A

PROJECT REPORT

ON

"Behavioral Finance and Investment Decision"

FOR

VEDANT INNOVISION

Submitted to

"SAVITRIBAI PHULE PUNE UNIVERSITY"

In partial fulfillment of two years full time course

MASTER OF BUSINESS ADMINISTRATION (MBA)

(Business Analytics)

Submitted By

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Batch (2024-25)

Under the Guidance of

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Dr. D Y Patil Institute of Management & Entrepreneurship

Talegaon, Pune 410507

Vedant Innovision

Internship Certificate

Date: 27th December 2024

To Whomsoever It May Concern

We are pleased to confirm that **Rishav Rajendra Walde** has successfully undertaken his role as a **Business analyst Intern** and completed her internship for a period of 90 days from **28th September 2024** to **26th December 2024**.

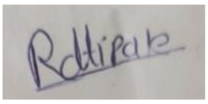
During his time at **Vedant Innovision,** he showcased some key traits which emphasized managerial and technical skills related to his domain which included Business analyst knowledge related to business sector, data analyzing, research and report making of the product/service which overall impacted a positive manner which led to the growth of the organization

We would like to wish him best of luck for his future professional journey ahead and we believe his dedication, knowledge an zest to work would surely help the future workplace.

Thanking you!

Sincerely

For **Vedant Innovision**



Reshma Tipale
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(Certificate from college)

DECLARATION

This is to certify that this internship report has been prepared by me after undergoing internship from 28th Sep, 2024 to 26th Dec, 2024 at **Vedant Innovision.** This report is my original work and is being submitted for the partial fulfilment of the requirements of the award of the Degree of Master of Business Administration.

This report has not been submitted earlier to this College or any other Universities/Institutions for the fulfilment of the requirements of the course of the study.

Date: Signature

Place: **Rishav Rajendra Walde**

ACKNOWLEDGEMENT

This Report on my first encounter of corporate culture was full of learning and experiences. This report is a final outcome of a collective guidance and support of many people who are directly or indirectly associated with the successful completion of my internship report. I would like to express my sincere gratitude to my director, **Dr. Priyanka Singh** and the management of my institute, **Dr. D. Y. Patil Institute of Management & Entrepreneurship,Varale** for giving me this golden opportunity of making this report which eventually helped me evolve and learn.

Special thanks is due to my internal guide **Prof. Deepak Pore** whose help, stimulating suggestions and encouragement helped me in writing this report. I would also like to acknowledge with much appreciation the crucial role of all other teachers who have given their full effort in achieving the goal.

I would also like to thank **Ms. Reshma Tipale** of **Vedant Innovision** services who patiently guided me and helped me complete my internship.

I would like to acknowledge that this project was completed entirely by me and not by someone else.

Rishav Rajendra Walde

INDEX

EXECUTIVE SUMMARY

In recent years, the field of behavioural finance has gained prominence as a critical lens through which to understand and analyse investment decisions. This emerging discipline integrates insights from psychology and economics to shed light on the various ways in which human behaviour deviates from traditional economic models. This executive summary explores the key principles of behavioural finance and their implications for investment decisions, emphasizing the need for a nuanced approach to portfolio management that accounts for the psychological factors influencing investor behaviour.

Behavioural finance challenges the conventional view that investors are rational and always act in their best financial interests. Instead, it acknowledges the presence of cognitive biases, emotional factors, and social influences that shape decision-making. Anchoring, overconfidence, and loss aversion are just a few of the cognitive biases that can lead investors to make suboptimal choices. Understanding these biases is crucial for financial professionals, enabling them to develop strategies that mitigate the impact of irrational behaviour on investment outcomes.

One of the key findings of behavioural finance is the importance of investor education and awareness. By enhancing financial literacy and fostering a better understanding of psychological pitfalls, investors can make more informed and rational decisions. Financial institutions and advisors play a pivotal role in this process, as they need to not only provide sound investment advice but also educate clients about behavioural biases and how to navigate them. Implementing educational initiatives and developing user-friendly tools can empower investors to make choices aligned with their long-term financial goals.

In conclusion, behavioural finance offers a fresh perspective on investment decisions by recognizing the impact of human psychology on financial behaviour. By acknowledging the existence of biases and incorporating behavioural insights into investment strategies, financial professionals can better guide clients toward optimal decision-making. Emphasizing investor education and awareness is paramount to fostering a more rational approach to investing, ultimately contributing to improved financial outcomes and a more resilient financial market. As the landscape of finance continues to evolve, embracing the principles of behavioural finance is essential for staying ahead and navigating the complex interplay between human behaviour and investment decisions.

CHAPTER 1

1. INTRODUCTION

INTRODUCTION:

The human mind is the best, but it can also be the worst. The origins of behavioural finance can be traced to Herbert Simon, the 1978 Nobel laureate, who published a paper in 1955 titled "A behavioural model of rational choice," which is widely considered to be the first attempt to articulate the concept of behavioural finance. But the systematic investigation of behavioural finance began with the work of Kahneman and Tversky (1973), who discussed the various heuristics that cause investors to make uncomfortable investing decisions for the first time (Sharma, 2016). Additionally, they introduced the well-known Prospect Theory in Tversky and Kahneman (1979), where they discovered that people react differently to similar circumstances depending on whether they are presented in the context of gains or losses. They also discovered that people are significantly more upset by potential losses than they are by equal gains. The discipline of behavioural finance examines investor behaviour from both a rationality perspective and by combining other illogical psychological investment biases that are completely ignored by conventional finance (Sharma, 2016).

The complexity and peculiarities of the stock market have given rise to a new area of financial study called "behavioural finance." Cross-sectional and time-series patterns in returns from investing in securities that are not consistent with a central paradigm or theory are known as financial market inconsistencies. The study of psychological influences on an individual's investment behaviour is known as behavioural finance. This new direction in financial study suggests that psychological and emotional aspects have a role in investment decision-making.

According to early investing theories, investors make logical judgements based on limiting risks and maximising rewards. Recent hypotheses, however, cast doubt on these recommendations and presumptions. Both the human mind and the markets are not always capable of rational thought or efficient operation. Various psychological elements, like fear and greed, might impact an individual's financial choices. Although logical reasoning can indicate that, for example, stock market trading is best suited for a specific type of investor, However, an investor's decision may be influenced by fear of losing money or by knowing a peer who has lost money in the stock market. As a result, behavioural finance gained prominence as a research area.

Traditionally, finance assumes that human beings are rational, self-interested, and capable of making unbiased decisions. However, numerous studies have shown that you are more likely to make emotion-based investment decisions than rational decisions backed by facts. Human behaviour is often influenced by emotions, biases, and other factors that can lead to suboptimal investment decisions. As an investor, by understanding behavioural finance, you can address these limitations by incorporating insights from other non-finance disciplines such as psychology and sociology. This will provide a more comprehensive understanding of how you make investment decisions.

PROJECT TITLE:

"Behavioural finance and investment decision"

OBJECTIVES OF THE STUDY:

1. To analyse the savings and investment decision.
2. To detect the factors which have an impact on the investor's decision.
3. To identify the preferred investment options.

DURATION OF THE PROJECT:

3 Months (28st Sep 2024 – 26th Dec 2024)

<u>CHAPTER 2</u>

2. COMPANY PROFILE

BASIC INFORMATION ABOUT THE COMPANY

NAME OF THE COMPANY: - Vedant Innovision

At **Vedant Innovision**, we are committed to bridging the gap between creativity and technology. Established with a vision to empower businesses through innovative and Financial solutions, we specialize in offering end-to-end services across various domains.

Our team of experts excels in creating bespoke solutions that resonate with the unique needs of our clients, ensuring excellence at every step. By embracing cutting-edge technologies and fostering a culture of innovation, we deliver impactful results that stand the test of time.

Year of Establishment:- 2023

Address:- Office No 312, opposite to Ambience hotel, Vishnu Dev Nagar, Wakad, Pimpri-Chinchwad, Maharashtra 411057

Website:- https://vedantinnovision.com

Nature of the Business:- bespoke research, data management, analytics, talent, and technology solutions to the financial services industry.

Number of Employees Size:- 30-50 employees

Vedant Innovation Clients –

Specialities:- Financial services, investment, Healthcare Management ,It Solution, Research & Analytics, Business Intelligence

Slogan:- Shaping the future with innovision

Vision Statement:- To become a trusted partner for businesses worldwide by consistently exceeding expectations and setting new benchmarks in service excellence.

Mission Statement:- To redefine innovation by delivering exceptional, technology-driven solutions that create value for our clients and contribute to their success.

List of Competitors:-

- Qlik
- Aranca
- Acuity
- Sciencesoft
- IQVIA

OUR EXCELLENT TEAM: -

1. Reshma Tipale, Cofounder

One of the greatest skills of leadership is being unflappable. Anytime you do anything in the world, they're going to be criticism. Very helpful, skilled person and backbone of the company.

2. Amit Kumar Gangude, Cofounder

Do not focus on Numbers, focus on doing what you do the best. Its about building a community who want to visit your site every day because you create value and offer expertise. He is the financial backbone of the company.

3. Pooja Shedge, Business Development Manager

Very kind, helpful and careful person I met in my life. Very focused towards her work also encourages other employees and interns to achieve their goals.

