers consistent returns.

Chakraborty (2014): In this study, it was intended to identify the differences in perception between the non-retired retail investors and retired retail investors as well as to identify the factors which make the investors of both these groups to invest in mutual fund through various statistical tools and techniques like chi-square test, factor analysis, etc. It was inferred from the study that there was a significant difference in the purpose of savings across

different income earning level groups, i.e. the high level income group preferred to invest money for their children's education and marriage, while on the other hand, the middle level income group preferred to invest money to acquire properties for residential purposes and low level income group preferred to invest money to accumulate wealth for their retirement. It was also observed that the investors while deciding to make an investment in mutual fund considered factors like past performance of the fund, consistency in dividend payment, tax benefits, capital appreciation, etc.

Goel (2013): In this study, the efficiency of the mutual fund schemes in terms of performance has been measured by using the Data Envelopment Analysis technique and it was inferred that a large number of mutual fund schemes have been performing inefficiently when they are analyzed as a whole. However, when analyzed individually, the schemes' performance efficiency is comparatively much better. On the other hand, it was inferred from the study that as per investors' perception mutual funds are highly liquid carrying high risk with low return and difficult to understand investment option and also they provide no tax benefit as compared to other investment avenues, being a reason for low investment in mutual funds in India.

Shah (2013): In this study, it was intended to identify the benefits and pitfalls of stock market investing and also to draw a comprehensive picture to understand the impact of the reforms made to promote the stock market investments in India by applying descriptive statistics and inferential statistics. It was inferred from the study that certain specific provisions in the applicable law were required to be made in order to prohibit abusive practices like manipulation of security prices, fraudulent trading practices, deceptive financial reporting and insider trading, which in turn would maintain the investor's confidence in the stock market.

Chiranjeevi (2013): In this study, it was intended to understand the investment behaviour of mutual fund investors by analyzing their fund ownership characteristics and to determine the effect of demographic factors on the fund ownership characteristics by using various statistical tools like Chi-square test, factor analysis, F test, etc. It was inferred from the study

that the mutual fund investors preferred to invest in tax saving schemes as compared to other schemes and a significant criterion for selection of schemes was the past performance of the schemes followed by fund reputation/brand name, investment objective, etc.

Srinivasan (2013): In this study, it was intended to infer the role of the mutual fund agencies in creating awareness about mutual funds as well as to identify the various types of investors categorised on the basis of their preferences of factors associated with the characteristics of mutual fund investment through statistical techniques like factor analysis, K-means Cluster analysis, measures of central tendency, measures of dispersion, etc. It was inferred from the study that the various agencies involved in catering mutual fund services played a significant role in making the investors aware about mutual fund as an investment avenue by precise communication, i.e. disclosing to the investors about the various features of mutual fund, keeping the websites updated about the various schemes of mutual fund that would benefit the investors, etc. It was also observed that the mutual fund investors can be categorised into three groups, i.e. dynamic investors were the investors who had strong perception about mutual funds and believed that for all the factors like liquidity, safety, transparency, return on investments, tax benefits and services to the investors, mutual fund as an instrument was a better choice, while mechanical investors chose mutual funds for tax benefits and liquidity and extrovert investors chose mutual funds for safety and tax benefits.

Kasthuri (2012): In this study, it was intended to examine the perceptual dimension of the investor with a multi dimensional focus of demographic variables like the socio-economic profile of the investors, their savings pattern and the selection criteria of a particular type of mutual fund scheme by using various testing techniques like Chi-square test, Spearman's Rank Correlation test, etc. It was inferred from the study that the investors chose mutual fund for good returns followed by safety, liquidity, tax benefits, etc.

Kameshwari (2012): In this study, it was intended to compare the risk-return of mutual fund schemes over a period of ten years to understand the long run performance on the basis of performance measures like Sharpe ratio, Jensen and Treynor measures. It was inferred from the study that when funds were compared within the scheme it was revealed that funds with

low risk generated better returns than funds with high risk which generated lower returns comparatively. It was also observed that in terms of objective of investment in mutual funds, respondents preferred investment in mutual fund for capital appreciation, followed by tax savings and liquidity.

Manimurugan (2012): In this study, it was intended to examine the impact of socio-economic variables on the perception of the investors in mutual fund and problems faced by them in making an investment in mutual fund by using various statistical tools and techniques like chi-square test, factor analysis, etc. It was inferred from the study that variables like funds owned by government, low premium and high return, better liquidity, prompt payment at maturity and diversified investment were the factors which appealed to the investors to invest in mutual funds with the objective of higher savings and for this they invested in growth fund scheme for their mutual fund investment. It was also observed that the main problem faced by the mutual fund investors were the communication constraints with the mutual fund agents and difficulty in understanding the concept of mutual fund investment.

Balan (2012): In this study, it was intended to analyse the knowledge of the investors in regard to various investment avenues and their preferential criteria for making an investment and as well as ascertaining the influence of risk on the investors while making an investment through various statistical tools and techniques like factor analysis, K-means cluster analysis, etc. It was inferred from the study that majority of the investors preferred to invest in conventional form of investments like bank deposits, insurance schemes, etc. and while choosing an investment avenue the investors looked for factors like profitability, capital appreciation, liquidity and tax concession. It was also observed that the investors were risk cautious and factors like market failure, business failure, loss due to non-payment of principal and interest were influential factors which made the investors deviate from making an investment in modern investment avenues like mutual funds, share market, etc.

Mukherjee (2011): The researcher intended to identify the causes for the lack of participation of the investors in stock market through cross tabulation method for data

processing. It was observed that lack of awareness and education about the stock market had made the investors dissatisfied in regard to investment in stock market. Along with it, it was also found out that bank deposits was the most preferred or popular destination of the investors to park their savings.

Mukhopadhyay (2011): In this study, it was intended to evaluate the performance of few select equity-linked mutual fund schemes in India over a period of seventeen years by using time-tested models based on Capital Asset Pricing Model (CAPM). It has been observed that the sample schemes generated better returns than the benchmark portfolios and public sector fund houses schemes were all poor performers as compared to private sector fund houses schemes. These schemes generated higher returns but by taking greater risk. On the basis of risk-return model, the schemes were classified into high return high risk group, high return low risk group, low return high risk group and low return with low risk group.

Priya (2011): In this study, it was intended to examine the attitude of investors towards mutual funds and to analyse their risk tolerance level with the help of statistical tools and techniques such as Garrett ranking technique, chi-square test, factor analysis, etc. It was observed in this study that the variables which had a significant influence on the investors of mutual fund were brand equity of the fund, past performance of the fund, liquidity factor and risk involved in investment. It was also inferred that the risk tolerance level of the mutual fund investors were significantly influenced by variables like age, level of education, occupation, annual savings, annual income, etc.

Mehta (2011): In this study, it was intended to understand the perception of investors towards mutual funds as an investment avenue as well as to identify the problems that the investors faced while making investment in mutual fund by analyzing the data collected through chi-square test and Garrett's ranking technique. It was inferred from the study that the respondents primarily invested in mutual funds with the sole purpose of being able to provide for the education of their children followed by retirement planning and tax saving purposes. It was also observed that the main factors or features behind investment in mutual fund were high returns, tax exemption, safety, liquidity and diversification of risk. However,

fear of frauds, portfolio manipulation, poor timing of investments, lack of investor's education and lack of transparency were the main reasons which discouraged investors to invest in mutual fund.

Pasha (2010): In this study, it was intended to examine the investment pattern, perception, preferences and investment objectives of retail investors by analyzing the factors that influences them significantly by using various statistical tools like correlation analysis, t-Test, Chi-square test, Kruskal Wallis H-test, etc. It was inferred from the study that investors of all age groups perceived investment in traditional avenues like gold, real estate etc. were better earning avenues with lowest risk as compared to other avenues.

Mitra (2009): In this study, it was intended to study the investment pattern of the investors in the north-eastern region of the country as well as to study the level of awareness amongst the investors, their attitude towards investment and problems faced by them in regard to capital market and the analysis was by using various statistical tools like factor analysis, descriptive statistics, etc. It was inferred from the study that majority of the investors preferred or was aware about the traditional investment avenues and invested their funds primarily in post office savings and bank deposits. It was also observed that there was a lack of awareness and knowledge about the modern investment avenues like equities, debentures or bonds, mutual fund, etc. and this was primarily because of the absence of the offices of the regulatory bodies in the region which created a sense of non-accountability or fear of frauds and absence of investor grievance redressal mechanism added to their belief.

Naidu (2002): In this study, it was intended to assess the preferences, awareness, perception of the urban and rural investors in regard to various investment avenues with special reference to mutual fund by using various statistical tools like Chi-square test, linear growth rate, etc. It was inferred that both urban and rural investors saved their money in insurance, bank deposits and mutual fund in order of their preference. The urban investors were more aware about the intricacies of mutual fund as an investment avenue as compared to the rural investors.

Mohapatra (1998): In this study, it was intended to understand the perception of the investors' towards mutual fund and significance of the regulatory framework of mutual fund for investors. It was inferred from the study that regulatory framework, in the opinion of the respondents, should be such that it would provide protection to the investors from default risk which is present in mutual fund investment. Due to lack of investor education and awareness about mutual fund, inadequacies in the system and disorderly nature of growth of the schemes of mutual fund, mutual fund has not been able to provide sufficient value to the investors. It was also observed that the investors' perception and preferences for different saving instruments were influenced significantly by various factors like safety, risk-return, liquidity, portfolio diversification, distribution arrangements and customer service.

Morais (1998): In this study, it was intended to identify various parameters which tend to have an impact on the investor's behaviour as well as factors which investors consider before deciding to have an investment in stocks and securities through the various analytical tools and techniques like factor analysis, cluster analysis, etc. It was inferred from the study that the investors employ diverse criterion while choosing stocks and securities for making an investment, the significant factors being product superiority, the level of diversification of the company, company's past performance, reputation of the company, stock price and expected return on investment. On the other hand, factors like past performance of the stock, tax concessions, institutional holdings, etc. were given marginal consideration.

B. Research Articles:

Rehan et al. (2018): This article intended to understand the behaviour of investors in Pakistan by identifying the factors that motivated them to invest in mutual funds or disregard it as a preferred investment avenue. It was observed from the study that a considerable number of investors still lacked basic awareness about mutual fund as a prospective investment avenue and they preferred investment in gold and fixed deposits. However, the respondents who were aware about mutual fund chose to invest in it because of factors like better returns with low risk and transparency in transactions.

Kaur and Arora (2018): It was intended to assess the behaviour of investors towards investment in mutual funds. It was inferred that about 75% of the respondents preferred investing in fixed deposits, life insurance schemes and NSCs considering return on investment as the most prominent factor for investment of funds. It was also observed that about 15% of respondents invested in mutual funds and preferred investing in Systematic Investment Plan (SIPs) in growth fund schemes.

Atchyuthan and Yogendrarajah (2017): The study was conducted to understand the level of awareness of the respondents as well as to infer their preferences in regard to various investment avenues. It was inferred from the study that Jaffna is a place where patriarchy mode of society norms exists and all the investment decisions are taken by the male members of the society. The respondents were fairly aware about the various alternatives of investment except for the fact that they could not actually invest in the modes of their choice. However, in order of preference, they preferred to invest in gold and fixed deposits which they considered to be safer avenues.

Ramya and Bhuvaneswari (2017): In their article, they intended to identify whether there is any difference in trading behaviour of individuals on the basis of demographic factors as well as to understand the relationship between demographic factors and risk tolerance levels of individual investors by using chi-square test and ANOVA technique. Upon research it was inferred that there exists a significant association between demographic factors like education, gender, marital status, etc. and risk tolerance levels of investors and a significant difference is observed in the trading behaviour of the respondents based on demographic factors.

Agrawal (2017): This study was conducted to understand the significance of a financial advisor in mutual fund industry as well as to analyse his role in influencing the investor's trading behaviour by using correlation analysis technique. It was inferred from the study that a financial advisor acts as a bridge between the Asset Management Companies and the investors of mutual fund and its level of significance upon analysis was found to be very high. It was also observed that it acts as an influential factor in investors' trading behaviour

as the financial advisor communicates to them, understands their requirements and assists them into choosing an appropriate mutual fund scheme for investment which would suit their financial needs.

Patel and Acharya (2017): This study was conducted to study the relationship between the variables, i.e. age of an investor and retirement based behaviour of an investor through various multivariate techniques. It was inferred from the study that there exists an inverse relationship between the two variables, i.e. age and saving for retirement as it was observed that the early entrants or investors from a very young age had a higher inclination to save wealth or create a retirement corpus as compared to middle age investors or investors closer to retirement.

Dhiman and Raheja (2017): In their article, multiple regressions testing technique was applied to study the relationship amongst personality traits and emotional traits of an investor and investment decisions being taken by him. It has been inferred that there are various kinds of personality which have different relation with investment decisions, such as investors who are extroverts take more risk in their investments as compared to introvert investors who choose safer avenues for investment. It has been observed that each type of personality may have different behavioural traits which may lead to difference in risk-tolerance level amongst investors having same personality.

Pandey and Kathavarayan (2017): It was intended in this study to understand the preferences and factors which influence the teachers in higher educational institutions to invest in various instruments of investment. It was inferred from the study that the respondents favoured provident fund schemes as their first choice for making investment, followed by life insurance schemes and postal saving schemes. It was also observed that availing tax concession benefits was the first and foremost factor behind choosing their desired investment avenue followed by safety of investment.

Matharu (2017): This study focused on understanding the main objective of the investors for making an investment as well as to identify the factors which the investors consider while

deciding to make an investment. It was inferred from the study that about 80% of the investors were aware about the varied alternatives available for making an investment and about 30% of the investors preferred mutual fund to be their first choice for making an investment and about 20% preferred to invest in fixed deposits. It was also observed that the various factors considered by them while deciding to make an investment were the return on investments, risk associated with it, lock-in-period in the investment, etc.

Kaushik and Mishra (2017): In this study, it was intended to understand the behaviour of small investors with regards to mutual fund as an investment avenue. It was inferred from the study that in times where the rate of savings is declining due to inflation, the investors shifted their investment to mutual fund in order to enhance their returns as compared to conventional investment avenues. Mutual fund investment also emerged as a smarter alternative due to increased safety and better risks management attributes.

Mane (2016): This study was conducted to understand the perception level of the investors in Aurangabad town towards mutual funds. Upon data analysis through chi-square test, it was found out that the investors are not confident in investing in mutual funds because they consider it to be the most risky option as compared to other investment options. The investors are averse to investment in mutual funds because they are either unaware about the benefits of the same or the awareness level is too low. They consider investment in mutual funds are too risky and may result in loss of money because of the uncertainties of the stock market.

Begum and Rahman (2016): It was intended in this study to identify the factors that acted as motivators for respondents of Dhaka to invest in mutual fund. It was observed that the respondents who were aware about mutual fund were a marginal group and they invested in it for safety of investment and better returns with ease in liquidity.

Sowmya and Reddy (2016): This study focused on understanding the level of knowledge amongst the investors about different investment avenues available and their perceptions towards them which would reveal out their preferences in investment. It was inferred that about 30% of the sample size had fair knowledge and only 10% of the sample size had

extensive knowledge on varied financial avenues available in the market. About 50% of the respondents make investments to have a regular income and preferred to invest in bank fixed deposits and stock market for it.

Selvi (2015): This paper was focused on ascertaining the prime objective of the investors in Coimbatore district towards making investment decisions as well as to assess the attitude of the investors towards the investment avenues by applying Garrett ranking technique. It was inferred that majority of the investors believed in the variable "Investing today for a better tomorrow" which encouraged the respondents to save and invest. It was also indicated that investors preferred to invest only in safer avenues amongst which bank deposits and gold were the most preferred avenues. Majority of the respondents did not prefer to invest in newer schemes including mutual funds and it is expected that the government should take appropriate steps to persuade the investors to invest in the new schemes.

Mishra (2015): In this paper, it was intended to understand the various aspects of mutual fund investment through exploratory factor analysis. It was inferred that the important factors regarding the perception of investors about mutual funds are nature of investments, return on investment and future prospects of the investment respectively. The investors, for this purpose, have been categorised as small investors and large investors. Small investors while investing look for tax return benefits whereas on the other hand large investors look for return on investment and future scope in it.

Ramanujam and Bhuvaneswari (2015): This study was conducted to analyse the growth of Assets Management Companies and their Assets Under Management as well to find their contribution in the mutual fund industry institution wise, sector wise, and category wise resource mobilisation for different schemes. It was inferred from the study that the AUMs of all the sectors, mutual fund sales and redemptions, scheme wise mobilisation has all increased at a very significant pace in the period of study i.e. 2004-2014 and the main reason behind the surge in the value of AUMs is the increase in interest from the investors all across.

Prabhu and Vechalekar (2014): This study was conducted to identify various factors affecting perception of investors regarding investment in mutual fund with special emphasis on Monthly Income Plan funds. It was inferred from the analysis that the investors preferred investing in Mutual funds because of diversification, tax benefits, reduction in risk, better return and safety. It was also observed that amongst the various schemes of mutual funds investors preferred to invest in Monthly Income Plans as they provide consistent returns.

Geetha and Vimala (2014): In their article, they intended to evaluate the awareness level of the investors towards various financial instruments by using Chi-Square method of testing. It was inferred that factors like family size, occupation, educational qualification, age, gender & level of income etc. have a significant relationship with the risk taking aptitude of an investor and one aspires for capital appreciation, good returns, safety and ease of liquidity in ones investment.

Mane and Bhandari (2014): It was intended to identify the factors which motivate investors to invest in various financial instruments as well as to infer the motive behind saving their fund. It was inferred that there were only 4% of the investors who has extensive knowledge about various financial instruments and they invested in stock options and futures, while on the other hand, 52% of the investors were amateurs in the field of investments so they opted for relatively low risk investments like bank deposits, post office savings etc.

Agrawal and Jain (2013): In this paper, an attempt was made to identify the investment avenue preferred by the investors in Mathura and their preferences towards mutual fund when other investment avenues like Bank Deposits, LIC, PPF, Bonds, Real Estate, Commodity Market, Gold, Post Office investment instruments were also available in the market. In this study, it was revealed that investors while choosing an investment avenue look into various criterion like safety, return, liquidity, convenience, tax planning, etc. However, the most common criterion which almost all the investors seek to while choosing an investment avenue is the return on investment.

Kesavaraj (2013): In this article, it was intended to find out the awareness level of the investors towards various types of schemes of mutual fund being offered in the market through chi-square test, Karl Pearson's coefficient test. It was revealed that where a majority of the respondents are aware about the various schemes of mutual fund, however, still a significant number of respondents are unaware about the same. There was a defined categorization amongst the investors in regard to choosing a particular scheme of mutual fund on the basis of return, tax benefits, risk level etc.

Rajasekar (2013): In this study, it was intended to find out the preference of the investors who have invested in mutual fund by taking into account various factors such as demographic profiles, preference of mutual fund scheme etc. It was revealed that even though mutual fund seemed to be an attractive investment avenue for an investor, however, this investment option is not a reliable avenue for investment owing to lack of awareness about varied fund schemes and risk associated with them.

Ghose (2013): In this study, it was intended to understand the performance of selected mutual fund schemes in comparison to Sensex to establish the fund manager's effectiveness by using Karl Pearson's Product Moment Correlation method. It was inferred that return on selected mutual fund schemes have been more volatile than sensex, as the fund manager's efficiency was not so effective in selection of the stocks where the funds of the schemes were invested which resulted in high variability of returns.

Kaur, Batra and Anjum (2013): This study was conducted to identify the reasons of preference of an investor for investment in mutual fund rather than in stock market by using factor analysis technique. It was inferred from the study that investors preferred to invest in mutual fund schemes rather than in stock market, as they considered mutual fund to be a more convenient avenue for investment wherein direct monitoring is not required. It was also observed that investors preferred mutual fund for the factor of fund managers as they make investment in mutual fund less complex and they offer their expertise which is absent in share and stock where direct monitoring and own expertise is required.

Khan and Kotishwar (2013): It was intended to identify the factors that affect the perceptions of the investors in selection of public sector and private sector mutual fund. It was inferred from the study that respondents belong to the age group of below 40 years preferred to invest in schemes belonging to private sector mutual funds, while on the other hand respondents who were above 50 years of age showed an inclination to invest in public sector mutual fund schemes. The respondents belonging to age group of 41-50 years did not show any clear inclination towards either of the sectors. It was also observed that factors like liquidity, flexibility, savings on tax etc. did not have any significant impact on the respondents to form an opinion to choose schemes belonging to either of the sectors. However in regard to management fees, investors were of the opinion that mutual fund companies belonging to private sector charged more fees as compared to public sector mutual fund companies. On the other hand, in regard to return on investments, respondents were of the opinion that returns from private sector mutual fund companies were better than public sector mutual fund companies.

Munthaga and Nazer (2013): It was intended to understand the factors that influence the attitude of the investors toward various investment options. It was observed in the study that majority of the respondents were employed in private sector and nearly all the investors preferred insurance schemes and bank deposits as their first choice for parking their funds. It was also inferred that the respondents were moderately aware about the traditional avenues of investment; however, they were either least aware or completely unaware about the modern avenues of investment like stocks, options, bonds, etc.

Awan and Arshad (2012): This article focused on identifying the factors which are considered by the investors for making mutual fund investment in five cities of Pakistan. It was inferred from the study that almost all the investors are of the opinion that they rely on companies which have a brand name and have delivered steady returns in the past, for investing their funds. It was also observed that the respondents were of the belief that a mutual fund company providing them quality customer/client services will ensure better returns and it was a significant factor considered while choosing the mutual fund for making an investment.

Murithi, Narayanan and Arivazhagan (2012): In their article, they intended to determine investor's preference towards various investment avenues through chi-square test. It was inferred from the study that the individual investors still preferred to invest in those financial products which gave risk free returns, or more income and less risk and majority of them relied upon their family and friends for making investment decisions.

Shanmugham and Ramya (2012): In their article, they conducted an exploratory study to understand the impact of social factors on investors as well as impact of attitude, perceived behavioural control towards trading in order to determine whether there existed any relationship between them. Social interactions and media were found to have positive relationship with attitude towards trading whereas the factor 'internet' did not seem to influence the respondents' attitude towards trading. Further amongst the social factors, social interaction was found to have a major impact on attitude towards trading followed by media. There also existed a strong positive correlation between attitude, perceived behavioural control and intention towards trading, whereas subjective norms were found to be negatively related with intention towards trading. A very high positive correlation was found between intentions towards trading as well as trading behaviour. So it was inferred that social factors namely social interactions and media do have an influence over the trading behaviour of individual investors.

Mehta and Shah (2012): This study focused on ascertaining the preferences of mutual fund investors regarding their investments as well as to evaluate the performance of those mutual funds schemes which are preferred by the investors, viz tax saving funds, diversified fund and sector funds. It was inferred that funds in equity market has shown a significant growth on the basis on return generated as compared to other funds as well as the investors preferred equity schemes, such as equity linked savings scheme, equity sector funds and equity diversified funds.

Metre and Parashar (2012): This study was conducted to check whether the new products offered by mutual fund companies have added value to investors or was simply a marketing

strategy to attract investors. It was found that mostly these new products were intended to lure investors with add on benefits but from investors perspective schemes without add on benefits worked better in respect to risk reward offerings.

Selva Raj and Murgan (2011): This study focused on identifying the influencing factors of an investor's investment behaviour towards selection of mutual fund schemes. It was inferred that the investors generally preferred growth scheme and aspire for capital appreciation. It was also observed that the investors consider brand name, credit rating, uniqueness of the scheme, for selecting a scheme.

Geetha and Ramesh (2011): This study focused on understanding the factors that influence the attitude of the investors towards various investment alternatives available. In was inferred that across all age groups, investors preferred investing in insurance schemes and other traditional investment avenues like NSCs, bank deposits etc. and the prominent factors influencing investors to make investment in traditional avenues were safety of investment , good returns etc.

Shah and Dey (2011): It was intended in this study, to identify the fund qualities being preferred by mutual fund investors who had an extensive knowledge about mutual funds as an investment avenue. It was inferred from the study that the investors preferred flexible investment option, intrinsic fund qualities and credibility of the fund's sponsoring company.

Saini, Anjum and Saini (2011): This study focused on finding out the perception of investors towards mutual fund as a financial instrument as well as to identify the deficiencies existing in mutual fund industry in the opinion of the investors. It was inferred from the study that the main motive of investing in mutual funds is to enjoy the tax benefits. It was also observed that the investors have severe complains towards the operation of mutual funds like lack of transparency, delay in updation of statement of accounts and high charges which increases the cost of investment.

Walia and Kiran (2009): In their article, they focused on investor's expectation which are still unaddressed by the mutual fund companies leading to investors dissatisfaction. It was inferred from the study that professional expertise being a unique feature of mutual fund investment failed to cater to the needs of the investor as the actual returns were not as per the expectations of the investors. It was also observed that the entry/exit load charged on the schemes of mutual fund were a cause of concern for the investors. The investors required, along with better returns, qualitative investor service from the mutual fund companies which would include regular communication, concern, credibility, competence, commitment, confidence & continuous improvements.

Rangnathan (2006): This study focused on identifying the most preferred reason for investment and most preferred mutual fund schemes where investors park their money. In was inferred that majority of the investor saved their funds to create their retirement corpus. It was also observed that about 50% of the investors preferred investing in mutual funds because of its unique feature of professional expertise. The investors preferred to invest in open ended growth schemes for capital appreciation.

Singh and Chander (2004): The intention of the study was to identify the causes of dissatisfaction of investors in mutual fund whose market size has grown up significantly over the years. It was inferred from the study that investors choose to invest in mutual fund because of factors like steady return with added tax advantages. However, the underperformance of funds due to inefficiency of the respective funds managers, which were prime cause of losing value of their investments. Along with it, the incompetence of the regulators and tighter norms made the investors to refrain from investments in mutual fund.

Summarization and Conclusion:

This chapter summarizes the inferences of the various literatures reviewed. It is observed that investment in capital market is highly preferred by young investors as compared to investors belonging to older age groups. It is also observed that socio-economic variables like gender, age and marital status have an impact on the decision-making trait of the investors. Return on investment and safety of investment are the two factors which have a prominent significance

in choosing the investment avenues for making an investment. It is also observed that individual investors prefer to invest more in fixed deposit, gold, etc. as compared to investment in capital market. Socio-economic variables like age, marital status, educational qualification, occupational status, family size, monthly income, etc. play a significant role in the formation of perception of investors towards mutual fund. The investors' faith in mutual fund can be developed if the mutual fund companies adopt a customer-centric approach while developing mutual fund products. Investors preferred investing in mutual fund for capital appreciation as well as to provide for retirement. Investors also considered that investment in mutual fund yield better returns with capital appreciation at very low degree of risk associated to it. The reputation of the Asset Management Companies and investment advisors also played a significant role in the formation of investors' perception about mutual fund. Factors like high returns associated with low level of risk prompt the investors to invest in mutual fund. The perception of investors is influenced by the types of mutual fund products and services provided by mutual fund managers. The purpose of savings differs across different income earning level groups. Tax-saving mutual fund schemes are preferred more by the investors as compared to other mutual fund schemes. Communication constraints existing between the investors and mutual fund agents is the main problem faced by the investors as it makes it difficult for the investors to resolve their queries. It is seen that investors prefer investing in conventional investment avenues like bank deposits, insurance schemes, etc. and factors like profitability, capital appreciation, liquidity and tax concession drive them to invest in such investment avenues while on the other hand, factors like fluctuations in capital market, business failure, etc. made the investors deviate from investment in modern investment avenues like mutual funds, share market, etc. Lack of awareness and investor education is one of the major reasons for non-investment in capital market and mutual fund and preferring investment in bank deposits and other traditional investment avenues.

In a nutshell, it could be stated that a review of the various research works, with relevance to the defined problems, conducted at different spheres of time has a very significant impact on every research study. Hence, the current study will introspect into various aspects and make an attempt to understand as well as identify various factors which influence the investment in mutual fund from individual investors' perspective - their investment pattern, the level of

familiarity which they possess towards various investment avenues, the factors which discourages them to invest in mutual fund and the various remedial measures which can be adopted for the same, the factors which encourages them to invest in mutual fund and the problems faced by them. Overall, the perception level of the individual investors will be studied in the study area.

Chapter – III

An Overview of Mutual Fund Industry in India

Introduction:

In the present financial market scenario, a large range of investment avenues are available to the investors to choose from and make an investment. Mutual fund is also one such investment avenue which puts forward a favourable investment opportunity to the investors. As similar to most of the investment avenues, mutual fund also carries certain degree of risk. An investor should always compare the risks associated with an investment avenue to the expected net returns while taking an investment decision. Along with that an investor may also look for an advice from the financial advisors before taking an investment decision.

3.1. Concept of Mutual Fund:

Mutual fund is an avenue for making investments through which the funds are mobilized from the investors to invest them in securities in harmony with the underlying objective as pre-stated in the offer document of a particular mutual fund scheme. It can also be put as that upon making an investment in a mutual fund scheme, an investor gets the opportunity to invest in a wide range of securities across various financial markets by availing expertise of the professionals in fund management which are offered by a mutual fund company.

Association of Mutual Funds in India (AMFI) defined a mutual fund as "a trust that collects money from a number of investors who share a common investment objective and invests the same in equities, bonds, money market instruments and other securities. The incomes/gains generated from this collective investment is distributed proportionately amongst the investors after deducting applicable expenses and levies, by calculating a scheme's 'Net Asset Value' or NAV[6]."

[6] www.amfiindia.com

SEBI (Mutual Fund) Regulations, 1996 defines "mutual fund" as "a fund established in the form of a trust to raise money through the sale of units to the public or a section of the public under one or more schemes for investing in securities including money market instruments or gold or gold-related instruments or real estate assets[7]."

In simple words, the money which is pooled in by investors who have a common objective is what constitutes a mutual fund. It is a fund which is handled by a professional who is qualified to manage the fund efficiently and effectively. It is a mechanism wherein the resources are pooled in from the investors by issuing units to them and employing those accumulated funds in varied securities in parity with the objectives as pre-disclosed in the offer document. In India, SEBI is the chief regulatory authority for the securities market and mutual fund being an avenue which invests in such markets has to get itself registered with it before it starts functioning.

A mutual fund scheme functions as per the mechanism of issuing units to its investors in proportion to the quantum of funds invested by the investors, whereby they are known as unit holders. The gains or deficits are shared by the unit-holders proportionately. In a mutual fund, the investments are made in securities which are not restricted to a particular company but are made across a wide spectrum of securities belonging to varied companies of the same sector or various sectors which leads to investment diversification and thereby reducing the risk of investment. Diversification of investment reduces the risk to a great extent as in general, all stocks may not have the same trend at a particular point of time in the market, .i.e. to have an upward trend or a downward trend.

Mutual fund plays different roles at the same time. Its role for the various participating parties differs from one another. The primary role of mutual fund is to aid the investors to earn a surplus or to build their wealth through investing in varied alternatives available in various securities across financial markets. Mutual funds play this role by structuring a range of schemes having different investment objectives as desired by the prospective investors.

[7] www.sebi.gov.in

Hence, the mutual fund industry, through its wide range of schemes, has a possibility to accumulate a large corpus from a large group of investors having diverse objectives. The funds that are accumulated from investments made by the investors, eventually benefits government, industries, companies and all other entities existing in the economy, directly or indirectly. The entities functioning in the economy are benefitted through the funds raised and are made available for investing the funds in various projects, thus promoting the economic development as a whole.

As large amounts of funds are accumulated which aid the mutual funds to invest huge amounts of funds in a company, which in turn makes the mutual fund company to become a large investor in that company in which the funds are invested. In this way, being a large investor, it ensures to keep a vigil on the operational activities of the company in which the funds are invested. On the other hand, being a part of an economy, the mutual fund industry contributes its share or plays a very prominent role in the economy by offering employment to a large number of people directly or indirectly who are associated with it while contributing in the economic development.

It also acts as a stabilizing agent which stabilizes the financial market. As a stabilizer, it counters the large volumes of funds, be it outflows or inflows, from foreign investors, both institutional and individual investors. Mutual funds, as an investment avenue, try to accommodate the investment preferences of all possible prospective investors by providing them a basket of different types of mutual fund schemes which has a predetermined investment objective. The investors invest in these schemes according to their investment preferences.

The various schemes of mutual fund with their predetermined objective tries to seek the attention of the prospective investors and appeals to them to make investments in such schemes based on their investment objective. Depending on the structure, a scheme may be either close-ended scheme or open-ended scheme, i.e. it may accept the investments from the investors only for a limited time period, which is pre-fixed or the investors will be allowed to take entry into the scheme by buying the units of the scheme at any juncture in the life of the scheme.

The funds invested in a scheme by an investor are converted or are recognized in terms of 'Units' of a scheme. Units of a scheme are issued to the investors in proportion to the funds invested by them in the scheme and they are known as the unit-holders of the scheme. The money pooled from the investors in a scheme is invested in a diversified portfolio of securities in accordance with the pre-stated scheme objective. The surpluses or deficits earned or suffered in a scheme are distributed amongst the unit-holders proportionately in accordance with the units held by them.

When a new scheme is launched for the first time in the market for the investors to make an investment, the offer is known as a 'New Fund Offer' (NFO). The NFO is active or valid or open for a limited time period, i.e. it has a starting date and an ending date. During the NFO, investors get an opportunity to purchase the units of the fund at its face value. On the other hand, if investors intend to purchase units of a scheme post its NFO period, then they have to purchase the units by paying a purchase price which would be in accordance to the NAV (Net Asset Value) of the scheme.

