C O N T E N T S

Editorial Note

Identification of Factors Influencing Retail Investors Perception for Investment in Mutual Funds

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Abstract:

The Asset Management Industry has played a key role in the channelization of savings and providing investment opportunities. Mutual Fund industry in India has been growing at a rapid pace during the past few years. Hence the study on the investors' behaviour and their behavioural intension towards investment in mutual funds can enable Asset Management Companies (AMCs) to estimate market expansion, increase the customer base and provide the opportunity of financial savings and investment to a large section for inclusive development. Thinking in this line this study aimed to discuss on identification of significant determining factors of the retail investors to invest in Mutual funds. The study was conducted on the retail investors of Kolkata. The present study focuses on distinctive major factors moving the financial investors in adoption of mutual funds.

Keywords: Mutual Funds, Retail Investors Preference, Savings and Investment Profile, Factor Analysis JEL Classification: G4, G5

Introduction

Investment opportunities is an area where the challenge everyone faces is a plethora of options which includes stocks, bonds, money market securities, debenture, mutual funds, bank deposits and many others. However, every option comes with its own set of benefits and an investor tries to choose that combination of investment options, through which the risk factor can be minimised and return can be optimized.

Mutual funds are also one of the many investment instruments in which retail investors prefer to invest their savings. Mutual Funds are today a very important savings vehicle for investors in the developed countries and they provide an excellent opportunity to obtain a more diversified portfolio through investment in diversified asset classes.

According to Aarti G. et al (2020) the global mutual fund assets market size which was valued at $54.93 trillion in 2019 is projected to reach $101.2 trillion by 2027, growing at a CAGR of 11.3%.

The Average Assets Under Management (AAUM) of Indian Mutual Fund Industry for the month of April 2023 stood at Rs 41,52,715 crore. The Asset Under Management (AUM) of the Indian MF Industry has grown from Rs 8.26 trillion as on April 30, 2013 to Rs 41.62 trillion as on April 30, 2023 which is more than 5-fold increase in a span of 10 years. The Indian MF Industry's AUM has grown from Rs 23.26 trillion as on April 30, 2013 to Rs 41.62 trillion as on April 30, 2023, nearly a 2-fold increase in a span of 5 years.

Table 1: Net Asset under Management in the month of March for previous 4 years

YEAR	March 2020	March 2021	March 2022	March 2023
Average Net Assets under Management (in Crores Rs) (Excluding Funds of Fund)	2226202	3217195	3770295	4004637
	12257	26486	47089	61842

(Source: https://www.amfiindia.com/research-information/amfi-monthly)

Table 2: Number of Folios as on 31ˢᵗ March for previous 4 years

YEAR	March 2020	March 2021	March 2022	March 2023
Number of Folios for all types of MF (Excluding Funds of Fund) Number of Folios for Funds of Fund	89746051 637072	97865529 1163437	129504652 1728324	145730600 1862743

(Source: https://www.amfiindia.com/research-information/amfi-monthly)

The Indian Mutual Fund industry has come a long way since its inception in 1963 with UTI (Unit Trust of India). In the last few years, the Indian Mutual Fund industry has experienced significant growth with the entry of private sector in 1993, with Kothari Pioneer being the first private player. This gave Indian investors a wider choice of MF products. The number of Mutual Funds increased over the years, with many foreign sponsors setting up Mutual Funds in India. At present there are 44 Asset Management Companies in India offering a varied type of schemes – Debt, Equity, Liquid and Money Market, Exchange Traded Funds and Funds of Funds.

Despite of phenomenal record growth India's mutual fund AUM to the country's GDP ratio is only 16% compared to a global average of 74%. The Equity AUM to market capitalisation is 6 % compared to world average of 33 %.