FEATURES: -

- **Completely digitised and automated process:**

Our end-to-end digitised process ensures everything is Robo driven without much of a human intervention - thus removes human biases completely. Starting firm e-mail & phonic-based registration, completion of KYC through Video, fund suggestion base on risk profile and transaction execution through BSE integration, everything is automated to deliver seamless experience to all the investors.

- **Partnership with 40+ Asset Management Companies: -**

We have tied up all the fund houses in India. We have more than 40+ Asset Management companies offering 8000+ schemes from their portfolio. This ensures ore investor have the option to choose everything that is offered as an investment option under mutual fund category.

- **Customer Service Through Web Chats: -**

We firmly believe that investment should always be linked to goals and not to the investment product. Our system will ask you to define the goal & based on various demographic variables, it identifies the right set of investment product that will help in achieving that goal. So it's always goal first and product later approach

- **Customized Portfolio: -**

Vedant Innovision believe each individual is different & deserves unique fund selection to meet the desired objective. Hence our system looks at every individual as a unique case & suggest the solution as per his/her objective.

- **Risk Profile: -**

Before you start your investment journey, it is important to identify your risk appetite to suggest you Chas tight set of funds,. Based on your demographic variable.

Robo driven system classify each investor into different risk category before

suggesting the solution.

- **Best Digital Tools: -**

System uses the latest of the technological tools to give the best in-Dass user interface. So be it our lie up with Bombay Stock Exchange (BSE) for payment transfer or Secure Sockets Layer protocol to offer bank grade security, we offer best & latest of the tools.

USP of Vedant Innovation: -

•Clients can select from 5000+ mutual funds and get higher return with 0%. commission.

• Allocating clients' money with the expectation of getting some benefit down the line.

•Investment sectors offered- Choose from low risk to high returns sectors and build a diversified portfolio.

• Helps in balancing your financial risks & growth with no hidden charges or

tricks.

•Average rate of return provided is 24.11%

Competitive Performance
Ranked 102nd among 193 competitors

CHAPTER 3

3.THEORETICAL BACKGROUND

THEORY ON BEHAVIORAL FINANCE

WHAT IS BEHAVIORAL FINANCE?

Behavioural finance is the study of the influence of psychology on the behaviour of investors or financial analysts. It also includes the subsequent effects on the markets. It focuses on the fact that investors are not always rational, have limits to their self-control, and are influenced by their own biases.

Behavioural finance is the study of psychological influences on investors and financial markets. At its core, behavioural finance is about identifying and explaining inefficiency and mispricing in financial markets. It uses experiments and research to demonstrate that humans and financial markets are not always rational, and the decisions they make are often flawed. If you are wondering how emotions and biases drive share prices, behavioural finance offers answers and explanations.

Behavioural finance originated from the work of psychologists Daniel Kahneman and Amos Tversky and economist Robert J. Shiller in the 1970s-1980s. They applied the pervasive, deep-seeded, subconscious biases and heuristics to the way that people make financial decisions. At about the same time, finance researchers began to propose that the efficient market hypothesis (EMH), a popular theory that the stock market moves in rational, predictable ways, doesn't always hold up under scrutiny. In reality, the markets are full of inefficiencies due to investors' flawed thinking about prices and risk.

In the past decade, behavioural finance has been embraced in the academic and financial communities as a subfield of behavioural economics influenced by economic psychology. By showing how, when, and why behaviour deviates from rational expectations, behavioural finance provides a blueprint to help everyone make better, more rational decisions when it comes to their finances.

Understanding and applying behavioural finance biases to stock and other trading market movements can be done daily. Broadly speaking, behavioural finance theories have been used to explain significant market anomalies such as bubbles and deep recessions. Investors and portfolio managers have a vested interest in knowing behavioural finance developments, even if they are not part of EMH. These patterns can be used to analyse market price levels and fluctuations for purposes of speculation and decision-making.

COMPONENTS OF BEHAVIORAL FINANCE

1 Self- Deception

The conception of self- deception is a limit to the way we learn. When we inaptly suppose we know more than we actually do, we tend to miss information that we need to make an informed decision.

2 Heuristic Simplification

We can also compass out a pail that's frequently called heuristic simplification. Heuristic simplification refers to information- processing crimes.

3 Emotion

Another behavioural finance pail is related to emotion, but we ’re not going to dwell on this pail in this introductory session. principally, emotion in behavioural finance refers to our making opinions grounded on our current emotional state. Our current mood may take our decision- making off track from rational thinking.

4 Social Influence

What we mean by the social pail is how our decision**- timber is told** by others.

WHAT IS SAVING?

People save money for both purchases and in case of emergency. Saving is an essential part of personal finance that involves setting aside money for future use. suppose of it as putting your money in a piggy bank, but rather of an factual piggy bank, you can use a savings regard or a instrument of deposit (CD) that earns interest over time. You can save for different reasons, similar as buying a new contrivance, going on a holiday, or having an exigency fund for unanticipated charges. Saving is an excellent way to meet short- term fiscal pretensions and prepare for unanticipated situations, similar as a auto form or medical bills By putting aside plutocrat regularly, you can make up a bumper that can help you rainfall tough times. Savings are generally low**- threat**, meaning your money is safe, but the interest rates entered are also low.

PROS AND CONS OF SAVING

Pros

- Builds up an exigency fund
- finances short- term pretensions like buying groceries, a new phone, or going on a holiday
- minimum threat of loss. Savings held at banks are defended by FDIC.

Cons

- important lower yields
- May lose out to affectation

- occasion costs when not invested **in unsafe** but advanced **yielding means**

WHAT IS INVESTING?

Investing is a way to grow your money over time by putting it to work in financial instruments such as stocks, bonds, and mutual funds. Unlike saving, investing involves taking on some risk, but it also has the potential to earn higher returns over the long term.

Investing is a way to reach long-term financial goals, such as saving for college, a down payment on a house, or retirement. Because investing involves taking on some risk, it's essential to choose investments that align with your goals, risk tolerance, and time horizon. In general, the longer you can invest, the more risk you can take on, because you have more time to ride out the ups and downs of the stock market.

PROS AND CONS OF INVESTING

Pros

- Potential for higher returns than savings
- Can help achieve long-term financial goals
- Diversification can reduce risk

Cons

- Risk of loss, especially in the short-run
- Requires discipline and commitment
- May require longer time horizons

Saving and investing are both important components of a healthy financial plan. Saving provides a safety net and a way to achieve short-term goals, while investing has the potential for higher long-term returns and can help achieve long-term financial goals. However, investing also comes with the risk of losing money. Each approach has its own pros and cons, and it's important to find the right balance that works for your financial situation and goals. Ultimately, a well-rounded approach that includes both saving and investing can help build wealth, protect against financial shocks, and provide a solid foundation for a more secure financial future.

FACTORS WHICH AFFECT INVESTORS INVESTMENT DECISION

Investing has always been a fascinating topic. It provides investors with the opportunity to build money and broaden their financial horizons. Individual and institutional investors have various investment goals. The following are key factors that are universal to all investors but will vary each investor:

- Required return
- Risk tolerance
- Time horizon

Investors may also have specialized requirements in terms of liquidity, tax concerns, legal requirements, religious or ethical standards compliance, or other special conditions. Because investors' situations and needs change over time, it's critical to re-evaluate their requirements on an annual basis.

1. REQUIRED RETURN

The necessary return to meet an investor's objectives can vary. Determining the pre and post-tax required rate of return relies on setting a future wealth or portfolio value target. Investors may adopt a total-return approach, where there's no distinction between income (like dividends and interest) and capital gains (market value increases). A total-return investor remains indifferent to the source of return, be it changes in value or income.

On the other hand, an investor may differentiate between income and capital gains, opting for income to meet immediate needs and capital gains for long-term goals. It's crucial to define the return criterion in real terms, factoring in inflation, especially for long-term perspectives. This adjustment is vital to maintain focus on what the accumulated portfolio will provide at the end of the time horizon. A mere increase in value that matches inflation does not enhance a client's spending capacity.

Within certain limits, the investment manager or adviser must ensure the feasibility of the investor's targeted rate of return. While most clients seek high returns with low risk, few assets meet these criteria. The adviser or manager plays a pivotal role in counselling clients and managing--expectations.

2. RISK TOLERANCE

Investors' willingness and capacity to bear risk with their investments is typically constrained. As previously mentioned, there exists a correlation between risk and return. Generally, the higher the anticipated return, the greater the associated risk, and vice versa. Risk tolerance is shaped by an investor's ability and inclination to undertake risks.

The ability to assume risk is contingent upon the investor's financial situation, encompassing factors like the asset-to-liability ratio and time horizon. If an investor's assets surpass their liabilities, potential losses resulting from risk-taking might not significantly impact their lifestyle. Investors with a lengthy time horizon possess greater flexibility in adjusting to losses by either increasing savings or patiently waiting for market recoveries, even though the assurance of recovery and optimal timing remains uncertain. The willingness to embrace risks is also influenced by the investor's psychological outlook, a facet that can be scrutinized through surveys.

3. TIME FRAME

Ensuring alignment between investors and advisers regarding the investment time horizon is crucial. Some investors may necessitate immediate access to their holdings, while others may be committed to a significantly longer time frame.

