



RESEARCH ARTICLE

Decoding Investor's behavior in tax saving mutual fund: A multi-item scale for evaluating investors' category

Priya Tiwari^{1*}, Bharat Kasar², Vibhu Tripathi³

Abstract

This study aims to design and validate a multi-item scale for assessing the investment behavior of investors in tax-saving mutual funds, with a particular focus on equity linked savings schemes (ELSS). Additionally, the research seeks to identify clusters of investors with similar personality traits, offering deeper insights into how these traits influence investment decisions. By examining the interplay between capital, personality characteristics, and investment behavior, the study underscores their critical role in fostering economic growth. Despite the growth in mutual fund assets under management (AUM) in India, there is a discrepancy in the inflow to equity linked savings schemes (ELSS), indicating that a combination of financial and behavioral factors influences investor behavior. Through an extensive review of the literature, the study identifies key gaps in existing research on investor psychology, particularly in relation to ELSS investments, emphasizing the need for a more nuanced understanding of the psychological factors shaping investor decision-making in this area. Using a structured questionnaire, the study gathered data from 489 mutual fund investors to explore the financial and behavioral factors influencing their investment decisions. Factor analysis was employed to identify key factors affecting these decisions, and reliability tests like KMO and Bartlett's were applied to ensure the adequacy of the sample. The findings reveal two main factors related to financial considerations—Informative cum Magnetize Factors and Inadmissible and Undesirable Benefits—as well as behavioral factors such as overconfidence, anchoring, and herding that significantly impact investor behavior. The study concludes that a deeper understanding of these factors can help in categorizing and addressing investor needs, ultimately enhancing participation in tax-saving mutual funds. It also helps regulators in policy-making as per the clusters of investors.

Keywords: Investors' behavior, Investment psychology, Multi-item scale, Tax saving mutual funds, Assets under management, Decision making.

Introduction

A nation's economic success largely depends on its ability to effectively and efficiently utilize finite resources, with capital being a key limited resource. The accumulation of

savings drives capital formation, while investment involves allocating resources to financial instruments (e.g., stocks, bonds, mutual funds) in anticipation of future returns. Central banks play a crucial role in maintaining the balance between saving and investment through the banking system, ensuring economic stability and growth. In March 2022, mutual funds accounted for 21% of all financial investments made in India, up from 10% in March 2016. In contrast, the proportion of mutual funds (ELSS) in India's total financial investments increased from 9.25 to 20.36% between March 2016 to March 2022. A mutual fund serves as a platform for pooling capital from multiple investors, which is then invested in a diversified portfolio of assets, such as stocks, bonds, short-term liquid instruments, gold, and other financial assets. This enables investors to benefit from growth, wealth creation, stability, regular income, liquidity, or a combination of these. Despite the growth in mutual fund assets under management (AUM) and the tax benefits offered by the government, equity-linked savings schemes (ELSS) saw a net inflow of only Rs 4,579 crore for the quarter ending March 2022. This relatively modest

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investment in ELSS suggests that investor behavior does not always align with traditional expectations, highlighting the influence of factors beyond just financial incentives and tax benefits in shaping investment decisions. Not only financial, but Behavioral factors also play an important role in decision-making. India barely manages 1% of global mutual fund assets even though the mutual fund assets under management (AUM) increased from Rs. 5, 92,250 to Rs. 37, 56,136 crores between March 2011 to March 2022. The AUM of the Indian MF Industry has increased more than 5½ times in ten years, and Maharashtra has the biggest percentage of investors.

Research Questions

- What do investors consider the primary financial factors before investing in tax-saving mutual fund schemes?
- To what extent do tax benefits influence investors' decisions when selecting mutual fund schemes for tax savings?
- How do market conditions and economic factors influence investor confidence in tax-saving mutual funds?
- What are the common emotional or psychological factors (fear of loss, overconfidence) that influence investor behavior in tax-saving mutual funds?
- To find the pattern of the investor's behavior towards Investments with special reference to tax.

