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An Empirical Study on the Determination of Cognizance Level of Individual Investors of Kolkata Region towards various Investment Avenues with an emphasis on Mutual Fund

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Abstract:
This paper deals with understanding the perception of individual investors towards varied investment avenues as well as their level of familiarity towards them based upon certain inherent attributes of an investment avenue like safety of principal, liquidity, awareness, ease in investing, ease in accessibility and return on investment. The main objective of the paper is to understand the level of familiarity towards various investment avenues as well as understanding the significance of various factors which influences an individual investor to invest in mutual fund or otherwise. The study has been conducted on the 450 individual investors of Kolkata region and primary data has been collected through a pre-structured questionnaire, whereby the responses have been analysed using Exploratory Factor Analysis technique and a Familiarity Index has been constructed. It has been inferred from the analysis that about 50% of the respondents are moderately familiar about various investment avenues and variables like age, gender and annual household income of the respondents are significantly correlated with their decision to invest in mutual funds.

Index Terms: Investment, perception, mutual fund

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1. INTRODUCTION

Investors, in general, like higher predictability in regard to return on investments and dislikes volatility in terms of price fluctuations (Muthumeenakshi et al., 2017). Coupled with this, they also prefer owning physical assets (Velmurugan et al., 2015). However, an Indian household investment pattern showcases investment in conventional forms such as investment in fixed deposits, gold, real-estate, etc. (Geetha et al., 2014).
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 on 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).

2. IDENTIFY, RESEARCH AND COLLECT IDEA

Literature Review

1. Rehan et al. (2018): It was 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.
2. Kaur & 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.
3. Atchyuthan &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 species 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.
4. 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 (AMCs) and the investors of mutual fund and so his level of significance upon analysis was found to be very high. It was also observed that he acts as a influential factor in investors' trading behaviour as he communicates to them, understands their requirements and assists them into choosing an appropriate mutual fund scheme for investment which would suit their financial needs.
5. Patel & Acharya (2017): This study was conducted to infer the relationship between the variables i.e., age of an investor and retirement saving 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.
6. Dhiman & Raheja (2017): In their article, multiple regressions testing technique was applied to infer the relationship amongst personality traits, 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.

Objectives of the study:

1. To understand the level of familiarity of the individual investors towards various investment avenues.
2. To construct a composite familiarity index.

Research Methodology:

The research methodology states the research process and serves as a guide for the researcher to carry out the study smoothly. This study is an empirical study. The study is solely based on primary data. The primary data has

been collected by the researcher as firsthand information from the sample of 450 respondents from Kolkata city. The respondents were selected on convenient sampling method.

The data was collected through a pre-structured questionnaire. The collected data has been analysed by using the statistical software SPSS (version 24).

3. FINDINGS

Data Analysis:

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 towards them. The data collected has been analyzed with the help of descriptive statistics and various other statistical tools and techniques.

The various socio-economic variables mentioned in have been depicted in a comparative table where the total respondents have been grouped as mutual fund investors and non-mutual fund investors.

Table 1: Comparative Table

Sl.No.	Variable	MF Investors		Non MF Investors		Total Investors	
		Freq	%	Freq	%	Freq	%
1.	**Gender:**						
	Male	201	65	79	56	280	62
	Female	108	35	62	44	170	38
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
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 & Above	203	66	66	47	269	60
4.	**Marital Status:**						
	Married	193	62	78	55	271	60
	Single	116	38	63	45	179	40
5.	**Occupation:**						
	Self-employed	49	16	34	24	83	18
	Private Sector Employee	208	68	52	37	260	58
	Govt. 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

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
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
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
9.	**Average Investment Period:**	33	11	28	20	61	14
	Up to 1 year	83	27	47	33	130	29
	1 year – 3 years	60	19	30	21	90	20
	3 years – 5 years	133	43	36	26	169	37
	Above 5 years						

62% of the total 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.

46% of the total respondents 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 between 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 in 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.

60% of the total respondents 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 is between 1 year to 3 years, of which 64% are mutual fund investors and 36% are non-mutual fund investors.

The respondents' preferences for various investment avenues has been analysed using henry garrett ranking technique and based upon their responses, the following results are extracted:

Table 2: Preferred Investment Avenues as per Garrett Ranking

Sl.No	Investment Avenues	Total Score	Avg.	Rank
1	Fixed Deposit Schemes	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 Fund Schemes	9373	20.83	8

It was inferred from the above analysis that Mutual fund was the most preferred investment avenue, followed by Fixed Deposit schemes, Gold, Real Estate, Provident fund schemes, Shares, Insurance schemes and Chit fund schemes in the ascending order.

Furthermore, it has also been introspected to understand the level of familiarity of the investor respondents towards various investment avenues based on certain inherent attributes 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 desired by an individual investor. It refers to the time period in which the invested amount can be converted into cash. The attribute 'Awareness 'indicates to the understanding level about a particular investment avenue in terms of safety, liquidity, how it operates, 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 from an

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

Upon analysis of the responses, a familiarity index was 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 descriptive statistics of the calculated indices have been discussed in the following table:

Table 3: Descriptive statistics of the calculated indices

Variable	Observations	Mean	Std. Dev.	Min	Max
FD 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 index (CFSFI)	451	0.34904	0.18433	0	1

Author's own calculations

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:

$$NV_{ij} = 1 - \left[\frac{\{BestX_i - ObservedX_{ij}\}}{\{BestX_i - WorstX_i\}}\right]$$

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)[1] to generate the composite familiarity index for each individual investor. Higher scores for the Index shows higher familiarity towards various attributes of

[1] 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 strategywhere 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.

investment avenues and lower score indicates lower familiarity towards various attributes of investment avenues (Chaudhuri, 2017).

