Major Research Project

"Examination of Factors Affecting Investors Decisions in india while investing in Stocks and Mutual Funds"

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CERTIFICATE

This is to certify that the report titled **"Examination of Factors Affecting Investors Decisions in India while investing in Stocks and Mutual Funds"**. being submitted by Shreyanshu Yadav to Delhi School of Management, DTU in the partial fulfillment of the requirements for the degree of Master of Business Administration (MBA), is a record of original work carried out by the under my supervision and guidance.

Signature of Supervisor

(DSM)

Signature of Head

Seal of Head

Place

New Delhi

Date:

DECLARATION

I declare that the work presented in this report titled **"Examination of Factors Affecting Investors Decisions in India while investing in Stocks and Mutual Funds"** submitted to the Delhi School of Management for the partial fulfillment of the degree of Master of Business Administration (MBA) is our original work. It is not submitted anywhere else for the award of any other degree.

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ABSTRACT

This study investigates the variable influencing the investment decisions of Indian investors .The aim is to examine the factors that affect their choices when purchasing stocks and mutual funds.Apart from a single dependent variable—the investor's decision—six independent factors were taken into account: risk factor, return factor, flexibility, awareness, financial literacy, and protection of investor's interests. Previous studies were also analysed. On the basis of the conceptual framework, hypotheses were developed.primary data were employed in the study's analysis. A well-structured questionnaire was created for the primarydata analysis. On each independent and dependent variable, three Likert scale questions were asked, and a few extra questions were constructed for general discussion. A total of 110 people took part in the survey. Cronbach Alpha and Regression analysis were the two statistical methods employed in' this investigation. Microsoft excel software was used' to do the computations for these tools. The Cronbach alpha test was used to determine the questionnaire's reliability.. With a Cronbach alpha of 0.866, the questionnaire was found to be quite reliable. Out of the four hypotheses, only three were found to be true. It was found that the rejection of the variables of attitude, flexibility, and investor interest protection had occurred. There was a time and sample constraint on this investigation's core data collection. This research will aid investors in making investing decisions in the future. Future researchers can use this work as a reference and collect additional samples for their research.

Keywords- *Mutual Funds, Stocks, risk factor, return factor, financial literacy.*

CONTENTS

INTRODUCTION

The study of behavioral finance is still in its infancy. "Behavioral finance" makes the assumption that the characteristics of "capital market" participants and the informational framework "scientifically influence" the decisions made by individual investors as well as the performance of the market. Rarely do investors behave logically. Investors are flawed in particular ways, including cognitive and emotional, that play a significant impact in their “financial decisions". When it comes to choosing investments, they are biased in certain ways. It is crucial for academics, professionals, investors, and legislators to comprehend how the "study of dynamic and strategic interactions between stock and mutual funds works" in an increasingly complicated financial environment. The factors that affect Indian investors' decisions to purchase stocks and mutual funds are examined in this study.. Our savings and assets were managed by the government until the 1990s. The overall trend of the economy was reflected in the financial sector. Costs were high and services were subpar in state-owned and operated finance. The overall trend of the economy was reflected in the financial sector.. In state-owned and run finance, costs were high and service was bad. However, after 1991, the financial industry saw a dramatic transformation. The Indian economy's opening up in 1991 spilled over into finance. A new set of financial institutions has been granted banking licenses. The banks of the 1990s included Axis Bank Ltd (formerly known as “UTI Bank”), “HDFC BankLtd”, and “ICICI Bank Ltd”. The physical share certificates could take a month or more toarrive, and a signature mismatch could cause even more delays. The Harshad Mehta scandal in 1992 was the catalyst for major market changes in India.. The SEBI was granted authority in the same year that it was established, which was a first since 1988. The BSE's virtual monopoly was broken in 1994 with the establishment of the "screen-based National Stock Exchange." There were also developed other features of the market that we now take for granted. Stock market reform resulted in transactions that were cheaper, faster, and more transparent.

The government-owned LIC was formed in 1956 when all 245 insurance companies were nationalized. In India. In April 2000, the government established an insurance regulator, and by August of that year, the market had been opened to the private sector.. The unit linked insurance plan (Ulip) was a new product introduced during the post-privatization period. The new, better, transparent, and market-linked offering that the private entrants brought to the market. Despite the fact that the markets have improved, the ‘number of retail investor, has remained constant. And’ it's for a, good purpose. Mutual funds are the foundation for all of this.

When "public sector firms," like banks and insurance companies, were allowed to enter the mutual fund market in 1987, the monopoly of "Unit Trust of India" was rarely disturbed. But true change didn't materialize until the private sector was granted access in 1993. The safety of ordinary investors was the primary focus of mutual fund laws created following the huge stock market fraud. With the asset management company functioning as a "fee-for-service provider" and the investor's money being held by a trust, "the three-tier mutual fund structure" has significantly reduced fraud in this market. Following the collapse of the well-known "mutual fund scheme, US-64, in 2001." SEBI pushed the industry to become more favorable to investors from 2006 to 2016. The 2009 mutual fund product ban on front commissions opened the door for fresh concepts, enhanced distributor capabilities, and the growth of the advising industry. By July 2017, retail investors were contributing more than Rs5,000 crore a month to stock funds through systematic investment plans (SIPs. The mutual fund business is starting to surpass its fund management counterpart, the insurance sector, with assets under management (AUM) of Rs 20 trillion.. This study will mainly examine the factors that affect the investor’s decisions in India. For analyzing the investor’s decisions in India well structured questionnaire will be prepared in context of this study.

PROBLEM STATEMENT

People today struggle to make informed investment decisions. They are occasionally unable to choose between investing in mutual funds or equities. However, there are a few things that influence an investor's choice of investments. These days, behavioural processes and results are receiving increased attention from financial planners. Therefore, in order to solve these issues, financial counsellors will need to carefully consider what investors think about equities and mutual funds in order to develop the best asset distribution strategies for their clients. This study will help advisors, banks, organisations, and individuals alike identify and analyse the critical components that enable investors to purchase stocks or mutual funds.