Objectives

- To explore the financial factors that influence the decision-making of an investor while investing in mutual funds tax saving schemes
- To categorize the behavior of an Investor investing in Mutual fund Tax saving schemes

Literature Review

A mutual fund is an emerging product out of various investment avenues and ELSS is the only tax scheme on which an investor gets tax benefits along with equity

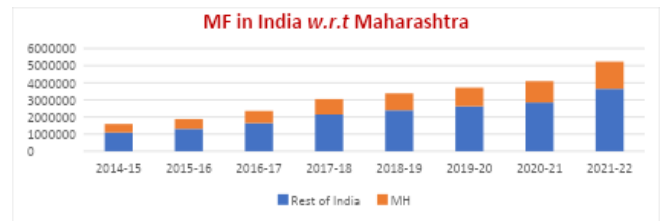


Figure 3: Mutual fund in India w.r.t Maharashtra

investment. The main objective of the research in MF ELSS planning of investment aims to examine investor psychology while investing in mutual fund ELSS schemes based on demographic, behavioral, and financial factors.

Investor liquidity and financial awareness are crucial factors in their mutual fund investing decisions. Numerous considerations, including demographic aspects, risk and return, asset liquidity, convenience and reduced transaction time, tax benefits, and perceived transparency, attract investors in mutual funds, and the investor's thinking plays a mediating role (Trivedi *et al.*, 2017).

A study by Ul-Hameed *et al.* (2019) found that factors such as the promise of guaranteed returns with low risk, along with asset liquidity, play a significant role in encouraging investment in mutual funds. Investors are particularly attracted to mutual funds due to their convenience, lower transaction costs, and greater transparency compared to other investment options. Furthermore, the positive perception of mutual funds among investors enhances their overall attractiveness, influencing key factors that drive investment decisions.

Liquidity was a significant aspect to influenced the M F investment. (Shrestha & Shrestha, 2020). MF instruments must comply with the legal necessities and disclose all material information, which is a real consideration for the investors (Singal & Manrai, 2018; Ul-Hameed, Imran, Maqbool, Ahmed, & Azeem, 2019).

Similarly, professionalism in management and the reputation of the fund manager also remained a high criterion for the investors (Dhar, Saptarshi, Salema, S.M. Kalbin, Saha, 2018). Dhar *et al.*'s study aimed to explore and visualize the purchasing behavior and specific objectives of individual mutual fund (MF) investors. The research identified several critical factors that investors consider significant during the mutual fund selection process. These factors include intrinsic attributes such as the reputation and expertise of the fund manager, the scheme's distribution and accessibility, simplicity of investment, potential for growth, brand value, entry and exit conditions, and the associated risk of the scheme. Additionally, the study highlighted the importance of the fund's asset quality and income derivatives, including return performance and tax benefits, as key determinants influencing investment decisions. The investor satisfaction index concerns the benefits provided by the mutual fund firm to encourage investment. Indian

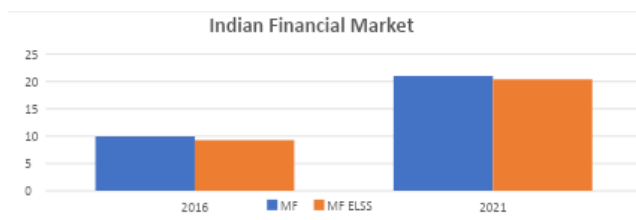


Figure 1: Indian financial market



Figure 2: Asset under management

investors are interested only when companies provide full disclosure, safety assurance with monetary advantages, and regular updates on essential information. (N. Sharma, 2012)

