A study on

INVESTOR INVESTMENT BEHAVIOR IN STOCK MARKET

Project Report

Submitted by

M PRIYA: (SB21CCM024)

FREYA ADIL SIMETHY: (SB21CCM022)

CHRISAL ROSEMARY KJ: (SB21CCM005)

Under the guidance of

Ms. NIMA DOMINIC

In partial fulfillment of the requirement for the Degree of

BACHELOR OF COMMERCE



ST. TERESA'S COLLEGE ESTD 1925

ST. TERESA'S COLLEGE (AUTONOMOUS), ERNAKULAM

COLLEGE WITH POTENTIAL FOR EXCELLENCE

Nationally Re-Accredited with A++ Grade

Affiliated to

Mahatma Gandhi University

Kottayam-686560

March-2024

A study on

INVESTOR INVESTMENT BEHAVIOR IN STOCK MARKET

Project Report

Submitted by

M PRIYA: (SB21CCM024)

FREYA ADIL SIMETHY: (SB21CCM022)

CHRISAL ROSEMARY KJ: (SB21CCM005)

Under the guidance of

Ms. NIMA DOMINIC

In partial fulfillment of the requirement for the Degree of

BACHELOR OF COMMERCE



ST. TERESA'S COLLEGE ESTD 1925

ST. TERESA'S COLLEGE (AUTONOMOUS), ERNAKULAM

COLLEGE WITH POTENTIAL FOR EXCELLENCE

Nationally Re-Accredited with A++ Grade

Affiliated to

Mahatma Gandhi University

Kottayam-686560

March-2024

ST. TERESA'S COLLEGE, ERNAKULAM (AUTONOMOUS)

COLLEGE WITH POTENTIAL FOR EXCELLENCE

Nationally Re-Accredited with A++ Grade

CERTIFICATE

This is to certify that the project titled **"A STUDY ON INVESTOR INVESTMENT BEHAVIOR IN STOCK MARKET"** submitted to Mahatma Gandhi University in partial fulfillment of the requirement for the award of Degree of Bachelor in Commerce is a record of the original work done by **Ms. M Priya, Ms. Freya Adil Simethy, Ms. Chrisal Rosemary KJ**, under my supervision and guidance during the academic year 2023-24.

Project Guide

Ms. Nima Dominic
Assistant Professor
Department of Commerce (SF)

Smt. Jini Justin D'Costa
(Head of the Department)
Department of Commerce (SF)

Viva Voce Examination held on 24/4/2024

External Examiner(s)

DECLARATION

We Ms. M Priya, Ms. Freya Adil Simethy, Ms. Chrisal Rosemary KJ, final year B.Com students, Department of Commerce (SF), St. Teresa's College (Autonomous) do hereby declare that the project report entitled A STUDY ON INVESTOR INVESTMENT BEHAVIOR IN STOCK MARKET submitted to Mahatma Gandhi University is a bonafide record of the work done under the supervision and guidance of MS. Nima Dominic, Assistant Professor of Department of Commerce (SF), St. Teresa's College (Autonomous) and this work has not previously formed the basis for the award of any academic qualification, fellowship, or other similar title of any other university or board.

M PRIYA

PLACE: ERNAKULAM

FREYA ADIL SIMETHY

DATE:

CHRISAL ROSEMARY KJ

ACKNOWLEDGEMENT

First of all, we are grateful to God Almighty for his blessings showered upon us for the successful completion of our project.

It is our privilege to place a word of gratitude to all persons who have helped us in the successful completion of the project.

We are grateful to our guide ***Ms. Nima Dominic****, Department of Commerce (SF) of St. Teresa's College (Autonomous), Ernakulam for her valuable guidance and encouragement for completing this work.*

We would like to acknowledge ***Dr. Alphonsa Vijaya Joseph****, Principal of St. Teresa's College (Autonomous), Ernakulam for providing necessary encouragement and infrastructure facilities needed for us.*

We would like to thank ***Smt. Jini Justin D'Costa****, Head of the Department, for her assistance and support throughout the course of this study for the completion of the project.*

We will remain always indebted to our family and friends who helped us in the completion of this project.

Last but not the least; we would like to thank the respondents of our questionnaire who gave their precious time from work to answer our questions.

M PRIYA

FREYA ADIL SIMETHY

CHRISAL ROSEMARY KJ

CONTENTS

Chapters	Content	Page Number
Chapter 1	Introduction	1
Chapter 2	Review of Literature	4
Chapter 3	Theoretical Framework	9
Chapter 4	Data Analyzing and Interpretation	15
Chapter 5	Findings, Suggestions and Conclusion	35
	Bibliography	40
	Annexure	41

LIST OF TABLES

Sl.No.	Contents	Page No.
4.1	Trader or Investor Classification	15
4.2	Investment Experience	16
4.3	Familiarity with Investing Opportunities	17
4.4	Ranking Preferred Investment Options	18
4.5	Comfort Level with Technology-Based Investment Tools	19
4.6	Sources of Information for Investment Decisions	20
4.7	Preference for Investment Information Sources	21
4.8	Utilization of Online Platforms for Investment Activities	22
4.9	Current Investment Holdings	23
4.10	Preferred Investment Strategy	24
4.11	Factors Influencing Investment Decision-Making	25
4.12	Preferred Industry for Investment	26
4.13	Investment Goals	27
4.14	Desired Growth Rate for Investments	28
4.15	Percentage of Income Invested	29
4.16	Sentiment towards the Indian Stock Market	30
4.17	Factors Impacting Risk Tolerance	31
4.18	Investment Time Preference	32
4.19	Impulsive Investment Decision-Making	33
4.20	Triggers for Impulsive Investment Decisions	34

LIST OF FIGURES

Sl.No.	Contents	Page No.
4.1	Trader or Investor Classification	15
4.2	Investment Experience	16
4.3	Familiarity with Investing Opportunities	17
4.4	Ranking Preferred Investment Options	18
4.5	Comfort Level with Technology-Based Investment Tools	19
4.6	Sources of Information for Investment Decisions	20
4.7	Preference for Investment Information Sources	21
4.8	Utilization of Online Platforms for Investment Activities	22
4.9	Current Investment Holdings	23
4.10	Preferred Investment Strategy	24
4.11	Factors Influencing Investment Decision-Making	25
4.12	Preferred Industry for Investment	26
4.13	Investment Goals	27
4.14	Desired Growth Rate for Investments	28
4.15	Percentage of Income Invested	29
4.16	Sentiment towards the Indian Stock Market	30
4.17	Factors Impacting Risk Tolerance	31
4.18	Investment Time Preference	32
4.19	Impulsive Investment Decision-Making	33
4.20	Triggers for Impulsive Investment Decisions	34

CHAPTER: 1

INTRODUCTION:

1.1 INTRODUCTION:

Investment is a sacrifice of current resources for future benefits, contributing to a nation's physical stock of capital. Warren Buffet, a successful investor, famously said, "Investing is simple, but not easy." It challenges our basic human nature, requiring patience and discipline for long periods. Investment theory suggests that investors are rational beings who maximize expected utility based on future returns. Economic utility theory views individual investment decisions as a tradeoff between immediate consumption and deferred consumption, with the axiom of utility theory suggesting that if an individual chooses to defer consumption, they will select a portfolio that maximizes long-term satisfaction.

Von Neumann and Morgenstern argue that investors are rational, risk-averse, and wealth-maximizing. They use the mean/variance approach to maximize expected utility, selecting a portfolio that maximizes return while minimizing risk. Investment behavior is crucial for an individual's future and can be influenced by various factors. To maximize investment, investors need understanding of human nature, positive vision, foresight, patience, and drive. Demographic factors, such as socio-economic background, education, age, race, and sex, also influence investment decisions. Institutional investors face challenges in portfolio design and risk tolerance. Due to their substantial portion of the nation's savings, investors have a significant impact on the stock market. The actions of a single investor can never be disregarded by stock market regulators. The purpose of this study is to comprehend how individual stock market investors behave, particularly their attitudes and perceptions of the market.

1.2 SIGNIFICANCE OF STUDY:

Understanding individual investors' behavior in the Indian stock market is crucial for various reasons. It helps in market efficiency, investor protection, financial education, portfolio management, market stability, and investment decision-making. Market analysts can gain insights into investors' decisions, reactions to market conditions, and risk assessment. This helps in developing investor protection measures, promoting financial education, and optimizing portfolio management. Understanding investors' risk tolerance levels helps in designing suitable investment strategies, ensuring market stability. Additionally, understanding investors' psychology helps them avoid common biases and pitfalls, leading to better investment outcomes.

1.3 STATEMENT OF THE PROBLEM:

This project seeks to examine the conduct of individual investors in the Indian stock market. The objectives encompass an investigation into their attitudes, favored information sources, psychological profiles, and risk tolerance levels, with the aim of proposing appropriate portfolio strategies.

1.4 OBJECTIVE OF THE STUDY:

- Explore the behavior of individual investors in the Indian stock market, focusing on their attitudes and perceptions regarding stock market investments.
- Determine the primary sources of information influencing investment decisions among individual investors in India.
- Classify individual investors into different psychological categories, such as conservative, opportunistic, and speculative, based on their investment behaviors and decision-making processes.
- Evaluate the risk tolerance levels of individual investors participating in the Indian stock market and propose tailored portfolio strategies accordingly.

1.5 SCOPE OF THE STUDY:

The research project aims to study investment behavior and decision-making processes across various occupations in Kerala's Ernakulam district. It will include students, assistant professors, business owners, traders, executives, entrepreneurs, investors, HR managers, accountants, engineers, fashion designers, doctors, operations heads, office assistants, IT professionals, lab technicians, and finance sector professionals. The study aims to provide insights into factors influencing investment decisions and their implications for the stock market.

1.6 RESEARCH METHODOLOGY:

The primary data were used for the study. Data have been collected through questionnaire methods and survey methods. Secondary data have also been used for the study. These data were collected from various online research articles.

Tools for data collection:

The main tool used for data collection is a questionnaire made through Google Forms, which has been distributed among the respondents.

Tools for data analysis:

The data collected was presented and analyzed through tables, charts, diagrams & graphs.

1.7 LIMITATIONS:

- The study was limited to Ernakulam City
- Respondents may be careless in responding
- Sample size was limited to 50 respondents
- It acknowledges the possibility of not fully capturing all relevant variables or accounting for complex interactions, potentially limiting the depth of understanding of investment behavior.
- It may be difficult to access certain occupational groups, such as executives or finance sector professionals, due to their busy schedules or reluctance to participate in research studies. This could impact the representativeness of the sample and limit the depth of insights obtained from these groups.

CHAPTER 2

REVIEW OF LITERATURE

- **Karan Singh (2023)** in his study titled "Investment Behavior of Individual Investors towards Mutual Funds and the Stock Market with Reference to Aligarh Division: An Analytical Study," focuses on individual investors in the Aligarh Division of Uttar Pradesh, India. The research reveals that individual investors tend to diversify their portfolios to mitigate risks. They often spread their risk across various asset classes, such as equities, bonds, mutual funds, properties, and commodities, in order to potentially optimize returns.

- **Ronia Liza Mathew (2022)**, her study "Investment Decision Making Behavior of Individual Investors in the Indian Stock Market: An Exposition of Psychological and Attitudinal Precedents," suggests that the return, risk, liquidity, and historical performance of stocks are all presumably highly valued by investors. The two main factors influencing their stock investment decisions are the investment's return and its level of risk.

- **Shanavas S.M (2022)**, in his study "Investors' Perception and Investment Pattern: A Study with Reference to Stock Market Investors in Kerala," reveals that women in Kerala are significantly less likely to invest in the stock market than men, with 95.3% of investors being men. The majority of investors are between 25 and 45 years old, with 90% highly educated. Stock market investors generally exhibit awareness of various investment options, with equity shares, bank deposits, mutual funds, and insurance being the most popular. Age, education, and income influence awareness and adoption. Non-debt instruments are preferred for future investments.