SCOPE OF STUDY

This study's primary focus was on the factors affecting Indian investors' decisions. Investors, financial institutions, banks, organizations, and advisors will all benefit from this study's identification and analysis of the crucial components that enable investors to purchase stocks and mutual funds as well as support their decision-making process. Since a thorough evaluation of investors' opinions regarding stocks and mutual funds can assist financial counselors in developing the best asset distribution strategies for their clients, financial planners will be more focused on behavioral processes and results.

LITERATURE REVIEW

Financial Market

Financial markets, especially "stock markets, for developing" and established nations, have become more entwined notwithstanding the uniqueness of national markets or country profiles **wing keung wong, aman agrawal**, Jun Du, 2005. these markets: "stocks," "bonds," "currencies," and "derivatives." The people who deal in a range of "financial assets," such as stocks, bonds, currencies, and derivatives, are called finance markets. Securities market pricing might not accurately reflect their underlying worth. Because of macroeconomic issues such as 'Taxation'.**V Choudhary, PS Chawla, 2014)**.

Mutual Funds

Globally, investors and scholars alike are very interested in the subject of mutual funds. Investors view mutual funds as a good option for medium-to long-term investments (Panwar, Madhumati, 2006). One type of collective investment strategy is the mutual fund, which involves pooling the money of multiple participants and investing it in stocks, bonds, short-term money market instruments, and other securities. Investors favor mutual funds for a number of reasons, such as their "ease of access to various sorts of markets," "diversification," and "liquidity." (Gangopadhayay, Jain, 2012Consequently, investors may purchase stocks and bonds at far lower trading costs by pooling their funds in a mutual fund than they could if they did it alone (Pal, Chandani, 2014). One kind of pooled "investment vehicle" is a mutual fund (Singh, Yadav,

2016) within India.

Per the SEBI (Mutual Funds) Regulations of 1996, mutual funds are established as trusts under the Indian Trust Act of 1882. Regulation and control are applied to the fees and costs mutual funds impose on their scheme operators (Tripathy, Patjoshi, 2020). The urge to review the fund's performance "every time" the market has a notable drop or rise must be resisted. Since the fund must "generate returns in the portfolio" over a period of 18 to 24 months, patience is required for a actively-managed equity program. A mutual fund is an investment where your money is "pooled with that of many other people. Mutual funds offer units as compensation for contributions made at the current NAV. Income distributions to investors might include things like dividends, interest, capital gains, and other income received by the mutual fund". In the event that you sell mutual fund units for a price higher or lower than the amount you invested, you can have capital gains or losses. Mutual funds are "excellent for investors who lack the knowledge, expertise, or experience to make direct stock market investments, who wish to build their wealth, but lack the inclination or time to research the stock market, or who only want to invest small amounts ("The Association Mutual Funds of India").

Kinds of Mutual Funds

- "There are various" types of mutual funds to "meet the expectations of the investor," according to "The Association of Mutual Funds of India" (Fig. 1). These are listed in the following order:
- 1. Based on the Organizational Structure
- Funds with an open end: The performance of an open-end fund is shown by its price, which is established each day by its net asset value (NAV).. This amount is obtained by deducting the fund's "liabilities" from its assets. do not pay taxes on their own on that specific day; rather, they "pass the tax burden on to their investors," which implies that any income or capital gains derived from these funds are subject to taxes. (Pal, Chandani, 2014).
- **Close- Ended Funds:** "Publicly traded businesses" and "closed-end investments" share a similar structure. Through a "investing business," this kind of "fund raises money" by "selling a specific number of shares." **(Pal, Chandani, 2014)**.
- **Interval Funds:** An interval fund is a sort of investment business that promises to buy back its shares from shareholders on a regular basis. That is, the fund promises to purchase back a certain percentage of its shares from owners on a regular basis. An

interval fund will make periodic repurchase offers to its shareholders, usually every three,six, or twelve months, as stated in the prospectus and annual report of the fund. The interval fund will also remind its shareholders of forthcoming repurchase dates on a regular basis. When a fund makes a repurchase offer to its shareholders, it will designate a deadline by which the offer must be accepted. The actual repurchase will take place at alater period **(Pal, Chandani, 2014)**.

1. **On the basis of Management of Portfolio**

- **Active Fund:** A group of "analysts" under the direction of a "portfolio manager" examine "qualitative and quantitative data" before peering into their crystal balls to forecast where and when the price will "shift." Correctness is required for "successful investment management" more "frequently than incorrect."

  ". **(Pal, Chandani, 2014).**

- **Passive Funds**: Passive investing requires you to withstand the urge to predict or respond to the "stock market's next move." It is especially inexpensive to invest since a passive investor keeps their portfolios simple and makes only rarely purchases and sales. 2014; Pal, Chandani.

- **2. Based on the Objectives of InvestmentsGrowth Funds:** The majority of the companies in the portfolio have above-average growth rates and reinvest their profits in R&D, development, and acquisitions. Although the majority of growth funds have a higher risk profile, they also have a better potential for financial appreciation. The high-risk, high-reward nature of growth funds may be appropriate for people who don't intend to retire anytime soon. Investors usually need to have a five- to ten-year holding period and a risk tolerance. The price-to-earnings (P/E) and price-to-sales (P/S) multiples of growth fund holdings are often elevated. Because these companies are growing their sales and earnings faster than average, investors are willing to accept this trade-off. **(Pal, Chandani, 2014).**

- **Income Funds:** The majority of these assets are placed in government and premium corporate obligations, with the goal of holding onto these securities until they mature in order to generate interest. Subsidized real estate may increase in value, but its main objective is to give financial advisors a steady stream of revenue. In general, retirees and preservationist financial experts dominate the market for these assets. Charge-conscious investors might wish to avoid these assets because they yield standard returns. **(Tripathi, Jaypee, 2020)**.