For instance, a property and casualty insurance firm with imminent claims faces a short time horizon, in contrast to a sovereign wealth fund investing oil profits for future generations, which may span decades. The chosen investment horizon plays a pivotal role in determining the acceptable level of risk for a portfolio and the required liquidity. Liquidity, denoting the ease with which an investment can be converted into cash, becomes a pivotal consideration.

Investors endowed with extended time horizons are generally better positioned to assume greater risks. Over time, markets tend to exhibit a propensity to rise more frequently than they fall. Consequently, investors with prolonged time horizons stand a higher likelihood of accruing positive returns. The advantage lies in their capacity to patiently await market rebounds following periods of suboptimal performance, though this may not always be feasible.

4. LIQUIDITY

The extent to which investors may need to make withdrawals from their holdings can vary, whether it be to cover specific expenses or to create a consistent monthly income. These withdrawal needs significantly influence the types of investments chosen. In situations where immediate access to funds is crucial, investments should possess the ability to be swiftly converted into cash with minimal associated costs, including low transaction fees and minimal price fluctuations.

5. REGULATORY ISSUES

Regulatory regulations govern specific aspects of investors' portfolios, with limitations on overseas investments and exposure to riskier assets such as equities for certain countries and institutional investor types. Rigorous regulations typically apply to insurance company holdings.

6. TAXES

Investors exhibit diverse tax circumstances, with variations in tax obligations on investment profits. Certain investors are liable for taxes on their returns, while others, such as pension funds, benefit from tax exemptions on investment gains in numerous jurisdictions. The taxation frameworks for income and capital gains can also vary, underscoring the importance of assessing an investor's specific tax situation and the tax consequences associated with different asset classes.

It is imperative to consider an investor's tax status in order to optimize the after-tax returns, accounting for taxes and fees. This final amount represents the funds available for expenditure. Individual tax situations can be multifaceted, influenced by the composition of their wealth

For instance, if income and capital gains derived from assets held within a pension account are either tax-exempt or subject to tax deferral, an individual may opt to allocate specific assets to their pension account strategically. This tactical allocation aims to leverage the tax advantages associated with pension accounts and optimize overall returns after factoring in tax considerations.

SOME OF THE TOP INVESTMENT OPTIONS IN INDIA

Let us look in detail at some of the best investment options available in India for growing your money:

1. FIXED DEPOSITS (FD)

Fixed deposits are commonly regarded as one of the most secure and stable short-term investment options available. Investing in fixed deposits offers numerous advantages, making it an attractive choice for investors. Some of the key reasons to consider investing in fixed deposits are:

- To accumulate higher returns from various FD schemes
- Hassle-free renewal each year will give you compounding benefits
- Fund security
- No depreciation on the principal amount
- No market fluctuation effect
- Guaranteed returns

2. MUTUAL FUNDS

Investing in mutual funds involves exposure to market risks, and it is crucial to assess these risks before making any investment decisions. Understanding the intricacies of the market is essential, as it enables investors to leverage mutual funds as a lucrative option for multiplying their wealth. Whether opting for short-term or long-term investments, constructing a well-thought-out investment portfolio tailored to individual preferences is key.

For those with a conservative risk appetite seeking a steady income from mutual funds, exploring monthly systematic investment plans (SIPs) or systematic withdrawal plans (SWPs) can prove to be prudent investment choices. These options are particularly advantageous for investors looking for a fixed income stream. Additionally, they can also be attractive for individuals seeking high returns on their investments in the Indian market.

3. DIRECT EQUITY

Determining the investment horizon is a crucial initial step, whether you are contemplating short-term gains or aiming for long-term wealth accumulation. Opting for direct equity investment stands out as a favourable choice for those with a long-term financial perspective. This avenue involves acquiring equity shares in a company, establishing a legal link between you and the ownership of that company.

Purchasing shares in a company grants you the right to participate in important company meetings, allowing you to voice your opinions on crucial decisions. Moreover, the dividends you receive are a direct reflection of your stake in the company. It is imperative for investors to recognize that a company's performance can significantly impact the share prices, both positively and negatively.

Given the dynamic nature of the market and individual risk preferences, investors may decide to divest their shares, either back to the company or to a third party. This flexibility allows investors to adapt their investment strategy based on prevailing market conditions and their risk tolerance levels.

4. POST OFFICE SAVING SCHEMES

India Post, the organization overseeing the postal chain in the nation, offers a range of deposit avenues for investors. These investment options were initially introduced to promote disciplined savings habits and provide investment opportunities for effective financial planning.

One notable aspect that positions these schemes as some of the best investment options is the simplicity of the enrolment or application process. Investors can conveniently participate in these savings schemes by visiting their nearest post office branch.

The post office investment portfolio encompasses various saving schemes, including:

- Post Office Savings Account
- Post Office Time Deposit Account (TD)
- 5-year Recurring Deposit Account (RD)
- Monthly Income Scheme Account (MIS), and many others

5. BONDS

Similar to individuals, companies, and government entities, corporations and governments often require funds for infrastructure development and social programs. To raise capital, they issue bonds to the public markets. Potential investors then purchase these bonds, effectively providing a loan to the issuing entity.

In essence, bonds serve as fixed-income investment options, representing the investor's loan to a corporate or governmental borrower. What sets them apart as an attractive investment in India is the comprehensive nature of bond details, which encompass fixed interest payments, loan principal, and tenure. This ensures the safety of the investment, coupled with the promise of additional returns

Furthermore, the appeal of bonds lies in their inverse relationship with offered interest rates. As interest rates rise, bond prices tend to fall, and conversely, when interest rates decrease, bond prices typically rise. This dynamic adds an element of flexibility to bond investments, making them a noteworthy choice for investors seeking stability and potential returns.

6. NATIONAL PENSION SCHEME (NPS)

The National Pension Scheme (NPS) is a government-backed investment avenue designed to ensure financial security for citizens during their retirement years. Regarded as an optimal investment plan in India for individuals with minimal or no risk tolerance seeking to build a retirement fund, NPS offers a secure and reliable option for long-term savings.

Within the framework of NPS, investors have the flexibility to allocate funds to various instruments, including government bonds, equities, and alternative investment options, based on their preferences and risk appetite. This diversification allows individuals to tailor their investment strategy to align with their financial goals and risk tolerance.

NPS is not only considered one of the best investment options but is also recognized for its safety in preserving and growing funds for retirement. With a modest initial investment requirement of Rs 500, individuals can kickstart their NPS journey, benefiting from an attractive interest rate ranging from 8-10%.

7. ULIP

Unit Linked Insurance Plan (ULIP) presents a compelling investment avenue for individuals seeking market-linked returns combined with insurance coverage. By acquiring a ULIP, one can simultaneously secure a life insurance policy while investing in diverse funds. This unique feature positions ULIP as an optimal investment strategy in India, blending the advantages of insurance and market participation.

One of the notable advantages of ULIP is its capacity to offer dual benefits – safeguarding against unforeseen circumstances through life coverage and facilitating systematic wealth accumulation through market investments. The flexibility it provides allows investors to tailor their policy tenure according to their preference for either long-term or short-term investment goals.

Moreover, ULIP emerges as a preferred investment option by providing tax benefits under section 80C of the Income Tax Act, 1961. This implies that individuals can leverage their ULIP investments to optimize tax planning, enhancing the overall appeal of this financial instrument.

8. LIQUID FUNDS

Liquid funds are comparable to stock market investments, involving the allocation of funds in government bonds and securities. Due to their absence of a lock-in period, they offer the flexibility to withdraw funds as needed, rendering them a highly favourable investment choice in the financial market.

In the realm of short-term investments, liquid funds stand out as one of the premier options in India. Their versatility allows investors to commit for a period of 3-5 years, with the added benefit of withdrawing funds to meet short-term goals. Notably, they exhibit lower susceptibility to market risks when compared to mutual funds, further solidifying their status as an optimal investment avenue.

This uniqueness stems from their investment strategy, primarily involving secure placements in government bonds and securities. The absence of a lock-in period ensures liquidity, allowing investors to adapt to their financial needs. This distinctive feature sets liquid funds apart, making them a wise choice for those seeking a balance between short-term objectives and risk mitigation.

9. PUBLIC PROVIDENT FUND (PPF)

A government-supported investment avenue, the Public Provident Fund (PPF), stands out as a secure option, offering risk-free returns and earning its place among the top investment choices. The interest accrued is periodically revised and disbursed by the government every quarter.

Despite having a maturity period of 15 years, PPF permits partial withdrawals after completing six years. Additionally, account holders can leverage their PPF balance as collateral to secure loans. PPF falls within the EEE (Exempt-Exempt-Exempt) category of tax savings, with both the principal amount and the interest earned, as well as the maturity amount, qualifying for tax exemptions. Consequently, PPF emerges as a premier investment option. According to Section 80C of the Income Tax Act, 1961, contributors to the PPF account can avail tax deductions, enhancing its appeal as a tax-efficient investment avenue.

10. SENIOR CITIZEN SAVINGS SCHEME (SCSS)

One of the most appealing investment options, endorsed by the Government of India and specifically designed for individuals aged 60 and above, is the Senior Citizens Savings Scheme (SCSS). The funds deposited in this scheme reach maturity after a five-year period from the date of the account's initiation, with the provision for a one-time extension for an additional three years.

