



A STRUCTURAL EMPIRICAL ANALYSIS OF INVESTOR PERCEPTIONS AND DECISION DETERMINANTS INFLUENCING MUTUAL FUND SELECTION IN MANIPUR

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Abstract

The paper explored to understand the variables that impact the behaviour of mutual funds investment in Manipur, an emerging financial market in the north east region of India. The study incorporates behavioural, informational, and socioeconomic constructs to analyse how the cumulative impact of financial literacy, risk perception, intermediary influence, fund and sponsor attributes, and demographic attributes impact the decision-making process of investors. A total of 365 investors of the SBI Mutual Fund, Imphal City were chosen for the study, collected using Google Forms, personal interview, and telephone survey as a result of low access to the investors' records. Based on the investigation results, the investor demographic is mainly young and educated; almost 70 per cent of them are below the age of 30 and about 80 per cent of them have a graduate or even a postgraduate degree. The sample in the survey is diverse with the majority of respondents in the low and middle-income bracket. Such socio-economic trends have a significant impact on the level of risk that the investors are ready to take. The structural model has shown that the most major factors that influence the choice of mutual fund investments are socio-economic and demographic (SEDF) followed by Fund & Sponsor Attributes (FSA), which indicates the degree to which income, education, occupation, and brand trust are responsible for the formation of the behaviours of investors. The positive influence of Intermediaries and Distribution Channels (IDC) also play a great part and demonstrates the importance of advisory services in the markets with very different degrees of financial literacy. Financial Literacy and Information Competency (FLIC) and Risk Perception (FRP) on the other hand, have less direct impact. It implies that the investors are more dependent on the social and economic environment and reputation of the institutions than on their technical competence and skills of analyzing the risk. The research can be considered as contribution in understanding mutual fund decision-making in Manipur as it proves that investment decision making is affected mostly by the trust and socio-economic determinants.

Keywords: Mutual Fund Making decisions; Behavioural Finance; Socio-Economic Factors; Structural Equation Modelling.

Introduction

The growth of the Indian mutual fund industry has been phenomenal in the last two decades and was supported by growing financial awareness, digitisation, and shift towards market-linked avenues of investments (SEBI, 2023). As this is a maturing sector, it has become an important theme in modern financial research to understand the perception of investors and what are the determinants of mutual fund selection (Sivaramakrishnan et. al, 2017). The study has been carried out on investor behaviour in major metropolitan centres, there is still little work on the behavioural and perceptual dynamics of investors in under-represented regions. Manipur being one of the naive states situated in the North-East region of India, is a region with not only a distinct socio-economic scenario, but also an emerging state with increasing financial inclusion and entrepreneurial involvement and changing attitude to such investment (RBI, 2022). These varying patterns provide an important research opportunity to investigate how the investors perceive mutual funds in the region and what factors affect the decision-making process. Investors' decisions when it comes to mutual fund selection process is based on a complex interplay of financial knowledge, behavioural biases, risk assessment, socio-cultural and intermediary-issue trust. Classical financial theories concentrate on rationality, utility maximisation and perfect information (Markowitz, 1952) and the behavioural finance concentrates on systematic deviations produced by heuristics, information asymmetry and subjective evaluations (Kahneman and Tversky, 1979). These deviations may be more prominent in developing markets like Manipur, where difference in financial literacy, lack of awareness about financial markets and vary in availability of investment information makes investment decisions (Lusardi & Mitchell, 2014). Simultaneously, the tendency of distribution channels, advisory networks, and digital investment platforms has affected the relationship of people with mutual funds and intermediary influence has become an important factor in choosing the trust and selection of investment funds (Nanda et al., 2018). Despite the fast financial inclusion created through a variety of financial inclusion initiatives, such as PMJDY, promotion of SIPs, and adoption of digital finance, study in the academic literature on mutual funds choice analysis in North-Eastern India is fragmented or descriptive (Borah & Saikia, 2020). Existing literature rarely provides for unifying behavioural constructs, risk perceptions, intermediary roles and sponsor attributes in an empirical context. As a result, there seems to be a paucity of the theory-based, comprehensive understanding of the joint contribution of these multidimensional factors on mutual fund selection behaviour in Manipur. Overcoming this deficit demands a structural empirical approach that is able to model latent behavioural variables and understand the causality of interrelationships. Therefore, this research adopts structural equation modelling (SEM) as a methodology an advanced analytical methodology used widely in the study and analysis of investors behaviour and financial decisions model (Hair et al 2019) to analyse the determinants of the selection of mutual funds in Manipur. Through well-structured research on financial literacy, risk perception and fund characteristics in relation to distribution channels and role of intermediaries using a data-driven approach, this research is designed to make a significant contribution to our understanding of mutual fund adoption in a geographically unique and socio-economically changing region.