- **Liquidity Funds:** These are mutual funds that invest in securities with a residual maturity of up to 91 days. Liquid funds do not have a lock-in period, therefore assets are not locked up for a long time - they can be withdrawn and invested at any point in time.**(Tripathi, Jaypee, 2020).**

2. On the Basis of Investment Portfolio

- **Equity Funds:** Equity funds are the most significant type of mutual funds. This kind of fund mostly makes equity investments, as the name suggests. There are several subclasses in this group**. (Tripathi, Jaypee, 2020)**.
- **Debt Funds:** Another sizable group is the fixed income category. money that yields a certain rate of return. The concept is that investors receive a portion of the revenue generated by the fund portfolio. **(Tripathi, Jaypee, 2020)**.
- **Balanced/ Hybrid Funds:** Bonds and stocks are both invested in by balanced funds to lower the chance of being exposed to an advantage class. Another name for this kind of mutual fund is a "asset allocation fund." Although this will differ for each asset, an investor may hope to find a roughly steady distribution of these assets across resource classes. This fund aims to minimize risk by being resourceful. All the same, these assets carry comparable risk and are subject to the same market swings as other asset classes**. (Tripathi, Jaypee, 2020)**.
- **Index Funds :-** Consequently, the track record aids the fund manager in purchasing stocks that are connected to a reputable market index, like the Sensex or the Nifty 50. This strategy reduces the amount of research that experts and advisors must do, which means that profits are preserved before being distributed to investors. These assets are often organized in this way because investors are cost-conscious. **(Tripathi, Jaypee, 2020)**.
- **Money Market Funds-** The money market is composed of safe (risk-free) temporary commitment instruments, such as government Treasury notes. It is secure to place your money here. You're not going to get rich. **(Tripathi, Jaypee, 2020)**.

3. Other type of Funds

- **Thematic/Solution Oriented Funds-** Thematic equity mutual funds invest in firms or equities that are related to a specific theme. These funds don't invest in stocks that aren't related to the subject. Diversified equity funds, on the other hand, can invest in any subject or area. Many people mix up thematic and sector funds, but they are not the same thing. Thematic funds invest on a broad theme that may span multiple industries.

Consumption-oriented theme funds, for example, invest in consumer-facing industries like FMCG, financial services, and automobiles **(Mishra, Chattoi, 2018)**.

- **Exchange Traded Funds**: The fund that is traded on an exchange For instance, you can buy and sell exchange-traded funds (ETFs) at any point during the trading day. ETFs can also be shorted or purchased using leverage. Additionally, ETF fees are lower than those of mutual funds. markets for active options, where investors can leverage or hedge their positions. Mutual funds and ETFs both offer tax benefits.. ETFs are typically less expensive and more liquid than mutual funds **(Mishra, Chattoi, 2018)**.
- **Overseas Funds-** Offshore funds are mutual fund schemes that invest in markets that are located outside of the United States. They're also known as international funds or foreign funds. These funds invest in foreign nation or area stocks or foreign country fixed incomesecurities **(Mishra, Chattoi, 2018)**.

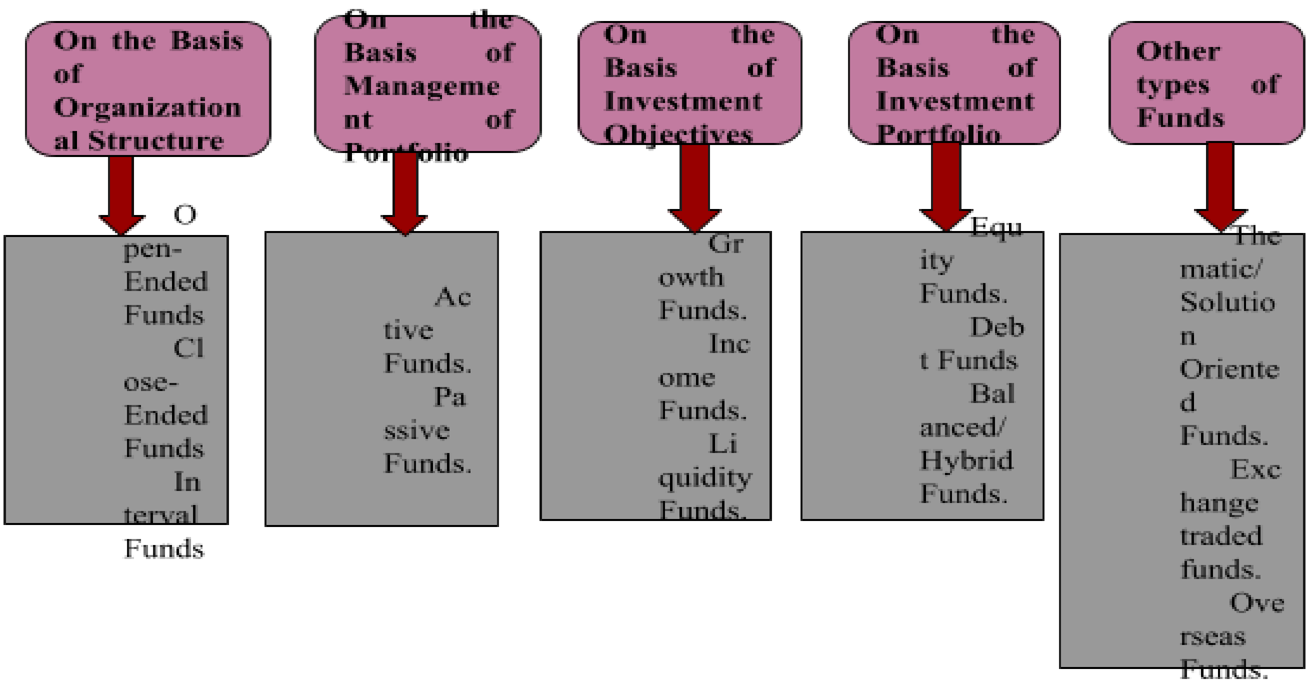


Fig. 1

- Market Value
- How much is determined by the stock market, a concept known as market capitalization. The "total market" value of all outstanding shares is "defined" as this. (As stated by SEBI)
- Large Cap Companies: A large-cap company is defined as an Indian stock market listed company with a market capitalization ranking between 1 and 100.
- ● Mid Cap Enterprises: Mid-cap companies are categorized into 101–250 listings based on their market capitalization.Small Cap Companies- Small-cap companies begin with the 251st ranked

company.