3.2. Benefits of Investing in Mutual Fund:

Following are the benefits that can be derived from investment in mutual fund:

1. Professional Management:

Mutual fund offers the investors the facility of managing their funds, which are available for investment, upon the advice of the experts who are professionals in order to enable them to earn income or increase their wealth. There are several benefits which can be availed if investments are made in mutual fund through professional management such as investment in accordance with the scheme objective, investments based on research by the professionals and ensuring that investment processes are prudently followed.

2. Hassle-free Investment:

To make investments directly in securities market, an investor is required to open multiple accounts such as a demat account, an account with a broker and various other accounts and

manage and monitor them regularly may be a hurdle for many investors. Mutual fund, on the other hand, provides a relief from all those hurdles. It makes the investment process simpler for the investors.

3. Portfolio Diversification:

Mutual fund provides an opportunity to the investor to invest in a wide array of securities, which otherwise would not possible without parting with a large sum of money. In case of investment in a mutual fund scheme, an investor upon investing a meager amount can also enjoy the benefit of investing in a diversified portfolio. A diversified portfolio refers to where the investment of funds is spread across a spectrum of securities which reduces the risk of loss in investment.

4. Economies of Scale:

Individual investors who aspire to make investments many a times are forced to make investments in such avenues where they do not desire to because of availability of small amounts of funds which they have. Also, in order to have a diversified portfolio through direct investment, one has to have huge amount of funds in order to be able to invest, say in gold, real estate or purchasing stocks and securities in high quantum. Along with it, if they seek for professional advice on investment on their own from financial advisors, one has to part with hefty amounts in lieu of consultancy fees, etc. However, on the other hand, investment in mutual fund schemes allows the investors to avail professional expertise as well as the luxury of diversified portfolio with a small sum of money. Therefore, it could be stated that mutual fund investment offers a unique advantage to an investor on economic aspect i.e. savings in cost of investment, when compared with direct investment.

5. Liquidity:

Mutual fund offers variety of schemes with easy liquidity like liquid and overnight funds where you get your money in span of 24 hours and other schemes liquidity may vary depending upon the scheme objective. In open end schemes investor would get liquidity in between 1 to 10 working days, while the valuation can change on daily basis which impact the value of realization at the time of selling.

6. Tax Deferral:

In case of mutual fund investment, tax liability arises only when capital gains or losses are realized. This occurs upon sale of investments by the investors. It may not be so, in case of other investment avenues where the tax has to be paid on the income earned in every financial year, like interest earned on bank fixed deposits, etc. The deferral in payment of tax in the hands of the investors helps in creation or accumulation of wealth for the investors if they continue with their investments in mutual funds for a longer time period.

7. Tax Benefits:

There are certain schemes available for investment in mutual funds like the Equity Linked Savings Schemes, which provides the investor the benefit in tax savings by way of deduction of the amount allowed from their Total Income, as per the Income Tax Act, 1961. This facility helps in the reduction of the total taxable income and eventually the total tax liability.

8. Investment Comfort:

Investor in mutual fund draws lot of comfort in doing future transaction as the process of further investments and withdrawal can happen with very little paper work. With digital advancement today the future transaction can also happen with zero documentation and with click of a button via online.

9. Regulatory Comfort:

The regulator for Mutual Funds in India, SEBI has played a significant role to build a great deal of comfort has they have proactively acted to govern the Industry with very strict mandates and regulations for the best interest of Investor.

10. Systematic Approach to Investments:

Over the years, the mutual fund industry has evolved and has created some of the facilities to address the real need of investors. Facilities like Systematic Investment Plan (SIP) which allows investors to invest small/big amounts at regular frequency, Systematic Withdrawal Plan (SWP) allows investor to withdraw money at set frequency, which work very well with investors who have retired from their services or business and depend on cash flow generated

from their investment. In the same way, Systematic Transfer Plan (STP) allows investors to switch from one fund to other.

3.3. Drawbacks of Mutual Fund:

Following drawbacks can be identified in mutual fund investment:

1. Non-customization of Portfolio:

As the pooled-in funds are managed professionally in a mutual fund investment, it leads to non-interference on the investor's part in regard to deciding one's portfolio. So, there lies lack of customization of one's own portfolio in deciding to invest in one's choice of funds if one chooses to invest through mutual fund.

2. Overloaded Platter:

A little over 2500 mutual fund schemes are being offered by the 43 registered mutual fund houses in the country. An overloaded platter to choose from further confuses the investors to select the best alternative or scheme suiting their needs.

3. Uncontrollable Costs:

As mutual funds function in a manner where all the participating investors contributions or investments are pooled in, which is then invested according to the scheme's parameters. The various costs and expenses incurred in regard to manage a scheme are shared by all the unit-holders of the particular scheme proportionately. These costs cannot be controlled by an individual investor as per his discretion and are hence it is found uncontrollable for an individual investor.

3.4. Types of Mutual Fund:

Mutual fund offers a large variety of mutual fund schemes for the investors. The various types of funds available in the market are:

3.4.1. On the basis of structure / tenure / maturity period:

3.4.1a. Open-ended funds:

Open – ended funds are those funds which come with an option for the investors to enter or take an exit from the fund at any point of time; even after the expiry of the initial period offer or new fund offer period. An open-ended scheme is not affected by the entry and exit of the unit-holders; it is perpetual in nature and does not have a pre-determined maturity date.

3.4.1b. Close-ended funds:

Close – ended funds are those funds in which the new investors can purchase units of the scheme only within the new fund offer period. Post that period, the purchase and sell of the scheme's units can be done over an exchange as the scheme is listed on the stock exchange. The number of unit-holders in a close-ended scheme does not increase or decrease post the offer period and it has a fixed maturity period.

3.4.1c. Interval funds:

Interval funds are those funds which have elements of both close-ended funds and open-ended funds. These funds may become open-ended or close ended in accordance to their investment objective. This is for the benefit of the investors as they do not have to completely depend on the stock exchange in order to enable themselves for buying and selling of units of the interval fund.

3.4.2. On the basis of Role of Fund Manager:

3.4.2a. Active funds:

Active funds are those funds where the fund manager plays an active role in deciding where the investments are to be made. However, within the set parameters of the scheme's objective these funds are required to be invested. Along with deciding the investment portfolio, the fund manager also monitors the fund's performance and takes decisions to buy and sell securities using his expertise and thorough analytical research with an ultimate aim to generate better returns.

3.4.2b. Passive funds:

Passive funds are those funds where the fund manager's role is passive in nature as investments are generally done based on a specified index. Exchange Traded Funds (ETFs) is a type of passive fund where the investment portfolio of the fund is a replica of an index.

3.4.3. On the basis of Investment Objective:

3.4.3a. Growth / Equity oriented scheme:

Growth funds are those funds where the investment objective seeks for capital appreciation by investing in the growth assets. In other words, providing for capital appreciation in investment is the main motive of such funds where the investment is made for a time period ranging from medium to long term. Funds, in such schemes generally, are invested in equities which comparatively have higher risks. These schemes are meant for investors who have an outlook for investing their funds for a long term period in aspiration of capital appreciation.

3.4.3b. Income / Debt oriented scheme:

Income funds are those funds where the investment objective seeks for a steady income by investing in the debt securities. In other words, the motive is to provide for a steady and regular income for its investors by investing specifically in fixed income bearing securities such as debentures, govt. securities, bonds, etc. These are less risk carrying investments in comparison to growth funds and there is no impact of fluctuations in the market on such funds.

3.4.3c. Balanced / Hybrid funds:

Balanced funds are those funds where the investment objective is to seek capital appreciation as well as to provide for income by investing in both equities and debt securities. In other words, the main motive of these funds is to provide both regular income and capital appreciation by investing the funds in equity stocks and interest bearing instruments in the proportion as proposed in the offer document.

3.4.3d. Money Market / Liquid funds:

Liquid funds are those funds where the investment objective is to provide high liquidity with safety of capital. In other words, features like providing ease in conversion to liquidity, capital preservation and earning moderate income can be enjoyed by the investors when they invest exclusively in short-term debt securities which are safer such as certificate of deposit, treasury bills, govt. securities, commercial paper, etc. These schemes are preferred by investors who seek for safety of capital with easy liquidity.

3.4.3e. Gilt Funds:

Gilt funds are those funds in which the funds are invested only in government securities and treasury bills. These securities do not have any risk of security default. As the degree of risk is very low in such funds, the coupon rate of interest on these securities is lower as compared to other debt funds.

3.4.3f. Index funds:

Index funds are those funds in which the portfolio is a replication of a particular market index like Nifty index, BSE index, etc., where the investment is made in securities carrying similar weightage as in an index.

3.4.3g. Sectoral funds:

Sectoral funds are those funds where the investment is made in the securities of the companies belonging to specific sector viz. petroleum sector, pharmaceutical sector, etc. which is pre-specified in the offer document of the scheme. The returns of such schemes are completely dependent on the performance of the particular sectors.

3.4.3h. Tax saving schemes:

Tax saving schemes are those funds where the investors are benefitted in form of tax rebates under certain provisions of the Income Tax Act, 1961. Pension schemes, Equity Linked Savings Schemes are examples of these tax savings scheme. These schemes are growth

schemes and predominantly investment is done in equity stocks, so the risks associated are like equity oriented schemes.

3.4.3i. Fund of Funds:

Fund of funds scheme refers to such schemes where the investment is made in other funds being monitored by the same mutual fund house or others.

3.5. Evolution of Mutual Fund in India:

The mutual fund industry in India started in 1963 with the formation of Unit Trust of India, at the initiative of the Government of India and the Reserve Bank of India. The history of mutual funds in India can be broadly divided into five distinct phases.

First Phase: 1964-1987 (Inception Phase)

Unit Trust of India (UTI) was established in the year 1963 by an Act of Parliament. It was set up by the Reserve Bank of India (RBI) and functioned under the regulatory and administrative control of the RBI. In 1978, UTI was delinked from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. The first scheme launched by UTI was the Unit Scheme 1964 (US-64). At the end of 1988, UTI had ₹ 6,700 crores of Assets Under Management (AUM).

Second Phase: 1987-1993 (Entry of Public Sector Funds)

The year 1987 marked the entry of other public sector organizations into the Indian mutual fund industry. Public sector mutual funds were set up by public sector banks and Life Insurance Corporation of India (LICI) and General Insurance Corporation of India (GICI). SBI Mutual Fund was the first non-UTI Mutual fund established in June, 1987 followed by Canbank Mutual fund in December 1987, Punjab National Bank (PNB) Mutual fund in August 1989, Indian Bank Mutual fund in November 1989, Bank of India (BOI) Mutual fund in June, 1990 and Bank of Baroda (BOB) Mutual fund in October, 1992. LICI established its mutual fund in June 1989 while GICI had set up it mutual fund in December 1990. At the end of 1993, the mutual fund industry had AUM of ₹ 47,004 crores.

Third Phase: 1993-2003 (Entry of Private Sector Funds)

With the entry of private sector funds in 1993, a new era started in the Indian mutual fund industry, giving the Indian investors a wider choice of fund families. Also 1993, was the year in which the first Mutual Fund Regulations came into being, under which all mutual funds, except UTI were to be registered and governed. The erstwhile Kothari Pioneer (now merged with Franklin Templeton) was the first private sector mutual fund registered in July 1993.

The 1993 SEBI (Mutual Fund) Regulations were substituted by a more comprehensive and revised mutual fund regulations in 1996. The industry now functions under the SEBI (Mutual Fund) Regulations, 1996.

The number of mutual fund houses went on increasing, with many foreign mutual fund houses setting up funds in India and also the industry has witnessed several mergers and acquisitions. As at the end of January 2003, there were 33 mutual funds with total assets of ₹ 1,21,805 crores. The Unit Trust of India with ₹ 44,541 crores of AUM was way ahead of other mutual funds.

Fourth Phase: February 2003 – April 2014 (Consolidation Phase)

In February 2003, following the repeal of the Unit Trust of India Act, 1963, UTI was bifurcated into two separate entities. One is the Specified Undertaking of the Unit Trust of India (SUUTI) with AUM of ₹ 29,835 crores at the end of January 2003, representing broadly, the assets of US 64 scheme, assured return and certain other schemes. The Specified Undertaking of Unit Trust of India was functioning under an administrator and it was under the rules framed by Government of India and does not come under the purview of the Mutual Fund Regulations.

The second entity is the UTI Mutual Fund, sponsored by SBI, PNB, BOB and LICI. It is registered with the SEBI and functions under the Mutual Fund Regulations. With the bifurcation of the erstwhile UTI which had in March 2000 more than ₹ 76,000 crores of AUM and with the setting up of a UTI Mutual Fund, conforming to the SEBI Mutual Fund Regulations and with recent mergers taking place among different private sector funds, the mutual fund industry has entered its fourth phase of consolidation and growth.

The financial melt-down in 2009 had affected the securities market globally including India. Many of the investors had burnt their fingers in mutual fund investment resulting in losing faith in this investment avenue. SEBI's move of abolishment of entry load charge had an additional adverse affect on the Indian mutual fund industry which was struggling to recover itself. The sluggish growth of mutual fund industry from 2010-2013 is an evidence of the industry's attempt to maintain its economic viability.

Fifth Phase: May 2014 onwards (Current Phase)

Upon identification of the lack of participation of investors across India excluding few metropolitan cities and others, SEBI undertook certain progressive measures in September, 2012 with a motive to increase the participation of investors in mutual fund investment as well as to re-energise the mutual fund industry in India. With the implementation of the measures, the setbacks faced by the mutual fund industry post global financial crisis started to get recovered and the industry witnessed steady inflows through increase in the number of investor folios.

Since May 2014, the industry witnessed a major change in its total AUM. On 31st May, 2014 the Indian mutual fund industry crossed a major milestone of achieving an AUM of Rs. 10 lakh crores and within a short span of time of about 3 years, it increased more than double and crossed the mark of Rs. 20 lakh crores for the first time in the month of August 2017. And yet another mark was achieved in November, 2020 when the AUM size was more than Rs. 30 lakh crores.

In a nutshell, the mutual fund industry in India was established in 1963 with the formation of Unit Trust of India (UTI), at the initiative of the Government of India and Reserve Bank of India (RBI). Initially it was a one man show where the UTI had played a significant role since its inception and had a net worth of assets under management of Rs.6700 crores in 1987[8]. Gradually, public sector funds were allowed to function in the market with entry granted to SBI Mutual Funds, Life Insurance Corporation of India (LICI), General Insurance Corporation of India (GICI) and public sector banks and collectively they had assets under

[8] www.amfiindia.com

management worth Rs.47004 crores[9]. In the year of 1993, private sector was also allowed to enter the mutual fund sector which resulted in providing a wider choice of fund families to the Indian investors. By the end of 2003, the total number of mutual fund players functioning in the country was 33, which collectively had assets under management worth Rs.121805 crores[10]. The year 2003 marked the beginning of the fourth phase of mutual fund industry with the bifurcation of UTI into two segments, viz UTI Mutual Fund and Specified Undertaking of the UTI effective from February 2003. Various progressive measures introduced by SEBI in the month of September 2012, re-energized the Indian mutual fund industry and led to the achievement of crossing the milestone of Rs. 10 lakh crores of Assets Under Management (AUM) for the first time on 31st May 2014 and crossing the milestone of Rs. 20 lakh crores AUM within next three years. The net worth of AUM by the end of December 2020 is about Rs. 31.4 lakh crores[11].

3.6. Legal Structure of Mutual Fund in India:

According to the legal structure determined by SEBI for setting up a mutual fund, a mutual fund is required to be framed in India The structure has intrinsic checks for safeguarding the interests of its investors. The key features highlighted by SEBI in regard to the constitution of the mutual funds in India are enumerated in the following points:

1. As mutual fund is constituted as a trust; hence it is also regulated by the Indian Trusts Act, 1882.

2. It is a trust which is created by a Sponsor(s); and they are regarded as the main person(s) behind the functioning of a mutual fund business.

3. The beneficiaries of a mutual fund trust are its investors.

[9] www.amfiindia.com
[10] www.amfiindia.com
[11] www.amfiindia.com

4. A Trust Deed, which has to be entered between the trustees and the sponsor, governs the operations of the mutual fund trust.

5. The trustees play the role of a protector as they look after the interests of the investors who invest in mutual fund.

6. A Trustee can either be an individual or a company. When a group of individuals function as trustees, collectively they are known as 'Board of Trustees', while the Board of Directors of the company functions when a company is appointed as a Trustee.

7. The trustees formulate all the responsibilities of the AMC by entering into an agreement with it to manage the investments. The Asset Management Company (AMC) is a company which is appointed by either the sponsors or trustees in order to handle and manage all the operations of the schemes on a full time basis.

8. Although the Trustees assign the full time responsibility of managing all the operations of the schemes to the AMC but they cannot act as a custodian for all the assets held by the mutual fund company.

9. Trustees appoint a separate entity to act as a custodian for all the assets held in the name of the scheme.

10. There may be many schemes being operational at one time and investors might invest in one or more than one mutual fund schemes. The record of the unit-holders, i.e. the investors who have invested in the scheme and their respective unit-holdings might be kept by the Asset Management Company itself, or a Registrar & Transfer Agent (RTA) can be appointed for the same purpose.

3.7. Setting up of a Mutual Fund:

A mutual fund is a fund in the form of a trust, which has some key constituents viz. sponsor(s), trustee(s), a custodian and an Asset Management Company (AMC). The trust is

set up by the sponsor(s) who promotes the fund. The trustee(s) of it holds the assets on behalf of the unit holders for their benefit. The AMC handles the funds accumulated upon the pooling in by the unit holders, by investing in a mixed bag of securities. A Custodian holds the securities invested through various schemes of the fund in its custody. The trustees, in general, have the power to direct and supervise the AMC.

The key constituents which make up a mutual fund can be explained with the help of a table. The constituents have been elaborated with the help of an example also.

Table 3.1: Constituents of a Mutual Fund

Sl.No.	Constituents	Example of Agencies
1.	Mutual Fund Trust	Axis Mutual Fund
2.	Sponsor	Axis Bank Limited
3.	Trustee	Axis Mutual Fund Trustee Limited
4.	AMC	Axis Asset Management Company Limited
5.	Custodian	Deutsche Bank A.G. & The Bank of Nova Scotia (custodian for Axis Gold ETF)
6.	RTA	Karvy Fintech Pvt. Ltd.

3.8. Key Components of a Mutual Fund:

1. Sponsor:

A sponsor applies to SEBI for registering the mutual fund with it. The sponsor(s) have to contribute in the capital of AMC equivalent to a minimum of 40 percent of the AMC's net worth. The sponsor(s) also have to contribute a minimum of ₹ 1,00,000 as an initial contribution to form the fund's corpus.

2. Trustee:

The trustees are crucial players in the functioning of a mutual fund as they ensure that all the regulations are complied with and the interests of the unit-holders are always protected. A prior approval of SEBI is required before the appointment of a Trustee(s). At least four individuals, in case of individuals being appointed as trustees, or the Board of Directors

comprising of at least four directors, in case of a company being appointed as a trustee has to be appointed by the sponsor to act as trustees. In case of a company, out of the total directors, at least two-thirds of them have to be independent i.e. there should not be any conflict of interest between the directors and the sponsor.

3. Asset Management Company (AMC):

A company is to be appointed as an AMC of a fund by the sponsor or trustees of the fund upon taking approval of the SEBI. A company has to have a net worth of at least ₹ 50 crores in order qualify for an AMC. All the operations of the mutual fund are to be managed by the AMC. It is also required to take measures and due diligence is to be exercised in order to make sure that there is no conflict of interest in the investment of funds pertaining to any scheme and the provisions of mutual fund regulations enforced by SEBI.

4. Custodian:

A custodian is appointed by the trustees and it is mandatory to register itself with SEBI. The custodian maintains the custody of the fund's assets and takes the responsibility of the settlement of all the transactions in respect of investment in various schemes of mutual fund.

5. Registrar & Transfer Agent (RTA):

The Registrar & Transfer Agent is appointed by the AMC and it is mandatory to register itself with SEBI. The RTA maintains the records of the investors. The main function of a RTA is to process the requests of buying and redemptions of the unit holders. It also deals in receipts and payments of funds in case of purchases and redemption transactions. It also updates the folios of the investors and keeps the investors updated about the status of their investment.

3.9. Role of Regulators in India:

1. Securities and Exchange Board of India (SEBI):

SEBI is the governing regulatory body for mutual fund industry in India. SEBI (Mutual Funds) Regulations, 1996 has set out the guidelines for the functioning of the mutual fund

industry in the country. However, certain segments of the financial markets need to comply with other regulators as well like Reserve Bank of India.

2. Association of Mutual Funds in India (AMFI):

AMFI is an authorized body belonging to the industry which has been formed for promoting the interests of the mutual fund industry. It was formed for defining the operational ethical standards of the industry and maintenance of the same. It also recommends the framework and standards to be practiced by all the persons functioning in this business. It acts as a representative on matters relating to mutual fund industry to all the regulatory bodies like SEBI, RBI, etc. It also conducts programmes for training all the distributors, agents, etc. for providing a well trained cadre to the prospective investors in mutual fund. It also conducts investor programmes for making investors more aware about this investment avenue as well as to make information available for everyone who desires to undertake research in this area of study.

3. AMFI Code of Ethics (ACE):

ACE lays out the practice standards to be taken into consideration by the various existing AMCs in connection with their dealings with investors and anyone functioning in the industry. While broad guidelines are laid down in the Code of Conduct by SEBI, more explicit guidelines are laid down by the AMFI Code of Ethics (ACE).

3.10. Growth of Mutual Fund Industry in India:

The growth of mutual fund industry in India since its inception in the country can be overviewed with the help of the following table:

Table 3.2: Value of Assets Under Management (AUM) – since inception

Phase	Year	AUM (Rs. in crores)
First Phase (1964-1987)	March 1965	25
	March 1987	4564
Second Phase (1987 – 1993)	March 1988	6700
	March 1993	47004
Third Phase (1993 – 2003)	January 2003	121805
Fourth Phase (2003 - 2014)	March 2003	79464
	March 2014	825240
Fifth Phase (May 2014 onwards)	March 2020	2470882

Source: www.amfiindia.com

The net worth of assets under management by the end of December, 2020 is about Rs. 31.4 lakh crores. Furthermore, in order to get insights of the mutual fund industry operating in India, an element is added to understand the composition of the mutual fund industry in the country. Based on the structure the types of mutual fund schemes floated in the market are open-ended schemes and close-ended schemes. Along with these two types of schemes, interval funds have also been floated in the market since 2009. The following table (table 3.2) depicts out the picture of the growth of mutual fund industry for past two decades (March 2000 – March 2020), in regard to AUM and the share of the types of schemes in the overall performance value of AUM.

Table 3.3: Assets Under Management – for last two decades (Rs. in crores)

Year	Total	Open-ended schemes	Close-ended schemes	Interval schemes	Assured Return
March 2000	113005	68833	21608	-	22564
March 2001	90587	57293	13613	-	19681
March 2002	100594	71938	10977	-	17679
March 2003	79464	75071	4033	-	360
March 2004	139616	134523	5093	-	-
March 2005	149600	138029	11571	-	-
March 2006	231862	193713	38149	-	-
March 2007	326388	217417	108971	-	-

March 2008	505152	369239	135913	-	-
March 2009	417300	325161	89249	2890	-
March 2010	613979	532886	65519	15574	-
March 2011	592250	447196	126897	18157	-
March 2012	587217	441610	137634	7973	-
March 2013	701443	573201	120652	7590	-
March 2014	825240	620317	192899	12024	-
March 2015	1082757	910077	164344	8336	-
March 2016	1232824	1053762	171235	7827	-
March 2017	1754619	1573292	176743	4584	-
March 2018	2136036	1944215	187392	4429	-
March 2019	2379584	2167750	209342	2492	-
March 2020	2470882	2292864	177605	413	-

Source: www.amfiindia.com
Note: In India, interval schemes have been introduced from the year 2009 and assured returns schemes are not available for investment.

It can be observed from table 3.2 that the total value of AUM in mutual fund industry has increased manifold since the introduction of mutual fund as an investment avenue in the financial market. It has gained the trust of the investors over the years and more participation can be observed in this investment avenue. It can also be inferred that open-ended schemes of mutual fund has more market share than the other types of schemes, i.e. close-ended schemes and interval schemes.

3.11. Mutual Fund Trusts Operating in India:

It is well known that mutual fund is a trust which collects money from the investors who share a common investment objective and invests the accumulated funds into stocks and securities as per the investment objective. There are numerous mutual fund trusts operating in the country, which over the years has witnessed the advent of many funds as well as farewell of many by way of mergers or acquisitions by larger funds. At the end of December, 2020 there are 43 mutual funds operating in India. The Average Assets Under Management (AAUM) of all these 43 mutual funds as on 31st December 2020 is Rs. 29,71,435 crores.

Table 3.3 lays down a picture of the shareholding of the 43 mutual fund trusts in the total AAUM.

Table 3.4: Average Assets Under Management (AAUM) on 31st December 2020

Sl.No.	Name of the Fund	Rs. in crores
1.	Aditya Birla Sun Life Mutual Fund	255458
2.	Axis Mutual Fund	177474
3.	Baroda Mutual Fund	8286
4.	BNP Paribas Mutual Fund	7331
5.	BOI AXA Mutual Fund	2351
6.	Canara Robeco Mutual Fund	23209
7.	DSP Mutual Fund	89487
8.	Edelweiss Mutual Fund	41424
9.	Franklin Templeton Mutual Fund	81266
10.	HDFC Mutual Fund	389467
11.	HSBC Mutual Fund	9965
12.	ICICI Prudential Mutual Fund	379991
13.	IDBI Mutual Fund	4325
14.	IDFC Mutual Fund	121102
15.	IIFCL Mutual Fund (IDF)	603
16.	IIFL Mutual Fund	1885
17.	IL&FS Mutual Fund (IDF)	1730
18.	Indiabulls Mutual Fund	921
19.	Invesco Mutual Fund	32744
20.	ITI Mutual Fund	845
21.	JM Financial Mutual Fund	3700
22.	Kotak Mahindra Mutual Fund	216228
23.	L&T Mutual Fund	68976
24.	LIC Mutual Fund	15743
25.	Mahindra Manulife Mutual Fund	5058
26.	Mirae Asset Mutual Fund	58070
27.	Motilal Oswal Mutual Fund	22762
28.	Navi Mutual Fund	670

29.	Nippon India Mutual Fund	213033
30.	PGIM India Mutual Fund	4847
31.	PPFAS Mutual Fund	6632
32.	Principal Mutual Fund	6855
33.	Quant Mutual Fund	454
34.	Quantum Mutual Fund	1592
35.	SBI Mutual Fund	456498
36.	Shriram Mutual Fund	189
37.	Sundaram Mutual Fund	30467
38.	Tata Mutual Fund	59263
39.	Taurus Mutual Fund	435
40.	Trust Mutual Fund	0
41.	Union Mutual Fund	4613
42.	UTI Mutual Fund	165359
43.	YES Mutual Fund	129

Source: www.amfiindia.com

It can be observed from table 3.4, as on 31st December, 2020 SBI Mutual Fund has the highest sharing in the total AAUM of Indian Mutual fund industry, being Rs. 4,56,498 crores. HDFC Mutual Fund (Rs. 3,89,467 crores) and ICICI Prudential Mutual Fund (Rs. 3,79,991 crores) are at the second and third positions respectively.

3.12. Mutual Fund Companies in Indian Market:

The mutual fund trust operations are carried out by an Asset Management Company (AMC). At present, there are 43 AMCs operating in India. Over the years, there has been some changes in number of players operating in this industry, as some of the smaller AMCs has merged into larger AMCs as well as some new entrants has joined this industry. The name of the all the AMCs operating in the country currently as in December 2020, have been listed below:

1. Aditya Birla Sun Life AMC Limited
2. Axis Asset Management Company Ltd.
3. Baroda Asset Management India Limited

4. BNP Paribas Asset Management India Private Limited
5. BOI AXA Investment Managers Private Limited
6. Canara Robeco Asset Management Company Limited
7. DSP Investment Managers Private Limited
8. Edelweiss Asset Management Limited
9. Franklin Templeton Asset Management (India) Private Limited
10. HDFC Asset Management Company Limited
11. HSBC Asset Management (India) Private Ltd.
12. ICICI Prudential Asset Management Company Limited
13. IDBI Asset Management Ltd.
14. IDFC Asset Management Company Limited
15. IIFCL Asset Management Co. Ltd.
16. IIFL Asset Management Ltd.
17. IL&FS Infra Asset Management Limited
18. Indiabulls Asset Management Company Ltd.
19. Invesco Asset Management (India) Private Limited
20. ITI Asset Management Limited
21. JM Financial Asset Management Limited
22. Kotak Mahindra Asset Management Company Limited (KMAMCL)
23. L&T Investment Management Limited
24. LIC Mutual Fund Asset Management Limited
25. Mahindra Asset Management Company Pvt. Ltd.
26. Mirae Asset Global Investments (India) Pvt. Ld.

27. Motilal Oswal Asset Management Company Limited

28. Navi AMC Limited

29. PGIM India Asset Management Private Limited

30. PPFAS Asset Management Pvt. Ltd.

31. Principal Asset Management Pvt. Ltd.

32. Quant Money Managers Limited

33. Quantum Asset Management Company Private Limited

34. Nippon Life India Asset Management Limited

35. SBI Funds Management Private Limited

36. Shriram Asset Management Co. Ltd.

37. Sundaram Asset Management Company Limited

38. Tata Asset Management Limited

39. Taurus Asset Management Company Limited

40. Trust AMC

41. Union Asset Management Company Private Limited

42. UTI Asset Management Company Ltd.

43. YES Asset Management (India) Ltd.

3.13. Summarization and Conclusion:

The Indian mutual fund industry has undergone a significant change from its inception in the country. From a mere value of AUM of 25 crores rupees in 1963 with the setting up of UTI to a total AUM of over 31 lakh crores rupees at the end of 2020**,** the Indian mutual fund industry has grown in leaps and bounds. The growth of the Indian mutual fund industry has taken place in five distinct phases which has been a result of the expansion of the industry. The mutual fund industry in India started in the year 1963 with the formation of the Unit Trust of India and it monopolized the Indian mutual fund industry for more than two decades.

The second phase commenced from the year 1987 and it was earmarked with the entry of public sector banks by setting up public sector mutual funds. The AUM of the Indian mutual fund industry by the end of 1993 was ₹ 47,004 crores. The entry of private sector mutual fund companies in the year 1993 marked the beginning of the third phase of the Indian mutual fund industry. At the end of the third phase in January 1993, there were 33 mutual funds operating in the economy with a total AUM of ₹ 1,21,805 crores. The fourth phase is identified as the consolidation phase whereby, various mergers took place amongst the different private sector funds which symbolized the consolidation and growth phase of the Indian mutual fund industry. The fourth phase came to an end by March 2014 with an AUM of ₹ 8,25,240 crores. The financial melt-down in 2009 had affected the Indian mutual fund industry which is evident by the sluggish growth of the industry from 2010-2013. Upon identification of lack of investors' participation in the mutual fund industry, various progressive measures were undertaken by SEBI to improve the investors' participation in the mutual fund industry. This earmarked the beginning of the fifth phase which started from May 2014. The implementation of the progressive measures helped the Indian mutual fund industry to recover itself from the setbacks faced during the financial melt-down of 2009. The Indian mutual fund industry crossed a major milestone on 31st May, 2014 by achieving an AUM valuing ₹ 10 lakh crores and within three years it crossed another major milestone of crossing AUM valuing ₹ 20 lakh crores in August 2017. At the end of December 2020, the value of AUM is about ₹ 31.4 lakh crores with 43 mutual funds operating in the country. However, the individual investors' participation in mutual fund industry is very low as can be observed from the SEBI Investor survey reports 2015, which is about 10% of the survey sample size. So, r the Indian mutual fund industry has still a long way to go.

Chapter IV

An Assessment of Socio-Economic Profile of the Individual Investors and their Investment Pattern

Introduction:

It has been observed from the review of the literature that mutual fund is considered to be an investment avenue, where the degree of risk is very low when compared with investment in other financial assets or modern investment avenues like shares and debentures. In this chapter, an attempt has been made to study the socio-economic variables as well as the investment pattern of the individual investors of the Kolkata region towards various investment avenues and their preferences. This chapter deals with the socio-economic variables in which it has been attempted to ascertain relationship between variables with the help of cross tabulations. The data collected has been analyzed with the help of descriptive statistics and various other statistical tools and techniques.

4.1 Socio-economic Profile of the Respondents:

The various socio-economic variables considered in this study have been depicted in a comparative table where the total respondents have been grouped as mutual fund (MF) investors and non-mutual fund (NMF) investors.