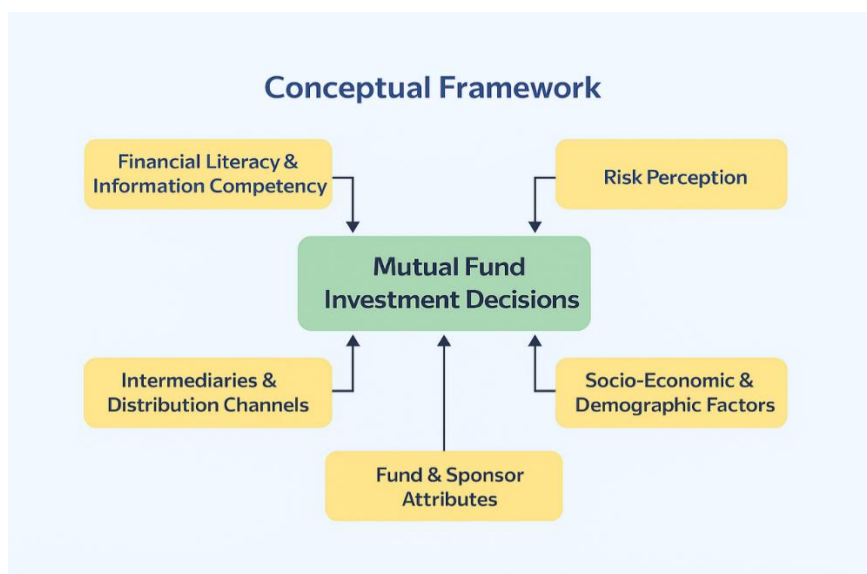


Fig 1. Conceptual Framework

The conceptual framework shows that mutual fund investment decision is determined by five key factors:

- Financial Literacy & Information Competency - How much do investors know and understand about mutual funds?
- Risk perception- how investors perceive the risk, safety and uncertainty in the markets
- Intermediaries & Distribution Channels - Banks, advisors, digital platforms and the influence they have on decision making.
- Fund & Sponsor Attributes - brand reputation, past performance, transparency & trust in the fund house.
- Socio-economic and demographic factors - income, education, age, occupation and social background.

Rationale of The Study

The present study is justified because of critical need to overcome the shortage of region-specific empirical researches on the mutual fund investment behaviour in Manipur where financial decision-making is affected by distinctive socio-economic structures, changing access to digital technology and varying degrees of financial literacy (Lusardi & Mitchell, 2014; RBI, 2022). Although national studies have reported the roles played by risk perception, fund attributes, and intermediaries in trust in mutual fund selection, in Sivaramakrishnan et al. (2017) and Nanda et al. (2018) although these results cannot be completely generalised for North east India, where cultural norms, informal financial practices, and trust networks are substantially different (Borah and Saikia, 2020). In addition, much of behavioural finance's research emphasis is that investor choices are not always optimally based on rational investments but are affected by cognitive biases, heuristics, and subjective perceptions (Kahneman & Tversky, 1979), and hints at the fact that investment choices in emerging markets are not in line with conventional financial models. With the growing penetration of mutual funds due to the initiatives towards financial inclusion and financial digital platforms (SEBI, 2023) there is a need to understand the structural determinants of investors selection behaviour, so that the policymakers, financial institutions and distributors can accrue better awareness strategies, advisory mechanisms and investor protection measures. By using Structural Equation Modelling (Hair et al., 2019), in this study, a stringent empirical structure is followed to analyse the latent behavioural, informational and institutional factors which together impact the choice behaviour of mutual funds in Manipur so as to fulfil a big academic gap and to provide pointers for more well-targeted financial development initiatives in the region.

Review of Literature

The development of the investment decision-making theory has moved away from the normative models of rationality to the descriptive models of rationality based on human psychology. Classical paradigms such as Efficient Market Hypothesis by Fama (1970) and rational actor model assumed that investors have a perfect information processing ability and make the best choices; anomalies are dealt as temporary aberrations and corrected by the market forces. However, the development of behavioural finance called the question to these assumptions. Seminal contributions such as prospect theory (Kahneman & Tversky, 1979) and dual process theory (Kahneman, 2011) indicated that reference dependence, loss aversion, subjective probability weighting and systematic cognitive shortcuts that are a result of fast and intuitive System 1 thinking affect investor judgement. As the discipline evolved, several models, including the Theory of Planned Behaviour (Ajzen, 1991) and Second-Generation Behavioural Finance (Statman, 2019), took on board the notions of social norms, perceived control and what investors "want" and formed a framework for conceptualising a wide range of real-world investment choices, such as mutual fund selection. Empirical studies have been extensively used to establish the presence of cognitive and emotional biases in the financial decisions with some evidence of its measurable impact on trading behaviour, risk perception and portfolio outcome. Overconfidence - one of the best-studied known biases - is linked to considerable increases in the frequency of trading and reduces net returns (Barber & Odean, 2001), with evidence that men are more overconfident than women (Mishra & Metilda, 2015). Emotional factors, such as fear, greed, mental accounting and herd behaviour are also responsible for the further distortion in the judgement of the investors, especially in volatile emerging markets, where reliance on social cues coupled with unavailability of information lead to the exaggeration of such factors (Chandra, 2008; Das & Nandy, 2020; Ramakrishnan, 2020). In addition to the biases, demographic variables and personality attributes such as emotional stability, experience, income and financial sophistication affect the participation of investors as well as their attitude towards risk (Mittal & Vyas, 2008; Chitra & Sreedevi, 2011). Complementing this, it has been demonstrated by research the importance of financial literacy and technical knowledge (in addition to market entry drivers like Van Rooij et al., 2011) that affects the increase in quality of evaluation as well as satisfaction with financial products (Prasad and Moghe, 2025). The area of mutual funds is another example of the nexus of behavioural