A study on the investors' behaviour and their behavioural intension towards investment in mutual funds can enable Asset Management Companies (AMCs) to estimate market expansion, increase the customer base and provide the opportunity of financial savings and investment to a large section for inclusive development. Thinking in this line this study aimed to discuss on identification of significant determining factors of the retail investors in Kolkata to invest in Mutual funds.

Review of Literature

Schmidt, (2010) identified that social pressure, attitude and perceived behaviouralhave positive influence on the intention to invest in mutual funds among the investors in Germany. This study, based on understanding the factors influencing the decision to participate in capital markets through mutual funds, has significant contribution on household finance and portfolio choice.

Dey and Saha, (2011) studied the investor perception of mutual fund investment among 100 respondents in Kolkata. The survey found that mutual funds ranked third in preference of savings instruments and investors preferred balanced schemes followed by income schemes. 60 percent of the respondents preferred open ended scheme, 34 percent preferred close ended scheme and 6 percent preferred interval scheme. Nine variables were employed to analyze factors influencing investors behaviour in selecting a fund. Three factors - F 1: Intrinsic Fund Qualities, F 2: Flexible Investment Facilities and F 3: Credibility of Image were identified.

Karthikeyan, Bharath and Kumar, (2012) studied the response of 108 customers in Tiruchirapalli towards sale of mutual fund products by banks. The study identified the following eight factors that influence mutual fund investors to buy mutual fund products through banks – "competitive product", "safety", "emergency need fulfilment", "financial requirements", "service quality", "changing of fund preferences" and "assured returns".

Kumar and Arora, (2012) studied investment behaviour of mutual fund investment among 200 mutual fund investors in Punjab. The important factors affecting mutual fund investment were: return, liquidity, tax savings, risk, diversification, exit load, lock in period, past performance, sector where investment will be made, rating, promoter name, size of corpus. There were significant differences with respect to demographic profile and nature wise, sector wise and scheme wise investment in mutual funds.

Nihar and Narayan, (2012) studied the investor preference for mutual funds among 436 respondents in Visakhapatnam employing factor analysis. Twenty variables were used to study the preference of investors. Factor analysis yielded the following eight factors. F1: Security preferences, F 2: Monetary considerations, F 3: Product features, F 4: Strength of AMC, F 5: Portfolio of Fund, F 6: Rating of fund, F 7: Regulatory body, F 8: Investors perception.

Sharma, Kaur, and Jain (2012) studied the factors which influence the satisfaction of investors towards Mutual Funds industry by employing Servqual Model among 100 respondents in Bhilai and Raipur. Seventeen variables were employed and Factor analysis generated five factors.

Sharma, (2012) conducted the study on Indian Investor's Perception towards Mutual Funds on 250 respondents. He conducted the study on fourteen variables and employed factor analysis for the study. The study identified three factors – which were – Scheme and Fund related attributes, Monetary benefits and Sponsor attributes.

Agrawal and Jain, (2013) analyzed the investor preferences and behaviour of 288 respondents in Mathura and found that mutual funds are most important type of investments for investing funds for return and tax planning.

Paul, (2013) studied customer and perceived experience of 275 Mutual Fund investors in Guwahati on the basis of fifteen variables relating to customer expectation and customer experience. The study found that there exists a significant gap between the expectation and perceived experience of the retail investors of the mutual fund from the customer communication dimension of marketing mix in the regions of Guwahati.

Chawla, (2014) studied mutual fund buying behaviour on 431 respondents on eleven attributes and found two factors - credibility of the fund and miscellaneous features of the fund. Of all the attributes considered in the study the following was considered important- past performance, reputation of the company issuing the fund, portfolio of the investment, tax benefits and transparency of fund manager. The study found that the investors considered the performance record of the issuing company as most important, which was followed by recommendation of friends and family members. It was observed that the most preferred fund was growth fund followed by tax saving funds. Investors considered tax savings, higher returns and capital appreciation.

