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Investors Behaviour towards Equity Market Investment

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Abstract

In present world, cash holds a huge function in one's life as to destroy the challenges in future it is important to put away cash. Savings and investments is alluded to as the penance of present utilization and contributing that spared cash in some money related item with a desire for procuring better yields in what's to come. Nowadays, various investment options are accessible with contrasting danger return levels, varying liquidity and marketability. During 1980s and 1990s assortment of investment roads have been spearheaded and grasped which was clear from the way that speculators have moved their cash from ordinary investment alternatives towards value and obligation connected plans which helps in sprouting Indian monetary markets One of the significant explanations behind the development of Behavioural Finance is the issues faced by customary account speculations. The primary goal of Behavioural Finance isn't to show that any of the conventional money hypothesis is old fashioned, rather it endeavours to consolidate brain research predispositions with conventional account speculations with an end goal to build up a far reaching model of human conduct. Behavioural Finance pinpoints that people are helpless against a few social inclinations that can end up being the significant obstacle in their push to get the best out of their riches. Accordingly this research is to outcome some ideas related to behavioural finance on investors attitude towards equity market in Tiruchirappalli District.

Keywords: Investors Behaviour, Equity market Concepts, Brain research predispositions.

I.INTRODUCTION

Aninvestor needs to pick an appropriate investing pattern road that fulfils his specific need and danger taking appetite. The choice of a venture road is impacted by numerous factors. The capital market is a system which helps enterprises, government and monetary organizations in raising assets and assumes a significant function in the advancement of the economy. The first offer exchanging association quite a while was Native Offer and Stock Broker Association which is currently known as Bombay Stock Trade (BSE). SENSEX, BSE India benchmark list, is India's first stock market list which is followed worldwide. SENSEX contains 30 generally unpredictable stocks from 12 differentiated areas. Accordingly this research is to outcome some ideas related to behavioural finance on investors attitude towards equity market in Tiruchirappalli District with 280 as number of respondents.

Objectives of the Study

The following are the objectives of the study

1. To examine the advancement of Indian offer market.
2. To inspect whether behavioral biases persevere among investors.
3. To analyse which investor‘s decision making has affected or unaffected by the behavioral biases.
4. To know level of association between various equity market concepts and the factors influencing the investment decision making process.

Review of the Literature

Dr. K. Raghuveer (2024) has examined that thePerception and Behaviour of Investors' towards the performance of equity indices in the stock market were meticulously examined in this study. By delving into their perceptions, we aim to provide valuable insights to help investors make informed decisions that lead to financial success. As part of a research study, the required data has been gathered from 415 individuals who invest in the equity market. The study aimed to investigate how investors' decision-making behavior, whether rational or irrational, affects their perceptions of movements in equity stock indices. The data was analyzed using the Structural Equation Model approach. The study revealed that the model had an excellent fit to the suggested values, indicating that investors use both rational and irrational approaches in their investment decision-making process. Although they collect complete financial information, they also use shortcuts to make investment decisions.

M. Tamilselvan (2023) has examined the investor's awareness level towards equity investment in capital market. The main objective of the study is to measure the impact of socio-economic factors on the investor's choice of investment and to analyze the decision of the investors towards equity investment. The study is conducted in Coimbatore city of Tamil Nadu with a sample size of 100 respondents. The descriptive research design was adopted for the study and the primary data was collected through the schedule method. Which comprised of a structured questionnaire method and the sampling technique adopted was convenient for sampling technique. Data was analyzed and interpreted with the help of statistical tools like weighted average and regression. The study concluded that the investor's socio-economic profile like educational qualification, occupation, income level and experience in capital markets are influencing factors in equity investment before they make decision for investment. However, the age factors are not influence the equity investment. At the same time, the individual investors are highly aware of rights equity investor, stock market operation, rules and regulations of SEBI, investors' protection fund factors in equity investment.

Mehran Azimi (2019) investigated about expectations of mutual fund managers about the market implications for fund performance and decision making. The fund managers are comparing the current market outlook with their past performances. The suggestions are the professional investor exhibit behavioral biases. The fund managers are affected by the best performing funds as opposed to worst performing funds.

Adeel Rahim et.al(2019) this research focused on effect of impact of conservatism bias on investment decisions. Investors take irrational investment decisions to get success in market dynamics. But the investors attain heavy losses. The conservatism bias has been positive impact on decisions on investment.

Geetika Madaan and Sanjeet Singh (2019) defined about behavioral biases in investment decision making in NSE. The factors are considered as biases as overconfident, anchoring, disposition effects and herding behavior. In findings, an individual investor had limited knowledge on investment decisions and stock market trends. So that, they are easily made phycological errors on their decisions. This study also indicated that the overconfident and herding bias has been significantly positive impact on investment decisions.

