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INTRODUCTION
REVIEW OF LITERATURE
NEED/IMPORTANCE OF THE STUDY
STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
RESEARCH METHODOLOGY
RESULTS & DISCUSSION
FINDINGS
RECOMMENDATIONS/SUGGESTIONS
CONCLUSIONS
LIMITATIONS
SCOPE FOR FURTHER RESEARCH
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APPENDIX/ANNEXURE

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BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
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ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

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A STUDY ON BEHAVIORAL FINANCE IN INVESTMENT DECISIONS OF INVESTORS IN AHMEDABAD

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ABSTRACT

Behavioural financing is an evolving field that studies how psychological factors affect decision making under uncertain conditions. Behavioural finance is one of the important topics for us to know about the mind-sets of the people about how they think of various things when they invest in various investment avenues. Through this research, we came to know about the mentality of the people while they invest in various investment avenues. I.e. what do they think while investing. This paper seeks to find out the major influence of certain behavioural finance concepts such as overconfidence, perception, Representative, anchoring cognitive Dissonance, Regret Aversion, narrow framing and mental accounting on the decision-making process of individual investors in the stock market. The primary objective was to know the effects of behavioural financing on investors and to study the impact and relevance of behavioural financing in investment decision of investors. Whereas the secondary objective of our study was to know factors influencing the investors while investing and to study the concepts of behavioural financing and various theories related to it.

KEYWORDS

behavioural finance, investment avenues, psychological factors, theories.

JEL CODE

G41

INTRODUCTION TO THE TOPIC

From the mid-1950s, the field finance has been dominated by the traditional finance model developed primarily by the economists of the University of Chicago. The central assumption of the traditional finance model is that people are rational while taking decisions. However, psychologists challenged these assumptions. Economist argued that people often suffer from cognitive and emotional biases and act in a seemingly irrational manner. Field of finance is basically about decision making as to investment decision, working capital decision, dividend decision and fund allocation decision whereas the field of economics is about decision making as to what to produce, how to produce and for whom to produce. In the same way, the emerging field of behavioural finance also deals with the complex activity of decision making. Though the fields of economics and finance have contributed many theories over the years, it could not explain why people sometimes take irrational financial decision. There are studies in the field of finance which gives us theories with explanation and proofs about how the market operates and how the investors take their investment decisions. They explain the dynamics of investment and rules to apply for an investment decision. The rules seem to be simple but investors feel difficulty in applying those rules. Due to inefficiency in applying rules, investor's trade too much, buy or sell at the wrong time, allow emotions to overrule logic and misjudge probabilities. To reach an ideal investment decision that is the one which gives the highest return is a troublesome activity and a lot of mental work is required on the part of investors. So to get a better understanding of the investment making decision of investors it is necessary to understand the behavior and psychology of investors and the factors affecting the investors while making an investment decision.

BEHAVIORAL FINANCE CONCEPTS

HEURISTIC DRIVEN BIASES

OVERCONFIDENCE

People tend to be overconfident and hence overestimate the accuracy of their forecasts. The human mind is perhaps designed to extract as much information as possible from what is available, but may not be aware that the available information is not adequate to develop an accurate forecast in uncertain times. Overconfidence is partially seductive once people have special data or experience no matter how insignificant that persuaded them to assume that they need an investment edge. In reality, however, most of the so-called sophisticated and knowledgeable investors do not outperform the market consistently. Another factor contributing to overconfidence is the illusion of control. People tend to believe that they have influence over future outcomes in an uncertain surroundings. Such an illusion is also fostered by factors like active involvement and positive early outcomes. Active involvement in a task like online investing gives investors a sense of control.

ANCHORING

After forming an opinion, people are often unwilling to change it, even though they receive new information that is relevant. Suppose that investors have formed an opinion that a company has above average long term earnings prospect. Suddenly, reports much lower earnings than expected. Thanks to anchoring, investors will persist in the belief that the company is above average and will not react sufficiently to the bad news. So, on the day of the earnings announcement, the stock prices would move very little. However, the stock prices would drift downwards over time as investors shed their initial conservatism. Anchoring manifests itself in a phenomenon called the post-earnings announcement drift which is well documented empirically.