Mumbai Stock Exchange (BSE) (As stated by BSE), The 'Native Share & Stock Brokers' Association founded the BSE in the year 1875. India's first publicly listed stock exchange, BSE opened for operation in 2017. The stock, bond, mutual fund, and derivatives markets on the BSE are incredibly efficient and transparent. Gibson, Cici, and Alexander (2007). According to Kacperczyk, Sialm, and Zheng (2008), the fund's age, size, expenses, hidden costs, and transaction costs Other elements that may have an impact, such as external forces, macroeconomic factors, and market conditions, are deemed constant. As a result,it was excluded from the impact analysis **(Dibin, Thaha, 2017)**. **(Krishnaprabha S & Vijaya Kumar M. 2015")** has examined the risk and return of the top BSE market capitalization firms over a time span of January 1, 2010, to December 31, 2014, in order to assess the performance of a few Indian equities. They've acquired businesses in a variety of industries, including banking, IT, automotive, pharmaceuticals, and fast-moving consumer goods (FMCG). The stock value was also used to compute the standard deviation and variance of the stock.

They were able to determine that there had been reduced market volatility over that time, which was good news for long-term stock investors. Mehta Shantanu gave an overview of investor preferences for Indian mutual funds, emphasizing Ahmedabad and Baroda in particular.. They concentrated on the elements that influence investors' decisions. This research was also expanded to assess the performance of preferred mutual fund schemes based on the return parameter. An empirical study was undertaken by **(Sahoo Deepti and Sharma Kumar Naresh 2008)** The CAPM model, as well as the Sharpe, Treynor, and Jensen metrics, were evaluated on several mutual fund schemes and found that Tax Planning Funds had good returns. The most important component of investing the purpose of mutual funds is to encourage them by increasing investor knowledge and empowering them to make wise choices. Furthermore, most publications about mutual funds made an effort to evaluate and clarify the risk and return variables that affect the performance of mutual funds. Mutual fund performance is assessed in light of the attributes or features of the fund. (Collider, Hurlin, Perignon, and Benoit, 2016). Studies have been conducted to determine if investor expectations and risk-taking behavior are related to asset management business investments. They have shown a relationship between the production of incentives by the asset management business and the rise and fall in risk (Chevalier and Ellison, 1997). (Sireesha and Laxmi, 2013) as a result of insufficient variety.

RESEARCH OBJECTIVES

The objectives of this study is:-

- To analyze the factors that influence most while "Investing in mutual funds" and stocks.

RESEARCH METHODOLOGY

A questionnaire survey of those interested in investing their money in stocks and mutual funds was used to assess the investors' judgments about equities vs mutual funds. In order to respond to the research question, this study examined investors' opinions and perspectives. A framework created by the research strategy served as the foundation for the study. The majority of the analysis and interpretation was predicated on primary data.The "questionnaire" used to gather the primary data was distributed among the respondents, the respondents were investors concerned with investing in stocks and mutual funds.

1. Research approach

In this study, the approach was to observe the factors that affect the investors decision, by asking questions about factors related to mutual funds and stock market. The approach further will provide a better understanding of the factors that affects the investor's decisions.

2. Data Collection

The process of collecting data was based on primary data. Some of the secondary "data have been used through secondary" sources such as- select E journals, previously published articles and research papers. v The core data was gathered using a systematic, well-defined questionnaire.

3. Method for Analysis

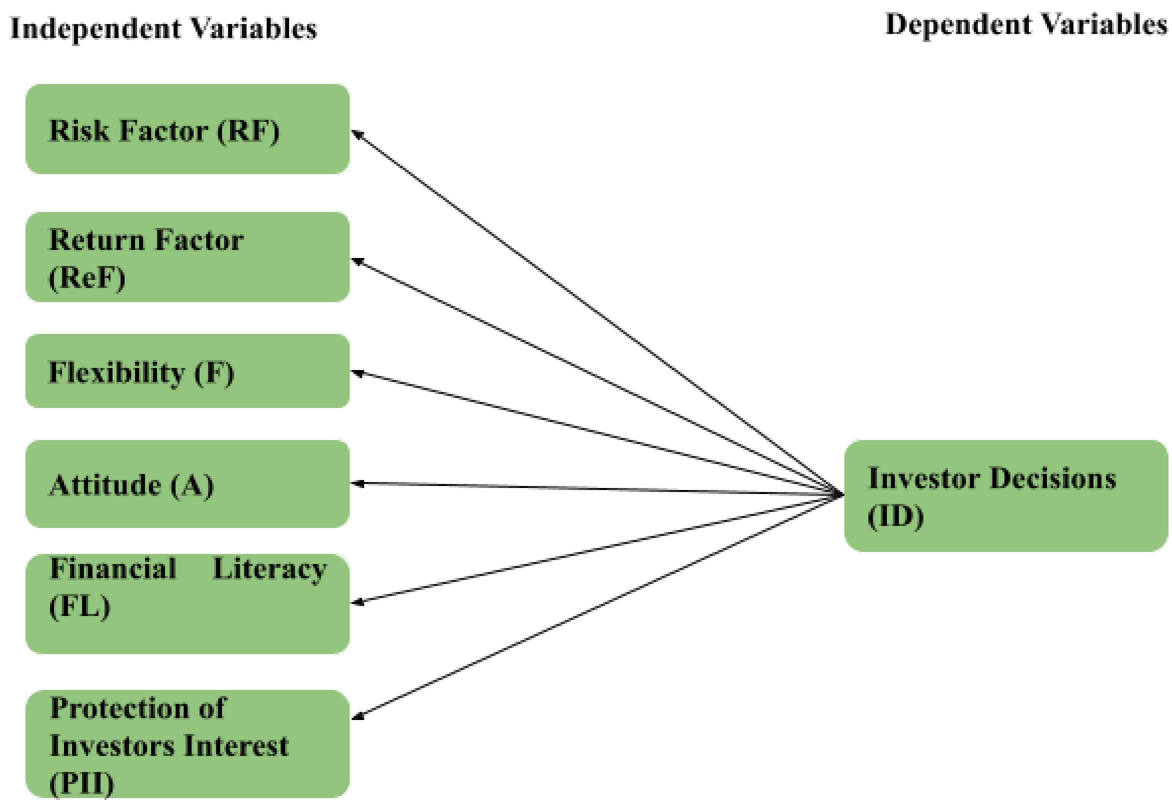
For the primary data analysis various tools were used. The tools used for the study are as follows:-