Geethaa and Vimala, (2014) studied the perception of 500 investors for select financial investment avenues – Bank fixed deposits, shares and mutual funds. The study found that there were no significant differences on basis of demographic profiles - gender and risk taking capacity of the respondents and that there were significant differences in relation to age, family size, occupation and income and risk taking capacity. In the case of mutual funds twelve variables were used to analyze the perception of mutual funds and all were significant.

Sehdev and Ranjan, (2014) studied investors' perception towards mutual fund investment among 160 respondents in New Delhi. The study found that the following four factors (fourteen variables) were responsible for investor preference for mutual funds. The factors were - benefits and transparency, returns on investment, redemption period and liquidity and activities of Institutional investors. Most of the respondents felt that they were getting the information from the internet over other sources. Majority of the investors were moderate risk takers and invested in balanced funds to earn higher returns for a low level of risk.

Rastogi, (2015) Identified the Factors for Investments in Mutual Funds through Banks. He studied the responses of 250 bank based customers on thirteen variables. Three factors - F 1 : Satisfaction of Mutual Fund Investments, F 2: Knowledge About Mutual Funds and F 3: Awareness about Mutual Fund Schemes were identified

Siby and Joseph, (2015) studied the perception of retail investors towards mutual funds among 472 respondents in Kerala by applying twenty two variables. Factor analysis generated four factors - Knowledge & Awareness, Regulation & Transparency, Convenience & Flexibility and Return & Affordability. Convenience and flexibility was the most important factor, followed by regulation and transparency, knowledge and awareness and return and affordability. The study found that there were no significant differences for the demographic variables influencing investor perception.

Joshi, (2016) aimed to identify the factors which discriminates between the small investors, in Nagpur city, towards their investment in MF and non-investors using Logistic Regression Model. The returns on investment and lock in period along with information received from the internet and friends & relatives have significant impact, according to this study, on the investors to invest in MFs. On the other hand, high risk associated with the market followed by inefficient investment advisors hindering the investors to invest in MF. The small investors are always concerned with high risk associated with their investment portfolio. Hence this study emphasised on right information about the product portfolio, awareness program, efficiency of the investment advisors with current updates to win the confidence of the small investors to investment in MFs

Amiri and Lafuente, (2016) studied the factors affecting the mutual fund by individual investors in Iran. Investors were classified into five categories - professional, ambitious, moderate, conservative and cautious. Comparison of fund selection behavior of professional investors with cautious investors revealed that cautious investors have more emphasis on 4 factors (Portfolio Management, Flexible investment facilities, Preliminary Disclosure, Fringe Benefits) in MF selection behaviour. Mutual funds were grouped into three major factors – "fund related qualities (having eleven variables)", "fund sponsor qualities (having five variables)" and "Investor related services (eight variables)". Factor analysis resulted into three factors for fund related qualities –Intrinsic product, portfolio management and flexible investment facilities. For fund sponsor qualities there were two factors – research group and reputation. For investor related qualities there were two factors – preliminary disclosure and fringe benefits.

Begum and Rahman, (2016) studied the preference of investors towards Mutual Fund investment in Dhaka among 120 investors. There was no significant difference for the demographic variables and preference for mutual funds. Fourteen variables were employed for the study and Factor analysis resulted in three factors.

Kaur, (2016) studied the Investors' perception of 223 respondents towards mutual funds in Punjab on the basis of sixteen variables. Factor analysis generated the following five factors. Factor 1: better investment avenues, Factor 2: Investors Experience, Factor 3: Expected Benefits, Factor 4: Performance of a Company and Factor 5: Expert Guidance. The study found that there were no significant differences for the demographic variables influencing investor perception except income.