FAMILIARITY

People are comfortable with things that are familiar to them. The human brain often uses the familiarity shortcut in choosing investments. Indeed, familiarity breeds investment. That is why people tend to invest more in the stocks of their Employer Company, local company, and domestic companies.

CONFIRMATION BIAS

People tend to overlook information that is contrary to their views in favour of information that confirms their views. Investors generally hear what they want to hear. They spend more time searching for reasons supporting their views and less time searching for reasons opposing their views.

INNUMERACY

People have difficulty with numbers and are often confused between nominal changes and real changes. Economists call this money illusion. Many times, people have difficulty in figuring out the true probabilities. Put differently the odds are that they don't know what the odds are. People tend to pay more attention to big numbers and less weight to small figures. People estimate the likelihood of an event based on past examples are and not on the basis of how frequently the event has actually occurred. People tend to ignore base rate which represents the normal experience and go more by the case rate which reflects the most recent experience.

FRAME DEPENDENCE

PROSPECT THEORY

Under this description, the utility does not depend on the level of the wealth as in standard traditional theory, but on changes in the wealth from the current level. The utility function is concave for gains. This means that people feel good when they gain, but twice the gain does not make them feel twice as good. The utility function is covex for losses. This means that people experience pain when they lose, but twice the loss does not result in twice the pains. The utility function is steeper for losses than for gains. This means that people feel more strongly about the pain from a loss than the pleasure from an equal gain – about two and half times as strongly, according to the Kahneman and Tversky. This phoneme is referred to as loss aversion.

MENTAL ACCOUNTING

Traditional finance holds that wealth in general and money **should** be thought to be fungible and each monetary call ought to be supported a rational calculation of its effects on overall wealth position. In reality, however, people do not have the computational skills and will power to evaluate decision in terms of their impact on overall wealth. It is difficult and emotionally burdensome to figure out how every short-term decision will bear on the head and what will happen to the wealth position in the long run.

NARROW FRAMING

Investors should concentrate to changes in their total wealth. Narrow framing in the cross-sectional sense means that investors tend to look at each investment separately rather than the portfolio in its reality. Hence they are more focused on price changes in individual stocks and less concerned about the behavior of the overall portfolio.

SHADOW OF THE PAST

After experiencing again, people are willing to make more risk. After winning money in a gamble, amateur gamblers somehow don't fully consider the winning as their own and are hence are tempted to risk it in further. Gamblers refer this as the house money effect. After incurring a loss, people are less inclined to take the risk. This is sometimes referred to as the snake bite effect. A loss is akin to a snake bite that makes a person more cautious.

EMOTIONAL AND SOCIAL INFLUENCES

EMOTIONAL EFFECT

Emotions have an impact on risk tolerance and risk tolerance influences portfolio selection. Investors have a variety of emotions once they consider alternatives, decide how much risk to take, watch their decisions play out, assess whether the initial strategy needs modification, and finally learn how much they have succeeded in achieving their monetary objectives. Hope and fear influence how investors evaluate alternatives. Fear induces investors to look at the downside of things, whereas hope causes them to look at the upside.

HEARD INSTINCTS / INFORMATION CASCADE

There is a natural desire on the part of humans to be a part of a group. Moving with the herd, though, magnifies the psychological biases. It induces one to decide on the feel of the herd rather than on rigorous independent analysis. This tendency is accentuated in the case of a decision involving high uncertainty.

LITERATURE REVIEW

Sr No	TITLE	AUTHOR	PARTICULAR	YEAR
1	A study on impact of behavioural finance in investment decisions of small investors	Amar Kumar Chaudhary and Puja Kumari	This research shows that investors make decisions based on emotion, not logic; most investor's buy high on speculations and sale low on panic mood. Psychological studies reveal that the pain of losing money from investment is really three times greater than the joy of earning money (Prospect Theory)	2017
2	Effect of behavioural biases on investment decisions of individual investors	Abdulahi dakane athur	The field of behavioural finance has developed in response to the increasing number of stock market anomalies (undervaluation or overvaluation) that could not be explained by traditional asset pricing models.	2013
3	A survey of behavioural factors influencing individual Investors choices of securities at the nairobi securities Exchange.	Kimani victor waruingi.	The study established that there are five behavioural factors affecting the investment decisions of individual investors at the Securities Exchange: Herding. Market Prospect Overconfidence-gamble's fallacy, and Anchoring availability bias.	2011

IMPORTANCE OF STUDY

To know the behaviour of people towards investing and decisions related to it.