- **Cronbach Alpha**
- **Regression Analysis**

4. Questionnaire design

The questionnaire was designed through google forms. The questionnaire was set to be an open-ended question format that was supposed to evaluate the causes that influences the investors decisions in India regarding mutual funds and stocks. The questions have been taken from the previously published research papers. The questionnaire was prepared on the basis of dependent and independent variables of conceptual framework. Total 6 independent variables have been taken and 1 dependent variable has been taken. On each variable 3 likert scale questions have been made. Total 6 hypotheses have been made. The hypothesis has been tested on the basis Likert scale questions. Some normal questions have been asked for analyzing the perception of the respondents about the mutual funds and stocks.

5. Conceptual Framework



Conceptual Framework for the factors affecting Investors Decisions in India

Hypothesis -

H1- Investor Decisions (ID) are positively impacted by Risk Factor (RF).

H2: Investor Decisions (ID) are "positively" impacted by Return Factor (RF).

H3: Investor Decisions (ID) are "positively" impacted by Flexibility (F).

H4: Investor Decisions (ID) are significantly influenced by Attitude (A).

H5: "Investor Decisions" (ID) are significantly impacted by Financial Literacy (FL). H6: Investor Decisions (ID) are significantly impacted by the Protection of Investor Interests (PII).

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6. Research population and sample size

The sample has been collected through google forms. The sample size for this study was 110respondents who were investing in mutual funds and stock markets in India.

RESULTS AND INTERPRETATION

1. Cronbach Alpha

Cronbach Alpha Test has been applied in this paper as a measure of the scale of reliability. The test is applied to the data collected from the questionnaire:

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Rows	877.5486014	109	8.0509046	7.505672193	2.00746E-92	1.23889535
Columns	59.5486014	25	2.381944056	2.220631364	0.000464781	1.510148061
Error	2922.951399	2725	1.072642715			
Total	3860.048601	2859				
Cronbach Alpha	**0.866767429**					

The reliability coefficient of item 110 is 0.866767429. Cronbach's alpha reveals if the items are measuring the same thing. Cronbach's alpha must be at least 0.70 to be regarded good; if it is less than that, the internal consistency of the common range is bad. Meanwhile, the greatest anticipated value is 0.90; anything more is deemed redundant or biased. It's worth noting that an alpha of 0.86 is definitely a feasible objective, and the level of reliability is good. As a consequence of the Cronbach alpha value (0.86), the questionnaire can be determined to be reasonable and reliable.

2. Regression Analysis- For Hypothesis Testing

This study used regression to explore the relationship between the independent variables and thedependent variable.

Hypothesi
s -

H1- Risk Factor (RF) has positive influence on Investor Decisions (ID).

H2- Return Factor (RF) has a positive influence on Investor Decisions (ID).

H3- Flexibility (F) has a positive influence on Investor Decisions (ID).

H4- Attitude (A) has a significant influence on Investors Decisions (ID).

H5- Financial Literacy (FL) has a significant influence on Investor Decisions (ID).

H6- Protection of Investor Interests (PII) has a significant impact on Investor Decisions (ID).

SUMMARY OUTPUT	
Regression	**Statistics**
R Square	.473891641
Multiple R	.68839788
Standard Error	.629889779
Adjusted R Square	.443244553
Observations	110

The above table depicts the multiple regression of factors affecting investors decision regarding investment in mutual funds and stocks. The correlation between the investors decisions, that is the dependent variable, and six independent variables which were the factors affecting investors' decisions of investment in mutual fund and stocks is 47%, which is mentioned in the value of R square.

ANOVA					
	DF	**SS**	**MS**	**F**	**Significance F**
Regression	**6**	**36.81037093**	**6.1350618**	**15.46285991**	**1.42092E-12**
Residual	**103**	**40.86639674**	**0.3967611**		
Total	**109**	**77.67676768**			

	Coefficients	Standard Error	t Stat	**P-value**	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	.065292907	.384961258	.169609	**.865650292**	-0.698186933	.828772746	-0.698186933	.828772746
RF	.145177253	.092244428	1.5738322	**.03813591**	-0.037767808	.328122315	-0.037767808	.328122315
ReF	.170530226	.087357402	1.9520982	**.040014501**	-0.002722572	.343783025	-0.002722572	.343783025
F	.177263561	.092499409	1.9163751	**.058089287**	-0.006187196	.360714318	-0.006187196	.360714318
A	.141643631	.089047904	1.5906453	**.114754141**	-0.03496188	.318249142	-0.03496188	.318249142
FL	.356204702	.098666156	3.6102015	**.00047441**	.160523658	.551885745	.160523658	.551885745
PII	-0.039177329	.096559713	-0.405732	**.685781409**	-0.23068074	.152326082	-0.23068074	.152326082