Table 4.1: Comparative Table

Sl.No.	Variable	MF Investors		NMF Investors		Total Investors	
		Freq	%	Freq	%	Freq	%
1.	**Gender:**						
	Male	201	65	79	56	280	62
	Female	108	35	62	44	170	38
	Total	309	100	141	100	450	100

2.	**Age:**						
	Up to 30 years	131	42	76	54	207	46
	31 years – 40 years	137	44	41	29	178	39
	41 years – 50 years	32	11	16	11	48	11
	Above 50 years	09	03	08	06	17	04
	Total	309	100	141	100	450	100
3.	**Educational Qualifications:**						
	Up to Secondary Level	04	01	01	01	05	01
	Higher Secondary Level	09	03	05	03	14	03
	Graduate Level	93	30	69	49	162	36
	Post Graduate Level and above	203	66	66	47	269	60
	Total	309	100	141	100	450	100
4.	**Marital Status:**						
	Married	193	62	78	55	271	60
	Single	116	38	63	45	179	40
	Total	309	100	141	100	450	100
5.	**Occupation:**						
	Self-employed	49	16	34	24	83	18
	Private Sector Employee	208	68	52	37	260	58
	Public Sector Employee	08	03	25	18	33	07
	Profession	23	07	11	07	34	08
	Home-makers	14	04	12	09	26	06
	Others	07	02	07	05	14	03
	Total	309	100	141	100	450	100
6.	**Monthly Income:**						
	Up to ₹ 50,000	116	38	84	60	200	44
	₹ 50,001 - ₹ 1,00,000	71	23	28	20	99	22
	₹ 1,00,001 - ₹ 2,00,000	53	17	11	07	64	14
	Above ₹ 2,00,000	69	22	18	13	87	20
	Total	309	100	141	100	450	100

7.	**Annual Household Income:**						
	Up to ₹ 2,50,000	17	06	12	08	29	06
	₹ 2,50,001 - ₹ 5,00,000	23	07	31	22	54	12
	₹ 5,00,001 - ₹ 10,00,000	87	28	49	35	136	30
	Above ₹ 10,00,000	182	59	49	35	231	52
	Total	309	100	141	100	450	100
8.	**Annual Savings:**						
	Up to 10%	83	27	62	44	145	32
	11% - 20%	97	31	42	30	139	31
	21% - 30%	74	24	23	16	97	22
	Above 30%	55	18	14	10	69	15
	Total	309	100	141	100	450	100
9.	**Average Investment Period:**						
	Up to 1 year	33	11	28	20	61	14
	1 year – 3 years	83	27	47	33	130	29
	3 years – 5 years	60	19	30	21	90	20
	Above 5 years	133	43	36	26	169	37
	Total	309	100	141	100	450	100

Source: Author's field survey, 2020

4.1.1 Gender of the Respondent:

The gender of an individual investor is a very significant variable for any study and it has been seen that this variable has its own influence on the investment pattern of the respondents across various studies. It has a very important role to play in regard to the investment in varied avenues. The male investors generally look for or are willing to take more risk as compared to their counterparts i.e. female respondents. It has been observed that female respondents, in general, expect or look for a fair return on a consistent basis from their investments.

Table 4.1 reveals out the gender variable composition of the total sample size. Out of 450 respondents, 280 are male respondents and 170 are female respondents, i.e. 62% are male

respondents and 38% are female respondents. One of the reasons for an unfavourable gender ratio of female to male may be because of the existing social system whereby majority of the females do not have economic empowerment.

4.1.2 Age of the Respondent:

The age of an individual investor plays a very significant role in one's investment pattern as it is an important variable to define an investor's behaviour. In the present study, the respondents have been grouped as per age i.e. respondents who are below 30 years in age, between 31-40 years, between 41-50 years and respondents who are above 50 years in age have been grouped together.

Table 4.1 reveals out the age variable composition of the total sample size. Out of 450 respondents, 207 respondents are below the age of 30 years, 178 respondents belong to the age group of 31-40 years, 48 respondents are belonging to the age group of 41-50 years and 17 respondents are above 50 years of age. About 85% of the total sample size is belonging to the age group of up to 40 years in age whereas 15% of them are above that age group. It has been observed that as an individual reaches a certain age; one feels the necessity to start investing resources for the need of being financially secured.

4.1.3 Educational Qualifications of the Respondent:

The educational qualification variable depicts the level of academic or formal education of an individual respondent. Educational qualification may be considered as an important factor for one's level of awareness about the various alternatives available in the financial market in regard to investment and hence this variable has been included to understand the socio-economic profile of the respondents. In the present study, the educational qualifications has been categorised into four categories as up to secondary level, higher secondary level, graduates and post graduates and above.

Table 4.1 reveals out the educational qualification variable composition of the total sample size. Out of 450 respondents, 269 respondents are qualified to post-graduate level and above, 162 respondents are qualified to graduate level, 14 respondents are qualified up to higher

secondary level and only 1 respondent is qualified till secondary level. About 96% of the total sample size is academically highly qualified and only a mere 4% are under-graduates. It is a general assumption that a higher level of education brings a better understanding of the financial market.

4.1.4 Marital Status of the Respondent:

Marital status is a very significant factor considered for understanding the investor's behaviour in regard to investment. It is presumed that marriage brings a sense of responsibility in order to have a good living standard. In the present study, the respondents have been grouped as either married or single.

Table 4.1 reveals out the marital status variable composition of the total sample size. Out of 450 respondents, 271 are married respondents and 179 are single respondents, i.e. 60% of the respondents are married respondents and 40% are single respondents. It has been observed that the marital status of the respondents affect the choice of investment avenues due to responsibility towards family.

4.1.5 Occupational Status of the Respondent:

The current employment or occupation of the respondent has been represented through the occupational status variable. The occupation of a respondent might have an impact on the choice of investment avenues being made by a respondent as the source of an assured income is being ascertained by one's occupation. For the purposes of the study, the respondents have been grouped as private sector employees, government sector employees, self-employed personnel, professional personnel being doctors, chartered accountants, etc, home makers and others being retired persons, students, etc.

Table 4.1 reveals out the occupational status variable composition of the total sample size. Out of 450 respondents, 260 respondents are private sector employees, 83 respondents are self employed personnel, 33 respondents are public sector employees, 34 respondents are professionals, 26 respondents are homemakers and 14 respondents are from the miscellaneous group. About 58% of the total sample size is private sector employees, 18%

are self employed personnel, 8% of them are professionals, 7% are public sector employees, 6% are home makers and only 3% of the total respondents are from the miscellaneous group.

4.1.6 Monthly Income of the Respondent:

When it comes to investment, income is considered to be of utmost significance as the quantum of income earned by an individual makes him decide what to invest, where to invest and how much to invest. Monthly income refers to the total amount of money earned from all the possible sources in a month. The amount of income earned makes an investor decide where to invest and what to invest. A high level of income might make an investor adventurous to invest his funds in varied investment avenues which might be riskier as compared to other avenues. In the present study, the monthly income of the respondent has been grouped under various income slabs i.e. up to ₹ 50,000, ₹50,001 - ₹1,00,000, ₹1,00,001 - ₹2,00,000 and above ₹ 2,00,000.

Table 4.1 reveals out the monthly income variable composition of the total sample size. Out of 450 respondents, 200 (45%) respondents are earning a monthly income of up to ₹50,000, 99 (22%) respondents are earning a monthly income between ₹50,001 - ₹1,00,000, 64 (14%) respondents are earning between ₹1,00,001 - ₹2,00,000 on a monthly basis and 87 (19%) respondents are earning a monthly income of above ₹2,00,000. It is a general understanding that a regular and fixed source of income makes the investors to invest in varied investment avenues.

4.1.7 Annual Household Income of the Respondent:

Household income may be referred to as the total amount of money earned, irrespective of the source, by all the members of the household. Annual household income may be stated as the cumulative earnings of all the members of the household over a period of twelve months. The cumulative amount of fund can be considered as a significant factor from the perspective of investment. The higher amount of cumulative fund can make an individual investor to invest more fund in varied investment avenues as there may be surplus fund after meeting the household expenses. For the present study, the annual household income has been

categorised as up to ₹2,50,000, between ₹2,50,001 - ₹5,00,000, between ₹5,00,001 - ₹10,00,000 and above ₹10,00,000.

Table 4.1 reveals out the annual household income variable composition of the total sample size. Out of 450 respondents, 29 (7%) respondents belong to the group where the annual household income is up to ₹2,50,000, 54 (12%) respondents belong to a group where the annual household income is between ₹2,50,001 - ₹5,00,000, 136 (30%) respondents belong to a group where the annual household income is between ₹5,00,001 - ₹10,00,000 and 231(51%) respondents belong to a group where the annual household income is above ₹10,00,000.

4.2 Investment Pattern of the Respondents:

For understanding the investment pattern of the respondents various variables like percentage of annual savings, average investment period, purpose of savings, respondent's preferred investment avenues have been taken up for the study. These variables have been discussed in the following paragraphs:

4.2.1 Annual Savings of the Respondent:

Annual savings refer to the amount of fund or percentage of annual income saved by an individual investor. It is the excess of total annual income over total annual expenditure. It can also be stated as the surplus of the investors being saved in any investment avenue. After meeting the necessary expenditures or making provisions for the same, the excess amount is only being invested in varied investment avenues and therefore this particular variable has been taken up for the study. In the present study, the annual savings has been represented as percentage and has been categorised as up to 10%, between 11% - 20%, 21% - 30% and above 30%.

Table 4.1 reveals out the annual savings variable composition of the total sample size. Out of 450 respondents, 145 (32%) respondents are saving annually up to 10%, 139 (31%) respondents are saving annually between 11% - 20%, 97 (22%) respondents are saving between 21% - 30% and 69 (15%) respondents are saving annually above 30%.

4.2.2 Average Investment Period of the Respondent:

Whenever one makes investment, he keeps an objective or purpose in view and in order to achieve it they need to make investments for a certain time period. The longevity of the investment period may be short term, medium term or long term. For the present study, the investment period has been categorised as up to 1 year, between 1 – 3 years, between 3 – 5 years and above 5 years.

Table 4.1 reveals out the average investment period variable composition of the total sample size. Out of 450 respondents, 61 (41%) respondents are investing their funds for an average investment period for less than twelve months, 130 (29%) respondents invest for a period between 1 – 3 years, 90 (20%) respondents invest for a period between 3 – 5 years and 169 (37%) respondents invest their funds for above 5 years.

4.3 Cross Tabulation Analysis of two variables:

For a more in depth understanding of the nature of the respondents in regard to investing their funds for a particular time period, the respondents have been grouped as respondents investing in mutual fund termed as mutual fund investors while respondents who are not investing in mutual funds termed as non-mutual fund investors. An attempt has been made through cross tabulation by taking average investment period as an independent variable and establishing its relationship with various other socio-economic variables.

Table 4.2 reveals the average investment period of the total number of respondents belonging to various groups of gender. Out of 450 respondents, 170 respondents are females, who mainly prefer to keep their investments for an average period of 1 year to 3 years (32.94%) and 31% of them also intend to go for long term investments, i.e., above 5 years. The rest are male investors who mainly are long term investors and a meager 10% of them invest for a period of less than a year.

From the same table, we get an indication for both mutual fund and non-mutual fund investors. Out of 309 respondents who invest in mutual funds, only 11% are investing for a period of less than a year. A gender wise classification reveals that both males and females

are investing less in short period investments and are more prone to be long term investors. However, in the case of non-mutual fund investors, they are happy invest in both medium and long-term basis. Both the male and female investors in this category behave in the same fashion, while around 31% of the females also like short-term investments.

Table 4.3 reveals the average investment period of the total number of respondents belonging to various groups of marital status. Out of 450 respondents, 179 respondents are single, who mainly prefer to keep their investments for an average period of between 1 year to 3 years (34.64%) and 30.17% of them also intend to go for long term investments, i.e. above 5 years. The remaining respondents are married investors, where almost 42% of them are long term investors and a meager 9% of them invest for less than a year.

From the same table, we can also make an observation for both mutual fund and non-mutual fund investors. Out of 309 respondents who invest in mutual funds, about 43% are investing for a period of more than 5 years. Both single and married respondents are more inclined towards making investments for long term as compared to making short term investments. However, in the case of non-mutual fund investors, they are happy to keep investments for both medium and long-term. The married investors prefer investments for 1 year to 3 years term period and above 5 years term period equally, while single respondents prefer medium term investments ranging from 1 year to 3 years and about 27% of them keep their funds invested for a period of less than a year.

Table 4.4 reveals the average investment period of the total number of respondents belonging to various age groups. Out of 450 respondents, 207 respondents belong to the age group of less than 30 years who prefer to keep their investments for an average period of 1 year to 3years (33%). Also almost a similar number (31%) keep their funds invested for an average period of more than 5 years. 170 respondents belong to the age group of 31 years – 40 years, where 41% of the respondents keep their funds invested for long term period i.e. above 5 years. In case of 48 respondents who belong to the age group of 41 years to 50 years, about 54% of them keep their funds invested for an average period of more than 5 years. Of the remaining respondents who are above 50 years of age, 35% of them prefer to keep their investments for an average period of 1 year to 3 years.

From the same table, we can also comprehend about the preferred average investment period of mutual fund and non-mutual fund investors. Out of 309 respondents who are investing in mutual fund, 43% of them choose to invest their funds for an average period of above 5 years. An age wise segregation of the respondents indicate that all the respondents below 50 years of age prefer to invest for long term (i.e., above 5 years) while the remaining investors prefer medium term investments. However, in case of non-mutual fund investors, their preferences are towards medium term investments (i.e. 1 year – 3 years) for all age groups except the respondents belonging to the age group of 41 years to 50 years who prefer investments for more than 5 years.

Table 4.5 reveals the average investment period of the total number of respondents belonging to varied academically qualified groups. Out of 450 respondents, 269 respondents are post-graduates who prefer to keep their investments for a longer term period (39.41%) as well as 162 respondents who are graduates also prefer to keep their investments for long term period (35.19%). Of the remaining respondents who are undergraduates, prefer to keep their investments from medium term to long term.

From the same table, we can also understand the preferences of mutual fund and non-mutual fund investors in regard to average investment period. Out of 309 respondents who are investing in mutual fund, all the respondents who are graduates and post-graduates choose to invest their funds for an average period of above 5 years, while under graduates prefer medium term investments. However, in case of non-mutual fund investors, their preferences are towards medium term investments (i.e. 1 year – 3 years) for all the respondents.

Table 4.6 reveals the average investment period of the total number of respondents belonging to varied occupational categories. Out of 450 respondents, 260 respondents are private sector employees who prefer to keep their investments for a longer term period (40.77%) as well as 83 respondents who are self-employed also prefer to keep their investments for long term (39.76%). Of the remaining respondents who are involved in other occupations, prefer to keep their investments from medium term to long term.

From the same table, we can also understand the preferences of mutual fund and non-mutual fund investors in regard to average investment period. Out of 309 respondents who are

investing in mutual fund, all the respondents who are private sector employees and self employed personnel choose to invest their funds for an average period of above 5 years, while the remaining respondents prefer medium term investments. However, in case of non-mutual fund investors, their preferences are towards medium term investments (i.e. 1 year – 3 years) for all the respondents.

Table 4.7 reveals the average investment period of the total number of respondents falling under different monthly income brackets. Out of 450 respondents, 200 respondents are earning a monthly income of less than ₹ 50000 who preferred to keep their investments for medium term period (34.50%), while the remaining respondents showed an inclination towards long term investments.

From the same table, we can also comprehend about the preferred average investment period of mutual fund and non-mutual fund investors. Out of 309 respondents who are investing in mutual fund, all the respondents belonging to different monthly income brackets chose to invest their funds for an average period of above 5 years, followed by medium term investments ranging from 1 year to 3 years. However, in case of non-mutual fund investors, their preferences are towards medium term investments (i.e. 1 year – 3 years) for respondents earning up to ₹ 100000 while the remaining respondents preferred investments for more than 5 years.

Table 4.8 reveals the average investment period of the total number of respondents belonging to different annual household income brackets. Out of 450 respondents, all the respondents who belong to different income brackets prefer to keep their investments active for more than 5 years except the respondents belonging to the bracket of income between ₹250001 to ₹500000, who showed an inclination towards 1 year to 3 year term investments.

From the same table, we can also comprehend about the preferred average investment period of mutual fund and non-mutual fund investors. Out of 309 respondents who are investing in mutual fund, all the respondents belonging to different annual household income brackets choose to invest their funds for an average period of above 5 years, followed by medium term investments ranging from 1 year to 3 years. However, in case of non-mutual fund investors, their preferences are towards medium term investments (i.e. 1 year – 3 years) for

all the respondents except the respondents who are belonging to the bracket of above ₹10,00,000 preferred investments for more than 5 years.

Table 4.9 reveals the average investment period of the total number of respondents belonging to different annual savings brackets. Out of 450 respondents, all the respondents belonging to different annual savings brackets preferred to keep their investments active for more than 5 years.

From the same table, we can also comprehend about the preferred average investment period of mutual fund and non-mutual fund investors. Out of 309 respondents who are investing in mutual fund, all the respondents belonging to different annual savings chose to invest their funds for an average period of above 5 years, followed by medium term investments ranging from 1 year to 3 years. However, in case of non-mutual fund investors, their preferences are towards medium term investments (i.e. 1 year – 3 years) for all the respondents except the respondents who are belonging to the bracket of saving above 30% of their income, prefer investments for 3 years to 5 years.

Cross Tabulation of Average investment Period as an independent variable and gender, marital status, age, educational qualification, occupation, monthly income, annual household income and rate of annual savings as dependent variables:

Table 4.2: Gender and Average Investment Period of the Respondents

AVERAGE INVESTMENT PERIOD															
	MF INVESTORS					NON – MF INVESTORS					TOTAL				
GENDER	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total
FEMALE	13	34	22	39	108	19	22	7	14	62	32	56	29	53	207
	(12.04)	(31.48)	(20.37)	(36.11)	(100)	(30.65)	(35.48)	(11.29)	(22.58)	(100)	(18.82)	(32.94)	(17.06)	(31.18)	(100)
MALE	20	49	38	94	201	9	9	23	22	79	29	74	61	116	178
	(9.95)	(24.38)	(18.91)	(46.77)	(100)	(11.39)	(31.65)	(29.11)	(27.85)	(100)	(10.36)	(26.43)	(21.79)	(41.43)	(100)
TOTAL	33	83	60	133	309	28	47	30	36	141	61	130	90	169	450
	(10.68)	(26.86)	(19.42)	**(43.04)**	(100)	(19.86)	**(33.33)**	(21.28)	(25.53)	(100)	(13.56)	(28.89)	(20.00)	**(37.56)**	(100)

Figures in brackets are percentages
Source: Author's field survey, 2020

Table 4.3: Marital Status and Average Investment Period of the Respondents

AVERAGE INVESTMENT PERIOD															
MARITAL STATUS	MF INVESTORS					NON – MF INVESTORS					TOTAL				
	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total
SINGLE	19	38	18	41	116	17	24	9	13	63	36	62	27	54	179
	(16.38)	(32.76)	(15.52)	(35.34)	(100)	(26.98)	(38.10)	(14.29)	(20.63)	(100)	(20.11)	(34.64)	(15.08)	(30.17)	(100)
MARRIED	14	45	42	92	193	11	23	21	23	78	25	68	63	115	271
	(7.25)	(23.32)	(21.76)	(47.67)	(100)	(14.10)	(29.49)	(26.92)	(29.49)	(100)	(9.23)	(25.09)	(23.25)	(42.44)	(100)
TOTAL	33	83	60	133	309	28	47	30	36	141	61	130	90	169	450
	(10.68)	(26.86)	(19.42)	**(43.04)**	(100)	(19.86)	**(33.33)**	(21.28)	(25.53)	(100)	(13.56)	(28.89)	(20.00)	**(37.56)**	(100)

Figures in brackets are percentages
Source: Author's field survey, 2020

Table 4.4: Age and Average Investment Period of the Respondents

AVERAGE INVESTMENT PERIOD															
	MF INVESTORS					NON – MF INVESTORS					TOTAL				
AGE	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total
1 (Less than 30 yrs)	21 (16.03)	40 (30.53)	18 (13.74)	52 (39.69)	131 (100)	20 (26.32)	30 (39.47)	13 (17.11)	13 (17.11)	76 (100)	41 (19.81)	70 (33.82)	31 (14.98)	65 (31.40)	207 (100)
2 (31-40yrs)	9 (6.57)	34 (24.82)	31 (22.63)	63 (45.99)	137 (100)	7 (17.07)	11 (26.83)	12 (29.27)	11 (26.83)	41 (100)	16 (8.99)	45 (25.28)	43 (24.16)	74 (41.57)	178 (100)
3 (41-50 yrs)	1 (3.13)	6 (18.75)	8 (25.00)	17 (53.13)	32 (100)	1 (6.25)	3 (18.75)	3 (18.75)	9 (56.25)	16 (100)	2 (4.17)	9 (18.75)	11 (22.92)	26 (54.17)	48 (100)
4 (Ab. 50 yrs)	2 (22.22)	3 (33.33)	3 (33.33)	1 (11.11)	9 (100)	0 (0.00)	3 (37.50)	2 (25.00)	3 (37.50)	8 (100)	2 (11.76)	6 (35.29)	5 (29.41)	4 (23.53)	17 (100)
TOTAL	33 (10.68)	83 (26.86)	60 (19.42)	133 **(43.04)**	309 (100)	28 (19.86)	47 **(33.33)**	30 (21.28)	36 (25.53)	141 (100)	61 (13.56)	130 (28.89)	90 (20.00)	169 **(37.56)**	450 (100)

Figures in brackets are percentages
Source: Author's field survey, 2020

Table 4.5: Educational Qualifications and Average Investment Period of the Respondents

AVERAGE INVESTMENT PERIOD															
EDU. QUAL.	MF INVESTORS					NON – MF INVESTORS					TOTAL				
	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total
Up to Secondary	0 (0.00)	2 (50.00)	0 (0.00)	2 (50.00)	4 (100)	0 (0.00)	0 (0.00)	0 (0.00)	1 (100)	1 (100)	0 (0.00)	2 (40.00)	0 (0.00)	3 (60.00)	5 (100)
Higher Secondary	2 (22.22)	4 (44.44)	1 (11.11)	2 (22.22)	9 (100)	0 (0.00)	3 (60.00)	1 (20.00)	1 (20.00)	5 (100)	2 (14.29)	7 (50.00)	2 (14.29)	3 (21.43)	14 (100)
Graduate level	9 (9.68)	28 (30.11)	16 (17.20)	40 (43.01)	93 (100)	12 (17.39)	24 (34.78)	16 (23.19)	17 (24.64)	69 (100)	21 (12.96)	52 (32.10)	32 (19.75)	57 (35.19)	162 (100)
Post-Graduate	22 (10.84)	49 (21.14)	43 (21.18)	89 (43.84)	203 (100)	16 (24.24)	20 (30.30)	13 (19.70)	17 (25.76)	8 (100)	38 (14.13)	69 (25.65)	56 (20.82)	106 (39.41)	269 (100)
TOTAL	33 (10.68)	83 (26.86)	60 (19.42)	133 **(43.04)**	309 (100)	28 (19.86)	47 **(33.33)**	30 (21.28)	36 (25.53)	141 (100)	61 (13.56)	130 (28.89)	90 (20.00)	169 **(37.56)**	450 (100)

Figures in brackets are percentages
Source: Author's field survey, 2020

Table 4.6: Occupation and Average Investment Period of the Respondents

AVERAGE INVESTMENT PERIOD															
OCCUPATION	MF INVESTORS					NON – MF INVESTORS					TOTAL				
	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total
Self-employed	9	9	9	22	49	6	10	7	14	34	15	19	16	33	83
	(18.37)	(18.37)	(18.37)	(44.90)	(100)	(17.65)	(29.41)	(11.29)	(22.58)	(100)	(18.07)	(22.89)	(19.28)	(39.76)	(100)
Private sector	14	57	45	92	208	14	14	10	14	52	28	71	55	106	260
Employees	(6.73)	(27.40)	(21.63)	(44.23)	(100)	(26.92)	(26.92)	(19.23)	(26.92)	(100)	(10.77)	(27.31)	(21.15)	(40.77)	(100)
Public sector	1	2	1	4	8	1	7	9	8	25	2	9	10	12	33
Employees	(12.50)	(25.00)	(12.50)	(50.00)	(100)	(4.00)	(28.00)	(36.00)	(32.00)	(100)	(6.06)	(27.27)	(30.30)	(36.36)	(100)
Professionals	4	6	3	10	23	2	7	1	1	11	6	13	4	11	34
	(17.39)	(26.09)	(13.04)	(43.48)	(100)	(18.18)	(63.64)	(9.09)	(9.09)	(100)	(17.65)	(38.24)	(11.76)	(32.35)	(100)
Home-makers	3	4	2	5	14	3	7	0	2	12	6	11	2	7	26
	(21.43)	(28.57)	(14.29)	(35.71)	(100)	(25.00)	(58.33)	(0.00)	(16.67)	(100)	(23.08)	(42.31)	(7.69)	(26.92)	(100)
Others	2	5	0	0	7	2	2	3	0	7	4	7	3	0	14
	(28.57)	(71.43)	(0.00)	(0.00)	(100)	(28.57)	(28.57)	(42.86)	(0.00)	(100)	(28.57)	(50.00)	(21.43)	(0.00)	(100)
TOTAL	33	83	60	133	309	28	47	30	36	141	61	130	90	169	450
	(10.68)	(26.86)	(19.42)	**(43.04)**	(100)	(19.86)	**(33.33)**	(21.28)	(25.53)	(100)	(13.56)	(28.89)	(20.00)	**(37.56)**	(100)

Figures in brackets are percentages
Source: Author's field survey, 2020

Table 4.7: Monthly Income and Average Investment Period of the Respondents

AVERAGE INVESTMENT PERIOD															
MONTHLY INCOME	MF INVESTORS					NON – MF INVESTORS					TOTAL				
	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total
Up to ₹50000	19	38	18	41	116	23	31	12	18	1	42	69	30	59	200
	(16.38)	(32.76)	(15.52)	(35.34)	(100)	(27.38)	(36.90)	(14.29)	(21.43)	(100)	(21.00)	(34.50)	(15.00)	(29.50)	(100)
₹50001-₹100000	5	19	17	30	71	3	7	11	7	5	8	26	28	37	99
	(7.04)	(26.76)	(23.94)	(42.25)	(100)	(10.71)	(25.00)	(39.39)	(25.00)	(100)	(8.08)	(26.26)	(28.28)	(37.37)	(100)
₹100001-₹200000	3	14	12	24	53	2	2	4	3	69	5	16	16	27	64
	(5.66)	(26.42)	(22.64)	(45.28)	(100)	(18.18)	(18.18)	(36.36)	(27.27)	(100)	(7.81)	(25.00)	(25.00)	(42.19)	(100)
Above ₹200000	6	12	13	38	69	0	7	3	8	8	6	19	16	46	87
	(8.70)	(17.39)	(18.84)	(55.07)	(100)	(0.00)	(38.39)	(16.67)	(44.44)	(100)	(6.90)	(21.84)	(18.39)	(52.87)	(100)
TOTAL	33	83	60	133	309	28	47	30	36	141	61	130	90	169	450
	(10.68)	(26.86)	(19.42)	**(43.04)**	(100)	(19.86)	**(33.33)**	(21.28)	(25.53)	(100)	(13.56)	(28.89)	(20.00)	**(37.56)**	(100)

Figures in brackets are percentages
Source: Author's field survey, 2020

Table 4.8: Annual Household Income and Average Investment Period of the Respondents:

ANNUAL HOUSEHOLD INCOME	AVERAGE INVESTMENT PERIOD														
	MF INVESTORS					NON – MF INVESTORS					TOTAL				
	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total
Up to ₹250000	1	5	3	8	17	3	5	1	3	12	4	10	4	11	29
	(5.88)	(29.41)	(17.65)	(47.06)	(100)	(25.00)	(41.67)	(8.33)	(25.00)	(100)	(13.79)	(34.48)	(13.79)	(37.93)	(100)
₹250001-₹500000	1	7	6	9	23	5	!4	7	5	31	6	21	13	14	54
	(4.35)	(30.43)	(26.09)	(39.13)	(100)	(16.13)	(45.16)	(22.58)	(16.13)	(100)	(11.11)	(38.89)	(24.07)	(25.93)	(100)
₹500001-₹1000000	16	27	13	31	87	11	12	15	11	49	27	39	28	42	136
	(18.39)	(31.03)	(14.94)	(35.63)	(100)	(22.45)	(24.49)	(30.61)	(22.45)	(100)	(19.85)	(28.68)	(20.59)	(30.88)	(100)
Above ₹1000000	15	44	38	85	182	9	16	7	17	49	24	60	45	102	231
	(8.24)	(24.18)	(20.88)	(46.70)	(100)	(18.37)	(32.65)	(14.29)	(34.69)	(100)	(10.39)	(25.97)	(19.48)	(44.16)	(100)
TOTAL	33	83	60	133	309	28	47	30	36	141	61	130	90	169	450
	(10.68)	(26.86)	(19.42)	**(43.04)**	(100)	(19.86)	**(33.33)**	(21.28)	(25.53)	(100)	(13.56)	(28.89)	(20.00)	**(37.56)**	(100)

Figures in brackets are percentages
Source: Author's field survey, 2020

Table 4.9: Annual Savings and Average Investment Period of the Respondents

AVERAGE INVESTMENT PERIOD															
ANNUAL SAVINGS	MF INVESTORS					NON – MF INVESTORS					TOTAL				
	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total	Up to 1 yr	1-3 yrs	3-5yrs	Ab. 5 yrs	Total
Up to 10%	8	26	16	33	83	17	18	11	16	62	25	44	27	49	145
	(9.64)	(31.33)	(19.28)	(39.76)	(100)	(27.42)	(29.03)	(17.74)	(25.81)	(100)	(17.24)	(30.34)	(18.62)	(33.79)	(100)
11% - 20%	13	25	23	36	97	5	18	8	11	42	18	43	31	47	139
	(13.40)	(25.77)	(23.71)	(37.12)	(100)	(11.90)	(42.86)	(19.05)	(26.19)	(100)	(12.95)	(30.94)	(22.30)	(33.81)	(100)
21% - 30%	4	23	10	37	74	4	8	4	7	23	8	31	14	44	97
	(5.41)	(31.08)	(13.51)	(50.00)	(100)	(17.39)	(34.78)	(17.39)	(30.43)	(100)	(8.25)	(31.96)	(14.43)	(45.36)	(100)
Above 30%	8	9	11	27	55	2	3	7	2	14	10	12	18	29	69
	(14.55)	(16.36)	(20.00)	(49.09)	(100)	(14.29)	(21.43)	(50.00)	(14.29)	(100)	(14.49)	(17.39)	(26.09)	(42.03)	(100)
TOTAL	33	83	60	133	309	28	47	30	36	141	61	130	90	169	450
	(10.68)	(26.86)	(19.42)	**(43.04)**	(100)	(19.86)	**(33.33)**	(21.28)	(25.53)	(100)	(13.56)	(28.89)	(20.00)	**(37.56)**	(100)

Figures in brackets are percentages
Source: Author's field survey, 2020

Upon understanding the significance of the various socio-economic variables on investment inclination of the respondents about the quantum of annual savings, term period for maintaining the investments based on varied levels of income earned by them, a further attempt, is made to introspect upon the choices of investment made by them.

4.4 Purpose of Savings of the Respondent:

Savings is that portion of income which is not spent on current expenditures. As future is uncertain, money is saved to pay for unexpected events or emergencies. However, most of the times, investors save money with a specific target or to meet a specific objective or purpose. For the present study, the purpose of savings has been enumerated as to build wealth for retirement, to spend on children for higher education and marriage, to purchase a residential property or other assets, to create a contingency fund for future engagements and others.

Table 4.10: Purpose of Savings of the Respondent

Sl. No.	Purpose of Savings	Freq.	%
1.	To build wealth for retirement	222	27
2.	To spend on children for higher education and marriage	170	21
3.	To purchase a residential property or other assets	167	21
4.	To create a contingency fund for future engagements	242	30
5.	Others	05	01

Source: Author's Field Survey – 2020

Table 4.10 reveals out the purpose of savings variable composition of the total sample size. Out of 450 respondents, the purpose of savings of 222 (27%) respondents is to build wealth for retirement while for 170 (21%) respondents it is to be able to provide for children's higher education and marriage. For 167 (21%) respondents, the purpose of savings is to be able to purchase a residential property or other assets while in case of 242 (30%) respondents, the purpose to save funds is for creating a contingency fund to meet unforeseen future engagements and in case of 5 (1%) respondents, the purpose of savings is for such purposes other than those specified above like to be able to have a vacation, etc.

4.5 Preferred Investment Avenues of the Respondent:

Various alternatives are available in the financial market to an investor for making investment. The investment avenues may be categorised on the basis of degree of risk as safe or risk-free investment avenues like Bank fixed deposits, Savings account, Provident fund schemes etc. Mutual funds, Bonds, Debentures, etc. may be considered as moderate risk investment avenues. On the other hand, investment in Equity market, Forex market, Commodity market, etc. may be considered as high risk investment avenues. Apart from these alternatives available, there are traditional investment avenues which are also available for investment for the investors like investment in Real estate, Gold/Silver etc. This variable is taken up for the study to understand the preferences of the respondents in regard to investment avenues out of the various alternatives such as Fixed deposits, Provident fund schemes, Insurance schemes, Shares, Mutual Funds, Gold, Real estate and Chit funds. In regard to understanding the preferences of the investors, the respondents has assigned ranks to the various investment avenues in the order of their preference as rank 1, 2, 3, 4, 5, 6, 7 and 8. Henry Garrett ranking technique is adopted to find out the preferred investment avenues of the respondents based upon the data collected from them. The respondents have to rank in the order of merit. For the most preferred investment avenue, the rank to be assigned is rank 1, followed by second most preferred investment avenue as rank 2 and so on.

Table 4.11: Preferences of the Respondent for Various Investment Avenues

Rank / Investment Avenue	1	2	3	4	5	6	7	8	Total
Fixed Deposit	125	59	74	68	74	36	14	00	450
Provident Fund Schemes	26	100	64	51	26	107	73	03	450
Insurance Schemes	15	50	70	43	59	104	108	01	450
Shares	31	83	50	42	86	61	95	02	450
Mutual Fund	161	62	58	41	53	42	29	04	450
Gold	33	63	68	106	93	45	42	00	450
Real Estate	62	32	62	94	55	56	88	01	450
Chit Fund	00	00	04	04	03	00	00	439	450
Garrett Score	80	67	60	53	47	40	32	20	

Source: Author's Field Survey – 2020

Table 4.11 reveals out the number of times a particular rank is given by the respondents as per their preferences to a particular investment avenue. It is observed that mutual fund as an investment avenue has been chosen by 161 respondents as their first preference, fixed deposit has been chosen by 125 respondents as their first preference and so on. Garrett scores have been taken from the Garrett Ranking Conversion table as per the percent calculated for the various ranking orders. The process of percent calculation has been discussed in the following tables.