Singal & Manrai (2018) suggested an important relationship between the behavior of an investor and fundamental factors influencing investment strategy in MF. These fundamental factors may be enumerated as previous performance, reputation of the fund manager, risk, gain, and diversification play a great influence on the decision-making of an investor. Fundamental factors like past performance, risk, return, diversification, and investor perception are important benchmarks affecting the decision-making of the investor. Bitter experience and difficulty in scheme selection demotivate while tax benefit, low cost, transparency, and economies of scale motivate investors. (Singal & Manrai, 2018)

Tiwari and Kasar (2022) explained that Behavioral Factors, especially Mental Accounting, affect the decision-making of Investors while investing in Mutual Funds. The study elaborated that behavioral finance makes an effort to comprehend and clarify how investors are largely affected by emotions and perceptible errors in their decision-making process while investing. Some attributes have a significant impact on investors' decision-making in mutual fund investment decisions, such as fund type, size of fund, the reputation of a fund manager, previous performance, liquidity, current market position, return history, rating given by known rating agencies, Redemption avenues, quick settlement, risk-taking capacity, transparency in service, sustainable performance, etc. (Ramakrishna Mishra And Shayma Charan Acharya's, 2018)

In "Factors affecting the financial investor's decision in the adoption of mutual funds" stressed that Professional Management is an important component in the adaptation of MF. Quick access is another significant aspect of forming investors' decisions. Availability of partial buying, less brokerage, and variation are other parameters. Attractive future plan and low risk are also contributory factors. Regular income derived from the knowledge of Experts, too is a significant factor. Tax consideration, liquidity, and capital appreciation may also be considered important factors (Alhorani, 2019).

A study on "Factors Influencing Investors in Mutual Funds Selection" identified the factors influencing the selection of investor instruments, the savings objective, and the preference of the investors. The first factor impacting Attainment and Extraneous fund qualities includes the Instrument's expense ratio, Fame of the Fund Manager/scheme, Fund influence, i.e., brand name, and the scheme's layout of investment. The second factor relates to Interior fund qualities, which include Instruments with tax gains, Uniqueness of the scheme, and bare initial investment (Neelima & Chandra, 2016).

The other features that also impact the decision-making in investment are a reputation of the fund manager, the liquidity features of the fund, the history of dividend, quick settlement process, the resentment redress system, and risk-taking capability of investors (Velmurugan & Anand, 2015).

Pathak and Bhola, (2014) explored how customer relationship management (CRM) parameters impact business outcomes in pharmaceutical companies based on the opinions of medical representatives. Using 46 parameters and a five-point scale, the factor analysis identified twelve component groups such as 'Logical Efforts' and 'Upgraded Technology.' These insights will aid in developing effective CRM strategies by grouping similar parameters together (Pathak and Bhola, 2014).

Research Methodology

The research follows a structured and scientific methodology, utilizing a carefully designed questionnaire to identify common trends that influence investment decisions. The study aims to understand investors' investment patterns based on their demographics, financial circumstances, and behavioral factors. The study is descriptive as well as inferential in nature; a survey of mutual fund investors investing in Mutual fund Tax saving schemes is undertaken. A survey questionnaire has been approved by the professionals/specialists in the field of investment and Tax consultants. A total of 550 questionnaires were distributed to mutual fund investors residing in Pune City, including both male and female participants. Of these, 40 investors did not return the questionnaire, and 21 were incomplete, thus excluded from the analysis. Consequently, 489 fully completed questionnaires were used for evaluation and analysis. (Against a determined sample size of 484 as per Krejcie & Morgan's 1970 table). After determining the sample size, the researcher considered employing an appropriate sampling technique to ensure that the sample was representative of the population as a whole. The respondents were selected proportionately from various zones of the Pune Region through simple random sampling which covers the entire area of the cosmopolitan region as per the geographical distribution. The researcher collected primary data through structured questionnaires from mutual fund companies, brokerage firms, and individual investors interested in ELSS, with additional data from mutual fund distributors. Factor analysis is used as a tool & technique to ascertain the clusters of investors.