- **Arul Sulochana Y (2020)**, in her study titled "Stock Market Behavior and Integration among Global Stock Markets - An Empirical Investigation," analyzes stock market activity and integration on a worldwide and continental scale. The goal of this study is to measure market efficiency using the Hurst exponent, which indicates that all continents are inefficient except for the markets in Asia and Europe. The study employs Granger's causality approach, the correlation coefficient method, and co integration tests to identify

interdependencies and dynamic interactions. With the exception of Norway OSE BX from Europe, most continents exhibit positive associations. Granger's causality test is also utilized to assess predictive capacity, revealing no causal relationship between the African and American stock markets. Additionally, the study examines the seasonal impacts on monthly returns, finding no seasonality in markets in Europe, Asia, Africa, or America.

- **Anusree M (2023)**, in her study titled "The Influence of Behavioral Factors in the Investment Decisions of Individual Investors in Kerala," found that investors encounter psychological barriers when making investment decisions, with various biases affecting decision-making. These biases, such as anchoring bias, overconfidence bias, gambler's fallacy, mental accounting, loss aversion, regret aversion, and herding behavior, often lead to flawed decisions. Understanding these biases is crucial for making informed financial decision.

- **Sunaina Kanojia (2018)** conducted a study titled "Analyzing Factors Affecting Individual Investors in the Indian Stock Market," aiming to explore seven prevalent biases among investors residing in the capital city. These biases include overconfidence, herd behavior, cognitive dissonance, disposition effect, representative bias, mood, and cultural bias. The findings of the study indicate that representative bias has the greatest impact on investors, followed by overconfidence, cognitive dissonance, and the disposition effect, while herd behavior has the least influence.

- **Arup Kumar Sarkar (2018)** conducted a study titled "Investigation of Investment Behavior among Individual Investors in the Stock Market," aiming to assess the impact of three independent variables: Demographic Factors, Awareness, and Perceived Risk Attitude, on a single dependent variable, Investment Behavior. The study reveals that the awareness levels of individual investors are moderate, with financial awareness surpassing social learning. Furthermore, Perceived Risk Attitude is predominantly influenced by Affect rather than Cognition. The analysis suggests that Demographic

interdependencies and dynamic interactions. With the exception of Norway OSE BX from Europe, most continents exhibit positive associations. Granger's causality test is also utilized to assess predictive capacity, revealing no causal relationship between the African and American stock markets. Additionally, the study examines the seasonal impacts on monthly returns, finding no seasonality in markets in Europe, Asia, Africa, or America.

- **Anusree M (2023)**, in her study titled "The Influence of Behavioral Factors in the Investment Decisions of Individual Investors in Kerala," found that investors encounter psychological barriers when making investment decisions, with various biases affecting decision-making. These biases, such as anchoring bias, overconfidence bias, gambler's fallacy, mental accounting, loss aversion, regret aversion, and herding behavior, often lead to flawed decisions. Understanding these biases is crucial for making informed financial decision.

- **Sunaina Kanojia (2018)** conducted a study titled "Analyzing Factors Affecting Individual Investors in the Indian Stock Market," aiming to explore seven prevalent biases among investors residing in the capital city. These biases include overconfidence, herd behavior, cognitive dissonance, disposition effect, representative bias, mood, and cultural bias. The findings of the study indicate that representative bias has the greatest impact on investors, followed by overconfidence, cognitive dissonance, and the disposition effect, while herd behavior has the least influence.

- **Arup Kumar Sarkar (2018)** conducted a study titled "Investigation of Investment Behavior among Individual Investors in the Stock Market," aiming to assess the impact of three independent variables: Demographic Factors, Awareness, and Perceived Risk Attitude, on a single dependent variable, Investment Behavior. The study reveals that the awareness levels of individual investors are moderate, with financial awareness surpassing social learning. Furthermore, Perceived Risk Attitude is predominantly influenced by Affect rather than Cognition. The analysis suggests that Demographic

Factors, Awareness, and Perceived Risk Attitude significantly influence individual investors in the Indian stock market.

- **Rajdeep Kumar Raut (2020)** conducted a study titled "Exploring the Factors Influencing Individual Investors' Decision-Making in the Indian Stock Market." In this study, he examined the various factors that influence individual investors when making investment decisions. The primary aim was to determine whether the Indian financial market is efficient and whether investors make rational decisions. Consequently, this study revealed the irrational behavior of investors and highlighted the inefficiency of the financial market.

- **Madhumita Chakraborty (2020)** conducted a study titled "Asymmetric Relationship of Investor Sentiment with Stock Returns and Volatility." The study utilized two measures to capture investor sentiment: the market-based Market Mood Index (MMI) and the survey-based Consumer Sentiment Index (CSI). The research examined the cross-sectional and asymmetric relationship between investor sentiment and stock returns and volatility in the stock market. The findings indicate that investor sentiment (MMI) influences stock returns at extreme quantiles. Lower sentiment induces fear-induced selling, leading to decreased returns, while high sentiment is followed by lower future returns as the market reverts to fundamentals.

- **SahilGoyal (2020)** his study titled "Investor's Perception towards Risk-return in Indian Stock Market" uses primary data in finding out the behavioral biases that affect the risk and return perception of retail investors and the association between demographic factors and investment decision. 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. The results suggest that the investors should have potential biases while making investment decisions. It concludes by saying that an investor should be self-aware of his/her biases and consciously tackle it to make an informed decision.

- **Qianwei Ying (2019)** conducted a critical review titled "Stock Investment and Excess Returns: A Critical Review in Light of the Efficient Market Hypothesis." The study analyzes anomaly returns based on the efficient market theory. The evolution of investment strategies and capital markets is reshaping the significance and empirical validity of the Efficient Market Hypothesis. The authors examine the development and status of the efficient market hypothesis, focusing on anomaly or excess returns. However, investors often fail to achieve excess returns. Nevertheless, market anomalies persist, and stock prices frequently deviate from their intrinsic value. Ultimately, the authors present compelling evidence of current issues that challenge existing proofs and theories, prompting potential changes in modern finance.

- **Miljan Leković (2018)** conducted a study titled "Evidence for and Against the Validity of the Efficient Market Hypothesis." The concept of an efficient financial market, known in literature as the Efficient Market Hypothesis (EMH), has undergone a long and challenging development process from its introduction to its final conception, emerging as a central concept in modern finance. Over decades of testing and critical analysis, two basic types of issues have been identified: theoretical paradoxes and market anomalies. The study aims to examine the validity of EMH through tests of financial market efficiency and previous research findings, seeking to address whether the concept of an efficient financial market remains valid despite the identified problems. The paper presents ample evidence both supporting and challenging the validity of the weak, semi-strong, and strong forms of EMH. Despite extensive research spanning decades, the financial literature has not yet reached a definitive conclusion regarding the presence or absence of validity of this hypothesis.

- **Tim Verheyden (2018)** conducted a study titled "A Study for a New Framework of Efficient Markets." Academic research on the efficiency of financial markets has spanned several decades, with the study divided between two contrasting beliefs: the Efficient Market Hypothesis (EMH) and Behavioral Finance. The recent Nobel Prize awarded to scholars from both sides of the debate confirms the ongoing stalemate. This study applies multiple state-of-the-art efficiency tests in rolling windows of one year to leading global

stock market indices to test the Adaptive Markets Hypothesis (AMH), a proposed reconciling framework.

- **Kai-Yin Woo (2020)** conducted a review titled "Efficiency and Anomalies in Stock Markets." The paper explores the Efficient Market Hypothesis (EMH), a fundamental concept tested over the past century. Despite its significance, conflicting evidence and anomalies have led to questions about its validity. The review defines market efficiency and EMH, discusses challenges to EMH, and examines various market anomalies. It also explores Behavioral Finance theories to explain these anomalies. This review is valuable for academics, investors, and policymakers alike, offering insights into financial theory, investment strategies, and policy considerations.

- **Shweta Agarwal, Shailendra Kumar, and Utkarsh Goel (2019)** their study titled "A survey of the literature on the stock market's reaction to information dispersion via online sources" was conducted done to find out how online news items and different social media platforms, which provide information, affect the trading habits of individual investors and the stock market as a whole, is compiled in this exploratory work. The study articles that are being examined were published between 1992 and 2017 and were categorized based on the publication year, countries included in the sample, publication source, and research area of focus. Numerous research gaps that can direct future investigations are identified by the literature evaluation. The paper advances our present understanding.

CHAPTER 3

THEORETICAL FRAMEWORK

3.1 INTRODUCTION:

Investors like to think they invest rationally, but the field of behavioral finance has shown there are social, emotional and even cognitive factors that can affect our investing decisions. Those factors, also called behavioral biases, can undermine our decision-making ability and impact our long-term success.

Investment behavior is based on uncertainty about the future and is thus risky. News and rumors and speed and availability of information play important roles in investment markets. Risk propensity, risk preference, and attitude are the major concepts and explanations of investment behavior.

3.2 MEANING:

This study deals with the behavior of the investor to identify the better investment avenues available in India. The investment strategy is a plan, which is created to guide an investor to choose the most appropriate investment portfolio that will help them to achieve their financial goals within a particular period of time. By increasing personal wealth, investing can contribute to higher, overall economic growth and prosperity. The process of investing helps companies where they can raise their capital through financial markets. Specific types of investments provide other benefits for the investor, corporate as well as the society. The Indian investors are very much aware about the concept of portfolio allotments and risk and return of the investment.

3.3 WHAT IS THE ROLE OF INVESTORS IN A STARTUP?

Depending on the type of investor and the stage of the firm, investors can play a variety of roles in a startup. Fundamentally, though, investors' job is to finance the startup in return for a share in the business. The startup is able to expand its operations, add staff, and develop its product or service thanks to this money. Investors can contribute important resources and knowledge to the table in addition to money. They might be able to assist the startup in succeeding because of their industry contacts, business scaling expertise, or in-depth knowledge of the market. Some investors may also take on the role of mentors, helping the startup's founders through the highs and lows of creating a successful company. Generally, an investor's job in a startup is to help the company expand and succeed. They give companies the tools and knowledge they need to

succeed in exchange for a portion of the company's future earnings. As selecting the correct investors and cultivating a strong rapport with them can be critical to the success of their business, startup owners must have a solid understanding of the function of investors.

Investing behavior encompasses more than just timing your purchases and sales; it also involves considering the variables that influence your choices. Every asset class has advantages and disadvantages; none of them is flawless. As an investor, it is your responsibility to maximize the benefits that meet your needs.

Make sure your plate has a healthy mix of foods.

You may have a salad or a few slices of bread with a vegetable on the side, but you don't always eat the same foods in the same amounts. On the other hand, your family members might favor different foods in different amounts. This is due to the fact that every food item has unique health advantages and that individual palates can differ. A really powerful analogy to clarify the idea of asset allocation. It's best to have a balanced selection of foods as each one has unique advantages. Similarly, it is advisable to maintain a healthy asset allocation in your portfolio because every investment vehicle has a different goal.

3.4 BENEFITS OF HAVING INVESTORS ON BOARD.

Having investors on board can bring a multitude of benefits to a startup, including:

- **Funding:** The cash infusion that enables the firm to finance its expansion and operations is the most evident advantage of having investors. Startups may find it difficult to raise the capital required to expand their operations and launch a new product or service in the absence of investors.

- **Expertise:** Investors can contribute a plethora of experience and knowledge, giving the startup's founders insightful advice. They can offer guidance on important choices like

hiring, product development, and marketing, as well as assist the company in navigating the difficulties of expanding a business.

- **Connections:** A startup might greatly benefit from the broad networks and contacts that investors frequently possess inside the industry. They can help the startup establish connections and broaden its reach by introducing it to possible partners, clients, and investors.

- **Validation:** Having investors on board can help the company gain credibility and validation in the eyes of partners, clients, and staff. By doing this, the startup may gain traction and raise its chances of success.

- **Alignment of Goals:** A more stable and encouraging atmosphere for the startup's growth is produced when the investors' and the company's objectives coincide. By ensuring that everyone is working towards the same goals, investors may assist the firm in maintaining concentration and direction.

In conclusion, a firm can expand and prosper by enlisting investors, who can offer vital resources and support. Startups can take use of investment benefits to realize their ideas and accomplish their objectives by selecting the right investors and cultivating strong partnerships.

3.5 THE DIFFERENT TYPES OF INVESTORS AND THEIR APPROACH

There are many different types of investors, each with their own unique approach and objectives. Here are some of the most common types of investors and their approaches:

- **Angel investors:** High net worth individuals that spend their own personal capital in early-stage enterprises are known as angel investors. They typically have a keen interest in the market or product of the company and are prepared to assume greater risk in exchange for the possibility of a large reward.