The P-value of the variables is used to test the hypothesis; a value of $P<0.05$ indicates that the hypothesis is accepted, while a value greater than 0.05 indicates that the hypothesis is rejected. According to the regression analysis's above results, investors' perceptions of flexibility (F), attitude (A), and protection of investors' interests (PII) were not significantly correlated. Conversely, there is a noteworthy correlation between the investors' impression and the Risk Factor (RF), Return Factor (RF), and Financial Literacy (FL). The regression equation may therefore be expressed as:-

ID= (0.145177253*RF)+(0.170530226*RF)+(0.356204702*FL)- (0.065292907)

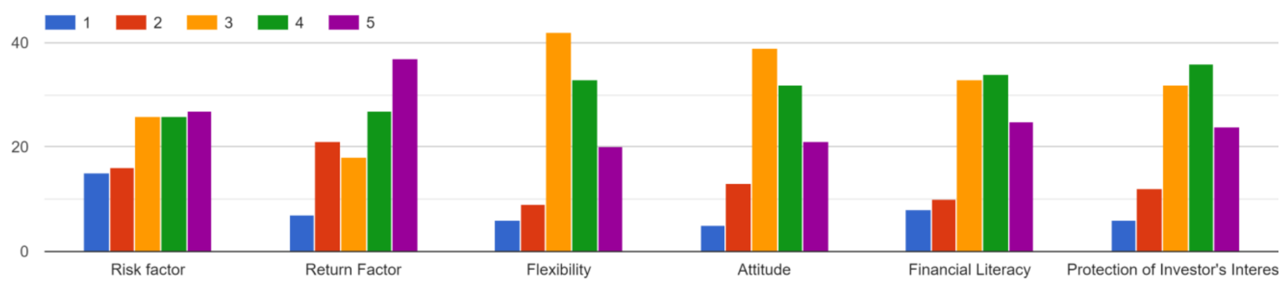
Linear regression is used for the analysis. I have taken 5% error consideration, hence the p-value which is less than 0.05 has been considered valid for acceptance. The total number of observations are 110. In this regression equation, .145177253 is the Coefficient -value of Risk Factor, .170530226 is Coefficient -value the of Return Factor, .356204702 is the Coefficient -value of Financial Literacy Factor, .065292907 is the intercept value of coefficient and of all these accepted variables. The adjusted R Square value for this sample is .473891641. The independent variable i.e. the risk factor, return factor and financial literacy factor has been accepted and the rest are rejected. So the hypotheses H1, H2 and H5 have been accepted and the rest are rejected. The accepted hypothesis shows a significant relationship with investors decisions. So, when risk factor will change by 14%, return factor will change by 17% and financial literacy will change by 35% then there will be 1% impact of investors decisions.

3. Inference

The inference has been made on the basis of the questions that has been asked other thanvariables.

Question- Which of the following variables most influenced you when you were investing your money?

While investing your money, which of the following factors have affected you the most?



In risk factor, most of the people have rated on the scale of 5 which shows that this factor affected the most. In return factor, most of the respondents have rated on the scale 5, which resulted in, return factor has an extreme impact. In flexibility factor and attitude, most of the respondents are neutral. In financial literacy, financial literacy is considered as an important factor. In protection of investors interest, most of the respondents have agreed that it has a positive impact.

Question- From January 1 to February 1, 2022, any stock that had a value loss of more than 31% was none of them. In the event that your stock had a rapid 30% loss in value, you would... (If you owned stocks in 2022, select the response that most accurately characterizes your actions during that period.)

Sell every last bit of the remaining capital.	Part with a portion of the remaining capital.	Hold onto the money and make no sales.	Purchase further investment.
22.7 percent	36.4 percent	29.1 percent	11.8 percent

1. **Gender**

	Male	Female
No. of respondents	64	41
Percentage of respondents	61 percent	39 percent

Inference- It can be inferred from the above table that there are a total 64 males and 41female respondents of the questionnaire.

2. Age

	21-30	31-40	41-50	51 and above
No. of respondents	65	36	7	2
Percentage of respondents	59.1%	32.7%	6.4%	1.8%

Inference- It can be inferred from the above table that the most of the respondents' age lies between 21-20 and some of the respondents are from the age group of 31-50. Only 2 respondents from age group 51 and above.

3. Occupation

	Government Sector	Private Sector	Business	Agriculture	Others-Student/House wives
No. of respondents	24	30	27	9	17
Percentage of respondents	24.8 percent	30 percent	24.5 percent	8.2 percent	12.5 percent

Inference- From the responses drawn from the sample of 110 respondents, most of the respondents (30) are employed in Private sector, covering 30 percent of the total respondents. This is followed by Government sector with 24 responses (24.8%) and students and housewives with 17 respondents.

DISCUSSION

The study was conducted with the objective of Examining the Factors Affecting InvestorsDecisions in India while investing in Stocks and Mutual Funds

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- The majority of the respondents were from the "Private sector" (33), Government sector (24), and Business (27). Rest of them were from agriculture sector, some of them were students and housewives are also there, which shows that, maximum number of wives were invest in mutual funds and stock.
- 54.5 percent of respondents are investors in the stock market, while 41.8% of respondents are female and 58.2% of respondents are male. Most respondents have knowledge of the stock market.
- Of those surveyed, the "majority" were knowledgeable "about" the "stock market," and 54.5% "invest in the share market."
- The mutual funds were known to the "majority of the respondents," and 60.9% of the respondents had invested in them .It has also been inferred that the respondents participating in this research were mostly from the income slab of "Rs 5,00,001 to Rs 7.5 Lakh (27.3%)."
- It has been noted that a high level of mutual fund awareness was discovered, with 84.5% of respondents knowing about them and 60.9% having invested in them, which was determined to be one of the safest investment alternatives.
- Friends and Family (52.7%) was found to be the most reliable source of knowledge on mutual funds and the stock market, according to the analysis. In the stock and mutual fund industries, the Internet and broker advice are equally valuable sources of information.
- The most popular mutual funds were implied to be equity funds (57.3%) and balanced or hybrid funds (58.2%).It has been observed that large cap companies were on top (47.3%) where respondents liked to invest.
- It has also been observed that Investors type were found to be equal in both types the risk seeker and risk averse.

