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*Make in India is great,  
'make it happen in India'  
is even greater*

Joe Kaeser



03:14 PM | 09 SEP **LIVE**  
MARKET STATS

SENSEX  
25,757.81 ▲ 439.94

NIFTY  
7,829.45 ▲ 141.20

GOLD (MCX) (Rs/10g.)  
26,406.00 ▼ -18.00

USD/INR  
66.41 ▼ -0.13

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## Be a complete investor; strike a balance between information and emotion

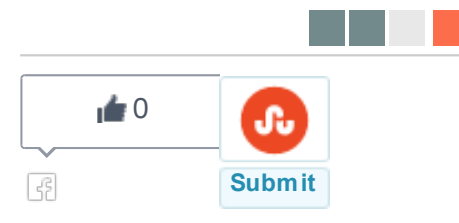
Nov 17, 2014, 08.00AM IST

Tags: [writer](#) | [smart investment](#) | [markets](#) | [investor](#) | [Inflation](#)

By Tanwir Alam

Investment decision-making is not governed entirely by profit and loss. The perceived gains or losses trigger biological changes in the brain and, in turn, affect our actual investment choices.

Consider a horror movie scene. It will be typically dark; the person going through a trauma is likely to be alone; there could be creepy sounds. There is a definite sense of uncertainty, of what's going to happen next. Compare this with a celebratory scene: people partying, good music, food



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## SPOTLIGHT

### House that



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Tata Housing has sold over 30 properties online with price tags of over Rs 1 cr,

and beverages. There is a strong sense of certainty and, thus, comfort.

Regular interest payments, investors' expectations of getting back the principal on maturity, minimal negative surprise, and the fact that most people seem to opt for them, are elements that capture a celebratory mood. Non-fixed income investments do not capture this spirit of celebration. This is what affects investment choices.

Perceived fears, however, may not be true. Ignorant of [inflation](#), the silent killer, investors are often wary of putting their money in non-fixed investment products. It is like being scared of air travel, even though data points out that car accidents result in higher number of casualties.

The fear of losing money or the belief that you might lose money is triggered and processed in the same part of the brain that deals with death and mortality. This intuitive part is activated on seeing any kind of danger or threat. People react emotionally when the market is volatile. The euphoria of the bull run makes investors greedy, completely ignoring the risk. The same investors fail to see optimism during a bearish phase.

Carl Richards, in his book, *The Behavior Gap*, beautifully explains how the difference between the average returns generated by most investors and those of the market can be attributed to investors' emotional blunders. This trait is common among investors globally, even the well-informed ones. It requires more than just financial knowledge to make [smart investment](#) choices.

Therefore, being financially and emotionally aware, and responding, not reacting, to market movements, can help you become a complete [investor](#). You need to be able to marry your gut feeling with logical reasoning and, instead of impulsively reacting to developments, you need to evaluate your choices rationally.

*(The [writer](#) is a Founder & CEO of Fincart)*

Noting Rs 70 cr in gains, it sold a villa worth Rs 5.5 cr.

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