- **Venture capitalists:** Professional investors, venture capitalists oversee money from limited partners and make investments in firms in their early and growing stages. They are willing to invest substantial quantities of money in exchange for a sizable ownership in the firm, and they frequently concentrate on companies with strong growth potential.

- **Strategic investors:** Companies or people that engage in startups as a means of advancing their own commercial interests are known as strategic investors. For instance, a business in a similar sector might fund a startup in order to have access to its technologies or break into a new market.

- **Crowd funding:** Through crowd funding, which is usually done through an internet platform, startups can raise money from a huge number of individuals. In return for their money, investors could get benefits like first access to the good or service.

- **Private Equity Firms:** Private equity firms make investments in well-established organizations, usually with the intention of acquiring them for financial gain or turning around underperforming enterprises.

3.6 AN INVESTOR'S BEHAVIOR THROUGH DIFFERENT STAGES OF INDUSTRY:

Every industry has to pass through different stages viz. pioneering Stage, expansion stage, Maturity stage and decline stage.

1. **Pioneering stage or startup stage:**

In this stage Industries are often featured by new technology or new products. At this stage it is very difficult to predict which firms will succeed as they have to start from zero sales. However, the growth rates will be very high at this stage since the products are not flooded in the market. Even if the analyst identifies the promising industry at the pioneering stage, he may hesitate to invest because of greater risk involved and uncertainty with regard to the successful survivors.

2. **Expansion stage/consolidation stage:**

This stage is featured by successful survivors of the pioneering stage. The surviving companies become more stable and continue to be steadier and stronger. The intense competition in the startup stage brings quality products at lower prices. Since the growth rate is very high the companies tend to reinvest much of their earnings and keep a low payout ratio. It is advisable to invest in the shares of such companies as their growth rate is higher than the growth rate of the economy.

3. **Maturity stage / Stabilization stage:**

At this stage, companies reach their full potential and lose their ability to outperform the economy. The industry begins to stagnate as products get more and more standardized. Sales may not increase at a faster pace as in the case of expansion phase. The standardization of products compels the companies to reduce their profit margins. At this stage, growth opportunities are negligible and companies tend to keep a high payout ratio, instead of reinvesting the profits. Investors should closely monitor the events occurring at the maturity Stage to understand the symptoms of technological obsolescence, changes in customer's preferences, etc. It will help him to sell off his industry wire to sell off his investments when the industry starts declining.

4. **Decline Stage / Decay stage:**

During this stage, the rate of growth of the industry becomes less than the growth rate of the economy. The decline in demand results in low sales. The profitability of companies diminishes because of decline in sales and absence of economies of scale. Return on

Investment may fall into negative territory. The decline stage occurs due to the following reasons:

a. Changes in customer's habit, taste and preference
b. Technological obsolescence or emergence of improved technology
c. Government regulations
d. Changes in the costs of capital and labor.

Investors should stay away from these companies as it leads to wealth destruction or erosion of capital. Existing investors should disinvest their holdings when symptoms of decline are evident.

Securing sufficient funding could mean the difference between your small business closing its do ors and experiencing exponential growth.

You have access to a variety of financial sources, including investors, credit lines, small company loans, and personal funds.

You may feel sufficiently confidence in your company's potential for success to approach an inv estor for funding.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.1 TRADER OR INVESTOR CLASSIFICATION

Table: 4.1

Trader or Investor Classification

particular	No of Respondents	Percentage
Trader	14	28
Investor	32	64
Other	4	8

Figure: 4.1



INTERPRETATION:

The above figure shows that around 64% of respondents are investor and 28% of respondents are traders and 8% are included in others.

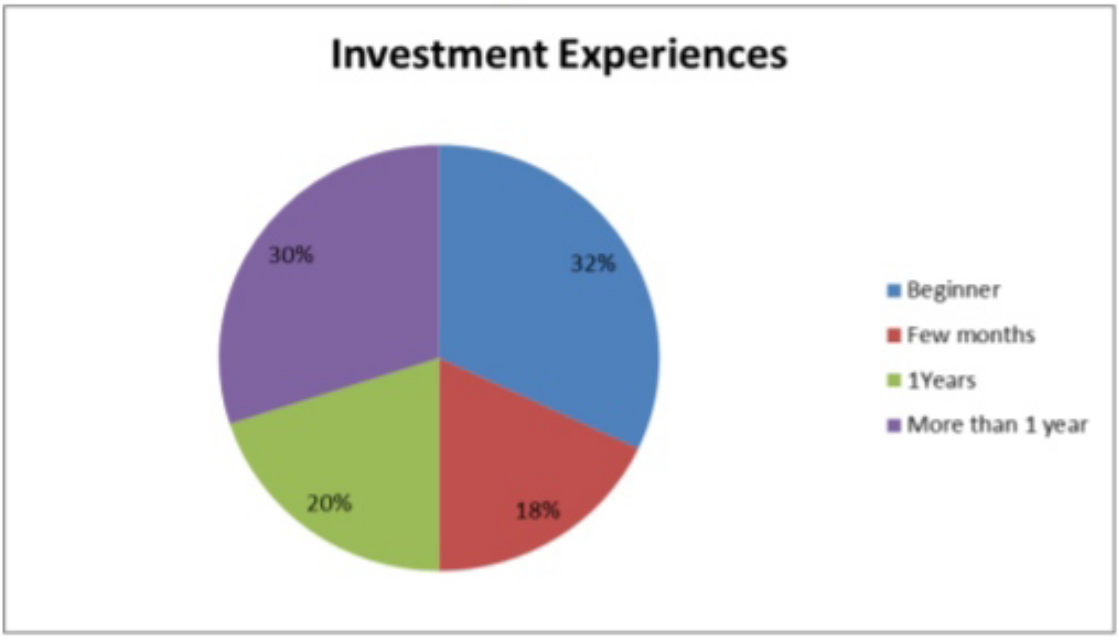
4.2 INVESTOR'S INVESTMENT EXPERIENCE

Table: 4.2

Investment Experience

Particular	Number of respondents	Percentage
Beginner	16	32
Few month	9	18
1 Year	10	20
More than 1year	13	26
6 Year	1	2
NA	1	2

Figure: 4.2



INTERPRETATION:

The above figure shows that around 32% of respondents are beginners, 30% of respondents have experience of more than 1 year, 20% of respondents have experience of 1 year and 18% have experience of few months.

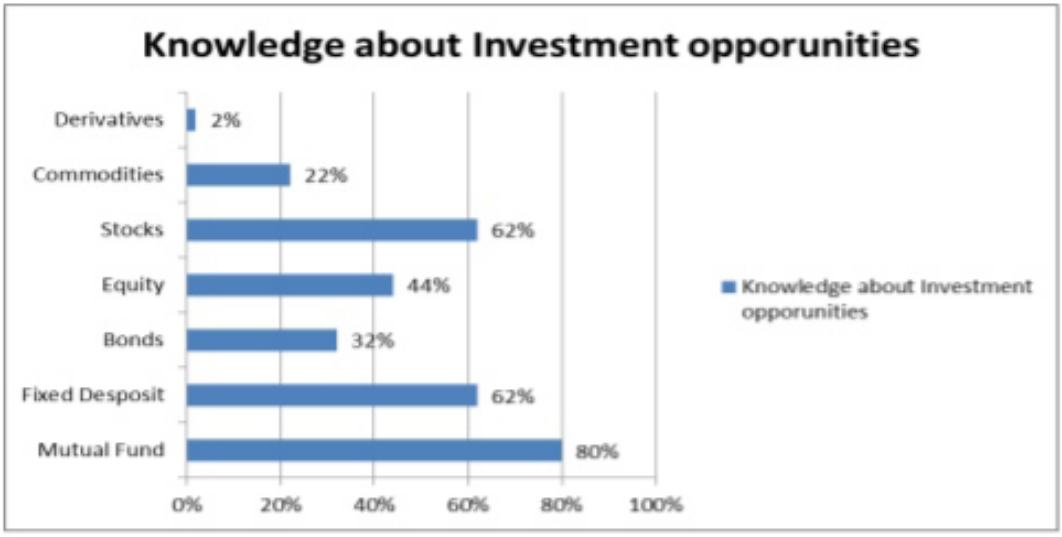
4.3 FAMILIARITY WITH INVESTING OPPORTUNITIES

Table: 4.3

Familiarity with Investing Opportunities

Particular	No of Respondent's	Percentage
Mutual fund	40	80
Fixed deposit	31	62
Bonds	16	32
Equity	22	44
Stock	31	62
Commodities	11	22
Derivatives	1	2

Figure:4.3



INTERPRETATION:

The above figure shows that around 80% of respondents know about mutual funds and 62% of respondents know about fixed deposit and stock and 45% of respondents know about equity and only 32%, 22%and 2% know about bonds, commodities and derivatives respectively.

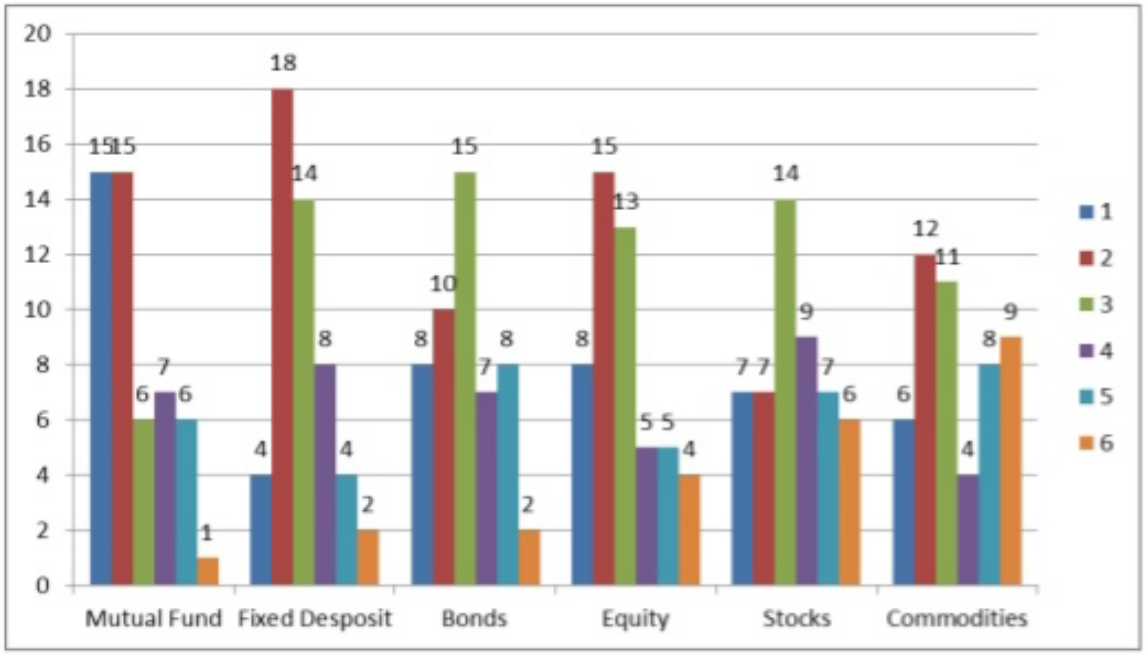
4.4 RANKING PREFERRED INVESTMENT OPTIONS

Table: 4.4

Ranking Preferred Investment Options

Particular	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6
Mutual fund	15	15	6	7	6	1
Fixed deposit	4	18	14	8	4	2
Bonds	8	10	15	7	8	2
Equity	8	15	13	5	5	4
Stock	7	7	14	9	7	6
Commodities	6	12	11	4	8	9

Figure: 4.4



INTERPRETATION:

From this chart, we can infer that Mutual Funds were the most favored investment option, with the majority of respondents ranking it as 1 or 2. Fixed Deposits received mixed rankings, with a notable number of respondents ranking it as 3, 4, or 5. Bonds were the least favored, with the highest number of respondents ranking it as 6.