LIMITATIONS

- For the primary data there were just 110 responders in all.
- The period of study was not sufficient to study all the aspects.

RECOMMENDATIONS

1. Initiatives for Investor Education and Awareness: According to the survey, a sizable percentage of participants learned about stocks and mutual funds from friends and family. Formal initiatives for investor education and awareness are necessary, even though this unofficial channel has a place. Various investment possibilities, risk-return profiles, and investment techniques should all be covered in-depth and objectively by these programs.
2. Improving Financial Literacy: The results show that there are differences in investors' knowledge of mutual funds and the stock market; some have a good comprehension of these topics, while others do not. Across all demographic groups, economic levels, and professions, efforts should be undertaken to improve financial literacy. This may be accomplished by partnering with government organizations, financial institutions, and educational institutions to provide focused instructional programs.
3. Encouragement of Diversification: According to the survey, a sizable portion of participants favored investing in large-cap firms and equity funds. Although these investment choices offer advantages, it is critical to emphasize the advantages of diversity among various asset classes, market capitalizations, and investing approaches. Investors should learn from financial advisors and institutions how important it is to create diverse portfolios in order to reduce risk and meet long-term financial objectives.
4. Leveraging Digital Platforms and Technology: Investors have found the Internet to be a great source of information. To distribute information about investments, offer interactive tools, and give individualized investment advice, financial institutions and regulatory agencies should make use of digital platforms and technologies. More people may be reached and accessibility enhanced as a result, especially younger investors who are more accustomed to using digital media.
5. Resolving Gender Disparities: Compared to male investors, there were less female investors, according to the research. It is critical to comprehend the causes of this inequality and create plans to empower and encourage women to take a more active role in financial decision-making. This might entail focusing educational efforts, launching mentorship programs, and removing social obstacles that prevent women from participating in financial decision-making.
6. Risk Profiling and Customized Investment Advice: The study found that investors might be classified as either risk-averse or risk-seekers. Comprehensive risk profile should be given more weight by

financial advisers and institutions, and they should provide investors with individualized investment advice that takes into account their risk tolerance, time horizons, and financial objectives. Investors may maximize their investment returns and make well-informed decisions with the aid of this tailored method.

7. Regulatory Oversight and Investor Protection: While promoting investor education and awareness, it is crucial to strengthen regulatory oversight and investor protection mechanisms. This includes enhancing transparency, enforcing ethical practices in the financial industry, and implementing robust measures to safeguard investors' interests and prevent fraudulent activities.

8. Integration of Behavioral Finance: The study emphasized how behavioral aspects affect investing choices. The incorporation of behavioral finance ideas into financial advice techniques is crucial. In order to prevent making poor investing decisions, financial advisers should be taught to identify and deal with typical cognitive biases such herd mentality, loss aversion, and overconfidence. Investors may make more logical and informed decisions by being aware of and reducing these biases.

9. Social and Cultural Factors Taking into account: The results imply that social and cultural variables could influence Indian investors' choices. The precise cultural norms, beliefs, and social forces that affect investment behavior should be the subject of more study. This knowledge may help build culturally aware financial products, outreach tactics, and advisory services that appeal to different Indian demographic groupings.

10. Constant Market Research and Monitoring: Over time, investment preferences, trends, and affecting variables change. To remain up to date with evolving risks, market dynamics, and investor behavior, financial institutions and regulatory agencies should set up systems for ongoing market research and monitoring. This preemptive strategy will allow for prompt modifications and guarantee that investment goods, services, and rules continue to be applicable and useful.

CONCLUSION

This study's main objective is to investigate the variables affecting Indian investors' decisions while making stock and mutual fund investments. The objective of this research is to examine the factors that impact the decisions made by Indian investors when they make investments. A conceptual framework was created in order to carry out precise investigation. This includes the decisions made by investors as the single dependent variable and the following six independent variables: risk factor, return factor, flexibility, awareness, financial literacy, and investor protection. It was decided to formulate hypotheses based on the conceptual framework. The research was founded on primary. For the “primary data analysis”, a well structured questionnaire was made. In which three Likert scale questions were made on each independent and dependent variable and few other questions were framed for general discussion. The total number of respondents were 110. The two statistical tools have been used in this study i.e. Cronbach Alpha and Regression Analysis. These calculations regarding these tools were made using MS- Excel software. The Cronbach alpha test was implemented for checking the “reliability of the questionnaire". With a Cronbach alpha of 0.866, the questionnaire was shown to be quite dependable. The Likert scale questions have been tested using regression analysis. A 95% confidence level has been used to test the variables. The variables with p values less than 0.05 have been approved. Out of the four possibilities, only three have been accepted and the other three rejected. It was observed that Flexibility, protection of investors interest and attitude variables have been rejected. In the future this study will help the investors make investment decisions. Future researchers can use this study for their references and take other samples for their study. The primary aim of this research was to examine the factors influencing Indian investors' stock and mutual fund investing choices. A conceptual framework including six independent factors (risk factor, return factor, flexibility, awareness, financial literacy, and investor protection) and the dependent variable (investor decisions) was constructed to enable a methodical research.

Using primary data gathered via a well designed questionnaire, hypotheses were developed and the study was carried out. For every independent and dependent variable, there were three Likert scale questions in the questionnaire, in addition to extras for general discussion. 110 people in all took part in the research.

Two statistical techniques—Cronbach's Alpha and Regression Analysis—were used to analyze the data. With MS-Excel, the computations were done. When the questionnaire's reliability was evaluated using the Cronbach's Alpha test, it was found to be highly trustworthy with a score of 0.866.

Regression analysis was utilized to examine the Likert scale questions, and variables were tested with a 95% confidence level. Variables were allowed if their p-value was less than 0.05 and discarded if it was greater. Returned factor, awareness, and risk factor were the three acceptable independent factors out of the six. Investor protection, financial knowledge, and flexibility were the final three characteristics that were eliminated.