Chitra S and Malarvizhi M (2018) investigated the saving and investment patterns of lectures in Theni District. This research focused on factors influences the investment patterns towards different avenues like safe or low risk avenues, moderate risk avenues, high risk avenues, emerging investment avenues, and traditional investment avenues. The findings are the people who are avoid to spend money on luxurious things. They preferred the normal life style standards.

Data Analysis

Table No. 1 Demographic Profile of the Investors

Particulars		No of Respondents	Percentage
GENDER	Male	98	35.00
	Female	182	65.00
OCCUPATION	Salaried	146	52.14
	Professional	93	33.21
	Businessman	34	12.14
	Others	07	02.50
INVESTORS	Hereditary investors	174	62.14
	New investors	106	37.86

Table No. 2 Investors Behaviour on Investment Decision

Particulars	Very Low Priority	Low Priority	Neutral	High Priority	Very High Priority
LOSS AVERSION	23	38	50	98	71
REGRET AVERSION	19	27	89	76	69
HERD BEHAVIOUR	37	82	68	47	46
OVERCONFIDENCE	31	26	51	78	94
ANCHORING	38	16	56	102	68
COGNITIVE BEHAVIOUR	26	32	52	93	77
REPRESENTATIVENESS	39	45	89	67	40

Table No. 3 Correlation Matrix Between Investment Behaviour of Investors

	Loss aversion	**Regret aversion**	**Herd**	**Over confidence**	**Anchoring**	**Cognitive**	**Representativeness**
Loss aversion	1.000						
Regret aversion	0.946	1.000					
Herd	0.908	0.924	1.000				
Overconfidence	0.963	0.925	0.913	1.000			
Anchoring	0.972	0.942	0.905	0.964	1.000		
Cognitive	0.985	0.940	0.909	0.975	0.974	1.000	
Representativeness	0.918	0.915	0.943	0.927	0.924	0.920	1.000

Source: Field Data

Findings

- It could be observed that the thought 182 respondents (45 per cent) opted is female.
- It could be found that the thought as 146 respondents (52.00 per cent) opted occupation is salaried.
- It could be inferred as 174 respondents (63 per cent) opted investor is hereditary investor.
- It could be ascertained that the 98 respondents (35.00 per cent) opted high priority with loss aversion.
- It could be found that the 89 respondents (31.79 per cent) opted neutral with regret aversion.
- It could be inferred that the 82 respondents (29.29 per cent) opted low priority with herd behaviour.
- It could be found that the 94 respondents (33.57 per cent) opted very high priority with overconfidence.
- It could be ascertained that the 102 respondents (36.43 per cent) opted high priority with anchoring.
- It could be observed that the 93 respondents (33.21 per cent) opted high priority with cognitive behaviour.
- It could be inferred that the 89 respondents (31.79 per cent) opted neutral with representativeness.
- It could be observed with the supportof correlation matrix where all significance values is less than 0.05 and there is no bias variable has high correlation value that showing the non-existence of multi-collinearity. The respondents were enquired to reveal the losses acquiredon their portfolio.

Among these, 116 out of 280 respondents admitted that they are sufferedby loss which is not more than 10% surveyed by 79 respondents who demand to have suffered no losses in their portfolios.

Suggestions

It was found in the results that investors who partaken in the survey, conducted to gather information on various behavioral biases, are not very much familiar with the concept of behavioral finance. Moreover, the findings from the research suggest that most of these investors are the victim of many of the biases considered in the study. The key recommendation for the investors is to make continuous efforts to upsurge their knowledge on behavioral finance by educating themselves on the subject. Knowledge of various behavioral biases will definitely help them in understanding the degree and the manner to which they are likely to be influenced by sentiments while taking investment decisions in uncertain situations. At the same time, after attaining adequate knowledge of behavioral biases, it is highly advisable that they should keep a record of the biases to which they are likely to be susceptible to. These records should be examined occasionally so as to reminisce and revive theirmemory whichwill help them in taking better-quality investment decisions in the stock market. Familiarity of behavioral biases and its relevance in the investment decision making process will certainly upsurge the rationality and will help in achieving increased marketefficacy.

II. CONCLUSION

Based on the analytical work, we acknowledge the importance of behavioral biases in investment decision-making process. Rationality of the investor's decision making was checked in the present research. Behavioral finance is the combination of psychology and finance. From the research point of view, behavioral finance offers tons of new opportunities as well as challenges primarily due to the reason that it is comparatively a new concept. As there is a need to put emphasis on human mind andthe way it thinks, it propounds abundant opportunities for innovative thinkingandnew investigational studies. Behavioral finance is meticulously associated with behavioral economics, which puts emphases on understanding how the economic decisions are taken. The investment decision are highly influenced by overconfidence and loss aversion and then followed by anchoring, cognitive, regret aversion, representativeness. Herd behavior does not influence the decision making process. This is done by examining various behavioral biases from which people might be more susceptible to.

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