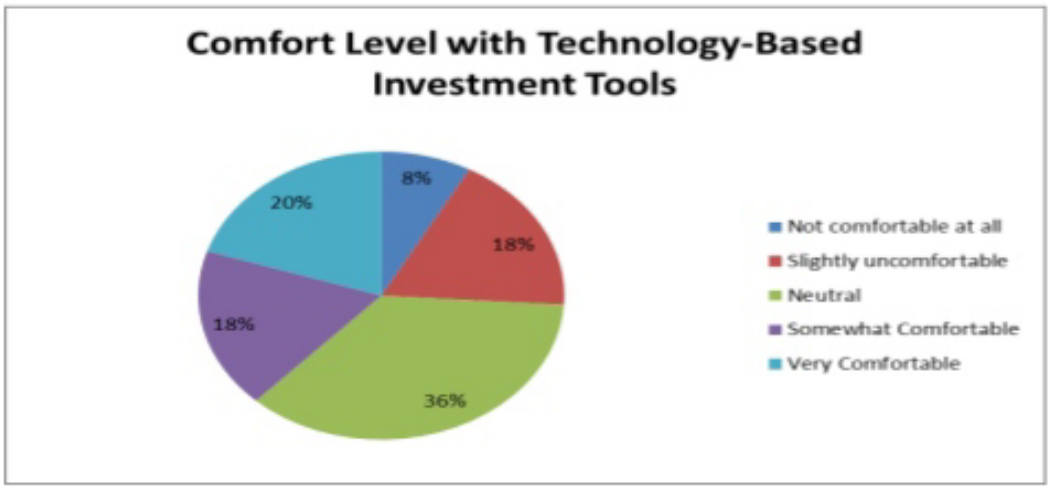
4.5 COMFORT LEVEL WITH TECHNOLOGY-BASED INVESTMENT TOOLS

Table: 4.5

Comfort Level with Technology-Based Investment Tools

Particular	No of Respondents	Percentage
Not comfortable at all	4	8
Slightly uncomfortable	9	18
Neutral	18	36
Somewhat comfortable	9	18
Very comfortable	10	20

Figure: 4.5



INTERPRETATION:

From the chart, we can interpret that the largest group of respondents, 36%, are neutral about their comfort level with technology-based investment tools. The next largest segments are those who are not comfortable at all and those who are slightly uncomfortable, both of which represent a significant portion of the respondents (20% and 18%, respectively). The respondents who feel somewhat comfortable and very comfortable with technology-based investment tools make up 18% and 8% of the responses, respectively.

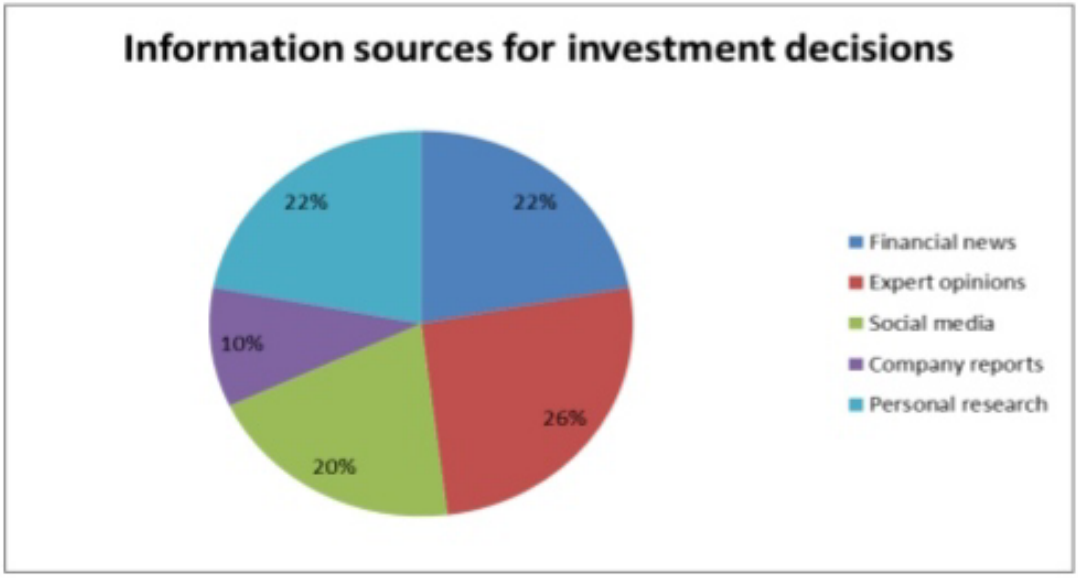
4.6 SOURCES OF INFORMATION FOR INVESTMENT DECISIONS

Table: 4.6

Sources of Information for Investment Decisions

Particular	No of Respondents	Percentage
Financial news	11	22
Expert opinion	13	26
Social media	10	20
Company report	5	10
Personal research	11	22

Figure: 4.6



INTERPRETATION:

From the chart, we can interpret that the most popular source for investment information among the respondents is expert opinions, with 26% of the responses. Financial news and company reports are equally relied upon, each with 22% of the responses. Social media is also a significant source, with 20% of respondents using it for investment information. Personal research is the least utilized source among the options provided, with only 10% of respondents selecting it.

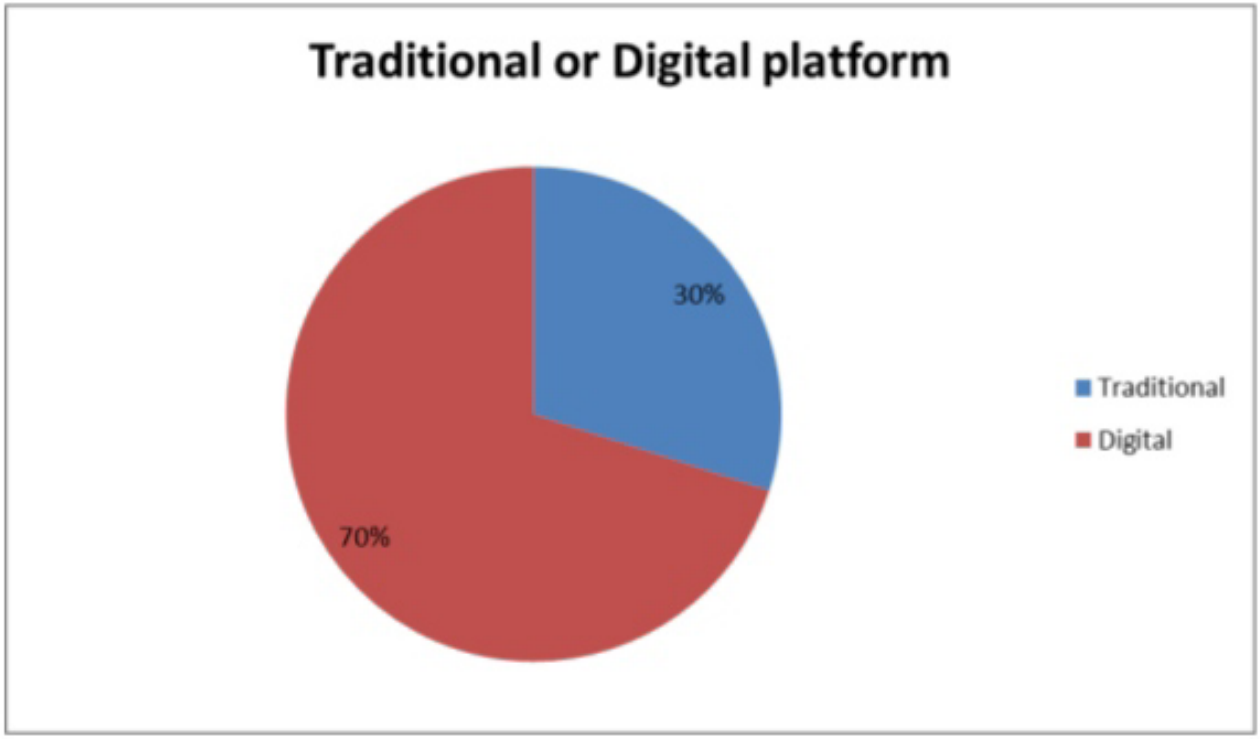
4.7 PREFERENCE FOR INVESTMENT INFORMATION SOURCES

Table: 4.7

Preference for Investment Information Sources

Particular	No of Respondents	Percentage
Traditional	15	30
Digital media	35	70

Figure: 4.7



INTERPRETATION:

The above figure shows that around 70% of respondents prefer digital platforms and only 30% of respondents choose traditional media.

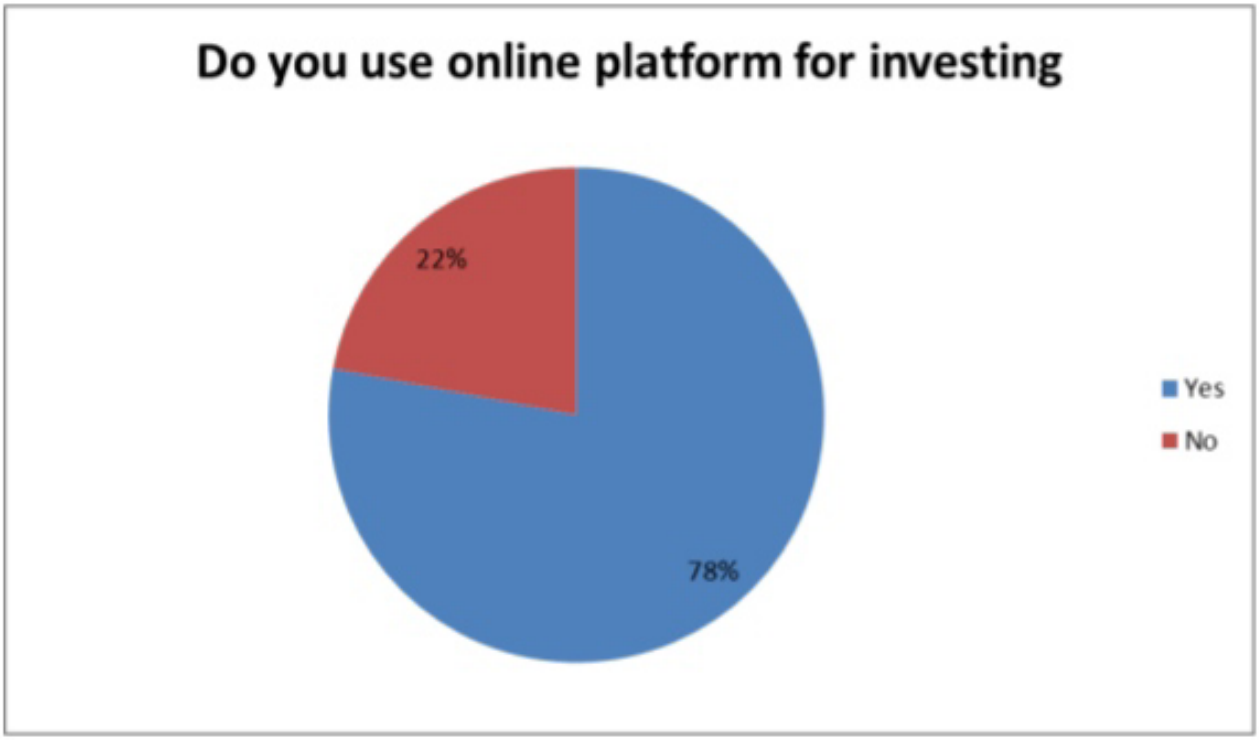
4.8 UTILIZATION OF ONLINE PLATFORMS FOR INVESTMENT ACTIVITIES

Table: 4.8

Utilization of Online Platforms for Investment Activities

Particular	No of Respondents	Percentage
Yes	39	78
No	11	22

Figure: 4.8



INTERPRETATION:

The above figure shows that around 78% of respondents use online platforms whereas 23% don't.