Data Analysis, Results and Discussion

Factor Analysis for Financial Factors:

The responses taken from MF investors impacting their decision on investor's decision-making based on 15 variables were taken into account for the factor analysis. A total of 489 investor samples were selected for analysis. Researchers

have used factor analysis in an effort to identify patterns in preferences. The appropriateness of the sampling was checked using the KMO and Bartlett’s test for examination of financial factors on investor decision making.

In order to establish the accuracy of the sample and the prerequisite for factor analysis, the Kaiser-Meyer-Olkin (KMO) and Bartlett’s test of sphericity have been used. Cronbach’s alpha has been utilized to verify the statistical validity. The same values are listed below. Table 1 displays Bartlett’s test result of 4369.567 and the Kaiser-Meyer-Olkin (KMO) value of 0.834, respectively. Both results are statistically significant at the 1% level of significance. It so reveals that the factor analysis method is appropriate for the given sample.

Table 1 highlights the statistical reliability of the data collected from respondents. With a Cronbach’s Alpha score of 0.825, the data meets the accepted standards of reliability, indicating a high level of consistency.

After analyzing the data adequacy, researchers analysed total variance where there were two factors extracted for analysis of financial factors on decision making of investors through principal analysis of the elements since it contains latent information. The value of the total variance is 54.734. This signifies that 54.734% of the variance accounts for the first two components; factor 1 accounted for significantly more variance than the second factor (35.920% as compared to 18.814%).

Overall, in this investigation, only primary factors having Eigenvalues greater than 1 are retained. Eigenvalues less than one indicates that the components are of little use because they explain less variance than the original latent, which had a variance of 1.

Rotation converged in three iterations

The above Rotated Component Matrix Table 3, following 2 factors have derived, factor 1 includes Labels respectively PD, LTR, IBR, PHRLR, PFM, OT, PS, EOL, PPC, PPF, OSF while factor 2 includes EEL, LIP, SIP_LS and TBF. These factors are shown below with the names in order of their highest Eigenvalues.

Table 1: KMO and Bartlett’s test for financial factors

Kaiser-Meyer-Olkin measure of sampling adequacy		.834
Bartlett’s Test of Sphericity	Appx. Chi-Square	4369.567
	df	136
	Significance	0.000

Source: Primary Data

Table 2: Reliability statistics for financial factors

Reliability statistics		
Cronbach’s alpha	Cronbach’s alpha based on standardized items	No. of items
0.825	0.827	15

Source: Primary Data

Factor 1 Informative cum Magnetize Factors were the factors extracted from the 11 variables. Table 4 shows the financial features like portfolio diversification, Low-risk tolerance, Professional fund manager guidance, transparency, ease of liquidity, past performance, online services, etc., motivating investors to invest in mutual funds. The more attractive features of mutual funds, the more encouraged it will make the investors to invest in mutual funds.

Factor-2 Inadmissible and Undesirable Benefits is the factor extracted from the four variables that show the percipience of mutual funds and its effect on mutual fund investment and are explained in Table 5. Thus, these bunch of benefits (lock-in period, minimum investment, tax benefits, entry and exit load) are not so appealing to investors who accept tax benefits, hence termed as inadmissible and undesirable benefits. The better the information analysis, the more effective the investment.

Factor Analysis of behavioral Factors

Eight behavioral factors are considered in this study: representative bias (REP), overconfidence Bias (OC), anchoring (ANCH), herding (HERD), availability Bias (AB), loss aversion (LA), mental accounting (MA) and regret aversion (RA). The responses taken from MF investors impacting their decision on investor decision-making based on 24 variables of behavioral factors are considered for the factor analysis. A total of 489 investor samples were selected for analysis. Researchers have used factor analysis in an effort to identify patterns in preferences. KMO and Bartlett’s test for analysis of behavioral factors on the decision-making of investors was applied to check the sampling adequacy

In Table 6, in order to verify the accuracy of the sample and the prerequisite for factor analysis, the Kaiser-Meyer-Olkin (KMO), and Bartlett’s test of sphericity have been used. Cronbach’s alpha has been utilized to verify the statistical validity. The same value is listed below. The Bartlett’s and the Kaiser-Meyer-Olkin (KMO) test result values displayed in Table 1 are 0.821 and 6456.508, respectively. These values are statistically and significantly significant at the 1% level of significance. It indicates that the factor analysis method is appropriate for the given sample.