When it comes to helping investors make wise investing decisions, the study's conclusions have a big impact. Investors may more effectively match their decisions with their risk tolerance, expected returns, and knowledge levels by knowing the major determinants of investing decisions.

Furthermore, this study contributes to the existing body of knowledge on investment decision-making and can serve as a valuable reference for future researchers. Subsequent studies can drawn upon these findings by exploring different samples, considering additional variables, or employing alternative methodologies to further explore our understanding of the complexities involved in investment decision-making processes.

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APPENDIX

Questionnaire

1. Which Investment Avenue do you prefer? (Dhall, Khandelwal, Malik, Chawla, 2021).
   - Fixed Deposits Insurance
   - Mutual Funds
   - Share Market (Stocks)
   - Post Office
   - Real Estates
   - Precious Metals (Gold/Silver)
   - Non- Precious Metals (Iron/Steel/Copper/Aluminum)
   - PPF
   - Others
2. Are you aware of Stock Market Investments? (Gopinath, Vasan, Sumathy, 2019).
   - Yes
   - No
3. Have you ever invested in Stock Market Investments? (Chaudhary, Chawla, 2014).
   - Yes
   - No
4. Are you aware with investing in mutual funds? (Chaudhary, Chawla, 2014).
   - Yes
   - No
5. Do you have any knowledge investing in mutual funds? (Chaudhary, Chawla, 2014).
   - Yes

   No
6. Is there a safest option for investing among the following? (Singh, Yadav, 2016).
   - Mutual Funds
   - Share Market

- Others

7. Where can I get information on investing in stocks and mutual funds market? (Prabhu, Vechalekar, 2014).
    - Friends and Relatives
    - Newspaper
    - Broker's Advice
    - Internet
    - Television
8. What kind of business do you invest in?? (Dhall, Khandelwal, Malik, Chawla, 2021).
    - Small Cap
    - Mid Cap
    - Large Cap
9. Out of the following criteria, which one has had the biggest impact on your investment decisions? (Sivaramakrishnan, Srivastava, Rastogi, 2017).
    - Risk factor
    - Return Factor
    - Flexibility
    - Attitude
    - Financial Literacy
    - Protection of Investors Interest
10. Which type of Investor are you? (Singh, Yadav, 2016).
    - Risk Averse
    - Risk Seeker
11. Are mutual funds and direct investment in the same things better for returns? stocks? (Akhtar, Das, 2017)
    - Strongly disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly agree

12. What level of risk are you ready to undertake for your Investment Avenue? (Kaur,Kaushik, 2016).
    - Very High
    - High
    - Neutral
    - Low
    - Very Low

13. Do you concur that there is a lot less risk related with mutual funds than thestocks? (Tripathi, Jaypee, 2020).
    - Strongly disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly agree

14. Are you in agreement that you would invest your money in more promising areas if the profit was really high? of loss? (Akhtar, Das, 2018).
    - Strongly disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly agree

15. You are often willing to accept lower outcomes and you choose assets with less notable price fluctuations. in exchange (Kaur, Kaushik, 2016)
    - Strongly disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly agree

16. Do you agree that return on your investments is an important factor for investing instocks or mutual funds? (Sivaramakrishnan, Srivastava, Rastogi, 2017)
    - Strongly disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly agree

17. Do you agree that you guess investing in financial market instruments as an important part of your life? (Akhtar, Das, 2017).
    - Strongly disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly agree
18. 18. Do you concur that stocks may be liquidated more simply than mutual funds? (Haritha, Uchil, 2017).
    - Strongly disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly agree

19. Do you agree that mutual funds provide multiple benefits as compared to stocks? (Tripathi, Jaypee, 2020).
    - Strongly disagree
    - Disagree

- Neutral
- Agree
- Strongly agree
-

20. Do you agree that Large Cap Investments perform better than Small Cap Investments?(Dhall, Khandelwal, Malik, Chawla, 2021).
    - Strongly disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly agree

21. The judgments I make about investments are influenced by the metals investments made by other investors. (Kaur, Batra, Anjum, 2013).
    - Strongly disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly agree

22. Do you agree that you would like to invest your money in different investment alternatives? (Prabhu, Vechalekar, 2014).
    - Strongly disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly agree

23. The stock types chosen by other investors have an influence on your investment selections. (Gopinath, Vasan, Sumathy, 2019).
    - Very Low Influence

- Low Influence
- Neutral
- High Influence
- Very High Influence

24. Do you agree that you prefer to buy local companies over foreign equities since localstocks have more accessible information. (Chaudhary, Chawla, 2014).
    - Strongly disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly agree

25. Do you agree that financial knowledge about the market is an important factor for investment in mutual funds or stocks? (Akhtar, Das, 2018).
    - Strongly disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly agree

26. Do you agree that very much uncertainty exists in terms of the expected return on mutualfund investments? (Akhtar, Das, 2018).
    - Strongly disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly agree

27. Do you concur that there is a risk of receiving unsound and biased advice from those who sellor recommend mutual funds or stocks? (Sivaramakrishnan, Srivastava, Rastogi, 2017).

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

28. 28. Do you concur that one of the key components of investing in financial market instruments is adhering to rules and regulations pertaining to regulatory authorities' protection of investors' interests? (Kaur, Kaushik, 2016)
    - Strongly disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly agree

29. 29. Do you concur that your investing behavior is predicted by your risk tolerance or return expectations?(Akhtar, Das, 2018).
    - Strongly disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly agree

30. 30. Do you agree that you will be able to purchase the same goods in the same amount if, over the course of the following ten years, the prices of the products you buy double and your income does as well? (Dhall, Khandelwal, Malik, Chawla, 2021).
    - Strongly disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly agree

31. Are you in agreement that you can invest or take money out as needed or convenient? (Dhall, Khandelwal, Malik, Chawla, 2021).

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

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