Kaur and Kaushik, (2016) examined the investors behaviour in mutual fund and to identify the significant determinant which may help to push the investment in mutual funds in the country. Based on 450 responses collected from Delhi-NCR the study applied the theory of planned behaviour to examine the effect of awareness, attitude and socioeconomic characteristics of an investor using a logit model. It was observed that instead of risk perception, belief awareness related to various aspects of mutual funds had positive significant impact on the investor's behaviour. Further, socio-economic characteristics such as age, gender, occupation, income and education of investors had an impact on the awareness about mutual funds. Focus is also demanded to generate awareness among females, middle income groups to improve the awareness in the mutual funds

Sharma, (2016) studied the investor preference analysis for Mutual Fund among 500 respondents in Indore. The study employed factor analysis and identified twelve factors. The survey found that there were no significant differences in age of respondents, occupation and most preferred factor. The study also found that there were no significant differences according to demographic factors - income and the percentage of investment in mutual funds of total investment.

Chandrakala and Suresh, (2017) studied risk perception towards Mutual Funds among 250 women investors in Bengaluru. The study employed eleven variables to understand the perception and factor analysis was done to identify the factors which influence investors perception towards mutual funds, three factors were identified – MF features, flexible investment opportunities, perception of women investors . The study also found that there was a significant relationship between age and risk perception of women investors, employment and purpose of investment.

Mark andWH Ip, (2017) conducted an exploratory study with an objective to fulfil the research gap of estimating the financial investment behaviour of Mainland Chinese and Hong Kong investors. They used linear regression model and concluded with the fact that the significant predictors of investors behaviour are their psychological, sociological and demographic factors

Sagi and Nair, (2017) studied Mutual Fund investor expectations between 400 Mutual Fund Investors and 400 Non Mutual Fund Investors in Kerala. The study found that the following five factors impact investors' decision in mutual funds: "Fund promotion", "Role of Intermediaries", "Service", 'Fund performance" and "Fund Quality". There was difference in perception of the two investor groups regarding – "expert advice", "technology – enabled services", "professional fund management", "redressal of investor grievance".

Singal and Manrai, (2018) studied the factors affecting investment in Mutual Funds among 226 respondents in New Delhi. Thirteen variables were studied which have a bearing on investment in Mutual Funds. The factors – "previous performance", "experience of the fund manager", "return", "risk", "diversification", played a very vital role in the investment decision-making process of an investor. Investor duly considers the date of inception of the fund and takes note of the time span and investor confidence to, ensure security of its investment in mutual funds.

Alhorani, (2019) identified the factors which investors consider to decide in investment in mutual funds among 200 respondents in North India. The study employed twenty variables for the study and identified Nine Factors by employing Factor Analysis. The important factors were – professional management, easy access, less brokerage and less fluctuation, attractive plan for future, risk, economies of scale, expertise, regulation and tax benefits.

Annamalah, Raman, Marthandan, and Logeswaran, (2019) studied the determinants of an investor decision in unit trust investment among 202 respondents in Malaysia. Four factors - financial status, risk taking behaviour, investment revenue and information with five variables each were analyzed to find the effect on investment behaviour. The study found that return had no statistical relationship to the investment behaviours. Financial status, risk-taking behaviour, and sources of information were found to have a significant relationship of influence on the investors' decision in unit trust investments.

Hameed, Imran, Maqbool, Ahmed, and Azeem, (2019) studied the prospective factors that lead to investment in mutual funds among 244 respondents in Pakistan. The study identified seven factors – "risk and return",

"liquidity of assets", "demographic factors", "convenience", "reduced transaction cost", "tax benefit", "transparency". Investor perception was considered as a mediating variable of these seven factors to the dependent variable investment in mutual funds. Demographic factors had significant effects on investment decisions in mutual funds. The male individuals were more likely to invest in mutual funds as compared with female individuals. Increase in age increased the intention to invest in mutual funds.

Hrushikesh and Kaboor, (2019) identified the factors influencing investments in mutual funds among 613 investors in Mysore. The study employed eighteen variables and identified four factors - F 1: Mutual Fund company, F 2: Investor Grievance, F 3: Mutual Fund regulations and F 4: Mutual Fund product services.