Table 7 demonstrates the statistical validity of the information gathered from respondents. The data’s Cronbach’s alpha score of 0.836 shows that, according to reliability statistics standards, the data are reliable.

After analyzing the data adequacy researcher analyzed total variance where there were three factors extracted for analysis of behavioral factors through principal analysis of components since it contains latent elements. The cumulative variance value is 56.186. This suggests that the basic three components account for 56.186% of the overall variation. Factor 1 accounted for significantly more variance than the remaining two (24.397% as compared to 17.083 and 14.706%).

Table 3: Rotated component matrix for financial factors

Variables	Statement	Component	
		1	2
PD	I check Portfolio Diversification while investing.	.707	.294
LTR	Low Risk Tolerance should be considered by you while investing	.575	.440
IBR	Potential Return (Inflation Beating Return) is the important factor while investing.	.653	.291
PHRLR	I prefer high risk, high return over low risk, low return.	.488	.314
EEL	I do check Entry and Exit Load/ Expense Ratio while investing	.395	.535
PFM	I consider Professional Fund Management by Fund manager or Fund Manager Expertise while investing	.747	.155
OT	High degree of transparency (operations) motivates me while investing	.807	.205
PS	Prompt service attracts me for investing.	.824	.085
LIP	Lock-in Period is the attractive feature for investing.	.357	.515
EOL	Ease of Liquidity is the important factor while investing	.661	.290
PPC	I consider Past Performance of Company while investing.	.680	.321
PPF	I check Past Performance of the Funds (Fund Returns) while investing	.638	.354
TBF	I prefer Tax Benefits of Funds while investing	.146	.778
SIP_LS	Availability of SIP and Lump sum Options is the important feature for investing.	.512	.561
OSF	Online Service Facility attracts me to invest.	.796	.194

Extraction Method: (PCA) Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization

Table 4: Factor-1: Informative cum magnetize factors

S. No.	Variables	Factor loading
1.	I check Portfolio Diversification while investing.	.707
2.	Low Risk Tolerance should be considered by you while investing	.575
3.	Potential Return (Inflation Beating Return) is the important factor while investing.	.653
4.	I prefer high risk, high return over low risk, low return.	.488
5.	I consider Professional Fund Management by Fund manager or Fund Manager Expertise while investing	.747
6.	High degree of transparency (operations) motivates me while investing	.807
7.	Prompt service attracts me for investing.	.824
8.	Ease of Liquidity is the important factor while investing	.661
9.	I consider Past Performance of Company while investing.	.680
10.	I check Past Performance of the Funds (Fund Returns) while investing	.638
11.	Online Service Facility attracts me to invest.	.796

Source: Primary Data respectively

Table 5: Factor-2: Inadmissible and undesirable benefits

S. No	Variable	Factor loading
1.	I do check the entry and exit load/ expense ratio while investing	.535
2.	The lock-in period is an attractive feature for investing	.515
3.	I prefer tax benefits of funds while investing	.778
4.	Availability of SIP and lump sum options is an important feature for investing.	.561

Source: Primary Data

Table 6: KMO and Bartlett's test for behavioral factor

<i>Kaiser-Meyer-Olkin measure of sampling adequacy</i>		.821
Bartlett's test of sphericity	Appx. Chi-square	6456.508
	df	276
	Significance	.000

Source: Primary Data

Table 7: Reliability statistics for behavioral factor

Reliability statistics		
Cronbach's alpha	Cronbach's Alpha based on standardized items	N of items
.836	.836	24

Source: Primary Data

Rotation converged in 11 iterations

The above rotated component matrix Table 8, following three factors have been derived, factor 1 includes Labels respectively REP3, OC1, OC2, OC3, ANCH1, ANCH2, ANCH3, HERD1, HERD2, AB3, LA1, LA2, LA3 while factor 2 includes

REP1, REP2, HERD3, AB1, AB2, MA3 the final factor 3 includes label MA1, MA2, RA1, RA2, RA3. These factors are shown below with the names in order of their highest Eigenvalues.