Garrett Ranking – In order to identify the preferences of the investors towards various investment avenues, the respondents are asked to state their preferences for the various investment avenues in the order of merit. These preferences or merits are analyzed by applying the Henry Garrett Ranking technique.

These ranks are converted into percent by using the following formula:

$$Percent\ Position = \frac{100\ (Rij \quad .5)}{Nj}$$

where, Rij = Rank given for the i^{th} variable by j^{th} respondents

Nj = Number of variables ranked by j^{th} respondents

Following the calculation of percent position, these estimated percent positions are converted into scores with the help of Garrett Ranking Conversion tables. The following table (4.12) shows the calculation of the percent positions for various ranks using the above mentioned formula.

Table 4.12: Percent Position and Garrett value/score

Rank	Formula = $\frac{100\ (Rij-0.5)}{Nj}$	Percent Position	Garrett value / Score
1	100 (1 - 0.5) / 8	6.25	80
2	100 (2 - 0.5) / 8	18.75	67
3	100 (3 - 0.5) / 8	31.25	60
4	100 (4 - 0.5) / 8	43.75	53
5	100 (5 - 0.5) / 8	56.25	47
6	100 (6 - 0.5) / 8	68.75	40
7	100 (7 - 0.5) / 8	81.25	32
8	100 (8 - 0.5) / 8	93.75	20

Table 4.13: Preferred Investment Avenues as per Garrett Ranking

Sl. No	Investment Avenues	Total Score	Average	Rank
1	Fixed Deposit	27363	60.81	2
2	Provident Fund Schemes	23194	51.54	5
3	Insurance Schemes	21438	47.64	7
4	Shares	22736	50.52	6
5	Mutual Fund	27866	61.92	1
6	Gold	23994	53.32	3
7	Real Estate	23467	52.15	4
8	Chit Funds	9373	20.83	8

Source: Author's Field Survey – 2020

It is inferred from the above analysis that mutual fund is the most preferred investment avenue of the respondents followed by fixed deposits, gold, real estate, provident fund schemes, shares, insurance schemes and chit funds in the ascending order of preference.

4.6 Composite Familiarity Index:

An attempt is made to further assess the cognizance level of the individual investors towards various investment avenues based upon certain inherent attributes of an investment avenue. Responses were collected on various traits of an investment avenue viz., safety, liquidity, awareness, ease in investing, return on investment and ease in accessibility, through a five point Likert Scale technique. The attribute 'Safety' indicates safety of the principal amount invested. It refers to whether any risk is associated with an investment, is there any underlying fear involved in losing the principal amount invested in, etc. The attribute 'Liquidity' indicates conversion of the investment into cash form at any point of time as and when required by an individual investor. It refers to the time period in which the invested instrument can be converted into cash. The attribute 'Awareness' indicates to the understanding level about a particular investment avenue in terms of safety, liquidity, mode of operation, etc. The attribute 'Ease in Investing' indicates the procedure of making an investment in a particular investment avenue. It refers to the hassles involved like paperwork, quantum of formalities to be completed, etc. which may discourage an individual investor to

choose a particular investment avenue. The attribute 'Return on Investment' indicates the returns to be generated from an investment within a particular time period. It refers to the minimum rate of return expected on the principal amount invested by an individual investor when one invests. The attribute 'Ease in Accessibility' indicates how easily accessible an investment avenue is in regard to buying and selling transactions.

Upon analysis of the responses, a familiarity index has been constructed for each of the investment avenue individually like Fixed Deposit Familiarity Index (FDFI), Provident Fund Scheme Familiarity Index (PFSFI), Insurance Schemes Familiarity Index (ISFI), Shares Familiarity Index (SFI), Mutual Find Familiarity Index (MFFI), Gold Familiarity Index (GFI), Real Estate Familiarity Index (REFI) and Chit Fund Schemes Familiarity Index (CFSFI). In this study, FDFI, PFSFI, ISFI, SFI, MFFI, GFI, REFI and CFSFI have been reduced to a single index named Composite Familiarity (CFI) using the Principal Component Analysis (PCA) method.The Principal Component Analysis is a technique which is used for converting a large number of variables in a data set into principal components. The principal components are a smaller and much more coherent set of uncorrelated factors. Each component is a linear weighted combination of the initial variables. The weights for principal component are given by the eigen vectors of the correlation matrix or the covariance matrix, if the data were standardized. The variance for each principal component is represented by the eigen value of the corresponding eigen vector.

The descriptive statistics of the calculated indices have been discussed in the following table:

Table 4.14: Descriptive statistics of the calculated indices

Variable	Observations	Mean	Std. Dev.	Min value	Max value
Fixed Deposit Familiarity Index (FDFI)	451	0.50016	0.19651	0	1
Provident Fund Schemes Familiarity Index (PFSFI)	451	0.38332	0.19062	0.0009	1.03465
Insurance Schemes Familiarity Index (ISFI)	451	0.52347	0.14937	0	1
Shares Familiarity Index (SFI)	451	0.55355	0.18123	0	1.32139
Mutual Fund Familiarity Index (MFFI)	451	0.50806	0.19794	0	1.26370
Gold Familiarity Index (GFI)	451	0.52075	0.20230	0	1
Real Estate Familiarity Index (REFI)	451	0.47465	0.21052	-0.00087	1.14480
Chit Fund Schemes Familiarity Index (CFSFI)	451	0.34904	0.18433	0	1

A glance at the set of eight indicators reveals that they are either positive or negative. The indicators are arranged from best to worst values. In view of this, they are required to be first normalized before any statistical tool is applied. The 'best' and 'worst' values of an indicator are first identified at the start of the normalization process. Needless to say, these values depend on whether the indicator is positive or negative, highest value treated as the 'best' for positive indicator and 'worst' for negative indicator and similarly the lowest value treated as the 'worst' for positive indicator and 'best' for negative indicator. The normalized values are then computed using the following formula:

$$NV_{ij} = 1 - \left[\frac{\{Best\ X_i - Observed\ X_{ij}\}}{\{Best\ X_i - Worst\ X_i\}}\right]$$

Normalized values always lie between 0 and 1. Once the normalized values are obtained for all the indicators, we proceed to assign factor loadings and weights. PCA is then conducted and factor loadings are used as weights from the rotated matrix (using the varimax rotation technique)[12] to generate the composite familiarity index for each individual investor. Higher scores for the Index shows higher familiarity towards various attributes of investment avenues and lower score indicates lower familiarity towards various attributes of investment avenues.

In order to assess the fact as to whether the variables taken up for understanding the familiarity of the individual investors for various investment avenues are correlated or not, it is felt imperative to analyse the data collected using factor analysis.

Exploratory Factor analysis: Factor analysis is a technique for reduction of data. The first and foremost condition to apply it is that a significant correlation should exist between the

[12] Typical rotational strategies are: varimax, quarimax, and equamax. In general, the goal in utilizing a strategy is to obtain a clear pattern of high loadings for some variables and low for others. The concept of factor loadings refers to the correlations between the variables and the factors. The varimax is a variance maximizing strategy where the goal of rotation is to maximize the variance (variability) of the factor (component), or put another way, to obtain a pattern of loadings on each factor that is as diverse as possible.

variables. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of Sphericity has been conducted to determine the sampling adequacy.

Table 4.15 : KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.663
Bartlett's Test of Sphericity	Approx. Chi-Square	113.322
	Df	28
	Level of Sig.	.002

Kaiser-Meyer-Olkin Measure of Sampling Adequacy is an index which is applied to examine whether the sample is appropriate for factor analysis. If the result of KMO test is within the range 0.5 to 1, then it is appropriate. On the other hand, if it is less than 0.5, then it will be inappropriate to run further tests. The KMO measure is an index for comparing the degree of observed correlation co-efficient with that of partial correlation co-efficient and its value should be equal to or greater than 0.05. In table 4.15, it can be observed that the KMO measure of sampling adequacy is 0.663, which indicates that all the variables has shown a significant correlation. This provides an ample basis for proceeding to next level.

The second step is to ascertain the overall significance of correlation matrix with Bartlett's test.

Bartlett's Test of Sphericity: It is used to ascertain that whether the population correlation is an identity matrix where the off-diagonal is zero and diagonal is taken as one. If the test results are significant i.e. (Sig. < 0.05), it would indicate that the matrix is not an identity matrix. It refers to that all the variables relate to one another adequately to run a meaningful Exploratory Factor Analysis (EFA).

The significance level being observed in Table 4.15 is 0.002 which is less than 0.05 and hence it is being indicated that the variables do relate to one another strongly and further analysis can be conducted.

The next step is to extract the number of factors to be derived by using Principal Component Analysis. To assess the importance of each component, Eigen values have been used in selecting the number of factors. In this study, three factors are selected which represent approximately 47% variance of all components which are having Eigen value of more than one (Table 4.16).

Table 4.16 - Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Comp.	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.696	21.201	21.201	1.696	21.201	21.201	1.335	16.688	16.688
2	1.083	13.542	34.744	1.083	13.542	34.744	1.292	16.145	32.834
3	1.015	12.690	**47.434**	1.015	12.690	47.434	1.168	14.600	47.434
4	.955	11.940	59.374						
5	.840	10.497	69.870						
6	.827	10.332	80.202						
7	.805	10.062	90.264						
8	.779	9.736	100.000						

Table-4.16 has shown that only three components show Eigen value of more than one. These three variables explained variance of approximately 47%. In unrotated loading first factor has explained 21.201% variance and 13.542% and 12.690% are explained by second and third variable respectively. Then Varimax method has been used to redistribute the variance so that the factor loading pattern and percentage of variance of the factors is different.

Accordingly the Principal Component Analysis are conducted on eight indicators (FDFI, PFSFI, ISFI, SFI, MFFI, GFI, REFI and CFSFI) and they are reduced to a single index of Composite Familiarity Index (CFI).

Table 4.17: Composite Familiarity Index

Familiarity Level	MF Investor	Non-MF Investor	Total
Less Familiar (0 – 0.35)	17 (5.50)	8 (5.67)	25 (5.56)
Moderately Familiar (0.36 – 0.50)	153 (49.51)	76 (53.90)	229 (50.89)
Quite Familiar (0.51 – 0.60)	92 (29.77)	43 (30.50)	135 (30.00)
More Familiar (0.61 – 1)	47 (15.21)	14 (9.93)	61 (13.56)
Total	309 (100.00)	141 (100.00)	450 (100.00)

Figures in the brackets are percentages

At the time of constructing the familiarity index, it is found that lower values indicate lower level of familiarity towards various investment avenues and higher values indicate higher level of familiarity towards various investment avenues. By taking this into account, composite familiarity index has been grouped into four groups with values ranging from 0 to 1. The first group is named as 'Less Familiar' where the value range is between 0 – 0.35, followed by second group named 'Moderately Familiar' and values are ranging from 0.36 – 0.50. The third group is named as 'Quite Familiar' where the values range is between 0.51 – 0.60 and lastly the fourth group named as 'More Familiar' where values ranged between 0.61 – 1.

Upon analysis and observation (Table 4.17), it is found that out of total 450 respondents, about 51% of them are moderately familiar about the various investment avenues, whereby upon segregation it is inferred 49.51% mutual fund investor respondents belonged to this group, while 53.90% non-mutual fund investor respondents are also moderately familiar about the different investment avenues. About 30% of the total respondents are quite familiar with the various investment avenues, whereby 29.77% mutual fund investor respondents are belonging to this group as can be observed from the same table (table 4.17), while 30.50% non-mutual fund investors are also quite familiar with different investment avenues. It is also observed that about 13.56% of the total respondents are more familiar with different investment avenues (Table 4.17), whereby 15.21% mutual fund investor respondents

belonged to this group and about 10% non-mutual fund investor respondents are more familiar about various investment avenues. A meager 5.56% of the total respondents are less familiar about different investment avenues, whereby upon segregation it is inferred that 5.50% mutual fund investor respondents are less familiar with different avenues of investment, whereas 5.67% non-mutual fund investor respondents also share the same level of familiarity. Therefore, it can be inferred from this table that whether the investors choose to invest in mutual fund or not, it does not have any influence on their knowledge or familiarity about different investment avenues based upon varied attributes taken for the study.

4.7 Determinants of Type of Investor (Mutual Fund investor or Non-Mutual Fund investor):

The decision making process of an individual investor is affected by various factors like age, gender, education, income, etc. Along with it, investment in a particular investment avenue is also influenced by various inherent attributes of the investment avenues like safety, liquidity, awareness, ease in investing, ease in accessibility and return on investment. These attributes have been used to construct a Composite Familiarity Index (CFI). These factors can encourage an investor to make investment in a particular investment avenue or otherwise. In the context of the present study, in order to understand the factors acting as a determinant for an investor of mutual fund or a non-investor, probit regression has been carried out.

In the probit regression model, the dependent variable represents the type of investor (EVER INVEST). EVER INVEST is a binary variable where the value '1' is assigned for mutual fund investor and '0' is assigned for non-mutual fund investor. The explanatory variables considered and the hypotheses are stated below:

Age of the Respondent (age): The age of the respondent is likely to be a relevant factor as to explain the type of investor. Young people are more likely to be inclined towards investing in mutual fund, being attracted by anticipated higher returns as a result of professional management and diversified portfolio. Thus, we may hypothesize a positive relation between the value of dependent variable and age.

Gender of the Respondent (gender): The gender of the investor is likely to influence the type of investor. Males are more likely to be inclined towards investing in mutual fund for better returns, while females are more likely to be inclined towards mutual fund for growth in investment. The gender of the household has been quantified by a dummy variable that assumes the value '1' for male and '0' otherwise. Therefore, we may hypothesize a positive relation between the value of the dependent variable and gender.

Education of the Respondent (education): The number of years of formal education measures the educational qualification of an individual investor. It is known that a higher educational qualification would encourage the individual investors to invest in mutual funds for better returns as professional management of funds exists in mutual fund investment. Thus, we hypothesize that there is a positive relation between the value of dependent variable and education.

Annual Household Income of the Respondent (annual income): The total annual income of the entire household measures the quantum of funds available for investment. Usually, when the total household income is higher, the investors may be encouraged to try modern investment avenues i.e. mutual fund and not restrict themselves in making investment in conventional investment avenues. Thus, we hypothesize that there is a positive relation between the value of dependent variable and annual income.

Squared Age of the Respondent (agesq): It has been assumed that variable 'y' as familiarity level towards an investment avenue and 'x' as an age, then by age squared, we are intending to test the quadratic relationship between age and familiarity level. The degree of familiarity increases with age as individuals become more enlightened and aware about various attributes of an investment avenue. However, after reaching a certain age, the degree of familiarity reaches an optimal level (reaches a point where an investor assumes that one is completely aware about a particular investment avenue) and at some point the degree of familiarity is also clouded with certain apprehensions about the investment avenues (the focus is more on the risks associated). So the relationship between degree of familiarity level

and age is inverted U-shaped (life-cycle effect). Here, the coefficient on age is expected to be positive and on age squared to be negative.

Table 4.18: Binary Probit Results of Determination of Mode of Investment

Explanatory Variables	Dependent Variable: EVER INVEST = 1 for Mutual Fund Investors; 0 for Non-mutual fund investors	
	Estimated Coefficients	Marginal Effects of Respective Covariates
Age of the Respondent (age)	0.0997**	0.347174
	(2.25)	
Squared Age of the Respondent (agesq)	-0.0014**	-0.000488
	(-2.49)	
Composite Familiarity Index (SUM_NAI)	1.3892**	0.483677
	(2.00)	
Gender (Male=1, Otherwise = 0)	0.2471*	0.0871835
	(1.88)	
Education of the Respondent (education)	0.0547	0.0190413
	(1.19)	
Annual Household Income of the Respondent (annual income)	0.3250***	0.1131457
	(4.31)	
CONSTANT	-3.9218***	
	(-3.68)	
Pseudo R^2	0.0742	
Log-Likelihood Ratio (LR) statistic	41.51***[6]	
No. of Observations	450	

Notes: i) *** p<0.01, ** p<0.05, * p<0.1 (ii) Figures in first brackets are estimated Z-coefficients and (iii) Figure in the third bracket is degrees of freedom for computed Log-likelihood ratio statistic.

Results of the Probit Regression:

Table 4.18 summarizes the results from our estimated probit regression analysis. It is found that both the age and the squared age of the respondents appear to be statistically significant in determining the investor's probability of investing in mutual funds. The effect of age on the probability of investing in mutual fund is positive and the effect of squared age is

negative[13] (also refer Appendix I at the end of the chapter). Furthermore, 34% of the respondents are more likely to invest in mutual fund with increasing age.

Similarly, the CFI or the degree of familiarity about mutual fund based on different attributes also showed statistically significant results in determining whether the probability of investment in mutual funds is positive. The effect of familiarity level on the probability of investing in mutual fund is positive and about 48% of the respondents are more likely to invest in mutual fund with increase in level of familiarity towards investment avenues.

Furthermore, the gender of the respondents appeared to be statistically significant in determining the investor's probability of investing in mutual funds. The effect of gender on the probability of investing in mutual fund is positive and about 9% of the male respondents are more likely to invest in mutual funds.

Similarly, it is found that consistent with our expectations the annual household income of the respondents appears to be statistically significant in determining the investor's probability of whether to make an investment in mutual fund. The effect of annual household income on the probability of investing in mutual fund is positive and about 11% of the respondents are more likely to invest in mutual fund with an increase in the annual household income.

Contrary to our expectations the education of the respondents appeared to be statistically insignificant in determining the investor's probability of investing in mutual funds.

[13] In the probit regression, age and square of age has been taken as two different independent variables. Multi-collinearity should not be a problem in this case because multi-collinearity has to be checked and the problem has to be solved, when it is desired to estimate the independent effects of two variables which happen to be correlated by chance. However, as a researcher, one is not keen in evaluating the effect of changing age without changing age squared. Hence, one did not consider the existence of multi-collinearity between one variable and the second variable which is a **deterministic non-linear function of the first one**. Perfect multi-collinearity would have resulted if only there would have been two different values for the age variable. It is also tried to normalize the age variable by subtracting the mean of the age from the original variable. Then, the square of this d-meaned age is taken. Then probit regression has been carried out again whereby same results were obtained as before. This normalization procedure reduces the problem of multi-collinearity, if any, and the interpretation of the age coefficient remains the same. Hence, it is felt appropriate to continue with the given original regression.

Summarization and Conclusion:

This chapter deals with the overall socio-economic profile of the individual investors belonging to the urban agglomeration of the Kolkata region. It is observed that majority (62%) of the respondents are male respondents, of which 72% are mutual fund investors while 28% are non-mutual fund investors. On the other hand, 38% of the total respondents are female respondents, of which 64% are mutual fund investors while 36% are non-mutual fund investors.

Out of the total respondents, 46% are less than 30 years in age, of which 63% are mutual fund investors and 37% are non-mutual fund investors. 39% of the total respondents belong to the age group 31 - 40 years, of which 77% are mutual fund investors and 23% are non-mutual fund investors. 11% of the total respondents belong to the age group of 41 – 50 years, of which 67% are mutual fund investors and 33% are non-mutual fund investors. 4% of the total respondents are above 50 years age of which 53% are mutual fund investors while 47% are non-mutual fund investors.

60% of the total respondents are academically qualified as post graduates, of which 75% are mutual fund investors and 25% are non-mutual fund investors. 36% of the total respondents are academically qualified as graduates of which 57% are mutual fund investors and 43% are non-mutual fund investors.

Out of the total respondents, 60% are married, of which 71% are mutual fund investors while 29% are non-mutual fund investors. On the other hand, 40% of the total respondents are single, of which 65% are mutual fund investors while 35% are non-mutual fund investors.

58% of the total respondents are employed in private sector, of which 80% are mutual fund investors and 20% are non-mutual fund investors. 18% of the total respondents are self employed, of which 59% are mutual fund investors and 41% are non-mutual fund investors.

44% of the total respondents earn a monthly income of up to ₹ 50,000, of which 58% are mutual fund investors while 42% are non-mutual fund investors. 22% of the total respondents earn a monthly income between ₹ 50,001 - ₹ 1,00,000, of which 72% are mutual fund investors and 28% are non-mutual fund investors. 20% of the total respondents earn a

monthly income of more than ₹ 2,00,000, of which 79% are mutual fund investors and 21% are non-mutual fund investors.

The annual household income of 52% of the total respondents is above ₹ 10,00,000, of which 79% are mutual fund investors and 21% are non-mutual fund investors. 30% of the total respondents annual household income falls between ₹ 5,00,000 to ₹ 10,00,000, of which 64% are mutual fund investors while 36% are non-mutual fund investors.

The annual savings of 32% of the total respondents amounted to up to 10% of their earnings, of which 57% are mutual fund investors and 43% are non-mutual fund investors. 31% of the total respondents annually saved between 11% - 20% of their earnings, of which 70% are mutual fund investors while 30% are non-mutual fund investors. 15% of the total respondents saved more than 30% of their earnings annually, of which 80% are mutual fund investors while 30% are non-mutual fund investors.

The average investment period of 37% of the total respondents is above 5 years, of which 79% are mutual fund investors and 21% are non-mutual fund investors. 29% of the total respondents invest between 1 year to 3 years, of which 64% are mutual fund investors and 36% are non-mutual fund investors.

It is observed from the cross tabulation analysis of variables regarding the gender of the respondent and the average investment period, that in case of mutual fund investor respondents, 46.77% male respondents and 36.11% female respondents preferred to keep their investments invested for an average period of more than 5 years. On the other hand, in case of non-mutual fund investor respondents, 31.65% male respondents while 35.48% female respondents preferred an average investment period of 1 year to 3 years.

It is observed that in regard to variables marital status of the respondent and average investment period, in case of mutual fund investor respondents that 47.67% of married respondents and 35.34% single respondents preferred to keep their investments invested for an average period of more than 5 years. On the other hand, 38.10% single respondents and 29.49% married respondents preferred to keep their investments active for an average period of 1 year to 3 years.

In case of the variables age of the respondent and average investment period, it is observed that mutual fund investor respondents who are below the age of 50 years preferred to keep their investments active for more than 5 years, while mutual fund investor respondents above the age of 50 years preferred to keep their investments active for 1 year to 5 years. On the other hand, in case of non-mutual fund investor respondents, it is observed that respondents who are less than 30 years in age, preferred to keep their investments for an average period of 1 year to 3 years, while respondents between 31 years to 40 years (29.27%) preferred an average investment period of 3 years to 5 years and respondents above 40 years in age preferred investments to be active for more than 5 years.

The variable educational qualification of the respondent and variable average investment period when cross tabulated revealed out that mutual fund investor respondents who are academically qualified as graduates and post graduates (43%) preferred to keep their funds invested for more than five years, while in case of non-mutual fund investor respondents belonging to varied groups, most of them preferred to keep it for an average investment period of 1 year to 3 years.

In case of variables occupation of the respondent and average investment period, it is observed that majority of the mutual fund investor respondents belonging to specific occupational roles like self employed personnel, private sector employees, government sector employees, professionals and homemakers invested their funds for an average period of more than five years while in case of non-mutual fund investor respondents, they preferred period of investment is between 1 year to 3 years.

It is revealed in case of mutual fund investor respondents that the respondents belonging to varied levels of monthly income has an inclination to keep to their funds invested for more than five years, while in case of non-mutual fund investor respondents, it is observed that respondents (37%) earning a monthly income of less than ₹ 50,000 preferred medium term investment period ranging from 1 year to 3 years. Again respondents earning more than ₹ 50,000 but less than ₹ 2,00,000 preferred an average investment period of 3 years to 5 years. And in case of non-mutual fund investor respondents (44%) earning a monthly income of more than ₹ 2,00,000 prefer long term investment period.

In regard to variables annual household income of the respondent and average investment period, it is observed that majority of mutual fund investor respondents belonging to various levels of annual household income, an average term period of more than 5 years is being preferred. While in case of non-mutual fund investor respondents, for majority of the respondents belonging to varied groups of annual household income of up to ₹ 10,00,000, the preferred investment period is 1 year to 3 years. However, in case of respondents (35%) whose annual household income is more than ₹ 10,00,000, the preferred investment period is more than 5 years.

In case of variables annual savings and average investment period with regard to majority of the mutual fund investor respondents saving different quantum of their earnings annually, the preferred average term period for keeping investments is more than 5 years. While in case of non-mutual fund investor respondents saving annually up to 30% of their earnings, the preferred term period is 1 year to 3 years, however respondents who saved more than 30% of their earnings annually invested their funds for more than 5 years.

Majority of the respondents (30%) from the total sample size saved their funds with an intention to create a contingency corpus for meeting unforeseen future events.

It is observed that mutual fund is the most preferred choice of investment avenue out of the various alternatives followed by fixed deposit schemes and investment in gold. It is also observed that majority of the respondents (50%) from the total sample size are moderately familiar about the various investment avenues available in the market based upon certain attributes of an investment avenue. It is also inferred from probit regression analysis that variables such as age of the respondent, gender of the respondent, annual household income of the respondent and familiarity level about the investment avenues have positive significance upon an investor's decision to invest in a mutual fund scheme or not to do so.

In a nutshell, it can be stated that almost half of the total sample size is comprised of young investors and are academically highly qualified being professionals or post graduates. Very few respondents are qualified up to higher secondary level. Majority of the respondents are married and earn a monthly income of up to ₹ 50000. The respondents are mostly private sector employees and they have an inclination to save up to 10% of their earnings annually

with a purpose to create a contingency fund for future requirements. Mutual fund is the most preferred investment avenue and variables like age, gender, annual household income have a significant relationship with investor's decision making process to invest in a mutual fund scheme.

Appendix I

	ever_i~t	age	agesq	SUM_NAI	gender	education	annual income
ever_invest	1						
age	0.0202	1					
agesq	-0.0103	0.9842	1				
SUM_NAI	0.0858	0.03	0.0254	1			
gender	0.0764	0.0679	0.0706	-0.0135	1		
education	0.1202	-0.1578	-0.1952	-0.0804	0.0169	1	
annual income	0.2288	0.3412	0.3092	-0.0166	-0.0053	0.1575	1

Chapter V

An Analysis of the Perception of Individual Investors towards Mutual Funds

Introduction:

In the previous chapter, various factors have been analyzed which give an outline of the socio-economic profile of the individual investor respondents belonging to the urban agglomeration of Kolkata region. These variables have been taken up to comprehend the investment pattern of the respondents and it has been inferred that mutual fund is the most preferred investment avenue of the respondents belonging to the sample survey. Furthermore, an attempt has also been made to probe the level of awareness of the respondents towards various investment avenues. This exercise has been carried out by constructing a Composite Familiarity Index based on the knowledge of the respondents towards various investment avenues taken up for the study, i.e., fixed deposits, provident fund schemes, insurance schemes, shares, mutual funds, gold, real estate and chit funds. The familiarity index has been constructed upon six attributes attached to an investment avenue, which are, safety of principal amount, liquidity, awareness about the investment avenue, ease in investing, return on investment and ease in accessibility. However, for a more in depth insight about the familiarity or knowledge about mutual fund as an investment avenue, various other factors have been taken up for the study.

In order to know the understanding of the respondents about mutual fund as an investment avenue, various aspects of mutual fund has been considered for the study. Variables like cognizance about mutual fund, information regarding advertisements about mutual fund, whether such advertisements has an impact on their decision making rationale in regard to making an investment in mutual fund, type of impact on respondent's psychology, how the respondents got introduced to mutual fund and whether they have an experience of investing in mutual fund have been taken up for the study. It has also been attempted to analyse the degree of basic knowledge about mutual fund as an investment avenue, if the individual investors choose to invest in mutual fund by taking up various variables like do they read the offer document of a mutual fund scheme before making an investment, what is the longevity

of mutual fund investments made by them, what is the reason for choosing mutual fund as their avenue of investment, etc. These variables have been discussed in the following paragraphs:

5.1 Respondent's Awareness about Mutual Fund:

Investors and their investment choices differ from one another. Their choices, to some extent, depend upon their awareness and understanding about the investment avenues. Through this variable, it has been intended to find out whether the respondent individual investors are aware about mutual fund as a prospective investment avenue.

Table 5.1: Respondent's Awareness about Mutual Fund

Sl. No.	Awareness about Mutual Fund	Freq.	%
1.	Yes	438	97
2.	No	12	03

Source: Author's Field Survey – 2020

Table 5.1 reveals out the 'awareness about mutual fund' variable composition of the total sample size. Out of 450 respondents, 438 respondents (97%) are aware about mutual fund as a prospective investment avenue and 12 (3%) respondents are not aware about the same.

5.2 Mutual Fund Advertisement viewed by the Respondent:

It has been commonly perceived that individuals, in the present day, gather information or become aware about various things happening around them. Similarly, in regard to varied investments alternatives, the individual investors may become aware about them through various advertisements being available on print and mass media platforms. For the present study, this variable has been taken up to understand whether such advertisements which highlight the mutual fund and its various schemes have been seen by the respondents or not.

Table 5.2: Mutual Fund Advertisement viewed by the Respondent

Sl. No.	Mutual Fund Advertisement Viewed	Freq.	%
1.	Yes	443	98
2.	No	07	02

Source: Author's Field Survey – 2020

Table 5.2 reveals out the composition of the total sample size for the variable 'advertisement on mutual fund'. Out of 450 respondents, 443 respondents have seen the advertisements on mutual fund on various platforms of media and 07 respondents have not seen any advertisements on mutual fund, i.e. 98% are those respondents who have seen the advertisements on mutual fund and 2% has not seen any kind of advertisement about this investment avenue.

5.3 Influence of the Advertisement on the Respondent:

Investor's perception is affected or influenced by what one reads, sees or feels. Through this variable, an attempt is made to understand whether the respondent gets affected upon watching the advertisement about mutual fund.

Table 5.3: Influence of the Advertisement on the Respondent

Sl. No.	Influence of the Advertisement	Freq.	%
1.	Yes	281	62
2.	No	169	38

Source: Author's Field Survey – 2020

Table 5.3 reveals out the composition of the total sample size for the variable 'influence of the advertisement about mutual fund' on the respondents. Out of 450 respondents, 281 (62%) respondents state that the advertisements on mutual fund have an influence on them whereas on the other hand, 169 (38%) respondents state that the advertisements did not have any influence on them.

5.4 Impact of Advertisement on the Respondent:

The individual investors are affected upon seeing the advertisement on mutual fund. Such impact may be positive or negative. However, there may be some respondents who may not be affected at all, i.e. neither positive impact nor negative impact on them. For the present study, in this variable, the positive impact signifies that the advertisement on mutual fund motivates an individual investor to either start investment in mutual fund or continue their existing investments in mutual fund. On the other hand, negative impact signifies that the

advertisement on mutual fund demotivates an individual investor to make an investment in this investment avenue. However, an individual investor may not be affected upon seeing the advertisement, i.e. his investment decision does not depend on the advertisement that he views.

Table 5.4: Impact of Advertisement on the Respondent

Sl. No.	Impact of the Advertisement	Freq.	%
1.	Motivates	195	44
2.	Scares	51	11
3.	No Impact	204	45

Source: Author's Field Survey – 2020

Table 5.4 reveals out the composition of the total sample size for the variable 'impact of advertisement' on the respondent. Out of 450 respondents, 195 respondents, which are about 43% of the total sample size, has stated that the advertisements on mutual fund on various platforms of media have a positive impact on them and it motivates them to make an investment in mutual fund. On the other hand, 51 respondents, i.e. about 11% of the total sample size state that the advertisements leave a negative impact and demotivate them about mutual fund as a prospective investment avenue. However, 204 respondents which are about 46% of the sample size state that such advertisements do not have any kind of impact on them or their decision making ability on investments.

5.5 Respondent's Source of Introduction to Mutual Fund:

Every individual is introduced to new aspects or new things in life by someone or through one's own experience. An individual investor, at some point of time in his life, may have been introduced to an investment avenue through some source, which may be through another individual or may be through one of the mass media platforms. For the present study, the variable 'the source of introduction' has been identified as friends, relatives, brokers/financial advisors, advertisements, internet and others like employment requirements, etc.

Table 5.5: Respondent's Source of Introduction to Mutual Fund

Sl. No.	Source of Introduction to Mutual Fund	Freq.	%
1.	Friends	101	22
2.	Relatives	65	15
3.	Brokers / Financial Advisors	99	22
4.	Advertisement	125	28
5.	Internet	56	12
6.	Others – Job requirements	04	01

Source: Author's Field Survey – 2020

Table 5.5 reveals out the composition of the total sample size for the variable 'source of introduction to mutual fund' for the respondent. Out of 450 respondents, 101 respondents, which are about 22% of the total sample, state that they have been introduced to mutual fund as an investment avenue through their friends. 65 respondents (i.e. 15%) have been introduced to mutual fund through their relatives. 99 respondents (22%) have come to know about this investment avenue through their financial advisors / brokers. 125 respondents i.e. 28% of the total sample size have been introduced to it through advertisements. 56 respondents (i.e. 12%) are introduced to it through internet browsing and 4 respondents i.e. 1% of the total sample size has been introduced to it through other sources.

5.6 Investment in Mutual Fund by the Respondent:

Awareness about an investment avenue does not guarantee an investment in it. So, henceforth, for the present study, through this variable it has been tried to assimilate whether the respondents, who are rational investors, even after being aware about mutual fund as an investment avenue has ever invested in it or not. It has been analyzed through a close-ended question.