tendencies and market forces and of improvement in methodology. Investor preference in India has been historically determined by notions of safety, tax advantages, and advisory influence (Gupta, 1994; Jambodekar, 1996), and more recent results reflect a more extensive list of personal, social, and product-related factors (Kaur & Kaushik, 2016). Performance evaluation studies confirm the fact that risk-adjusted returns significantly differ from one fund category to another (Sheela et al., 2025; Kumar & Das, 2023), although evidence proves that superior performance is short-lived (Bollen & Busse, 2005). This temporary performance coupled with the tendency of investors to follow the best performing funds (Lynch & Musto, 2003) offers rewards for fund managers to engage in short term factor risk-shifting (Jeyaprakash et al., 2025), linking managerial behaviour to investor biases. As the field continues to evolve, structural models, such as SEM and PLS-SEM (Padia & Bhatt, 2023; Hair et al., 2022) have emerged as instruments that are indispensable in representing the complex causal relationships of the interplay between behaviour, perception and investment decision in a regulatory environment under the influence of SEBI.

Research Gaps

Although there is a plethora of literature in India that aims to analyse behavioural biases, financial literacy and the perception of investors in metropolitan and economically advanced parts of the country, there exists a significant research gap in comprehending the role of these determinants in mutual fund decision making in states that are geographically and socio-economically diverse, like those of North and Northeast India. Most empirical research has focused on either national level samples or investors in large financial centres failing to take into account specific regional contexts in which financial markets remain less developed, digital penetration remains uneven and advisory ecosystems remain underdeveloped. As the research on behavioural finance shifts from the classical notion of the models of rationality within the framework to the ones that include biases at the psychological level, emotional states, and social norms, the research in India does not help us to understand the working mechanism of these psychological and structural determinants among investors in culturally different and information constrained environments such as Manipur. Factors like low financial literacy, low exposure of formal investment products, high feeding into informal advice, higher predisposition to herd and higher risk aversion due to socio-political volatility call for question mark on whether what happened in India will be replicated in Manipur. Furthermore, there is very little research combining advanced structural modelling (SEM/PLS-SEM) to explore the behaviours of mutual funds choices in these underserved areas relating to financial literacy, risk perception, intermediaries, mutual funds attributes, and demographic forces. This is an obvious lacuna empirically that calls for region-specific structural analysis that reflects behavioural realities, economic constraints and perception-induced decision patterns of the investors in Manipur.

Therefore, the present research paper aims at analysing the effects of the structural influence determinants, and major behavioural and informational factors viz. financial literacy, information competency, risk perception, intermediaries and channel of distribution, fund and sponsor attributes, and socio-economic and demographic determinants on investment decision in mutual funds of Manipur.

Hypotheses Formulation

H₀₁: There is not significant structural relationship exists between Financial Literacy and Information Competency (FLIC) and Mutual Fund Investment Decisions (MFID) among the investors of Manipur. This hypothesis was an assumption that the various differences in the financial knowledge, understanding of mutual fund products, the ability to interpret financial information and awareness of market mechanisms among investors do not have a significant impact on their decision to invest in mutual funds. In the light of Manipur, this theory implies the fact that financial literacy and ability of some of the investors to assess information relevant to funds does not necessarily imply active investment decisions, possibly because such financial decisions are more based on trust in SBI or advice from intermediaries or socio-economic limitations rather than technical information. This hypothesis is an effort to determine whether financial literacy is a direct factor that influences investment behaviour or a background attribute with limited predictive power.

H₀₂: there is no significant relation between risk perception (RP) and mutual fund investment decision (MFID) among the investors of the Manipur. This hypothesis that the perceptions of the investors about the risks of the markets as such, such as fear of loss, volatility expectations, uncertainty regarding returns and perceived safety of investments is not a significant factor in deciding to invest in mutual funds. It assumes that the risk-aware act like the risk-insensitive when they select mutual funds, which indicates that the choice of investments is subject to non-risk factors such as social influence or fund reputation. This is important in the

Manipur context where many investors are dependent on the credibility of SBI or even look up at interpersonal networks as opposed to doing a deep analysis of the risks in the market. The essence of the hypothesis is to test the extent to which risk attitudes have an actual impact on investment decisions or are outweighed by more powerful socio-psychological influences.

H₀₃: There is no significant between the Intermediaries & Distribution Channels (IDC) and the Mutual Fund Investment Decisions (MFID) with the investors in Manipur. This hypothesis has been based on the assumption that availability of SBI branches, accessibility of financial advisors, staff guidance given, clarity of communication and quality of service delivery are, in any way, no significant influence on the decisions of the investors. In terms of behaviour in the real world, the result would be that investors would behave the same whether they received good advisory support, or very little guidance. This hypothesis is important, since in areas like Manipur, intermediaries often take the place of low financial literacy. Testing this relationship will help us determine whether advisory quality truly is influencing investment behaviour or if perhaps investors are influenced more by their own personal beliefs, socio-economic factors or how a brand has an effect on the fund.