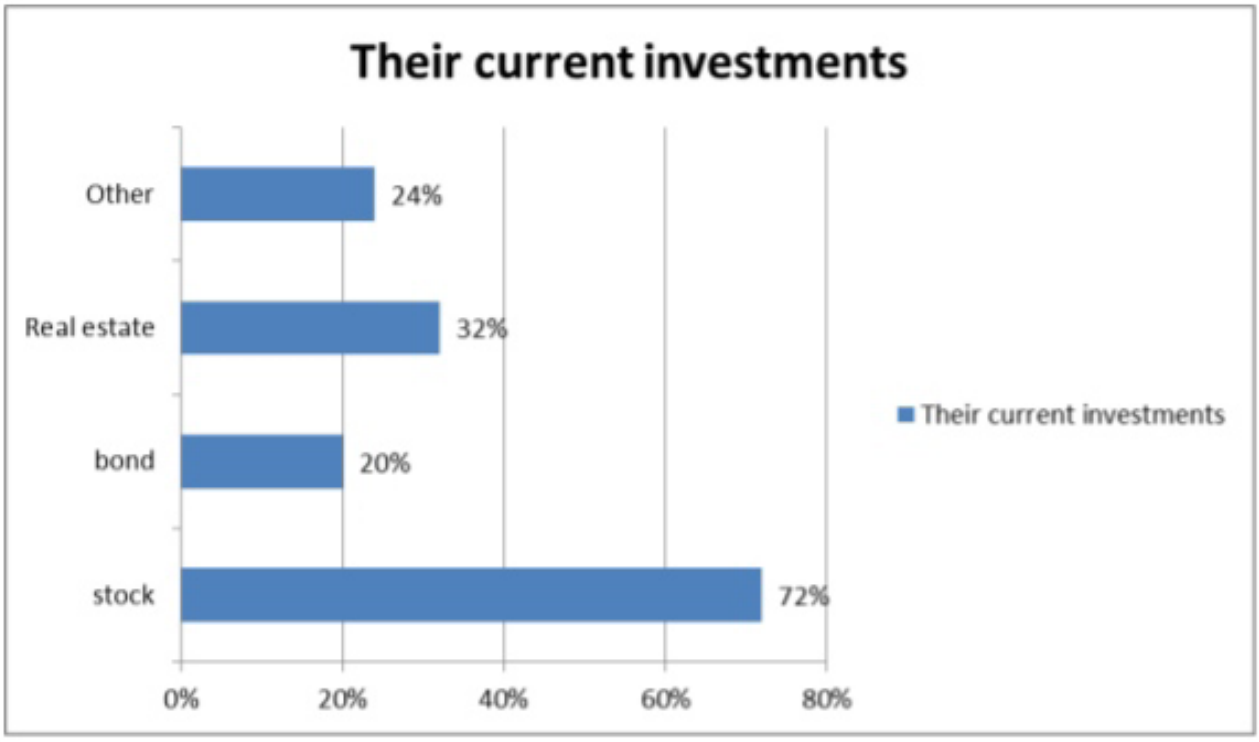
4.9 CURRENT INVESTMENT HOLDINGS

Table: 4.9

Current Investment Holdings

Particular	No of Respondents	Percentage
Stock	36	72
Bonds	10	20
Real estate	16	32
Others	6	12

Figure: 4.9



INTERPRETATION:

The above figure shows that around the majority of the respondents have currently invested in stock. Above 32% and 20% have invested in real estate and bonds respectively; only few have currently invested in debentures, mutual funds etc.

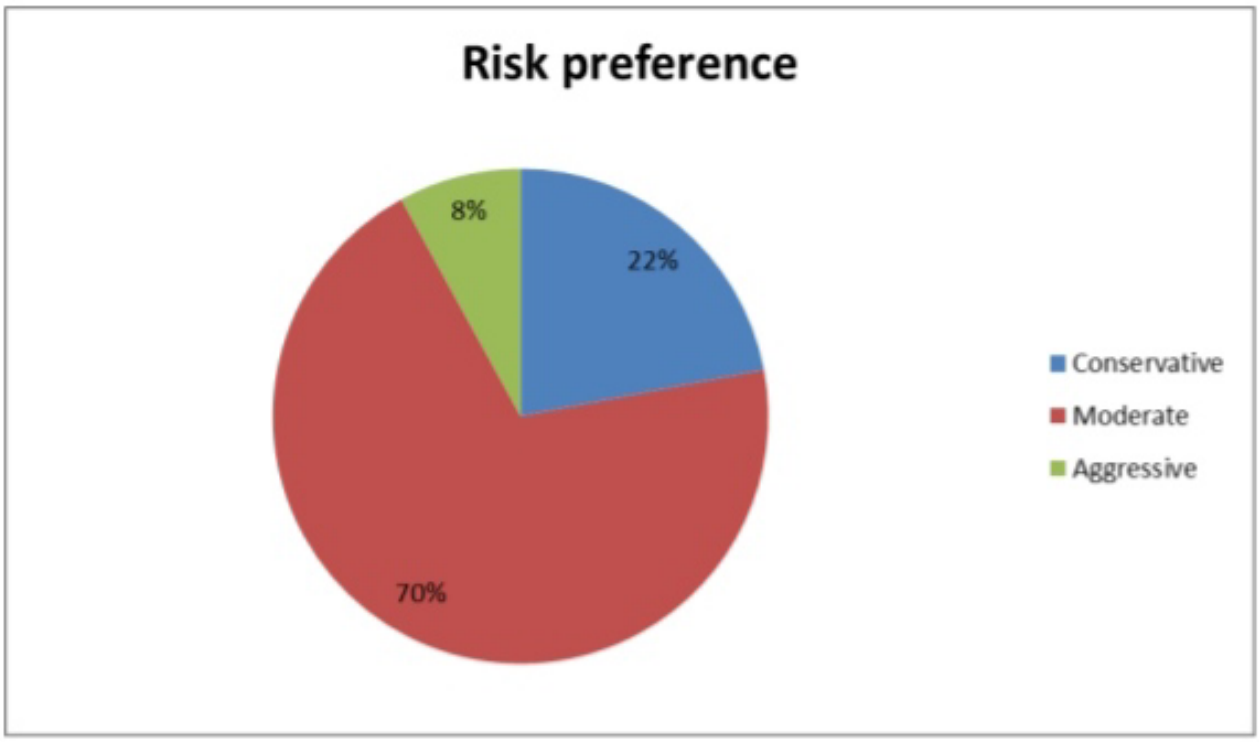
4.10 PREFERRED INVESTMENT STRATEGY

Table: 4.10

Preferred Investment Strategy

Particular	No of Respondents	Percentage
Risk averse	11	22
Risk neutral	35	70
Risk seeking	4	8

Figure: 4.10



INTERPRETATION:

The above figure shows that around 70% of respondents prefer moderate risk, 22% of respondents are risk averse and only 8% of respondents are risk seeking.

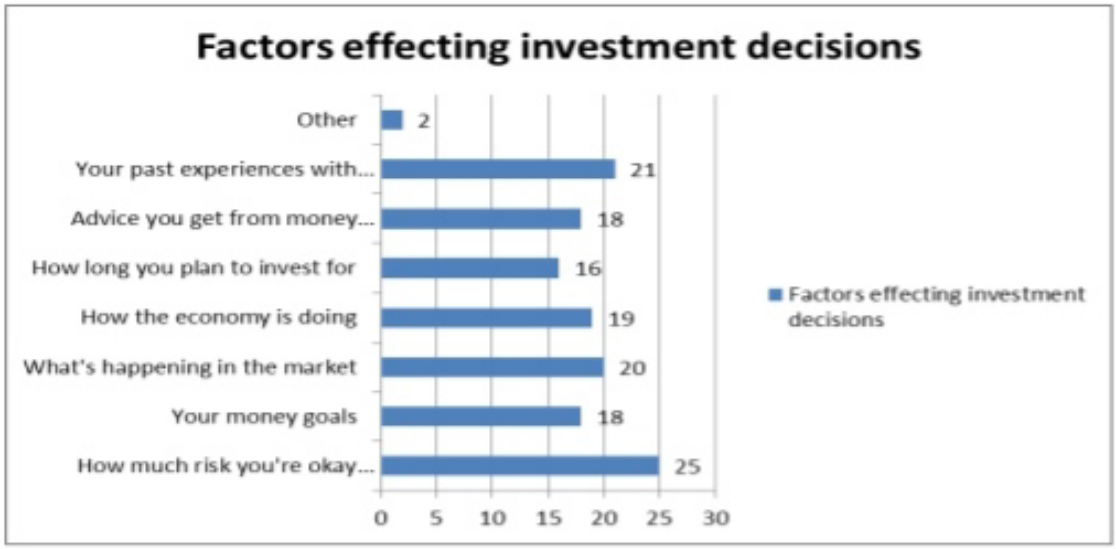
4.11 FACTORS INFLUENCING INVESTMENT DECISION-MAKING

Table: 4.11

Factors Influencing Investment Decision-Making

Particular	No of Respondents	Percentage
How much risk you're okay with	25	50
your money goal	18	36
what's happening in the market	20	40
how the economy is doing	19	38
how long you plan to invest for	16	32
advise you get from money experts	18	36
your past experience with investing	21	42
others	2	4

Figure: 4.11



INTERPRETATION:

The most influential factor appears to be the level of risk investors are willing to take, with 50% of respondents considering it crucial. Technical analysis and another factor (not fully visible) are the least influential, with only 2% of respondents considering them crucial.

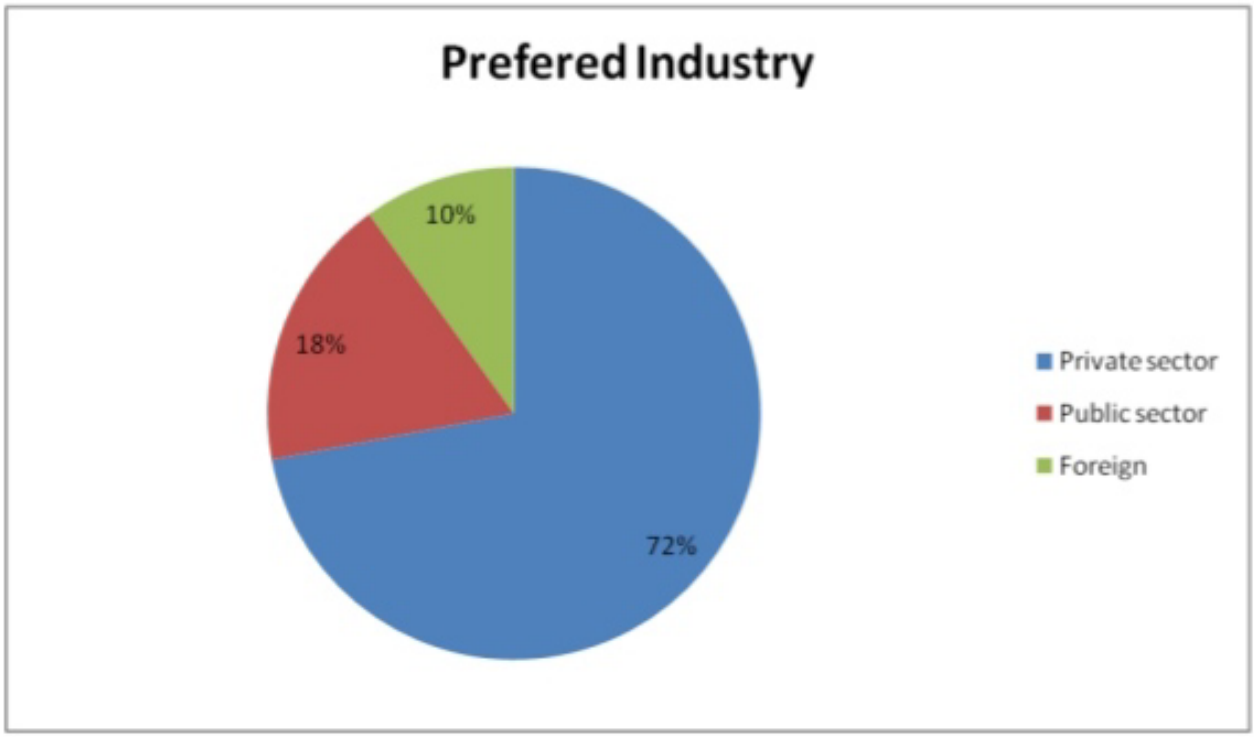
4.12 PREFERRED INDUSTRY FOR INVESTMENT

Table: 4.12

Preferred Industry for Investment

Particular	No of Respondents	Percentage
Private sector	36	72
Public sector	9	18
Foreign sector	5	10

Figure: 4.12



INTERPRETATION:

The above figure shows that around 72% prefers to invest in the private sector, about 18% prefers the public sector and only 10% prefers foreign sector.