BF-1 Meticulous Confident Bias Personality (MCBP)

The factors extracted from the 13 variables show behavioral features such as overconfidence, anchoring and loss aversion.

Table 9, meticulous confident bias personality (MCBP), highlights the personality nurtured too optimistic through self-anchored, persistent acquiring knowledge by applying their logic, consistently to achieve their set goals within a time frame.

BF-2 Panorama Framing bias Personality (PFBP) - extracted from the six variables shows the behavioral bias such as representative and availability bias.

Table 10 reveals the panorama framing bias personality (PFBP) of investors, investing as per the available information represented or simulated in front of them. AMC should be able to frame the available information to quench the in-depth probe of the investors before investment.

Table 8: Factor extracted: Rotated component matrix

Variables	Statement	Component		
		1	2	3
REP1	While investing I give too much emphasis on recent investment experience related to service.	.192	.720	.172
REP2	My investment decisions are on the basis of Past experience.	.095	.777	.138
REP3	I prefer to buy a scheme that gives fixed returns with tax benefits instead of variable returns with tax benefits	.646	.201	.092
OC1	My investment decisions is always correct	.708	.367	.039
OC2	I am capable of predicting returns on my portfolio.	.709	.268	-.005
OC3	I think the Fund Manager's trend is often consistent with my perspectives	.666	.362	.086
ANCH1	My investment decision is based on recent prices (return).	.493	.392	.296
ANCH2	I invest in schemes based on Higher NAV.	.645	.127	.345
ANCH3	I rely on my previous experiences of a reference person while making investments in the Mutual Fund.	.469	.404	.359
HERD1	My investment decision is based on my friend's advice	.771	.046	.283
HERD2	I invested in Mutual Fund schemes based on discussions with my associates.	.696	.106	.264
HERD3	I follow the market information to invest in Mutual Fund Schemes.	.253	.601	.222
AB1	I search and verify the available information before making an investment.	.247	.726	.126
AB2	I prefer to invest in already known schemes having least lock in period.	.449	.546	.100
AB3	I prefer to invest in available funds/ Schemes.	.496	.431	.160
LA1	I start with small investment and after a prior gain, I make larger investments in same schemes.	.599	.277	.248
LA2	I have limited my investment in MF Schemes because of prior loss.	.717	-.025	.345
LA3	I am holding loss making MF investments expecting that they may soon outperform	.505	.024	.493
MA1	I view and treat each element of investment portfolio separately	.127	.432	.596
MA2	I look towards different investments as a whole.	.100	.433	.617
MA3	I save a part of my income for investing in the Investment Avenues.	.003	.565	.516

RA1	I avoid redeeming Funds that have decreased in values and readily redeemed funds that have increased in value.	.156	.299	.641
RA2	I feel sorrow when I find my NAV does not grow at par with the stock market exchange.	.298	.142	.741
RA3	I feel more regretful about holding losing funds.	.383	.002	.701

Extraction Method: (PCA) Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Table 9: BF-1 Meticulous confident bias personality (MCBP)