H₀₄: There is no significant relationship between Fund & Sponsor Attributes (FSA) and Mutual Fund Investment Decisions (MFID) among the Manipur's investors in terms of structure. This hypothesis is based on the idea that the perceived brand reputation, the fund performance history, transparency, safety, and credibility of SBI Mutual Fund, and the trust in the sponsor do not have any significant role in the decision of the investor. This theory assumes investors do not necessarily favour funds based on who manages them and how well they have performed and that investment decisions are not affected by subjective perception of trust and reputation. This conclusion is an important test as in many Indian states including Manipur selection of funds are heavily based on the Trust in large institutions. Acceptance or rejection of this hypothesis will tell whether investors are really evaluating the scheme attributes or whether other external or socio-economic factors are influencing them. **H₀₅:** There is no significant relationship between Socio-Economic and Demographic Factors (SEDF) and Mutual Fund Investment Decision (MFID) among the investors in Manipur structure. This hypothesis is based on the assumption that some characteristics, like income, education, age, occupation, household size, and social background are not considered significant factors in the decision-making process of mutual fund investments. It means that different socio-economic groups of investors behave alike when deciding whether to invest or not, regardless of any disparity of financial capacity or education. This is particularly the case in Manipur where socio-economic inequalities tend to be strong and investment behaviour may be strongly influenced by affordability, social class or type of work. Testing this hypothesis is an aid to understanding whether choices of investment are consistent with structural socio-economic realities or independent of background characteristics.

Frameworks And Methods For Research

This study focus on a structural empirical research framework to analyse the factors affecting mutual fund choice among the investors in Manipur with specific reference to the behavioural perceptions, informational competences and decision-making factors. The framework incorporates five important latent constructs viz., financial literacy and information competency, risk perception, intermediaries and distribution channels, the attributes of a fund and a sponsor, and socio-economic and demographic factors modelled against mutual fund investment decisions. The several causal pathways can be simultaneously assessed and the predictive power of the integrated behavioural-to-financial model ascertained. A sample of 365 respondents was obtained using a combination of snowball sampling and restricted systematic random sampling, which was necessary due to restricted access to formal lists of investors. The research only focused on the investors linked with SBI Mutual Fund because it is the top and available mutual fund service provider in Manipur. Data collection was limited spatially within Imphal City since it is an area where the penetration of mutual funds by SBI is high and where the investor activity is concentrated. With the privacy of the contact details of the investors, information collection was achieved having a multi-mode approach of semi-structured questionnaires derived from Google Forms, personal interviews and telephonic interviews that made it to reach a larger population and a greater authenticity of the responses. The empirical analysis included both the descriptive statistics and PLS-based SEM model which ensured rigorous measurement reliability, construct validity and structural relationship among the variables. Whereas descriptive statistics provided information about demographic distribution, preferences to invest and knowledge levels whereas, by using SEM, it was possible to estimate direct or indirect effects of behavioural and contextual determinants in mutual fund decision-making. The outcome is an integrated methodological design to give a predominant evidence-based

evaluation of the effect of investor impressions through mutual fund picks in the localised socio-economic atmosphere of Manipur.

Analysis And Interpretation

The study employed both descriptive and inferential statistical methods to analyse the influence of important behaviour, information and socio-economic factors on an investor's decision to make a mutual fund investment in Manipur. Socio-Economic Dimensions Descriptive statistics are applied to summarise the demographic characteristics of investors as well as understand general patterns in financial literacy, risk perception, intermediary influence and preferences of fund attributes.

Table 1.1: Respondents Socio-Economic Perspective

Variables	Gender		Total
	Male	Female	
Age Less than 20	46 (12.6)	66 (18.1)	112 (30.7)
20 - 30	57 (15.6)	87 (23.8)	144 (39.5)
30 – 40	37 (10.1)	30 (8.2)	67 (18.4)
40 – 50	19 (5.2)	13 (3.6)	32 (8.8)
50 – Above	9 (2.5)	1 (0.3)	10 (2.7)
Edn_ Qualification			
Higher Sec. & below	30 (8.2)	31 (8.5)	61 (16.7)
Graduation	104 (28.5)	107 (29.3)	211 (57.8)
Post Graduation	28 (7.7)	50 (13.7)	78 (21.4)
Others	6 (1.6)	9 (2.5)	15 (4.1)
Occupation Private Sector	54 (14.8)	95 (26.0)	149 (40.8)
Self Employed	42 (11.5)	14 (3.8)	56 (15.3)
Govt. Sector	26 (7.1)	18 (4.9)	44 (12.1)
Others	46 (12.6)	70 (19.2)	116 (31.8)
Marital Status _ Married	75 (20.5)	63 (17.3)	138 (37.8)
Unmarried	93 (25.5)	134 (36.7)	227 (62.2)
Monthly Income			
Below – 20,000	46 (12.6)	91 (24.9)	137 (37.5)
20,000 – 40,000	31 (8.5)	49 (13.4)	80 (21.9)
40,000 – 60,000	26 (7.1)	22 (6.0)	48 (13.2)
60,000 – 80,000	41 (11.2)	20 (5.5)	61 (16.7)
80,000 – Above	24 (6.6)	15 (4.1)	39 (10.7)
Total	168 (46.0)	197 (54.0)	365 (100)