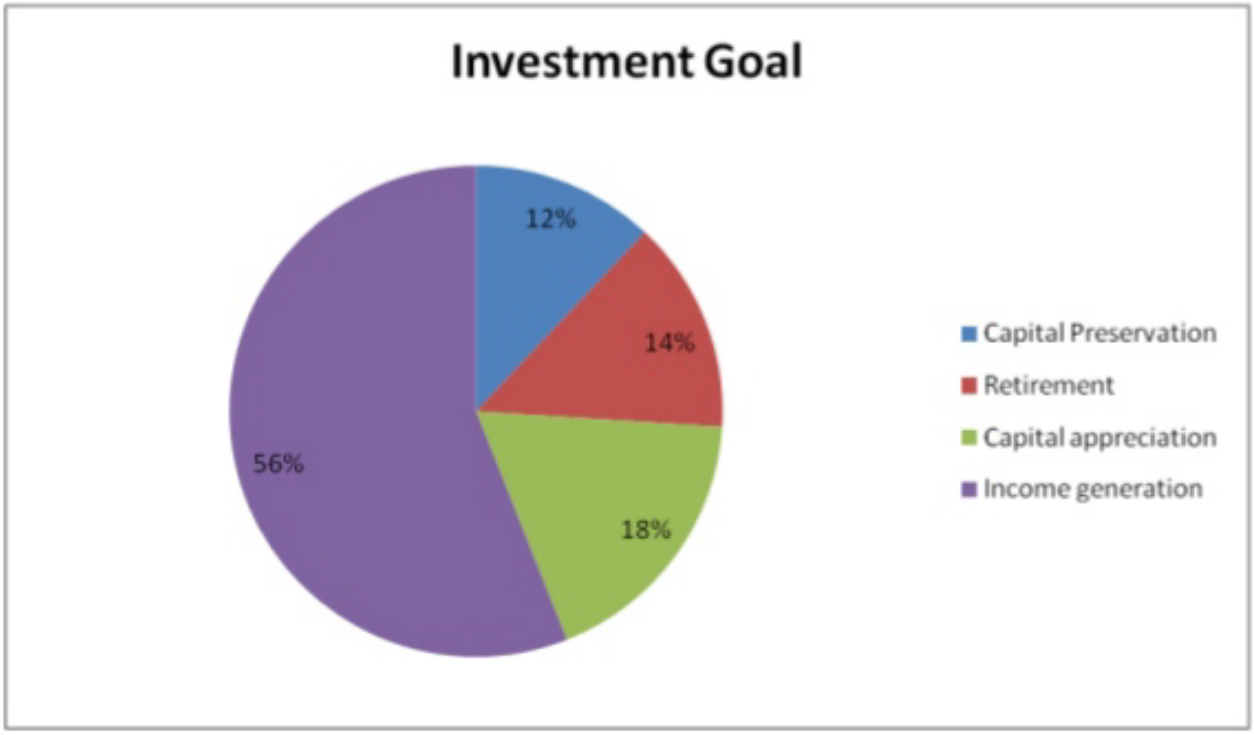
4.13 INVESTMENT GOALS

Table: 4.13

Investment Goals

Particular	No of Respondents	Percentage
Capital preservation	6	12
Retirement	7	14
Capital appreciation	9	18
Income generation	28	56

Figure: 4.13



INTERPRETATION:

The above figure shows that around 56% of respondents aim for income generation, 18% for capital appreciation, 14% for retirement and only 12% for capital preservation.

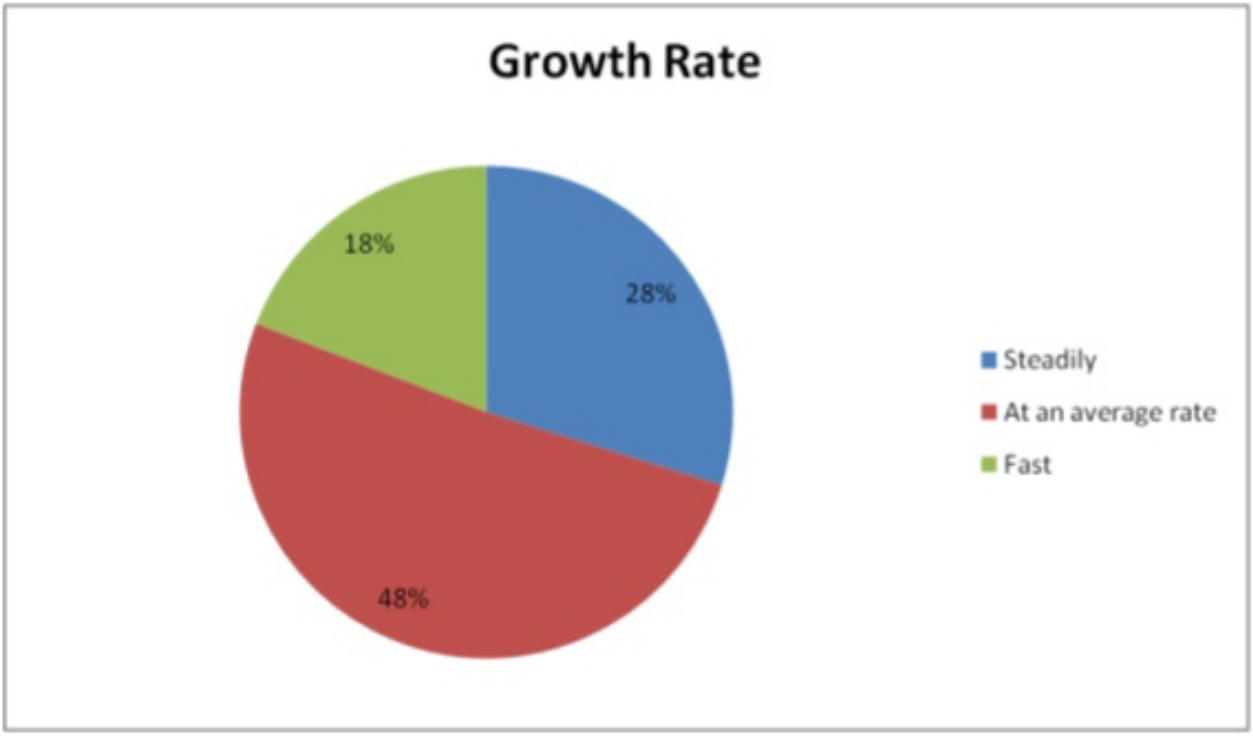
4.14 DESIRED GROWTH RATE FOR INVESTMENTS

Table: 4.14

Desired Growth Rate for Investments

Particular	No of Respondents	Percentage
Steadily	14	28
At average rate	24	48
Fast	12	24

Figure: 4.14



INTERPRETATION:

The above figure shows that around 48% of respondents want their investment to grow at an average rate, 28% want steady growth rate and only 24% want their investment growth rate to be fast.

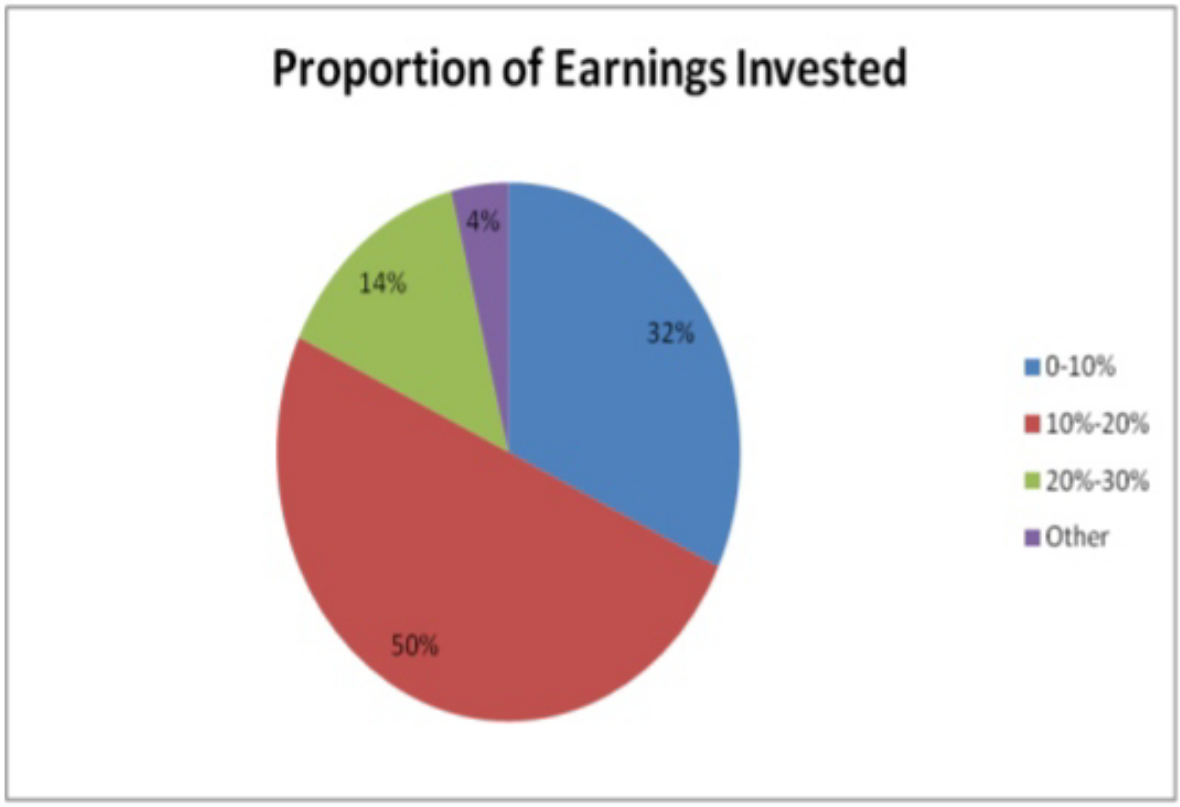
4.15 PERCENTAGE OF INCOME INVESTED

Table: 4.15

Percentage of Income Invested

Particular	No of Respondents	Percentage
0%-10%	16	32
10%-20%	25	50
20%-30%	7	14
above 30%	2	4

Figure: 4.15



INTERPRETATION:

The above figures shows that around 50% of respondents invest 10% to 20% of their earnings.32% of respondents invest 0 to 10% of their earnings. About 14% of invest 20% to 30% of their earnings. Only few percent of respondents invest more than 30% of their earnings.