Table 5.6: Investment in Mutual Fund by the Respondent

Sl. No.	Investment in Mutual Fund	Freq.	%
1.	Yes	309	69
2.	No	141	31

Source: Author's Field Survey – 2020

Table 5.6 reveals out the composition of the total sample size for the variable 'investment in mutual fund'. Out of 450 respondents, 309 respondents state that they have an experience of investing in mutual funds, which is about 69% of the total sample size. On the other hand, 141 respondents state that they have never invested in mutual fund, which is about 31% of the total sample size.

5.7 Perception of Investors about Mutual Fund -

Upon segregation of the total sample size of the individual investor respondents (450 respondents) in mutual fund investor respondents (309 respondents) and non-mutual fund investor respondents (141 respondents), an attempt has been made to understand the basic conceptual and technical know-how of the 309 mutual fund investor respondents about mutual fund as an investment avenue. Various variables like offer document of mutual fund scheme for investment, awareness about load charges existing in mutual fund investment, type of load charge that exists in mutual fund investment, first generation of mutual fund investor, age of entry in mutual fund investment, number of years in mutual fund investment, mode of investment, purpose of investment in mutual fund, reason for preferring to invest in mutual fund, longevity for which investment is made in mutual fund, frequency of monitoring the investments made in mutual fund, preferred type of mutual scheme on the basis of structure, preferred type of scheme on the basis of objective, significance of the objectives for investing in mutual fund, preferred type of mutual fund company and top five problems faced while making investment in mutual fund are taken up for the study. These variables have been discussed in the following paragraphs:

5.7.1 Reading Offer Document of Mutual Fund Scheme for Investment:

The purpose of an offer document of a mutual fund scheme is to provide all the essential information about it which will provide all the adequate information to the prospective investors about the scheme to make an informed decision. For the present study, this variable has been taken up to understand whether the existing or the prospective investors read the offer document or not to understand the intricacies of the scheme.

Table 5.7: Reading Offer Document of Mutual Fund Scheme for Investment

Sl. No.	Reading Offer Document of Mutual Fund Scheme	Freq.	%
1.	Yes	137	44
2.	No	172	56

Source: Author's Field Survey – 2020

Table 5.7 reveals out the composition of the total sample size for the variable 'offer document' being read before making an investment in a mutual fund scheme. Out of 309 respondents, 137 respondents states that they do read the offer document before making an investment in a scheme of mutual fund, which is about 44% of the total number of respondents who have invested in mutual fund. On the other hand, 172 respondents state that they do not read the offer document before making an investment in a scheme of mutual fund, which is about 56% of the total investors in mutual fund.

5.7.2 Awareness about Load Charges that Exist in Mutual Fund Investment:

A load is a commission charged to an investor when buying or redeeming shares in a mutual fund. For the present study, the variable respondent's awareness about the load charges that exist in mutual fund investment is to find out whether the existing investors or the prospective investors know about the presence of load charges.

Table 5.8: Awareness about Load charges that Exist in Mutual Fund Investment

Sl. No.	Awareness about Load Charges	Freq.	%
1.	Yes	307	99
2.	No	02	01

Source: Author's Field Survey – 2020

Table 5.8 reveals out the composition of the total sample size for the variable 'awareness about the load charges' that exist in mutual fund investment. Out of 309 respondents, 307 respondents state that they are aware of the existing load charges in mutual fund investment, which is about 99% of the total number of investors who have invested in mutual fund. On the other hand, 02 respondents state that they are not aware about the existing load charges in a mutual fund investment, which is about 1% of the total mutual fund investor respondents.

5.7.3 Type of Load Charge Existing in Mutual Fund Investment:

In this variable, three types of costs being charged to mutual fund respondents have been taken into consideration, i.e. expense ratio, exit load and advisory charges. An exit load is a fee which is deducted from the investments of a unit holder if redemption happens before the predetermined time frame of a fund. Expense ratio refers to the various operating expenses incurred to keep the fund active and is charged by the fund houses or managers on the basis of per unit cost of managing a fund. Advisory charges refer to the commission on the client's investment for the advice they provide. An investor either considers all or one of these various types of charges before deciding to make an investment in a particular fund. For the present study, the significance of the variable type of load charges that exist in mutual fund investment is to understand whether the existing investors or the prospective investors know about the load charges and what impact they have in the decision making trait of the respondents.

Table 5.9: Type of Load Charge Existing in Mutual Fund Investment

Sl. No.	Type of Load Charge	Freq.	%
1.	Expense Ratio	67	22
2.	Exit load	75	24
3.	Advisory Charges	25	08
4.	All of the above	142	46

Source: Author's Field Survey – 2020

Table 5.9 reveals out the composition of the total sample size for the variable 'type of load charge' existing in mutual fund investment. Out of 309 respondents, 67 respondents state that they do consider expense ratio of a fund scheme before investing their money in it, which is about 22% of the total number of mutual fund investor respondents. On the other hand, 75 respondents state that they consider exit load of a fund scheme which is 24% of the total investors who have invested in mutual fund, while 25 respondents consider advisory charges in a fund scheme which is 8%. However, 142 respondents consider all the three types of load charges before investing their funds and they are 46% of the total sample size of the mutual fund investor respondents.

5.7.4 First Generation Investor in Mutual Fund:

The variable first generation investor in mutual fund refers to the respondent being the first person in his family to invest in mutual fund. For the present study, this variable has been taken to understand whether the respondent is following the family's tradition and culture in investment or venturing into new avenues particularly mutual fund.

Table 5.10: First Generation Investor in Mutual Fund

Sl. No.	First Generation Investor in Mutual Fund	Freq.	%
1.	Yes	298	96
2.	No	11	04

Source: Author's Field Survey – 2020

Table 5.10 reveals out the composition of the total sample size of the investors in mutual fund for the variable 'first generation investor' in mutual fund investment. Out of 309 respondents, 298 respondents state that they are first generation investors in mutual fund investment, which is about 96% of the total number of investor respondents who have invested in mutual fund. On the other hand, 11 respondents state that they are not first generation investors in mutual fund investment, which is about 4% of the total investor respondents in mutual fund.

5.7.5 Age of Entry of the Respondent in Mutual Fund Investment:

The variable age of entry of the respondent in mutual fund intends to identify the age at which a respondent has started investing in mutual fund. For the present study, this variable was undertaken to understand the age composition of the respondents in regard to their first time investment in mutual fund.

Table 5.11: Age of Entry of the Respondent in Mutual Fund Investment

Sl. No.	Age of Entry	Freq.	%
1.	Up to 30 years	273	88
2.	31 years – 50 years	33	11
3.	Above 50 years	03	01

Source: Author's Field Survey – 2020

Table 5.11 reveals out the composition of the total sample size of the investors in mutual fund for the variable 'age of entry' of an investor respondent in mutual fund investment. Out of 309 respondents, 273 respondents state that they started investment in mutual fund when they have been under 30 years of age, which is about 88% of the total mutual fund investor respondents. On the other hand, 33 respondents state that they started investing in mutual fund when they have been between 31 – 50 years of age, which is about 11% of the total mutual fund investor respondents. While 03 respondents state that after they have attained the age of 50 years, they tried in mutual fund investment which is about 1% of the total sample of investors who have invested in mutual fund.

5.7.6 Duration of Investment of the Respondent in Mutual Fund:

The variable duration of investment in mutual fund refers to the number of years for which they have been investing in mutual fund since their first time investment in mutual fund. For the present study, this variable is included to understand the time frame in years for which the respondents have been investing their money in mutual fund.

Table 5.12: Duration of Investment of the Respondent in Mutual Fund

Sl. No.	Duration with Mutual fund Investment	Freq.	%
1.	Up to 1 year	216	42
2.	2 years – 5 years	272	54
3.	6 years – 10 years	14	03
4.	Above 10 years	07	01

Source: Author's Field Survey – 2020

Table 5.12 reveals out the composition of the total sample size of the investors in mutual fund for the variable 'duration of investment in mutual fund'. Out of 309 respondents, 216 respondents state that they have been investing in mutual fund for the period of 12 months, which is about 42% of the total number of investors who have invested in mutual fund. On the other hand, 272 respondents state that they have been investing for the time period between 2years - 5years, which is about 54% of the total investor respondents in mutual fund. On the other hand, 14 respondents state that they have been investing in mutual fund for a period of 6 years – 10 years, which is about 3% of the total sample of mutual fund

investor respondents. Only 7 respondents are there who have been investing in mutual funds for more than 10 years which is 1% of the total mutual fund investor respondents.

5.7.7 Mode of Investment of the Respondent in Mutual Fund:

The variable mode of investment in mutual fund refers to the manner in which an investor chooses to invest his money, i.e., direct investment, through brokers, through financial advisors or by any other means. For the present study, this variable is taken up to understand the preferred manner in which the respondents invest their funds in mutual fund.

Table 5.13: Mode of Investment of the Respondent in Mutual Fund

Sl. No.	Mode of Investment	Freq.	%
1.	Direct Investment	121	39
2.	Through Financial Advisors	140	45
3.	Through Brokers	48	16
4.	Others	00	00

Source: Author's Field Survey – 2020

Table 5.13 reveals out the composition of the total sample size of the investors in mutual fund for the variable 'mode of investment' in mutual fund. Out of 309 respondents, 121 respondents state that they have been investing directly in mutual fund, i.e. self, which was about 39% of the total number of mutual fund investor respondents. On the other hand, 140 respondents state that they have been investing in mutual fund through financial advisors, which is about 45% of the total investor respondents in mutual fund. Again, 48 respondents state that they have been investing in mutual fund through brokers, which is about 16% of the total sample of respondent investors who have invested in mutual fund, and none of the respondents have opted for any other manner of investment in mutual fund.

5.7.8 Purpose of Investment of the Respondent in Mutual Fund:

The purpose of investment in mutual fund refers to the intention or rationale of an investor behind making an investment. For the present study, this variable is taken up to understand the respondent's rationale behind making an investment in mutual fund and the various alternatives taken up for this variable are tax concession, children's future,

purchasing/constructing house, income for old age and capital for new business or business expansion. However, a respondent may have more than one motive to invest his funds and henceforth, the motives have been dealt on individual basis.

A. To Avail Tax Concession:

Investors may invest their funds in various investment avenues to avail tax concession benefits or to invest with a motive to decrease their income tax liability. There are various schemes in mutual fund investment which offer tax concession benefits like ELSS (Equity Linked Savings Scheme). For the present study, it is expected to know the number of respondents who invest in mutual fund with a motive to avail this benefit.

Table 5.14.1: Purpose - To Avail Tax Concession Benefits

Sl. No.	Purpose of Investment – Avail Tax Benefits	Freq.	%
1.	Yes	133	43
2.	No	176	57

Source: Author's Field Survey – 2020

Table 5.14.1 reveals out the composition of the respondents who invest in mutual fund with a motive to avail tax concession benefits. Out of the total number of respondents who invested in mutual fund, 133 respondents invest in it to avail the benefits of tax concession, which is about 43% of the total number of mutual fund investor respondents. On the other hand, 176 respondents invest in mutual fund with a different motive, which is about 57% of the sample size who are investors in mutual fund.

B. For Children's Future:

Investors may invest their funds in various investment avenues with an intention to build a corpus for securing their children's future. The funds may be required for financing higher education of the children, their marriage or for any other purpose. For the present study, it is intended to know the number of respondents who invest in mutual fund with this motive.

Table 5.14.2: Purpose - For Children's Future

Sl. No.	Purpose of Investment – Children's Future	Freq.	%
1.	Yes	117	38
2.	No	192	62

Source: Author's Field Survey – 2020

Table 5.14.2 reveals out the composition of the respondents who invest in mutual fund with a motive to build a corpus for financing their children's future. Out of the total number of respondents who invested in mutual fund, 117 respondents invest in it for the benefit of their children's future, which is about 38% of the total number of mutual fund investor respondents. On the other hand, 192 respondents invest in mutual fund with a motive other than this motive, which is about 62% of the sample size who invest in mutual fund.

C. To Purchase/Construct a House:

Investors may invest their funds in various investment avenues with an intention to build a fund for purchasing a house property or constructing it. For the present study, it is intended to know the number of respondents who invest in mutual fund with this motive.

Table 5.14.3: Purpose - To Purchase/Construct a House

Sl. No.	Purpose of Investment – Purchase/Construct a House	Freq.	%
1.	Yes	105	34
2.	No	204	66

Source: Author's Field Survey – 2020

Table 5.14.3 reveals out the composition of the respondents who invest in mutual fund with a motive to build a corpus for purchasing or constructing a house property. Out of the total number of respondents who invest in mutual fund, 105 respondents invest in it to acquire a house property, which is about 34% of the total number of mutual fund investor respondents. On the other hand, 204 respondents invest in mutual fund with a different motive, which is about 66% of the sample size who invest in mutual fund.

D. For Securing Old Age:

Investors may invest their funds in various investment avenues with intent to build a fund for securing their life after retirement. For the present study, it is intended to know the number of respondents who invest in mutual fund with this motive.

Table 5.14.4: Purpose - Income for Old Age

Sl. No.	Purpose of Investment – Income for Old Age	Freq.	%
1.	Yes	140	45
2.	No	169	55

Source: Author's Field Survey – 2020

Table 5.14.4 reveals out the composition of the respondents who invest in mutual fund with a motive to build a fund to provide for their old age. Out of the total number of respondents who invested in mutual fund, 140 respondents invested in it for the purpose of building their wealth for old age support, which is about 45% of the total number of mutual fund investor respondents. On the other hand, 169 respondents invest in mutual fund with a different, which is about 55% of the sample size who invest in mutual fund.

E. For Capital for New Business or Business Expansion:

Investors may invest their funds in various investment avenues with intent to build a fund for starting a new business or to provide for expansion of existing business. For the present study, it is intended to know the number of respondents who invest in mutual fund with this motive.

Table 5.14.5: Purpose - Capital for New Business or Business Expansion

Sl. No.	Purpose of Investment – Capital for Business	Freq.	%
1.	Yes	56	18
2.	No	253	82

Source: Author's Field Survey – 2020

Table 5.14.5 reveals out the composition of the respondents who invest in mutual fund with a motive to provide capital for starting a new business or expanding an existing business. Out of total number of respondents who invest in mutual fund, 56 respondents invest in it for this purpose, which is about 18% of the total number of mutual fund investor respondents. On the

other hand, 253 respondents invest in mutual fund with a different motive, which is about 82% of the sample size who invest in mutual fund.

5.7.9 Reason to Prefer Investment in Mutual Fund by the Respondent:

The variable prefer to invest in mutual fund refers to the desire of an investor or his choice behind making the investment. For the present study, this variable is considered to understand the respondent's desire behind making an investment in mutual fund and the various alternatives taken up for this variable are tax benefits, liquidity, safety, diversification, higher returns and regular income. However, a respondent may have more than one reason to invest his funds and henceforth, the preferences have been dealt on individual basis.

A. Tax Benefits:

Investors may prefer to invest their funds in mutual fund to avail tax benefits or with an intention to decrease their income tax liability. There are various schemes in mutual fund investment which offers tax benefits like ELSS (Equity Linked Savings Scheme). For the present study, it is intended to find out the number of respondents who invest in mutual fund with an intention to avail this benefit.

Table 5.15.1: Prefer to Invest - Tax Benefits

Sl. No.	Prefer to Invest – Tax Benefits	Freq.	%
1.	Yes	162	52
2.	No	147	48

Source: Author's Field Survey – 2020

Table 5.15.1 reveals out the composition of the respondents who choose to invest in mutual fund with a motive to enjoy the tax benefits provided upon investing in mutual fund schemes. Out of 309 respondents who are mutual fund investors, 162 respondents (52%) invest in it for this purpose, while 147 respondents (48%) invest in mutual fund for other purposes.

B. Liquidity:

Investors may prefer to invest in mutual fund to avail the benefit of easy conversion to liquid resources. It refers to the fact that the investors have the privilege to withdraw their investments in a smoother and faster manner as per their convenience. For the present study, it is intended to know the number of respondents who invest in mutual fund with an object to avail this benefit.

Table 5.15.2: Prefer to Invest – Liquidity

Sl. No.	Prefer to Invest – Liquidity	Freq.	%
1.	Yes	133	43
2.	No	176	57

Source: Author's Field Survey – 2020

Table 5.15.2 reveals out the composition of the respondents who choose to invest in mutual fund with a motive to enjoy the benefit of liquidity provided upon investing in mutual fund schemes. Out of 309 mutual fund investor respondents, 133 respondents (43%) invest in it for this purpose, while 176 respondents (57%) invest in mutual fund for other purposes.

C. Safety:

Investors may prefer to invest their savings in mutual fund for safeguarding their investments with an objective to minimize the risks of market fluctuations through diversification. For the present study, it is intended to know the number of respondents who invest in mutual fund with an object to avail this benefit.

Table 5.15.3: Prefer to Invest – Safety

Sl. No.	Prefer to Invest – Safety	Freq.	%
1.	Yes	102	33
2.	No	207	67

Source: Author's Field Survey – 2020

Table 5.15.3 reveals out the composition of the respondents who choose to invest in mutual fund with a motive to keep their investments safe by bearing minimum risk. Out of the total 309 mutual fund investor respondents, 102 respondents (33%) invest in it for this purpose, while, 207 respondents (67%) invest in mutual fund for other purposes.

D. Diversification:

Investors may prefer to invest their funds in mutual fund with an expectation to reduce their risk by investing in a diversified manner. Diversification refers to investing in various asset classes and within the asset classes in various securities, which allows the reduction in risk concentration. For the present study, it is intended to know the number of respondents who invest in mutual fund with an intention to avail this benefit.

Table 5.15.4: Prefer to Invest – Diversification

Sl. No.	Prefer to Invest – Diversification	Freq.	%
1.	Yes	140	45
2.	No	169	55

Source: Author's Field Survey – 2020

Table 5.15.4 reveals out the composition of the respondents who choose to invest in mutual fund with a motive to enjoy the benefit of diversification by investing in mutual fund schemes. Out of the 309 respondents who invest in mutual fund, 140 respondents (45%) invest in it for this purpose. On the other hand, 169 respondents (55%) invest in mutual fund for other purposes.

E. Higher Returns:

Investors may prefer to invest in mutual fund with an expectation of earning higher returns on their investment. For the present study, it is intended to know the number of respondents who invest in mutual fund with a desire to earn higher returns.

Table 5.15.5: Prefer to Invest - Higher Returns

Sl. No.	Prefer to Invest – Higher Returns	Freq.	%
1.	Yes	170	55
2.	No	139	45

Source: Author's Field Survey – 2020

Table 5.15.5 reveals out the composition of the respondents who choose to invest in mutual fund with an expectation to earn higher returns. Out of 309 mutual fund investor respondents,

170 respondents (55%) invest in it for this purpose, while 139 respondents (45%) invest in mutual fund for other purposes.

F. Regular Income:

Investors may prefer to invest in mutual fund to avail the option of withdrawing regular income from their investments in mutual fund with scheme like Systematic Withdrawal Plan (SWP) which would allow the investors to withdraw regular income along with keeping the investment active. For the present study, it is intended to know the number of respondents who invest in mutual fund with an option to withdraw regular funds from their investments.

Table 5.15.6: Prefer to Invest - Regular Income

Sl. No.	Prefer to Invest – Regular Income	Freq.	%
1.	Yes	95	31
2.	No	214	69

Source: Author's Field Survey – 2020

Table 5.15.6 reveals out the composition of the respondents who choose to invest in mutual fund with a desire to withdraw regular funds from their investments. Out of 309 mutual fund investor respondents, 95 respondents (31%) invest in it for this purpose, while 214 respondents (69%) invest in it for other purposes.

5.7.10 Time frame of the Investment made by the Respondent in Mutual Fund:

The variable duration of investment period in mutual fund refers to the length of time period for which an investor retains the money invested in the fund. The duration of investment period has been categorised as less than 2 years, between 2 years – 5 years, between 6 years – 10 years and above 10 years. For the present study, this variable is included to understand the time frame for which the respondents invest their money in mutual fund.

Table 5.16: Time Frame of Investment in Mutual Fund

Sl. No.	Time Frame of Investment in Mutual Fund	Freq.	%
1.	Less than 2 years	92	30
2.	2 years – 5 years	101	33
3.	6 years – 10 years	70	22
4.	Above 10 years	46	15

Source: Author's Field Survey – 2020

Table 5.16 reveals out the composition of the respondents who invest in mutual fund with certain duration in consideration. Out of 309 mutual fund investor respondents, 92 respondents (30%) invest in mutual fund for a period of less than 2 years. On the other hand, 101 respondents (33%) invest in mutual fund for a period between 2 years – 5 years. 70 respondents (22%) invest their funds for a period of 6 years – 10 years, while 46 respondents (15%) invested in mutual fund for a period of above 10 years.

5.7.11 Frequency of Monitoring the Mutual Fund Investment by the Respondent:

The variable frequency of monitoring the mutual fund investment refers to the activity of reviewing the investments by the investors to understand the performance of the fund, where money has been invested to analyse how they are performing, whether they are performing as presumed or underperforming or performing better than expected. The significance of this variable from investor's perspective is that the investors seek to review their investments to check whether they are performing in accordance to their expectations which would enable them to meet their financial goals. For the present study, the alternatives for this variable is divided into four categories, viz. fortnightly, monthly, quarterly and rarely.

Table 5.17: Frequency of Monitoring the Mutual Fund Investment

Sl. No.	Frequency of Monitoring the Investment	Freq.	%
1.	Fortnightly	77	25
2.	Monthly	102	33
3.	Quarterly	69	22
4.	Rarely	61	20

Source: Author's Field Survey – 2020

Table 5.17 reveals out the composition of the respondents on how frequently do they review their investments in mutual fund. Out of 309 mutual fund investor respondents, 77 respondents (25%) review their investments on fortnightly basis, while on the other hand, 102 respondents (33%) review their investments on a monthly basis. 69 respondents (22%) review their investments on quarterly basis, while 61 respondents (20%) review their investments on a rare basis like once in a while.

5.7.12 Preferred Type of Mutual Fund Scheme on the basis of Maturity by the Respondent:

The variable preferred type of mutual fund scheme is included to understand the importance of flexibility of liquidating one's portfolio at any point of time. For the present study, in order to understand the preferences of the investors of a mutual fund scheme, the alternatives being taken up are open-ended schemes, close-ended schemes and interval fund schemes. An open-ended scheme is one where the investor has the flexibility to withdraw from a particular investment in order to have liquid resources or to reinvest in some other avenues. On the other hand, in case of a close-ended scheme, an investor is more inclined towards objective driven investment as one doesn't get the flexibility to liquidate one's investments at any given point of time except maturity. Interval fund scheme is a combination of open-ended and close-ended schemes.

Table 5.18: Preferred Type of Mutual Fund Scheme by the Respondent

Sl. No.	Preferred Type of Mutual Fund Scheme	Freq.	%
1.	Open-ended Schemes	260	85
2.	Close-ended Schemes	26	08
3.	Interval Fund Schemes	23	07

Source: Author's Field Survey – 2020

Table 5.18 reveals out the composition of the respondents of their preferences for a mutual fund scheme. Out of total 309 mutual fund investor respondents, 260 respondents (85%) preferred to invest in open-ended schemes, and 26 respondents (8%) preferred close-ended schemes for making an investment in mutual fund. Only 23 respondents (7%) preferred to invest in interval fund schemes.

5.7.13 Significance of Objectives to the Respondent for Investing in Mutual Fund:

The variable significance of objectives considered by an investor for investing in mutual fund is an attempt to understand the level of importance given to various objectives, i.e. safety of principal, capital appreciation, generate regular income, tax benefits, liquidity, ease of transaction and transparency on a five-point Likert scale where 5 stands for highly significant, 4 stands for significant, 3 stands for moderate, 2 stands for insignificant and 1 stands for highly insignificant. The various objectives have been discussed in the following points on an individual basis.

A. Safety of Principal:

The objective safety of principal refers to the concern in regard to the initial amount invested in any investment avenue by an investor. An investor invests his savings in a mutual fund scheme with a minimum expectation of his initial amount remaining intact and safe at any point of time in any economic situation.

Table 5.19.1: Objective - Safety of Principal

Sl. No.	Objective - Safety of Principal	Freq.	%
1.	Highly Significant	210	68
2.	Significant	61	20
3.	Moderate	28	09
4.	Insignificant	06	02
5.	Highly Insignificant	04	01

Source: Author's Field Survey – 2020

Table 5.19.1 reveals that out of 309 mutual fund investor respondents, majority of the respondents, i.e. 210 respondents (68%) consider the objective of safety of principal to be highly significant while taking a decision to invest one's funds in any scheme of mutual fund, while 61 respondents (20%) consider this objective to be significant. 28 respondents (9%) out of the total 309 respondents, neither consider this objective to be significant nor insignificant. On the other hand, 6 respondents (2%) consider this objective to be insignificant while

deciding to make an investment in mutual fund, while 4 respondents (1%) consider this objective to be highly insignificant.

B. Capital Appreciation:

The objective capital appreciation refers to the increase in the principal amount initially invested which is considered by the investors as a desired surplus. This variable tries to capture the desire of growth in one's investment.

Table 5.19.2: Objective - Capital Appreciation

Sl. No.	Objective – Capital Appreciation	Freq.	%
1.	Highly Significant	132	43
2.	Significant	121	39
3.	Moderate	47	15
4.	Insignificant	05	02
5.	Highly Insignificant	04	01

Source: Author's Field Survey – 2020

Table 5.19.2 reveals that about 132 respondents (43%) consider the objective of capital appreciation to be highly significant while taking a decision to invest in any scheme of mutual fund, while 121 respondents (39%) consider this objective to be significant. 47 respondents (15%) neither consider this objective to be significant nor insignificant. On the other hand, 5 respondents (2%) consider this objective to be insignificant while deciding to make an investment in mutual fund and 4 respondents consider this objective to be highly insignificant, which is about 1% of the total sample size of the respondents.

C. Generate Regular Income:

The objective generate regular income refers to the fulfilling the requirement of regular cash inflow from one's investment. In other words, it means that an investor makes a mutual fund investment active for being able to withdraw cash on a regular basis for meeting one's requirements.

Table 5.19.3: Generate Regular Income

Sl. No.	Objective – Generate Regular Income	Freq.	%
1.	Highly Significant	81	26
2.	Significant	110	36
3.	Moderate	99	32
4.	Insignificant	16	05
5.	Highly Insignificant	03	01

Source: Author's Field Survey – 2020

Table 5.19.3 reveals that 81 respondents (26%) consider the objective of generate regular income to be highly significant while taking a decision to invest one's funds in any scheme of mutual fund, while 110 respondents (36%) consider this objective to be significant in their decision making rationale. 99 respondents (32%) neither consider this objective to be significant nor insignificant. On the other hand, 16 respondents (5%) consider this objective to be insignificant while deciding to make an investment in mutual fund, while 3 respondents (1%) consider this objective to be highly insignificant.

D. Tax Benefits:

The objective tax benefits reflect the influence of tax benefits offered by certain mutual fund schemes on an investor while taking an investment decision. One may make mutual fund investment in order to decrease one's tax liability.

Table 5.19.4: Objective - Tax Benefits

Sl. No.	Objective – Tax Benefits	Freq.	%
1.	Highly Significant	90	29
2.	Significant	120	39
3.	Moderate	67	22
4.	Insignificant	30	10
5.	Highly Insignificant	02	00

Source: Author's Field Survey – 2020

Table 5.19.4 reveals that 90 respondents (29%) consider the objective of tax benefits to be highly significant while taking a decision to invest in any scheme of mutual fund, while 120

respondents (39%) consider this objective to be significant. 67 respondents (22%) neither consider this objective to be significant nor insignificant. On the other hand, 30 respondents (10%) consider this objective to be insignificant while deciding to make an investment in mutual fund, while 2 respondents consider this objective to be highly insignificant, which is less than 1% of the total sample size taken from investors in mutual fund.

E. Liquidity:

The objective of liquidity refers to the intention of an investor to convert an investment into cash at one's convenience and discretion.

Table 5.19.5: Objective – Liquidity

Sl. No.	Objective - Liquidity	Freq.	%
1.	Highly Significant	83	27
2.	Significant	119	39
3.	Moderate	80	26
4.	Insignificant	20	06
5.	Highly Insignificant	07	02

Source: Author's Field Survey – 2020

Table 5.19.5 reveals that 83 respondents (27%) consider the objective of liquidity to be highly significant while taking a decision to invest in any scheme of mutual fund, while 119 respondents (39%) consider this objective to be significant. 80 respondents (26%) neither consider this objective to be significant nor insignificant. On the other hand, 20 respondents (6%) consider this objective to be insignificant while deciding to make an investment in mutual fund, while 7 respondents consider this objective to be highly insignificant, which is about 2% of the total sample size taken from investors in mutual fund.

F. Ease of Transaction:

The objective ease of transaction refers to the simplicity of doing the transaction for an investor, whether it is making a new investment, additional investments or withdrawing funds from an investment by disposing it.

Table 5.19.6: Objective - Ease of Transaction

Sl. No.	Objective – Ease of Transaction	Freq.	%
1.	Highly Significant	54	17
2.	Significant	121	39
3.	Moderate	104	34
4.	Insignificant	22	07
5.	Highly Insignificant	08	03

Source: Author's Field Survey – 2020

Table 5.19.6 reveals that 54 respondents (17%) consider the objective of ease of transaction to be highly significant while taking a decision to invest in any scheme of mutual fund, while 121 respondents (39%) consider this objective to be significant for their decision making rationale of investing in mutual fund. 104 respondents (34%) neither consider this objective to be significant nor insignificant. On the other hand, 22 respondents (7%) consider this objective to be insignificant while deciding to make an investment in mutual fund, while 8 respondents consider this objective to be highly insignificant, which is about 3% of the total sample size taken from investors in mutual fund.

G. Transparency:

The objective transparency refers to truth and fairness in the transactions being carried out. In other words, it reflects the clarity in the mutual fund dealings which makes it easy for the investors to understand the charges being levied and surpluses being distributed.

Table 5.19.7: Objective – Transparency

Sl. No.	Objective - Transparency	Freq.	%
1.	Highly Significant	93	30
2.	Significant	112	36
3.	Moderate	63	21
4.	Insignificant	32	10
5.	Highly Insignificant	09	03

Source: Author's Field Survey – 2020

Table 5.19.7 reveals that 93 respondents (30%) consider the objective of transparency to be highly significant while taking a decision to invest in any scheme of mutual fund, while 112 respondents (36%) consider this objective to be significant. 63 respondents (21%) neither consider this objective to be significant nor insignificant. On the other hand, 32 respondents (10%) consider this objective to be insignificant while deciding to make an investment in mutual fund, while 9 respondents (3%) consider this objective to be highly insignificant.

5.7.14 Mutual Fund Scheme Preferred for Investment by the Respondent:

There are various kinds of mutual fund schemes which cater to the needs of the investors. The investors choose a particular scheme(s) out of the various alternatives available, which suit or meet their requirements in regard to their expectations from their investments. The various kinds of mutual fund schemes have been dealt in the following paragraphs on an individual basis.

I. Income/Debt Fund:

Income fund or debt fund refers to such schemes which focus on providing a regular and steady income to its unit holders. For the present study, this scheme has been included in order to understand the preferences of the investors towards schemes which focus on generating income on a regular basis.

Table 5.20.1: Preferred type of MF scheme - Income/Debt Fund

Sl. No.	Preferred type of MF scheme – Income/Debt Fund	Freq.	%
1.	Yes	87	28
2.	No	222	72

Source: Author's Field Survey – 2020

Table 5.20.1 reveals that 87 mutual fund investor respondents (28%) prefers to invest in income fund or debt fund, while 222 respondents (72%) did not prefer to invest in this particular fund.

II. Growth/Equity Fund:

Growth fund or equity fund refers to such schemes which focus on providing appreciation in the amount of capital invested to its unit holders. For the present study, this scheme has been

included in order to understand the preferences of the investors towards schemes which focus on capital appreciation with a long gestation period.

Table 5.20.2: Preferred type of MF scheme – Growth/Equity Fund

Sl. No.	Preferred type of MF scheme – Growth/ Equity Fund	Freq.	%
1.	Yes	216	70
2.	No	93	30

Source: Author's Field Survey – 2020

Table 5.20.2 reveals that 216 mutual fund investor respondents (70%) choose to invest in growth fund or equity fund, while 93 respondents (30%) did not prefer to invest in this particular fund.

III. Balanced Fund:

Balanced fund is a combination of the features of both income fund and growth fund. Such schemes focus on generating a regular and steady income as well as in the appreciation of capital for the unit holders. For the present study, this scheme has been included in order to understand the preferences of the investors towards schemes which focus on generating income on a regular basis as well as appreciate capital.

Table 5.20.3: Preferred type of MF scheme – Balanced Fund

Sl. No.	Preferred type of MF scheme – Balanced Fund	Freq.	%
1.	Yes	54	17
2.	No	255	83

Source: Author's Field Survey – 2020

Table 5.20.3 reveals that 54 mutual fund investor respondents (17%) prefers to invest in balanced fund, while 255 respondents (83%) did not prefer to invest in this particular fund.

IV. Exchange Traded Fund:

Exchange traded fund is a scheme in which units are issued to the investors in a new fund offer (NFO), post which the units are available for purchase and sale on a stock exchange where the units are listed. For the present study, this scheme has been included in order to

understand the preferences of the investors towards schemes which focus on trading over the exchange.

Table 5.20.4: Preferred type of MF scheme – Exchange Traded Fund

Sl. No.	Preferred type of MF scheme – Exchange Traded Fund	Freq.	%
1.	Yes	13	04
2.	No	296	96

Source: Author's Field Survey – 2020

Table 5.20.4 reveals that 13 mutual fund investor respondents (4%) choose to invest in exchange traded fund, while 296 respondents (96%) did not prefer to invest in this particular fund.