Source: Computed from primary data

Table 1.1 presented the definition of socio-economic profile of 365 respondents and depicts young, educated and more and more financially involved investors in Imphal. The sample has 54% females and 46% males, indicating female participation in mutual fund investments. A phenomenal 70% of the respondents are below 30 years of age, which indicates that the adoption of mutual funds is majorly contributed by the younger generation who are in the initial stages of their career and more digitally active and are open to market-linked products. Educational attainment is high, with close to 80% of the group being a graduate or a post-graduate, meaning that awareness about money is high and looking at mutual funds comes with a more open willingness for exploration. Occupation wise the number of people from the private sector is the maximum (40.8%) followed by students, homemakers, and freelancers which creates a great chunk in "Others" which shows diverse sources of income among investors. The majority are unmarried (62.2%) and hence represent independent decision-making and perhaps higher risk tolerance. Income levels reflect that the major investors fall within the low to moderate income bracket, particularly under the income threshold of 40,000, and this could be one of the reasons for their affinity towards SIPs, safer schemes and investment options in trusts. Overall, this suggests that the choices taken by mutual funds are affected by financial literacy, socio-economic reality, occupation, youth-driven digital behaviour, and an attitude of trust to intermediaries, suggesting the importance of modelling these factors in the SEM framework.

Structural Equation Model (Sem)

The Structural Equation Modelling (SEM) evaluates the causal correlations between latent constructs and identifies the degree of importance that each factor has on the decisions to invest in mutual funds. Together, these methods provide an all-round measurement of the secondary determinants that guide investor behaviour in the region via a statistical data analysis.

Table 1.2: Construct Reliability and Validity Test

Variables	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Financial Literacy and Information Competency	0.834	0.836	0.889	0.668
Fund & Sponsors Attributes	0.784	0.818	0.863	0.618
Intermediaries & Distribution Channel	0.796	0.796	0.867	0.620
Mutual Fund Investment Decisions	0.804	0.805	0.872	0.630
Risk Perception	0.773	0.795	0.856	0.602
Socio-Economic and Demographic Factor	0.795	0.816	0.869	0.627

Table 1.2 determined the reliability and validity construct showing the statistically significant and appropriateness of the constructs to be used in the study. Cronbach's alpha values (0.773 - 0.834) and composite reliability scores (0.856 - 0.889) are over the accepted value of 0.70, which indicates satisfying levels of internal consistency for all of the measurement items. Similarly, AVE values for each construct (0.602-0.668) have been found to be greater than the standard requirements of 0.50, which have been found to provide evidence of the convergence validity of the indicators and indicate that they adequately represent their corresponding latent constructs. Overall, the measurement model is robust and hence, the analysis on behavioural and informational determinants affecting mutual fund investment decisions in Manipur is built on rationale and valid constructs.

Table 1.3: Determinants Validity Test

Variables	FLIC	FSA	IDC	MFID	FRP	SEDF
Financial Literacy and Information Competency						
Fund & Sponsors Attributes	0.654					
Intermediaries & Distribution Channel	0.536	0.663				
Mutual Fund Investment Decisions	0.599	0.917	0.657			
Risk Perception	0.861	0.751	0.787	0.720		
Socio-Economic and Demographic Factor	0.594	1.025	0.540	0.894	0.706	

Source: Compiled from primary data

Table 1.3 highlights the validity test which indicate a meaningful relationship with all the behavioural and informational determinants in deciding the investment in mutual funds in Manipur with fund & sponsor attributes (0.917), socio-economic and demographic factors (0.894) demonstrated to be the major influencing factors. These findings determined that the most important factors behind the investment decisions are based on investor's trust in fund houses, brand reputations along with personal socio-economic conditions and not just knowledge of financial aspects. Moderate correlations with financial literacy and information competency (0.599), intermediaries and distribution channels (0.657) and risk perception (0.720) also show that access to advisory support, risk perception and basic financial understanding also contribute to investment behaviour. Overall, the results highlight the importance of decision-making process in mutual funds in Manipur appears to be less informed by financial complexity and more by credibility, social context, and security.