What captivates senior citizens in India about this scheme is primarily the interest accrued on their savings. Currently, as of Quarter 1 for FY 20-21, the SCSS interest rate stands at 7.4%, making it the most lucrative among various saving schemes available in the country.

The scheme not only offers security backed by the government but also provides an attractive interest rate, making it an ideal choice for senior citizens looking to maximize their returns on investments. This distinctive feature contributes to the widespread popularity of the Senior Citizens Savings Scheme among the elderly population in India.

CHAPTER 4

4. LITERATURE REVIEW

1. Sattar, M., Toseef, M., & Sattar, M. (2020): behavioural finance biases in investment decision making

Behavioural biases, particularly heuristic behaviours, significantly influence investment decision-making, impacting risk and return analysis. The aim of this research paper was to explore how behavioural biases affect investment decision making under uncertainty. The study shows that dependent variable investment decision making is a composite activity, it never be made in a vacuity by depending on personal resources.

2. Gupta, C. (2019). Behavioural finance – a new perspective.

Behavioural finance studies the influence of psychological factors on individual investors' investment decisions, highlighting the need for better understanding of irrational behaviour in stock market investing. This paper states that behavioural economists firmly believe that psychological factors influence investment decisions. Behavioural finance therefore studies the influence of psychology on the behaviour of portfolio investors and their consequent reactions in stock market investing.

3. Kumari, A., Goyal, R., & Kumar, S. (2022). Review on behavioural factors and individual investors psychology towards investment decision making.

Behavioural biases and psychological variables significantly influence individual investors' investment decision-making, impacting economic growth and capital market efficiency. This study has reviewed various concepts, theories of behavioural finance regarding the irrationality of individual investors' behaviour. Investment is one of the important driving pillars of the economic growth of the country.

4. Keswani, S. (2021). Emotional finance plays an important role in investment decisions.

Positive emotions like self-confidence and hope increase commitment in investment decisions, while negative emotions like embarrassment and strain do not. According to the paper, most of the investors focus on human emotions not expressed openly while making investment decisions. Emotions have a powerful position in making investment decisions. They drive human behaviour that is consistent with economic predictions while making investments.

5. Goyal, S., & Jain, S. (2020). Investor's perception towards risk-return in Indian stock market: an empirical analysis.

Investors' risk-return perception in the Indian stock market is influenced by overconfidence, herding, and market factors, with a clear association between gender and investment decisions. Through factor analysis, the study found out 10 factors mainly, overconfidence, herding and market factors, and an evident association between gender and investment decision and no association with an occupation, through chi-square test.

6. Darmayanti, N., Wiagustini, N., Artini, L., & Candraningrat, I. (2022). Revisiting investor behaviour in risky investment decision making.

Behavioural finance exists and individuals may be irrational in making risky investment decisions influenced by their financial literation, risk tolerance, and personality. This paper deals with behavioural research in finance and some aspects of investor behaviour when making investment decisions. It also provides results that individuals' financial literation, risk tolerance, and personality in determining motivation to choose risky investments.

7. Kumari, A., Goyal, R., & Kumar, S. (2022). Review on behavioural factors and individual investors psychology towards investment decision making.

Behavioural biases and psychological variables significantly influence individual investors' investment decision-making, impacting economic growth and capital market efficiency. This study has reviewed various concepts, theories of behavioural finance regarding the irrationality of individual investors' behaviour. This study is giving insights into various behavioural biases and other psychological variables that drives the investment decision making of investors.

8. Chandani, A., Ratnalikar, V., Bhatia, A., & Mehta, M. (2020). An empirical study to analyse the human behavioural aspects on individual financial decisions based on Indian context.

Loss aversion and regret aversion, along with mental budgeting bias, significantly influence individual financial decision-making among Indians. This study was intended to examine the behavioural aspects influencing the individual financial decision making amongst Indians across various age groups, income sources, gender and native regions / domiciles.

9. Bhatnagar, D., & Aggarwal, G. (2021). Investment in Stock Markets: A Survey of Behavioural Biases of Individual Investors.

Individual investors' investment decisions are influenced by confidence bias, loss aversion bias, and familiarity bias, with loss aversion being the most prominent disruption to healthy investment. A survey was conducted via a questionnaire which was responded to by 63 individuals in this study. The results indicated the presence of confidence bias, loss aversion bias, and familiarity bias largely influenced the investment decisions of the respondents.

10. Alwahaibi, S. (2019). Is Demographic Information Influence Risk Tolerance/Aversion in Investment Decision?

Demographic information, such as occupation, marital status, family size, income level, age, and gender, influences investors' risk tolerance/aversion in investment decisions. During investment decision making, the behaviour of an investor is affected by several factors. One of such decision influencing factors among others is demographic profile of investors. Different attitudes towards decision making were exhibited by respondents during this research with diverse occupation, marital status, family size, income level, age and gender.

11. Agrawal, A., & Dhamija, D. (2019). Relationship between Behaviour Bias and Investment Decision: A Comprehensive Literature Review.

Behavioural finance suggests investors often deviate from rationality in investment decisions, challenging the traditional view of logical decision-making in financial theory. Several behavioural biases that could happen in investment decision making over the historical past have been reviewed in this research paper.

12. Shukla, A., Rushdi, D., & Katiyar, D. (2020). Impact of Behavioural Biases on Investment Decisions 'A Systematic Review'

Behavioural biases impact investment decision-making, leading to poor performance for individual investors, investment advisers, students, and institutions. The objective of this paper was to study and describe various biases in investment decision-making through the review of research papers in the area of behavioural finance. This research paper described various behavioural patterns of investors.

CHAPTER 5

5. RESEARCH METHODOLOGY

METHODOLOGY USED FOR COLLECTION OF DATA

RESEARCH METHODOLOGY: -

Research methodology is a way of systematically solving the research problems.

I may be understood as a science of how research is done. The purpose of research is to discover answer to the questions through application of scientific procedures.

Meaning of Research: -

Research can be defined in number of ways as:

Research is a systematic and methodical pursuit of significant information on a specific subject. Analysis involves reconsidering problems, formulating hypotheses or proposed outcomes, gathering, organizing, and scrutinizing data, drawing deductions and conclusions, and meticulously verifying findings to ascertain their alignment with the thesis or statement. This report relies on both primary and secondary data, with primary data collection accorded heightened importance due to its firsthand relevance in field studies.

A pivotal aspect of research methodology lies in its ability to establish connections with the problem at hand, facilitating the collection and analysis of essential information and delivering indispensable outcomes. Moreover, it plays a crucial role in gathering vital data necessary for top-level management, aiding them in informed decision-making for both routine and critical scenarios. This emphasis on methodical and thorough exploration ensures that the results contribute significantly to addressing the research problem.

Data sources: -

The research conducted exclusively relies on primary data, with secondary data serving solely as a point of reference. Primary data collection was executed through the administration of questionnaires to individuals. Meanwhile, secondary data was sourced from a variety of reputable journals and websites. This approach ensures the integrity of the research, emphasizing the significance of first-hand information gathered directly from respondents, while utilizing supplementary data from established sources to support and contextualize the findings.

Sampling procedure: -

The sample was selected of them who are the customers/visitors of the Vedant Innovision services as well as friends, colleagues, family members and relatives by doing formal and informal talks and through filling up the questionnaire prepared. The data has been analysed by using mathematical/Statistical tool.

Sample size: -

The sample size of my project is limited to 210 people.

Sample design: -

Data has been presented with the help of bar graph, pie charts, line graphs etc. Objective was to make respondents little familiar with the context of the questions. This was also aimed at collecting data about the sample profile that'll be subsequently analysed so that the scope of the project is fully explored.

Sampling unit :-

Students, private firm employee, government employee, businessmen, self-employed person.

Sampling technique and size :-

The sample for the purpose of study has been selected with the help of random sampling method.

Method of data collection: -

While deciding the tactic of knowledge collection to be used for the study, the researcher should confine mind two sorts of data viz., primary, and secondary.

Primary data: -

Primary data is collected with the help of structured questionnaire. The primary data are those which are collected fresh and for the primary time, and thus happen to be original in character.

Primary data collected by me was based on the following methods –

Through questionnaire : Interview technique is followed by the questionnaire format which was made in the Google form and sent to clients or friends or families on their mail and social media.

Through guidance from external guide : The data is also collected from the information given by the external project guide. He guided with the client list of the company for the purpose of collecting primary data.

Typically, it's impossible to survey or measure the whole population because not all members are observable. If it's possible to enumerate the whole population, its often costly to try to do so and would take an excellent deal of time. The population is the whole set of values or individuals, interested in particular sector.

LIMITATIONS OF THE STUDY

The study is limited to 210 investors.

Since the project is carried out approximately for three months which is from 28th Sep 2024 to 26 December 2024 so limited time period was a major problem.

The study is limited to the clients, friends, family members and relatives only.

It is assumed that respondents are honest and true in expressing their view and filled the questionnaire without any bias.

Possibility of error in data collection because many investors may not have given actual answers to the questionnaire.