STATEMENT OF THE PROBLEM

To check the relevance of Behavioural finance theories associated with it.

RESEARCH OBJECTIVES

PRIMARY OBJECTIVE

To study the impact and relevance of behavioural financing in investment decision of investors

SECONDARY OBJECTIVES

1. To study various factors influencing the investors while investment decisions.
2. To analyse the behaviour and psychology of investors
3. To know the preference of people towards investing.

HYPOTHESIS

H0: There is no influence of behavioural finance on investment decisions

H1: There is influence of behavioural finance on investment decisions

RESEARCH METHODOLOGY

SCOPE OF STUDY

- Scope of the study is limited to Ahmedabad city of India.
- Scope includes the investors of all age groups.
- Scope includes both male and female.
- The study was limited to some theories only.

RESEARCH DESIGN

The type of research design that we are using here is descriptive design because is used to describe characteristics of a population or phenomenon being studied.

DATA COLLECTION SOURCES

Primary data: Here in this research the following methods of data collection are used:- schedules, questionnaire, interview, observation methods.

Secondary data: Internet, Books, Newspaper, Articles, magazines, and blogs are some of the sources of secondary data collection that we have used for our research.

SAMPLING PLAN

Population: - People of Ahmedabad
Sampling frame: - People who invest
Sampling method: - Convenience sampling
Sampling size: - 181 people

EXPECTED CONTRIBUTION

- The relevance of behavioural financing and its importance in making investment decision can be known.
- The research will enrich the knowledge about traditional finance and different aspects of behavioural finance.
- The research can be beneficial to other researchers.

RESULTS AND DISCUSSIONS

UNIVARIATE ANALYSIS

- 36% think that they do not have sufficient knowledge about investing and 64% think that they have sufficient knowledge about investing. The above analysis shows that due to overconfidence bias, the majority of the people tend to be consistently overconfident in their ability to outperform the market.
- People give importance to past experience because the experience provides them with learning's and strategies for the future which they apply in their investments in future while some give importance to advice of a financial advisor or broker because they feel familiarity and connectedness with the broker. They are the person who knows the portfolio of investors and so investors trust them.
- Some people give importance to return because returns are the primary motivation and inspiration to the investors. Every investor invests with the desire of earning a good return. While some give importance to Advice from friends, family, and relatives because people trust their family and friends as they perceive them as their well-wishers and are under their influence. Sometimes the fear of going in opposition with relatives also work
- People are influenced by the emotions due to innumeracy and laziness of mental exercise. The people give importance to because this gives them the feeling of trust and security as they know the investment well. Some give importance to their goals because they are the reasons for the fulfilment of which the investors invest while some give importance to Newspaper/media because people perceive the newspaper and media as the experts and the one with high knowledge.
- When the market is increasing (bullish), 18% make the decision to buy, 57% make the decision to sell the investment and booking the profit and 25% make the decision of holding to get more profit. Thus the majority of the people try to take advantage of the increasing market to book profit. Whereas when the market is decreasing (bearish) 54% make the decision to buy to take the advantage of buying at low prices, 20% would sell the investments as a part of risk aversion and 26% will hold the investments and when the market is stagnant 8% will make a decision to buy, 11% will make the decision to sell and 81% will hold their investment.
- 62% will choose the option of profit of Rs 250 on the investment of Rs 500 and 38% will choose the option of profit of Rs 1 lac on the investment of Rs 6 lac. So it can be concluded that 38% suffer from innumeracy. Due to innumeracy bias, people face difficulty with numbers and are confused between nominal changes and real changes. People have difficulty in figuring out true probabilities and tend to pay more attention to big numbers and give less importance to small numbers.
- 57% people's decision in equity will change due to change in the bond market and 43% decision will remain un-effected due to changes in other markets. Practically people keep separate mental accounts for their investments and treat every investment separately so changes in one investment should not impact on other but due to mental accounting people do not have the computation skills to evaluate decisions in terms of their impact on overall wealth and they tend to react differently in one investment if changes occur in other investment. A majority of people face mental accounting bias, it holds true.
- 23% tend to react strongly on short term changes in the price in investments and the remaining does not react strongly. Thus it can be said that narrow framing holds true for 23% people. Narrow framing in the temporal sense means that investors pay in due attention to short-term gains and losses, even when their investment horizon is long.
- When investors have bought the shares of ABC Ltd. out of total respondents, 90% people will give more importance to the positive news related to the stock and 10% will react to news rationally. So it can be said that the confirmation bias holds true as the majority of investors tend to focus only on positive news. Due to confirmation bias, people tend to overlook information that is contrary to their views in favor of the information that confirms their views.
- If people were given Rs 1 lac to invest then out of total respondents, 81% of people will choose a certain gain of Rs 50,000 and 19% of people will choose the option of 50% probability of gain of Rs 1 lac and 50% probability of getting nothing.
- If people were given Rs 2 lac to invest then out of total respondents, 38% of people will choose a certain loss of Rs 50,000 and 62% of people will choose the option of 50% probability of loss of Rs 1 lac and 50% probability of losing nothing. The outcome of option 1 in both the questions is Rs 150,000