Rout and Mohanty, (2019) studied the factors motivating the investors to make investment in mutual funds among 100 investors in Odisha. The study was conducted on the basis of seventeen variables. Factor analysis generated four factors - F 1: Intrinsic Qualities, F 2: Portfolio management, F3: Extra benefits and F 4: Image.

Sharma, (2019) studied the factors influencing investors' perception towards investment in Mutual Funds, among 100 investors in Delhi / NCR. The study employed nineteen variables and identified five factors namely – Characteristics, Credibility, Convenience, Success Factors and Fund of Family.

Patel and Trivedi, (2020) studied the factors affecting investment decisions of 200 investors in mutual funds in Anand district of Gujarat. The study found that 58 percent of the respondents preferred Equity and 42 percent preferred mutual funds. For those respondents who are investing in mutual funds 41 percent invested in monthly income schemes, 30 percent in equity schemes, 20 percent in balanced schemes and balance in debt schemes. Fourteen variables were used to identify the factors. The most important factors in investor decision-making was the "corpus or AUM of fund", "current financial market conditions" and "reputation of fund managers". Other key factors are "portfolio scheme", "past fund results', "liquidity", "settlement" and "risk appetite" of investors and 'fund sustainable performance". At the same time, the concerns of investors and the dividend history were also considered as an important factor in investor decision-making. Factor analysis yielded three factors.

Raja and Jagadesswaran, (2020) studied the investor perception of 200 respondents for mutual fund schemes in Chennai. The research employed factor analysis to analyze three-dimension investors' perceptions variables – mutual fund schemes related factors which identified Nine factors, mutual fund company related factor which had Seven factors and investor service related factors which had Eight factors.

Objectives of the Study

Several studies were conducted to understand the attitude and perception of the investors in mutual funds both pre and post covid period also. After the covid pandemic behavioural changes are observed among the investors and also in their investment- savings portfolio. With an aim of sustainable development and financial literacy no study was conducted in Kolkata to understand the factors responsible for investment in mutual funds even in the post covid period. To fill up this gap it is necessary to study the perception of retail investors specifically towards mutual funds only in Kolkata. Before that it is also essential to identify the factors responsible for investment in mutual fund investment among the investors in Kolkata. Thinking in this line this study mainly focused on the various factors those play significant role in determining the behaviour of the investors towards mutual fund in Kolkata. Such an initiative can pave the way to study the perception of the investors which determines the buying intension of the investors. the study on the investors' behaviour and their behavioural intension towards investment in mutual funds can enable Asset Management Companies (AMCs) to estimate market expansion, increase the customer base and provide the opportunity of financial savings and investment to a large section for inclusive development

Data and Methodology

Retail investors in Greater Kolkata have been selected for the study who have exposure as well as investments in the mutual fund market. Given the nature of the study a non probability (convenience) sampling method was selected. For collecting the data a pilot study was conducted among retail mutual fund investors in Kolkata. This area has been chosen for data collection has been restricted to Greater Kolkata as we want to understand the perception of mutual fund investors in cities. In order to collect the sampling units, both hardcopies and Google form of the questionnaire were used. In case of hardcopies, prior appointment were taken from people; we are already affiliated with, to meet them at their convenience to fill up the questionnaire as done in convenient sampling process. For the online forms, the participants filed up the Google forms previously sent to them with their approval.

As the entire findings of the study is based on primary data and the data is collected with the help of a structured questionnaire from a group of 314 investors. The entire data collection process took 30 days.

Descriptive

Gender

Table 3: Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	237	75.5	75.5	75.5
Female	77	24.5	24.5	100
Total	314	100	100	

From the table 3, it is seen that majority of the respondents are male compared to female. Out of the 314 respondents, 237 (75.5%) respondents are male and 77 (24.5%) respondents are female

Age

Table 4: Age

	Frequency	Percent	Valid Percent	Cumulative Percent
21-30	134	42.7	42.7	42.7
31-40	84	26.8	26.8	69.4
41 to 50	50	15.9	15.9	85.4
51 and above	46	14.6	14.6	100
Total	314	100	100	

From the table 4 out of 314 respondents, 134 (42.7%) respondents are in age group 21-30years, 84 (26.8%) respondents are in age group 31-40 years, 50 (15.9%) respondents are in age group 41-50 years and 46 (14.6%) respondents are in the age group of 51 and above.