S.No.	Variable	Factor loading
REP3	I prefer to buy a scheme that gives fixed returns with Tax benefits instead of variable returns with tax benefits	.646
OC1	My investment decisions are always correct	.708
OC2	I am capable of predicting returns on my portfolio	.709
OC3	I think the Fund Manager's trend is often consistent with my perspectives	.666
ANCH1	My investment decision is based on recent prices (return).	.493
ANCH2	I invest in schemes based on Higher NAV.	.645
ANCH3	I rely on my previous experiences of reference person while making investment in the Mutual Fund.	.469
HERD1	My investment decision is based on my friend's advice	.771
HERD2	I invested in Mutual Fund schemes based on discussion with my associates.	.696
AB3	I prefer to invest in available funds/ Schemes.	.496
LA1	I start with small investment and after a prior gain, I make larger investments in same schemes.	.599
LA2	I have limited my investment in MF Schemes because of prior loss.	.717
LA3	I am holding loss making MF investments expecting that they may soon outperform	.505

Source: Primary Data

Table 10: BF-2: Panorama framing bias personality

S. No.	Variable	Factor loading
REP1	While investing I give too much emphasis on recent investment experience related to service.	.720
REP2	My Investment Decisions are on the basis of Past experience.	.777
HERD3	I follow the market information to invest in Mutual Fund Schemes.	.601
AB1	I search and verify the available information before making investment.	.726
AB2	I prefer to invest in already known schemes having least lock in period.	.546
MA3	I save a part of my income for investing in the Investment Avenues.	.565

Source: Primary Data

Table 11: BF-3: Cautious behavior bias personality (RCBP)

S. No.	Variable	Factor loading
MA1	I view and treat each element of investment portfolio separately	.596
MA2	I look towards different investments as a whole.	.617
RA1	I avoid redeeming Funds that have decreased in values and readily redeemed funds that have increased in value.	.641
RA2	I feel sorrow when I find my NAV does not grow at par with the stock market exchange. Regret	.741
RA3	I feel more regretful about holding losing funds.	.701

Source: Primary Data

BF-3: risk cautious behavior bias personality (RCBP) was extracted from the five variables that show behavioral bias, such as mental accounting and regret aversion. In Table 11, RCBP represents investors inclined towards

avoiding the feeling of sorrow by investing in losing funds by viewing each and every fund separately and as an investment as a whole. Investors prefer only to minimize risk by applying their mental accounting interpretation.

Findings

- Factor analysis reveals that two financial factors are extracted from 11 variables named informative cum magnetize factors as they are appealing factors while investment decision making of investors whereas the bunch of variables which are not appealing while DM of investors named as admissible and undesirable benefits.
- Factor analysis shows that three behavioral factors from 24 variables are extracted named meticulous confident bias personality (MCBP), which includes 13 variables highlighting optimism and self-anchored on the other hand, PFBP extracted from 6 variables which illustrated the personality investing as per available information, whereas as RCBP extracted from 5 variables that represent only loss averse mental accounting behavior while investing.

Conclusion

The factor analysis conducted in this study reveals significant insights into the financial and behavioral factors influencing investment decision-making among investors. The analysis identified two key financial factors: "Informative cum Magnetize factors," which appeal to investors, and a set of variables deemed "inadmissible and undesirable benefits," which are less appealing in the decision-making process.

Furthermore, the analysis extracted three distinct behavioral factors from the data. The MCBP encompasses traits of optimism and self-assurance, while the PFBP reflects a tendency to make investment decisions based on available information. Lastly, the RCBP highlights a loss-averse mindset characterized by mental accounting behavior during investment decisions. These findings provide a deeper understanding of the factors shaping investor behavior and decision-making.

Suggestions

As per the changing scenario, investors are more cautious and technologically advanced for acquiring knowledge, so AMC should be more transparent and should include logical fringes instead of tax-oriented benefits, or the government should implement special provisions for tax benefits from ELSS, prompting rotation of household savings.

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Conflict of Interest

The authors declare that there is no conflict of interest regarding the publication of this research paper, *Decoding Investors' Behavior in Tax-Saving Mutual Fund: A Multi-Item Scale for Evaluating Investors' Category*. All analyses and interpretations are presented objectively, without influence from any personal or financial affiliations with mutual fund companies, investment firms, or related entities.

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