Rs100,000+Rs 50,000 = Rs 150,000
Rs 200,000-Rs 50,000 = Rs 150,000.

The outcomes of option 2 in both the questions are Rs 200,000 or Rs 100,000 with equal probabilities.

Rs 100,000 + Rs 100,000 or Rs 0 with equal probability.
Rs 200,000 - Rs 0 or -Rs 100,000 with equal probability.

Most of the people presented with such potions have chosen option 1 in question 10 and option 2 in question 11. This shows that they are more conservative when they have an opportunity to lock insure profits but are willing to take more risk if it offers the probability of avoiding losses. According to prospect theory, people feel more strongly about the pain from the loss than the pleasure from an equal gain. That is why they are likely to choose a certain gain in the first question but reject the certain loss even though both produce the same outcome. So the prospect theory holds true.

- 48% keep holding onto investments even if their past performance is not very encouraging and 52% will not hold them. According to anchor theory, after forming an opinion people are often unwilling to change it even though they receive new information that is relevant. So it can be said that 48% face anchoring bias.
- 67% choose an investment familiar to them giving less return and 33% choose an investment unfamiliar to them giving more return. The majority of the people choose the familiarity of the investment over the more return it can be said that familiarity bias holds true because due to familiarity bias people are more comfortable with the things familiar to them

- 46% will invest on the advice of their friend who has earned in the past and 54% will not invest. The people have the natural desire to be the part of the group and feel safer in the group so they tend to do the decisions what majority are making. It is called heard instincts or information cascade. Here 46% people face heard instincts or information cascade.
- 46% have the impact of other investors buying and selling decision and 54% do not have any impact. The people have the natural desire to be the part of the group and feel safer in the group so they tend to do the decisions what majority are making. It is called heard instincts or information cascade. Here 46% people face heard instincts or information cascade.
- 78% people's decisions are impacted with the expert opinion, survey, analyst, forecast in news and media and 22% are not affected. The people have the natural desire to be the part of the group and feel safer in the group so they tend to do the decisions what majority are making. It is called heard instincts or information cascade. Here 78% people face heard instincts or information cascade.
- 61% are ready to invest in the same investment avenue on the basis of their past experience. People take their decisions based on their past experience rather than being rational. It is called the shadow of the past. Here 61% are influenced by past experience so it can be said that the shadow of the past holds true.
- 69% will hold their investment showing loss to recover the loss from the same investment avenue and 31% will not hold for recovering the loss. People keep holding on to investments showing loss to recover the loss which rationally they should not keep it is the effect of trying to reach the breakeven point. Here 69% are affected due to the bias of trying to reach breakeven and consequently it holds true.
- 57% take their investment decision based on their intuition and gut feelings and 43% make decisions rationally. Thus, 57% are affected due to the emotional bias rather than analysing the investment rationally so the theory of emotional bias holds true.