Marital Status

Table 5: Marital Status

	Frequency	Percent	Valid Percent	Cumulative Percent
Unmarried	150	47.8	47.8	47.8
Married	152	48.4	48.4	96.2
Separated/Widow	12	3.8	3.8	100
Total	314	100	100	

From the table 5, it is observed that out of 314 respondents, 150 (47.8%) respondents are unmarried, 152 (48.4%) respondents are married and 12 (3.8%) respondents are separated / widow.

Education

Table 6: Education

	Frequency	Percent	Valid Percent	Cumulative Percent
Secondary	2	0.6	0.6	0.6
Higher Secondary	21	6.7	6.7	7.3
Graduate	113	36	36	43.3
Post Graduate	127	40.4	40.4	83.8
Professional	51	16.2	16.2	100
Total	314	100	100	

From the table 6, it is observed that out of 314 respondents, 2 (.6%) respondents have Secondary level education, 21 (6,7%) respondents have Higher secondary level education, 113 (36%) respondents are graduate, 127 (40.4%) respondents are Post graduate and 51 (16.2%) respondents have professional level education

Occupation

Table 7: Occupation

	Frequency	Percent	Valid Percent	Cumulative Percent
Student	32	10.2	10.2	10.2
Private Sector	157	50	50	60.2
Government Sector	44	14	14	74.2
Business	27	8.6	8.6	82.8
Professional / Self Employed	54	17.2	17.2	100
Total	314	100	100	

From the table 7, it can be observed that out of 314 respondents, 32 (10.2%) respondents are student, 157 (50%) respondents are private sector employee, 44 (14%) respondents are government sector employee, 27 (8.6%) respondents are business person and 54 (17.2%) respondents are professional / self employed.

Monthly Income

Table 8: Monthly Income (Rs)

	Frequency	Percent	Valid Percent	Cumulative Percent
25000-35000	120	38.2	38.2	38.2
35001-50000	71	22.6	22.6	60.8
50001-80000	57	18.2	18.2	79
80001-100000	29	9.2	9.2	88.2
100001-150000	19	6.1	6.1	94.3
150001-200000	6	1.9	1.9	96.2
2000001 and above	12	3.8	3.8	100
Total	314	100	100	

From the table 8, it can be observed that, out of 314 respondents, 120 (38.2%) respondents have monthly income between Rs 25000 to Rs 35000, 71 (22.6%) respondents have monthly income between Rs 35001 to Rs 50000, 57 (18.2%) respondents have monthly income between Rs 50001 to Rs 80000, 29 (9.2%) respondents have monthly income between Rs 80001 to Rs 100000, 19 (6.1%) respondents have monthly income between Rs 100001 to Rs 150000, 6 (1.9%) respondents have monthly income between Rs 150001 to Rs 200000 and 12 respondents have monthly (3.8%) income of Rs 200001 and above.

Mode of investment in Mutual Funds

Table 9: Mode of investment in Mutual Funds

Medium of investment	Frequency	Percentage
a. Directly - From the Fund House	81	25.8
b. Through the MF Distributors and Brokers	159	50.64
c. Both a & b	74	23.57

From the above table it can be seen that 81 respondents invest in Mutual Funds in direct mode through the Fund house, 159 respondents invest through mutual fund broker and distributors and 74 respondents invest through both modes.