CHAPTER 6

6. DATA ANALYSIS AND INTERNPRETATION

About the Questionnaire:

Sample size - 210

Sample area - Pune

Research design - Quantitative research

Source of data: Primary

Research technique: Questionnaire

Contact method: Google Forms

Data Analysis and Interpretation

Age of respondent:

Age	No. of Investor	Percentage
Under 25	188	89.5
25-35	14	6.7
36-45	3	1.4
46-55	4	1.9
56 and above	1	0.5

Input:

Source on Save

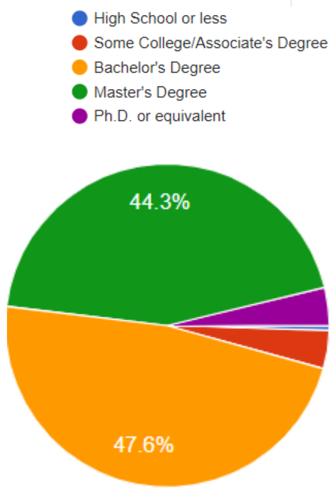
```
#Age Group
SIP_Responses_ <- read_excel("C:/Users/ASUS/OneDrive/Desktop/SIP (Responses).xlsx")
attach(SIP_Responses_)
table(Age)
# Perform ANOVA test
anova_result <- aov(Average~ Age, data = SIP_Responses_)

# Summarize the ANOVA results
summary(anova_result)
```

Output:

R 4.3.1 · ~/SIP/

```
> table(Age)
Age
  1   2   3   4   5 
188  14   3   4   1 
> # Perform ANOVA test
> anova_result <- aov(Average~ Age, data = SIP_Responses_)
> 
> # Summarize the ANOVA results
> summary(anova_result)
             Df Sum Sq Mean Sq F value  Pr(>F)    
Age           1   5.24   5.243   25.49 9.7e-07 ***
Residuals   208  42.78   0.206                    
---
Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
```



Interpretation:

The analysis of variance (ANOVA) was conducted to assess the impact of age on the variable labelled as "Average" in the dataset. Since the Significant value is 0.42 which is greater than P-value 0.05 it means there is no significant difference and there is no significant relationship in the Average and Age groups of the respondent so, the null hypothesis is accepted and the alternative hypothesis is rejected. The high p-value suggest that age group may not be a significant factor influencing the average variable in this dataset.

Gender of respondent:

Age	No. of Investor	Percentage
Male	152	72.4
Female	58	27.6
Other	00	00

Input:

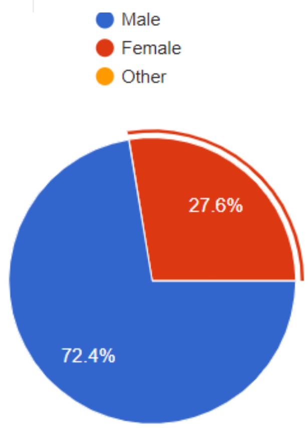
```
SIP_Responses_ <- read_excel("C:/Users/ASUS/OneDrive/Desktop/SIP (Responses).xlsx")
attach(SIP_Responses_)

#t-test
t.test(`Gender:`,Average, mu=0)
t.test(`Gender:`,Average,mu=0,alternative = c("two.sided"),paired=F,var.equal = T,conf.level = 0.05)
```

Output:

```
        Two Sample t-test

data:  Gender: and Average
t = -24.366, df = 418, p-value < 2.2e-16
alternative hypothesis: true difference in means is not equal to 0
5 percent confidence interval:
 -1.106243 -1.100560
sample estimates:
mean of x mean of y
 1.276190  2.379592
```



Interpretation:

The majority of respondents (72.4%) are male, which is 152. The rest of the respondents are female (27.6%), which is 58.

Since the Significant value is 2.2 which is greater than P- value 0.05 it means there is no significant difference and there is no significant relationship in the Average and gender of the respondent. So, the null hypothesis is accepted, and the alternative hypothesis is rejected. The high p value suggest that gender of the respondent may not be a significant factor influencing the average variable in this dataset.

Educational Background of respondent:

Educational Background	No. of Investor	Percentage
High School or less	1	0.5
Some College/Associate's Degree	8	3.8
Bachelor's Degree	100	47.6
Master's Degree	93	44.3
Ph.D. or equivalent	8	3.8

Input:

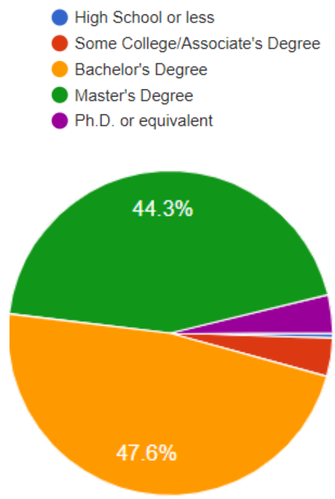
```
SIP_Responses_ <- read_excel("C:/Users/ASUS/OneDrive/Desktop/SIP (Responses).xlsx")
attach(SIP_Responses_)
# Perform ANOVA test
anova_result <- aov(Average ~ `Educational Background:`, data = SIP_Responses_)

# Summarize the ANOVA results
summary(anova_result)
```

Output:

```
> # Summarize the ANOVA results
> summary(anova_result)
                           Df Sum Sq Mean Sq F value   Pr(>F)    
`Educational Background:`   1   4.62   4.616   22.12 4.66e-06 ***
Residuals                 208  43.41   0.209                     
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1
> 
```

Interpretation:



The majority of the investors (i.e., 47.6%), which is 100 in number, have completed their bachelor’s degree.

The analysis of variance (ANOVA) was conducted to assess the impact of age on the variable labelled as "Average" in the dataset. Since the Significant value is 0.43 which is greater than P-value 0.05 it mearis there is no significant difference and there is no significant relationship in the Average and Age groups of the respondent so, the null hypothesis is accepted and the alternative hypothesis is rejected. The high p-value suggest that age group may not be a significant factor influencing the average variable in this dataset.

Average Monthly Income:

Monthly Income	No. of Investor	Percentage
Below 20000	144	68.6
21000 - 30000	31	14.8
31000 - 45000	17	8.1
Above 45000	18	8.6

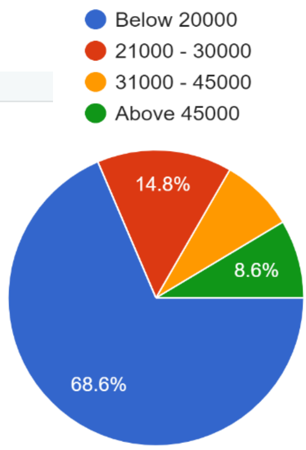
Input:

```
#Age Group
SIP_Responses_ <- read_excel("C:/Users/ASUS/OneDrive/Desktop/SIP (Responses).xlsx")
attach(SIP_Responses_)
table(`Average Monthly Income:`)
# Perform ANOVA test
anova_result <- aov(Average~ `Average Monthly Income:`, data = SIP_Responses_)

# Summarize the ANOVA results
summary(anova_result)
```

Output:

```
R 4.3.1 · ~/SIP/
> table(`Average Monthly Income:`)
Average Monthly Income:
  1   2   3   4
144  31  17  18
> # Perform ANOVA test
> anova_result <- aov(Average~ `Average Monthly Income:`, data = SIP_Responses_)
>
> # Summarize the ANOVA results
> summary(anova_result)
                          Df Sum Sq Mean Sq F value   Pr(>F)
`Average Monthly Income:`   1   7.88   7.875    40.8 1.09e-09 ***
Residuals                 208  40.15   0.193
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1
```

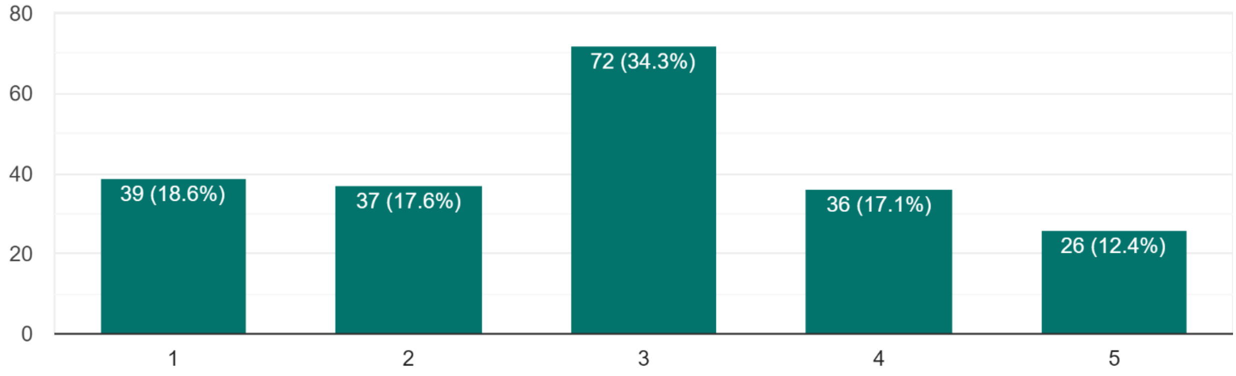


Interpretation:

The analysis of variance (ANOVA) was conducted to assess the impact of age on the variable labelled as "Average" in the dataset. Since the Significant value is 0.40 which is greater than P-value 0.05 it means there is no significant difference and there is no significant relationship in the Average and Age groups of the respondent so, the null hypothesis is accepted and the alternative hypothesis is rejected. The high p-value suggest that age group may not be a significant factor influencing the average variable in this dataset.