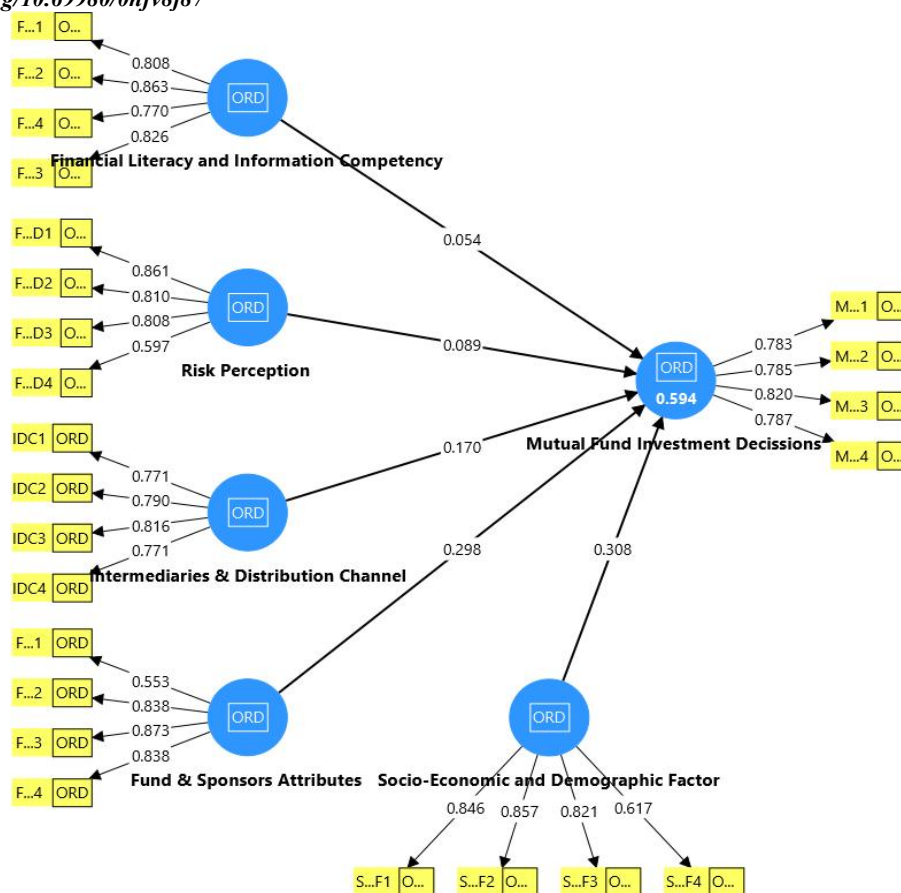


Fig 2. Measurement Model (Outer Model) of the Factor Impact on Investor Investment Decisions

Figure 2 highlights the structure of the measurement of the five determinant constructs, i.e., financial literacy, information competency, risk perception, intermediaries & distribution channels. Fund & Sponsor Attributes, Socio-Economic & Demographic Factors, and their respective Indicators to predict Mutual Fund Investment Decisions. The strength of these relationships is indicated by the outer loadings; how well each item measures its underlying construct. The results indicate high loading for the four indicators for Financial Literacy and Information Competency (FLIC) (0.808, 0.863, 0.770, 0.826). Since all are above the usually threshold of 0.70, it gives indication of high threshold of reliability of the indicators and that both the items consistently measure the knowledge of investors in mutual funds, and their ability to understand the schemes and competence in using information. The relatively high and homogenous loadings is also suggested that there is good convergent validity, that these items reflect a single dimension of financial literacy and informational competence of the SBI mutual fund investors in Imphal and that there is coherence. Risk Perception (FRP) by the 4 items having the loadings around 0.861, 0.810, 0.809 and 0.597. Three indicators have higher loadings (>0.80), and confirm that the perspectives of investors about volatility of the market, fear of loss, and uncertainty, are a strong defining characteristic of this construct. One example (approx. 0.597) is slightly below the optimum cutoff of 0.70 and substantially above the cutoff for acceptability of 0.50. This indicator shows that this is less contributory and still has meaningful information to offer, which may capture a more, nuanced or specific aspect of perceived risk. Overall, the construct demonstrates good convergent validity and acceptable reliability, especially if the AVE and composite reliability exceed standard thresholds (which is likely to be the case based on the three very strong loadings). The four Intermediaries & Distribution Channel IDC indicators have loadings that are around 0.771, 0.790, 0.816 and 0.771, all well above 0.70. Such behaviour implies that the quality of advice, accessibility of SBI branches/agents, clarity of communication and service support are measured in a uniformity and are a part of the latent construct and has a significant contribution. The narrowness of loadings suggests a stable and well-defined factor and could mean that investors perceive intermediaries and distribution channels as one dimension of their investment decision with respect to mutual funds. We measure Fund & Sponsors Attributes (FSA) by 4 Indicators. The loadings are around 0.553, 0.838, 0.873, and 0.838. Three of the items have very high loads (>0.83) that represent trust in sponsor, brand reputation, historical performance and scheme features quite strongly. One

item (approx. 0.553) is weaker, meaning that it explains less of the variance in the construct (may reflect an attribute that is less salient, or less consistent across investors; e.g. specific disclosure details or secondary features). Even so, as the three other indicators are forceful the construct is likely to have acceptable overall reliability and AVE and the weaker one can be kept on theoretical grounds if it measures an important aspect of fund attributes. The socio-economic and demographic factor (SEDF) is represented by four indicators, which have the loadings of approximately 0.846; 0.857; 0.821, and 0.617. The potency of the first three of these is high, reflecting the fact that income, education, occupation, and related dimensions of socio-economic status, a consistent factor. The last indicator (approx. 0.617) is modest but still acceptable for showing that it has a meaningful contribution but, by less strong, it may be capturing some more varied demographic characteristics (e.g., age, family size). Together, the mentioned pattern suggests positive convergent validity and the fact that socio-economic and demographic characteristics are a robust underlying dimension that affect the decision of mutual funds in Manipur. The dependent construct is Mutual Fund Investment Decisions (MFID) which has four indicators with loadings ranging from 0.783 to 0.785, 0.820 and 0.787. All exceed 0.75 which is a very good measure of indicator reliability and is consistent with the items such as frequency of SIPs, preference for schemes, switching behaviour and commitment to mutual fund investing, adequately capture the underlying decision construct. This information gives one confidence that the structural relationships that are estimated towards MFID are based on a well-measured outcome variable. As a whole, the outer loadings are more than 0.70 for all constructs with minimal indicators in the range of 0.55 to 0.65. This suggests that the measurement model is for the most part robust, having high levels of reliability and convergent validity with respect to the important behavioural and informational determinants, as well as the outcome construct. The model, therefore, establishes a basis for a good ground to interpret structural paths amongst financial literacy, risk perception, intermediaries & distribution channels, fund & sponsor attributes, socio-economic & demographic factors as well as mutual fund investment decisions in Manipur.