Investment profile of mutual fund investors

Table 10: Investment profile of mutual fund investors

Investment Avenues	No of Respondents	Percentage (%) of respondents	Mean Score	Rank based on Mean Score
Bank Fixed Deposit	245	78.03	21.87	2
Post Office Schemes	208	66.24	7.71	6
Public Provident Fund	209	66.56	11.27	5
Equity Shares	245	78.03	20.6	3
Mutual Funds	314	100	35.43	1
Life Insurance	224	71.34	12.06	4
Gold/Bullion	212	67.52	7.14	7
Bonds and Debentures	186	59.24	3.7	9
Real Estate	196	62.42	5.89	8

From the table it can be observed that out of 314 respondents, 245 (78.03%) respondents invest money through bank fixed deposits scheme, 208 (66.24%) respondents invest money through post office scheme, 209 (66.56%) respondents invest in Public Provident Fund scheme, 245 (78.03%) respondents invest in equity shares, 314 (100%) respondents invest in Mutual Funds, 224 (71.34%) respondents invest in Life insurance policies, 212 (67.52%) respondents invest in Gold, 186 (59.24%) respondents invest in bonds and debentures and 196 (62.42%) invest in real estate.

To find the mean score of each investment avenue, the respondent was requested to allocate 100 points among the investment avenues where he invests his savings and the mean score of the investment avenue were calculated for such respondents. On the basis of the mean score it is observed that mutual funds have the highest mean score of 35.43, followed by bank fixed deposit in second position with a score of 21.87, equity shares has a mean score of 20.60, Life insurance has a mean score of 12.06, Public provident fund has a mean score of 11.27, Post office scheme has a mean score of 7.7, Gold has a mean score of 7.14, real estate has a mean score of 5.89 and bonds and debenture has mean score of 3.70

Factor Analysis

Table 11: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.876
Bartlett's Test of Sphericity	Approx. Chi-Square	3361.052
	df	276
	Sig.	0

Both KMO and Bartlett's test satisfies that factor analysis can be applied, Factor analysis yielded 6 Factors

Reliability Analysis

Table 12: Cronbach's Alpha

Variables	Number of Items Loaded	Cronbach's Alpha
Return from Investment	4	0.744
Risk diversification	4	0.79
Mutual Fund scheme features	3	0.844
Asset Management Company Performance	4	0.769
Tax savings alternative	4	0.828
Investors services	5	0.828

Total variance explained

Table 13: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.792	32.468	32.468	7.792	32.468	32.468	3.013	12.556	12.556
2	2.268	9.451	41.919	2.268	9.451	41.919	2.871	11.962	24.518
3	1.761	7.339	49.258	1.761	7.339	49.258	2.548	10.615	35.133
4	1.319	5.494	54.752	1.319	5.494	54.752	2.446	10.19	45.323
5	1.222	5.093	59.845	1.222	5.093	59.845	2.392	9.967	55.29
6	1.159	4.827	64.672	1.159	4.827	64.672	2.252	9.382	64.672
7	0.832	3.467	68.139						
8	0.772	3.215	71.354						
9	0.716	2.985	74.339						
10	0.693	2.889	77.229						
11	0.615	2.562	79.791						
12	0.561	2.336	82.127						
13	0.531	2.212	84.339						
14	0.493	2.053	86.392						
15	0.47	1.958	88.35						
16	0.422	1.757	90.107						
17	0.401	1.672	91.78						
18	0.388	1.616	93.395						
19	0.342	1.424	94.819						
20	0.305	1.27	96.089						
21	0.264	1.1	97.189						
22	0.257	1.071	98.26						
23	0.212	0.882	99.142						
24	0.206	0.858	100						

Extraction Method: Principal Component Analysis.