Saving Behaviour:

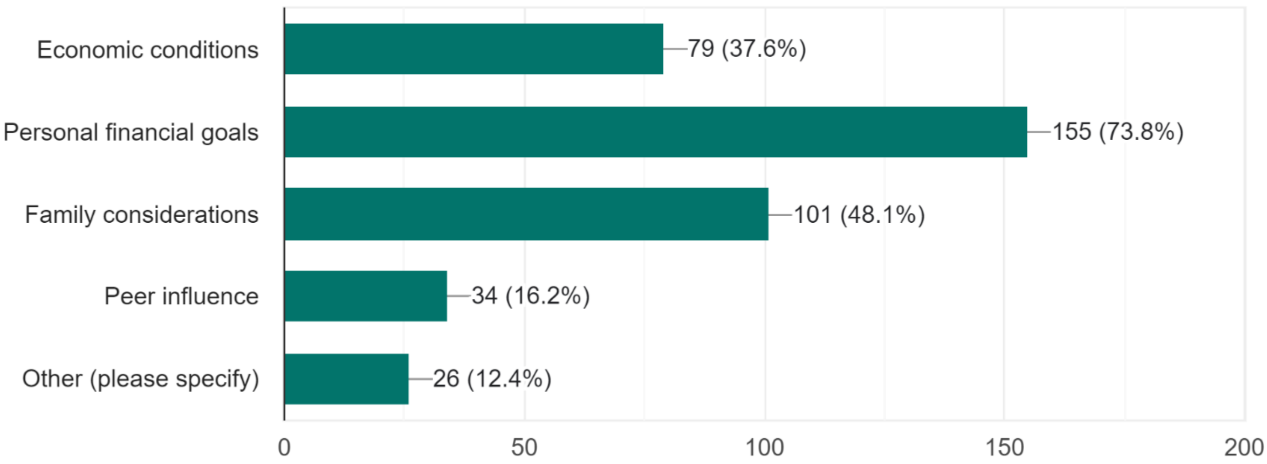
Current approach towards saving money:



Interpretation:

From the 210 responses received on the current approach towards saving money on a scale of 1 to 5, where 1 is conservative and 5 is aggressive, 18.6%, which is 39 in number, have a conservative approach, 17.6%, which is 37 in number, have a less conservative approach, 34.3%, which is 72 in number, have a neutral approach, 17.1%, which is 36 in number, have a less aggressive approach, and 12.4%, which is 26 in number, have an aggressive approach towards saving money. It basically signifies that large number of investors have a neutral approach towards saving money.

Decision to save money:



Interpretation:

From the 210 responses received on the decision to save money, the majority of the investors (i.e., 73.8%), which is 155 in number, have personal financial goals as their deciding factor to save money (i.e., 37.6%). It basically signifies that those investors who have personal financial goals as their deciding factor to save money are more as compared to others.

Investment experience and Decision-Making:

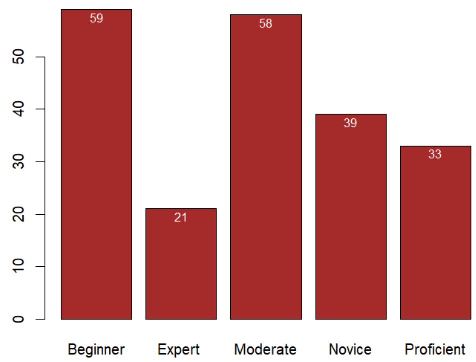
Investment experience:

Input:

```r
investment_experience <- read_excel("F:/SIP/investment experience.xlsx")
attach(investment_experience)
exp_table <- table(investment_experience)
table(investment_experience)
barplot(exp_table, col = "brown")
text(x = barplot(exp_table, col = "brown"), y = exp_table + 1, labels = exp_table, pos = 1, cex = 0.8, col = "white")
```

Output:

```
R 4.3.1 · ~/
> exp_table <- table(investment_experience)
> table(investment_experience)
investment experience
  Beginner    Expert   Moderate     Novice Proficient
        59        21         58         39         33
> barplot(exp_table, col = "brown")
> text(x = barplot(exp_table, col = "brown"), y = exp_table + 1, labels = exp_table, pos = 1, cex = 0.8, col = "white")
```

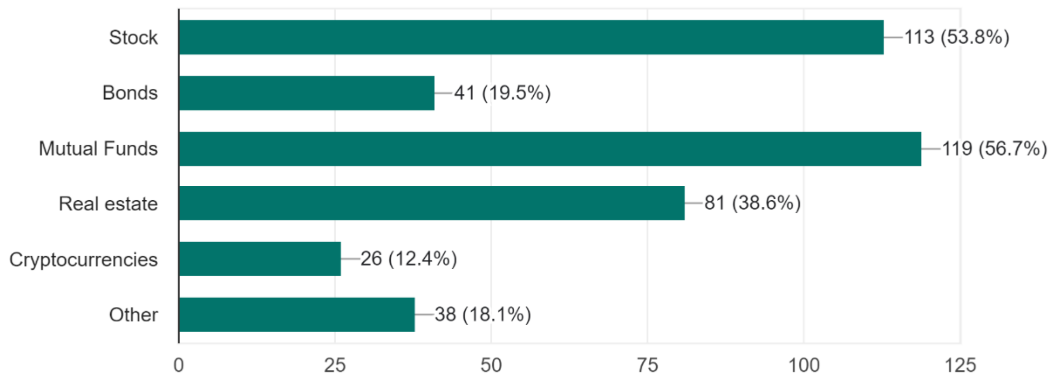


Interpretation:

From the 210 responses received on investment experience on a scale of 1 to 5, where 1 is novelty (limited or no experience) and 5 is advanced (significant experience).

28.1%, which is 59 in number, have less novelty (limited or no experience) It basically signifies that those investors whose investment experience is less novelty (limited or no experience) are the largest in number.

Types of investment:



Interpretation:

From the 210 responses received on types of investment, the majority of the investors (i.e., 56.7%), which is 119 in number, have more investment experience in mutual funds; (i.e., 53.8%). It basically signifies that investors have more investment experience in mutual funds and stocks compared to others.

Economic Awareness:

Economic news and indicators:

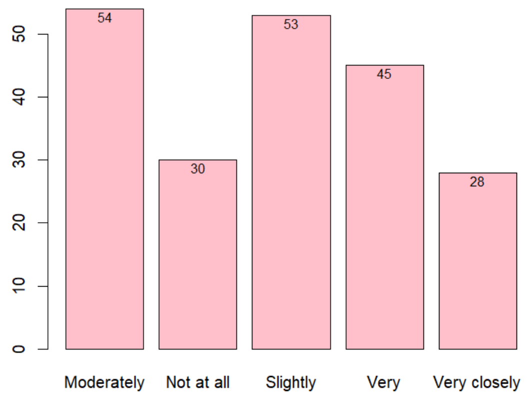
Input:

```r
EconomicAwareness <- read_excel("F:/SIP/EconomicAwareness.xlsx")
attach(EconomicAwareness)
ecoaware <- table(EconomicAwareness)
table(EconomicAwareness)
barplot(ecoaware, col = "pink")
text(x = barplot(ecoaware, col = "pink"), y = ecoaware + 1, labels = ecoaware, pos = 1, cex = 0.8, col = "black")
```

Output

```
R 4.3.1 · ~/

> ecoaware <- table(EconomicAwareness)
> table(EconomicAwareness)
How closely do you follow economic news and indicators (e.g., GDP growth, inflation rates, unemployment figures)?
  Moderately    Not at all      Slightly          Very Very closely
          54            30            53            45           28
> barplot(ecoaware, col = "pink")
> text(x = barplot(ecoaware, col = "pink"), y = ecoaware + 1, labels = ecoaware, pos = 1, cex = 0.8, col = "black")
```

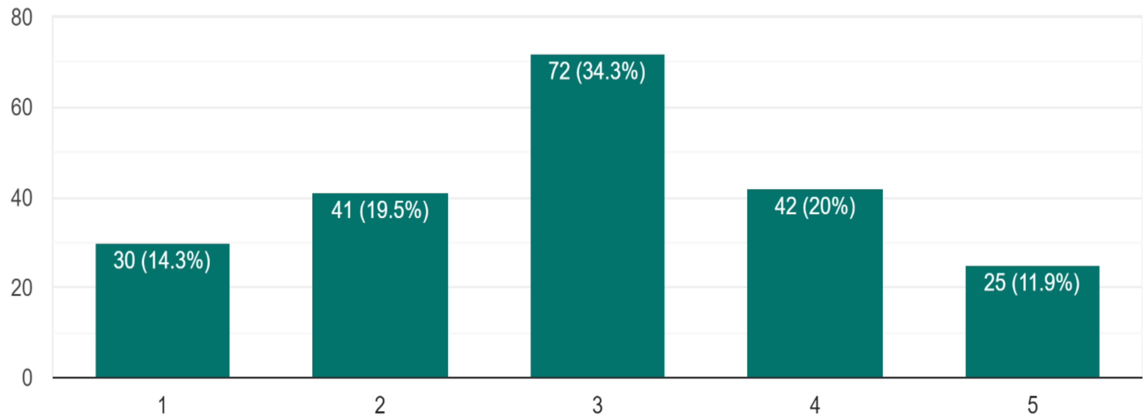


Interpretation:

From the 210 responses received on following the economic news and indicators on a scale of 1 to 5, where 1 is ‘not at all’ and 5 is ‘very closely’.