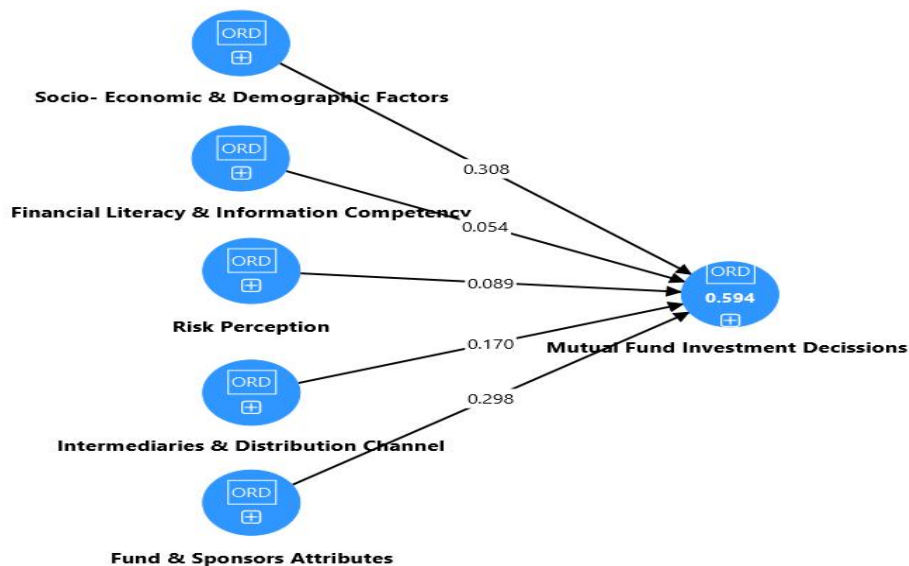


Fig. 3. Structural Model (Outer Model) of the factors Impact on Investors Decisions

Fig 3 provides the structural relationships between five determinant constructs and Mutual Fund Investment Decisions (MFID). The model explained 59.4% variance ($R^2 = 0.594$) in MFID that can be referred as moderate to strong explanatory power of selected factors in Manipur context. Socio-economic and demographic features (income, education, job, age, etc) enjoyed the most positive influence on MFID. A coefficient of 0.308 implies that more active and favourable mutual fund decisions are likely to be made by higher-income better educated and more economically stable investors. This implies that it is the life-cycle

conditions of structure and social position rather than anything else which is the prime factor driving participation and choice of schemes in Manipur. Fund & Sponsor attributes reveal very close and significant effect on MFID. The value of the coefficient (0.298) suggests that trust in the AMC, brand reputation, past performance, transparency and perceived stability of the SBI mutual fund schemes are important determinants of the intensity of the decision taken by the investor. In reality, it means that the investors of Manipur trust a lot in the credibility and track record of the fund house when they put money in. Intermediaries and Distribution Mechanisms Moderate positive effect on MFID (beta = 0.170). This feature brings into the picture of impacting the investor decision-making the SBI staff, relationship managers, agents, and service channels. Effective advice, ease of branch network access, and responsiveness of services can help in converting the interest of investors into actual investment behaviour, especially in an environment manifesting limited formal financial literacy levels. Risk perception positively but lowly effect on MFID. A coefficient of 0.089 means that as investors gain a better understanding of and acceptance for market risk, investors then tend to invest in mutual funds a little more. However, given the comparatively small magnitude, it would appear that investing based on trust or socio-economic need rather than a sensitive assessment of risk-return trade-offs may be the general mode of investment by many investors. Financial literacy and Information competency have the least direct impact on MFID (beta=0.054). This would indicate that, despite conceptual importance of literacy, in this sample, literacy does not have immediate relevance with respect to actual decision making on mutual funds. Investors in Manipur appear to rely more on socio-economic positions, brand trust and intermediaries than their technical understanding, suggesting that literacy may be indirectly (i.e., in the form of their perception of risk or confidence) working as opposed to being a very direct and strong driver. Taken together, the structural model shows that it is more important to the investor who he or she is (SEDF) and which fund house he or she trusts on (FSA) than what he or she knows (FLIC) to make a decision on the area of mutual fund investments in Manipur. Intermediaries play an important supportive role and risk perception and literacy despite being relevant are of comparatively small direct importance. This pattern points to the importance that needs to be given to the improvements in investor education and ethical practices of advice, given the relevance of socio-economic realities and institutional trust.