Factors

Table 14: Investor Service

Factor 1: Investor Service

Code	Factor Loading	Items	Mean	SD	Opinion
IS1	0.418	I consider information available in print and digital Media regarding the MF schemes published by AMC	4.876	1.54	Somewhat agree
IS2	0.648	I consider seminars conducted by the AMC on Investor's awareness program	4.879	1.691	Somewhat agree
IS3	0.846	I consider the quick responsiveness to investors queries while investing in MF Schemes	5.016	1.631	Somewhat agree
IS4	0.739	Prompt grievance redressal by the Fund house guides me to invest in a MF Scheme.	5.102	1.596	Somewhat agree
IS5	0.738	Well explained scheme characteristics and offer documents attracts me to invest in an MF scheme.	5.567	1.448	Agree

Table 15:Tax Savings alternative

Factor 2: Tax Savings alternative

Code	Factor Loading	Items	Mean	SD	Opinion
TAX1	.811	I invest in Mutual Funds to save tax.	4.940	1.856	Somewhat agree
TAX2	.598	Mutual Fund scheme provide higher returns compared to other tax savings investments	5.484	1.433	Agree
TAX3	.768	I consider the tax implications of investment in Mutual Funds	5.275	1.620	Somewhat agree
TAX4	.840	Tax benefits are an encouraging factor for me to invest in Mutual Funds.	5.144	1.730	Somewhat agree

Table 16: Risk Diversification

Factor 3: Risk Diversification

Code	Factor Loading	Items	Mean	SD	Opinion
Risk1	.572	I consider the risk of the MF scheme before investing	4.940	1.856	Somewhat agree
Risk2	.674	I consider the credit rating and safety of the MF scheme before investing	5.484	1.433	Agree
Risk3	.766	I think that MFs diversifies and reduces risk	5.275	1.615	Somewhat agree
Risk4	.763	I consider MF investment is less risky compared to share market	5.144	1.730	Somewhat agree

Table 17: Return from Investment

Factor 4: Return from Investment

Code	Factor Loading	Items	Mean	SD	Opinion
Ret1	.679	I consider Historical Returns before investing in MF Scheme.	5.949	1.026	Agree
Ret2	.802	I am likely to invest in a MF Scheme if its return is higher than its benchmark return e.g. NIFTY return/SENSEX return.	5.908	.970	Agree
Ret3	.617	I am likely to invest in a MF Scheme if its expense ratio is lower.	5.720	1.004	Agree
Ret4	.637	I am likely to invest in a MF Scheme if its performance ratio is higher compared to its peers.	5.920	.9444	Agree

Table 18: Mutual Fund Schemes Features

Factor 5: Mutual Fund Schemes Features

Code	Factor Loading	Items	Mean	SD	Opinion
MFSch1	.842	I consider the portfolio of shares investment of the MF scheme	5.268	1.204	Somewhat agree
MFSch2	.849	I consider the Fund size of the MF scheme	5.245	1.912	Somewhat agree
MFSch3	.744	I consider the Net Asset Value (NAV) of the MF Scheme	5.627	1.133	Agree

Table 19: Asset Management Company (AMC) Performance

Factor 6: Asset Management Company (AMC) Performance

Code	Factor Loading	Items	Mean	SD	Opinion
AMC1	.668	I check the Brand Name and reputation of the Asset Management Company	5.780	1.391	Agree
AMC2	.588	I consider the research reports published by the Asset Management Company (AMC)	5.468	1.400	Agree
AMC3	.722	I consider the performance of the Asset Management Company (AMC)	5.777	1.285	Agree
AMC4	.708	I consider the Asset Under Management (AUM) size of the Asset Management Company (AMC)	5.535	1.319	Agree

Findings and Conclusions

The research work was undertaken with the primary objective to know about the perception of the retail investors towards mutual fund selection and investment. The buying intent of a mutual fund product by a retail investor can be due to multiple factors – Investors Services, Tax Savings, Risk, Return, Asset Management Company, Mutual Fund Scheme Features, Financial Advisors Influences. Retail investors are now turning more to mutual funds because of convenience, higher returns compared to traditional savings instruments with diversification of risk. The Mutual Fund industry needs to help customers understand how its products cater to their needs

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