V. Equity Linked Savings Scheme (ELSS):

Equity Linked Savings Scheme is a diversified fund where predominantly funds are invested in equities and they are growth oriented schemes. Such investments attract certain provisions of the Income Tax Act and offer tax benefits. For the present study, this scheme has been included to understand the preferences of the investors towards availing such benefits.

Table 5.20.5: Preferred type of MF scheme – Equity Linked Savings Scheme

Sl. No.	Preferred type of MF scheme – ELSS Fund	Freq.	%
1.	Yes	154	50
2.	No	155	50

Source: Author's Field Survey – 2020

Table 5.20.5 reveals that 154 mutual fund investor respondents (50%) choose to invest in this tax savings scheme where predominantly funds are invested in equities, while 155 respondents (50%) did not prefer to invest in this particular fund.

5.20.6. Liquid Fund:

Liquid fund is a kind of debt fund where the funds are invested in fixed-income securities having a maturity period of up to 91 days. For the present study, this scheme has been included to understand the preferences of the investors towards funds having low gestation period.

Table 5.20.6: Preferred type of MF scheme – Liquid Fund

Sl. No.	Preferred type of MF scheme – Liquid Fund	Freq.	%
1.	Yes	53	17
2.	No	256	83

Source: Author's Field Survey – 2020

Table 5.20.6 reveals that 53 mutual fund investor respondents (17%) prefers to invest in liquid fund, while 256 respondents (83%) did not prefer to invest in this particular fund.

VII. Index Fund:

An Index fund is a type of mutual fund with a portfolio constructed to match or track the components of a financial market index. For the present study, this scheme has been included to understand the preferences of the investors towards funds which work in synchronization with market index.

Table 5.20.7: Preferred type of MF scheme – Index Fund

Sl. No.	Preferred type of MF scheme – Index Fund	Freq.	%
1.	Yes	06	02
2.	No	303	98

Source: Author's Field Survey – 2020

Table 5.20.7 reveals out that 6 mutual fund investor respondents (2%) choose to invest in index fund, while 303 respondents (98%) did not prefer to invest in this particular fund.

VIII. Fixed Monetary Plan Fund (FMP):

Fixed monetary plan fund is a close-ended debt fund with a maturity period that can range from one month to five years, with an objective to provide steady returns over a fixed maturity period, thereby protecting investors from market fluctuations. For the present study, this scheme has been included to understand the preferences of the investors towards funds which have a fixed maturity period.

Table 5.20.8: Preferred type of MF scheme – Fixed Monetary Plan Fund

Sl. No.	Preferred type of MF scheme – FMP Fund	Freq.	%
1.	Yes	17	06
2.	No	292	94

Source: Author's Field Survey – 2020

Table 5.20.8 reveals that 17 mutual fund investor respondents (6%) choose to invest in fixed monetary plan fund, while 292 respondents (94%) did not prefer to invest in this particular fund.

IX. Offshore Fund:

Offshore mutual fund is a mutual fund scheme that makes investment in stocks and securities of overseas firms or multinational corporations. For the present study, this scheme has been included to understand the preferences of the investors towards funds which invest in international markets.

Table 5.20.9: Preferred type of MF scheme – Offshore Fund

Sl. No.	Preferred type of MF scheme – Offshore Fund	Freq.	%
1.	Yes	00	00
2.	No	309	100

Source: Author's Field Survey – 2020

Table 5.20.9 reveals out that 100% of the 309 mutual fund investor respondents did not prefer to invest in this particular mutual fund scheme.

X. Hybrid Fund:

A Hybrid fund is an investment fund that is characterized by diversification among two or more asset classes, i.e. by investing in a mix of stocks and bonds. For the present study, this scheme has been included to understand the preferences of the investors towards a fund which is a mix of equity and debt investments.

Table 5.20.10 – Preferred type of MF scheme – Hybrid Fund

Sl. No.	Preferred type of MF scheme – Hybrid Fund	Freq.	%
1.	Yes	16	05
2.	No	293	95

Source: Author's Field Survey – 2020

Table 5.20.10 reveals that 16 mutual fund investor respondents (5%) prefers to invest in hybrid fund, while 293 respondents (95%) did not prefer to invest in this particular fund.

5.7.15. Preferred Type of Mutual Fund Company of the Respondent:

The variable preferred type of mutual fund company refers to the preference of the respondents to invest in mutual fund schemes of the mutual fund companies belonging to a particular sector. For the present study, this variable has been included to understand whether the respondents preferred to invest in public sector mutual fund companies, private sector mutual fund companies or both.

Table 5.21: Preferred Type of Mutual Fund Company

Sl.No.	Preferred type of MF company	Freq.	%
1.	Public sector company	35	11
2.	Private sector company	56	18
3.	Both	218	71

Source: Author's Field Survey – 2020

Table 5.21 reveals out that 35 respondents (11%) prefer to invest only in those mutual fund schemes which are sponsored by public sector mutual fund companies, while 56 respondents (18%) prefer to invest only in those mutual fund schemes which are sponsored by private sector mutual fund companies. However, 218 respondents (71%) choose to invest in mutual fund schemes they prefer to invest irrespective of the sector to which the sponsoring company belonged.

5.7.16 Problems faced by the Respondent in Mutual Fund Investment:

While making an investment, one might come across many hurdles or situations which one may not find to be as per his expectations. This variable is taken up for the study to

understand the top five problems which the respondents come across while making an investment in mutual fund. The various types of problems taken up for this variable are fear of unexpected loss, high loading charges, uninformed deviations from scheme features, delay in settlement, delay in grievance handling, lack of transparency, poor performance, lack of research and investor education, non-receipt of statement of accounts, failure in updating investor profile and no other problems faced. The respondents are to rank the problems in accordance with the top five problems faced by them while investing in mutual funds. The respondents have assigned ranks to the top five problems in the order of their significance as rank 1, 2, 3, 4 and 5. So, out of the various alternatives of the problems faced, the respondents have to give ranks to top 5 problems according to them and the remaining problems have been considered insignificant which are assigned '0' values. Henry Garrett ranking technique is adopted to find out the preferred investment avenues based on the data collected from the respondents. The respondents are to rank in the order of merit. For the most sought problem faced, rank to be assigned is rank 1, followed by second most troubling problem as rank 2 and so on.

Table 5.22: Ranks of Top 5 Problems Faced by Mutual Fund Investor Respondents

Rank / Problems	1	2	3	4	5
1. Fear of Unexpected Loss	145	49	39	30	23
2. High Loading Charges	41	85	32	21	21
3. Uninformed Deviations from Scheme Features	26	23	38	20	09
4. Delay in Settlement	06	13	27	29	09
5. Delay in Grievance Handling	05	23	27	28	20
6. Lack of Transparency	16	41	64	53	37
7. Poor Performance	56	53	37	61	55
8. Lack of Research & Investor Education	08	10	32	46	74
9. Non-receipt of Statement of Accounts	06	06	09	14	54
10. Failure in Updating Investor Profile	00	06	04	07	07
11. No Other Problems Faced	00	00	00	00	00
Total	309	309	309	309	309

Source: Author's Field Survey – 2020

Table 5.22 reveals out the number of times a particular rank is given by the mutual fund investor respondents as per their opinion to a particular problem. As it can be observed that the problem of fear of unexpected loss is considered as the most faced problem by 145 mutual fund investor respondents, the problem of high loading charges is chosen by 85 respondents as their second most sought problem and so on. Garrett scores are taken from the Garrett Ranking Conversion table as per the percent calculated for the various ranking orders. The percent calculation method has been discussed in the following tables.

Garrett Ranking – In order to identify the top five problems faced in mutual fund investment by those respondents who are mutual fund investors, the respondents are asked to state their most faced problem in order of merit. These merits are analyzed by applying the Henry Garrett Ranking technique.

These ranks are converted into percent by using the following formula:

$$Percent\ Position = \frac{100\ (Rij - .5)}{Nj}$$

where, Rij = Rank given for the i^{th} variable by j^{th} respondents

Nj = Number of variables ranked by j^{th} respondents

Following the calculation of percent position, these estimated percent positions are converted into scores with the help of Garrett Ranking Conversion tables. The following table 5.23 shows the calculation of the percent positions for various ranks using the above mentioned formula.

Table 5.23: Percent Position and Garrett value/score

Rank	Formula = $\frac{100\ (Rij-0.5)}{Nj}$	Percent Position	Garrett value / Score
1	100 (1 - 0.5) / 5	10	75
2	100 (2 - 0.5) / 5	30	60
3	100 (3 - 0.5) / 5	50	50
4	100 (4 - 0.5) / 5	70	40
5	100 (5 - 0.5) / 5	90	25

Table 5.24: Top 5 Problems faced in Mutual fund Investment as per Garrett Ranking

Sl.No	Problems	Total Score	Avg.	Rank
1.	Fear of Unexpected Loss	17490	56.60	1
2.	High Loading Charges	11140	36.05	3
3.	Uninformed Deviations from Scheme Features	6195	20.05	
4.	Delay in Settlement	3985	12.90	
5.	Delay in Grievance Handling	4625	14.97	
6.	Lack of Transparency	9905	32.06	4
7.	Poor Performance	13035	42.18	2
8.	Lack of Research & Investor Education	6490	21.00	5
9.	Non-receipt of Statement of Accounts	3470	11.23	
10.	Failure in Updating Investor Profile	915	2.97	
11.	No Other Problems Faced	00	00	

Source: Author's Field Survey – 2020

It is observed through analysis that the top five problems faced by the respondents while investing in mutual fund are Fear of Unexpected Loss, Poor Performance, High Loading Charges, Lack of Transparency and Lack of Research and Investor Education.

Summarization and Conclusion:

This chapter deals with the analysis of the cognizance level of the individual investors belonging to the urban agglomeration of the Kolkata region towards mutual fund as an investment avenue. It is observed that almost all the respondents are aware about the existence of mutual fund as an investment avenue in the financial market and word of mouth plays a significant role in acting as a source of introduction to the respondents in making them aware about this mode of investment. 69% of the respondents are mutual fund investors and 96% of them are first generation investors in mutual fund. All kind of load charges existing in mutual fund investment are considered by 46% of the respondents before deciding to make an investment in a mutual fund scheme. 88% of the respondents started investing in mutual fund at a very young age and mostly investment in mutual fund is made on the advice of financial advisors or through direct investment. About 63% of the respondents invest their funds for medium term period i.e. up to 5 years term period. Availing tax benefits, creating

corpus for children's future and wealth for retirement are the main reasons for investing in mutual fund. The objective of safety of principal amount is considered to be of utmost significance while deciding to invest in mutual fund. Growth fund (70%) and ELSS (50%) are the most preferred mutual fund schemes of the respondents. Out of the various problems faced by the respondents in mutual fund investment, fear of unexpected loss is considered to be the biggest problem faced by the respondents followed by poor performance of the schemes of mutual fund.

Chapter – VI

Factors Influencing Individuals' Investments in Mutual Funds

Introduction:

The perception of an individual investor towards an investment avenue signifies one's investment behaviour or attitude. The attitude of an individual investor is influenced by the presence of certain factors or attributes. In this chapter, an attempt is made to identify such factors and their degree of significance on the investment decisions of the individual investors of Kolkata region towards mutual fund as an investment avenue. Responses have been collected to understand the significance of the factors which leads to the formation of negative perception towards mutual fund which discourage the respondents to invest in mutual fund. Responses have been collected to identify various remedial measures which might lead to change in the opinion of the respondents towards mutual funds. Along with this, responses have been collected to understand the significance of the factors which encourage the respondents to invest in mutual fund as well as the factors which are sought by the individual investors in regard to product qualities in a mutual fund scheme and customer services desired by the individual investors.

6.1. Factors considered by Non-MF investors for not investing in Mutual Funds:

In order to understand the reasons which lead investors to avoid investing in mutual fund or are averse in making an investment in mutual fund, this study has been conducted. In this study, the respondents are asked to rank the factors which may be of some significance for making the investors not to invest their funds in mutual funds or not consider mutual fund as an alternative investment avenue. The factors taken up to understand the reasons or factors that influence the respondents and discourage them to consider mutual fund as an investment avenue alternative for this study are:

1. Huge amount of investment required or unsuitable for small investments:

It is a presumed notion amongst the individual investors that mutual fund is an investment which requires huge amount of investments and is not suitable for making investments of

small amounts and this understanding ultimately discourages investors to invest in mutual fund.

2. Fear of fraud:

Another concern that clouds the minds of the individual investors is the incidence of forgery. Investors believe that the funds are handled by others, so there is a constant fear of manipulation of funds in the hands of the fund manager. This fear of fraud discourages the investors from investing in mutual fund.

3. Lack of transparency:

The decision to invest funds of various mutual fund schemes is in the hands of the fund manager, whereby the investors do not have any role to play. This leads to non-transparency in regard to investment of the pooled-in money, which discourages an investor to invest in mutual fund.

4. Tedious paperwork:

Investors are of the opinion that a lot of paperwork or formalities are involved in mutual fund investment, which makes it a tedious work for the individual investors and this factor discourages the investors from investing in mutual fund.

5. No control over portfolio:

As investment in a mutual fund scheme is an indirect way of investing whereby the fund manager decides the portfolio of investments for an investor, the individual investors are of the opinion that they do not have any kind of control over their own investments and they have to accept whatever portfolio is designed by the fund manager. Absence of controlling power over one's investment discourages one to invest in mutual fund.

6. Management cost:

Investors are also concerned about the extra expenses which are termed as management cost that one has to incur when they invest in mutual fund schemes. In fact, this type of management cost is absent in other investment avenues. These additional costs, which are to

be borne for investment in mutual fund, discourage the investors to invest in this investment avenue.

7. High risk investment:

Investors presume that mutual fund collections are invested in stock market, which is highly volatile. Therefore, it is considered to be a high risk investment avenue and it leads to discouraging the investors to invest in this investment avenue.

8. Complicated:

Mutual fund investment is presumed to be a very complicated investment avenue, where either one has to have adequate financial knowledge or have to completely depend on someone else to understand how does it work. This attribute discourage many investors to invest in mutual fund.

9. Lack of awareness or lack of distribution network:

The various concerns or doubts which arise in the minds of the investors and their inability to seek answers for them are due to lack of awareness about mutual fund or due to lack of adequate distribution networks from where one can seek those answers. This factor also discourages the investors to invest in mutual fund.

The respondents have been asked to rate these factors on a five point Likert scale ranging from the scale of very high to the scale of very low, where 5 represents very high significance value, 4 represents high significance value, 3 represents moderate significance value, 2 represents low significance value and 1 represent very low significance value.

In order to assess whether the variables taken up for understanding the reasons for non-investment in mutual funds are correlated or not, it is felt imperative to analyse the data collected using factor analysis.

Exploratory Factor Analysis: Factor analysis is a technique for reduction of data. The first and foremost condition to apply it is that a significant correlation should exist between the

variables. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity is conducted to determine the sampling adequacy. **Kaiser-Meyer-Olkin Measure of Sampling Adequacy** is an index which is applied to examine the appropriateness of the sample for factor analysis. If the result of KMO test is within the range 0.5 to 1, then the sample is appropriate for further analysis. On the other hand, if the result is less than 0.5, then it will be inappropriate to run further tests. The KMO measure is an index for comparing the degree of observed correlation co-efficient with that of partial correlation co-efficient and its value should be equal to or greater than 0.05. In table 6.1, it can be observed that the KMO measure of sampling adequacy is **0.670**, which indicates that all the variables are showing a significant correlation which provides an ample basis for proceeding to next level of further analysis.

Table 6.1 : KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		**.670**
Bartlett's Test of Sphericity	Approx. Chi-Square	439.538
	Df	36
	Level of Sig.	.000

The second step is to ascertain the overall significance of correlation matrix with Bartlett's test.

Bartlett's Test of Sphericity: Whether the population correlation is an identity matrix or not, where the off-diagonal is zero and diagonal is taken as one, this test is applied. If the test results are significant i.e. (Sig. < 0.05), it would indicate that the matrix is not an identity matrix. It indicates to that all the variables relate to one another adequately to run a meaningful Exploratory Factor Analysis (EFA).

The significance level observed in table 6.1 is 0.000 which is less than 0.05. It, therefore, indicates that the variables do relate to one another strongly and further analysis can be conducted.

The next step is to extract the number of factors which is to be derived by using Principal Component Analysis. To assess the importance of each component, Eigen values have been used in selecting the number of factors. In this study, three components are selected which represents approximately 70% variance of all the components, which have Eigen value of more than one (Table 6.2).

Table 6.2 : Total Variance Explained

Component	Initial Eigen values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.071	34.120	34.120	3.071	34.120	34.120
2	1.921	21.342	55.462	1.921	21.342	55.462
3	1.319	14.656	**70.118**	1.319	14.656	70.118
4	.785	8.721	78.840			
5	.523	5.810	84.650			
6	.488	5.420	90.070			
7	.351	3.905	93.975			
8	.304	3.382	97.357			
9	.238	2.643	100.000			

Extraction Method: Principal Component Analysis

Table-6.2 is showing that there are only three components which have an Eigen value of more than one. These three components explain a cumulative variance of 70% (approximately). In unrotated loading, the first component explains 34.120% variance, 21.342% and 14.656% are explained by second and third components respectively. Furthermore, Varimax method is used to redistribute the variances so that the factor loading pattern and percentage of variances of the three components are derived out. From table 6.3, it can be observed that rotated loading is different from unrotated components.

Table 6.3 : Rotated Component Matrix[a]

Variables	Component		
	1	2	3
1.Huge Amount of Investment /Unsuitable for Small Investments	**.666**	.281	.238
2.Fear of Fraud	**.876**	-.018	.136
3.Lack of Transparency	**.886**	.156	.040
4.Tedious Paperwork	.150	**.729**	.315
5.No Control Over Portfolio	.141	**.835**	-.092
6.Management Cost	.048	**.845**	-.097
7.High Risk Investment	-.086	.122	**.783**
8.Complicated	.234	-.089	**.837**
9.Lack of Awareness/ Lack of Distribution Network	.295	-.023	**.738**

Extraction Method: Principal Component Analysis
Rotation Method: Varimax with Kaiser Normalization
a. Rotation converged in 5 iterations

From table 6.3, it can be observed that after conducting rotated matrix test, for the first factor the variables which have shown significant loading are huge amount of investment required or unsuitable for small investments, fear of fraud and lack of transparency. Similarly, variables like tedious paperwork, no control over portfolio and management cost have shown significant loading for the second factor. Variables like high risk investment, complicated and lack of awareness or lack of distribution network has shown significant loading for the third factor.

Overall three factors have been extracted from the above variables. On the basis of above variables included in each one of them, following names have been given to the three factors:

First Factor – Myths

Huge Amount of Investment / Unsuitable for Small Investments

Fear of Fraud

Lack of Transparency

Second Factor – Uncontrollable Elements

Tedious Paperwork

No Control over Portfolio

Management Cost

Third Factor – Ignorance

High Risk Investment

Complicated

Lack of Awareness / Lack of Distribution Network

1. Myths -

Table 6.4: Variables in Factor Myths

Sl. No.	Variables	Loading
1.	Lack of Transparency	0.886
2.	Fear of Fraud	0.876
3.	Huge amount of Investment/ Unsuitable for small Investments	0.666

In table 6.4, from the rotated component matrix it is inferred that this factor is the most important factor with highest cumulated factor loading amongst all i.e. 2.428. In this factor three variables have shown the highest loading as can be observed in table 6.3, which are 'huge amount of investment required' or 'unsuitable for small investments', 'fear of fraud' and 'lack of transparency'. The variable 'Lack of Transparency' had showed the highest factor loading being 0.886, variable 'Fear of Fraud' had a factor loading of 0.876 and lastly variable 'Huge amount of Investment' or 'Unsuitable for small Investments' had a factor loading of 0.666.

The first factor 'Myths' states out the various notions that the investors have about mutual fund which makes them averse from making an investment in mutual fund or for considering mutual fund as an avenue for investment. This factor portrays the various concerns which cloud the minds of the investors. Due to lack of investor education, these concerns lead to formation of a negative perception about mutual fund.

2. Uncontrollable Elements -

Table 6.5: Variables in Factor Uncontrollable Elements

Sl. No.	Variables	Loading
1.	Management Cost	0.845
2.	No Control Over Portfolio	0.835
3.	Tedious Paperwork	0.729

From table 6.5, it can be inferred that this factor has the cumulated factor loading of 2.409. In this factor three variables have shown the highest loading as can be observed in table 6.3, which are 'tedious paperwork', 'no control over portfolio' and 'management cost'. The variable 'Management Cost' shows the highest factor loading being 0.845, variable 'No Control over Portfolio' has a factor loading of 0.835 and lastly variable 'Tedious Paperwork' has a factor loading of 0.729.

The second factor 'Uncontrollable Elements' states the fact that the presence of these aspects make the investors averse for considering investment in mutual fund This factor portrays the various aspects which the investors consider to be beyond their powers which may make them lose their control over their money.

3. Ignorance -

Table 6.6: Variables in Factor Ignorance

Sl. No.	Variables	Loading
1.	Complicated	0.837
2.	High Risk Investment	0.783
3.	Lack of Awareness	0.738

Table 6.6 depicts that this factor has the cumulated factor loading of 2.358. In this factor three variables have shown the highest loading as can be observed in table 6.3, which are 'high risk investment', 'complicated' and 'lack of awareness / lack of distribution network'. The variable 'Complicated' have shown the highest factor loading being 0.837, variable 'High risk Investment' has a factor loading of 0.783 and lastly variable 'Lack of Awareness' or 'Lack of Distribution Network' has a factor loading of 0.738.

The third factor 'Ignorance' about mutual funds states that the various misconceptions which rule the minds of the investors and play a significant role in forming a negative perception about mutual funds.

6.2. Remedial Measures sought by the Non-MF investors to consider Investment in Mutual Fund:

It can be observed from the above paragraphs that the investors have some concerns or understanding about mutual funds which prevent them from making an investment in mutual funds or discourage an individual investor to consider this investment avenue as a feasible avenue. It is intended to find the glitches and the measures which can be taken to bridge such concerns in the mind of the non-investors of mutual funds. It is observed from the above discussions that there are certain factors which have a prominence in the decision making attitude of the investors when it comes to invest their funds. A major challenge for the concerned bodies is to be aware about these concerns and to find out certain remedial measures which would motivate the non investors in mutual funds to start considering this avenue as an investment alternative. To identify the measures, the responses have been collected in order to state the degree of significance for certain measures on a five point Likert scale, which if undertaken might motivate them to consider mutual fund as an investment avenue. The various measures are to be rated on a five point scale, where value 5 signifies very high degree of significance, value 4 indicating high degree of significance level, value 3 indicating degree of significance to be of moderate value, degree 2 indicating low level of degree of significance and value 1 being an indicator of very low degree of significance level. The various measures taken up for the study are:

1. Improving awareness by improved distribution network:

Mutual fund may not be considered as an investment alternative because of inadequate knowledge about it amongst the investors. Investors may be unaware about the mode of operations in mutual fund investment. Lack of awareness or adequate distribution network may discourage one as one doesn't know whom to approach to get their queries resolved. So, an improved distribution network or contact points or centres may help in improving awareness about this investment avenue.

2. Simple to understand or easily comprehensible:

As compared to other avenues of investment, mutual fund investment is perceived to be as a complex investment avenues where one can get derive benefits from it only if one has financial expertise to understand what is stated by the fund managers. The instructions or information about mutual fund investment if is laid out in simple and easy language might make it easy to be understood by the individual investors who consider themselves as amateurs about financial know-how.

3. Hassle free procedure for first time investors in mutual fund:

Investors presume that investment in mutual fund for the first time requires a lot of formalities to be dealt with, which discourages them to invest in mutual fund schemes. So, the concerned parties should make the investment procedure easy and hassle free for the first time investors which might encourage them to invest in mutual fund.

4. Reducing cost of management:

In comparison to other investment avenues, mutual funds charges management cost which is considered to be an additional cost for the investors and hence they might be discouraged to invest in mutual fund schemes. So, reduction in management costs may encourage investors to consider this investment avenue for investment.

5. Strong grievance mechanism:

As the portfolio construction of an investor in a mutual fund scheme is beyond the control of the investor, one may have grievances in regard to the investment choices made by the fund manager or there may be other grievances for which solutions may be sought after promptly by the investors. So, the presence of a strong grievance mechanism might appeal the investors to invest in mutual fund schemes.

Table 6.7: Measures to Encourage Non-MF investors to consider investment in Mutual Fund

Measures to Motivate Non-MF Investors	Very High	High	Moderate	Low	Very Low	Total
1.Improving Awareness by Improved Distribution Network	79 (56.03)	31 (21.98)	26 (18.44)	3 (2.13)	2 (1.42)	141 (100)
2.Simple to Understand / Easily Comprehensible	73 (51.77)	50 (35.46)	14 (9.93)	3 (2.13)	1 (0.71)	141 (100)
3.Hassle free procedure for First time Investors in Mutual Fund	56 (39.72)	45 (31.91)	23 (16.31)	11 (7.80)	6 (4.26)	141 (100)
4.Reducing Cost of Management	28 (19.86)	40 (28.37)	34 (24.11)	28 (19.86)	11 (7.80)	141 (100)
5.Strong Grievance Mechanism	41 (29.08)	38 (26.96)	31 (21.98)	21 (14.89)	10 (7.09)	141 (100)

Figures in brackets are percentages

In table 6.7, it is observed that the non-mutual fund investor respondents expect that in order to increase the awareness about mutual fund, there should be an improved distribution network of agents. 56.03% of the non-mutual fund investor respondents consider this measure very highly significant as according to them non-awareness about mutual fund is making investors averse towards this investment avenue. Similarly, the non-mutual fund investor respondents consider investment in mutual fund to be a complicated process which is difficult to understand. 51.77% of the non-mutual fund investor respondents found this measure to be very highly significant as they presume that mutual fund investment should be made a simple process so that investors with less financial knowledge also can understand the mode of operations of mutual fund investment and consider investing in mutual fund. It is also observed that 39.72% of the non-mutual fund investor respondents consider the measure of making the process of mutual fund investment to be made hassle free for the first time investors to be very highly significant as they presume that there are too many formalities which are to be complied with in mutual fund investment. Similarly, 29.08% of the non-mutual fund investor respondents expect that there should be strong grievance redressal mechanism for resolving the grievances of the investors promptly and this measure is

considered to be very highly significant. The presence of this measure might appeal to the non-mutual fund investor respondents to consider investing in mutual fund. 19.86% of the non-mutual fund investor respondents expect that the costs of management for investing in mutual fund should be reduced, as they consider this cost is an additional cost which is to be borne by the investors of mutual fund. The measure of reducing cost of management is considered by the non-mutual fund investor respondents highly significant.

Furthermore, to understand the significance of the various measures, exploratory factor analysis tests are run.

Table 6.8 : KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		**.605**
Bartlett's Test of Sphericity	Approx. Chi-Square	223.470
	Df	10
	Level of Sig.	.000

From table 6.8, it can be observed that the KMO measure of sampling adequacy is **0.605**, which indicates that all the variables are showing a significant correlation which provides an ample basis for proceeding to next level or further analysis. The significance level being observed is less than 0.05. It, therefore, indicates that the variables do relate to one another strongly and further analysis can be conducted.

The next step is to extract the number of factors which is to be derived by using Principal Component Analysis. To assess the importance of each component, Eigen values have been used in selecting the number of factors. In this study, two components are selected which represents approximately 75% variance of all components which have Eigen value of more than one (Table 6.9).

Table 6.9 : Total Variance Explained

Component	Initial Eigen values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.355	47.103	47.103	1.950	38.991	38.991
2	1.381	27.624	**74.727**	1.787	35.736	74.727
3	.683	12.770	87.494			
4	.367	7.332	94.829			
5	.259	5.171	100.000			

Extraction Method: Principal Component Analysis

Table-6.9 is showing that there are only two components which have an Eigen value of more than one. These two components explain a cumulative variance of 75% (approximately). In unrotated loading, the first component explains 47.103% variance and 27.624% is explained by second component. Furthermore, Varimax method is used to redistribute the variances so that the factor loading pattern and percentage of variances of the two components are derived out. From table 6.10, it can be observed that rotated loading is different from unrotated components.

Table 6.10: Rotated Component Matrix[a]

Variables	Component	
	1	2
1. Reducing Cost of Management	**.925**	.044
2. Strong Grievance Mechanism	**.884**	.052
3. Simple to Understand / Easily Comprehensible	.088	**.881**
4. Improving Awareness by Improved Distribution Network	-.017	**.806**
5. Hassle free procedure for First time Investors in Mutual Fund	.551	**.597**

Extraction Method: Principal Component Analysis
Rotation Method: Varimax with Kaiser Normalization
a. Rotation converged in 5 iterations

From table 6.10, it can be observed that after conducting rotated matrix test, for the first factor the variables which have shown significant loading are reducing cost of management and strong grievance mechanism. Similarly, variables named simple to understand,

improving awareness by improved distribution network and hassle free procedure for first time investors have shown significant loading for the second factor.

Overall two factors have been extracted from the above variables. On the basis of above variables included in each one of them, following names have been given to the factors:

First Factor – Relievers

Reducing Cost of Management

Strong Grievance Mechanism

Second Factor – Assisters

Simple to Understand / Easily Comprehensible

Improving Awareness by Improved Distribution Network

Hassle Free Procedure for First Time Investors

1. Relievers -

Table 6.11: Variables in Factor Relievers

Sl. No.	Variables	Loading
1.	Reducing Cost of Management	.925
2.	Strong Grievance Mechanism	.884

From table 6.11, on rotated component matrix, it is inferred that this factor has a cumulated factor loading of 1.809. In this factor two variables have shown the highest loading as can be observed in table 6.10, which are 'reducing cost of management' and 'strong grievance mechanism'. The variable 'Reducing Cost of Management' shows the highest factor loading being 0.925 and variable 'Strong Grievance Mechanism' shows a factor loading of 0.884.

The first factor 'Relievers' states out the various measures which are expected by the non-investors in mutual fund which, if undertaken, might encourage them to consider making an investment in mutual fund or for considering mutual fund as an avenue for investment. This factor portrays the various remedial measures, if undertaken, will bring stronger conviction amongst investors to choose mutual fund as a prudent investment avenue for them.

2. Assisters -

Table 6.12: Variables in Factor Assisters

Sl. No.	Variables	Loading
1.	Simple to Understand / Easily Comprehensible	0.881
2.	Improving Awareness by Improved Distribution Network	0.806
3.	Hassle Free Procedure for First Time Investors	0.597

From table 6.12, it can be inferred that this factor has the cumulated factor loading of 2.284. In this factor three variables have shown the highest loading as can be observed in table 6.10, which are 'simple to understand', 'improving awareness by improved distribution network' and 'hassle free procedure for first time investors'. The variable 'Simple to Understand' shows the highest factor loading being 0.881; variable 'Improving Awareness by Improved Distribution Network' shows a factor loading of 0.806 and lastly variable 'Hassle Free Procedure for First Time Investors' shows a factor loading of 0.597.

The second factor 'Assisters' states out various aspects that the investors intends to have when they consider an investment avenue for making investment. This factor portrays the aspects which will simplify the process of mutual fund investment.

6.3. Factors considered by MF Investors while investing in Mutual Fund:

In this study, it is intended to ascertain the significance of certain factors which encourage investors to make an investment in mutual fund and to understand the significance of the factors being considered by the investors. The factors taken up for the study are:

1. Portfolio of Mutual Fund:

A unique feature of mutual fund investment is the creation of portfolio using professional expertise. An investor doesn't have to spend time on deciding where to invest, which securities and stocks to purchase, etc. The accumulated money of the unit-holders are invested according to the objectives of the mutual fund scheme.

2. Past Records:

An investor can choose to invest in a mutual fund scheme based upon its past performance. The fund manager's expertise can be evaluated through the past performance records of a fund which in turn would help an investor in taking decision.

3. Credit Rating:

Credit rating provided to an investment avenue or a scheme of mutual fund by the credit rating agencies on certain parameters adds credibility to it and helps in generating trust of the investors in it.

4. Government Norms:

The various guidelines and norms laid down by the regulatory bodies which are to be followed by the mutual fund companies while floating the schemes in the market leads to building trust about mutual fund as a preferred investment avenue.

5. Professional Diversification:

The uniqueness of the mutual fund is the feature of professional expertise who directs the investment pattern in a diversified manner, resulting in minimizing the risk for an investor.

6. Degree of Transparency:

The various kinds of disclosures in regard to investment in mutual fund schemes are mandatorily required to be adhered to also add a degree of transparency in regard to mutual fund investment.

7. Return on Investment:

In comparison to direct investment in various investment avenues, the presence of professional expertise and diversified portfolio increases the probability of higher returns on investment in mutual fund.

8. Suitability of Fund / Scheme:

There are numerous mutual fund schemes which are floating in the market are available for investment, so a big basket of choices are available for an investor to select a scheme suiting one's preferences.

9. Safety:

As mutual fund schemes are regulated by Securities Exchange Board of India, the safety of principal amount invested is assured and there is negligible probability of forgery or scams in investment.

10. Efficient Investor Service:

As mutual fund schemes are floated by mutual fund companies, these companies provide investor services very efficiently and effectively through their sales and service teams.

11. Lock-in-Period:

Lock-in-period in mutual fund investment refers to the time period within which withdrawals cannot be made from the scheme. There are mutual fund schemes in the market which have lock-in-period clause and also there are funds which do not have any lock-in-period. Some investors prefer having lock-in-period which enables them to keep their funds invested for a specified term period and avoid the risk of taking impulsive decisions during frequent market fluctuations.

12. Tax Benefits:

There are mutual fund schemes which provide the benefit of claiming income tax concessions if investments are made in those specified schemes.

The respondents are required to rate these factors on a five point Likert scale from strongly agree to strongly disagree, where 5 represents strongly agree value, 4 represents agree value, 3 represents neutral value, 2 represents disagree value and 1 represents strongly disagree value.