25.7%, which is 54 in number, have moderately follow the economic news and indicator. It basically signifies that there are majority investors who moderately follow economic news and indicators.

Economic forecasts influence:



Interpretation:

From the 210 responses received on the question "To what extent do economic forecasts influence your investment decisions?" on a scale of 1 to 5, where 1 is 'Do not influence at all' and 5 is 'Strongly influence'.

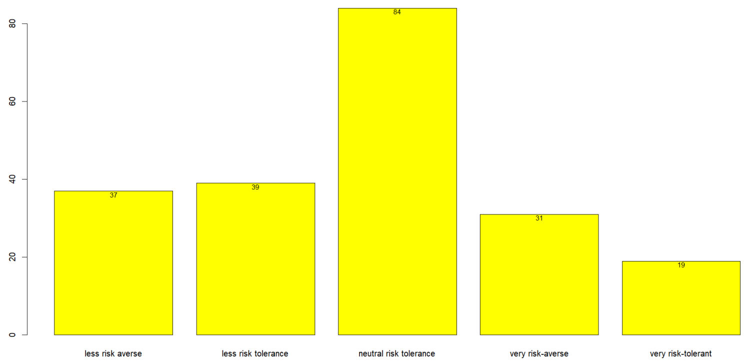
34.3%, which is 72 in number, are somewhat influenced by economic forecast. It basically signifies that those investors who are somewhat influenced by economic forecast are more as compared to others.

Investor Psychology:

Risk tolerance:

```
Risk_tolerance <- read_excel("F:/SIP/Risk tolerance.xlsx")
attach(Risk_tolerance)
risktol <- table(Risk_tolerance)
table(Risk_tolerance)
barplot(risktol, col = "yellow")
text(x = barplot(risktol, col = "yellow"), y = risktol + 1, labels = risktol, pos = 1, cex = 0.8, col = "black")
```

```
R 4.3.1 · ~/
> risktol <- table(Risk_tolerance)
> table(Risk_tolerance)
How would you describe your risk tolerance when making investment decisions?
 1  2  3  4  5
31 37 84 39 19
> barplot(risktol, col = "yellow")
> text(x = barplot(risktol, col = "yellow"), y = risktol + 1, labels = risktol, pos = 1, cex = 0.8, col = "black")
```

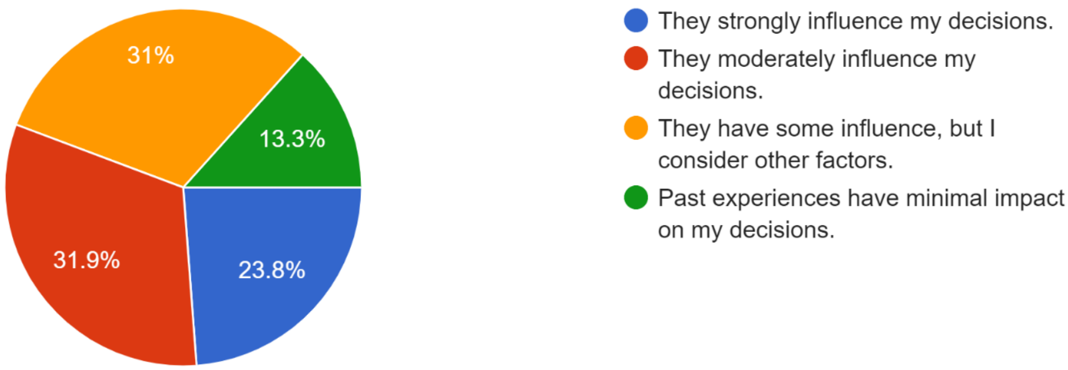


Interpretation:

From the 210 responses received on investment decision based on risk tolerance on a scale of 1 to 5, where 1 is very risk-averse and 5 is very risk-tolerant.

40% which is 80 in number have neutral risk tolerance on investment decision. It basically signifies that those investors who have neutral risk on investment decision are more as compared to others.

Influence of past experience on current decision making:



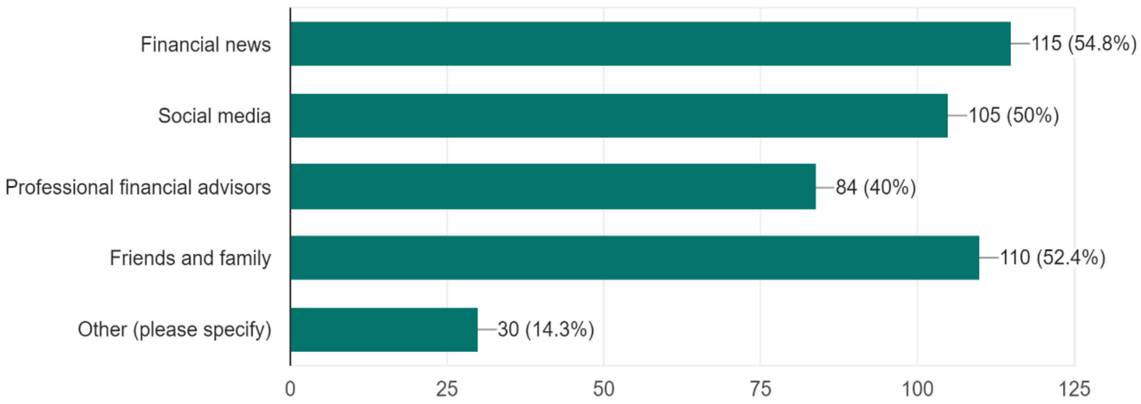
Interpretation:

From the given questionnaire, 210 responses were gathered. There are majorly 31.9% investors, which is 67 in number, whose investment decisions are moderately influenced by past experiences.

It basically signifies that those investors who have moderate influence of their past experiences on their decision making are more as compared to others.

Information Sources:

Source of information:

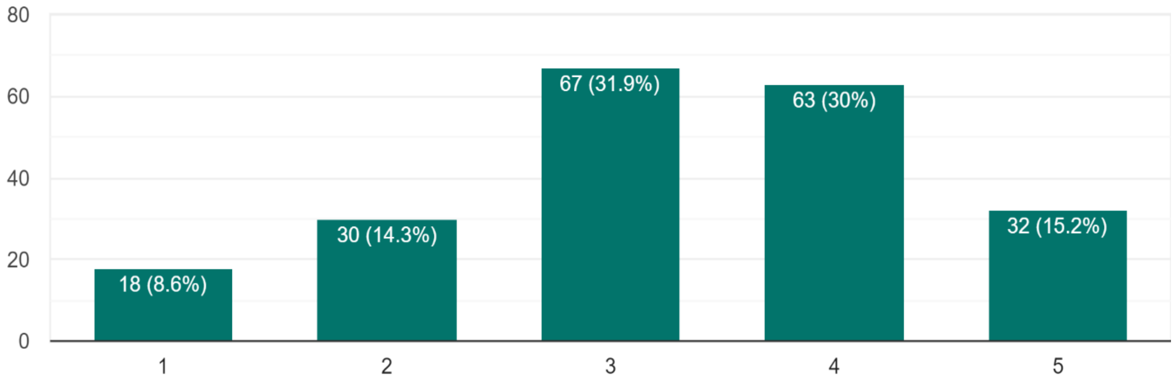


Interpretation:

Based on the questionnaire circulated, investors were asked to select all the options that are applicable for them while answering the question "Where do you typically gather information about potential investment opportunities?"

According to the responses filled by the investors, majority of them gather information from financial news, social media and friends and family. It basically signifies that those investors who have gather information from Financial news, Social media and friends and family are more as compare to other.

Financial advice from sources:



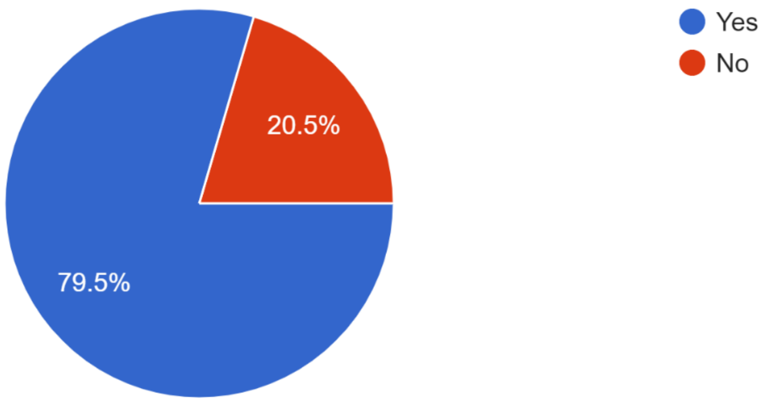
Interpretation:

From the given questionnaire, 210 responses were gathered on the question "How much importance do you give to financial advice from different sources when making investment decisions?" based on a scale of 1 to 5, where 1 is very low importance and 5 is very high importance.