Discussion And Findings

This research is based on the factors influencing mutual fund investments in the state of Manipur by integrating behavioural, informational, and socioeconomic variables in a structural equation modelling (SEM) framework. The analysis, employing both descriptive and inferential statistics, provides a holistic picture of the investors of a developing financial ecosystem, of perception of how investment funds are viewed and what drives the behaviour of investing. Findings of this study indicate that investor decision-making in Manipur depends on a multidimensional interaction of the demographic characteristics, behavioural perceptions, institutional attributes and advisory support on the applicability of behavioural finance to regional study of investment decision-making. The socio-economic profile indicates that the participants for the mutual funds in Imphal are mostly young, educated, and digitally active. With the statistics of almost 70% of respondents below the age of 30 and around 80% a graduate/postgraduate qualified individual, this marks a substantial shift to adoption of digital financial world and early financial planning by the investor base. The existence of different occupations, such as those employed in the private sector, students, homemakers and freelancers, etc. also signifies the increasing popularity of mutual funds among various income groups. Most of the respondents belong to lower and moderate-income brackets and that infers like for SIP and low-ticket investments, which are underpinned by stability and trust. This demographic structure reveals the significance of socio-economic status, digital familiarity and occupation background of the individuals in determining the investor behaviour in Manipur. The structural model provides good evidence of the relative importance of each of the determinants in a mutual fund investment decision in Manipur. Socio-economic and demographic factors (SEDF) were seen as the best predictors, which implies the income, education, and occupational stability have a big part in the engagement of the investor hence the null hypothesis on this path is rejected in favour of alternative hypothesis. Fund and Sponsor Attributes FSA also has a substantial influence which emphasises the importance of credibility of brands, performance in the past, and perceived institutional reliability in a market where investors have a lot of faith in the fund houses as such, rejected the null hypothesis for this relationship. Intermediaries and Distribution Channels (IDC) Intermediaries and Distribution Channels demonstrate a positive and meaningful effect, pointing out the importance of advisory quality and accessibility of services for investors with low financial expertise, which leads to the rejection of the corresponding null hypothesis. Although the direct impacts of Risk Perception

(FRP) and Financial Literacy & Information Competency (FLIC) in detail are not so strong, the relative influence is statistically significant which shows that investment decisions are determined not by technical knowledge in itself, rather by socio-economic environment and institutional trust; therefore, the null hypotheses of these paths are also rejected. The results underscore the fact that investment decisions taken by mutual fund investments in Manipur is not based on what they know but based on who the investors are (socio-economic status) and who they can trust (sponsors and intermediaries). Institutional credibility, perceived security and socioeconomic context prevail in the case of formal financial literacy in determining what people actually choose to invest in. These insights further the growing importance of behavioural economics and institutional trust in emerging markets and the need for appropriate advisory mechanisms, communication strategies and context-specific investor education initiatives.

Practical-Driven Implications

The results provide practical driven data to financial institutions, policymakers and fund distributors. The overwhelming presence of young and educated investors suggests an enormous scope for technology-enabled investment platforms, SIP-based campaigns and digital literacy programmes for the early earners and students. Since there is an important socio-economic condition in investment decision process, accordingly financial products should be supported with various income level and phase in life demand, for example low commitment SIP for low-income groups, diversified portfolio product for high-income investors etc. The high impact of fund and sponsor attributes show the need for AMCs to have greater transparency, focus on consistent performance and building strong local brand presence to increase investor trust. Given the importance of intermediaries, it is possible to make the quality of advisory services better through investment in specialised training, local language help, and personal advice to improve investor confidence and decision-making. Collectively, these can help booster investor participation and catalyse mutual fund penetration in Manipur's new found investment ecosystem.

Conclusion

The study brings in a sequential description of the mutual fund investment behaviour in Manipur by integrating the behavioural, informational and socio-economic factors with the strong SEM framework. The demographic analysis revealed a youthful, educated and technologically proficient investor base with a varied occupational and income profile, reflecting the changing financial as well as the changing financial practices in the region. The structural results illustrate that socio-economic and demographic factors and fund & sponsor attributes as well as intermediaries have maximum influence on the investment decision, followed by considerable effects of intermediaries. In contrast, risk perception and financial literacy have a weaker direct influence, which implies that investor decision making is more trust based and influenced by socio-economics than knowledge based. Overall, the study concludes that effective investment decision-making in Manipur depends more on the qualities of investors and credibility of institutions rather than sophisticated financial knowledge and so there is need of improvement in advisory support, financial education availability, and communication strategies to develop informed and confident investors.

Limitations of The Study

While the study is a valuable source of information, there are some limitations to consider. The sample is restricted to SBI Mutual Fund investors in Imphal and hence may not be a fair representation of the behaviour of the investors associated with other AMCs or living in rural districts. The selection of snowball and restricted systematic sampling, owing to the limited availability of official lists of investors, may entail a possibility of selection bias. In addition, self-reported data gathered from Google Forms, interviews, and telephonic responses may be prone to recall bias or social desirability effects. As well, the cross-sectional design means that it is not possible to record changes in behaviour over time or under different market conditions. Future studies should therefore consider greater geographical coverage, multiple fund houses and longitudinal analyses (for greater generalisability).

Scope For Future Study

Future studies may build on the current results by studying investors belonging to more AMCs and expansion to rural and semi-urban areas of Manipur and rest most of the North East. Comparisons between urban and rural investors could help illuminate regional differences of financial literacy, risk attitudes and access to advisory services. Longitudinal studies that are capable of capturing investor behaviour throughout the fluctuations of the market or changing trends in digital finance would be more insightful. Further, including

advanced behavioural constructs, such as the way people are biased by their emotions, experience financial anxiety, the role of social interaction dynamics, how people use digital tools, can increase explaining powers of future models. Mixed methodologies and qualitative interviewing, together with the frameworks for experiments might also provide further strength to behavioural determinants knowledge of new financial markets.

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