BIVARIATE

- 58% undergraduate, 66% graduate, 63% postgraduate and 62% professionals think that they have sufficient knowledge about investing. The level of education and the overconfidence bias was compared here to check whether there is any relationship between education level and overconfidence. It shows that the graduate people are the people with the highest level of overconfidence bias and it can be said that people who are educated have more overconfidence bias to predict the market compared to people who are less educated.
- 62% female and 54% male rely on their intuition and gut feeling while making investment decision the comparison was made with gender and emotional bias. So it can be said that female rely more on their intuition and gut feeling while making an investment decision. Female gender is more prone to emotional bias as compared to males.
- 95% people of the age 18-25, 85% people of the age 25-35, 93% people of the age 35-45, 85% people of the age 45-55, 100% people of the age 55-65 and 80% people of the age more than 65 give more importance to the positive news related to their investments. Here the relationship between confirmation bias and age was studied and it was concluded that there is no relationship between confirmation bias and age of the investors. Conformation bias can occur to any investor's irrelevance of age.
- 67% of service, 76% of the business, 70% of self-employed, 54% of retired and 64% of homemakers will hold their loss showing investment to recover the losses. Here the relationship between the trying to break even effect and occupation is studied. It can be analysed that business and self-employed people are most affected by trying to break even effect and retired people are least affected by it. Business and self-employed people is the people who take a higher risk than other occupations.
- 75% undergraduate, 77% graduate, 82% postgraduate, 68% professional and 25% Ph.D. are affected by the expert opinion, survey, analyst forecast in news and media. Here the heard bias and level of education is studied and it was concluded that there is no relationship between heard bias and level of education. Heard bias or information cascade can occur irrelevance of level of education.
- 68% people of the age group 18-25, 71% people of the age group 25-35, 63% people of the age group 35-45, 77% people of the age group 45-55, 71% people of the age group 55-65 and 50% of people of the age group more than 65 will hold their loss showing investment to recover the losses. Here the trying to break even effect and age is compared and it is concluded that there is no relationship between them. Trying to break even effect is irrelevant with age.
- 9 out of 22 people of age group 18-25, 20 out of 35 people of age group 25-35, 25 out of 60 people of age group 35-45, 20 out 47 people of age group 45-55, 4 out of 7 people of age group 55-65 disagree with the fact that they tend to react on short term changes in the prices of investments, whereas 5 out of 10 people of age group more than 65 agree with the fact that they tend to react on short term changes in the prices of investments. Here narrow framing and age are studied and it was found out that narrow framing is highest in the age group more than 65.
- 66% undergraduate, 60% graduate, 54% postgraduate, 50% professional and 50% Ph.D. rely more on their intuition and gut feelings when it comes to decision making in investments. Here emotional bias and level of education are compared and it was found out that level of education and emotional bias are inversely related, that means that emotional bias is highest where the education level is lowest and emotional bias is lowest where the education level is highest. With the increase in education level the emotional bias reduces.

HYPOTHESIS TESTING

H0: There is no influence of behavioural finance on investment decisions

H1: There is influence of behavioural finance on investment decisions

TABLE 1

THEORY	LEVEL OF PERCENTAGE
Overconfidence	64%
Innumeracy bias	38%
Mental Accounting	57%
Narrow Framing	23%
Confidence Bias	90%
Prospect Theory	70%
Anchoring Theory	48%
Familiarity with investment	67%
Herd instinct/Information cascade	57%
The shadow of the past	61%
Trying to break even effect	69%
Emotional effect	57%

So from the above table it can be concluded that the theories of behavioural financing holds true.