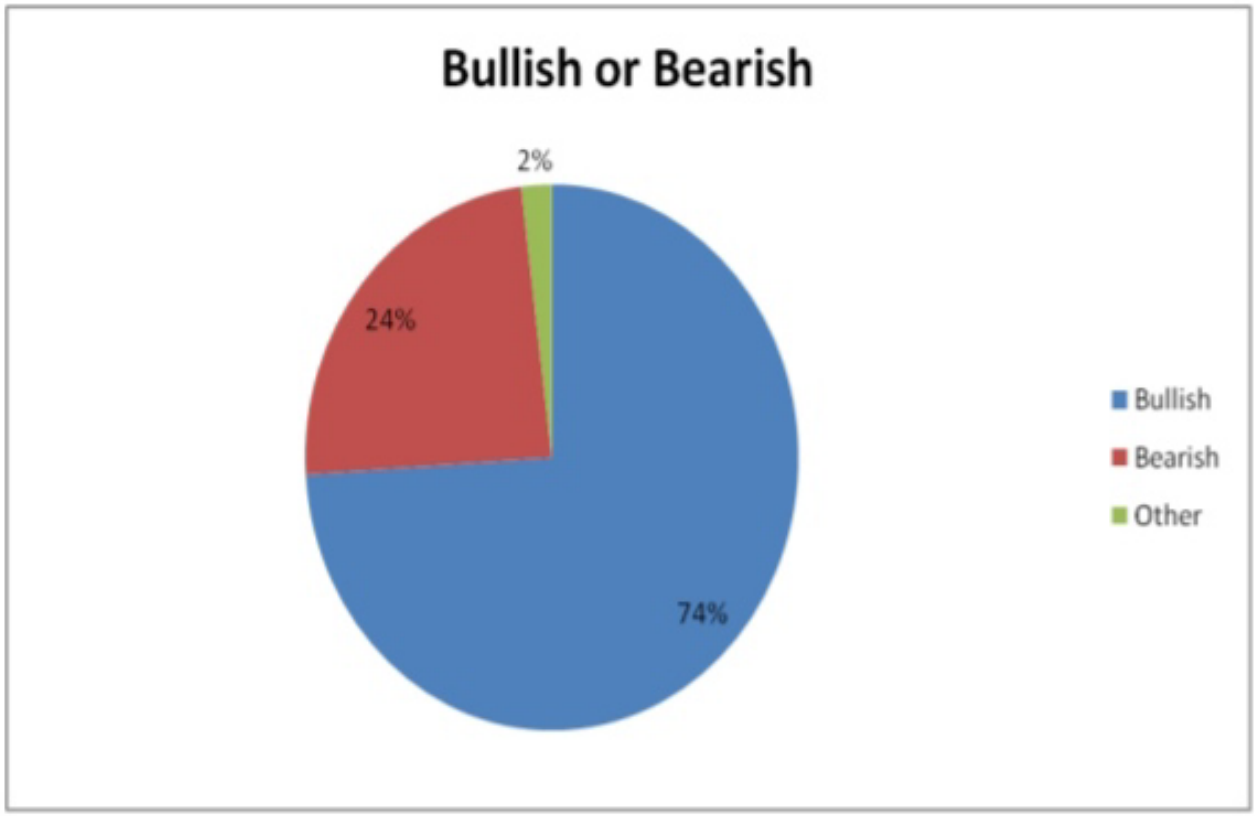
4.16 SENTIMENT TOWARDS THE INDIAN STOCK MARKET

Table:4.16

Sentiment towards the Indian Stock Market

Particular	No of Respondents	Percentage
Bullish	37	74
Bearish	12	24
Others	1	2

Figure: 4.16



INTERPRETATION:

The above figure shows that around 74% of respondents believed that prices will rise in future, about 24% of respondents believed that prices will flowing future

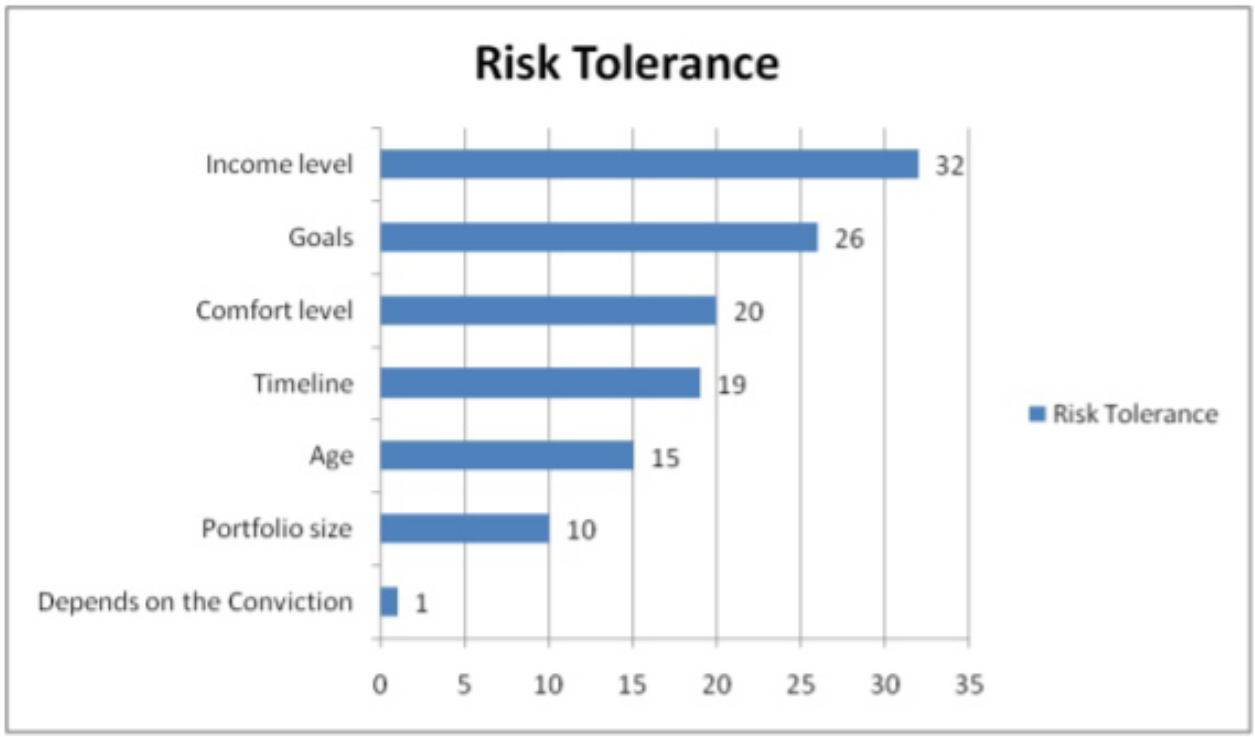
4.17 FACTORS IMPACTING RISK TOLERANCE

Table: 4.17

Factors Impacting Risk Tolerance

Particular	No of Respondents	Percentage
Age	15	30
Timeline	19	38
Goals	26	52
Portfolio size	10	20
Comfortable level	20	40
Income level	32	64
Others	1	2

Figure: 4.17



INTERPRETATION:

The above figure shows that around 70% of respondents prefer moderate risk, 22% of respondents are risk averse and only 8% of respondents are risk seeking.

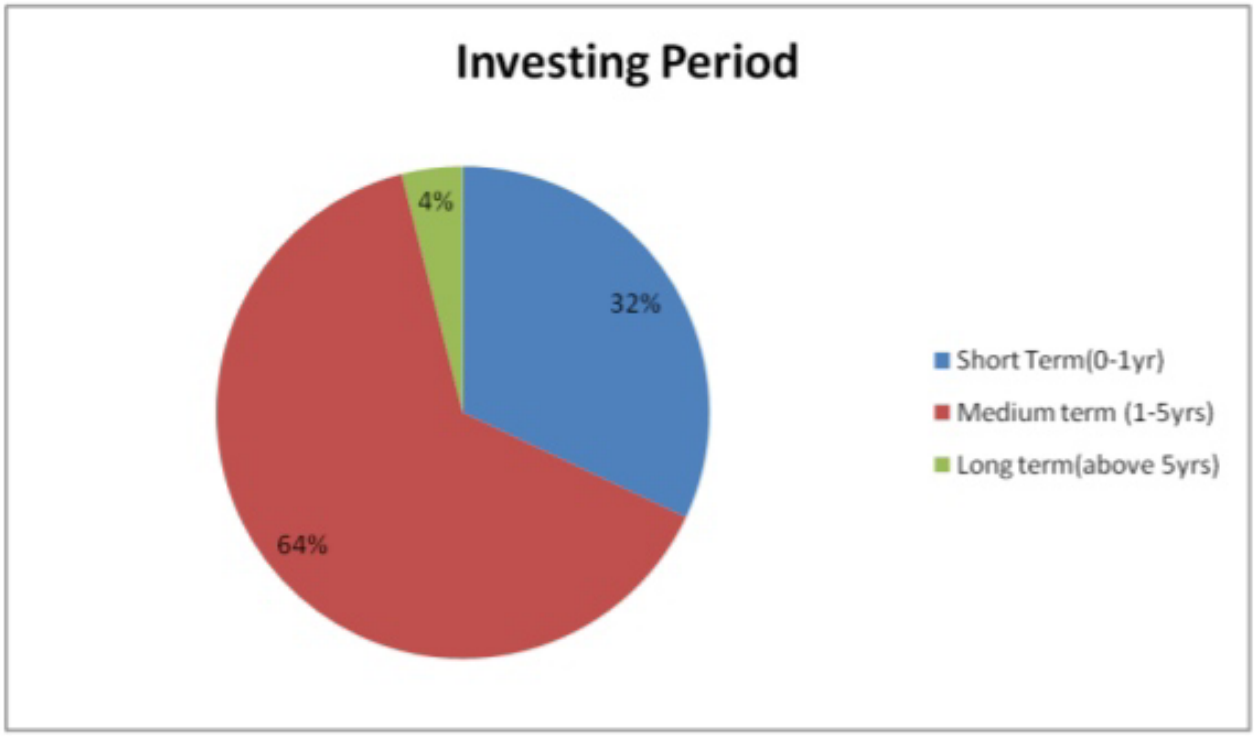
4.18 INVESTMENT TIME PREFERENCE

Table: 4.18

Investment Time Preference

Particular	No of Respondents	Percentage
Short term(0-1yr)	16	32
Medium term(1_5yrs)	32	64
Long term (above 5yrs)	2	4

Figure: 4.18



INTERPRETATION:

The above figure shows that around 64% prefers to invest for 1 to 5 years and 32% for 0 to 1 year and only few respondents for more than 5 years.

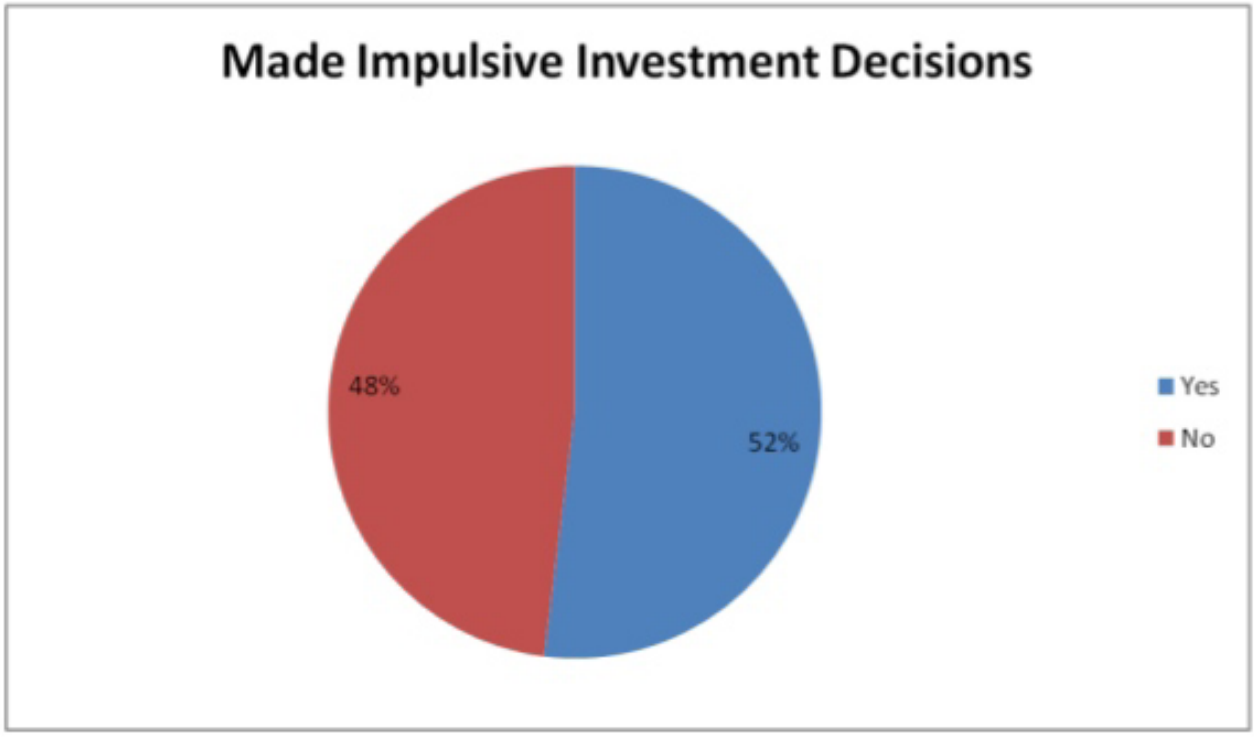
4.19 IMPULSIVE INVESTMENT DECISION-MAKING

Table: 4.19

Impulsive Investment Decision-Making

Particular	No of Respondents	Percentage
Yes	26	52
No	34	48

Figure:4.19



INTERPRETATION:

The above figure shows that around 52% have made impulsive decisions and 48% of the investors haven't.