In order to assess as to whether the variables taken up for understanding the influencing factors for deciding to make an investment in mutual fund, are correlated or not, factor analysis tests have been conducted.

For factor analysis to be run effectively, the first and foremost condition is that a significant correlation should exist between the variables. In order to determine that, the KMO measure of sampling adequacy and Bartlett's test of Sphericity has been conducted. According to the KMO measure, the sampling adequacy measure has to be within the range of 0.5 to 1 in order to be an appropriate measure for further analysis. It can be inferred from table 6.13 that the KMO measure of sampling adequacy is 0.756, which is an indicator that there is a significant correlation between all the variables taken up for the study and this provides an ample basis for proceeding to next level.

Table 6.13: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequcay		**.756**
Bartlett's Test of Sphericity	Approx. Chi-Square	800.408
	Df	66
	Level of Sig.	.000

The next step is to ascertain the overall significance of correlation matrix with Bartlett's test. If the test result is significant i.e. (Sig. < 0.05), it would indicate that the matrix is not an identity matrix. It refers to the fact that all the variables relate to one another adequately to run a meaningful Exploratory Factor Analysis.

The significance level being observed in Table 6.13 is 0.000 which is less than 0.05 and hence it is being indicated that the variables do relate to one another strongly and further analysis can be conducted.

The next step is to extract the number of factors to be derived by using Principal Component Analysis. To assess the importance of each component, Eigen values have been used in selecting the number of factors. In this study, four factors are selected which represent 60%

variance (approximately) of all components which are having Eigen value of more than one (Table 6.14).

Table 6.14: Total Variance Explained

Component	Initial Eigen Values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.524	29.363	29.363	2.267	18.892	18.892
2	1.519	12.657	42.020	1.771	14.755	33.648
3	1.080	8.997	51.017	1.691	14.090	47.737
4	1.074	9.948	**59.965**	1.467	12.228	59.965
5	.940	7.834	67.799			
6	.813	6.771	74.571			
7	.660	5.503	80.074			
8	.618	5.149	85.223			
9	.560	4.668	89.891			
10	.453	3.777	93.669			
11	.397	3.306	96.975			
12	.363	3.025	100.000			

Extraction Method: Principal Component Analysis

Table 6.14 has shown that only four components show Eigen value of more than one. These four variables explain a variance of 60% approximately. In unrotated loading first factor explains 29.363% variance and 12.657%, 8.997% and 8.948% are explained by second, third and fourth variable respectively. Then Varimax method has been used to redistribute the variance so that the factor loading pattern and percentage of variance of the factors is different. It is seen from the next rotated loading is different from unrotated components.

Table 6.15 : Rotated Component Matrix

Factors	Component			
	1	2	3	4
1. Portfolio of Mutual Fund	**.405**	.344	.102	-.538
2. Past Records	**.775**	-.040	-.047	.297
3. Credit Rating	**.812**	.156	.067	-.080
4. Government Norms	**.543**	.293	.305	.027
5. Professional Diversification	**.558**	.126	.436	-.221
6. Degree of Transparency	.070	**.642**	.302	.057
7. Return on Investment	.076	**.812**	-.164	.197
8. Suitability of Fund/Scheme	.324	**.491**	.219	-.285
9. Safety	.157	.228	**.560**	.519
10. Efficient Investor Service	.288	.361	**.504**	-.075
11. Lock in Period	.018	-.038	**.808**	.053
12. Tax Benefits	.118	.168	.066	**.796**

Extraction Method: Principal Component Analysis
Rotation Method: Varimax with Kaiser Normalization
a. Rotation converged in 12 iterations

It is observed from table 6.15 that in rotated matrix, for the first factor five variables have shown significant loading which are Portfolio of Mutual Fund, Past Records, Credit Rating, Government Norms and Professional Diversification. Similarly, variables namely Degree of Transparency, Return on Investment and Suitability of Fund/Scheme have shown significant loading for the second factor. Variables Safety, Efficient Investor Service and Lock-in period has shown significant loading on factor three and the variable Tax Benefit has shown significant loading on factor four.

Overall four factors have been extracted from the variables taken. On the basis of the variables present in each factor, the following names are given to factors:

First Factor – Reputation of the Company

Portfolio of Mutual Fund

Past Records

Credit Rating

Government Norms

Professional Diversification

Second Factor – Appropriateness of Security Selection

Degree of Transparency

Return on Investment

Suitability of Fund/Scheme

Third Factor – Incentives for Investors

Safety

Efficient Investor Service

Lock-in Period

Fourth Factor – Motivation for Investors

Tax Benefit

These factors are now analysed in a detailed way:

1. Reputation of the Company:

Table 6.16: Variables in Factor Reputation of the Company

Sl. No.	Variables	Loading
1.	Credit Rating	0.812
2.	Past Records	0.775
3.	Professional Diversification	0.558
4.	Government Norms	0.543
5.	Portfolio of Mutual Fund	0.405

From table 6.16, it is observed, this factor has the highest cumulated Eigen values amongst all; i.e., 3.093. In this factor, five variables have shown the highest loading as can be observed in table 6.15, which are 'credit rating', 'past records', 'professional diversification', 'government norms' and 'portfolio of mutual fund'. The variable 'Credit Rating' has shown

the highest loading in this factor being 0.812, variable 'Past Records' has a factor loading of 0.775, variable 'Professional Diversification' has a factor loading of 0.558, variable 'Government Norms' has a factor loading of 0.543 and variable 'Portfolio of Mutual Fund' has a factor loading of 0.405.

The first factor 'Reputation of the Company' states various considerations that an investor looks into a fund house before choosing a mutual fund scheme. This factor portrays that an investor looks into the mode of operation of a company, its goodwill and the procedure of managing funds accumulated.

2. Appropriateness of Fund:

Table 6.17: Variables in Factor Appropriateness of Fund

Sl. No.	Variables	Loading
1.	Return on Investment	0.812
2.	Degree of Transparency	0.642
3.	Suitability of Fund / Scheme	0.491

From table 6.17, it is observed that this factor has cumulated Eigen values of 1.945. In this factor three variables have shown the highest loading as can be observed in table 6.15, which are 'return on investment', 'degree of transparency' and 'suitability of fund / scheme'. The variable 'Return on Investment' have shown the highest loading in this factor being 0.812, variable 'Degree of Transparency' has a factor loading of 0.642 and variable 'Suitability of Fund / Scheme' has a factor loading of 0.491.

The second factor 'Appropriateness of Fund' states various considerations that an investor looks in a scheme before deciding to make an investment. This factor portrays that an investor looks for estimated return or performance track record, suitability of the scheme and transparency of information provided.

3. Drivers of Investment:

Table 6.18: Variables in Factor Drivers of Investment

Sl. No.	Variables	Loading
1.	Lock – in – Period	0.808
2.	Safety	0.560
3.	Efficient Investor Service	0.504

In table 6.18, it is observed that this factor has cumulated Eigen values of 1.872. In this factor three variables have shown the highest loading as can be observed in table 6.15, which are 'lock-in-period', 'safety' and 'efficient investor service'. The variable 'Lock – in – Period' shows the highest loading in this factor being 0.808, variable 'Safety' has a factor loading of 0.560 and variable 'Efficient Investor Service' has a factor loading of 0.504.

The third factor 'Drivers of Investment' portrays that an investor looks for flexibility to invest and redeem from the scheme at any point, degree of risk involved and level of services provided pre and post investment.

4. Motivators:

Table 6.19: Variables in Factor Motivators

Sl. No.	Variable	Loading
1.	Tax Benefits	0.796

In table 6.19, it is observed that this factor has cumulated Eigen values of 0.796. In this factor one variable has shown the highest loading as can be observed in table 6.15, which is 'tax benefits'. The variable 'Tax Benefits' has shown the highest loading in this factor being 0.796.

The fourth factor 'Motivators' states out various extra or add-on privileges which might encourage an investor to make an investment. This factor portrays that an investor looks for additional benefits in his investment, i.e., if one gets good returns on investment and also

gets an opportunity to avail tax benefits, it may encourage an investor to make investment in such an avenue or scheme.

6.4. Key factors considered while selecting a Mutual Fund Product:

In this study, it is intended to ascertain the significance of certain factors or qualities considered by investors while investing in a mutual fund scheme. The factors taken up for the study are:

1. Performance Record of the Scheme / Fund:

The past performance records of a mutual fund helps an individual investor to get an idea as how efficiently the fund is performing and assist one in taking favourable investment decisions.

2. Brand Name or Reputation of the Scheme:

The brand image or reputation of a mutual fund company or the schemes floated by it does have an impact on the decision of an individual investor.

3. Expense Ratio of the Scheme:

A high expense ratio can affect the net earnings of an individual investor. Hence investors also consider this factor before making an investment decision in mutual fund investment.

4. Portfolio of Investment of the Scheme:

One of the key features of mutual fund investment is diversification in investment. So, an individual investor also considers the portfolio of investment of a mutual fund scheme in regard to its diversification.

5. Reputation of the Scheme / Portfolio Manager:

The rate of return of a mutual fund scheme depends to a great extent on the efficiency of the fund manager. So, the reputation of a portfolio manager is also taken into consideration by an investor before deciding to invest in it.

6. Withdrawal Facilities:

An individual investor can withdraw money from mutual fund investment at any point of time provided investment is made in open-ended schemes and not otherwise. So, an investor considers the requirements for withdrawals before selecting a mutual fund scheme for investment.

7. Favourable Rating by a Rating Agency:

The credit rating agencies evaluate a mutual fund scheme on various qualitative and quantitative parameters. The assigned ratings are considered by an individual investor before selecting a mutual fund scheme for making an investment.

8. Innovativeness of the Scheme:

Mutual fund houses try to attract the investors to invest in mutual fund schemes by launching products which offer unique or innovative features. So, an investor selects the best suited mutual fund scheme based on his requirements.

9. Product with Tax Benefits:

Individual investors may prefer to invest in such mutual fund products which offer them income tax benefits and they give more importance to such schemes of mutual fund as compared to other types of mutual fund products.

10. Exit Load:

It is an expense or charge which an individual investor has to pay to withdraw his investment from a mutual fund scheme during the lock-in-period of a scheme. So, an individual investor do take the amount of exit load being charged if an early exit is to be made from a mutual fund investment.

The respondents are to rate these factors on a five point Likert scale ranging from highly significant to highly insignificant, where 5 represented highly significant value, 4 represented significant value, 3 represented neutral value, 2 represented insignificant value and 1 represented highly insignificant value.

In order to assess the significance of the product quality factors, which are considered or which have an influence on the investors for making a decision to invest in a particular scheme of mutual fund, it is felt imperative to analyse the data collected using factor analysis.

It can be inferred from table 6.20 that the KMO measure of sampling adequacy is 0.823, which is an indicator that there is a significant correlation between all the variables taken up for the study and this provides an ample basis for proceeding to next level.

Table 6.20: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		**.823**
Bartlett's Test of Sphericity	Approx. Chi-Square	1279.365
	Df	45
	Level of Sig.	.000

The next step is to ascertain the overall significance of correlation matrix with Bartlett's test. If the test result is significant i.e. (Sig. < 0.05), it would indicate that the matrix is not an identity matrix. It refers to the fact that all the variables relate to one another adequately to run a meaningful Exploratory Factor Analysis.

The significance level being observed in Table 6.20 is 0.000 which is less than 0.05 and hence it is indicated that the variables are related to one another strongly and further analysis can be conducted.

The next step is to extract the number of factors to be derived by using Principal Component Analysis. To assess the importance of each component, Eigen values have been used in selecting the number of factors. In this study, three factors are selected which represent 68% variance (approximately) of all components which are having Eigen value of more than one (Table 6.21).

Table 6.21: Total Variance Explained

Component	Initial Eigen Values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.417	44.167	44.167	3.235	32.345	32.345
2	1.339	13.394	57.562	2.021	20.210	52.555
3	1.052	10.516	**68.078**	1.552	15.523	68.078
4	.763	7.628	75.706			
5	.612	6.123	81.830			
6	.558	5.584	87.413			
7	.405	4.048	91.461			
8	.320	3.197	94.658			
9	.293	2.935	97.592			
10	.241	2.408	100.000			

Extraction Method: Principal Component Analysis

Table-6.21 shows that only three components have Eigen value of more than one. These three components have explained variance of approximate 68% value. The first factor has explained 44.167% variance and 13.394% and 10.516% are explained by second and third variable respectively. Then Varimax method has been used to redistribute the variance so that the factor loading pattern and percentage of variance of the factors becomes different. So in table 6.22, rotated loading is found different from unrotated components.

Table 6.22: Rotated Component Matrix

Factors	Component		
	1	2	3
1. Portfolio of Investments of the Scheme	**.810**	.036	.221
2. Reputation of Scheme(s) / Portfolio Manager(s)	**.787**	.045	.246
3. Favourable Rating by a Rating Agency	**.764**	.176	.108
4. Withdrawal Facilities	**.667**	.403	.109
5. Innovativeness of the Scheme	**.647**	.502	-.061
6. Expense Ratio of the Scheme	**.556**	.243	.304
7. Exit Load	.036	**.889**	.209
8. Products with Tax Benefits	.340	**.844**	-.006
9. Performance Record of the Scheme / Fund	.111	.074	**.855**
10. Brand Name or Reputation of the Scheme	.270	.077	**.740**

Extraction Method: Principal Component Analysis
Rotation Method: Varimax with Kaiser Normalization[a]
Rotation converged in 6 iterations

In rotated matrix, for first factor, components namely Expense ratio of the scheme, Portfolio of investments of the scheme, Reputation of scheme / Portfolio manager, Withdrawal facilities, Favourable rating by a rating agency and Innovativeness of the scheme have shown variance to be significantly loaded. Similarly, components namely Products with tax benefits and Exit load have shown significant loading on the second factor. Components like Performance record of the scheme / fund and Brand name or reputation of the scheme have shown significant loading on factor three.

Overall three factors have been extracted from the above variables. On the basis of the variables grouped in a factor, the following names are given to them:

First Factor –Attributes of the Fund

Portfolio of investments of the scheme

Reputation of scheme / Portfolio Manager

Favourable rating by a rating agency

Withdrawal Facilities

Innovativeness of the scheme

Expense ratio of the scheme

Second Factor – Cost and Benefit

Exit load

Products with tax benefits

Third Factor – Eminence

Performance record of the scheme / fund

Brand name or reputation of the scheme

1. Attributes of the Fund:

Table 6.23: Variables in Factor Attributes of the Fund

Sl. No.	Variables	Loading
1.	Portfolio of investments of the scheme	0.810
2.	Reputation of scheme / Portfolio manager	0.787
3.	Favourable rating by a rating agency	0.764
4.	Withdrawal facilities	0.667
5.	Innovativeness of the scheme	0.647
6.	Expense ratio of the scheme	0.556

In table 6.23, from the rotated component matrix, it is been observed that this factor has the highest cumulated Eigen values amongst all, i.e., 4.231. In this factor, six variables have shown the highest loading as can be observed in table 6.22, which are 'portfolio of investments of the scheme', 'reputation of scheme / portfolio manager', 'favourable rating by a rating agency', 'withdrawal facilities', 'innovativeness of the scheme' and 'expense ratio of the scheme'. The variable 'Portfolio of investments of the scheme' has shown the highest loading in this factor being 0.810, variable 'Reputation of scheme / portfolio manager' has a factor loading of 0.787, variable 'Favourable rating by a rating agency' has a factor loading

of 0.764, variable 'Withdrawal facilities' has a factor loading of 0.667, variable 'Innovativeness of the scheme' has a factor loading of 0.647 and variable 'Expense ratio of the scheme' has a factor loading of 0.556.

The first factor 'Attributes of the Fund' states various features which an investor considers before selecting a mutual fund scheme for investment. An investor desires to invest in a mutual fund scheme which is only one of its kind and is distinct from other similar schemes available in the market.

2. Cost and Benefit:

Table 6.24: Variables in Factor Cost and Benefit

Sl. No.	Variables	Loading
1.	Exit load	0.889
2.	Product with tax benefits	0.844

In table 6.24, it is observed that this factor has cumulated Eigen values of 1.733. In this factor two variables has shown the highest loading as can be observed in table 6.22, which are 'exit load' and 'product with tax benefits'. The variable 'Exit load' has shown the highest loading in this factor being 0.889 and variable 'Product with tax benefits' has a factor loading of 0.844.

The second factor 'Cost and Benefit' states out the special features which may give an edge to a particular fund over other funds available in the market. This factor portrays that an investor looks for the amount of charges to be levied if one takes an early exit from the fund as well as such products are preferred which would enable an investor to avail tax benefits.

3. Eminence:

Table 6.25: Variables in Factor Eminence

Sl. No.	Variables	Loading
1.	Performance records of the scheme / fund	0.855
2.	Brand name / reputation of the scheme	0.740

In table 6.25, from the rotated component matrix it has been observed that this factor has cumulated Eigen values of 1.595. In this factor, two variables had shown the highest loading as can be observed in table 3, which are 'performance records of the scheme / fund' and 'brand name / reputation of the scheme'. The variable 'Performance records of the scheme / fund' had shown the highest loading in this factor being 0.855 and variable 'Brand name / reputation of the scheme' had a factor loading of 0.740.

The third factor 'Eminence' states out the various considerations that encourages an investor for choosing a scheme to make an investment. This factor portrays that an investor looks for goodwill of the scheme. In simple words, it means that the brand name or reputation of a scheme as well as the past performance of a fund are factors which have a high degree of significance in the decision making process of an investor.

6.5. Investor Services preferred in Mutual Fund Investment:

In this study, it is intended to ascertain the significance of certain investor services being provided or expected to be provided by the mutual fund companies. The factors taken up for the study are:

1. Disclosure of Investment Objectives, Method and Periodicity of Valuation in the Advertisement:

One of the disclosures that investors expect in the advertisement is the disclosure of investment objectives of the scheme, the method followed for valuing the investments as well as the tenure of the investments.

2. Disclosure of the Method of Sales and Repurchase of the Scheme and their Periodicity in the Offer Document:

Investors would prefer to get an insight about the method of sale and repurchase of the assets held in a mutual scheme through the offer document as it would be of great assistance for the investors to take an informed decision.

3. Disclosure of Deviation in Investments from the Original Scheme:

If any deviation is to take place because of the need of the hour or depending on the market conditions, such a deviation should immediately be intimated to the unit-holders of the fund.

4. Disclosure of Investments in the Scheme at the end of every trading day:

The portfolio of investments made in a mutual fund is expected to be disclosed by the unit-holders at the end of every trading day instead of regular intervals of time.

5. Investor Grievance Redressal Mechanism:

The investors expect the redressal mechanism to be highly transparent which would enable them to know the status or procedure of redressal of their grievances.

6. Fringe benefits like tax benefits, retirement benefits, etc.:

Individual investors look for additional benefits at the same cost of investing in mutual fund schemes without wanting to spend additional sum of money.

The respondents are to rate these factors on a five point Likert scale ranging from highly significant to highly insignificant, where 5 represents highly significant value, 4 represents significant value, 3 represents neutral value, 2 represents insignificant value and 1 represents highly insignificant value.

In order to assess the correlation of the significance of the investor service factors, which are provided or expected by the investors or which have an influence on the investors for making a decision to invest in a particular scheme of mutual fund, it is felt imperative to analyse the data collected using factor analysis.

The first and foremost condition to apply factor analysis is that a significant correlation should exist between the variables. In order to determine that condition, the KMO measure of sampling adequacy and Bartlett's test of Sphericity has been conducted. According to the KMO measure, the sampling adequacy measure has to be within the range of 0.5 to 1 in order to be an appropriate measure for further analysis. It can be inferred from table 6.26 that the KMO measure of sampling adequacy is 0.771, which is an indicator that there is a significant

correlation between all the variables taken up for the study and this provides an ample basis for proceeding to next level.

Table 6.26: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequcay		**.771**
Bartlett's Test of Sphericity	Approx. Chi-Square	1011.518
	Df	15
	Level of Sig.	.000

The next step is to ascertain the overall significance of correlation matrix with Bartlett's test. If the test result is significant i.e. (Sig. < 0.05), it would indicate that the matrix is not an identity matrix. It refers to the fact that all the variables relate to one another adequately to run a meaningful Exploratory Factor Analysis.

The significance level being observed in Table 6.26 is 0.000 which is less than 0.05 and hence it is indicated that the variables are related to one another strongly and further analysis can be conducted.

The next step is to extract the number of factors to be derived by using Principal Component Analysis. To assess the importance of each component, Eigen values have been used in selecting the number of factors. In this study, two factors are selected which represent approximately 77% variance of all components which are having Eigen value of more than one (Table 6.27).

Table 6.27: Total Variance Explained

Component	Initial Eigen Values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.586	59.761	59.761	2.828	47.136	47.136
2	1.061	17.682	**77.443**	1.818	30.307	77.443
3	.502	8.375	85.818			
4	.382	6.375	92.193			
5	.306	5.099	97.292			
7	.162	2.708	100.000			

Extraction Method: Principal Component Analysis

Table-6.27 shows that only two components have Eigen value of more than one. These two components have explained variance of 76% approximately. In unrotated loading, first factor explains 60.255% variance and 15.362% is explained by second variable. Then Varimax method has been used to redistribute the variance so that the factor loading pattern and percentage of variance of the factors are different. So in table 6.28, rotated loading is found different from unrotated components.

Table 6.28: Rotated Component Matrix

Factors	Component	
	1	2
1. Disclosure of investment objectives, method and periodicity of valuation in the advertisement	.149	**.901**
2. Disclosure of the method of sales and repurchase of the scheme and their periodicity in the offer document	.294	**.857**
3. Disclosure of deviation in investments from the original scheme	**.748**	.417
4. Disclosure of investments in the scheme at the end of every trading day	**.882**	.173
5. Investor Grievance Redressal Mechanism	**.873**	.212
6. Fringe Benefits like tax benefits, retirement benefits, etc.	**.787**	.155

Extraction Method: Principal Component Analysis
Rotation Method: Varimax with Kaiser Normalization.[a]
a. Rotation converged in 3 iterations

In rotated matrix, for first factor, the components which has shown significant loading are Disclosure of deviation in investments from the original pattern, Disclosure of investments in the scheme at the end of every trading day, Investor grievance redressal mechanism and Fringe benefits like tax benefits, free insurance, etc. Similarly, components namely Disclosure of investment objectives, method and periodicity of valuation in the advertisement and Disclosure of the method of sales and repurchase of the scheme and their periodicity in the offer document have shown significant loading on factor two.

Overall two factors have been extracted from the above variables. On the basis of the variables above, following names are given to factors:

First Factor – Transparency

Disclosure of deviation in investments from the original pattern

Disclosure of investments in the scheme at the end of every trading day

Investor grievance redressal mechanism

Fringe benefits like tax benefits, retirement benefits, etc

Second Factor – Confidence on the Asset Management Company

Disclosure of investment objectives, method and periodicity of valuation in the advertisement

Disclosure of the method of sales and repurchase of the scheme and their periodicity in the offer document

1. Transparency -

Table 6.29: Variables in Factor Transparency

Sl. No.	Variables	Loading
1.	Disclosure of investments in the scheme at the end of every trading day	0.882
2.	Investor grievance redressal mechanism	0.873
3.	Fringe benefits like tax benefits, retirement benefits, etc	0.787
4.	Disclosure of deviation in investments from the original scheme	0.748

In table 6.29, it is observed that this factor has the highest cumulated Eigen values amongst all; i.e., 3.29. In this factor, four variables has shown the highest loading as can be observed in table 6.28, which are 'disclosure of investments in the scheme at the end of every trading day', 'investor grievance redressal mechanism', 'fringe benefits like tax benefits, etc.' and 'disclosure of deviation in investments from the original scheme'. The variable 'Disclosure of investments in the scheme at the end of every trading day' has shown the highest loading in this factor being 0.882, variable 'Investor grievance redressal mechanism' has a factor loading of 0.873, variable 'Fringe benefits like tax benefits, etc.' has a factor loading of 0.787 and variable 'Disclosure of deviation in investments from the original scheme' has a factor loading of 0.748.

The first factor 'Transparency' highlights about the quality and consistency of the information disclosed by the funds, as it would help investors make an informed investment decision.

2. Confidence on the Asset Management Company -

Table 6.30: Variables in Factor Confidence on the Asset Management Company

Sl. No.	Variables	Loading
1.	Disclosure of investment objectives, method and periodicity of valuation in the advertisement	0.901
2.	Disclosure of the method of sales and repurchase of the scheme and their productivity in the offer document	0.857

In table 6.30, it is observed that this factor has cumulated Eigen values of 1.758. In this factor, two variables has shown the highest loading as can be observed in table 6.28, which are 'Disclosure of investment objectives, method and periodicity of valuation in the advertisement' and 'Disclosure of the method of sales and repurchase of the scheme and their productivity in the offer document'. The variable 'Disclosure of investment objectives, method and periodicity of valuation in the advertisement' has shown the highest loading in this factor being 0.901 and 'Disclosure of the method of sales and repurchase of the scheme and their productivity in the offer document' has a factor loading of 0.857.

The second factor ‘Confidence on the Asset Management Company’ reveals that an investor would like to have complete clarity about the scheme while reading the offer document in which they intend to invest, aspects like objective of the scheme and processes followed to realize the objective of the scheme.

Summarization and Conclusion:

This chapter deals with the ascertainment of the factors which have an influence on the perception and decision making process of the individual investors belonging to the urban agglomeration of the Kolkata region towards mutual fund as an investment avenue. The perception of both mutual fund investor respondents and non-mutual fund investor respondents has been taken up for the study.

In regards to non-mutual fund investor respondents' perception about mutual fund, it is observed that there are certain myths about investment in mutual fund, which discourages or demotivates the investors to invest in mutual fund. Factors like fear of fraud, lack of transparency and unsuitable for small investments are certain myths which cloud the minds of the investors and make them perceive against investment in mutual fund. It is also observed that there are certain factors which arises out of their ignorance like it is an investment avenue which carries huge risk as it is associated with stock market as well as they perceive it to be a complicated process about which they are unable to comprehend. This ignorance has arisen because of lack of awareness about mutual fund as an investment avenue. There are some more factors which discourages the investors from investing in mutual fund like the presence of some uncontrollable elements like existence of high management cost as well as the investors do not have a control over their portfolio and lot of paperwork is involved which is beyond their control.

Furthermore, it is also observed that the respondents who are non-investors in mutual funds are keen to change their perception provided certain measures are taken up by the mutual fund companies which might motivate them in future to invest in mutual funds. Mutual fund investment process is expected to be made simple to understand the procedure or easily

comprehensible procedure and is at rank 1, followed by improving the awareness level about mutual funds through a well distributed or improved network of mutual fund agents which is at rank 2. The procedure being followed for first time investors in mutual fund to be made less complicated or be hassle free for the first time investors in mutual fund is at rank 3. It is followed by a measure which is at rank 4 and it is related to having a strong grievance mechanism which would handle the grievances of the investors promptly and provide solutions to them. Reducing cost of management as a measure is at rank 5 where the investors are of the opinion that high management costs discourage them in making an investment in mutual fund.

Furthermore, an exploratory factor analysis has been carried out for a better insight, wherein, the various measures have been grouped as 'relievers' and 'assisters'. The factor 'relievers' comprised of such measures which would provide some relief to the investors like reducing cost of management charges and presence of strong grievance redressal mechanism. On the other hand, the factor 'assisters' comprised of measures like easily comprehensible, improving awareness by an improved distribution network and hassle free procedure for first time investors would assist the investors with their concerns in regard to mutual fund investment.

Similarly, in regard to mutual fund investor respondents' perception towards mutual fund has been examined by analyzing the significance of factors considered by mutual fund investors while investing in mutual fund. It is observed that the significance level of various factors which are considered by the investors while making an investment in mutual fund varies from factor to factor. There are various factors which are grouped as they had a certain degree of association exist between the factors. The respondents consider factors like portfolio of mutual fund, past performance records, credit rating, government norms and professional diversification in order to assess the reputation of the company whose mutual fund scheme is being considered for investment. It is observed that the respondents consider factors like degree of transparency, return on investment and suitability of fund / scheme in order to assess the appropriateness of the fund where money has to be invested. Factors like safety, efficient investor service and lock-in-period are considered to assess the incentives

which would drive the investors to invest in a particular mutual fund scheme. Tax benefit is a factor which is taken into consideration by the respondents as an additional benefit or motivational factor which encourage the investors to invest in mutual fund.

For a better understanding of the perception of the mutual fund investor respondents, the significance of the mutual fund product qualities and investor services in mutual fund investment has also been studied. It is observed that the significance level of various factors which are expected by the investors in regard to product qualities of a mutual fund product also varies from factor to factor. There are various factors which are grouped as they have a certain degree of association or similarity exists between the factors. The respondents expect certain attributes in a mutual fund scheme which are factors like portfolio of investment of a scheme, reputation of the portfolio manager, credit rating of a scheme, withdrawal facilities, uniqueness of a scheme and expense ratio of a mutual fund scheme. These factors are considered before making an investment in a mutual fund scheme. It is observed that the respondents also consider cost and benefit factor in a mutual fund scheme like the quantum of exit load to be charged as well as the extra benefits an investor would enjoy if investment is made in a mutual fund product. Factors like performance record and brand image of the scheme are considered to be of great eminence which encourages the investors to invest in a particular mutual fund scheme being floated by a mutual fund company.

Along with product qualities, there are also certain investor services which are expected by the investors, which if rendered by the mutual fund houses, would lead to a better understanding of the various mutual fund schemes. This understanding would assist the investors in taking appropriate decisions in regard to mutual fund investment. Individual investor respondents expect various kinds of disclosures on part of fund companies in regard to various mutual fund schemes floated by them. Disclosures in relation to performance of the mutual fund schemes like deviation, if any, from the scheme of original investment, investments made using the funds accumulated in the scheme, a fast track investor grievance redressal mechanism as well as additional benefits are expected by the respondents when they choose to invest in mutual fund schemes. In addition to these benefits, disclosures relating to method of sales and repurchase of units, etc. would ensure the confidence of the

investors on the fund companies as they will have more transparency in regard to their investments.

In a nutshell, it is observed that there are certain myths and uncontrollable elements which discourage non-investor respondents of mutual fund to invest in it. However, if certain remedial measures are undertaken by the mutual fund companies and concerned authorities, it may change the perception of the non-mutual fund investor respondents and assist them to invest in mutual fund. On the other hand, in regard to mutual fund investor respondents, it is observed that the respondents consider many factors such as reputation of the mutual fund company, appropriateness of fund or scheme and as well they look for incentives that drive them to invest in various schemes of mutual fund. In regard to selecting a particular mutual fund scheme for making investment, the mutual fund investor respondents look for certain product qualities which would make it more appropriate in suiting their investment needs as compared to other schemes available in the market. The mutual fund investor respondents also expect certain kinds of investor services which would include defining some precise disclosures which would help the respondents in making investment decisions in an effective way.

Chapter VII

Summarized Findings, Conclusion and Recommendations

Summarized Findings and Conclusion:

The socio-economic profile of the individual investors belonging to the urban agglomeration of Kolkata region has been taken up for the study to understand their general profile along with their economic profile. Economic profile includes the quantum of income earned and the quantum of savings desired as well as it also includes the pattern of investment.

It is observed that majority of the respondents are mutual fund investors, out of which 65% are male investors and remaining 35% are female investors. However, in case of non-mutual fund investors 56% are male investors and 44% are female investors. So, it can be inferred that male respondents are more inclined towards making an investment in mutual funds as compared to female respondents.

It is found that majority of the respondents who choose to invest in mutual fund are less than 40 years of age, so it can be inferred that people start investing in mutual fund from an early age may be right from the initiation of their economic independence.

Majority of the respondents are academically well qualified; whereby 96% of the respondents are graduates, out of which about 66% are qualified as post graduates or beyond that. It is observed that in regard to investment in mutual fund, respondents who are qualified as post graduates and above are more inclined to invest in mutual fund as compared to not investing in mutual fund.

Mutual fund as an avenue for making investment is chosen more by investor respondents who are married as compared to single investor respondents. While in case of non-mutual fund investment the difference in choices are not so prominent

.

On the work front, it is observed that out of the total mutual fund investor respondents, 68% belonged to private sector and only 16% of the mutual fund investors belonged to self-employed class. However, in case of non-mutual fund investor respondents, 37% of them are private sector employees while 24% of them are self –employed people. So it can be inferred that private sector employees preferred to invest in mutual fund as compared to people belonging to other occupational areas.

Majority of the respondents (44%) are earning a monthly income of up to ₹ 50,000 and only 20% of the total respondents earned more than above ₹ 2,00,000 a month. It was observed that out of the total 44% of the respondents, who earned a monthly income of up to ₹ 50,000, 58% of them are mutual fund investors and remaining 42% are non-mutual fund investors. So, it can be inferred that respondents belonging to various income groups invested in mutual fund out of choice and income did not play a major decisive factor.

The annual household income of majority of the respondents (52%) is more than ₹ 10,00,000. It is observed that out of this group, about 78% of the respondents invested in mutual fund while 22% did not invest in mutual funds. It states out again that investment in mutual fund is out of choice or preference of the individual investor as here also it can be seen that higher amounts of income does not impose the fact that investment in mutual fund would be preferred.

31% of the respondents, who are mutual fund investors, saved annually about 11% to 20% of their earnings while 18% of them saved above 30% annually. While on the other hand, it is observed that 44% of the non-mutual fund investors saved up to 10% of their earnings annually while 10% of them saved above 30% annually.

43% of the mutual fund investor respondents keep their investments for an average period of above 5 years while 11% of them kept their investments active on an average for up to 1 year only. On the other hand, in case of non-mutual fund investor respondents 33% of them kept their investments for an average period of 1 year to 3 years while 20% of them kept it active for up to 1 year.