H1:- is accepted. There is influence of behavioural financing n investment decisions on investors

MEAN AND STANDARD DEVIATION TABLE

TABLE 2

Theory	Question	Mean	Std. Deviation
Overconfidence	Do you think that you have sufficient knowledge about it?	1.3591	.48107
Innumeracy	From the following two options which one will you choose?	1.6298	.49553
Mental Accounting	Suppose you have invested Rs 1 lac in equity, Rs 1 lac in bond and if there is news in bond market then will it affect your buying and selling decision in equity?	1.4309	.49658
Narrow Framing	You tend to react strongly on short term changes in price of investments?	2.7017	1.04320
Conformation bias	Suppose you have bought the shares of ABC Ltd, then will you give more importance to the positive news related with ABC Ltd.	1.1050	.30737
Prospect Theory	You have given Rs. 1 lakh and is asked to choose between two options. Which will you choose?	1.1934	.39604
Prospect Theory	You have given Rs. 2 lakh and are asked to choose between two options. Which will you choose?	1.6243	.48564
Anchoring	Do you prefer to keep holding onto investments even if there past performance is not very encouraging?	1.5193	.50101
Familiarity Bias	From the following two options which would you prefer?	1.3260	.47004
Heard instincts/Conformation bias	Your friend has invested in some investment avenue for short term and have earned 60% return on investment will you invest in same investment alternative by his/her advice?	1.5414	.49966
Heard instincts/Conformation bias	Do other investor's decisions of buying and selling make impact on your investment decisions?	1.5414	.49966
Heard instincts/Conformation bias	Do the expert opinion/ survey/analyst forecasted in news/media have any impact on your buying and selling decisions	1.2155	.41229
The shadow of the past	You have invested in stock of ABC ltd. for some period of time and you have earned good amount of return in past, will you agree to invest in same stock on the basis of your past experience?	3.0387	1.32231
Trying to reach breakeven point	If your investment is showing loss, will you hold it for recovering the loss?	1.3149	.46577
Emotional Bias	When it comes to decisions related to investments, you rely more on your intuitions and gut feelings/	1.4254	.49578

The mean of the overconfidence question is 1.3 which means more people have chosen yes to answer and the people face overconfidence bias. In rating the attributes from 1 lowest to 5 highest the mean of financial advisor returns past experience, familiarity, goals and research about investment is more than three which means people consider them or give importance to them before investing. The mean of innumeracy is 1.6 which says that people have highly chosen bigger number than the calculative more return due to which the theory of innumeracy holds true. In the question of conformation bias the mean is 1.4 which states that the frequencies are equally distributed and people are more neutral about it. In the question of familiarity, the mean is 1.3 which means that people choose familiarity of investment over more returns. In the question of trying to reach break-even point the mean is 1.3 which tells that people are highly affected by the bias of trying to reach breakeven point. In the question of emotional bias, the mean is 1.4 which tells that people are highly affected by the emotional bias while making an investment decision.

FINDINGS

(1) 50% are investing for more than 5 years, 20% are investing for more than 3 years and 64% are very confident about their ability to outperform and predict the market which shows their overconfidence in predicting the market. (2) 48% are highly influenced by their past experience, 41% by advisor or broker, 67% by return, and 30% by advice from friends and family, 30% by intuition, 55% by familiarity with investment and 67% by their goals when it comes to factors to be considered at the time of investing whereas 57% sell in the increasing market to get the benefit of increasing market and 54% of people buy in decreasing market. (3) 57% people's investment in one avenue is affected by the news in the other investment avenue whereas 23% agree with the fact that they strongly react to short term changes in the prices of investment. While 90% give more importance to the positive news related to their investments which shows confirmation bias. It can be said that prospect theory holds true which says that people feel more strongly about the pain from losses than the pleasure from gains. (4) 48% prefer to keep holding onto stocks even if their past performance is not very encouraging while 67% choose familiarity with investments over returns. (5) 54% investor's decision is affected by the buying and selling decision of other investors. 78% are highly influenced by expert opinion, survey, analysts and forecasts from news and media whereas 69% will hold their loss showing investment to recover the loss while 57% are highly affected by their emotions in the investment making a decision.

RECOMMENDATION/SUGGESTIONS

- We could conduct our project more widely if we had more resources like time and money.
- Field of behavioural finance is so huge than one can do research on it many times if they want to.
- To know the behaviour of investors towards investing might be a difficult task as it varies person to person.