In table 4, it can be observed that the KMO measure of sampling adequacy is 0.663, which being indicated that all the variables had shown a significant correlation which has been represented in Table 4. This provides an ample basis for proceeding to next level.

Table 4 : 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
	Sig.	.002

The second step is to ascertain the overall significance of correlation matrix with Bartlett's test. The significance level being observed in Table 4 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 was 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 were selected which represent approx. 47% variance of all components which are having Eigen value of more than one (Table 5).

Table 5 - Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	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 5 has shown that only three components show Eigen value of more than one. These three variables explained variance of approximate value of 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.

Principal Component Analysis on eight indicators (FDFI, PFSFI, ISFI, SFI, MFFI, GFI, REFI and CFSFI) has been conducted to derive a single index of Composite Familiarity Index (CFI).

Table 6: 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 parentheses are percentages

Upon the construction of familiarity index, it is inferred 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, we grouped composite familiarity index into four groups with values ranging from 0 to 1. The first group was named as 'Less Familiar 'where the value range was between 0 – 0.35, followed by second group named 'Moderately Familiar 'values ranging from 0.36 – 0.50. The third group was named as 'Quite Familiar 'where the values range was 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, it was found that about 51% of the total investor respondents are moderately familiar with different avenues of investment, while 30% of them are quite familiar with the different investment avenues. Only 13% of the total respondents are more familiar with the different investment avenues based on the different attributes taken up for understanding the level of cognizance towards them while a mere 5% of the total respondents are less familiar with different investment avenues.

Factors Determining the Type of Investor:

To understand the main determinants of the respondent's choice of investment, i.e. whether they would invest in mutual funds or not, a probit regression exercise has been carried out, wherein, the mode of investment (EVER INVEST) is the categorical dependent variable that takes value '0 'for non-mutual fund investment and '1 'for mutual fund investment.

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 were used to construct a Composite Familiarity Index (CFI). These factors can encourage an investor to make investment in a particular investment avenue or discourage one to do so.

Table 7: 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** (2.25)	0.347174
Squared Age of the Respondent (agesq)	-0.0014** (-2.49)	-0.000488
Composite Familiarity Index (CFI)	1.3892** (2.00)	0.483677
Gender of the Respondent (gender: Male=1, Otherwise = 0)	0.2471* (1.88)	0.0871835
Education of the Respondent (edu_yrs)	0.0547 (1.19)	0.0190413
Annual Household Income of the Respondent (ann_inc)	0.3250*** (4.31)	0.1131457
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 7 summarizes the results from the estimated probit regression. It is found that consistent with the expectations both the age and the squared age of the respondents appears 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. 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 as the dummy variable moves from 0 to 1, 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.

4. Findings

- 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 observed that male respondents are more inclined towards making an investment in mutual funds as compared to female respondents.
- It was found that majority of the respondents who chose 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 (work life).
- It was revealed from the study that majority of the respondents is academically well qualified where 96% of the respondents are graduates, out of which about 66% are qualified as post graduates or beyond that. It was 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.
- Married investors (62%) chose to invest in mutual fund as compared to single investors (38%) for making an investment in mutual fund. While in case of non-mutual fund investment the difference in choices are not so prominent.
- On the work front, it was observed that out of the total mutual fund investors, 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 investors, 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 them 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.
- 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.
- 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.
- Almost all the respondents (97%) are acquainted with mutual funds as a prospective investment avenue.
- Almost all the respondents (98%) have an experience of watching the advertisements about mutual funds which had an impact on 62% of the respondents.

- 44% of the respondents are keen to try this avenue of investment after getting enlightened about it through advertisements while 11% of them became apprehensive to try this investment avenue. However, 45% of the respondents disregarded the advertisements as they did not have any impact on their investment decision making process.
- 37% of the respondents are being introduced to mutual fund through friends and relatives, while 28% of them got introduced to this avenue of investment through advertisements. 22% of them are introduced to this investment avenue through their financial advisors or brokers, while 13% got introduced to it through internet, because of their employment, etc.
- 69% of the total respondents are mutual fund investors while the remaining 31% have never experienced investing in mutual funds.
- A Composite Familiarity Index is constructed to understand the degree of familiarity about different investment avenues for both mutual fund investors and non-mutual fund investors.
- Six inherent attributes of an investment avenue has been taken into account for the construction of a Composite Familiarity index (CFI). A probit regression exercise has also been carried out to understand the determinants of CFI, whereby it is found that variables such as age, gender and annual household income are positively related to CFI while squared age of the respondent has a negative relation.

5. Conclusion

Mutual funds are pooled investment vehicles actively managed either by professional fund managers or passively tracked by an index or industry. 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. More awareness campaigns and investor awareness programs 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.

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