The majority of the investors (i.e., 31.9%), which is 67 in number give medium importance to financial advice from different sources while making investment decisions. It basically signifies that those investors who give medium importance to financial advice from different sources while making investment decisions are more as compared to others.

Behavioral biases:

Concept of Behavioural biases:



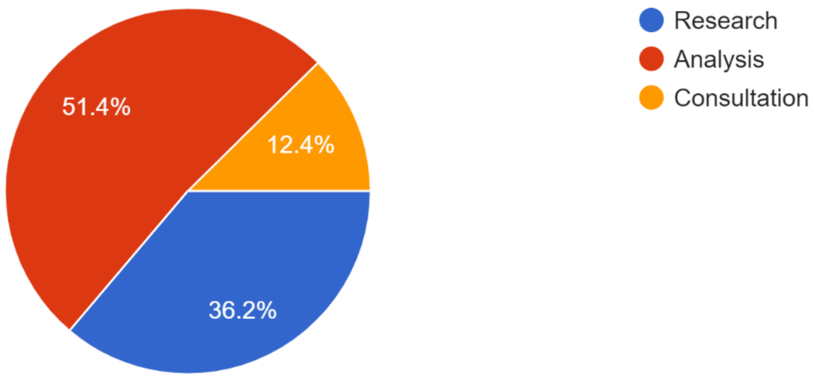
Interpretation:

From the given questionnaire, 210 responses were gathered on the question, "Are you aware of behavioural biases such as overconfidence, loss aversion, or herd mentality in the context of investment decisions?"

According to the responses filled by the investors, majority of them (i.e. 79.5%) which is 167 in number are aware about behavioural biases and the rest of the investor (i.e. 20.5%) which is 43 in number have no idea about behavioural biases. It basically signifies that those investors who are aware about behavioural biases are more as compared to others.

Decision-Making Process:

Process followed while making an investment decision:

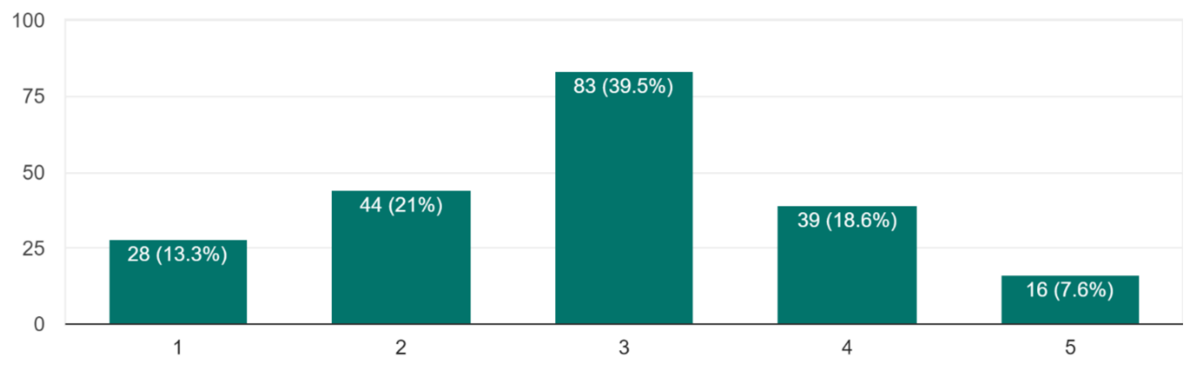


Interpretation:

From the given questionnaire, 210 responses were gathered on the question, “Can you describe the typical process you follow when making an investment decision?”

According to the responses filled by the respondent, majority of the investor (i.e. 51.4%) which is 108 in number follow the analysis process to make investment decision. It basically signifies that those investors who follow the analysis process to make investment decisions are more as compared to others.

Emotions affected on investment decision:



Interpretation:

From the given questionnaire, 210 responses were gathered on the question, “To what extent do emotions play a role in your investment decision-making process?” based on a scale of 1 to 5, where 1 is lowest and 5 is highest.

The majority of the investors, 39.5% which is 83 in number, averagely let their emotions affect their investment making decisions. It basically signifies that those investors who allow their emotions to play a role averagely in investment decision making are more as compared to others.

CHAPTER 7

7. FINDINGS

Findings from the Questionnaire Analysis:

1. Age and Interest in Investment:

- The majority of investors (89.5%) under 25 years old show a strong interest in investment compared to other age groups. This suggests that younger individuals are more inclined towards investment

2. Gender and Investment Interest:

- Male investors (72.4%) dominate the respondent pool, indicating a higher interest in investing compared to female investors.

3. Education Level and Investment Interest:

- Investors with a bachelor's degree (47.6%) exhibit a higher interest in investing, while other educational levels show varying degrees of interest. This emphasizes the correlation between educational attainment and investment interest.

4. Monthly Income and Investment Interest:

- Investors with a monthly income below $20,000 (68.6%) show greater interest in investing, highlighting a potential association between income levels and investment motivation.

5. Approach to Saving Money:

- A significant number of investors (34.3%) have a neutral approach to saving money, indicating a balanced perspective among respondents.

6. Factors Influencing Investment Decisions:

- Personal financial goals (73.8%) play a crucial role in influencing investment decisions, suggesting that investors prioritize individual financial objectives over external factors.

7. Investment Experience:

- A considerable portion of investors (28.1%) has limited or no experience in investment, indicating a potential market for educational initiatives or beginner-friendly investment options.

8. Preferred Investment Types:

- Mutual funds (56.7%) and stocks (53.8%) are the most preferred investment types, showcasing a higher level of experience and interest in these financial instruments.

9. Follow-up on Economic News:

- A majority of investors (25.7%) moderately follow economic news and indicators, indicating a balanced interest in staying informed about economic trends.

10. Influence of Economic Forecasts:

- A significant proportion of investors (34.3%) is somewhat influenced by economic forecasts, demonstrating a moderate reliance on economic predictions in decision-making.

11. Risk Tolerance and Investment Decision:

- Investors with a neutral risk tolerance (40%) make up the largest group, suggesting a balanced risk approach in investment decisions.

12. Influence of Past Experiences:

- A substantial number of investors (31.9%) exhibit a moderate influence of past experiences on their investment decisions, indicating a balanced consideration of historical outcomes.

13. Information Gathering Channels:

- Financial news, social media, and friends/family are the primary sources of information for most investors, highlighting the significance of these channels in decision-making.

14.Importance of Financial Advice

- A considerable portion of investors (31.9%) assigns medium importance to financial advice from different sources, showcasing a balanced reliance on advisory inputs.

15. Awareness of Behavioural Biases:

- The majority of investors (79.5%) are aware of behavioural biases, suggesting a relatively high level of understanding regarding psychological factors affecting decision-making.

16. Investment Decision-Making Process:

- The analysis process (51.4%) is the most commonly followed approach in making investment decisions, indicating a preference for data-driven decision-making.

17. Role of Emotions in Decision-Making:

- A significant number of investors (39.5%) allow their emotions to moderately affect their investment decision-making process, highlighting the emotional factor in financial choices.

CHAPTER 8

8. SUGGESTIONS

Suggestions:

1. Targeted Outreach:

- Develop targeted outreach programs for younger investors, considering their strong interest.
- Implement strategies to engage and educate female investors to bridge the gender gap.

2. Educational Initiatives:

- Offer educational programs targeting investors with diverse educational backgrounds.
- Provide resources to enhance financial literacy for those with lower incomes.

3. Product and Service Tailoring:

- Tailor investment products and services to align with the preferences of risk-averse and neutral investors.
- Develop specialized products for those with a keen interest in mutual funds and stocks.

4. Communication Strategies:

- Use popular channels like financial news and social media for effective communication.
- Emphasize the importance of economic factors and forecasts in educational initiatives.

CHAPTER 9

9. CONCLUSION

Conclusions:

1. Demographic Patterns:

- Majority of investors are under 25, indicating a strong interest among younger individuals.
- Male investors dominate the sample, showcasing a gender disparity in investment interest.
- Investors with a bachelor's degree show more interest compared to other educational backgrounds.
- Those with a monthly income below $20,000 express higher interest in investing.

2. Saving and Investment Behaviour:

- A significant number of investors adopt a neutral approach to saving money.
- Personal financial goals are the primary factor influencing the decision to save money.

3. Investment Experience and Preferences:

- Investors with less novelty in experience are predominant.
- Mutual funds and stocks are the preferred investment options.

4. Economic Awareness and Influence:

- Investors moderately follow economic news, and economic forecasts somewhat influence their decisions.
- Risk tolerance varies, with a considerable number having a neutral stance.

5. Behavioural Biases and Decision-Making:

- Majority of investors are aware of behavioural biases.
- Emotions play a moderate role in investment decision-making for a significant portion of investors.

6. Information Sources and Decision-Making Processes:

- Financial news, social media, and personal networks are key information sources.
- Investors commonly value medium importance in financial advice.
- Analytical processes are prevalent in investment decision-making.

CHAPTER 10

10. REFERENCES

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-Written by James Montier, this comprehensive guide covers the applications of behavioural finance, highlighting key behavioural biases of professional investors and providing practical examples to enhance investment strategies.

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