CONCLUSIONS

The objective of this study was to check the relevance of the behavioural finance theories and if the average individual investor participating in the investments market of the Ahmedabad city is always rational or not. The focus was is on the behavioural biases namely: overconfidence, anchoring, familiarity, confirmation bias, innumeracy, prospect theory, mental accounting, narrow framing, shadow of past, emotional bias and information or herd instinct. Effects of the above biases on the decision-making process of the investors of the Ahmedabad city was studied and analysed. Data collection was done through questionnaire and 181 responses were obtained from individual investors. The study found out that investors are not rational and there are always the effects of above biases in more or less proportion on the decision-making process of investors in the investments. Financial decision and behavior of investors are being influenced by personal and social psychology. Investors are influenced by heuristic driven biases, frame dependence, emotional and social influences.

LIMITATIONS

- Due to insufficient time, we were not able to conduct a research study on a large scale.
- The responses may be biased.
- The study was limited to Ahmedabad only.
- The sample may not exactly represent the population.

SCOPE FOR FURTHER RESEARCH

- It is limited to certain theories only. So one can research on various other theories of Behavioural finance.
- It is limited to Ahmedabad city only due to time constraints so we can do research on other cities also.
- Some responses maybe biased.
- In our research we took the sample of only 181 people which could be increased in further research.

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ANNEXURE

1. Have you invested in any kind of investment avenues?

Yes No

2. Since how long you are investing?

- Less than a year
- 1-3 years
- 3-5years
- More than 5 year

3. Do you think you have sufficient knowledge about various investment avenues?

- Yes
- No

4. Rate the following options as per the importance you give to them before investing in a particular investment avenue? (1-lowest and 5-highest)

Particular	1	2	3	4	5
Past experience					
Financial advisor/broker					
Return					
Advice from friends/family/relatives					
Intuition					
Familiarity with investment					
Your goals					
News/newspaper/media					
Your research about investment avenue					

5. Suppose you have invested in stock market, then in different situations of investment value how will you take decisions?

Particulars	BUY	SELL	HOLD
Increasing (bullish)			
Decreasing(bearish)			
Stagnant (no change)			

6. From the following two options which would you prefer?

- Profit of Rs1 lac on investment of Rs 6 lac
- Profit of Rs 250 on investment of Rs 500

7. Suppose you have invested Rs 1 lac in equity, Rs 1 lac in bond and if there is news in bond market then will it affect your buying and selling decision in equity?

- Yes
- No

8. You tend to react strongly on short term changes in price of investment?

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

9. Suppose you have bought the shares of ABC Ltd., then will you give more importance to the positive news related with ABC LTD.?

- Yes
- No

10. You have given Rs. 1 lakh and asked to choose between two options. Which will you choose?

- A certain gain of Rs 50,000
- 50% probability is you will get Rs 100000 and 50% probability is you will get nothing.

11. You have given Rs. 2 lakh and are asked to choose between two options. Which will you choose?

- A certain loss of Rs 50,000
- 50% probability is you will lose nothing and 50% probability is you will lose 1,00,000

12. Do you prefer to keep holding onto investments even if there past performance is not encouraging?

- Yes
- No

13. From the following two options which would you prefer?
- An investment familiar to you giving less return
- An investment unfamiliar to you giving more return

14. Your friend has invested in some investment avenue for short term and has earned 60% return on investment will you invest in same investment alternative by his/her advice?
- Yes
- No

15. Do other investor's decisions of buying and selling make impact on your investment decisions?
- Yes
- No

16. Does the expert opinion/survey/analyst forecasted in news/media have any impact on your buying and selling decisions?
- Yes
- No

17. You have invested in stock of ABC ltd. for some period of time and you have earned good amount of return in the past, will you agree to invest in same stock based on your past experience?
- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

18. If your investment is showing loss, will you hold it for recovering the loss?
- Yes
- No

19. When it comes to decisions related to investment, you rely more on your intuition, and gut feelings?
- Yes
- No

Personal details

20. Name

21. Age
- 18-25
- 25-34
- 35-44
- 45-54
- 55-64
- More than 64

22. Gender
- Female
- Male

23. Occupation
- Service
- Business
- Self-employed
- Retired
- Home maker

24. Annual income
- <250000
- 250000-500000
- 500000-1000000
- >1000000

25. Education
- Below graduate
- Graduate
- Post graduate
- Professional
- Ph.D.
- Others

26. Phone No

27. E-mail ID.

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