About 30% of the total respondents saved for the purpose of creating a contingency fund while 27% of them saved for creating wealth for their retirement.

As per the analysis using Garrett Ranking technique, it is observed that mutual fund is the most preferred investment avenue followed by fixed deposit schemes, gold, real estate, provident fund schemes, shares, insurance schemes and chit fund schemes.

The construction of Composite Familiarity Index (CFI) led to the inference that majority of the respondents are moderately familiar about the various investment avenues taken up for the study based on certain attributes of an investment avenue like safety of principal amount, liquidity of investment, awareness about the investment avenue, ease in investing, return on investment and ease in accessibility.

A probit regression led to drawing of an inference that variables like age, gender, annual household income and degree of familiarity have a positive significance on an individual investor's decision to make an investment in mutual fund or otherwise.

Almost all the respondents are acquainted with mutual funds as a prospective investment avenue and almost all the respondents have an experience of watching the advertisements about mutual funds which had an impact on a majority of the respondents. One tenth of the respondents belonging to the sample survey became apprehensive about trying their hands in mutual fund investment after watching the advertisements about mutual funds, while half of the remaining respondents became keen to try this avenue of investment after getting enlightened about it through advertisements. And the other half of the respondents disregarded the advertisements as it did not have any impact on their investment decision making process.

Word of Mouth plays a major role for the respondents about being informed about mutual fund being present as an alternative for investment. Financial advisors or brokers, internet, advertisements, etc. are other sources through which the respondents got themselves introduced to mutual fund as an investment avenue alternative.

For the purposes of the study, the respondents have been segregated into two categories, being mutual fund investor respondents and non-mutual fund investor respondents. This categorisation exercise has been carried out to understand and determine the perception of both sets of respondents towards mutual funds. In case of mutual fund investor respondents, an in depth analysis is done to understand their conceptual knowledge about mutual funds and factors that are considered by them while making an investment in mutual fund.

Only half of the respondents who are mutual fund investors read the offer document of a mutual fund scheme before choosing to invest in it. Almost all of the mutual fund investor respondents were aware about the existing load charges on the various schemes of mutual fund like expense ratio, exit load and advisory charges. About half of the total mutual fund investor respondents considered all types of load charges before investing in a mutual fund scheme.

About 96% of the mutual fund investor respondents are first generation investors in mutual fund and about 88% of the respondents started investing in mutual fund before they attained the age of 30 years. So, young investors chose to invest in mutual fund at a very early age.

The various motives for which respondents chose to invest in mutual fund are to avail tax concession, to accumulate funds for children's future, for purchasing a house or its construction, for providing for their old age or building corpus to provide seed capital for a new business or for future expansion of existing business.

In comparison to other investment avenues, the various reasons because of which respondents preferred to invest in mutual fund are tax benefits, liquidity, safety, diversification, higher returns and regular income. About 15% of the mutual fund investor respondents kept their fund invested in it for more than ten years while 33% have made investments for a period of two year to five years.

Majority of the respondents preferred to invest in open-ended mutual fund schemes and they choose the schemes to invest based on their requirements and not whether the Asset

Management Company is a private sector company or a public sector company. Equity schemes are the most preferred mutual fund schemes.

The objectives of safety of principal amount in mutual fund investment and growth in the capital amount invested are considered highly significant by majority of the respondents while objectives like earning regular income from a mutual fund investment, enjoying tax benefits, ease in liquidity, ease in transaction and transparency are considered to be of significant value by most of the respondents.

The various factors which have an influence on the perception of the investors who are insensitive towards mutual fund as an investment avenue or are averse to invest in it because of certain notions of them have been analysed using exploratory factor analysis technique. Upon analysis of the various factors which have discernment over the decision making process are grouped under three components. The first component 'myths' comprised of factors which make the non-investors of mutual fund to visualize a negative perception about mutual fund while the second component 'uncontrollable elements' comprised of such factors which the non-investors of mutual fund perceive would make them dependent on others and their investment would not be under their control. The third component 'ignorance' comprised of factors which the non-investors of mutual fund are unaware about or have a misunderstanding of certain facts about mutual fund.

The non-investors of mutual fund have some concerns in regard to mutual fund as an investment avenue which restricts them from investing in mutual fund. In this study, an attempt is made to ascertain certain measures which if incorporated, might change their perception about mutual fund. According to the findings, the various measures, in the order of their relevance for the non-investors, are to make mutual fund investment to be easily comprehensible for everyone, to have an improved distribution network and make it easily accessible for everyone. The respondents expect it to be less tedious in regard to paperwork and other formalities as well as a strong grievance redressal mechanism is sought by the respondents; whereby their concerns may be addressed at a faster pace. Also a reduction in the cost of management charges being levied upon transacting in mutual fund is also a

measure which is sought by non-investors. All such measures are grouped as ‘relievers’ and ‘assisters’ upon running an EFA.

Similarly, for determination of the factors which plays a prominent role in formation of perception of investors of mutual fund towards mutual fund as a preferred choice of investment avenue, various factors that are taken up for the study have been grouped under four components using the PCA method. The first component ‘reputation of the company’ comprised of such factors which assigned weightage to the credibility of the mutual fund company based upon which an investor choose a particular company to invest his money. The second component ‘appropriateness of fund’ comprised of those factors which an investor considered while deciding which mutual fund scheme will be best suited for his investment requirements. The third component ‘drivers of investment’ comprised of such factors which attracts an investor to invest his funds in mutual fund. The fourth component ‘motivators’ comprised of such factors which provide certain additional benefits along with the drivers of investment to the investor.

A more in depth study has been undertaken to understand the preferences of investors or the relevance assigned to the qualities in a mutual fund product which investors look upon before deciding or choosing a particular mutual fund scheme to invest their money. EFA with PCA technique is conducted to derive components from the inter dependent variables taken up for the study. Three components have been derived upon analysis. The first component ‘attributes of the fund’ include all such variables or factors which defines a particular mutual fund scheme and are unique to a particular mutual fund scheme. The second component ‘cost and benefit’ include the charges levied upon investment as well as the benefits which would be enjoyed by the investors if they invest in a particular mutual fund scheme. The third component ‘eminence’ includes factors that define the superiority edge of a mutual fund scheme over other similar schemes floating in the market which might appeal to the investors to choose it for making an investment.

Similarly, in order to understand the significance of the customer services offered or expected by an investor when one vests in a mutual fund scheme, EFA with PCA technique

has been used to derive out the components from the seven variables taken up for the study. The first component 'transparency' comprised of such customer services which the mutual fund investors expect from the mutual fund companies as they would bring a clarity to the investments made by them and help in their decision making process. The second component 'confidence on the asset management company' comprised of such customer services which if offered by the mutual fund companies, would increase the reliance of the customers on mutual fund as an investment avenue.

Mutual fund investment is not free from problems. The investors do face some issues or had some problems while investing in mutual fund. The biggest problem that the respondents have is the fear of unexpected loss in mutual fund investment. It is followed by poor performance of the mutual fund schemes which leads to loss in the value of their investments. High loading charges levied by mutual fund companies, lack of transparency in the operations or managing the funds of the respondents, lack of research and investor education are some of the other problems which are faced by the respondents and the respondents feel that if mutual fund companies took appropriate measures to educate the investors about the benefits and drawbacks of a mutual fund scheme, it would enable the investors to take better decision through better judgement.

Mutual funds are pooled investment vehicles actively managed either by professional fund managers or passively tracked by an index or industry. The funds are generally well-diversified to offset potential losses. They offer an attractive way for savings to be managed in a passive manner without paying high fees or requiring constant attention from individual investors. It also presents an option for investors who lack the time or knowledge to make traditional and complex investment decisions. By putting one's money in mutual funds, one permits the portfolio manager to make those essential decisions. This study may provide to be helpful in ascertaining the various factors which influence the investors to make a choice of investing in mutual funds to realise their financial goals. So, it is hoped that this study will be of immense importance for all concerned.

The success of mutual fund industry depends on the perceived confidence of the mutual fund investors in it. It is concluded from the entire study that the young investors are more focused on making mutual fund investment and so measures should be taken to enhance the willingness to invest of investors belonging to other age groups. By providing periodical account statements and making certain disclosures like deviation in investment objectives, if any, etc. would result in positive investment in mutual fund. Furthermore, if the cost of management or other charges existing in mutual fund investment are reduced as well as information about various schemes as well information about mutual funds if made easily accessible and comprehensible in a simple manner, it may lead to attracting new investors in mutual fund. More awareness campaigns and investor awareness programmes are required to be conducted so that more and more people get enlightened about this investment avenue and their concerns upon being addressed may lead to increase in the number of investors in mutual fund.

Recommendations:

Based on the analysis of the data collected and thereon findings, certain suggestions have been put forward, which if brought into practice might be beneficial to the individual investors as well as the economy as a whole. More participation in mutual fund investment would lead the economy to be a more developed economy. As observed from the survey reports and other literatures that the major savers in the economy are the individual investors, so if more developed and suitable investment avenues are offered to them, it would lead to an increased participation in the financial instruments as compared to physical assets.

1. Investor awareness is the pre-requisite for achieving more participation of the individual investors in the mutual fund industry. Hence, in order to enhance investor awareness collaborative steps should be taken by SEBI, AMFI, AMCs, CII, Ministry of Finance and media.

2. Measures should be taken for investors who have limited financial knowledge and restrict themselves to bank savings scheme, insurance schemes as mutual fund investment is

perceived to be a complex investment instrument due to lack of simplified mode of communication.

3. Formation of a strong Grievance Redressal Mechanism and its prompt compliance should be executed for building confidence of the investors in mutual fund investment.

4. It has been observed that majority of the investors invest in growth schemes and tax saving schemes, and therefore, efforts should be made to create awareness amongst the investors about the features of other types of mutual fund schemes floated in the market.

5. Innovative mutual fund schemes should be formulated with varied degrees of risk-return combination in order to suit the requirements of different categories of investors.

6. Fund houses must be very careful about the fund related features while constructing and floating funds in order to ensure increased acceptance on the part of the respondents.

7. The amount of minimum investment for investing in mutual fund schemes should be kept low say, like ₹ 500, so as to encourage investors belonging to lower and middle income group.

8. Goal oriented mutual fund schemes taking into account time horizon for meeting specific requirements like retirement schemes, children education funding scheme, building corpus for buying a house, etc. are to be introduced, wherein it would help investors to clearly associate schemes with their goals.

9. The fund houses must be very careful about fund management to ensure good fund performance and should be observant about maintaining the fund's reputation.

10. Fund houses must strictly follow the mandated disclosures for transparency in their dealings with regard to portfolio formation, status of the redressal of their grievances, etc.

11. Fund managers must be wary about their mode of operation as fund managers' reputation and their fund management skills have an influence on the investors' investment decisions to a great extent.

12. AMCs should focus on giving training to distributors of mutual funds to enhance their marketing and advisory capabilities so that they can win the trust and confidence of the investors.

13. An independent third party research on mutual fund performance would reveal out unbiased results which would assist the investors to take more informed decisions in regard to making investment in mutual fund schemes.

Further Scope of the Study:

Research is a ransacking, complicated and complex process where things are analyzed scientifically. Any research work encounters various problems, new thoughts and varied degrees of understanding of such thoughts. The present study entitled "Mutual Fund Investment: A Study on Investors of Kolkata" deals with the investment pattern of the individual investors of the Kolkata region. This study is free from any personal biasness. No research study is conclusive in nature. It opens up the vistas for further studies. Research can be carried out in the following areas:

i) This study has been conducted in few areas located in the four zones of the urban agglomeration of Kolkata region. Due to time constraints a larger portion of the individual investors were not included in the study. This study has included a few hundred individual investors only. The study may be conducted by including more individual investors covering the whole of West Bengal.

ii) The study focused on the urban individual investors belonging to the Kolkata region. The rural individual investors have not been included in the survey so, comparison between urban individual investors and rural individual investors has not been carried out in this study. A similar study can be carried out for bringing out the comparison between the urban individual

investors and rural individual investors about their perception towards mutual fund investment.

iii) Studies may be carried out to comprehend the changes in the investment behaviour of the individual investors over a span of time in context to the growing competition in the economy.

iv) Studies may be conducted with a bigger sample at national level in order to understand the perception of individual investors towards mutual fund.

References:

1. Agrawal, D. (2017). A Study on the Role of Financial Advisor and Investor Behaviour towards Mutual Fund Industry in India. *Asian J. Management, 8*(2), 267-271
2. Agrawal, G. & Jain, M. (2013). Investor's Preference towards Mutual Funds in Comparison to Other Investment Avenues. *Journal of Indian Research, 1*(4), 115-131.
3. Asthana, R. (2017). Investors Perceptions in Multi-class Society (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 124676)
4. Atchyuthan, N. & Yogendrarajah, R. (2017). A Study on Investment Awareness and Preferences of Working Women in Jaffna district in Sri Lanka. *Asia Pacific Journal of Research, 1*(L1), 105-113
5. Awan, H.M. & Arshad, S. (2012). Factors Valued by Investors while Investing in Mutual Funds – A Behavioral Context. *Interdisciplinary Journal of Contemporary Research in Business, 4*(1), 503-514
6. Balan, L. (2012). Analysis of Investor Behaviour with specific reference to Malabar region (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 193646)
7. Begum, N.N. & Rahman, S. (2016). An Analytical Study on Investors Preferences towards Mutual Fund Investment: A Study in Dhaka city, Bangladesh. *International Journal of Economics & Finance, 8*(10),184-191
8. Bhaduri, J. (2015). Investment in Mutual Funds: A Study on the Perceptions of the Professional Accountants in Kolkata (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 171680)
9. Chakraborty, S. (2014). A Study of Retail Investor's Perception Influencing the Investment Decision on Mutual Fund Schemes (Doctoral Dissertation0. Retrieved from Shodhganga inflibnet (Accession No. 118663)
10. Chiranjeevi, P. (2013). A Study on Investment Patterns in Indian Mutual Funds – with reference to Chennai City (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 30656)
11. Dave, M.N. (2014). A Study of Investors' Perceptions towards Mutual Funds (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 144395)

12. Dhiman, B. & Raheja, S. (2017). Influence of Personality Traits and Behavioural Biases on Investment Decision of Investors. *Asian J. Management, 8*(3), 819-826
13. Geetha, K. (2016). Mutual Fund Investments in India – A Study with reference to Chennai city (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 184599)
14. Geetha, N. & Ramesh, M. (2011). A Study on People's Preferences in Investment Behaviour. *International Journal of Engineering and Management Research, 1*(6)
15. Geetha, S.N. & Vimala, K. (2014).Perception of Household Individual Investors towards selected Financial Investment Avenues (with reference to Investors in Chennai city). *Procedia Economics and Finance,11*, 360-374
16. Ghose, S. (2013). A study of the Return Generated and Managerial Efficiency of Select Mutual Fund Schemes in India. *IOSR Journal of Economics and Finance, 1*(2), 1-7.
17. Goel, S. (2013). Performance of Mutual Funds and Investor's Behaviour (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 13049)
18. Govindswamy, P. (2017). Investors Perception on Investment Avenues and its Impact on Satisfaction and Post-Investment Behaviour – A Study on Investors in Chennai (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 225594)
19. Kameshwari, K. (2012). Performance Evolution of Mutual Funds – An Empirical Study on Preferences of Mutual Fund Investors in Visakhapatnam, Andhra Pradesh (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 28749)
20. Kasthuri, G.V.K. (2012). Mutual Fund Investments – A Study of Selection Criteria of Individual Investors in the City of Visakhapatnam (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 28733)
21. Kaur, J. & Arora, N. (2018). A Study on Investor's Perception towards Mutual Funds as an Investment Option. *International Journal of Latest Engineering and Management Research. 1*(1), 107-111
22. Kaur, S., Batra, G. S., & Anjum, B. (2013). Investors Perception towards selection of Mutual Funds rather than Stock Markets. *International Research Journal of Business and Management, 5*, 53-63.
23. Kaushik, V. & Mishra, D.P. (2017). A Study on Investors' Behaviour towards Mutual Funds' Investments. *BSS Journal of Commerce, 9*(1), 10-21

24. Kesavaraj, G. (2013). A Study of Perception towards various types of Mutual Funds in Chennai. Asia Pacific Journal of Research, 1(X), 17-26
25. Khan, M.A.A. & Kotishwar, A. (2013). Investor Behaviour towards Investment in Mutual Funds – A Comparative Study in Telegana region in the State of Andhra Pradesh. *Madras University Journal of Business and Finance, 1*(1), 23-37
26. Mane, P. (2016). A Study of Investors Perception towards Mutual funds in the City of Aurangabad. *The SIJ Transactions on Industrial, Financial & Business Management, 4*(2), 30-38.
27. Mane, S. & Bhandari, R. (2014). A Study of Investor's Awareness and Selection of Different Financial Avenues for the Investor in Pune city. I*nternational Research Journal of Business and Management, 4*, 45-51
28. Manimurugan, R. (2012). Investors' Perception and Attitude towards Mutual Fund Investment in Namakkal District (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 33797)
29. Mary, S.R. (2016). Investment Pattern and Behaviour of Working Women on Financial Investment Avenues – A Study with special reference to Chennai city (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 181573)
30. Matharu, H. (2017). An Empirical Study on Investors Attitude towards Investment with Special Reference towards Investors in Hoshiarpur city, Punjab. *International Journal of Advanced Research, 5*(5), 1013-1022
31. Mehta, P.U. (2011). Profile and Perception of Investors towards Mutual Funds – A Study of Selected Cities of Gujarat State (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 3455)
32. Mehta, S., & Shah, C. (2012). Preference of Investors for Indian Mutual Funds and its Performance Evaluation. *Pacific Business Review International, 5*(3), 62-76.
33. Metre, S. G., & Parashar, P. (2012). A Study on Perceptions of Advisors and Investors on Innovations in Indian Mutual Fund Industry with special reference to Reliance Mutual Fund-ATM Card and Arbitrage Funds. *Pacific Business Review, 5*(3), 1-14
34. Mishra, R. (2015). Perceptions of Investors towards Mutual Funds: An Analytical Study. *International Journal on Recent and Innovation Trends in Computing and Communication, 3*(7), 4889-4892

35. Mitra, A. (2009). Behavioural Pattern of Household Investors in North-East India in Indian Capital Market (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 66299)
36. Mohapatra, D.P. (1998). An Empirical Study of the Perceptions of Investors towards Mutual Funds (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 119673)
37. Morais, J. (1998). Investment Behaviour of Individual Investors (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 106050)
38. Mukherjee, I. (2011). Sentiment in Stock Market: A study of Investors' Behaviour in India (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 155862)
39. Mukhopadhyay, A. (2011). A Survey on the Performance of Equity – Linked Schemes of Some Selected Mutual Funds in India (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 156569)
40. Munthaga, J.S. & Nazer, M. (2013). A Study on the Attitude of the Respondent towards Investment Choices in Thanjavur District, Tamil Nadu. *International Journal in Management and Social Science, 1*(7), 9-16
41. Murithi, S. S., Narayanan, B., & Arivazhagan, M. (2012). Investors' Behaviour in Various Investment Avenues – A Study. *International Journal of Marketing and Technology, 2*(7), 164-189.
42. Naidu, T.M. (2002). Investors' Perceptions of Mutual Fund – A Study with reference to Rural and Urban Investors in Nellore District of Andhra Pradesh (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 74582)
43. Nandini, K.A. (2016). A Study on Investors' Perception towards Securities Market (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 135456)
44. Pandey, N.S. & Kathavarayan, P. (2017). Empirical Analysis on Savings and Investment Behaviour of College Faculty Members in Puducherry Region. *Pacific Business Review International, 9*(7), 67-75
45. Pasha, S.A.M. (2010). A Study on Investment Practices of Retail Equity Investors in Andhra Pradesh (with reference to Krishna District, Andhra Pradesh) (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 124117)
46. Patel, F. & Acharya, V. (2017). Does Young Indian save for Retirement? *Asian J. Management, 8*(3), 455-459

47. Paul, Tarak. (2015). Influence of Marketing Mix on Investor's Mental Accounting with respect to Positioning of Mutual Fund Products (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 101113)
48. Prabhu, G. & Vechalekar, N.M. (2014). Perception of Indian Investors towards Investment in Mutual Funds with special reference to MIP Funds. *IOSR Journal of Economics and Finance, 1*(1), 66-74.
49. Prakash, S. (2015). Perception of Small Investors towards Mutual Funds: A study with reference to Chennai city (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 77674)
50. Priya, S. (2011). Investors Attitude and Behaviour towards Mutual Fund Investment in Kerala (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 15698)
51. Rajasekar, D. (2013). A Study on Investor's Preference towards Mutual Funds with reference to Reliance Private Limited, Chennai – An Empirical analysis. *International Research Journal of Business & Management, 3*, 38-44.
52. Rajkumar, S. (2015). A Study on Investors Perception and Attitude towards Mutual Fund Investments in Chennai city (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 100872)
53. Ramanujam, V. & Bhuvaneswari, A. (2015). Growth & Performance of Indian Mutual fund Industry during past decades. *International Journal of Advance Research in Computer Science and Management Studies, 3*(2), 283-290
54. Ramya, K., & D., Bhuvaneswari. (2017). Understanding the Risk Tolerance Level and Trading Behaviour of Individual Investors with Special Reference to Demographic Profile of Investors. *Asian J. Management, 8*(3), 901-911
55. Ranganathan, K. (2006). A Study of the Fund Selection Behaviour of Indian Investors towards Mutual Funds – with reference to Mumbai city. Indian Institute of Capital Markets, *9th Capital Markets Conference Proceedings, Mumbai*
56. Rehan, R., Naz, S., Umer, I. & Ahmed, O. (2018). Awareness and Perception of Investors towards Mutual Funds Industry. *RADS Journal of Social Sciences and Business Management, 5*(1), 1-14
57. Saha, S. & Dey, M. (2011). Analysis of Factors Affecting Investors' Perception of Mutual Fund Investment. *The IUP Journal of Management Research, 10*(2), 23-44

58. Saini, S., Anjum, B. & Saini, R. (2011). Investors' Awareness and Perception about Mutual Funds. *Zenith International Journal of Multidisciplinary Research, 1*(1), 14-29
59. Saravanadevi, N. (2015). Perception of Individual Investors towards Mutual Fund with Special Reference to Erode District of Tamil Nadu (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 130974)
60. Selva Raj, V.M. & Murgan, A.B. (2011). Perception of Mutual Fund Investors. *Elk Asia Pacific Journal of Finance and Risk Management, 2*(2)
61. Selvi, T. T. (2015). Investors Attitude towards Investment Avenues. *International Journal of Management and Commerce Innovations, 3*(1), 717-722
62. Shah, Kajal A. (2013). Stock Market Investing in India: A Study of the Post-liberalization Scenario (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No.156051)
63. Shanmugham, R., & Ramya, K. (2012). Impact of Social Factors on Individual Investors' Trading Behaviour. *Procedia Economics and Finance, 2*, 237-246.
64. Singh, J. & Chander, S. (2004). An Empirical Analysis of Perceptions of Investors towards Mutual Funds. *Finance India, 18*(4), 1673-1692
65. Sood, B. (2014). A Study on Investors Perception towards Investment in Mutual Funds (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 127979)
66. Sowmya, K. & Reddy, M. (2016). A Study on Investors Perception towards Investment Avenues. *International Journal of Research in Finance and Marketing, 6*(4), 141-147
67. Srinivasan, A. (2013). Impact of Individual Investment Decisions on Mutual Funds: A study with special reference to Chennai city (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 204364)
68. Talwar, Prakash T. (2016). Investors Perceptions towards Mutual Funds in Hyderabad Karnataka Area: A Study with Reference to Selected Mutual Funds (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 127620)
69. Vanipriya, R. (2014). Investors Perception and Preference towards Mutual Fund Investments – with reference to Chennai City (Doctoral Dissertation). Retrieved from Shodhganga inflibnet (Accession No. 50447)
70. Walia, N. & Kiran, R. (2009). An Analysis of Investor's Risk Perception towards Mutual Fund Services. *International Journal of Business & Management, 4*(5), 106-120

71. https://www.amfiindia.com/investor-corner/knowledge-center/history-of-MF-india.html#accordion1
72. https://www.amfiindia.com/investor-corner/knowledge-center/introduction-to-mutual-funds.html
73. AMFI website – www.amfiindia.com accessed on 21.09.2020
74. SEBI website – www.sebi.gov.in accessed on 21.09.2020
75. https://www.amfiindia.com/research-information/aum-data/average-aum accessed on 25.03.2021
76. https://www.bankbazaar.com/mutual-fund/list-of-mutual-funds-in-india.html accessed on 31.12.2019

QUESTIONNAIRE:

1. Name : _____

2. Gender
   a) Male b) Female

3. Age :
   a) Upto 30 years
   b) 31 years – 40 years
   c) 41 years – 50 years
   d) Above 50 years

4. Educational Qualifications :
   a) Upto secondary level
   b) Higher Secondary level
   c) Graduate level
   d) Post- Graduate level & above

5. Marital Status :
   a) Unmarried b) Married c) Others

6. Occupation :
   a) Self – employed
   b) Private sector employee
   c) Govt. sector employee
   d) Profession
   e) Home – makers
   f) Others, please specify _____

7. Monthly Income:
   a) Upto Rs. 50000
   b) Rs. 50001 – Rs.100000
   c) Rs. 100001- Rs. 200000
   d) Above Rs. 200000

8. Annual Household Income:
   a) Upto Rs. 250000
   b) Rs. 250001 – Rs.500000
   c) Rs. 500001- Rs. 1000000
   d) Above Rs. 1000000

9. How much do you save annually?

a) Upto 10% b) 11% - 20% c) 21% - 30% d) Above 30%

10. What is your average investment period?

a) Upto 1 year b) 1 – 3 years c) 3 – 5 years d) Above 5 years

11. What is the purpose of your savings/ investment?

a) To build wealth for retirement
b) To spend on children (higher education & marriage)
c) To purchase a residential property or other assets
d) To create a contingency fund for future engagements
e) If others, please specify_____

12. Rank the following investment avenues of as per your preferences; where rank 1 is the most preferred investment avenue and rank 8 is the least preferred investment avenue:

Sl.No.	Investment Avenues	Rank
1.	Fixed Deposits (Bank deposits, Post Office savings, National Savings Certificate, etc)	
2.	Provident Fund schemes	
3.	Insurance schemes	
4.	Shares	
5.	Mutual Funds	
6.	Gold	
7.	Real Estate	
8.	Chit Funds	

13. Please indicate how do you rate your preferred investment options mentioned above on the following criteria on the scale of 1 – 5; where, 5 = Very High; 2 = High; 3 = Moderate; 4 = Low; 5 = Very Low

Sl	Investment Avenues	Safety	Liquidity	Awareness	Ease in investing	Return	Easily accessible
1.	Fixed Deposits	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
2.	PF Schemes	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
3.	Insurance Schemes	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
4.	Shares	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
5.	Mutual Funds	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
6.	Gold	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
7.	Real Estate	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
8.	Chit funds	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5

14. Are you aware about Mutual Funds?

a) Yes b) No

15. Have you ever seen Mutual Fund Advertisements?

a) Yes b) No

16. Do they have an influence on your awareness / decision?

a) Yes b) No

17. What kind of impact such Mutual Fund advertisements have on you?

a) Motivates You b) Scares You c) No Impact

18. What is the source of introduction to Mutual Fund?

a) Friends b) Relatives c) Brokers/Financial advisors d) Advertisement

e) Internet f) Others (please specify)_____

19. Have you ever invested in Mutual Fund?

a) Yes b) No

If you are a non-investor in Mutual funds, then please answer the following two questions only (20 & 21)

20. Please rate the importance level of the following factors which stops you from investing in Mutual funds on the scale of 1 – 5, where 5 = Very High, 4 = High, 3 = Moderate, 2 = Low, 1 = Very Low

Sl. No.	Factors	5 VH	4 H	3 M	2 L	1 VL
1.	High risk investment					
2.	Complicated					
3.	Lack of Awareness / Lack of distribution network					
4.	Tedious paperwork					
5.	No control over portfolio					
6.	Management Cost					
7.	Requires huge amount for investment / Not suitable for small investments					
8.	Fear of fraud					
9.	Lack of Transparency					

21. Indicate the steps(measures) which you would like to be incorporated by the Mutual Fund companies which may motivate you to invest in Mutual Funds on a scale of 1 – 5, where 5 = Very High, 4 = High, 3 = Moderate, 2 = Low, 1 = Very Low

Sl. No.	Measures	5 VH	4 H	3 M	2 L	1 VL
1.	Improving Awareness by improved distribution network					
2.	Simple to understand / Easily comprehensible					
3.	Hassle free procedure for First time Investor in Mutual Fund					
4.	Reducing Cost of Management					
5.	Strong Grievance Redressal Mechanism					

If you are an investor in Mutual funds, then please answer all of the following questions

22. Do you read the offer document before investing?

a) Yes b) No

23. Are you aware about the loads (charges) that exist in Mutual Fund investment?

a) Yes b) No

24. If yes, which load affects your investment?

a) Expense Ratio b) Exit load c) Advisory Charges d) All of the above

25. Are you a first generation investor in Mutual Fund?

a) Yes b) No

26. What is the age of your entry into Mutual Fund investment?

a) Upto 30 years b) 31-50 years c) Above 50 years

27. How long have you been investing in Mutual Fund/

a) Upto 1 year b) 2-5 years c) 6-10 years d) Above 10 years

28. How do you invest in Mutual Funds?

a) Direct (self) b) Through Financial Advisors

c) Through Brokers d) Others, please specify _____

29. What is the purpose of your investment in Mutual Funds?

a) Tax concession

b) Children's future

c) Purchasing / constructing house

d) Income for old age

e) Capital for new business/ business expansion

f) Others, please specify_____

30. Why do you prefer to invest in Mutual fund?

a) Tax benefits

b) Liquidity

c) Safety

d) Diversification

e) Higher returns

f) Regular income (Systematic withdrawal plan)

g) Others, please specify_____

31. What is the duration of your investments in Mutual Funds?

a) Less than 2 years b) 2 - 5 years c) 6 – 10 years d) Above 10 years

32. How often do you monitor your Mutual fund investment?

a) Fortnightly b) Monthly c) Quarterly d) Rarely

33. Which type of mutual fund scheme do you prefer to invest your money in?

a) Open – ended schemes b) Close – ended schemes c) Interval funds

34. Indicate the importance you attach to the following objectives while making a Mutual fund investment :

HS – Highly Significant ; S – Significant ; N – Neutral ; I – Insignificant ;

HI – Highly Insignifiant

Sl.No.	Objectives	HS	S	N	I	HI
1.	Safety of Principal					
2.	Capital Appreciation					
3.	Generate Regular Income					
4.	Tax Benefits					
5.	Liquidity					
6.	Ease of Transaction					
7.	Transparency					

35. In which of the Mutual fund schemes do you prefer to invest in?

Sl.No.	Types of Schemes	Prefer to Invest in
1.	Income / Debt fund	
2.	Equity fund	
3.	Balanced fund	
4.	Exchange Traded fund	
5.	Equity Linked Savings Scheme (ELSS)	
6.	Liquid fund	
7.	Index fund	
8.	Fixed Monetary Plan	
9.	Offshore fund	
10.	Hybrid fund	

36. In which type of mutual fund companies do you prefer to invest in:

a) Public sector b) Private sector c) Both

37. What is the significance of the following factors in selection of mutual fund scheme:

HS – Highly significant, S – Significant, N – Neutral, I – Insignificant, HIS – Highly Insignificant

Sl.	Factors	HS	S	N	I	HIS
	A. PRODUCT QUALITIES:					
1.	Performance Record of the scheme / fund					
2.	Brand Name or Reputation of the scheme					
3.	Expense Ratio of the scheme					
4.	Portfolio of Investments of the scheme					
5.	Reputation of Scheme(s) / Portfolio Manager(s)					
6.	Withdrawal Facilities					
7.	Favourable rating by a rating agency					
8.	Innovativeness of the Scheme					
9.	Products with Tax Benefits					
10.	Exit Load					
	B. INVESTOR SERVICES:					
1.	Disclosure of investment objectives, method and periodicity of valuation in the advertisement					
2.	Disclosure of the method of sales and repurchase of the scheme and their periodicity in the offer document					
3.	Disclosure of deviation in investments from the original scheme					
4.	Disclosure of Scheme's investments at the end of every trading day					
5.	Investor grievance redressal mechanism					
6.	Fringe Benefits like tax benefits, free insurance, etc					

38. How far do you agree on the following factors influencing selection of Mutual fund:

SA – Strongly Agree ; A – Agree ; N – Neutral ; D – Disagree ; SD – Strongly Disagree

Sl.No.	Factors	SA	A	N	D	SD
1.	Return on Investment					
2.	Suitability of Fund/Scheme					
3.	Efficient Investor Service					
4.	Portfolio of Mutual fund					
5.	Past Records					
6.	Credit Rating					
7.	Govt./SEBI Norms					
8.	Professional Diversification					
9.	Tax Benefit					
10.	Safety					
11.	Lock – in – Period					
12.	Degree of Transparency					

39. Rank any top five problems faced by you in regard to Mutual fund investment:

Sl.No.	Problems	Rank
1.	Fear of Unexpected Loss	
2.	High Loading Charges	
3.	Uninformed Deviations from Scheme Features	
4.	Delay in Settlement	
5.	Delay in Grievance Handling	
6.	Lack of Transparency	
7.	Poor Performance	
8.	Lack of Research and Investor Education	
9	Non – receipt of Statement of Accounts	
10.	Failure in Updating Investor Profile	
11.	No Other Problems Faced	