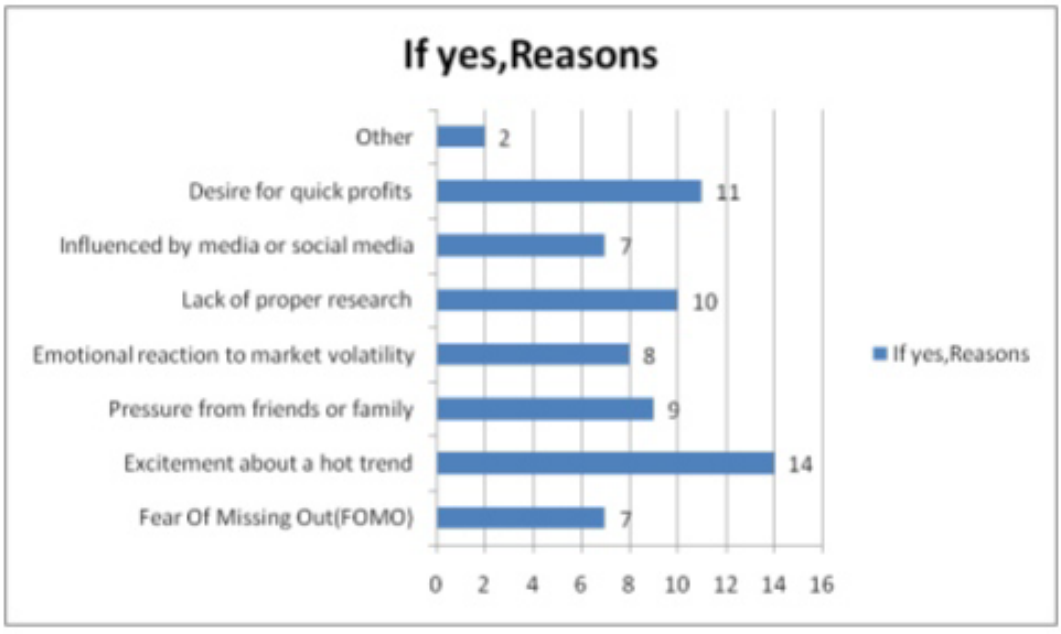
4.20 TRIGGERS FOR IMPULSIVE INVESTMENT DECISIONS

Table: 4.20

Triggers for Impulsive Investment Decisions

Particular	No of Respondents	Percentage
Fear Of Missing Out (FOMO)	7	20.6
Excitement about a hot trend	14	41.2
Pressure from friends or family	9	26.5
Emotional reaction to market volatility	8	23.5
Lack of proper research	10	29.4
Influenced by media or social media	7	20.6
Desire for quick profit	11	32.4
Other	2	5.8

Figure: 4.20



INTERPRETATION:

The most common trigger appears to be excitement about potential gains or opportunities, with 41.2% of respondents indicating this as a factor. The least common triggers are fear of winning and no trigger, each with only one response.

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDINGS:

The survey findings suggest that:

- Majority of respondents are investors, predominantly beginners with only 30% being experienced.
- Mutual funds are highly favored among investors, followed by stocks and fixed deposits, while derivatives are the least popular.
- Investors heavily rely on expert opinions, financial news, and social media for investment decisions, with personal research being least utilized.
- Digital platforms are preferred over traditional ones for acquiring investment information.
- Most investors use online platforms for investing, with stocks being the most invested asset class.
- Moderate risk is preferred by a large portion of investors, with private sector investments being favored over foreign ones.
- Income generation is the primary investment goal for the majority, with a preference for moderate growth and medium-term investment horizons.
- A significant portion invests a moderate portion of their earnings, with optimism about future price increases.

- Many investors are planning to adjust their investment strategy in the next year, driven by various motivations such as seeking higher profits and implementing experience-based strategies.

- While some respondents had no additional insights, many emphasized the importance of understanding the market for informed decision-making.

- Overall, the survey highlights a mix of investment behaviors and motivations among respondents, with an emphasis on the importance of market understanding and proactive adjustment of investment strategies.

5.2 SUGGESTIONS:

By conducting this research, we can suggest that:

- With only 30% of respondents having expertise, the bulk of respondents were novice investors, hence a customized education program needs to be developed. Portfolio diversification, risk management techniques, different investment vehicles, and fundamental financial literacy would all be covered in this curriculum. Beginner investors can acquire the information and self-assurance necessary to make wise judgments in the financial markets by offering easily available education.
- When making investing decisions, investors mainly rely on professional advice, fi nancial news, and social media; they rarely conduct their own study.

  Encourage the value of performing one's own research in addition to consuming o utside information to foster a more balanced attitude.

  This verifies information from several sources, enabling investors to make better-informed selections.
- Investors prefer digital platforms over traditional ones for acquiring investment information. To meet this preference, investment firms should prioritize enhancing their digital presence and providing comprehensive resources and real-time market data through user-friendly websites, mobile apps, and online tools. Offering educational content and interactive features can further engage investors and support their decision-making process.
- Many investors have a preference for moderate risk and favor investments in the private sector over foreign ones. To address this, investment strategies should prioritize offering diversified portfolios with moderate-risk investments in privately-owned companies. Additionally, providing educational resources on risk management and the advantages of investing in the private sector can further assist investors in making well-informed decisions that match their risk preferences and financial objectives.
- The majority of investors aim primarily for income generation with a preference for moderate growth and medium-term investment horizons. To cater to this,

investment strategies should prioritize assets and portfolios offering stable income streams alongside moderate growth potential over the medium term. Offering investment options that strike a balance between income generation and growth opportunities, tailored to medium-term investment goals, can assist investors in achieving their financial objectives successfully.

- These individuals are content with their current investment approach, may have a longer-term perspective, or feel that their existing strategy aligns well with their financial goals and risk tolerance.
- Teaching them more about investing might help them make smarter choices and get better results with their investments.

5.3 CONCLUSION:

After conducting this research, we can conclude that:

- Investors in the stock market are bullish in the Indian stock market. They want their investments to grow at an average rate and prefer private sector over public sector.
- Investors depend mainly on expert opinions and financial news but often make impulsive decision based on market trends.
- Investors are neutral with technology-based investment tools and make investments through online platforms.
- Investors prefer moderate risks and their risk tolerance is one of the crucial factors affecting investing decision.
- Investors invest mainly for income generation and prefer to invest for a medium-term horizon of 1-5 years.
- Investors invest moderate portion of their earnings (10% to 20%) and also plans on adjusting their investment strategies and focusing on stock investments in the future for earning more profits
- Many people in the survey make quick decisions without much thought. It's important to understand why they do this. Teaching them more about investing could help them make better choices and do better with their investments.

BIBLIOGRAPHY

- https://shodhganga.inflibnet.ac.in/jspui/handle/10603/522166

  http://hdl.handle.net/10603/522166

- *https://shodhganga.inflibnet.ac.in/jspui/handle/10603/528814*
  http://hdl.handle.net/10603/528814

- https://shodhganga.inflibnet.ac.in/jspui/handle/10603/489930
  http://hdl.handle.net/10603/489930

- https://shodhganga.inflibnet.ac.in/jspui/handle/10603/345183
  http://hdl.handle.net/10603/345183

- https://shodhganga.inflibnet.ac.in/jspui/handle/10603/517446
  http://hdl.handle.net/10603/517446

- https://chat.openai.com/

- https://www.investopedia.com/articles/05/032905.asp

- https://www.researchpublish.com/upload/book/A%20Study%20of%20Individual%20Investors-2043.pdf

- https://archives.palarch.nl/index.php/jae/article/download/4599/4550/8804

- https://www.emerald.com/insight/content/doi/10.1108/IJSE-07-2020-0496/full/html

- https://scholar.google.co.in/scholar?q=study+on+investor+behavior+in+stock+market+project&hl=en&as_sdt=0&as_vis=1&oi=scholart

ANNEXURE

A Study on Individual Investor Investment Behavior.

APPENDIX

Schedule

Welcome to our study on individual investor investment behavior! Your insights will contribute to our 3rd year research project.
All the data collected will be kept confidential.

Name*:

Age*:

- 18-24 years old
- 25-34 years old
- 35-44 years old
- 45-54 years old
- 55-64 years old
- 65 years or older

Occupation*:

Income level*:

- Less than ₹2,00,000
- ₹2,00,000 - ₹5,00,000
- More than ₹5,00,000

1. **Are you a trader or Investor? ***

2. Investment experience*

- Beginner
- Few months
- 1 year
- More than 1 year(specify)
- Other:

3. Do you know about any of these investing opportunities? *

- Mutual fund
- Fixed deposit
- Bonds
- Equity
- Stocks
- Commodities
- Other:

4. Which investment seems to be best in your opinion? (Ranking)*

- Mutual fund
- Fixed deposit
- Bonds
- Equity
- Stocks
- Commodities

5. How comfortable are you with technology-based investment tools? *

- Not comfortable at all
- Slightly uncomfortable
- Neutral
- Somewhat comfortable
- Very comfortable

6. **Where do you usually seek information for making investment decisions? ***

- Financial news
- Expert opinions
- Social media
- Company reports
- Personal research
- Other

7. **Do you prefer obtaining investment information through traditional media (TV, newspapers) or digital platforms (websites, apps)? ***

- Traditional media (TV, newspapers)
- Digital platforms (websites, app)

8. **Do you use online platforms for investment activities? ***

- Yes
- No

9. **What types of investments do you currently have? ***

- Stock
- Bonds
- Real estate
- Other:

10. **Do you prefer conservative, moderate, or aggressive investment strategies? ***

- Conservative (Risk averse)
- Moderate (Risk neutral)
- Aggressive (Risk seeking)

10. Do you prefer conservative, moderate, or aggressive investment strategies? *

- Conservative (Risk averse)
- Moderate (Risk neutral)
- Aggressive (Risk seeking)

11. What crucial elements influence the way you make investments? *

- How much risk you're okay with
- Your money goals
- What's happening in the market
- How the economy is doing
- How long you plan to invest for
- Advice you get from money experts
- Your past experiences with investing
- Other

12. Which industry would you rather invest in? *

- Private sector
- Public sector
- Foreign sector

13. What is your investment goal? *

- Capital preservation
- Retirement
- Capital appreciation
- Income generation

14. Which growth rate do you want for your investments? *

- Steadily
- At an average rate
- Fast

15. What proportion of your earnings are you investing? *

- 0-10%
- 10%-20%
- 20%-30%

- Other:

16. Are you Bullish or Bearish on the Indian stock market? *

- Bullish
- Bearish
- Other

17. What factors influence your risk tolerance? *

- Age
- Timeline

11. What crucial elements influence the way you make investments? *

- How much risk you're okay with
- Your money goals
- What's happening in the market
- How the economy is doing
- How long you plan to invest for
- Advice you get from money experts
- Your past experiences with investing
- Other

12. Which industry would you rather invest in? *

- Private sector
- Public sector
- Foreign sector

13. What is your investment goal? *

- Capital preservation
- Retirement
- Capital appreciation
- Income generation

14. Which growth rate do you want for your investments? *

- Steadily
- At an average rate
- Fast

15. What proportion of your earnings are you investing? *

- 0-10%
- 10%-20%
- 20%-30%

- Other:

16. Are you Bullish or Bearish on the Indian stock market? *

- Bullish
- Bearish
- Other

17. What factors influence your risk tolerance? *

- Age
- Timeline
- Goals
- Portfolio size
- Comfort level
- Income level
- Other

18. **What is the time period you prefer to invest**? *

- Short term (0-1yr)
- Medium term (1-5yrs)
- Long term (more than 5yrs)

19. Have you ever made impulsive investment decisions? *

- Yes, I've made impulsive investment decisions.
- No, I haven't made impulsive investment decisions

20. If yes, what triggered them?

- Fear of missing out (FOMO)
- Excitement about a hot trend
- Pressure from friends or family
- Emotional reaction to market volatility

- Lack of proper research
- Influenced by media or social media hype
- Desire for quick profits
- Other

21. Do you plan to adjust your investment strategy in the next year? If yes, why? *

22. Is there anything else you would like to share about your investment experiences or challenges?